



INTERNATIONAL JOURNAL OF RESEARCH IN COMPUTER APPLICATION AND MANAGEMENT

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TWO DECADES OF STUDYING CHARISMA: THE LEADERSHIP DIMENSION

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ABSTRACT

This article is an attempt to understand Charisma beginning from Weber's original conception of the term to subsequent theories proposed by mainstream charismatic theorists. It explores all the major charismatic leadership theories proposed in last twenty years which has been the bedrock for hundreds of charismatic leadership research around the globe such as attribution theory, psychodynamic approach, self-theory and etc. Through this article we make an attempt to capture and integrate various explanations regarding the emergence and development of charismatic leaders so as to create a clear and non-conflicting model which will enrich the existing knowledge domain in the field of leadership in general and charismatic leadership in particular. This theoretical paper will help researchers to carry out more empirical research on charisma in order to explore more about charismatic leadership and its applications.

KEYWORDS

Charisma, Charismatic leadership, Psychodynamic approach, Attribution theory.

INTRODUCTION

The term 'charisma' can be traced back to the *New Testament's* Corinthians II, which describes the forms in which the gifts of divine grace appear. The term was introduced into social science by the pre-eminent sociologist- Max Weber, in the early twentieth century. In his massive two-volume work *Economy and Society* (1925), Weber differentiated three types of authority: bureaucratic, as seen in today's society; traditional, as in feudal and primitive cultures; and thirdly, charismatic authority.

Charisma refers to an extraordinary power, and Weber defined it thus: "The term 'charisma' will be applied to a certain quality of an individual personality by virtue of which he is considered extraordinary and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities. These are such as are not accessible to the ordinary person, but are regarded as of divine origin or as exemplary."

Weber was of the view that a *charismatic* style of leadership because of its mysticism and extraordinariness will be better off than the other two forms of political legitimacy-the *traditional* and the *legal-rational* one. Weber depicted charisma of having three main dimensions:

1. The charismatic leader, who is someone with a sense of great mission (although not necessarily religious), characterised by self-confidence, and great rhetorical skills.
2. The mass following - which is likely to emerge at times of crisis, and to be characterised by features such as a sense of great trust in the leader, and to be largely unconcerned with economic issues.
3. The routinisation of charisma (through party, organisation, etc.), for it is difficult to maintain radical charismatic revolutionary movements.

Weber's conceptualisation of charismatic authority was neither a specific one nor a systematically tested theory (opinion polling was first used for political purposes in the 1930s and focus group were developed much later). Weber relied on his dictum that sociology must use historical materials as its basic data. Post-Weber many political and social scientists have spent several decades examining various aspects of the phenomenon, *charisma* such as transcendent vision and/or ideology (Blau, 1963; Dow, 1969; Marcus, 1961; Wilner, 1984), acts of heroism (Wilner, 1984), the expressions of revolutionary and often "hazardous" ideals (Berger, 1963; Dow, 1969; Friedland, 1964; Marcus, 1961), rhetorical ability (Wilner, 1984), and a "powerful aura" (Wilner, 1984).

One of the disciples of Weber, Ann Ruth Willner (1984), a social scientist who has written a significant treatise on charisma, holds that a charismatic relationship exists when four conditions are met:

1. The leader is perceived by followers to be somehow superhuman.
2. The followers blindly believe the leader's statements
3. The followers unconditionally comply with the leaders directives for action.
4. The followers give the leader unqualified emotional commitment.

Based on in-depth case studies, Willner concluded that charismatic leadership was neither 'personality based' nor 'contextually determined' but rather the phenomenon was largely relational and perceptual: "It is not what the leader is but what people see the leader as that counts in generating the charismatic relationship" (Willner, 1984, p.14).

Dow (1969) and Willner (1984) both differed from Weber regarding a single charismatic personality type and existence of crisis necessary for the emergence of the charismatic leadership. The first assertion was discarded because of the variations in individual personalities are too overwhelming and the second was refuted as it was not compulsorily sufficient for the emergence of charismatic leaders (Willner, 1984, p.60).

The topic of charismatic leadership was conspicuously overlooked by the organisational theorists because of several reasons like, the elusiveness nature and the mystical connotation of the term, lack of systematic conceptual framework, which made it hard to define and operationalise charisma and to identify the variables that influence its development and finally the difficulty in obtaining access to charismatic leaders (Conger et al., 1987).

Last two decades have witnessed a considerable increase in interest in charismatic leadership among many leadership theorists.

NEO-CHARISMATIC LEADERSHIP

The neo-charismatic theories incorporate some of Weber's original ideas, but they are more particular in explaining the motives and behaviours of charismatic leaders, the psychological processes that describes how these leaders influence followers and the circumstances that lead, to the emergence of charismatic leaders (Jacobsen & House, 2001).

Although, there are several theories on charismatic leadership proposed by various sociologists and organisational theorists, many of them are components of transformational and visionary leadership theories (e.g., Bass, 1985; Bennis & Nanus, 1985; Sashkin & Fulmer, 1988; Tichy & Devanna, 1986) that leave us with only five theories that can be arguably called mainstream charismatic leadership theories. These five theories are not just the most popular explanation of charismatic leadership but also are the most researched one too.

ATTRIBUTION THEORY OF CHARISMATIC LEADERSHIP

This theory was proposed by Conger and Kanungo (1987) and subsequently was refined by Conger (1989) and then by Conger and Kanungo (1998). The theory is based on the assumption that charisma is an attributional phenomenon. It is attributed by followers to leaders displaying certain distinct and remarkable behaviours. The duo identified six behaviours exhibited more frequently by charismatic leaders than by non-charismatic leaders. These include:

1. Vision and articulation;
2. Sensitivity to members needs;
3. Sensitivity towards environmental needs;
4. Displaying unconventional behaviour;
5. Taking personal risk;
6. Challenging status quo

According to the authors, charismatic leaders are more likely to advocate a vision which is highly discrepant from the status quo, but is still within the latitude of acceptance by the followers. That is, the vision should be radical enough to the followers who are fed up with the status quo at the same time shouldn't be too radical to be considered impossible and unrealistic. Charismatic leaders portray the status quo as negative or intolerable and the future vision as the most attractive and attainable alternative. While articulating the vision charismatic leaders use powerful verbal cues which paint positive and compelling pictures of the future.

Charismatic leaders are highly sensitive towards the needs of their followers and understand the importance of aligning it with the goals of the organisation. They are adept in identifying individual and collective needs of their followers thereby create an impression of being their well wishers. It is imperative for the leaders to enjoy the trust of their followers and this can be achieved when the leader demonstrate a concern for the followers needs rather than their own self-interest (Walster, Aronson, & Abrahams, 1966).

Charismatic leaders carry out realistic assessments of the environmental resources and the constraints which can derail their vision. Their ability to understand and appraise both physical and social environment and employ innovative strategies to overcome the constraints separate them from non-charismatic leaders. Charisma is more likely to be attributed to a leader who acts in unconventional ways to achieve the vision. Attribution of charisma to leaders depends on followers' perception of their revolutionary and unconventional qualities (Berger, 1963; Friedland, 1964; Marcus, 1961). The revolutionary qualities of leaders are manifested in part in their discrepant idealised vision. Charismatic leaders are not high on consensus rather engage in behaviours that are novel, unconventional and counter normative.

Charismatic leaders are known for their exemplary acts that followers perceive involves great personal risk, cost and energy (Friedland, 1964). The higher the personal cost or sacrifice, the greater the credibility of the leader. Two examples amply explain this phenomenon one is of Lee Iacocca's reduction of his salary to one dollar during his first year at Chrysler (Iacocca, 1984) and the second is of John DeLorean's confrontation with senior management at GM (Martin & Siehl, 1983).

The two major primary influence processes that arrest the commitment of followers of charismatic leaders to the mission or task are personal identification and internalisation of new values. The strong urge of the followers to be part of the grand plan or scheme of the leader and winning their approval is worth the subordination. Many subordinates idolise their leader and want to be like them because of their insight, strong convictions, self-confidence and dynamic energy although this may sometimes leads to hero worshipping. The internalisation of the leaders' values and beliefs by the followers to carry out the idealised vision is the second influence process that plays significant role in the attribution of charisma to the leader by their followers. Conger (1989) emphasised that it is more important for followers to internalise the leaders values and beliefs than merely imitate superficial aspects of the leader's behaviour such as mannerisms, gestures, speech patterns.

Unlike Weber (1947), Conger and Kanungo do not consider an objective crisis to be necessary condition for the emergence of charismatic leadership. However, in the absence of a genuine crisis, a leader may be able to create a sense of urgency by injecting dissatisfaction among followers regarding the existing state of affairs, thereby tactfully create a situation favourable for the emergence of a charismatic leader.

SELF-CONCEPT THEORY OF CHARISMATIC LEADERSHIP

Robert House (1977) was the first management thinker to demystify and decode the term 'charisma' by the help of testable propositions involving observable processes in contrary to the original definition promulgated by Weber (1947). The theory was successful in explaining the leader's extraordinary traits, superhuman behaviours and the conditions favouring the emergence of charismatic leader. But, one major shortcoming of this theory was the ambiguity regarding the influence process. Shamir, House and Arthur (1993) later revised and refined the theory by introducing motivational theory and a detailed description of influence processes.

The self-concept based motivational theory of charismatic leadership, proposes few assumptions which forms the main basis of the theory (Yukl, 1994);

1. Behaviour is expressive of a person's feelings, values, and self-concept as well as being pragmatic and goal oriented;
2. A person's self-concept is composed of a hierarchy of social identities and values;
3. People are intrinsically motivated to enhance and defend their self-esteem and self-worth;
4. People are intrinsically motivated to maintain consistency among the various components of their self-concept, and between their self-concept and behaviour.

According to Shamir, House and Arthur (1993) charismatic leaders strongly engages followers' self-concept in the interest of the vision articulated by them. The theory also suggests that charismatic leaders increase the intrinsic valence of efforts and goals by aligning them to cherished and valued aspects of follower's self-concepts. Charismatic leaders by the sheer force of verbal and symbolic behaviour, raises the salience of certain values and collective identities in followers self concept thereby persuade them to exert efforts towards the attainment of the goals.

The theory highlights the leader behaviours that raise the salience of certain values and identities in followers' self-concepts and frame group's mission and followers' roles in terms of those values and identities. The leadership behaviours that explain how a charismatic leader influences the attitudes and behaviour of the followers are, articulating an ideological mission, interpreting the past, the present and the future in terms of group's values and identities, communicating high expectations, linking the amplified values and identities by using labels, slogans and metaphors, modelling behaviours consistent with the vision, empowering the followers etc.

In addition these behaviours, which demonstrate the leaders verbal and written communication and on symbolic devices such as rituals and ceremonies, the leaders personal behaviour is also emphasized by the theory. This category of behaviours includes such acts as displaying self-confidence, high involvement in the task, engaging in self sacrifice to show commitment to the mission, demonstrating determination, and optimism and showing social and physical courage. Furthermore, the leader's setting a personal example increases identification with and admiration for him or her (Shamir et al. 1998).

According to Shamir and his colleagues, although, a crisis condition is not prerequisite for the emergence of charismatic leadership but if the organisation is in serious trouble, if the organisation is not clear about the survival plan and there is considerable anxiety, panic among the members (Bligh, Kohles, & Meindl, 2004; House et al., 1991; Pillai, 1996; Pillai & Meindl, 1998) there is good chance for a charismatic leader to emerge and rescue the failing organisation.

PSYCHODYNAMIC PROCESSES

This theory is an attempt to understand charisma with the help of Freudian psychodynamic processes in followers (Kets de Vries, 1988; Lindholm, 1988). The theory explores the unusual and irrational influence enjoyed by the leaders possessing superhuman or divine powers on their followers who have feelings of inadequacy, guilt, fear and alienation.

The intense personal identification of followers with such charismatic leaders can be explained with the help of psychodynamic processes like regression, transference, and projection. *Regression* explains a return of feelings and behaviours that were typical of a younger age. *Transference* happens when feelings towards an important figure from the past (e.g., a parent) are shifted to someone in the present. *Projection* involves a process of attributing undesirable feelings and motives to someone else, thereby shifting the blame for things about which one feels guilty (Yukl, 1994).

According to one psychoanalytic explanation, followers suffering from guilt, fear or alienation may experience a feeling of euphoric empowerment and transcendence by submerging their identity in that seemingly superhuman leader. For example, it was the result of a severe economic depression coupled with the ignominious defeat of Germany in WW I that led to the emergence of Hitler. Post WW I the German economy was in shambles and the common German was seething with rage over the humiliation in the hands of other European powers, this suffering, alienation and trampling of national pride was enough for the Germans to look forward to a messiah or crusader who can unite the entire nation and free them of their miseries, this drove the Germans to endorse the leadership of Hitler.

This kind of behaviour of hero worship and personal identification is more likely to occur among adolescents who have low self-esteem and a weak social identity. This theory explains why many people who are normal and sane join cults and radical movements.

SOCIAL CONTAGION THEORY

Meindl (1990) was the first theorist to question the extension of previous explanations of attribution of charisma by followers on a leader without any direct interaction and in some cases the followers even do not even have the opportunity to observe the leader at a distance or on television. Unlike previous theories on charisma, social contagion theory focuses on the influence processes among the followers than on how the leader directly influences individual followers.

This theory explains how followers influence each other through spontaneous spread of emotional and behavioural energy among a group of people. It goes on to explain that people get vicariously content by observing others exhibit or do things which they themselves are not capable of exhibiting. According to Meindl, many people have a heroic social identity in their self-concept, which motivate them to get emotionally involved in a righteous cause for which they are willing to make self-sacrifices and exert extra effort. This social identity is usually inhibited by other social identities, by social norms about appropriate behaviours. This heroic social identity can be activated in these people by a leader or a cause worthy enough to arouse such passion in them like a social crisis which threatens their self esteem.

Meindl was of the view that the process of social contagion begins with few insecure, marginal members who do not have strong social identification with the organisations and more inclined to deviate from its norms. The heroic social identity is activated in these people by an emergent leader who articulates an appealing ideology or symbolizes it. They imitate non-traditional behaviour by the leader and do things that symbolize allegiance to the new cause. Other members may initially view the behaviour of the new disciples as bizarre and inappropriate. However, as the inhibitions of more people are released, some initial doubters will become converts and the process of social contagion spreads rapidly and to rationalise their new behaviours the followers attribute charisma on their leader. The entire process of social contagion is based on stories and legends about the leader and his/her supernatural abilities which attracts prospective followers. For example, the magical or divine quality of a social movement leader or cult leader is cherished by its followers.

DRAMATURGICAL PERSPECTIVE OF CHARISMA

Charismatic leaders are known for their gift of gab, they use rhetoric skilfully so as to generate passion and loyalty among followers. For example, the famous speech of Martin Luther King "I have a dream" was full of metaphors which successfully stroked the passion among the civil right movement workers. Howell and Frost (1989) studied the verbal and non verbal ways which prompts followers to attribute charisma to leaders. The duo used trained actors in a laboratory setting to differentiate charismatic leaders from the structuring and considerate leaders on the basis of positive body language, tone and pitch of the voice and selection of words. In their charismatic character roles, actor were coached to use nonverbal cues such as extended eye contact, using vocal variety, speaking in a relaxed posture, and using animated facial expression. The more structuring and considerate leaderly-characters said the same line but with less dynamic nonverbal cues. The characters using more nonverbal cues and passionate language were considered charismatic then those who used less non verbal cues.

Gardner and Avolio (1998) were the first to propose a dramaturgical framework to describe the "processes whereby social actors use impression management to create and maintain identities as charismatic leaders" (1998, p.32). According to them charismatic leadership is an impression management process enacted theatrically, which involves both internal and external organisational players like followers, suppliers, competitors, and customers. The leader impression management model, involves four phases: a) framing; b) scripting; c) staging; d) performing.

FRAMING: A frame refers to overall perspective according to which a message can be interpreted (Goffman, 1974). The framing process thus involves meaning management and the construction and articulation of a particular world-view within which specific communication make sense. It is a quality of communication that causes others to accept one meaning over another. Gardner and Avolio (1998) stated that in framing their vision, charismatic leaders choose words that amplify audience values, stress importance on efficacy and if necessary, will denigrate their opponents (e.g. competitors).

SCRIPTING: Scripts are "built upon" frames (Benford and Hunt, 1992, p.38). The difference between framing and scripting is that the latter proposes actionable ideas. It translates the frames into more practical and doable action plan. The script provides a set of stage directions that guide the performance, and embraces aspects such as the casting of characters, the creation of dialogue, and direction of the performance (Benford and Hunt, 1992, p.39).

STAGING: Staging incorporates non linguistic semiotic systems into performance (e.g. physical appearance, props, symbols, etc). History is full of examples, where a leader is attenuating and emphasizing his/her charisma with the help of an external prop. Examples like, General George Patton always carry his pearl handled pistol whereas General Douglas MacArthur wore strangely formed hats and a long pipe. Mahatma Gandhi wore clothing which he knit himself as an inspiration and example for others to defy British colonial rule, since at that time manufacturing cotton clothing was banned in India.

PERFORMING: This is the final phase of impression management which involves the "actual enactment of scripted behaviours and relationships" (Gardner and Avolio, 1998, p.44). Charismatic leaders like Martin Luther King and Mahatma Gandhi exemplifies trustworthiness and moral responsibility and they portrayed this through their clothing (Gandhi's wearing of loin cloth), speeches (King's "I have a dream") and actions (Gandhi's call for Civil disobedience movement and King's massive rally to protest against racial discrimination). They also perform in ways that promotes their vision of the future, and promote the organisation or cause they lead/serve/embod. Performing, according to Goffman (1967) also includes "facework". Facework is the way a leader defends itself or save its own skin during a controversy.

When leaders cast themselves in the charismatic roles and their followers as allies in pursuit of their vision (Gardner and Avolio, 1998:42; Harvey, 2001:254) they face daunting challenges which are paradoxical in nature. Jones and Pittman (1982) describe the push and pull between the authenticity and impression management, in which the individual must "decide on the best strategic combination in his dealings with others". The three paradoxes that the charismatic leader has to wrestle with are;

- Charismatic leader balances self-consistency over the longer term with the desire for the shorter term social goals (Jones and Pittman, 1982, p.233).
- Charismatic leaders project themselves as one of us through leader's appeal to collective identity, shared history, values and aspirations (Shamir et al, 1993; Shamir et al, 1994). At the same time, charismatic leaders are typically attributed with great and sometimes extraordinary personal power (Weber, 1947). Thus the relationship between charismatic leader and the followers exhibits elements of inclusiveness and exclusiveness.
- Although Burns' (1978) interpretation of charismatic leadership as a form of "heroic" leadership characterised by an absence of conflict is refuted by Yukl (1999), who points out that charismatic leaders also use manipulative behaviours, such as "exaggerating positive achievements and taking unwarranted credit for achievements", "covering up mistakes and failures", "blaming others for mistakes," and "limiting communication of criticism and dissent" (p.296).

Charisma is a co-constructed theatrical event, which takes casting of both leaders and followers as protagonists and competitors as antagonists to bring off the charismatic effect.

CONCLUSION

The study of charisma and charismatic leadership is very important in management, politics, and also in general administration. Our discussion in this paper focuses on primarily the theories which revolves around charisma as either a personality trait, or as behaviour and vision of the leader perceived to have extraordinary capabilities. Conger and Kanungo (1987) proposed that followers attribute charisma to a leader who is thought to possess superhuman power. They further expanded the behaviours that will convince their followers of their supernatural and superhuman abilities. According to them, it's not what the leader is but what his followers think he is decides the charismatic feature of the leader.

Shamir and his colleagues stressed on the followers' self concept which they believed are key to follower's acceptance of a leader as charismatic. A leader is perceived to be charismatic if he/she creates a vision or behaves in certain way which aligns the self concept of the followers with the social identity or collective identity of the group. The followers then see themselves part of something bigger and meaningful.

The psychodynamic theory attempts to explain the pathological need of a follower to accept someone as charismatic or extraordinary. The theory proposes three psychodynamic processes (regression, transference and projection) which explain the personal identification of followers with leaders perceived to be charismatic.

Social contagion clarifies how followers are influenced by a leader even without meeting him/her in person or seen him/her on television. This theory throws light on how the heroic social identity of followers is activated by a leader who espouse an appealing ideology which offers them a conduit to express their suppressed emotions which in normal conditions is hard to demonstrate.

Dramaturgical theory explains the crucial role rhetoric plays in the establishment of the leader as charismatic. It further elaborates the impression management a leader employs to reconcile with few incompatible aspects of their relationship with followers.

FUTURE IMPLICATIONS

Charismatic leadership has always intrigued and interested leadership scholars and researchers but there are many aspects of charisma like routinization of charisma or dark side of charisma that has not been adequately defined or empirically proved. Unless we delve further into the operationalisation of this sociological construct our understanding of this extraordinary leadership will be far from being complete. Till then charisma will remain as an elusive gift.

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AN INVESTIGATION ON PREFERRED CHOICE OF MEDIA AMONG INTERNATIONAL STUDENTS IN MALAYSIA**SARAVANAN RAMAN**

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ABSTRACT

This study was undertaken to investigate the preferred media among international students enrolls in Malaysian Higher Education Institution. The study was conducted on a sample of 55 randomly selected from two major public and private university in Malaysia. Based on the investigation conducted on the preferred media among international students enroll in Malaysian Higher Education Institution (MHEI), it shows that most respondents prefer websites advertisements to be conducted. This is due to easy access of information and it gives clear pictures what is offered in MHEI. The other media are important as well such as television, radio, newspapers, brochures, education exhibition, and preview as it helps to capture various target groups from various places. Improvements should be done on the lower percentage media to enhance the credibility of the promotional activity. The main factor has creates problem in this research is language barriers among international students. Many of the international students were referring to electronic dictionary to answer the questionnaire.

KEYWORDS

Media, International Students, Promotion, Websites, Higher Learning.

INTRODUCTION

The number of the international students in Malaysia has been increased. Traditionally, the large majority of them have come from the neighboring Asian countries of Indonesia, Thailand, Bangladesh, the Maldives, Singapore and, overwhelmingly, China. Malaysia, it appears, has profited from being considered as a desirable and highly competitive alternative to other countries in Southeast Asia. Private higher education institutions in Malaysia have been successful in recruiting students in key Asian markets (including the Middle East).

Malaysia has set a target of 100,000 foreign students by 2010 and in this connection; related strategies and programmes have been put in place to achieve this target (Ahmad Nazri, 2005). This is clearly spelt out in the recently released *National Higher Education Action Plan, 2007–2010*. Malaysia is one of the countries that attract international students for higher education. In Malaysia, the institutions make every effort to provide quality education. A wide range of courses are offered.

Living costs are generally kept low. English has been made the medium of instruction for postgraduate courses. These factors have resulted in Malaysia becoming an attractive destination for international students from various parts of the world. The public higher education institutions in Malaysia in 2008 comprised 21 public universities, 55 private universities and colleges (Expat, 2010). While early groups of international students that arrived in Malaysia came from neighboring countries, in recent years the international students have come from nearly 161 different countries, most of whom belong to three main areas of the Indian subcontinent, the Middle East, and the African countries (Alimudin, 2005).

International students comprise a growing proportion of degree-seeking students in Malaysian universities. A variety of reasons govern overseas students' decision to study in another country, including poor or overcrowded educational provision in their home country, competitive tuition fees and affordable living expenses in Malaysia, a stable and sound socioeconomic environment in Malaysia, they desire to develop intercultural understanding, and improve future social and business networks and etc.

RESEARCH PROBLEM

Since the Malaysian Ministry of Higher Education has set its goal of becoming regional hub for higher learning, universities and colleges have attempted to attract students from other countries. The Malaysian government and institutions of higher education are competing with other global competitors for their 'market share'. Countries such as UK, Australia, Canada, Singapore and New Zealand are also striving to attract international students, especially at the graduate level (Times Higher: the UK International Student Market: Trends and Challenges, 2006).

Malaysia has set a target of 100,000 foreign students by 2010 and in this connection, related strategies and programmes have been put in place to achieve this target. As the number of international students attending institutions of higher education in Malaysia has increased in the recent years, and the number is expected to rise in the future, Malaysian Ministry of Higher Education have to identify the best media to attract international students. However, there is relatively little research literature in Malaysia concerning the preferred media among international students enroll in Malaysian Higher Education Institution. This study attempts to fill these gaps and needs identified above.

RESEARCH OBJECTIVES

The main objective of this research is to identify the preferred media selection among international Students enroll in Malaysia. Besides, to achieve the following objectives:

- To identify the preferred media among international students such as newspaper, television, radio, website, brochures, preview and education exhibition.
- To assist the Ministry of Tourism to develop strategies to increase number of international students in Malaysia.
- To identify the reasons of preferred media chosen by international students.

SIGNIFICANCE OF STUDY

Malaysia is moving toward internationalization. The Ministry of Higher Education aims to make Malaysia as a hub of excellence in the region. As a result, universities and institutions are striving to provide the best quality of education to attract international students from all over the world. Media selections that

use to promote to the international students are very important to attract and increase the number of international students in Malaysia. The results will assist the Ministry of Tourism and Ministry of Higher Education to strategies their promotional activities with minimum expenses to target the potential international students.

SCOPE OF STUDY

The scope of our duties would be international students in Malaysia. The population for the study comprises international students at two public and private universities in Malaysia. The results of the study can assist national policy makers to achieve their objectives in making Malaysia a hub of excellence in higher education and attract more international students. It also is strengthening the institutions position in national and international higher education industry.

LITERATURE REVIEW

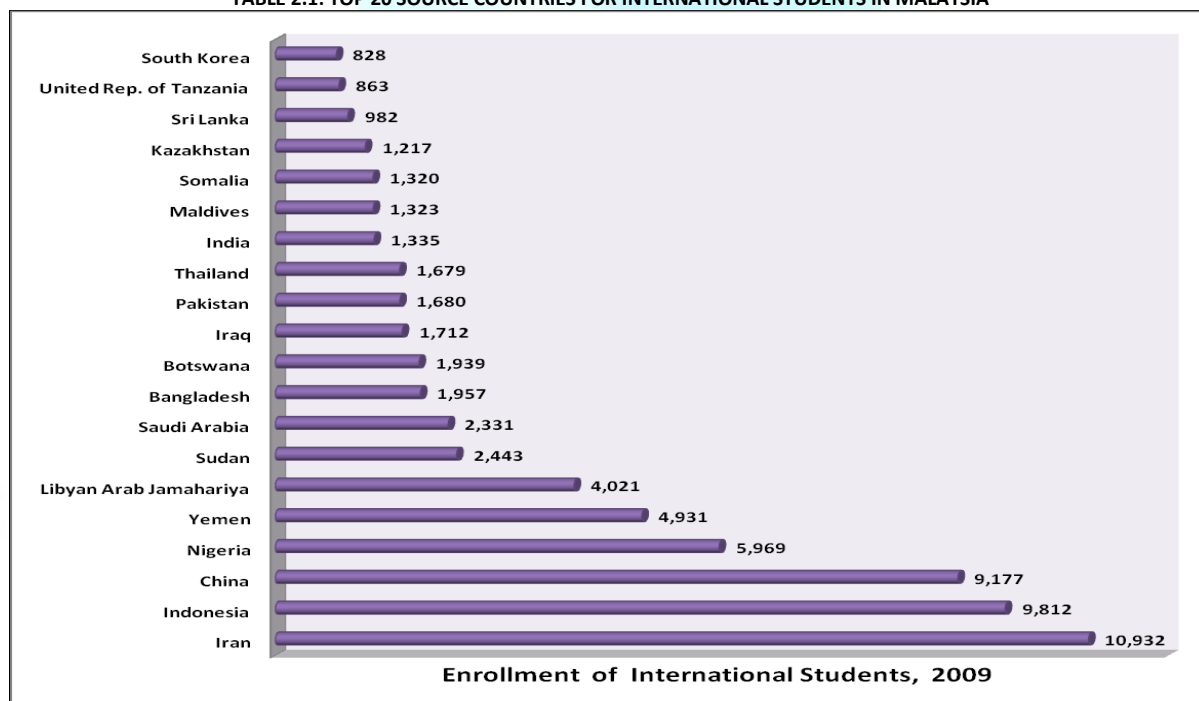
Universities are traditionally viewed as places for higher education and basic research but yet they are encompassing much more nowadays. According to ICF (2003), universities are the knowledge creators, innovation accelerators and high skilled workers providers. Universities play an essential role in yielding advanced scientific knowledge through applied research and scientific 16 breakthroughs that will enhance lives and strengthen economy. Chakrabarti and Rice (2003) pointed out that universities play a crucial role in regional development of high technology industries by providing intellectual property and talent through knowledge generation and transfer process.

The need for good higher education often takes students out of their home countries. Due to limited facilities in their own countries, many students pursue their studies abroad. Students also study abroad to acquire a more global perspective, to develop international attitudes, make their resume` more attractive, or to improve their language proficiency. Students also benefit through learning about new customs, holidays, foods, art, music, and politics firsthand. They may also study abroad to advance their studies in specialized areas not available at home. In many developing countries, a foreign degree, especially if obtained from certain countries, is considered more prestigious than a local one (Johnson, 1992; Lacina, 2002).

Fu (2004) reported that the number of international students enrolling in higher education in Malaysia is increasing each year. While the total number of international students was 5,635 in 1996, it rose to 11,733 in the academic year 1998-99. In the year 2003, Malaysia issued 39,577 student visas to international students representing a 9% cent increase from 2002. At the end of 2005, it was estimated that there were about 40,000 foreign students studying in Malaysian public and private higher educational institutes (Clark and Sedgwick, 2005). Table 1 on the following page shows the international student population in Malaysia in 2004, listed by the 20 most important source countries. The positive contributions of international students to the success and enrichment of colleges and universities are numerous. They usually come to another country with solid to superior academic credentials and contribute significantly to academic excellence of universities. Their presence tends to enrich campus diversity by exposing other graduate and undergraduate students to different cultural and ethnic experiences. Their presence also brings an international perspective and promotes a degree of global awareness on campus (Wang and Frank, 2002).

While efforts are made to make these international students welcome and adapt to the new environment, it cannot be denied that these students face problems. Earlier studies have indicated that the problems include adapting to the new educational and social environment, pressures of staying away from home, financial pressures, language problem, and lack of friends (Australasian Law Teachers' Association, 1995). Other studies that have examined the problems of international students, categorized them into 11 groups: financial aid, placement services, the English language, academic records, health services, socio-personal issues, admissions and selection, living/dining services, orientation services, students' activities, and religious services (Michigan International Student Problem Inventory, cited in Galloway and Jenkins, 2005).

TABLE 2.1: TOP 20 SOURCE COUNTRIES FOR INTERNATIONAL STUDENTS IN MALAYSIA



Source: Ministry of Higher Education, Malaysia (as of 31 December 2009)

ADVERTISING

Advertising is a powerful tool which aims to influence consumer decisions and thus behaviour. One definition of advertising by Ann Burgess cited in Hart, 1990, p. 101, is the action of calling something to the attention of the public, and especially by paid announcements. Advertising enables the consumer to become an active member of the economic cycle rather than a passive agent (Burgess cited in Hart, 1990). It is this freedom of choice for the consumer that means companies' advertising strategy must portray the correct advertising message and select the correct advertising media (Kotler & Armstrong, 2005).

ADVERTISING AND REGULATIONS

Advertising can be affected in several ways by local regulations. The availability of media (or the lack of it) is one example. When and how much media time and space are made available, if at all, is determined by local authorities. Belgium prohibits the use of electricity for advertising purposes between midnight and 8:00 A.M. German was regulate TV advertising contents and limit advertising on the national TV channels to twenty minutes a day, forcing advertisers to switch from

state-run TV to private channels. Greece and South Korea ban the erection of new signs. Furthermore, nationalism may intrude in the form of a ban on the use of foreign languages and materials in advertising. The advertising industry may have a local self-regulatory organization which regulates the styles and contents of promotional activities.

ADVERTISING MEDIA

International advertising is the practice of advertising in foreign or international media when the advertising campaign is planned, directly or indirectly, by an advertiser from another country. To advertise overseas, a company must determine the availability (or unavailability) of advertising media. Media may not be readily available in all countries or in certain areas within the countries. Furthermore, the techniques used in media overseas can be vastly different from the ones employed in the Malaysia.

Internet has two unique features 'it is both a market and a medium' (Ngai, 2003) which transcends national boundaries and stage a new set of international marketing where organizations connect with their potential and existing customers. According to Chaffey et. al. (2006) there are four types of web sites. Higher education falls into the category of 'service-oriented relationship-building web site' where it provides information to stimulate purchase and build relationships. The internet offers a means for geographically remote students to access university and course information (Veloutsou, Paton, and Lewis, 2005).

The customers will usually seek for clear and accurate information and representation since they cannot see or feel the offers. The university's web site needs to have clear graphic representations and is visually accurate. The more clear and accurate the web site, the more it will reduce the probability of losing its potential. Gomez and Murphy (2003) highlighted that trust in the information cannot be established until consumers trust the site, and trust in fulfillment requires prior trust in the site and its information. To lower the dissonant, a two-way communication can be provided to support the web site such as staff's e-mail, fax or a toll-free telephone number that the customers can relay for fast response. Other supporting aids are multiple-language options, chat room, bulletin board and Frequent Asked Questions (FAQs) through the web site. This will enhance the competitive edge for the business (Chai and Fun, 2003).

A resource based web page serves the interest of the visitors by providing easy site navigation and easily accessible information or add-a-link feature for users to search university's news and updates, public seminars and conventions, and university's calendar. This will create a university community atmosphere. The importance of such a service (university's) is highlighted by the presence of many stakeholders and their interests, either social or economic (Petruzzellis et. al., 2006). Not only that students are seeking for knowledge but at the same time seek for social expectations (Binsardi and Ekwulugo, 2003; Russell, 2005; Cubillo, 2006).

RESEARCH DESIGN

The data of quantitative aspects of the study is collected by using 55 questionnaires. 200 questionnaires were prepared for this study. But 55 respondents were responded on these issues. Many respondents reluctant to fill up the questionnaires. For this study, researcher selected 2 Higher Education Institutions in Malaysia that is University Sains Malaysia and AIMST University. Most of the information about international students was collected from the Ministry of Higher Education and online materials related to the subject of study. Information about literature review is collected from online materials and library

DISCUSSION

OVERVIEW

As mention earlier, a total number of 55 questionnaires that comprises of small size of international students' preferred media in University Science Malaysia (USM) and AIMST University who enroll in both institutions. This section will discuss noteworthy details from the analysis and findings of responses.

PERSONAL PARTICULARS

The highest population of students age group of international students are 23 years and above, which is account for 63.6% of total students as compared to 17 – 18 years old, 19 – 20 years old, and 21 – 22 years old. Next would be the comparison on the gender whereby male shows slightly higher (50.9%) than female group (49.1%).

TELEVISION

The research shows, that promotional activity done through television is very low (36.4%) compare to others. Survey shows that advertisements on Malaysia Universities is not been viewed at all as it shows the highest percentage of all which is (49.1%). The respondents feel that the advertisements are not advertised on the right time of people to view whereby (60.0%) say no. 72.7% of respondents spend less than 2 hours on television per day. It means that advertisements done through television would not be effectively aware by respondents since they spend less time on television per day. Chart 4 shows that 4.00 – 8.00 pm (38.2%) is the right time for promoting advertisements because that is the time parents back from work and spend some time to get entertainment through television. 12.00 – 4.00 pm (5.5%) is not the right time to promote as most of the parents are working at that period of time.

RADIO

The research shows, that promotional activity done through television is very low (45.5%) compare to others low (18.2%), moderate (27.3%), high (7.3%) and very high (1.8%). Survey shows that advertisements on Malaysia Universities is not been listened at all as it shows the highest percentage of all which is (45.5%). The respondents feel that the advertisements are not advertised on the right time of people to listen whereby (56.4%) say no and (43.6%) say yes. 70.9% of respondents spend less than 1 hour on radio per day. It means that advertisements done through radio would not be successfully transferred to respondents since they spend less time on radio per day. Chart 6 shows that 8.00 – 12.00 am (45.5%) is the right time for promoting advertisements. It is the right time to promote because that is the time most of the parents are going to work on that time. They will listen to radio while they are on the way to work. 12.00 – 4.00 pm (16.4%) and 4.00 – 8.00 pm (16.4%) are not the right time to promote as most of the parents and students are working and studying at that period of time.

NEWSPAPER

The research shows, that promotional activity done through newspaper is moderate (34.5%) compare to others very low (12.7%), low (20.0%), high (23.6%) and very high (9.1%). According to the respondents advertisements on Malaysia's Higher Education Institution is been viewed moderately as it shows the highest percentage of all which is (41.8%). The respondents feel that the advertisements are not advertised on the right time of people to listen whereby (56.4%) says no and (43.6%) say yes. Besides that, the respondents feel that the information is been advertised at the right page to view whereby (65.5%) say yes and (34.5%) says no. 52.7% of respondents agree that information about education should be advertised on education section whereas (9.1%) agree on news section, (18.2%) agree on entertainment section, (7.3%) agree on sport section and (12.7%) agree on others. It means that when respondents are searching for information about education, they more prefer the information are advertised on education section compare to others.

WEBSITES

The research shows that promotional activity done through television is moderate (38.2%) compare to others very low (5.5%), low (14.5%), high (27.3%) and very high (14.5%). From the research, it shows that (81.2%) of respondents feel that advertisements on Malaysia Universities through Internet is easy to access. The respondents feel that the advertisements are not advertised on the right time of people to listen whereby (56.4%) say no and (43.6%) say yes. Respondents are moderately (38.2%) aware of website as they agree on the usage of website to gain information about Malaysia's Universities. Besides that, it shows that (61.8%) of respondents spend more than 4 hours on Internet per day. It means that advertisements done through Internet might be successfully transferred to respondents since they spend more time on Internet per day

BROCHURES

The research shows, that promotional activity done through television is low (36.4%) compare to others very low (30.9%), moderate (20.0%), high (10.9%) and very high (1.8%). The brochures are not attractive enough to be promoted to capture people whereby (65.6%) of respondents said no. It is been identified that (21%) of respondents do not often receive the brochures at their area. Besides that, (56.4%) of them do not really look into the information in brochures and it will cost the waste in advertising through brochures.

EDUCATION EXHIBITION

The research shows, that education exhibition had been conducted in respondent’s country before as (65.6%) of them says yes. Yet, respondents are not often (41.8%) to visit education exhibition to find the related information compare to very often (1.8%). 32.7% of respondents support that the promotional activity done through education exhibition is moderate whereby (7%) say very low, (29.1%) say low, (10.9%) say high, and (14.5%) say very high.

PREVIEW

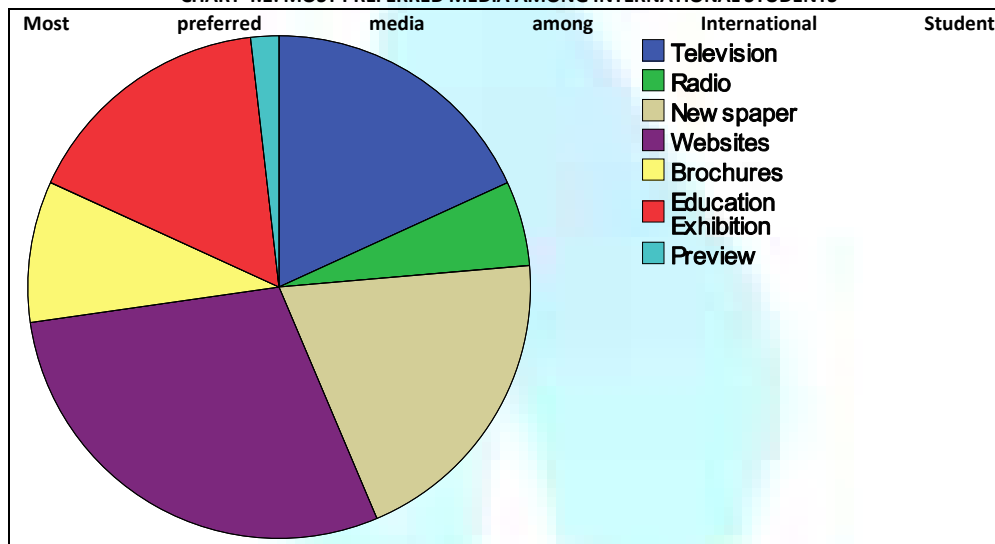
The research shows, that promotional activity done through preview is moderate (40.0%) compare to others. The results show that the preview is organized less than 2 times (76.4%) in their country per year. In order to be more successful target the students, government has to organized more preview in a year. Besides that, respondents agree that they get to know the preview through Internet (45.5%) is most comparing to others. Government should advertise more information on Internet to get students attention.

RESULTS ANALYSIS BASED ON THE RESPONDENTS’ SURVEY

TABLE 4.1: PERCENTAGE OF PREFERRED MEDIA AMONG INTERNATIONAL STUDENTS

| Types of media | Frequency | Percent (%) | Cumulative Percent (%) |
|----------------------|-----------|--------------|------------------------|
| Television | 10 | 18.2 | 18.2 |
| Radio | 3 | 5.5 | 23.6 |
| Newspaper | 11 | 20.0 | 43.6 |
| Websites | 15 | 29.1 | 72.7 |
| Brochures | 5 | 9.1 | 81.8 |
| Education Exhibition | 9 | 16.4 | 98.2 |
| Preview | 1 | 1.8 | 100.0 |
| Total | 55 | 100.0 | |

CHART 4.1: MOST PREFERRED MEDIA AMONG INTERNATIONAL STUDENTS



Based on the table and chart above, it clearly shows the overall summary of the survey on the preferred media among international students. The survey shows that students are more interested with websites which shows the highest percentage (29.1%). Secondly would be newspapers advertising which is (20.0%). Thirdly would be television which is (18.2%). Next would be education exhibition (16.4%), brochures (9.1%), and radio (5.5%). Lastly would be preview which is only (1.8%).

CONCLUSION

The mass media are a highly effective means of transmitting information. However, mass media are rarely favored over participatory or traditional communication media. However, that does not mean that they should be neglected altogether. It is important to strike a proper balance between mass media and media based on interpersonal communication. Before using mass media, it is important to identify their different forms, to clearly understand their advantages and their audiences and to be aware of the contacts that can be developed through them. In other words, the use of mass media is a process that requires organization. Based on the investigation conducted on the preferred media among international students enroll in Malaysian Higher Education Institution (MHEI), it shows that most respondents prefer websites advertisements to be conducted. This is due to easy access of information and it gives clear pictures what is offered at USM and AIMST University. In this current digital media world, everyone are using Internet or online to do daily works. Same goes to the respondents, they can access to websites to search for the information they want anytime and it is convenience for them. Besides that, the impact of advertisements through websites is high compared to other media. Website promotion becomes a very popular advertising media since Internet has been introduced. The other media also plays vital role such as television, radio, newspapers, brochures, education exhibition, and preview. It helps to capture various target groups from various places. Improvements should be done on the lower percentage media to enhance the credibility of the promotional activity.

RECOMMENDATION

The lower percentage media such as television, radio, newspapers, brochures, education exhibition, and preview need to be improved in terms of sufficient of information delivered. The information delivered must be able to stimulate and attract the various groups of students even though they prefer different types of media.

LIMITATION & FUTURE RESEARCH

The main factor has creates problem in this research is language barriers among international students. Many of the international students were referring to electronic dictionary to answer the questionnaire. Some of them refused to answer the questionnaire due to language efficiency. Second limitation is, after approval granted from USM and AIMST University, we realized that the students were having their final exam in that week. This caused a lot of problems during our research. We felt hardly to search for the international students to conduct the research during their examination period and some of them reluctant to fill up the questionnaire when they were having their revision.

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AWARENESS ABOUT CONSUMER RIGHTS IN INDIA IN THE GLOBALIZED BUSINESS ENVIRONMENT - AN EMPIRICAL INVESTIGATION OF ANDHRA PRADESH STATE

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ABSTRACT

The consumer has been ill-treated since a long time in the market milieu in developed, developing as well as under developed countries. Consumers are being miserably cheated and misled by the unscrupulous middlemen and the manufacturers of goods and services by adopting malpractices like adulteration, underweighting, inferior quality, duplicate goods, misleading advertisement, and the like. It is continuing still in India with various degrees of exploitation in the entire sphere of trade due to lack of awareness about the consumer rights among the consumers. In India a plethora of legal measures came into force to protect the interest of consumers. In this process the Consumer Protection Act recognizes six specific rights of the consumers i.e., Right to Safety, Right to be Informed, Right to Choose, Right to be Heard, Right to Consumer Education, Right to Seek Redressal. A good number of programmes are organizing by the government to educate the consumers regarding their rights at different levels. But still there are consumers in rural area totally unaware about their rights because of various reasons like low literacy level, lack of initiation from the government side, lack of interest of consumers, lack of media support, etc. The present research paper is an attempt to highlight the level of awareness about the consumer rights and the various laws, which are in force to protect the consumer interest in India in general and the state of Andhra Pradesh in particular with a sample investigation of 600 respondent consumers.

KEYWORDS

Consumer, Unfair Trade Practices, Awareness, and Right.

INTRODUCTION

The consumer has been ill-treated since a long time in the market milieu in the developed, developing as well as under developed countries. Consumers are being miserably cheated and misled by the unscrupulous middlemen and the manufacturers of goods and services at large in many ways everywhere in general and India in particular. They are unaware and uniformed of the tricks of the businessmen. Certain malpractices like adulteration, underweighting, supply of inferior quality of goods and services, selling of duplicate goods, misleading advertisement, sale of expired life saving drugs, false representation of the features of the product and service, misleading advertisement, deceptive sale practices, difference between the price printed on the goods and the actual selling price and the like are adopting by the middlemen, traders and manufacturers to get benefit on the cost of consumer. Lack of education, lack of information, poverty, etc. are the various main factors responsible for consumer exploitation. It is continuing still in our country with various degrees of exploitation in the entire sphere of trade due to lack of awareness particularly about the consumer rights in all the regions of the country but the exploitation of consumers is more in the rural areas.

In India a plethora of legal measures came into force to protect the interest of consumers, which are enacted by the Central Governments. Some of the laws that provide for consumer protection are: The Agricultural Produce (Grading and Marketing) Act, 1937, The Environment (Protection) Act, 1986, The Air (Prevention and Control of Pollution) Act, 1981, The Water (Prevention and Control of Pollution) Act, 1974, The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954, The Dangerous Drugs Act, 1930, The Drugs and Cosmetics Act, 1940, The Drugs Act, 1950, The Indian Contract Act, 1872, The Essential Commodities Act, 1955, Prevention of Black Marketing and Maintenance of Essential Commodities Act, 1980, The Essential Commodities (Special Provisions) Act, 1981, The Indian Penal Code, 1860, The Prevention of Food Adulteration Act, 1954, The Sale of Goods Act, 1930, The Monopolies and Restrictive Trade Practice Act, 1969, The Hire Purchase Act, 1972, The Negotiable Instruments Act, 1881, The Standards of Weights and Measures Act, 1976, The Indian Standards Institution (Certification Marks) Act, 1952, The Cigarettes (Regulation of Production, Supply and Distribution) Act, 1975, The Consumer Protection Act, 1986, The Securities and Exchange Board of India Act, 1992 and the latest The Right to Information Act, 2005. However, many of these legal measures are ineffective in safeguarding the interest of consumers' at all levels and also they are inaccessible and unknown to many consumers. The Consumer Protection Act, 1986 is an important legal measure made by the Indian Government. The Consumer Protection Act recognizes six specific rights of the consumers i.e., Right to Safety, Right to Information, Right to Choose, Right to be Heard, Right to Consumer Education, Right to seek Redressal. A good number of programmes are organizing by the government to educate the consumers regarding their rights at different levels. But still there are consumers in rural areas totally unaware about their rights because of various reasons like low literacy level, lack of initiation from the government side, lack of interest of consumers, lack of media support etc. The specific consumer rights presented here in detail.

RIGHT TO SAFETY

This right is intended to protect the consumer against unfair trade practices of traders and hazardous effects of the goods and services on the health or life of the consumers and property of consumers. In the modern world, the individuals' life is becoming more and more complex as the individuals have very less time

to evaluate the various offers and thereby they are forced to make quick decisions. The changing life styles, fashions and tastes of the consumers are providing more chance to the businessmen to exploit the consumers by offering hazardous and inferior products and services. In the present competitive business world the consumers are exploited in all respects of services and goods, such as adulterated products, duplicate and expired life saving medicines, substandard building materials, poor health service, faulty home and electric appliances, underweight and so on. Under these circumstances the right to safety assumes greater importance. This right is not only to the individuals but also to the society at large.

RIGHT TO BE INFORMED

The adequate information of a product or service supports the buyer to have or not to have it. If choice is the engine of consumers' power, then information is the fuel on which it runs. Individual consumers cannot make proper decision about what can serve them best without adequate, accurate and understandable information. The information required is not only from the physical properties or the function of a good or service but also on the legal implications of the transactions. The relevant information in this regard safeguards the interest of the buyers or the consumer. Every consumer is generally interested to know the price, quantity, quality, size, name of the manufacturer, manufacturing date, expiry date, safety precautions, warranty and other information relating to the product. The right to information ensures the supply of such information with every article or service traded in the market. It is a legal obligation that every manufacturer, retailer and the trader should provide necessary information to the consumers in all of their transactions.

RIGHT TO CHOICE

The right to choice is to provide access to a variety of goods of various qualities, prices, sizes and designs and to provide the consumer a chance to select the product that it satisfies his wants. In a competitive market economy consumer choice is the essence to make the transactions efficiently. The major problem of the market world is the imbalance of the tastes and choice of the consumers and producers. The ever-changing tastes, preference, fashions of the consumers' influence the manufacturers to conduct surveys before produce the goods and services. Monopolies are the most common form of the imbalance forcing consumers to accept what is being offered to them. In such cases it is highly unlikely that consumers will be able to see their needs and interests, rather than those of the products are best served. Even where there no monopoly, producers may work together in such a way that, although there is an appearance of choice, consumers are effectively being offered the same thing. While buying goods and services, the consumer generally expects the satisfaction and maximum benefit rather than quantity and features of the product. Those products or services that can offer maximum benefits and satisfaction to the consumers will be preferred. The right to choice ensures the consumers to feel to evaluate various alternatives available by avoiding aggressive sales pressures and to select the right one.

RIGHT TO BE HEARD

One of the important principles of justice is the right to be heard. It helps the individuals to make representation at various places for consideration against exploitative elements in the market economy. Whenever the consumer identifies defects of products or any other problem relating to goods and services that he has bought, if he want to communicate the same to the seller, the seller should give a patient hearing to the problem of the consumer or the receiver of the services. The seller should arrange a system that can attend to the problems of consumer. This right encourages the consumers to make representation regarding their problems either orally or in writing or through media or any other acceptable means.

RIGHT TO CONSUMER EDUCATION

Consumer education refers to educate the consumer constantly with regards to their roles and rights in the market environment. In other words, consumers must be aware of the rights they can enjoy against the loss they suffer on account of goods and services purchased. Government has to take several steps to educate the consumers continuously. Thus, the concerned ministry of the government at state and central level should take necessary measures to educate the consumers from time to time through media and publishing magazines, news articles, palm lets etc. and supply to the public in large on free of cost.

RIGHT TO SEEK REDRESSAL

Right to seek redressal is one of the most important consumer right given in the Consumer Protection Act. Right to seek redressal means the right to receive compensation for misrepresentation or defect goods or services and where needed, free legal aid or an accepted form of redress for small claims should be available.

OBJECTIVES

The present research work is an earnest attempt to probe in to the level of awareness about consumer rights and the various laws in force to protect the consumer interest in state of Andhra Pradesh. The study is carried with the following important specific objectives:

- To find out the level of awareness about different consumer rights in the study area
- To know the level of awareness of consumers about Consumer Protection Act, 1986
- To find out the level of awareness of respondents about the other Acts which are in force to protect the consumer interest
- To know the level of awareness about redressal mechanism of consumer disputes, viz. three tier mechanism
- To offer reasonable suggestion to over improve the consumer awareness about various issues.

METHODOLOGY

The study is mainly based on the primary data collected through a structured questionnaire from the selected respondents of Andhra Pradesh state from one district from each of the three regions of Rayalaseema, Costal Region and Telengana Region. Actually the state of Andhra Pradesh consists of 23 districts in three regions as mentioned above. An extensive survey was conducted in the districts during the months of April and May of 2010.

DATA COLLECTION

The primary data was collected from 600 respondents of four groups of consumers namely Farmers, House-wives, Businessmen, and Employees through structured questionnaire. Necessary additional information about the theoretical backdrop of consumer rights and different laws are in force to protect the consumer interest was collected from various books published by different eminent researchers about the consumer issues.

SCOPE OF THE STUDY

The study covers the process of identifying the level and extent of awareness of consumers about the rights specified in the Consumer Protection Act and also the awareness about some of the laws in force to protect the interest of consumers even though too many laws were enacted by the Government of India to safeguard the consumer interest in almost all unfair practices of the business and other.

INTERPRETATION OF THE DATA

The collected data from the respondents through questionnaires are presented hereunder in table form with detailed analysis and explanations.

TABLE NO.1: OCCUPATION-WISE DISTRIBUTION OF RESPONDENTS

| Category | Male | Female | Total |
|-------------|------------|-------------|-------------|
| Farmers | 121(80.67) | 29(19.33) | 150(100.00) |
| House-wives | - | 150(100.00) | 150(100.00) |
| Businessmen | 109(72.67) | 41(27.33) | 150(100.00) |
| Employees | 98(65.33) | 52(34.67) | 150(100.00) |
| Total | 328(54.67) | 272(45.33) | 600 |

Source: Compiled from field survey

It is inferred from the above table that out of the 600 respondents 54.67 per cent are male and 45.33 per cent are female, almost in the study it is given equal importance to both the sex of respondents.

TABLE NO.2: AGE-WISE DISTRIBUTION OF RESPONDENTS

| Category | 20-30years | 31-40 years | 41-50 | 50 above | Total |
|-------------|------------|-------------|------------|------------|-------------|
| Farmers | 13(8.67) | 46(30.67) | 71(47.33) | 20(13.33) | 150(100.00) |
| House-wives | 24(16.00) | 51(34.00) | 56(37.33) | 19(12.67) | 150(100.00) |
| Businessmen | 12(8.00) | 42(28.00) | 45(30.00) | 51(34.00) | 150(100.00) |
| Employees | 15(10.00) | 57(38.00) | 58(38.67) | 20(13.33) | 150(100.00) |
| Total | 64(10.67) | 196(32.67) | 230(38.33) | 110(18.33) | 600 |

Source: Compiled from field survey

It is clear from the above table that the age wise distribution of respondents in the study area. Out of the 600 respondents 10.67 per cent falls between the age group of 20-30 years, 32.67 per cent falls between 31-40 years, 38.33 per cent falls between 41-50 years and 18.33 per cent falls in the age group of 50 years above.

TABLE NO.3: EDUCATION-WISE CLASSIFICATION OF RESPONDENTS

| Category | Illiterate | Primary/Secondary | Graduation | Post-Graduation | Total |
|-------------|------------|-------------------|------------|-----------------|-------------|
| Farmers | 59(39.33) | 61(40.67) | 30(20.00) | -- | 150(100.00) |
| House-wives | 13(8.67) | 62(41.33) | 47(31.33) | 28(18.67) | 150(100.00) |
| Businessmen | 14(9.33) | 34(22.67) | 78(52.00) | 24(16.00) | 150(100.00) |
| Employees | -- | 26(17.33) | 71(47.33) | 53(35.34) | 150(100.00) |
| Total | 86(14.33) | 183(30.50) | 226(37.67) | 105(17.50) | 600 |

Source: Compiled from field survey

The education wise distribution of respondents in the study area is clearly presented in the table no.3. It is evident from the above table that the data about the awareness level collected from 14.33 per cent of illiterates, 30.50 per cent of primary or secondary educators, 37.67 per cent graduates and the remaining 17.50 per cent of respondents are post-graduates.

TABLE NO.4: LEVEL OF AWARENESS ABOUT RIGHT TO SAFETY

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|------------------|
| Aware | 57 (38.00) | 39 (26.00) | 117 (78.00) | 114 (76.00) | 327 (54.50) |
| Unaware | 93 (62.00) | 111 (74.00) | 33 (22.00) | 36 (24.00) | 273 (45.5012) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

The above table no.4 portrays the level of awareness about the important right of consumers 'Right to Safety'. It is clear from the data that out of 600 respondent consumers about 54.50 per cent are aware of this right and the remaining 45.50 per cent unaware. In category wise analysis 62 per cent of farmers, 74 per cent of Housewives, 22 per cent of businessmen, and 24 per cent of employees are unaware of this right.

TABLE NO.5: LEVEL OF AWARENESS ABOUT RIGHT TO BE INFORMED

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 51 (34.00) | 33 (22.00) | 126 (84.00) | 120 (80.00) | 330 (55.00) |
| Unaware | 99 (66.00) | 117 (78.00) | 24 (16.00) | 30 (20.00) | 270 (45.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

It is evident from the above table no.5 that around 55 per cent of consumers are aware and 45 per cent are unaware about the 'Right to be Informed' in the study area of state of Andhra Pradesh. In category wise inquiry of respondents 34 per cent of farmers, 22 per cent of housewives, 84 per cent of businessmen and 80 per cent of employees are aware and 66 per cent of farmers, 78 per cent of housewives, 16 per cent of businessmen and 20 per cent of employees are unaware about this right.

TABLE NO.6: LEVEL OF AWARENESS ABOUT RIGHT TO CHOICE

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 102 (68.00) | 63 (42.00) | 150 (100.00) | 135 (90.00) | 450 (75.00) |
| Unaware | 48 (32.00) | 87 (58.00) | -- | 15 (10.00) | 150 (25.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

Table no.6 shows the level of awareness about the 'Right to Choice' it is an important right in the hands of consumers, that they may select a product or service as per their wish and will. In the study it is found that 68 per cent of farmers, 42 per cent of housewives, 100 per cent of businessmen, and 90 per cent of employees are aware about this right. Out of 600 respondents 32 per cent of farmers, 58 per cent of housewives, and 10 per cent of employees are unaware about this. In total out of 600 respondents only 26 per cent are unaware and the remaining 74 per cent are aware of this right.

TABLE NO.7: LEVEL OF AWARENESS ABOUT RIGHT TO BE HEARD

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 81 (54.00) | 78 (52.00) | 105 (70.00) | 96 (64.00) | 360 (60.00) |
| Unaware | 69 (46.00) | 72 (48.00) | 45 (30.00) | 54 (36.00) | 240 (40.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

It is inferred from the table no.7 that about 60 per cent of respondents are aware and 40 per cent are unaware about the right to be heard out of the 600 respondents in Andhra Pradesh state. In detailed analysis of the study 54 per cent of farmers, 52 per cent of housewives, 70 per cent of businessmen and 64 per cent of employees are aware. Whereas out of the 600 respondents 46 per cent of farmers, 48 per cent of housewives, 30 per cent of businessmen and 36 per cent of employees are unaware about this right to be heard.

TABLE NO.8: LEVEL OF AWARENESS ABOUT RIGHT TO CONSUMER EDUCATION

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 06 (04.00) | 18 (12.00) | 69 (46.00) | 75 (50.00) | 168 (28.00) |
| Unaware | 144 (96.00) | 132 (88.00) | 81 (54.00) | 75 (50.00) | 432 (72.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

The above table shows the level of awareness of the consumers about the right to have consumer education regarding various consumer related rules and laws in force in protecting their interest. In the present survey, out of 600 respondents 28 per cent are aware and 72 per cent are unaware about the right to have consumer education. In specific analysis of consumers respondents in the state majority are unaware in all categories of respondents i.e. 96 per cent of farmers, 88 per cent of housewives, 54 per cent of businessmen and 50 per cent of employees are unaware.

TABLE NO.9: LEVEL OF AWARENESS ABOUT RIGHT TO SEEK REDRESSAL

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 54 (36.00) | 81 (54.00) | 150 (100.00) | 117 (78.00) | 402 (67.00) |
| Unaware | 96 (64.00) | 69 (46.00) | -- | 33 (22.00) | 198 (33.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

The present study finds from the above table no.9 that majority of the farmers are unaware about the 'Right to seek Redressal'. It clear from the analysis that 36 per cent of farmers, 54 per cent of housewives, 100 per cent of businessmen and 78 per cent of employees are aware about this right. However, 64 per cent of farmers, 46 per cent of housewives, and 22 per cent of employees are unaware about this right to seek redressal. In general out of 600 respondents 67 per cent are aware and 33 per cent are unaware about this right.

TABLE NO.10: LEVEL OF AWARENESS ABOUT WORLD CONSUMER RIGHTS DAY, MARCH 15TH

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 39 (26.00) | 48 (32.00) | 99 (66.00) | 93 (62.00) | 279 (46.50) |
| Unaware | 111 (74.00) | 102 (68.00) | 51 (34.00) | 57 (38.00) | 321 (53.50) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

Table no.10 depicts the level of awareness of consumers about World Consumer Rights Day, March 15th. It is found from the table that out of 600 respondents only 46.50 per cent are aware and 53.50 per cent are unaware about the consumer rights day. In particular out of 150 respondents of each category 26 per cent of farmers, 32 per cent of housewives, 66 per cent of businessmen and 62 per cent of employees are aware. And 74 per cent of farmers, 68 per cent of housewives, 34 per cent of businessmen and 38 per cent of employees are unaware about the consumer rights day.

TABLE NO.11: LEVEL OF AWARENESS ABOUT CONSUMER PROTECTION ACT

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 48 (32.00) | 66 (44.00) | 150 (100.00) | 120 (80.00) | 384 (64.00) |
| Unaware | 102 (68.00) | 84 (56.00) | -- | 30 (20.00) | 216 (36.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

One of the crucial Acts in force to protect the consumer interest in India is Consumer Protection Act, 1986 but out of the total respondents of 600 in Andhra Pradesh 36 per cent unaware and 64 per cent are aware about the Law. In detailed analysis, 32 per cent of farmers, 44 per cent of housewives, 100 per cent of

businessmen, and 80 per cent of employees are aware. And 68 per cent of farmers, 56 per cent of housewives, and 20 per cent of employees are unaware about the Consumer Protection Act.

TABLE NO.12: LEVEL OF AWARENESS ABOUT ESSENTIAL COMMODITIES ACT

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 21 (14.00) | 48 (32.00) | 123 (82.00) | 114 (76.00) | 306 (51.00) |
| Unaware | 129 (86.00) | 102 (68.00) | 27 (18.00) | 36 (24.00) | 294 (49.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

The table no.12 given below shows the level of awareness of respondents about Essential Commodities Act. It is clear from the table that 14 per cent of farmers, 32 per cent of housewives, 82 per cent of businessmen and 76 per cent of employees are aware about this Act. However, 86 per cent of farmers, 68 per cent of housewives, 18 per cent of businessmen, and 24 per cent of employees are unaware about this Act in Andhra Pradesh state. In general out of 600 consumer respondents 51 per cent are aware and 49 per cent unaware.

TABLE NO.13: LEVEL OF AWARENESS ABOUT OTHER MISC. CONSUMER PROTECTION LAWS

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 18 (12.00) | 48 (32.00) | 114 (76.00) | 99 (66.00) | 279 (46.50) |
| Unaware | 132 (88.00) | 102 (68.00) | 36 (24.00) | 51 (34.00) | 321 (53.50) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

It is clear from the table no.13 that 46.50 per cent of respondents are aware and 53.50 per cent unaware about the various miscellaneous Acts are in force to protect the consumer interest in the country out of 600 respondents in the state of Andhra Pradesh such as Indian Penal Code 1860, Contract Act 1872, The sale of Goods Act, 1930, Drugs and Cosmetics Act 1940, Indian Standard Institution (Certification Mark) Act 1952 (Changed to bureau of Indian standards Act, 1986), Prevention of Food Adulteration Act 1954, Standards of Weight and Measures Act 1956 and 1976, etc. In detailed presentation of the data regarding consumer awareness 12 per cent of farmers, 32 per cent of housewives, 76 per cent of businessmen, and 66 per cent of employees are aware. And 88 per cent of farmers, 68 per cent of housewives, 24 per cent of businessmen, and 34 per cent of employees are unaware about the above mentioned various Acts are in force to protect the consumer interest in India.

TABLE NO.14: LEVEL OF AWARENESS ABOUT CONSUMER DISPUTE REDRESSAL MECHANISM

| Opinion | Farmers | House-wives | Businessmen | Employees | Total |
|---------|-----------------|-----------------|-----------------|-----------------|----------------|
| Aware | 39 (26.00) | 48 (32.00) | 150 (100.00) | 123 (82.00) | 360 (60.00) |
| Unaware | 111 (74.00) | 102 (68.00) | -- | 27 (18.00) | 240 (40.00) |
| Total | 150 (100.00) | 150 (100.00) | 150 (100.00) | 150 (100.00) | 600 |

Source: Compiled from field survey

It is crystal clear from the table no. 14 about the level of awareness regarding three tier redressal mechanisms functioning at district level, state level and nation level to resolve the consumer disputes regarding the services or products in the country. It is found from the table that out of 600 respondents 60 per cent are aware and 40 per cent are unaware about the redressal mechanism. In comprehensive analysis of various categories or respondents, 26 per cent of farmers, 32 per cent of housewives, 100 per cent of businessmen, and 82 per cent of employees are aware, but 74 per cent of farmers, 68 per cent of housewives and 27 per cent of employees are unaware about the redressal mechanism working to solve the disputes of consumers.

FINDINGS

- It is well-known fact that the educational background of a respondent will influence the results of any investigation to a maximum extent. It is found from the study that around 45 per cent of respondents are having only school education.
- It is found that the majority of the farmers and house-wives are unaware about the specific consumer rights available to protect the consumers' interest than the other class of consumers
- The present investigation reveals that more than 50 per cent of respondents are unaware about World Consumer Rights Day of 15th March of every year.
- It is identified from the study that more than one-third of respondents are not aware about the significant consumer protection law namely Consumer Protection Act, 1986 enacted to protect the consumer interest.
- From the present study it is found that more around 50 per cent are uninformed about Essential Commodities Act and other miscellaneous laws in force in the country to safeguard the consumer interest.
- It is found from the study that around 40 per cent respondents are ignorant about three tier Redressal Mechanism functioning at various levels to protect the consumers from the clutches of the ruthless business community from different malpractices, unfair trade practices and defective goods and services.
- It is found from our direct discussion with the respondents it is found that the ignorance about various consumer protection issues due lack of proper channel of educating the consumers and their literacy level.

SUGGESTIONS

- It is a noteworthy suggestion that as per the opinion of greater part of the respondents in the region of study that the governments should feel the necessity and urgency of consumers' education at various levels in different means.
- The literacy level of the society is the panacea for all the social evils. Hence it is suggested that the government and non-governmental organisations should take necessary stringent measures to improve the literacy level of the all sections of people.
- Based on the majority of respondents opinion, it is suggested that the government should take necessary steps to add at-least a chapter in the school education about the consumer issues and rights because the existing set of courses is not covering the topics concerning to consumer issues at any stage of education.

- To create awareness in the society about consumer rights and protection measures and laws in force, the governmental organizations should conduct educational camps and exhibiting documentary films at villages and in busy area regularly is one of the important suggestions.
- It is a note worthy suggestion that the media, particularly electronic media has to take initiation voluntarily or the government should direct them to telecast the programmes to create awareness about the consumer related issues repeatedly.
- Hiring the services of celebrities like film stars, cricket players, athletes, sportsmen, etc., by the government, media, voluntary organization, etc., is one of the modes to create awareness about role of the consumer in the market to protect themselves from the unfair trade practices.
- Governments, either central or state should establish an exclusive board to educate the public about the consumers' rights and the other consumer related issues continuously to protect themselves from the clutches of unscrupulous business community.
- Voluntary or consumer welfare association should take initiative to organize playwrights, educational camps, about consumer related issues in schools, colleges and public places frequently to educate the students at large and also the general public.
- Door-to-door canvassing by the government, voluntary associations, and consumer welfare organisations to disseminate the information relating to the consumer welfare is an important suggestion.
- It is recommended that the government should take steps to establish consumer information centre in the busy market areas and distributing pamphlet to the consumers through sales outlets regarding consumer rights and other matters use to protect the interest of consumers'.
- Government, which has at its disposal all the required resources, should take the initiative and motivate the consumers through the mass media about knowledge of consumer interests, rights and Redressal means should be presented in a simple, direct and lucid manner that consumers of all segments understand them.
- Government should set up effective vigilance committees to monitor the process and procedures of business community continuously to safeguard the interest of consumers from the unfair trade practices.
- Generally there is a difference between the printed price and the selling price is so great, that consumers are misled and confused. The Government with its mechanism has to curb all such confusing and unscrupulous business practices and see that consumer durables are standardized
- The consumer awareness related information should be published in news papers, periodicals, journals, magazines, etc. in an attractive manner to educate the consumers by and large.
- A substantial awareness campaign wherein all the basic information about the market milieu, the rights, of consumers in the market, the redressal procedure for their problems and the procedure to approach consumer forums, are brought home to the average consumer.
- It is an important suggestion that the consumers themselves take care before making purchases by verifying the quality, price, service guaranty and other instructions of the manufactures.
- Finally, it is recommended that the government should take essential rigorous steps regarding the moral values should be followed by the business world. Protection of consumer interest with good morale is the social responsibility of the business community when they are benefiting on the cost of consumers.

CONCLUSION

Consumers are playing vital role in different stages in the market scenario. In spite of consumer protection measures and laws, consumers are cheated miserably in one way or other by dishonest businessmen in the market environment. This is the need of hour to implement the Acts stringently, punish the culprits and also to educate the consumers at huge level to protect their interest to a great extent. Thus the above offered suggestions are practicable and if they are implemented strictly the entire consumer community directly and the society indirectly will be educated to a maximum extent about the consumer rights, role in the market and the other related issues of protecting consumers' interest and finally the society will be benefited and developed by and large.

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MOBILE SERVICE PROVIDER – A STUDY WITH SPECIAL REFERENCE TO NAWARAS LLC

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ABSTRACT

Mobile service providers investing billions of dollars in order to enhance the hardware and software program around the globe. The advent of computer based communication technologies and networks have become important factor in global interactions. Telecommunication industry in Sultanate of Oman is the fastest growing sector, especially in mobile market. This development has contributed much to the economic development of a country. The satisfied customer spreads positive words of mouth, which is very effective for attracting new customers. This study would definitely facilitate the service provider to enhance customer services. This study is significant that the findings would reveal the mobile communication behaviour of the respondent and problems they encounter in their use of mobile network. This helps in reducing uncertainty and customer irritation. It is also suggested that the efficient management system and service recovery strategies can be really helpful in retaining customers.

KEYWORDS

Mobile network, service provider, Nawras LLC, Employees and Customers.

INTRODUCTION

The advent of computer based communication technologies and networks have become important factor in global interactions. Telecommunication industry in Sultanate of Oman is the fastest growing sector, especially in mobile market. This development has contributed much to the economic development of a country. The growth rate in telecommunication has increased tremendously, especially in the increasing number of telephone subscribers. As the competition increasing among the companies, it is necessary to know about the customers perception about price, promotion, product, service quality and other important factors that play in a vital role to choose the telecommunication service providers. It is important to retain the customers by providing latest and technologically developed services. This study also helps to find the discrepancies in providing services to the customers and resolve them to the best satisfaction. This research study helps to identify the personalised services which attract the mobile subscribers.

STATEMENT OF THE PROBLEM

Mobile service providers investing billions of dollars in order to enhance the hardware and software program around the globe. The service provider should analyse its operational process in order to identify and remove any inefficiencies and bottlenecks. An existing service person who knows his job well can be very helpful in overcoming any negative effects of uncertainties. The Challenge of service provider is not only to provide services which satisfy customers but also to produce delighted and loyal customers. The satisfied customer spreads positive words of mouth, which is very effective for attracting new customers. This study would definitely facilitate the service provider to enhance customer services.

NEED AND IMPORTANCE OF THE STUDY

In the era of competition it is very much important that service providers are to be understood that acquiring the customer is not sufficient but to keep them satisfied. The main objective of the study is to examine the factors that affect the customer perception to choose mobile telecommunications service, particularly in Sultanate of Oman. This study is significant that the findings would reveal the mobile communication behaviour of the respondent and problems they encounter in their use of mobile network. It is believed that these would assist service providers and telecommunication authorities to improve on the quality of their service delivery. The research study is useful for service provider to understand the expectations and requirements of customers and can service them in a better way.

RESEARCH METHODOLOGY

The present study had adopted analytical methodology. As the study is based on satisfaction of mobile service provider, the measurement of service levels with respect to various service ingredients is taken up in the research. The study has adopted the well known branch of multivariate techniques using SPSS 11.5 package, in order to get interpretable solutions clearly. One sample t-test is applied to identify the nature of responses on the customers of Nawras Mobile service provider. The application of one way analysis of variance (ANOVA) is ascertained for establishing the significant relationship between various factors.

T-Test

MOBILE SERVICES PROVIDER WITH REFERENCE TO NAWRAS LLC
CHOOSING MOBILE NETWORK

TABLE NO.1.1

| Variables | Mean | Std. Deviation | Std. Error Mean | -values | Sig. (2-tailed) |
|-----------------------|------|----------------|-----------------|---------|-----------------|
| Good Network Coverage | 1.91 | 1.100 | .064 | -17.112 | .000 |
| Call rates | 3.27 | 1.149 | .066 | 4.020 | .000 |
| Customer Services | 2.14 | 1.174 | .068 | -12.688 | .000 |
| Internet Services | 1.97 | .905 | .052 | -19.719 | .000 |
| Brand Image | 1.86 | .603 | .035 | -32.823 | .000 |
| Innovative Schemes | 3.21 | .848 | .049 | 4.365 | .000 |

Source: Computed Data

From the table No.1.1 it is found that the mean values of 6 statements are 1.91, 3.27, 2.14, 1.97, 1.86 and 3.21 significantly. The standard deviation also ranges from .603 to 1.174 for all the 6 statements respectively. From the one sample test table it is found that the t-values are -17.112, 4.020, -12.688, -19.719, -32.823 and 4.365 statistically significant at 5% level with respect to the test value 3.

QUERIES OF CUSTOMERS

TABLE NO.1.2

| Variables | Mean | Std. Deviation | Std. Error Mean | t-values | Sig. (2-tailed) |
|-------------------------|------|----------------|-----------------|----------|-----------------|
| Enquiries Counters | 1.74 | .951 | .055 | -23.018 | .000 |
| Attitude of Employees | 2.02 | 1.193 | .069 | -14.223 | .000 |
| Tolerance of Employees | 1.99 | .782 | .045 | -22.363 | .000 |
| Efficiency of Employees | 2.79 | .810 | .047 | -4.560 | .000 |

Source: Computed Data

From the table No.1.2 it is found that the mean values of 4 statements are 1.74, 2.02, 1.99 and 2.79 significantly. The standard deviation also ranges from .782 to 1.193 for all the 4 statements respectively. From the one sample test table it is found that the t-values are -23.018, -14.223, -22.363 and -4.560 statistically significant at 5% level with respect to the test value 3.

RELATIONSHIP OF NAWRAS LLC WITH THE CUSTOMERS

TABLE NO.1.3

| Variables | Mean | Std. Deviation | Std. Error | t-values | Sig. (2-tailed) |
|--------------------------|------|----------------|------------|----------|-----------------|
| Humanity Approach | 3.34 | .801 | .801 | 7.428 | .000 |
| New Schemes and products | 3.36 | 1.187 | 1.187 | 5.301 | .000 |
| Welcoming New Customers | 4.09 | 1.087 | 1.087 | 17.419 | .000 |

Source: Computed Data

From the table No.1.3 it is found that the mean values of 3 statements are 3.34, 3.36 and 4.09 significantly. The standard deviation also ranges from .801 to 1.187 for all the 3 statements respectively. From the one sample test table it is found that the t-values are 7.428, 5.301 and 17.419 statistically significant at 5% level with respect to the test value 3.

INFLUENCE OF PERSONAL VARIABLES ON THE FACTORS OF CHOOSING MOBILE NETWORK- ANOVA

INFLUENCE OF GENDER ON THE FACTORS OF CHOOSING MOBILE NETWORK

TABLE NO.2.1: ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------------------|----------------|----------------|-----|-------------|---------|------|
| Good Network Coverage | Between Groups | 97.030 | 1 | 97.030 | 109.230 | .000 |
| | Within Groups | 264.716 | 298 | .888 | | |
| | Total | 361.747 | 299 | | | |
| Call rates | Between Groups | 10.176 | 1 | 10.176 | 7.887 | .005 |
| | Within Groups | 384.491 | 298 | 1.290 | | |
| | Total | 394.667 | 299 | | | |
| Customer Services | Between Groups | 188.728 | 1 | 188.728 | 251.760 | .000 |
| | Within Groups | 223.392 | 298 | .750 | | |
| | Total | 412.120 | 299 | | | |
| Internet Services | Between Groups | 14.150 | 1 | 14.150 | 18.288 | .000 |
| | Within Groups | 230.580 | 298 | .774 | | |
| | Total | 244.730 | 299 | | | |
| Brand Image | Between Groups | .782 | 1 | .782 | 2.157 | .143 |
| | Within Groups | 108.055 | 298 | .363 | | |
| | Total | 108.837 | 299 | | | |
| Innovative Schemes | Between Groups | 13.184 | 1 | 13.184 | 19.469 | .000 |
| | Within Groups | 201.117 | 297 | .677 | | |
| | Total | 214.301 | 298 | | | |

Source: Computed Data

From the ANOVA table No.2.1 it is found that the factors good network coverage (F=109.230, p=.000), Call rates (F=7.887, p=.005), Customer Services (F=251.760, p=.000), Internet Services (F=18.288, p=.000) and Innovative Schemes (F=19.469, p=.000) differ significantly with respect to age at 5% level. This paves the way to explore mean wise comparison of independent variables and their categories.

