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DEVELOPMENT OF WOMEN ENTREPRENEURS IN KARNATAKA: SCHEMES AND MEASURES**SUNANDA.V.M.****RESEARCH SCHOLAR****DEPARTMENT OF MANAGEMENT STUDIES AND RESEARCH****KUVEMPU UNIVERSITY****SHANKARGHATTA****DR. HIREMANI NAIK R.****PROFESSOR & CHAIRMAN****DEPARTMENT OF MANAGEMENT STUDIES****KUVEMPU UNIVERSITY****SHANKARGHATTA****ABSTRACT**

An entrepreneurial activity leads to economic growth and helps to reduce poverty, creates middle class and foster stability. Women entrepreneurs are not sufficiently represented among the business community in India. Most women opt for household management after wedding and breadwinning responsibilities are left to the men. In recent days, there has been a shift in this attitude due to urbanization and women empowerment. To boost women into own business and promote women entrepreneurship, the Karnataka Government taken various steps to design and implement the policies to foster Women Entrepreneurship and reap the benefits of its activities. In this paper an attempt is made to understand the schemes offered by government to encourage the Women into venture.

KEYWORDS

women Entrepreneur, Schemes, TREAD, MEME's, KIADB, KSSIDC.

INTRODUCTION

An entrepreneurial activity leads to economic growth and helps to reduce poverty, creates middle class and foster stability. Women entrepreneurs are not sufficiently represented among the business community in India. Most women opt for household management after wedding and breadwinning responsibilities are left to the men. In recent days, there has been a shift in this attitude due to urbanization and women empowerment. Women are as tough as the men, and not dependent on special incentives and concessions. Similarly, women entrepreneurs are stronger than male entrepreneurs. Entrepreneurs give security to other people; they are the generator of social life. In order to awaken the people, it is the women who have to be awakened. Once, she is on move, the family moves, the village moves and the nation moves. Women entrepreneur is a person who makes decision under alternative course of action. The growth and development of women entrepreneurs required to be accelerated because entrepreneurial development is not possible without the participation of women. There is a need of Government, non-Government, promotional and regulatory agencies to come forward and play the supportive role in promoting the women entrepreneur in India. The Government of India has also formulated various training and development cum employment generations programs for the women to start their ventures.

WOMEN ENTREPRENEURSHIP

When we speak about the term Women Entrepreneurship, it means an act of business ownership and business creation which empowers the women economically, increases their strength and position in the society.

REVIEW OF LITERATURE

Anjali Singh (2014)¹, conducted a study on Role of Women Entrepreneurs in India: a SWOT analysis. In her study, she observes women enter into business to make use of business opportunities. Women entrepreneurs have indigenous ideas to establish and operate their own businesses and today's government taken various steps for the upliftment of women entrepreneurs in every five year plans. They are contributing to the economic growth of the country.

Jawaharlal Nehru and Shubhra Bhardwaj (2013)², Entrepreneurship has a male dominated phenomenon from very early age, but today situation changed, women are considered as most memorable and inspirational entrepreneurs. As per their observation, vision was one of the key characteristic of successful women entrepreneurs. Since 1980's Government of India has shown increasing concern for women issues through a variety of legislations promoting the education and political participation of women. Also, financial and Non-financial institution offers several packages to encourage the women into venture.

Anita Mehta and Mukund Chandra Mehta (2011)³, Rural women have got restricted mobility especially in India. Mobility constraint has been solved to certain extent by the explosion of Information technology and telecommunication facilities. Create a favorable atmosphere to increase self-employment for women and they need capacity building and training in functional areas such as marketing, production, managerial skills etc.

Bharathi V. Sunagar and Megha Jigalur (2013)⁴, they conducted a study on Critical Issues of Women Entrepreneurship with special reference to specific business units in North Karnataka. They consider entrepreneur is coach then captain. Rural women encouraged to start cottage industry. They noticed women's contribution to development is seriously underestimated and their social recognition is limited. Among other states Karnataka have more women entrepreneurs. Indian women are no inferior to men in all walks of life and they can be a good entrepreneur. Women managers were contributing more than men in their companies. Women entrepreneurs face multiple problems. Today, women participation in field of entrepreneurship increased at considerable rate but still efforts are required to be taken over come the barriers as compare to other countries. There is a need for support from all the aspects from government and society.

Mallikarjun Maradi and Paramanand Dasar (2013)⁵, they conducted a study on the strategic role of women entrepreneurship with reference to Indian economy: hurdles and empowerment. They revealed that the Indian female entrepreneurs generating more wealth than the women in any part of the world. Entrepreneurship is recognized as a vehicle for economic growth. Social customs, caste restriction, cultural restraints and norms leave women lagging behind men. But given the opportunity, direction and guidance, they are capable of overcoming these limitations.

OBJECTIVES OF THE STUDY

1. To explore the reasons why women to start their own business.
2. To understand the Karnataka government schemes to motivate women towards entrepreneurship.

METHODOLOGY

The study focuses on extensive study of Secondary data collected from various books, Journals, Published Reports of MSME's, Newspapers, publications from various websites which focused on various aspects of Women Entrepreneurs.

REASONS FOR OPTING WOMEN FOR ENTREPRENEURSHIP

Women start entrepreneurship for various reasons. Main reasons for starting entrepreneurship are:

- The desire to build wealth
- The wish to capitalize on business ideas they had
- The appeal of startup culture
- Working for someone else did not appeal to them
- Innovative thinking
- Establishing an identity
- Self esteem
- Need for achievement
- Need for economic independence
- Employment generation
- To be a role model for their children
- Success story of their friends and relatives
- Government policies and procedures
- Technology and increasing socio-economic awareness

GOVERNMENT SCHEMES FOR DEVELOPMENT OF WOMEN ENTREPRENEURS

Entrepreneurs in India enjoy a host of government backed schemes. Government backs so many schemes that promote new business and other entrepreneurial initiatives. Arranging financing is crucial for success of any kind of business. So, government offers many schemes that provide easy access of funds to needy entrepreneurs. Government and non-government organizations have offering many programmes for the development of women entrepreneurs in India. Government of India has formulated and developed various development and employment generation programmes to promote new business. These programmes are :

- **SEVENTH FIVE YEAR PLAN**

In the seventh five year plan, women treated as a specific target groups in major development programmes of the country. Special attention is given to increase the productivity and efficiency government suggested to develop and make use of new equipment, to assist women entrepreneurs in marketing the product produced by them.

- **EIGHT FIVE YEAR PLAN**

In the eight five year plan, Government devised special attention for the generation of income and employment generating activities for women in rural areas. To generate more employment opportunities for women KVIC took special measures in remote areas. Women co-operatives schemes were formed to help women in agro-based industries like dairy farming, poultry, animal husbandry, horticulture etc. with full financial support from the Government. Several other schemes like integrated Rural Development Programs (IRDPA), Training of Rural youth for Self-employment (TRYSEM) etc. were started to alleviate poverty. 30-40% reservation is provided to women under these schemes.

- **NINTH FIVE YEAR PLAN**

Economic development and growth is not achieved fully without the development of women entrepreneurs. Trade Related Entrepreneurship Assistance and Development (TREAD) scheme was launched by Ministry of Small Industries to develop women entrepreneurs in rural, semi-urban and urban areas by developing entrepreneurial qualities. Swarna Jayanti Gram Swarozgar Yojana and Swarna Jayanti Sekhari Rozgar Yojana were introduced by government to provide reservations for women and encouraging them to start their ventures. SIDBI introduced Mahila Udyam Nidhi, Mahila Vikasa Nidhi, MicroCredit for women, EDPs and Market Development for Women.

- **TENTH FIVE YEAR PLAN**

This plan is designed to enhance the capacity of women and empower them to cope with the negative economic and social impacts of globalization process. To empower the women as agent of socio-economic change. Highlighted point of the policy is to increase women's access to credit through setting up of Development Bank for women entrepreneurs in the small and tinny sectors.

- **TWELFTH FIVE YEAR PLAN**

There is a provision for refinance loan for women entrepreneurs to extend their involvement in economic activities. In order to promote participation of women in manufacturing sector, this plan supports the promotion of manufacturing skills in production activities with special emphasis on skill development to women belongs to marginalized sections. Entrepreneurial assistance given to women to start their venture.

Recently Micro Units Development and Refinance Agency (MUDRA) Bank set up by Indian Government for the development and refinancing activities relating to micro units. The purpose of MUDRA is to provide funding to the non-corporate small business sector. Loans worth about Rs 1 lakh crore have been sanctioned to small entrepreneurs under the Pradhan Mantri MUDRA Yojana. MUDRA has created three products i.e. 'Shishu', 'Kishore' and 'Tarun' as per the stage of growth and funding needs of the beneficiary micro unit.

KARNATAKA GOVERNMENT POLICIES TO ENCOURAGE A WOMEN INTO VENTURE

Women entrepreneurs face many hurdles like limited access to finance, unfavourable policies, regulatory barriers, lack of access to markets and lack of access to trusted networks. By removing hurdles Karnataka Government offers enormous opportunities for women who want to set up and run any type of business.

Economic development and development is not achieved fully without the development of women entrepreneurs. Government wants youth to be job creators than job seekers. So, Karnataka Government has introduced certain schemes to foster entrepreneurship. As per 2009-2014 Industrial Policies, Karnataka government took thrust for the promotion of self-employment by local youth through proper backup support and facilitation. All efforts made to inculcate entrepreneurial qualities among youth, with a special focus on women entrepreneurs. More thrust given to motivate youth belonging to under privileged sections of the society. CEDOK will take active role in motivating youth towards entrepreneurship. To motivate the prospective entrepreneurs, guidance cell in the DIC strengthened.

As per fourth MSMEs Census, Karnataka have 51.9 per cent of the country's women owned business. It indicates Karnataka has an excellent ecosystem for women entrepreneurs. According to the New Industrial Policy of 2014-19, government aim is to encourage women entrepreneurs and give a special thrust to women entrepreneurship and to improve the contribution of women entrepreneurs and facilities creation of more women enterprises in the state in the next five years. Karnataka Government is encouraging the women entrepreneurs by sponsoring delegations to various National & International trade fairs.

HIGHLIGHTS OF POLICIES

- To promote two industrial areas in the state for women at potential locations such as Hubli-Dharwar and Harohally in Kanakapura District.
- Reservation of 5% of plots/sheds in industrial areas developed by KIADB/KSSIDC for Women entrepreneurs in future.
- Exclusive cluster for women in textile, gems and jewellery.
- Trained entrepreneurs by CEDOK or recognized training institutions will be provided with low interest startup loans (with interest subsidy) and flexible repayment schedule.
- State to introduce Entrepreneurship Development Programmes exclusively for prospective women entrepreneurs.
- MSMEs promoted by women entrepreneurs will be encouraged by multiple concessions and schemes.
- Special thrust for encouraging SC/ST entrepreneurs.

- To introduce Entrepreneurship Development Programmes exclusively for prospective women entrepreneurs.
- Reimbursement of the cost of preparation of project reports to the extent of Rs 2 lakh per unit.
- Investment promotion subsidy will be given to micro, small and medium manufacturing enterprises based on value of fixed assets (VFA). The extent of the subsidy will be based on the type of enterprise and whether it is located in Karnataka area or not.
- Exemption of MSMEs from stamp duty
- Concessional registration charges for MSMEs.
- Reimbursement of Land Conversion Fee.
- Exemption from entry tax- for 100 per cent exemption from payment of entry tax on 'plant & machinery and capital goods 'for a period of three years from the date of commencement of project
- Subsidy for setting up ETPs for manufacturing MSMEs. One-time capital subsidy of up to 75 per cent of the cost of ETPs, subject to a ceiling

MEASURES

Government of Karnataka had taken various measures to implement the policies. Training programmes specially introduced by government to promote women towards entrepreneurship. For this purposes District Industrial Centre's are established. 5 per cent subsidies are given to encourage women towards entrepreneurship. Entrepreneurship Development Programmes are conducted to enrich the knowledge of women entrepreneurs.

RECOMMENDATIONS

- Make industrial areas women friendly. Include crèche for children of working mothers.
- To make industrial estates fully equipped with a police station, school, and green buffer zone with trees to reduce noise level.
- Build awareness on multiple schemes being run by the government for women entrepreneurs.
- Create timeline for implementation and publish a dashboard that leads to vision document for the future.
- To create common place (market) for display of project.
- Need for incubation centres which can focus on small startups and help them get going.

CONCLUSION

Today women entrepreneurs face many hurdles like limited access to finance, unfavourable policies, regulatory barriers, lack of access to markets and lack of access to trusted networks. So, Karnataka state government formulates many new policies for women entrepreneurs in order to overcome the obstacles. Women were makes use of government schemes and now they are recognized as successful women entrepreneurs. Even though, through these schemes, government fails to increase the ecosystem and GDP by women entrepreneurs. At present Karnataka state government percentage of the money leakage increased. Government has to take necessary measures to build awareness on schemes offered by government for youths and women. Many women entrepreneurs are unaware of the schemes. Local bodies to conduct awareness camp to create awareness among women. Let us see, how Karnataka Industrial Policy (2014-19) is implacable.

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EMPIRICAL ANALYSIS AND FINANCIAL IMPLICATIONS OF THE IMPACT OF OUTAGES ON THE REVENUE LOSS: A CASE OF RELIANCE COMMUNICATIONS

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ABSTRACT

On account of the substantial growth in the telecommunication sector of India, the service providers are expected to provide reliable and consistent network services to their customers. On top of that, the service providers have to struggle between managing their revenue which gets affected by increasing number of outages per day. The present study undertakes the case of Reliance Communications and attempts to analyze the impact of outages on their revenue generation. The data on outages per day and average revenue was obtained from three different tower sites of Reliance Communication in the Maharashtra-Pune-Goa circle; 'Very High Revenue Earning Sites', 'High Revenue Earning Sites' and 'Moderate Revenue Earning Sites'. Findings show that revenue loss increases with every unit increase in the outages indicating a strong and positive association between outages and loss in revenue. The study also identifies the tower sites present in this circle which faces heavy losses due to frequent outages.

KEYWORDS

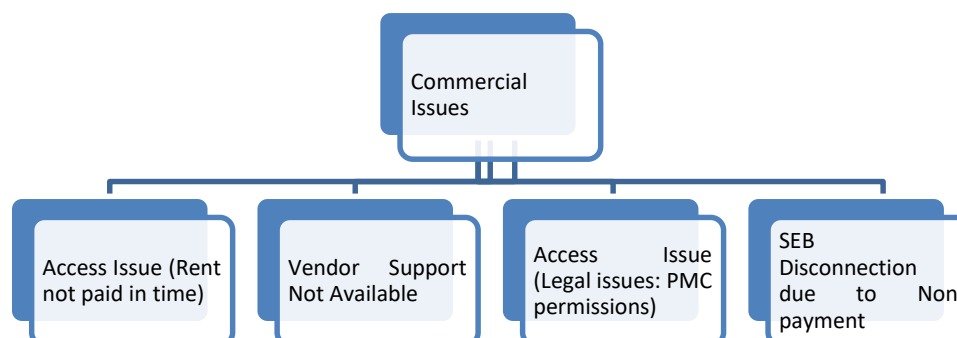
outage, revenue loss, Reliance Communications.

1. INTRODUCTION

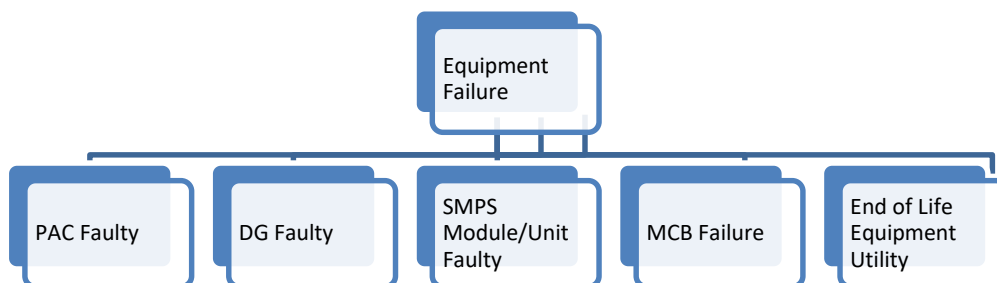
Since the last decade, there has been a substantial growth in telecommunication services in India which has resulted to an increase in demand for smooth, reliable and consistent network availability among the customers (Business Standard, 2014). The service providers, therefore, need to cater to this demand in order to survive in the industry, generate profit and improve customer satisfaction. According to the report published by the National Association of Software and Services Companies (2014), the telecom network has to be built and designed resilient enough that has low downtime and also low recovery time. One of the major challenges faced by this industry is dealing with frequent occurrence of outages (Business Standard, 2014). The term "Outage" refers to the occasions when mobile network is down or inaccessible. Outages are unplanned in nature and a usual-restoration process of outage involves several steps having prolonged lead times. There can be multiple field visits by the preventive maintenance team which are important to locate, identify, and fix the cause code of outages. Because of outages, the network services of the telecom providers become deficient that leads to increased dissatisfaction of the customers who may shift to other telecom providers. Therefore, the revenue lost by the telecom providers because of outages has to be analyzed and reduced so that the operational cost of the tower sites are kept under control and customer satisfaction is enhanced.

The reasons for outages in telecommunication industry are manifold. One particular reason/cause code cannot be assigned to the towers being non-operational. Rather a sequence of events is triggered by outages that lead to disruption of service. For instance, in case of late payment of electricity bill of a particular tower site to MSEB (Maharashtra State Electricity Board), MSEB will temporarily suspend the electricity services of that tower site. In order to make tower sites function, DG back up is used which has a maximum power back of 4 hours after the expiry of which it has to be shut down for the cooling period. Because of DG backup in resting period, the tower sites remain non-operational. As per the various reports of Reliance Communications, the reasons can be categorized as under:

a. COMMERCIAL ISSUES

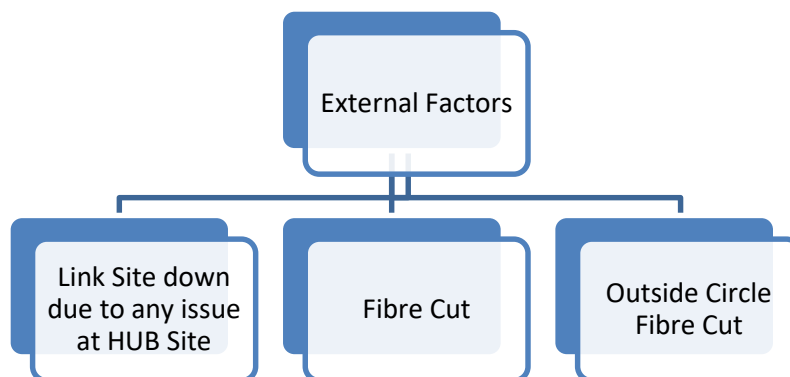


- **Access Issue (Rent not paid in time):** This issue mainly deals with the rent not being released on time to the owner of the tower sites of which Reliance is the tenant. This further has implications in terms of restricting the access to tower sites by the owner followed by closure of the tower sites leading to outages thus disrupting the network and therefore the services become deficient resulting in loss of revenue by Reliance.
 - **Vendor Support Not Available:** Sometimes the tower sites remain non-operational on account of non-availability of vendor support. The site maintenance work is on contractual basis with the vendors. Sometimes, the scheduled preventive maintenance audit of a particular tower site may be delayed which results in delayed identification of the potential faulty equipment requiring immediate replacement thereby leading to outages when actually the exchange equipment do turn faulty rendering the sites non-operational.
 - **Access Issue (Legal):** While drafting the agreement for tower sites taken on rent i.e. landowner’s agreement, there exists huge legalities to be finalized in order to take approvals and permissions from PMC (Pune Municipal Corporation) so as to make tower sites functional. The time lag between filing of requisite affidavits by the company and receipt of approvals from PMC accounts for the one of the reasons for the tower sites being non –operational.
 - **SEB Disconnection due to non-payment:** This is one of the major cause codes for the occurrence of outages. The prolonged delay in releasing the payments to MSEB (Maharashtra State Electricity Board) by the Reliance Infratel Team results in outages as MSEB temporarily suspends the electricity supply to the tower sites if payment is not received on time.
- b. **EQUIPMENT FAILURE**



- **PAC Faulty:** There are certain defined temperature bands for the equipments used in the telecom tower sites. BTS (Base Transceiver Station) equipment is used to facilitate wireless communications where all the communication networks & equipment are housed and protected. PAC equipment i.e. air conditioning equipment is used in the BTS in order to maintain the rising temperature band and humidity control beyond which the electrical equipment will not function properly, which if risen would lead to the disruption of the services resulting in outages.
- **DG Faulty:** The foremost requirement of a BTS site is regular and consistent power supply, which could be available through MSEB (main line), Diesel Generator (DG) and batteries. When the power supply from the main line fails then DG is used as a back up to provide power supply to BTS but DG has a working life of 3-4 hours after which it needs to be shut down for cooling. DG faulty issue arises when DG has been overused or diesel i.e. lubricant oil required to operate DG is not filled in time leading to outages, thus resulting in tower sites being non-operational.
- **SMPS Module/Unit Faulty:** SMPS stands for Switched Mode Power Supply which is used in telecom tower sites to convert AC power supply to DC. Most of the equipment installed in tower sites requires DC voltage for being operational. Therefore, if SMPS module becomes faulty, the other equipment that requires DC voltage will not function resulting in outages.
- **MCB Failure:** MCB (Miniature Circuit Breakers) prevents the telecom equipments from breakdown to over power supply. MCB failure leads to breakdown of telecom equipments which are pertinent to the tower sites to be operational.
- **End of Life Equipment Utility:** This equipment facilitates connectivity between HUB and link sites through fibre optical cable. On account of failure of this equipment at HU site, the link sites dependent on the HUB sites will become non-operational resulting in massive outages and will significantly impact the revenue of the company.

c. **HUMAN ERROR**



- **Link Site down due to any Issue at HUB Site:** This issue arises when the HUB Site becomes non-operational due to any cause code mentioned above under different categories which significantly impacts the Link Sites as connectivity is disrupted rendering the services of the company deficient to the customers.
- **Fibre Cut:** There exists two types of connectivity between the telecom operator and the device (mobile handsets, landlines, modem, routers etc) that facilitates the delivery of network access and services to the customers: Fibre optical cable (underground connectivity) and microwave (airwave connectivity). If there is an occurrence of fibre cut in and around tower sites, then the connectivity is disrupted rendering the tower sites non-operational resulting in increased number of outages.
- **Outside Circle Fibre Cut:** Under this issue, sometimes the local/state authorities for the purpose of initiating any road work digs the land without identifying the fibre cable markings that further disrupts the service connectivity leading to outages thus rendering towers non-operational, Because of this reason, the telecom companies are incurring huge cable repairs and replacement costs thus significantly impacting their revenue.

2. **REVIEW OF LITERATURE**

Study conducted by Chayanum (2005) revealed human errors and operations failure to be the root causes behind outages. The study also explained that number of outages can be reduced only with best practice and this is important to ensure quality service. Townsend and Moss (2005) conducted a study on the issues with

the telecommunication infrastructure and mentioned that outages caused due to disturbance in the infrastructure are more damaging and widespread. O'Reilly et al (2005) talked about costs incurred by telecommunication service providers during a period of outage and also mentioned about its cascading impact on the infrastructure. Fernandes and Pakes (2008) conducted a study in India and found that firms that suffer from outage face heavy production losses. Isaksson (2009) In a report published by the Federation of Indian Chambers of Commerce and Industry (2012), it was mentioned that the power outages led to a revenue losses that went upto Rs 40000 per day. As per a report published by Intelligent Energy (2012), the Indian telecom industry has faced difficulties due to outages in excess of eight hours per day in the telecom sector. Alam's study also revealed that industries that are electricity intensive, increase in the frequency of power outage lowers the output and revenue (Alam, 2013). In a study conducted by Allcott, Wexler, and O'Connellú (2014) on Indian textile plants, it was seen that frequent number of outages have a severe impact on the output generation of smaller plants. Deloitte (2014) published a report on the growth of the telecom sector and focussed on the need for the service providers to be better equipped to reduce the number of outages. Study done by Fredrick and Selase (2014) on SMEs in Ghana revealed that more number of outages lead to a low profitability which in turn leads to a negative returns on assets. In a study done by Alban, Isaac and John (2014) among SMEs in Tanzania, it was found that the SMEs bear an enormous cost due to outages which in turn also affect their productivity. Matthewman and Byrd (2014) in their research mentioned about the fact that power outages lead to economic losses in terms of loss in sales and production. Siddiqui Ahmad and Athar (2015) conducted a study to find out outages impact the firm's profit and in return the GDP of the country. They found that more outages lead to minimize the firm's profit and in turn directly affects the GDP of the country. Forkuoh and Li (2015) showed a similar result which revealed that outages negatively impact the growth of the small and medium enterprises.

3. NEED FOR THE STUDY

The study is important to understand if the number of outage significantly affects the revenue loss incurred by Reliance. It is also important to analyze the reasons for outages in a comprehensive manner so as to reduce the frequency of occurrence in order to lower the financial impact of the outages on the revenue earned by the respective tower sites i.e. the part of the revenue that is lost because of outages that further leads to service disruption causing huge dissatisfaction among customers who might shift to some other telecom service provider thereby losing out the loyal as well as prospects customers for the company.

4. OBJECTIVES

- 4.1 find out if the change in daily outage impacts the change in the average revenue loss
- 4.2 identify the tower sites that face heavy losses due to outage

5. HYPOTHESIS FORMULATION

Based on the second objective, the following hypotheses have been formulated

H0: $\beta_1 = 0$

H1: $\beta_1 > 0$

Where, y = Revenue loss per day

x = Outage per day (in hours)

β_1 = Estimate of the effect of a unit change in outage per day (x) on the revenue loss (y)

6. RESEARCH METHODOLOGY

6.1 RESEARCH DESIGN

METHOD OF RESEARCH

- The method adopted for the study is quantitative in nature based on secondary data received from Reliance Communication.
- The data regarding the network outages for the month of March 2016 (from 9th – 31st March 2016) was received from the network team of Reliance and the respective quantum of outage minutes for 23 days was calculated for the following three categories:

Category A (Very High Revenue Earning Sites) which consists of tower sites of Reliance used by RCOM (Reliance Communications), RJIO (Reliance JIO) & other operators.

Category B (High Revenue Earning Sites) which consists of tower sites of Reliance shared by RJIO i.e. RCOM+RJIO

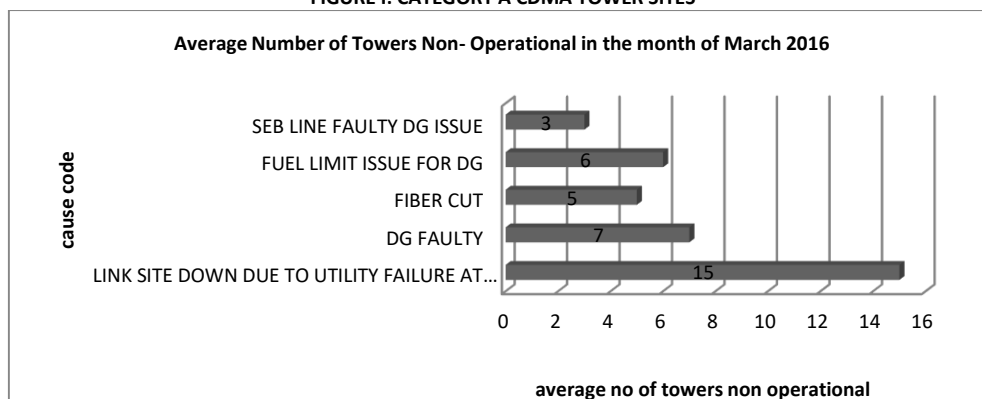
Category C (Moderate Revenue Earning Sites) which consists of tower sites of Reliance shared by RCOM only. Categories mentioned above.

- The average revenue as per industrial average was calculated for the all respective 3 categories mentioned above. For the purpose of calculating the average revenue for each category, the following 3 assumptions based on industrial average were considered:
 - i. The average number of customers assumed for Category A was 500, Category B was 400 and Category C was 300.
 - ii. The average minutes a customer might use the services of Reliance, are assumed to be 60 minutes for each of the 3 categories mentioned above.
 - iii. The average revenue earned is ₹0.4 per customer per call.
- The revenue loss for each of the category was calculated based on the average revenue outage per day in hours that was calculated on daily basis from. 9th-31st March, 2016.
- **Statistical Tools and Technique:** Simple Linear Regression Technique was used to find out how a unit increase in outage per hour impacts the average revenue loss.