The descriptive table clearly shows that the male respondents (mean=2.34) moderately appreciates the network coverage than the female customers (mean=1.15 of Nawras Company. It can be interpreted that female respondents (mean=3.51) satisfied the call rates than the male customers (mean=3.13). It is also seen that the male respondents (mean=2.73) moderately accepts the services provided by the customer care of the service provider than female customers (mean=1.07). Internet services and innovative schemes provided by Nawras company are satisfied by the female customers (mean=2.26) and (mean=3.50) than male customers (mean=1.81) and (mean=3.06) respectively other factors do not differ significantly

INFLUENCE OF AGE ON THE FACTORS OF CHOOSING MOBILE NETWORK

TABLE NO.2.2: ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------------------|----------------|----------------|-----|-------------|---------|------|
| Good Network Coverage | Between Groups | 209.471 | 4 | 52.368 | 101.451 | .000 |
| | Within Groups | 152.276 | 295 | .516 | | |
| | Total | 361.747 | 299 | | | |
| Call rates | Between Groups | 185.074 | 4 | 46.269 | 65.123 | .000 |
| | Within Groups | 209.592 | 295 | .710 | | |
| | Total | 394.667 | 299 | | | |
| Customer Services | Between Groups | 169.672 | 4 | 42.418 | 51.612 | .000 |
| | Within Groups | 242.448 | 295 | .822 | | |
| | Total | 412.120 | 299 | | | |
| Internet Services | Between Groups | 92.585 | 4 | 23.146 | 44.879 | .000 |
| | Within Groups | 152.145 | 295 | .516 | | |
| | Total | 244.730 | 299 | | | |
| Brand Image | Between Groups | 41.276 | 4 | 10.319 | 45.058 | .000 |
| | Within Groups | 67.560 | 295 | .229 | | |
| | Total | 108.837 | 299 | | | |
| Innovative Schemes | Between Groups | 35.745 | 4 | 8.936 | 14.714 | .000 |
| | Within Groups | 178.556 | 294 | .607 | | |
| | Total | 214.301 | 298 | | | |

Source: Computed Data

From the ANOVA table No.2.2 it is found that the factors good network coverage (F=101.451, p=.000), Call rates (F=65.123, p=.005), Customer Services (F=51.612, p=.000), Internet Services (F=44.879, p=.000), Brand Image (F=45.058, p=.000) and Innovative Schemes (F=14.714, p=.000) differ significantly with respect to age at 5% level. This paves the way to explore mean wise comparison of independent variables and their categories.

The descriptive table clearly shows that the age group of 20-30 years have high perceptions about the network coverage (mean=3.11) and customers services (mean=3.3) of the service provider. It can be interpreted that age group of below 20 years appreciated the call rates fixed (mean=4.17) internet services (mean=2.85) and Brand Image (mean=2.35) of the company than the other age group respondents. Regarding the Innovative schemes of the Nawras company the perception level among the group of respondents in the age levels of 40-50 are high (mean=5.00).

INFLUENCE OF EDUCATIONAL QUALIFICATION ON THE FACTORS OF CHOOSING MOBILE NETWORK

TABLE NO.2.3: ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------------------|----------------|----------------|-----|-------------|---------|------|
| Good Network Coverage | Between Groups | 167.699 | 6 | 27.950 | 42.202 | .000 |
| | Within Groups | 194.048 | 293 | .662 | | |
| | Total | 361.747 | 299 | | | |
| Call rates | Between Groups | 290.024 | 6 | 48.337 | 135.345 | .000 |
| | Within Groups | 104.642 | 293 | .357 | | |
| | Total | 394.667 | 299 | | | |
| Customer Services | Between Groups | 247.937 | 6 | 41.323 | 73.745 | .000 |
| | Within Groups | 164.183 | 293 | .560 | | |
| | Total | 412.120 | 299 | | | |
| Internet Services | Between Groups | 191.202 | 6 | 31.867 | 174.433 | .000 |
| | Within Groups | 53.528 | 293 | .183 | | |
| | Total | 244.730 | 299 | | | |
| Brand Image | Between Groups | 80.867 | 6 | 13.478 | 141.190 | .000 |
| | Within Groups | 27.969 | 293 | .095 | | |
| | Total | 108.837 | 299 | | | |
| Innovative Schemes | Between Groups | 166.232 | 6 | 27.705 | 168.298 | .000 |
| | Within Groups | 48.069 | 292 | .165 | | |
| | Total | 214.301 | 298 | | | |

Source: Computed Data

From the ANOVA table No.2.3 it is found that the factors good network coverage (F=42.202, p=.000), Call rates (F=135.345, p=.005), Customer Services (F=73.745, p=.000), Internet Services (F=174.433, p=.000), Brand Image (F=141.190 and Innovative Schemes (F=168.298, p=.000) differ significantly with respect to age at 5% level. This paves the way to explore mean wise comparison of independent variables and their categories.

The descriptive table clearly shows that the respondents based on their educational qualification of certificate (mean=2.80) and diploma (mean=2.50) express their moderate opinion on good network coverage whereas the graduates and postgraduate respondents deny the same. Higher diploma holders express their high opinion on call rates (mean=4.38), Internet services (mean=4.69) and Brand Image mean=3.00) of the Service provider. Regarding the Customer services of the service provider, respondents who completed their school education (mean=4.65) and post graduation (mean=4.24) expressed their high opinion on customer service and innovative schemes introduced by the Nawras Company.

INFLUENCE OF EDUCATIONAL QUALIFICATION ON THE FACTORS OF CHOOSING MOBILE NETWORK

TABLE NO.2.4: ANOVA

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|-----------------------|----------------|----------------|-----|-------------|---------|------|
| Good Network Coverage | Between Groups | 157.198 | 2 | 78.599 | 114.124 | .000 |
| | Within Groups | 204.549 | 297 | .689 | | |
| | Total | 361.747 | 299 | | | |
| Call rates | Between Groups | 122.520 | 2 | 61.260 | 66.854 | .000 |
| | Within Groups | 272.147 | 297 | .916 | | |
| | Total | 394.667 | 299 | | | |
| Customer Services | Between Groups | 232.509 | 2 | 116.255 | 192.236 | .000 |
| | Within Groups | 179.611 | 297 | .605 | | |
| | Total | 412.120 | 299 | | | |
| Internet Services | Between Groups | 80.606 | 2 | 40.303 | 72.933 | .000 |
| | Within Groups | 164.124 | 297 | .553 | | |
| | Total | 244.730 | 299 | | | |
| Brand Image | Between Groups | 55.507 | 2 | 27.753 | 154.563 | .000 |
| | Within Groups | 53.330 | 297 | .180 | | |
| | Total | 108.837 | 299 | | | |
| Innovative Schemes | Between Groups | 68.511 | 2 | 34.256 | 69.550 | .000 |
| | Within Groups | 145.790 | 296 | .493 | | |
| | Total | 214.301 | 298 | | | |

Source: Computed Data

From the ANOVA table No.2.4 it is found that the factors good network coverage (F=114.124, p=.000), Call rates (F=66.854, p=.005), Customer Services (F=192.236, p=.000), Internet Services (F=72.933, p=.000), Brand Image (F=154.563 and Innovative Schemes (F=69.550, p=.000) differ significantly with respect to age at 5% level. This paves the way to explore mean wise comparison of independent variables and their categories.

The mean value implies that the respondents of Nawras Company who involved in business (mean=2.93) have moderate opinion on good network coverage of the service and they have high opinion (mean=3.64) on customer services when different customers turns to the office of the service provider. Private employed customers have moderate opinion on call rates (mean=3.99), Internet Services (mean=2.41) and Brand Image (mean=2.15). Employees who are working in the ministry have high opinion on the Innovative scheme provided by the Nawras Company.

INFLUENCE OF INCOME LEVEL ON THE FACTORS OF CHOOSING MOBILE NETWORK

TABLE NO.2.5: ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------------------|----------------|----------------|-----|-------------|--------|------|
| Good Network Coverage | Between Groups | 83.643 | 2 | 41.822 | 44.663 | .000 |
| | Within Groups | 278.103 | 297 | .936 | | |
| | Total | 361.747 | 299 | | | |
| Call rates | Between Groups | 64.706 | 2 | 32.353 | 29.121 | .000 |
| | Within Groups | 329.960 | 297 | 1.111 | | |
| | Total | 394.667 | 299 | | | |
| Customer Services | Between Groups | 135.213 | 2 | 67.607 | 72.512 | .000 |
| | Within Groups | 276.907 | 297 | .932 | | |
| | Total | 412.120 | 299 | | | |
| Internet Services | Between Groups | 7.841 | 2 | 3.920 | 4.915 | .008 |
| | Within Groups | 236.889 | 297 | .798 | | |
| | Total | 244.730 | 299 | | | |
| Brand Image | Between Groups | 8.923 | 2 | 4.461 | 13.262 | .000 |
| | Within Groups | 99.914 | 297 | .336 | | |
| | Total | 108.837 | 299 | | | |
| Innovative Schemes | Between Groups | 3.977 | 2 | 1.989 | 2.799 | .062 |
| | Within Groups | 210.324 | 296 | .711 | | |
| | Total | 214.301 | 298 | | | |

Source: Computed Data

From the ANOVA Table No.2.5 it is found that the factors Good Network Coverage (F=44.663, p=.000), Call rates (F=29.121, p=.000), Customer Services (F=72.512, p=.000), Internet Services (F=4.915, p=.008) and Brand Image (F=13.262, p=.000) differ significantly with respect to their income at 5% level. This paves the way to explore mean wise comparison of independent variables and their categories.

The descriptive table clearly shows that the respondents based on their income level of below 500 RO express their perception about call rates (mean=4.10), Internet Services (mean=2.27) and Brand Image (mean=2.14) at higher level. Income group of 500 RO to 1000 RO have perceived that the Network coverage is good (mean=2.31) other factors do not differ significantly.

INFLUENCE OF MARITAL STATUS ON THE FACTORS OF CHOOSING MOBILE NETWORK

TABLE NO.2.6: ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------------------|----------------|----------------|-----|-------------|---------|------|
| Good Network Coverage | Between Groups | 3.244 | 1 | 3.244 | 2.694 | .102 |
| | Within Groups | 357.666 | 297 | 1.204 | | |
| | Total | 360.910 | 298 | | | |
| Call rates | Between Groups | 88.387 | 1 | 88.387 | 86.162 | .000 |
| | Within Groups | 304.670 | 297 | 1.026 | | |
| | Total | 393.057 | 298 | | | |
| Customer Services | Between Groups | 187.809 | 1 | 187.809 | 250.124 | .000 |
| | Within Groups | 223.007 | 297 | .751 | | |
| | Total | 410.816 | 298 | | | |
| Internet Services | Between Groups | 4.034 | 1 | 4.034 | 4.998 | .026 |
| | Within Groups | 239.752 | 297 | .807 | | |
| | Total | 243.786 | 298 | | | |
| Brand Image | Between Groups | 7.296 | 1 | 7.296 | 21.496 | .000 |
| | Within Groups | 100.804 | 297 | .339 | | |
| | Total | 108.100 | 298 | | | |
| Innovative Schemes | Between Groups | 49.931 | 1 | 49.931 | 90.256 | .000 |
| | Within Groups | 163.751 | 296 | .553 | | |
| | Total | 213.681 | 297 | | | |

Source: Computed Data

From the ANOVA table No.2.5 it is found that the factors Call rates ($F=86.162$, $p=.000$), Customer Services ($F=250.124$, $p=.000$), Internet Services ($F=4.998$, $p=.000$), Brand Image ($F=21.496$, $p=.000$) and Innovative Schemes ($F=90.256$, $p=.000$) differ significantly with respect to marital status at 5% level. This paves the way to explore mean wise comparison of independent variables and their categories.

The descriptive table clearly shows that the married customers (mean=3.46) perceived highly on call rates and on Innovative schemes (mean=3.35) introduced by the Service provider. Unmarried customers strongly accepted that satisfaction level on customers services (mean=4.39) provided in different occasions. It is also found that unmarried customers moderately accepts that the Internet services (mean=2.30) and Brand Image (mean=2.30) of the Nawras company and other factors do not differ significantly.

FINDINGS

It is inferred from the respondents of Nawras Service Provider moderately agree that call rate charges are satisfactory and they often gets innovative schemes to keep their services for long time. They disagree that the customer services of the Nawras Mobile services and strongly disagree that they gets internet services along with their mobile services, network coverage is good. They also strongly disagree that the customers continues in the services with brand Image of the Service Provider. The respondents of the Mobile Service Provider disagree that the employees working in the company are efficient and their attitude compromises the customers who visits the company for their services and complaints. They also strongly disagree that the employees tolerate to the customer queries and clarifications required from their end and enquiries at the counters for various offers, innovative schemes and latest updates which are beneficial to the customer community.

It is derived from the respondents of Nawras Company that they strongly agree that the employees always welcome the new customers to subscribe for their products and services with delight. They also moderately agree that employees of the company are always explains the new schemes and products to all the customers who curiously comes to their point of services. It is also observed from the study that the employees of the Mobile service company approach their customers with humanitarian basis. By comparing the mean values it is found that the female customers possess more awareness in selecting the services of Nawras Company, a Mobile service provider in Sultanate of Oman. It is found that the respondents belongs to the age group of above 50 years does not satisfied with the network coverage. They also expressed that the internet services provided by the Nawras Company are not up to the level of their expectations.

It is found that the influence of education on the various factors of choosing the mobile network shows that the respondents based on their higher educational qualification as though higher diploma and postgraduates possess high perceptions about call rates, internet services, brand image and innovative schemes of the company. It is found that the Ministry employed respondents do not satisfied with the good network coverage, call rates. They also expressed their dissatisfaction on customer services and Internet services and Brand Image of the Service provider. It is revealed from the analysis that the respondents earning above 1000 RO do not satisfied the network coverage, call rates fixed by the service provider and innovative schemes of the company. It is found that the married customers expressed their satisfaction on the call rates and innovative schemes introduced by the service provider with latest technological updates.

SUGGESTIONS

There should be a research and development team in the company to get various queries from the customers and to resolve them properly without losing the customers. Unsatisfied customers will try to switch over to some other services where options are open. Queries and quetches are natural part of any service activity as mistakes are unavoidable features of all human endeavour. The customers should know where to raise queries if they feel any inconvenience in getting services from the service provider. The queries need to be dealt quickly, a quicker the complaints are dealt with the higher the customer satisfaction. A service provider who adopts customer focused approach invites suggestions and indicates commitment of resolving problems by its words and actions in all fairness. There should be separate desk to look after the enquiries of the subscribers. This helps to find the root cause of the problem and to fix them forever. There should be a positive attitude from the employee of the service providing organization. The enquires of the customer should be taken as service and they need to resolve them to the best satisfaction of subscribers. This helps in reducing uncertainty and customer irritation. It is not to be unsatisfied when they turn for any type of clarifications in the customer services.

CONCLUSION

It is proved in the service industry it costs five times more to attract a new customer than retaining one. An existing service provider who knows his job well can be very helpful in overcoming any negative effects of uncertainties. Training and development team should try to make incentives and rewards to employees for providing good service to all customers. Customers at present are becoming harder to please. They are smarter, in short more price conscious, more demanding, less forgiving and they are approached by many more competitors with equal and better services. It is concluded that various strategies such as measuring customer life time value, efficient handling of enquiry at the customer, best attitude tolerance of the employees would be helpful to satisfy the customers. It is also suggested that the efficient management system and service recovery strategies can be really helpful in retaining customers.

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MOBILE SERVICE PROVIDER – A STUDY WITH SPECIAL REFERENCE TO NAWRAS LLC

I. QUESTIONS RELATING TO PERSONAL INFORMATION OF THE RESPONDENTS

- 1.1 Name (Optional) :
- 1.2 Locality (Optional) :
- 1.3 Gender : Male () Female ()
- 1.4 Age : Below 20 years ()
 20years to 30 years ()
 31years to 40 years ()
 41 years to 50 ()
 Above 50 years ()
- 1.5 Educational Qualification : School ()
 Certificate ()
 Diploma ()
 Higher Diploma ()
 Graduate ()
 Post Graduate ()
 Others ()
- 1.6 Occupation : Ministry ()
 Private ()
 Business ()
- 1.7 Monthly Income : below RO 500 ()
 RO 500–1000 ()
 Above RO 1000 ()
- 1.8 Marital Status : Married ()
 Unmarried ()

II. QUESTIONS RELATING TO THE MOBILE SERVICE OF THE RESPONDENTS

- 2.1 What is the nature of Connection do you have : Prepaid ()
 Post paid ()
- 2.2 What is the nature of service do you have : Omantel ()
 Nawras ()
- 2.3 How long have you been using the service : less than six months ()
 Six months to 1 year ()
 1-2 years ()
 2-4 years ()
 Above 4 years ()

III. QUESTIONS RELATING TO THE FACTORS IMPORTANT FOR CHOOSING MOBILE SERVICE (NAWRAS LLC)

Please mark the suitable scale against each statement.

SA-Strongly agree. A-Agree. N-Neither agree nor disagree. DA-Disagree

SDA-Strongly disagree.

| S.no | Description | SA | A | N | DA | SDA |
|------|-----------------------|----|---|---|----|-----|
| 3.1 | Good Network Coverage | | | | | |
| 3.2 | Call rates | | | | | |
| 3.3 | Customer services | | | | | |
| 3.4 | Internet services | | | | | |
| 3.5 | Brand Image | | | | | |
| 3.6 | Innovative schemes | | | | | |

IV. QUESTIONS RELATING TO OTHER SERVICES OF NAWRAS LLC

4.1 Do you think the NAWRAS LLC responds to the queries of the customers

| S.no | Description | SA | A | N | DA | SDA |
|-------|-------------------------|----|---|---|----|-----|
| 4.1.1 | Enquiries Counters | | | | | |
| 4.1.2 | Attitude of employees | | | | | |
| 4.1.3 | Tolerance of employees | | | | | |
| 4.1.4 | efficiency of employees | | | | | |

4.2 In your opinion the relationship of NAWRAS LLC with the customers is

| S.no | Description | SA | A | N | DA | SDA |
|-------|-------------------------------------|----|---|---|----|-----|
| 4.2.1 | Humanity approach | | | | | |
| 4.2.2 | Explaining New Schemes and products | | | | | |
| 4.2.3 | Welcoming new customers | | | | | |

THE PRELIMINARY STUDY OF BUSINESS CHALLENGING AS INTERMEDIARY IN ASSOCIATION OF GRAB MARKET OPPORTUNITIES AND BUSINESS INDEPENDENT: MALAYSIA CREATIVE INDUSTRY

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ABSTRACT

In this preliminary study, we examined whether creative entrepreneurs perceived importance on the factors of business challenging would be variable that mediate the relationship between grab market opportunities and business independent. Data were collected from 380 creative entrepreneurs belong to 14 branches of Malaysia Handicraft Development Agency (Kraftangan Malaysia). The analysis of data employed path-analysis model in order to determine the factors of grab market opportunities (e.g. study the market environment, strong character to face competitors, and grab opportunities based on strength) that contribute to the explanation of business challenging and business independent. The results indicated that the factor of study the market environment and strong character to face competitors are associated in indirect effect with business independent through business challenging. Meanwhile, there is a factor of grab opportunities based on strength is associated in both direct and indirect effect with the business independent. Finally, path-analysis demonstrated that the engagement of business challenging in creative industry led to entrepreneurial development resulting in association of grab market opportunities toward the business independent.

KEYWORDS

Grab market opportunities, business challenging, business independent, creative industry.

INTRODUCTION

The development of Malaysia creative industry consider as a transformation process of social-based activities into focusing on economy-based activities which has been established in several sectors related to the needs of idea development in craft producing through creativity, including; *batek*, *songket*, wood-carving, ceramics, bamboo and rattan craft, pewter, silver, crystal, and leather (Wan Hashim Wan Teh, 1996). Thus, entrepreneurial traits become essential to those creative entrepreneurs in developing and strategizing their business challenging to become highly independent. According to McClelland (1961), good personality traits of entrepreneurs should be capable to grab market opportunities, as well as ability to study the market environment, have a strong character to face competitors, and capable to grab opportunities based on their strength. Although numerous descriptive studies and some valuable empirical research have been undertaken in this regard, however, most of these studies do not provide sufficient guidelines to industrial practitioners on ways to further develop the creative industry in Malaysia. Therefore, the purpose of this study is to measure whether there is significant relationships between the factors of grab market opportunities (e.g. study the market environment, strong character to face competitors, and grab opportunities based on strength), business challenging, and business independent in a way of developing Malaysia creative industry.

One of the latest interesting developments in Malaysia creative industry is the implementation of government policies regarding the promotion of entrepreneurially-oriented competencies to those creative entrepreneurs who are motivated in grabbing the market opportunities. A key issue emphasis by the Ministry of Information, Communication and Culture is the proper development of entrepreneurship skills, knowledge and personality traits as required by the creative industry. As far as study is concerned, Rais Yatim (2006) and Hatta Azad Khan (2006) have claimed that having entrepreneurship skills is vital in developing creative entrepreneurs who would be the main players in the creative industry. Consequently, this study has argued that is there significant relationship between grab market opportunities, business challenging, and business independent?

MINISTRY OF INFORMATION, COMMUNICATION AND CULTURE

Malaysia has vast cultural and creative resources in the fields of performing arts, visual and fine arts, Islamic calligraphy and *Jawi* writing, films, arts education, literary works and crafts which can be further developed and exploited. According to Rais Yatim (2006), the Ministry of Information, Communication and Culture (MICC) has taken the responsibility to ensure the rapid development of creative industry in Malaysia. In order to facilitate the development of the creative industry and to ensure its contribution to the economy, MICC was provided various facilities at the state level, cultural centers and galleries could be utilized to promote the activities, and also provide business premises to entrepreneurs to promote their crafts and others creative products. Beside that, MICC also was implemented the entrepreneurial development program to encouraged Malaysian creative entrepreneurs in constructing their entrepreneurial personality, knowledge, and skills as well as to fulfill the industrial requirement.

In fact, during the Ninth Malaysian Plan the economic potential of the creative industry would be further developed through close collaboration between the public and private sectors (Kraftangan Malaysia, 2008). In order to instill and enhance entrepreneurship skills among the creative entrepreneurs, the MICC has organized several programs, launched several schemes and provided financial assistance such as; One District One Industry, Incubator Scheme, Up-Grading of Craft Entrepreneurs (Ismail Mat Amin, 2006). However, there are not many of creative entrepreneurs are really aware the programs organized by MICC in ensuring rapid development of Malaysian creative industry, especially in a micro or small craft business scale (Rais Yatim, 2006). In addition, most of them are

not really concerned the ability on how to strategize the grabbing of market opportunities as well as to construct their entrepreneurial personality in achieving the business challenging and independent. Consequently, MICC was designated the vision and specific objectives of revitalizing the micro and small enterprises as a profitable means of livelihood. The development of entrepreneurial personality become as a major factor to develop the business competitive in Malaysia creative industry.

MALAYSIAN CREATIVE ENTREPRENEURS AND GRAB MARKET OPPORTUNITIES

According to Chamhuri Siwar et al (1995), most of Malaysian creative entrepreneurs involved in a self-employment as well as recognized a cottage industry or small and medium enterprise. Hatta Azad Khan (2006) has emphasized that entrepreneurship becomes as an important variable to construct the personality traits of creative entrepreneurs towards the business challenging and independent in creative industry. However, some of Malaysian creative entrepreneurs are less motivated to grab opportunities in a marketplace. Even though some of them are really creative in producing the creative products, but it cannot tailored to fulfill the market demands (Ismail Mat Amin, 2006).

On the contrary, Nieman (2001) have defined that entrepreneur considered as someone who recognizes an opportunity and marshals the resources to take advantage of, or act on that opportunity. Obviously, Malaysian creative entrepreneurs need to change their mindset and ways of thinking in order to become good entrepreneurial personality. As such, grab market opportunities becomes the main component in developing the creative entrepreneurs who are more motivated in creating business challenging and independent.

LITERATURE REVIEW

In the dominant tradition of entrepreneurship literature, creative entrepreneurship has been through a process of theoretical and conceptual development from the multi-dimensional study which understood as a collection of other studies and relate with the theory of entrepreneurship. Therefore, the study of Malaysian creative entrepreneurs was comprised several multi-dimensional study which included the study of; entrepreneurship, psychology, business, and arts. Fundamentally, the term of entrepreneurs is associated with people who start their own business and face challenges and competitions, and have an effort to grab the market opportunities (Shefsky, 1994). Meanwhile, Gartner (1990) describes the entrepreneur theme as the idea that entrepreneurship involves individuals with unique personality characteristics and abilities in a context of creativity, vision, commitment, perseverance, autonomy, locus of control, grab market opportunities, and risk taking.

Meanwhile, Wan Hashim Wan Teh (1996) has been related the development of Malaysia creative industry to the Malays social-history and economy in terms of social-based activities. Wan Abdul Kadir Wan Yusof (1982) also argues that the process of diffusion and assimilation in Malaysia culture previously, has highly affected the utilization of creativity and innovation in a creative industry. Therefore, this study of creative industry in Malaysia is supposed to be much more related to the field of culture in sociology. Basically, the term of culture in sociology refers to the complex pattern of living that we as humans have developed and that we pass on from generation to generation. The pattern of living is different in many unique cultures, which includes the ideas, customs, and values (Stockard, 1997; Schaefer, 1989; Mohd. Taib Osman, 1983). In term of personality, the term of entrepreneurial traits relates to the individuals who have the ability to take risk, innovativeness, knowledge of the market functions, grab marker opportunities, business management skills; an influence of personality traits in a context of business challenging, and also independent in business (Littunen, 2000). Therefore, the term of entrepreneurial traits of this study will focus on the scope of grab market opportunities which cover several traits of motivation, including; the study of market environment, strong character to face competitors, and grab opportunities based on strength.

According to Marx (1992), an entrepreneur is an individual who constantly searches for economic opportunities in the market and who utilizes them in an innovative way to increase prosperity by combining and managing the necessary resources, of which a substantial part is usually contributed personally, within a specific enterprise. Furthermore, McClelland (1961) has argued that a good entrepreneurial trait is individual who are capable to grab market opportunities in a context of; to study and identify the market environment, to grab market opportunities, and must have a strong character to face competitors in a marketplace. Specifically, the terminology of entrepreneurial traits is related to the social or human study on entrepreneurship which analyzes about the attitude, perception, learning, thinking, character and traits of people towards the business issue and situation. Therefore, the previous literature was described that creative entrepreneurs is those individuals who are highly entrepreneurial personality in a context of grab market opportunities, motivated in facing the business challenging, and highly independent in a business management.

HYPOTHESIS

This research has identified several relevant hypotheses in order to determine significant relationships among the variables. Several hypotheses or testable statements have been formulated based on research objective and questions to determine the relationships between the grab market opportunities (e.g. study the market environment, strong character to face competitors, and grab opportunities based on strength), business challenging, and business independent, there are;

- H1: There is a positive relationship between the predictors of study the market environment and business challenging.
- H2: There is a positive relationship between the predictors of strong characters to face competitors and business challenging.
- H3: There is a positive relationship between the predictors of grab opportunities based on strength and business challenging.
- H4: There is a positive relationship between the predictors of study the market environment and business independent.
- H5: There is a positive relationship between the predictors of strong characters to face competitors and business independent.
- H6: There is a positive relationship between the predictors of grab opportunities based on strength and business independent.
- H7: There is a positive relationship between business challenging and business independent.

RESEARCH METHODOLOGY

This preliminary study involved on investigation of grab market opportunities among creative entrepreneurs in Malaysia creative industry. A survey investigation was attempted to describe the perception of respondents toward their grab market opportunities which are associated with the business challenging and business independent. The scope of study focused on creative entrepreneurs who are registered in Malaysian Handicraft Development Agency (Kraftangan Malaysia). According to the statistic produced by Kraftangan Malaysia (2008), there are 1,347 creative entrepreneurs who are registered under this agency from the whole of Malaysia. Most of them are operating as a producer, distributor, agent, and retailer.

In order to provide an equal chance to all populations in Kraftangan Malaysia, researcher has made a decision to use random sampling in this study which comprises 405 respondents. Researcher has divided sub-sample into five zones of operations which have been developed by Kraftangan Malaysia, they are; North-Peninsular Malaysia, East-Coast Malaysia, West-Cost Malaysia, South-Peninsular Malaysia, and East Malaysia. In using of random sampling in zones of operations, researcher has used percentage to give an equal chance to all the creative entrepreneurs in five zones in Malaysia. However, there are only 380 of creative entrepreneurs who have returned the questionnaires to the researcher. Table 1 shows the percentage of sub-population and sub-sample based on zones of operations.

TABLE 1: THE POPULATION AND SAMPLE OF STUDY

| Zone of Operation | Populations | | Sample | | Replied | |
|---------------------------|-------------|------------|------------|------------|------------|------------|
| | Frequency | % | Frequency | % | Frequency | % |
| West-Coast Malaysia | 136 | 10.0 | 40 | 10.0 | 33 | 8.7 |
| East-Coast Malaysia | 297 | 22.2 | 82 | 20.2 | 81 | 21.3 |
| East Malaysia | 439 | 32.6 | 125 | 30.6 | 114 | 30.0 |
| North-Peninsular Malaysia | 447 | 33.2 | 130 | 31.2 | 124 | 32.6 |
| South-Peninsular Malaysia | 28 | 2.0 | 28 | 8.0 | 28 | 7.4 |
| Total | 1347 | 100 | 405 | 100 | 380 | 100 |

DATA ANALYSIS

As a preliminary study, this research precisely the association of three major variables; there are; grab market opportunities, business opportunities, and business independent. Therefore, the analysis of path become as a prominent study to evaluate the inter-relationship between variables. Basically, this preliminary study will divided into four parts of analysis, there are; reliability analysis to measure the stability and consistency on the instrument; the descriptive study on entrepreneurial profile; regression analysis to measure the association between variables; and path-analysis to look the direct or indirect effect of association.

RELIABILITY

Reliability becomes as a starting-point in this analysis to study the consistency and stability of questionnaire. The first run of test which administered on 380 respondents, yielded the cronbach alpha was read several variables in this study. It indicates the most of the variables that has been investigated in this study are found to be highly reliability, as mentioned in table 2.

TABLE 2: RELIABILITY ANALYSIS OF VARIABLES

| Section | Variable | Number of Cases | Number of Items | Reliability Coefficients ALPHA |
|--------------------------------------|--------------|-----------------|-----------------|--------------------------------|
| Study the market environment | Independent | 380 | 4 | .783 |
| Strong to face competitors | Independent | 380 | 3 | .717 |
| Grab opportunities based on strength | Independent | 380 | 5 | .830 |
| Business challenging | Intermediary | 380 | 3 | .698 |
| Business independent | Dependent | 380 | 3 | .593 |

ENTREPRENEURIAL PROFILE

The second analysis conducted in this research is to identify the description of entrepreneurial profiles among respondents who are already identified as sample in this research. Generally, the total number of respondents of this study is present 405 respondents; however, there are only 380 of respondents who are replied the questionnaires. Then, the number of female entrepreneurs (n=193, %=50.8) is slightly higher than male (n=187, %=49.2). In terms of age, majority of creative entrepreneurs are in the age range of between 40 – 49 years old. This total number of 126 respondents is equivalent to 33.2 %. Then, it is followed by 96 respondents in a group of above 50 years old that is equivalent to 25.3 %. Furthermore, the frequency of respondents who are in the age range of 30 – 39 years old is 89 which is equivalent to 23.4%. Those who are in the age range of 20 - 29 years old have a frequency of 64 and equivalent to 16.8%. Lastly, there is only a frequency of 5 respondents that is equivalent to 1.3% in the age below 19 years old.

In terms of education, the bulk of respondents have at least completed secondary school education, which comprises 240 (63.2%) of the total respondents. There are 82 respondents (21.6%) that have certificates in a variety of fields and followed by those who have diploma that is equivalent to 44 (11.6%). There are only 12 respondents in the degree levels or 3.2% in Kraftangan Malaysia. Furthermore, this industry has already divided the creative products which are produced by Malaysian creative entrepreneurs into nine types of products that include; *batek*, ceramics, wood carving, forest based fibre, pewter, *songket*, silver, crystal, and leather. Nevertheless, from a total number of respondents, the number of entrepreneurs in the *batik* sector has become as the premier in this industry which has contributed 102 respondents (26.8%), and it is followed by ceramics with 83 respondents (21.8%), 80 respondents (21.1%) in the forest based fiber sector, 72 respondents (18.9%) in the crystal sector, 26 creative entrepreneurs (6.8%), in the wood carving sector, 6 respondents (1.6%), in the *songket* sector, 4 respondents (1.1%) in the leather sector, 3 respondents (0.8%), in the craft-pewter sector, and 1 respondent (0.3%) in the silver-making sector.

PATH-ANALYSIS

In general, the aim of path analysis is to provide the quantitative estimates of the causal connections between a set of variables. According to Wright (1960), path analysis is a method employed to determine whether or not a multivariate set of non-experimental data fits well with a particular causal model. Basically, this research used path analysis to analyze five variables which were classified either as an independent, intermediary and dependent variables. This research used statistical techniques of stepwise regressions in order to identify the path coefficients to measure the relationship of standardized regression coefficients or Beta value. As the study of stepwise regressions is to measure an equation that represents the best prediction of a dependent variable from several independent variables, R^2 is a value used to predict and explained the value from the factors of independent variables (Coakes & Steed, 2007).

Hence, there were two stepwise regression analyses that would be conducted for an analysis of two layers of relationship in a path analysis. Firstly, the value of R^2 was explained as intermediary variable (business challenge) by the value factors of independent variables (e.g. study the market environment, strong character to face competitors, and grab opportunities based on strength). Meanwhile, the second value of R^2 in this path model would explain business independent (dependent variable) by the independent variables and intermediary variable.

FIRST LAYER OF PATH-MODEL

TABLE 3: THE R2 VALUE

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .562 ^a | .316 | .314 | .45807 |
| 2 | .589 ^b | .347 | .343 | .44836 |
| 3 | .597 ^c | .356 | .351 | .44577 |

Note; a. Predictors: (Constant), Study The Market

b. Predictors: (Constant), Study The Market, Strong Face Competitors

c. Predictors: (Constant), Study The Market, Strong Face Competitors, Grab Based Strength

As well as in 1st. layer of path model, the results indicated that the multiple correlation coefficient (R) which using all predictors simultaneously is 0.597 and R² is 0.356 which means that 35.6 percent of the variance in a business challenge can be predicted from the factors of grab market opportunities, as mentioned in table 4.

The output of table 4 reveals that were all of three variables in grab market opportunities are statistically significant association with the business challenge, including; study the market environment (B=.308, p=.000), strong character to face competitors (B=.179, p=.008), and grab opportunities based on strength (B=.166, p=.021). Therefore, we accept the H1, H2, and H3. The results also suggested that most of creative entrepreneurs in Malaysia creative industry are significance toward the relationship of grab market opportunities and business challenge. These results also supported the literature that was claimed by McClelland (1961), Littunen (2000) and Marx (1992).

TABLE 4: THE BETA VALUE OF VARIABLES

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|------------------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 1.977 | .179 | | 11.017 | .000 |
| Study The Market | .557 | .042 | .562 | 13.220 | .000 |
| 2 (Constant) | 1.675 | .190 | | 8.826 | .000 |
| Study The Market Environment | .377 | .059 | .381 | 6.337 | .000 |
| Strong Face Competitors | .248 | .059 | .252 | 4.190 | .000 |
| 3 (Constant) | 1.513 | .201 | | 7.519 | .000 |
| Study The Market Environment | .305 | .067 | .308 | 4.577 | .000 |
| Strong Face Competitors | .176 | .067 | .179 | 2.647 | .008 |
| Grab Based on Strength | .179 | .077 | .166 | 2.323 | .021 |

Note: Dependent Variable: Business Challenging

SECOND LAYER OF PATH-MODEL

As part of the 2nd. layer is to know the significance association between grab market opportunities toward business independent (H4, H5, H6) and business challenge toward business independent (H7), stepwise regression analysis was used to test the hypothesis. The results indicates that the multiple correlation coefficient (R) which using all the predictors simultaneously is 0.495 and R² is 0.245 which means that only 24.5 percent of the variance in business independent can be predicted from the factors of grab market opportunities and business challenge, as show in table 5.

TABLE 5: THE R SQUARE VALUE

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .438 ^a | .192 | .190 | .61614 |
| 2 | .495 ^b | .245 | .241 | .59651 |

Note: a. Predictors: (Constant), Grab Based Strength

b. Predictors: (Constant), Grab Based Strength, Business Challenging

Moreover, the table 6 indicated that only one independent variable and intermediary variables are significantly associated with dependent variable, there are; grab opportunities based on strength (B=.293, p=.000), and business challenge (B=.271, p=.000). These findings supported the hypothesis 6 and 7. Furthermore, this result also supported the literature that was claimed by McClelland (1961), Littunen (2000), Wan Hashim Wan Teh (1996), and Marx (1992).

TABLE 6: THE BETA VALUE

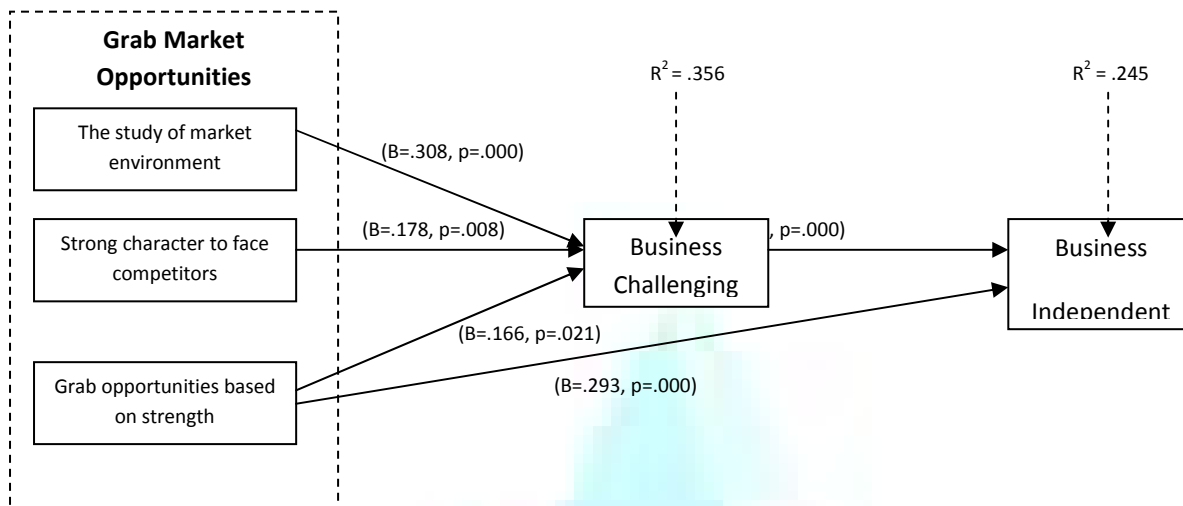
| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|----------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | | | |
| 1 (Constant) | 1.292 | .269 | | 4.806 | .000 |
| Grab Based Strength | .586 | .062 | .438 | 9.479 | .000 |
| 2 (Constant) | .674 | .287 | | 2.351 | .019 |
| Grab Based Strength | .393 | .071 | .293 | 5.545 | .000 |
| Business Challenging | .336 | .065 | .271 | 5.127 | .000 |

Note: a. Dependent Variable: Business Independent

PATH-MODEL

The combination of these two layers has inferred that the paths of variables in this study are moved either direct or indirect effect toward the dependent variable. Figure 1 displays the path model of relationship between independent, intermediary and dependent variable which are integrated from the first and second layer of this research. These finding explained two types of path of relationship in this study, there are; direct effect and indirect effect. As the result of this stepwise regression analysis, this study has show that indirect effect was occurred in the relationship of; study the market environment, strong character to face competitors, and grab opportunities based on strength) with the business independent through business challenging. Meanwhile, there are only one variable (grab opportunities based on strength) is significant direct effect toward the business independent. As solution, the factor of business challenging can be interpreted as an intermediary variable in a relationship of; study the market environment, and strong character to face competitors (independent variables) with the business independent (dependent variable). Furthermore, the factor of business challenging become as a moderating variable in a relationship of grab opportunities based on strength toward the business independent. Figure 1 display the direct and indirect effect of association.

FIGURE 1: THE PATH-MODEL (RELATIONSHIP OF GRAB MARKET OPPORTUNITIES, BUSINESS CHALLENGING, AND BUSINESS INDEPENDENT)



DISCUSSION AND RECOMMENDATION

The Ministry of Information, Communication and Culture has moved forward to structure the policies with the goal of developing the creative industry by embarking upon more serious efforts in research and development focusing on product development, innovation, and marketing strategies (Rais Yatim, 2006). Since the year 1988, the commercialization of creative products has taken continuous initiatives to develop local creative entrepreneurs to be more initiative in grabbing market opportunities, business challenging, and independent.

However, an assistance and support by the MICC in the development of entrepreneurship in the creative industry is not achieved the target that has been designed before. Hence, the MICC should evaluate their policies that have been implemented and structure a new strategy to overcome the weaknesses and thus, be able to increase the sense of entrepreneurial personality in the creative industry. In fact, the Malaysian government has recognized the importance of developing strong entrepreneurs in the creative industry which will be internationally accepted and acknowledged and that this industry is an essential factor in promoting and achieving economic growth (Rais Yatim, 2006).

Therefore, the findings of this study demonstrate that those government's initiatives play a very prominent role to develop factors of grab market opportunities that capable to contribute to the business challenging and business independent. Actually, most of our local creative entrepreneurs can achieve a certain level of professionalism in industry through being an entrepreneur (Rais Yatim, 2006). Hence, the MICC has to take initiatives to collaborate with the others entrepreneurial government agencies to structure a new policy regarding the entrepreneurial development in the Malaysian creative industry.

CONCLUSION

Generally, the results of this study supported the hypothesis that perceived importance intermediary of business challenging in the relationship of grab market opportunities and business independent. Previous research indicated that the grab market opportunities are part of entrepreneurial personality which is highly significant association with the business challenging and business performance. Therefore, the finding of this study slightly supported the literature that was found by researcher. Consequently, the finding of path-model is applicable to a wide range of Malaysian creative industry and increase the level of business challenge and business independent in creative industry into a new dimension. The MICC can utilize this finding as the basis to explicate and generalize into a new program planning and policies in our country soon.

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THE ROLE OF INDEPENDENT DIRECTORS IN CORPORATE GOVERNANCE - A CRITICAL EVALUATION

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ABSTRACT

As a system arrangement in corporate governance, implementation of the independent director will help improve structure of corporate governance, maintain interests of all stockholders, and protect rights and interests of small-and-medium size of investors. There exist such many issues as insufficient information of independent directors, weak independence, low enthusiasm, and shortage of talents in the practice of the independent director system in India. Therefore, we should strengthen and optimize the independent director system with case study Satyam case of unethical conduct and fake audit.

KEYWORDS

Corporate governance, Independent director.

INTRODUCTION

The top management should identify the “bread winner of tomorrow.”

Big houses (companies) usually have an apex policy-making body. The body is known as Board of Directors (BoDs). The members of any BoDs have collective authority and responsibility for the functioning of the enterprise. If the members of the BoDs are having professional credentials and commitments, it will definitely have a profound impact on the fortune of enterprise. The corporate governance process focuses on the role of the board of directors. Directors have been considered as the “brain and soul of the organization” (Pearce and Zahra, 1991). Fama and Jensen (1983) describe the board as the “apex of the firm’s decision control system”. Forbes and Milliken (1999) characterize boards of directors as providing the “formal” link between the shareholders of the firm and its managers. However, not much is known about their contributions to the board process and strategy. Since the 1990’s more and more professional non-executive directors (NEDs) have come into existence, Chief executives are beginning to realize the importance of the role of these highly experienced individuals.

An independent director is an independent person appointed to the board to ensure that his view is not internally focused. Independent directors are taking a higher profile role than ever before in balancing shareholder and management interest.

Since the 1990’s more and more professional non-executive directors (NEDs) have come into existence, Chief executives are beginning to realize the importance of the role of these highly experienced individuals. An independent board of directors in public listed companies is seen as an integral element of a country’s corporate governance norms. Board independence has taken on a pivotal status in corporate governance that it has become almost indispensable. Consequently, governance reform in recent years has increasingly pinned hope as well as responsibility on independent directors to enable higher standards of governance.

Although the institution of independent directors has been the subject-matter of debate lately, the concept itself is hardly of recent vintage. Independent directors were introduced voluntarily as a measure of good governance in the United States (U.S.) in the 1950s before they were mandated by law. Thereafter, owing to sustained efforts by the

Delaware courts and stock exchanges in deferring to decisions of independent boards, independent directors took on greater prominence. Following the Enron cohort of scandals, independent directors were recognized by statute as well. A similar, but more recent, trend is ascertainable from the United Kingdom (U.K.) as well. The requirement for board independence there was triggered by the Cadbury Committee Report in 1992.

With these developments, board independence became well-entrenched in the U.S. and the U.K.

The turn of the century witnessed a proliferation of independent directors beyond the borders of the U.S. and the U.K. to several other countries around the world. This is due to the profound impact that corporate governance reforms (culminating with the Sarbanes-Oxley Act in the U.S. and the Cadbury Committee Report in the U.K.) have had on corporate governance norm-making around the world, particularly in relation to the appointment of independent directors as an essential matter of good governance. The

Cadbury Committee Report has led the development of corporate governance norms in various countries such as Canada, Hong Kong, South Africa, Australia, France, Japan, Malaysia, and India, just to name a few. Similarly, the U.S. requirement of independent directors has also resulted in readjustment of corporate governance norms in various countries. This was a reaction primarily to ensure the prevention of corporate governance scandals such as those involving Enron and WorldCom in their respective countries.

More specifically with reference to independent directors, Dahya and McConnell find that during the 1990s and beyond, “at least 26 countries have witnessed publication of guidelines that stipulate minimum levels for the representation of outside directors on boards of publicly traded companies.”¹⁵ This demonstrates the significant impact of Western-style corporate governance norms (particularly the independent director) on other countries within such a short span of time.

In India, about 40% of the companies have less than one-third independent directors of their board. 30% of the companies are fulfilling the requirement of the Committee for the minimum number of the independent directors on their board while about 31% have better practices of appointment of independent directors on their board. Independent directors bring in independent thinking and rich experience in their respective fields. It can be concluded that independent directors help maintain an ethical climate in the organization.

Several frauds and scandals have surfaced in the corporate world in recent days.

Peter Drucker

CORPORATE CORRUPTION AND FRAUDS IN INDIA

| Company | Type of Scandal |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Mundhada 1957 Scam | Mundhada Scam involving LIC in 1957 |
| 2. Rajendra Sethiya Scandals 1985 | Raj Sathiya scandal involving PNB |
| 3. Securities Scam (1992) by (Harshad Metha) | Large numbers of banks were involved and stock market swindle. Harshad Mehta's involving UTI, SBI and other instructions. |
| 4. Vanishing Companies | Cases of price manipulation, distribution insider trading and cheating investors. 3911 companies that raised over Rs 25,000 crore vanished or did not set up their projects. |
| 5. Plantation companies scam (1995-96) | About Rs 50,000 crore were mopped up from gullible investors who were after high returns from plantation schemes. |
| 6. Non-banking finance companies scam (1995-97) | About Rs 50,000 crore were raised from high return seeking investors by the companies which vanished. |
| 7. Unit Trust of India's two episodes 2001 | <ul style="list-style-type: none"> • When Mr Phewani was chairman • When Mr Subramaniam was chairman |
| 8. Ketan Pareekh's Fraud in 2002 | Involving bank of India & Gujarat Cooperative bank |
| 9. Global Trust Bank (2002-03) | Audited accounts showed profit of Rs 40 crore while RBI inspection report revealed negative net worth. The bank was forced to merge with Oriental Bank of Commerce. It was a case mismanagement of banks assets for personal gains by the top officials, fraudulent financial reporting and a failure on the part of statutory auditor (Rs 13,000 crore were involved) |
| 10 Telgi's Stamp paper scam 2004 | He began printing fake stamp paper. He appointed 300 people as agents who sold the fakes to bulk purchasers, including banks, FIs, insurance companies, and share-broking firms. His monthly profits have been estimated as being in the neighborhood of Rs 202 crore The size of the scam was estimated to be more than 43,000 Cr Rupees |
| 11. Satyam Computers 2008 | |

REVIEW OF LITERATURE

The WorldCom and Enron stories at the beginning of the century and Satyam very recently exposed the lacunae in good corporate governance. While all this opened up a fresh debate on the meaning of good corporate governance and its standards, it also ended up in a host of researches investigating the reasons for failure of corporate governance. Corporate Governance is now an issue and important factor that can be used as tool to maximise wealth of shareholders of a corporate. In changing world, the word 'corporate governance' has expanded its meaning **Sapovadia (2002)**.

While most organizations are interested in evaluating their corporate governance practices, they're quite ignorant on how to do it **Garret (2003)**. Thus the very basis for failure of corporate governance is formed. A solution to this is provided as **Branston et al (2006)** suggest a strategic decision-making perspective that makes corporate governance a central policy issue. Investigating further, they point out several factors that lead to failure of corporate governance.

Analyzing the reasons behind the failure of the Australian firm RAMS Home Loans Group as a public company, **Walter (2006)** has pointed out a lack of diversity on the board of directors and potential shareholders. A diverse board may not be the solution but still in crucial for good corporate governance. Adding some more dimensions, **Kiel & Nicholson (2005)** point out lack of proper control mechanisms and ethical standards amongst corporate. Elaborating these reasons, they claim failure to cope with interpersonal relations is the reason behind the above.

While the regulations by state, regulatory bodies and their role has constantly been under attack, the role of independent directors has come under a scanner too, particularly in India **Kochhar (2008)**. Suggestions have been made to make amendments in both these aspects. Yet another reason has been listed as existence of a dominant director that renders all others as passive players while non executive directors do not give sufficient time to company affairs **Sexton (2001)**. Similar thoughts had been echoed earlier by **Davis (1993)** when examining the establishment of a Corporate Governance Panel as a voluntary proxy for a Securities and Exchange Commission in Great Britain.

While good corporate governance in Indian organizations like ICICI and HDFC have been examined and listed **Bhat & Kumar (2008)**, the Satyam fiasco has opened it all up. Poor corporate governance has been the bane of Indian industry and the erosion of investor confidence and it is now clear that certain key IT, media and entertainment scripts are being brazenly manipulated on the stock exchanges (**Chemical Business, 2002**)

Kriplani (2009) in a study with reference to Satyam states poor governance can lead to disaster, and India has seen plenty of that in recent years. Before Satyam, Mumbai brokerage First Global estimates, shareholders had lost some \$2 billion from scandals and bad governance since 2003. Corporate ethics and accounting have been traditionally poor in India, despite the exposure of many companies to international standards (**Range & Lublin, 2009**)

Some researchers have been optimistic in their approach. **Chakrabarti et al. (2008)** claim the Indian corporate governance system has both supported and held back India's ascent to the top ranks of the world's economies. Still, Indian corporate governance has taken major steps toward becoming a system capable of inspiring confidence **Rajagopalan & Zhang (2008)** have also highlighted several reasons for failure of corporate governance in India and China.

OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

1. In the light of Clause 49 of SEBI, to study the composition and extent of independence, the Independent Directors have in the Board;
2. To examine the circumstances where Independent Directors are not independent; and
3. To critically study the effectiveness of Independent Directors of Satyam Computers

ADOPTION OF INDEPENDENT DIRECTORS BY EMERGING ECONOMIES: LESSONS FROM INDIA

Although concepts in corporate governance originated in the outsider systems of the U.S. and the U.K., they have been transplanted to several other countries in the last decade. The transplantation has occurred even in insider systems that possess shareholding structures and other corporate governance norms and practices that are entirely different from those in the outsider systems. This phenomenon can be ascribed to number of reasons. First, several developments in the outsider systems of corporate governance have had a profound impact around the world. These include legislation such as the *Sarbanes-Oxley Act* in the U.S. and recommendations such as those of the Cadbury Committee in the U.K. Second, several emerging economies had opened up their markets to foreign investments during the last decade of the 20th century. Their requirements of developing their own corporate governance norms seamlessly coincided with the explosion of corporate governance norms in the outsider systems at the turn of the century. Third, concurrent with the opening up of emerging economies to foreign investment, particularly from the leading investing countries of the U.S. and the U.K., there was a need to develop corporate governance systems that were familiar to investors from those countries. Transplantation was found to be a convenient response to this need. Among all the transplanted concepts, the independent director presents some of the greatest number of challenges both from a theoretical and practical standpoint.

BOARD COMPOSITION

The board of directors, which acts as the brain of an organization, requires the right balance between shareholders, directors, auditors and other stakeholders. The Kumar Mangalam Birla committee has recommended a board containing at least 50% independent directors if the chairman is an executive director, and alternatively, a board with at least one-third independent directors if the chairman is a non-executive director. On October 29, 2004 SEBI announced the revised Clause 49, the changes in corporate governance norms as prescribed in this clause are as follows: Two-Third of the members of the audit committee shall be independent directors, all the members of the audit committee shall be financially literate and the minimum number of meetings of the committee in a year will be increased to four. The Naresh Chandra Committee has recommended that the minimum size of the board of all listed companies as well as unlisted companies with a paid up capital and free reserves of Rs. 10 cr and above, or a turnover of Rs. 50 cr and above should be 7 members, of which at least 4 members should be independent directors. However, this does not apply to:

1. Unlisted public companies not having more than 50 shareholders and without debt of any kind from the public, banks or financial institutions, as long as they do not change their character.
2. Unlisted subsidiary of listed companies. All the directors are required to meet once a year without the Chief Executive Officer and discuss all issues without any bias. A well-defined and open procedure must be in place for reappointment and for appointment of new directors. All new directors should be provided with a letter of appointment setting out in detail their duties and responsibilities.

WHO IS AN INDEPENDENT DIRECTOR?

An independent director is an independent person appointed to the board to ensure that his view is not internally focused. The actual role varies among the most common roles such as: part time chairman, confidant of the chief executive, expert with specialist knowledge, a community conscience, a contact maker, conferrer of organization status. The actual role performed by the independent directors depends upon background and experience, company situation, current composition of the board, relations between the chairman and independent directors, board leadership structure, recruitment process and training and development.

CLAUSE 49 AND INDEPENDENT DIRECTORS

It is necessary at this stage to examine the specific provisions in Clause 49 relating to independent directors.

BASIC REQUIREMENT

Boards of listed companies are required to have an optimum combination of executive and non-executive directors, with at least half of the board comprising of non-executive directors. As regards the minimum number of independent directors, that varies depending on the identity of the chairman of the board. Where the chairman holds an executive position in the company, at least one half of the board should consist of independent directors, and where the chairman is in a non-executive capacity, at least one third of the board should consist of independent directors. Another condition was imposed in 2008 to determine the number of independent directors. Where the non-executive chairman is a promoter or a person "related to any promoter" of the company, at least one half of the board should consist of independent directors. The insertion of this condition was necessitated due to the then prevailing practice. Chairmen of companies retained themselves in a non-executive capacity, but were often relatives of the promoters (in case of individuals) or controllers of parent/holding companies (where promoters were other companies). For example, in family-owned companies, the patriarch or matriarch of the family would be the non-executive chairman, while the day-to-day management (in executive capacity) would be carried out by persons from the subsequent generations such as children and grand-children. Promoter-related chairmen were thus able to exert significant influence. With this amendment to Clause 49, chairmen are required to be truly independent to justify the composition of the board with one-third being independent rather than one half.

ROLE OF INDEPENDENT DIRECTORS

Much as Clause 49 does not specify to whom the independent directors owe their allegiance, it also does not contemplate any specific role for them. There is no separate task or function assigned to independent directors. The most prominent among such functions in the context of the majority-minority agency problem could have been for independent directors to consider and approve related party transactions that involve self dealing by controlling shareholders. But, there is nothing of the kind envisaged. Independent directors are treated like any other director for purposes of role and decision making and there is neither a specific privilege conferred nor a specific duty or function imposed on independent directors, in either case specifically by law, on the board.

However, as regards board committees, there are some specific requirements pertaining to independent directors. All companies that satisfy a minimum size are mandated by the Indian Companies Act to constitute an audit committee. The audit committee must be comprised of at least two-thirds non-executive directors, but no reference is made to independence. In case of listed companies, however, Clause 49 provides that an audit committee shall be constituted consisting of three directors, with at least two-third of them (including the chairman) being independent directors. In case of audit committee members (unlike for independent directors on the board), there is a need for positive qualifications regarding competence: all members shall be "financially literate" and at least one of them must have "accounting or related financial management expertise."

Unlike the case of independent directors on the entire board, the audit committee's mandate is fairly clear and elaborate. These include oversight of the company's financial reporting process, recommendations regarding appointment of auditors and review of their performance, review of financial statements before submission to management and the like. As far as related party transactions are concerned, the audit committee is required to verify the disclosures made in that behalf in the financial statements. Curiously enough, the audit committee only has a disclosure obligation regarding related party transactions. It has no approval rights. Hence, independent directors have not been conferred any roles or responsibilities to monitor transactions that may cause erosion of value to the company and its shareholders while enriching one or more groups of insiders such as managers or controlling shareholders.

Apart from the audit committee, there is only one other board committee, *i.e.*, the "Shareholders/Investors Grievances Committee" that is required to be constituted as a mandatory matter. This committee is not required to comprise any independent directors, although in practice they do carry a number of independents on them. The role of this committee is insubstantial in the overall scheme of things as it is required to "look into the redressal of shareholder and other investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc."²¹⁰ Many of these matters have now become insignificant with the advent of dematerialized trading in shares and the use of modern technology to track investor communication.

As far as the remuneration committee is concerned, that is only a non-mandatory requirement. It is for the companies themselves to decide whether to include such committees or not, although in the case of large listed companies, it is almost always the case that such companies have a remuneration committee where independent directors play a significant role.

Finally, as we have seen earlier, the nomination committee generally plays an important role in corporate governance. But, India does not impose a mandatory requirement to constitute nomination committees to nominate independent directors. For this reason, the controlling shareholders are able to significantly influence the process of nomination and appointment of independent directors. The absence of a nomination committee presents a significant obstacle to the protection of minority shareholder interest as controlling shareholders are able to determine the identity of individuals who occupy the position of independent directors and they are likely to ensure the appointment of such individuals who will be sympathetic to the perspectives of the controlling shareholders with complete allegiance in fact towards them.

Moreover, at a broad level, the absence of any specific role for directors creates difficulties at a practical level. Neither independent directors themselves nor the corporate community in general are able to comprehend what is expected of independent directors. For instance, at least a majority of the independent directors in India that we interviewed for the purposes of this Article believed their role to be one of advising management from a business or strategic

standpoint rather than to act as monitors of management or the controlling shareholders. In the absence of any such clarity in regulatory intentions in the Indian context, one cannot expect any meaningful level of monitoring from independent directors

As we have seen in the previous Part, Clause 49 is altogether silent when it comes to the roles and responsibilities of independent directors. It is not clear if they are to be involved in strategic advisory functions or monitoring functions. It is also not clear if they are to owe their allegiance to the shareholder body as a whole, to the minority shareholders specifically, or to other stakeholders. It is somewhat surprising, therefore, to find that survey results report a great level of confidence among independent directors about knowledge of their own roles. The *AAH Report* states that 62.5% of the respondents “believe that the roles and responsibilities of the non-executive directors are clearly defined and documented.” In the *FICCI GT Report*, a slightly larger proportion of 69% respondents expressed satisfaction with the outline of the current role and responsibility of the board members in general. If participants in the corporate sector seem quite conscious of their own role, what exactly is that role – strategic advisory or monitoring? This is an important question which the surveys do not readily answer. The only guidance available is that 59% respondents to one survey believe that independent director involvement in annual planning and strategy development of the company of the company is moderate, while 22% believe it to be substantial and 13% minimal. But, the monitoring function, which has been the mainstay of the evolution of the independent director in the U.S. and the U.K., appears not yet to be a key part of an independent director’s role in India. While the surveys themselves do not track the monitoring function, interviews with practitioners suggest a greater involvement of independent= directors in business strategy formulation than on monitoring.

In the context of persistence of the majority-minority agency problem, there is no general tendency on the part of independent directors to bear in mind the interests of minority shareholders. One survey finds that “over 20% of firms have a director who explicitly represents minority shareholders or institutional investors.” However, the survey does not identify the types of minority investors. Based on practitioner interviews and a broad overview of minority investors in Indian companies, it appears that these independent directors are usually appointed by institutional investors who take significant shareholdings in public listed companies. The investors enter into contractual arrangements (though subscription and shareholders’ agreements) with the company and the controlling shareholders to identify the *inter se* rights among the parties. The so called independent directors, who are otherwise nominees of the investors, are appointed to oversee the interests of the investors appointing them and do not have any explicit mandate to cater to the interests of minority shareholders as a whole. Such an independent director selectively takes into account the interests of one minority shareholder, and cannot be said to aid in the resolution of the majority-minority shareholder problem in general.

This discussion points us towards a remarkable outcome indeed: while Clause 49 is silent as to the interests the independent directors are to protect and there is no clarity regarding that in practice either, independent directors and other corporate players appear confident about what they believe is the role of independent directors

Finally, independent directors can play an impactful role only when board systems and practices enable such role. One of the key obstacles to the proper functioning of independent directors relates to availability of information. Although the amount of information being shared with independent directors has been increasing over the years, surveys find that there is a need for drastic improvement both in terms of the timeliness and quality of information provided. Furthermore, independent directors can be effective only if they are provided adequate training and their performance is properly evaluated. As far as training is concerned, although there is no mandatory training requirement in Clause 49, one survey suggests that 57% of the respondents are taking steps to provide training to their directors. Independent directors will have an incentive to carry out their roles diligently if their performance is periodically evaluated. However, performance evaluation of independent directors has not evolved sufficiently in India as a common practice. One survey indicates that only a quarter of responding firms have an evaluation system for non-executive directors, while another survey indicates that about 39% companies surveyed had a formal board evaluation process (which perhaps covers the entire board rather than just the independent non-executive directors). This suggests that independent directors are often brought on boards merely to comply with the legal requirement rather than with a view of obtaining any significant contribution (either in terms of strategic value-add or monitoring).

As per the scheme of the company law, shareholders appoint directors to manage the affairs of the company. They are the agents of the company and have a fiduciary duty to act in the best interest of the company. The board of directors comprises of optimum number of executive and independent directors for the smooth functioning of a company. Independent directors bring in independent thinking and rich experience in their respective fields. They represent divergent viewpoints on issues brought before them. They bring in an element of objectivity to company board process in the general interest of the company and to the benefit of all stakeholders, including minority and small shareholders. They are capable of resisting the influence, the pulls and pressures of the company on the one hand and the particular group of shareholders who appointed them, on the other hand. Moreover, they justify and take responsibility for their decisions. They are independent in their judgment especially on issues of strategy, performance and resources, including key appointments and standards of conduct. They also ensure that a proper, efficient and effective monitoring system exists in the company. In fact, their role becomes critical in determining the composition and functioning of the board of directors.

In fact, truly respected and valued independent directors are those who are competent, committed and have an independent ‘state of mind’ to challenge and ask the right/uncomfortable questions. In fact, they govern the functioning of the board with a long-term vision and perspective of the company.

INDEPENDENT DIRECTORS IN INDIAN COMPANIES

All the codes of corporate governance deal with who should and who should not be on the corporate board. Any corporate unit can run and control its operations properly if the balance of the directors is proper. Every person in the board should be clear about his role and responsibility. For good governance, it is very important to have clear direction, i.e., what is the role of the board and management and of the executives? There should be a proper mix of executive and non-executive directors in the board. This has the advantage of combining the executives’ in-depth knowledge of the day-to-day affairs of the company with the wider experience of non-executive directors. Almost all the codes play an important role in selection of the board member, whether executive or non-executive. They should be selected based on their merit and for the greater good of the corporate unit. The Combined Code (1998) states: “The board should include non-executives of sufficient caliber and number for their views to carry significant weight in the board’s decisions,” According to this Committee, independent non-executive directors continue to be defined as those non-executive directors that are, “Independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.” For good governance, it is very important to maintain an independent element in the board. All the codes relating to corporate governance provide clear guidelines about the proportion of the board to be maintained as independent. In the UK, it is recommended that non-executive directors should comprise not less than one-third of the board size and that the majority of the non-executive directors should be independent.

The Table 1 illustrates that in India, about 39% of the companies have less than one-third independent directors of their board. 30% of the companies are fulfilling the requirement of the Committee for the minimum number of the independent directors on their board while about 31% have better practices of appointment of independent directors on their board

| TABLE1:PERCENTAGE OF INDEPENDENT DIRECTORS ON THE BOARD | | | |
|---------------------------------------------------------|------------|-------------|-------|
| Independent directors less than 33% | 33% to 50% | 51% to 100% | Total |
| 39 | 30 | 31 | 100 |

Source: Hitesh J Shukla, *Separation of Chairman and CEO in the Organization, Indian Corporate Governance and Board Structure, the Accounting World, July 1995, P.15*

While appointing independent directors, every company should keep in mind the representation of each and every stakeholder, for looking after the interests of the company better. As per Clause 49-I (B), all pecuniary relationships or transactions of non-executive directors with the company should be disclosed in the Annual Report.” Pecuniary Relationship Transaction” refers to any relationship or transaction of a director with the company that gets him any monetary benefits, reward, or recompense.

Independent directors are taking a higher profile role than ever before in balancing shareholder and management interest. A director can only be true if shareholders rather than management nominate him. A director who is conscious about his responsibilities will always raise the right questions at board meetings, whether or not he holds the independent status.

Executive and non-executive directors have overall responsibility for leadership and control of the corporate units. Executive directors should have varied and complementary skill to perform their duty effectively. In order to sustain stakeholders' confidence, all the corporate units should disclose the skills and backgrounds of their directors. Even at the time of appointment and or reappointment, corporate units are required to disclose the contribution of the directors to the shareholders. Such a provision is found in the Combined Code of UK. In the Indian corporate world, out of 100 companies, 61% have less than 33% of executive directors on their board, while 39% have 33%-50%, and no company in this sample has more than 51% of executive directors on their board.

| Less than 33% | 33% to 50% | 51% to 100% | Total |
|---------------|------------|-------------|-------|
| 61 | 39 | NIL | 100 |

Source: Hitesh J Shukla, *Separation of Chairman and CEO in the Organization, Indian Corporate Governance and Board Structure, the Accounting World, July 1995, P.15*

The concept of "independent director" has, of late, assumed significant importance in India. The recent Concept Paper on the New Company Law and the JJ Irani Committee Report highlighted the role of independent directors as conscious keepers of the board of directors.

HOW INDEPENDENT ARE INDEPENDENT DIRECTORS IN INDIA

An independent director is expected to act as watch dog of the board and protect the interest of shareholders. Since they are handpicked by the promoters himself so they prefer to be a friend of the promoters rather than be the watch dog of the board. Though independent director is paid by the company, it must be borne in mind that the company is not only owned by its promoters but all share holders so they are supposed to represent the interest of the minority shareholders. There are circumstances where independent directors are not independent, which broadly includes:-

- their selection procedure
- no age limit
- no specific qualification is required
- no right to interfere in the day-to-day operations
- no time limit for replacement of an independent director

Independent directors are still the only hope to instill discipline in the murky world of corporate finance, provided their independence is not being compromised. If they are no more independent then their appointment in a company will be meaningless. This position deserves to be corrected by empowering SEBI and the Indian government.

a) Selection procedure

A lot of emphasis is placed on the "independence" of independent directors their selection is still in the hands of owners of the company. No process of selection has been prescribed for the independent directors, as they are directly handpicked by the promoters. Promoters in control may take decisions that are not in the interest of small shareholders, an independent director must keep in mind the interest of all stakeholders. Such procedure for their selection raises question on their independence at the board. They can not be as independent as they are expected to be, if they are going to be appointed by the owners. This procedure has to be changed for the independence of directors. As long as they are appointed by management, the concept of independent directors is a myth, for truly independent directors, they have to be nominated by the SEBI which is a regulatory authority. If they have a right to regulate, then surely they have a right to even suggest the appointment of directors⁸.

b) No age limit

There is no age limit has been prescribed under Companies Act, 1956 and by the SEBI. According to Indian companies Act a minor can become a director since no age limit is prescribed. This point must be rethink as a person who is under 18, as surely cannot acquire enough experience to become an independent director of a company⁹. It's not the quantity of Independent Directors but the quality of Independent directors that make difference. There must be an age limit which can justify the position of an independent director.

c) No specific qualification is required

There is need to focus on the quality of independent directors who are going to be appointed. They should be qualified enough so that they can ask right questions at the right time when they are at board. The most important requirement is his ability to stand up for minority shareholders, who are not represented on company boards. They need to be sound in judgment with an inquiring mind. Clause 49 of the Listing Agreement of the stock exchanges and the Companies Bill, 2008 introduced in Lok Sabha's last session does not prescribe the minimum qualification or experience essential. Presence of independent director on the board makes sense only if they are well-educated, can add value to the company, and represent minority shareholders' interests. The government and SEBI must review the qualification for independent directors.

d) No right to interfere in the day-to-day operations

An Independent director has no right to interfere in the day-to-day operations of company. They have right to intervene in any misgivings or misdeeds. They are supposed to support the management in getting the delivery of what the objectives of the company are to its shareholders. If a director can not get into a company's day-to-day operations, he can not understand how it is governed and will not be in the position to fulfill his responsibilities. There is no separate law under which an independent director operates; he has no legal protection from the management so that he can raise his voice fearlessly. For the involvement of independent director in day-to-days operations of company they must be given authority so that they can intervene in the day-to-day operations of company and may be able to raise their voice.

e) No time limit for replacement of an independent director

There is no guideline prescribing a time limit for replacement of an independent director in case there is a resignation or removal or death of an existing one and promoters are taking a plea that they have not been able to find a replacement, which could stretch for indefinite period. The fees or remuneration of an independent director has grown so substantially in the last three years that an individual is often tempted to have an extended stay in the organization. Most of these directors would go by the decision of the promoters of the company without examining the details of company¹⁰. To retain the independence of director there is need to rotate such directors periodically or by any other method whereby the independence of independent director is secured.

CASE STUDY OF CRITICAL ISSUES OF SATYAM EPISODE

Even where there is a stellar independent board of directors, it may not be possible for them to perform their role effectively if the conditions that facilitate proper performance do not exist. The Satyam episode demonstrates some of the reasons why the effectiveness of independent directors in India may continue to be in doubt.

i) Satyam Computer Services Limited (recently renamed Mahindra Satyam) is a leading information technology Services Company incorporated in India. Satyam's promoters, represented by Mr. Ramalinga Raju and his family, held about 8% shares in the company at the end of 2008, while the remaining shareholding in the company was diffused. Its securities are listed on the Bombay Stock Exchange and the National Stock Exchange. Furthermore, the company's securities are cross-listed on the NYSE. This required Satyam to comply not only with Clause 49 but also the requirements of the *Sarbanes-Oxley Act* as well as *NYSE Listed Company Manual*. Satyam took immense pride in its corporate governance practices.

At the relevant time (end 2008), Satyam had a majority independent board, thus over-complying with the requirements of Clause 49. Its board consisted of the following:

Executive Directors

- (a) B. Ramalinga Raju, Chairman;
- (b) B. Rama Raju, Managing Director and Chief Executive Officer;
- (c) Ram Mynampati, Whole Time Director;

Non-Executive, Non-Independent Directors

- (a) Prof. Krishna G. Palepu, Ross Graham Walker Professor of Business Administration at the Harvard Business School

Independent

- a. Dr. Mangalam Srinivasan, management consultant and a visiting professor at several U.S. universities;
- b. Vinod K. Dham, Vice President and General Manager, Carrier Access Business Unit, of Broadcom Corporation;
- c. Prof. M. Rammohan Rao, Dean, Indian School of Business;
- d. T. R. Prasad, former Cabinet Secretary, Government of India; and
- e. V. S. Raju, Chairman, Naval Research Board and former Director, Indian Institute of Technology, Madras.

The board consisted of 3 executive directors, 5 independent directors and 1 grey (or affiliated) director. Amongst the non-executives, 4 were academics, 1 was from government service and the last was a business executive. At a broad level, it can be said that very few Indian boards can lay claim to such an impressive array of independent directors.

ii. The Maytas Transaction:

On December, 16 2008, a meeting of Satyam's board was convened to consider a proposal for acquisition of two companies, Maytas Infra Limited and Maytas Properties Limited. Two sets of facts gain immense relevance to the transaction. One is that the Maytas pair of companies was predominantly owned in excess of 30% each by the Raju family, thereby making the proposed acquisition deal a related party transaction. The other is that the Maytas companies were in the businesses of real estate and infrastructure development, both unrelated to the core business of Satyam. The transactions were also significant as the total purchase consideration for the acquisition was Rs. 7,914.10 crores (US\$ 1,615.11 million). It is important to note that, if effected, the transaction would have resulted in a significant amount of cash flowing from Satyam, a publicly listed company, to its individual promoters, the Raju family.

The board meeting on December 16, 2008 was attended by all directors, except for Palepu and Dham who participated by audio conference. On account of the related party situation and unrelated business diversification, it is natural to expect a significant amount of resistance from the independent directors to the Maytas transactions. After the company's officers made a presentation to the board regarding the transactions, the independent directors did raise some concerns. For example, "Dr. Mangalam Srinivasan,

Director enquired if there are any particular reasons either external or internal for this initiative and timing of the proposal" and "suggested to involve the Board members right from the beginning of the process to avoid the impression that the Board is used as a rubber stamp to affirm the consequent or decisions already reached." Other independent directors such as a Rao and Dham were concerned about the risks in a diversifying strategy as the company was venturing into a completely unrelated business. Yet others opined that "since the transactions are among related parties, it is important to demonstrate as to how the acquisition would benefit the shareholders of the company and enhance their value" and that there should be "complete and justification" regarding the valuation methodology adopted, which "should be communicated to all the concerned stakeholders."

The independent directors cannot be criticized for failing to identify the issues or to raising their concerns at the board meeting, for that is precisely what they did. Surprisingly, however, the final outcome of the meeting was a "unanimous" resolution of the board to proceed with the Maytas transaction, without any dissent whatsoever. As required by the listing agreement, Satyam notified the stock exchanges about the board approval immediately following the board meeting. This information was not at all accepted kindly by the investors. The stock price of Satyam's American Depository Receipts collapsed during a single trading session by over 50% due to massive selling, and the company was compelled to withdraw the Maytas proposal within eight hours of its announcement.

This episode gives rise to a number of questions regarding the role of the independent directors. If the transactions were ridden with issues, why were they approved "unanimously" by the independent directors even though they voiced their concerns quite forcefully? Why were the interests of the minority public (institutional and individual) shareholders not borne in mind by the independent directors when the transaction involved a blatant transfer of funds from the company (which was owned more than 90% by public shareholders) to the individual promoters that is tantamount to siphoning of funds of a company by its controlling shareholders to the detriment of all other stakeholders? Why were the independent directors unable to judge the drastic loss in value to the shareholders by virtue of the transactions and stop them or even defer the decision to a further date by seeking more information on the transactions? How was it the case that the investors directly blocked the transaction when the independent directors were themselves unable to do so? These questions do not bear easy answers, but it is clear from this episode that shareholder activism (exhibited through the "Wall Street walk") performed a more significant role in decrying a poor corporate governance practice than independent directors. If independent directors are to be the guardians of minority shareholders' interests, as they are expected to be in the case of insider systems such as India, Satyam's directors arguably failed in their endeavors.

In the ensuing furor that this episode generated, four of the non-executive directors resigned from Satyam's board. However, most independent directors defended themselves stating that they had raised their objections to the Maytas transactions as independent directors should. While the markets were still recovering from the purported corporate governance failures at Satyam, evidence of a bigger scandal emerged during the first week of 2009 raising further questions about the role of independent directors.

iii. Fraud in Financial Statements:

On January 7, 2009, the Chairman of the company, Mr. Ramalinga Raju, confessed to having falsified the financial statements of the company, including by showing fictitious cash assets of over US\$ 1 billion on its books. The confession also revealed that the proposed Maytas buy-outs were just illusory transactions intended to manipulate the balance sheet of Satyam and to wipe out inconsistencies therein. The stock price of the company reacted adversely to this information and fell more than 70% thereby wiping out the wealth of its shareholders, some of whom are employees with stock options. Minority shareholders were significantly affected as they were unaware of the veracity (or otherwise) of the financial statements of Satyam, and hence this exacerbated the majority-minority agency problem.

This episode invoked fervent reaction from the Indian government. Several regulatory authorities such as the Ministry of Company Affairs, Government of India and SEBI initiated investigations into the matter. While several independent directors of the company had resigned, the remaining directors were substituted with persons nominated by the Government. Certain key officers of Satyam, being the chairman, the managing director and the chief financial officer were arrested by the police within a few days following the confession, while two partners of Price Waterhouse Coopers, Satyam's auditor, were arrested thereafter. The investigations by the various authorities, which are likely to be time-consuming, are ongoing and it is expected that their outcome will be available only in due course. The only significant investigation that has been completed is that of the Ministry of Company Affairs conducted through the Serious Frauds (Investigation) Office. At a broader level, the Satyam episode has triggered renewed calls for corporate governance reforms in India, and some of the reforms are already underway.