7. RESULTS AND DISCUSSION

7.1 REASONS BEHIND THE NUMBER OF NON-OPERATIONAL TOWERS IN THE MONTH OF OF MARCH (9th to 31st) 2016

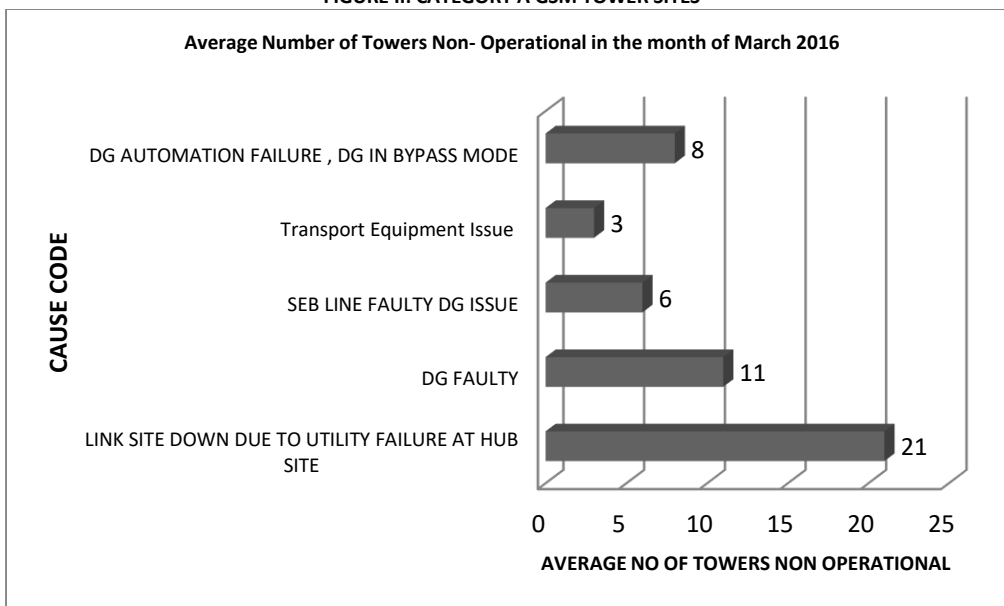
FIGURE I: CATEGORY A CDMA TOWER SITES



Source: Data collected from RCOM

For CDMA tower sites, the maximum proportion of average number of towers non-operational (41.67%) in the month of March 2016 has been attributed to the cause code "link site down due to utility failure at HUB Site" (FIGURE I). Out of 36 non-operational sites (being average for the month of March), 15 sites were non-operational because of Hub Site failure issue. HUB Site is basically a tower site on which atleast 5 other tower sites depends for signal transmission, so if 1 HUB Site is down or non-operational, then the sites which are dependent upon that particular HUB Site will be non-operational, thus losing out on the revenue for the time the sites remain non-operational. Other important reasons are DG Faulty, Fibre Cut and Fuel Limit Issue for DG.

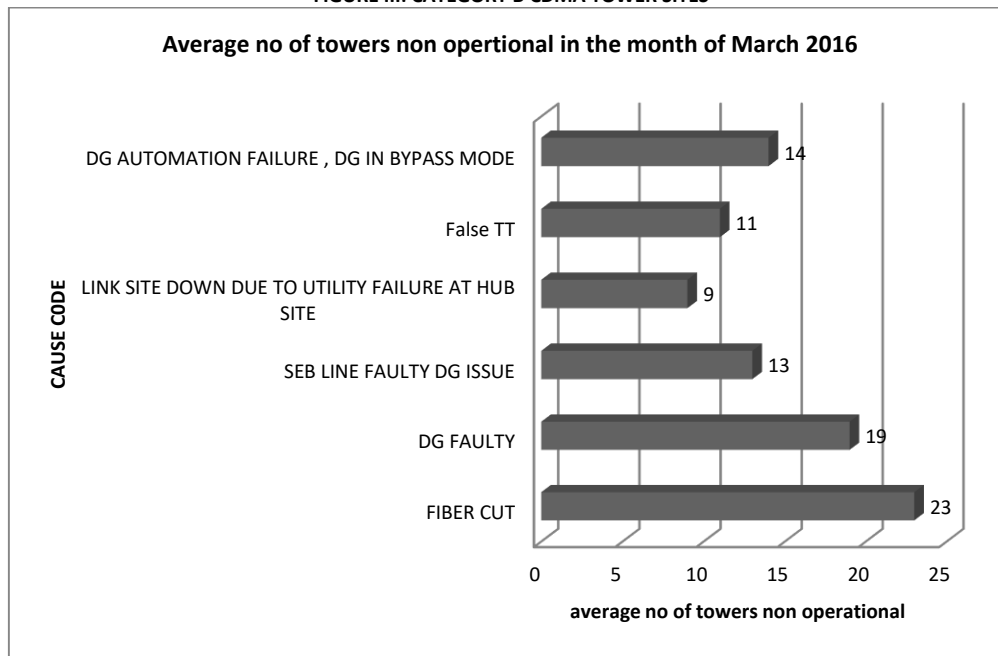
FIGURE II: CATEGORY A GSM TOWER SITES



Source: Data collected from RCOM

For GSM tower sites, the maximum proportion of average number of towers non operational (42.8%) in the month of March 2016 has been attributed to the cause code "link site down due to utility failure at HUB Site (FIGURE II). Out of 49 non operational sites (being average for the month of March), 21 sites were non operational because of Hub Site failure issue. The other reasons constitutes: DG Faulty (22.4%), DG Automation Failure (16.3%) & SEB Line Faulty DG Issue (12.24%).

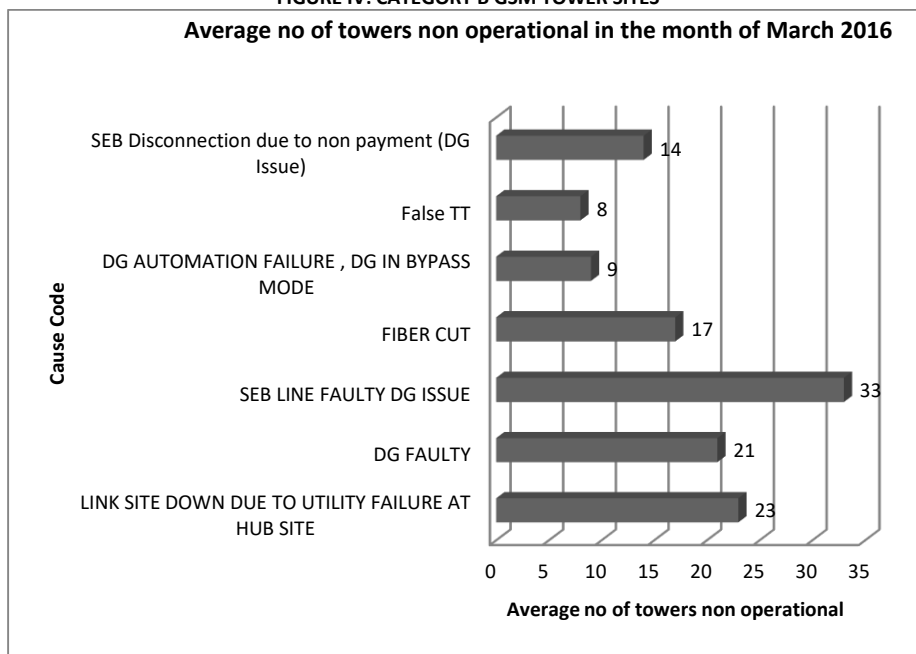
FIGURE III: CATEGORY B CDMA TOWER SITES



Source: Data collected from RCOM

For CDMA tower sites, the maximum proportion of average number of towers non operational (25.8%) in the month of March 2016 has been attributed to the cause code "Fibre Cut" (FIGURE III). Out of 89 non operational sites (being average for the month of March), 23 sites were non operational because of fibre cut around the tower sites, which results in tower sites internet and call outages thereby losing out on the revenue due to outages. The other prominent reasons constitutes as: DG Faulty (21.3%), DG Automation Failure (15.7%), SEB Line Faulty DG Issue (14.6%) and False TT (12.3%).

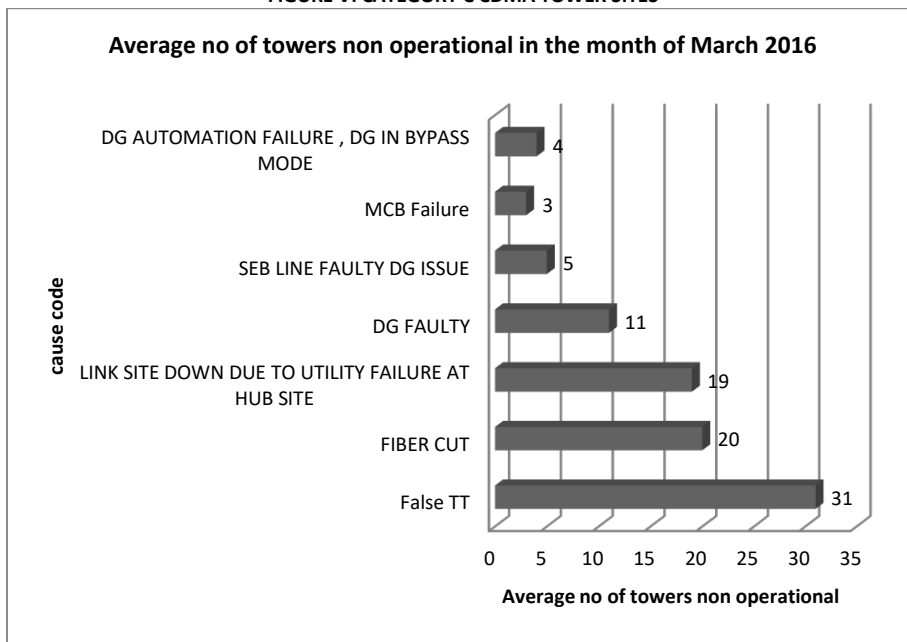
FIGURE IV: CATEGORY B GSM TOWER SITES



Source: Data collected from RCOM

For GSM tower sites, the maximum proportion of average number of towers non operational (26.4%) in the month of March 2016 has been attributed to the cause code “SEB Line Faulty DG Issue” (FIGURE IV). Out of 125 non operational sites (being average for the month of March), 33 sites were non operational because of SEB Line Faulty DG Issue. The other prominent reasons constitutes as: Link Site down due to utility failure at HUB Site(18.4%), DG Faulty(16.8%), Fibre Cut (13.6%), SEB Disconnection due to non- payment (DG Issue) (11.2%) respectively.

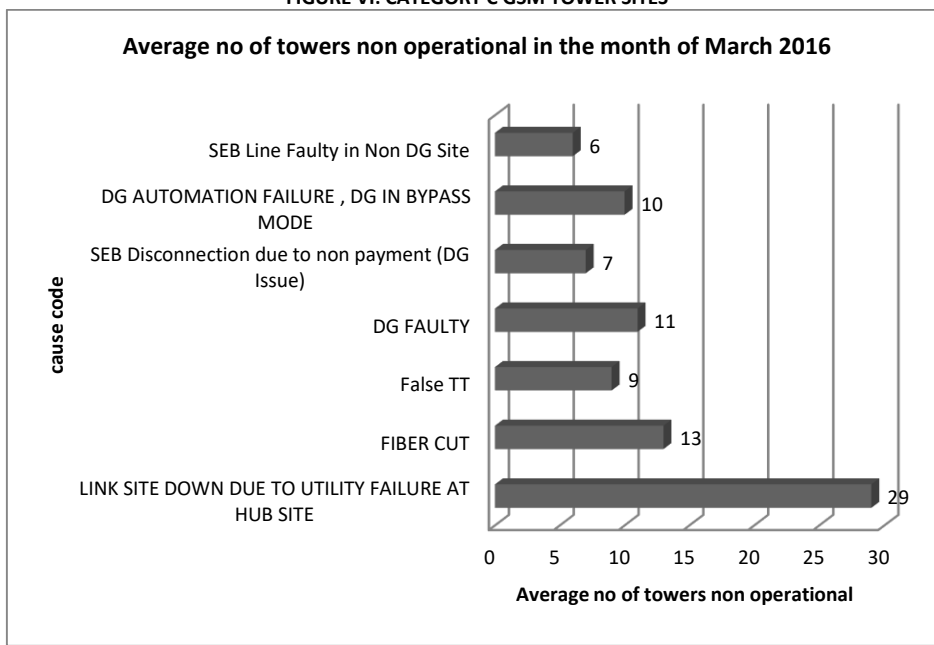
FIGURE V: CATEGORY C CDMA TOWER SITES



Source: Data collected from RCOM

In case of CDMA tower sites, the maximum proportion of average number of towers non operational (34%) in the month of March 2016 has been attributed to the cause code “False TT” (FIGURE V). Out of 93 non operational sites (being average for the month of March), 31 sites were non operational because of False TT Issue, which means that there has been a human error by the maintenance engineer (preventive maintenance team) in identifying the correct cause code for the outages and in ignorance other cause has been identified as the reason for the outage thereby generating the False TT (Trouble Ticket). As a result the real issue remains unidentified and is not rectified resulting in prolonged outages thereby substantially impacting the revenue collections from the tower sites. The other prominent reasons constitutes as: Fibre Cut (21.6%), Link Site down due to utility failure at HUB Site (20.4%)&DG Faulty (11.8%) respectively.

FIGURE VI: CATEGORY C GSM TOWER SITES

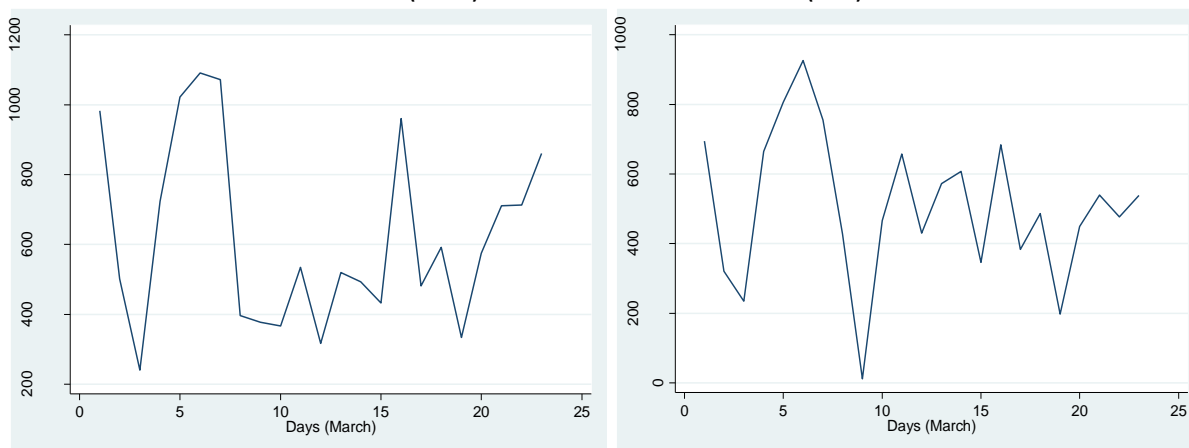


Source: Data collected from RCOM

In case of Category C GSM tower sites, the maximum proportion of average number of towers non-operational (34.1%) in the month of March 2016 has been attributed to the cause code “link site down due to utility failure at HUB Site “(FIGURE VI). Out of 85 non-operational sites (being average for the month of March), 29 sites were non-operational because of Hub Site failure issue. The other prominent reasons constitute as: Fibre Cut (15.3%), DG Faulty (12.9%) & DG Automation Failure (11.76%) respectively.

7.2 PATTERN OF CHANGES IN DAILY OUTAGE PER HOUR FOR THE MONTH OF MARCH (9th to 31st) 2016

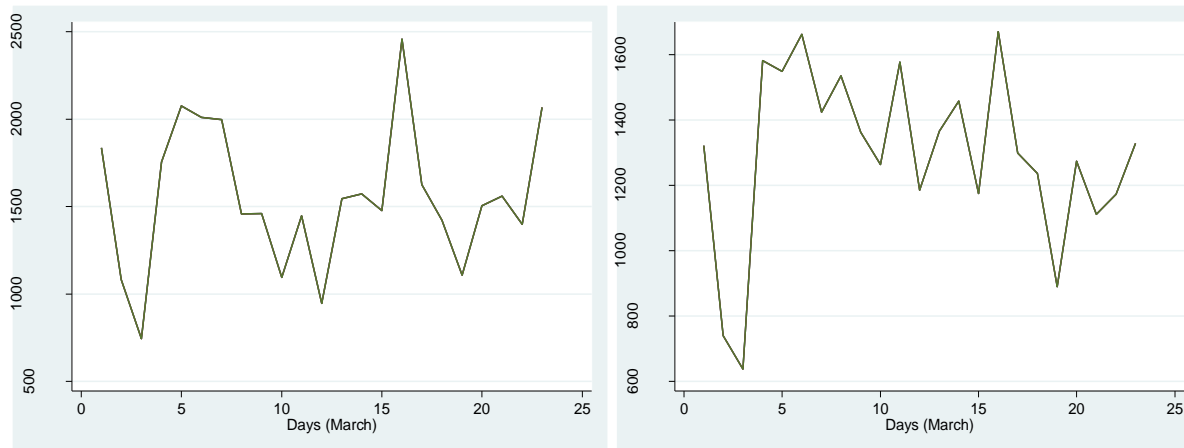
FIG. 1: CATEGORY A (CDMA) TOWER SITES & FIG. 2: CATEGORY A (GSM) TOWER SITES



In Category A CDMA Tower Sites (Fig 1), the highest combined outages of all sites per day in hours have been observed between 13th and 15th March, 2016, the reason being the “link site down due to utility failure at HUB Site”. As a result, the combined revenue so lost i.e. ₹ 497400 has been the highest in this month. Against combined average revenue earned i.e. ₹ 9720000, of all the non-operational sites on per day basis, on an average, ₹2335074 has been lost on account of outages resulting in closure of tower sites. For this category, the combined proportion of revenue lost on account of non-operational sites due to outages has been 24.02% of the average revenue earned from those sites.

For Category A GSM Tower Sites (Fig 2), the highest combined outages of all sites per day in hours have been observed between 13th and 15th March, the reason being the “link site down due to utility failure at HUB Site”, & “DG Faulty”. As a result, the combined revenue lost i.e. ₹ 637080 has been the highest in this month. It can be concluded from the above table that against combined average revenue of ₹ 13608000 earned of all the non-operational sites on per day basis, ₹2859570 on an average has been lost on account of outages resulting in closure of tower sites. For this category, the combined proportion of revenue lost on account of non-operational sites due to outages has been 21.01% of the average revenue earned from those sites.

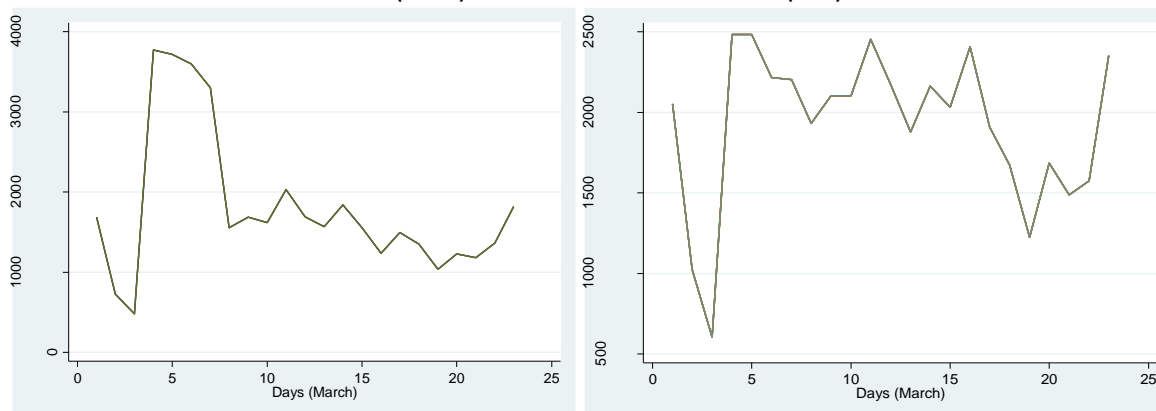
FIG 3: CATEGORY B (CDMA) TOWER SITES & FIG 4: CATEGORY B (GSM) TOWER SITES



For Category B CDMA Tower Sites (Fig 3), the highest combined outages of all sites per day in hours have been observed whole of the month except 10th, 11th & 27th March, the reason being the Fibre Cut, DG Faulty, DG Automation Failure, SEB Line Faulty DG Issue and False TT. Against combined average revenue earned i.e. ₹ 19507200, of all the non-operational sites on per day basis, ₹4772369.8956 on an average has been lost on account of outages resulting in closure of tower sites. For this category, the combined proportion of revenue lost on account of non-operational sites due to outages has been 24.47% of the average revenue earned from those sites.

For Category B GSM Tower Sites (Fig 4), the highest combined outages of all sites per day in hours have been observed whole of the month except 11th March and 19th March, the reason being the Link Site down due to utility failure at HUB Site, DG Faulty, Fibre Cut, SEB Disconnection due to non- payment (DG Issue) and SEB Line Faulty DG Issue. Against a combined average revenue earned i.e. ₹ 26236800, of all the non-operational sites on per day basis, ₹5702122.133 on an average has been lost on account of outages resulting in closure of tower sites. For this category, the combined proportion of revenue lost on account of non-operational sites due to outages has been 21.74% of the average revenue earned from those sites.

FIG 5: CATEGORY C (CDMA) TOWER SITES & FIG 6: CATEGORY C (GSM) TOWER SITES



For Category C CDMA Tower Sites (Fig 5), the highest combined outages of all sites per day in hours have been observed from 12th -15th March, the reason being the False TT, Fibre Cut, Link Site down due to utility failure at HUB Site & DG Faulty. It can be concluded from the above table that against combined average revenue earned i.e. ₹ 13219200, of all the non-operational sites on per day basis, ₹4984763.6 (on an average) has been lost on account of outages resulting in closure of tower sites. For this category, the combined proportion of revenue lost on account of non-operational sites due to outages has been 37.71% of the average revenue earned from those sites.

For Category C (GSM Tower Sites), the highest combined outages of all sites per day in hours have been observed whole of the month except 11th March, the reason being the Link Site down due to utility failure at HUB Site, Fibre Cut, DG Faulty, DG Automation Failure_It can be concluded from the above table that against combined average revenue earned i.e. ₹14011200, of all the non-operational sites on per day basis, ₹5306475.467 (on an average) has been lost on account of outages resulting in closure of tower sites. For this category, the combined proportion of revenue lost on account of non-operational sites due to outages has been 37.87% of the average revenue earned from those sites.

7.3 TESTING OF HYPOTHESIS

Tower Sites	Beta Coefficients	t stat	p-value
Category-A CDMA	203.283	9.304	.000
Category-A GSM	153.285	5.101	.000
Category-B CDMA	167.629	35.089	.002
Category-B GSM	153.941	13.256	.000
Category-C CDMA	119.353	16.362	.000
Category-C GSM	121.945	6.947	.010

The regression results reveal that in case of:

- Category A CDMA tower sites, a unit increase in the outage per day leads to an increase in the revenue loss by 203.283 units.
- Category A GSM tower sites, a unit increase in the outage per day leads to an increase in the revenue loss by 153.285 units.
- Category B CDMA tower sites, a unit increase in the outage per day leads to an increase in the revenue loss by 167.629 units
- Category B GSM tower sites, a unit increase in the outage per day leads to an increase in the revenue loss by 153.941 units
- Category C CDMA tower sites, a unit increase in the outage per day leads to an increase in the revenue loss by 119.353 units
- Category C GSM tower sites, a unit increase in the outage per day leads to an increase in the revenue loss by 121.945 units

At 95% level of confidence, the one tail t-value (for β > 0) and the corresponding p-values show that the beta coefficients are significant allowing to a rejection of the null hypothesis and acceptance of the alternate hypothesis.

7.4 TOWER SITES FACING HEAVY LOSSES DUE TO OUTAGE

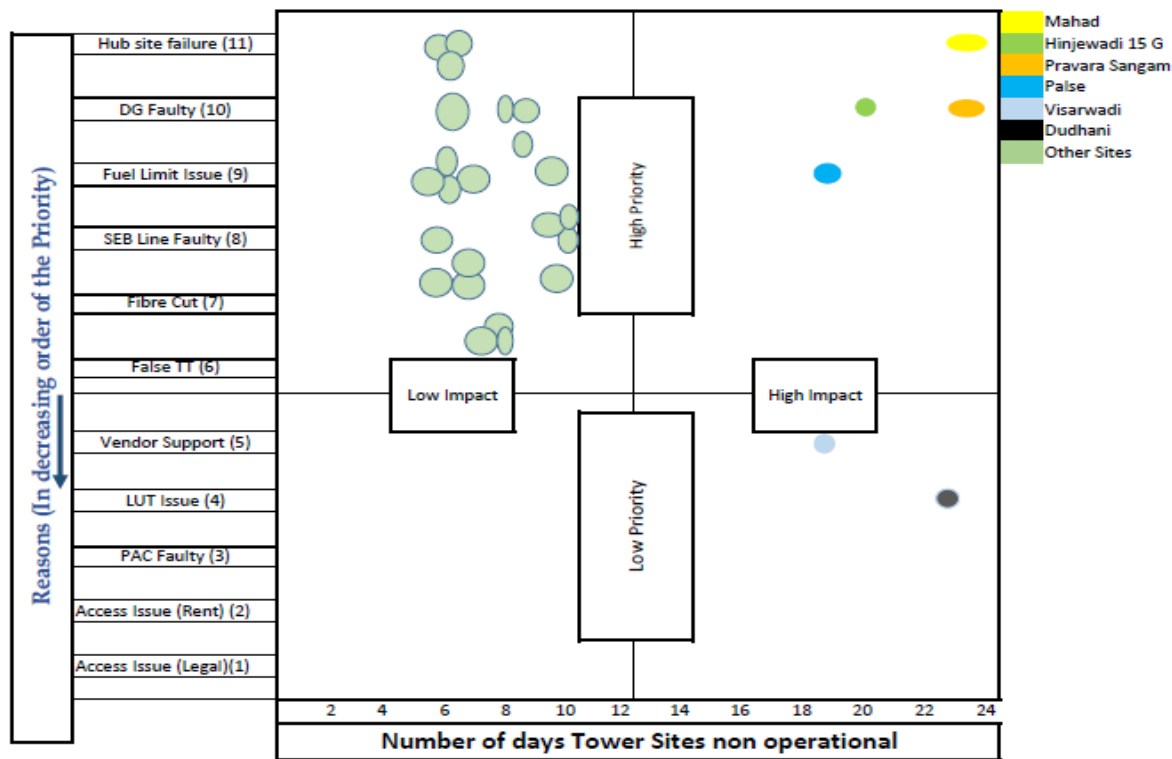
On reasonable identification and scrutinisation of the reasons for these tower sites being non-operational for all the 3 major categories, the main reasons fall under the following categories:

- **Equipment Failure Issue:** DG Faulty
- **Preventive Maintenance Team Errors:** False TT, Fuel Limit Issue for DG, SEB Line Faulty due to non-payment
- **Some external factors:** HUB Site Issue, Fibre Cut

After careful analysis of the outage data, the following tower sites (category wise) have been identified to be heavy loss incurring sites, which has been decided on the basis of number of days a particular tower site was non-operational.

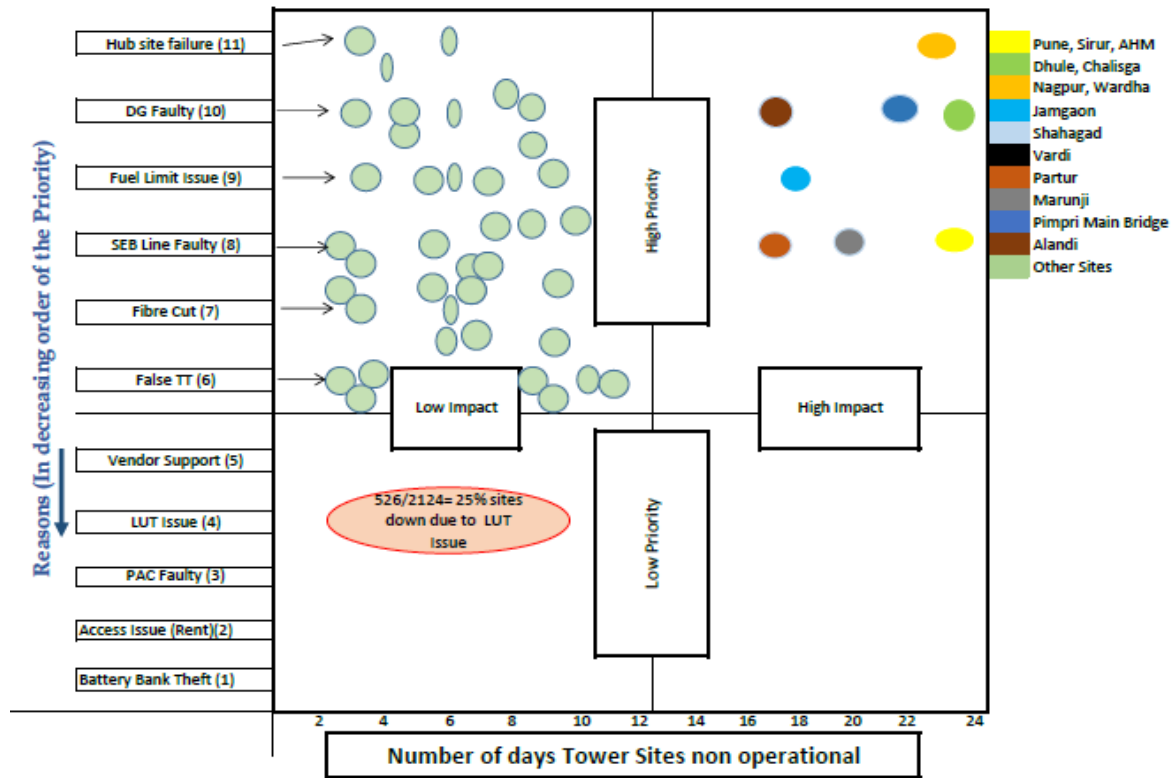
For all the categories, the reasons have been plotted on Y axis in decreasing order of priority on the basis of ascertainment of number of days a tower site was non-operational. The number besides the reasons plotted on Y axis signifies that reason to be the major reason for outages for Category A Tower sites. For example, the Hub Site failure issue has been allotted number 11, which signifies that this issue is the most prominent reason behind the outages for Category A sites calculated on the basis of number of days a tower site has been non-operational. In the similar manner, the other reasons have been assigned number besides them.

CATEGORY A



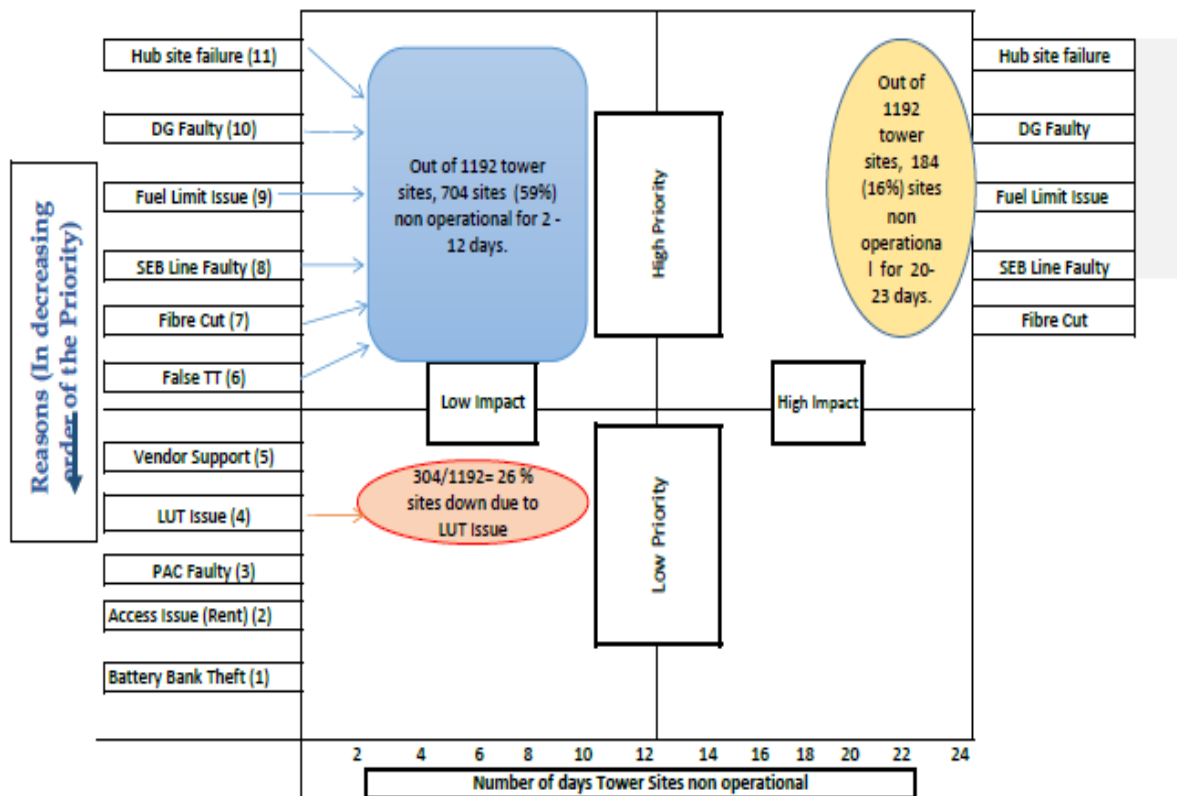
From the above diagram, the tower sites in 1st quadrant represent the number of days the sites were non-operational on account of outages and the reasons for the same have been plotted on X-axis. For example, Mahad tower site was non-operational for 23 days in the month of March 2016 because Hub Site to which Mahad is linked was down on account of outages. Therefore, it comes under the “High Impact-High Priority” category. The same could be interpreted for the other tower sites falling under the 1st Quadrant. For the tower sites falling under 2nd Quadrant, it can be concluded from above that majority of the tower sites were non-operational from 2-10 days reasons being HUB Site Issue, Fuel Limit Issue, Fibre Cut & SEB Line Faulty. These come under “High Priority-Low Impact” category as the tower sites falling under his category were non-operational for less number of days as compared to the tower sites in 1st Quadrant.

Some of the tower sites falling under 2nd Quadrant that remained non-operational for more than 5 -10 days, are mentioned below:
 SwargateVega Centre, Rukadi, Arjun Building, Panvel Mahad C, SHEWALWADI JAKAT NAKA, Yogayog Karyalay, Viman Nagar 3, Ambegaon Pathar, Parvati Industrial Estate, Yeshwant Nagar, Rajegaon, Bavdhan gaon, Sasanenagar, Umri Pragane Balapur, Khardi Road Gaon, Panchwati Pashan, Guruwarpeth Karad, Mohmmad-wadi, Yawat, Waluj Bk, Musalgaon, DRDO, Kurulinanekarwadi, Dangechowk



From the above diagram, the tower sites in 1st quadrant represent the number of days the sites were non-operational on account of outages and the reasons for the same have been plotted on X-axis. For example, Pune, Sirur, AHM tower site was non-operational for 23 days in the month of March 2016 because SEB Line was found to be faulty being the reason for the outage. Therefore, it comes under the “High Impact-High Priority” category. The same could be interpreted for the other tower sites falling under the 1st Quadrant. For the tower sites falling under 2nd Quadrant, it can be concluded from above that majority of the tower sites were non-operational from 2-12 days reasons being DG Issue, Fuel Limit Issue, Fibre Cut, False TT & SEB Line Faulty. These come under “High Priority-Low Impact” category as the tower sites falling under his category were non-operational for less number of days as compared to the tower sites in 1st Quadrant.

Some of the tower sites falling under 2nd Quadrant that remained non-operational for more than 5-12 days are mentioned below:
 Ner, Darda BLDG, Chatrpati Nagar, Wadgaon, Ahmadpur, Bhivapur, Dharam Peth Gamma, Dire, Ghulewadi, Shirdi, Kopargaon, Sinnar, Khanapur, Bibwewadi, Sharda Arcade, Roha, Lohagaon, Karad, Shanivarpeth, Wai, Alibagh, Jyotinagar, Shivaji Nagar, Curchorem, Panchawati Pashan, Pisoli, Wagholi, Vadeshwar, Sadavali Village, Mantha, Vaijapur, Deolali Pravara.



It is evident from the above diagram that out of 1192 tower sites falling under Category C, around 184 sites approximately 16% remained non-operational for 23 days in the month of March 2016 which falls under “High Impact-High Priority” category as the number of non-operational days were observed to be more than the tower sites falling under other quadrants. The tower sites under moderate revenue earning sites, mainly cater to areas - Dharni (Melghat), Kohane, Sayagaon, Ranigam, Chakarda, Dhokshet, Pimpalgaon Tarf Khe, Khirvire, Dahivali, Jiaj Mangal Karliya, Harisal, & Jalna-Deulgaon(WAGHRUL). The prominent reasons being Link site down due to any issue at HUB Site, False TT, SEB disconnection & DG faulty.

However, in the 2nd Quadrant, the reasons for the outages on the tower sites have been highlighted with the arrow signs. Category C tower sites also have tower sites which face the problem of LUT (Low Utilization Sites), which means that these tower sites earn very less revenue where the cost of operating the tower sites is more than the revenue earned. Few of the LUT sites are Raikot, Radhapur, Manmad, Aurangabad SIL, Sarve bk, Akola, Khamgaon, Rajura - AP BO, Nagpur, Samudra, Panvel, Mahad, Mahad, Shiro, Talwara, Allipur, Angar, Borat.

8. CONCLUSION AND SUGGESTIONS

- Since the frequency of occurrence of equipment failure has been observed to be more for all the 3 categories, the company should maintain and check DG equipment on a daily basis so as to avoid the occurrence of outage due to fault in DG. Therefore, the frequency of evaluation of equipment at tower sites must be increased in order to ensure smooth service to the customers. Poorly maintained equipment at the tower sites are also the major source of outages. Therefore, the infrastructure condition at the tower sites must be closely monitored and updated on continuous basis in order to lower the outages due to equipment malfunction
- In case of False TT, the preventive maintenance team should emphasize more on accurately identifying, classifying and recording of the cause code, being the reason for the outage at a particular tower site. The site workforce team should be trained for the purpose of reducing outage because of the reason mentioned above and the training should focus more on human activities related to the operations of the tower site.
- In case of Fuel Limit Issue for DG, the problem identified was that in most of the instances, fuel for DG was available but it was not filled in DG on time because of which the site remained non-operational. Therefore, the preventive maintenance team can be more vigilant and cautious and can significantly reduce the outages happening because of fuel issue for DG.
- In case of SEB Line faulty due to non-payment of pending bills, the company should release the payment on time in order to avoid temporary suspension of electricity services of the tower sites so as to avoid outages.
- Implement periodic infrastructure checkouts on Category A & B tower sites which come under Very High Revenue & High Revenue earning sites, which have been non-operational for 16-23 days in the month of March 2016.
- The tower site maintenance engineers must have the requisite and accurate information to carry out the scheduled maintenance programs quickly & efficiently in order to respond accurately to the risk of occurrence of outages. It will further aid the company to reduce the revenue that is lost on account of tower sites being non-operational, which in turn will help the company to reduce the operating cost of tower sites.

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IMPACT OF DERIVATIVE TRADING ON STOCK MARKET VOLATILITY IN INDIA: A STUDY OF BSE-30 INDEX**R KANNAN****RESEARCH SCHOLAR****DEPARTMENT OF MANAGEMENT STUDIES****AVS ARTS AND SCIENCE COLLEGE****SALEM****DR. T. SIVASHANMUGUAM.****DIRECTOR****DEPARTMENT OF MANAGEMENT STUDIES****AVS ARTS & SCIENCE COLLEGE****SALEM****ABSTRACT**

Risk and return is a characteristic index of most financial derivatives and capital markets. Variations in the prices of financial and non-financial derivatives are induced, over time, by buy and sell dynamics. The previous two decades have witnessed many-fold raise in the volume of international derivatives due to the wave of globalization and liberalization comprehensive crosswise the world. This has led to quick and random variations in financial assets prices, interest rates and exchange rates, and consequently, to sensational the corporate world to an unwieldy financial risk. In the present very uncertain business scenario, the importance of risk management is to an extent greater than ever before. The appearance of derivatives market is a resourceful feat of financial derivatives that provides an efficient and a lesser amount of costly solution to the problem of risk that is set in the price unpredictability of the underlying asset. In India, the emergence and growth of derivatives market is relatively a recent phenomenon. Since its inception in June 2000, derivatives market has exhibited exponential development both in terms of volume and number of traded contracts. Derivatives trading in India has surpassed cash segment in terms of turnover and number of traded contracts. Some space is constant also to a discussion of the status of Financial Derivatives market and Derivatives stock market volatility segment.

KEYWORDS

derivatives in India, GARCH and stock market volatility, stock market volatility, spot and derivative markets.

INTRODUCTION

One of the most important parts in the derivative finance is the impact of introduction of derivatives trading on the pricing of underlying assets. For the most part these studies are focused on the problem whether the derivatives trading increases or decreases stock market volatility in the underlying asset's price. Worldwide the studies are unconvincing about the effect of derivatives trading on the spot market volatility. Two hypotheses are present on the impact of derivatives on spot market volatility. Proponents of 'destabilizing forces' hypothesis disagree that derivatives trading increases stock market volatility because of high degree of leverage. So, volatility will increase after introduction of derivatives. Proponents of 'financial market completion' hypothesis argue that derivatives trading helps in price discovery, improve the on the whole derivative market intensity, enhance market efficiency, augment market liquidity, reduce asymmetric information and thereby reduce volatility of the cash market (Kumar *et al.*, 1995; Antoniou *et al.*, 1998) [1]. This paper is an attempt to identify this financial derivatives market relationship. Apart from this, the paper also identifies derivatives understanding level of Indian investor and their sensitivity about future of derivatives in India. The rest of the article covers the following sections: review of literature is explained in section two, section three explains the methodology of the study, segment four presents the empirical results and finally, conclusions are presented in section five. Theoretically, it is argued that due to the inherent advantage of low transaction costs and leverage feature the derivative trading causes some speculative trading shift from the cash segment to the derivative segment. Such migration of speculative investors from the spot market to the derivative market will cause a decreased volatility in the spot market. Moreover, the introduction of derivative contracts increase investment choices, enhances information flows, leads to well again price innovation and provides outstanding hedging opportunities. On the other hand, it is also argued by many experts that the derivative market promotes unnecessary participation from the speculative investors. Such leverage based excessive speculative movement lowers the quality of information and thus destabilizes the underlying cash markets.

LITERATURE REVIEW

Mutually abstract and observed studies were accepted out to assess the impact of listing of futures and options on the cash market. Two hypotheses relating to the impact of derivatives trading on the spot market are prevailing in the literature. Proponents of 'destabilizing forces' hypothesis argue that derivatives trading increases stock market volatility since of elevated degree of leverage, likely being there of unaware traders due to low transactions cost involved to take position in the futures market. The lower level information of derivatives traders with respect to cash market traders is likely to increase the asset volatility. Stein (1987) in his original theoretical representation fulfilled that opportunity a futures market improves risk sharing and therefore reduces price volatility and if the speculators observe a noisy but informative signal, the hedgers react to the noise in the speculative trades producing an increase in volatility. These uneducated traders may well knock off balance the cash market. Cox (1976), Figlewski (1981) and Chatrath *et al.* (1995) found results at the bottom of this hypothesis. On the other hand, the speculators complete the important role in provided that liquidity to the market and quick processing of information. Derivatives trading can augment the availability of information flow due to low transaction costs than those in the cash market thereby transmitting latest information more quickly to the futures market. Thus, financial derivatives market provides an additional channel by which in order can be transmitted to the cash markets. Everyday arrival and rapid processing of information might show the way to increased volatility in the underlying spot market. Antoniou and Holmes (1995) however did not find link between information and volatility. This also suggests that with the introduction of derivatives trading would be accompanied by a decline in trading volume of the underlying stock market

The experimental evidence, for the most part with reference to the U.S economy, suggests that the introduction of derivatives does not destabilize the underlying market. Bolonga and Cavallo (2002) in a current paper examined the stock market volatility in the post derivative period in the framework of Italian stock exchange. They employed Generalized Autoregressive Conditional Heteroscedasticity (GARCH) class of models and to account for the result of factors other than derivatives trading determining the volatility in the post derivative period, the GARCH model was computed after adjusting the stock return equation for market factors proxied by an index on which derivatives products are not available.

In the Indian context, early study by Thenmozhi (2002) examined whether there was any change in the volatility of the S&P CNX Nifty Index in India due to the introduction of Nifty futures and whether movements in futures prices provided predictive information regarding subsequent movements in index prices. The study shows that the inception of futures trading has reduced the volatility of spot index returns.

Shenbagaraman (2003) did not find significant impact on market volatility in India. Raju and Karnade (2003) also studied the behaviour of volatility of the S&P CNX Nifty index after the introduction of derivatives trading. All the above studies relating to S&P Nifty reported a decline in the volatility. Bandivadekar and Ghosh (2003) studied volatility behaviour of both NSE Nifty and BSE Sensex after the introduction of futures trading and documented 'futures effects' in the volatility behavior of NSE Nifty.

The present study not only provides additional empirical evidence in this regard but also contributes to the literature in some aspects. First, all the previous studies except Bandivadekar and Ghosh (2003) mainly concentrated on the volatility behaviour of S&P CNX Nifty on the presumption that turnover on BSE Futures and Options segment is negligible. This paper seeks to examine the behaviour of BSE Sensex after the introduction of derivatives trading in June 2000 since the important point is the volatility of the cash market affected or unaffected by the futures trading. Secondly, this paper makes an attempt to examine the behaviour of not only those index on which derivatives products are available like S&P CNX Nifty and BSE Sensex but also the behaviour of those indices such as BSE-100, BSE-200, S&P CNX Nifty Junior, NSE 200 and S&P CNX Nifty 500 to see whether market wide volatility has declined due to other improvements like screen-based electronic trading, rolling settlement of 'T+2' and other institutional developments introduced in the Indian market in recent years. Thirdly, this paper tries to see the impact of introduction of futures trading and option trading simultaneously on the behavior of volatility of the indices. Finally, this paper also makes an attempt to find whether the reported decline in the volatility as claimed by certain previous studies is due to introduction of derivatives trading alone.

DATA COLLECTION

The very objective of this paper is to investigate the dynamics of the time varying volatility of India's derivatives stock market over the sample period spanning from 2nd, January, 1998 to 31st, dec, 2012. The data of daily returns based on daily closing values of near month index has been used in the study. The required data are collected for the sample period from the BSE, India database. As capital market volatility is effectively depicted with the help of GARCH (1,1) class models, have been performed so as to produce the evidence of time varying volatility which shows clustering, high persistence and predictability and responds symmetrically for positive and negative shocks.

1. Pre future period i.e.02-01-1998 to 29-06-2001
2. Post future period i.e. 02-07-2001 to 31-03-2012

METHODOLOGY OF THE STUDY

The results were obtained on the basis of R_t which is rate of return r in period t , computed in logarithmic first difference.

Generalized ARCH or the GARCH (r, m) model is proposed by Bollerslev (1986). Theoretically this model is equivalent to infinitive order ARCH model (that is why it gets its name the generalized ARCH model). In GARCH (r, m) model the conditional volatility h_t is the function of past conditional volatility (h_{t-r}) and past squared innovations in mean equation (e_{2t-m}) The GARCH (1, 1) model is more popular in practice. This model for the stock returns can be presented as follows:

$$R_t = c + \alpha R_{t-1} + e_t$$

$$e_t = z_t \cdot \sqrt{h_t}, \text{ where } z_t \sim N(0, 1)$$

$$h_t = \omega + \alpha e_{2t-1}^2 + \beta h_{t-1}$$

The unconditional (average) variance from this model is:

$$\sigma^2 = \frac{\omega}{1 - \alpha - \beta}$$

$(\alpha + \beta)$ measures the persistence of volatility. In practice, this usually observed very close to 1, which signifies that the volatility of asset returns is highly persistent. The effect of any shock in volatility dies out at a rate of $(1 - \alpha - \beta)$. If $(\alpha + \beta) \geq 1$ the effect of shock will never die out. The volatility will be defined only if $(\alpha + \beta) < 1$. Therefore, this condition is imposed while estimating the GARCH model. Since the variance can not be negative, another parameter restriction which is required to be imposed while estimating a GARCH model is the non-negativity of ω, α and β coefficients. Dummy variable is also used to study the impact of future on volatility of stock which is zero before the introduction of future and 1 after the introduction of future. The conditional mean equation:

$$R_t = c + \alpha R_{t-1} + e_t$$

$$e_t = z_t \cdot \sqrt{h_t}, \text{ where } z_t \sim N(0, 1)$$

The conditional variance equation is:

$$h_t = \omega + \alpha e_{2t-1}^2 + \beta h_{t-1} + \gamma \text{Dummy}$$

A significant positive (negative) coefficient of dummy variable would indicate that introduction of derivatives increases (decreases) the volatility of underlying stock & Index.

GARCH (1,1) ANALYSIS PRE AND POST PERIOD

From the empirical analysis of GARCH (1,1) Effect for daily rate of returns of BSE-30 Index introductions of derivatives market in pre and post period companies it is clearly observed that the effect of the mean equation co-efficient of derivatives contracts pre and post introduction period at 84849.09 was less than the post period. It also reveals the average daily percentage change to be very little in the pre and post period of price returns. In variance of equations, C is the intercept and co-efficient of parameters pre period (ω)84849.09, α_1 at 1.372619, β at -0.81716 and pre period of introduction ω 29989.2, α_1 1.03222, β -0.6936 were significant at 5% level. The sum of pre period α_1 and β prices at 0.555459 and post period 0.338665 was close to one. This shows that the shocks to the conditional will be highly persistent and mean reverts slowly. The pre period influenced not post period prices. The overall analysis of the GARCH MODEL shows the time varying volatility in pre and post introduction period prices. Hence rejected the null hypothesis and accept the alternative hypothesis, i.e. there is significant difference between pre and post period during the study period.

DISCUSSION

We cover intentional the behavior of volatility of stock market after introduction of future by using GARCH (1, 1) model. We have considered BSE-30 Index and 24 individual stocks of derivative stocks. In case of 30 index index, the volatility in the index has declined after the introduction of pre and post but the magnitude of dummy variable is very low which shows decline in volatility is very low. It shows a increase in volatility but there are post period which shows reduction in the volatility. There is, thus, mixed results regarding the impact of constituent stocks of Index. Index shows contradictory pattern of increase in its unconditional GARCH volatility. This may be due to bundling effect of constituent stocks of Index.

Results in Overall Summary of GRACH (1,1) Effect in Daily Returns of Pre and Post Periods Introduction of Derivatives Market

Equation Name	Over all Analysis of GRACH (1,1)	Pre Periods	Post Periods
Mean Equation	Coefficient	730037.7	732781.1
	Std. Error	13.0557	10.73301
	z-Statistic	55916.9	68273.59
	Prob.	0	0
Variance Equation	Coefficient	84849.09	946789
	Std. Error	0.56724	0.03919
	z-Statistic	-5.34756	-60.367
	Prob.	0	0

Source: www.bseindia.com, computed from E-views.

Note: *significant at 5% level.

CONCLUSION

Risk and return is a characteristic index of most financial derivatives and capital markets. Variations in the prices of financial and non-financial derivatives are induced, over time, by buy and sell dynamics. The previous two decades have witnessed many-fold raise in the volume of international derivatives due to the wave of globalization and liberalization comprehensive crosswise the world. This has led to quick and random variations in financial assets prices, interest rates and exchange rates, and consequently, to sensational the corporate world to an unwieldy financial risk. In the present very uncertain business scenario, the importance of risk management is to a extent greater than ever before. The appearance of derivatives market is a resourceful feat of financial derivatives that provides an efficient and a lesser amount of costly solution to the problem of risk that is set in the price unpredictability of the underlying asset. In India, the emergence and growth of derivatives market is relatively a recent phenomenon. Since its inception in June 2000, derivatives market has exhibited exponential development both in terms of volume and number of traded contracts. Derivatives trading in India has surpassed cash segment in terms of turnover and number of traded contracts. Some space is constant also to a discussion of the status of Financial Derivatives market and Derivatives stock market volatility segment.

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**THE DYNAMIC OF TRADING VOLUME AND ITS IMPACT ON SECTORAL RETURN AND VOLATILITY:
EMPIRICAL ANALYSIS OF THE IDX SECTORAL INDEX**

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ABSTRACT

Indonesia capital market is growing rapidly and dynamically, as well as it has an important role for economic growth, together with its challenge for the development of the country. Stock return, volatility and trading volume are important variables for trading activity in capital market as it can provide relevant information to the market. The aim of this study are expected to facilitate investors, portfolio managers, analysts and regulators to understand the relationship of stock returns, trading volume and the effect on return volatility in the sectoral indices in Indonesian Stock Exchange. Vector Autoregression (VAR) model shows that information about trading volume in previous period are significantly positive to the current return in some sectors including property, real estate and building construction sector, consumer goods sector, manufacturer sector, transportation and infrastructure sector, also trade, services and investment sector. While the information of previous return to current trading volume are significantly positive in agriculture sector, trade, services and investment sector, mining sector, property, real estate and building construction sector, as well as manufacturer sector. Exponential Generalized Autoregressive Conditional Heteroscedasticity (EGARCH) model found that in all sectors except agriculture sector, the coefficient of asymmetric term is negatively significant, implying that bad news produces a larger impact on the volatility in the consequent period than good news.

KEYWORDS

VAR, EGARCH, return volatility, sectoral index, trading volume.

INTRODUCTION

Indonesia capital market is growing rapidly and dynamically, as well as it has an important role for economic growth, together with its challenge for the development of the country. Stock return, volatility and trading volume are important variables for trading activity in capital market as it can provide relevant information to the market. This issues become an interested studies since investigated by Karpoff in 1987. According to Hsieh (2014) dynamics of asset price and trading volume are two fundamental types of statistical index on financial markets that can provide important information for investor especially when the capital market is fluctuating due to global crisis. Stock price also can represent number of supply and the demand, while the trading volume describes the perception of investors both individual and institutional investors. The dynamics relationship between stock returns, trading volume and return volatility might be influenced by information flow. By studying the dynamics relationship between these three variables is expected to give information whether the trading volume has a role to forecast the value of the stock return and return volatility, and vice versa. Studies about relationship between stock return volatility and trading volume are very useful for investor in predicting stock price movements (Leon (2007), Choi et al., (2012), Al-Jafari and Tliti (2013)). Previous research focused on general stock movement without classifying in some sectors. Indonesian Stock Index has classified stock into nine sector defined by Jakarta Stock Exchange Industrial Classification. Thus, it makes an interesting point to investigate the relationship between return, volatility and trading volume for nine sectoral index in Indonesian Stock Exchange based on their various characteristic. The other advantage of this study compared with previous studies is using daily closing price index and daily trading volume from each sector. Pisetdasalasai and Gunasekarage (2007) suggested to use daily data for testing dynamic causal relationship between return, volatility and trading volume because it rated more appropriate. The results of this study are expected to facilitate investors, portfolio managers, analysts and regulators to understand the relationship of stock returns, trading volume and the effect on return volatility in the sectoral indices in Indonesian Stock Exchange.

REVIEW OF LITERATURE

There are several reasons that summed up by Karpoff (1987) about the importance of studying relationship between price and volume. First, it provides insight into the structure of financial markets. Second, it is important for event studies. Third, it is critical to the debate over the empirical distribution of speculative prices. Fourth, price and volume relations also have significant implications for research into futures markets. Those findings became a major reference for further research which is discussing similar topic in some countries.

RELATIONSHIP BETWEEN STOCK RETURN AND TRADING VOLUME

Attari *et al.* (2012) and Hsieh (2014) found the evidence that there is positive and significant relationship between trading volume and return. Also found that trading volume has contribution to give information about price changes. On the other hand, Abdullahi *et al.* (2014) found different result that there is no positive and significant relationship between trading volume and return. Al-Jafari and Tliti (2013) investigate the relationship between these variables in Amman Stock Exchange and reveals the evidence that there is no significant relationship between trading volume and return, but significant relationship has found between trading volume and return volatility. Positive relationship also found by Chen *et al.* (2001) which is investigated relationship between trading volume and price changes in Tunisia Stock Exchange and also found that trading volume contains useful the information about return.