As for the company itself, it witnessed a remarkable turnaround of fortunes under the leadership of its new government-nominated board of directors. The new board and their advisors took charge of the affairs of the company, appointed a new chief executive, and undertook tireless efforts to retain clients and employees. Finally, the company itself was sold through a global bidding process to Tech Mahindra, another Indian IT player in a transaction that received uniform adulation for the alacrity with which the various players (particularly the new board of Satyam) acted to resuscitate the company and protect the interests of its stakeholders

iv. Lessons from Satyam

In the meanwhile, it is necessary to examine to how misstatements in Satyam's financials were made possible in the first place despite the applicability not only of Clause 49 (as Satyam was listed on Indian stock exchanges), but also of the Sarbanes- Oxley Act (as the company was also listed on the NYSE). Satyam had seemingly complied with all the onerous requirements imposed by Clause 49 and the Sarbanes- Oxley Act, such as the appointment of an impressive array of independent directors, an audit committee, and the audit of its financial statements by a "Big Four" audit firm, but these corporate governance failures nevertheless occurred. This episode raises serious questions about implementation of corporate governance norms in India, and points towards the lack of success of transplanted concepts.

More specifically, several key questions arise with reference to the role of independent directors in such situations. Satyam's independent directors were unable to prevent the falsification of financial statements. Various reasons can be attributed to this failure. No doubt, the Satyam board was largely independent and also comprised distinguished and reputable individuals. But, independent directors cannot generally be expected to uncover frauds in companies as the decisions they make are generally based on information provided to them by management. Even in Satyam's own case, the Chairman's Confession itself concedes that "[n]one of the board members, past or present, had any knowledge of the situation in which the company is placed." Since independent directors do not get involved in the day-to-day management of the company, it is virtually impossible for them to unearth such frauds. Hence, even when monitoring functions are imposed on independent boards, it is impractical to expect independent directors to exercise watchdog functions as their role is necessarily limited. In addition, independent directors are busy individuals who spend little time each year tending to matters pertaining to each company on whose boards they serve. This also limits their ability to delve deeper into financial, business and other matters involving the companies.

At a structural level, as discussed earlier, independent directors are subject to nomination, appointment and removal, all at the hands of the controlling shareholders, and hence may be subject to influence by the controlling shareholders. Although Satyam was subject to the listing requirements of NYSE, it did not have an independent nomination committee that could have potentially brought the appointment of directors outside the purview of the controlling shareholders. In the present case, it is evident that the independent directors were not willing to fiercely oppose the proposals of the management and promoters, as they may have implicitly owed allegiance to the promoters of the company who were in a position to influence their appointment and continuance on the board.

In addition, the Indian corporate governance norms do not specify the roles of independent directors. Such lack of clarity in their roles could result in less desirable outcomes from independent director action as we have witnessed in Satyam's case. More importantly, there is no special role for independent directors in related party transactions with the controlling shareholders. For instance, if there is a requirement that all such related party transactions are to be approved by a vote of independent directors only, then such office bearers are likely to take on greater onus and responsibility for their decisions. Again, there is no such specific role envisaged for independent directors in the Indian corporate governance norms.

The Satyam episode is also symptomatic of a signaling problem with the role of independent directors. That is, the corporate governance norms bestow too much (and somewhat misplaced) importance on the role of independent directors than is justified. In epitomizing independent directors as a guardian of various corporate interests, including possibly minority shareholders, the corporate governance norms create a false sense of security among corporate stakeholders. However, as the Satyam episode has demonstrated, the independent directors are constrained in the extent to which they can be effective in unearthing frauds, even when they exercise a fair amount of diligence in their action.

There also exists the larger issue of promoter control in Indian companies that affects the functioning of independent directors. Promoters (who are controlling shareholders) exercise significant influence on matters involving their companies, even though such companies are listed on stock exchanges and hence have public shareholders. Indian law confers some distinct roles for promoters. This largely holds good even for companies that have controlling shareholders with small percentage holdings in companies. For instance, the Raju family who were the promoters of Satyam held only about 5% shares around the time when the Chairman's confession was made on January 7, 2009. A company with a 5% promoter shareholding will usually be considered as belonging to the outsider model in terms of diffused shareholding, and hence requiring the correction of agency problems between shareholders and managers. However, the gradual decrease in controlling shareholders' percentage holdings coupled with the concept of "promoter" under Indian regulations makes the distinction between an insider-type company and outsider-type company somewhat hazy in the Indian context. The Raju family, as promoters, continued to wield significant powers in the management of the company despite a drastic drop in their shareholdings over the last few years. This was aided by the diffused nature of the remaining shareholding within the company. The Satyam episode illustrates that a company with minimal promoter shareholding could still be subject to considerable influence by the promoters, thereby requiring a resolution of the agency problems between controlling shareholders and minority shareholders even at those shareholding levels. The transition of companies from the insider model to the outsider model through constant dilution of shareholding by controlling shareholders can be difficult, as Satyam demonstrates. Corporate governance regimes in emerging markets such as India which are likely to witness such transition from insider to outsider regimes through dilution of controlling shareholding need to provide mechanisms to tackle undue control by promoters with limited shareholding.

The Satyam case clearly demonstrates the inability of the existing corporate governance norms in India to deal with corporate governance failures in family controlled companies, even where the level of promoter shareholding is relatively low. Any reforms to the independent director regime that spring from this case ought to take into account the vulnerability of minority shareholders in such companies that lie at the cusp of insider and outsider systems.

CONCLUSION AND SUGGESTION:

Independent directors or non-executive directors of the company monitor and control the chairman/chief executive; they serve as a link with external environment and provide an international perspective. Apart from this independent directors try to improve board processes and bring in specialist knowledge, they provide continuity, help identify alliance and acquisition. It can be concluded that independent directors help maintain an ethical climate in the organization.

A company should have a clearly laid out policy where there should be specified role played by him at board, their tenure and age limit, qualification required etc. The focus must be on the quality of person who is going to be appointed. Selection of independent directors by SEBI and government would be fair and bring transparency in the selection procedure as well as can secure their independence to some extent. So far as age limit is concerned which must be review, minor should not be considered eligible for the chair of independent director; the minimum age limit for an independent director must be between 30-35. The person must be well-educated with required experience so that he can justify the role of an independent director. Company must clearly laid down qualification and experience required for the post of independent director in the policy. The appointed director must be rotated periodically to ensure the transparency and fairness in their decision. Legal protection must be provided to independent directors so that they can raise their voice against the management and force their views in the interest of shareholders.

If independent director does not fulfill their duty as a watch dog then it would amount to committing an offence. As Supreme Court in *Municipality of Bhiwandi & Nizampur v. Kailas Sizing Works* has observed that "the authority is not acting honestly where an authority has a suspicion that there is something wrong and does not make further enquiries. Being aware of possible harm to others, and action in spite thereof, is acting with reckless disregard of consequences. It was worse than negligence, for negligent action is that, the consequences of which the law presumes to be present in the mind of the negligent person, whether actually it was there or not." So, an independent director can not escape from his liability. They will be held liable equally if they do not take any action against the wrong committed/wrong decisions taken, in his knowledge.

Satyam episode is proven to be tragic for the Indian corporate world, but it should be considered as a wake-up call to many. The Satyam case brought out the failure of the present corporate governance structure, in which independent directors failed to perform their responsibility effectively. As in Satyam case independent directors lacked commitment, they failed to live up to the stakeholders' expectations. The only way independent directors can stop wrong doing by acting collectively.

Across the world companies have appointed luminaries to the boards, secure in the knowledge that their presence would lend a badge of respectability to the boardroom. Satyam scam was no exception, its board included noted academics such as Harvard professor Krishna Palepu and ISB dean Rammohan Rao, but the manner of its unraveling has triggered an intense soul-searching across corporate circle¹².

There is no need to implement new laws; all we need to do is to renew existing laws. Independent directors may not be in a position to stop management fraud perpetrated at the highest level, but with high level of commitment and due diligence they should be able to identify signals that indicate that everything is not going right.

What are factors that should receive attention for this to change? Reputable management scholars are providing invaluable advice on this. If Boards are to truly play a leadership role in future they require to:

- a) Ensure independence from management. Many regulations provide for this by separating the CEO from the Board and creating two tier boards with supervisory and administrative boards. Strengthening committee form of management by creating leadership positions for independent directors.
- b) Must hold themselves accountable for the performance of their boardrooms through rigorous annual evaluations.
- c) Build knowledge capabilities in areas of strategy, implementation and globalization.
- d) Must harness power of information technology more successfully to ensure ready access to critical information.
- e) Move their mandate from serving solely shareholders to serving broader set of constituents.
- f) Tenure of IDs should be fixed. It is suggested that IDs should compulsorily retire after six years from the board of directors.
- g) There should be corporate governance rating: The Credit rating agencies should rate the company on the following aspects: Quality of board members, Knowledge of IDs of company or industry, the attendance records, Quality of agenda items, minutes of the meetings, and other board room practices.

It is by adopting the above that society will see the role that boards need to provide – “that of real leadership”.

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A STUDY ON CUSTOMER SATISFACTION AND LOYALTY TOWARDS AIRCEL PRE AND POST PAID CUSTOMERS IN TAMILNADU WITH SPECIAL REFERENCE TO TIRUCHIRAPPALLI CITY

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ABSTRACT

India has emerged as one of the youngest and fastest growing economies in the world today. One of the sectors that has shown the signs of profitability and contributed significantly to the country's economy is the telecom industry. In fact, the Indian telecom market has gained recognition as one of the most lucrative markets globally. India is one of the fastest growing mobile phone markets in the world and due to this; many foreign companies are thronging India to make their presence in the growing telecom sector in India. The Top 10 Telecom Companies in India: Bharti Airtel, BSNL, Vodafone Essar, Reliance, Idea Cellular, Tata Communications, Tata Teleservices, Aircel, MTNL and TTML. The telecommunication sector in India has recorded several folds of growth in the recent years. This industry is taken to a higher lead due to the private and government sector players in this industry and the companies in this industry are also making their share in the job market in India by offering a wide range of employment opportunities both under technical and under non-technical sector as well. The article focuses on the customer satisfaction and loyalty on Aircel connections in Tiruchirappalli City. The main focus of the study is to understand the customer satisfaction of the customers, to know the value & service of the Aircel, to find the loyalty of the customers and to make suggestions based on the findings of the study. This study was conducted in Tiruchirappalli City wherein 400 customers' opinions were taken for analysis. The tools adopted for this study was an interview schedule. Looking into the major finding it is revealed that 26 percent of the respondents opinion feels to be neutral towards customer satisfaction with regard to post paid connection and 28 percent feel to be somewhat satisfied with regard to pre paid connection. It also found that 28 percent of the respondents' customer loyalty is due to service quality of the connection in view of post paid and 30 of the respondents customer loyalty is due to emotional attachment of the connection in view of prepaid. The mobile entertainment industry in India is witnessing significant growth and a latest research forecasts this market to reach \$4.9 billion in 2015 from \$1.2 billion in 2009, growing at a CAGR of 26% in the period 2009-2015. India's GSM subscriber base grew by 2.72 percent in February with the addition of 14.7 million mobile phone users. The total number of GSM subscribers in the country crossed 555 million as against 540.37 million in January, according to the data released by Cellular Operators Association of India (COAI). India's mobile boom may be exaggerated if one takes into account the large number of mobile connections that are currently inactive. Of the 771 million mobile subscribers reported by mobile operators at the end of January, only about 549 million were active subscribers, according to the Telecom Regulatory Authority of India (TRAI).

KEYWORDS

Customer Satisfaction, Customer Loyalty, Emotional attachment, Service Quality.

INTRODUCTION

The Indian telecom is the world's fastest growing sector with 791.38 million mobile phone subscribers. As the fastest growing sector in the world India will have 1.159 billion mobile subscribers in 2013. It is the second largest network in the world in terms of wireless connections after China. The sector in India will exceed the total subscriber count in the China and expected to reach a size of ₹344.921 crore by 2012. The industry has witnessed consistent growth during the last year on the back of rollout of newer circles by operators, successful auction of third-generation (3G) and broadband wireless access (BWA) spectrum, network rollout in semi-rural areas and increased focus on the value added services (VAS) market. As per a report, 'India Telecom 2010' released by KPMG in December 2010, currently, the VAS market is worth US\$ 2.45 billion-US\$ 2.67 billion, which is around 10 per cent of the total revenue of the wireless industry. The share of VAS in wireless revenue is likely to increase to 12-13 per cent by 2011. The Reserve Bank of India (RBI) has liberalised the investment norms for Indian telecom companies by allowing them to invest in international submarine cable consortia through the automatic route. As a measure of further liberalisation, it has now been decided... to allow Indian companies to participate in a consortium with other international operators to construct and maintain submarine cable systems on co-ownership basis under the automatic route. The Indian telecom industry manufactures a vast range of telecom equipment using state-of-the-art technology. As per a press release by the Ministry of Communications & Information Technology, the production of telecom equipments in value terms is expected to increase from US\$ 10.87 billion during 2008-09 to US\$ 11.87 billion in 2010-2011. The Indian telecom sector continues to grow at a breakneck speed. Needless to point out over here, that idle funds always chase growth sectors where the prospects of gaining superior returns are far out-weighted. This wave of optimism is also being echoed by a Boston Consulting Group report which says that the Indian telecom market will surpass a psychological \$100 billion-mark by 2015, despite host of concerning factors such as intense competition on the back of low-tariff structures and ensuing decline in ARPU in the sector.

ABOUT AIRCEL

Aircel group is a mobile phone service provider in India. It offers both prepaid and postpaid GSM cellular phone coverage throughout India. Aircel is a joint venture between Maxis Communications of Malaysia and Apollo Hospital Enterprise Ltd of India. UTSB has a 74% stake in Aircel and the remaining 26% is with Apollo Hospitals. It is India's Seventh largest GSM mobile service provider with a subscriber base of over 51.83 million, as of January 31, 2011. It has a market share of 6.72% among the GSM operators in the country. As on date, Aircel is present in all 23 telecom circles (including Andhra Pradesh, Assam, Bihar & Jharkhand, Chennai, Delhi & NCR, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Kolkata, Madhya Pradesh, Mumbai, North East, Orissa, Punjab, Rajasthan, Rest of Maharashtra & Goa, Rest of Tamil Nadu, Rest of West Bengal, Uttar Pradesh East, Uttar Pradesh West) as per the company plans it has become a pan-India operator. Additionally, Aircel has also obtained permission from Department of Telecommunications (DoT) to provide International Long Distance (ILD) and National Long Distance (NLD) telephony services. It also has the largest service in Tamil Nadu.

CUSTOMER SATISFACTION AND LOYALTY

It has been argued and is often assumed that the financial performance of service organisations relies on the generation of high levels of customer satisfaction and loyalty (Heskett et al, 1994, Rucci et al, 1998, Reichheld and Markey, 2000, Vandermerwe, 2000, Fredericks, 2001, Reichheld, 2004). The techniques developed by Telecom New Zealand where first the component factors that most influence the overall satisfaction rating of Telecom's service are found. Second, these components are quantified and the improvement required for each component to meet overall excellence targets is determined. This study gives a successful example of International Directory Assistance which shows that these techniques have significantly raised customer overall satisfaction in just five months (Peter J. Danaher, 1967). A study was conducted to study the factors that influence customer loyalty of BSNL mobile customers. The samples were collected from 100 consumers who have BSNL mobile services in Jaipur city. BSNL being the pioneer in mobile sector still have a strong customer base, but over the past few years a steady thinning is happening in the customer base. The paper investigates the reasons behind the hard core customer loyalty even in an

environment with high quality alternatives. The results indicated that network quality, customer service along with value added services provided by BSNL enhanced the loyalty of the customers. It is recommended that the BSNL mobile services enterprises should work on its problems related to servers. This will further strengthen the customer satisfaction and loyalty. The findings indicate that telecommunication service providers should look beyond price wars to keep their customers satisfied and loyal. The paper is an attempt to analyze the variables that influence the perception of the mobile phone users to remain loyal to their existing service providers that is, why they are loyal to the company (Jessy John, 2010). Telecom market is one of the most competitive, dynamic and fiercely battled arena worldwide and India is no exception to it. A lot of money is being spent on technologies to stop the defection and churn; still marketers have an extremely important role in creating and retaining loyal set of customers. The new competitive landscape is characterised by increased complexity and dynamism. Traditionally, customer satisfaction has been understood to be the key to have loyal set of customers. However, there are several variables apart from the customer satisfaction which directly or indirectly affect the brand loyalty. This study aims at identifying the variables other than customer satisfaction to arrive at a testable model. The relationship between the identified constructs is analysed by using structural equation modelling to unearth these complex relationships. The results provide important insights for creating brand loyalty for practitioners as well as implications to stimulate the future research in this exciting battle ground (Kanwal Kapil, Sheeba Kapil, 2010).

As the current market place becomes more competitive, consumers tend to become more and more demanding. Mobile telecommunication service sector in India has been experiencing the highest growth rate in terms of subscribers and revenues. With the increasing competition in cellular services, the consumers are demanding more. The main condition for protecting the subscriber base is to win customer loyalty. This study attempts to examine the effect of switching cost, service quality and customer satisfaction on customer loyalty in the mobile telecommunication services. As many as 220 users of GSM services were surveyed in two cities in India. The data was analyzed by regression analysis. The study shows that the switching cost, service quality and customer satisfaction have positive association with customer loyalty. However, the customer satisfaction was found to be the best predictor of customer loyalty (Chadha, S.K. & Deepa Kapoor). The long term success of organizations depends on many factors. The service sector organizations need to strive through service quality. These organizations try to satisfy customers by providing best quality services. The following study examines the service quality of the mobile service providers and satisfaction of the customers with this quality. The study focuses only the SMS service provided by telecom organizations. Service quality is measured using 5 dimensions and its relationship is determined with customer satisfaction. The data was collected from 331 youngsters who use the SMS service of any company. Correlation and regression analysis are used to analyze the data. Results and discussions are presented (Ishfaq Ahmed, Muhammad Musarrat Nawaz et. al, 2010). Switching cost is one of the most discussed contemporary issues in marketing in attempt to explain consumer behaviour. The present research studied switching cost and its relationships with customer retention, loyalty and satisfaction in the Nigerian telecommunication market. Based on questionnaire administered to customers in the mobile telecommunication industry; the study finds that customer satisfaction positively affects customer retention and that switching cost affects significantly the level of customer retention. However, the effect of switching barriers on retention is only significant when customers consider to exit (Joseph Omotayo Oyeniyi, Joachim Abolaji Abiodun, 2009).

METHODOLOGY

OBJECTIVES

1. To study and understand the customer satisfaction of the Aircel customers.
2. To find the loyalty of the customers
3. To make suggestions based on the findings of the study.

SCOPE OF THE STUDY

Although at first sight, customer satisfaction seems easy to understand, it can actually be difficult to define and sometimes even more difficult to measure. This article presents a general, pragmatic approach to customer satisfaction, including tips and recommendations to help contact center professionals implement a brand new initiative or improve an existing program. A cooperative has to be able to communicate with their customers in order to guarantee customer satisfaction. The easiest way to find out what the company is doing "right" and what the company is doing "wrong" according to their customer. Customer loyalty also can seem elusive and magical to those trying to obtain it. However, there are a lot of good reasons for businesses to pursue customer loyalty as a strategic objective. Customers are expensive to acquire; keeping them loyal allows you to amortize those costs. Loyal customers are often willing to pay premium prices. Loyal customers can be your most effective marketing weapons, evangelizing for product on your behalf. Having this in mind this research was conducted limiting itself to Aircel customers of post and pre paid connection by analyzing the customer satisfaction and loyalty. This study is confined to Tiruchirappalli city.

RESEARCH DESIGN

The research design for this study is Descriptive Research. This research is undertaken with an idea to assess the level of customer satisfaction and loyalty 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 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 Aircel connections. The number of respondents for the study was 400.

STATISTICAL TOOLS USED IN STUDY

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

RESULTS & DISCUSSION

TABLE NO: 01: DISTRIBUTION OF RESPONDENTS BY THEIR AGE

| S. No | Age | Postpaid respondent | Postpaid % | Prepaid respondent | Prepaid % |
|--------------|-------------|---------------------|------------|--------------------|------------|
| 1 | 21 to 25yrs | 16 | 08 | 48 | 24 |
| 2 | 26 to 30yrs | 36 | 18 | 52 | 26 |
| 3 | 31 to 35yrs | 52 | 26 | 36 | 18 |
| 4 | 36 to 40yrs | 56 | 28 | 28 | 14 |
| 5 | 41& above | 40 | 20 | 36 | 18 |
| Total | | 200 | 100 | 200 | 100 |

From table 01 it is inferred that the respondents (postpaid), 28 percent of respondents belong to the age group of 36-40 yrs, 26 percent of respondents belong to the age group of 31-35 yrs, 20 percent of respondents belong to the age group of 41& above yrs, 18 percent of respondents belong to the age group of 26-30 yrs and 8 percent of respondents belong to the age group of 21-25yrs. From table it is also inferred that the respondents (prepaid) 26 percent of respondents

belong to the age group of 26-30 yrs, 24 percent of respondents belong to the age group of 21-25 yrs, 18 percent of respondents belong to the age group of 31-35 and 41& above yrs and 14 percent of respondents belong to the age group of 36-40 yrs.

TABLE NO: 02: DISTRIBUTION OF RESPONDENTS BY THEIR LEVEL OF SATISFACTION

| S. No | Satisfaction Level | Postpaid respondent | Postpaid % | Prepaid respondent | Prepaid % |
|--------------|---------------------|---------------------|------------|--------------------|------------|
| 1 | Highly satisfied | 28 | 14 | 40 | 20 |
| 2 | Satisfied | 40 | 20 | 56 | 28 |
| 3 | Neutral | 52 | 26 | 48 | 24 |
| 4 | Unsatisfied | 44 | 22 | 32 | 16 |
| 5 | Highly dissatisfied | 36 | 18 | 24 | 12 |
| Total | | 200 | 100 | 200 | 100 |

From table 02 it is inferred that the respondents (postpaid), 26 percent of respondents perceive neutral, 22 percent of respondents are unsatisfied, 20 percent of respondents feel satisfied, 18 percent of respondents perceive highly dissatisfied, 14 percent of respondents feel highly satisfied. From above table it is also inferred that the respondents (prepaid), 28 percent of respondents are satisfied, 24 percent of respondents perceive neutral, 20 Percent of respondents are highly satisfied, 16 percent of respondents are unsatisfied and 12 percent of respondents are highly dissatisfied with regard to the satisfaction level perceived by them.

TABLE NO: 03: DISTRIBUTION OF RESPONDENTS BY THEIR RATING TOWARDS CUSTOMER SERVICE

| S. No | Particulars | Postpaid Respondent | Postpaid % | Prepaid respondent | Prepaid % |
|--------------|---------------------|---------------------|------------|--------------------|------------|
| 1 | Highly dissatisfied | 20 | 10 | 24 | 12 |
| 2 | Unsatisfied | 44 | 22 | 63 | 18 |
| 3 | Neutral | 48 | 24 | 60 | 30 |
| 4 | Satisfied | 60 | 30 | 84 | 24 |
| 5 | Highly Satisfied | 28 | 14 | 32 | 16 |
| Total | | 200 | 100 | 200 | 100 |

From table 03 it is inferred that the respondents (postpaid), 30 percent of the respondents rated the customer service as satisfied, 24 percent of the respondents rated the customer service neutral. 22 percent of the respondents rated the customer service unsatisfied, 14 percent of the respondents rated customer service highly satisfied and 10 percent of the respondents rated the customer service highly dissatisfied. From above table it is also inferred that the respondents (prepaid), 30 Percent of the respondents rated the customer service neutral, 24 percent of the respondents have rated the customer service as satisfied, 18 percent of the respondents rated the customer service unsatisfied, 16 percent of the respondents rated the customer service highly satisfied and 12 percent of the respondents rated the customer service highly dissatisfied.

TABLE NO: 04: DISTRIBUTION OF RESPONDENTS BY THEIR SATISFACTION LEVEL TOWARDS AFTER PURCHASE SERVICE

| S. No | Particulars | Postpaid Respondent | Postpaid % | Prepaid Respondent | Prepaid % |
|--------------|---------------------|---------------------|------------|--------------------|------------|
| 1 | Highly dissatisfied | 12 | 6 | 24 | 12 |
| 2 | Un satisfied | 10 | 5 | 20 | 10 |
| 3 | Neutral | 30 | 15 | 60 | 30 |
| 4 | Satisfied | 42 | 21 | 80 | 40 |
| 5 | Highly Satisfied | 106 | 53 | 26 | 13 |
| Total | | 200 | 100 | 200 | 100 |

From table 4 it is inferred that the respondents (postpaid), 53 percent of the respondents feel highly satisfied about the level after purchase experience, 21 percent of the respondents are satisfied of the component after purchase experience, 15 percent of the respondents felt neutral with after purchase experience, 6 percent of the respondents are very highly dissatisfied for after purchase experience and only 5 percent of the respondents are unsatisfied for after purchase experience. From table it is also inferred that the respondents (prepaid), 40 percent of the respondents are satisfied with after purchase experience, 30 percent of the respondents are neutral about after purchase experience, only 13 percent of the respondents are highly satisfied towards after purchase experience, 12 percent of the respondents are highly dissatisfied with after purchase experience and 10 percent of the respondents are unsatisfied with after purchase experience.

TABLE NO: 05: DISTRIBUTION OF RESPONDENTS BY THEIR SATISFACTION LEVEL TOWARDS VALUE

| S. No | Particulars | Postpaid respondent | Postpaid % | Prepaid respondent | Prepaid % |
|--------------|--------------------|---------------------|------------|--------------------|------------|
| 1 | Highly Unsatisfied | 36 | 18 | 40 | 20 |
| 2 | Unsatisfied | 44 | 22 | 48 | 24 |
| 3 | Neutral | 48 | 24 | 52 | 26 |
| 4 | Satisfied | 40 | 20 | 40 | 20 |
| 5 | Highly Satisfied | 32 | 16 | 20 | 10 |
| Total | | 200 | 100 | 200 | 100 |

From table 5 it is inferred that the respondents (postpaid), 24 percent of the respondents feel neutral for value, 22 percent of the respondents are unsatisfied for value, 20 percent of the respondents are satisfied for value, 18 percent of the respondents are highly unsatisfied for value and 16 percent of the respondents are very highly satisfied for value. From table it is also inferred that the respondents (prepaid), 26 percent of the respondents feel neutrally for value, 24 percent of the respondents are unsatisfied for value, 20 percent of the respondents are highly unsatisfied for value, 20 percent of the respondents are satisfied for value and only 10 percent of the respondents are highly satisfied for value.

TABLE NO: 06: DISTRIBUTION OF RESPONDENTS BY THEIR CUSTOMER LOYALTY

| S. No | Particulars | Postpaid Respondent | Postpaid % | Prepaid Respondent | Prepaid % |
|--------------|----------------------|---------------------|------------|--------------------|------------|
| 1 | Emotional attachment | 52 | 26 | 60 | 30 |
| 2 | Service quality | 56 | 28 | 52 | 26 |
| 3 | Brand identity | 48 | 24 | 56 | 28 |
| 4 | Customer relations | 44 | 22 | 32 | 16 |
| Total | | 200 | 100 | 200 | 100 |

From table 6 it is inferred that the respondents (postpaid), 28% of the respondents loyalty are based on Service quality, 26% of the respondents loyalty are based on Emotional attachment, 24% of the respondents loyalty are based on Brand identity and 22% of the respondents loyalty are based on Customer relations. From table it is also inferred that the respondents (prepaid), 30% of the respondent loyalty are based on Emotional attachment, 28% of the respondents loyalty are based on Brand identity, 26% of the respondents loyalty are based on Service quality and 16% of the respondents loyalty are based on Customer relations.

TABLE NO: 07: WEIGHTED AVERAGE METHOD OF CUSTOMERS RATING ON THE BASIS OF SATISFACTION TOWARDS POSTPAID CONNECTION

| S. No | Particulars | Highly Satisfied | Satisfied | Neutral | Unsatisfied | Highly un satisfied | Total Weighted | Weighted Average | Rank |
|-------|------------------------|------------------|-----------|---------|-------------|---------------------|----------------|------------------|------|
| 1 | Customer Satisfaction | 28 | 40 | 52 | 44 | 36 | 580 | 2.9 | 3 |
| 2 | Customer Service | 28 | 60 | 48 | 44 | 20 | 632 | 3.16 | 2 |
| 3 | After Purchase Service | 106 | 42 | 50 | 10 | 12 | 880 | 4.4 | 1 |
| 4 | Towards Value | 32 | 40 | 48 | 44 | 36 | 588 | 2.9 | 3 |

The result revealed from the table 7 states that after purchase service is ranked first , it is also found that customers have ranked customer service at two and customer satisfaction and towards value for connection is ranked third opinion towards post paid connection.

TABLE NO: 08: WEIGHTED AVERAGE METHOD OF CUSTOMERS RATING ON THE BASIS OF SATISFACTION TOWARDS PREPAID CONNECTION

| S. No | Particulars | Highly Satisfied | Satisfied | Neutral | Unsatisfied | Highly un satisfied | Total Weighted | Weighted Average | Rank |
|-------|------------------------|------------------|-----------|---------|-------------|---------------------|----------------|------------------|------|
| 1 | Customer Satisfaction | 40 | 56 | 48 | 32 | 24 | 656 | 3.28 | 3 |
| 2 | Customer Service | 32 | 84 | 60 | 63 | 24 | 826 | 4.13 | 1 |
| 3 | After Purchase Service | 26 | 80 | 60 | 20 | 24 | 694 | 3.47 | 2 |
| 4 | Towards Value | 20 | 40 | 52 | 48 | 40 | 552 | 2.76 | 4 |

The result revealed from the table 08 are found that customer service is ranked first among the other particulars, whereas after purchase service is ranked second, Customer satisfaction is ranked third and towards value for the connection is ranked fourth according to the opinion of the customer towards prepaid connection.

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INFLUENCE OF DEMOGRAPHY ON STORE PATRONAGE BEHAVIOUR OF CHENNAI SHOPPERS**T. THIRUVENKADAM****ASST. PROFESSOR****DEPARTMENT OF M.B.A., SSN SCHOOL OF MANAGEMENT & COMPUTER APPLICATIONS****SSN ENGINEERING COLLEGE****CHENNAI – 603 110****DR. N. PANCHANATHAM****CHAIR, PROFESSOR & HEAD****DEPARTMENT OF MANAGEMENT STUDIES****ANNAMALAI UNIVERSITY****CHIDAMBARAM - 608 002****ABSTRACT**

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers), how consumer motivation and decision strategies differ between products that differ in their level of importance or interest that they entail for the consumer; and How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer (Lars Perner, 2010). Therefore, there is a growing need to evaluate the drivers of retail store choice behaviour in the Indian context. This paper aimed at finding out whether there is any difference in the retail patronage behaviour of Chennai shoppers in the context of their demography. The study was descriptive in nature; structured, self-administered questionnaire developed on the basis of review of the literature, measuring eleven constructs consisting of fifty seven statements pertaining to retail store choice patronage behaviour were used to collect primary data from the respondents. The data has been collected from 522 respondents. Percentage analysis, Mann-Whitney U Test and Kruskal Wallis Test were used to analyze the data and the important findings were discussed in the paper.

KEYWORDS

Demography, Retail, Store Choice, Store Patronage.

INTRODUCTION

The study of consumers helps firms and organizations improve their marketing strategies by understanding issues such as how the psychology of how consumers think, feel, reason, and select between different alternatives (e.g., brands, products, and retailers); The psychology of how the consumer is influenced by his or her environment (e.g., culture, family, signs, media); The behavior of consumers while shopping or making other marketing decisions (Lars Perner, 2010). Changing lifestyles are prompting changes in the retail environment. Paucity of time and an increase in disposable incomes have created a need for new types of retail formats. This means that retailers will have to become better at knowing their customers and predicting their needs and wants. As the socio-economic structure in India changed so did the field of retailing. Retail success in today's competitive environment is all about getting the right product to the right place at the right time; at the lowest cost possible (Arif Sheikh, Kaneez Fatima, 2008). It is important to realize that management cannot be effective unless it has some understanding of the way retail consumers make decisions and act in relation to the consumption of retail products.

OBJECTIVES OF THE STUDY

Today's customers are constantly looking out for convenience of one-shop shopping experience to make better utility of their time. Further, they are also seeking speed and efficiency in processing and hence on the lookout for additional information, better quality, and value items, shorter queues and healthy and clean shopping environment. Therefore, there is a growing need to evaluate the drivers of retail store choice behaviour in the Indian context. This paper aimed at finding out whether there is any difference in the retail patronage behaviour of Chennai shoppers in the context of their demographic factors i.e., age, gender, educational qualifications and income.

LITERATURE REVIEW

Patronage behaviour has been a subject of research for the past few decades. The selectively reviewed studies reveal the complexity of store shopping since it involves a number of factors related to the consumer's motives, orientations and perceptions. These elements have an influence on the consumer's patronization decisions. From a behavioral perspective, patronage and store choice are intertwined concepts that marketing researchers have studied intensively (e.g., Martineau, 1958; Berry, 1969; Monroe and Guitinan, 1975; Hansen and Deutscher, 1977; Schiffman *et al.*, 1977; Mazursky and Jacoby, 1986). The patronage behavior and store choice literature basically focuses on studying the principal attributes that influence a customer's shopping decisions and on investigating the interactions among these attributes. This stream of research is guided by the presumption that the consumer's selection decision is not made on the basis of only one attribute; rather, a set of attributes (variables) collectively plays a critical role in how the customer chooses to patronize a specific store and comprises the store image. (Abdulla Alhemoud, 2008) Store choice and patronage behavior involve a decision process related to where consumers shop, how they shop and what they purchase (Moye, 2000). Initiated by patronage motives, this process is highly influenced by retailer's attributes, consumer characteristics and choice context (Haynes *et al.*, 1994). Retail choice is the result of a specific purchase task and refers to purchase from a given store, usually after some information search and evaluation of alternative stores. It represents some degree of extended decision making, and the outcome is binary – the consumer either purchases from the store or does not for a particular task. (Susana Marqueset *et al.*, 2006)

Martineau (1958) found that consumers have a tendency to like retail stores that reflected their own perceived social standing. And therefore would it be of interest to add demographic aspects such as age, gender and education when analysing consumers' perception of the retail store. Previous research has found that demographic characteristics such as age, gender and education have an impact on consumer behaviour (Hyllegard *et al.*, 2005). According to Joyce and Lambert (1996) shoppers' age significantly affects perceptions of store image'. Lifestage-ages-analysis could be used to analyse the different evaluations of the store consumers make throughout their lives. Gender is an area that lack research in relation to retail stores despite the fact that 'certain retail sectors are gendered' according to Foster (2004). The level of education of the consumers affects how advertising is interpreted and how consumers behave in society (Gauri and Cateora, 2005). Further, aesthetic preferences influence age, gender and education and affect the image perception of the store and these are also related to age (Joyce and Lambert, 1996). Aesthetic preferences vary among people as they are searching to satisfy their personal needs. Retail environment can be one aspect in which aesthetic preferences can be satisfied according to Lund Holbrook and Schindler (1982).

RESEARCH METHODOLOGY

The study was descriptive in nature. Primary data has been collected using questionnaire as data collection tool. A self-administered questionnaire was developed on the basis of review of the literature, measuring eleven constructs consisting of fifty seven statements pertaining to retail store choice patronage behaviour. A five-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5) was related to each of the statement for the respondents to rate. The target population of the study included customers who prefer to shop at retail stores in Chennai. A sampling frame from which a random sample could be drawn was unavailable; however convenient sampling method was chosen to serve the purpose of data collection. This method seemed acceptable and appropriate taken into account the descriptive nature of the study and the lack of a sampling frame. Initially, different type of retail stores located in different areas of Chennai was selected for the study. Six hundred questionnaires were distributed in each store over a three-month period. Trained personnel collected data at different days of the week as well as at uniformly distributed time intervals to assure a high degree of representation of the population in the sample and to minimize day-and time-related response bias. Customers were approached and were asked for their cooperation to answer the questionnaire. Of the 600 questionnaires distributed, 78 were excluded for reasons of inconsistencies in responses and incompleteness of answers. Percentage analysis, Mann-Whitney U Test and Kruskal Wallis Test were used for analyzing the data.

ANALYSIS AND INTERPRETATION

PROFILE ANALYSIS

The data was collected from one hundred and twenty respondents' from various retail outlets in Chennai. Table number 1 details the study's respondents profile and composition.

TABLE – 1: RESPONDENTS PROFILE

| Gender | Frequency | Percentage |
|---------------------|-----------|------------|
| Male | 167 | 32 |
| Femals | 355 | 68 |
| Age | Frequency | Percentage |
| less than 20 | 12 | 2.3 |
| 21 to 30 | 84 | 16.1 |
| 31 to 40 | 223 | 42.7 |
| 41 to 50 | 127 | 24.3 |
| 51 and above | 76 | 14.6 |
| Education | Frequency | Percentage |
| No formal education | 24 | 4.6 |
| School education | 222 | 42.5 |
| Graduate | 132 | 25.3 |
| Post graduate | 70 | 13.4 |
| Professional | 74 | 14.2 |
| Monthly Income | Frequency | Percentage |
| Below 10000 | 85 | 16.3 |
| 10001-20000 | 215 | 41.2 |
| 20001-30000 | 76 | 14.6 |
| 30001-40000 | 74 | 14.2 |
| 40001-50000 | 28 | 5.4 |
| 50000 and above | 44 | 8.4 |

Source: Primary Data

Sixty eight percent of respondents were female and thirty two percent were male. Forty two percent belong to the age category of thirty one to forty; twenty fore percent were belongs to the age group of forty one to fifty. Forty three percent shoppers were having school education; twenty five percent were completed graduation. Thirteen percent were post graduates and fourteen percent were professional degree holders. Only five percent shoppers were not having formal education. Forty one percent of respondents are earning between ten thousand rupees to twenty thousand rupees; sixteen percent were below ten thousand rupees as monthly income. Fifteen percent of respondents were earning twenty thousand to thirty thousand and fourteen percent of respondents belong to the income category of thirty to forty thousand.

TABLE- 2: KRUSKAL WALLIS TEST: STORE PATRONAGE BETWEEN AGE GROUPS

| S.No | Patronage Factors | Age groups (Mean Ranks) | | | | | Kruskal Wallis Test Value* | Sig. (at 5%) |
|------|---------------------------|-------------------------|-----------------|------------------|------------------|---------------------|----------------------------|--------------|
| | | less than 20 (n=12) | 21 to 30 (n=84) | 31 to 40 (n=223) | 41 to 50 (n=127) | 51 and above (n=76) | | |
| 1 | Product quality & variety | 321.17 | 313.48 | 296.47 | 202.59 | 190.47 | 63.361 | 0.000 |
| 2 | Price of products | 363.00 | 246.30 | 319.08 | 204.16 | 189.13 | 77.587 | 0.000 |
| 3 | Sales men | 370.83 | 263.20 | 301.28 | 196.87 | 233.63 | 48.924 | 0.000 |
| 4 | Location of the store | 321.33 | 273.41 | 318.20 | 209.92 | 158.71 | 87.473 | 0.000 |
| 5 | Convenience Factors | 378.17 | 270.71 | 284.52 | 246.67 | 190.13 | 31.355 | 0.000 |
| 6 | Sales Promotions | 397.33 | 313.85 | 293.16 | 217.48 | 162.84 | 76.540 | 0.000 |
| 7 | Advertising | 483.50 | 263.52 | 238.97 | 252.29 | 305.71 | 39.331 | 0.000 |
| 8 | Brand Image | 450.00 | 329.11 | 237.46 | 240.60 | 262.47 | 44.141 | 0.000 |
| 9 | Store atmosphere | 433.50 | 326.14 | 287.17 | 204.00 | 183.66 | 77.860 | 0.000 |
| 10 | Reputations | 453.00 | 274.05 | 287.21 | 205.31 | 235.84 | 47.143 | 0.000 |
| 11 | Adjustments | 216.50 | 256.75 | 308.16 | 208.50 | 225.50 | 44.854 | 0.000 |

Source: Primary Data

*Degrees of Freedom - 4

From the above table it was found that less than twenty age group shoppers were more influenced by advertising than other age groups. They were also being influenced by the brand image of the store, reputation the shop has and the store atmosphere. Brand image and store atmosphere were the two top variables influences the twenty one to thirty age group shoppers, it is to be noted that, they were also influenced by the product quality and variety. Middle age customers (i.e., thirty one to forty years) were price conscious customers; they have given importance to price followed by location of the store and sales men. Forty one to fifty year age group has given importance to advertising and convenience factors followed by brand image. Fifty one and above age group had given importance for advertising of the store followed by brand image of the store. It was also found from the Kruskal Wallis Test that there is a significant variation between the age groups in patronizing a retail store.

TABLE -3: MANN-WHITNEY U TEST: STORE PATRONAGE BETWEEN GENDERS

| S.No | Patronage Factors | Gender (Mean Ranks) | | Mann-Whitney U Test Value | Significance (at 5%) |
|------|---------------------------|---------------------|----------------|---------------------------|----------------------|
| | | Male (n=167) | Female (n=355) | | |
| 1 | Product quality & variety | 282.00 | 252.00 | 2618 | .027 |
| 2 | Price of products | 215.43 | 283.17 | 2195 | .000 |
| 3 | Sales men | 247.09 | 268.28 | 27237 | .130 |
| 4 | Location of the store | 194.73 | 292.91 | 1849 | .130 |
| 5 | Convenience Factors | 247.78 | 267.95 | 2735 | .151 |
| 6 | Sales Promotions | 193.42 | 293.53 | 18273 | .000 |
| 7 | Advertising | 291.31 | 247.48 | 2466 | .002 |
| 8 | Brand Image | 305.95 | 240.59 | 2222 | .000 |
| 9 | Store atmosphere | 247.76 | 267.96 | 2735 | .149 |
| 10 | Reputations | 274.99 | 255.15 | 2739 | .157 |
| 11 | Adjustments | 207.59 | 286.86 | 2064 | .157 |

Source: Primary Data

The table number three infers that there is a significant difference between men and women in patronizing a store based on price of the products, sales promotions, advertising and brand image. The remaining factors were the same for both genders. Female shoppers had given weight for price of products; sales promotions on the other hand male shoppers had given importance for the brand image of the store and advertising.

TABLE-4: KRUSKAL WALLIS TEST: STORE PATRONAGE BETWEEN EDUCATIONAL QUALIFICATIONS OF SHOPPERS

| S.No | Patronage Factors | Educational Qualifications (Mean Ranks) | | | | | Kruskal Wallis Test Value* | Sig. (at 5%) |
|------|---------------------------|-----------------------------------------|--------------------------|------------------|----------------------|---------------------|----------------------------|--------------|
| | | No formal education (n=24) | School education (n=222) | Graduate (n=132) | Post graduate (n=70) | Professional (n=76) | | |
| 1 | Product quality & variety | 133.42 | 212.99 | 301.55 | 307.89 | 333.23 | 76.938 | 0.000 |
| 2 | Price of products | 241.92 | 236.68 | 303.26 | 222.31 | 304.89 | 28.466 | 0.000 |
| 3 | Sales men | 225.25 | 238.21 | 283.55 | 255.92 | 309.05 | 17.371 | 0.000 |
| 4 | Location of the store | 257.96 | 240.77 | 298.01 | 255.49 | 265.41 | 12.589 | 0.000 |
| 5 | Convenience Factors | 299.62 | 236.15 | 294.10 | 247.86 | 279.95 | 15.866 | 0.003 |
| 6 | Sales Promotions | 355.46 | 228.27 | 295.17 | 274.66 | 258.19 | 28.553 | 0.000 |
| 7 | Advertising | 168.58 | 282.25 | 258.31 | 275.94 | 221.42 | 19.913 | 0.001 |
| 8 | Brand Image | 74.08 | 260.25 | 273.75 | 270.26 | 295.92 | 42.426 | 0.000 |
| 9 | Store atmosphere | 230.96 | 225.31 | 286.24 | 298.23 | 301.11 | 27.154 | 0.000 |
| 10 | Reputations | 273.04 | 224.66 | 325.81 | 243.86 | 270.26 | 39.349 | 0.000 |
| 11 | Adjustments | 225.96 | 261.76 | 272.71 | 262.21 | 251.58 | 2.516 | 0.642 |

Source: Primary Data

*Degrees of Freedom - 4

From the above table it was found that there is a significant difference between the education of respondents and store patronage factors except for the factor "adjustments". The shoppers not having formal education choose a store by sales promotions and convenience of the store. Shoppers having school education had given importance for advertising and brand image of the store. Graduates were more bothered about the reputation of the store, price of the products and product quality and variety. Post graduates had given weight for the product quality and variety and also for the store atmosphere. Professionals also gave weight for the product quality and variety followed by the salesmen of the store in selecting a store.

TABLE-5: KRUSKAL WALLIS TEST: STORE PATRONAGE BETWEEN INCOME GROUPS

| S.No | Patronage Factors | Income Groups (per month) (Mean Ranks) | | | | | Kruskal Wallis Test Value* | Sig. (at 5%) |
|------|---------------------------|----------------------------------------|-------------------------|------------------------|------------------------|------------------------|----------------------------|--------------|
| | | Below Rs. 10000 (n=85) | Rs. 10001-20000 (n=215) | Rs. 20001-30000 (n=76) | Rs. 30001-40000 (n=74) | Rs. 40001-50000 (n=28) | | |
| 1 | Product quality & variety | 177.75 | 265.85 | 268.27 | 284.38 | 283.29 | 338.00 | 0.000 |
| 2 | Price of products | 259.95 | 268.25 | 289.05 | 244.95 | 207.07 | 246.41 | 8.267 |
| 3 | Sales men | 212.73 | 282.09 | 277.67 | 219.66 | 203.79 | 334.27 | 34.643 |
| 4 | Location of the store | 250.72 | 277.10 | 247.46 | 269.14 | 237.07 | 233.05 | 6.121 |
| 5 | Convenience Factors | 229.74 | 276.02 | 291.38 | 263.61 | 242.57 | 208.82 | 14.767 |
| 6 | Sales Promotions | 246.69 | 291.98 | 271.91 | 222.97 | 230.71 | 207.59 | 22.622 |
| 7 | Advertising | 218.69 | 267.37 | 237.06 | 287.70 | 404.93 | 222.41 | 41.078 |
| 8 | Brand Image | 240.84 | 238.45 | 272.66 | 342.76 | 299.79 | 233.73 | 32.102 |
| 9 | Store atmosphere | 238.61 | 260.94 | 288.03 | 260.84 | 306.07 | 235.36 | 8.256 |
| 10 | Reputations | 247.14 | 252.88 | 273.09 | 293.55 | 306.00 | 229.14 | 9.917 |
| 11 | Adjustments | 268.64 | 281.01 | 260.97 | 246.12 | 199.07 | 218.86 | 13.582 |

Source: Primary Data

*Degrees of Freedom - 5

From the table number five it was found that there is no difference between the income groups for the patronage factors such as price, sales men, location, store atmosphere and reputations of the store. The remaining factors such as product quality and variety, convenience factors, sales promotions, advertising, brand image and adjustments were having difference in patronizing a store based on their income. It was also found that lower income group (below Rs. 10000 income) gives importance for adjustments in selecting a store and they were also price conscious. The income group having income between Rs.10001 to Rs. 20000 had given importance for sales promotions for selecting a store followed by the salesmen in the store. The next group having income between Rs. 30001 to Rs. 40000 had given weight for brand image and advertising of the store. The income group having income between Rs. 40001 to 50000 had given valued advertising more than all other factors and followed by store atmosphere and reputation of the store. The income group having income more than Rs. 50001 had given importance for product quality and variety than all other factors followed by salesmen in the store.

DISCUSSIONS

The study revealed that there is a difference between the demographics of shoppers in choosing a retail store supporting the previous studies. Younger generation shoppers gives importance for advertising and sales promotions, where middle age group were found price conscious and location sensitive and the old age groups surprisingly had given importance for advertising and brand image of the stores. Interestingly, female shoppers were of more price sensitive and

had given importance for sales promotions on the other hand male shoppers select store by brand image of the store and advertising. Less educated shoppers had been influenced by advertising, sales promotions than educated shoppers. Graduates, post graduates and professionals were conscious about the product quality and variety than other segments, they were also less influenced by advertisements and sales promotions. Naturally price and sale promotions plays a major role in attracting lower income and middle income group customers, and advertising, brand image and store atmosphere were the variables attract the higher income group shoppers. Some managerial implications might be derived from this study. Information on store patronage motive factors and purchasing behaviour of different shopper groups should reveal areas that need more cautious approach in planning and implementing complementary-marketing programs. The identified understanding and fulfilling gaps should suggest the areas where management has paid too much or too less attention, and where changes in retailing strategy are necessary, if increased store traffic, enhanced store loyalty and improved store performance is to be achieved.

CONCLUSION

The present study attempted to explore the demographic factors that influence the decisions of the consumers on retail store selection in Chennai. The study concludes that demographic factors such as age, income, gender and education are having significant role in retail store selection. Shopper groups mainly vary in choosing a store based on their significance for patronage factors of a store. This findings are having consistency with the findings of a number of previous studies appeared in the marketing literature. However, it is important to suggest a need for further research to investigate the link between consumer perceptions of retailers' performance, satisfaction, store loyalty, purchasing outcomes and store performance, as well as the link between in-store stimuli and purchasing behaviour in the Indian retailing scenario. From a strategic perspective, such examinations are essential for gaining feedback about how well the consumers' expectations are exceeded or at least met. The availability of such information allows the retailers to align its efforts to particular elements perceived important by consumers. Failing to meet consumers' expectations would result in consumer dissatisfaction, increasing the likelihood that a certain proportion of current customers would shop elsewhere.

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MOBILE PHONE PURCHASE GETS ON SPEED DIAL – CAPTURING THE FACTORS AFFECTING THE USAGE OF MOBILE PHONE AMID GENERATION X AND Y

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ABSTRACT

It is a Meta analysis study, which is to investigate the adoption and usage of mobile phones among Generation X and Y customers. Mobile phone has become essential part of personal and business life. The recent growth of mobile phone usage is an observable fact that crosses all age and gender boundaries. Generation X and Y have taken different purchase decision, especially the product mobile. This study is based on the reviews of several previous studies on this topic. Meta analysis study helps to analyze review and identify the overall trends in adoption and usage of mobile phones among generation X and Y. The reviews are collected from the past eight years data (2000 - 2009) since it is only during these years the mobile phone users have spread widely. [The mobile phone users were 0.5 billion in 2000 and are expected to increase to 1.5 billion in 2010]. The prime focus is to identify the influencing factors [Social, Demographic, Culture and Technology], which affect the behavior of the mobile phone users and influence the adoption and usage of mobile phone customers. Social Factors- Mobile phone are often seen as fashion items where fashion is a form of communication as well as an indicator of status and power. Some user groups even create their own language as a playful, creative expression of personal style. Demographic Factors-Age has been the most widely applied demographic variable characterizing the differences in the adoption of mobile end-user services, gender related differences in mobile phone use. 'Addictive' use of the phone with heavy spending and a 'trendy' consumption style, are associated to the female gender while technology enthusiasm and trend-consciousness is related to 'hard' values, a 'trendy' consumption style and the male gender. Cultural Factors- The mobile device market has widened to a global scale and consequently mobile devices are distributed throughout the world. Communication technologies are entirely dependent on a social network for adoption and use, and therefore the diffusion of these technologies within a culture should be studied. Technological Factors- Innovation diffusion model is founded in sociology but has also been applied to the world of marketing where users are seen as economic entities, the model provides an approach to understand how a particular population adopts innovations. This study aims to provide a framework for understanding how Social, Demographic, cultural and technological factors change overall trends in adoption and usage of mobile phones among generation X and Y customer segment.

KEYWORDS

Adoption and usage, Consumer behaviour, Factors affecting, Generation X and Y, Mobile phone, Meta analysis.

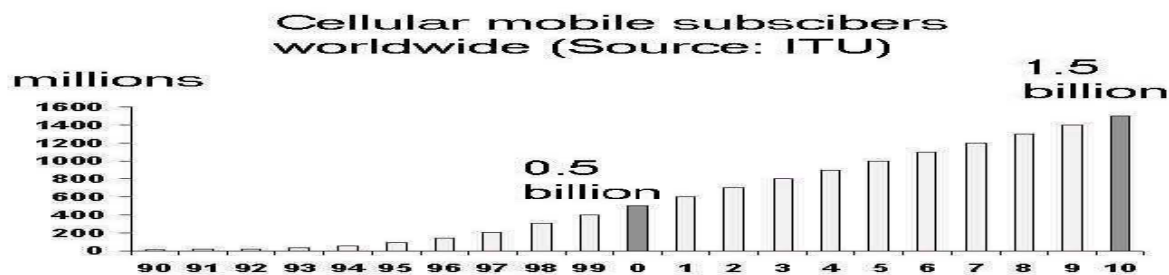
INTRODUCTION

The mobile phone has become part of our lives and part of our identity. The device itself, the ring tone, the screen images and the assortment of accessories all help define who we are to the outside world. Mobile phones nowadays are not luxury items anymore but necessities because of the various benefits and advantages the mobile phones offer, they became a very important part of society. Mobile phones have become a part of everyday life for many individuals and some could not even manage to last an hour without them. This is also the fashion trend nowadays. Mobile phones have even become the timepieces as people are more likely to check the time in their handsets. This device calculates, wakes people up, and reminds them of all occasions and appointments.

The rapid adoption and usage of mobile phones around the world has changed the way people communicate, interact and socialize with one another. *Overall, consumers are choosing mobile phones over landlines. In fact, more than four out of five U.S. adults (85 percent) own a mobile phone (i.e., cell phone and/or smart phone), compared to only about seven in ten (71 percent) who have a landline or home phone. (SAN FRANCISCO, June 26 /PRNewswire/ -- Ingenio, Inc., Copyright PR Newswire Association LLC Jun 26, 2007)*

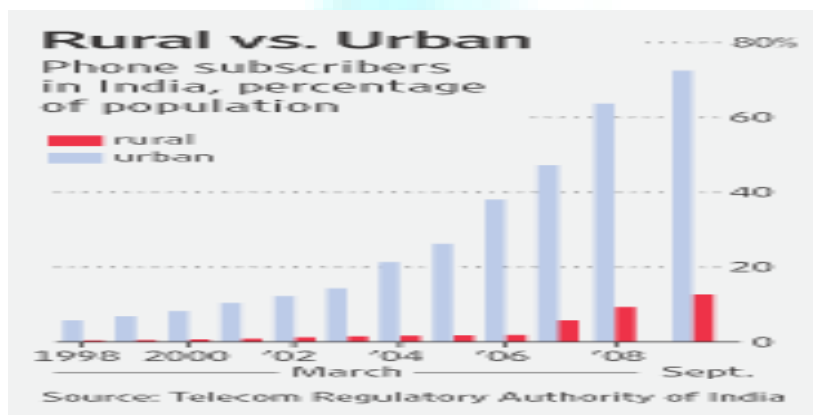
OBJECTIVES

The focus is to ascertain the influencing attributes that will affect the behavior of the consumers in the long run, highlight the differences due to market evolution and observe the specific socio-economic, personal, cultural and technological variables among mobile phone customers in Chennai city. From the above discussion it is clear that there should be great interest in researching the consumer behaviour in connection with mobile phone adoption and usage on the part of Generation X and Y customers in the city of Chennai. These two generations needs to be sufficiently researched so as to increase the understanding of the attitudes and behaviour of the people towards mobile phones. This is necessary in order to devise an effective way to market to this group. It is important to investigate this group because Generation X and Y, as opposed to the general population of Chennai, exhibits different attitudes and behaviours towards, and an acceptance of the mobile phone. To summarise the problem statement is to determine the behaviour patterns of Generation X and Y consumers as they are a growth market, and not enough is known about their consumer behaviour patterns regarding the adoption and usage of mobile phones in Chennai.



(Source: Wireless Mobile Telephony – Dr. Arian Durrresi, 1998)

63 percent of mobile phone users agree that their phones are very personal to them and 44 percent believe that their phones have strengthened their personal relationships. (SAN FRANCISCO, June 26 /PRNewswire/ -- Ingenio, Inc., Copyright PR Newswire Association LLC Jun 26, 2007). Younger mobile phone owners are especially likely to feel that their phones have strengthened their personal relationships (60 percent of those ages 18-34 vs. 37 percent of those ages 35+). (SAN FRANCISCO, June 26 /PRNewswire/ -- Ingenio, Inc., Copyright PR Newswire Association LLC Jun 26, 2007). While nearly one-half of mobile phone owners (49 percent) currently use their phones for more than just making and receiving phone calls, the study finds that, in the next three years, 57 percent of mobile phone owners anticipate using their phones for more than just making and receiving phone calls. (SAN FRANCISCO, June 26 /PRNewswire/ -- Ingenio, Inc., Copyright PR Newswire Association LLC Jun 26, 20072010: A Mobile Odyssey.)



(Source: The wall street Journal. Digital network - Rural India Snaps Up Mobile Phones. Demand among Poor Farmers Keeps an Industry Growing as Other Sectors of the Economy Are Jolted - By ERIC BELLMAN Feb, 2009)

In rural India, home to more than 60% of India's population of 1.2 billion, cell phone companies are signing millions of new subscribers a month, making India the fastest growing mobile-phone market in the world. (The wall street Journal. Digital network - Rural India Snaps Up Mobile Phones by ERIC BELLMAN Feb 9, 2009). India is the largest growth market, adding about 6 million mobile phones every month. With 256.55 million total landline and mobile phones, market penetration in the country is still low at 22.52%. India expects to reach 500 million subscribers by the end of 2010. Simultaneously, landline phone ownership is decreasing gradually and accounts for approximately 40 million connections. It helps to identify the need to market to both of these groups in their own distinct manner.

GENERATION X STATISTICS

In India the term, Generation X (born between 1961 to 1981) is used for the younger generation of people who present a hip image. They are westernized, upwardly mobile and against the old Indian traditions of their parents. They are career minded and value money. They are not involved in social issues and have no ideals, except that of getting ahead.

- During the past three months, 69 per cent of Generation Xers have shopped online and 65 per cent used online banking—more than any other group
- 21% of Gen X are now reading a blog once per month compared to 15% last year
- 61% of mobile subscribers text compared to 49% in 2007

(TMCnet Editor - Forrester Report Details IT Use Among Gen X, Y Members –By Michael Dinan July 21, 2008)

GENERATION Y STATISTICS

Generation Y (born between 1980 to 1994) is not a homogeneous group, rather made up of three distinct groups: Generation Y kids, teens and adults. It comprises of two specific groups: Generation Y kids and teens as one group and Generation Y adults comprise the second group. The rapid adoption and usage of mobile phones around the world has changed the way people communicate, interact and socialize with one another. It helps to identify the need to market to both of these groups in their own distinct manner.

- 90% of Gen Y own a computer
- 82% own a mobile phone
- 72% of Generation Y mobile phone users send or receive SMS messages
- They spend more time online than they do watching television, with 42% watching online video at least once per month

(TMCnet Editor - Forrester Report Details IT Use Among Gen X, Y Members – By Michael Dinan July 21, 2008)

Hulme and Peters (2001:2) find that “the mobile acts on many levels, as a fashion statement, as a communicator, as a badge of identity and as a decoder.” Furthermore according to Leps (2003) the “mobile me” ethos has become so established amongst youngsters that regularly updating their mobile phone profiles has become second nature; from the look and feel of the handset (bright colours and funky patterns) to how the mobile phone sounds, the graphics it displays and how it helps users organise their lives on the move are just a few of the profiles used by the youth.

Economists have slashed Indian economic growth forecasts for this year and the stock market is in the doldrums. There is no sign of a slowdown yet: figures to be released later are expected to show that new subscriptions in January 2009 reached a record 11 million. (Eric Bellman Feb 9, 2009)

“Gen Y is the audience that most companies are struggling to understand right now because it’s key to their future revenue growth,” (Charles Golvin July 22, 2008)

“One of the questions that is been asked most frequently is the difference between Gen Y and Gen X, and this year’s data clearly shows the distinction. Gen Xers use technology when it supports a lifestyle need, when it intersects with a personal need or fulfills a desire. While technology is so deeply embedded into everything Gen Yers do that they are truly the first native online population.” (Jennifer Netherby July 24, 2008)

THEORETICAL BACKGROUND

Various factors that influence mobile phone usage have been identified over time [Davis, 1989; Venkatesh et al., 2003; Rogers, 2003]. The following determinants of mobile phone adoption and usage have been identified;

SOCIAL FACTORS

A customer's buying behaviour is also influenced by social factors, where People use technology to satisfy social needs. Social interactions are the focus of human existence and therefore, in order to be successful, technology must eventually support socialization [Ark and Selker, 1999]. Cell phone has brought some social changes and be able to stay in touch with family and friends is one of the foremost social advantages the cell phone is providing. As [Schofield and Sithole, 2006] say, "it has become quicker to communicate with friends and relatives."

In the context of social factors, Campbell and Russo [Campbell and Russo, 2003] distinguish

between technological determination and social constructivism as two perspectives in viewing technology, and describe them as follows:

- Technological determinism maintains that macro-level changes in the social order are primarily caused by new technologies, which then exert micro-level influences on how people perceive and use technology.
- Social constructivism maintains that humans shape technology and not the other way round.

Campbell and Russo reject technological determinism in the favour of social constructivism but acknowledge a reciprocal relationship between people and technology by saying: "just as new technologies influence the ways people live their lives, the ways people live their lives influence how they think about and use technologies."

Mobile phones are often seen as fashion items [Green et al., 2001] where fashion is a form of

communication as well as an indicator of status and power [Katz and Sugiyama, 2005]. Some user groups even create their own language as a playful, creative expression of personal style [Page, 2005]. The location-free nature and huge growth of mobile phone usage have established a new social order that can be described as a shift from place-to-place communication to person-to-person communication [Khalil and Connelly, 2005a]. [Geser, 2004] states that mobile phones do not cause worldwide convergences and homogenization in social behaviour, as stating that "by supporting rather traditional and particularistic social settings, mobile phones are more likely to accentuate differences rather than communalities between various population segments, social institutions or ethnic culture".

DEMOGRAPHIC FACTORS

This section deals briefly with some of the demographic factors that have been found to influence mobile phone usage. Age has been the most widely applied demographic variable characterising differences in the adoption of mobile end-user services [Kwon and Chidambaram, 2000; Pedersen, 2003; Kleijnen et al., 2004]. The needs of people vary according to their age group [Coen et al., 2002]. Teenagers use mobile phones for accessibility, display and entertainment [Ling, 2001; Gilbert and Kendall, 2003], and socialisation [Ling, 2001]. Parents use mobile phones to coordinate family activities and to check on their children's safety [Campbell and Russo, 2003], while older people use them for safety and security purposes [Ling and Haddon, 2001; Coen et al., 2002].

[Wilska, 2003] also found gender-related differences in mobile phone use. For example, 'addictive' use of the phone with heavy spending and a trendy, are connected to the female gender, while technology enthusiasm and trend-consciousness is linked to 'hard' values, a 'trendy' consumption style and the male gender. Gender difference is also supported by a study by [Wei et al., 2006] who found that women rely on mobile phones to show affection to their families while men tend to use them predominantly for information-seeking purposes. The findings of the study by Nickerson and Isaac [Nickerson and Isaac, 2006], concerning the influence of gender on mobile phone use was inconclusive and therefore it seems as though the issue of gender influence has not been resolved. It has also been found that young people are increasingly using and adapting mobile phones not only to interact with their own words, but to create and structure their worlds [Spero and Stone, 2004:154].

Mobile phone usage is also influenced by education and income levels [Ho and Kwok, 2003; Bina and Giaglis, 2005], and national culture has been identified as a moderating factor that may influence mobile phone use [Nickerson and Isaac, 2006]. Better-educated people were found to use mobile phones more frequently and have a more positive attitude towards using a mobile phone [Bina Giaglis, 2005; Adomi, 2006].

[Kleijnen, Wetzels et al., 2004] investigated the effect of computer skills, mobile technology readiness, and social influence on technology adoption and found them all to be relevant in mobile phone usage. [Cheskin, 2001:9] notes that "Technology has become a great facilitator of teen and young adults' social needs, building on their peer fixation and enhancing their ability to communicate with one another."

CULTURAL FACTORS

Culture is the most fundamental determinant of a person's want and behaviour. Cultural factors have a significant impact on customer behaviour. The context of mobile user includes user culture and the influence of culture on mobile phone use [Urbaczewski et al., 2002; Teo and Pok, 2003a; Jones and Marsden, 2005a]. This necessitates a review of culture as an essential part of understanding users and the factors that influence mobile phone usage.

[Ford, 2005] defines culture in the context of Human-computer interaction (HCI) as 'the patterns of thinking, feeling, and acting that influence the way in which people communicate among themselves and with computers'. This definition is also applicable to mobile interaction and he consequently adapted it for the purpose of this study to consider culture as 'the patterns of thinking, feeling, and acting that influence the way in which people communicate among themselves and use mobile devices'. [Judy van Biljon and Paula Kotzé, 2008] supports the fact that culture influence mobile phone adoption and usage.

The mobile device market has widened to a global scale and consequently mobile devices are distributed throughout the world [Kim and Lee, 2005]. As the use of mobile phones pervades the world, the globalization of mobile device user interface is becoming more crucial to business success and building a loyal customer base. Communication technologies are entirely dependent on a social network for adoption and use, and therefore the diffusion of these technologies within a culture should be studied [Urbaczewski, et al., 2002]. According to [Palen et al., 2000] deployment of mobile telephony varies dramatically internationally and even among western countries. In general, usability studies aim to make technology more useful. Cultural usability goes further and aims to make technology fit in with the user's lifestyle [Sun, 2004]. In order to be effective, designers therefore have to understand and be aware of the cultural priorities and the value system of users, i.e. they must identify factors that are relevant and sensitive to cultural differences.

Hofstede proposed a model with international variables to show subjective culture affects human mental programming [Hofstede 1995]. Hofstede further encompassed this model within the pyramid metamodel that comprises of three levels [Hofst 1996; Hofstede 2001]

- Human nature is common to all human beings, it is inherited and not learned.
- Culture is specific to a group of people and is learned, not inherited.
- Personality is attributed to an individual and this attribute is both learned and inherited

TECHNOLOGICAL FACTORS

Technology adoption involves the user, the technology and the context [Humphreys, 2005]. Various models for understanding technology adoption have been proposed. [Pedersen, 2003] list Roger's innovation diffusion model, the domestication model and the technology acceptance model (TAM) as the three most commonly applied.

- Roger's innovation diffusion model is founded in sociology but also has been applied to the world of marketing where users are seen as economic entities, the world provides an approach to understanding how a particular population adopts innovations [Rogers, 2003].

- [Silverstone and Haddon, 1996] proposed the domestication model where users are seen as social entities and the model aims to provide a framework for understanding how technology innovations change and are changed by their social contexts.
 - The technology acceptance model was developed by [Davis, 1989] to explain the determinants of computer acceptance and usage behaviour.
- While Rogers' innovation diffusion model focuses on marketing and sales processes, the domestication approach deals with a more global analysis of adoptions ex post facto and the TAM focuses on technology adoption in organisations [Ling, 2001].

TAM postulates several conceptually independent determinants of a person's attitude toward using new technology (Davis, 1989; Davis, Bagozzi, & Warshaw, 1992). The determinants are as follows:

- Usefulness: Usefulness was defined as the extent to which an individual perceives that using a mobile phone is beneficial to their lives [Davis, 1989].
- Ease of use: Ease of use was defined as the extent to which a person believes that using the system will be free of effort [Davis, 1989].
- Pleasure of use: Pleasure of use was defined as the extent to which users believe that using a mobile phone is pleasurable in its own right [Davis et al., 1992]. This construct includes hedonic qualities of mobile phones such as attractiveness, aesthetics, and entertainment.
- Association with satisfaction: Traditionally, HCI research and other disciplines adopted "satisfaction" as a subjective measure of the product quality, defined as an affective state that is the emotional reaction to a product or service experience [Oliver, 1980; Spreng, MacKenzie, & Olshavsky, 1996]. User satisfaction has been recognized as a key measure of system success in the information systems area [Bailey & Pearson, 1983; Baroudi, Olson, & Ives, 1986]. Therefore, user satisfaction can be used as a surrogate measure for overall mobile phone quality.

[Balaji et al., 2005] itemize four components of a successful mobile product: Business model that fits the service's natural usage pattern; mobile phone that deliver new features aimed at customer needs; device-level applications that leverage the new features; and the mobile content designed for utilization within mobile usage scenarios. According to [Ali-Vehmas and Luukkainen, 2005], the most influential factors determining service adoption include: complexity of the product and the service (including usability and configurability), compatibility with other relevant services and relative advantage of the new service compared to the original ways of doing the similar tasks.

DISCUSSION

The findings of the study support the fact that influencing factors [Social, Demographic, Culture, and Technology], affects the behavior of the Generation X and Y in adoption and usage of mobile phones.

First, this study put forward the fact that Generation X are influenced in a great degree by social factors since mobile phone satisfies their social needs, as social interactions are the main focus of human existence and mobile phones allow them to keep in touch with their family and friends. Then the other major factor that influence this generation is the demographic factor where Generation X, which is composed of 29- to 42-year old people use mobile for safety and security purpose of their children's and themselves. Generation X are also influenced by technological factor, where these generation choose to adopt a technology only when it fits in with their personal need or desires. Some of the determinants that affect Generation X's attitude towards using new technology are 'usefulness' (the extent to which an individual perceives that using a mobile phone is beneficial to their lives) and 'ease of use' (the extent to which a person believes that using the system will be free of effort).

Second, the study confirms that Generation Y the other major group of this study are influenced to a greater extent by social factors taking into considerations the fact that these generations see Mobile phones as fashion items which indicates their status and power. Next, age has been the most widely applied demographic variable where the needs of people vary according to their age group. Generation Y is a generation of 18- to 28-year olds, which mainly consist of teenagers and young adults who mainly use mobile phones for accessibility, display and entertainment. The next important factor that plays a crucial role in influencing Generation Y is technology as this generation sets the pace for technology adoption. While technology matures, ring tones, cameras, GPS features, music, and multiple other features will be added to the hardware, the software on phones will progress to include easier web access, advertisements, news downloads, and easier chat and email features which makes the mobile phone a mini-computer. The other determinant of the technological factor that influence this generation is 'pleasure of use' where Generation Y feels, using a mobile phone is pleasurable in its own right.

In general, both Generation X and Y are commonly influenced by certain determinants, such as social factors in usage of mobile phones as it enables social interactions, which is a main focus of human existence. Since almost both the generations are literates mobile phone adoption is also influenced by education and income levels which is one of the main dimensions of the demographic factors that have been found to influence mobile phone adoption and usage. Cultural factors have a significant impact on these generations as cultural usability aims to make technology fit in with the user's lifestyle. Since mobile phones do not cause worldwide convergences and homogenization in social behaviour, it is more likely to emphasize differences rather than communalities between various population segments and ethnic culture, which makes culture as an essential part of understanding users and the factors that influence mobile phone usage. The other main dimension of technological factor, which affect generation X and Y in common, is 'association with satisfaction' where user satisfaction has been recognized as a key measure of system success in the information systems area and therefore, user satisfaction is used as a surrogate measure for overall mobile phone quality.

CONCLUSION

Based on the findings of the study it is clear that, Generation X and Y consumers will most probably exhibit different mobile phone usage patterns. This is in view with the fact that they are influenced by different factors but they are similar to one another because of globalization. Generation X and Y are the most important demographics shaping the landscape of consumer behaviour. For Generation X and Generation Y users, the mobile phone is an essential personal device to which they feel emotionally attached. The findings will indicate that this research will be a viable model for the study of consumer behavior as it relates to mobile phones.

This study on knowing the factors that affects the adoption and usage of mobile phones between Generation X and Y will enable marketers and advertising agencies to have a good rapport with these segments of population in a personalized way to yield enormous results and more business opportunities.

Understanding the way in which Generation X and Y consumers have incorporated the mobile phone into their everyday lives will be of relevance for all future applications. Mobile Phone companies will ultimately succeed if they custom design their products and services in order to serve these unique segments of the market and if they tailor their companies around the Generation X and Y consumers. The growing number of studies finds cross-cultural similarities in mobile phone use by these generations.

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LATENT TALENTS - A STUDY ON TALENT MANAGEMENT IN GLOBAL SCENARIO

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ABSTRACT

Workforce management and planning plays a pivotal role in achieving the objectives of organisations. It helps the manufacturers and/ or those at the helm of affairs to find people with the right skills, in the right places at the right time and for the right price to achieve the ultimate goals and objectives of the business organisations. Work force talents are linked to operational results as the results of the organisation are dependent to a marked extent on several talents such as skill, tactfulness, competencies etc. Ability and talent blossom in a fertile environment. It can be concluded that talent management is an emerging issue which requires the attention of the higher learning institutions in India. The demand for talent from industries is increasing. However there is a gap between the demand and supply of human talents. Some of the talents identified through the research paper are domain knowledge, team building, effective communication skills, mood modulation, numerical ability, getting things done by the people etc. Most of these talents in India are latent.

KEYWORDS

Talent Management, Workforce, Organisation.

INTRODUCTION

Most people prefer to justify their talent and skills than to nourish them”

– Kulen Hitower

Workforce management and planning plays a pivotal role in achieving the objectives of organisations. It helps the manufacturers and/ or those at the helm of affairs to find people with the right skills, in the right places at the right time and for the right price to achieve the ultimate goals and objectives of the business organisations. Work force talents are linked to operational results as the results of the organisation are dependent to a marked extent on several talents such as skill, tactfulness, competencies etc. Ability and talent blossom in a fertile environment

It is interesting to note that the talents expected from the human resource element are changing in pace with the changes in the global market environment.

The following points are associated with talent management in different sectors:

- There is a rapid growth in the business segments. On the other hand, it is felt that the educational institutions in India are not in a position to hone the talents of the students to cater to the requirements of the industry.
- The present system of education focuses on the examinations and occasionally on talents
- Most of the organisations fail to identify the talents required for different tasks.
- The success of the organisation depends on the effective utilization of talents of the workforce.
- Top level and middle level jobs require more complex skill sets. Science and engineering graduates are lagging behind, when it comes to talents and expectations of the industry.

In the present economic climate/environment, it is necessary for the management to give due weightage to assess the talent requirements, identify the suitable persons for different jobs and make effective utilization of these scarce talents.

STATEMENT OF THE PROBLEM

Work force management would be a value adding activity which requires a perfect programming, data analysis, situation analysis, understanding the market behaviour and so on. It requires Skill, Experience and Tactfulness (SET). The success of an organisation depends on the identification of and effective utilization of talents. It is felt that the talent issues would become more important and more significant in the coming five years. The focus of most of the job aspirants is on hard skills rather than on the talents. In these circumstances, it is opined that there is a need to identify the talent requirements of different sectors.

OBJECTIVES OF THE STUDY

The focus of the study is on the identification of talents required for different sectors. The following are the objectives of the study:

- To identify the talents required for different sectors
- To know the perceptions of the students, employers and employees about talent management

METHODOLOGY

The required data are collected by administering a structured questionnaire to 160 respondents the break up is as follows:

| | | |
|----------------------------------|-----------|-----|
| Students: | | 100 |
| Educational institutions: | Employers | 10 |
| | Employees | 20 |
| Other organisations: | Employers | 10 |
| | Employees | 20 |
| Total: | | 160 |

SPSS package has been used for processing. Statistical tools such as mean scores on 3 point rating scales, chi-square test have been used for analysis. In addition to the questionnaire persons holding top positions in various organisations were interviewed.

ANALYSIS AND FINDINGS OF THE STUDY

The data has been processed with the help of SPSS package. The findings of the study are analysed and discussed hereunder.

IMPORTANCE ATTACHED TO SEVERAL TALENTS IN THE EDUCATIONAL INSTITUTIONS

The present part of the study deals with **talents required in the educational institutions** and the importance attached to each one.

TABLE 1: TALENTS AND EDUCATIONAL INSTITUTIONS

| Talent area | Very important (% response) | Important (% response) | Not important (% response) |
|-----------------------------------------------------------------------------------------|-----------------------------|------------------------|----------------------------|
| 1. Usage of black board | 52.5 | 42.5 | 5 |
| 2. Eye contact | 75.0 | 25.0 | - |
| 3. Body language excluding eye contact | 57.5 | 38.7 | 3.8 |
| 4. Updating of skills | 71.3 | 28.8 | - |
| 5. Usage of electronic gadgets for teaching | 28.8 | 61.3 | 10.0 |
| 6. Oral communication skills | 56.3 | 40.0 | 3.8 |
| 7. Written communication skills | 55.0 | 45.0 | - |
| 8. Identifying the skills and capabilities of the students | 64.0 | 13.0 | 3.0 |
| 9. Willingness of the lecturers to handle new subjects | 66.3 | 25.0 | 8.8 |
| 10. Innovative methods of teaching | 62.5 | 37.5 | - |
| 11. Inter personal skills | 57.5 | 40.0 | 2.5 |
| 12. Research orientation | 68.8 | 26.3 | 5.0 |
| 13. Attending workshops, seminars | 72.5 | 23.8 | 3.8 |
| 14. Self evaluation | 58.8 | 41.3 | - |
| 15. Attending training programmes | 58.8 | 41.3 | - |
| 16. Conducting training programmes | 60.0 | 37.5 | 2.5 |
| 17. Encouraging the talents of the students in various fields | 90.0 | 7.5 | 2.5 |
| 18. Close supervision | 52.5 | 41.3 | 6.3 |
| 19. Relating the subject with other fields | 55.0 | 37.5 | 7.5 |
| 20. Cordial and harmonious relationships | 33.8 | 63.8 | 2.5 |
| 21. Empathy | 26.3 | 71.3 | 2.5 |
| 22. Presentation skills | 73.8 | 17.5 | 8.8 |
| 23. Citing examples | 55.0 | 37.5 | 7.5 |
| 24. Making the class interesting by cutting good jokes relevant to the subject at times | 63.8 | 27.5 | 8.8 |
| 25. Group discussion | 68.8 | 28.8 | 2.5 |
| 26. Reader oriented presentation | 53.8 | 37.5 | 2.5 |
| 27. Listener oriented presentation | 75.0 | 20.0 | 5.0 |
| 28. Proper assignment of duties to the staff | 81.3 | 18.8 | - |
| 29. Role play | 75.0 | 20.0 | 5.0 |
| 30. Making the students to think analytically | 81.3 | 18.8 | - |

The table reveals that *most important talents* required for educational institutions are: Encouraging the talents of the students in various fields, proper assignment of duties to the staff, proper assignment of duties to the staff, eye contact, Listener oriented presentation, role play, presentation skills and attending workshops & seminars.