Numerous studies have investigated relationship between stock return and trading volume in some emerging market. Asghar (2011) examines empirical relationship between return and trading volume in Pakistan and reveals the evidence that there is positive relationship between these two variables. Contemporaneous and causal relationship between trading volume and stock return in Palestine, has been conducted by Darwish (2012) and generated the evidence that there is significant relationship between them. Similar research has been examined for Jakarta Stock Composite Index by Pisedtasalasai and Gunasekarage (2007). This research investigated the relationship between stock return, trading volume and volatility for five countries in South East Asia including Indonesia, Malaysia, Philippines, Singapore and Thailand. Data used from Januari 1991 until December 2004 suggest that there is significant causal relationship from stock return to the trading volume for Indonesian Stock Exchange. It also found the evidence that trading volume has useful information to predict return volatility in the future. In contrast, Abdullahi *et al.* (2014) did not find any relationship between trading volume and return in West Texas Intermediate (WTI) and Brent crude oil markets Nigeria. These two variables also have not power to predict each other. In this research, Granger causality shows there is no causality relationship between return and volume.

VAR and EGARCH

Several studies used VAR model to examine the relationship between variables. Leon (2007) investigated the relationship between trading volume and stock returns volatility in the regional stock market of the West African Economic and Monetary Union, found that only one way causality running from trading volume to stock returns volatility. Meanwhile, Gurgul and Syrek (2013) documented a linear causal relationship from volatility to trading volume, and non linear relationship for vice versa. VAR model also applied by Lee and Rui (2002) who examines the causal relationship between trading volume and stock return volatility. Their research failed to prove the causal relationship between volume and return but they found positive relationship between volume and volatility.

Other researches applied GARCH model such as Pati (2008), McGowan and Muhammad (2012), Kalu and Chinwe (2014). Dynamic relationship between trading volume and return volatility has been investigated in Korean Stock Exchange by Kim *et al.* (2005). Other Korean researcher, Choi *et al.* (2012) found that there is a negative asymmetric effect to volatility and gave an evidence that trading volume are useful to predict the volatility of stock returns. Recent studies has been using the development of GARCH model such as TGARCH by Girard and Omran (2009), Oral (2012), Naka and Oral (2013). Other development of GARCH model called CGARCH was applied by Nor *et al.* (2013) and found that there is one way causal relationship from trading volume to volatility. Exponential GARCH (EGARCH) was employed by Susheng and Zhen (2014) and found that there is positive relationship between volume and return volatility.

NEED/IMPORTANCE OF THE STUDY

There are nine sectoral index in Indonesian Stock Exchange. Thus, it makes an interesting point and become an innovation to investigate the relationship between return, volatility and trading volume for specific sector classified by Jakarta Stock Exchange Industrial Classification. Because it would be produced particular result based on characteristic of each sector. Compared with previous study which is employed weekly or monthly data, the other advantage of this study is using daily closing price index and daily trading volume from each sector. The result of this study can be used as consideration for investors in making decision before investing on stock exchange, also for regulator to determine the rule in stock market.

OBJECTIVES

The paper examines the dynamic of the relationship between stock returns and trading volume for nine sectoral index for Indonesia Stock Exchange at the time before and after the subprime mortgage crisis and the European crisis. Furthermore, this study also investigated the effect of trading volume on return volatility.

HYPOTHESES

Based on previous findings, hypotheses for this research are:

1. Trading volume has significantly impact to stock return.
2. Stock return has significantly impact to trading volume.
3. The relationship between stock return and trading volume are stronger before crisis period.
4. Diduga terdapat efek asimetris pada volatilitas return saham sektoral.
5. Trading volume has power to predict return volatility.

RESEARCH METHODOLOGY

The sample consists of daily closing price index and trading volume in nine sector in Indonesian Stock Exchange that cover the period from 2 January 2002 until 25 September 2015. There are 3,343 total observations obtained from Bloomberg. Returns are the closing price index of nine sector in Indonesian Stock Index while volume is the trading volume at the end of trading day. Nine sectoral index in Indonesia Stock Exchange are agriculture (JAKAGRI); financial (JAKFIN); trade, services and investment (JAKTRAD); mining (JAKMINE); property, real estate and building construction (JAKPROP); consumer goods (JAKCONS); basic industry and chemical (JAKBIND); transportation and infrastructure (JAKINFR); manufacturer (JAKMANU).

RELATIONSHIP BETWEEN RETURN AND TRADING VOLUME

Before analyzing the relationship between stock return and trading volume, return was calculated as the first difference of closing price index from each sector per day.

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Where : R_t is daily return and P_t is current closing price index at time t .

Furthermore, to analyze the relationship between return and trading volume, VAR model was applied. But, first of all stationary must be tested to determine VAR model. To perform unit root tests, this study used Augment Dickey-Fuller (ADF) test. The result shows that return and trading volume data were stationary at level, so that VAR in level was chosen for the next step. The general model of VAR is:

$$R_t = \alpha_0 + \sum_{i=1}^k \alpha_i R_{t-i} + \sum_{i=1}^k \beta_i V_{t-i} + \delta_1 Dummy1 + \delta_2 Dummy2 + \varepsilon_t$$

$$V_t = \lambda_0 + \sum_{i=1}^k \lambda_i R_{t-i} + \sum_{i=1}^k \gamma_i V_{t-i} + \delta_1 Dummy1 + \delta_2 Dummy2 + \eta_t$$

Where: R_t and V_t are stock return and trading volume respectively. The *Dummy1* for subprime mortgage crisis. The *Dummy2* is a dummy variable for European crisis. The optimal lag length (k) for the VAR model for each sector was based on the Akaike Information Criterion (AIC).

The Granger Causality test is employed to investigate the relation between return and trading volume at the time period before and after crisis (subprime mortgage crisis and European crisis). Granger causality test is estimated as follows:

$$Y_t = \sum_{i=1}^n \alpha_i Y_{t-i} + \sum_{i=1}^n \beta_i X_{t-i} + e_{1t}$$

$$X_t = \sum_{i=1}^m \gamma_i X_{t-i} + \sum_{i=1}^m \lambda_i Y_{t-i} + e_{2t}$$

IMPACT OF TRADING VOLUME TO RETURN VOLATILITY

To examine the effect of return and trading volume to the return volatility, the following EGARCH model with asymmetric effect is estimated:

$$R_t = \alpha_0 + \sum_{i=1}^p \alpha_i R_{t-1} + \delta_1 + \delta_2 + \varepsilon_t$$

$$\log(h_t) = \beta_0 + \beta_1(|\varepsilon_{t-1}|/\sqrt{h_{t-1}}) + \gamma_1(\varepsilon_{t-1}/\sqrt{h_{t-1}}) + \beta_2 \log(h_{t-1}) + \delta_3 Dummy1 + \delta_4 Dummy2 + \varphi_1 V_{t-1}$$

Where: R_t and h_t are the return and conditional variance respectively. γ_1 is the coefficient that captures an asymmetric effect of negative or positive standardized residuals on conditional variances. *Dummy1* and *Dummy2* are the subprime mortgage crisis and European crisis dummy respectively. While φ_1 is coefficient of trading volume.

RESULT AND DISCUSSION

Table 1 presents the summary statistics of the return and trading volume for nine sectoral index in Indonesian Stock Index which is including mean, median, maximum, minimum, standard deviation, skewness and kurtosis also Jarque-Bera test of normality. According to these statistics, the highest average daily returns are financial sector; property, real estate and building construction sector; and consumer goods sector. The lowest daily return was earned by agriculture sector and trade, services and investment sector. Meanwhile, all sectors are having similar mean of trading volume except agriculture sector which has the lowest trading volume (17.93%). If it linked to its standard deviation, agriculture sector and mining sector also have the largest standard deviation value. This indicates that these sectors have lower stability or higher risk than other sector. It also makes mining sector is more sensitive to the information flow to the market.

TABLE 1: DESCRIPTIVE STATISTIC

Sektor	JAKAGRI	JAKFIN	JAKTRAD	JAKMINE	JAKPROP	JAKCONS	JAKBIND	JAKINFR	JAKMANU
Return									
Mean	0.000794	0.000832	0.000610	0.000618	0.000835	0.000815	0.000641	0.000634	0.000751
Median	0.000144	0.001050	0.000858	0.000305	0.000925	0.000766	0.000815	0.000574	0.000804
Maximum	0.134135	0.104034	0.072402	0.117538	0.094714	0.085076	0.096203	0.110081	0.088127
Minimum	-0.215919	-0.109795	0.182945	-0.251733	-0.135591	-0.104835	-0.125092	-0.185972	-0.120815
Std.Deviasi	0.021726	0.016817	0.014143	0.021517	0.016586	0.014163	0.016606	0.017886	0.014185
Skewness	-0.161675	-0.076866	-1.135561	-0.459654	-0.411729	-0.098201	-0.581291	-0.428327	-0.409780
Kurtosis	10.32510	6.606000	15.01206	12.45565	8.706523	7.994008	7.979991	10.72157	9.124512
Jarque-Bara	7486.319	1813.991	20810.57	12567.93	4629.017	3477.242	3641.654	8404.594	5316.749
Volume									
Mean	17.93304	19.40328	19.54838	19.26724	19.42399	18.20579	18.58706	18.99018	19.40276
Median	18.31815	19.45638	19.84972	19.72444	20.00933	18.21029	18.69360	19.36503	19.43971
Maximum	21.54514	21.61902	22.86767	22.32746	22.63501	20.81813	21.96367	22.61328	21.72760
Minimum	12.73670	16.33151	15.67337	13.99366	12.07539	15.46916	14.43232	14.71730	17.00300
Std.Deviasi	1.522694	0.769515	1.153219	1.533525	1.713924	0.652698	1.021446	1.299983	0.656135
Skewness	-0.640225	-0.618982	-0.694109	-1.243378	-1.406482	0.038971	-0.555452	-0.534358	-0.227144
Kurtosis	2.728236	3.848300	3.091500	4.212053	5.020884	3.385978	3.567256	2.591869	3.338725
Jarque-Bara	238.8632	313.7085	269.6021	1066.003	1671.046	21.59774	216.7219	182.2945	44.72813

Source: Bloomberg (2015)

TABLE 2: RELATIONSHIP BETWEEN RETURN AND TRADING VOLUME USING VAR MODEL

Sektor	JAKAGRI	JAKFIN	JAKTRAD	JAKMINE	JAKPROP	JAKCONS	JAKBIND	JAKINFR	JAKMANU
Lag (k)	5	4	4	5	4	5	5	5	5
β_1	0.000928 (1.59372)	-0.000600 (-0.99201)	0.000695 (1.59326)	0.000991 (1.50158)	0.001163 (2.28468)*	0.001307 (2.63330)**	0.001140 (1.94872)	-0.000262 (-0.37521)	0.001757 (2.71712)**
δ_1	-0.002431 (-1.69110)	-0.000732 (-0.91361)	-0.001683 (-2.34468)*	-0.003731 (-2.80537)**	-0.002748 (-2.76430)**	9.76E-05 (0.14502)	-0.000673 (-0.79864)	-0.002209 (-1.85640)	-0.000346 (-0.49888)
δ_2	-0.000142 (-0.13819)	-0.000233 (-0.29352)	0.000492 (0.72246)	-0.001267 (-1.24328)	0.000843 (1.06430)	-0.000452 (-0.65632)	-0.000494 (-0.62175)	0.000443 (0.52262)	-0.000570 (-0.84636)
λ_1	2.234268 (4.13972)**	0.269341 (0.53159)	1.989022 (2.91107)**	1.449724 (3.14895)**	3.206023 (5.20446)**	0.795474 (1.28872)	1.030716 (1.95006)	-0.256601 (-0.59066)	1.102231 (2.30207)*
δ_3	0.278922 (6.39863)**	0.032679 (1.41147)	0.091160 (3.23076)**	0.174845 (4.99666)**	0.181828 (5.28557)**	-0.029796 (-1.25763)	0.078034 (3.08981)**	0.160738 (5.42526)**	0.048540 (2.57801)**
δ_4	-0.010157 (-0.010157)	0.001503 (0.06542)	0.043659 (1.63223)	0.009373 (0.34968)	0.023950 (0.87386)	0.066852 (2.76096)**	0.028175 (1.18343)	0.005504 (0.26079)	0.015672 (0.85792)

An *, ** denotes statistical significance at 5%, 1% level

TABLE 3: RESULT OF THE GRANGER CAUSALITY TEST FOR NINE SECTORAL INDEX

Sektor	JAK AGRI	JAK FIN	JAK TRAD	JAK MINE	JAK PROP	JAK CONS	JAK BIND	JAK INFR	JAK MANU
Before Subprime Mortgage Crisis									
Volume → Return	2,76323	0,82249	1,42937	1,65409	1,41305	1,03720	2,13233	1,49296	2,02909
Return → Volume	4,19750	0,41449	1,68591	1,93457	5,19611	1,74694	1,39208	1,40261	2,46843
After Subprime Mortgage Crisis									
Volume → Return	1,80732	1,44906	3,66770	2,02082	1,21722	1,48079	0,27370	1,10788	1,41408
Return → Volume	0,97847	1,79358	0,97057	1,67291	3,57321	1,17532	0,42341	1,75870	0,23093
Before European Crisis									
Volume → Return	1,45918	0,90294	2,31048	0,39271	2,67622	1,15247	2,15695	1,72735	1,83024
Return → Volume	3,29111	0,62075	1,70086	1,65335	5,32170	1,37270	2,00224	0,80159	2,41117
After European Crisis									
Volume → Return	1,38668	2,03307	0,56519	1,82693	0,36084	0,98724	0,90374	1,09855	0,11854
Return → Volume	1,83947	1,28209	2,47869	2,24455	3,03253	0,78369	0,77111	3,66197	0,84974

TABLE 4: THE IMPACT OF RETURN AND TRADING VOLUME TO THE VOLATILITY

Sektor	JAKAGRI	JAKFIN	JAKTRAD	JAKMINE	JAKPROP	JAKCONS	JAKBIND	JAKINFR	JAKMANU
β_1	0.172643 (0.0000)**	0.351431 (0.0000)*	0.261791 (0.0000)*	0.189934 (0.0000)*	0.240399 (0.0000)*	0.295088 (0.0000)*	0.381837 (0.0000)*	0.187049 (0.0000)*	0.222108 (0.0000)*
γ_1	0.012094 (0.0397)*	-0.037952 (0.0026)*	-0.031152 (0.0002)*	-0.006376 (0.3300)	0.013769 (0.0888)	-0.011857 (0.2105)	-0.072307 (0.0000)*	-0.003343 (0.6691)	-0.041659 (0.0000)*
δ_3	0.023997 (0.0004)**	0.234624 (0.0000)*	0.062110 (0.0000)*	0.017634 (0.0079)*	-0.000480 (0.9393)	0.069283 (0.0000)*	0.144960 (0.0000)*	0.022200 (0.0020)*	0.064016 (0.0000)*
δ_4	-0.007037 (0.0412)*	0.123977 (0.0000)*	0.019715 (0.0002)*	-0.016339 (0.0001)*	0.012613 (0.0184)**	0.099278 (0.0000)*	0.010666 (0.2532)	-0.005990 (0.2059)	0.051751 (0.0000)*
φ_1	3.01E-11 (0.0332)*	1.85E-10 (0.0000)*	1.02E-11 (0.0068)*	1.36E-11 (0.0101)**	2.44E-11 (0.0010)*	2.50E-10 (0.0003)*	2.43E-10 (0.0000)*	6.16E-14 (0.9940)	8.18E-11 (0.0000)*

An *, ** denotes statistical significance at 5%, 1% level

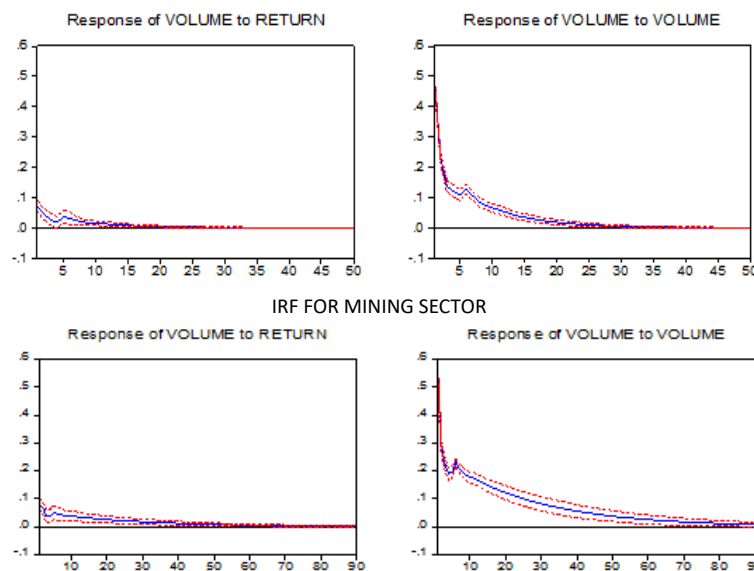
Table 2 presents the causal relationship between trading volume and return in nine sectoral index. Coefficient of β reports the impact of trading volume to return. For property real estate and building construction sector; consumer goods sector; and manufacture sector, trading volume is positive and statistically significant at first lag. Indicating that information about trading volume a day before has impact to the current return. This finding is also consistent with evidence from previous research by Chen et.al (2001), Mc. Gowan and Muhammad (2012). Subprime mortgage crisis in 2008 as dummy variable in this research (δ_1) has significantly negative impact to trade, services and investment sector (at 5% level); mining sector; property, real estate and building construction sector (at 1% level). While second variable dummy, European crisis (δ_2) has no significant impact to return.

Coefficient of λ reports the impact of return to trading volume. Return has significantly positive to the trading volume at the first lag for agriculture sector; trade, services and investment sector; mining sector; property, real estate and building construction sector; and manufacture sector. This finding is also documented by Gurgul dan Syrek (2012). Based on dummy variable (δ_3) it shows that subprime mortgage crisis has negatively significant effect to the return for all sectors except financial sector and consumer goods sector at 5% level. While European crisis as second dummy variable (δ_4) has no significant impact to all sector except consumer goods sector.

Table 3 reports the result of Granger causality test. Based on Granger causality test, bidirectional causality between return and trading volume is spotted for agriculture sector are stronger at pre crisis period (subprime mortgage crisis and European crisis). It is similar with Moazzami and Dadgostar (2013) finding that trading volume doesn't have power to predict the return after the crisis. Granger Causality shows the relationship between returns and trading volume for nine sectors in Indonesia Stock Exchange before and after the global economic crisis in 2008 and the Greek crisis in 2010. Based on the significance 5% level, it is significant for some sector including agricultural sector (JAKAGRI), trade, services and investment sector (JAKTRAD), the property, real estate and building construction sector (JAKPROP), transportation and infrastructure sector (JAKINFR) as well as the manufacturing sector (JAKMANU). Bidirectional relationship between return and volume occur only for agricultural sector before the subprime mortgage crisis. Whereas, only one-way relationship from return to the volume before the European crisis. The only sector which has a one-way relationship from volume to return after the subprime mortgage crisis is trade, services and investment sector (JAKTRAD). This is consistent with the findings by Naka and Oral (2013) that found trading volume has significant contribution to returns volatility.

In order to provide a more detailed insight into findings of VAR model, additional tests including impulse response function (IRF) and forecast error variance decomposition were applied in this research. The result of IRF shows that return of consumer goods sector is the fastest sector that to response the shock, so that it is easy to be stable back. In contrary, mining sector and also property, real estate and building construction sector, are two longest sectors that response the shock. Means, they need more time to be stable when they got the shock (crisis). This results are in line with evidence from VAR model that return on this two sector are significantly has impact to the trading volume.

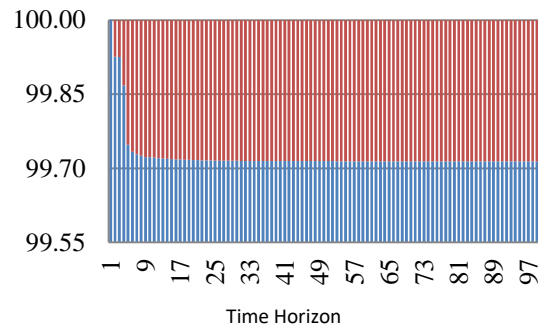
FIG. 1: THE RESULT OF IMPULSE RESPONSE TEST
IRF FOR CONSUMER GOODS SECTOR



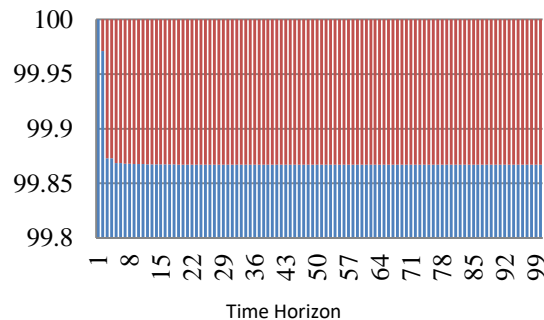
*Complete results are available from the authors upon request

Forecast Error Variance Decomposition (FEVD) in this research, has a similar pattern for all sectoral index. Either, return or trading volume has affected more than 90% by itself. This is a common characteristic used to find in numerous studies that using daily data return for the observation. This is due to the small interval of observation, so that the movement of observed data is more influenced by itself rather than external factors.

FIG. 2: THE RESULT OF IMPULSE RESPONSE TEST
FEVD FOR AGRICULTURE SECTOR



FEVD FOR FINANCE SECTOR



*Complete results are available from the authors upon request

Table 4 reports the estimated parameters of the EGARCH model with asymmetric effect in each sector. The coefficient asymmetric γ_1 is negatively significant for financial sector; trade, services and investment sector; basic industry and chemical sector; and also manufacture sector. Implying that bad news produces a larger impact on the volatility than good news does. This finding is also documented by Pisedtasalasai dan Gunasekarage (2007). Surprisingly, the only one sector that has positive and significant asymmetric coefficient is agriculture sector. It is occur because of the characteristic of agriculture shock which is high price but low trading volume and the type of industries are tend to a large scale. Thus, the type of investors are long term investor which is expecting long term return in the future such as dividend.

Coefficient of the first dummy variable δ_3 shows that subprime mortgage crisis has significant impact to all sector except property, real estate and building construction sector. The second variable dummy δ_4 European crisis is only significant for financial sector; trade, services and investment sector; consumer goods sector and manufacture sector. It means that at the crisis period, the volatility of return for those sectors has increased. ϕ_1 is represent the evidence that trading volume possesses some information which is useful in predicting the future dynamics of return volatility. It is significant for all sectors except financial sector. This finding supports the previous research by Choi et.al (2012), Naka and Oral (2013), also Oral (2012).

RECOMMENDATIONS/SUGGESTIONS

The result of this study can be used as consideration for investors in making decision before investing on stock exchange. For risk takers investor who looking for return of trading activity, investing in non-farm sector are recommended. It is because non-farm stocks are more volatile with high trading volume activity each day, so that speculative investors are able to use past information to predict the current return. For risk-averse investors, investing in agricultural sector stocks is more recommended because it is less volatile because most of the investors are long term investor type instead of traders. So that negative information (bad news) has not large impact to the volatility.

CONCLUSIONS

VAR model shows that information about trading volume in previous period are significantly positive to the current return in some sectors including property, real estate and building construction sector, consumer goods sector, manufacture sector, transportation and infrastructure sector, also trade, services and investment sector. While the opposite effect from information of previous return to current trading volume are significantly positive in agriculture sector, trade, services and investment sector, mining sector, property, real estate and building construction sector, as well as manufacture sector. Causal relationship between return and trading volume occurs only in the agricultural sector in pre subprime mortgage crisis period. Whereas, before the European crisis period its only has relationship from return to trading volume. Moreover, directional relationship from return to trading volume is also found in property, real estate and building construction sector in pre subprime mortgage crisis period.

EGARCH model found that in all sectors except agriculture sector, the coefficient of asymmetric term is negatively significant, implying that bad news produces a larger impact on the volatility in the consequent period than good news. It is because of the characteristics of the agricultural sector which has high price with low trading volume, indicating that investors in this sector are tend to be a long term investor. Mostly, agriculture sector contains with large-scale industries with type of investor who is expecting long-term gains, such as dividends, rather than return from the trading activity. In this research also found evidence that trading volume has a power to predict the dynamics of return volatility in the future. The subprime mortgage crisis has a significant positive effect on volatility in all sectors except property, real estate and building construction sector. On the other hand, the European crisis has positively significant effect on all sectors except agriculture sector and mining sector, which has a negative significance.

The findings captured an asymmetric information on stock return in Indonesian stock exchange.

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DIVIDEND SIGNALLING & IMPACT ON SHARE PRICES: AN EVENT STUDY OF INDIAN INFORMATION TECHNOLOGY SECTOR

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ABSTRACT

Dividend Policy is an important decision area in the field of corporate finance. A large body of empirical research has documented that in imperfect capital markets with information asymmetries, the announcement of dividend changes affects shareholder value. However, very little research efforts have been made so far on the dividend behavior of IT sector in India. The present study is an attempt in this direction. This study investigated whether the dividend announcements in the forms of interim and final convey any information to the Bombay Stock Exchange. Fulfilling the study, the cumulative abnormal returns and the average abnormal return were calculated by applying the event study analysis on daily data with market model adjustments on 724 dividend announcements of 48 firms during the period 2000 to 2016. This paper utilizes event study methodology to examine stock price reactions of IT Sector surrounding 21 days event window of the announcement. The empirical analysis of IT Sector firms for the period of sixteen years reveals that the dividend announcement signals and investors do react on the basis of information revealed resulting in to impact on share prices. T test conducted statistically signifies impact of dividend announcement on share prices. The Section I, presents theoretical background and literature review. Section II describes the data and methodology. In Section III, we examine empirical results of the relation between dividend announcement and stock prices in Service sector measured in terms of abnormal earning. The t-test is used for analyze statistical significance. Section IV concludes the paper.

KEYWORDS

dividend signalling, indian it sector, event study, abnormal return, t test.

1. INTRODUCTION

 Shareholders wealth maximization, in other words, maximizing value of company as measure by the price of common stock is the ultimate goal of financial management which can be achieved by giving the shareholders a fair payment on their investments. The objective of the finance management should be to discover an optimal dividend policy that will increase value of the firm. It is often argued that the stock price tends to be increase whenever there is a increase in the dividend payments. The announcement of dividend decreases makes abnormal negative returns, and announcement of dividend increases generate abnormal positive returns (M&M, 1968). A fall in stock price happens because dividend payout is a signaling effect. Investors consider dividend not only as source of income but also as a signal of firms future performances. Therefore, when managers want to convey positive news about company, they will give signal to outsider shareholders that may be in the form of dividend increase, which will cause an increase in the stock price. Investors do prefer present dividend more than future capital gains to avoid risk of uncertainty, thus even if internal rate of return and required rate of return are equal, there is a direct relationship between dividend policy and market value of share (Gordon, 1962). However, the impact of dividend policy on shareholders wealth is still unsolved. This study examines the implications of dividend announcements in the Indian Stock market. The objective of this study is to see how the signaling hypothesis manifests itself in the Indian health care sector. In this paper, we tried to analyze, whether stock price reacts to the announcement of dividend in different service sectors such as IT, Healthcare, Banking and Realty in Bombay Stock Exchange.

1.2 LITERATURE REVIEW

There are two schools of thought of dividend policy: (1) dividend irrelevance theory (Miller and Modigliani (M&M) – 1961) and (2) dividend relevance theory. Both of the thoughts have conflict with each other and none of them provides complete and satisfactory guidelines. However, both of the schools are trying to establish their thoughts, which led to dividend controversy.

One imperfection which is critical to the development of theories related to dividend is the asymmetric information problem which lends importance to the *Signaling Theory*. Gordon (1962 and 1963) and Walter (1963) support the dividend relevance doctrine. The cash flow signaling theory, developed by Bhattacharya (1979, 1980), Easterbrook (1984), John and Williams (1985) and Miller and Rock (1985), theorized that dividend changes are explicit signals about the current and/or future cash flows, sent intentionally and at some costs by management to the company and its stockholders. Aharony and Swary (1980), Kwan (1981), Eades (1982), and Woolridge (1982), have found a significant positive association between announcement of dividend changes and the stock return, using the dividend announcement made in isolation of other firm news report.

John Lintner in 1956 being first to apply regression analysis showed that firms adopted and tended to adhere to optimal long-term dividend payout ratios which were relatively stable, suggested that managers would only raise a firm's dividend if they were confident that the firm's future earnings could be maintained at a consistently higher level in the future. A more convincing argument in favour of dividends is the signalling hypothesis, which is associated with propositions put forward in Bhattacharya (1979), John and Williams (1985), and Miller and Rock (1985). In general, these models are based on several assumptions. There is asymmetric information between corporate insiders (managers) and outside investors (shareholders). Dividends contain information about the firm's current and future cash flows, and managers have incentives to convey their private information to the market through dividend payments in order to close the information gap. The announcement of a dividend increase will be taken as good news and the market will bid up share prices accordingly.