Research orientation, group discussion, willingness of the lecturers to handle new subjects, identifying the skills and capabilities, innovative methods of teaching and conducting training programmes are found to be important by the respondents.

IMPORTANCE ATTACHED TO SEVERAL TALENTS IN (OTHER) ORGANISATIONS

The present part of the study deals with **talents required in organisations other than educational institutions** and the importance attached to each one.

TABLE 2: TALENTS REQUIRED AT HIGHER LEVELS IN THE ORGANISATION

| Talent area | (% responses) | Very important (% response) | Important (% response) | Not important (% response) |
|------------------------------------------------------------------|---------------|-----------------------------|------------------------|----------------------------|
| 1. Tactfulness | | 50 | 50 | - |
| 2. Customer relationship management | | 74 | 26 | - |
| 3. Body language excluding eye contact | | 50 | 50 | - |
| 4. Updating of skills | | 58 | 34 | 8 |
| 5. Financial management | | 48 | 52 | - |
| 6. Oral communication skills | | 56 | 44 | - |
| 7. Written communication skills | | 56 | 44 | - |
| 8. Identifying the skills and capabilities of the workers | | 58 | 42 | - |
| 9. Human resource management | | 48 | 32 | 20 |
| 10. Innovative methods | | 56 | 32 | 12 |
| 11. Inter personal skills | | 30 | 70 | - |
| 12. Assessing the competitive strategies | | 50 | 44 | 6 |
| 13. Understanding the consumer behaviour | | 52 | 48 | - |
| 14. Understanding the market conditions | | 60 | 40 | - |
| 15. Advertising | | 10 | 72 | 18 |
| 16. Assessing the competency requirements of critical work force | | 46 | 42 | 12 |
| 17. Asset management | | 46 | 42 | 12 |
| 18. Close supervision | | 30 | 62 | 8 |
| 19. Articulating costs and benefits | | 40 | 60 | - |
| 20. Cordial and harmonious relationships | | 42 | 46 | 12 |
| 21. Empathy | | 18 | 82 | - |
| 22. Work skills | | 56 | 32 | 12 |
| 23. Technical skills | | 48 | 52 | - |
| 24. Human relations | | 62 | 30 | 8 |
| 25. Retaining the employees | | 44 | 48 | 8 |
| 26. Getting things done by the people | | 40 | 54 | 6 |
| 27. Proper identification of target groups | | 56 | 44 | - |

The table reveals that *most important talents* required for organisations other than educational institutions are: Customer relationship management, human relations, understanding the market conditions, updating of skills and identifying the skills and capabilities of the workers.

Oral communication skills, written communication skills, innovative methods, work skills, proper identification of target groups are found to be important by the respondents.

FACTORS INFLUENCING ANALYTICAL THINKING

This part deals with the respondents self assessment about certain aspects directly or indirectly affecting their analytical thinking. *Responses are given as percentages.*

TABLE 3: ANALYTICAL THINKING – THE POSITION OF THE RESPONDENTS

| | Always (80-100%) | Many a times (60- 80%) | Sometimes (40-60%) | Occasionally (1-40%) | Never (0%) |
|----------------------------------------------------------|------------------|------------------------|--------------------|----------------------|------------|
| 1. Relating | 6 | 32 | 62 | - | - |
| 2. Discerning | 22 | 22 | 44 | 12 | - |
| 3. Remembering | 40 | 60 | - | - | - |
| 4. Updating of skills | 36 | 24 | 20 | 20 | - |
| 5. Sequencing | 38 | 50 | 12 | - | - |
| 6. Understanding the key concepts | 18 | 22 | 10 | 26 | 24 |
| 7. Relevance | 26 | 62 | 6 | 6 | - |
| 8 Comparison | 12 | 12 | 50 | 26 | - |
| 9. Riddles | 8 | 44 | 34 | 14 | - |
| 10. Crossword puzzles | 22 | 40 | 34 | 4 | - |
| 11. Jumbles | 32 | 30 | 18 | 20 | - |
| 12. Contrasting | 20 | 26 | 34 | 6 | 14 |
| 13. Concluding/ drawing inferences correctly | 32 | 30 | 18 | 20 | - |
| 14. Cause effect relationship | 18 | 22 | 36 | 14 | 10 |
| 15. Predictions | 24 | 50 | 14 | 12 | - |
| 16. Result analysis | 52 | 36 | 6 | 6 | - |
| 17. Usage of information | 46 | 54 | - | - | - |
| 18. Finding out alternative courses of action | 44 | 56 | - | - | - |
| 19. Relating the subject with other fields | 50 | 42 | 8 | - | - |
| 20. Rational decision making | 46 | 36 | 18 | - | - |
| 21. Fielding/answering the hypothetical questions | 18 | 62 | 6 | 14 | - |
| 22. Presentation skills | 32 | 60 | 8 | - | - |
| 23. Citing examples | 26 | 56 | 18 | - | - |
| 24. Making judgments | 44 | 50 | 6 | - | - |
| 25. Logical thinking | 48 | 38 | 14 | - | - |
| 26. Objectivity | 48 | 40 | 12 | - | - |
| 27. Reasoning | 38 | - | 32 | 30 | - |
| 28. Probing into the details | 48 | 40 | 12 | - | - |
| 29. Eagerness to know the outcomes of the works taken up | 52 | 48 | - | - | - |
| 30. Accepting new ideas | 44 | 56 | 6 | - | - |

The table reveals that the respondents rate themselves high on the following factors;

- Remembering
- Updating of skills
- Sequencing
- Result analysis
- Usage of information
- Finding out alternative courses of action
- Rational decision making
- Making judgments
- Logical thinking
- Objectivity
- Probing into the details
- Eagerness to know the outcomes of the works
- Accepting new ideas

The respondents stated that they gave lesser weightage to the following factors:

- Relating
- Discerning
- Understanding the key concepts
- Cause effect relationship

Analytical thinking helps in improving the talents and sharpening the mind.

PERCEPTIONS ABOUT SOFT SKILLS

The present portion of the study discusses about the ranks assigned by the respondents for different soft skills suitable for the organisations. The factor with lowest mean score is assigned first rank and the one with highest rank is assigned last rank.

TABLE 4: PERCEPTIONS ABOUT SOFT SKILLS - RANKING

| | Mean | Rank |
|---------------------------------|------|------|
| Courtesy | 3.28 | 11 |
| Honesty | 2.80 | 3 |
| Reliability | 3.11 | 8 |
| Flexibility | 3.44 | 12 |
| Positive attitude | 2.72 | 1 |
| Work ethics | 3.10 | 9 |
| Willingness to be accountable | 2.76 | 2 |
| Genuine concern for others | 3.14 | 10 |
| Reporting to work on time | 2.88 | 5 |
| Reading and comprehension | 3.04 | 7 |
| Critical thinking skills | 2.86 | 4 |
| Continued learning and training | 2.96 | 6 |

The ranks assigned by the respondents show that the most important soft skills required are:

- Positive attitude
- Willingness to be accountable
- Honesty
- Critical thinking skills
- Reporting to work on time

IDENTIFICATION OF TALENTS

The present part of the study deals with the ranking by the respondents with specific reference to talent management in organizations. The average score for the ranks assigned by the respondents is taken as the basis for analysis. The lowest mean scores are considered as the highest ranks. Mean score 1.24 is taken as the first rank and the mean score 3.80 is taken as the last rank. The respondents were given an option to assign the same rank for more than one option. Thirty parameters have been identified for this purpose.

TABLE 5: PERCEPTIONS ABOUT VARIOUS TALENTS REQUIRED FOR THE ORGANISATIONS

| Talent | Mean score |
|------------------------------------------------------|------------|
| 1. Time management | 1.24 |
| 2. Money management | 2.14 |
| 3. The art of listening | 1.33 |
| 4. Stress management | 2.58 |
| 5. Leadership skills | 2.16 |
| 6. Interpersonal skills | 2.08 |
| 7. Group skills | 2.81 |
| 8. Change management | 3.80 |
| 9. Disaster management | 3.40 |
| 10. Effective communication skills | 2.05 |
| 11. Soft skills | 2.38 |
| 12. Analytical thinking | 2.52 |
| 13. Perceiving the organisational threats in advance | 2.95 |
| 14. Convincing people | 3.24 |
| 15. Handling disputes | 3.16 |
| 16. Innovation | 2.60 |
| 17. Effective utilization of resources | 2.45 |
| 18. Initial adopters | 3.23 |
| 19. Open and willing to learn | 2.36 |
| 20. Motivational skills | 2.36 |
| 21. Inspiring people | 2.25 |
| 22. Empathy | 2.88 |
| 23. Human resource management | 2.06 |
| 24. Team building skills | 2.01 |
| 25. Writing skills | 2.45 |
| 26. Adaptability | 2.36 |
| 27. Managerial skills | 2.19 |
| 28. Administrative skills | 2.01 |
| 29. Handling difficult situations | 2.06 |
| 30. Understanding the consumer behaviour | 1.90 |

The mean score reveals that the most important talents required for the organisation are:

- Time management
- The art of listening
- Interpersonal skills
- Team building skills
- Administrative skills

- Handling difficult situations

WORK FORCE PLANNING

The present part of the study deals with the perceptions of the respondents about work force planning and talent management. Chi square test has been used for analysis. The responses were collected on a five point rating scale.

TABLE 6

| | Value | df | Asymp. sig | Inference H ₀ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----|------------|--------------------------|
| 1. Talent issues would be more important in the next 3-5 years | 9.053 | 3 | .011 | Rejected |
| 2. People management would be a strategic value adding activity | 46.34 | 4 | .000 | Rejected |
| 3. As the jobs require more complex skill sets in the present scenario, the demand for talent from industries is increasing | 24.682 | 4 | .000 | Rejected |
| 4. Work force planning can help firms find people with right skills, in the right places, at the right time and for the right place to achieve the objectives | 11.144 | 4 | .025 | Rejected |
| 5. Self hypnosis is a useful tool for relaxation | 18.711 | 8 | .016 | Rejected |
| 6. Leadership is the ability to motivate a group of people towards a common goal | 5.120 | 6 | .529 | Accepted |
| 7. Soft skills help one to excel in the work place. | 25.843 | 6 | .000 | Rejected |
| 8. Competencies required by the past will not remain the same. | 21.747 | 6 | .000 | Rejected |
| 9. Body language varies greatly with people and especially with international cultures | 20.431 | 6 | .002 | Rejected |
| 10. Being analytical is about breaking situations, practices, problems, statements, ideas etc down into their component parts | 26.747 | 6 | .000 | Rejected |
| 11. Etiquettes are important in the business world | 16.597 | 4 | .002 | Rejected |
| 12. Time management implies the management of our own activities, to make sure that they are accomplished within the available or allocated time. | 17.471 | 4 | .002 | Rejected |

The above table reveals that the respondents have agreed to the statements. However, there was a variation in the number of responses for totally agree, and partially agree by respondents across different occupation, i.e., students, employees and employers. The hypothesis is accepted only in respect of the sixth statement and in other cases the hypothesis is rejected signifying that there is a significant difference in the opinions of the respondents with regard to the statements. It is important to note that talent issues would be more important in the next 3-5 years and hence there is a need for the educational institutions to highlight the importance of these issues.

VIEWS OF THE OFFICIALS AND EMPLOYERS ABOUT THE TALENT REQUIREMENTS FOR DIFFERENT SECTORS

This part of the paper discusses about the perceptions of the officials about the talents required for different positions in different sectors. The officials were interviewed for this purpose. The details are discussed here under:

A. Life Insurance Corporation: The views of Sri Laxmi Narayana, LIC are as follows:

Field force need to have talent, soft skills, approaching the customers with enthusiasm, understanding the sentiment of the customer (taking care of parents, love on daughter, old age security, best education to child.)

Hard skills like policy details, benefit illustration, official procedure to convert proposal to policy are thought at the training centres by insurance companies.

Mr. Laxmi Narayana opined that industry has not been able to attract or retain talented marketing personnel. Rate of attrition is very high. Insurance is sold as tax saving instrument or personal obligation to agent. Human life value, capital needs analysis, life stage needs are not well understood as the average education level of the agent is SSC/+2.

B. Talents required for middle level positions: Sri DB Prakash, Director, Institute of Practical Accounting opined that many students lack industry specific talents. 10 talents identified by him are as follows:

1. Concentration
2. Verbal communication.
3. Written communication
4. Body language
5. Subject knowledge
6. Presentation skills
7. Hard work.
8. Punctuality
9. Commitment
10. Focus on latest developments in the subject

Mr. Prakash felt that many people lack these talents and some do not bother to develop these skills and abilities

C. Glass Lined Equipment: Yugender, Manager Commercial, working in a reputed glassware company has identified the following talents for work force handling various positions.

- A. Appearance and Manners
- B. Temperament and Acceptability
- C. Expression
- D. Maturity & Emotional Stability
- E. Intelligence
- F. Leadership
- G. Education & Training
- H. Job knowledge
- I. Potentiality
- J. General Assessment

D Tax practitioner: Sri Narayana Prasad, Deputy Commissioner, Commercial Taxes, AP has identified the following talents for a tax practitioner:

The Right Tax Preparer, Complete and adequate knowledge of all taxes, Skill to handle different situations, Knack added to knowledge, Accuracy, Professionalism, Numerical ability and Memorizing

E. Departmental heads and officials, finance department: Mr. Murali Krishna, Senior Manager, Finance Division of Navionics Technologies Pvt Ltd has identified the following skills for those at the helm of affairs in the finance departments:

Accounting, Banking knowledge, Budgets, Variance Analysis, Cash Flows, Foreign Laws, Statutory Laws in the areas of Direct Taxation, Statutory Laws in the areas of Indirect Taxation, Statutory Laws in the areas of labour laws, Inter Personal Skills for interaction with various Departments / External Bodies, Advising Management as and when required and Ability to take quick decisions when necessary

F. Business processing outsourcing: Mr. Shashidhar Roy, manager working in a reputed firm, gives an exhaustive list of talents required for the industry

Accounting Services: Accounts Payable, Accounts Receivable, Fixed Asset Management and General Ledger Reporting.

Analyst: Good accounting skills - Strong in basics and accounting principles, Hands on MS Office, Good written and oral communication skills

Team Leader / Asst Manager: *Accounting Skills* - Not only basic but also looking at analytical skill sets, like comparison analysis, Trend analysis

Good Computer skills - Good knowledge on high end functions of Excel functionality

Communication Skills - Oral and Written communication, should be able to call up counterpart and able to get solutions, ability of work allocation and managing and rotation of work targets with team members.

Manager: Accounting Sills - Basic, conceptual and Analytical skills, Good knowledge on Accounting Standards - Indian and US, UK accounting standards.

Good Computer skills - Respective ERP knowledge on basis of which you are supporting your business group

Performance Feedback - Ability to give feedback to team members

Hiring - Right set of people for given task.

G. Hospital administration: Dr DT Sudha Rani, First RMO, Osmania general hospital opines that a hospital administrator should possess the following talents:

- Knowledge about the job
- Leadership
- Vision centered approach
- Team work
- Communication skills
- Time management
- Co-ordination
- Mood modulation
- Monitoring
- Patience
- Understanding others
- Judgment
- Laisoning
- Outcome orientation

Dr Sudha Rani opined that excessive usage of and reliance on computers is coming into the way of original talents of the individuals.

H. Soft ware sector: Sri. Palgummi Ravi, Integra Micro Systems, Bangalore, suggested the following talents for the software professionals.

- Languages and databases
- Tools development and testing
- Operating systems
- SDLC- Software development life skills
- Project management
- Quality assurance
- Quality of work
- Interest and initiative
- Learning ability
- Job knowledge
- Discipline and time control
- Leadership
- Team building skills
- Problem solving
- Lateral thinking
- Domain knowledge

Mr. Palgummi Ravi stated that the talents from the engineering colleges are not up to the mark. He further stated that all the soft ware firms in India do not require graduates from premier institutions such as IITs and IIMs. Smaller firms may not be in apposition to utilize the talents of these students.

I. Economist - Deloitte Research – Analyst: For this position deloitte had prescribed the following skills and abilities¹.

- A good understanding of top management issues - customer strategy, merger and acquisition strategy, supply chain optimization, investment prioritization, financial and performance management, IT strategy, public policy and more will be an advantage.
- Strong analytical, problem solving and critical thinking skills.
- Good statistics and data analysis skills preferably experience in Excel/SPSS.
- Ability to present data analysis in intuitive graphical and tabular formats for senior executives.
- Excellent verbal and written communication skills in English.
- Knowledge of econometric tools will be an advantage.
- Self-motivated, desire to assume leadership role and strong team player.

There are four important stages of talent management. They are:

| | |
|------------------------------------|----------------------------------|
| PROJECTING THE TALENT REQUIREMENTS | IDENTIFICATION OF TALENTS |
| NOURISHING THE TALENTS | EFFECTIVE UTILIZATION OF TALENTS |

Talent management can be compared with all the processes involved with cutting, polishing and shaping of a diamond. Cutting, polishing and shaping of a diamond requires a diamond. Similarly, identification of talent requires a talented person. Again, a diamond with more number of edges is more precious. In the same manner, the organisations are on look out for work force with different skills and abilities.



CONCLUSION

It can be concluded that talent management is an emerging issue which requires the attention of the higher learning institutions in India. The demand for talent from industries is increasing. However there is a gap between the demand and supply of human talents. Some of the talents identified through the research paper are domain knowledge, team building, effective communication skills, mood modulation, numerical ability, getting things done by the people etc. Most of these talents in India are latent. The success of the organisation depends on continuous identification and effective utilization of talents for different tasks as the competencies required in the past and present may not be the same. The talent requirement keeps changing with the changes in the market environment. In most of the situations, the talents are latent.

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STRESS COPING STRATEGIES: AN EXPERIENTIAL EXPLORATION OF BANK EXECUTIVES**DR. PARVEZ ABDULLA****ASST. PROFESSOR****SCHOOL OF MANAGEMENT STUDIES****BABA GHULAM SHAH BADSHAH UNIVERSITY****RAJOURI – 185 131****DR. A. M. SHAH****PROFESSOR & HEAD****THE BUSINESS SCHOOL****UNIVERSITY OF KASHMIR****HAZRATBAL – 190 006****AFAQ ALAM KHAN****ASST. PROFESSOR****DEPARTMENT OF INFORMATION TECHNOLOGY****BABA GHULAM SHAH BADSHAH UNIVERSITY****RAJOURI – 185 131****ABSTRACT**

Stress is inevitable in all business organizations, in particular the banking sector where money is the core product. Stress has an identifiable effect on well being, productivity and effectiveness of individuals, which gets reflected in organizational growth directly. The negative consequences of stress in terms of psychological and physiological imbalances in individuals lead to ineffectiveness both at individual and organizational level. While in every organisation, the experience of stress is unavoidable, organizations as well as the individuals need to find out the remedies to get out of it. Thus, management of stress is becoming of great concern in every organisation and in particular the banking sector. In order to be efficient at work, it is imperative to deal with stress at individual and organizational level. To be precise it is the responsibility of individuals as well as the organizations to get rid of stress effectively. The present study is an attempt to find the coping strategies used by the Bank Executives at individual level and the coping strategies employed by the organizations to minimize stress levels prevailing in the organizational setup and hence allows employees to perform as desired by the system.

KEYWORDS

Stress, Coping Strategies, effective and ineffective coping strategies.

INTRODUCTION

The performance and effectiveness of an individual in an organisation depends on his/her own potential, efficiency, competence, managerial skills etc. and the design of the role one performs in the organisation. To perform job with excellence, every individual has to work under immense pressures leading to high stress levels which in turn requires interventions at individual and organisation level so as to cope with stress effectively (Abdulla 2004). Stress has an identifiable effect on well being, productivity and effectiveness of individuals, which gets reflected in organizational growth directly. The stress in organisation has negative consequences on the psychological and physiological setup of individuals. While in every organisation, the experience of stress is inevitable, organizations as well as the individuals need to find out the sources of stress, its causes, effects and the remedies to get out of it. Infact, the stress and its managements is becoming of great concern in every organisation especially in banking sector.

The strategies for coping with the stress are broadly classified in to two categories namely, effective coping strategies and the ineffective coping strategies. The effective coping strategies are generally approach strategies in which one takes the problem causing stress as a challenge, while in case of ineffective coping strategies also called as escape or avoidance strategies, one denies the stressful situation, blame others, use drugs, sedatives, alcohol to escape the situation. Approach strategies include coping with stress through mental preparedness, which is channalized by diet management, meditation, yoga or creative enrichment such as listening to music art, etc. The best form of approach strategy to cope with stress is through joint effort and thus one resolves the problem which results into positive outcomes. While as avoidance strategies negate the positive outcomes and are ineffective, and unproductive. The researches have shown that use of avoidance strategies can be harmful to both organisation and the individual, as one denies the situation, blaming others, and the individual regulates emotional feelings so as to get relieved of stress. Though the emotional regulation forms a part of approach strategy but their frequent regulation and use proves to be ineffective, in the organisation. The coping strategies used by persons having better inter personal relationships help them to cope with stress effectively and use more approach strategies. It signifies that social and emotional support helps people to cope with stress positively, but unsolicited support hampers positive consequences. So to some extent coping depends on the depth or intensity of emotional behaviour (innate behaviour) of an individual. Generally individuals are classified on the basis of their personality traits and emotional characteristics. One group of individual who decide to suffer, deny the problem, point fingers on others constitute type A personality. The type A personality individual use dysfunctional coping strategies (ineffective or least result oriented), which are damaging for the organisation. As these strategies do not have direct impact or the confrontation with problem resolution, so it gives a sense of well being and hope to the individual. These ineffective coping strategies are perceived to be useful for shorter duration but later on leads to negative implications in the form of psychological and physiological impairments. The other group constitutes the type B personality trait. These take on stress causing problems with challenge, and opportunity to prove their worth. Consequently, to solve these problems arising in the organisation, they seek advices from others, and try to solve problems in joint collaboration with each other. It suggests that these personality B type people use more of functional (effective) coping strategies. Individuals in the organizations do not use one kind of coping or other exclusively but use different combinations of these strategies to deal with same kind of stressful situation.

REVIEW OF LITERATURE

The researches in the field of stress coping dispositions have been categorized in to three namely individual coping interventions, organizational coping interventions and the research in the banking sector

INDIVIDUAL COPING INTERVENTIONS

Folkman and Lazarus (1985) observed that in an organisation an individual uses either problem focussed coping/ strategies or emotional focussed coping/strategies depending on the behaviour of the individual. In problem focussed coping individuals take on to the problem as a challenge and as an opportunity to grow. It has a direct impact on work environment and individual, and one confronts the stressful situation directly. In case of emotional focussed coping impact is indirect on stressful situation, as one seeks social support to resolve the situations leading one into stress. In long run former coping i.e. problem focussed is seen to be effective than latter. Collins, *et. al.* (1983) has noticed that use of emotional focussed coping has a potential to cause stress as contact with situation is indirect. Glen D. Bowman *et.al.* (1995) while conducting a study on nurses, evaluated effect of emotional focussed coping on individuals and organisation, and found it has a negative impact on both. The reason being that one uses more of avoidance approaches in emotional focused coping such as blame others, escapism etc. in case of problem focused coping relationship of the individual and organisation was seen to be positive. Aldwin *et. al.* (1980) reports that emotional focussed coping has two aspects viz positive and negative aspects. The positive aspect is in form of using support from friends, family, exploring inter personal relationships, seeking social support, all these facilitate problem focussed coping. In case of its negative aspect, which is escapism, self blame and hampers problem focussed coping. Study by Shinn, Morch and Hukabee (1988) worked on the impact of social forces on coping with stress on the basis of gender differences. They explained the gender differences in coping and use of social support by male and females in dealing with problems. The study revealed that no difference was seen prominent in case coping with relatively same stressors experienced by males and females. In context of social support used for coping it was found that females use more of social support than males. According to Parker and Decottis (1983) emotional focussed coping has a less deleterious effect on psychological imbalance of an individual than that of a problem focussed coping. D'zurilla and Nezu (1982); Synder and Ford (1987); and Friedman (1991) have observed that problem solving approach i.e. resolution of problem by approaching problem actively to get rid of stress, has a negative effect on physical and psychological well being of a person. While in emotional focussed approach, one gets rid of stress but, out-come is for shorter durations and superficial and in long run it is fatal for both individual and organisation. Heppner, *et al.* (1995) found that emotional focussed coping has a direct relationship with social desirability, i.e. one gets relieved of stress and burden on brain gets lowered quickly by its use than in the case of problem focussed coping. Pareek (1983) while observing out-come of resolution of stressful situation, reported two approaches of coping namely functional coping strategy or style, and dysfunctional coping strategy or style. Former is an active approach while as latter is an avoidance approach. Pareek suggested that individuals use varied combinations of these strategies in an organisation to get rid of stress. Wilder and Plutchick (1982) argue that, individuals use various forms of coping strategies to negate the ill-effects of stress. These strategies include suppression (avoiding the stressor), help-seeking (asking others for help), replacement (engaged oneself in direct stress reducing activities), blame (blaming others), substitution, (engaged oneself in indirect stress reducing activities), mapping (engaged in collecting more information), reversal (acting opposite the way you feel), and minimization (minimizing the intensity of stressful situation). Heppner *et.al.* (1995) in a study based on under graduate students of a college have found that, various factors inhibit or facilitate coping process towards resolution of stressful event. Factors held responsible for inhibiting or facilitating coping process are reflective style, suppressive style, and reactive style. The findings revealed that the style of emotional focussed coping in respondents was general disposition style, and frequently endorsed reactive and reflective styles of coping. The reflective style as explained by Tobbins, *et. al.* (1989) is an active approach based on cognition of individual, such as analysis, planning and approaching the problem. The suppressive style is indicative of denial of problem or complete escapism including social withdrawal, and the reactive style lies in-between the two styles which is based on cognitive behavior and on ones emotional activities. The reactive style suggests a bit passive approach in the later stages of the problem i.e. energy reserves do get depleted and distorts problem solving ability due to complete exhaustion of the individual. While observing medical services employees of a fire department Kangan, H Kangan and M. Watson (1995) pointed out, stress arises out of vulnerability to environment and on one's own condition based on needs and desirability and dependence on others. They emphasized on stress reduction programmes as coping strategy, which is based on physiological reactions, skill for coping with people, and inter-personal awareness. The most useful strategy to counteract stress was interpersonal awareness in long run, while as coping with people and physiological reactions was found to be most effective but for shorter duration. To conclude individuals are not aware of stresses/stressors they are experiencing, but these stresses are identified by others. This suggests that one should be aware of what is happening around, and maintain better inter personal relationship which acts as a best medium for coping with stress. Holmes (1984); Miechenbaum (1986) and Morecock (1988) observed that coping with people, interpersonal awareness, and self understanding in work environment, increase the confidence level of individuals to cope with stress to a greater extent. They observed that physiological reactions can be used to cope or reduce stress levels, as it depends on one's ability to control physiological reactions of body while reacting to the abrupt changes in environment. Bhandharkar and Singh (1992), proposed an action plan to cope with stress among Executives which include, trust in one self, cultivation of self belief, relying on genuine problem solving techniques and developing positive habits such as yoga and meditation besides sports. These strategies help in coping with stress actively. Holmes (1984), Miechenbaum (1986), and Morecock (1988), observed that frequent use of relaxation techniques, proper diet management, regular exercises were found to be very effective in coping with stress. Latack (1984; 1986) has observed three types of coping strategies used by employees in organisations to deal with stress. These strategies are based on actions or activities towards the problem resolution, behavioural aspect and symptoms of stressors in the individual. Action strategies are problem focussed while as cognitive or behavioural strategies based on emotions of the individual are based on thoughts or desires. Folkman (1986) depicts that individuals use different combinations of strategies depending on their personality or behavioral characteristic (personality traits). The strategies include confronting coping, distancing, self controlling, seeking social support, accepting responsibility, escape avoidance plan full problem solving approaches, and positive reappraisals. A study based on Indian pilots by S. Kumar and R. Kulkarni (1996) have identified various numbers of coping strategies to overcome stressful situation. They have found that the best tool or strategy to cope with stress by pilots is to improve knowledge, followed by exercises, analysis of problem, planning, time management, vacation, seeking social support, improved attendance, denial of problem, yoga and religious activities respectively. The research suggests that pilots give first preference to solve problem by taking on to it (approach strategy or problem focussed copings), followed by seeking of social support (emotional copings), and other passive approaches (non-problem focussed copings) for problem resolution. Ester R Greenglass (2001) has suggested a new approach for stress reduction. Research reflects before experiencing stress or before stress takes its place, the individual can do something (to cope with stress actively) in anticipation so as to keep stress at a distance from himself. This type of coping is called as proactive coping which involves anticipation of problem or stressors in environment well in advance, and start taking remedial action before it starts aggregating. It is seen that in proactive coping, behaviour and mental setup of individual eliminates stress to a greater extent. Proactive coping according to him integrates planning and preventive strategies with proactive self-regulating goal attainment, regulating goal attainment with identification and utilization of resources, and utilizes proactive emotional coping for self regulating goal attainment. Pareek (2004) in one of his researches has identified two strategies to cope with stress, which are effective and ineffective coping strategies. Former approach involves taking the problem as a challenge, while as ineffective strategies correspond to avoidance strategies or escapism. He argues that the use of ineffective coping though relieves one of stress, but has a negative impact on organisation as well as on the individual in the long run. Coping strategies used by the individual to overcome stress can show us the effect of stress experienced and the approach used by the individual. Rajogoplan and Khandelwal (1988) have found a relationship between stress and the coping strategy used by the individuals in the organisations. In their study positive correlation was estimated between role stress and avoidance mode of coping strategy or style. This signifies higher the role stress experienced by the individuals in the organisation, more is the use of avoidance mode of coping by them. They also conformed negative correlation between role stress and approach mode of coping style. This indicates that lesser is the intensity stress experienced by the individual more positive will be his approach in resolving problems. The study by Srivastava (1991) concluded, that individuals using approach coping strategies or styles towards problem resolution in an organisation, experience less harmful impact on their psychology or are less prone to illness or psychological imbalance as compared to the group using avoidance strategies to cope with stressful situations. Persons using approach strategies according to him are always aware of the stress, may feel stressed for shorter durations, but in the long run feel free of tensions and stress. While using of avoidance mode of coping strategies the individuals may get relieved of stress, but remain away from stress for shorter duration, and in the long run they are the ultimate sufferers. Roger and Dymond (1954), and Mc.Keachie (1955) in their studies have found that discussing particular problems causing stress with a person of one's choice is a best coping strategy to deal with stress. By adapting this strategy one gets relieved of stress to larger extent.

Singh, and Udupa (1977), and Datey (1977) in their studies have observed that use of relaxation techniques regularly by the individuals as the best remedy and strategy to cope with stress. They have given emphasis on regular yogic practices, which shows positive relationship on stress level reduction. Tubesingh and Tubesingh (1982) pointed out that, coping with stress depends on the skills of the individual and the applied skill on the problem resolution by the individual decides the outcome of stress. They have categorized these skills in individuals as, personal management skills, relationship skills, outlook skills, and stamina skills. Besides these skills, it was found that developing positive skills such as regular practices of yoga, breathing long, self mediation, plays an important role in coping with stress. Veninga and Spardley (1981) have reported that, to cope with stress various safety measures need to be taken by employees themselves. These include releasing pressure on job by assessing yourself, pampering your self and give more emphasis on the practicing relaxation techniques. Bhandarkar and Singh (1986) have found yoga, meditations and exercise as the useful tools for reduction of stress in organisations and also noted involvement of individuals in active sport helps one in reducing stress levels. Thus, suggesting development of positive habits among employees, based on interests of individuals, are of higher significance in lowering stress levels. Pestonjee (1987) noted that, to get rid of stress, organisations must adopt scientific methods for the use of their employees. These scientific methods include regular exercises, diet management, and meditation. Organisations should make available all these facilities to their employees, besides arranging regular checkups of employees with company doctors, spread of messages regarding identification of stressors and counseling pertaining to get stress eradicated. Moreover, stress audit should be made frequently i.e. keeping note of prevailing and dominant stressors in organisations. Pestonjee and Muncherji (1991; 1999) observed that an individual adopts two methods to deal with stress in organisations which include drug and non drug therapy. They found that non drug therapy, which includes yoga, acupuncture (as a relaxation technique) is best than drug therapy (use of sedatives, alcohol and other harmful narcotics), because drug therapy affects whole physio-psychological well being of individuals.

ORGANISATIONAL COPING INTERVENTIONS

Pestonjee (1989) observed that to overcome stress efforts may be required from both organisation and individual. According to him it is responsibility of the organisation to get their employees out of stress. The organisations should put more efforts to reduce work stress among employees in order to make the organisation a cordial and stress free place. Pawlak (1979) while studying employees of a service sector emphasized on organizational change as an important factor to cope with stress. He portrayed that for smooth functioning and well being of organisation and individual, both are responsible. It is imperative that, both should work in coordination with one another. As organisation forms a human system along with employees, the interventions by the organisation in the form of problem resolutions, policy implementation, etc. significantly interfere in the delivery of effective services to its customers by the employees. So it becomes imperative that, employees should be ready for change "organizational change". The individuals should readily accept these changes in the form of rules, demonstration projects, modifying board committees, should use radical tactics. These organisational changes if not resisted forms a tool for stress reduction. Murphy (1988) while identifying three strategies for coping with stress emphasized that it is the responsibility of an organization to adopt these strategies or changes or use these interventions to facilitate employee satisfaction and reduce stress level. The three strategies or interventions are Employee Assistance Programmes (counseling programmes organized by organization). Stress Management Training (training programme for employees as to improve their coping skills). Stress Reduction Strategies (which deals with changes in stress levels experienced by employees in job, through job redesign, rewards system, job fit etc.). Bryum and Robinson (1993) found job redesign as best tool for stress reduction among employees at organizational level. They have laid emphasis on other factors, like providing compensation to employees, regular reward system, participation of employees in decision making, regular training programmes, and job-fit, and welfare programmes organized by organization as useful tools for reducing stress. They also suggested cognitive control management training programmes for stress reduction. One can see the best way out for negating stress level is by taking stress producing problems positively i.e. to do something in regard to stress in positive way, so as to nullify its ill consequences from its root level. This can be done by going in depth of it, than that of blaming others or staying in state of denial when problem is confronted or faced. The employees should be made aware and stress psycho-educational programmes should be organized on the whole by organisations and awareness regarding stress is imperative as revealed by the researchers. Lazarus (1993) observed in his study that a balance is to be maintained between organisation and the employees by frequently altering working conditions, teaching employees as which strategy to use and which not to use in dealing with stressful situations, very helpful in stress reduction. The most important is identification of stressful situation by organizations and its relationship with work setting and individual. These are the best interventions or strategies at organization level to reduce stress levels among employees. Mullins (1999) in his study argues that providing training to employees, designing reward system in organisations, relaxation techniques, help employees to cope with stress. The most important technique used by organization is frequent review of organizational objectives employee consultation and employee appraisal target setting. Hamilton and Fagot (1988) in their study compared 39 males with 51 females on telephone. They identified twenty eight stressors in the respondents, which were equally prominent in both the sexes (males and females). This study contradicts with earlier studies where in prominent difference prevails in males and females while coping with stress. They also reported that females experience more stress level than males which is supported by Bernard (1971), Gove and Tudor (1973). They reported that in the females the effect of stress remains for longer time. They concluded that coping style varies with age and have also shown with passing of age people shift from using of active coping to passive coping strategies. Abdullah (2007) identified coping strategies used by women Executives/officers of the service sector to cope with stress. They found that most frequently coping strategy used by female employees in different service sectors for stress reduction, was discussing problem with friends, parents and superiors followed by improving knowledge, withdrawal from problem, religious activities the least and last preference was given to the use of relaxation technique. This shows that females use and give preference to emotional focused coping followed by problem solving coping. The survey related to stress researches and management reveals, that it is viewed as a phenomenon depending on perception of environmental factors, and their appraisal, or it is regarded as interaction and few are of opinion that prominence of stress in individuals depends on one's adaptation or potential to deal with stressful situation. The interruptions posed by environment, surroundings, then situation follow ups, extreme inner-self, all cause stress in individuals. These situations having potential to produce stress arise in work environment as well as in social environment of an individual.

RESEARCH IN BANKING SECTOR

Many studies have been conducted by researchers pertaining to stress and its management in the sector. Sen. (1981) while comparing various hierarchical levels including clerical staff in a banking sector, observed that clerical staff was more prone to stress than managerial cadre. Moreover, clerical staff scored high on role stagnation irrespective of their working in different banks, while as they scored least on inter-role distance than Executives of various hierarchical levels. This suggests that clerks have least feeling of competition among themselves. Further, noticed that lower level Executives used more of impulsive style for coping with stress which is an avoidance strategy as compared to higher level Executives in coping with stress. Kedar Nath (1988) while studying climate in banks found that role ambiguity was potent source of stress among Executives. If Executives are not clear about their roles in the organisation or are not provided with required information relevant to them, they feel stressed on the factor. Achmamba and Gopikumar (1990) while studying male and female employees of a bank observed a relationship between stress and job satisfaction. They found that higher the stress experienced by the employees lesser is the job satisfaction among the employees and vice versa. Abdulla (2004; 2007) revealed that organizational role stress and organizational climate have shown, the effect of personal and organizational factors on stress and its impact on efficacy at work. He further observed more satisfied are the bank employees in the organisation more active approach they use towards problem resolution. Rageshwari (1992); P.Chand and Sethi (1997) argued that strenuous working conditions has been the cause for stress in bank officers. More feasible are the working conditions in banks, least stress is experienced and faced by employees. Bhatnagar and Bose (1985) pointed out, that role overload is one of the potent factors for stress among bank staff. The study showed the effect of educational qualification of employees with their coping disposition with respect to hierarchical position. They came to conclusion that it had no effect on their coping disposition. While on the other hand it was found that income played a significant role in bank employees coping style and approach towards problem resolution, i.e. higher the income, more they use problem focussed coping to deal with stress. As per Chand and Sethi (1997) there is a significant relationship between job stress and role overload, higher is the work load more the bank employees get exposed to stress. Ganaraj (2001) in a study of branch Executives of commercial banks observed that environmental factors and individual characteristics i.e. how bank employees/Executives perceive the stressful situation or stress plays a key role for generation of stress. Moreover, the study depicts that there is inverse relationship between stress and job performance.

RESEARCH GAP

The experience of stress is a general and common phenomenon at work, especially in banking sector, where money is the major product. As per Abdullah (2007) stress is most prominent outcome and is cumulatively accumulating in banking sector for two very important reasons. Firstly, huge sums are involved thus, one is exposed to high pressures, and secondly banking sector being a purely service sector so customer relationship management decides the fate of the sector. While the Indian banking system is facing stiff competition with other financial institutions and non-banking financial companies along with foreign financial institutions, the bank employees especially the Executives are subjected to enormous pressures and tensions. As the sector operates throughout the country, from a small village to big cities, this also poses constant pressures and threats on its employees to greater extent. Despite research work has been done in the banking sector to identify the sources of stress but very little research work has been done in banking sector to identify coping strategies adopted by the employees to enact stress at individual and organizational level. The present study is taken to address the purpose.

OBJECTIVES

- To identify individual coping strategies (effective and ineffective) used by the bank Executives to enact stress.
- To identify the coping dispositions employed by the organisation to reduce stress among the employees/Executives.
- To suggest workable stress reduction strategies which Executives/ organisation can use to lower stress levels in the banking sector.

HYPOTHESIS

- The Executives in the banking sector stick to effective coping strategies in comparison to ineffective coping strategies.

RESEARCH METHODOLOGY

The J&K bank Executives/ Executives have been studied for the present study. The study covered a sample of around 159 Executives/ respondents selected through stratified random sampling. The sample consisted of scale I/Associate Executives, scale II/Executives, Scale III/Senior Executives and scale IV/Executive Manager working at different hierarchical levels at different places across J&K. Due care has been taken in selecting the sample through random sampling so as to represents the whole population of Executives effectively. Moreover, appropriate steps were taken to cover every aspect of the sample population in terms of demographic and geographic features to ensure quality work.

INSTRUMENT

From the literature twelve individual levels coping strategies, which help a person or they are using in an organisation to cope with stress were selected. They comprised of functional/effective and dysfunctional/ineffective coping strategies (Table1). Moreover from the literature the organizational coping strategies were identified which enact stress levels effectively were also administered to respondents laying emphasis on what organizations should do to cope with stress (Table 2). The respondents had to answer the statements in each case on a five point likert scale (0-4) ranging from strongly disagree to strongly agree.

TABLE 1: INDIVIDUAL LEVEL COPING STRATEGIES USED BY BANK EXECUTIVES

| Effective Coping Strategies | Ineffective Coping Strategies |
|------------------------------------------------|-------------------------------------------------------------------|
| Improving knowledge | Diverting attention to other alternatives |
| Taking problem as a challenge/ opportunity | Working for longer hours. |
| Better communication | Going on a vacation (escaping) |
| *Performing religious activity | Considering problem as inevitable part of job life |
| **Seeking support from friends and family | Avoiding confrontation with colleagues, Subordinates and Seniors. |
| ***Relaxing at regular intervals | |
| Discussing problems with boss and subordinates | |

Note
 *, **, *** Emotional focussed coping strategies
 * indicates Spiritual enrichment
 ** indicates poignant support
 *** indicates substantial and psychological revival

TABLE 2: ORGANIZATIONAL LEVEL COPING STRATEGIES USED BY ORGANIZATIONS TO ENACT STRESS

| Organizational Coping Variables |
|-------------------------------------------------------|
| Giving Incentives |
| Family Welfare Schemes |
| Effective Performance and Appraisal System |
| Assigning Jobs According to the Interest of Employees |
| Participation of Executives in Decision Making |

PATTERN OF ANALYSIS

The statistical tools used to measure coping dispositions at individual and organizational level were mean, standard deviation, and percentages. Mean is a very important measure of central tendency which helps in comparison of factors. The standard deviation gives very important and useful information about the spread of data and enables us to measure the accuracy of central tendency (mean). Further, the coping strategies at individual level were classified into two functional and dysfunctional strategies and. To see whether there is a significant difference between the groups of Executives on certain parameters i.e. hierarchy level, gender, popular Z-test, was performed along with Analysis of Variance wherever required.

DISCUSSION

While the Executives knowingly or unknowingly use coping strategies, so as to negate the ill -effects of the pressures felt by them, various coping strategies are employed at the individual (personal level) and at the organizational level to overcome the stresses.

The bank Executives use various coping strategies at the individual level to deal with the stressors in the organisation. The overall individual level coping strategies used by bank Executives to cope with stress have been categorized as problem focussed coping strategies (effective or functional coping strategies) and non-problem focussed coping strategies (ineffective or dysfunctional coping strategies). Besides these strategies, individuals/Executives employ emotional focussed coping which forms apart of problem focussed coping, but redundant support and use of emotional focussed coping acts in the opposite direction. So emotional focussed coping helps one to get rid of stress but spontaneous exploitation of these strategies of coping proves to be ineffective or dysfunctional. These coping strategies include seeking support with family and friends, relaxing at regular intervals (Performing religious activities which give a sort of spiritual enrichment).The table 3 shows the most frequently strategies used by employees to cope with stress. The table shows that the most frequently used coping strategy to cope with the stress is improving knowledge. It ranks first with a mean score of 92.75 percent and standard deviation of 0.45. This shows that

Executives try to reduce themselves of stress by improving their knowledge in the relevant field. This is followed by taking problem as an opportunity and challenge having a percent mean of 88.50 and a standard deviation of 0.53, which suggests that Executives in the organisation actively try to solve the problem and tend to have a positive result oriented approach towards problem resolution. This confirms that Executives in the organisation have a very optimistic mind-set towards the job and concerned problems. Better communication in the organisation i.e. in the form feedback, is rated third important tool for coping with stress with percent mean score of 86.50 and standard deviation of 0.89. This shows that the bank environment provides a transparent climate to its Executives so as to get relieved of stress by working in coordination with one another allowing the flow of information in all the directions. Another strategy which is rated high (fourth) by the Executives is avoiding entering in to confrontation with a mean score of 86.00 percent and a standard deviation of 0.86. This suggests that the bank employees have tendency to compromise at times at the cost of their values, indicating a negative approach towards coping with stress.

TABLE: 3 COPING STRATEGIES USED BY BANK EXECUTIVES

| Coping Variables | Mean | Std. Dev. | %age of Mean Score | Rank |
|----------------------------------------------|------|-----------|--------------------|------|
| Improving knowledge | 3.71 | 0.45 | 92.75 | 1 |
| Taking problem as a challenge | 3.54 | 0.53 | 88.50 | 2 |
| Better Communication (Feed Back) | 3.46 | 0.89 | 86.50 | 3 |
| Avoiding Confrontation | 3.44 | 0.86 | 86.00 | 4 |
| Working For Longer Hours | 2.13 | 1.16 | 60.75 | 12 |
| Performing Religious Activities | 3.20 | 0.77 | 80.00 | 7 |
| Seeking Support From Family/Friends | 3.00 | 1.00 | 75.00 | 9 |
| Discussing Problems with Boss / Subordinates | 3.33 | 0.86 | 83.25 | 5 |
| Going On a Vacation | 3.31 | 0.80 | 82.75 | 6 |
| Problem as inevitable of job life | 3.07 | 0.92 | 76.75 | 8 |
| Diverting Attention To Other Alternatives | 2.29 | 1.09 | 57.25 | 11 |
| Relaxing at Regular intervals | 2.84 | 1.16 | 71.00 | 10 |

Similarly, is discussing problems with boss and subordinates ranks fifth with a percent mean of 83.25 and standard deviation of 0.86. This signifies that bank Executives are not afraid of, or feel shy in discussing their problems related to job with their juniors, seniors or their colleagues. The strategy going on a vacation with a mean score of 82.75 and a standard deviation of 0.80 is ranked sixth. It is a sort of escaping from the problem at that instant of time when one is confronted with the problem. The strategy is followed by performing religious activities (mean 80.00 and a standard deviation of 0.77), considering problem as inevitable part of job life(mean 76.75 and standard deviation 0.92), seeking support from family and friends(mean 75.00 and a standard deviation 1.00), relaxing at regular intervals(mean 71.00 and a standard deviation 1.16) which accounts in total for emotional enrichment and diverting attention to other alternatives respectively. The strategy of working for long hours to counter work overloads with a mean score of 57.25 percent and a standard deviation of 1.09, is given least importance because, it is a negative approach to reduce stress. Thus, the bank Executives in the bank use problem focussed coping, get emotionally boosted up and recharged by performing religious activities and the least importance is given to working for longer hours for coping with stress. It is also seen that Executives use more of problem focussed coping except that of avoiding confrontation with colleagues at times which makes them a bit compromising. This shows that the Executives have an inclination towards the organisational objectives. Besides, it is also seen that they do not give more preference to emotional focussed coping. The percent mean score and the ranks of strategies like seeking support from family and friends along with relaxing at regular intervals indicates that Executives want to complete their work in the stipulated time. It is also indicated by the fact that they work for longer hours which helps them to reduce their work overloads and pressures ultimately relieves them of stress in the organisation. Thus, one can conclude bank executives use more of problem focussed coping than that of non- problem focussed coping and emotional focussed coping.

Tables below show the use of coping strategies (effective and ineffective coping strategies) by Executives on the basis of gender and at hierarchy

The table 4 reflects the effective coping strategies adopted by the bank Executives. It reveals that there is no significant difference in using coping strategies between the male and female Executives. This highlights the fact that male and female Executives are equally competent, except in case of a strategy of discussing problems with boss and subordinates, which is found to be significant at 7% ($Z = 1.86, P = .07$). While female Executives relatively feel a bit conservative, in discussing their problems related to job with their seniors and colleagues, male Executives do not hinder in discussing issues related to problem at job with their seniors or their counterparts.

TABLE: 4 COPING STRATEGIES USED BY MALE AND FEMALE EXECUTIVES OF THE BANK (EFFECTIVE COPING)

| Coping Strategies | Sex | N | Mean | Std. Dev. | Z | Sig. |
|----------------------------------------------|--------|-----|------|-----------|------|------|
| Improving Knowledge | Male | 101 | 3.69 | 0.47 | 1.07 | .29 |
| | Female | 58 | 3.81 | 0.40 | | |
| Taking problem as a challenge | Male | 101 | 3.53 | 0.53 | 0.17 | .86 |
| | Female | 58 | 3.56 | 0.51 | | |
| Better Communication (Feed Back) | Male | 101 | 3.48 | 0.86 | 0.38 | .71 |
| | Female | 58 | 5.38 | 1.03 | | |
| Performing Religious Activities | Male | 101 | 3.22 | 0.69 | 0.36 | .73 |
| | Female | 58 | 3.13 | 1.03 | | |
| Seeking Support From Family/Friends | Male | 101 | 3.04 | 0.89 | 0.45 | .66 |
| | Female | 58 | 2.88 | 1.36 | | |
| Discussing Problems with Boss / Subordinates | Male | 101 | 3.46 | 0.69 | 1.86 | .07 |
| | Female | 58 | 2.88 | 1.20 | | |
| Relaxing at Regular intervals | Male | 101 | 2.76 | 1.15 | 1.08 | .29 |
| | Female | 58 | 3.13 | 1.20 | | |
| Overall information | Male | 101 | 3.31 | .21 | 0.46 | .65 |
| | Female | 58 | 3.75 | .33 | | |

The table 5, presents the use of ineffective coping strategies for having a stress free job life. Demonstrates that there is one strategy namely going on a vacation where significant difference is found ($Z = 2.90, P = .05$). On the basis of mean score it is found that female Executives score high on going on a vacation as a coping strategy. This signifies that female Executives have a tendency to escape from the problems, causing stress by the postponement of its confrontation with the individual.

TABLE: 5 USE OF INEFFECTIVE COPING STRATEGIES BY MALE AND FEMALE BANK EXECUTIVES

| Coping Strategies | Sex | N | Mean | Std. Dev. | Z | Sig. |
|-------------------------------------------|--------|-----|------|-----------|------|------|
| Avoiding Confrontation | Male | 101 | 3.44 | 0.82 | 0.98 | .98 |
| | Female | 58 | 3.44 | 1.03 | | |
| Working For Longer Hours | Male | 101 | 2.02 | 1.12 | 0.18 | .18 |
| | Female | 58 | 2.50 | 1.27 | | |
| Going On a Vacation | Male | 101 | 3.20 | 0.86 | 2.90 | .05 |
| | Female | 58 | 3.69 | 0.48 | | |
| Problem as inevitable of job life | Male | 101 | 3.00 | 0.99 | 1.55 | .13 |
| | Female | 58 | 5.31 | 0.60 | | |
| Diverting Attention To Other Alternatives | Male | 101 | 2.32 | 0.99 | 0.33 | .74 |
| | Female | 58 | 2.19 | 1.42 | | |
| Overall information | Male | 101 | 2.79 | 0.46 | 1.37 | .19 |
| | Female | 58 | 3.02 | 0.62 | | |

The overall results from the tables 4 and 5 reveal that the, male and female Executives do not differ on use of effective or ineffective coping strategies in the bank (overall statistics for coping strategy $Z = .46$, $P = .65$ and ineffective coping strategy $Z = 1.39$, $P = .19$). This turns out to be an evidence for the authenticity that the male and female Executives use varied amalgamation of coping strategies to cope with the stress. [-

Table 6 and 7 further portrays the use of effective and ineffective coping strategies respectively by the Executives of the different hierarchical levels in the organisation. The results reflect that there is no significant difference in using the effective and ineffective coping strategies by the Executives working at different levels. This connotes that Executives do not differ in coping with stress at any level in the organisation. Thus, it is evident that no difference is indicated by the data for the use of effective coping strategies or ineffective coping strategies to enact stress in the organisation irrespective of the scale of the Executives. To conclude Executives in the organisation are not treated with difference in the organisation irrespective of the position of an executive in the organisation.

TABLE: 6 USE OF EFFECTIVE COPING STRATEGIES BY THE EXECUTIVES OF DIFFERENT HIERARCHY AT INDIVIDUAL LEVEL

| Coping Variables | Scale | N | Mean | Std. Dev. | F | Sig. |
|----------------------------------------------|-------|----|------|-----------|-------|------|
| Improving knowledge | I | 82 | 3.80 | 0.41 | 1.85 | .14 |
| | II | 35 | 3.50 | 0.52 | | |
| | III | 22 | 3.55 | 0.53 | | |
| | IV | 20 | 3.78 | 0.44 | | |
| Taking problem as a challenge | I | 82 | 3.60 | 0.55 | 1.05 | .38 |
| | II | 35 | 5.33 | 0.49 | | |
| | III | 22 | 3.67 | 0.50 | | |
| | IV | 20 | 3.44 | 0.53 | | |
| Better Communication (Feed Back) | I | 82 | 3.48 | 0.93 | 0.37 | .77 |
| | II | 35 | 3.25 | 1.14 | | |
| | III | 22 | 3.44 | 0.73 | | |
| | IV | 20 | 3.67 | 0.50 | | |
| Performing Religious Activities | I | 82 | 3.20 | 0.72 | 1.67 | .18 |
| | II | 35 | 2.83 | 1.12 | | |
| | III | 22 | 3.56 | 0.53 | | |
| | IV | 20 | 5.33 | 0.50 | | |
| Seeking Support From Family/Friends | I | 82 | 2.98 | 1.12 | 0.39 | .76 |
| | II | 35 | 2.92 | 1.08 | | |
| | III | 22 | 5.33 | 0.71 | | |
| | IV | 20 | 2.89 | 0.60 | | |
| Discussing Problems with Boss / Subordinates | I | 82 | 3.20 | 1.04 | 0.71 | .55 |
| | II | 35 | 3.50 | 0.52 | | |
| | III | 22 | 3.55 | 0.53 | | |
| | IV | 20 | 3.44 | 0.53 | | |
| Relaxing at Regular intervals | I | 82 | 3.08 | 1.14 | 2.237 | .09 |
| | II | 35 | 2.50 | 1.24 | | |
| | III | 22 | 2.11 | 1.36 | | |
| | IV | 20 | 3.00 | 0.50 | | |
| Total Statistics | I | 82 | 5.33 | 0.46 | 0.81 | .49 |
| | II | 35 | 3.11 | 0.50 | | |
| | III | 22 | 5.31 | 0.40 | | |
| | IV | 20 | 5.36 | 0.19 | | |

TABLE: 7 USE OF INEFFECTIVE COPING STRATEGIES ACROSS HIERARCHY

| Coping Variables | Scale | N | Mean | Std. Dev. | F | Sig. |
|-------------------------------------------|-------|----|------|-----------|------|------|
| Avoiding Confrontation | I | 82 | 3.45 | 0.85 | 1.00 | .40 |
| | II | 35 | 3.75 | 0.45 | | |
| | III | 22 | 5.33 | 1.32 | | |
| | IV | 20 | 3.11 | 0.60 | | |
| Working For Longer Hours | I | 82 | 2.20 | 1.31 | 0.45 | .71 |
| | II | 35 | 2.00 | 0.85 | | |
| | III | 22 | 1.78 | 1.39 | | |
| | IV | 20 | 2.33 | 0.50 | | |
| Going On a Vacation | I | 82 | 3.50 | 0.64 | 2.11 | .10 |
| | II | 35 | 3.25 | 0.45 | | |
| | III | 22 | 2.89 | 1.17 | | |
| | IV | 20 | 3.00 | 1.23 | | |
| Problem as inevitable of job life | I | 82 | 3.15 | 1.05 | 0.23 | .87 |
| | II | 35 | 2.92 | 0.67 | | |
| | III | 22 | 3.00 | 1.00 | | |
| | IV | 20 | 3.00 | 0.50 | | |
| Diverting Attention To Other Alternatives | I | 82 | 2.48 | 1.11 | 1.61 | .20 |
| | II | 35 | 1.92 | 1.31 | | |
| | III | 22 | 1.78 | 0.97 | | |
| | IV | 20 | 2.44 | 0.53 | | |
| Overall Info, | I | 82 | 2.95 | 0.49 | 1.82 | .15 |
| | II | 35 | 2.76 | 0.43 | | |
| | III | 22 | 2.55 | 0.74 | | |
| | IV | 20 | 2.77 | 0.25 | | |

Further, It is the responsibility of the organisation to intervene and help their employees to get them out of the problems they are facing while on job as well as outside the job so that the employees give their best to the organisation. The Executives of the bank feel that organisational intervention forms the important tool for coping with stress as reflected in table 8. At the organisational level the Executives in the organisation rated paying incentives for the efficient and quality work as the best strategy with a mean score 90.50 percent and standard deviation of 0.78 for coping with stress. It is followed by effective performance and appraisal system (mean score of 85.25 and standard deviation of 0.89), participation of Executives in decision making ranked third (mean 84.25 and standard deviation 0.93) and family welfare schemes (mean 83.00 and standard deviation 0.95). The banking organizations should adopt these strategies so as to help their employees/Executives to get rid of stresses in the organisation. The least strategy they agreed on the organisational level intervention which helps in coping with stress is assigning jobs according to the interest of the employees.

TABLE: 8 COPING STRATEGIES PERCEIVED BY THE EXECUTIVES TO BE EFFECTIVE IN DEALING WITH STRESS AT ORGANISATIONAL LEVEL.

| Organisational Coping Variables | Mean | Std. Dev. | % age of Mean | Rank |
|-------------------------------------------------------|------|-----------|---------------|------|
| Giving Incentives | 3.62 | 0.78 | 90.50 | 1 |
| Family Welfare Schemes | 5.32 | 0.95 | 83.00 | 4 |
| Effective Performance and Appraisal System | 3.41 | 0.89 | 85.25 | 2 |
| Assigning Jobs According to the Interest of Employees | 3.02 | 1.03 | 75.50 | 5 |
| Participation of Executives in Decision Making | 5.37 | 0.93 | 84.25 | 3 |

It is seen that Executives find it important to be a part of decision making in the organisation which may help them, in coping with stress. They also hit upon appraisal and performance evaluation as a stringent coping strategy and rated family welfare schemes as a potent factor for eradication of stress among Executives. Thus, organizational coping strategies form an important tool for coping with stress at job to accomplish organisational goal, synergistic with individual objectives .

While the bank manager’s job is relatively seen as full of pressures, the banking organisations have an responsibility of developing an atmosphere in which employees feel free of pressures and comfortable towards performing their job and are able to give their maximum to the organisation in terms of efficiency and effectiveness. The bank Executives perceives that organisational intervention forms an important aspect in coping with stress in the banking sector.

Executives working with the bank believe that the best part that the organisation should do to relieve Executives of stress is to provide employees regular incentives for the work, and design effective performance and appraisal systems. They also gave due recognition to the coping intervention of participation of Executives in decision making and family welfare schemes but least consideration is given to assigning job according to ones interest. Based on the organisational interventions to cope with stress tables 9, and 10 depicts the perception of male and female Executives, and the hierarchy of the Executives respectively.

TABLE 9: PERCEPTION OF MALE AND FEMALE EXECUTIVES ABOUT ORGANIZATIONAL COPING STRATEGIES

| Coping Factors | Gender | N | Mean | Std. Dev. | Z | Sig. |
|-------------------------------------------------------|--------|-----|------|-----------|------|------|
| Giving incentives | Male | 101 | 3.59 | 0.86 | 0.97 | .34 |
| | Female | 58 | 3.75 | 0.44 | | |
| Family Welfare Schemes | Male | 101 | 3.46 | 0.84 | 1.83 | .08 |
| | Female | 58 | 2.88 | 1.20 | | |
| Effective Performance and Appraisal System | Male | 101 | 3.48 | 0.84 | 1.03 | .32 |
| | Female | 58 | 3.19 | 1.05 | | |
| Assigning Jobs According to the Interest of Employees | Male | 101 | 2.96 | 1.01 | 0.92 | .37 |
| | Female | 58 | 3.25 | 1.13 | | |
| Participation of Executives in Decision Making | Male | 101 | 3.52 | 0.61 | 1.63 | .12 |
| | Female | 58 | 2.88 | 1.54 | | |
| Total info. | Male | 101 | 3.40 | 0.50 | 1.00 | .33 |
| | Female | 58 | 3.18 | 0.88 | | |

The statistics from the table reveals that there is no disparity in the perception of male and female Executives about their sensitivity towards the implementation of organizational coping strategies by the organisation

Across hierarchy the organizational coping strategy, reveals that there is no difference of perception among Executives working in different levels about coping strategies. Thus, it is obvious that Executives of different scales and seniority have a same opinion about the use and implementation of organizational coping strategies in the sector. It implies that irrespective of the scale, Executives tend to follow the same model or prototype of organizational copings strategies.

TABLE 10: PERCEPTION OF THE EXECUTIVES ACROSS HIERARCHY ABOUT ORGANIZATIONAL COPING STRATEGIES

| Coping Variables | Scale | N | Mean | Std. Dev. | F | Sig. |
|-------------------------------------------------------------|-------|----|------|-----------|------|------|
| Giving incentives (I) | I | 82 | 3.70 | 0.52 | 2.30 | .08 |
| | II | 35 | 3.75 | 0.45 | | |
| | III | 22 | 3.00 | 1.73 | | |
| | IV | 20 | 3.78 | 0.44 | | |
| Family Welfare Schemes (FWS) | I | 82 | 5.30 | 0.91 | 0.94 | .42 |
| | II | 35 | 3.25 | 1.14 | | |
| | III | 22 | 3.11 | 1.27 | | |
| | IV | 20 | 3.78 | 0.44 | | |
| Effective Performance and Appraisal System (EPA) | I | 82 | 5.30 | 1.09 | 0.49 | .68 |
| | II | 35 | 3.58 | 0.52 | | |
| | III | 22 | 3.56 | 0.53 | | |
| | IV | 20 | 3.56 | 0.99 | | |
| Assigning Jobs According to the Interest of Employees (AJI) | I | 82 | 3.13 | 0.79 | 1.11 | .35 |
| | II | 35 | 3.08 | 1.67 | | |
| | III | 22 | 2.44 | 0.60 | | |
| | IV | 20 | 3.11 | 0.96 | | |
| Participation of Executives in Decision Making (PMD) | I | 82 | 3.43 | 3.58 | 0.42 | .73 |
| | II | 35 | 3.17 | 3.40 | | |
| | III | 22 | 3.44 | 3.44 | | |
| | IV | 20 | 5.33 | 5.33 | | |
| Total stats. | I | 82 | 5.37 | 0.61 | 0.79 | .49 |
| | II | 35 | 5.36 | 0.50 | | |
| | III | 22 | 3.11 | 0.20 | | |
| | IV | 20 | 3.51 | 0.30 | | |

It has been observed that executives used more of problem focussed coping strategies than that of non-problem focussed coping strategies to cope with stress, except in case of avoiding confrontation with others which is an avoidance strategy. Executives tend to use problem focussed copings along with emotional focussed copings in the organisation. In case of organizational intervention to deal with stress they perceived providing benefits in the form of incentives for efficient work as the best organizational strategy. They perceived the effective and performance appraisal as the best tool of the organisation to deal with stress affecting its executives. They equally supported participation of executives in the decision making followed by family welfare schemes for the employees by the organisation. The least preferred organizational intervention strategy to deal with stress was found as assigning jobs according to the interest of the executives (job-fit). This finding contradicts with the finding of Bryum-Robinson (1993) who has emphasized job fit as an active organizational intervention to deal with stress. To conclude banking sector has a direct impact on the economy of a country and there is a stiff competition in this sector. The stress level of the bank employees is alarming and has been increasingly significantly. Infact, customer retention has become very difficult in the sector, which is enhancing the stress level among the bank employees as well as in the employees. To enact the stress levels it is the responsibility of the organizations and individual to intervene through proper coping strategies in order to sustain for long.

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DITERMINANTS OF EMPLOYEES MOTIVATION IN 21ST CENTURY ERA: AN EMPIRICAL STUDY**DR. D. S. CHAUBEY****DIRECTOR****UTTRANCHAL INSTITUTE OF BUSINESS STUDIES****ARCADIA GRANT, P. O. CHANDANWARI – 248 007****SHIVANI JOSHI****ASST. PROFESSOR (MBA)****ABHAY MEMORIAL TRUST GROUP OF INSTITUTIONS****VITS & VIM****ALLAHABAD****VIKASH TRIVEDI****RESEARCH SCHOLAR****SINGHANIA UNIVERSITY****JHUNJHUNU****ABSTRACT**

Identification of employees motivation has emerged as one of the challenging task for the management engaged in present competitive business era. The present study has been taken up with the Objective of finding out determinants motivation of employees working in various industries in Uttrakhand State. On the basis of review of literature, it was hypothesized that factors of motivation of the employees does not differ significantly across the different nature of industry. To achieve these objectives and test the hypothesis, a random survey of 147 respondents working in various industries located in Uttrakhand state were administered. Research indicates that Opportunities for self-development, Affiliation & Recognition, Bonuses, Medical facilities & Social Securities like Insurance, are most important determinants of motivation to retain employees. At the same time superior's behaviour, denial of a promotion or a transfer, fear of losing job, low salary, low participation in decision making, bad behaviour of fellow workers etc are some of the factors which results in employee attrition.

KEYWORDS

Employee Motivation, factor analysis, Social Securities, affiliation, self development, Recognition, Employee attrition.

INTRODUCTION

A milestone in the successes of an organization is to fulfill the continuous changing needs of organization and employees; heavy responsibility falls on top management to develop strong relationship between them. Organizations expect employees to follow the rules and regulations, work according to the standards set for them; the employees expect good working conditions, fair pay, fair treatment, secure career, power and involvement in decisions. These expectations of both parties vary from organization to organization. For organizations to address these expectations, an understanding of employees' motivation is required (Beer et al, 1984). The individual holds certain personal expectations in terms of form and amount of reward, which he/she should receive for the provided service. Thereby, the performance of a person as well as the decision to remain in the company is influenced by the extent to which such expectations are met. The study of employee's behaviour, their motivation, and factors determining their motivation have emerged as one most important challenging for the management in the present business era. Organizations especially small-scale enterprises need to motivate employees and perform better to remain competitive.

REVIEW OF LITERATURE

Human resource has been a function of management since the origin of modern industrial organization. During the first part of this century, the focus in manpower planning was on hourly production. During world war – II and post war years, the focus intensified on employee productivity. In the 60s manpower planning was viewed as a system linking the organization with its environment. Man power planners planned for recruitment, selection and placement of new employees; provided for training and development; and anticipated necessary promotion and transfers. During the 70s the term human resource in place of manpower gained acceptance as a way of emphasizing the positive view of personnel and as a basic corporate resources. Also during these years human resource became widely established as a staff activity in major business and governmental organisations. During the 80s employee's desire for participation in decisions that affected their work and carriers became stronger. In the 90s concept has enriched and management focus is more on job sharing, reduced working hours, flexibility of time significant reshaping of work and work customs, job design, job enrichment, job empowerment, total quality management, business process reengineering etc.

Workforce that was considered as merely one of the inputs of the production system in the initial stages of the industrial revolution has evolved into the most critical resource for any organization today. It was the Hawthorne Studies conducted by Elton Mayo from 1924 to 1932 that heralded the shift in the perception about employees by organizations. These studies concluded that employees are not motivated solely by money and that employee behavior is linked to their attitudes (Dickson, 1973). The Hawthorne Studies began the human relations approach to management, whereby the needs and motivation of employees become the primary focus of managers (Bedeian, 1993). Well designed jobs became crucial for motivating employees to perform to their optimum levels. A large body of research provides evidence that the way jobs are designed have an impact on the outcomes that are important to both the employees and the employers. Well designed jobs generate interest among the workforce to increase production efficiency, minimize physical strain, and motivate the employees (Campion and Thayer, 1985).

In modern world of globalization the workplace realities of (yesterday) past organizations no longer exists. It is matter of past and needs to be revised carefully. It is important for the organizations to meet and introduce new motivational needs of employees since the change have been observed on the workplace realities in today's organizations (Roberts, 2003). Beer et al, (1984) strongly asserts in their research of changing work environment the reality that organizations today have totally changed, therefore it is more important for the top management to carry out new methodologies of developing strong and durable relationship between the organization and employees for meeting the organizational goals and fulfilling the continually changing needs of both parties. A complete and thorough understanding of employees' motivation is required for organizations to address and accomplish these expectations (Beer et al, 1984). Motivation is the psychological feature that arouses an organism to action toward a desired goal. Many contemporary authors have also defined the concept of motivation. Motivation has been defined as: the psychological process that gives behavior purpose and direction (Kreitner, 1995); a predisposition to behave in a

purposive manner to achieve specific, unmet needs (Buford, Bedeian, & Lindner, 1995); an internal drive to satisfy an unsatisfied need (Higgins, 1994); and the will to achieve (Bedeian, 1993). For this paper, motivation is operationally defined as the inner force that drives individuals to accomplish personal and organizational goals. We mainly deal with the motivating employees in an organization towards the organizational goal for the benefit of both the organization and the employee. Understanding what motivates employees and how they are motivated was the focus of many researchers following the publication of the Hawthorne Study results (Terpstra, 1979).

Researchers have suggested a number of work design strategies in order to enhance the quality of work (Nadin et al., 2001). However, little attention has been given to the actual process of work design (Oldham, 1996). There is a need for the development of tools to assist this process (Clegg, 1995). This suggests that there is a need for a more thorough understanding of the various factors that affect industrial work design which in turn has a direct impact on operational performance and productivity (Das, 1999). Work design research can also contribute to further knowledge in the field by applying what is already known and by adopting a more holistic approach to the research (Holman et al., 2002).

Getting people to do their best work and be productive, even in difficult economic times, is one of managers' most enduring and dynamic challenges. Motivation has been an enigma, tackled by history's greatest minds, from Aristotle to Abraham Maslow. When Frederick Herzberg investigated the sources of employee motivation during the 1950s and 1960s, he discovered a dichotomy that still intrigues managers: The factors that make people satisfied and motivated on the job are different from the factors that make them dissatisfied. With rapid growth of industrial units, increase in complexities of business, and globalization of business operation, motivation that leads to job satisfaction is considered as a very important and sensitive factor of production. The optimum utilization of human resource in to human assets will be an increasing concern in the future. The changing complexion of employees' behaviour and emergence of revolutionised information technology have greatly enhanced the process and practices of the management. Thus it will be no exaggeration to claim that the effective human resource management has become one of the important key for successful operation of the business unit. The accessibility of the researcher to the employees working in different industries located in the Uttarakhand state has enabled to target them as a preferred sample of study.

OBJECTIVES AND METHODOLOGY

The present study has been taken up with the Objectives of identifying the determinants of factors of motivation of the employees working in various industries in Uttarakhand state. Another objective of the study was to examine the relationship between rewards and employee motivation and the effects of biographical variables on work motivation. On the basis of review of literature, a null hypothesis was formulated as:

- The determinant of motivation of employees does not differ significantly across the nature of industry they are engaged with.
 - There is no relationship between rewards and employee motivation across the biographical characteristics of employees.
- To attain these objectives and test the hypothesis, a survey of 147 respondents working in different industries located in Uttarakhand state were administered. To collect the necessary information, various parameters were developed with the help of literature. The responses to these parameters were gathered, coded, tabulated and analyzed. To measure the intensity of parameters open ended and close ended questionnaire was used. To test the hypothesis, factor analysis, Mean, ANOVA and χ^2 tests were applied. Table 1 indicates the profile of respondents.

TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

| | Categories | Count | Percentage |
|------------------------|-------------------------|-------|------------|
| Gender | Male | 109 | 74.1 |
| | Female | 38 | 25.9 |
| Age | 15-25 YEARS | 3 | 2.0 |
| | 26-35 YEARS | 116 | 78.9 |
| | 36-45 YEARS | 21 | 14.3 |
| | 46-55 YEARS | 5 | 3.4 |
| | ABOVE -56 YEARS | 2 | 1.4 |
| Education Level | Upto Intermediate | 4 | 2.7 |
| | Upto Graduation | 45 | 30.6 |
| | Upto Post Graduation | 54 | 36.7 |
| | Professional and other | 44 | 29.9 |
| Monthly Income | Upto Rs 10000PM | 13 | 8.8 |
| | Rs. 10000 to Rs 15000PM | 21 | 14.3 |
| | Rs 15000 To Rs 25000PM | 61 | 41.5 |
| | More than Rs 25000PM | 52 | 35.4 |
| Marital Status | Married | 89 | 60.5 |
| | Unmarried | 58 | 39.5 |
| Residential Background | Rural | 44 | 29.9 |
| | Urban | 103 | 70.1 |

The data presented in the above table indicates that sample is dominated by male respondent as it is indicated by 74.1% respondent in the sample. Age analysis of respondents indicates that most of respondents fall in the age group of 25-35 years as it was indicated by 78.9 percent respondents in the sample. The respondents in the age group of 15-25 years accounts for 2 percent and respondents in the age group of 35- 45 years account for 14.3 percent. The remaining 1.4 percent respondents fall in the age group of above 55 years. The information related to educational qualifications of respondents indicates that 2.4 percent respondents were having education up to intermediate. Respondents having education up to graduation account for 28.3 percent. More than one third of them (34.9 percent) had post graduate degree to their credit. Almost equal numbers of employees 34.3 % were having professional and other qualification to their credit. Income classification of respondents indicates that very few respondent 8.4% indicated that their income falls up to Rs. 10000 PM. 15.7% respondent indicated that their income fall in the range of Rs. 10000 to Rs15000PM. 39.2% respondents revealed that their income ranges from Rs. 15000Pm top Rs25000PM. 36.7% respondent falls in the income categories of above Rs. 25000PM. Marital status of the respondents indicate that 60.8% respondents belongs to married category. It is significant to note that majority of the employees belong to urban background.

TABLE NO 2 NATURE OF INDUSTRY

| Description | No. of Respondents | Percentage |
|------------------------|--------------------|------------|
| Manufacturing Industry | 15 | 10.2 |
| Trading Industry | 25 | 17.0 |
| Service Industry | 103 | 70.1 |
| Any Other | 04 | 2.7 |
| Total | 147 | 100.0 |

An attempt was made to find the nature of industry in which employees were working in Uttarakhand State. These include manufacturing industry, trading industry, services industry and others unspecified categories. The analysis indicates that most of the respondents from service industry as it was indicated by

70.1 percent respondent in the sample. 10.2 % respondents belong to manufacturing industry and 17.0 % respondent belongs to trading industry and remaining 2.7% belongs to other unspecified categories. .

TABLE NO 3 JOB PROFILE OF THE EMPLOYEES

| Description | No. of Respondents | Percentage |
|-------------|--------------------|------------|
| Worker | 5 | 3.4 |
| Supervisor | 4 | 2.7 |
| Managerial | 53 | 36.1 |
| Any Other | 85 | 57.8 |
| Total | 147 | 100.0 |

An attempt was made to know the profile of the respondent working in the different industries of Uttarakhand State. The analysis reveals that more than one third respondents(36.1%) belong to managerial categories. 2.7% respondents belongs to supervisory cadre. Worker category personnel accounted for 3.4%. Remaining 57.8 % respondents belong to other categories employees.

TABLE NO 4 CATEGORY OF EMPLOYMENT

| Description | No. of Respondents | Percentage |
|-------------|--------------------|------------|
| Permanent | 132 | 89.8 |
| Ad-hoc | 15 | 10.2 |
| Total | 147 | 100.0 |

Employee motivation is highly dependent on his terms of employment in the organisation. Keeping this into consideration, an attempt was made to know the employment status of the employee in the organisation. The information presented in the above table indicates that most of the employees among respondents have permanent job as it was indicated by 89.8 percent respondent in the sample. 10.2 % employees indicated working on ad-hoc basis.

TABLE NO5 NATURE OF JOB IN THE ORGANISATION

| Nature Of Job | No. of Respondents | Percentage |
|-----------------|--------------------|------------|
| Risky | 29 | 19.7 |
| Hard | 23 | 15.6 |
| Challenging | 50 | 34.0 |
| Volatile | 11 | 7.5 |
| Normal and easy | 19 | 12.9 |
| Creative | 15 | 10.2 |
| Total | 147 | 100.0 |

Employee motivation is highly dependent on the nature of the job in the organisation. Keeping this into consideration an attempt was made to understand the nature of job in the organisation. Analysis presented in the above table projects that 34% of respondents believe that their job is of challenging nature. 15.6% revealed that their job is hard in nature. 10.2%, 19.7% respondent respectively indicated that their job is risky and creative in nature. Very few employees are of the opinion that their job is normal and easy.

TABLE NO 6: MATCHING OF JOB WITH SALARY

| Extent Of Job Match With Salary | No. of Respondents | Percentage |
|---------------------------------|--------------------|------------|
| To a great extent | 28 | 19.0 |
| To a considerable extent | 50 | 34.0 |
| To some extent | 59 | 40.1 |
| Not at all | 10 | 6.8 |
| Total | 147 | 100.0 |

Employee motivation remains high if salary is matching with job. Taking this into consideration an attempt was made to get the opinion from the employees. The Response in this context is mixed in nature as 19.0% respondent are of opinion that their job is matching with their salary to a **great extent**. In comparison to this 34% and 40.1% respondent are of the opinion that their job is matching to their salary to a **considerable extent** or to **some extent**. Very few 6.8% employees are of the opinion that their job is not at all matching with their salary.