Similarly, an announcement that a dividend will be cut suggests unfavourable prospects and will tend to see the firm's share price fall. Dividends are considered a credible signalling device because of the dissipative costs involved. For example, in Bhattacharya's (1979) model the cost of signalling is the transaction cost associated with external financing. In Miller and Rock's (1985) model the dissipative cost is the distortion in the optimal investment decision, whereas in John and William's (1985) model the dissipative signalling cost is the tax penalty on dividends relative to capital gains.

The Efficient Market Hypothesis proposed by Fama (1965) suggests three types of market efficiency: (i) weak, (ii) semi-strong, and (iii) strong. The weak form of market efficiency proposes that current stock prices reflect all past information. It also suggests that changes in stock prices are random and no investment strategy that is based on past information can yield above average returns to the investor. The semi-strong form of market efficiency (informational efficiency) proposes

that current stock prices incorporate material public information and changes in stock prices will only lead to unexpected public information. The semi-strong form of efficient market hypothesis states that stock prices reflect all the publicly available information instantaneously and accurately. Finally, the strong form of market efficiency proposes that insider trading will not be rewarded as current stock prices incorporate all material nonpublic information (Reilly and Brown, 2008).

SIGNALLING MODELS

Akerlof's model (1970) of the used car industry as a pooling equilibrium in the absence of signaling activities serves as a primer to signaling models in the financial economics considering the costs of informational asymmetries. The generalization of Akerlof's model by Spence (1974) became the prototype for all financial models of signaling. Bhattacharya (1977) developed a model in which managers signal the quality of an investment project by "committing" to a dividend policy. The project quality, measured, as the expected profitability of the project is the private information known only to managers. The John and Williams (1985) model provide a compelling explanation for the generous dividend payout policies pursued by firms even when cash dividends have adverse tax consequences. It explains why firms pay cash dividends even when alternative methods of distributing cash exists, such as share repurchase, which do not have adverse tax consequences. Miller and Rock (1985) picked up the concept of costliness and argued that the relative cost of signalling any particular level of earnings would increase as the level of actual earnings achieved by a firm decreased.

Other theoretical models include Dividend smoothing model, where the firm's dividend policy may not change over a period of time, even though earnings may change substantially. The J&W model provided rationale for using cash dividends rather than share repurchases. Under choice of signal model, the role of dividends as a signal of a firm's prospects when corporate insiders have more information than the market does is well accepted.

According to the background on the relevance of dividend and stock prices argument that stock prices incorporate all expected future dividends, thus one of the most significant corporate events, announcement of dividend interests' academics in addition to investor to conduct event studies to examine the resulting stock price reaction.

2. DATA AND METHODOLOGY

To examine the impact of the event - "Dividend announcement" (dividend signaling) - on the stock prices, we analyzed the stock price behavior of the selected companies in various service sectors surrounding 20 days of the date of dividend announcement. Our null hypothesis is that dividend announcement doesn't have any significant impact on the stock price movement of the companies listed in BSE. Symbolically,

Ho: Dividend announcement does not impact share price.

Hä: Dividend announcement does impact share price.

2.1 Sample and Data Selection

This study covers 48 most actively traded companies listed in Bombay Stock Exchange during the year 2001 to 2016 which have been selected on random basis from A and B listed companies. This time span coincided with spells of recession, recovery and boom in the Indian economy and during the period there was a considerable influx of foreign direct investment into India. Accordingly, the results should not be specific to anyone stage in the business cycle, but reflective of all economic conditions. We have used three sets of data in this study. The first set of data consists of dividend announcement made by the sample companies. The second set of data consists of daily adjusted closing prices of the stocks selected for the study at the Bombay Stock Exchange for the period covered by this study. The third set consists of the S&P BSE IT, Sector Index of ordinary share prices compiled and published by the Bombay Stock Exchange on daily basis. Data is collected from BSE website.

Companies that have any price sensitive information during the event window (- 10 days to +10 days) are eliminated which are (Ali *et al* 2010) referred as 'contaminated events'. The following items caused a dividend announcement to be dropped from the sample:

1. Announcements of special dividends, impending mergers and take-over's
2. Announcements of changes in capital structure with respect to debt
3. Share buybacks and other announcements of capital reduction
4. Announcements of issue Bonus share, Rights issue, Stock splits
5. Announcements of company revaluations
6. Follow-up announcements of revisions of erroneous data in an announcement
7. Requests published by the BSE requiring a company to explain unusual (and potentially suspicious) changes in the market price of its shares.

Number of final observation considered is 671 after filtration from available 724 observations.

2.2 Methodology – Event Study Approach

We measure the stock price reaction to the announcement of dividend payments using standard event-study methodology. Using capital market data, an event study measures the impact of a specific event on the market. In conducting the event study it is important to identify the period over which the prices of relevant financial instruments will be examined. This period is referred to as 'event window' (Rony *et al* 1997). For the purpose of this study, an event window is set equal to 21 days starting from 10 days before the dividend announcement date and ending 10 days after the announcement. The date of dividend announcement is defined as $t = 0$, a window of 10 days before the event as 'pre-event window' and a window of 10 days after the event as 'post-event window'. The date of dividend announcement i.e. $t = 0$ has been considered as the date of declaration related to dividend distribution by the respective Board of Directors of the companies. Each firm's observed event period returns are compared to the market's return to identify any investor reaction to the event. Expected return is estimated by employing the market model.

The Market model can be expressed mathematically as:

$$AAR = AR_{it} - E(R_{i,t}), t = (-10, -1, \dots, 1, 10) \quad (1)$$

$$R_{it} = (P_{it} - P_{it-1}) / P_{it-1} \quad (2)$$

$$R_{mt} = (I_t - I_{t-1}) / I_{t-1} \quad (3)$$

R_{it} is security changes i 's; P_{it} is the adjusted closing price of the stock i ' on day t .

P_{it-1} is the adjusted closing price of stock i on day $t-1$ and R_{mt} is Market Index.

OLS estimates obtained from regressions of firm i 's daily returns on the market return over the estimation window from $t = -121$ till $t = -11$

$$E(R_{it}) = \alpha_i + \beta_i R_{mt} + \epsilon_{it} \text{ for } i' = 1 \dots N$$

Where,

$E(R_{it})$ = Expected return on security i ' during time period t '

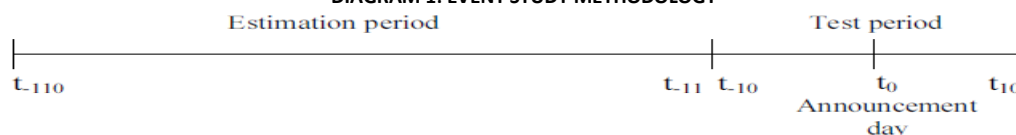
α_i = Intercept of a straight - line or alpha coefficient of i ' th security.

β_i = Slope of a straight - line or beta coefficient of i ' th security

R_{mt} = Expected return on index (Ex; S&P BSE Healthcare in this study) during period t '

We use two measures of abnormal returns, the cumulative average abnormal returns, CAAR-10;10, measured over the 21-day interval from $t = -10$ till $t = +10$, and the average abnormal return on the announcement day, AAR0. The statistical significance of these returns is measured by the standardized cross-sectional t statistic as proposed by Boehmer *et al.* (1991).

DIAGRAM 1: EVENT STUDY METHODOLOGY



3. EMPIRICAL RESULTS

The empirical results in this study are obtained in terms of the event study methodology with a view to study the impact of dividend announcement. In order to investigate the occurrence of abnormal return (AAR) and cumulative abnormal return (CAAR) centric to dividend announcement date were obtained for sample stocks for the study period. The same were concentrated for 21 days event window comprising 10 days prior/ post to dividend announcement, shown in the below tables for each of the sector. Table shows that the abnormal return around the dividend announcement. The t-test value on AAR in the pre and post event period for each sector show that nearer to the announcement days the, significant at 5% level.

IT Sector

The Event study conducted for IT Sector indicates that though there is negative AAR and CAAR on 10th, 9th and 7th day pre announcement, abnormal returns turned positive nearing to the date of announcement with expectation of good news or increased dividend announcement but from the date of announcement onwards, for all the days post announcement returns are negative. This could be due to the fact that information of dividend payment leaks out to the market few days before the company makes the announcement. Hence, announcement of dividend normally carries no surprise to the market. One thing that influence stock returns is the leakages of information, which occurs when information regarding dividend announcements is known to a small group of investors before the same is officially announced. In such a case, the stock price might start to increase in case of a "good news" announcement, days before the official announcement date. Any abnormal return on the announcement date is then a poor indicator of the total impact of the information release. In these situations, a better indicator would be cumulative abnormal returns, which is simply the sum of all abnormal returns over the time period of interest and thus capture the firm specific stock movement for an entire period when the market might be responding to new information.

Table No.1 indicates that under Market adjusted model Average abnormal returns (AARs) and cumulative average abnormal returns (CAARs) are statistically significant at 5% level. On 5th and 2nd day pre announcement as well as on day of dividend announcement and on 1st, 2nd day post announcement abnormal returns are statistically significant. This shows dividend announcement does signal and investors do react on the basis of information revealed.

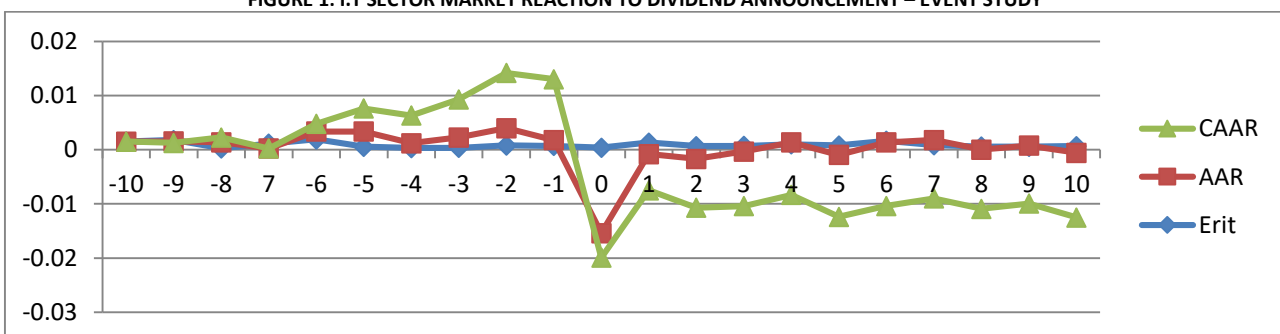
TABLE NO. 1: EXPECTED RETURN, AVERAGE ABNORMAL RETURN, CUMULATIVE AAR, T TEST VALUE OF IT SECTOR OVER A WINDOW PERIOD STARTING FROM DAY -10 TO DAY +10 RELATIVE TO DIVIDEND ANNOUNCEMENT DAY (0-DAY)

Pre Announcement					Post Announcement				
Days	E(Rit)	AAR	CAAR	T test	Days	E(Rit)	AAR	CAAR	T test
-10	0.001517	-1.2E-05	-1.2E-05	-.011	0	0.00038	-0.01577	-0.00451	-6.890**
-9	0.001793	-0.00026	-0.00027	-.252	1	0.001341	-0.00215	-0.00667	-2.029**
-8	0.000255	0.001142	0.000869	1.041	2	0.000684	-0.00236	-0.00902	-2.200**
-7	0.001111	-0.00088	-1.1E-05	-.768	3	0.000708	-0.00104	-0.01006	-.977
-6	0.001922	0.001443	0.001432	1.347	4	0.001013	0.000349	-0.00971	.340
-5	0.000558	0.002812	0.004244	2.405**	5	0.000799	-0.00173	-0.01144	-1.593
-4	0.000336	0.000866	0.00511	.636	6	0.00165	-0.00028	-0.01173	-.260
-3	0.000357	0.001923	0.007033	1.500	7	0.000853	0.000949	-0.01078	.815
-2	0.000803	0.003178	0.010211	2.590**	8	0.000596	-0.00057	-0.01093	-.471
-1	0.000714	0.001046	0.011258	1.068	9	0.00056	0.000215	-0.01071	.197
0	0.00038	-0.01577	-0.00451	-6.890**	10	0.000681	-0.00123	-0.01195	-1.061

**denotes Statistical Significance at 5% level (p<.05) using 2 tailed test.

The behavior of CAAR is similar to the AAR during event window. 2 days prior to dividend announcement as well as on the day of announcement and two days post announcement t Test results show statistical significance.

FIGURE 1: I.T SECTOR MARKET REACTION TO DIVIDEND ANNOUNCEMENT – EVENT STUDY



A higher negative incidence of cumulative abnormal returns in post event period reflects over expectation and reaction to the new information disclosure concerning annual and interim dividends. The behaviour of CAARs in this figure revealed initial over reaction may be considered the case of leakage of information relating to dividend announcement. The tendency had fall around the announcement time and had resurfaced subsequently in the post announcement period in the form of over expectation regarding the corporate performance. However, the magnitude of overreaction was considered significant to validate stock market efficiency.

4. CONCLUSION

Informational efficiency of the market has always been an area of vital interest for financial economists. Fama (1998) described Efficient Market Hypothesis as "the expected value of abnormal returns is zero, but chance generates deviations from zero in both directions." The EMH is based on the preposition that available information is reflected by stock prices and no investor is able to beat the market to attain abnormal returns. If the markets respond instantaneously, accurately, and in an unbiased manner, it is assumed to be more efficient. The time consumed by the market to get it adjusted to new information is the most crucial factor. The results highlight informational efficiency exists in the Indian capital market and findings also bring into picture that dividend announcement has information content and carry a signaling effect in IT Sector. The findings of the Market model strongly define the signalling hypothesis and information content of dividends. These results are in alignment with findings of many authors such as Aharony and Swary (1980), Eades (1982), and Woolridge (1982), Fama (1998), Kapoor (2008) who have considered the information role as important. Through the analysis one may be able to interpret the extent to which cash dividend announcement add to shareholder's wealth. Thus, it can be stated that dividend announcements do carry information about future earnings and cash flows of the companies.

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EMPLOYEE RETENTION: A WAY TO SUSTAINABLE ORGANIZATIONAL GROWTH

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ABSTRACT

Today, attrition is the biggest problem faced by organizations of every sector. Therefore, it becomes imperative to retain employees by implementing proper retention strategies and control this attrition rate. Employee retention strategy involves various steps to retain an employee who wishes to move on. Many schemes have been applied for retention of employees. A single tool cannot make a positive influence on the attrition rate of employees. The best results for employee retention can be achieved by implementing different strategies properly for the suitable growth of organizations. The present study aims at various Employee retention strategy used by various organization to retain their employees.

KEYWORDS

attrition, employee retention, retention strategy, organizational growth.

1. INTRODUCTION

Retention strategy of employee includes various measures to induce present employees to stay in the organization for a long period of time. Today many corporate organizations are facing the problem of high rate of employee attrition. In an employee is not satisfied with his current job, he may switch over to some other suitable jobs. Therefore, in today's globalised era it becomes very essential for every corporate organization to implement proper strategic plan of employee retention.

Compensation constitutes the largest part of the employee retention process. Attractive compensation package plays crucial role in retaining the employees in the organization. Such compensation includes salary and wages, bonus, benefits, prerequisites, stock option, vacation etc. like compensation growth and development are the integral part of every individual's career. If an employee can not foresee his path of career development, where he is working currently, there are chances that, he will leave the organization as soon as he gets opportunities of career development in the other organization. In addition to this, the work profile, personal growth, training and development are the other significant factors which responsible for retaining the employees. Hence, retention process is more complex and challenging than employee selection. That is hiring knowledgeable people for the job is essential for the management people of organization, but to retain them for a longer period in the organization is even more important than hiring.

The Process of employee retention involves various steps taken to retain an employee, who wishes to move on. An employee must find his job challenging and as per his interest to excel at work and stay with the organization plays an important role in the process of employee retaining through implementing proper strategic plan for employee retention. While implementing strategic plan for employee retention, a single component alone is not sufficient. The best results for employee retention can be achieved by applying different components of strategic plan. This article highlights the major components which are directly affecting employee retention in corporate organization, and also discuss the concept and significance of employee retention.

2. CONCEPT AND SIGNIFICANCE OF EMPLOYEE RETENTION

- a. **Concept of Employee Retention:** As stated earlier, employee retention is a process in which the employees are motivated to remain within the organization for a longer period or their retirement. It is advantages for the organization as well as the for the employees. The concept of employee retention refers to the different practices and policies which let the employees stick to an organization for a longer period of time. The corporate organization is completely at loss when the employee leaves their job once they are fully trained. Any corporate organization cannot survive if the employees are not serious about it and are more concerned about their personal interests. Employee retention process goes a long way in motivating the employees for them to enjoy their work and avoid changing jobs frequently.
- b. **Significance of employee retention:** Employee retention has become a significant concern for every corporate organization in the global and liberalized era. Any employee once being trained wants to move other organization for better career development. Attractive salary package, suitable timing, better ambience, and growth prospects are some of the factors which include an employee to look for a change. Whenever, a talented employee wants to change the organization, it is the responsibility of the management officials to intervene immediately and find out the exact reasons leading to the decision. Weak employee retention has many consequences which include high cost of employee turnover, loss of talent, knowledge and decreased morale. All these factors can be detrimental to the organizational growth. Weak employee retention or high attrition rate of employee not only reduces the efficiency of customer satisfaction, but also expensive in case of employee quits, there is departure of talent, knowledge, skills etc. which creates a huge impact to the organization and competitor organization get a competitive advantage. Also, recruiting the right candidate is a time consuming and costly process. It is a complete wastage of time and money when an employee resigns all of sudden. The HR officials again have to start the employee appointment process for the same vacancy.

Some time it may happen that, employees take all the significant data, information and statistics to their new organization and leak the secrets of previous organization. Therefore, strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the employees. The employees who are working for a longer period are more familiar with the organizational policies, rules and regulation and thus they adjust better themselves with the changing organizational environment and are in a position to contribute effectively.

Some time it may also happen that a new employee appointed, adjusting or coping with new organizational environment have become a problem for him. New employees find it really difficult to establish a comfort level with new organizational environment. After striking a rapport with new organization, it is a challenge for the new employees to adjust with someone new and most importantly trust him. To overcome all these problems employee retention strategy is very important. It has been observed that individuals sticking to an organization for a longer period are more loyal towards their organization and always think in favor of the management. Therefore, necessary for the management to implement strategies to retain those employees who really work hard and are indispensable for the system.

3. REVIEW OF LITERATURE

- 1) Sangeeta Gupta and N. Malati (2011) highlight the main determinants affecting employee retention in the BPO sector. Further an attempt has been made to fathom out the retention practices relevant prevalent in Indian BPO's and compare the extent of employee satisfaction with respect to prevalent retention strategies adopted by the organizations.
- 2) Reichard Lowther, (2006), identified that the organization like Dell has introduced a number of key initiatives which helped to increase employee morale and retention rates. Author has explained how management buy-in for diversity programs was vital for implementing a successful rollout of initiatives and has empowered employees to manage their own workload.
- 3) Chin-Yoo Tseng and Michelle Wallace (2009), have identified ten factors for the retention of employees. These factors are i) training and development. ii) Recognition iii) challenging work, iv) innovation, v) Creativity, vi) leadership style, vii) financial compensation, ix) autonomy and x) job satisfaction
- 4) Monsen E & Boss R.W (2009), Focuses on employee stress, retention. It confirms that for both managers and staff, role ambiguity is positively related to intention to quit, but reports that, overall, and in opposition to hypothesis, and for both managers and staff, organizational, entrepreneurial activity does not negatively influence perception of role ambiguity and hence intention to quit.
- 5) Kulshreshtha and Kumar (2005), have stated that, management realize various variable that determine an employee's stay at an organization. Authors have opined that, employees are not motivated by hygiene factors other than the salary which can motivate the employee.

4. EMPLOYEE RETENTION STRATEGIES

Retention process involves various steps taken to retain an employee who wants to move on. The management of the organization plays an important role in retaining the skilled and talented employees who are able to coping with the working conditions of the organization and thus perform better than the employees who just come to the organization and go. Following are some strategies to retain an employee.

- 1) **PROPER DELEGATION OF RESPONSIBILITY:** The delegation of responsibilities must be as per the interest of employee. It is the managements responsibility in assigning the work to the employees to enjoy work and do not treat it as a burden. Continuous reviews regarding employee's performance and significant to understand, whether the employees are satisfied with their work or not
- 2) **MAINTAINING CONFLICT LESS WORKING ENVIRONMENT IN THE ORGANIZATION:** Conflicts, misunderstanding among employees about other workers, Management should induce them to leave the organization. Conflicts or misunderstanding are responsible for spreading negativity in the organizational environment. Management should try to promote activities which bring the employees and management closer. Friendship between management and employees strengthen the bond among themselves. It is very essential to have a cordial environment in the organization. And it also helps to retain employees in the organization. No employee likes to move to other organization by leaving the current organization where he gets mental peace.
- 3) **PLACEMENT OR RIGHT CANDIDATE (EMPLOYEE) FOR RIGHT PLACE (JOB):** The HR department must ensure that they placed right candidate for right job. There are chances of a frustration among the employees whenever there is a mismatch between right employee and right job. The right employee must be appointed for the right profile. While appointing the new candidate, management should also check his track record. The candidate, who has changed his previous organizations frequently, would also not stick to the present organization and thus should not be appointed.
- 4) **RECOGNITION BY MANAGEMENT TO GOOD PERFORMANCE OF EMPLOYEE:** Recognition to good performance of employee by the management is also one of the most important factors which go a long way in retaining employees in the organization. Hard work of employees must be acknowledged by management. Monetary benefits such as incentives, perks, cash prize also motivate the employees to a large extent and they prefer to stay in the organization.
- 5) **PROPER IMPLEMENTATION OF PERFORMANCE APPRAISAL:** Proper implementation of performance appraisal technique is also important for an employee to stay motivated and avoid looking for a change of organization. The salary hike should be directly proportional to hard work put by the employed. Discrimination or partiality must be avoided as it de-motivates the talented employees and induce them to look for a better opportunity in the organizations.
- 6) **TRANSPARENCY IN THE SALARY COMPONENTS:** Matters regarding salary and other monetary benefits should be discussed by management at the time of the candidate's interview. The monetary component like salary, incentives, etc must be transparent and toughly discussed with the candidates at the time of joining to avoid confusion, misunderstanding later. The candidate accepts the job only when the salary and other monetary benefit as well as other terms and conditions are acceptable to him.
- 7) **EMPLOYEE FRIENDLY RULES AND REGULATION:** The rules and regulation of the organization should be employee friendly. It is important for the management to understand the employees to gain their trust and confidence. The consistent performers must also have a say in the organizations decisions for them to feel important.

5. CONCLUSION

In conclusion employee retention strategy involves various steps to retain an employee who wishes to move on. Today, attrition is the biggest problem faced by organizations of every sector. Therefore, it becomes imperative to retain employees by implementing proper retention strategies and control this attrition rate. Many schemes have been applied for retention of employees. A single tool cannot have made a positive influence on the attrition rate of employees. The best results for employee retention can be achieved by implementing different strategies properly for the suitable growth of organizations. It is essential to retain the talented employees who are loyal towards the organization and can contribute effectively. The management officials must try their level best to motivate the employees, make them feel special in the organization, so that they do not look for a change. Therefore, every organization must aim at developing effective retention strategies that demonstrate commitment to human capital as they result in more engaged employees and thus lower turnover. Because of this, the organizational culture and leadership development aloes have a significant impact on employee retention.

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MANAGEMENT OF WORKING CAPITAL IN SMALL AND MEDIUM ENTERPRISES IN SPSR NELLORE DISTRICT, AP

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ABSTRACT

The District Industrial Centre (DICs) programme was started by the central government in 1978 with the objective of providing a focal point for promoting small and medium industries in a particular area and to make available to them all necessary services and facilities at one place in SPSR Nellore District, DIC was started on 13th February 1981 with the main aim of providing all services to the entrepreneurs and artisans for the development of small scale industries. The DIC is playing a major role in promoting small and medium Industrial units, increasing their investment level and generating employment opportunities by utilizing local resources.

KEYWORDS

management of working capital, small and medium enterprises.

INTRODUCTION

 Small and Medium enterprises (SMES) play an important role in the Indian economy in creating income and employment opportunities the key link in the process of socio-economic transformation of under-developed social structure. It is a significant segment of the Indian economy because it generates production at low capital cost, uses local raw material, utilizes local skills, widens entrepreneurial base, facilitates balanced regional growth, prevents the migration of labour force to the metropolitan areas by creating employment in rural areas and their import intensity is far less and export capability more. SMES sector includes such socio-economic goals as the decentralization and dispersal of manufacturing activities from the metropolitan to the non-metropolitan and rural areas, the reduction of regional economic imbalances with in a country and the diffusion of entrepreneurial and managerial abilities and skills as well as of technology throughout the country.

Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the SME sector is much higher than that of the large enterprises. The role of small and medium enterprises in the economic and social development of the country is well established.

Small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the SME sector is much higher than that of the large enterprises. The role of small and medium enterprises in the economic and social development of the country is well established.

The need to main effective working capital management within Small and Medium Scale Enterprises (SMEs) remain pivotal to solvency and liquidity of SMES. Most SMES do not care about their working capital position, most have only little regard for their working capital position and most do not even have standard credit policy. Many do not care about their financial position, they only run business, and they mostly focus on cash receipt and what their bank account position is. For the purpose of this study, Standard working capital ratios were used to measure the effectiveness of working capital in the selected firms. The firms selected show signs of overtrading and illiquidity, concerns were on profit maximization without taken cognizance of payment of creditors. The firms exhibit low debt recovery over credit payment. It is recommended that for SMEs to survive within Nigeria economy they must design a standard credit policy and ensure good financial report and control system. They must give adequate cognizance to the management of their working capital to ensure continuity, growth and solvency.

SMEs IN VARIOUS INDUSTRIAL ESTATES OF SPSR NELLORE

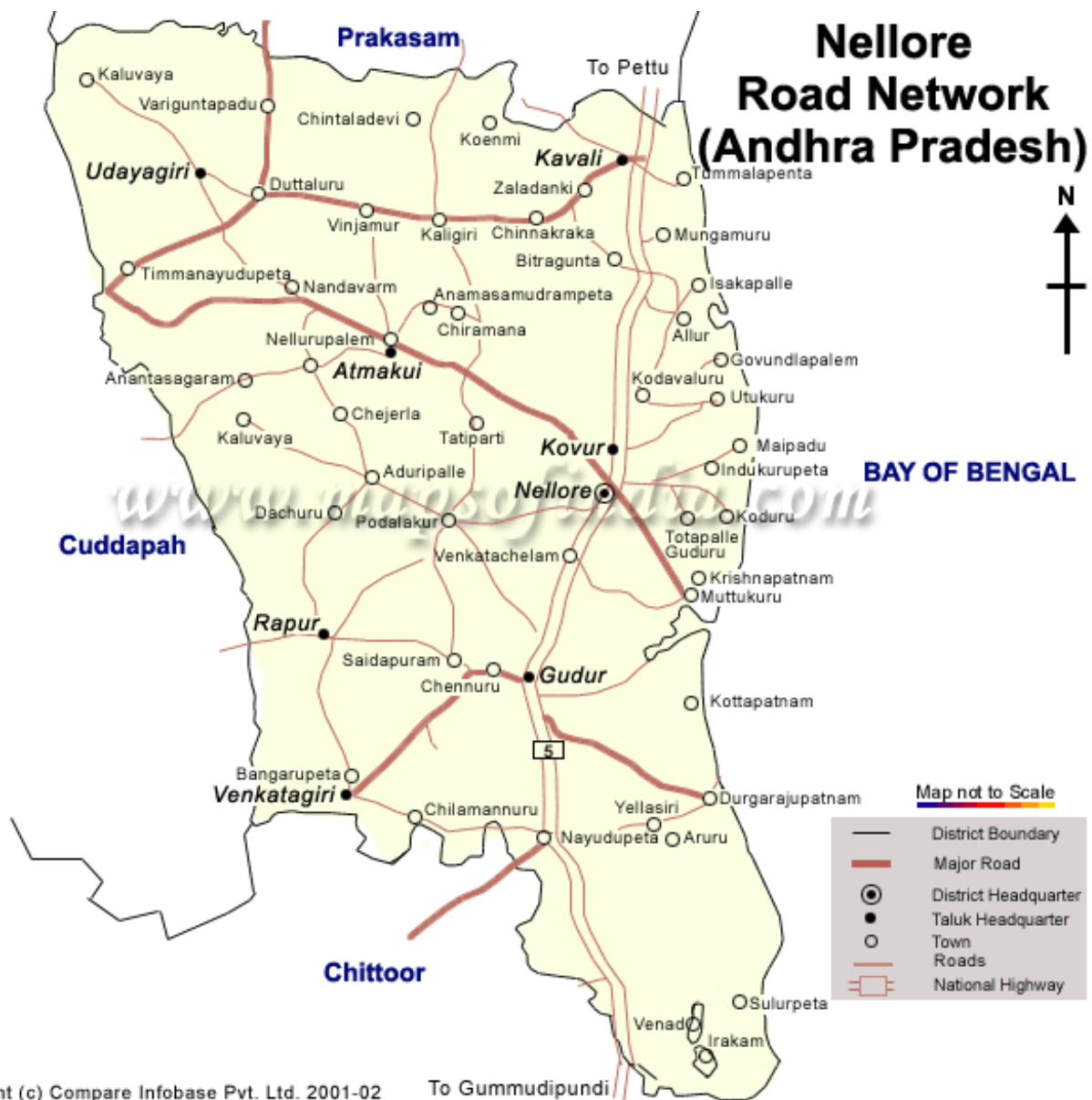
Potential for Micro, Small, Medium and Large Scale Industries:

1. Rice milling
2. Rice bran Oil
3. Cashew Kernels
4. Mineral Pulverizing and processing
5. Modern bricks
6. Dairy, Milk processing and milk products
6. Fish and Prawn Processing industries
7. Drugs and Pharmaceutical industries
8. Tourism based industries
9. Jute based industries
10. Coir based industries
11. Salt based industries
12. Textile and readymade Garments.