TABLE -7 EDUCATIONAL QUALIFICATION * SALARY SATISFACTION (CROSS TABULATION) SALARY SATISFACTION * EDUCATIONAL QUALIFICATION CROSS TABULATION

| | | EDUCATIONAL QUALIFICATION | | | | Total |
|---------------------|--------------------------|---------------------------|-----------------|----------------------|------------------------|-------------------|
| | | Upto Intermediate | Upto Graduation | Upto Post Graduation | Professional and other | Upto Intermediate |
| SALARY SATISFACTION | TO A GREAT EXTENT | 0 | 7 | 11 | 10 | 28 |
| | TO A CONSIDERABLE EXTENT | 4 | 14 | 20 | 12 | 50 |
| | TO SOME EXTENT | 0 | 20 | 19 | 20 | 59 |
| | NOT AT ALL | 0 | 4 | 4 | 2 | 10 |
| Total | | 4 | 45 | 54 | 44 | 147 |
| Pearson Chi-Square | | 10.749(a) | | | | 9 |

An attempt was made to test the hypothesis regarding relationship between Employees perception towards mismatching of job and their salary with their level of education. Chi-square test was used to test the hypothesis. The Calculated value of chi-square is 10.749. Chi-square value at 5% significance level and 9 degrees of freedom is 16.919. As calculated value of chi-square is much lesser than the critical value, null hypothesis is accepted indicating that employees perception towards matching of job with the salary is independent of their level of education

TABLE 8 MEAN AND STANDARD DEVIATION OF DIFFERENT FACTOR MOTIVATING EMPLOYEES

| | N | Mean | Std. Deviation |
|----------------------------------------------------------------------------------|-----|--------|----------------|
| Bonuses | 147 | 3.5306 | 1.37146 |
| Promotion | 147 | 3.3469 | 1.30149 |
| Salary increments | 147 | 3.1156 | 1.26338 |
| Fringe benefits | 147 | 2.9524 | 1.26780 |
| Role in decision making | 147 | 3.2177 | 1.25794 |
| Opportunities for self-development | 147 | 3.5034 | 1.14302 |
| Paid holidays | 147 | 3.2653 | 1.25691 |
| Medical facilities & insurance | 147 | 3.4218 | 1.27637 |
| Affiliation & recognition | 147 | 3.4286 | 1.20501 |
| Power & authority | 147 | 3.9320 | 7.98514 |
| Employees who come out with new ideas are encouraged in this organization | 147 | 3.1088 | 1.29345 |
| Employees are very clear about their roles in this organization | 147 | 3.3333 | 1.29453 |
| Pay and perk are at par in this organization with other competitive organization | 147 | 3.1088 | 1.23382 |
| Ample opportunities of promotion in this organization | 147 | 3.2789 | 1.22632 |
| I AM MOTIVATED WITH THIS ORGANIZATION DUE TO HIGH JOB SECURITY | 147 | 2.9388 | 1.22879 |
| Valid N (listwise) | 147 | | |

Respondents receive one or more of incentives from their organisation. These different types of incentives include Additional increments, Bonus, Money in lieu of medical facility, Target achievement incentives, Children education allowances, Leave allowances and any other kind of incentive. Respondents were asked to list the incentives provided to them by their organization The analysis indicates that power and authority has emerged as one of the most important factor of motivation however employees view on this is very diverse as it score highest mean and standard deviation. It was followed by bonus and salary increments.

TABLE NO. 9: ATTITUDE TOWARD FINANCIAL INCENTIVES

| Description | Frequency | Percent |
|----------------------------------|-----------|---------|
| a Strongly agree | 44 | 26.5 |
| b Agree to a considerable extent | 101 | 60.8 |
| c Agree to some extent | 14 | 8.4 |
| d Agree to a little extent | 4 | 2.4 |
| e Not Agreed at all | 3 | 1.8 |
| Total | 166 | 100.0 |

Empirical evidence and various research on the subject reveal that financial incentive plays the most important role in motivating the employees and retaining them in the organization. Analysis indicates that most of the employees in the sample agree with the statement “Monetary benefits and incentive plans help in achieving optimum performance level as compared to other benefits” with varying extent. This indicates that majority of them are inclined towards financial incentives.

TABLE NO. 10 ATTITUDE TOWARD NON FINANCIAL INCENTIVES

| Description | Frequency | Percent |
|--------------------------------|-----------|---------|
| Valid Strongly agree | 20 | 12.0 |
| a Agree to considerable extent | 83 | 50.0 |
| b Agree to some extent | 15 | 9.0 |
| c Agree to a little extent | 18 | 10.8 |
| d not agreed at all | 30 | 18.1 |
| Total | 166 | 100.0 |

Feedback supports that non financial incentives also play a significant role in motivating the employees and retaining them in the organization. The respondent view on the statement -“promotion defines success and recognition of the individual” reveals that majority of the respondents are in agreement with the statement with varying extent.

TABLE NO. 11: EMPLOYEE OPINION ON FELLOW WORKERS REGARDING THEIR TECHNICAL PROFICIENCY AND SOCIAL SUPPORTIVENESS

| Description | Frequency | Percent |
|-------------|-----------|---------|
| a YES | 132 | 79.5 |
| b NO | 30 | 18.1 |
| c Can't Say | 4 | 2.4 |
| Total | 166 | 100.0 |

Historical evidence and research on the subject indicate that peer group and fellow worker play a significant role in motivating employees and building a positive environment which motivates employees and retain them with organization. Keeping this in view, an effort was made to know if technical proficiency and social supportiveness of the fellow worker had any motivational impact. The analysis reveals that majority of the respondents are of the opinion that their fellow workers are technically proficient and socially supportive in nature.

TABLE NO. 12: ROLE OF COUNSELING IN MOTIVATING EMPLOYEES FOR JOB PERFORMANCE

| Description | Frequency | Percent |
|-------------|-----------|---------|
| a YES | 135 | 81.3 |
| b NO | 21 | 12.7 |
| c Can't Say | 10 | 6.0 |
| Total | 166 | 100.0 |

Counseling plays a significant role in motivating employees and creating congruence of interest of the employees and organization. ‘Effective counseling techniques will be able to motivate employees towards the job performance’. Analysis shows that majority of them (81.3%) are in favor of the above statement.

FACTOR ANALYSIS

Factor analysis is used to study the patterns of relationship among many variables, with the goal of discovering the nature of the variables that affect them. In particular, it seeks to discover if the observed variables can be explained largely or entirely in terms of a much smaller number of variables called factors. In our case suppose each of the 166 respondents, who are all familiar with different kinds of motivating and demotivating factors, rate each of 16 variables in question., we could analyse the number of dimensions on which the ratings differ.

TABLE NO 13: RELIABILITY STATISTICS

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|----------------------------------------------|------------|
| Alpha = .608 | Standardized item alpha = .6088 | 16 |

In order to accurately capture the employees perception Reliability Analysis was carried out with the help of Reliability Test Here, the reliability is shown to be good using all 16 items because alpha is .807 (Note that a reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations.

This section analyzes the comparative mean score of various factors which influence employees to remain with the present organization

TABLE NO. 14 DESCRIPTIVE STATISTICS

| Factors | N | Mean | Std. Deviation |
|----------------------------------------------------------------------------------|-----|--------|----------------|
| Opportunities for self-development | 166 | 3.5602 | 1.09793 |
| Affiliation & recognition | 166 | 3.4880 | 1.18443 |
| Bonuses | 166 | 3.4819 | 1.42583 |
| Medical facilities & insurance | 166 | 3.4398 | 1.28605 |
| Employees are very clear about their roles in this organization | 166 | 3.4217 | 1.29447 |
| Promotion | 166 | 3.3735 | 1.33676 |
| Employees feel free to convey their views at all levels in this organization | 166 | 3.3675 | 1.29002 |
| Ample opportunities of promotion in this organization | 166 | 3.3313 | 1.23773 |
| Power & Authority | 166 | 3.3193 | 1.24091 |
| Role in decision making | 166 | 3.3072 | 1.26331 |
| Paid holidays | 166 | 3.2470 | 1.27653 |
| Salary increments | 166 | 3.1747 | 1.28378 |
| Employees who come out with new ideas are encouraged in this organization | 166 | 3.1566 | 1.29317 |
| Pay and perk are at par in this organization with other competitive organization | 166 | 3.0843 | 1.20810 |
| I am motivated with this organization due to high job security | 166 | 2.9880 | 1.24066 |
| Fringe benefits | 166 | 2.9518 | 1.25918 |

The table indicates certain motivating factors like Opportunities for self-development, Affiliation & recognition, Bonuses, Medical facilities & insurance, Employees are very clear about their roles in this organization, and Promotion scored high means. The mean and standard deviation of the of all the factor presented in the table reveals that respondent view on the different factors like bonus, promotion and openness in the organization are inconsistent as it scored high standard deviation.

To reduce the total number of variables to a manageable number, factor analysis was carried out through SPSS 15 version. For convenience we have shown variance table which is as below:

TABLE NO. 15: TOTAL VARIANCE EXPLAINED

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 3.519 | 21.995 | 21.995 | 3.519 | 21.995 | 21.995 | 2.747 | 17.171 | 17.171 |
| 2 | 2.167 | 13.543 | 35.538 | 2.167 | 13.543 | 35.538 | 2.037 | 12.728 | 29.900 |
| 3 | 1.876 | 11.726 | 47.263 | 1.876 | 11.726 | 47.263 | 1.977 | 12.359 | 42.259 |
| 4 | 1.527 | 9.545 | 56.808 | 1.527 | 9.545 | 56.808 | 1.822 | 11.388 | 53.647 |
| 5 | 1.386 | 8.660 | 65.468 | 1.386 | 8.660 | 65.468 | 1.731 | 10.821 | 64.468 |
| 6 | 1.082 | 6.762 | 72.230 | 1.082 | 6.762 | 72.230 | 1.242 | 7.762 | 72.230 |
| 7 | .699 | 4.370 | 76.600 | | | | | | |
| 8 | .696 | 4.348 | 80.948 | | | | | | |
| 9 | .621 | 3.883 | 84.830 | | | | | | |
| 10 | .549 | 3.433 | 88.263 | | | | | | |
| 11 | .455 | 2.846 | 91.110 | | | | | | |
| 12 | .420 | 2.624 | 93.734 | | | | | | |
| 13 | .291 | 1.821 | 95.555 | | | | | | |
| 14 | .271 | 1.694 | 97.249 | | | | | | |
| 15 | .225 | 1.405 | 98.654 | | | | | | |
| 16 | .215 | 1.346 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis

All factors were rotated through varimax rotation method to find out how well each variable has loaded on to components thus extracted. The Rotated Component Matrix has been shown as below in the table:

TABLE NO 16 ROTATED COMPONENT MATRIX(A)

| | Component | | | | |
|--------------------------------------------------------------------------------------|-----------|------|------|------|-------|
| | 1 | 2 | 3 | 4 | 5 |
| Ample opportunities of promotion in this organization | .812 | | | | |
| Pay and perk are at par in this organization with other competitive organization | .770 | | | | |
| Role in decision making | .643 | | | | |
| Affiliation & recognition | .594 | | | | |
| Employees are very clear about their roles in this organization | .593 | | | | |
| Salary increments | | .784 | | | |
| Employees who come out with new ideas are encouraged in this organization | | .752 | | | |
| Promotion | | .735 | | | |
| Medical facilities & insurance | | .609 | | | |
| Opportunities for self-development | | .475 | | | |
| I am motivated with this organization due to high job security | | | .789 | | |
| Paid holidays | | | .720 | | |
| Fringe benefits | | | | .858 | |
| Power & authority | | | | | -.741 |
| Employees feel free to convey their vies to anyone at any level in this organization | | | | | .572 |
| Bonuses | | | | | .561 |

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 A Rotation converged in 9 iterations.

TABLE 17: PRINCIPAL COMPONENTS & ASSOCIATED VARIABLES

| Factor 1 | Factor 2 | Factor 3 | Factor 4 | Factor 5 |
|----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------|-----------------|--------------------------------------------------------------------------------------|
| Incentives | Role clarity and Participation | Job security | Fringe benefits | Power and authority |
| Ample opportunities of promotion in this organization | Salary increments | I am motivated with this organization due to high job security | Fringe benefits | Power & authority |
| Pay and perk are at par in this organization with other competitive organization | Employees who come out with new ideas are encouraged in this organization | Paid holidays | | Employees feel free to convey their vies to anyone at any level in this organization |
| Role in decision making | Promotion | | | Bonuses |
| Affiliation & recognition | Medical facilities & insurance | | | |
| Employees are very clear about their roles in this organization | Opportunities for self-development | | | |

PRINCIPAL COMPONENTS & ASSOCIATED VARIABLES

The **first factor** indicating the employees motivation is emerging as :**Incentives** which is a combination of Salary increments, Employees who come out with new ideas are encouraged in this organization ,Medical facilities & insurance, Promotion and Bonuses - which accounts for **21.995%** of the total variances. The **second Factor** is emerging as :**Role clarity & Participation** which is a combination of Ample opportunities of promotion in this organization ,Role in decision making ,Affiliation & recognition ,Pay and perk are at par in this organization with other competitive organizations, Employees are very clear about their roles in this organization and Employees feel free to convey their views to any one at any level in this organization , which accounts for **13.543%** variance of total variance. **Third factor** is emerging as : **Job Security** the combination of security, paid holidays and opportunities for self development, which account **11.726 %** variance of the total variances. **Fourth factor** is the **fringe benefits**, which account **9.176 %** variance of the total variances. **Fifth factor** is the **power and authority** given to employees to accomplish job which accounts **8.66%** of total variances.

TABLE 18: MEAN OF PRINCIPAL MOTIVATING FACTORS

| Working industry | Incentive | Role clarity | Job security | Fringe | Power |
|------------------|-----------|--------------|--------------|--------|--------|
| Manufacturing | 3.8526 | 3.7982 | 3.5614 | 3.5789 | 3.3684 |
| Trading | 3.1182 | 3.1061 | 2.9545 | 2.2273 | 2.9091 |
| Service | 3.3433 | 3.3292 | 3.2861 | 2.9833 | 3.4083 |
| Any other | 1.8000 | 2.6667 | 3.0000 | 3.0000 | 3.2000 |
| Total | 3.3253 | 3.3333 | 3.2651 | 2.9518 | 3.3313 |

TABLE 19: ONE WAY ANOVA FOR SATISFACTION ACROSS THE INDUSTRY

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|-------|------|
| Between Groups | 8.419 | 3 | 2.806 | 4.763 | .003 |
| Within Groups | 95.443 | 162 | .589 | | |
| Total | 103.861 | 165 | | | |

AFTER REDUCING THE FACTOR COMBINED MEAN OF VARIOUS FACTORS OF MOTIVATION WERE CALCULATED ACROSS THE DIFFERENT INDUSTRY AS PRESENTED IN THE TABLE NOS. 18 & 19.

As it is evident from the above tables, mean ratings of various factors like incentives scheme, role clarity, job security fringe benefits and Power and Authority have got high rating by employees in Manufacturing as compared to employees working in trading, services sector organization and other organizations. This indicates that *motivation level* of employees working in *manufacturing organization* is high as compared to other organizations. After comparing the mean one way ANOVA was carried out to test the hypothesis that factors of motivation of the employees does not differ significantly across the different industry. A one-way ANOVA was calculated comparing level of satisfaction with different motivating factors and nature of industry in which an employee is engaged. A significant difference was found between the factors (F(3,162)=4.763,p<.05). Since calculated value is greater than tabulated value (F(3,162)=2.60, p<.05) null hypothesis (H0) is rejected .Hence there is significant difference in motivation levels across industries.

In conclusion it can be said that **employee motivation** and various **factors influencing** it have emerged as the most important aspects of Human Resource Management in the current business environment. A simple definition of *motivation* is the ability to change behavior. It is a drive that compels one to act because human behavior is directed toward some goal. Motivation is intrinsic; it comes from within based on personal interests, desires, and need for fulfillment. However, extrinsic (external) factors such as rewards, praise, and promotions have a profound influence on motivation. Present research indicates that Opportunities for self-development, Affiliation & Recognition, Bonuses, Medical facilities & Insurance, Role clarity and Promotion, are some of the most important factors which management should focus on to retain employees.

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EMERGING ROLE OF TECHNOLOGY IN RETAIL SECTOR**N. SANTOSH RANGANATH****FACULTY MEMBER****DEPARTMENT OF COMMERCE AND MANAGEMENT STUDIES****DR. B.R. AMBEDKAR UNIVERSITY****SRIKAKULAM – 532 410****DR. T. KAMA RAJU****HEAD****DEPARTMENT OF COMMERCE AND MANAGEMENT STUDIES****DR. B.R. AMBEDKAR UNIVERSITY****SRIKAKULAM – 532 410****P. TRINADHA RAO****FACULTY MEMBER****DEPARTMENT OF COMMERCE AND MANAGEMENT STUDIES****DR. B.R. AMBEDKAR UNIVERSITY****SRIKAKULAM – 532 410****ABSTRACT**

Technology in the retailing industry has provided a new dimension. Electronic transactions have increased the volume of sales in the country. Flexibility in the mode of payment and cashless transactions has helped in driving sales. Communication assists in maintaining a competitive advantage in retaining and attracting customers. The introduction of new technology may be intricate for retailers, but the convenience and cost effectiveness create the need for new advancements. Large stores need to monitor inventories and expenses of establishments. With automated machines and high-end computers making the task simpler, the focus of retailers can stay on retaining customers with new strategies. Security systems also do help for a safer shopping, for retailers as well as customers, providing immense mental relief. This paper includes the role of technology in retail sector, recent trends, and opportunities and challenges. It also highlights the challenges faced by the industry in near future.

KEYWORDS

E-retailing, ERP system, Electronic Data Interchange, Supply chain integration.

INTRODUCTION

Just as any technological breakthrough in any business has a major impact on that sphere of business, of the latest marvel of internet technology too has had a radical impact on retailing around the world. The evolution of the internet, termed as the 'world wide web' (www) is considered to be the greatest gift to mankind and has thrown open a whole new world of services that easily available to customers from this web. Thousands of retail store are already on the web selling from books to groceries and garments to even cars and there is hardly anything that one cannot buy over the web today. In fact one can choose the products and even pay for it on the web itself which is now called 'online retailing'.

The emerging trends are related not to specific functionality or technology, but to the scope of technology. Irrespective of which direction the MIS moves in, certain technological changes are bound to accompany the move. Yet these changes are evolutionary rather than revolutionary. The success of many companies may be related to the way they have improved the operation of their business through investment in technology. Modern technology is transforming the retail environment and has helped many companies expand their operations. The growing interest in data warehouses is part of a trend towards developing methods of assessing the massive volumes of data which retailers typically collect every day.

Data warehousing is one, big-band approach towards doing this but there are many other systems, called Executive Information Systems (EIS), Business Intelligence and Decision Support Systems (DSS). E-retailing is advancing at a rapid rate with retail organizations realizing the growing importance of the sale of products through these new distribution channels. Retailers have increased their use of computerized retail information systems, and the Universal Product Code (UPC) is now the dominant technology for processing product related data. With Electronic Data Interchange (EDI), the computers of retailers and their suppliers regularly exchange information, sometimes through the web. The supply chain is the logistics aspect of a value delivery chain. Many retailers and suppliers are seeking closer logistical relationships. One technique for larger retailers is collaborative planning, forecasting and replenishment (CPFR) – a holistic approach to supply chain management among a network of trading partner.

RETAIL INFORMATION SYSTEMS IN INDIA

Retailing in India, however, is still in its infancy and though is no immediate need for very advanced technological tools in the country, the success of a retailer would definitely depend, to a large extent, on the adoption of a viable integrated retail-specific solution. The retail environment in India is changing rapidly and many analysts are predicting an absolute repeat of performances that have actually taken place in most of the south eastern Asian countries in recent years. Organized retailing is fast becoming a reality in India and it is being made possible only with the adoption of the latest retailing technologies borrowed from the west.

Today, organized retailer are working very closely with their vendors to shorten lead times and thereby reducing inventory costs. They have established highly elaborate online networks within their stores and warehouses, which enables them to obtain up-to-the-minute information. Such retailers are able to dominate the markets in which they operate primarily because of the large volumes of sales that they are able to generate.

Various Information Systems:

- Merchandising system
- Sales and Marketing system
- Point of Sale system
- Financial Accounting system
- Attendance and Payroll

- Administrative systems

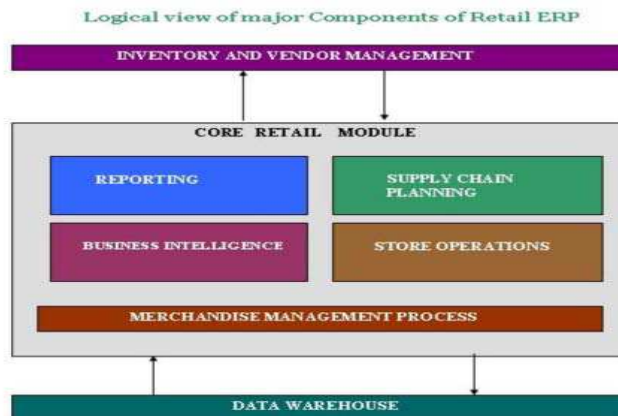
DBMS IN RETAILING SECTOR

The introduction of Database Management Systems has, to a large extent, helped in eliminating this problem all sizes of retailers how have access to a variety of database management tools depending on the magnitude of their operations and their budgets. Retail management has also undergone profound changes in recent years, thus enabling users to easily access their data. It is due to this increasing ease with which managers are informing their decisions with immense databases that retailing around the world has taken on a new dimension, especially since the last decade.

ENTERPRISE RESOURCE PLANNING

Enterprise Resource Planning or ERP is actually a process or approach which attempts to consolidate all of a company's departments and functions into a single computer system that services each department's specific needs. It is, in a sense, a convergence of people, hardware and software into an efficient production, service and delivery system that creates profit for the company. The most often-cited example of an ERP software is customer ordering and delivery where a customer's order moves smoothly from Sales, where the 'deal' is consummated, to Inventory and Warehousing, which retrieves and packages the order for delivery, to Finance, where invoicing, billing and payments are handled, and on to Manufacturing, where replacement of the bought-and-paid-for product is done.

FIGURE 1: RETAIL ERP SYSTEM COMPONENTS



This element of the ERP system allows the retailers to undertake the planning activities at a large as well as a small scale as per the need of the situation. It focuses on the different strategies to be employed in order to help the retail store in increasing the sales of the merchandise. The retail-planning component focuses on achieving the economies of scale and attaining the desired efficiencies by increasing the merchandise sales at the retail chain. This component helps the retailers in planning the various sales and promotional events aimed at boosting or increasing the sales of the merchandise offered at the store. This way, retail planning forms an important and critical component of the retail ERP systems as it performs the critical function of offering the planning activities that may be undertaken at the micro as well as macro level to give a push to the merchandise sales at the retail store.

The retail-planning component is extensively used by the middle and the upper management in formulating favorable promotional strategies to stimulate the sales and ensure increase in inventory turns at the retail store. Hence, retail planning may be called as a critical component of the retail ERP systems.

SWOT ANALYSIS OF RETAIL ERP SYSTEMS

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>STRENGTHS</p> <ul style="list-style-type: none"> • Provides an enterprise wide view of the workflow • Allows integration with systems of associates and business partners • Helps in routine decision making • Allows streamlining of business processes | <p>WEAKNESSES</p> <ul style="list-style-type: none"> • Expensive to procure • Requires significant employee training • Compatibility issues with other/legacy systems • Security concerns |
| <p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Booming retail sector in the emerging global markets • The retail sector is overlooked by the major ERP solution providers • High efficiencies becoming critical in the retail sector due to the cut-throat competition and paper-thin margins | <p>THREATS</p> <ul style="list-style-type: none"> • Opposition to globalization and transnational movement of goods • Increasing complexity of such systems • Divided opinion over the Return-On-Investment (ROI) from such tools • Security concerns regarding sharing of data over a network |

An ERP system encapsulates diverse business functions such as sales forecasting, merchandising, point of sale distribution, logistics, payroll and accounting, to meet the customer's demands. Such ERP solutions are far more complex to implement than any other solution but in spite of this, many retail organizations around the world have spent several crores on them. It is apparent that the benefits of such a solution far surpass the expenses, as a result of which more and more retailers are getting on to the ERP bandwagon. An ideal ERP solution would address the entire needs of the sector for which it has been designed, right from its merchandising, sales and marketing, to accounting and audit needs, and payroll management and further cover every single aspect of that enterprise.

SUPPLY CHAIN MANAGEMENT

As B2B e-commerce becomes increasingly strategic, the complexity of integrating and collaborating with business partners grows exponentially. Over the past decade, businesses have invested heavily in internally-focused business systems. Today, businesses are extending their enterprise investments by strategically sharing processes with partners to gain competitive advantage. Through the automation of an entire value chain, companies are streamlining cross-enterprise processes, such as price and promotions, global logistics and electronic payments, resulting in greater agility, responsiveness and profitability.

Although integrating diverse businesses is key to building a successful extended enterprise, the complexities can be daunting. The variety of communications protocols and standards continues to increase. Data structures and data transformation are becoming more sophisticated. Globalization is introducing new trading partners from regions around the world with different local business processes and varying degrees of experience with e-commerce. To unlock the potential of B2B e-commerce and build a successful global extended enterprise, businesses need a partner with innovative and adaptive solutions, broad skills and capabilities, and global reach.

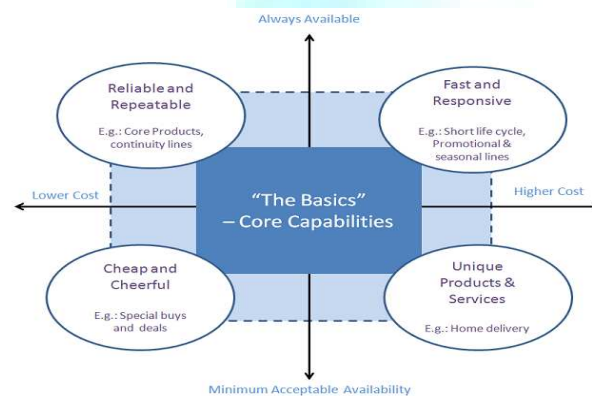
CROSS-ENTERPRISE BUSINESS PROCESSES

Fewer and fewer companies manage the entire manufacturing process from raw material to finished product. Instead, the manufacturing process is distributed across the supply chain with different manufacturers owning the raw material, component, assembly and finished product aspects of the process. As a result, an increasing number of business processes are becoming cross-enterprise, including product design, development, manufacturing, and post-sales service and support. Even planning functions such as promotions, forecasting and marketing are becoming increasingly collaborative.

SPECIFIC CHALLENGES & SPECIFIC SOLUTIONS

Retailers can use Product Information Management (PIM) on the Trading Grid to manage item attribute data and synchronize catalogs with distributors. Price and trade promotions management improves the accuracy of invoicing processes. Retailers and manufacturers can analyze point-of-sale and inventory positions to jointly forecast demand. High tech original equipment manufacturers (OEMs) and component suppliers use Trading Grid to exchange forecast, inventory, logistics and payment transactions with suppliers. The Trading Grid can help to orchestrate an increasingly complex global network of contract manufacturers, customs agencies, logistic providers, and local distributors.

FIGURE 2: THE RETAILING CHALLENGES



The Supply Chain Planning and Execution Market Service is the premier resource for technology and service providers looking to gain an edge in a highly competitive and dynamic market. With access to industry-leading analysts and thought-provoking written research, clients gain the insight and edge they need to craft winning strategies. By combining a deep understanding of evolving end-user demand factors with unparalleled knowledge of the market for supply chain planning and execution technologies, this service helps technology and service provider executives identify and understand organic and inorganic growth opportunities, assess the competition, and fine-tune the details of go-to-market strategies, including target audiences, product requirements, market and competitive positioning, and marketing messaging.

SCOPE OF COVERAGE

As manufacturers, retailers, distributors, and service providers concentrate more on revenue and profitability growth, supply chain applications have risen in priority. While early supply chain investments were made to make the transactional and product flow of the business more efficient, the demand chains we see today require sophisticated planning and sensing applications integrated with the actual execution of the business. The Supply Chain Planning and Execution Market Service addresses the intersection of business process and technology as it applies to such areas as user adoption, sales effectiveness, customer segmentation, customer profitability, and return on marketing investment. Research coverage extends from strategic user activities like network design, optimization, and analysis to execution activities such as fulfillment, transportation management, global trade management, and mobility spanning the full scope of inter-company collaboration, value chain planning, internal production planning, inventory management, and logistics.

Software markets covered:

- Order fulfillment, including order management and order promising
- Transportation management
- Global trade management, including international trade logistics (ITL)
- Warehouse management

RETAIL FINANCIAL SERVICES AND SOLUTIONS

The retail financial services sector has been a pioneer in outsourcing non-core, and more recently core processes to achieve cost savings in a fiercely competitive business environment. While immediate cost reduction continues to drive the outsourcing decision, financial institutions are now looking for strategic value they can gain from robust, efficient, and flexible operations that are capable of enhancing customer delight. Banks are required to address a set of seemingly contradictory issues - pressure to reduce unit costs as transaction volumes increase, while additional investment is needed to deliver an enhanced customer experience. Currently, the retail financial services industry is faced with: Increasing regulations (accounting, financing and book-keeping) as outsourcing potentially transfers risk, management and compliance to third parties operating offshore Shorter and more complex product lifecycles Increase in the number of channels for communication Increasing customer demands and expectations High staff turnover in contact centers Rapidly advancing technological innovation Increasing competition Changing business models designed to improve how firms attract, service and interact with their customers From process optimization and access to best practices, to tapping into specialist resources.

CREATING AND SUSTAINING HIGH PERFORMANCE

Excellent retail supply chain management revolves around understanding and balancing three key dimensions of availability, inventory and cost. Managing these trade-offs efficiently can result in supply chains that improve business performance and drive competitive advantage. Rapid growth and profitability are clearly linked to an uncompromised approach to supply chain management that has delivered a world class three week "design to shelf" capability and fueled the company's 20 percent annual growth and profit margins. No longer just concerned about cost control, companies view supply chain as a key element of their

business strategy. Today's supply chain leaders are working with their business partners to design, develop, move, store, sell and service their products with ever greater speed and economy. Now, more than ever, supply chains are regarded as sources of business value and competitive advantage.

CHALLENGES IN SUPPLY CHAIN MANAGEMENT

In view of the diverse business activities, today's supply chain process is very critical for success in current business scenario. Today, the supply chain managers are facing various external challenges driven by customer requirements and intense competition. The major challenges are:

Network Planning – This is one of the most important issues for SCM. Determination of production requirements and inventory levels at the vendor's facility for each product and development of transportation flows between these facilities to the warehouses in a best possible way to reduce total production, inventory and transportation costs with fulfillment of service level requirements.

Supply chain integration and strategic partnering – In SCM, information sharing and operational planning are crucial for successfully integrated supply chain. But the challenges are – what type of information would be shared, and how this information will be used, what level of integration is required and what partnership can be implemented?

IT and Decision Support System– This is another important challenge for SCM. Today, SCM is driven by the scope and opportunities appearing due to abundance of data and the savings which can be achieved through efficient analysis of these data. What data should be transferred with its significance and most importantly, what infrastructure is required internally and between its partners is very important.

Training – It is important for every company, which is implementing SCM. Companies must leverage extensive training to their employees, who are going to use the system. Understanding the market, risk, and spend analysis and applying strategic sourcing methodologies are important.

Advanced Technology in Retail Marketing:

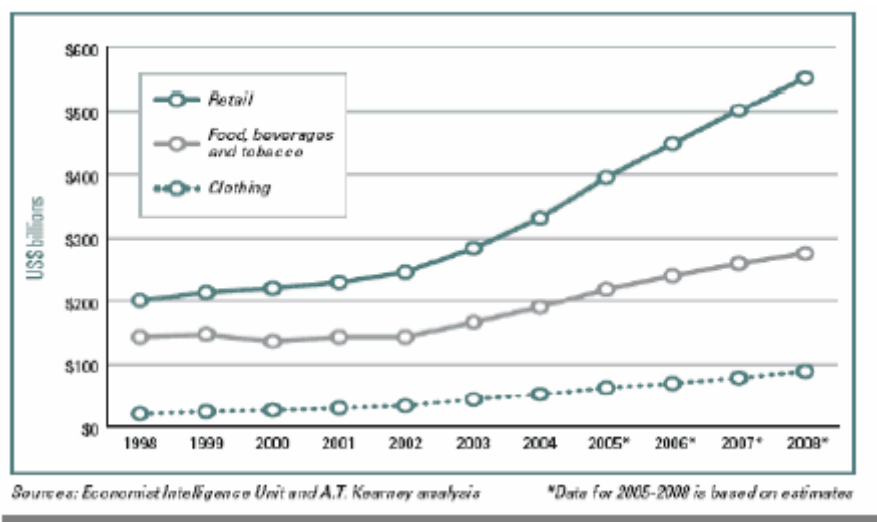
The business of retailing is becoming increasingly complex by the day. Companies are multiplying the number of their outlets at a very rapid pace making forays both within their own territory as well as into other countries across the world. Controlling such operations thus becomes an extremely challenging task and technology consequently has a major role to play in the success or failure of a retailer. The larger the retailer is, the greater would be his dependence on technology. The constantly advancing and emerging technologies thus have a dramatic effect on retail operations.

Advanced technology has now enabled retailers to use the most sophisticated point-of-sale systems which not only help in the billing functions but are a major source of information for the entire retail organization. The technology enables all the managers of the retail company to access important information almost up to the minute and consequently to take timely and quick decisions. Many large retailers have even gone a step further by integrating their networks with their vendor's systems through a process called Electronic Data Interchange. EDI is a two way communication tool that enables retailers to place online orders, obtain order status and to make payments to their vendors, while also helping vendors to provide invoices and intimate price changes, which ultimately greatly enhances the efficiency of both the retailer and the vendors.

Retailing is a 'technology-intensive' industry. It is quoted that everyday at least 500 gigabytes of data are transmitted via satellite from the 1,200 point-of-sales counters of JC Penney to its corporate headquarters. Successful retailers today work closely with their vendors to predict consumer demand, shorten lead times, reduce inventory holding and thereby, save cost. Wal-Mart pioneered the concept of building a competitive advantage through distribution and information systems in the retailing industry. They introduced two innovative logistics techniques - cross-docking and electronic data interchange.

Today, online systems link point-of-sales terminals to the main office where detailed analyses on sales by item, classification, stores or vendor are carried out online. Besides vendors, the focus of the retailing sector is to develop the link with the consumer. 'Data Warehousing' is an established concept in the advanced nations. With the help of 'database retailing', information on existing and potential customers is tracked.

Figure-3: Retail Sales in India



IT transformation is a key factor in achieving high performance for retailers. Accenture can help you streamline information technology to enhance overall performance.

Today's retailers need to transform their IT capabilities for a number of reasons. These include:

- To aggregate and analyze customer data to enhance differentiation.
- To increase a company's ability to respond to a rapidly changing marketplace through enhanced flexibility and speed.
- To operate effectively, retailers need to have one system working across stores (sometimes across national borders) to ensure the most effective use of stock and to support optimized business processes.

As the hype around technology decreases, retailers are seeing clearly that technology's role is one of an enabler, speeding up of processes and delivering cost savings. The retail industry faces specific IT management challenges:

- **Transparency and tracking:** Retailers need greater transparency between systems and better tracking to integrate systems from manufacturer through to consumer to obtain customer and sales information.
- **Customer data:** Information overload is a challenge for retailers because they need to collect and sift through data to convert it into useful information in a customer-centric industry.
- **Global data synchronization:** Enabled by radio frequency identification/electronic product coding, the entire supply chain is becoming more intelligent. This creates what Accenture calls Silent Commerce. Benefits for retailers include enabling the use of real-time data to monitor inventory levels. Radio

frequency identification tagging also positions the company to better safeguard its shipments by enabling the tracking of products from manufacturer through the supply chain.

Accenture collaborates with companies to meet the need for positive IT management. The goal is to enhance business processes and keep up to date with innovation to become a high-performance business.

CONCLUSION

The technology enables all the managers of the retail company to access important information almost up to the minute and consequently to take timely and quick decisions. The success of many companies may be related to the way they have improved the operation of their business through investment in technology. Modern technology is transforming the retail environment and has helped many companies expand their operations. E-retailing is advancing at a rapid rate with retail organizations realizing the growing importance of the sale of products through these new distribution channels. The larger the retailer is, the greater would be his dependence on technology. The constantly advancing and emerging technologies thus have a dramatic effect on retail operations.

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WHITHER DERIVATIVES IN INDIA?**DR. T. SATYNARAYANA CHARY****HEAD****DEPARTMENT OF COMMERCE****TELANGANA UNIVERSITY****NIZAMBAD****B. RAJ KUMAR****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT SCIENCE****BALAJI INSTITUTE OF TECHNOLOGY & SCIENCE****WARANGAL****ABSTRACT**

Derivatives emerged in India to cater to the needs of changing paradigms of stock market transactional settlement. Not only that, even to ensure the liquidity level of markets and risk management for the players, the derivatives are developed on the lines of the global experience and practices. Hence, derivatives became darling of financial markets particularly to stock markets as they were dancing to the music played by the forces of the market. In recent past the derivatives stood as a cause for biggest failure of many financial companies in America, that has turned into financial crises afterwards and trampled the global financial system. Fortunately as India could not understand the algebra of derivatives, the banks and financial institutions of India were not in the fray of crises created by Derivatives. However, derivatives have been helping a lot in the risk management of investment and bringing up the new and innovative financial services in a gigantic way. But one thing is not understood that right from the inception of derivatives on index based in India, unlike the global countries that what is happening time to time in the derivatives market, particularly in terms of trends. So the present paper makes a modest attempt to discuss the concept, trends and the impact of derivatives on equity market in a comprehensive manner.

KEYWORDS

Derivatives, stock market, transactional settlement, liquidity.

INTRODUCTION

Financial markets are, by nature, extremely volatile and hence the risk factor is an important concern for financial agents. To reduce this risk concept of derivatives come into the picture. Derivatives are products whose values are derived from one or more basic variables called bases. These bases can be underlying assets (for example forex, equity, etc) or reference rates. For example, wheat farmers may wish to sell their harvest at a future date to eliminate the risk of a change in prices by that date. The transaction in this case would be the derivative, while the spot price of wheat would be the underlying asset.

In 1848, the Chicago Board Of Trade (CBOT) was established to bring farmers and merchants together. A group of traders got together and created the 'to-arrive' contract that permitted farmers to lock into price upfront and deliver the grain later. These to-arrive contracts proved useful as a device for hedging and speculation on price changes. These were eventually standardized, and in 1925 the first futures clearing house came into existence. Hence, today derivatives contracts exist on variety of commodities such as corn, pepper, cotton, wheat, silver etc. Besides, derivatives contracts also exist on a lot of financial underlying like stocks, interest rate, exchange rate, and what not?

NEED OF THE STUDY

Derivatives market started in India in recent origin, whereas American and European countries started trading derivatives long before. Not only that, even for the replacement of the badla and undhabadla system of trading the derivatives market is found and established as an alternative market. So, all the time there would be a need for a study to analyze the practices, problems and prospects of derivative market in India.

OBJECTIVES OF THE STUDY

The main objective of the paper is to analyse the journey of financial derivatives in India. The other specific objectives are:

1. To study the basic concepts and terminology of various Derivative products like Futures and Options.
2. To know the role of derivatives trading in India.
3. To study the trends of Derivatives Market in India.
4. To study the impact of Derivatives on Financial Markets.
5. To depict the growth of Derivatives in India.

DATA SOURCES AND METHODOLOGY

The present study is an analytical one and empirical one. It uses secondary data that has been collected from various secondary sources like newspapers, magazines, research journals, RBI reports, SEBI Bulletin and NSE publications. Data thus collected is analysed and presented in terms of products of Derivatives, settlement statistics and Business growth of Derivatives in India.

REVIEW OF LITERATURE

Plethora of studies is found on Financial Derivatives. Some of the important studies are reviewed in following lines. (Bhaumik 1998) Financial derivatives are powerful instruments that can facilitate hedging against volatility in exchange rates, interest rates and securities price. Derivatives are recognized as the best and most cost efficient way of meeting the felt need for risk hedging in certain in certain types of commercial and financial operations.

(Parmjit Kaur, 2001) Countries not providing such globally accepted risk hedging facilities are disadvantaged in today's rapidly integrating global economy. (Deana Mehta, 2005) Share futures are most successful in India than anywhere else in the world because they are seen as a substitute for badla. The new system has to better than the old one and not add to risk in the market.

TYPES AND ROLE OF DERIVATIVES

TYPES

The most commonly used derivatives contracts are Forward, Futures and Options. Here some of the important derivative contracts that have come to be used are covered.

- a. FORWARD:** A forward contract is a customized contract between two entities, where settlement takes place on a specific date in the future at today's pre-agreed price. Forwards are contracts customizable in terms of contract size, expiry date and price, as per the needs of the user.
- b. FUTURES:** As the name suggests, futures are derivative contracts that give the holder the opportunity to buy or sell the underlying at a pre-specified price sometime in the future. They come in standardized form with fixed expiry time, contract size and price. A futures contract is an agreement between two parties to buy or sell an asset at a certain time in the future at a certain price. Futures contracts are special types of forward contracts in the sense that the former are standardized exchange-traded contracts.
- c. OPTIONS:** Options are a right available to the buyer of the same, to purchase or sell an asset, without any obligation. It means that the buyer of the option can exercise his option but is not bound to do so. Options are of two types: calls and puts. Call gives the buyer the right, but not the obligation, to buy a given quantity of the underlying asset, at a given price, on or before a given future date. Put gives the buyer the right, but not the obligation, to sell a given quantity of the underlying asset, at a given price, on or before a given date. In both the types of the options, the seller of the option has an obligation but not a right to buy or sell an asset. His buying or selling of an asset depends upon the action of buyer of the option. His position in both the type of option is exactly the reverse of that of a buyer.
- d. WARRANTS:** Options generally have lives of up to one year, the majority of options exchanges having a maximum maturity of nine months. Longer-dated options are called warrants and are generally traded over-the-counter.
- e. LEAPS:** The acronym LEAPS means Long-Term Equity Anticipation Securities. These are options having a maturity of up to three years.
- f. BASKET:** Basket options are options on portfolios of underlying assets are usually a moving average of a basket of assets. Equity index options are a form of basket options.
- g. SWAPS:** Swaps are private agreement between two parties to exchange cash flows in the future according to a pre arranged formula. They can be regarded as portfolios of forward contract. The two commonly used swaps are INTEREST RATE SWAPS (IRS) and CURRENCY SWAPS (CS). IRS is only the interest related cash flows between the parties in the same currency. Whereas, CS is swapping both principal and interest between the parties, with the cash flows in one direction being in a different currency than those in the opposite direction.
- h. SWAPTIONS:** Swaptions are options to buy or sell a swap that will become operative at the expiry of the options. Thus, a swaptions is an option on a forward swap. Rather than have calls and puts, the swaptions market has receiver swaptions and payer swaptions. A receiver swaptions is an option to receive fixed and pay floating. A payer swaptions is an option to pay fixed and receive floating. Out of the above mentioned types of derivatives forward, future and options are the most commonly used. (See Table I for more details)

ROLE OF DERIVATIVES

Derivatives help a lot investors in many different way, they are:

i) Risk Management

Futures and options contract can be used for altering the risk of investing in spot market. Derivatives help to reallocate risk among investors. A person, who wants to reduce risk, can transfer some of that risk to a person who wants to take more risk. Consider a risk averse individual, who can obviously reduce risk by hedging. When he does so, the opposite position in the market may be taken by a speculator who wishes to take more risk. Since people can alter their risk exposure using futures and options, derivatives help in the raising of capital and mitigating the risk too. As an investor, one can always invest in an asset and then change its risk to a level that is more acceptable by using derivatives.

ii) Price Discovery

Price discovery refers to the market's ability to determine true equilibrium prices. Futures prices are believed to contain information about future spot prices and help in disseminating such information. The futures markets provide a low cost trading mechanism. Not only that, even they provide information pertaining to supply and demand that percolates in the markets. As accurate prices are essential for ensuring the correct allocation of resources in a free market economy, Futures and Options markets provide information about the volatility or risk of the underlying asset for perfect pricing.

iii) Operational Advantages

As opposed to spot markets, derivatives markets involve lower transaction costs. Secondly, they offer greater liquidity. Large spot transactions can often lead to significant price changes. However, futures markets tend to be more liquid than spot markets, because herein you can take large positions by depositing relatively small margins. Consequently, a large position in derivatives markets is relatively easier to take and has less of a price impact as opposed to a transaction of the same magnitude in the spot market. Finally, it is easier to take a short position in derivatives markets than it is to sell short in spot markets.

iv) Market Efficiency

The availability of derivatives makes markets more efficient; spot, futures and options markets are inextricably linked. Since it is easier and cheaper to trade in derivatives, it is possible to exploit arbitrage opportunities quickly and to keep prices in alignment. Hence, these markets help to ensure that prices reflect true values.

v) Ease of Speculation

Derivative markets provide speculators with a cheaper alternative to engaging in spot transactions. Also, the amount of capital required to take a comparable position is less in this case. This is important because facilitation of speculation is critical for ensuring free and fair markets. Speculators always take calculated risks, as they accept a level of risk only if speculator is convinced that the associated expected return is commensurate with the risk that is assumed.

TYPES OF DERIVATIVES MARKET

Derivatives Market can be classified as Exchange Traded Derivatives Market (ETDM) and Over the Counter Derivatives Market (OCDM). ETDs are derivatives that are traded through specialized derivative exchanges, whereas OCDs are those which are privately traded between two parties and involves no exchange or intermediary. Swaps, Options and Forward Contracts are traded in Over the Counter Derivatives Market or OTC market. The main participants of OTC market are the Investment Banks, Commercial Banks, Govt. Sponsored Enterprises and Hedge Funds. The investment banks market the derivatives through traders to the clients like hedge funds and the rest. In the Exchange Traded Derivatives Market or Future Market, exchange acts as the main party and by trading of derivatives actually risk is traded between two parties. One party who purchases future contract is said to go "long" and the person who sells the future contract is said to go "short". The holder of the "long" position owns the future contract and earns profit from it if the price of the underlying security goes up in the future. On the contrary, holder of the "short" position is in a profitable position if the price of the underlying security goes down, as he has already sold the future contract. So, when a new future contract is introduced, the total position in the contract is zero as no one is holding that for short or long. The trading of foreign exchange traded derivatives or the future contracts has emerged as very important financial activity all over the world just like trading of equity-linked contracts or commodity contracts. The derivatives whose underlying assets are credit, energy or metal, have shown a steady growth rate over the years around the world.

PARTICIPANTS IN THE DERIVATIVES MARKET

A) TRADING PARTICIPANTS

i) Hedgers

The process of managing the risk or risk management is called as hedging. Hedgers are those individuals or firms who manage their risk with the help of derivative products. The main purpose for hedging is to reduce the volatility of a portfolio by reducing the risk.

ii) Speculators

Speculators use futures and options contracts to get extra leverage in betting on future movements in the price of an asset. They can increase both the potential gains and potential losses by usage of derivatives in a speculative venture.

iii) Arbitrageurs

Arbitrageurs are in business to take advantage of a discrepancy between prices in two different markets. If, for example, they see the futures price of an asset getting out of line with the cash price, they will take offsetting positions in the two markets to lock in a profit.

B) INTERMEDIARY PARTICIPANTS

iv) Brokers

For any purchase and sale, brokers perform an important function of bringing buyers and sellers together. As a member in any futures exchanges, may be any commodity or finance, one need not be a speculator, arbitrageur or hedger. By virtue of a member of a commodity or financial futures exchange one can get a right to transact with other members of the same exchange. This transaction can be in the pit of the trading hall or on online computer terminal. All persons hedging their transaction exposures or speculating on price movement need not be and for that matter cannot be members of futures or options exchange. A nonmember has to deal in futures exchange through member only. This provides a member the role of a broker. His existence as a broker takes the benefits of the futures and options exchange to the entire economy. Hence, all transactions are done in the name of the member who is responsible for final settlement and delivery.

v) Market Makers and Jobbers

Even in organized futures exchange, every deal cannot get the counter party immediately. It is here the jobber or market maker plays his role. They are the members of the exchange who takes the purchase or sale by other members in their books and then Square off on the same day or the next day. They quote their bid-ask rate regularly. The difference between bid and ask is known as bid-ask spread. When volatility in price is more the spread increases, since jobbers price risk increases. In less volatile market, it is less. Generally, jobbers carry limited risk. Even by incurring loss, they square off their position as early as possible. As they decide the market price considering the demand and supply of the commodity or asset, they are also known as market makers.

C) INSTITUTIONAL FRAMEWORK:

vi) Exchange

Exchange provides buyers and sellers of futures and option contract, the necessary infrastructure to trade. In online trading system, exchange provides access to members and makes available real time information online and also allows them to execute their orders. For derivatives market, to be successful exchange plays a very important role there may be separate exchange for financial instruments and commodities or common exchange for both commodities and financial assets.

vii) Clearing House

A clearing house performs clearing of transactions executed in futures and option exchanges. Clearing house may be a separate company or it can be a division of exchange. It guarantees the performance of the contracts and for this purpose clearing house becomes counter party to each contract. Transactions are between members and clearing house. Clearing house ensures solvency of the members by putting various limits on them. Further, clearing house devises a good managing system to ensure performance of contract even in volatile market. This provides confidence of people in futures and option exchange. Therefore, it is an important institution for futures and option market.

viii) Custodian / Warehouse

Futures and options contracts do not generally result into delivery but there has to be smooth and standard delivery mechanism to ensure proper functioning of market. In stock index futures and options which are cash settled contracts, the issue of delivery may not arise, but it would be there in stock futures or options, commodity futures and options and interest rates futures. In the absence of proper custodian or warehouse mechanism, delivery of financial assets and commodities will be a cumbersome task and futures prices will not reflect the equilibrium price for convergence of cash price and futures price on maturity, custodian and warehouse are very relevant in this regard to settle the transactions very smoothly and effectively.

ix) Bank for fund movements

Futures and options contracts are daily settled for which large fund movement from members to clearing house and back is necessary. This can be smoothly handled if a bank works in association with a clearing house. Bank can make daily accounting entries in the accounts of members and facilitate daily settlement a routine affair. This also reduces a possibility of any fraud or misappropriation of fund by any market intermediary.

x) Regulatory Framework

A regulator creates confidence in the market besides providing Level playing field to all concerned, for foreign exchange and money market, RBI is the regulatory authority so it can take initiative in starting futures and options trade in currency and interest rates. For capital market, SEBI is playing a lead role, along with physical market in stocks; it will also regulate the stock index futures very soon in India. The approach and outlook of regulator directly affects the strength and volume in the market. For commodities, Forward Market Commission is working for settling up National Commodity Exchange.

DEVELOPMENT OF DERIVATIVES MARKET IN INDIA

The first step towards introduction of derivatives trading in India was the promulgation of the Securities Laws (Amendment) Ordinance, 1995, which withdrew the prohibition on options in securities. The market for derivatives, however, did not take off, as there was no regulatory framework to govern trading of derivatives. SEBI set up a 24-member committee under the Chairmanship of Dr.L.C.Gupta on November 18, 1996 to develop appropriate regulatory framework for derivatives trading in India. The committee submitted its report on March 17, 1998 prescribing necessary pre-conditions for introduction of derivatives trading in India. The committee recommended that derivatives should be declared as 'securities' so that regulatory framework applicable to trading of 'securities' could also govern trading of securities. SEBI also set up a group in June 1998 under the Chairmanship of Prof.J.R.Varma, to recommend measures for risk containment in derivatives market in India. The report, which was submitted in October 1998, worked out the operational details of margining system, methodology for charging initial margins, broker net worth, deposit requirement and real-time monitoring requirements.

The Securities Contract Regulation Act (SCRA) was amended in December 1999 to include derivatives within the ambit of 'securities' and the regulatory framework was developed for governing derivatives trading. The act also made it clear that derivatives shall be legal and valid only if such contracts are traded on a recognized stock exchange, thus precluding OTC derivatives. The government also rescinded in March 2000, the three-decade old notification, which prohibited forward trading in securities. Derivatives trading commenced in India in June 2000 after SEBI granted the final approval to this effect in May 2001. SEBI permitted the derivative segments of two stock exchanges, NSE and BSE, and their clearing house/corporation to commence trading and settlement in approved derivatives contracts. To begin with, SEBI approved trading in index futures contracts based on S&P CNX Nifty and BSE-30(Sensex) index.

This was followed by approval for trading in options based on these two indexes and options on individual securities. The trading in BSE Sensex options commenced on June 4, 2001 and the trading in options on individual securities commenced in July 2001. Futures contracts on individual stocks were launched in November 2001. The derivatives trading on NSE commenced with S&P CNX Nifty Index futures on June 12, 2000. The trading in index options commenced on June 4, 2001 and trading in options on individual securities commenced on July 2, 2001. Single stock futures were launched on November 9, 2001. The index futures and options contract on NSE are based on S&P CNX Trading and settlement in derivative contracts is done in accordance with the rules, byelaws, and regulations of the respective exchanges and their clearing house/corporation duly approved by SEBI and notified in the official gazette. Foreign Institutional Investors (FIIs) are permitted to trade in all Exchange traded derivative products. (See Table I for details on Products available on Derivatives)

EQUITY DERIVATIVES IN INDIA

In the decade of 1990's revolutionary changes took place in the institutional infrastructure in India's equity market. It has led to wholly new ideas in market design that has come to dominate the market. The market impact cost of doing program trades of Rs.5 million at the NIFTY index is around 0.2%. This state of liquidity on the equity spot market does well for the market efficiency that was to be closely observed with the index futures market when trading commences. India's equity spot market is dominated by a new practice called 'Futures – Style settlement' or account period settlement. In its present scene, trade on the largest stock exchange (NSE) are netted from Wednesday morning till Tuesday evening, and only the net open position as of Tuesday evening is settled. The market capitalization of the NSE-50 index is Rs.2.6 trillion. This is six times larger than the market capitalization of the largest stock and 500 times larger than stocks such as Sterlite, BPL and Videocon.

If market manipulation is used to artificially obtain 10% move in the price of a stock with a 10% weight in the NIFTY, this yields a 1% in the NIFTY. Cash settlements, which are universally used with index derivatives, also helps in terms of reducing the vulnerability to market manipulation, in so far as the 'short-squeeze' is not a problem. Thus, index derivatives are inherently less vulnerable to market manipulation. A good index is a sound trade between diversification and liquidity. In India the traditional index- the BSE – sensitive index was created by a committee of stockbrokers in 1986. It predates a modern understanding of issues in index construction and recognition of the pivotal role of the market index in modern finance. The flows of this index and the importance of the market index in modern finance motivated the development of the NSE-50 index in late 1995. The 50 stocks in the NIFTY are assuredly the most liquid stocks in India. The choice of Futures vs. Options is often debated. The difference between these instruments is smaller than, commonly imagined, for a futures position is identical to an appropriately chosen long call and short put position. Hence, futures position can always be created once options exist. Risk management of the futures clearing is more complex when options are in the picture. When portfolios contain options, the calculation of initial price requires greater skill and more powerful computers.

COMMODITY DERIVATIVES TRADING IN INDIA

In India, the futures market for commodities evolved by the setting up of the "Bombay Cotton Trade Association Ltd.", in 1875. A separate association by the name "Bombay Cotton Exchange Ltd" was established following widespread discontent amongst leading cotton mill owners and merchants over the functioning of the Bombay Cotton Trade Association. With the setting up of the 'Gujarati Vyapari Mandali' in 1900, the futures trading in oilseed began. Commodities like groundnut, castor seed and cotton etc began to be exchanged. Raw jute and jute goods began to be traded in Calcutta with the establishment of the "Calcutta Hessian Exchange Ltd." in 1919. The most notable centres for existence of futures market for wheat were the Chamber of Commerce at Hapur, which was established in 1913. Other markets were located at Amritsar, Moga, Ludhiana, Jalandhar, Fazilka, Dhuri, Barnala and Bhatinda in Punjab and Muzaffarnagar, Chandausi, Meerut, Saharanpur, Hathras, Gaziabad, Sikenderabad and Barielly in U.P.

The Bullion Futures market began in Bombay in 1990. After the economic reforms in 1991 and the trade liberalization, the Govt. of India appointed in June 1993 one more committee on Forward Markets under Chairmanship of Prof. K.N. Kabra. The Committee recommended that futures trading be introduced in basmati rice, cotton, raw jute and jute goods, groundnut, rapeseed/mustard seed, cottonseed, sesame seed, sunflower seed, safflower seed, copra and soybean, and oils and oilcakes of all of them, rice bran oil, castor oil and its oilcake, linseed, silver and onions. All over the world commodity trade forms the major backbone of the economy. In India, trading volumes in the commodity market have also seen a steady rise to Rs 5,71,000 crore in FY05 from Rs 1,29,000 crore in FY04. In the current fiscal year, trading volumes in the commodity market have already crossed Rs 3,50,000 crore in the first four months of trading. Some of the commodities traded in India include Agricultural Commodities like Rice Wheat, Soya, Groundnut, Tea, Coffee, Jute, Rubber, Spices, Cotton, Precious Metals like Gold & Silver, Base Metals like Iron Ore, Aluminium, Nickel, Lead, Zinc and Energy Commodities like crude oil, coal. Commodities form around 50% of the Indian GDP. Though there are no institutions or banks in commodity exchanges, as yet, the market for commodities is bigger than the market for securities. Hence, the Commodities market is estimated to be around Rs 44,00,000 Crores in future and the trading multiple is about 4 times the physical market, which is much higher at around 10 times of the other trading volumes.

GROWTH OF DERIVATIVES MARKET

The Derivatives Market Growth was about 30% in the first half of 2007 when it reached a size of \$US 370 trillion. This growth was mainly due to the increase in the participation of the bankers, investors and different companies. The derivative market instruments are used by them to hedge risks as well as to satisfy their speculative needs. During 1995-2001, when derivatives were not introduced, turnover of cash market was Rs. 7853439.4. When Derivatives introduced, its total turnover till August 2009 was (INDEX FUTURES) Rs. 14553850, STOCK FUTURES Rs. 23036102, INDEX OPTIONS Rs. 9201708, and STOCK OPTIONS Rs. 1661010. So, stock futures are the highest traded derivatives till today. After the introduced Derivatives, total turnover of cash market is Rs. 7071414.5 till 2005-06, which is lesser than before introduction of derivatives. In comparison of cash market Rs. 15778844, derivatives Rs. 48452670 have 3 times more turnover. There is a constant growth in derivatives registered from Index futures to interest rate futures that was introduced recently (See Table I and Figure I).

The Derivative Market Growth for equity reached \$114.1 trillion. The open interest in the futures and options market grew by 38 % while the interest rate futures grew by 42%. Hence the derivative market size for the futures and the options market was \$49 trillion.

The contracts traded through Over-the-Counter market witnessed a 24 % increase in its face value and the over-the-counter derivative market size reached \$70,000 billion. This shows that the face value of the derivative contracts has multiplied 30 times the size of the US economy. Notable increases were recorded for foreign exchange, interest rate, equity and commodity based derivative following an increase in the size of the Over-the Counter derivative market. The Derivative Market Growth does not necessitate an increase in the risk taken by the different investors. Even then, the overshoot in the face value of the derivative contracts shows that these derivative instruments played a pivotal role in the financial market of today.

The credit derivatives grew from \$4.5 trillion to \$0.7 trillion in 2001. This derivative market growth is attributed to the increase in the trading in the synthetic collateral Debt obligations and also to the electronic trading systems that have come into existence. The Bank of International Settlements measures the size and the growth of the derivative market. Hence, the derivatives growth in the over the counter derivative market witnessed a slump in the second half of 2006. Although the credit derivative market grew at a rapid pace, such growth was made offset by a slump somewhere else. The notional amount of the Credit Default Swap witnessed a growth of 42%. Credit derivatives grew by 54%. The single name contracts grew by 36%. The interest derivatives grew by 11%. The OTC foreign exchange derivatives slowed by 5%, the OTC equity derivatives slowed by 10%. Commodity derivatives also experienced crawling growth pattern (See Table II & Figure I for more details).

IMPACT OF DERIVATIVES ON FINANCIAL MARKETS

Derivatives are becoming increasingly popular, so the obvious question is whether, and how, they affect the stability of financial markets. Generally, derivatives improve the overall allocation of risks within financial systems. Hence, the derivatives are expected to show their impact on financial markets in the following ways.

1. Derivatives make risk management more efficient and flexible especially at banks in managing their portfolios.
2. Derivatives allow a more efficient distribution of individual risks and a related reduction of aggregate risk within an economy.
3. Risk is attributable to poor contract wording (documentation risk) have already been largely overcome due to the development of standardized rules. A high market concentration currently hinders the economically optimal allocation of risks, although it does not directly endanger the stability of the financial markets. But the high degree of concentration is expected to last only temporarily.
4. There is no clear evidence so far that credit derivatives have systematically been wrongly priced. However, this cannot be ruled out entirely at present – Especially given the inexperience of some of the participants entering the market. Systematically wrong pricing would result primarily in a misallocation of

resources. Hence, the use of derivatives may change traditional incentive structures. This is mainly a theoretical phenomenon. In practice, various mechanisms help to deal with the incentive problems which could potentially increase risk. Risks associated with the use of credit derivatives will merit special attention until the market has matured. Banks and financial markets will then benefit additionally from their use and become more stable.

5. While derivatives are being used more and more in operative financial and risk management, their long-term implications for the credit and financial markets are only beginning to emerge. For the overall economy, the growing use of derivatives affects the stability of financial markets.

CONCLUSION

Indian market has equaled or exceeded many other regional markets in terms of the growth of derivatives markets and the variety of derivatives users, the. While the growth is being spearheaded mainly by retail investors, private sector institutions and large corporations, smaller companies and state-owned institutions are gradually getting into the act. Foreign brokers such as JP Morgan Chase are boosting their presence in India in reaction to the growth in derivatives.

There remain major areas of concern for Indian derivatives users. Large gaps exist in the range of derivatives products that are traded actively. In equity derivatives, NSE show that almost 90% of activity is due to stock futures or index futures, whereas trading in options is limited to a few stocks, partly because they are settled in cash and not the underlying stocks. Exchange-traded derivatives based on interest rates and currencies are virtually absent.

As Indian derivatives markets grow more sophisticated, greater level of investor awareness will become essential. NSE has programmes to inform and educate brokers, dealers, traders, and market personnel. In addition, institutions will need to devote more resources to develop the business processes and technology necessary for derivatives trading. In the present context, investing in stock markets is a major challenge ever for professionals. Derivatives acts as a major tool for reducing the risk involved in investing in stock markets for getting the best results out of it. Awareness about the various uses of derivatives can help investors to reduce risk and increase profits. Though the stock market is subjected to high risk, by using derivatives the loss can be minimized to a considerable extent. Hence, at the end it can be asserted that the Indian equity derivatives market has made its journey towards an "explosive growth" and is expected to continue the same tempo in the days to come.

TABLES

TABLE I: PRODUCTS AVAILABLE FOR TRADING ON DERIVATIVES SEGMENT

| Products on Derivative Segment | Date of Launch |
|-----------------------------------------------|-------------------|
| S&P CNX Nifty Futures | June 12, 2000 |
| S&P CNX Nifty Options | June 4, 2001 |
| Single Stock Options | July 2, 2001 |
| Single Stock Futures | November 9, 2001 |
| Interest Rate Futures | June 24, 2003 |
| CNX IT Futures & Options | August 29, 2003 |
| Bank Nifty Futures & Options | June 13, 2005 |
| CNX Nifty Junior Futures & Options | June 1, 2007 |
| CNX 100 Futures & Options | June 1, 2007 |
| Nifty Midcap 50 Futures & Options | October 5, 2007 |
| Mini Nifty Futures & Options on S&P CNX Nifty | January 1, 2008 |
| Long term Options on S&P CNX Nifty | March 3, 2008 |
| S&P CNX Defty Futures and Options | December 10, 2008 |

(Source: NSE Website)

TABLE: II: BUSINESS GROWTH IN DERIVATIVES SEGMENT

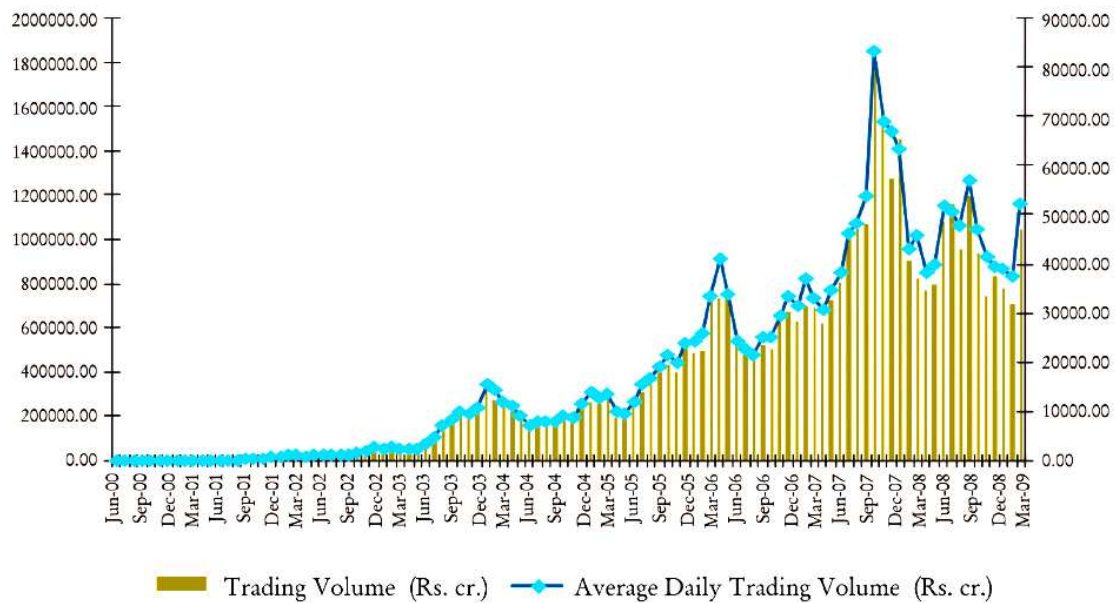
| Month/Year | Index Futures | | Stock Futures | | Index Options | | | | Stock Options | | | | Total | | | | Average Daily Trading Value | |
|------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|---------------|-----------|--------|-----------------------------|--|
| | No. of Contracts Traded | Trading Value (Rs. Cr.) | No. of Contracts Traded | Trading Value (Rs. Cr.) | Call | | Put | | Call | | Put | | No. of Contracts Traded | Trading Value | | | | |
| | | | | | No. of Contracts Traded | Notional Trading Value (Rs. Cr.) | No. of Contracts Traded | Notional Trading Value (Rs. Cr.) | No. of Contracts Traded | Notional Trading Value (Rs. Cr.) | No. of Contracts Traded | Notional Trading Value (Rs. Cr.) | | (Rs. Cr.) | (US\$ mn) | | | |
| Jun-00 to Mar-00 | 90,583 | 2,365 | -- | -- | -- | - | -- | -- | -- | -- | -- | -- | 90,580 | 2,365 | 555 | 12 | 2.49 | |
| 2001-02 | 1,025,588 | 21,480 | 1,957,856 | 51,516 | 113,974 | 2,466 | 61,926 | 1,300 | 768,159 | 18,783 | 269,370 | 6,383 | 4,196,873 | 131,927 | 20,887 | 413 | 8.46 | |
| 2002-03 | 2,126,763 | 43,951 | 10,676,843 | 286,532 | 269,674 | 5,670 | 172,567 | 3,577 | 2,456,501 | 69,644 | 1,066,561 | 30,489 | 16,768,909 | 439,864 | 92,603 | 1,752 | 368.94 | |
| 2003-04 | 17,191,668 | 554,462 | 32,368,842 | 1,305,949 | 1,043,894 | 31,801 | 688,520 | 21,322 | 4,248,149 | 168,174 | 1,334,922 | 49,038 | 56,886,776 | 2,130,649 | 491,046 | 8,388 | 1933.25 | |
| 2004-05 | 21,635,449 | 772,174 | 47,043,066 | 1,484,067 | 1,870,647 | 69,373 | 1,422,911 | 52,581 | 3,946,979 | 132,066 | 1,098,133 | 36,792 | 77,017,185 | 2,547,053 | 582,183 | 10,067 | 2301.12 | |
| 2005-06 | 58,537,886 | 1,513,791 | 79,586,852 | 2,791,721 | 6,413,467 | 168,632 | 6,521,649 | 169,837 | 4,165,996 | 143,752 | 1,074,780 | 36,518 | 157,619,271 | 4,824,250 | 1,081,428 | 19,220 | 4308.48 | |
| 2006-07 | 81,487,424 | 2,539,575 | 104,955,401 | 3,830,972 | 12,632,349 | 398,219 | 12,525,089 | 393,693 | 4,394,292 | 161,902 | 889,018 | 31,909 | 216,883,573 | 7,356,271 | 1,687,605 | 29,543 | 6777.53 | |
| 2007-08 | 156,598,557 | 3,820,667 | 203,587,952 | 7,548,563 | 26,667,882 | 668,816 | 28,698,156 | 693,295 | 8,002,713 | 308,443 | 1,457,918 | 50,693 | 425,013,200 | 13,090,478 | 3,275,076 | 52,153 | 13,048 | |
| 2008-09 | 210,428,103 | 3,570,111 | 221,577,980 | 3,479,642 | 110,431,974 | 2,002,544 | 101,656,470 | 1,728,957 | 9,762,968 | 171,843 | 3,533,002 | 57,384 | 657,390,497 | 11,010,482 | 2,161,037 | 45,311 | 8,893 | |

TABLE: III: SETTLEMENT STATISTICS IN DERIVATIVES SEGMENT

| Month/Year | Index/Stock Futures | | Index/Stock Options | | Total | |
|------------|-------------------------|---------------------------|-----------------------------|------------------------------|------------|-------------|
| | MTM Settlement (Rs. Cr) | Final Settlement (Rs. Cr) | Premium Settlement (Rs. Cr) | Exercise Settlement (Rs. Cr) | (Rs. Cr) | (US \$. mn) |
| 2000-01 | 84.08 | 1.93 | -- | -- | 86.01 | 18.44 |
| 2001-02 | 505.25 | 21.93 | 164.76 | 93.95 | 785.88 | 161.04 |
| 2002-03 | 1,737.90 | 45.76 | 331.21 | 195.88 | 2,310.76 | 486.47 |
| 2003-04 | 10,821.98 | 138.95 | 858.94 | 476.12 | 12,295.98 | 2833.83 |
| 2004-05 | 13,024.18 | 227.50 | 941.06 | 455.87 | 14,648.62 | 3348.25 |
| 2005-06 | 25,585.51 | 597.89 | 1,520.58 | 817.84 | 28,521.80 | 6393.59 |
| 2006-07 | 61,313.70 | 797.54 | 3,194.38 | 1,188.84 | 66,494.47 | 15254.52 |
| 2007-08 | 144,654.70 | 1,312.12 | 6,760.17 | 3,792.26 | 156,519.23 | 39227.88 |
| 2008-09 | 75,193.60 | 1,498.29 | 10,960.50 | 4,187.58 | 91,839.97 | 18025.51 |

(Source: NSE Website)

FIGURE 1: BUSINESS GROWHT IN FUTURES & OPTIONS



(Source: NSE Website)

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HISTORICAL PERSPECTIVE OF URBAN COOPERATIVE BANKS IN INDIA

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ABSTRACT

Urban co-operative banks ranked a very significant position in the Indian banking sector. Competent management is pre-requisite for the success of any organization. At present highly competitive and globalized business environment, there is an urgent need of professional management for the successful controlling and managing the affairs of the urban co-operative banks. Increasing political hindrance in co-operatives has also affected the strong growth of the cooperative organization. In order to make the management of these banks professional and managing the affairs of these banks on scientific lines, there are several institutions which are directly or indirectly connected involved in imparting education and training to all levels of management. It is hoped that the State Governments will not delay acceptance of the recommendations made by the RBI. In view of the financial sector reforms and de-regulation, Urban Co-operative Banking Sector should be right away freed from restrictive provisions of co-operative Acts so as to make them self-reliant and self-supporting.

KEYWORDS

Pre-requisite, Globalized, Hindrance, De-regulation.

INTRODUCTION

The cooperative movement is one of the most potent instruments for solving the intricate problems of an economy. Based on voluntary and mutual help, the movement has possibilities of raising the level of living of the people along with raising their moral level. A co-operative movement has been organised not to earn profits but to enable the members to improve their economic conditions through self-help and mutual help. The cooperative movement has freed the public from the clutches of the money-lenders. The cooperatives have been successful in freeing the middle peasant from the money-lender trader system and making him development minded.¹ Banking habits have been taken to the countryside through the establishment of a network of branches under cooperative movement. Cooperative movement helps in the realisation of the ideal of "better farming, better business and better living"² Moreover, the cooperative movement has much contributed towards the modernisation of agriculture and increase of agricultural production in the country. The cooperative movement enables the cultivators to get better prices for their products and leads to the creation of new employment opportunities. Many co-operative societies under the co-operative movement have inculcated the habit of savings among the rural masses. The Cooperative movement has encouraged a feeling of community and brought together, on an equal footing, people of different castes and creeds in an enterprise of their mutual benefits. Litigation and extravagance, drunkenness and gambling are on the decline in a good co-operative society and in their place are now found industry, self-reliance and straight dealing, education and arbitration, thrift, self-help and mutual help.³

BRIEF HISTORY OF URBAN COOPERATIVE BANKS IN INDIA

The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary cooperative banks located in urban and semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This distinction does not hold today. These banks were traditionally centred around communities, localities work place groups. They essentially lent to small borrowers and businesses. Today, their scope of operations has widened considerably.

The origins of the urban cooperative banking movement in India can be traced to the close of nineteenth century when, inspired by the success of the experiments related to the cooperative movement in Britain and the cooperative credit movement in Germany such societies were set up in India. Cooperative societies are based on the principles of cooperation, - mutual help, democratic decision making and open membership. Cooperatives represented a new and alternative approach to organisation as against proprietary firms, partnership firms and joint stock companies which represent the dominant form of commercial organisation.

THE BEGINNINGS

The first known mutual aid society in India was probably the 'Anyonya Sahakari Mandali' organised in the erstwhile princely State of Baroda in 1889 under the guidance of Vithal Laxman also known as Bhausahab Kavthekar. Urban co-operative credit societies, in their formative phase came to be organised on a community basis to meet the consumption oriented credit needs of their members. Salary earners' societies inculcating habits of thrift and self help played a significant role in popularising the movement, especially amongst the middle class as well as organized labour. From its origins then to today, the thrust of UCBs, historically, has been to mobilise savings from the middle and low income urban groups and purvey credit to their members - many of which belonged to weaker sections.

The enactment of Cooperative Credit Societies Act, 1904, however, gave the real impetus to the movement. The first urban cooperative credit society was registered in Canjeevaram (Kanjivaram) in the erstwhile Madras province in October, 1904. Amongst the prominent credit societies were the Pioneer Urban in Bombay (November 11, 1905), the No.1 Military Accounts Mutual Help Co-operative Credit Society in Poona (January 9, 1906). Cosmos in Poona (January 18, 1906), Gokak Urban (February 15, 1906) and Belgaum Pioneer (February 23, 1906) in the Belgaum district, the Kanakavli-Math Co-operative Credit Society and the Varavade Weavers' Urban Credit Society (March 13, 1906) in the South Ratnagiri (now Sindhudurg) district. The most prominent amongst the early credit societies was the Bombay Urban Co-operative Credit Society, sponsored by Vithaldas Thackersey and Lallubhai Samaldas established on January 23, 1906..

The Cooperative Credit Societies Act, 1904 was amended in 1912, with a view to broad basing it to enable organisation of non-credit societies. The Maclagan Committee of 1915 was appointed to review their performance and suggest measures for strengthening them. The committee observed that such institutions were eminently suited to cater to the needs of the lower and middle income strata of society and would inculcate the principles of banking amongst the middle classes. The committee also felt that the urban cooperative credit movement was more viable than agricultural credit societies. The recommendations of the Committee went a long way in establishing the urban cooperative credit movement in its own right.

In the present day context, it is of interest to recall that during the banking crisis of 1913-14, when no fewer than 57 joint stock banks collapsed, there was a there was a flight of deposits from joint stock banks to cooperative urban banks. Maclagan Committee chronicled this event thus:

"As a matter of fact, the crisis had a contrary effect, and in most provinces, there was a movement to withdraw deposits from non-cooperatives and place them in cooperative institutions, the distinction between two classes of security being well appreciated and a preference being given to the latter owing partly to the local character and publicity of cooperative institutions but mainly, we think, to the connection of Government with Cooperative movement".

DUALITY OF CONTROL

However, concerns regarding the professionalism of urban cooperative banks gave rise to the view that they should be better regulated. Large cooperative banks with paid-up share capital and reserves of Rs.1 lakh were brought under the purview of the Banking Regulation Act 1949 with effect from 1st March, 1966 and within the ambit of the Reserve Bank's supervision. This marked the beginning of an era of duality of control over these banks. Banking related functions (viz. licensing, area of operations, interest rates etc.) were to be governed by RBI and registration, management, audit and liquidation, etc. governed by State Governments as per the provisions of respective State Acts. In 1968, UCBS were extended the benefits of Deposit Insurance.

Towards the late 1960s there was much debate regarding the promotion of the small scale industries. UCBS came to be seen as important players in this context. The Working Group on Industrial Financing through Co-operative Banks, (1968 known as Damry Group) attempted to broaden the scope of activities of urban co-operative banks by recommending that these banks should finance the small and cottage industries. This was reiterated by the Banking Commission (1969).

The Madhavdas Committee (1979) evaluated the role played by urban co-operative banks in greater details and drew a roadmap for their future role recommending support from RBI and Government in the establishment of such banks in backward areas and prescribing viability standards.

The Hate Working Group (1981) desired better utilisation of banks' surplus funds and that the percentage of the Cash Reserve Ratio (CRR) & the Statutory Liquidity Ratio (SLR) of these banks should be brought at par with commercial banks, in a phased manner. While the Marathe Committee (1992) redefined the viability norms and ushered in the era of liberalization, the Madhava Rao Committee (1999) focused on consolidation, control of sickness, better professional standards in urban co-operative banks and sought to align the urban banking movement with commercial banks.