LOCATION & GEOGRAPHICAL AREA

The district is located between 13.30- 15.6 Northern latitude and 70.5-80.16 eastern longitude. The geographical area is 1307600 Hectares.

MAP 1



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To Gummudipundi

There are 110 large scale units in the state. Of these nearly one thirds (35Nos) are engaged in the manufacture of processed/ preserved sea food like shrimps, prawns and fish. These are concentrated along the coast in the district. The other major product groups are Dairy products, granite slabs, pharmaceuticals etc.

MAJOR EXPORTABLE ITEMS

Processed fish, prawns, lobsters and other sea food items, granite slabs and monuments, steel, etc

WORKING CAPITAL STRUCTURE IN NELLORE (D.T)

The analysis of the structure of working capital enables to understand the working capital condition in selected small and medium enterprises. The structure of working capital comprises both current assets and current liabilities. The components of current assets in the sample industries include inventory, short term investments, trade debtors, cash and bank balances and others such as advance payment to suppliers and prepaid expenses. The current liabilities constitute the short term bank loans, non-bank loans, trade creditors and others like outstanding wages and salaries. Tax and advances from customers. Each component of current assets and current liabilities is expressed as a percentage of total assets and total liabilities respectively. Further, indices of current assets, current liabilities and net working capital are computed in order to examine the inter-relationships that exist among these financial variables.

IMPORTANCE OF WORKING CAPITAL

Just as circulation of blood is very necessary in the human body to save life, the flow of working funds is needed to sustain and maintain a business enterprise. The presence of adequate amount of working capital in a business is indicating of its liquidity. In other words, it is the extent of cushion or margin of safety available to meet the current obligation in the ordinary course of business without any difficulty. Working capital management is to manage the firm's current assets and current liabilities in such a way that a satisfactory level of working capital is maintained. This is so because if the concern cannot maintain satisfactory level of working capital, sooner or later it will topple down. The efficiency of a business enterprise to earn profits depends largely on its ability to manage working capital. Working capital management has acquired paramount importance in the recent past, especially in view of tight money conditions prevailing in the economy. Proper management of working capital is very importance for the success of an enterprise. It aims at protecting the purchasing power of assets and maximizing the return on investment. Management is required to be vigilant in maintaining appropriate levels in the various working capital accounts. The management of working capital is concerned with the determination of relevant level of current assets and their efficient use as well as the choice of the financing mix for raising the current resources. Thus, working capital plays a crucial role in earning a reasonable rate of return. Pragmatic outlook towards working capital management is essential. Hence, working capital has to be effective planned, systematically controlled and optimally utilized.

NEED FOR WORKING CAPITAL FINANCE

The need for working capital to run the day-to-day business activities need not be over-emphasized. An industrial enterprise requires working capital to maintain its business activities of production and sale of its products. Funds are generally needed to fulfill the following purposes:

- i. To purchase and stock necessary quantities of raw material and stores
- ii. To make advances for goods and services
- iii. To carry the finished goods till sales are made
- iv. To meet all incidental expenses related to production and
- v. Sometimes sales have to be made on credit basis, thus creating debtors. The funds would be required to carry the debtors also as sales do not convert into cash instantaneously.

TYPES OF WORKING CAPITAL

The types of working capital can be made either based on its concept or on the need to maintain current assets either permanently and / or temporarily. Generally, an enterprise requires two types of working capital: 1. Fixed, regular or permanent and 2. Variable or temporary. The working capital can be conveniently classified into permanent working capital and variable working capital (Gerestenberg). The working capital can be conveniently classified into permanent working capital and variable working capital. The variable working capital can further be subdivided into seasonal and special working capital.

The importance of working capital management is reflected in the fact that financial managers spend a great deal of time managing current assets and current liabilities. Working capital management is extremely important in small and medium business since it is relatively more important in small companies than in large companies. The management of working capital also helps the management in evaluating various existing or proposed financial constraints and financial offerings. Working capital management has emerged as a major factor in the profitability of business.

CONCLUSION

The management of working capital assumes greater significance in respect of Small and Medium Enterprise units in India as most of these firms have financial base, limited accessibility to financial markets to support their scarce resources and low risk bearing capacity. In fact, it is the quality of the management of working capital that decides the success or otherwise of the unit. The sample units practiced differing procedures, methods and systems of working capital based on convenience, suitability and capability of the entrepreneur.

The SME managers should invest their cash surpluses in ventures that yield high returns such as treasury bills rather than in current accounts and make use of computerized accounting packages to help improve their efficiency in working capital management.

The study also found out that efficient working capital management practices have a significant influence on the financial performance of SMEs and recommends that SMEs embrace efficient working capital management practices as a strategy to improve their financial performance and gaining competitive advantage over other competitors.

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CONSUMERS INVOLVEMENT IN BUYING GREEN PRODUCTS: A STUDY IN COIMBATORE CITY**K. VIDHYAKALA****ASST. PROFESSOR****AVINASHILINGAM INSTITUTE FOR HOME SCIENCE & HIGHER EDUCATION FOR WOMEN
COIMBATORE****DR. P. SANTHI****ASSOCIATE PROFESSOR****AVINASHILINGAM INSTITUTE FOR HOME SCIENCE & HIGHER EDUCATION FOR WOMEN
COIMBATORE****ABSTRACT**

Consumer behaviour reflects the totality of consumers' decisions. Product involvement may reflect a persons' view about the product. The study of the consumer decision realizes the challenges faced by marketers in comprehending the consumer mind. Information about consumer involvement on purchase decision of green products will be used to predict their actions in the market. The main objective of this study is to find out the relationship between demographic profile of the respondents and their involvement on green products purchase. This paper also has an objective to identify the relationship between socio-economic profile of the respondents and their purchase behaviour. For the purpose of analysis, data was collected from a sample of 229 respondents from Coimbatore city. The data so collected were tabulated and analyzed by using SPSS 23.0. The analysis results revealed that there was the relationship between socio-economic profile of the respondents and their purchase decision and the respondents' green purchase decision differ in case of involvement in green products.

KEYWORDS

consumer purchase decision, purchase behaviour, consumer involvement, green products and market.

INTRODUCTION

Today's consumers are becoming more and more conscious about the environment and are also becoming socially responsible. Green products play a vital role in our everyday life. It is necessary to understand the environmental consciousness in worldwide because nowadays consumer wants are unlimited and purchase behavior also different from earlier days. In India there is a progressive increase in environmental consciousness towards green products. According to Tahir Albayrakl et.al (2012), Consumers' environmentally sensitive purchase behaviour was assumed to be influenced positively by their environmental concerns, but negatively by their skepticisms. As stated by Aysel Boztepel (2012), people are now willing to pay more for environment-friendly product against environmental pollution that threatens the world together with developing technology and industrialization. Gonzalo and Asuncion's (2005), mentioned as recycling behaviour as the product on offer in a discriminate fashion depending on the role to be promoted among the population. The effects are being made to minimize the global warming and increasing consciousness towards the protection of environment. So the consumers developed a sense of buying with environmental conscious leading to favoring of eco-friendly products.

Involvement refers to consumers' perceptions of importance or personal relevance for an object (Herbert E. Krugman, 1967). Cognitively, involvement includes means end knowledge about important consequences produced by using the product and also includes product evaluations. If product involvement is high, consumers may experience stronger affective responses. Marketers treat consumers' product involvement as either high or low and it vary from low level to very high levels. Involvement is a motivational state that energizes and directs consumers' behaviour as they make decisions (Joel B. Cohen, 1982).

Marketers clearly identify the focus of consumers' involvement and they are mostly interested in consumers' involvement with products. The level of product involvement during decision making of consumer is always different.

This article aims to identify relationship between the green products involvement in buying decision and demographic profile of the respondents by taking out the outcomes of the literature review.

BACKGROUND OF THE STUDY

In recent years due to rising evidence of environmental problems in the world wide, the focuses of the marketers are being shifted towards green products. Previous empirical evidence emphasised that environmental concern is a major factor in the consumer decision making (Zimmer et al., 1994; Wagner, 1997; Ottman, 1998). Consumers are aware about the benefits of green products and importance of recycling and disposal of the products, Rajiparameshwaranpillai (2012). In recent years, consumers are moving from non-green consumer to a green consumer. It has been proved the extent of available review of research studies.

Consumer has different levels of product knowledge, which can use to interpret new information and make purchase choices. On the basis of consumer knowledge, to make separate purchase decisions at each level. Sometimes consumers' involvement highly motivated to seek information about products and it is a key concept for understanding consumer behaviour.

This paper explores the measurement of consumer involvement in buying decision on green products and it aims to examine demographic profile that influencing consumers' purchase behaviour on green products.

GREEN MARKETING AND GREEN PRODUCTS

Polonsky (1994) defines green marketing refers to as all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment. Green marketing is also about leveraging the green benefits of any product to appeal to the conscientious consumers.

Elkington (1994) defines Green consumer as one who avoids products that are likely to endanger the health of the consumer or others, cause significant damage to the environment during manufacture, use or disposal, consume a disproportionate amount of energy, cause unnecessary waste, use material derived from threatened species or environments, involve unnecessary use of, or cruelty to animals, adversely affect other countries.

The products manufactured through green technology, and cause no environmental hazards are called green products. Green products define by certain measures: Products those are originally grown, products those are recyclable, reusable and biodegradable and products with natural ingredients.

LITERATURE REVIEW

According to Feick et.al (2003) the level of product involvement varies between different age group. Consumer purchase the green products with high involvement may represent innovation of products (Zanolo & Naspetti, 2002). If the consumers purchase green products with low involvement represent a barrier to buy the product (Kleiser & Wagner 1999). In addition to that involvement is a general concept in marketing and it is a general level of interest without considering particular

condition (Lin & Chen, 2006). Chung & Zhao, 2003, suggested that involvement has a significant influence on the decision for the product purchase. Level of purchase involvement is measured by their interest (Warnick & Bojanic, 2010).

OBJECTIVES

1. To find out the relationship between demographic profile of the respondents and their involvement on green products purchase.
2. To identify the relationship between socio-economic profile of the respondents and their purchase behaviour.

METHODOLOGY

In order to identify the relationship between demographic profile of the respondents and their involvement on green products purchase and their purchase behaviour of green products, 229 consumers were chosen as a sample out of 330 respondents for valid data analysis process. Data was collected by using well-structured pretested interview schedule A purposive sampling technique was adopted. The data so collected were tabulated and analyzed by using SPSS 23.0. The relationship was tested by using statistical tools such as percentage and Analysis of Variance (ANOVA).

HYPOTHESES

- H1: Purchase decision of green products will vary depending on the degree of involvement
 H2: There is a significant relationship between socio-economic profile and purchase behaviour of green products.

RESULTS AND FINDINGS

CONSUMERS INVOLVEMENT IN BUYING GREEN PRODUCTS

In order to achieve the research objective, the percentage analysis was taken to assess the green product involvement with socio-economic profile of the respondents. To measure the level of purchase behaviour towards green products, the selected nine statements were analyzed, which are buy green products for household consumption, they switched brands for ecological reason, read and compare package labels for environmentally safe ingredients, green products alternative if one of the similar price is available, suggest to their family and friends about green products, willing to change their habits to have a positive impact on the environment, buy products made with or packaged in recycled materials and buy products from companies who have a reputation for being environmentally responsible. The statements were used with five point Likert scale, if a respondent strongly agreed a statement, a score of five was allotted likewise four for agreed, 3 for neutral, two for disagreed and a score of one was allotted for strongly disagreed respectively.

The score assigned to a respondent for all the nine statements would be maximum 45 and minimum 9. The respondents who secured equal to and above 27 were classified as having 'high level of involvement' and those who secured below 27 were classified as having 'low level of involvement' to buy the green products. The following tables exhibit the effect of involvement of green products with purchase behaviour of the respondents based on their socio-economic background. The respondents socio-economic profile, such as gender, age, marital status, family nature, education, occupation and monthly income have been included in this study.

The respondents' involvement to buy green products was analyzed based on their Socio-economic profile has been shows in the following tables.

TABLE 1: GENDER AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Gender	No of respondents	%	No of respondents	%	No of respondents	%
Male	45	63.4	26	36.6	71	100
Female	76	48.1	82	51.9	158	100
Total	121	52.8	108	47.2	229	100

Table 1 reveals that out of these 229 respondents, 63.4 per cent of male respondents and 48.1 per cent of female respondents have high involvement to buy the green products.

It is inferred that majority of male respondents have high involvement to buy the green products purchase.

TABLE 2: AGE AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Age	No of respondents	%	No of respondents	%	No of respondents	%
Upto 30 years	35	58.3	25	41.7	60	100
Between 31-50	58	47.9	63	52.1	121	100
Above 50	28	58.3	20	41.7	48	100
Total	121	52.8	108	47.2	229	100

Table 2 reveals that out of these 229 respondents, 58.3 per cent of the sample respondents belong to the age group upto 30 years, 47.9 per cent of the sample respondents belong to the age group of between 31-50 years and 58.3 per cent of the sample respondents belong to the age group above 50 years have high involvement to buy green products.

It is inferred that the respondents belong to upto 30 years of age and respondents belong above 50 years of age have high involvement to buy green products.

TABLE 3: MARITAL STATUS AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Marital status	No of respondents	%	No of respondents	%	No of respondents	%
Married	102	54.5	85	45.5	187	100
Single	19	45.2	23	54.8	42	100
Total	121	52.8	108	47.2	229	100

Table 3 exhibits that 54.5 per cent of married respondents and 45.2 per cent of respondents who were unmarried have involvement to buy green products.

It is inferred that majority of the respondents are married and have high involvement to buy green products.

TABLE 4: FAMILY NATURE AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Family Nature	No of respondents	%	No of respondents	%	No of respondents	%
Nuclear	70	51.1	67	48.9	137	100
Joint family	51	55.4	41	44.6	92	100
Total	121	52.8	108	47.2	229	100

Table 4 advocates that 55.4 percent of respondents belongs to Joint family and 51.1 percent of respondents belong to Nuclear family have high involvement to buy green products.

It is inferred that majority of the respondents belong to nuclear family and have high involvement to buy green products.

TABLE 5: EDUCATIONAL QUALIFICATION AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Educational Qualification	No of respondents	%	No of respondents	%	No of respondents	%
School Level	38	55.9	30	44.1	68	100
Graduate Level	31	55.4	25	44.6	56	100
PG Level	52	49.5	53	50.5	105	100
Total	121	52.8	108	47.2	229	100

Table 5 clears that 55.9 per cent of the sample respondents belongs to school level education, 55.4 per cent of the sample respondents belongs to graduates and 49.5 percent of the sample respondents belongs to post graduate have high involvement to buy green products.

It is inferred that the respondents belongs to educational qualification of school level and have high involvement to buy green products.

TABLE 6: OCCUPATION AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Occupation	No of respondents	%	No of respondents	%	No of respondents	%
Business/Profession	50	51.5	47	48.5	97	100
Homemaker	29	46.8	33	53.2	62	100
Employee	42	60.0	28	40.0	70	100
Total	121	52.8	108	47.2	229	100

It is apparent from Table 6 that 60 per cent of the respondents belong to Employee group, 51.5 per cent of the sample respondents belong to Business/Profession group and 46.8 per cent of the respondents belong to homemaker have high involvement to buy green products.

It is inferred that the respondents belong to employee and have high involvement to buy green products.

TABLE 7: MONTHLY INCOME AND INVOLVEMENT TO BUY THE GREEN PRODUCTS

Variable	Involvement to Buy Green Products				Total	
	High		Low			
Monthly Income	No of respondents	%	No of respondents	%	No of respondents	%
Upto Rs.25,000	52	53.1	46	46.9	98	100
Rs.25,001-Rs.50,000	44	57.1	33	42.9	77	100
Above Rs.50,000	25	46.3	29	53.7	54	100
Total	121	52.8	108	47.2	229	100

Table 7 exhibits that out of 229 respondents, 57.1 per cent of the sample respondents belong to the monthly income group of Rs. 25,001-50,000, 53.1 per cent of the sample respondents belong to monthly income between Rs. 25,000-Rs. 50,000 and 46.3 per cent of the sample respondents belong to monthly income group of above Rs.50,000 have high involvement to buy green products.

It is inferred that the respondents belong to the income group of upto Rs. 25,000 and have high involvement to buy green products.

RELATIONSHIP BETWEEN SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS AND THEIR PURCHASE BEHAVIOUR

In order to analyze the relationship between socio-economic profile of the respondents and their purchase behaviour, the analysis of variance was employed. To identify purchase behaviour towards green products with socio-economic profile, the selected nine statements were analyzed, the respondents socio-economic profile, such as gender, age, marital status, family nature, education, occupation and monthly income have been used in this analysis. The following table shows that the mean score of the respondents and analysis of variance based on the socio-economic profile of the respondents on their purchase behaviour.

TABLE 8: RELATIONSHIP BETWEEN SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS AND THEIR PURCHASE BEHAVIOUR

Variables	N	Mean	SD	F	Sig
Gender					
Male	71	32.65	4.40	2.432	.120
Female	158	31.59	4.86		
Age					
Upto 30 years	60	32.63	4.62	1.679	.189
Between 31-50	121	31.95	4.10		
Above 50	48	30.96	6.15		
Marital status					
Married	187	32.01	4.80	.319	.573
Single	42	31.55	4.50		
Family Nature					
Nuclear	137	32.20	4.58	1.154	.284
Joint family	92	31.51	4.97		
Educational Qualification					
School Level	68	32.88	4.49	2.781	.064
Graduate Level	56	32.14	5.22		
PG Level	105	31.18	4.54		
Occupation					
Business/Profession	97	30.90	5.14	7.335	.001*
Housewife	62	31.60	4.58		
Employee	70	33.63	3.81		
Monthly Income					
Upto 25000	98	31.57	4.56	1.590	.206
25001-50000	77	32.70	4.67		
Above 50000	54	31.44	5.10		

*Significant @ 1% level

The test of hypothesis revealed that the purchase of green products was found significant with respect to only one socio-economic variable 'the occupation of the respondents' (.001) at one percent level of significance.

The other variables such as gender (.120), age (.189), marital status (.573), family nature (.284), educational qualification (.064) and monthly income (.206) have resulted insignificant and hence there is no significant difference exists in the involvement shown by the respondents based on these criteria towards purchase of green products.

CONCLUSION

Green consumer decision making is about the sequence of steps involved in the process and also distinguishes it in terms of low-involvement and high involvement products. So the decision making of the green consumer is helpful for the marketer to focus on a specific stage of the process. Purchase involvement of consumer may indirectly be reflected by the responsiveness of consumers interact with information related to the reality and word-of-mouth and it may spread product benefits among the consumers will influence the green product purchase decision.

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STUDY OF INDICATORS AND OSCILLATORS FOR STOCK LISTED ON NSE

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ABSTRACT

The task of mobilization and allocation of savings could be attempted in the old days by a much less specialized institution than the stock exchanges. But as business and industry expanded and the economy assumed more complex nature, the need for 'permanent finance' arose. Entrepreneurs needed money for long term whereas investors demanded liquidity – the facility to convert their investment into cash at any given time. The answer was a ready market for investments and this was how the stock exchange came into being. Stock exchanges are intricacy inter-woven in the fabric of a nation's economic life. Without a stock exchange, the saving of the community- the sinews of economic progress and productive efficiency- would remain underutilized.

KEYWORDS

indicators, oscillators, stock market, technical analysis.

INTRODUCTION

Technical analysis is analysis of securities to forecast the direction of pricing by studying past data of the securities such as the price and volume. Technical analysis is based solely on the data generated by the market and by the actions of people in the market.

Now what one needs to know is that the Technical Analysis Indicators are the basis for technical analysis, they are used to determine the future trends of stocks. Technical Analysis Indicators help the investor to know when to enter or exit a trade, in order to make profit. Technical Analysis Indicators look at price information and translates it into simple, easy-to-read signals. These signals help the investor determine the correct time to buy or sell.

Technical analysis indicator provides clues to the investor, helping them to interpret the market patterns and the future behavior of the price. Thus combinations of price, volume and time sensitive Technical Analysis Indicators are used to maximize profits.

The two main ways that indicators are used to form buy and sell signals are through Crossovers and Divergence.

Crossovers occur when the indicator moves through an important level or a moving average of the indicator. It signals that the trend in the indicator is shifting and that this trend shift will lead to a certain movement in the price of the underlying security.

For example, if the relative strength index crosses below the 70-level it signals that security is moving away from an overbought situation, which only will occur when the security declines.

The second way indicators are used is through Divergence, which occurs when the direction of the price trend and the direction of the indicator trend are moving in the opposite direction. This signals that the direction of the price trend may be weakening as the underlying momentum is changing.

REVIEW OF LITERATURE

1. **Wall Street Courier** (The E-Book of Technical Market Indicators) Over the years, investors have developed literally, hundred thousand of different technical market indicators in their efforts to predict stock market. Nowadays every investor finds loads of different kinds of technical market indicators available for free on every financial site on the internet. Unfortunately, for the unwary, there are many misleading, untested, overstated or just plain wrong indicators. Additionally, different kind of indicators may contradict to each other. Therefore, such a situation will only lead to a more difficult process for investors to apply a successful and traceable trading approach. Finally, the investors own emotional basis does interfere too often with the desired goal of maximizing trading returns although disciplined trading decisions are as important as accurate knowledge in actually making money. Since there is no indicator which is right all the time, a combination of different kinds of technical market indicators is the best method to understand the "big picture" plus the best way to beat the market in the long run. A clear and understandable investment process will deliver more predictable results and allows traders to improve their approach over time.
2. **Jan Ivar Larsen** (Predicting Stock Prices Using Technical Analysis and Machine Learning) Historical stock prices are used to predict the direction of future stock prices. The developed stock price prediction model uses a novel two-layer reasoning approach that employs domain knowledge from technical analysis in the first layer of reasoning to guide a second layer of reasoning based on machine learning. The model is supplemented by a money management strategy that use the historical success of predictions made by the model to determine the amount of capital to invest on future predictions. Based on a number of portfolio simulations with trade signals generated by the model, we conclude that the prediction model successfully outperforms the Oslo Benchmark Index (OSEBX)
3. **Wing-Keung Wong** (How rewarding is technical analysis? Evidence from Singapore stock market) This paper focuses on the role of technical analysis in signalling the timing of stock market entry and exit. Test statistics are introduced to test the performance of the most established of the trend followers, the Moving Average, and the most frequently used counter-trend indicator, the Relative Strength Index. Using Singapore data, the results indicate that the indicators can be used to generate significantly positive return. It is found that member firms of Singapore Stock Exchange (SES) tend to enjoy substantial profits by applying technical indicators. This could be the reason why most member firms do have their own trading teams that rely heavily on technical analysis
4. **Monica Lam** (Neural network techniques for financial performance prediction) This research project investigates the ability of neural networks, specifically, the backpropagation algorithm, to integrate fundamental and technical analysis for financial performance prediction. The predictor attributes include 16 financial statement variables and 11 macroeconomic variables. The rate of return on common shareholders' equity is used as the to-be-predicted variable. Financial data of 364 S&P companies are extracted from the CompuStat database, and macroeconomic variables are extracted from the Citibase database for the study period of 1985–1995. Used as predictors in Experiments 1, 2, and 3 are the 1 year's, the 2 years', and the 3 years' financial data, respectively. Experiment 4 has 3 years' financial data and macroeconomic data as predictors. Moreover, in order to compensate for data noise and parameter misspecification as well as to reveal prediction logic and procedure, we apply a rule extraction technique to convert the connection weights from trained neural networks to symbolic classification rules. The performance of neural networks is compared with the average return from the top one-third returns in the

market (maximum benchmark) that approximates the return from perfect information as well as with the overall market average return (minimum benchmark) that approximates the return from highly diversified portfolios. Paired t tests are carried out to calculate the statistical significance of mean differences. Experimental results indicate that neural networks using 1 year's or multiple years' financial data consistently and significantly outperform the minimum benchmark, but not the maximum benchmark. As for neural networks with both financial and macroeconomic predictors, they do not outperform the minimum or maximum benchmark in this study

5. **Tyler Yell (Four Highly Effective Trading Indicators Every Trader Should Know)** When your forex trading adventure begins, you'll likely be met with a swarm of different methods for trading. However, most trading opportunities can be easily identified with just one of four chart indicators. Once you know how to use the Moving Average, RSI, Stochastic, & MACD indicator, you'll be well on your way to executing your trading plan like a pro. You'll also be provided with a free reinforcement tool so that you'll know how to identify trades using these indicators every day. Traders tend to overcomplicate things when they're starting out in this exciting market. This fact is unfortunate but undeniably true. Traders often feel that a complex trading strategy with many moving parts must be better when they should focus on keeping things as simple as possible.

NEED/IMPORTANCE OF THE STUDY

Investment is one of the important part in life of person, if he fails to do proper investment he has to face consequences. So there is need for the study of indicators and oscillators for making investors aware about the terms and how decisions are taken for investment.

OBJECTIVES

1. To study different types of Indicators and Oscillators.
2. To find whether investors investing in derivatives market have knowledge about Indicator and Oscillators.
3. To find whether Indicators and Oscillators used by investors are used in a combination or not?
4. To study and analyze the top five Indicators and Oscillators used by investors using data from the stock market.

HYPOTHESIS (ES)

Ho : investors have knowledge about indicators and oscillators.

H1 : Investors use combination of indicators and oscillators for investing in stock market.

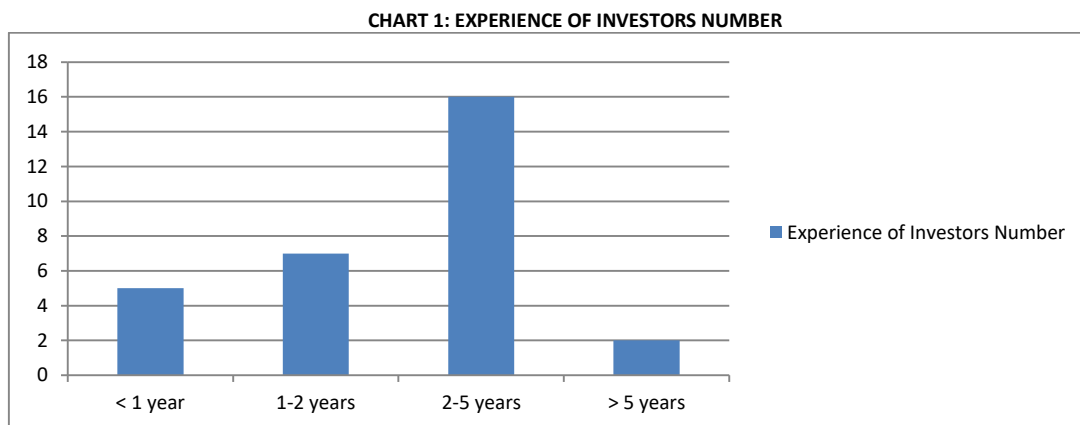
RESEARCH METHODOLOGY

Two type of data used, primary data and secondary data. Primary data was taken through a questionnaire to know about the investor knowledge about Oscillators and Indicators and their usage. Secondary data was taken to explain the Oscillators and Indicators which the investors preferred most while making their investment decisions. Thus, stock trend of ICICI Bank was taken from NSE for three months for doing further analysis of the topic.