A feature of the urban banking movement has been its heterogeneous character and its uneven geographical spread with most banks concentrated in the states of Gujarat, Karnataka, Maharashtra, and Tamil Nadu. While most banks are unit banks without any branch network, some of the large banks have established their presence in many states when at their behest multi-state banking was allowed in 1985. Some of these banks are also Authorised Dealers in Foreign Exchange

MEANING OF COOPERATIVE MOVEMENT

Cooperation comes as a golden mean between Capitalism and Communism. The economically exploited section of society comes together into the Cooperative enterprises. By self-help and mutual help, then try to solve their common economic problems. They learn thrift and the importance of savings. They join together as men. Men rule over money.

The importance of money is kept down to the proper limit. The value of the individual human being is regarded as sacred and democracy is nourished.

The co-operative form of association is not merely a form of doing business. It is more a way of life. The cooperative movement is called the democratic sector of the economy.

The Webster Universal Dictionary defines, "Cooperative movement as an Association of a number of persons for common benefits especially in carrying on some branch of trade or industry, the profit being shared, as dividend among the members".⁴

The activity of cooperation is as old as humanity. From the most primitive to the most sophisticated community, throughout the world, one can come across some or other form of co-operation among people living in a particular area or region. Cooperative movement has been regarded as one of the least noticed economic miracles of the last century.⁵

Cooperative movement consists of joint or collective action of people directed towards some specified goal in which there is common interest or hope of getting some reward. Such co-operation may be voluntary or involuntary, direct or indirect, formal or informal, but always there is a combination of efforts towards a specific end in which all the participants have a stake, real or imagined".⁶

GROWTH AND DEVELOPMENT OF COOPERATIVE MOVEMENT IN DIFFERENT CONTINENTS

Cooperation is a World-wide movement. It has been defined in a number of ways from time to time. Following are the definitions given in various laws of different nations.

JAPANESE LAW

In terms of Japanese Law, "a cooperative society is an association having legal existence formed by persons of modest means in order to promote and develop according to the principles of mutuality exercised by the members of their occupations and for the improvement of their economic conditions".

THE BRITISH COLUMBIA AGRICULTURAL ASSOCIATION ACT

"An association shall be deemed to be formed upon the cooperative system if provision is made by its constitution and by-laws for securing to all producers, who are members of the association, a share in the profit of the association in proportion to the value of the produce supplied by them, after payment of a dividend upon the capital stock not exceeding 6 per cent per annum".

THE RUMANIAN CODE

"A cooperative institution is an association with a variable amount of capital with no limit to the number of members, who may join or leave it at any date".

THE SWISS DEFINITION

"A cooperative society is one constituted by a varying number of persons organised corporately which aims principally at contributing towards the economic prosperity of the members by joint action".

THE BELGIAN CODE

"A cooperative society is one which is composed of members whose number and holdings are variable and whose shares are non-transferable to third parties"

THE GERMAN LAW

"Any association with an open membership and furtherance of the commercial interests of members by means of a common business undertaking"

THE AUSTRALIAN ACT

"Any association with an unlimited number of members, the object of which is the promotion of the industry or trade of their members by means of common action or credit".

U. S. S. R.

"A cooperative Bank has been defined as a voluntary association chiefly of the working people, set up for the purpose of improving the living conditions of its members-share holders who on equal footing participate in the management of enterprises, they established".

Thus, cooperative movement has been defined in different ways in different continents to suit the individual requirements of a country.

In western countries, cooperative institution arose as spontaneous and unaided reactions of varying degree of complexity. The origin of cooperation is that it has been the result of the Industrial Revolution in the west, particularly in Great Britain and number of cooperative associations were formed as early as 1760 in Great Britain.⁷ In England, Rochdale Pioneers made a successful attempt of organising co-operative stores on the principle of political neutrality but later on it gave birth to a political party.

In Germany through the initiative taken by Mayor in the Rhineland, Raiffeison, the rural thrift and credit co-operative had been formed. In Bulgaria, the co-operative movement has been launched by government agencies in the tradition of the ancient Mohammodan institution of the corn granary. In Finland, a group of intellectuals took the initiative to form the most efficient co-operative movement.

In Asia and Africa, and in countries ruled by British Commonwealth, specialised governmental departments took over the task of promoting and guiding the cooperative movement.

COOPERATIVE MOVEMENT IN INDIA

The evolution of cooperative movement in India may be traced to the beginning of this century. The movement had been introduced with the enactment of the cooperative Societies Act, 1904, which has been modelled largely on the English friendly Societies Act.⁸ Under the provisions of the first Act of 1904, number of societies have been established in India and they have been authorised to collect funds and carry on business in a corporate capacity.

The cooperative movement in India has entered different branches of economic activities like production, consumption, service, credit, marketing and other spheres of a country's life.

The chart I have shown the various types of co-operatives on the basis of their functions.

UNDER STATE PURVIEW

The constitutional reforms which led to the passing of the Government of India Act in 1919 transferred the subject of "Cooperation" from Government of India to the Provincial Governments. The Government of Bombay passed the first State Cooperative Societies Act in 1925 "which not only gave the movement its size and shape but was a pace setter of cooperative activities and stressed the basic concept of thrift, self help and mutual aid." Other States followed. This marked the beginning of the second phase in the history of Cooperative Credit Institutions.

There was the general realization that urban banks have an important role to play in economic construction. This was asserted by a host of committees. The Indian Central Banking Enquiry Committee (1931) felt that urban banks have a duty to help the small business and middle class people. The Mehta-Bhansali Committee (1939), recommended that those societies which had fulfilled the criteria of banking should be allowed to work as banks and recommended an Association for these banks. The Co-operative Planning Committee (1946) went on record to say that urban banks have been the best agencies for small people in whom Joint stock banks are not generally interested. The Rural Banking Enquiry Committee (1950), impressed by the low cost of establishment and operations recommended the establishment of such banks even in places smaller than taluka towns.

The first study of Urban Co-operative Banks was taken up by RBI in the year 1958-59. The Report published in 1961 acknowledged the widespread and financially sound framework of urban co-operative banks; emphasized the need to establish primary urban cooperative banks in new centers and suggested that State Governments lend active support to their development. In 1963, Varde Committee recommended that such banks should be organised at all Urban Centres with a population of 1 lakh or more and not by any single community or caste. The committee introduced the concept of minimum capital requirement and the criteria of population for defining the urban centre where UCBs were incorporated.

NEED AND ORIGIN OF URBAN COOPERATIVE BANKS IN INDIA

One of the important aspects of the cooperative movement in India is the establishment of the Urban Cooperative Banks with a view to eradicate the misery and poverty primarily of the rural masses. Urban Cooperative Banks are the banks in urban and semi-urban areas, which are established under the co-operative banking system, for the promotion of thrift among their members dwelling in urban centers and for granting credit to the needy members. These banks have been established to meet the credit requirements of urban and semi-urban population, particularly small traders, artisans, salary earners and the like. Cooperative Urban Banks also perform agency functions like collection of cheques and issue of drafts. Some of the Urban Banks also provide to customers such services as collection of bills, drafts and railway receipts, remittances, payment of insurance premia, collection of salaries and pensions and safe custody of valuables.

By providing credit on reasonable basis to the urban population, the Urban Cooperative Banks can protect them from the exploitation of money-lenders and other unscrupulous agencies.

Moreover, the development of Urban Cooperative Banks can contribute to the economic growth. This has been rightly pointed out by the Maclagan Committee on cooperative credit. The observations of W.K.H. Campbell are also significant,

"A very little investigation of the conditions of the salary earning class is frequently enough to reveal that, when sudden emergencies arise which make an unexpected demand on their fixed salaries, they have to borrow, that they do so on most unfavourable terms and that as a class they are heavily, and in most cases, hopelessly indebted".⁹

In the history of our co-operative movement and particularly in the field of cooperative banking, Urban banks occupy a strategic position and are playing a vital role not only in meeting the consumption requirements of small men but also in increasing the industrial production and in strengthening the base of infrastructural facilities in urban and semi-urban areas.¹⁰

The origin of the Urban Co-operative Bank is not new to India. Urban credit societies in India have been modelled on the basis of the urban credit institutions organised by Schulze-Delitzsch in Germany and by Luzzati (peoples Bank) in Italy.¹¹

A cooperative credit society was started in Punjab in 1891, to govern the common land of the village. In 1892, Fredrick Nicholson was appointed by the Madras Government to report on the advisability of starting a system of Agricultural and Land Banks in the Presidency. In his report, he made a strong plea for the introduction of "Cooperative Credit Societies". In 1901, another Enquiry committee, under the chairmanship of Shri Edward Law, had recommended to start Cooperative Societies in India.¹²

Based on the recommendations of the Committee, the Cooperative Credit Societies Act was passed in October, 1904. Credit goes to the Government of Madras for starting the first Urban Cooperative Credit Society in Kanchipuram in Chengalpattu District in the month of October, 1904.

Subsequently, the Betegiri Co-operative Credit Society in Dharwar District in the undivided Bombay province and the Bangalore City Cooperative Credit Society in the Mysore state were registered in October and December, 1905 respectively.

However, with the provisions of the Act, 1904, these societies could not mobilise resources consistent with the growing demand of their members for loans. Hence, in 1912, another Cooperative Societies Act was passed to fill the lacuna of the earlier Act. This Act of 1912, provided for the establishment of Central Cooperative Banks with head quarters in urban centers. This Act also provided legal protection and facilities for the formation of co-operative societies. The Central Cooperative Banks have been formed by a union of primary credit societies or by a union of primary credit societies and individuals.

In 1914, the Government appointed the Maclagan Committee, to examine the progress of the Urban Cooperative movement in India and to make recommendations regarding the improvement of the movement. This Committee recommended for the establishment of State Cooperative Banks which were expected to function as a Leader of the co-operative credit structure.

The Banking crisis (1913-17) and the failure of many commercial banks paved the way for the establishment of new urban credit societies. In this connection, the Varde Committee rightly pointed out that "the failure of Joint Stock Banks created an opportunity for co-operative banking to develop as a medium for mobilising savings of persons of modest means and helping those whose financial distress caused by high living costs and unemployment had driven into the clutches of money lenders".¹³ Many Urban Credit Cooperative Societies came into existence in Bombay and Madras provinces between 1919 and 1938.

The Great Depression of 1930's had not affected much the Urban Credit Cooperative Societies.¹⁴ But the economic boom during the Second World War (1939-45) provided a stimulus to the growth of Urban Cooperative Banks in India. Moreover, upto the year 1938, all the Urban Banks had been included in the list of non-agricultural credit societies and they grew not only in number but also in size, diversifying their activities considerably.

After Independence, the history of the urban co-operative movement is marked by two major land marks, one, the extension of the Banking Regulation Act of 1949 to the Cooperative Banks in 1966 and the other, the submission of the report of the Committee on Urban Cooperative Banks in 1978.

In the initial stages, the Banking Regulation Act, 1949, had exempted Cooperative Banks from its purview. But, the larger volume of operations of Cooperative Banks have compelled the Government to extend certain provisions of the Banking Regulation Act, 1949, from 1st March 1966. Such a control

paved the way for the healthy growth of the movement, bringing about the needed financial discipline and grip. Similarly, the Report of the Committee on Urban Cooperative Banks headed by Madhava Das provided the basis on which future development of the urban banks could be planned in keeping with the role expected to be played by them in the banking system. Besides the Committee felt that the growth of urban banks has noted good progress only after extension of the Banking Regulation Act to Urban Cooperative Banks.

PROMOTION AND DEVELOPMENT OF URBAN COOPERATIVE BANKS

The State Government and the Reserve Bank of India are playing a vital role in the development of Urban Cooperative Banks. Formation of the Urban Cooperative Banks comes under the control of State Governments. Department of Cooperation works under the incharge of ministers of Cooperative and the Registrar of Cooperative Societies.

The Registrar is the 'Key Person' of the Cooperatives.¹⁵ He occupies the central position in the administrative set up of the department.

The State government provides financial aid in the shape of loans, grants-in-aid and subsidies and grants special concessions and Privileges such as exemptions from income tax, Stamp duty and registration fees, execution of awards through Government Agencies to cooperative societies.

Based on the recommendations of the All India Rural Credits Survey Committee (1951-54), the RBI has been playing a strategic role in the development of Urban Co-operative Banks of our country. The role of the RBI with regards to the Urban Cooperative Banks has been strengthened only after the introduction of the Banking Laws (Applicable to Cooperative Societies) Act, 1965. The above Act was passed by the Lok Sabha on 10.08.1965 and came into force from 01.03.1966. Under the provisions of the Act, the RBI has the power in matters of banking and inspection. The Registrars of Cooperative Societies of the concerned states have the control over the Management of the Cooperative Societies. The control of the RBI has not only improved the working of the Urban banks but also enhanced the image of the urban banks among the public.¹⁶ In 1971, the deposit Insurance cover was extended to the deposits in co-operative banks and also in the Urban Cooperative Banks.

The role of the State Government and the RBI can be classified into three areas namely Regulation, Development and Finance. From the beginning, way back in 1894, to the present day, the co-operative movement in India has developed largely on state aid. This has been said so because, it has been the co-operative movement of the states which has not only performed the legal functions of registration, arbitration and dissolution of co-operative societies, regulatory functions of enquiry, inspection and audit, but also performed the functions of promoting development, supervision, guidance and assistance.¹⁷

GROWTH AND PROGRESS OF URBAN CO-OPERATIVE BANKS IN INDIA

The Table 2.1 shows the progress of the Urban Co-operative Banks in India after the extension of Banking Regulation Act, 1949 to the Co-operative Banks in 1966. As per the Table 2.1, the total number of banks was 1106 as on 31st March 1967 and the same number had been increased to 1162 in 1977 and 1340 in 1987 and 1172 in 1996-97. Out of the total number of 3065 towns and cities in India, only 980 towns and cities were covered by the offices of the Urban Co-operative Banks.¹⁸

TABLE 1.1: PROGRESS OF URBAN CO-OPERATIVE BANKS IN INDIA (AS ON 31ST MARCH)

| Sl.NO | Particulars | 1967 | 1977 | 1987 | 1997 | 2007 | 2009 |
|-------|--------------------------------|--------|--------|---------|----------|-----------|-----------|
| 1 | number of banks | 1106 | 1162 | 1340 | 1172 | 1,092 | 1014 |
| 2 | owned funds (in crores) | 58.00 | 114.70 | 780.00 | 744.00 | 720.00 | 743.00 |
| 3 | deposits (in crores) | 153.00 | 519.00 | 4800.00 | 20247.00 | 19,427.00 | 20,848.00 |
| 4 | working capital (in crores) | 222.00 | 700.00 | 7000.00 | 21476.00 | 19,823.0 | 21,543.00 |
| 5 | loans and advances (in crores) | 167.00 | 397.17 | 3900.00 | 15185.00 | 14,364.00 | 16,548.00 |

Sources: 1967 and 1977: A report on UCBS, RBI, Bombay.

1986 to 1987: Fifth meeting report of standing advisory committee on UCBS, RBI, Bombay.

1987 and 1988: "Progress of Urban Cooperative Banking in India" Booklet by Adhyudaya Cooperative Bank Limited Bombay.

1996-97: Member banks and NABARD, imp. Statement (p.23)

NOTE: It is clear from the Table (1.1.) that the number of branches got reduced from 1340 in 1986-87 to 1172 in 1996-97 and 1014 in 2009. It is due to the closure of those banks which were incurring loss.

Owned funds consisting of share capital and reserves and surpluses of the urban Cooperative Banks increased from Rs. 58 crores to Rs. 734 crores during the period 2008-09. .

The deposits of Urban Cooperative Banks increased from Rs.153 crores in 1967 to 20,848 crores in 2009. Such an increase in the level of deposits showed the ability of the banks to mobilise local resources and muster the confidence of the banking public in general. The deposit growth in the year 2003 was 33.1 per cent as compared with a growth rate of 18.2 per cent in the case of commercial banks.¹⁹ One of the important reasons for the impressive performance of mobilising deposits by Urban Cooperative Banks is their higher rate of interest offered to the deposits. The Urban Banks are allowed by the Reserve Bank of India, to pay one per cent more interest for their deposits than the commercial banks.²⁰ More than 60 per cent of the total deposits of Urban Cooperative Banks have been collected from the people of small means with deposit amount ranging from Rs.100 to Rs.5,000. In addition, the Reserve Bank of India has allowed the Urban Cooperative Banks to open and maintain non-resident accounts. Accordingly, two cooperative banks namely, Bombay Mercantile Co-operative Urban Bank Limited and the Saraswathi Cooperative Urban Bank Limited and few other Cooperative Banks in India have been authorised to collect deposits and to maintain non-resident accounts.

The outstanding loans and advances of urban banks increased from Rs.167 crores in 1966-67 to Rs.16,548 Crores in 2009. The abnormal increase in the level of loans and advances during the above period shows that the resources of the Urban Cooperative Banks are mostly invested in the form of loans and advances.

The Urban Cooperative Banks are basically the institutions of small persons, by the small persons and for the small persons.²¹

About 75 percent of the borrowers had borrowed amount up to Rs. 1001 to Rs. 5000. The Urban Cooperative Banks are granting short-term and medium-term loans to numerous persons of small means like traders, merchants, artisans and other lower and middle income group people. The table also reveals that the Urban Cooperative Banks have been making loans and advances from their own resources, not depending on outside borrowings and hence they are self-reliant.

CONCLUSION

Over the years, primary (urban) cooperative banks have registered a significant growth in number, size and volume of business handled. About 79 percent of these are located in five states, - Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu. Recently the problems faced by a few large UCBS have highlighted some of the difficulties these banks face and policy endeavours are geared to consolidating and strengthening this sector and improving governance.

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The Co-operative Bank of the UK strictly limits its borrowing from the markets, according to an October 2008 statement [\[1\]](#)

Ahmedabad Mercantile Co-Op Bank Ltd. AHMEDABAD AMCO House,Near Stadium Circle, Navrangpura,Ahmedabad-380 380009 Scheduled

Kalapur Commercial Coop.Bank Ltd. AHMEDABAD Kalapur Bank Bhavan Income TaxCircl,Ashram Road, Kalapur.,Ah 380014 Scheduled

Madhavpura Mercantile Co-Op Bank Ltd. AHMEDABAD Nawa Madhavpura, Ahmedabad-380 001,,Dist-Ahmedabad,Gujara 380001 Scheduled

Mehsana Urban Co-Op Bank Ltd. AHMEDABAD Mehsana -384 002,Dist-Mehsana,,Gujarat. 384002 Scheduled

Nutan Nagarik Sahakari Bank Ltd., Ahmedabad AHMEDABAD Opp.Samartheshwar Mahadev,Near Law Garden, Ellisbridge,,Ahm 380006 Scheduled

Rajkot Nagrik Sahakari Bank Ltd. AHMEDABAD Nagrik Bhavan,,Rajkot-360 001,,Dist-Rajkot,Gujarat. 360001 Scheduled

Sardar Bhiladwala Pardi Peoples Coop Bank Ltd. AHMEDABAD Pardi-396 125.,Dist Bulsar.,Gujarat. 396125 Scheduled

Surat Peoples Coop Bank Ltd. AHMEDABAD Vasudhara P.B.No.295,,Parsi Sheri,Navapura,,Surat-395003,Guja 395003 Scheduled

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Andhra Pradesh Mahesh Co-Op Urban Bank Ltd. HYDERABAD Administrative Office, 5-3-989,Sherza Estate, 3rd Floor,,Nizam Sh 500012 Scheduled

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Vasavi Coop Urban Bank Limited. HYDERABAD 16-2-705/9/11, Malakpet,,Hyderabad-500 036,,Dist - Hyderabad , (500036 Scheduled

Indian Mercantile Co-operative Bank Ltd.,Lucknow LUCKNOW 26-A, Cantt. Road, Purana Qila,Lucknow,District - Lucknow Uttar P 226001 Scheduled

Abhyudaya Co-operative Bank Ltd., Mumbai Mumbai K.K. Towers, Abhyudaya Bank Lane, G.D. Ambedkar Marg, Parel 400012 Scheduled

Bassein Catholic Co-operative Bank Ltd. Mumbai Catholic Bank Building, Papdy, P.O.Papdy, Tal. Vasai-401 207 401207 Scheduled

Bharat Co-operative Bank (Mumbai) Ltd. Mumbai Marutagiri building, Samant Estate, Sonawala Road, Goregaon (E 400063 Scheduled

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Gopinath Patil Parsik Janata Sahakari Bank Ltd., ThMumbai Sahakarmurti Gopinath Shivram Patil Bhavan, Old Mumbai Pune R 400605 Scheduled

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Karad Urban Co-operative Bank Ltd. Mumbai 516/2, Shaniwar Peth, Karad-415110 415110 Scheduled

Mahanagar Co-operative Bank Ltd., Mumbai Mumbai 201/208,Hiramani Super Market,,Dr.B.A.Road,Lalbaug,Mumbai-40 400012 Scheduled

Mapusa Urban Co-operative Bank of Goa Ltd., Map Mumbai Nandadeep,Mapusa-403 507,Dist-Bardez,Goa. 403507 Scheduled

Nagar Urban Co-operative Bank Ltd., Ahmednagar Mumbai Post Box No 7, Bank Road, Ahmednagar -414 001 414001 Scheduled

Nasik Merchant's Co-operative Bank Ltd. Mumbai A-16, industrial Estate, Babubhai Rathi ChowkSatpur, Nasik-42200 422007 ScheduledNew India Bhavan, Plot No.1260, TPS IV, Anant V. Nagvekar Marg 400025 Scheduled

NKGSB Co-operative Bank Ltd., Mumbai Mumbai Laxmi Sadan, 361, Vithalbhai Patel,Road, Girgaon,,Mumbai-4000 400004 Scheduled

Pravara Sahakari Bank Ltd. Mumbai At & Post Loni Bk., Tahasil Rahata, Dist. Ahmednagar-413 736, M 413736 Scheduled

Punjab & Maharashtra Co-operative Bank Ltd. Mumbai Sardar Pratap Singh Indl. Estate No. 2, Unit No. 1, L.B.S. Marg, Bh 400078 Scheduled

Rupee Co-operative Bank Ltd. Mumbai 2062,Sadashiv Peth, Vijaynagar Colony, Pune411 030. 411030 Scheduled

Sangli Urban Co-operative Bank Ltd., Sangli Mumbai C.S.No.404, Khan Baug, Sangli-416 416 416416 Scheduled

Saraswat Co-operative Bank Ltd., Bombay Mumbai Mittal Court, "A" Wing, Vidhan Sabha Marg, Nariman Point, Mumb 400021 Scheduled

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AN ANALYSIS ON PRODUCTION AND MARKETING OF TURMERIC AND CHILLI IN ERODE DISTRICT

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ABSTRACT

The study deals with the Production and marketing of Turmeric and Chilli in Erode district. The Turmeric and Chilli growers suffering with problems on various aspects like monsoon failures, lacks of technology, storage problem, problems with private vendors and intermediaries. To study the factors influencing production and marketing of Turmeric and Chilli. Descriptive research is used for the study and sampling is done based on simple stratified random sampling. The data required for study is collected through questionnaire. The collected data is analytical by Chi-square test. Based on analysis and interpretation of the data, the findings, suggestions and conclusions are given for their improvement.

KEYWORDS

Turmeric, Chilli, Erode, Production, Marketing.

INTRODUCTION

India is famous for its spices (Turmeric and Chilli) that are widely used in industries like pharmaceutical, perfumery and cosmetics. Indian spices are one of the major suppliers of Turmeric and Chilli to a large number of countries. The Indian Turmeric and Chilli market has shown remarkable growth in Turmeric and Chilli exports. Indian Turmeric and Chilli producers are making substantial efforts to improve the quality of Turmeric and Chilli backed up by technological advancement in order to tap the international market.

STATEMENT OF THE PROBLEM

The Turmeric and Chilli growers suffering with problems on various aspects like monsoon failures, lacks of technology, storage problem, problems with private vendors and intermediaries. Generally the Turmeric and Chilli growers are cultivating varieties of Turmeric and Chilli depending on the soil conditions. Due to poor literacy, they are very weak in marketing their products. The majority of Turmeric and Chilli growers depend only on intermediaries to sell out their products.

OBJECTIVES

1. To study the socio economic factors influencing production and marketing of Turmeric and Chilli.
2. To study the ways and means to increase the productivity and effective marketing.

REVIEW OF LITERATURE

1. Sriraman and Balasubramanian (1969) in this report examined the production and marketing of Turmeric and Chilli in madras state in comparison with other states. Further they analysed the price behaviour of Turmeric and Chilli in the whole sale and retail markets of the state. They also evaluated the performance of imports and exports of Turmeric and Chilli. The report covered all the aspects of production and marketing including of marketing and processing.
2. Dr. I. Satya Sundaram (2000) Says that India Produces 63 varieties of Spices on Two million hectares with value exceeding Rs.42000 million (two million tonnes a year). However, only a small quantity is exported as the bulk of the produce is meant for domestic consumption our domestic market for spices is big total estimated production in 1997-98 was at 3.0 million tonnes with an annual growth rate of 10 percent and with limited scope for area expansion (2,359 million hectare). The world trade in spices by 2001 is projected to be 6,25,000 tonnes value at 83 billion. But, quantity wise. This is only 15.56 percent of the Indian production envisaged (4.018 million tonnes).

TABLE NO. 1: EDUCATION OF THE RESPONDENTS AND QUANTITY OF TURMERIC AND CHILLI PRODUCED

| S.No | Education | No. of Respondent | % | Average | Range | | S.D |
|------|--------------|-------------------|---------------|---------|-------|------|---------|
| | | | | | Min | Max | |
| 1. | Illiterate | 416 | 41.6% | 1854.79 | 234 | 6986 | 1152.35 |
| 2. | S.S.L.C | 249 | 24.9% | 1771.06 | 231 | 6343 | 1032.69 |
| 3. | H.S.C | 160 | 16.0% | 1716.17 | 234 | 3754 | 830.16 |
| 4. | Graduate | 175 | 17.5% | 1598.71 | 123 | 5853 | 943.00 |
| | Total | 1000 | 100.0% | | | | |

It could be seen from the above table that the quantity of Turmeric and Chilli produced by illiterate respondents ranged between 234 and 6986 Kgs with an average of 1854.79 Kgs. The respondents who have acquired upto S.S.L.C level of education have produced the Turmeric and Chilli ranged between 231 and 6343 Kgs with an average of 1771.60 Kgs. The quantity of Turmeric and Chilli produced by the respondents, who have studied up to higher secondary level of education 234 and 3754 Kgs, with an average of 1716.17 Kgs. On the other hand the graduate category of respondents has produced the Turmeric and Chilli ranged between 123 and 5853 Kgs with an average of 1598.71 Kgs. From the analysis it is inferred that illiterate agriculturalist have produced maximum quantity of Turmeric and Chilli than the school level educated and collegiate level educated respondents.

With a view to find the degree of association between educational qualification of the respondents and quantity of Turmeric and Chilli produced, a two way table was prepared and presented below.

TABLE NO. 2: EDUCATION AND QUANTITY OF TURMERIC AND CHILLI PRODUCED (TWO-WAY TABLE)

| S.No | Education | Quantity of Turmeric and Chilli Production | | | Total |
|------|--------------|--------------------------------------------|------------|------------|-------------|
| | | Low | Medium | High | |
| 1. | Illiterate | 185(38.86) | 176(42.61) | 55(49.54) | 416 |
| 2. | S.S.L.C | 120(25.21) | 102(24.49) | 27(24.32) | 249 |
| 3. | H.S.C | 70(14.71) | 77(18.64) | 13(11.71) | 160 |
| 4. | Graduate | 101(21.22) | 58(14.09) | 16(14.43) | 175 |
| | Total | 476 | 413 | 111 | 1000 |

It is learned from the above table that the percentage of high quantity of Turmeric and Chilli produced was the highest of (49.54%) among the respondents illiterate category and the same was the lowest (11.71%) among the respondents have been higher secondary level of education. The percentage of medium level quantity of Turmeric and Chilli produced was the highest (42.61%) among the respondents illiterate category and the same was the lowest (14.06%) among the respondents have been collegiate level education. On the other hand, the percentage of low quantity of Turmeric and Chilli produced was the highest (38.86%) among the respondents of illiterate category and same was the lowest (14.71%) among the respondents have been higher secondary level of education.

In order to find the relationship between respondents educational qualification and the quantity of Turmeric and Chilli produced by them, a Chi-Square test was employed and the result is shown in the following table.

H₀ : There is no significant relationship between educational qualification of the respondents and quantity of Turmeric and Chilli produced.

H₁ : There is a significant relationship between educational qualification of the respondents and quantity of Turmeric and Chilli produced.

TABLE NO. 3: EDUCATION AND QUANTITY OF TURMERIC AND CHILLI PRODUCED (TWO-WAY TABLE)

| Factor | Calculated Chi-Square value | Table Value | Table Value | Remarks |
|-----------|-----------------------------|-------------|-------------|-------------------------|
| Education | 13.447 | 12.592 | 6 | Significant at 5% level |

It is identified from the above table that the calculated Chi-Square value is greater than the table value and the result is significant at 5% level. Hence, the hypothesis, "respondents educational qualification and the quantity of Turmeric and Chilli produced" are associated, holds good. From this analysis it is concluded that there is a close relationship between respondents educational qualification and quantity of Turmeric and Chilli produced.

TABLE NO. 4: AREA OF LAND ALLOCATED FOR TURMERIC AND CHILLI CULTIVATION AND QUANTITY OF TURMERIC AND CHILLI PRODUCED

| S.No | Land allocation | No. of Respondent | % | Average | Range | | S.D |
|------|-----------------|-------------------|---------------|---------|-------|------|---------|
| | | | | | Min | Max | |
| 1. | Below 2.5-acres | 773 | 77.3% | 1342.21 | 123 | 4743 | 516.60 |
| 2. | 2.5-5 acres | 186 | 18.6% | 2849.46 | 567 | 5676 | 605.24 |
| 3. | Above 5 acres | 41 | 4.1% | 4863.90 | 1634 | 6986 | 1264.91 |
| | Total | 1000 | 100.0% | | | | |

The above table reveals that the quantity of Turmeric and Chilli produced by the respondents who have allocated below 2.5 acres of land between 123 and 4743 Kg with an average of 1342.21 Kgs. Similarly the respondents who have allocated 2.5 to 5 acres land have produced the Turmeric and Chilli ranged between 567 and 5676 Kgs with an average of 2849.46 Kgs. On the other hand the respondents who have allocated above 5 acres of land of Turmeric and Chilli cultivation have produced the Turmeric and Chilli ranges between 1634 and 6986 Kgs with an average of 4839.90 Kgs. From the analysis, it is concluded that, the respondents who have allocated above 5 acres of land for cultivation of Turmeric and Chilli have produced maximum quantity of Turmeric and Chilli in the study area.

With a view to find the degree of association between area of land allocated for Turmeric and Chilli cultivation and quantity of Turmeric and Chilli produced, a two-way table was prepared and is shown in the following table.

TABLE NO. 5: AREA OF LAND ALLOCATED FOR TURMERIC AND CHILLI CULTIVATION AND QUANTITY OF TURMERIC AND CHILLI PRODUCED (TWO-WAY TABLE)

| S. No | Land allocation | Quantity of Turmeric and Chilli Production | | | Total |
|-------|-----------------|--------------------------------------------|------------|------------|-------------|
| | | Low | Medium | High | |
| 1. | Below 2.5 acres | 469(98.53) | 293(70.94) | 11(9.91) | 773 |
| 2. | 2.5-5 acres | 7(1.47) | 118(28.57) | 61(54.95) | 186 |
| 3. | Above 5 acres | | 2(0.49) | 39(35.14) | 41 |
| | Total | 476 | 413 | 111 | 1000 |

It is highlighted from the above table that the percentage of high volume of Turmeric and Chilli produced was the highest (54.95%) among the respondents cultivating 2.5 to 5 acres and the same was the lowest (9.91%) among the respondents who have allocated below 2.5 acres for Turmeric and Chilli cultivation. The percentage of medium quantity of Turmeric and Chilli produced was the highest (70.94%) among the respondents who have allocated below 2.5 acres for Turmeric and Chilli cultivation and same was the lowest (0.49%) among the respondents who have allocated above 5 acres of land for Turmeric and Chilli cultivation. On the other hand, the percentage of low quantity of Turmeric and Chilli produced was the highest (98.53%) among the respondents who have allocated below 2.5 acres of land for Turmeric and Chilli cultivation and the same was the lowest among the respondents who have allocated above 5 acres of land.

In order to find the relationship between area of land allocated for Turmeric and Chilli cultivation and the quantity of Turmeric and Chilli produced, a Chi-Square test was used and the result of the test is shown in the following table.

H₀ : There is no significant relationship between area of land allocated for Turmeric and Chilli cultivation and quantity of Turmeric and Chilli produced.

H₁ : There is a significant relationship between area of land allocated for Turmeric and Chilli cultivation and quantity of Turmeric and Chilli produced.

TABLE NO. 6: AREA OF LAND ALLOCATED FOR TURMERIC AND CHILLI CULTIVATION AND QUANTITY OF TURMERIC AND CHILLI PRODUCED (CHI-SQUARE TEST)

| Factor | Calculated Chi-Square value | Table Value | Table Value | Remarks |
|----------------|-----------------------------|-------------|-------------|-------------------------|
| Land allocated | 564.614 | 13.277 | 4 | Significant at 1% level |

It is noted from the above table that the calculated Chi-Square value is much greater than the table value and the result is significant at 1% level. Hence, the hypothesis "area of land allocated for Turmeric and Chilli cultivation and quantity of Turmeric and Chilli produced" are associated, holds good. From the analysis, it is inferred that, there is a close relationship between area of land allocated for Turmeric and Chilli cultivation and quantity of Turmeric and Chilli produced.

FINDINGS

1. Education wise analysis highlights that illiterate agriculturist have produced maximum quantity of Turmeric and Chilli than the school level and collegiate level education.

2. While analyzing the area of land allocated for Turmeric and Chilli cultivation, it is found that the respondents who have allocated above five acres of land for cultivation of Turmeric and Chilli have produced maximum quantity in the study area. The chi-square test also shows the relationship between area of land allocated exclusively for Turmeric and Chilli cultivation and quantity of Turmeric and Chilli produced.

SUGGESTIONS

1. A sound policy framework for the development of Turmeric and Chilli sector has to focus on two basic objectives (a) to enhance economic efficiency and reduce unit costs; (b) to promote social equity, by making products available to poorer sections at affordable prices. It has to utilize tools available by science and technology for enhancing farm yields and increasing processing efficiency. It should secure greater involvement of the private sector voluntary agencies NGOs in providing services to the farmer, the processor and to the trader. The import tariff policy should strike a sound balance between the promotion of efficient domestic production and the advantage of inexpensive imports. The interests of consumers in terms of reasonable price and quality, cannot be overlooked. In brief, the interests of the farmer, the processor, the trader, the consumer and the exchequer have to be delicately balanced to maximize satisfaction and to minimize costs to all stakeholders as a whole.
2. The basic fact of Indian agriculture is that more than three fourths of Indian farmers cultivate two hectares or less, with only one third of their land receiving irrigation and they are mostly risk averse at such margin of subsistence. An energetic farm support policy is called for if the production of any specific crops like Turmeric and Chilli has to be promoted with a judicious mixture of technology extension, input supply and price support for the output.

CONCLUSION

India's Turmeric and Chilli sector faces stiff challenges in increasing the efficiency in several of its sub-sectors: improving the technology in Turmeric and Chilli cultivation and processing, reforms in the marketing of Turmeric and Chilli and products domestically and internationally.

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WIRELESS SENSOR NETWORK OPTIMIZATION AND HIGH ACCURACY IN NETWORKING TESTBED

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ABSTRACT

The most important applications for wireless sensor networks (WSNs) is Data Collection, where sensing data are collected at sensor nodes and forwarded to a central base station for further processing and optimizing. The battery powers and wireless communications, sensor nodes can be very small & easily attached at specified locations without disturbing surrounding networks and environments. In this paper, we review recent advances in this research area. We highlight the special features of data collection for Wireless Sensor Networks, by comparing with wired data collection network and other Wireless Sensor Networks. Sensor deployment is one of the major issues in wireless sensor networks. An optimal placement of sensors is propitious to the maximum possible utilization of the available sensors and balancing sensor node energy consumption, and prolonging the wireless network lifetime. Simulation results show that some mobile sensors in the disk-based mobility can realize the k -coverage, which reduces the cost of the sensor networks and moving distance of mobile sensors.

KEYWORDS

WSN, Sensor, Mobility

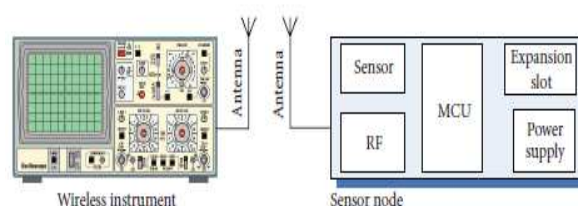
INTRODUCTION

The advancement in wireless sensor and communication technologies have made it possible to manufacture sensors with simple sensing, processing, and wireless communication capabilities in a cost-effective manner. A wireless sensor network (WSN) basically formed by deploying specialized sensors in the region of interest to perform certain given tasks, such as surroundings and target tracking. Wireless sensor networks have been applied to many applications since emergence. A large number of wireless sensors can be deployed randomly in hostile areas without human involved, e.g., by air-dropping from an aircraft for remote monitoring and surveillance purposes. Once the sensors are deployed on the ground, their data are transmitted back to the base station to provide the necessary situational information. Sensor networks or sensing data are continuously collected at each sensor node on network wherever employed and forwarded through wireless communication to a central base station via authorized node for further processing. In Wireless Sensor Network, each sensor node is powered by a battery and uses wireless communications smoothly.

The key features of Wireless Sensor Networks, however, also bring many new challenges. The lifetime of a wireless sensor node is constrained by their battery attached on it, and the wireless network lifetime in turn depends on the lifetime of wireless sensor nodes, thus, to further reduce the costs of wireless and sensor networks maintenance, redeployment and further communications, the consideration of energy efficiency is often preferred in a WSN design. Moreover, these challenges are complicated by the wireless losses and collisions when sensor nodes communicate with each other.

The deployment of sensors in the region of interest is one of the key issues in WSNs, which reflects how well the field is monitored by sensors. An optimal placement of sensors is propitious to the maximum possible utilization of the available sensors, and balancing the sensor energy consumption. The proper choice for sensor locations based on application requirements is difficult. The deployment of a sensor network is often either human monitored or random. Though many scenarios adopt random deployment for practical reasons such as deployment cost and time, random deployment may not provide a uniform sensor distribution over the region, which may introduce uncertainty in the final sensor positions and pose coverage holes and vacancies. Recently, mobile sensors have been considered for coverage improvement. The key objective is to detect holes in the network and to ensure that they are covered by at least one sensor. Sensors locally detect holes, estimate their new positions, and move to the new positions to cover detected holes. The authors proposed the idea of constructing potential fields for sensor movements. The fields are constructed such that each node

FIGURE 1: WIRELESS TEST DATA WITH INSTRUMENTS



REVIEW OF LITERATURE

The awareness of the network behavior is important for the studies on wireless sensor networks. There are basically two kinds of methods, that is, simulation and experiment, to gather the runtime data of wireless sensor networks. The experimental test method to use some additional test instruments is shown in Figure 1. The wireless instruments will probe the wireless network packets on the air without any influence on the wireless sensor network itself. But the wireless devices have none of knowledge about the internal status of autonomous wireless sensor nodes. Users cannot judge whether the wireless sensor node received the data packets which is observed by the instruments and vice versa. The practically experimental methods for the present test environment and platforms can be further divided into two categories according to the mechanisms of gathering data.

The former category is to obtain test data by microcontroller of wireless sensor nodes and transfer their test data over the sensor links of the wireless sensor network. The sensor microcontroller unit sends test data to radio frequency transceiver and afterwards these data are transferred in the sensor network node-by-node towards the test server which gathers all test basic information to sensor node process for further analysis. However, the computing network resource of the wireless sensor node and the network bandwidth of the sensor network must be consumed for the purpose of collecting test data. In other words, it will interfere with spontaneous network behavior. Such interference will be quite serious because the resource of wireless sensor network is very limited.

DATA GATHERING APPROACHES AND COVERAGE ANALYSIS IN SENSOR NETWORKS

In the Sensor network the data gathering approaches consider the main issues that how to deliver networks sensing data from each sensor node to the network base station and moving/migrating node. To achieve high efficiency, a cross-layer design is often involved, where the MAC, network, and transport layers are considered together to achieve multiple goals such as energy efficiency as well as reliability. Figure 1 shows that a generic architecture for data gathering approaches over wireless sensor networks. To collect data from sensor nodes the topology maintenance component constructs a connected topology; often a tree rooted at the base station, and maintains the connectivity during network dynamics and link quality variations. The network transmission scheduler schedules node data packet transmissions based on information from other components so as to reduce collisions and energy costs.

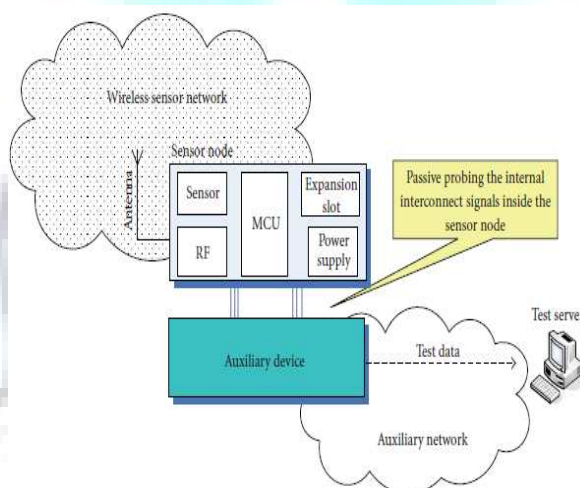
TABLE 1: LIST OF TYPICAL SENSOR NODES

| Name | MCU | Transceiver |
|--------------|-------------------|------------------|
| Btnode | Atmel ATmega 128L | T1 CC1000 |
| Eyes | T1 MSP430 F149 | TR1001 |
| EyesIFX V1-2 | T1 MSP430 F149 | TDA 5250 |
| IMote2 | Marvel PXA271 | T1 CC2420 |
| Iris | Atmel ATmega 128L | Atmel AT86 RF230 |
| Mica | Atmel ATmega 103 | RFM TR1000 |
| Mica2 | Atmel ATmega 128L | T1CC1000 |
| MicaZ | Atmel ATmega 128L | T1CC2420 |
| TelosB | T1MSP430 | T1CC2420 |

DESIGN OF HINT

We proposed a novel testbed HINT. The core idea of HINT consists of three parts. First, auxiliary devices passively probe the internal chip-level signals to obtain the test data in a nonintrusive manner, which does not consume any computing and storage resource of the sensor node. Second, the test data, which represent the runtime behavior inside sensor nodes, are transferred over additional networks so that they do not consume any wireless bandwidth of the sensor networks. Finally, the entire test data are collected by the testbed server and then the network behavior are reconstructed to execute a full network-scale testing. The mechanisms of HINT are shown in Figure 5. The system architecture of HINT is shown in Figure HINT consists of a testbed server and a number of test units. The testbed server and all test units are connected with additional network, usually with Ethernet. Each test unit consists of a sensor node and a test board. All sensor nodes form a wireless sensor network while all test board form another wired or wireless network for the purpose of transferring test data. Each test board is linked to the corresponding sensor node in order to probe the internal chip-level signals inside the sensor node. The testbed server is used to collect test data from all test boards and perform future analysis.

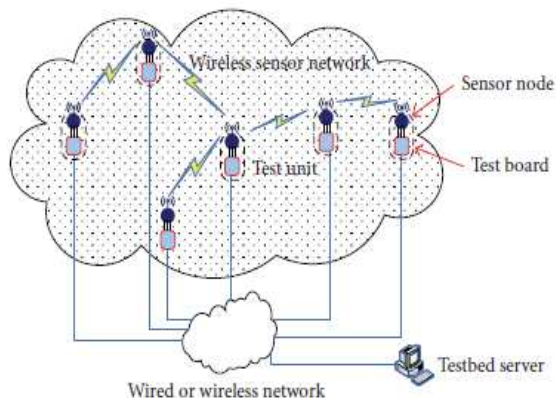
FIGURE: 2 MECHANISM OF HINT



CHIP-LEVEL SIGNAL CAPTURING

In the wireless Sensor nodes essential to decide which signals inside the sensor nodes should be captured? The useful signals inside the sensor node are divided into 5 groups. The first group is the wires between the RF transceiver and the MCU inside sensor nodes, which provide information on the radio packet. The second group is those from the MCU to the sensor, which provide information on the sensing operation. The third group is the Joint Test Action Group (JTAG) pins of the MCU, which provide functions to reprogram and debug. The fourth group is external communication pins of the MCU, such as RS-232, which provide information about external data sent by MCU. The last group is the power supply lines for the sensor node, which help us to turn on or off the sensor node and measure its power consumption. The test board is linked to the corresponding sensor node via one or more groups of wires carefully chosen. Among all the five groups, the first group, that is, the signal group between the RF transceiver and the MCU inside sensor nodes, is most important for the networking test.

FIGURE: 3 SYSTEM ARCHITECTURE OF HINT



COLLECTING AND TRANSFERRING TEST DATA

The captured data of raw signals are too huge to be transferred. In HINT, such raw captured data are encoded and compacted inside the SARC module of the test board. The compacted test data are then transferred to the testbed server. The raw signals are mainly divided into two classes, that is, analog or digital. Different encoding methods are adopted for different signals.

EXECUTION AND IMPLEMENTATION

HINT is quite a complex system with mixed software and hardware. The detailed implementation is introduced as follows.

SENSOR NODE & TEST BOARD

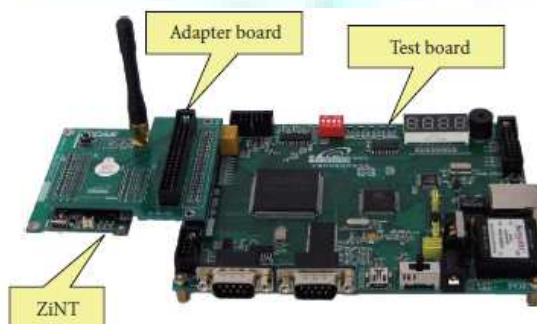
The chip-level signals to be captured depend on the chips inside the wireless sensor nodes. For instance, inside the wireless sensor nodes like TelosB, IMote-2 and MicaZ, the RF transceiver chip CC2420 is used and hence the signals to be captured between the RF transceiver and the MCU for wireless sensor nodes are CS, SCK, MOSI, MISO, SFD, INT, FIFOP and CCA. But inside the wireless sensor nodes like Mica2 and Bnode, the RF transceiver chip CC1000 is used and hence the signals to be captured are DIO, DCLK, PCLK, PDATA and PALE. All these signals are explained in the CC2420 and CC1000 datasheets in detail. The test board is the kernel component of HINT.

FIGURE: 4 ACTUAL PICTURE OF TEST BOARD



Such types of test board mainly consist of two main parts. One part is particularly for data processing and transferring including CPU and Ethernet Card, whereas the other for data acquisition and remote control, that is, SARC module.

FIGURE: 5 MECHANICAL STRUCTURE OF TEST UNIT



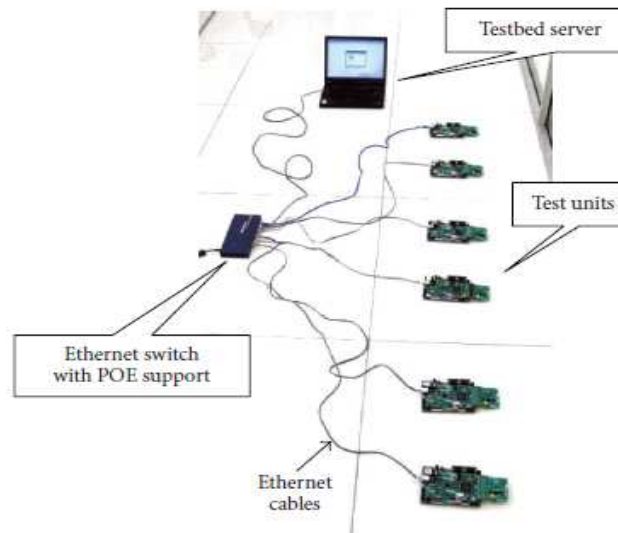
PRACTICAL EXPOSURE (EXPERIMENTS)

It is fundamental for HINT to acquire the internal signals accurately inside a sensor node. Hence two experiments are carried out to verify the analog and digital signals acquisition by comparing with the outputs of oscilloscope and logic analyzer.

Digital Signals: The digital signals between the microcontroller and the RF transceiver consist of Start of Frame Delimiter (SFD), interrupt (INT), SPI bus and so on, which are critical for HINT to obtain the network packet information. Thus the correct acquisition of these signals will be proved in this experiment. All the sensor nodes send packets periodically. We use HINT to acquire these internal digital signals of sensor nodes and demonstrate the result in the graphics user interface. At the meantime, these signals are observed by a logic analyzer LA1016. Both HINT and the logic analyzer support SPI protocol parsing. Comparing the output of HINT with those of the logic analyzer, we conclude that HINT can correctly gather the internal digital logic signals (including SPI communication protocol) inside sensor nodes.

Analog Signals: The energy consumption is a key parameter for wireless sensor networks. In HINT, the energy consumption parameter is deduced from the measurement of the electric current at power supply wire of the sensor node. The electric current is a typical analog signal. The correct acquisition of this signal will be proved in this experiment. All the sensor nodes change their status periodically. The sensor nodes firstly stay at idle state with radio transceiver and all LEDs turned off and therefore the power consumption is very low. After 100 ms, the sensor nodes turn on radio transceiver and the power consumption increases. Then after another 100 ms, the sensor nodes turn on all LEDs and the power consumption increases more. Finally the sensor nodes enter the first idle state after 100 ms. therefore the supply current will also change periodically.

FIGURE: 6 AN EXPERIMENT SCENARIO OF HINT



FUTURE SCOPE AND CONCLUSION

Mobile Sensor and Ad hoc networks node becomes increasingly important to obtain the accurate and spontaneous runtime data which represent the network behavior for further studies on the wireless network. However the test mechanisms nowadays cannot appropriately match such requirements. We proposed a novel test mechanism that the internal chip-level signals inside sensor nodes are passively probed in order to access the network data in a non-intrusive way. Subsequently we implemented the testbed HINT. In this paper we introduced the implementation and the experiment studies of HINT.

In this paper we showed that, with the help of HINT, users can collect information of internal signals on the remote wireless sensor nodes, measure the energy consumption of wireless sensor nodes, parse the interconnect signal for the radio packets, obtain precise timestamps of events for fine-grained phases, evaluate and calculate the network performance parameters, program and debug the sensor nodes remotely, store the runtime data to trace files, and so forth. Most of these features are disturb-free and transparent to the sensor applications. HINT provides users real and accurate information on the runtime data to represent the spontaneous network behavior of wireless sensor networks. HINT is a nonintrusive testbed. HINT provides users high-accuracy information on the network behavior. HINT also supports the test mechanisms of the existing testbeds.

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PROSPECTS FOR EXPORT OF AYURVEDIC PRODUCTS TO RUSSIA

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ABSTRACT

Ayurveda is the most ancient system of healthcare. India's share in the export of herbals is just 0.2% of the total global herbal market. So there is obviously vast scope for Indian manufacturers for entering the growing worldwide opportunity of business in Herbal Pharmaceutical field. The worldwide market of Herbal Medicines is US \$ 60 billion (WHO 2002). The world health organization predicts the overall automotive medicine market to reach US \$ 5 trillion by 2050. According to WHO, up to 80% of the world's population still depend heavily on TCM for treatment. Traditional Medicines (TM) have been used by Russia since ancient times India's exports are much less than what they import from other countries. The major objective of this study is to critically appraise the potential for herbal ayurvedic products and identify the problems and prospects of these in Russia

KEYWORDS

Ayurveda, Exports, Russia, Traditional Medicines.

INTRODUCTION

Ayurveda is the most ancient system of healthcare. India's share in the export of herbals is just 0.2% of the total global herbal market. So there is obviously vast scope for Indian manufacturers for entering the growing worldwide opportunity of business in Herbal Pharmaceutical field. Traditional Medicines (TM) have been used by Russia since ancient times India's exports are much less than what they import from other countries. Demand for medicinal plants is increasing in Russia as the population grows. But constraints and challenges exist at all levels.

TRADITIONAL MEDICINE IN INDIA

India is one of the world's twelve leading biodiversity centers, with the presence of over 45,000 different plant species; out of this about 15,000-20,000 plants have good medicinal properties, of which only about 7,000-7,500 are being used by traditional practitioners. Indian herbal medicine market has been growing at a steady pace of between 15% and 20% every year. The market size of domestic herbal industry is currently estimated at over Rs.5000 crore. In India, the value of medicinal plant related trade is about US \$ 10 billion per annum and this industry is growing at the rate of 7.15% annually with exports of US \$ 1.1 billion per year.

GLOBAL MARKET FOR TRADITIONAL MEDICINES

The worldwide market of Herbal Medicines is US \$ 60 billion (WHO 2002). The world health organization predicts the overall automotive medicine market to reach US \$ 5 trillion by 2050. Indian planning commission estimates massive increases in the export value to Rs.30 billion by 2006 and to Rs.100 billion by 2010. Germany, France, UK, Switzerland, Japan & USA are major importers of Indian Medicinal Plant Products

Demand for nutraceuticals and functional food has been rising in developed markets, particularly in USA, Europe and Japan. Nutraceutical market in USA is estimated at about US\$ 80 billion to US\$ 250 billion, with a similar market size in Europe, and Japanese nutraceutical market is estimated at ~ US\$ 1.5 billion. Global market for Functional Food is pegged at ~US\$ 60 billion to US\$ 80 billion, growing by around 10% per year. Indian nutraceutical market is estimated to be around ~ US\$ 270 million growing at a CAGR of 18%, against the CAGR of 7% witnessed in global market

REVIEW OF LITERATURE

WHO (2002) Traditional and folklore medicine handed on from generation to generation is rich in household remedies and community practice. According to an estimate of World Health Organization (WHO), nearly 80% of the populations of developing countries rely on traditional medicine, mostly plant drugs for their primary health care needs.

Gautam V.S (2003). Researchers here designed product market segmentation matrix in to four zones . They have placed Indonesia and other countries in Zone A where Indian system of medicines is recognised as alternate source of traditional healthcare system and variety of products can be sold there.

M. Daniel (2004) India is on the threshold of a herbal revolution. With the rich wealth of herbs, we can command the world herbal scene. But there are so many obstacles we have to cross before we become a superpower in the herbal scene

Assocham Report 2008 Herbal product exports can be accelerated with the setting up of EPZs in about 12 Indian states as their demand soars at a rate of over 25 percent in countries like the US, Britain, Spain, Australia, Russia and Indonesia,

Exim Bank Study (2003) Authors have observed that developed countries have been the traditional markets for ayurvedic products. There was decline in Germany from US \$8 million to less than 4 million dollars in 2001-02 along with decline in destinations Russia, UK, Nepal, Indonesia & Nigeria. It was a matter of concern for authors since global market was continuously rising while India's exports remained stagnant during 2001-02

OBJECTIVE

The major focus of this study is to critically appraise market scenario of last 5 years and identify the opportunities and challenges for ayurvedic products, so as to develop a suitable strategy for export of Ayurvedic products to Russia

METHODOLOGY

This study is supported by desk research, which includes sources like World Health Organization, UN Comtrade Database, World Intellectual Property Organization, Dept. of Indian System of Medicines and Homeopathy, Department. of Commerce, Pharmaceutical Export Promotion Council their conferences and various articles and papers published in various magazines and news papers.

AYURVEDIC PRODUCTS

We can classify Ayurvedic products in following product groups.

1. Medicine Plants – Crude Drugs & Plant Portion.
2. Herbal Products – Their formulation and natural extracts.
3. Ayurvedic Drugs Medicine

For the purpose of this study to analyse the potential markets, data in following categories only have been considered.

HS Code 1211: PLNTS & PRTS OF PLNTS INCLD SEDS & FRUTS USD FOR PRFUMRY PHRMACY/INSCTCIDL:

OR SMLR PURPOSES FRSH/DRID W/N CUT CRSHD OR POWDRD Unit
 HS Code 30039001/11 : Ayurvedic medicaments (Not put up for Retail sale)
 HS Code 30049001/11 : Ayurvedic medicaments put up for retail sale

MARKET TRENDS OF ABOVE THREE CATEGORIES OF PRODUCTS IS SHOWN IN TABLE 1

TABLE 1: TOTAL EXPORT PERFORMANCE OF AYURVEDIC PRODUCTS

| Year/Category | Value in US. Dollar Mn. | | | |
|---------------|-------------------------|----------|----------|--------|
| | 1211 | 30039001 | 30049001 | Total |
| 2002-03 | 69.05 | 108.57 | 9.75 | 187.37 |
| 2003-04 | 65.75 | 21.83 | 20.12 | 107.7 |
| 2004-05 | 61.66 | 64.06 | 24.93 | 150.65 |
| 2005-06 | 79.29 | 18.36 | 34.28 | 131.93 |
| 2006-07 | 86.07 | 19.95 | 37.36 | 143.38 |
| 2007-08 | 117.77 | 31.1 | 48.74 | 197.61 |

Source- Compiled from Dept of Commerce Export Import Data bank

The above data shows that growth was at peak in 2002.03. There after it declined suddenly next year. The exports have positive trend after words. Individually category 1211 has shown 16.64% growth during the period under study. While other two categories have slow growth trends in between.

TABLE 2: EXPORT PERFORMANCE OF AYURVEDIC PRODUCTS TO RUSSIA Values in US\$ Million

| Year/Category | 1211 | 30039001 | 30049001 | Total |
|---------------|------|----------|----------|-------|
| 2002-03 | 0.41 | 5.8 | 4.85 | 11.06 |
| 2003-04 | 0.11 | 2.37 | 5.02 | 7.5 |
| 2004-05 | 0.14 | 3.14 | 4.7 | 7.98 |
| 2005-06 | 0.06 | 2.4 | 6.23 | 8.69 |
| 2006-07 | 0.1 | 2.62 | 6.06 | 8.78 |
| 2007-08 | 0.1 | 11.89 | 7.08 | 19.07 |

Source- Compiled from Dept of Commerce Export Import Data bank

Table 2. Reveals the status of export performance to Russia showing that the product group has increased from 11.06 mn.US \$ to 19.7 mn US \$ with 78.12 % growth in years. Products category 1211 is stagnant, while 3003 category has shown 105 % growth. and category 3004 has shown 46% growth.

TABLE 3 IMPORT TRENDS OF RUSSIA US.\$ Million

| Year/Category | 121190 | 300390 | 300490 | Total |
|---------------|--------|--------|---------|---------|
| 2002 | 4.53 | 0.61 | 882.34 | 887.48 |
| 2003 | 7.37 | 0.99 | 1296.69 | 1305.05 |
| 2004 | 8.01 | 1.18 | 1671.77 | 1680.96 |
| 2005 | 6.9 | 5.86 | 2613.12 | 2625.88 |
| 2006 | 8.84 | 16.39 | 3768.02 | 3793.25 |

Source: UN COMTRADE Database

Overall import trend of Russia showed 327.38% growth during 2002- 2006

RUSSIAN MARKET

OPPORTUNITIES

A close evaluation of the CIS market reveals a hugely untapped market segment for herbal medicines. The concept of herbal, natural and nutraceutical is very well accepted and people are looking for products that deliver on their promise.

Until recently, herbal medicines were viewed as 'alternative' treatment options. However, this scenario is changing and scientifically backed herbal medicines are being accepted as the first line of treatment or as complementary treatments in several cases. The pharmaceutical market in the CIS region and Russia is dominated by several leading international players. Acceptance of international products is therefore on the rise. There is a steady increase in the number of Aptekas (pharmacies) facilitating better reach and access. The growth of regional pharmacy chains is a positive development as it promotes price competitiveness and makes several products available under a single roof. Quality of products is also maintained. Consumer awareness of herbal medicines is on the rise with media constantly covering this subject.

Purely from the geographic standpoint, the market is vast, covering several different time zones. This poses a huge logistic challenge requiring a strong distribution and marketing network. The market is crowded with new players and it is therefore a highly competitive business environment.

The CIS region offers huge potential for herbal drug manufacturers since these countries already have a long tradition of using herbs for medicinal purposes. In recent times the demand for well-researched herbal medicines is increasing as more and more doctors practising allopathic medicine are open to prescribing herbal medicines to their patients, as stated by Mr. Heydan CEO Himalaya Pharmaceuticals. Further he states "Our flagship product Liv 52 is doing exceptionally well in the CIS market and has become a household name. The key achievements in the CIS market are that Himalaya ranks 4th among Indian pharmaceutical companies in the Russian market. The company has recorded high growth in terms of value as well as unit sales in 2007. Cystone is the top herbal therapy for kidney stones (urolithiasis) and cystitis. Speman ranks third among tablets for prostatic disorder. Other products being marketed in this region include Septilin, Rumalaya, Pilex, Tentex Forte and Speman.

Ayurveda is gaining popularity in Russia and the CIS region. The medical fraternity is also open to using complementary and alternative medicines, as long as the safety and efficacy of the formulation can be well-established.

J B Chemicals has a presence in the ayurveda segment with Fitovit, a natural fitness capsule, and Doktor Mom cough syrup which is exported to the CIS countries. The company had a significant exposure to the Russian market with export turnover from that region amounting to Rs 65 crore, in 1996-97.

CHALLENGES

The guidelines for registration of Ayurvedic products, as medicine, are stringent. There is no international pharmacopoeia for poly-herbal products. The comparison/similar registration requirements for allopathic products are insisted for herbal products. In addition, the dossiers need to be prepared in vernacular. Further, there is also a need to submit extensive supporting documentary evidence including local clinical studies done in the CIS region. At the "Business Exchange Workshop" conducted by Pharmexil in the 3rd World Ayurveda Congress held on 17th December 2008 at Jaipur, Rajasthan., Dr.S.N.Balyuta from Russia gave a very transparent picture of the herbal market of Russia. He informed that the Russian herbal market is increasing very fast. He suggested that the product categorization should be kept in mind. The biologically active food supplements & the herbal cosmetics have good market. He advised to have precaution in registering pharmaceuticals. On the negative point's side, he informed that language barrier can be countered by dealing with Russians having command over English and having Indians with knowledge of Russian language.

For a question on number of documents required for registration of the products, it is informed that about 18 are required. Mostly they are required to be notarized including the free sale certificate. The official fee for registration has not been made specific but is expected to be approximately 2000 USD. It could be at a maximum of 5000 USD. The time needed is 3 months to 6 months. The cost of travelling 3 - 4 times to be taken into consideration. For another question on number of plants in the list banned for use in formulations, it has been indicated that 276 plants have been identified. Formulations having combination up to 10 herbs may be allowed with chyawanprash as exception. The special point is that Russia is not over regulated. The list of banned items in Russian and Latin are available

GOVT SUPPORT

The Indian Government is continuing to focus on economic reforms and it is increasing its investment in the healthcare segment. It is expected that it will take further measures to sustain market growth of pharmaceutical products.

In 11th plan scheme (2007-12) the Government has given subsidies to the Department of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), which include major plans for the ayurveda industry like:

- To upgrade quality control department, improve quality-manufacturing unit as per GMP, US Food and Drug Administration (FDA), UK's Medicines and Healthcare products Regulatory Agency (MHRA) and the European Union (EU) guidelines.
- To set up GMP standards for botanical products as well as it be should defined as per WHO's standards.

Recently, AYUSH has provided the first scheme for ayurvedic manufacturing companies, known as 'Ayush Cluster', where it will give assistance of Rs 10 crore for forming such clusters anywhere in India.

FUTURE PROSPECTS

According to a study the industry is envisaged to grow at a level of Rs. 5,500 crore after 2010 Commonwealth Games (CWG), and Ayurvedic industry alone is envisaged to earn a business of Rs. 500 crore during the Games. The study also envisages that Indian Spa industry to receive an investment of US\$ 35 billion over the next 3 to 4 years.

STRATEGIES SUGGESTED

1. To be a global supplier of herbal medicines conforming to international specifications, India needs to process medicinal plants in an increasing level of scientific, economic and safe way by adapting GAP, GLP and GMP.
2. Should undertake adequate pharmacological and clinical studies to ascertain product efficacy and safety.
3. Standardize products to ensure uniformity; protect and maintain IPR in the domains of herbals and other natural product development technologies; and undertake documentation research.

CONCLUSIONS

We have seen that India's Export of Ayurvedic products is on rise. Russia is a growing market for herbal ayurvedic products. We can capture good share of Russian market if Quality control, Good Manufacturing Practices, Good Agriculture Practices,, Good Clinical Practices are followed. This has to be supported by backward integration of harvesting of medicinal plants of good quality and support from government organisations to promote it in overseas markets.

Industry should better understand regulatory hurdles faced in Russia and develop long- & short-term strategies to cope with. Create Ayurvedic Cosmetics category, Ayurvedic Supplements category and remove the hurdles for industry.

Projections being made that after IT industry; the herbal industry will be India's second biggest revenue earner it will be a reality soon.

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WHERE ARE CURRENT PERFORMANCE MEASUREMENT FRAMEWORKS LEADING COMPANIES TO: FROM ACADEMIC AND PRACTITIONER PERSPECTIVES

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ABSTRACT

The purpose of this paper is to create awareness amongst academics and practitioners that the knowledge era we are going into demands more sophisticated performance measurement frameworks. With the balanced scorecard, results and determinants matrix, performance pyramid and performance prism each having their own strengths and weaknesses, it would be a breakthrough if by leveraging on the strengths of each of them, these frameworks can be integrated into one. The author suggested that the SMART performance pyramid of Wang Laboratories be made the starting point for the integration, as it has a practitioner perspective of manufacturing excellence, and is quite comprehensive. In the realm of management accounting, theories and concepts are first laid for the manufacturing environment and later adapted for other sectors e.g. costing for service industries. However the problem with the SMART framework is that has not been tested empirically as much as the balanced scorecard.

KEYWORDS

Measurement, Performance pyramid, Performance, scorecard.

INTRODUCTION

Performance measurement is often confused with performance appraisal. Performance measurement in the context of a business, relates to how a business has performed over a period of time. On the other hand, the latter concerns the performance of employees within the business.

A broader topic called Performance Management, comprises the methodologies, metrics, processes, software tools, and systems that manage the performance of an organization. Three essential tools for Performance Management which are: performance measurement, business intelligence and knowledge management. It is clear from this definition that performance measurement is an essential part of performance management. Researchers in the area of performance measurement have proposed various frameworks

The first type of framework is referred to as structural frameworks (typology for performance measure management). Some notable examples are given below:

- Strategic Measurement and Reporting Techniques (SMART) 1988, Wang Laboratories
- Balanced Scorecard 1992, Prof. Kaplan
- European Foundation Quality Framework (EFQM) 1997
- Performance Prism 2001, Prof Neely

The second type is referred to as procedural frameworks:

- Framework for Designing and Auditing Performance Measurement Systems 2000, Medori and Steeple
- Framework of Factors Affecting the Evolution of a Performance Measurement System 2003, Kennerly and Neely

The above frameworks are intended to move away from the traditional financial measures to frameworks using multiple measures. These include non-financial measures ('leading') which are able to predict the subsequent financial performance ('lagging'). With a plethora of frameworks available, the issue is: "which performance measurement framework best suits the company?"

DISCUSSION

Companies tend to rely on consultants to design a performance measurement framework for them. For some reason, most consultants tend to propose the use of the Balanced Scorecard. Such an approach sometimes lands itself into difficulties as we shall see below. Whilst not denying the power of the scorecard in the strategic alignment of goals to achieve long term success, the weaknesses of the balanced scorecard has been highlighted as:

- It attempts to integrate four important performance perspectives in one simple and easy-to-use management report. The main weakness of this approach is that it is primarily designed for senior managers to provide them with an overall view of performance. Thus, it is not intended for, or applicable at, the factory level. Gregory 1993 [p. 296].
- Absent of a competitiveness dimension (Neely et al., 1995). Most scorecards do not have external benchmarks to measure performance. Employees set their own targets and their superiors approve it like in the budgeting process called bottom-to-top budgeting except that the latter is purely financial. For service industries, competitiveness is an extremely important dimension of performance as highlighted by Fitzgerald and Moon (1996) in their books published by CIMA (UK).
- Failure to consider the human resource perspective (employee satisfaction), supplier performance, product/service quality, and environmental/community perspective (Maisel 1992; Ewing and Lundahl, 1996; Lingle and Shiemann, 1996; Brown, 1996). Company balanced scorecards only consider one stakeholder group; the shareholder group. Neely et al (2002) pointed out the significant impact other stakeholder groups may have on the company leading to events like foreclosure, strikes, bailouts, etc.

- Does not reflect different dimensions of performance as the SMART pyramid, and results and determinants framework do. Some measures in the scorecard like employee training cannot fit into Brown’s framework, as the immediate output is dubious, but is given weight age in the employee’s scorecard.
- There is no diagnostic phase for current performance, and no measurement process to facilitate operational definition and reporting. Organizations that have implement scorecards, know that the diagnose comes only at the end of a period by which time it may be a bit late.
- Does not give focus on core processes as the means of managing improvement, and no real focus on continuous improvement. Promotes periodic improvements based on performance management cycles with no real-time valid measurement of regular processes, products and services.
- Supports the ‘organizational chart’ view of authorities and responsibilities through its cascading (hierarchical deployment) approach. Cross-functional measurements are much lacking even though cross-perspectives (inter-relationship between perspectives) exist.
- It is not process-based. A study by Neely et al (1996) on manufacturing companies revealed that companies which utilize formal process-based approaches to performance measurement system design find it easier than those who do not, in: deciding what they should be measuring, deciding how they are going to measure it, collecting appropriate data, eliminating conflict in the measurement system.

Arguably, the strength of any good performance management system lies in the extent to which the data is independent from human intervention and manipulation.

GUIDELINES PROPOSED FOR COMPANIES

Several guidelines have been proposed for performance measurement frameworks (Neely 1998 pp. 5-6):

- There would be relatively few measures. The more measures used the more is the tendency for violation between them.
- The non-financial measures would predict subsequent financial performance. If the non-financial measures correctly measure the output from activities, then this would translate into financial measures.
- The measures would permeate the whole organization – the same measures would apply everywhere. Performance measures used should at least be the same for each level of the organization pyramid. #
- Measures would evolve slowly i.e. relatively stable over time, regardless of changes in top level management. Changing measures abruptly creates misunderstanding and confusion. @
- People are fairly compensated for achieving targeted performance. This falls under the Human Resource purview – performance appraisal.

THE PROBLEM

In several conferences, audience responded that they are currently using Balanced Scorecards. But when asked the question how good they feel about the Balanced Scorecard’s impact on their company’s bottom line, no hand went up (Tyagi and Gupta, 2008). Too many perspectives and measures also make employees lose focus on critical activities. This happens when measures are cascaded down the organization in the interest of achieving organizational goals. A large pool of experienced employees from all levels (a representative group) should be called together to determine what they feel are their most critical activities that value add to the organization. Undoubtedly this information can be cross-checked to the employees’ SOPs (standard operating procedures). More than say 90% of the weight age in the employees’ or department’s scorecards should relate to these critical activities. For example a production manager whose most critical activity is meeting production schedules would probably spend 7 out of his 8 hour working day concentrating only on this, thus by right the weight age for other measures in his scorecard would only be 1 out of eight. Training and other discretionary activities whose benefits are unpredictable, no doubt important, should take up only a small weight age of his scorecard. However, hands-on training (either receiving training or giving training) and those that relate directly to the jobs performed should be considered critical.

According to Ghalayini *et al.* (1997), the main weakness of the Balanced Scorecard is that it is constructed as a monitoring and controlling tool rather than an improvement tool. Furthermore, Neely *et al.* (2000) concluded that the balanced scorecard does not consider the competitor perspective at all.

When we reproduce the Criteria for Performance Excellence of the Malcolm Baldrige Award below,

| 2010 Categories and Items | Point values |
|------------------------------------------------|--------------|
| Leadership | 120 |
| Strategic Planning | 85 |
| Customer and Market Focus | 85 |
| Measurement, Analysis and Knowledge Management | 90 |
| Human Resource Focus | 85 |
| Process management | 85 |
| Business Results | 450 |
| | 1000 |

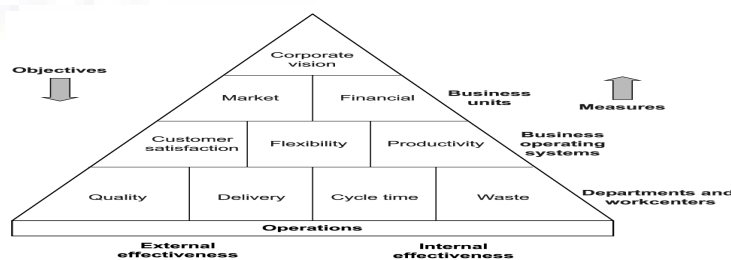
Source: <http://www.baldrige.com/criteria/the-baldrige-criteria/>

We can see that the Balanced Scorecard as a tool for achieving business excellence is lacking in many aspects:-

- There is no measure for *leadership* when other frameworks like the European Business Excellence Model do have.
- Measures directly having impact on *strategic planning* e.g. Analysis of Budget Variances are absent.
- *Market focus* particularly competitiveness are absent.
- Measurement of *knowledge work* is absent. Knowledge workers will drive performance in the future era.
- No measures for an important stakeholder, i.e. *employees*, to ascertain their level of satisfaction.
- No *process management* and lack of definition of internal business process (Fitzgerald et al, 1991)

Its main strength is only in achieving *business results* (only 450 out of 1000 point values as seen above), not business excellence.

FUTURE RESEARCH AND CONCLUSIONS



Source: Cross and Lynch (1992)

The performance pyramid derives from the idea that an organization operates at different levels each of which has a different focus. However, it is vital that these different levels support each other. Thus the pyramid links the business strategy with day-to-day operations. The inventors of the performance pyramid realized that traditional performance measurement systems were falling short of meeting the needs of managers in a much changed business environment. The conclusions below helped to shape the performance pyramid which can be regarded as a modeling tool that assists in the design of new performance measurement systems, or alternatively the re-engineering of such systems that are already in operation (Johnson, S., 2005).

The strength of the performance pyramid model lies in the fact that it ties together the hierarchical view of business performance measurement with the business process review. It also makes explicit the difference between measures that are of interest to external parties - such as customer satisfaction, quality and delivery - and measures that are of interest within the business such as productivity, cycle time and waste.

Lynch and Cross concluded that it was essential that the performance measurement systems adopted by an organization should fulfill the following functions:

- The measures chosen should link operations to strategic goals. It is vital that departments are aware of the extent to which they are contributing - separately and together - in achieving strategic aims.
- The measures chosen must make use of both financial and non-financial information in such a manner that is of value to departmental managers. In addition, the availability of the correct information as and when required is necessary to support decision-making at all levels within an organization.
- The real value of the system lies in its ability to focus all business activities on the requirements of its customers.

Given the shortcomings of the Balanced Scorecard discussed earlier, researchers should study and develop alternative Performance Measurement Frameworks. The Strategic Measurement and Reporting Techniques (SMART) pyramid developed by Wang Laboratories should be a good starting point to attempt to generate more advanced frameworks. It has market position as one of its main crux to achieve corporate vision (consistent with the results and determinants model of Fitzgerald which has competitiveness together with financial as two important results). The cascading effect is clearly seen when objectives that meet the organization's vision are cascaded down to various levels of the organization right down to the factory floor, a bottom-most level which the balanced scorecard of Kaplan and Norton failed to reach. Linkages between the functions can then be developed; not just linkages between perspectives as noted in the balanced scorecard. A closer look at the SMART Pyramid revealed that it contained critical success factors for a manufacturer. To be used for a merchandising or service oriented company is then a matter of adaptation e.g. cycle time can be adapted to become service cycle time, quality becomes service quality (service level agreement).

Its purpose is to link an organization's strategy with its operations by translating objectives from the top down (based on customer priorities) and measures from the bottom up. The SMART Pyramid includes four levels of objectives that address the organization's external effectiveness (left side of the pyramid) and its internal efficiency (right side of the pyramid).

Corporate vision at the first level, is translated into individual business unit objectives, where short-term targets of cash flow and profitability are set to meet long-term goals of growth and market position (i.e. market, financial). The business operating system bridges the gap between top-level and day-to-day operational measures (e.g. customer satisfaction, flexibility, productivity). Finally, this model shows recognition for the importance of the human resource in achieving the company's vision by placing four key operational measures (quality, delivery, cycle, and waste) at department and work centres on a daily basis at the bottom of the pyramid. Ghalayini *et al.* (1997) suggest that the main strength of the performance pyramid is its attempt to integrate corporate objectives with operational performance indicators.

The shortcoming of the balanced scorecard that it considers only one stakeholder (the shareholders) appears to be valid if we realize that satisfying the needs of suppliers, employees, regulatory bodies, etc. has a profound impact on the longevity of the organization. Of course the immediate shortcut would be to replace the shareholders perspective with stakeholder's perspective. However, this replacement may not work as the basic shortcoming of the balanced scorecard that its measures do not cascade down to the shop-floor means it lacked the employee involvement perspective. Furthermore the end (lagging) indicator of a company's balanced scorecard has been claimed to be its bottom-line financial perspective (i.e. "how does the company appear to its shareholders?"). Also there is no concrete evidence that the supplier (an important stakeholder) has been given due prominence in the balanced scorecard. With the SMART Pyramid, flexibility and cycle time has important links with suppliers. However, it does not consider an important component of the stakeholder group which is the regulatory bodies.

As we enter into the Knowledge Era (diagram below) where customer value is the main driving force, a more sophisticated framework should be developed.

Evolution of Performance Measurements

| Aspects | Industrial Age | Quality Age | Information Age | Knowledge Age |
|--------------------------------------|--------------------------------|---------------------------------------|--------------------------------------|--------------------------------------------|
| Objective/Scope | Increase Productivity | Improve quality | Improve bottom line | Sustained profitable growth |
| Driver | Basic needs | Expectation | Shareholders driven | Customer value driven |
| Methodology | Metrics | KPIs | Balanced Scorecard | Business Scorecard |
| Type | Output | In-process | Organization wide | Supply chain |
| Purpose of establishing measurements | Quantity-Units (cost per unit) | Yield % Good (defects per unit) | % Profit (profit per unit) | % Profitable Growth (value per unit) |
| Outcome | Fulfill customer needs | Get customer business through quality | Increase market value through profit | Achieve business growth through innovation |
| Challenge | Orders shipped | Quality received | Financials achieved | Performance achieved |
| Beneficiaries | Producer | Consumer | Shareholder | Stakeholders |

Source: Authors

To conclude, we concur with Shane Johnson's remark that the SMART Pyramid is simple and comprehensive enough to be used as a basic framework for further research to develop more advanced performance measurement frameworks (Johnson, S., 2005). What is aimed at in the knowledge era is a Business Scorecard (not a Balanced Scorecard) driven by customer value with all stakeholders as the beneficiary. The question for any company is how to incorporate the stakeholder focus of the performance prism and the balanced approach of the balanced scorecard into the SMART Pyramid and then "making it work".

As Shane Johnson correctly put it: "These conclusions helped to shape the performance pyramid which can be regarded as a modeling tool that assists in the design of new performance measurement systems, or alternatively the re-engineering of such systems that are already in operation." (Johnson, S., 2005).

FOOTNOTES

¶ Brown (1996) developed the concept of linking measures through cause and effect relationships further. He showed the five stages in a business process and the measures of their performance. These stages are defined as inputs, processing system, outputs, outcomes, and goals respectively. The framework demonstrates how inputs to the organization affect the performance of processing systems and ultimately the top-level objectives of the organization (goals). Brown argues that each stage is the driver of the performance of the next.

As we go higher up the pyramid, the measures changed a little bit but this is not surprising when we are able to visualize the change in the form of rewards, from highly monetary reward at the lower level to less monetary reward at higher levels e.g. more units of stock options, higher contribution by employers towards top executive pension plans, etc.

@ Change is required gradually over the lifecycle of the firm, from growing stage to harvest and divest stages. At the growing (building) stage, firms are too obsessed in capturing the market for a new product that more attention has to be given to the internal processes of the business; increasing output through more effective sales and efficient processes. As the firm goes into the 'hold' stage, the focus shifted into protecting the market share through emphasizing

customer satisfaction. At the harvest stage, the focus is on cutting costs in order to maintain volume, but at this stage the firm has to embark on another innovative idea and this is where the learning and innovation perspective becomes important.

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A COMPARATIVE STUDY OF CELLULAR SERVICE PROVIDER OPERATING IN THE SPORT CITY OF PUNJAB, JALANDHAR

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ABSTRACT

Mobile phone was hyped as a revolutionary tool of the twentieth century, like the television and telephone 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 their services so as to give the maximum to their customers. This study focuses on the customer satisfaction level of different cellular service provider operating in the sport city of Punjab, Jalandhar. The main purpose of this study is to find out the satisfaction level of the customer regarding current service provider, mobile phone instruments, analyze the level of awareness about Number Portability and 3G and make suggestions in the light of the findings of the study. The study was carried out in Jalandhar city. In this study opinion of customers were taken for analysis. The tools used for collecting data were structured questionnaire and unstructured interview. For analysis purpose pi chart and bar chart has been used. The results revealed that as there is a healthy competition given by the existing players in the telecommunication industry, lack or degradation in any of the services may affect the company badly. Moreover there is a huge market for 3G which can be captured by giving them proper awareness and by providing services according to their needs.

KEYWORDS

3G, Customer Satisfaction, Number Portability, Value Added Services.

INTRODUCTION

In 1880, two telephone companies namely The Oriental Telephone Company Ltd. and The Anglo-Indian Telephone Company Ltd. approached the Government of India to establish telephone exchanges in India. The permission was refused on the grounds that the establishment of telephones was a Government monopoly and that the Government itself would undertake the work. In 1881, the Government later reversed its earlier decision and a license was granted to the Oriental Telephone Company Limited of England for opening telephone exchanges at Calcutta, Bombay, Madras and Ahmadabad and the first formal telephone service was established in the country. On the 28th January 1882, Major E. Baring, Member of the Governor General of India's Council declared open the Telephone Exchanges in Calcutta, Bombay and Madras. The exchange in Calcutta named the "Central Exchange" was opened at third floor of the building at 7, Council House Street, with a total of 93 subscribers. Later that year, Bombay also witnessed the opening of a telephone exchange. While all the major cities and towns in the country were linked with telephones during the British period, the total number of telephones in 1948 numbered only around 80,000. Post independence, growth remained slow because the telephone was seen more as a status symbol rather than being an instrument of utility. The number of telephones grew leisurely to 980,000 in 1971, 2.15 million in 1981 and 5.07 million in 1991, the year economic reforms were initiated in the country.

EMERGENCE AS A MAJOR PLAYER

In 1975, the Department of Telecom (DoT) was separated from Indian Post & Telecommunication Accounts and Finance Service. DoT was responsible for telecom services in entire country until 1985 when Mahanagar Telephone Nigam Limited (MTNL) was carved out of DoT to run the telecom services of Delhi and Mumbai. In 1990s the telecom sector was opened up by the Government for private investment as a part of Liberalization-Privatization-Globalization policy. Therefore, it became necessary to separate the Government's policy wing from its operations wing. The Government of India corporatized the operations wing of DoT on 1 October 2000 and named it as Bharat Sanchar Nigam Limited (BSNL). Many private operators, such as Reliance Communications, Tata Indicom, Vodafone, Loop Mobile, Airtel, Idea etc., successfully entered the high potential Indian telecom market.

GROWTH OF INDIAN TELECOMMUNICATION INDUSTRY

Today, The Indian telecommunication industry is the world's fastest growing industry with 791.38 million mobile phone subscribers as of February 2011 according to Telecom Regulatory Authority of India (TRAI). It is also the second largest telecommunication network in the world in terms of number of wireless connections after China. As the fastest growing telecommunications industry in the world, it is projected that India will have 1.159 billion mobile subscribers by 2013.

Furthermore, projections by several leading global consultancies indicate that the total number of subscribers in India will exceed the total subscriber count in the China by 2013. The industry is expected to reach a size of ₹344,921 crore (US\$76.57 billion) by 2012 at a growth rate of over 26 per cent, and generate employment opportunities for about 10 million people during the same period. According to analysts, the sector would create direct employment for 2.8 million people and for 7 million indirectly. In 2008-09 the overall telecom equipments revenue in India stood at ₹136,833 crore (US\$30.38 billion) during the fiscal, as against ₹115,382 crore (US\$25.61 billion) a year before.

REVIEW OF LITERATURE

Sharma Sandhir, (May 2004), conducted "A Study on Choice Criteria and Satisfaction Level of Mobile Phone Service Users in India: A Case Study of Ludhiana City" The study found that majority of the existing mobile phone users were satisfied from the services of the existing Mobile Service Providers. It may be assumed that any new entrant in this field may have to provide minimum what the existing mobile service providers are providing.

VisionRI Connexion Services Private Limited, (2005), the study assesses the satisfaction level of consumers encompassing quality of technical service, quality and operational aspects of gadgets; and social / psychological costs due to unsolicited promotional calls/SMSs etc. The analysis throws light on the consumption behavior of the mobile phone users in Delhi and covers the aspects like usage pattern of the mobile phone services, assessment of the level of satisfaction, preference for various attributes and functionalities of gadgets etc.

Su-Chao Chang and Chi-Min Chou, (Aug 2006), conducted study on “Factors affecting the Satisfaction of China’s Mobile Services Industry Customer” This research set out to study the relevant factors affecting customer satisfaction with mobile services in China. This research found that perceived expectations, perceived quality, perceived value, perceived usefulness, and perceived ease of use were critical factors for customer satisfaction with mobile services. Customer satisfaction has a significantly positive direct impact on customer loyalty. Thus, as the level of customer satisfaction increases, the level of customer loyalty increases. The research concluded that if China’s mobile services industry wants to effectively increase customer loyalty, it should work out a way to improve customer satisfaction. Customer satisfaction negatively directly influences customer complaints. Thus, as the level of customer satisfaction increases, the level of customer complaints decreases. Customer complaints have significantly negative direct impact on customer loyalty. Thus, as the level of customer complaints increases, the level of customer loyalty decreases.

Scott M. Smith, (2007), conducted study on “How to Measure Customer Satisfaction: Satisfaction Measurement and Theory” Satisfaction measures involve three psychological elements for evaluation of the product or service experience: cognitive (thinking/evaluation), affective (emotional-feeling/like-dislike) and behavioral (current/future actions). Customer satisfaction usually leads to customer loyalty and product repurchase. But measuring satisfaction is not the same as measuring loyalty. Customer loyalty reflects the likelihood of repurchasing products or services. Customer satisfaction is a major predictor of repurchase, but is strongly influenced by explicit performance evaluations of product performance, quality, and value.

Cygnus Business Consulting & Research Pvt. Ltd., (2008), in its “Performance analysis of companies (April – June 2008)” has analyzed the Indian Telecom Industry in the wake 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.

Qureshi Owais Ahmed and Sahu Anurag, (2009), “Comparative Study of the Lifetime Plans of the Cellular Companies in Bhopal” the study reveals that In Bhopal it is found that Airtel is the market leader in the lifetime plan segment. People like the lifetime plans provided by the companies and Idea having 2nd highest customers in Bhopal TATA Indicom having least customers in Bhopal, where Reliance and BSNL having almost equal percent of customer. But they are not aware about the bound of cellular companies with TRAI, that cellular companies can deliver their services till their license have validity, they have to renew it for providing further service.

Nemati Ali Raza, Khan Khurram and Iftikhar Moazzam, (Nov 2010), “Impact of Innovation on Customer Satisfaction and Brand Loyalty, A Study of Mobile Phones users in Pakistan” The purpose of research is to find out how innovation affects customer satisfaction and brand loyalty in mobile phones used by its users in Pakistan. Data was collected from the users of cellular products in vicinity of Rawalpindi and Islamabad. The data was collected from 300 users through questionnaires. Results indicate that innovation has impact on customer satisfaction and brand loyalty.

OBJECTIVE OF THE STUDY

The following are the objective of the study:

1. To study customer satisfaction level of all service providers.
2. To find out the percentage of market share of CDMA users and GSM users.
3. To find out the percentage of prepaid users and post paid users.
4. To find out the main reasons for shifting from one service provider to other service provider.
5. To analyze the level of awareness about 3G.

RESEARCH METHODOLOGY

For this study mainly primary and secondary data and information has to be used. The primary data is collected with the help of pre-tested structured and unstructured questionnaires from various respondents. But Data obtained is found suitable and complete and is used for further analysis. Secondary data and information have been collected from internet, newspaper, existing literature, magazines etc. Sometimes personal interview has been conducted with various mobile phone users.

RESULTS AND INTERPRETATIONS

In the survey 58% males and 42% females have been participate.

Most of the respondents i.e. 63% are young. They are in the age group of 21-30.

TABLE 1: PROFESSION

| Profession (Occupation) | F | %age F | M | %age M | Total | Total %age |
|-------------------------|----|--------|----|--------|-------|------------|
| Student | 9 | 36 | 5 | 14 | 14 | 23 |
| Service | 10 | 40 | 26 | 74 | 36 | 60 |
| Business | 0 | 0 | 3 | 9 | 3 | 5 |
| Retiree | 0 | 0 | 1 | 3 | 1 | 2 |
| Housewife | 6 | 24 | 0 | 0 | 6 | 10 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

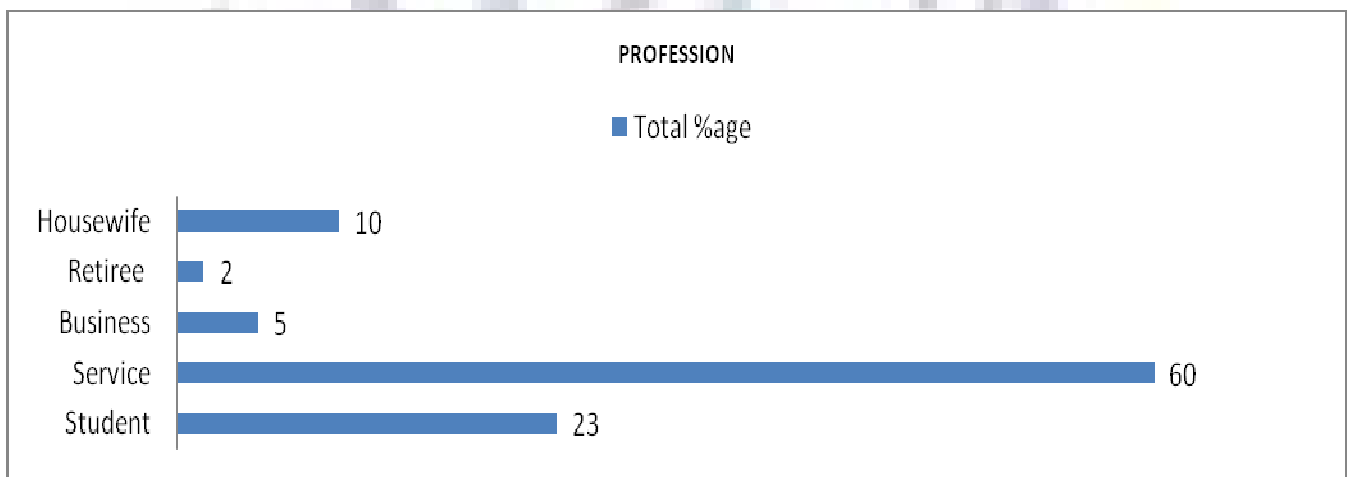


TABLE 2: INCOME LEVEL OF THE RESPONDENTS

| Income Level (Per Month) | F | %age F | M | %age M | Total | Total %age |
|--------------------------|----|--------|----|--------|-------|------------|
| <= 10,000 | 1 | 4 | 4 | 11 | 5 | 8 |
| 10,001-20,000 | 4 | 16 | 11 | 31 | 15 | 25 |
| 20,001-30,000 | 6 | 24 | 8 | 23 | 14 | 23 |
| 30,001-40,000 | 0 | 0 | 4 | 11 | 4 | 7 |
| >= 40,001 | 0 | 0 | 2 | 6 | 2 | 3 |
| Not Applicable | 14 | 56 | 6 | 17 | 20 | 33 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

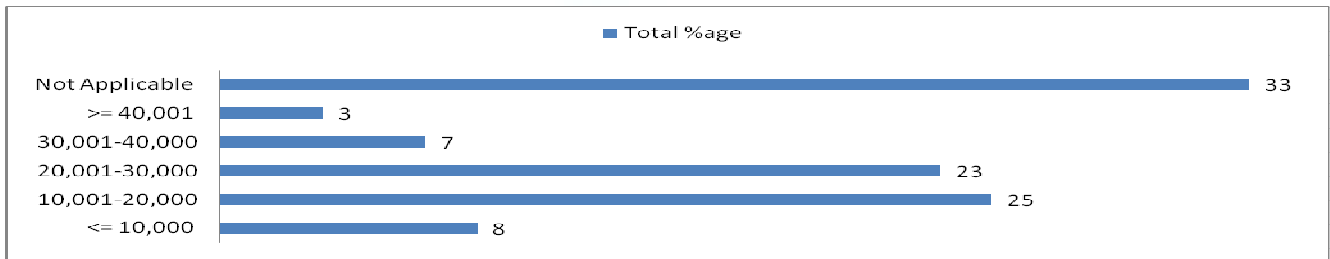


TABLE 3

| Do you have a Land Line phone? | F | %age F | M | %age M | Total | Total %age |
|--------------------------------|----|--------|----|--------|-------|------------|
| Yes | 16 | 64 | 18 | 51 | 34 | 57 |
| No | 9 | 36 | 17 | 49 | 26 | 43 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

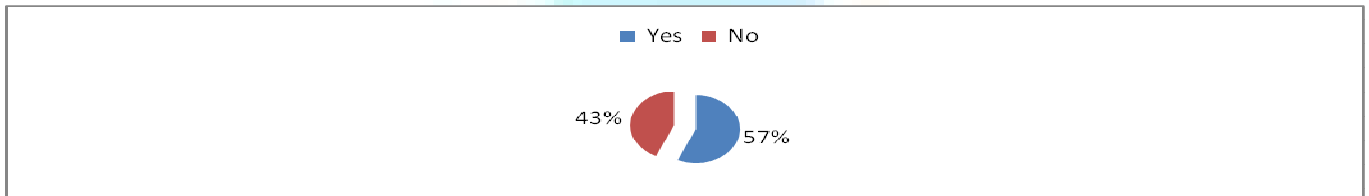


TABLE 4

| Do you think Mobile is better than a Land line? | F | %age F | M | %age M | Total | Total %age |
|-------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes | 23 | 92 | 34 | 97 | 57 | 95 |
| No | 2 | 8 | 1 | 3 | 3 | 5 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

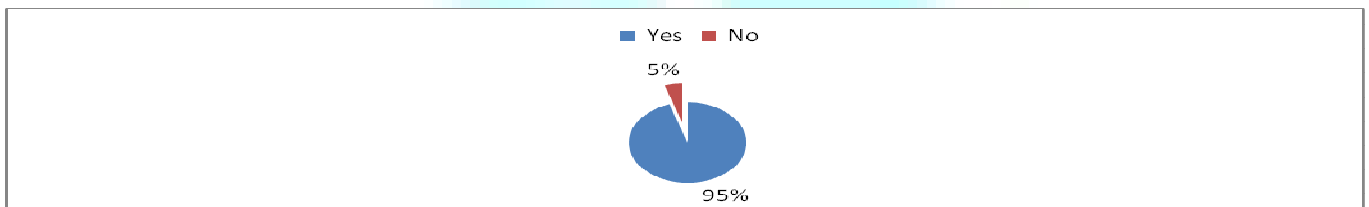


TABLE 5

| Which mobile phone do you use? | F | %age F | M | %age M | Total | Total %age |
|--------------------------------|----|--------|----|--------|-------|------------|
| Samsung | 5 | 19 | 5 | 13 | 10 | 15 |
| Nokia | 18 | 67 | 24 | 62 | 42 | 64 |
| Motorola | 0 | 0 | 1 | 3 | 1 | 2 |
| LG | 0 | 0 | 0 | 0 | 0 | 0 |
| Sony Ericson | 3 | 11 | 3 | 8 | 6 | 9 |
| Ping | 0 | 0 | 0 | 0 | 0 | 0 |
| Micro Max | 0 | 0 | 3 | 8 | 3 | 5 |
| Karbon | 0 | 0 | 0 | 0 | 0 | 0 |
| Virgin | 0 | 0 | 0 | 0 | 0 | 0 |
| Spice | 0 | 0 | 0 | 0 | 0 | 0 |
| Reliance | 0 | 0 | 2 | 5 | 2 | 3 |
| Videocon | 0 | 0 | 0 | 0 | 0 | 0 |
| Lava | 0 | 0 | 0 | 0 | 0 | 0 |
| Black Berry | 1 | 4 | 0 | 0 | 1 | 2 |
| Any Other* | 0 | 0 | 1 | 3 | 1 | 2 |
| Total | 27 | 100 | 39 | 100 | 66 | 100 |

*Beetal, G5

Nokia is the first choice of the respondents in the Jalandhar after Nokia the order of preference is Samsung, Sony Ericson, Micro max etc.

60% respondents buy the mobile phone having cost less than equal to 6000/-.

15% respondents buy the mobile phone having a cost more than 10000/-.

37% respondents are using the mobile since last five years and 31% respondents using the mobile phone from 1-2 years.

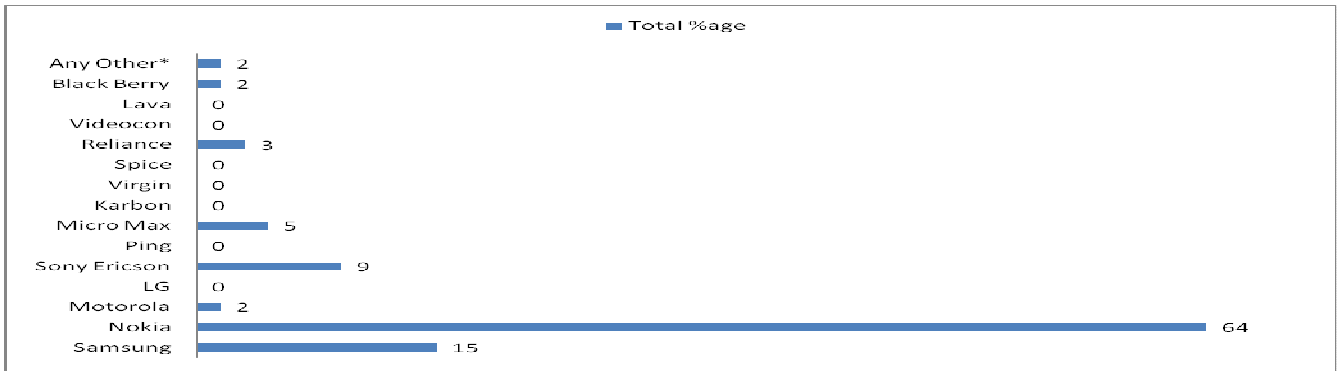


TABLE 6

| Are you satisfied with the working of your mobile phone? | F | %age F | M | %age M | Total | Total %age |
|----------------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes | 24 | 96 | 34 | 97 | 58 | 97 |
| No | 1 | 4 | 1 | 3 | 2 | 3 |
| Can't Say | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

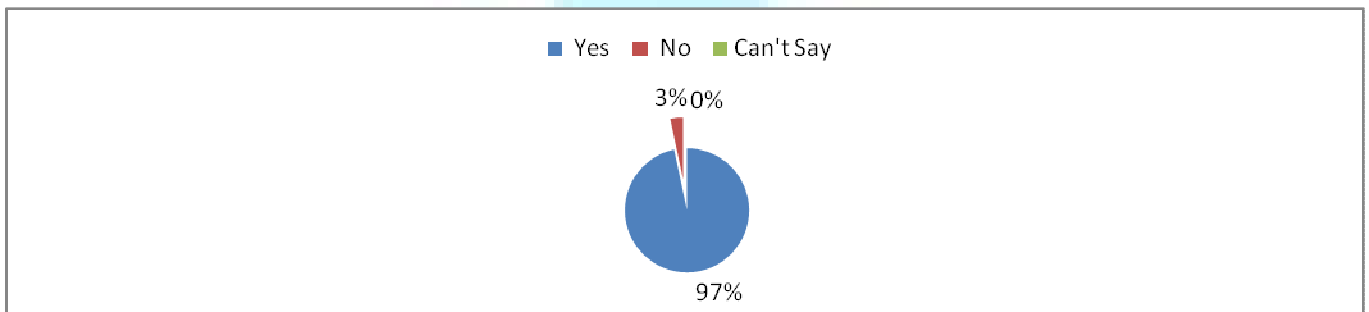


TABLE 7

| Which type of cellular services you are using? | F | %age F | M | %age M | Total | Total %age |
|------------------------------------------------|----|--------|----|--------|-------|------------|
| CDMA | 0 | 0 | 0 | 0 | 0 | 0 |
| GSM | 25 | 100 | 35 | 100 | 60 | 100 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

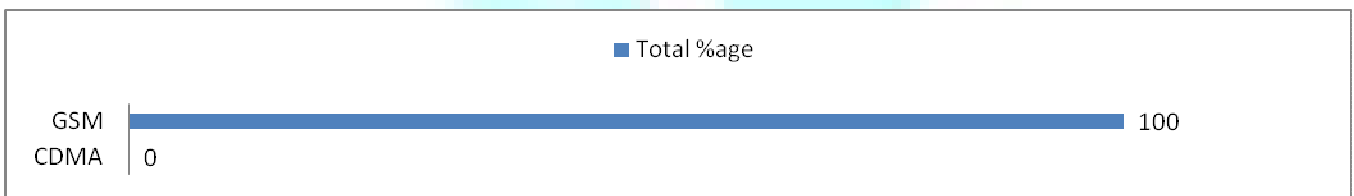
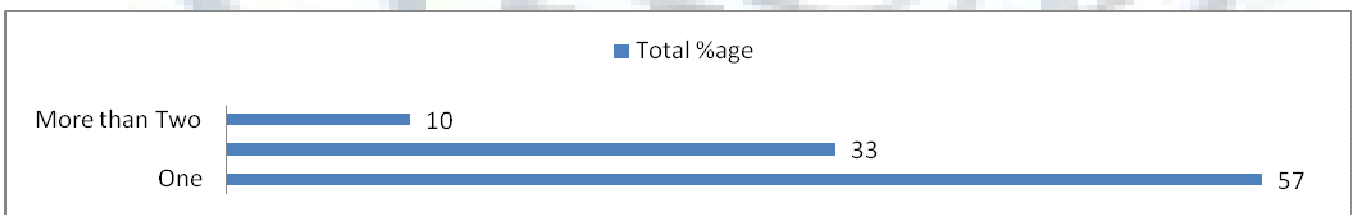


TABLE 8

| How many connections do you have? | F | %age F | M | %age M | Total | Total %age |
|-----------------------------------|----|--------|----|--------|-------|------------|
| One | 22 | 88 | 12 | 34 | 34 | 57 |
| Two | 2 | 8 | 18 | 51 | 20 | 33 |
| More than Two | 1 | 4 | 5 | 14 | 6 | 10 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |



It is inferred from table 8 that 57% respondents use one connection & 33% use two connections.

TABLE 9

| Which type of cellular service providers you are using? | F | %age F | M | %age M | Total | Total %age |
|---------------------------------------------------------|----|--------|----|--------|-------|------------|
| Idea | 3 | 12 | 7 | 20 | 10 | 17 |
| Airtel | 11 | 44 | 17 | 49 | 28 | 47 |
| Vodafone | 5 | 20 | 10 | 29 | 15 | 25 |
| BSNL | 5 | 20 | 12 | 34 | 17 | 28 |
| TATA Indicom | 1 | 4 | 1 | 3 | 2 | 3 |
| TATA Do Co Mo | 2 | 8 | 2 | 6 | 4 | 7 |
| Ping | 0 | 0 | 0 | 0 | 0 | 0 |
| Virgin | 0 | 0 | 0 | 0 | 0 | 0 |
| Aircel | 1 | 4 | 1 | 3 | 2 | 3 |
| Reliance | 1 | 4 | 2 | 6 | 3 | 5 |
| Other* | 0 | 0 | 1 | 3 | 1 | 2 |

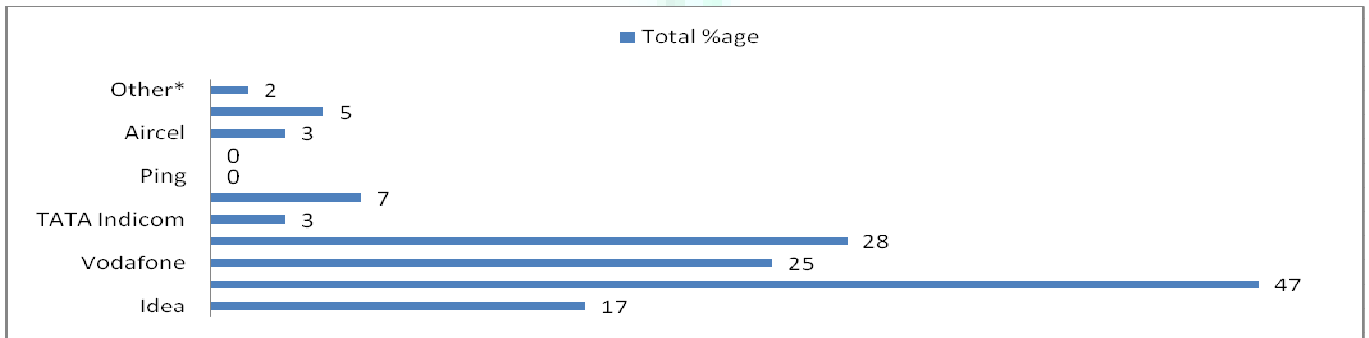


TABLE 10

| Which type of connection you are using? | F | %age F | M | %age M | Total | Total %age |
|-----------------------------------------|----|--------|----|--------|-------|------------|
| Pre Paid | 18 | 72 | 17 | 49 | 35 | 58 |
| Post Paid | 5 | 20 | 12 | 34 | 17 | 28 |
| Both Pre Paid and Post Paid | 2 | 8 | 6 | 17 | 8 | 13 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

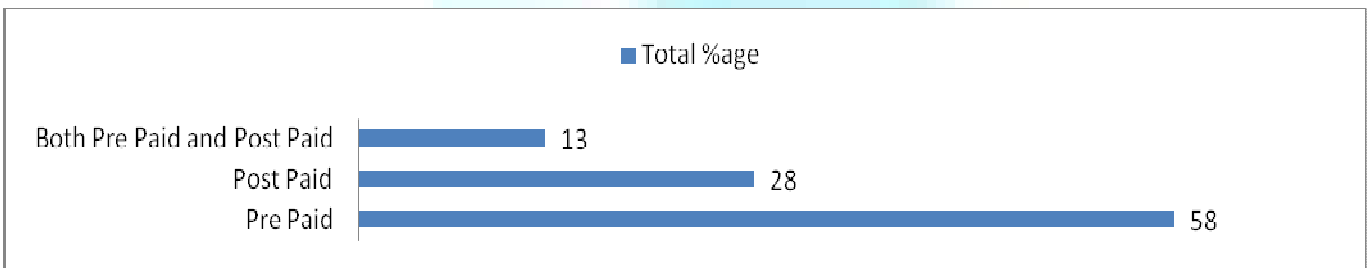
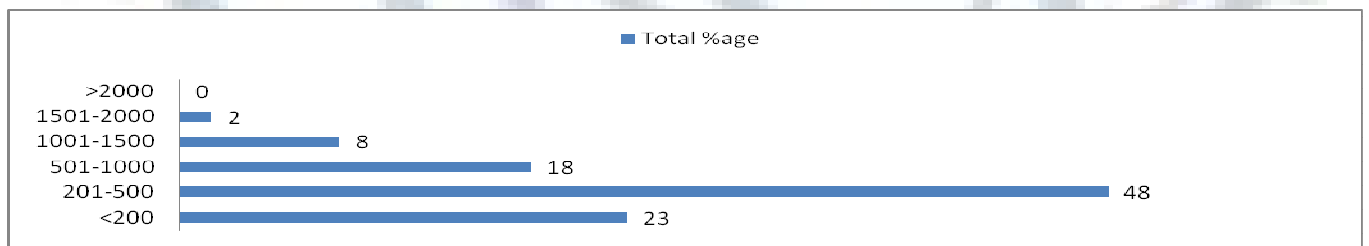


TABLE 11

| What is the total monthly expenditure? | F | %age F | M | %age M | Total | Total %age |
|----------------------------------------|----|--------|----|--------|-------|------------|
| <200 | 5 | 20 | 9 | 26 | 14 | 23 |
| 201-500 | 15 | 60 | 14 | 40 | 29 | 48 |
| 501-1000 | 3 | 12 | 8 | 23 | 11 | 18 |
| 1001-1500 | 1 | 4 | 4 | 11 | 5 | 8 |
| 1501-2000 | 1 | 4 | 0 | 0 | 1 | 2 |
| >2000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |



The monthly expenditure of the 48% respondents lies between ₹201-500. Those who pay more than ₹500 use the cell phone more than 3hrs per day.

TABLE 12

| How much you satisfied with your customer care/ service department of your current service provider? | F | %age F | M | %age M | Total | Total %age |
|------------------------------------------------------------------------------------------------------|----|--------|----|--------|-------|------------|
| Highly Satisfied | 0 | 0 | 6 | 17 | 6 | 10 |
| Satisfied | 12 | 48 | 15 | 43 | 27 | 45 |
| Neither Satisfied nor Dissatisfied | 9 | 36 | 11 | 31 | 20 | 33 |
| Dissatisfied | 2 | 8 | 3 | 9 | 5 | 8 |
| Highly Dissatisfied | 2 | 8 | 0 | 0 | 2 | 3 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

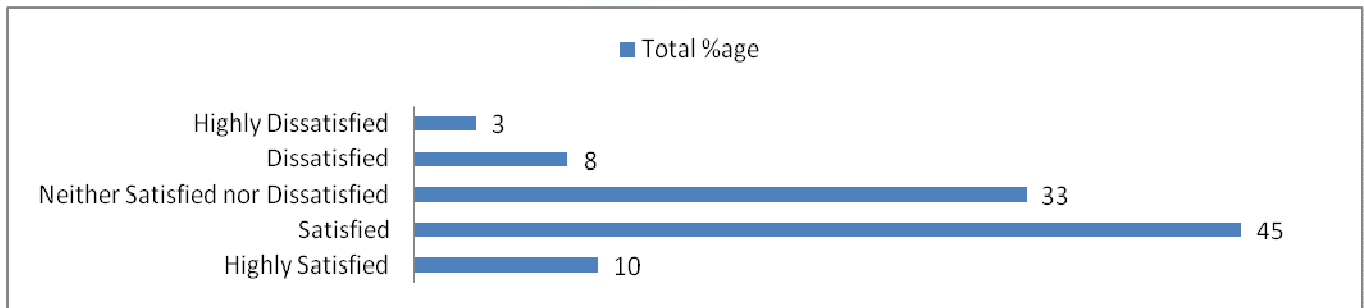
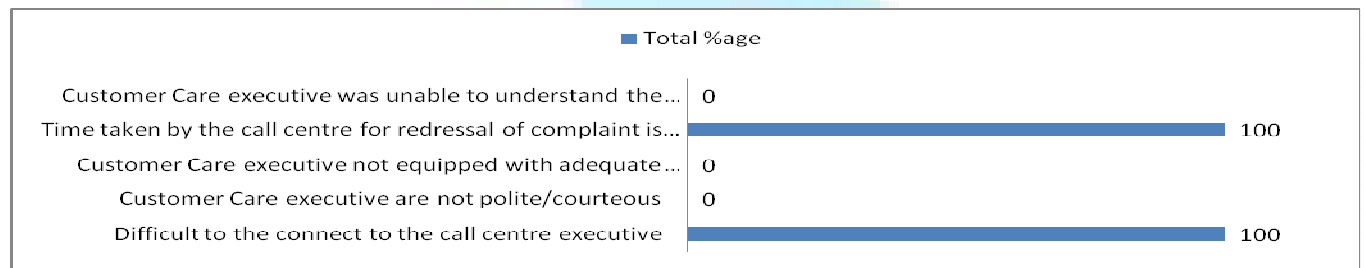


TABLE 13

| Reasons of Dissatisfaction | F | %age F | M | %age M | Total | Total %age |
|----------------------------------------------------------------------|---|--------|---|--------|-------|------------|
| Difficult to the connect to the call centre executive | 2 | 50 | 3 | 100 | 5 | 100 |
| Customer Care executive are not polite/courteous | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Care executive not equipped with adequate information | 0 | 0 | 0 | 0 | 0 | 0 |
| Time taken by the call centre for redressal of complaint is too long | 2 | 50 | 3 | 100 | 5 | 100 |
| Customer Care executive was unable to understand the problem | 0 | 0 | 0 | 0 | 0 | 0 |



72% respondents think that advertisement medium influence the most for choosing the service provider.

TABLE 14

| Do you personally pay/recharge your mobile service bill/coupon? | F | %age F | M | %age M | Total | Total %age |
|-----------------------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes | 21 | 84 | 33 | 94 | 54 | 90 |
| No | 4 | 16 | 2 | 6 | 6 | 10 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

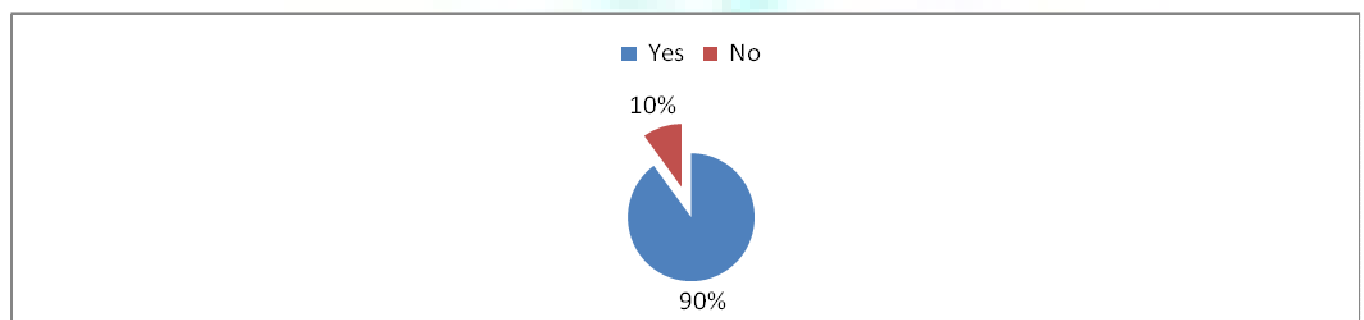


TABLE 15

| How people pay their bill? | F | %age F | M | %age M | Total | Total %age |
|----------------------------|----|--------|----|--------|-------|------------|
| Cash / Vouchers | 21 | 100 | 27 | 82 | 48 | 80 |
| Net Banking | 0 | 0 | 5 | 15 | 5 | 8 |
| Credit Card | 0 | 0 | 1 | 3 | 1 | 2 |
| Mobile Banking | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 21 | 100 | 33 | 100 | 54 | 90 |

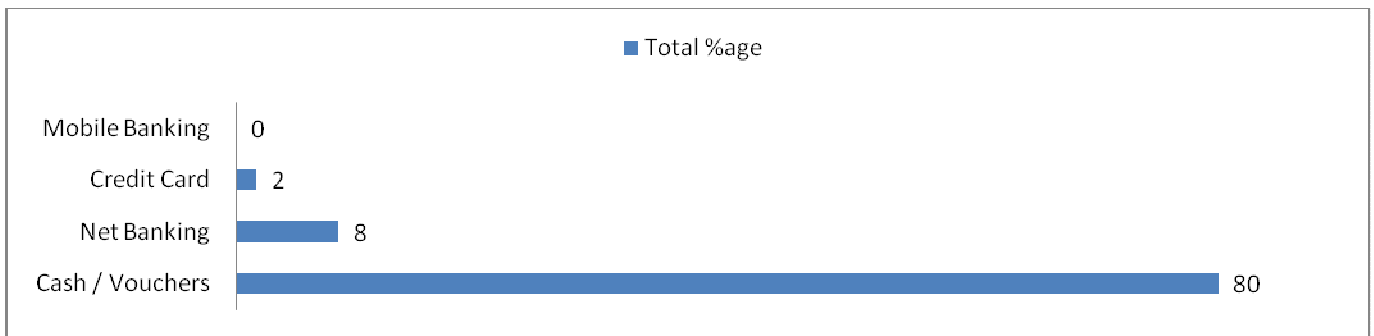


TABLE 16

| If yes, how do you usually react when receive unsolicited promotional calls? | F | %age F | M | %age M | Total | Total %age |
|------------------------------------------------------------------------------|----|--------|----|--------|-------|------------|
| Feel happy about the importance given to you as a customer. | 0 | 0 | 0 | 0 | 0 | 0 |
| Receptive but not always. | 8 | 44 | 1 | 4 | 9 | 21 |
| Get disturbed and feel irritated. | 9 | 50 | 20 | 83 | 29 | 69 |
| Get very angry. | 1 | 6 | 3 | 13 | 4 | 10 |
| Total | 18 | 100 | 24 | 100 | 42 | 100 |

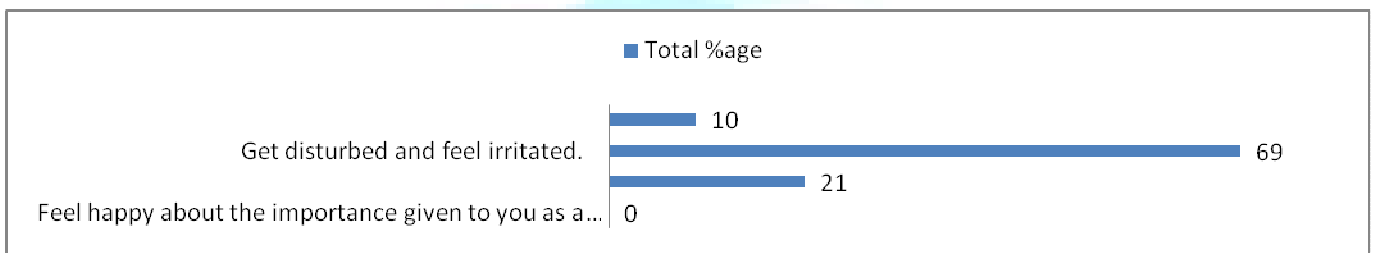


TABLE 17

| If get disturbed and feel irritated' or 'get very angry', what do you do? | F | %age F | M | %age M | Total | Total %age |
|---------------------------------------------------------------------------|----|--------|----|--------|-------|------------|
| Ignore | 10 | 100 | 22 | 92 | 32 | 94 |
| Complaint at customer care with a request to block such calls and SMS | 0 | 0 | 2 | 8 | 2 | 6 |
| Total | 10 | 100 | 24 | 100 | 34 | 100 |

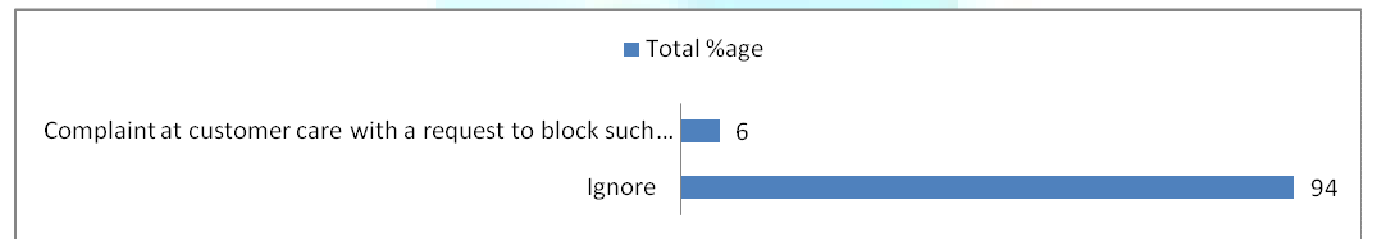


TABLE 18

| Do you think Number Portability will give more consumer satisfaction? | F | %age F | M | %age M | Total | Total %age |
|-----------------------------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes | 21 | 84 | 27 | 77 | 48 | 80 |
| No | 4 | 16 | 7 | 20 | 11 | 18 |
| Can't Say | 0 | 0 | 1 | 3 | 1 | 2 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

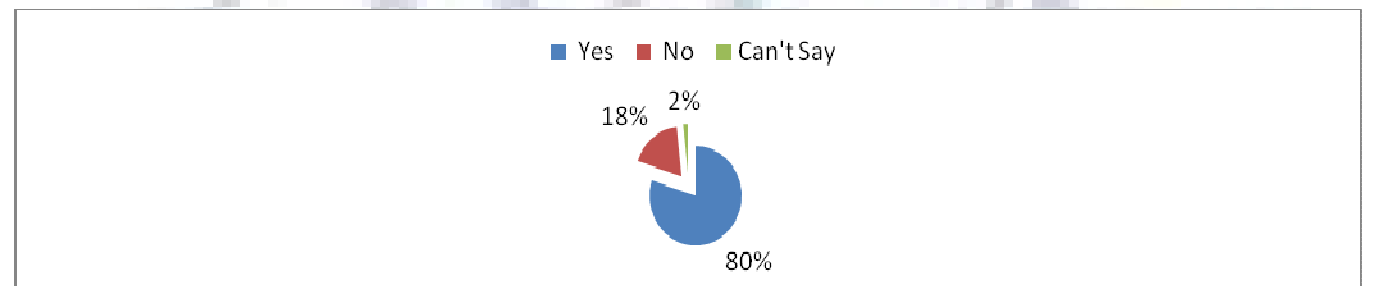
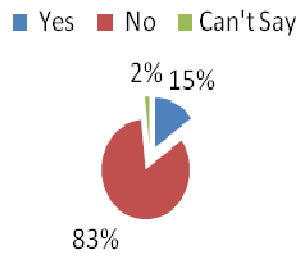


TABLE 19

| Now, since Number Portability facility is available, would you like to switch your service provider? | F | %age F | M | %age M | Total | Total %age |
|------------------------------------------------------------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes | 4 | 16 | 5 | 14 | 9 | 15 |
| No | 21 | 84 | 29 | 83 | 50 | 83 |
| Can't Say | 0 | 0 | 1 | 3 | 1 | 2 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |



60% respondents say Call charges, Special SMS Plans and Poor network are the main reasons of changing the service provider.

TABLE 20

| Do you know about 3G and its potential benefits? | F | %age F | M | %age M | Total | Total %age |
|--------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes | 20 | 80 | 25 | 71 | 45 | 75 |
| No | 5 | 20 | 10 | 29 | 15 | 25 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

Total %age



TABLE 21

| Do you use 3G? | F | %age F | M | %age M | Total | Total %age |
|----------------|----|--------|----|--------|-------|------------|
| Yes | 2 | 8 | 4 | 11 | 6 | 10 |
| No | 23 | 92 | 31 | 89 | 54 | 90 |
| Total | 25 | 100 | 35 | 100 | 60 | 100 |

Total %age

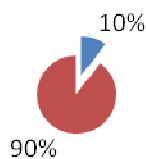


TABLE 22

| If No, Will you consider using 3G in the near future? | F | %age F | M | %age M | Total | Total %age |
|-------------------------------------------------------|----|--------|----|--------|-------|------------|
| Yes, I will use 3G within 6 months from now | 2 | 9 | 10 | 32 | 12 | 22 |
| Yes, I will use 3G within few years | 3 | 13 | 5 | 16 | 8 | 15 |
| Not sure | 18 | 78 | 16 | 52 | 34 | 63 |
| No, 3G is not suitable for me | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 23 | 100 | 31 | 100 | 54 | 100 |

Total %age

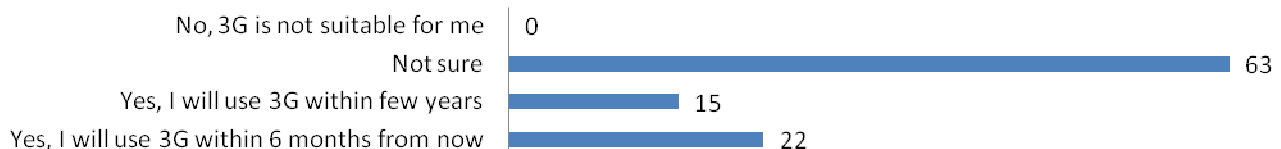
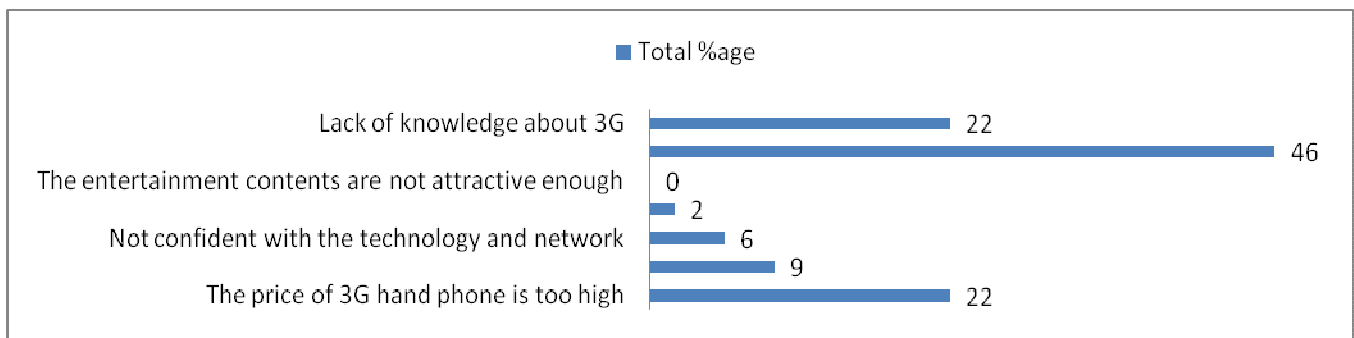


TABLE 23

| If No, What are the reasons of not using the 3G? | F | %age F | M | %age M | Total | Total %age |
|------------------------------------------------------|----|--------|----|--------|-------|------------|
| The price of 3G hand phone is too high | 3 | 13 | 9 | 29 | 12 | 22 |
| The monthly subscription fee of 3G is too high | 2 | 9 | 3 | 10 | 5 | 9 |
| Not confident with the technology and network | 0 | 0 | 3 | 10 | 3 | 6 |
| 3G is complicated and difficult to use | 0 | 0 | 1 | 3 | 1 | 2 |
| The entertainment contents are not attractive enough | 0 | 0 | 0 | 0 | 0 | 0 |
| Want to wait and see further before migrate to 3G | 12 | 52 | 13 | 42 | 25 | 46 |
| Lack of knowledge about 3G | 6 | 26 | 6 | 19 | 12 | 22 |



CONCLUSION

The following facts are identified as findings of the study. As seen from the survey results, more of the population prefers to buy a mobile based on GSM technology. 51% respondents feel that poor service of the wireline service provider makes the mobile better than landline. Portability and functionality also makes it popular. 56% respondents use BSNL land line phone followed by Connect, Airtel and Reliance. Preferred brand of cell phone is Nokia and Most of the respondents are satisfied with the working of their cell phone. 60% respondents buy the cell phone having cost less than equal to ₹6000/-. Airtel is dominating in the region of Jalandhar followed by BSNL, Vodafone and Idea. 30% respondents are using the two or more than two connections. The monthly expenditure of the 48% respondents is ₹201-500. Those who pay more than ₹ 500 use the cell phone more than 3hrs per day. Most of the people pay or recharge their bill by cash. The major factors of customer satisfaction are network, billing errors and call charges. Respondents are satisfied with the customer care department but some think that it is difficult to connect the call centre executive and time taken by the call centre for redressal of complaint is too long. 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. By receiving Unsolicited Promotional calls people get disturbed and feel irritated' or 'get very angry' but most of them ignore it only 6% Complaint at customer care with a request to block such calls and SMS. 80% people thought that MNP gives customer satisfaction but they are not ready to avail the facility because they are satisfied with current service provider. Study reveals that only 10% respondents use 3G rest are not sure about the use of 3G because they want to wait and see further before migrate to 3G and Lack of knowledge about 3G.

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IMPACT OF SERVICE QUALITY ON SATISFACTION IN HEALTHCARE

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ABSTRACT

The healthcare sector in India is undergoing a phase of reform propelled by rapid economic growth. While the Indian healthcare system has grown manifold over the past few years, it has yet not been able to keep pace with the rapid rise in the population. Healthcare organizations operating in the public sector are experiencing increasingly low trust on the part of the patients in terms of the quality of care provided. Today people hoping to receive high service quality tend to prefer private hospitals or even travel abroad. Thus, National Health System Hospitals are undergoing pressure from governments and the general public to improve their quality and compete effectively. With this in mind, the purpose of this paper is twofold. First, to identify the service quality factors that is important to patients. Second, to examine their links to patient satisfaction in the context of India. A field survey was conducted. Evaluations were obtained from patients on several dimensions of service quality (responsiveness, assurance, reliability, empathy, tangibility and Clinical and Nursing services) and their satisfaction towards the services provided. Questionnaires were distributed and explained to the patients in Private Hospitals. Totally 917 samples from four significant and diverse metropolitan cities in India which is considered to be proportionate to the Indian population in age, gender and income wise ratio is used. Using factor analysis and multiple regression, significant associations were found between the five dimensions and patient satisfaction. Implications and future research issues are discussed.

KEYWORDS

Healthcare , Patient satisfaction, Service quality, SERVQUAL.

INTRODUCTION

For any organization, service to the customers plays a vital role. Without services, it is not possible to do business transactions. In current business scenario, the customers are expecting the organizations to provide better service. While considering the service sector organizations, providing quality service to the customers in hospital sector is an important aspect. Today, in the competitive and complex healthcare environment, how to understand your customer has been one of the foremost challenges for service organizations (Lorden, et al., 2008; Orzano, et al., 2008; Suter, et al., 2007; Ryan & Sysko, 2007; Weng, 2006; Zeithaml, et al., 2006; Corbin, et al., 2001; Kaldenberg, 2001). Every marketing professional in healthcare knows that the most influential form of advertising for physician and hospital services is word of mouth (Beckham, 2001). How do managers of healthcare institutes determine what patients want (of new products/services)? Why the patient chose to come rather than another? Managers should care not only medical effect but also customer value in order to meet his/her special needs to retain customers and earn their loyalty (Hippel & Katz, 2002). One way to attract and retain customers is to ensure customer satisfaction.

THE INDIAN HEALTH CARE SECTOR

Healthcare is one of India's largest sectors, in terms of revenue and employment, and the sector is expanding rapidly. During the 1990s, Indian healthcare grew at a compound annual rate of 16%. The health infrastructure across Indian states is projected to grow by an average of 5.8 percent per annum between 2009-2013, taking the total expenditure in 2013 to USD 14.2 billion, suggests the Indian Healthcare edition of KPMG's trend monitor. The report states that the Indian healthcare industry is estimated to double in value by 2012 and more than quadruple by 2017. The main factors propelling this growth are rising income levels, changing demographics and illness profiles, with a shift from chronic to lifestyle diseases. This is likely to result in considerable infrastructure challenges and opportunities.

REVIEW OF LITERATURE

SERVICE QUALITY

Karassavidou, Glaveli and Papadopoulos (2008) in their paper showed that a gap exists between the rating which patients assign to expectations and to perception statements. In fact, expectations exceed perceptions of the provided service quality, suggesting that there is room for quality improvement initiatives.

Mohamed, Prasad, Rajamanoharane (2010) evaluated of service quality by analyzing the failure of operations, lack of service, deficiencies etc. In their study, the criteria and sub criteria which are most prevalent for the evaluation of service quality are considered and performance of the hospitals (for case purpose) is evaluated by using analytical hierarchy process (AHP) as a decision-making methodology.

Sohail (2003) in his paper examined and measured the quality of services provided by private hospitals in Malaysia. Empirical research is used to determine patients' expectations and perceptions of the quality of service, and a comprehensive scale adapted from SERVQUAL is empirically evaluated for its usefulness in the Malaysian hospital environment. Results based on testing the mean differences between expectations and perception indicate that patients' perceived value of the services exceed expectations for all the variables measured.

Andaleeb(2001) in his study compared the quality of services provided by public and private hospitals in Bangladesh. The premise of the paper was that the quality of hospital services would be contingent on the incentive structure under which these institutions operate. Since private hospitals are not subsidized and depend on income from clients (i.e. market incentives), they would be more motivated than public hospitals to provide quality services to patients to meet their needs more effectively and efficiently. This premise was supported. Patient perceptions of service quality and key demographic characteristics were also used to predict choice of public or private hospitals.

SERVICE QUALITY AND CUSTOMER SATISFACTION

The nature of the relationship between perceived service quality and customer satisfaction is an intriguing issue. Some researchers have suggested that perceived service quality is an antecedent of customer satisfaction (Anderson and Sullivan 1993; Ravald and Grönroos 1996; de Ruyter et al. 1997). There is considerable evidence that service quality functions as an antecedent to customer satisfaction (Reidenbach and Sandifer-Smallwood, 1990; Cronin and Taylor, 1992, Reichheld and Sasser, 1990).

Andaleeb (2001) did a study which is patient-centered and identified the service quality factors that are important to patients; he also examined their links to patient satisfaction in the context of Bangladesh. A field survey was conducted and evaluations were obtained from patients on several dimensions of perceived service quality including responsiveness, assurance, communication, discipline, and baksheesh.

Choi Cho, Lee, Hanjoon & Kim (2004) in their research proposed an integrative model of health care consumer satisfaction based on established relationships among service quality, value, patient satisfaction and behavioral intention, and which tests it in the context of South Korean health care market. Results showed that between the two cognitive constructs, service quality emerged as a more important determinant of patient satisfaction than value.

OBJECTIVES OF THE STUDY

The objectives of the study are as under:

- To identify the service quality factors that is important to patients.
- To examine the links of service quality factors to patient satisfaction.

RESEARCH DESIGN

The research design to explore the impact of service quality on patient satisfaction and most influential service factor concerned in private hospital is detailed underneath.

SAMPLE DESIGN

Convenience sampling has been used in the present study. Totally 917 patients of various Government Hospitals, from four significant and diverse metropolitan cities in India which is considered to be proportionate to the Indian population in age, gender and income wise ratio is used.

VARIABLES

SERVICE QUALITY

In measuring service quality, specific items (tangibles, reliability, responsiveness, assurance and empathy) are taken from Parasuraman, Zeithaml and Berry (1988); and Rosen and Karwan (1994). Almost all the customers investigated in the pilot study believed that Clinical and Nursing services was one of the most important factors associated with service quality. Hence Clinical and Nursing services (5 items) was added as a dimension of service quality. Each item was answered by using a 1–7 rating scale numbered from 1 (Strongly disagree), through 4 (Neither agree or disagree), to 7 (Strongly agree).

PATIENT SATISFACTION

This variable was measured by using a 3 item scale from Westbrook & Oliver (1991) and Dabholkar et al., (2000). Each item was answered by using a 1–7 rating scale numbered from 1 (Strongly Dissatisfied), through 5 (Neither satisfy or dissatisfy), to 7 (Strongly satisfied).

RESULTS AND ANALYSIS

The sample of the study was 917. The demographic profile of the sample is given in table.

TABLE 1: PROFILE OF RESPONDENTS

| Characteristics | | Frequency | Percentage |
|-------------------------|----------------------------------|-----------|------------|
| Age | 18-24 | 188 | 20.5 |
| | 25-34 | 235 | 25.6 |
| | 35-44 | 276 | 30.1 |
| | 45-54 | 173 | 18.9 |
| | 54 and above | 45 | 4.9 |
| Education | Illiterate | 22 | 2.4 |
| | School Level | 41 | 4.5 |
| | Graduate | 629 | 68.6 |
| | Post-Graduate | 225 | 24.5 |
| Profession | Business man | 256 | 27.9 |
| | Agriculturist | 59 | 6.4 |
| | Employees (Govt./Private/Public) | 471 | 51.4 |
| | Housewife | 16 | 1.7 |
| | Any other | 115 | 12.5 |
| Income group(per annum) | Above 10 lakhs | 9 | 1.0 |
| | 5 lakhs to 10 lakhs | 18 | 2.0 |
| | 2 lakhs to 5 lakhs | 91 | 9.9 |
| | 90,000 to 2 lakhs | 604 | 65.9 |
| | Less than 90,000 | 195 | 21.3 |
| Type of patient | Out-patient | 647 | 70.6 |
| | In-patient | 270 | 29.4 |

EXPLORATORY FACTOR ANALYSIS

Before proceeding for the factor analysis, appropriateness of factor analysis needs to be assessed. This can be done by examining sampling adequacy through Kaiser-Meyer-Olkin (KMO) statistic. Table 2 provides the SPSS output of data for factor analysis. KMO value greater than 0.6 can be considered as adequate (Kaiser and Rice, 1974).

TABLE 2: KMO AND BARTLETT'S TEST RESULTS FOR PATIENT'S PERCEIVED SERVICE QUALITY

| | |
|--------------------------------------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .887 |
| Bartlett's Test of Sphericity | |
| Approx. Chi-Square | 4263.465 |
| Df | 325 |
| Sig. | .000 |

From the Table 2, it can be seen that KMO value is acceptable; Bartlett test results also show that the values are significant and thus acceptable. The items in the respective category were individually subjected to Principal Component Analysis with varimax rotation and Kaiser Normalization using SPSS. The items having factor loadings less than 0.5 were eliminated (Hair et al., 2005). Finally, five factors comprising sixteen items, all having eigen values of unity and above were extracted and the results are shown in Table 3. Further, in order to assess the appropriateness of the data for factor analysis, the communalities derived from the factor analysis were reviewed. These were all relatively large (greater than 0.5), suggesting that the data set is appropriate (Stewart, 1981).

TABLE 3: ROTATED COMPONENT MATRIX

| | Component | | | | |
|------------------------------------------------------------------------|-----------|------|------|------|------|
| | 1 | 2 | 3 | 4 | 5 |
| The hospital is having visually appealing facilities. | .509 | | | | |
| You feel safe in getting treatment from this hospital | .541 | | | | |
| Doctors are friendly and polite while to answering patients' questions | .601 | | | | |
| Your opinion regarding out-patient service management | | .683 | | | |
| Your opinion regarding in-patient service management | | .622 | | | |
| Your opinion regarding emergency and casualty services | | .651 | | | |
| Your opinion regarding operation theatre | | .639 | | | |
| Your opinion regarding radiological services | | .649 | | | |
| Doctors and other employees should offer prompt services to patients. | | | .610 | | |
| Your complaints/queries are taken seriously | | | .665 | | |
| Your complaints are resolved quickly | | | .659 | | |
| Gives you individual attention | | | .521 | | |
| Hospital staffs perform the service right the first time. | | | | .731 | |
| Hospital provides services as promised. | | | | .628 | |
| Billing system is accurate and error free | | | | | .698 |
| Bills are received in time | | | | | .657 |

Notes:

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

TABLE 4: FIVE EXTRACTED FACTORS

| | |
|----------|-------------------------------|
| Factor 1 | Assurance and Tangibility |
| Factor 2 | Clinical and Nursing services |
| Factor 3 | Responsiveness and empathy |
| Factor 4 | Reliability of Personnel |
| Factor 5 | Reliability of Service |

HYPOTHESES

Based on the results of earlier studies discussed in the previous section, we formulated the hypotheses detailed below.

- H₁ Reliability of Service have a significant influence on satisfaction.
- H₂ Assurance and Tangibility has a significant influence on satisfaction.
- H₃ Reliability of Personnel has a significant influence on satisfaction.
- H₄ Clinical and Nursing services have a significant influence on satisfaction.
- H₅ Responsiveness and Empathy has a significant influence on satisfaction.

TABLE 5: MODEL SUMMARY

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---------|----------|-------------------|----------------------------|
| 1 | .637(a) | .406 | .402 | 2.16992 |

- a Predictors: (Constant), Reliability of Service, Assurance and Tangibility, Reliability of Personnel, Clinical and Nursing services, Responsiveness and empathy
- b Dependent Variable: Customer Satisfaction

RESULTS OF HYPOTHESES TESTING ARE AS UNDER

TABLE 6: BETA VALUES OF INDEPENDENT VARIABLES

| Independent variables | Beta | t-Value |
|-------------------------------|------|---------|
| Assurance and tangibility | .343 | 13.323 |
| Clinical and nursing services | .366 | 14.234 |
| Responsiveness and empathy | .352 | 13.659 |
| Reliability of personnel | .136 | 5.300 |
| Reliability of service | .158 | 6.150 |

b. Dependent Variable: Customer Satisfaction , N= 124; adj R² = 0.239; F-Value : 38.235; *** p < 0.000

The results of regression analysis indicate that a) Assurance and tangibility has a significant impact on satisfaction (t-value 13.323, p<.000) b) Clinical and nursing services has a significant impact on satisfaction (t-value 14.234, p<.000) c) Responsiveness and empathy has a significant impact on satisfaction (t-value 13.659, p<.000) d) Reliability of personnel has a significant impact on satisfaction (t-value 5.300, p<.000) and finally e) reliability of service too have a significant impact on satisfaction (t-value 6.150, p<.000). Thus H₁, H₂, H₃, H₄ and H₅ are supported.

The outcome can be presented in form of following equation:

- Customer Satisfaction = a + .343 Assurance and Tangibility + e1-----(1)
- Customer Satisfaction = a + .366 Clinical and Nursing services + e1----- (2)
- Customer Satisfaction = a + .352 Responsiveness and empathy + e1----- (3)
- Customer Satisfaction = a + .136 Reliability of Personnel + e1----- (4)
- Customer Satisfaction = a + .158 Reliability of Service + e1----- (5)

The results suggests that a) change of one standard deviation in the value of assurance and tangibility will result in 0.343 standard deviation change in customer satisfaction b) change of one standard deviation in the value of clinical and nursing services will result in 0.366 standard deviation change in customer satisfaction c) change of one standard deviation in the value of responsiveness and empathy will result in 0.352 standard deviation change in customer satisfaction. d) change of one standard deviation in the value of reliability of personnel will result in 0.136 standard deviation change in customer satisfaction e) change of one standard deviation in the value of reliability of service will result in 0.158 standard deviation change in customer satisfaction.

TABLE 7: ANOVA (B)

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|---------|
| 1 | Regression | 2883.415 | 5 | 576.683 | 122.476 | .000(a) |
| | Residual | 4223.568 | 897 | 4.709 | | |
| | Total | 7106.983 | 902 | | | |

a Predictors: (Constant), Reliability of Service, Assurance and Tangibility, Reliability of Personnel, Clinical and Nursing services, Responsiveness and empathy
 b Dependent Variable: Customer Satisfaction

TABLE 8: COEFFICIENTS (A)

| Independent Variables | Beta (β) | Sig. | Order of Importance |
|-------------------------------|------------------|------|---------------------|
| Assurance and Tangibility | .343 | .000 | 3 |
| Clinical and Nursing services | .366 | .000 | 1 |
| Responsiveness and empathy | .352 | .000 | 2 |
| Reliability of Personnel | .136 | .000 | 5 |
| Reliability of Service | .158 | .000 | 4 |

Note: Dependent Variable: Customer Satisfaction

Further, in order to determine the relative importance of five customer-perceived service quality dimensions, they were subjected to regression analysis. For this, based on Parasuraman, Zeithaml and Berry's (1988) approach, multiple regression analysis model was followed in which the respondents customer satisfaction was considered as dependent variable and the five service quality dimensions were made independent variables. Thus, the average score for each of the dimensions were regressed on the customer satisfaction score obtained from each respondent surveyed. The beta (β) coefficients provided the relative importance.

The dimension with the largest coefficient represents the most important dimension in terms of its influence on customer satisfaction. The next largest coefficient represents the second most influential dimension and so forth. All the factors were found to be significant. The higher the beta co-efficient, more the contribution of factors in explaining customer satisfaction. As shown in the Table, the results indicate that customer satisfaction is influenced by all the five dimensions with clinical and nursing services as the most important dimension, β coefficient = 0.431, and reliability of personnel appearing to be the least important (with β co-efficient = 0.136). This shows that the customers perceive reliability of personnel as the least important for influencing their Customer Satisfaction. The results suggest that the customers tend to make service quality judgments based on their satisfaction level as revealed in the regression analysis.

DISCUSSIONS

The insights obtained from exploratory investigations reveals the emergence of new factor clinical and nursing services in affecting the overall service quality. Further, the results of the regression analysis highlighted the priority areas of service improvement and revealed that not all the dimensions impact equally to the customer satisfaction in healthcare context. The study indicated that among the various service quality dimensions which influenced customer satisfaction, clinical and nursing services (with the largest β value) is the best predictor, followed by responsiveness and empathy, assurance and tangibility, reliability of service and reliability of personnel. Thus, superior performance on the most important dimension, clinical and nursing services may be helpful in satisfying the patients by providing enhanced quality of service while the performance on less important dimension like reliability of personnel may not significantly impact patient's satisfaction. Looking at the individual dimension, it is suggested that a hospital should concentrate on the functional areas viz., out-patient, in-patient, emergency and casualty and radiological services.

Additionally, responsiveness and empathy factor also appeared to play an important role in influencing customer satisfaction. Thus, the Hospital employees should resolve the patient's complaints timely and their queries should be taken seriously. This implies that health service providers should invest in empowering the contact employees and providing them with adequate resources so that they can take prompt actions to customer queries. For this, they need to ensure that the employees are able to make important decisions regarding patients and understand their specific needs.

The third service quality dimension to impact on satisfaction is Assurance & Tangibility. To convey a sense of Assurance, on the other hand, the hospital will have to cultivate a perception that will be based on more than just interaction with the hospital staff. During the whole hospitalization experience and at each 'contact point' all employees should demonstrate that they care about its patients, are careful in protecting and enhancing the hospital's reputation, do everything to gain the patients' confidence in the hospital and ensure that patients feel safe during their hospitalization. Perceptions of the cleanliness of the hospital in general and the wards in particular, the neatness of the buildings, the decor in the wards and the appearance of the nursing staff will all influence whether a patient will return to a hospital or not. Tangibles are typically the easiest service quality dimension to manage and manipulate as they do not involve people. Feelings of Assurance & Tangibility will not only enhance patient Loyalty but will also enhance patients' ratings of their overall satisfaction.

Another dimension that impacts on patient satisfaction is Reliability of Service. This implies that keeping the customers well informed about the progress of their complaints, ensuring the correctness and accuracy of billing system and timeliness of bills plays an important role in satisfying a patient. Not only that the fees that patients are charged should be fair, reasonable and good value for the money paid (fees).

Though Reliability of Personnel is found to be the least important factor affecting patient satisfaction, it shouldn't be neglected in healthcare industry. Thus, the service providers need to focus on performing the service right the first time, providing the services at the promised time.

CONCLUSION

The service marketing is gaining supremacy over product marketing in the recent years. The service marketing includes profit making as well as non-profit making activities of a business. The social marketing concepts are finding extensive application in certain selected areas.

It is found that Clinical and Nursing services play an important in healthcare industry. The following are the strategies for quality medical care services and hence patient satisfaction:

- a. Clear objective, vision and mission statement.
- b. Measure of performance to match with patient's demand.
- c. Service improvement plan.
- d. Effective communication among internal and external customers.
- e. Rewards for outstanding customer service.

FUTURE IMPLICATION OF THE STUDY

In the past, image of the Government Hospital was poor and associated with ineffective services. But, nowadays the image has improved and they are at par or sometime ever better than the private and public Hospitals. The Government is feeling the burden of increasing health care costs. It is estimated by 2020 the cost will be about 7% of GDP. There is a lack of motivation to promote cost effective and cost efficient services in the management of Government Hospitals because budgets are easily available from the Government funding.

All Hospitals should be accredited to follow a minimum quality standard. Accreditation should be done by the Government. Only the accredited Hospitals should be followed to provide health care services. Management will then become a very important function in the hospital. Effective management should occur at all levels to ensure quality services to meet the needs and expectations of the customers. The Doctors, the Nurses and other paramedics should be trained in

management and take the roles of managers. If they are not ready to take the role to the managers, they should be soon be replaced by other individuals with specific qualification in management for example those Officers with Master of Business Management (MBA).

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ATTRITION VS. MANAGEMENT OF TALENTS: AN ELUSIVE DELUSION - A STUDY ON INDIAN WORKING WOMEN IN BPO AND ITES INDUSTRY

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ABSTRACT

Talent is the critical success factor to any organization. To define talent as well as to acquire and manage it for retaining the employees in the organizations successfully is however difficult. In total 70 respondents were identified for the study including HR managers and ex female employees of Indian BPOs and ITES industry. Women were chosen since they are prone to sacrifice jobs to keep a balance between work life and personal life. Moreover, in the male dominated environment of industry, women in top managerial positions are appraised under more strict criteria than men, earn promotions with difficulty and lack a well-established network back up. But attrition of any employee is always costly for any organization. No universal technique or solution is available to solve the universal problem of attrition and to manage talent, but a proper combination of good HR practices can help to resolve it.

KEYWORDS

Talent, Attrition, Acquisition, Management, Women, Work-life balance, HR practice.

INTRODUCTION

Talent acquisition, transformation and management are critical anchors for the growth of the industry”—

Nandan Nelikeni

Talent is the critical success factor to any organization. Retaining employees involves understanding the intrinsic motivators of them which many organizations are unable to identify. In this information age people's knowledge, skills and their relationship capabilities have become critical assets for organizations. In this context, it has become vital for every organization to attract and retain the best available talent.

TALENT - IS IT POSSIBLE TO DEFINE?

How talent is defined is specific to an organization. Explanations are highly influenced by markets, industries, organizations, geographies, intellectual disciplines, generations, and of course the nature of talent's work. All are dynamic, and so likely to change over time according to organizational priorities. Rather than accepting universal or prescribed explanations, organizations need to find or formulate their own definitions of what talent and talent management are. It should fit the organization's exogenous and endogenous circumstances and particular needs.

WHY WOMEN EMPLOYEES ARE CONSIDERED?

Women have come a long way and today they are no less than "super women" juggling well between their family and professional lives. The Y2K women are ambitious, confident, talented, multi skilled and more in control of their destiny. The new generation working women who are today in their twenties and early thirties represent an important stage in the evolution of womankind. They have tremendous inner drive and the will to achieve.

Organizations need to be possessive about this segment of employees, who are already overburdened with the stress of work-life balance, challenging organizational policies, decisions and continue to prove themselves in the world of men.

WAR FOR TALENT - WHAT IS IT?

In 1997, a McKinsey study coined the term: war for talent. Now in the new millennium, we find ourselves in the talent age. Leading organizations know that exceptional business performance is driven by superior talent. People are the entities who mark the difference. In an age when those who possess knowledge — not land, labor, or capital goods—own the new means of production. Better talent separates high-performance organizations from the rest. It is no surprise that a contest for talent has been raging since the 1990s. Critical talent is scarce (and about to become scarcer, if not managed and handled properly) because of three trends: the ongoing retirement of the "Baby Boom Generation", a widening skills gap, and large-scale social integration (driving rapidly changing lifestyles). Talent management is the strategy through which a company exerts some efforts and undertakes some analyses to determine the nonmonetary interests and preferences of its key employees, and then attempt to meet these preferences in action.

CONCEPT OF TALENT ACQUISITION

Talent acquisition is a combination of resources, process and intellectual property combined with the organization's recruitment practices. Its sub processes include: Find, attract and engage highly talented individuals into the organization for the better achievement of organizational goals.

Organizations have recognized the need for maintaining reserve talent to fill a vacancy as and when it arises. But the whole process of talent acquisition, i.e., how to fix and select talent for the organization remains largely undefined and is often left to the discretion of the individual managers hiring them. Talent acquisition is not a form of art, but a defined process. If the strategies are well-defined, the whole process will be a success.

In the organizations, if the talents are not acquired, the organizations will not be able to function for attainment of their predetermined objectives properly, and if the acquired talents are not managed effectively, the attrition rate will be unnecessarily high, which is undesirable for any organization.

ATTRITION IS EXPENSIVE FOR ANY ORGANIZATION - WHY?

Attrition is defined as a reduction in the number of employees against a base reference date through retirement, death or resignation. (Source: Webster Dictionary).

However, whenever the problem of attrition is discussed amongst organization decision makers, the reference is to the numbers of resignations and forced terminations rather than natural separations like death and retirement.

From an HR perspective, it is one of the areas where, a difference can be made which is measurable in quantitative and qualitative terms. When attrition is not just limited in scope to "human capital" but transformed into "intellectual capital", the problem is even more acute as tacit knowledge walks out every time an employee leaves.

This case is true for male and female employees and to avoid the situation, serious intervention should be made to sustain the talents in the organizations.

Organizations have to bear massive costs associated with attrition or turnover and, while some of these are not visible to the management reporting or budget system, they are none the less real.

The following are the different costs incurred to any company due to attrition-

RECRUITMENT COSTS

- The cost of advertisements; agency costs; employee referral costs; internet posting costs.
- The cost of the internal recruiter's time to plan for future human resources, develop and implement a sourcing strategy, review candidates backgrounds, prepare for interviews, conduct interviews, prepare candidate assessments, conduct reference checks, make the employment offer and notify unsuccessful candidates.
- Calculate the cost of the various candidate pre-employment tests to help assess candidates' skills, abilities, aptitude, attitude, values and behaviours.

TRAINING COSTS

- The cost of orientation for the trainers, trainees and training materials
- The cost of the person(s) who conduct the training.
- The cost of various training materials needed including company or product manuals, computer or other technical equipment used in the delivery of training.

The other costs incurred due to attrition are lost productivity costs, New Hire costs, lost sales cost etc.

POSITION OF WOMEN EMPLOYEES IN INDIAN ORGANISATIONS - WHERE THE PROBLEM LIES?

Women of this age are in continuous struggle between their family and professional lives. From the tentative beginnings made by the pioneer women in the fifties we saw the emergence of the Y2K women - ambitious, confident and more in control of their destiny. Among the women who entered the workplace in the nineties more rapid career advancement is noticed, particularly in young women who have delayed starting a family or limited the number of children for their careers. Some of these young women are at junior / trainee positions but several others have reached middle management positions. But still women folks all over suffer from certain limitations unlike their male counterparts.

A CII study of 149 Companies showed the incidence of working women across companies at 6 per cent. Anecdotal evidence suggests that most organisations do not consciously discriminate between men and women. Then why are there so few women in most organisations, particularly in managerial positions?

At birth the ratio of female to male is 9.14 to 10, according to preliminary census report of India, 2011. In a population where the women do not face discrimination, Nobel economist Amartya Sen puts the sex ratio at about 10.5 women to 10 men. As the girl child grows up the chances of her education is less than boys. Of the 6 to 11 year-old children not in school, 60% are girls. Also, only 39 % of females (compared to 64% of males) above the age of 7 are literate. Thus, through a process of continuous elimination through the long years of education when it comes to employment only 18 per cent of the formal sector jobs are filled by women.

However, this is three times higher than what the CII study actually found across 149 Companies. It gives rise of the following questions:

“Does the process of elimination of women which starts at birth, followed by the education process continue after her entry into employment in the formal sector?”