RESULTS & DISCUSSION

TO FIND TOTAL EXPERIENCE OF INVESTORS OF INVESTING INTO STOCK MARKET

- From the questionnaire, clients were asked to fill their overall experience of doing trading into stock markets.
- Data of 30 investors was taken.
- The data was later on entered into a table in MS Excel and with the graph optioned, inference were made. The graph obtained was as follows:



TO KNOW WHETHER THEY HAD RECEIVED ANY FORMAL TRAINING OR NOT

- This was basically a question to understand whether the investors dealing in derivative market had any prior training or not.
- The same procedure as above was followed. The graph obtained was:

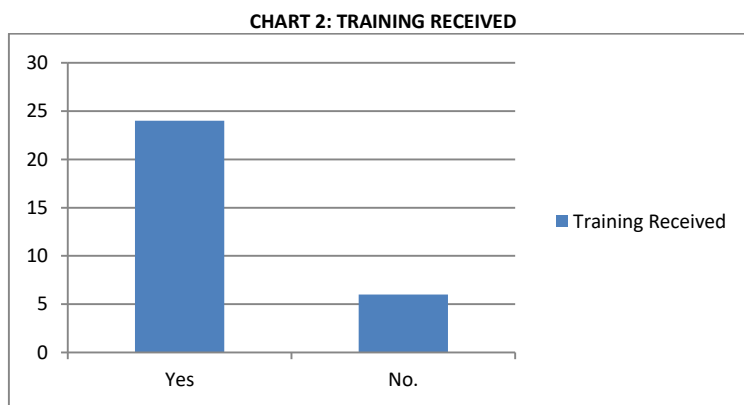
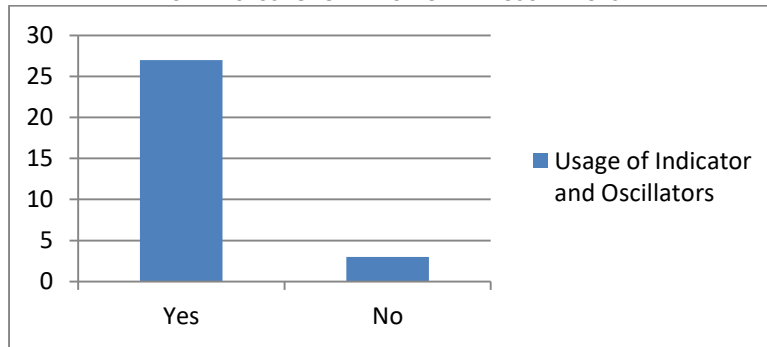


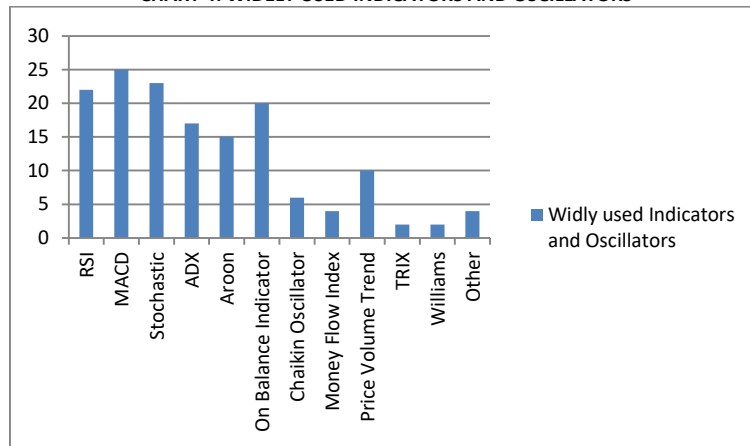
CHART 3: USAGE OF INDICATOR AND OSCILLATORS



TO KNOW WHICH ARE THE MOSTLY USED INDICATOR AND OSCILLATORS BY THE INVESTORS

- A list of many Indicators and Oscillators was included in the questionnaire.
- The investors were asked to tick the mostly used Indicators and Oscillators by them.

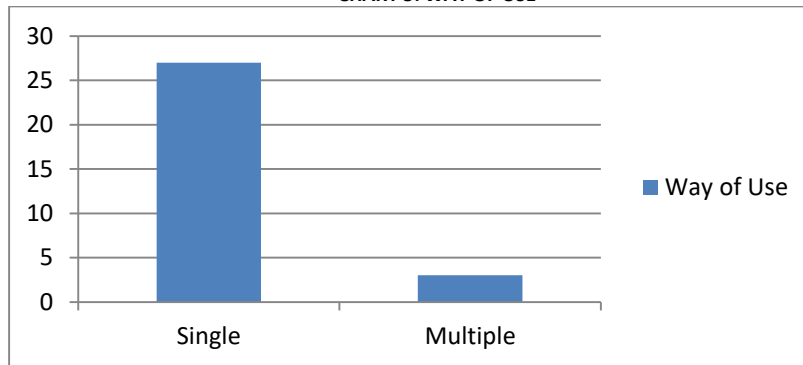
CHART 4: WIDELY USED INDICATORS AND OSCILLATORS



TO KNOW WHETHER THE INDICATOR AND OSCILLATORS USED WERE INDIVIDUALLY USED OR USED IN A COMBINATION

- This data was taken to basically understand whether a combination of indicator and oscillators were being used by investors or not.
- The same procedure as above was followed again. The graph obtained was:

CHART 5: WAY OF USE



SECONDARY ANALYSIS

For doing the secondary analysis, a stock of ICICI Bank was taken. The stock movement of previous three months was taken and then the analysis was carried out. The top 5 Indicators and Oscillators used by the investors from primary data was taken and then those were understood and analysed using the stock of ICICI Bank. The analysis done was as follows:

1. AVERAGE DIRECTIONAL INDEX (ADX)



- The Average Directional Index (ADX) can be used to determine if a security is trending or not. This determination helps traders choose between a trend following system or a non-trend following system.
- A weak trend is present when ADX is below 20 and a positive trend is present when ADX is above 40, but there is no trend present when between 20 to 40.
- The +DI line (Green) indicates a positive strength while the -DI line (Red) indicates a weak trend. These two measures together plot the ADX line (Blue).
 - Now as we can see in the above chart, On 1st January the ADX line was below 20 or almost 20, thus it shows that there was weak trend in the ICICI Bank stock.
 - On 19th January the stock picked up its strength and went above 40, that represents a strong strength in the stock of ICICI Bank.
 - So when there is weak trend or no trend in stock i.e. 1st January and thus there was no point in investing in this stock.
 - But an opportunity arises on 19th January when the trend picks up, thus we could see a profit potential there.
 - Again later on the stock trend dips and then is range bound 1st Feb onwards. This suggests that there is no point in investing in this stock as of now.

2. ON BALANCE VOLUME (OBV)



- On Balance Volume (OBV) measures buying and selling pressure.
- A rising OBV reflects positive volume pressure that can lead to higher prices, so if the OBV line is rising we can expect the prices to move upwards.
- A falling OBV reflects negative volume pressure that can lead lower prices, so if the OBV line is falling then we can expect the prices to move downwards.
 - As we can see here, from December 1 till January 26 the trend was range-bound, i.e. not much changes in volume pressure is seen.
 - But then post 26th January, the OBV line starts to fall which means the trading volume in ICICI bank is decreasing. We can also see that with the decrease in volume the stock price also felt drastically.
 - Then from 23rd February, the OBV line started moving upwards representing a pick in volume in the stock. With that, we can also see that the stock prices were also moving up.

3. MOVING AVERAGE CONVERGENCE (MACD)



- MACD measures whether a stock is having an upward momentum or a downward momentum.
- If the 12-day moving average line (green) is above the 26-day moving average line (Pink), it indicates a positive MACD. Positive value increases as the shorter 12 day line diverges further from the longer 26 day line.
- If the 12-day moving average line (Green) is below the 26-day moving average line (Pink), it indicates a negative MACD. Negative value increases as the shorter 12 day line diverges further below the longer 26 day line.
- This helps traders identify entry and exit points for investing in the particular stock.
 - As we can see in the graph, the stock of ICICI picked up momentum on 23rd December. A good entry point was available when 12 day moving average line crossed 26 day moving average line on 30th December.
 - Then the momentum started decreasing and on 7th January the 2 day moving average line went below 26 day line, this was a perfect time to go short in the market or remove our long position.
 - Since then the stock never picked up momentum and has remained below the 26 day average line, thus there has not been a good window to enter into this stock.
 - But on 29th February we can see that the divergence between 12 day average line is decreasing and it is showing a sign of revival. This can be an opportunity, but we can only be sure once it crosses the 26 day slow moving line.

4. STOCHASTIC OSCILLATOR



- The Stochastic Oscillator is used to determine whether a security is overbought or oversold.
- We set up range and down range as per our analysis, if the Stochastic line crosses the upper range it represents the stock is overbought and if the Stochastic line goes below the lower range then it is oversold.
- If a stock is oversold it signals an upturn, thus is a good sign to enter into the script and if the stock is overbought it means there is not much scope for it to go upwards, thus we should come out of it.
 - Here we can see that the stock was mostly oversold throughout.
 - The portion highlighted in yellow represents the stock was in a normal position, i.e. not overbought nor oversold.

- At the remaining places the stock is trending mostly oversold only.
- When it breaches the 20 mark and goes above, it has an upward momentum, so we can enter into this script.
- When the stock starts trending down, it means it is losing its upward momentum and is trending downward, it is a signal to get out of the script.

5. RELATIVE STRENGTH INDEX (RSI)



- RSI is a momentum oscillator that measures the speed and change of price movements for a particular stock.
- The oscillator fluctuates between 0 to 100 which represents prices of a stock are going up or down during a particular point.
- RSI also determines whether a stock is overbought or oversold. On the scale of 0 to 100, if the oscillator line goes below 20 it means the stock is oversold and if the line goes above 80 then it means the stock is overbought.
- $RSI = 100 - (100 / (1 + RS))$, where $RS = \text{Average gain} / \text{Average Loss}$
- We usually take a 14-period RSI, zero RSI value will mean prices have moved lower all 14 periods, thus there was no gain. RSI value 100 means prices have moved higher all 14 periods, thus there were no losses.
 - Here as we can see in the chart, the red highlighted portion shows an overbought position, when the oscillator lines come below 80 then it may be the right time to enter.
 - When the line breaches below 20, which is highlighted in blue, it will indicate an oversold position and thus we should not enter during this period.

FINDINGS

After conducting the survey and analyzing the data collected, the findings were as follows:

- Mostly all the investors had an experience of 1 year to 5 years investing in stock markets.
- Almost everyone had received a proper and formal training for the derivatives segment.
- Everyone who had received training had a knowledge about Indicators and Oscillators while the rest who did not had training did not know about Indicators and Oscillators.
- Mostly, a combination of two or three Indicators and Oscillators were used by investor for making any investment decision.
- It was found that there were five Indicators and Oscillators that were widely used: Relative Strength Indicator (RSI), Moving Average Convergence (MACD), Stochastic Oscillator, Average Directional Index (ADX), On Balance Volume.
 - RSI: It was found that whenever the RSI line crossed 80 mark, the stock price fell and when the RSI line fell below 20 the stock price rose after some time.
 - MACD: It was noted that whenever the 12 day moving average line was above the 26 day moving average line, the stock price went up every time when this happened.
 - Stochastic Oscillator: It was found that whenever the stock is oversold, the price of stock took a decline and when the stock started moving upward i.e. trade volume in it increased, the stock price also increased.
 - ADX: It was seen that whenever the +DI line (green) went above the -DI (red) line, the stock price went up and vice versa.
 - On Balance Volume: Whenever the OBV line went up, the stock price went up and whenever the OBV line went down the stock price went down.

RECOMMENDATIONS/SUGGESTIONS

- One should have a proper knowledge and experience of equity market before entering the derivatives market, as it helps us get a better understanding of the price movements and our accuracy of decision making increases, thus reducing our losses.
- As derivatives is a complex market, one should get adequate and proper training.
- Though, Indicators and Oscillators do not show you right time and opportunity to enter or exit a script, they guide you in taking such decisions by supporting you with up to date and accurate data.
- Always a combination of Indicators and oscillators should be used to get a better and accurate result.

While using widely used Indicators and Oscillators is not a bad decision, but creating one's own unique strategy and combination of tools for assisting you in decision making is always a wise choice

CONCLUSIONS

With this research it can be concluded that Ho hypothesis has been rejected as investors requires training and then only they got knowledge about indicators and oscillators, Whereas H1 Hypothesis was accepted as from the study it revealed that investors use combination of indicators and oscillators for investing in stock market.

LIMITATIONS

Due to constraints of time & resources the present study is likely to suffer from certain limitations some of these are mentioned so that study can be understood in a proper perspective:

- The research was carried out in a short period,
- Some of the respondents were unwilling to give information.
- Sometimes wrong information was provided by respondents which needed to be cross checked & verified.
- Chances of biasness are there because of the use of convenient sampling.
- Some respondents were not available and thus needed data could not be found.
- Some respondents were reluctant to divulge personal information which can affect the validity of all responses.

SCOPE FOR FURTHER RESEARCH

There is further scope for Research by taking few more different indicators and oscillators and derive the results and compare with the current. Researcher can also take other investment avenues and go with similar parameter and see the results, compare and suggest investors for the best option.

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ROLE OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP ON JOB SATISFACTION

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ABSTRACT

Effective leadership always plays an important role in the growth and better performance of the organization. Transactional leadership is found importantly related to job success while transformational leadership and job success are found highly related with carrier satisfaction.

KEYWORDS

transactional leadership, transformational leadership, job success and carrier satisfaction.

INTRODUCTION

Organizations all over the world are mostly concerned with understanding, searching and developing leadership. Type of organization, leadership plays a vital role in establishing high performing teams. In the modern Era, leaders are facing greater challengers than ever before due to increased environmental complexity and the changing nature of the organization. If we look behind the history it becomes evident that leaders should have the ability to draw out changes in relation with environmental demands. Today not only demands having a competitive edge and sustained profitability but also the mainstreamed of ethical standards, establishing a safe and equitable work environment. Leadership is one of the critical elements in enhancing organizational performance. Being responsible for the development and execution of strategic organizational decisions, leaders have to acquire develop and display organizational resources optimally in order to bring out of the best products and services in the best interest of stakeholders. Therefore, effective leadership is the main cause of competitive advantage after any kind of organization.

Leader are conferred the opportunity to lead, not because they are appointed by senior managers they lead because they are perceived and accepted by followers as leaders. In fact, a leader has to provide the followers what is needed to keep them productive and proceed towards the shared vision. But if the leaders _ to provide what was promised before it _the sense of distrust and de-motivation.

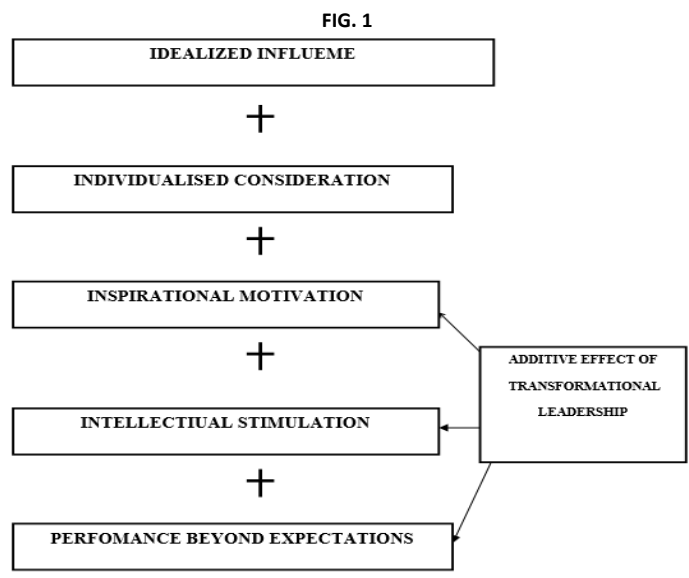
THEORETICAL BACKGROUND

The concept of leadership starts with the unique focus on the theory of " Great-Man". The proponent of the great man theory assumes that leaders are born and have innate qualities, therefore leaders cannot be made. The word "Man" strongly by used to give importance to the role on makes only initially, leaders were thought to be those having & sources stories which were largely associated with military man. Even management scholars and organizational psychologists are still in fours of great man idea. After that research on leadership further sheds light on the common traits that distinguish leaders from followers.

TRANSFORMATIONAL LEADERSHIP

To use this approach in the workforce one must first understand exactly what transformation leadership is into the simplest terms transformational leadership is a processes that changes and transforms individuals. In other words, transformational leadership is the ability to get people to want to change to improve and to be led.

It involves assessing associated motives satisfying their needs and valuing them. Therefore, a transformational leader could make the company more successful by valuing its associates. There are four factors to transformational leadership (also known as the fours is") idealized influence inspirational motivation intellectual stimulation and individual consideration. Each factor will be discussed to help managers use this approach in the workplace, Effective transformational leadership results in performances that exceed organization expectations, bellowing the figure it illustrates the "Additive" Effort of transformational leadership because mangers must full together the components to reach "performance beyond expectations".



Each of the four components describes characteristics that are valuable to the "Transformation" process when managers are strong role models, encouragers, innovators, and coaches. They are utilizing the four to help "transform" their associates into better, more productive and successful individuals. Transformational leadership can be applied in one-on-one or group situations. Using this approach, the managers and the associates are "transformers" to enhance job performance and help the organization be more productive and successful.

STRENGTHS AND WEAKNESS OF TRANSFORMATIONAL LEADERSHIP

- Strengths are widely researched, effectively influence associates on all levels (from one-on-one to the whole organization), and strongly emphasize associate needs and values.
- Weaknesses have many components that seem too broad, treat leadership more as a personality trait than as a learned behavior, and have the potential for abusing power.

APPLYING TRANSFORMATIONAL LEADERSHIP

1. Transformational leadership covers a wide range of aspects with leadership, therefore there are no specific steps for a manager to follow. Becoming an effective transforming leader is a process. This means that conscious effort must be made to adopt a transformational style. Understanding the basics of transformational leadership and the four, it can help a manager apply this approach. A transformational leader has the following qualities.
2. Empower followers to do what is best for the organization.
3. Is a strong role model with high values.
4. Create a vision using people in the organization.
5. Listens to all viewpoints to develop a spirit of cooperation.
6. Help the organization by helping others contribute to the organization.

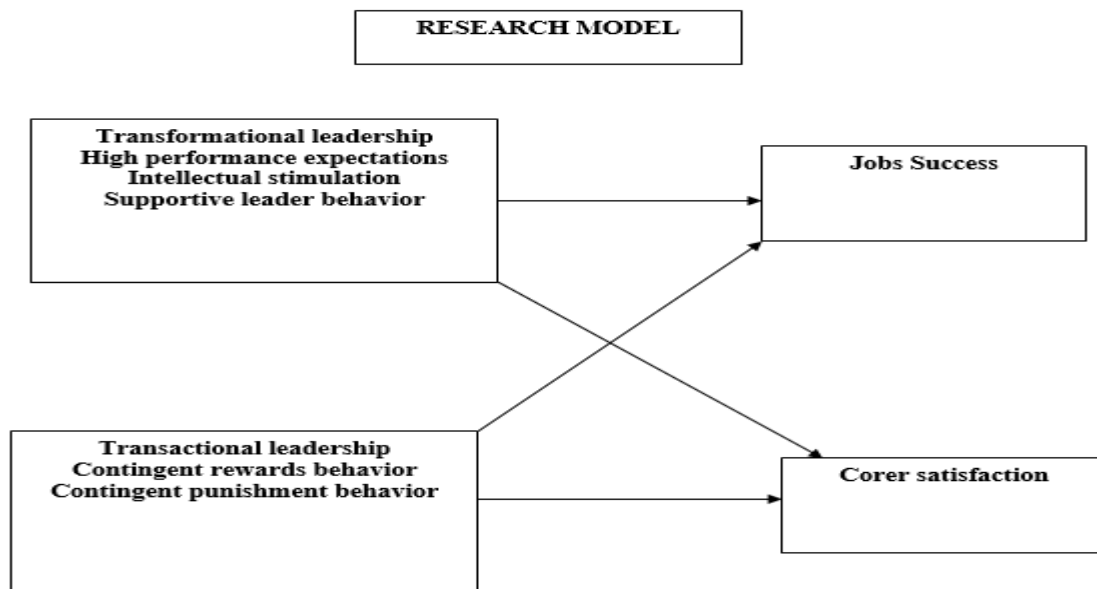
TRANSACTIONAL LEADERSHIP

Transactional leadership is based on leader-follower exchange where the follower acts according to the instructions of the leader and the leader rewards the follower. The main thing of exchange is compensation, which may be positive or negative. Positive like praise or recognition if followers obey the instructions of the leader and negative like disciplinary action if followers do not obey the leader's instructions. Transactional leadership maintains stability in the organization by recognizing follower's needs and desires and then clarifying how those needs and desires will be satisfied in exchange for meeting specified objectives or performing certain duties. This satisfaction of needs improves employee productivity and morale. Therefore, both transactional and transformational leadership showed different relationships with satisfaction in different scenarios. In employee productivity and organization that have satisfied workforces surpass other organizations.

LEADERSHIP AND EMPLOYEE JOB SATISFACTION

There are many factors that may enhance job satisfaction of an employee, for example, working conditions, work itself, supervision, policy administration, advancement, compensation, interpersonal relationship, recognition, and empowerment. Leadership has a major relationship to enhance employee job satisfaction. The quality of leader-employee relationship has a vital relationship with employee job satisfaction and employee feedback. Employees feel satisfied and comfortable with leaders who are supportive. Employees feel stress when they have to work with a leader who is unsupportive and whose behavior is negative. Negative leader-employee relationships have various adverse impacts on the employee relationship, which has various adverse impacts on the employees as it reduces productivity, increases absenteeism, and also the turnover rate in the organization is quite high.

FIG. 2



The success stories of transformational leaders are modified. At contrast to transactional leaders normally, transformational leadership was given extensive support in most of the organizational setting, moreover, transformational leadership had important effects on activities at both the individual and organizational level. Therefore, management at upper level exercising the transformational leadership may yield a competitive advantage to the organization. Research has been conducted on leadership styles and their impact on different constructs; however, important contribution with Haryana environment is yet to be imparted. Therefore, this study was an attempt to determine the impact of transformational and transactional leadership style on job success and also on career satisfaction.

METHODOLOGY

PARTICIPANTS

An attempt was made to collect responses from the private sector only, therefore some private companies were approached for data collection.

PROCEDURE

It was also decided to collect minimum 50 questionnaires from each organization for equal representation therefore, a total of 100 questionnaires were floated in each organization using non-probability convenience sampling method.

MEASURES

Transformational leadership and transactional leadership (TL)

Transformational leadership style was assessed with 13 items of transformational leadership behavior Inventory (TLI). This scale originally measures six dimensions of transformational leadership however three core transformational leader behavior dimensions i.e. articulating a vision, having high performance expectation and providing intellectual stimulation, were investigated based on five-point liker scale ranging from 1 (strongly disagree) to 5 (strongly agree).

CAREER SATISFACTION

Career Satisfaction was measured through five items which is developed by Greenhouse. Here participants indicated the extent to which they were at present satisfied with the income, advancement, goals, adoption of new skills and success achieved during span of their career on a five point liker scale ranging from 1 to 5.

JOB SUCCESS

The job success was measured through various perceived facts of their job like their emotional attachment with the job, satisfaction with performance, achievement comparing colleagues, earning and supervisor's satisfaction.

TABLE 1: CROBACH'S ALPHA COEFFICIENTS

Variable	Coach's Alpha's	No. of Items
Career satisfaction	.814	5
Job success	.1846	5
Transformational leadership	.910	14
Transactional leadership	.747	6

DATA ANALYSIS

THE RESPONDENTS

Survey respondents include 62% males and 38% females moiety of respondents were between 21 years to 30 year of age showing 52% whole sample while between the age ranges 31 to 40 were 36% moreover 49% of respondents had master level of education where as 37 % M. Phil. level of education.

TABLE 2: DEMOGRAPHIC ANALYSIS

Age	20 on below	3%	Job	Managerial	45%
	21-25	25%		Non-managerial	55%
	26-30	27%		Below 10000	2%
	31-35	18%	Income level	11000-20000	20%
	36-40	18%		21000-30000	40%
	41 or above	10%		31000-40000	15%
Gender	Male	62%		41000-50000	10%
	Female	38%		Above 50000	13%
	Bachelors	7%		Years of job	Less then year
Qualification	Masters	49%	In organization	1-5 year	55%
	M-Phill	37%		6-10 year	24%
	Ph.D	7%		10 to above	18%

DESCRIPTIVE ANALYSIS

Descriptive analysis shows positive results of all variables i.e. transformational leadership transaction leadership job success and career satisfaction. The highest calculated mean value 3.76 of transactional leadership show the employees feel that then supervisors always give them positive feedback when they perform well even points them out when their performance a not up to the mark.

TABLE 3: DESCRIPTIVE ANALYSIS

MEAN				
Jobs success	Static's	Std error	Std deviation	Variance
	3.7111	.05442	.84126	.709
Career satisfaction	3.5543	.06545	1.02468	1.62
Transformational	3.5777	.05952	.91604	.849
Transactional leadership	3.7666	.04213	.65141	.482

CONCLUSIONS AND PRACTICAL IMPLICATIONS

Data collected through questionnaires shows that employee working in the private sector previous supervisor or more include towards exercising transactional leadership style as compared to transformational leadership style. They share an exchange relationship. With their employee's reward and punishments are the tools that are being used to positively and negatively influence the person. Since the transactional leadership is based on contingent reward and punishment behavior therefore supervisor positively reward the individual with praise or recognition when they perform at or above expectations. Similarly, negative rewarding approach is also used in the form of correction coercion criticism and/ or other forms of punishment when performs is below standard.

Therefore, the manger needs to take care of some factors like, the vision and mission of the organization should be clear to each employee which is further transformed into organizational and departmental objective. Also positive reward like praise recognition and benefits need to be provided in a personalized way to sustain performance. Into end, supervisor needs to employee is working in.

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LABOUR WELFARE MEASURES IN HOTEL INDUSTRIES REFERENCE TO KANYAKUMARI

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ABSTRACT

Labour welfare is an important aspect of industry life. This study is undertaken to know the satisfaction levels of employees about labour welfare measures in Hotel industries, Kanyakumari. For the purpose of the study, Convenience Random Sampling method is adopted to carry out the study by the researcher. 100 samples are selected covering almost all the departments. This study conducts the chi square and weighted average scores for the study dimensions. A questionnaire is used for present study to know the opinions of the employees on each statement. The results of the research reveal that majority of the employees are satisfied with all the welfare measures provided by the organization.

KEYWORDS

industry life, employee satisfaction, labour welfare measures, hotel industries.

INTRODUCTION

A celebrity is a person who works hard all his life to become well known, then wears dark glasses to avoid being recognized.”

FRED ALLEN

Employee or Labour welfare is a comprehensive term including various services benefits and facilitates offered to employees by employer. The labour welfare amenities are extended in addition to normal rewards available to employees as per the legal provisions. Labour welfare work is work for improving the health, safety and general well-being and the efficiency of the workers beyond the minimum standards lay down by labour legislation. Welfare measures may also be provided by the government, trade unions and non-government agencies in addition to the employer.

According to **Dr. Parandikar**, “Labour welfare work is work for improving the health, safety and general well-being and the industrial efficiency of the workers beyond the minimum standard lay down by labour legislation”. The significance of welfare measures was accepted as early as 1931, when the **Royal commission**⁹ on labour stated. The benefits are of great importance to the worker which he is unable to secure by himself. The schemes of labour welfare may be regarded as a wise investment because these would bring a profitable return in the form of greater efficiency. The Oxford Dictionary defines labour welfare as “efforts to make life worth living for worker”. The **ILO** report refers to labour welfare as “such services, facilities, and amenities, which may be established in, or in the vicinity of undertakings to enable persons employed therein to perform their work in healthy and congenial surroundings and provide them with amenities conducive to good health and high morale.” (**Sharma**⁴; **Mamoria**³) **Chamber’s Dictionary** defines welfare as “a state of sharing or doing well; freedom from calamity, enjoyment of health, prosperity”. **Murthy** defines Prevents social evils like drinking, gambling, prostitution etc., by improving the material, social and cultural conditions of work. Congenial environment as a result of welfare measures will act as a deterrent against such social evils.