“Does that explain why the CII study could find only 6 percent of women (4 per cent in senior management) amongst the surveyed companies?”

Many women are found who have opted out of a full time job to take a break to raise a family. Exact numbers of such talented women opting out of full time jobs is not known accurately, but the number is still growing.

Work life balance challenges can have an impact on women’s advancement. These may include lack of flexibility in the workplace, lack of family-friendly workplace policies, parent-track policies, male-trailing spouses, career versus relationship and child bearing conflicts. Absence of female role models and inadequate number of female members at the top ranks add to the disadvantages.

On the contrary, few exceptions also lie in sectors like BPOs and ITES, where not only the number of women employees is comparable but in some cases more. The actual situation tells that, may be in the near future, more number of BPOs and ITES companies would push the percentage of women employees up in our country. Women candidates in new industries like retail (and even older ones like banking) are rarely being asked about when their plan to get married or start a family. When an organization like ICICI or HSBC announces the name of a woman as the CEO they encourage many more talented women to apply for jobs and try to retain the talents in the organization. However, acceptability of women in service industries like health and hospitality sector also reflects this factor.

Historically, the model of a successful manager has been a masculine one. Thus the male managerial perspective is far more operative. Being the number of women in key executive positions low, it is also difficult to accept a mental model of women leaders. Women are more perceived as followers than the decision makers. Women managers are often evaluated less favourably and criticized more, even if they perform the similar leadership roles like men. In our country, as well as throughout the entire world, the picture is more or less similar, which include attitudinal problems of male subordinates towards female superiors, less number of management development initiatives for women employees from the management, conflicts between personal and work life and the organizational culture within which women work.

TABLE-1: GENDER STEREOTYPES—HOW WE INTERPRET BEHAVIOUR PATTERNS

| COMMENT | HE | SHE |
|----------------------------------|--------------------------------------|----------------------------------------------------------------|
| Has a family picture on the desk | A responsible family man! | She places family before career! |
| Has a cluttered desk | Is a hard worker! | A disorganized person! |
| Is talking with co-workers | Must be discussing business! | Must be gossiping! |
| Is not at the desk | Must be in any important meeting! | Must have gone shopping or in the washroom putting on make-up! |
| Is getting married | He will be settled now! | Her priorities will change! |
| Is having lunch with the boss | He is on the way up! | They must be having an affair! |
| Was criticized by his boss | He will improve his performance now! | She must be getting upset! |
| Is becoming a father/mother | He needs a raise! | We should look at a replacement as she will most likely leave! |

Source: Presentation by Vijaya Sampath at Women Manager’s Conference in Bangalore (2007)

It is a well accepted fact that, success is not measured by the bottom line but by the strength of the relationships between workers which holds an organization together. Here the effectiveness of women managers lies. A male oriented culture defines success in terms of profit, market share, status and influence; where as a female oriented culture recognizes the importance of human relationships and communication (Peterson, 2004). According to Kathy Robb, Head of Environmental Practice at Hunton & Williams, USA, “women in business want to bolster sustainability efforts in their companies.”

ATTRITION VS. TALENT ACQUISITION AND MANAGEMENT

REASONS BEHIND ATTRITION OF FEMALE EMPLOYEES - AN ANALYSIS

An analysis was made using primary data collected across two sectors, namely BPO and ITES where female employees are majorly present and different secondary sources of information. Primary data has been collected and compared from two samples of respondents, ex-female employees and HR managers by using open-ended questionnaire through emails and telephonic calls. The total number of respondents was 70 who had shifted jobs in the last couple of years in the above mentioned sectors. The respondents included 35 from BPO sector and 25 from ITES sector. The HR perspective has been obtained from HR professionals, five from each sector. The respondents were asked about the cause of leaving the previous job, whereas, the HR managers were directly questioned about the reasons for attrition in their respective organization.

RESULTS

TABLE-2 BPO SECTOR (N-35)

| | |
|--------------------------------|-----|
| Monotony | 10% |
| Not a serious career option | 15% |
| Skewed timing | 25% |
| Work life balance issues | 30% |
| Salary growth rate not defined | 12% |
| Better prospects | 8% |

TABLE-3 ITES SECTOR (N- 25)

| | |
|----------------------------------------|-----|
| Better Prospects | 12% |
| Inadequate Training | 18% |
| Work Life balance Issues | 35% |
| Flexi time Options available elsewhere | 15% |
| Locational preference | 10% |
| Power and politics | 10% |

The reasons given by both the groups of respondents have been compared below in separate tables-

TABLE- 4 COMPARISONS OF REASONS (BPO SECTOR)

| Perception of ex female employees | Perception of HR |
|-----------------------------------|----------------------------------------------------------|
| Monotony | Future prospects |
| Not a serious career option | Unable to create a work life proper balance |
| Skewed timing | Communication issues |
| Work life balance issues | Higher salary offers from other companies in competition |
| Salary growth rate not defined | |
| Better prospects | |

TABLE- 5 COMPARISONS OF REASONS (ITES SECTOR)

| Perception of ex female employees | Perception of HR |
|----------------------------------------|----------------------------------------------------------|
| Better Prospects | Workload Stress |
| Inadequate Training | Better Future prospects |
| Work Life balance Issues | Unable to create a work life proper balance |
| Flexi time Options available elsewhere | Higher salary offers from other companies in competition |
| Locational preference | Lack of adequate supply leading to war for talent |
| Power and politics | |

The differential perspective is primarily the reason why the measures to counter the attrition generally fails. But it is clear that, it is not possible to avoid totally the situations of attrition and it is beneficial for the organizations to look after talent acquisition factors and effective management of those talents.

RECENT TRENDS IN TALENT ACQUISITION

According to the talent acquisition strategies Benchmark report by Aberdeen Group, a market research-based organization found that 59% of best in class companies reported that their overall performance was increased after implementation of their talent acquisition strategy compared to 41% of industry average and 33% of laggard companies. The report also offered the following recommendations:

- Alignment of Talent Acquisition strategy with the overall corporate strategic plan.
- Measurement of workforce performance
- Recognizing the factor that strategies are differently applicable in different companies..
- Use of latest technological developments.
- Focus on long-term plans.
- Management of workforce.

The women workforce of India, generally faces different complex problems, when they have to cope up with the organizational situation following different talent acquisition trends because till now, performance is not evenly appraised between the two segments of employees in Indian situation and the lag remains as it is in the concept of acquisition of female employees.

Now if the attrition rate is above average due to different personal and social reasons and the acquisition rate is average or below average, then it is obvious to find that, women employees in the decision making sector will be lower in number.

Nowadays, when organizations though less in number, are thinking about increasing the number of female top level managers, they are somehow trying to adopt the following strategies.

- Identification of star performers in the industry and predetermination of certain targets for success.
- Maintaining a good network of connections with other companies and motivating the employees to interact with them. This strategy helps in scouting for talented people and attracting them to work for your industry.
- Cooperating with managers for developing profiles of high performers. By defining the 'critical success factors' like competencies, nature of activities of high performers and their work methods it is possible to locate potential candidates.
- Developing a talent review process for identifying and developing potential talent within the organization. This can be done by conducting periodical performance review of the employees, providing feedback to the employees regarding the report by highlighting on their strengths and weakness.
- Creation of strategies for development of talent through training, career paths, mentoring and coaching.
- Assigning the top performers with new challenges, responsibilities and the tasks.
- Encouraging employees for further education to develop their talents and skills.

Whatever may be the strategies adopted by companies, but all of them have belief in the concept of "Catch Them Young", i.e., attracting the fresh talent, whether male or female directly on completion of their education so that they can be easily moulded as per the company's requirements in the initial stage of employment itself and in the years ahead can take up the responsibility of decision making on behalf of the organization.

It is an accepted fact that, it is difficult to retain the female employees in the organizations in the long run, but it is more difficult to acquire the talents for effective utilization of the talents for benefit of the organization itself. It is better to design and implement talent acquisition strategies beforehand to avoid unnecessary controversies.

DESIGNING AND IMPLEMENTING TALENT ACQUISITION STRATEGIES MAY INVOLVE

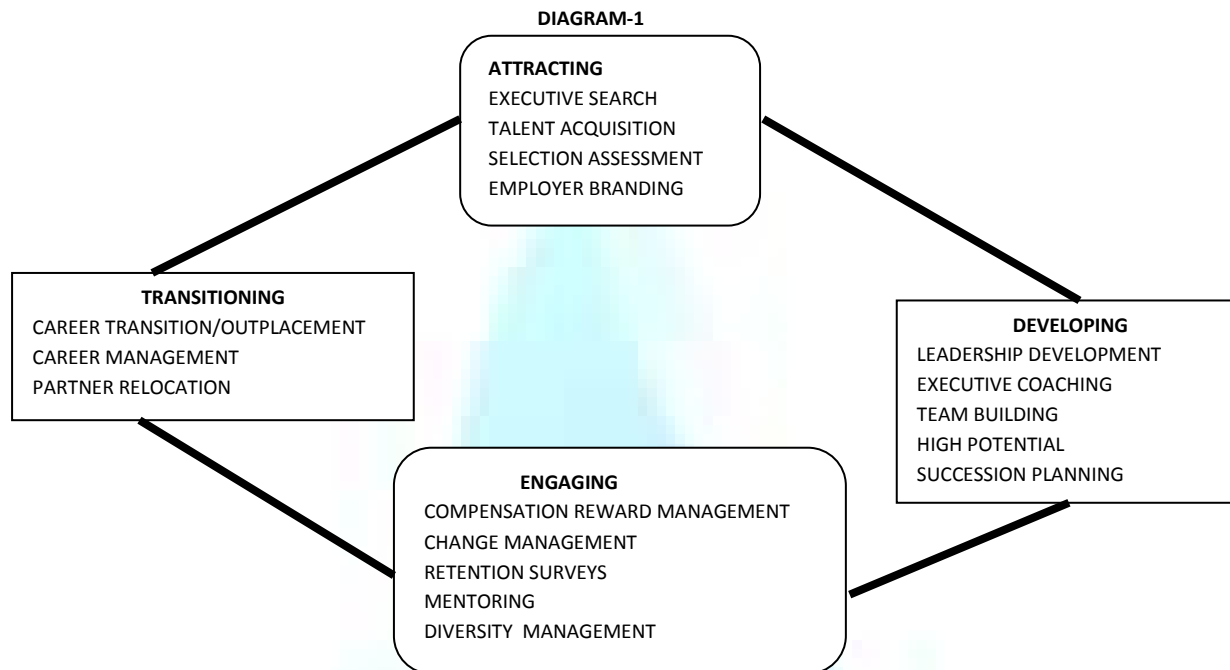
- Identifying the choice of employer chosen by high performers.
- Collecting the views of different age groups on recruitment.
- Evaluating talent acquisition tools and patterns and performance metrics.
- Defining strategic talent acquisition depending on the nature of the organization.
- Evaluating the HR strategies, policies and practices that support and aid Company's strategy.
- Learning from past experience.
- Designing important elements required to be incorporated.
- Continuous learning of current trends and practices in attracting and retaining talent.
- Having a clear understanding about the prospective employees, competencies, profiles, duties and responsibilities.
- Having a clear idea about the perfect profiles of the candidates.
- Conducting meticulous talent review process periodically.

Once the talents are acquired, they are needed to be managed carefully and effectively since the attrition costs high prices from the organizations and too much of employee turnover has an adverse effect on the organization's goodwill.

WHAT IS TALENT MANAGEMENT?

Organizations are made up of people: people creating value through proven business processes, innovation, customer service, sales, and many other important activities. As an organization strives to meet its business goals, it must make sure that it has a continuous and integrated process for recruiting, training, managing, supporting, and compensating these people.

The following model shows the complete process:



The main issues of talent management, which is necessarily required for retaining employees in organization involve:

- 1. Workforce Planning:** Integrated with the *business plan*, this process establishes workforce plans, hiring plans, compensation budgets, and hiring targets for the year. While planning the workforce, serious initiatives can be taken for hiring and accommodating women employees depending on three E's, namely experience, expertise and exposure in top managerial positions.
- 2. Recruiting:** Through an integrated process of recruiting, assessment, evaluation, and hiring the business brings people into the organization.
- 3. On boarding:** The organization must train and enable employees to become productive and integrated into the company more quickly. Women employees can also be trusted with predetermined targets, so that they can feel themselves as a part of the organization and can take proper initiatives to attain the organizational targets.
- 4. Performance Management:** By using the business plan, the organization establishes processes to measure and manage employees. This is a complex process in itself. It has been observed in several cases that the language of performance evaluation differs according to gender (Dominguez, 1992). The percentage of women in the top jobs still remains skewed in favour of men. Pay increases and promotions for females have not kept pace with those of men. In the male dominated environment of industry, women are appraised under more strict criteria than men, earn promotions with difficulty and lack a well-established network back up.
- 5. Training and Performance Support:** This is a critically important function. Proper learning and development programs should be arranged to manage the talents in the organization as well as to increase the productivity of the employees vis. a.vis organization. This can be done to all levels of the organization. Special efforts should be given to enhance the skill and motivation level of the female employees in the top and middle management positions since even at senior level positions, female managers continue to be perceived as "women" first.
- 6. Succession Planning:** As the organization evolves and changes gradually, there is a continuous need to move people into new positions. Succession planning, a very important function, enables managers and individuals to identify the right candidates for a position. Women use their differences to add value to the organization in unique ways. A female oriented culture recognizes the importance of human relationships and communication (Peterson 2004). Thus, this function also must be aligned with the business plan to understand and meet requirements for key positions in future years ahead.
- 7. Compensation and Benefits:** Clearly this is an integral part of talent management. Here organizations try to tie the compensation plan directly to performance management so that compensation, incentives, and benefits align with business goals and business execution. However, in recent times, after the world had faced the climax of recession the concept of talent management has taken a new shape and form. Now it is not only responsible for sustaining employees in the organization, but to make their stay in the organization more rewarding psychologically, financially and through different developmental initiatives. Today's Talent Management is following the pathway shown by various management experts like Peter Drucker, who wrote in 1973, "Making a living is no longer enough. Work also has to make a life."

TABLE - 5: THINKING ABOUT TALENT MANAGEMENT

| | THE OLD WAY | THE NEW WAY |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Talent Mindset | <ul style="list-style-type: none"> • Having good people is one of many important performance levers. • Human resource management is responsible for people management including recruitment, compensation, performance reviews, and succession planning. | <ul style="list-style-type: none"> • Having the right talent throughout the organization is a critical source of competitive advantage. • Support for talent management needs to flow from those at the very top. Every manager is responsible for attracting, developing, exciting, and retaining talented people. |
| Employee Value Proposition | <ul style="list-style-type: none"> • We expect people to pay their dues and work their way up the line before they get top jobs and higher salaries. • We have a strong value proposition that attracts potential employees. | <ul style="list-style-type: none"> • We think of our people as partners and volunteers and know we have to try to deliver on their dreams now if we are to keep them. • We have a distinctive employee value proposition that attracts and retains talented people |
| Recruiting | <ul style="list-style-type: none"> • Recruitment is like purchasing; it is about picking the best from a long line of candidates. | <ul style="list-style-type: none"> • Recruitment is more like marketing and selling; it is a key responsibility of all managers. |
| Growing Leaders | <ul style="list-style-type: none"> • Development is training. • Development happens when you are fortunate enough to have a good manager. | <ul style="list-style-type: none"> • Development happens through a series of challenging job experiences, and candid and helpful coaching and mentoring. • Development is crucial to performance and retention and it can be institutionalized. |
| Differentiating and Affirming | <ul style="list-style-type: none"> • Differentiation undermines teamwork | <ul style="list-style-type: none"> • We shower our top performers with opportunities and recognition. We develop and nurture mid-performers. We help our lower performers raise their game or we move them out or aside. |

Source: Adapted from Elizabeth Axelrod, Helen Handfield-Jones, and Timothy Welsh. 2001. *The War on Talent, Part Two*. McKinsey Quarterly. No. 2.

Proper direction from the superiors and organizational authority is required to make the dreams come true of the young aspiring talents of any organization. Continuous, regular and timely feedback in true sense, both positive and negative is required to uplift the enthusiasm as well as the productivity of the employees specially women who sometimes lack self confidence often stems from having to balance home and work in an unsupportive environment, confronting subtle humiliations in an intimidating macho-culture .

For this movement, the seniors should possess the following skills:

- Critical leadership skills include:
 1. Vision – the ability to visualize future business and societal paradigms to guide the organization’s future.
 2. Inspiration – the ability to communicate the vision with such passion and conviction that the organization enrolls in achieving it.
 3. Conviction – the ability to prevail in the face of resistance (or opposition) to the change necessary to achieve the vision.
 4. Accountability – the ability (willingness) to hold one’s self and others accountable for definable, specific, and measurable results that characterize the milestones and final destination.
 5. Faith – the willingness to recognize that there are often forces beyond one’s control that intervenes in one’s behalf where there is conviction.
- Critical management skills include:
 1. Delegating – the granting of authority is proportionate to existing and potential competency.
 2. Aligning – the ability to enroll and facilitate others to focus on achieving a common goal.
 3. Coaching – the process of facilitating an individual through a successful (behavioral) learning experience.
 4. Accountability – the ability (willingness) to hold one’s self and others accountable for mutually agreed to measurable performance results.
 5. Managing Change – the ability to facilitate self and others through a transformation in mindset to accept a new reality.
 6. Diversity – the ability to facilitate the development and advancement of a diverse, multicultural work force.
 7. Wisdom – an in-depth understanding, empathy, and compassion for the human experience, such as patience, tolerance, and acceptance of the shortcomings of others.

CONCLUSION

The sum and substance of attrition management is that there is no universal tool, technique or solution to solve fully or partially the universal problem. But people who are staying in the organization, the “feel good factor” should be present with them, to make the work environment more comfortable and productive. Technological advances have led to ease of communication and brought the world closer. It is often assumed that bigger groups which are more globalised and better managed, provide a better work life balance for their employees specially females and their attrition rate is also lower. However, it is not the absolute truth in today’s technologically sound world. Although the enhanced interpersonal exchanges have resulted in changes in values, gender discrimination remains still a reality in our society.

In our cultural legacy, from childhood, restrictions are not presented to the girl child as punitive measures but as the reality of the world in which she will leave; where she is used to compromise herself to suit the ground realities rather than revolting or standing up against them. Thus Indian women are more adaptive by nature and ready to adjust and learn new things as a part of life and essential for survival.

It is often found that, being highly educated, women managers remain in lower management positions with little access to challenges and power. They are promoted to senior positions but the job content and compensation remain lower than those offered to males in similar positions.

Here comes the concept of good HR practices. It is the ultimate answer for gaining the faith of this section of employees. But there are two pertinent questions still needed to be clarified-

- a. What are good HR practices?
- b. Do they really contribute to the bottom line effectively and retain women employees who are productive and also take developmental steps to make them more productive every year?

A shift towards employee relation’s management that focuses on employees needs, aspirations and integrates individual growth prospects to strategic objectives of the organization. A proper combination of recruitment strategies, timely training and development interventions to maintain motivational levels, the rising aspiration levels of the employees, policy initiatives on the part of the HR to build a facilitative work culture would work best against growing attrition of women employees in the industry.

If not facilitated properly, women with high career aspirations often find the prospect of facing role conflict and the pressures that come with it is rather demoralizing. Thus the constitutional dream of gender equality remains miles away from becoming a reality.

But still we can remain optimist because women are the one who nurture the next generation. In whatever role they choose to be as a home maker, a professional, if their vision is broader, their insights are deep and they can create a suitable balance between their work and family life which is a difficult task indeed, they can sustain themselves in the industry despite of all the odds they have to come across, to build their career as well as for the benefit of the organization.

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FDI SCENARIO IN INDIA AND ITS GROWTH LINKAGES

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ABSTRACT

Foreign direct investment (FDI) plays a multidimensional role in the overall development of the host economies. It may generate benefits through bringing in non-debt-creating foreign capital resources, technological upgrading, skill enhancement, new employment, spill-overs and allocative efficiency effects. While FDI is expected to create positive outcomes, it may also generate negative effects on the host economy. The costs to the host economy can arise from the market power of large firms and their associated ability to generate high profits. Much of the existing empirical evidence suggests that the positive effects offset negatives, thus providing net economic benefits for the host economies. Foreign direct investment (FDI) has played an important role in the process of globalisation during the past two decades. The rapid expansion in FDI by multinational enterprises since the mid-eighties may be attributed to significant changes in technologies, greater liberalisation of trade and investment regimes, and deregulation and privatization of markets in many countries including developing countries like India. Capital formation is an important determinant of economic growth. While domestic investments add to the capital stock in an economy, FDI plays a complementary role in overall capital formation and in filling the gap between domestic savings and investment. At the macro-level, FDI is a non-debt-creating source of additional external finances. At the micro-level, FDI is expected to boost output, technology, skill levels, employment, and linkages with other sectors and regions of the host economy. The present study aims at providing a detailed understanding of the spatial and sectoral spread of FDI-enabled production facilities in India and their linkages with the rural and suburban areas. The corresponding impact on output, value added, capital and employment in the regions receiving FDI has also been worked out.

KEYWORDS

FDI, Economies, Market, Globalisation.

INTRODUCTION

Foreign direct investment (FDI) refers to cross-border investment made by a resident in one economy (the direct investor) with the objective of establishing a lasting interest in an enterprise (the direct investment enterprise) that is resident in a country other than that of the direct investor (OECD 2008). The motivation of the direct investor is strategic "lasting interest" in the management of the direct investment enterprise with at least 10 per cent voting power in decision-making.

The host country aspires to receive FDI inflows because of the potential benefits, the most established benefit being that FDI supplements the domestic savings of a nation. Other payoffs include access to superior international technologies, exposure to better management and accounting practices, and improved corporate governance. FDI is likely to expand and/or diversify the production capacity of the recipient country, which, in turn, is expected to enhance trade. On the other side, foreign investors are motivated by profits and access to natural resources. Therefore, large and growing domestic markets are likely to receive more FDI. Countries with abundant natural resources such as mines, oil reserves, and work force appear prominently on the investment maps of foreign investors. While the objectives of FDI can be different from the home and the host country's perspectives, one of the major aims of attracting FDI is overall development of the recipient country keeping some specific strategy in view. This can be done by achieving higher FDI inflows, maximising technology spillover into the domestic economy, or imposing local content requirements.

OBJECTIVES OF THE CURRENT STUDY

While empirical and econometric work on testing various theoretical hypotheses is embedded in the extant literature on FDI, there has been no comprehensive attempt to examine the spatial and sectoral spread of FDI-enabled production facilities in India and their linkages with rural and suburban areas. The majority of the population, both urban and rural, is expected to gain, indirectly and differentially, from FDI. While FDI may benefit the economy at both macroeconomic and microeconomic levels through bringing in non-debt-creating foreign capital resources, technological upgrading, spill-over and allocative efficiency effects, it is equally important to probe whether people in the rural and suburban areas get affected through such benefits. FDI in relatively labour-intensive sectors including food processing, textiles and readymade garments, leather and leather products, and light machine tools, with plants set up in small cities close to rural and suburban areas, would tend to have relatively high employment-generating potential. The present study makes a modest contribution by providing a comprehensive analysis of the various aspects of the impact of FDI on the Indian economy. The objectives of the study are as follows:

1. To bring out sectoral clustering across the states and sub-state regions.
2. To enable a comprehensive understanding of the value-added features of the FDI-linked production facilities.
3. To assess the share of export-seeking FDI in various sectors of production.
4. To study the impact of FDI in service sectors.
5. To document the sectoral distribution of FDI through Automatic route and Prior Government Approval route.

METHODOLOGY

The major source of information is the database available at the Department of Industrial Policy and Promotion (DIPP), Department of Industry, Ministry of Commerce and Industry, Government of India. The study has used the Capitalize database of Capital Market that provides information on listed and unlisted Indian companies. The major focus of our analysis has been the manufacturing sectors. However, we have also provided descriptive and perspective features of FDI-enabled firms in service sectors.

TRENDS AND DISCUSSION

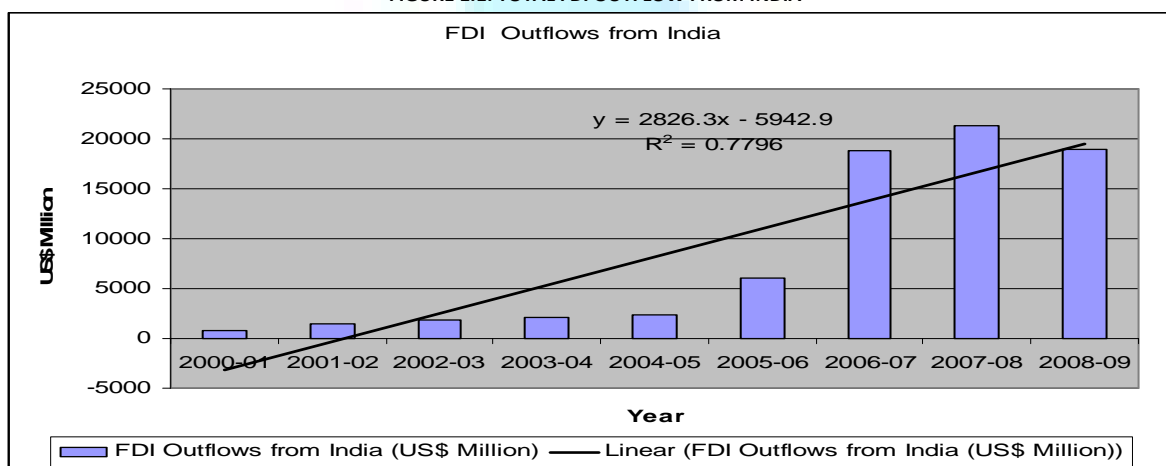
FDI inflows grew steadily through the first half of the 90s but stagnated between 1996-97 and 2003-04 (Table 1.1). The year-on-year fluctuations until 2003-04 make it difficult to identify a clear trend; however, inflows have been increasing continuously since 2004-05. During 2008-09, India registered FDI inflows of \$33.6 billion and total cumulative inflows from August 1991 to March 2009 have been to the tune of \$155 billion.

TABLE 1.1: FDI INFLOWS (1990-91 TO 2009-10)

| Year | Rs.(Crore) | US\$ Million | % age growth (in terms of US\$) |
|---------|------------|--------------|----------------------------------|
| 1990-91 | 185 | 103 | - |
| 1991-92 | 326 | 133 | (+)29.13% |
| 1992-93 | 1713 | 559 | (+)320.30% |
| 1993-94 | 13026 | 4153 | (+)642.93% |
| 1994-95 | 16133 | 5138 | (+)23.72% |
| 1995-96 | 16364 | 4892 | (-)-4.79% |
| 1996-97 | 21773 | 6133 | (+)25.37% |
| 1997-98 | 20014 | 5385 | (-)-12.20% |
| 1998-99 | 10101 | 2401 | (-)-55.41% |
| 1999-2k | 22450 | 5781 | (+)140.77% |
| 2000-01 | 31015 | 6789 | (+)17.44% |
| 2001-02 | 38874 | 8151 | (+)20.06% |
| 2002-03 | 20105 | 6014 | (-)-26.22% |
| 2003-04 | 72139 | 15699 | (+)161.04% |
| 2004-05 | 94981 | 21463 | (+)36.72% |
| 2005-06 | 135080 | 29829 | (+)38.98% |
| 2006-07 | 248017 | 61633 | (+)106.62 |
| 2007-08 | 97863 | 21313 | (-)-65.42% |
| 2008-09 | 123378 | 33613 | (+)57.71% |

Source: Secretariat for Industrial Assistance, Various FDI Fact Sheets.

FIGURE 1.1: TOTAL FDI OUTFLOW FROM INDIA



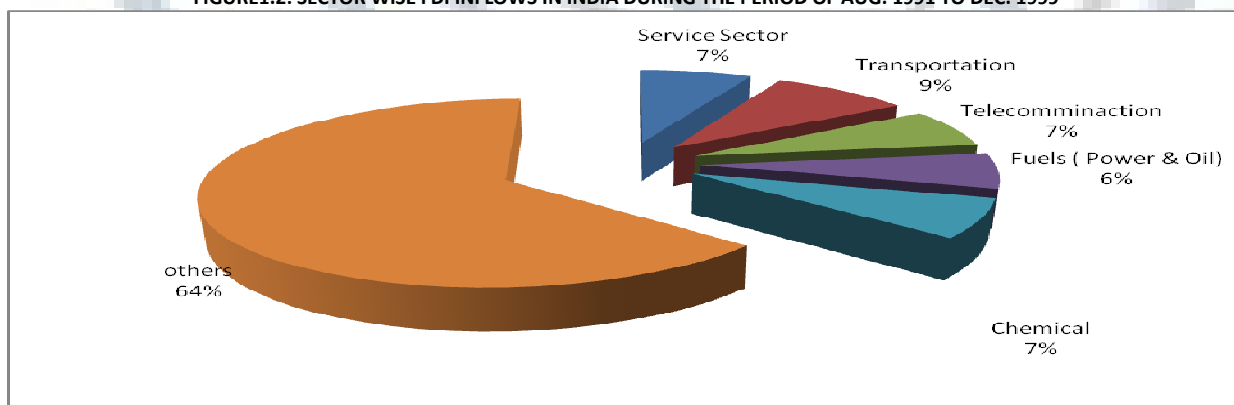
Source: Handbook of Statistics on Indian Economy; RBI Bulletin July 2010.

Indian companies are reaching overseas destinations to tap new markets and acquire technologies. While some of the investment has gone into greenfield projects, a major portion of Indian overseas investment went into acquiring companies abroad. Acquisitions bring with them major benefits such as existing customers, a foothold in the destination market and the niche technologies they require. Due to the rapid growth in Indian companies' M&A activity, Indian companies are acquiring international firms in an effort to acquire new markets and maintain their growth momentum, buy cutting-edge technology, develop new product mixes, improve operating margins and efficiencies, and take worldwide competition head-on. It has emerged as the most acquisitive nation in emerging nations, according to global consultancy KPMG (2008) in their Emerging Markets International Acquisitions Tracker. Figure 1.1 shows that FDI outflows from India have increased consistently since 2000 at US\$18.5 billion in 2008-09, compared to only US\$1.4 billion in 2001-02. A linear best fit line has fitted which indicated the increasing trend of FDI ($Y=2826.3x - 5942.9$, $R^2 = 0.741$) during the period of study.

SECTOR- WISE FDI INFLOWS

Over the recent past, the sector-wise inflows of FDI have undergone a change. This is clear from the variation in the sector ranks based on their share in total FDI inflows. For comparison, we divide the period from August 1991 to March 2009 into two sub-periods of approximately the same length: the initial period of August 1991 to December 1999 and the second sub-period of 2000 to the latest available (which is the reference period of this study).

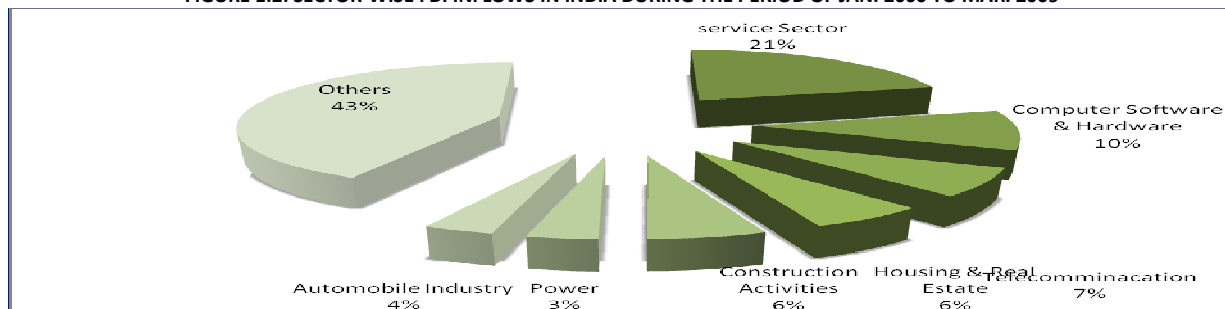
FIGURE 1.2: SECTOR WISE FDI INFLOWS IN INDIA DURING THE PERIOD OF AUG. 1991 TO DEC. 1999



Source: SIA Newsletters, January 2005 and April 2009.

Figure 1.2 and Figure 1.3 depicts, names and shares of FDI inflows for the top sectors and miscellaneous industries as reported in SIA publications. The figures are reported for the two cumulative periods and the year 2008 for which the latest information is available. During the initial sub-period, namely, August 1991 to December 1999, the 21 sectors constituted 69.3 per cent of total FDI inflows, whereas during the second sub-period, namely, January 2000 to March 2009, these sectors constitute 84.3 per cent of the total FDI inflows.

FIGURE 1.2: SECTOR-WISE FDI INFLOWS IN INDIA DURING THE PERIOD OF JAN. 2000 TO MAR. 2009



Source: SIA Newsletters, January 2005 and April 2009.

The emergence of the service sector is clear from a comparison of the shares over the two sub-periods. Other new sector entrants in the list of top five recipient sectors include computer software & hardware, construction activities and housing & real estate.

FDI IN SERVICES

Table 1.2 presents FDI inflows in the service sector in India during 2005-08. It can be seen that FDI inflows into the service sector have shown tremendous growth during this period. Of the total cumulative FDI in different categories of the service sector, financial services constitutes almost half the total foreign direct investment, followed by banking and other services with 10% and 21.5%, respectively. Due to the increase in FDI in services, its share in total FDI inflows in India increased from 16.4 per cent in 2005 to an astounding 35.4 per cent in 2006, but this share declined in 2007 to 18 percent, yet maintaining the net increase over the period 2005-08. Surprisingly, the share of services in total FDI inflows stood at 24.4 per cent for the year 2008. The 24.6 per cent share of the service sector's FDI is dominated by the financial sector (12.1), non-financial services (2.6), banking services (1.9), and other services (3.3).

Among the countries heading the list of FDI inflows into India is Mauritius. This could be attributed to the double taxation treaty that India has signed with Mauritius and to the fact that most US investment into India is being routed through Mauritius.

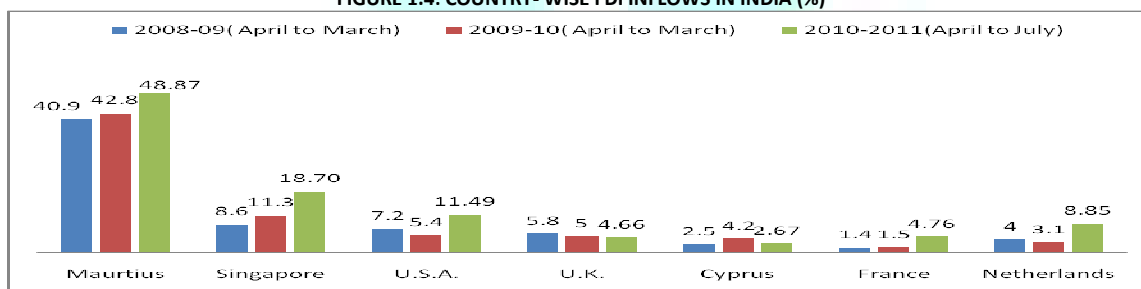
TABLE 1.2: SHARE OF SERVICE SECTOR FDI INFLOWS IN TOTAL FDI INFLOW TO INDIA

| Category | 2005 | 2006 | 2007 | 2008 |
|------------------------|------|------|------|------|
| Financial | 7.9 | 17.2 | 7 | 12 |
| Non Financial | 0 | 0.4 | 3 | 2.6 |
| Banking Service | 1.9 | 1.2 | 2.9 | 1.9 |
| Insurance | 1.6 | 0.7 | 1.4 | 2.1 |
| Outsourcing | 0.3 | 0.3 | 0.7 | 1.1 |
| Research & Development | 0.5 | 0.3 | 0.4 | 1.3 |
| Other Service Sector | 4.2 | 15.3 | 2.6 | 3.3 |
| Total | 16.6 | 35.4 | 18 | 24.4 |

Source: Classified by NCAER using DIPP data.

COUNTRY-WISE FDI INFLOWS

FIGURE 1.4: COUNTRY- WISE FDI INFLOWS IN INDIA (%)



Source: Fact Sheet on Foreign Direct Investment (FDI) From August 1991 to July 2010

However, Singapore is the second largest investor in India followed by the US and other developed countries like the UK and the Netherlands, which are India's major trading partners. Figure 1.4 shows the share of the top investing countries in India's FDI for the two sub-periods defined earlier. While the significance of Germany and Japan has declined in terms of their share in FDI inflows into India, Cyprus and the UAE have entered the list of top 10 investing countries during the recent cumulative period.

FDI POLICY FRAMEWORK

Prior to 1991, the FDI policy framework in India was highly regulated. The government aimed at exercising control over foreign exchange transactions. All dealings in foreign exchange were regulated under the Foreign Exchange Regulation Act (FERA), 1973, the violation of which was a criminal offence. Through this Act, the government tried to conserve foreign exchange resources for the economic development of the nation. Consequently the investment process was plagued with many hurdles including unethical practices that became part of bureaucratic procedures. Under the deregulated regime, FERA was consolidated and amended to introduce the Foreign Exchange Management Act (FEMA), 1999. The new Act was less stringent and aimed at improving the capital account management of foreign exchange in India. The Act sought to facilitate external trade and payments and to promote orderly development and maintenance of the foreign exchange market in India. It resulted in improved access to foreign exchange.

FDI-RELATED INSTITUTIONS

There are three primary institutions in India that handle FDI-related issues: the Foreign Investment Promotion Board (FIPB), the Secretariat for Industrial Assistance (SIA), and Foreign Investment Implementation Authority (FIIA). The Foreign Investment Promotion Board (FIPB), Department of Economic Affairs (DEA), Ministry of Finance is the nodal single-window agency for all matters relating to FDI as well as promoting investment in the country. The Secretary, Industry (Department of Industrial Promotion and Policy), chairs it. Its objective is to promote FDI in India:

- i) by undertaking investment promotion activities in India and abroad;

- ii) by facilitating investment in the country by international companies, non-resident Indians and other foreign investors;
- iii) through purposeful negotiations/discussions with potential investors;
- iv) through early clearance of proposals submitted to it; and
- v) by reviewing policies and putting in place appropriate institutional arrangements, transparent rules and procedures and guidelines for investment promotion and approvals.

FOREIGN INVESTMENT POLICY

Foreign investment is permitted in virtually every sector, except those of strategic concern such as defence (opened up recently to a limited extent) and rail transport. Foreign companies are permitted to set up 100 per cent subsidiaries in India. No prior approval from the exchange control authorities (RBI) is required, except for certain specified activities. According to the current policy, FDI can come into India in two ways.

(i) Automatic route:

FDI in sectors/activities to the extent permitted under the automatic route does not require any prior approval either by the government or the Reserve Bank of India (RBI). The investors are only required to notify the concerned regional office of the RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign investors.

(ii) Prior Government Approval route

In the limited category of sectors requiring prior government approval, the proposals are considered in a time-bound and transparent manner by the Foreign Investment Promotion Board (FIPB) under the Department of Economic Affairs, Ministry of Finance. Approvals of composite proposals involving foreign investment/ foreign technical collaboration are also granted on the recommendations of the FIPB.4

LEGAL FRAMEWORK FOR FDI

Foreign Direct Investments under Automatic Approval and Government Approval are regulated by the Foreign Exchange Management Act,. If a foreigner or foreign company or a person resident outside India wants to invest in India either in the manufacturing sector or service sector, including the housing sector, insurance, banking, telecommunications, etc., the foreigner, foreign company or a person resident outside India has to pay due attention to the conditions, regulations and procedures which are laid down in different notifications by the Reserve Bank of India issued in terms of Section 6 of FEMA.

CONCLUDING REMARKS

India has been receiving increasing amounts of FDI since 1991-92. It received about \$129 million FDI in 1991-92, which went up to \$613 million in 2001-02 and further up to \$35.1 billion in 2008-09. The government has facilitated inflows of FDI by making its policies relatively liberal since 1991-92. FDI inflows have complemented domestic investment and hence contributed to capital formation as well as to bringing in new technologies and global linkages. Despite the global financial crisis and economic slowdown, it is expected that FDI inflows during 2008-09 would touch the amounts received during 2007-08. Total FDI inflows are estimated at US\$90 billion during April 2000 to March 2009. Services sector; computer hardware & software; telecommunications; real estate; construction; automobiles; power; metallurgical industries; petroleum and natural gas; and chemicals received.

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SERVICE QUALITY IN PRIVATE BANKS: AN ASSESSMENT BASED ON SERVQUAL MEASURES

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ABSTRACT

Quality is increasingly being seen as a key strategic differentiator within the financial services sector. Competition, processes, and technological improvements in delivery systems have resulted in a gradual shift in strategic focus from price to service quality in the retail banking industry. High service quality results in customer satisfaction and loyalty, greater willingness of customers to recommend to someone else, reduction in customer complaints, and improved customer retention rates. A deliberate attempt to study services marketing and service quality issues dates back to the mid-1960s. The SERVQUAL scale is the principal instrument widely used to assess service quality for a variety of services developed by Parasuraman et al. The Weighted SERVQUAL has been found to be a very superior instrument in measuring service quality. This paper aims at studying the importance of different dimensions of service quality and to measure customers' assessment towards service quality of the bank by measuring the gap between their perception and expectation. The assessment tool used for the study was SERVQUAL. The data was collected from 400 customers of a private sector bank from its four different locations. The data was analysed using the weighted average method and t-test and conclusions were drawn. From the study it was found that out of five dimensions of service quality, customers have given more importance to responsiveness factor followed by reliability, assurance, empathy and tangibility. The study also revealed a gap between the service quality expected and perceived by the customers.

KEYWORDS

Expectation, Perception, Quality, Service, SERVQUAL.

INTRODUCTION

A healthy banking system is essential for any economy striving to achieve good growth and yet remain stable in an increasingly global business environment. The crucial role played by the banks in the development and diversification of Indian economy during the last three decades is very important (Prasad, 2006). The Indian banking system, with one of the largest banking networks in the world, has witnessed a series of reforms over the past few years like the deregulation of interest rates, dilution of the government stake in public sector banks (PSBs), and the increased participation of private sector banks. Prior to liberalization the banking industries were working in a protected environment and were dominated by the public sector banks. The growth of the retail financial services sector has been a key development on the market front. Indian banks (both public and private) have not only been keen to tap the domestic market but also to compete in the global market place. New foreign banks have been equally keen to gain a foothold in the Indian market. The new generation banks are characterized by modern information and technology viz. ATM, Online banking, telebanking, smart card etc. Private banks are quick in adapting to these new technologies as compared to public sector banks (Banker, 1998). Competition, processes, and technological improvements in delivery systems have resulted in a gradual shift in strategic focus from price to service quality in the retail banking industry. Continuous improvement in service quality is considered a requirement in the financial services industry, at a time when it is undergoing an extraordinary rate of change in organization, products, and delivery methods. Studies reveal that Indian bankers should be more customer oriented and need to change their attention, attitude and commitment, in order to improve the service quality (Mathur, 1999). There is need for the banking sector to be more outwardly focused than inwardly focused.

OBJECTIVE OF THE STUDY

Unlike goods quality, which can be measured with some objectivity, service quality is abstract and elusive. The unique features of services such as inseparability of production and consumption, intangibility, and heterogeneity make measurement of quality a very complex issue. In the absence of objective measures, firms must rely on consumers' perceptions of service quality to identify their strengths and/or weaknesses, and design appropriate strategies. The objective of the study is

1. To measure customers assessments towards the bank's service quality by measuring the gap between the customer perception and their expectation.
2. To know the importance of different dimensions of service quality.

BACKGROUND OF THE STUDY

Quality has come to be recognized as a strategic tool for attaining the operational efficiency and improved business performance (Anderson and Zeithaml, 1984; Garvin 1983). Quality is equally important for both the goods as well as the services sector. The importance of quality to service firms is discussed in many research studies (Normann, 1984). There is a positive relationship between customer satisfaction and profits, return on investment, increased market share etc. (Anderson, Fornell and Lehmann, 1994; Rust and Oliver 1994).

Quality has been defined differently by different authors. Some define it as 'conformance to needs' (Crosby, 1984), some define it as 'suitable to use' (Juran, 1988), some define it as 'one that makes the customer satisfied' (Eiglier and Langedard, 1987). A research study considered that the service industry required a broader definition of quality than that used by the manufacturing industry and applied it to service quality (Cornell, 1984). The early efforts to measure quality of services can be credited to the works of Parasuraman, Zeithaml and Berry (1985). They pointed out that the quality of goods can be measured objectively, but the quality of services cannot be measured objectively because they are intangible, perishable, being consumed when being produced, heterogeneous etc. There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al., 1996; Wisniewski and Donnelly, 1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990). The customer often expects the service to be provided in a specific way or by a specific individual when delivering the service (Sureshchander et al., 2001). Some customers are more demanding than others, having greater sensitivity to, and higher expectations of service. Perceptions are created after experiencing the service. However, dissatisfaction may occur if expectations are higher than the actual service experienced by the customer.

In accordance to the contributions by Gronroos(1982) and Smith and Houston (1982), Parasuraman, Zeithaml and Berry (1985,1988) proposed that service quality as the difference between customer expectations of 'what they want' and their perceptions of 'what they get'. Based on this concept they proposed a service quality measurement scale called "SERVQUAL". This instrument of measurement has been extensively applied in different service settings. Over a period of time, a few variants of the scale has also been proposed. The "SERVPERF" scale put forward by Cronin and Taylor (1992). Numerous studies have been undertaken to compare and infer about the superiority among the two scales. When the objective is to identify areas relating to service quality shortfalls for possible intervention by managers, the SERVQUAL scale needs to be preferred (Jain and Gupta, 2004). Nyeck, Morales, Ladhari, and Pons (2002) stated the

SERVQUAL measuring tool “remains the most complete attempt to conceptualize and measure service quality” (p. 101). The main benefit to the SERVQUAL measuring tool is the ability of researchers to examine numerous service industries such as healthcare, banking, financial services, and education (Nyeck, Morales, Ladhari, & Pons, 2002).

Service quality dimensions refer to the psychological dimensions that form the basis of a customer’s perceived quality of a service. While numerous researchers have attempted to define the specific dimensions of service quality, Parasuraman, Berry, and Zeithaml (1985) introduced the definition in their presentation of the Gap Model of Service Quality. In the SERVQUAL they proposed that five specific dimensions of service quality exist and apply regardless of the service industry: reliability, responsiveness, assurance, empathy, and tangibles. The SERVQUAL is a multi item questionnaire based on these five dimensions.

Reliability is defined as the ability to perform the promised service dependably and accurately. In other words, it means doing what you say you will do.

Responsiveness is the willingness to help customers and to provide prompt service. Customers judge a company’s responsiveness by assessing the amount of time it takes and the attentiveness that is offered in response to their requests, questions, complaints, and problems. The third dimension of service quality is assurance.

Assurance is defined as employees’ knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence.

Empathy is defined as the caring, individualized Attention the firm provides its customers. Customers perceive the level of a company’s empathy by the degree of personalized service offered. Customers want to be known on an individual basis and feel that the company understands and addresses their individual needs. The fifth dimension of service quality is tangibles.

Tangibles are defined as the appearance of physical facilities, equipment, personnel and communication materials.

METHODOLOGY

The assessment tool used for the study was SERVQUAL, an instrument designed by the marketing research team of Berry, Parasuraman, and Zeithaml. It consists of five dimensions of service quality - Tangibleness, Reliability, Responsiveness, Assurance and Empathy. In the questionnaire used, the respondents gave their expectation and perception regarding the five dimensions of service quality on 22 items. The respondents also rated the five dimensions. After collecting the data, it was put in excel sheet to do the “t” test to determine the service quality gap. The data was collected from 400 customers of the private sector bank from four different locations, i.e. 100 customers were randomly selected from each one of the locations of India for the purpose. The questionnaire for the measurement of service quality followed the basic structure of the SERVQUAL instrument as developed by Zeithemel and Parsuraman and consisted of two sections an expectation section and a perception section. The expectation section required the respondent to indicate on a seven point scale the extent to which the ideal service providing organisation possesses the characteristic desired in each statement. In the perception section the statements required the respondent to indicate the extent to which the particular bank possesses the characteristic described, again on a seven point scale. The original Servqual instrument used in this study for measuring Service Quality gap also employed a seven point scale anchored by strongly disagree and strongly agree at the endpoints 1 and 7 respectively. The Respondents also assigned the weight to each dimension out of total 100 for all dimensions.

The data was analysed using the weighted average score and paired t-test.

ANALYSIS OF THE STUDY

The demographic profile of the 400 respondents is as follows:

| Demographic | Percentage |
|--------------------------|------------|
| 1. Gender | |
| Male | 68 |
| Female | 32 |
| 2. Marital Status | |
| Married | 48 |
| Unmarried | 52 |
| 3. Age | |
| Less than 20 | 05 |
| 20- 30 | 38 |
| 30 -40 | 24 |
| 40-50 | 15 |
| 50 -60 | 08 |
| Above 60 | 04 |
| 4. Education | |
| Secondary | 07 |
| Higher Secondary | 16 |
| Graduate | 36 |
| Post Graduate | 41 |

The service gap, i.e. the gap between expectation and perception of the service delivered by bank was calculated across the five parameters of service quality i.e. Tangibility, Assurance, reliability, Responsiveness and Empathy. The respondents also assigned weightages, out of total 100, to the five parameters.

The unweighted average gap score for the bank for all the five dimensions put together was found to be 1.0796 and the weighted average gap score, all five dimensions put together, was found to be 0.21422. Further, the weighted average gap score for tangibility, reliability, responsiveness, assurance and empathy was found to be 0.17268, 0.24615, 0.17715, 0.1868 and 0.28452 respectively.

HYPOTHESES TESTING

The hypothesis tested for the purpose of the study were as follows:

Hypothesis for tangibility

Null Hypothesis (H_0) - There is no significant gap between perception and expectation of customers regarding the service quality of the bank relating to the dimension tangibility.

Alternative Hypothesis (H_1) - There is significant between perception and expectation of customers regarding the service quality of the bank relating to the dimension tangibility.

Hypothesis for reliability

Null Hypothesis (H_0) - There is no significant gap between perception and expectation of customers regarding the service quality of the bank relating to the dimension reliability.

Alternative Hypothesis (H_1) - There is significant between perception and expectation of customers regarding the service quality of the bank relating to the dimension reliability.

Hypothesis for responsiveness

Null Hypothesis (H_0) - There is no significant gap between perception and expectation of customers regarding the service quality of the bank relating to the dimension responsiveness.

Alternative Hypothesis (H_1) - There is significant between perception and expectation of customers regarding the service quality of the bank relating to the dimension responsiveness.

Hypothesis for assurance

Null Hypothesis (H_0) - There is no significant gap between perception and expectation of customers regarding the service quality of the bank relating to the dimension assurance.

Alternative Hypothesis (H_1) - There is significant between perception and expectation of customers regarding the service quality of the bank relating to the dimension assurance.

Hypothesis for empathy

Null Hypothesis (H_0) - There is no significant gap between perception and expectation of customers regarding the service quality of the bank relating to the dimension empathy.

Alternative Hypothesis (H_1) - There is significant between perception and expectation of customers regarding the service quality of the bank relating to the dimension empathy.

The five hypotheses constructed for the five parameters for service quality were tested using paired t- test for level of significance 5% (i.e. $\alpha = 0.05$).

| Hypothesis for Dimension | Type of test | Calculated value | Critical Value | Conclusion |
|--------------------------|--------------------------|------------------|----------------|--------------|
| Tangibility | Two tailed paired t-test | 84.5425 | ± 1.9659 | Reject H_0 |
| Reliability | Two tailed paired t-test | 6.3859 | ± 1.9659 | Reject H_0 |
| Responsiveness | Two tailed paired t-test | 2.8851 | ± 1.9659 | Reject H_0 |
| Assurance | Two tailed paired t-test | 8.0373 | ± 1.9659 | Reject H_0 |
| Empathy | Two tailed paired t-test | 22.7692 | ± 1.9659 | Reject H_0 |

INFERENCES

From the hypothesis it was inferred that there is a significant difference between the expectation and perception of the customers regarding the service quality of the bank, with regard to the dimensions tangibility, reliability, responsiveness, assurance and empathy. From the weighted average scores of the gap between expectation and perception, it can be well understood that the gap score is more with regards to dimension empathy, followed by reliability, followed by assurance, followed by responsiveness, and then followed by tangibility. All the above gap scores contribute to the unweighted average gap score 1.0796 with all the dimensions put together. The weighted average gap score, all the five dimensions put together was found to be 0.21422, where the weightages given to tangibility, reliability, responsiveness, assurance and empathy are 0.1854, 0.2112, 0.1928, 0.2004 and 0.2102 respectively. The weightages given to reliability is highest, followed by empathy, followed by assurance, followed by responsiveness and then by tangibility.

CONCLUSION

From the study made it is clear that the dimensions are not equally weighted by the customers. As per the average weightages assigned to each dimension highest weightage is assigned to reliability, and in decreasing order the weightage is assigned to empathy, assurance, responsiveness and tangibility. But the gap score is highest for empathy and then followed by reliability, assurance, responsiveness, and tangibility in that order. Hence, it can be concluded that empathy and reliability are the dimensions which needs to be taken utmost care by the banks, and tangibility is lowly rated by the customers, so the dimension tangibility needs to be given less weightage by the Banks. Assurance and Responsiveness needs to be improved by the banks. By working on the areas of empathy, reliability, responsiveness and assurance the banks can make their customers 'delighted'.

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A NOVEL ALGORITHM FOR IMAGE CONTRAST ENHANCEMENT USING HISTOGRAM EQUALIZATION

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ABSTRACT

Image enhancement improves an image appearance by increasing dominance of some features or by decreasing ambiguity between different regions of the image. A number of image contrast enhancement techniques exist to improve the visual appearance of an image. Many images such as medical images, remote sensing images, electron microscopy images and even real life photographic pictures, suffer from poor contrast. Therefore, it is necessary to enhance the contrast of images. Histogram equalization is widely used for contrast enhancement in a variety of applications due to its simple function and effectiveness. However, it tends to change the brightness of an image and hence, not suitable for consumer electronic products, where preserving the original brightness is essential to avoid annoying artifacts. In addition, HE method tends to introduce unnecessary visual deterioration including saturation effect. Preserving the input brightness of the image and keeping PSNR in the desired range are required to avoid the generation of non-existing artifacts in the output image. A number of techniques have been used to overcome its annoying effects. But each technique has its advantages and application areas. In this paper we will present a new weighted thresholded histogram equalization based method which aims to better preserve the image quality, preserves better contrast and enriches the image details.

KEYWORDS

BBHE, DSIHE, MMBEBHE, Histogram Equalization.

INTRODUCTION

Histogram is defined as the statistic probabilistic distribution of each gray level in a digital image. It can give us a general overview of an image such as gray scale, gray level distribution and its density, the average luminance of an image, image contrast, and so on. Histogram processing is the act of altering an image by modifying its histogram. Common uses of histogram processing include normalization by which one makes the histogram of an image as flat as possible.

Histogram equalization is a simple and effective method for image enhancement. Based on the image's original gray level distribution, the image's histogram is reshaped into a different one with uniform distribution property in order to increase the contrast. Histogram equalization is one of the well-known methods for enhancing the contrast of given images in accordance with the sample distribution of an image. Useful applications of the histogram equalization scheme include medical image processing and radar image processing. Despite its success for image contrast enhancement, this technique has a well-known drawback: it does not preserve the brightness of the input image on the output one. This drawback makes the use of HE not suitable for image contrast enhancement on consumer electronic products, such as video surveillance, where preserving the input brightness is essential to avoid the generation of non-existing artifacts in the output image. To overcome such drawback, variations of the classic HE technique have proposed to first decompose the input image into two sub-images, and then perform HE independently in each sub-image. These methods, described in details in Section III, use some statistical measures - which consider the value of the gray-levels in the image, during the decomposition step.

HISTOGRAM EQUALIZATION

The Histogram of digital image with the intensity levels in the range $[0, L-1]$ is a discrete function.

$$h(r_k) = n_k \quad (1)$$

Where

- r_k is the intensity value.
 - n_k is the number of pixels in the image with intensity r_k .
 - $h(r_k)$ is the histogram of the digital image with Gray Level r_k .
- Histograms are normalized by the total number of pixels in the image. Assuming a $M \times N$ image, a normalized histogram.

$$p(r_k) = \frac{n_k}{MN} \quad (2)$$

for $k=0,1,2,3,\dots,L-1$

is related to probability of occurrence of r_k in the image.

where

- $p(r_k)$ gives probability of occurrence of gray level r_k .
- Sum of all components of a normalized histogram is equal to 1.

Histogram Equalization is a method of contrast adjustment using the image histogram. This method increases the global contrast of many images, especially when the usable data of the image is represented by close contrast values. With this adjustment, the intensities can be better distributed on the histogram. Histogram equalization is a technique that generates a gray map which changes the histogram of an image and redistributing all its pixels values to be as close as possible to a user specified desired histogram.

Consider the basic notations:

- $X = \{X(i,j)\}$ is an image with L discrete gray levels. $\{X_0, X_1, X_2, \dots, X_{L-1}\}$.
- $H(X) = \{n_0, n_1, \dots, n_{L-1}\}$ is the image X 's histogram where n_k is the no. of pixels whose gray level is X_k .
- N = total number of the image pixels.

Based on the histogram $H(X)$, Probability Density Function (PDF) is

$$p(X_k) = \frac{n_k}{N} \tag{3}$$

for $k= 0,1,2,... L-1$.

The relationship between $p(X_k)$ and X_k is defined as the probability density function (PDF), and the graphical appearance of PDF is known as the histogram. Based on the image's PDF, its cumulative distribution function (CDF) is defined as

$$c(X_k) = \sum_{i=0}^k p(X_i) \tag{4}$$

for $k= 0,1,2,... L-1$.

It is obvious that $c(X_{L-1}) = 1$.

Thus, the transform function of histogram equalization can be defined as

$$f(X_k) = X_0 + (X_{L-1} - X_0) c(X_k) \tag{5}$$

for $k= 0,1,2,..... L-1$.

Suppose $Y=\{Y(i, j)\}$ is defined as the equalized image, then

$$Y = f(X) = \{f(X(i,j)) \mid \forall X(i,j) \in X\} \tag{6}$$

Generally, we can classify these methods in two principle categories – global and local histogram equalization. But researches have also focused on improvement of HE based on contrast enhancement.

PROBLEMS IN HISTOGRAM EQUALIZATION

1. HE does not take the mean brightness of an image into account.
2. HE is not commonly used in consumer electronics such as TV because it may significantly change the brightness of an input image and cause undesirable artifacts.
3. HE can introduce a significant change in brightness of an image, which hesitates the direct application of the histogram equalization scheme in consumer electronics
4. HE may result in over enhancement and saturation artifacts due to the stretching of the gray levels over the full gray level range.
5. It has been observed that the mean brightness of the histogram-equalized image is always the middle gray level regardless of the input mean.

More fundamental reason behind such limitations of the histogram equalization is that the histogram equalization does not take the mean brightness of an image into account.

LITERATURE REVIEW OF VARIANTS OF HE TECHNIQUES

A number of HE techniques have been developed so far. In this paper we will present a review for Brightness Preserving Bi-histogram equalization (BBHE) in III.A, Minimum Mean Brightness Error Bi-Histogram Equalization (MMBEBHE) in III.B, Proposed Method III.C

A. BRIGHTNESS PRESERVING BI-HISTOGRAM EQUALIZATION

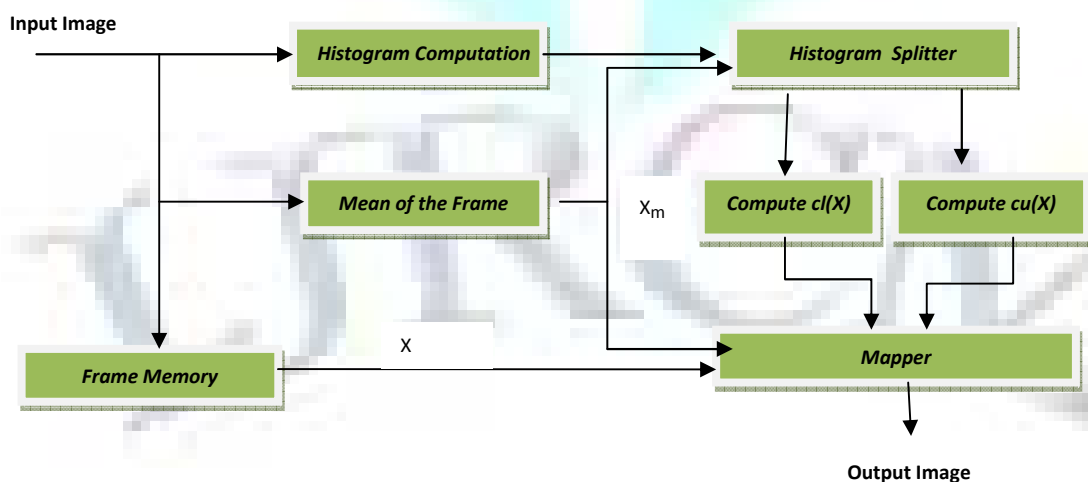
Brightness preserving Bi Histogram Equalization (BBHE) first decomposes an input image into two sub images based on the mean of the input image. One of the sub image is set of samples less than or equal to the mean whereas the second one is the set of samples greater than the mean. Then the BBHE equalizes the sub images independently based on their respective histograms with the constraint that the samples in the former set are mapped into the range from the minimum gray level to the input mean and the samples in the latter set are mapped into the range from the mean to the maximum gray level. It means first sub image is equalized over the range up to the mean and the other sub image is equalized over the range. Thus, the resulting equalized sub images are bounded by each other around the input mean, which has an effect of preserving mean brightness.

The functional block diagram for BBHE algorithm is shown in Figure 1, where the histogram computation unit counts and stores the respective numbers of occurrences n_k for $k=0,1, \dots, L - 1$, then the histogram splitter splits the number of occurrences as (n_0, \dots, n_m) and $(n_{m+1}, \dots, n_{L-1})$. The respective and independent cumulative density functions $c_l(X)$ and $c_u(X)$ are then computed based on (n_0, \dots, n_m) and $(n_{m+1}, \dots, n_{L-1})$ respectively, and after that the mapper outputs $Y(i, j)$ as

$$Y(i,j) = \begin{cases} X_0 + (X_m - X_0) c_l(X) & \text{if } X \leq X_m \\ X_{m+1} + (X_{L-1} - X_{m+1}) c_u(X) & \text{else} \end{cases} \tag{7}$$

The computation of histogram and the mean typically need to be done during one frame period; thus a frame memory is necessary to store the image being processed.

FIGURE 1: FUNCTIONAL BLOCK DIAGRAM OF BBHE



It has been analyzed both mathematically and experimentally that this technique is capable to preserve the original brightness to a certain extends brightness preserving bi-HE. However, using input mean as the threshold level to separate the histogram does not guarantee maximum brightness preservation. The brightness preservation described here is based on an objective measurement referred as Absolute Mean Brightness Error (AMBE) which is defined as the absolute difference between the input and the output mean as follow:

$$AMBE = | E(X) - E(Y) | \tag{8}$$

Lower AMBE implies better brightness preservation. BBHE that set the threshold level, X_T as input mean does not guarantee minimum AMBE. Nevertheless, there are still cases that are not handled well by both the BBHE and DSIHE. These images require higher degree of brightness preservation to avoid annoying artifacts.

B. MINIMUM MEAN BRIGHTNESS ERROR BI-HE METHOD (MMBEBHE)

Still following the basic principle of the BBHE and DSIHE methods of decomposing an image and then applying the HE method to equalize the resulting sub-images independently, MMBEBHE proposed the minimum mean brightness error Bi-HE (MMBEBHE) method.

MMBEBHE is formally defined by the following procedure:

1. Calculate the AMBE for each of the threshold level.
2. Find the threshold level, X_T that yield minimum MBE,
3. Separate the input histogram into two based on the X_T found in step 2 and equalized them independently as in BBHE

Step 2 and 3 are straightforward process. Step 1 requires considerable amount of computation if one full BBHE process is required to calculate the AMBE for each of the possible threshold level, especially when the number of gray level is large. This could become a major drawback of MMBEBHE in real time implementation.

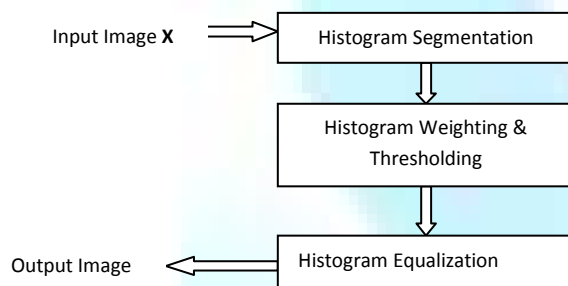
The main difference between the BBHE and DSIHE methods and the MMBEBHE one is that the latter searches for a threshold level X_T that decomposes the image I into two sub-images $I[0, X_T]$ and $I[X_T + 1, L-1]$, such that the minimum brightness difference between the input image and the output image is achieved, whereas the former methods consider only the input image to perform the decomposition.

Once the input image is decomposed by the threshold level X_T , each of the two sub-images $I[0, X_T]$ and $I[X_T + 1, L-1]$ has its histogram equalized by the HE process, generating the output image. Assumptions and manipulations for finding the threshold level X_T in $O(L)$ time complexity were made in MMBEBHE.

C. THE PROPOSED ALGORITHM

The proposed algorithm consists of three modules (see Figure 2): Histogram Segmentation, Histogram Weighting & Thresholding and Histogram Equalization. The histogram segmentation module takes the input image X , computes the input histogram $H(X)$ and divides the input histogram in two sub-histograms. The histogram weighting module modifies the sub histograms by using normalized power law function. Then combine the two sub images. Compute the histogram equalization on this image. This is the final output image.

FIGURE 2 FUNCTIONAL BLOCK DIAGRAM OF PROPOSED METHOD



1. HISTOGRAM SEGMENTATION

In principle, this module decomposes histograms in two parts. That is, it divides the input histogram $H(X)$ in two sub histograms. In fact, the module divides the input image based upon its mean value X_m . The mean value is computed as

$$X_m = \left(\sum_{k=0}^{L-1} k \cdot p(k) \right) / \left(\sum_{k=0}^{L-1} p(k) \right) \tag{9}$$

2. HISTOGRAM WEIGHTING AND THRESHOLDING MODULE

This module then modifies the input histogram as follows:

Let $P(k)$ is the probability density function of the original histogram.

(a) Compute both the highest probability p_{max} and the lowest probability p_{min} by using (10) and (11),

$$P_{max} = \max_{0 \leq k \leq L-1} P(k) \tag{10}$$

$$P_{min} = \min_{0 \leq k \leq L-1} P(k) \tag{11}$$

(b) Compute the upper threshold value P_u as

$$P_u = v * P_{max} \tag{12}$$

when : P_{max} is highest probability value of the original PDF

v is the number defines the upper threshold normalized to P_{max} ($0 < v < 1$). The value of v is taken as 0.5

(c) Compute the value of middle gray level X_G as:

$$X_G = (X_0 + X_{L-1}) / 2 \tag{13}$$

(d) Compute the value of Beta as

$$Beta = (P_{max} * (|mid - I_G|) / I_G) \tag{14}$$

(e) Calculating weighted thresholded probability density function for each sub image

$$P_{wt}(k) = \begin{cases} P_u & \text{If } P(k) > P_u \\ \left(\frac{P(k) - P_l}{P_u - P_l} \right)^r + P_l + beta & \text{If } P_l \leq P(k) < P_u \\ P_l & \text{If } P(k) < P_l \end{cases} \tag{15}$$

Where $P_{wt}(k)$ is weighted thresholded probability density function

P_u is upper threshold

P_l is lower threshold

r is index of a normalized power law function ($r > 0$). The value of r is taken as 0.75

$k = 0, 1, 2, \dots, 255$

(f) Due to the above PDF modification, the sum of all the values $P_{wt}(k)$ from $k = 0$ to $L-1$ is no longer one, so the modified PDF needs to be normalized. The normalization is done by using (16). The resultant weighted and normalized PDF, called $P_{wn}(k)$, is then forwarded to the next histogram equalization module.

$$P_{wn}(X_k) = \frac{P_{wt}(X_k)}{\sum_{k=0}^{L-1} P_{wt}(k)} \tag{16}$$

3. HISTOGRAM EQUALIZATION

The task of histogram equalization is to compute cumulative density function and produce the output image using equations (4), (5) and (6).

AN INSIGHT ON THE RESULTS PRODUCED BY HE METHODS

The previous sections described methods which use HE for preserving the brightness of gray-level images. Figure 3 shows, for the lena image, the output images and respective histograms produced by these HE methods. This method is experimented the techniques on 4 images. Three quality measures have been used to access the image quality. Quality measures used are:

i) MEAN SQUARE ERROR:

Assuming that N is the total number of pixels in the input or output image, MSE (Mean Squared Error) is calculated through equation (17).

$$MSE = \frac{\sum_{i,j} (f(i,j) - g(i,j))^2}{N} \tag{17}$$

ii) PEAK SIGNAL TO NOISE RATIO:

Based on MSE, PSNR is then defined as (18). Note that the greater the PSNR, the better the output image quality.

$$PSNR = 10 \log_{10} \frac{(L-1)^2}{MSE} \tag{18}$$

iii) ENTROPY:

For a given PDF p , entropy $Ent[p]$ is computed by (19). In general, the entropy is a useful tool to measure the richness of the details in the output image.

$$Ent[p] = - \sum_{k=0}^{L-1} p(k) \log_2 p(k) \tag{19}$$

iv) AVERAGE MEAN BRIGHTNESS ERROR (AMBE)

AMBE is used to measure the image brightness. For an input image X and output image Y , AMBE is given by:

$$AMBE = |XM - YM|, \tag{20}$$

where XM is the mean of the input image $X = \{X(i, j)\}$ and YM is the mean of the output image $Y = \{Y(i, j)\}$.

In this paper, AMBE is used to determine the image brightness. MSE is used to access the image quality. Lower the value of MSE better is the image. While both PSNR and entropy are employed to quantitatively assess the degree of contrast enhancement. In addition, for the qualitative assessment of contrast enhancement, we visually inspect the output image and see if it retains an appearance which is quite natural.

In turn, Table 1 shows the values of AMBE, Table 2 shows the values of the MSE, Table 3 shows values for PSNR, Table 4 shows values for Entropy for the four naturally existing images *living room*, *woman blonde*, *lena* (512), *pirate*.

TABLE 1: ABSOLUTE MEAN BRIGHTNESS ERROR (AMBE) IS USED TO ASSESS THE IMAGE BRIGHTNESS

| IMAGE | CHE | BBHE | MMBEBHE | PROPOSED |
|--------------|-------|---------|---------|----------|
| living room | 7.64 | 12.05 | 20.93 | 9.53 |
| woman blonde | 6.31 | 8.08 | 27.18 | 4.58 |
| pirate | 16.83 | 13.25 | 13.42 | 5.66 |
| lena | 4.22 | 7.95 | 16.92 | 3.84 |
| Average | 8.75 | 10.3325 | 19.6125 | 5.9025 |

TABLE 2: MEAN SQUARED ERROR (MSE)

| IMAGE | CHE | BBHE | MMBEBHE | PROPOSED |
|--------------|---------|---------|---------|----------|
| living room | 100.63 | 89.47 | 170.44 | 46.07 |
| woman blonde | 132.73 | 85.52 | 190.48 | 80.89 |
| pirate | 37.23 | 49.32 | 173.69 | 48.93 |
| lena | 103.88 | 89.24 | 169.60 | 81.29 |
| Average | 93.6175 | 78.3875 | 176.053 | 64.295 |

TABLE 3: PEAK SIGNAL TO NOISE RATIO (PSNR) IS USED TO QUANTITATIVELY ASSESS THE CONTRAST ENHANCEMENT

| IMAGE | CHE | BBHE | MMBEBHE | PROPOSED |
|--------------|--------|-------|---------|----------|
| living room | 28.10 | 28.61 | 25.81 | 31.49 |
| woman blonde | 26.90 | 28.81 | 25.33 | 29.05 |
| pirate | 32.42 | 31.20 | 25.73 | 31.23 |
| lena | 27.96 | 28.62 | 25.83 | 29.03 |
| Average | 28.845 | 29.31 | 25.675 | 30.2 |

TABLE 4: ENTROPY IS ALSO USED TO QUANTITATIVELY ASSESS THE CONTRAST ENHANCEMENT

| IMAGE | CHE | BBHE | MMBEBHE | PROPOSED |
|--------------|-------|--------|---------|----------|
| living room | 7.00 | 7.00 | 6.95 | 7.19 |
| woman blonde | 6.75 | 6.70 | 6.69 | 6.90 |
| pirate | 7.15 | 7.14 | 7.13 | 7.20 |
| lena | 7.32 | 7.31 | 7.32 | 7.41 |
| Average | 7.055 | 7.0375 | 7.0225 | 7.175 |

Here, we have two goals: brightness preserving and contrast enhancement. So AMBE is used to assess the degree of brightness preservation, while MSE, PSNR and Entropy are employed to quantitatively assess the degree of contrast enhancement. In addition, for the qualitative assessment of contrast enhancement, we visually inspect the output image and see if it retains an appearance which is quite natural.

A. Assessment of Brightness Preservation

Table 1 shows a matrix of AMBE values, where rows correspond to 4 test images and columns correspond to 4 HE-based methods. Here, Proposed method produces the minimum values for AMBE for all images. Based on these observations, we learn that Proposed method is the best brightness preserving method.

B. Assessment of Contrast Enhancement

Table 2 shows a matrix of MSE and Table 3 shows a matrix of PSNR values. Its size and structure are the same as in Table 2. Remember that the greater the PSNR, the better the image quality. Proposed method makes the highest scores in all test images

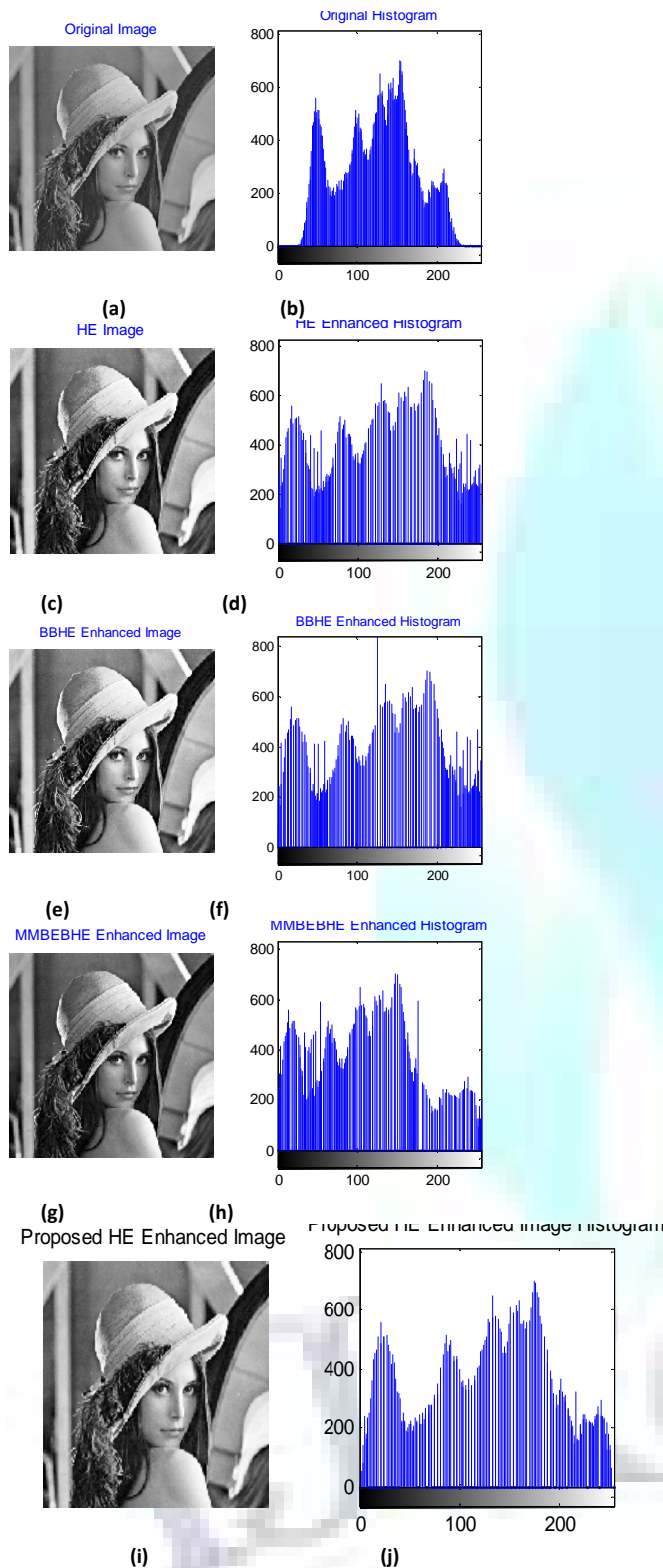
A matrix of entropy values are given in Table 4. In general, the higher the entropy is, the richer details and information the image holds. A careful examination of the entropy values reveals that Proposed method produces good comparative results in all images.

C. Inspection of Visual Quality

In addition to the quantitative evaluation of contrast enhancement using the PSNR and entropy values, it is also important to qualitatively assess the contrast enhancement. The major goal of the qualitative assessment is to judge if the output image is visually acceptable to human eyes and has a natural appearance.

Test result for image lena are as shown below in figure 3:

FIGURE 3: RESULT OF HE METHODS. (A) ORIGINAL IMAGE (B) HISTOGRAM OF ORIGINAL IMAGE (C)-(H) CHE, BBHE, MMBEBHE ENHANCED IMAGES AND THEIR RESPECTIVE HISTOGRAM (I) PROPOSED METHOD IMAGE (J) HISTOGRAM OF PROPOSED METHOD IMAGE



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