Report of National Commission on Labour (2002)¹⁴. Government of India, made recommendations in the area of labour welfare measures which include social security, extending the application of the Provident Fund, gratuity and unemployment insurance etc. There are two types of labour welfare facilities,

INTRAMURAL AND EXTRAMURAL WELFARE ACTIVITIES

The International Labour Organisation provides the intramural and extramural welfare facilities to the every organisation. The intramural activities means inside the organisation what are all facilities employees need in the organisation. The extramural activities give that outside the work place employees require from the organisation. Those are necessary for every employee and it is must to give organisation to employee. If we follow the facilities, properly employees will commit their work with satisfaction.

TABLE 1

S.No	Intramural	Extramural
1.	Drinking water	Housing
2.	Toilets	Education facilities
3.	Crèches	Maternity benefits
4.	Washing and bathing facilities	Transportation
5.	Rest shelters	Sports facilities
6.	Uniforms and protective clothing	Leave travel
7.	Recreation facilities	Vocational training
8.	Canteens	Holiday homes
9.	Subsidised food	Cooperative stores
10.	Medical aid	Fair price shops
11.	-----	Social insurance

Source: ILO report

Labour welfare work is divided into two categories: (i) Statutory welfare work comprising the legal provisions in various pieces of labour legislation (ii) Voluntary welfare work includes those activities undertaken by employers for their workers voluntarily. Many employers, nowadays, offer the welfare amenities voluntarily.

HOTEL

Kanyakumari is a coastal town in the state of Tamil Nadu on India's southern tip. Jutting into the Laccadive Sea, the town was known as Cape Comorin during British rule and is popular for watching sunrise and sunset over the ocean. It's also a noted pilgrimage site thanks to its Bagavathi Amman Temple, dedicated to a consort of Shiva, and it's Our Lady of Ransom Church, a center of Indian Catholicism.

Hotel is defined by various dictionaries as a place that provides accommodation besides providing meal services. It is in general a place for lodging and food requirements of travelers and tourists. A hotel may or may not have a restaurant (some have many) though it is common for hotels to provide meals through room service. A hotel is a large building having many rooms and even floors with differences in their features. Some hotels are premium where many additional services are offered besides accommodation and food. These services may include swimming pool, conference rooms, cafes, casinos, and other entertainment services. The tariffs of hotels are dependent upon the kind and quality of services it offers. Hotels are star rated from one star to seven stars depending on these facilities and services.

Airey & Frontistis (1997)² says the tourism and hospitality industry is noted to be one which has a very large scope. It comprises of many sectors ranging from hospitality, food and beverage, conferences and conventions, recreation, etc. In order to understand the diversity of job roles within the tourism and hospitality line, has advocated that it is important to see the job roles from the point of view of the individual rather than from the macro industrial perspective. Shobha Mishra & Manju Bhagat¹¹, in their "Principles for Successful Implementation of Labour Welfare Activities", stated that labour absenteeism in Indian industries can be reduced to a great extent by provision of good housing, health and family care, canteen, educational and training facilities and provision of welfare activities. From this point of view, the hotels are giving more facilities to the over the guest's requirements. The star category hotels only providing better service to the customers it means the hospitality is different from one to other hotels. It is depending upon the hotel facilities and the customer's requirements.

SCOPE AND OBJECTIVES OF THE STUDY

Today, welfare is generally accepted by employers. The state steps in to widen the area of applicability only. Welfare is being looked at as a social right of workers. The committee described it as social security measures that contribute to improve the conditions under which workers are employed in India (1969 Report) labour welfare includes both statutory as well as non-statutory activities under taken by employers, trade unions and both the central and state governments for the physical and mental development of workers.

To find out the year of experience between the labour welfare measures of employees in the hotel industry and this study is to explore labour welfare measures of the hotel industry which consists of almost employee's satisfaction about the welfare measures. The study is helps to the management can find best ways to bring best welfare measures, which causes an employee's towards commitment and job satisfaction. To know the various labour welfare measures available in the organization. To study the satisfaction levels employees about Labour welfare measures provided by the organization and to give some suggestions to improve the standard of Labour welfare measures in the organization.

METHODOLOGY AND DATA ANALYSIS

This study covers both primary and secondary data. Primary data is collected by distributing questionnaire to the employees of the hotel industries and Secondary data is collected from various journals, articles, books, websites, dissertations and thesis pertaining to the relevant matters of the subject under study. Convenience sampling method is adopted to carry out the study. In hotels were 100 samples are selected covering almost all the departments. In this study the questionnaire consists of mostly close ended questions with 5-point Likert scale. The statistical tools applied for the study is chi-square, weighted average mean scores and corresponding percentages. From this, the researcher can find out the employee's welfare requirements is how it will affect the employees or the labour welfare activities accomplish from the organisation for the employees.

CHI-SQUARE

Ho: There is no significant association between the Year of Experience and Respondents of labour welfare measures in the Hotel Industry.

TO FIND OUT THE ANY ASSOCIATION BETWEEN THE YEAR OF EXPERIENCE AND THE LABOUR WELFARE MEASURES RESPONDENTS**TABLE 2: CHI-SQUARE TESTS**

Particulars	Value	df	Asymp. Sig. (2 sided)
Pearson Chi-Square	24.543 ^a	12	.017
Likelihood Ratio	27.571	12	.006
Linear-by-Linear Association	2.818	1	.093
N of Valid Cases	100		

a. 15 cells (75.0%) have expected count less than 5. The minimum expected count is 1.56.

INFERENCE

The above table shows the Pearson Chi-square value is 24.543, is finding the association with the variables between Year of Experience and Respondents of labour welfare measures in the Hotel Industry. The P value with respect to the Chi-Square value is 0.017 at the 0.05 level of significant which lies below the 0.05, and hence there is association between the variables Year of Experience and Respondents of labour welfare measures in the Hotel Industry. So, here the null hypothesis (Ho) is rejected.

WEIGHTED AVERAGE MEAN SCORES

The labour welfare questionnaire consists of 13 statements, developed by the researcher is used in the present study to know the opinions of the employees on each statement. This is done on the assumption that the mean score of 1 indicates 20 per cent, 2 corresponds to 40 per cent, 3 indicates 60 per cent, 4 corresponds to 80 per cent, and lastly 5 indicates 100 per cent. The per cent score indicates the degree to which a particular dimension exists in that organization out of the ideal 100. Thus, it is certainly desirable for the organization to have percentage scores above 60 on each statement as well as overall on all statements.

TABLE 3: SATISFACTION LEVELS OF THE SAMPLE RESPONDENTS ABOUT LABOUR WELFARE MEASURES

S. NO.	Welfare measures	Weighted Average mean scores	Percentages
1.	Annual bonus	2.5	30
2.	Canteen	3.5	60
3.	Consumer cooperative store	2.3	28
4.	Drinking water	4.6	90
5.	Housing facilities	4.4	85
6.	Leave travel concession	3.2	55
7.	Medical facilities	4.2	80
8.	Rest and lunch room	4.4	85
9.	Retirement and benefits	3.9	70
10.	Sports and recreational facilities	2.5	30
11.	Supply of uniforms and shoes	4.8	93
12.	Special medical aid	4.1	78
13.	Transport facilities	4.3	83

Source: Primary data

It can be observed from the above table that the overall mean score of 3.9 i.e. 70 per cent indicates that majority of the respondents are satisfied with all welfare measures provided by the organization. A few are not satisfied with welfare measures provided by the organization. Therefore, it is suggested that the existing welfare measures may be improved further.

FINDINGS

- Maximum 90%, 85%, 80%, 85%, 93%, 83% of the respondents are highly satisfied with Drinking water, Housing facilities, Medical facilities, Rest and lunch room, Supply of uniforms and shoes and Transport facilities provided by the hotels.
- Minimum 70%, 78%, 60% of the respondents are satisfied with the Retirement and benefits, Special medical aid and Canteen facilities provided by the hotels.
- Minimum 55%, 30%, 28%, 30% of the respondents are moderately satisfied with the Leave travel concession, Annual bonus, Consumer cooperative store and Sports and recreational facilities provided by the hotels.

SUGGESTIONS AND CONCLUSIONS

Leave travel concession, Annual bonus, Consumer cooperative store and sports and recreational facilities need to be implemented effectively to motivate the employees further to work. Management should provide the hygienic food and water in Canteen to the all employees. The retirement and benefits, special medical aid is not satisfied to the workers. So the hotels are considerate the facilities it will help increase the productivity or quality of service to the organisation. Every hotel has an experience employee; those are all expecting to enhanced welfare measures. From this welfare facility the employees are did not go anywhere else they only wait for the better labour welfare facilities. In the hotels have such categories, which are above the three star hotels are mostly fulfill the employees' requirements. This study will help to know the workers need. If the hotel management gives they are needful it will increase the job satisfaction and the service quality of the workers. Labour welfare is part of the good management. So, the all Hotel managements gives the facilities to the employees it will be happy to work hard.

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HASSAN****ABSTRACT**

Human is the core factor and which is required to be recognized prior to any other 'M's But till now an urgent need based modification is required while identifying and measuring data about human resources. In this paper my objective is to identify the extensive use of Lev & Schwartz model of Human resource accounting, in spite of several criticized from various sides regarding its applicability human resource audits are not routine. These are in fact, studies of unusual nature. The manner of conduct can be self-directed surveys, or task force within the organization, or reserved for intervention by outside consultants. Risk & Audit Management also enables risk and audit professionals to simplify the various functions of the legal and regulatory process and gain control, get insight and get the job done quickly and confidently while reducing risk, cutting costs, and establishing a viable long-term strategy for compliance success.

- *To assess the way of presenting HRA information in the financial statement by selected companies*
- *To identify HRA methods and models (mainly the extensive use of Lev & Schwartz model) which are used to arrive at human resource value.*
- *How human resource are related with the other accounting variables for the purpose of human financial reporting in selected companies.*

KEYWORDS

human resource accounting, auditing.

INTRODUCTION

Human Resource Accounting is Assigning, budgeting, and reporting the cost of human resources incurred in an organization, including wages and salaries and training expenses.

Human is the core factor and which is required to be recognized prior to any other 'M's but till now an urgent need based modification is required while identifying and measuring data about human resources. In this paper my objective is to identify the extensive use of Lev & Schwartz model of Human resource accounting, in spite of several criticized from various sides regarding its applicability. Further more, it also portrays the applicability in wide variety of organization of such model (some public sector units and IT based sector).

In HR parlance this would necessarily mean accounting of transactions involving employee salaries, employee training and such other expenditure depending on the company policy. Audit would be examination of such records.

Risk & Audit Management also enables risk and audit professionals to simplify the various functions of the legal and regulatory process and gain control, get insight and get the job done quickly and confidently while reducing risk, cutting costs, and establishing a viable long-term strategy for compliance success.

MEANING OF HUMAN RESOURCE ACCOUNTING

HRA has been defined by American Accounting Association's committee –"HRA is the process of identifying & measuring data about human resources & communicating this information to interested parties". According to Eric. G flamholtz HRA represents-"Accounting for people as an organizational resource. It is the measurement of the cost & value of people for the organization".

Human Resource Audit is an addition to the various tools and concepts used for effective management of human resources. It has a vital role to perform – particularly in the service industry where the human resources are a part and parcel of the product or service that is being consumed. Hence, in this Unit, we introduce you to the basic concepts of human resource audit and the issued related to it.

Although HR valuation has important implication for external financial reporting, in the contemporary economic scenario valuing HR has been greater significance for internal HRM decision.

Problem Statement: Understanding the way of valuation of human resources by using Lev & Schwartz model and how valuation of such asset are related with the other financial variables for financial reporting purpose.

REVIEW OF LITERATURE

In a study conducted by T.V.Rao (1999), is reported that HR audit is a great deal of work has been in India regarding the use of HR as an organisation development intervention and is a unique feature of Indian organizations. HR audit has following result.

The audit in several organizations resulted in established several original system and process, such as potential and performance appraisal, career planning, training, monitoring. Formulation of clear cut policies including promotion policy communication policy reward and reorganization policy, etc. Helps in development trust, collaboration and teamwork. Human orientation gets injected into business process with opportunities for growth and development provided to all employees in team of their work leading to higher level of role efficacy.

Nevado [1998] considers that the audit should also analyze if the personnel policies are in alignment with the general objectives and the global strategy of the company. It must also translate the HR strategy into plans and programs. Thus appears a new element of the audit of HR, the strategic audit. Dolan, Schuler, and Valle [1999, p. 390] define it as "the evaluation of the adaptation of the HR policies and practices in their support of the company's general strategy."

Brown [2000] considers that the measurements used to evaluate the company's personnel reflect neither its value nor its performance. This is why he proposes an alternate procedure that consists of creating a human capital index based on four elements that must be carefully studied considering their relative importance to the company: the number of years in the business or field, the level in the company (by job grade or organizational chart level), the number and variety of positions or assignments held, and the performance rating, which is subjective. It is the result of an evaluation of an employee's performance, which should include an evaluation by a superior and another of.

RESEARCH OBJECTIVES

1. To assess the way of presenting HRA information in the financial statement by selected companies
2. To identify HRA methods and models (mainly the extensive use of Lev & Schwartz model) which are used to arrive at human resource value.
3. How human resource are related with the other accounting variables for the purpose of human financial reporting in selected companies.

SCOPE OF AND APPROACH TO HUMAN RESOURCE AUDITING

Every time a human resource audit is to be taken up, the **scope** is decided. The audit need not be exhaustive but may focus on a particular function of human resource management such as training and development, compensation, performance appraisal, etc. Nevertheless, the objective and approach of HRA – more or less – remains the same, regardless of scope.

In routine audits, auditors are engaged to verify the accuracy of financial information and the reasonableness of the accounting practices followed by an organization. In the course of these audits, the auditors at times provide inputs that may serve as pointers to the state of affairs with regard to financial planning and accounting procedures, inviting attention of the top management.

Essentially, human resource audits are not routine. These are in fact, studies of unusual nature. The manner of conduct can be self-directed surveys, or task force within the organization, or reserved for intervention by outside consultants.

The audit can be a onetime affair or an occurrence after a regular interval or an ongoing audit function for operating units within the organization. For example, in one company, the focus of audit was on analysing the extent to which managers and supervisors complied with established personnel policies and practices.

THE NEED AND PURPOSE OF FORMAL HUMAN RESOURCE AUDITING

Human Resource Audits give an account of the skills, abilities and limitation of its employees. The audit of non-managers is called **skills inventory** while the audit of managers is called **management inventories**. Basically, the audit is an inventory that catalogues each employees' skills and abilities which enables the planners to have an understanding of the organisation's work force. (William B. Werther, Jr. and Keith Davies).

The commonly understood audits are the established and regular accounting audits carried out in accordance with specific statutory regulations. However, in the case of human resource audits, there is no legal obligation, but enlightened managements have voluntarily accepted its usefulness depending upon the circumstances. The following circumstances may be cited as examples:

- felt concern by top management,
- compulsions of the external forces necessitating a situational audit,
- Business changing significantly influenced by international business decisions affecting human resource management, and an urge on the part of human resource management professionals towards advancement of the practices and systems.

HUMAN RESOURCE AUDITING (HRA)

The premise on which the human resource audit is based is that opportunities are being missed by staying with the current approaches. It considers the human resource process as dynamic and that it must continually be redirected and revitalised to be responsive to the ever changing needs.

HRA is a sort of feedback on the duties and working of the managers and other employees of the organisation. It is a sort of quality control of the human resource of an organisation. HRA can be conducted for a department or the whole organisation. It gives a more professional image and helps in bringing out the problem not necessarily linked with the Human Resource division of an organisation. HRA helps clarify a department's role in an organisation and brings about more uniformity in action.

Human Resource Audit is the critical analysis of the existing human resource within the organisation. To be able to do that, the audit will have to be served with the data that is quantitative, qualitative, as well as comprehensive. In other words, the success of this stage of human resource planning solely rests upon the manner in which personnel records and other information are maintained. It is from the base of the current situation that the human resource audit is to take-off in order that the future must be planned. Hence, the information needs of such a critical exercise must be met. •

AUDITING PROCESS: ESSENTIAL STEPS IN HRA

Though the process would vary from organisation to organisation, generally it involves the following steps:

Briefing and orientation: This is a preparatory meeting of key staff members to:

- discuss particular issues considered to be significant,
- chart out audit procedures, and
- develop plans and programme of audit.

Scanning material information: This involves scrutiny of all available information pertaining to the personnel, personnel handbooks and manuals, guides, appraisal forms, material on recruitment, computer capabilities and all such other information considered material.

Surveying employees: Surveying employees involves interview with key managers, functional executives, top functionaries in the organisation, and even employees' representatives, if necessary. The purpose is to pinpoint issues of concern, present strengths, anticipated needs and managerial philosophies on human resources.

Conducting interviews: What questions to ask? The direction which audit must follow is based on issues developed through the scanning of information gathered for the purpose. However, the audit efforts will get impetus if clarity is obtained as to the key factors of human resource management selected for audit and the related questions that need to be examined.

CONDUCTING A HUMAN RESOURCES AUDITING

Employment law is an ever-changing field. Your policies and procedures must change with the laws if you hope to avoid litigation. Employers are aware that one of the best ways to avoid employee lawsuits is to have a comprehensive policy manual. That's good advice, but it's not enough. You must regularly conduct an employment law / human resources audit to make sure that your policies reflect changes in employment laws.

PRELIMINARY STEPS

There are two issues that must be considered before implementing an employment law audit:

- When should the audit take place? And,

- Who should conduct the audit?

Since the Municipality already utilizes a variety of employment-related practices and procedures, the audit should be conducted as soon as possible, if you have never audited such procedures before. After the initial audit, follow-up audits should be conducted annually. When putting together an audit team, include either in-house or outside legal counsel, a representative from Human Resources, and any other individuals needed to represent a cross-section of staff functions. All team members should be warned ahead of time regarding the handling of confidential information.

GOALS OF THE AUDITING

The review process should provide answers to several important questions regarding the application of Municipality's policies. The audit's goals are to determine whether your policies are being applied consistently, whether they are the norm for your industry and geographic location, and whether they are consistently communicated to all employees. The audit should also provide insight as to which individuals are responsible for the implementation and enforcement of policies. Finally, it should distinguish between policies that are applicable to nonunion employees, and the terms and conditions of employment for employees who are represented by a labour organization.

AREAS TO AUDITING

Most lawsuits can be traced to four distinct stages of the employment relationship: hiring, employee evaluation, employee discipline or termination, and post-employment. Therefore, your self-audit should target these areas. Sample audit questions from each of these four areas appear on the following pages. In addition to these four areas, your employment audit should also target state regulations. Here are a few examples. Review all your labour contract provisions for their impact on employees with disabilities.

- Review all job specifications for hiring and placement of employees.
- Review all employment applications for illegal questions dealing with employees
- Review and prepare all current job descriptions setting forth essential job elements.
- Review current facilities to ensure accessibility for individuals with disabilities.
- Review all pre-employment tests.
- Review all company or organization policies and procedures, in line with any statutory regulations or Acts, any applicable code of good practice in line with the Labour Relations Act 66 of 95 as amended, the Basic Conditions of Employment Act and the Employment Equity Act.

EMPLOYMENT PRACTICES AUDITING

In conducting your human resources audit, an employment policy or practice includes, but is not limited to-

- Recruitment procedures, advertising and selection criteria;
- Appointments and the appointment process;
- Job classification and grading;
- Remuneration, employment benefits and terms and conditions of employment;
- Job assignments;
- The working environment and facilities;
- Training and development;
- Work performance evaluation systems;
- Promotion;
- Transfer;
- Demotion;
- Disciplinary procedures and measures other than dismissal; and also dismissal

DEFINING 'HUMAN RESOURCE MANAGEMENT AUDIT' FOR THIS STUDY

Consistent with the description of human resource management auditing as a functional activity (Ollala & Castillo 2002), for the purpose of this study it is properly described as auditing applied to human resource management, or an aspect of human resource management, as determined by the audit scope. The following definition is adopted:

A human resource management audit is an audit undertaken of human resources management or within an aspect of human resource management.

Inherently placed within this definition are the context of auditing and the concepts of auditor independence, of different audit types for different purposes (or an audit covering multiple objectives) and the need to ground the activity in auditing standards and professional practice frameworks. When using this definition care must be taken to ensure that the reader is aware of the context of auditing and a notation to that effect would prevent uncertainty.

For an auditor the definition of human resource management is explained in the audit scope and therefore does not require general definition. The scope of the audit is set in the audit assignment plan and this can be organisation wide, it may be directed at the function of human resources, it may take in the human resource management functions undertaken by line management or be directed at selected human resource functional activities, for example learning and development.

VALUE COST OR BUSINESS IMPROVEMENT PROCESS AUDITS

The value cost or business improvement approach uses a variety of tools to recommend process improvement through internal audit consulting activity (IIA 2006b). This approach uses process flowcharts and analytical tools to map business processes in order to demonstrate process ownership and accountability, to demonstrate the actual process and sub-processes, to identify control points and measures and to aid process improvement. This activity can be especially useful when the time taken and costs are identified in process steps since it then allows for the improvements in processes resulting from the examination to be quantified.

SPECIFIC PURPOSE AUDITS

As previously described specific purpose audits describe audits requested and/or agreed-upon for a particular purpose, such as a specific fraud investigation. There can be a number of reasons for requesting a particular Audit and they may involve elements taken from financial, compliance and operational auditing. An audit conducted of human resource system data prior to the introduction of a new software system is an example. In this instance there are procedures for conducting the audit which aims to ensure data integrity in the new system.

RECONCILING THE TYPES OF AUDITS

It is possible to re-organise the audit types suggested in the human resource management literature into the more traditional audit categories of financial audit, compliance audit and operational audits, with the category of operational audits expanded to include some of the audit types listed in the human resource literature. The revised table of audit types offered is set out in Table 3 for consideration but it is not intended to be exhaustive.

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RISK MANAGEMENT PRACTICES OF MICRO FINANCE INSTITUTIONS: A BRIEF EMPIRICAL LITERATURE REVIEW

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ABSTRACT

In this study an attempt has been made to gather relevant literature in the area of risk management practices of micro finance institutions. Micro finance provides financial help to the unbanked sections of the society. Since microfinance is a system that distributes small loans to poor people in order for them to generate income and start their own small businesses, it has the ability to lessen poverty as well as promote entrepreneurship, social and economic development in poor communities. At the same time microfinance portfolios are exposed to various kinds of risks due to their inherent characteristics. As such the risk management practices of Micro finance institutions plays a vital role in the success and continuation of micro finance business. This study therefore makes an attempt to present meaning and types of microfinance, History of microfinance and micro finance in India and finally empirical literature on risk management practices of microfinance institutions.

KEYWORDS

micro finance, micro credit, risk management practices.

1. INTRODUCTION

The concept of micro credit – extension of small loans without collateral, based on Joint liability was pioneered by Dr. Muhammed Yunus in 1976 in Bangladesh. Ever since nations look towards microfinance as a means to alleviate poverty. The main challenge of microfinance is to create social benefits and promote low income households by providing financial services without any suitable guarantees. It is in this context that the issue of risk management in microfinance institutions becomes increasingly relevant.

The micro finance sector in India today is on a path of steady growth and is undergoing substantial change building on regulatory support and the common shared industry infrastructure (such as credit information system, publicly available industry information/ data analysis and self-regulatory among others). During financial year 2014/2015, the NBFC-MFI industry has shown strong growth and strengthened its position to provide much needed credit to the under/ unbanked population in the country. In the year 2014/2015 NBFC-MFIs with a branch network of 9894 branches, and employee base of 75, 085 provided credit to over 2.85 crore clients with loan outstanding of Rs. 37,988 crores and Par 30 under 1 % (**Microscope, FY 2014-15**)

2. MEANING OF MICROFINANCE

Microfinance is defined as the attempt to improve access to small deposits and loans for poor household neglected by banks (**Schreiner and Colombet 2001**).

According to **Robinson (2001)**, microfinance refers to small scale financial services for both credits and deposits that are provided to people who farm or fish or herd; operate small or microenterprise where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries in both rural and urban areas.

According to **Otero (1999)** Micro finance is 'the provision of financial services to low income poor and very poor self-employed people. Since microfinance is a system that distributes small loans to poor people in order for them to generate income and start their own small businesses, it has the ability to lessen poverty as well as promote entrepreneurship, social and economic development in poor communities (**Lazar 2008**)

In addition to distributing loans, MFIs also offer a wide range of financial services, such as savings and insurance options (**Premchander 2009**). Microfinance is a provision of financial services like savings, credit, insurance, remittance, etc. in a very small quantity generally to the poor people (**Dasgupta, 2001**)

Microfinance (**Investopedia.com**) is a type of banking service that is provided to unemployed or low-income individuals or groups who would otherwise have no other means of gaining financial services. Ultimately, the goal of microfinance is to give low income people an opportunity to become self-sufficient by providing a means of saving money, borrowing money and insurance

Today however microfinance is referred to more generally as the provision of financial services to those excluded from the formal financial system (**UNCDF, 2002**) Microfinance institutions have emerged as an alternative solution by targeting the poor through innovative lending approaches, including group lending, progressive lending, regular repayment schedules, and collateral substitutes (**Thapa, 2006**). Micro-finance institutions (MFIs) offer loans and/or technical assistance in business development to low-income community in developing countries. Therefore, MFI should be an effective development agent and alleviate poverty (OECD, 1996).

The **Reserve Bank of India (RBI)** and **National Bank for Agriculture and Rural Development (NABARD)** define microfinance as Provision of thrift*, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and in improving living standards.

Micro finance and Micro credit: It is common to find the terms microfinance and micro credit being used interchangeably however, these two are distinct terms. **Sinha, 1998**) states that "Micro credit refers to small loans whereas micro finance is appropriate where NGOs and MFIs supplement the loans with other financial services such as insurance, savings etc. Therefore, microcredit is a component of microfinance and micro finance is a broader term and includes pensions and payment services (Okiocredit, 2005).

3. TYPES OF MICRO FINANCE

There are different categories of microfinance institutions as numerated by different authors. **Lafourcade et al. (2005)** has identified three categories of that is regulated (banks, regulated non – bank financial intermediaries, and regulated NGOs), cooperatives (financial cooperatives and credit unions) and unregulated (NGOs, Non-bank intermediaries, MFI projects and others).

Udeaja and Ibe (2006) used the consideration of formality to classify microfinance institutions. They identified three categories of MFIs, a. Formal MFIs are institutions such as development banks, savings and loans, and Non – bank institutions that are governed by general company laws, regulations and guidelines, b. Semi- formal MFIs are those MFIs that are subject to commercial and general company laws but which are not subject to banking regulations such as NGOs and cooperatives (thrift and credit societies) c. Informal MFIs are those that are non – registered groups

Ayayi (2008) has conducted a study on MFIs of Vietnam and categorized MFIs into three main categories, formal, semi formal and informal based on the type of institution, regulations and strategies involved.

Greuning et al. (1999) categorized MFIs into three broad categories (i) MFIs which depend on other people's money, (ii) MFIs which depend on member's money and (iii) MFIs which leverage public money

Crisil (2008) discusses the grouping of microfinance institutions with respect to the legal structure into Not for profit MFIs, Mutual benefit MFIs and for profit MFIs.

Yvonne Mawuko (2013) introduced five key structures or categories of microfinance institutions identified: these are Rotating Savings and Credit Associations (ROSCAs); the Grameen Solidarity Group Model; the Village Banking Structure; Microfinance Integrated with Social Services (MFISS) and Credit with Education.

4. HISTORY OF MICRO FINANCE

Micro finance is not a new finance phenomenon found in 20th century. It has its roots in the medieval Europe especially in Ireland and Germany. In fact, many years before it got formalized through the efforts of Professor Muhammed Yunus of Bangladesh (**Guntz, 2011**)

As early as in the 15th century, the catholic church founded the so called pawn shops in order to protect people from shady loan sharks and money lenders who gave out loans at usurious interest rates. These shops later spread though out Europe (**Helms, 2006**)

Formal credit and savings institutions for poor were established in Ireland by 1720 by the Irish loan fund system, using peer monitoring to enforce weekly installments of initially interest free loans from donated resources (**Seibel, 2003**)

In the early 1800s a new variety of financial organization based on cooperative principles was founded by Friedrich Wilhelm Raiffeisen in Germany which quickly expanded to Europe, North America and other developing countries. Raiffeisen created credit associations of farmers which later came to be known as Raiffeisen-kassen and later Raiffeisenbanken (**Seibel, 2005**)

History of microfinance saw another milestone the history of micro finance through the opening of the Indonesian People's Credit Bank in 1895 that became the largest micro finance system in Indonesia (**Helms, 2006**)

Literature often conveys microfinance as a recent concept introduced in the 1980s. Microfinance is in fact a rediscovery or renaissance of existing practices. It has become more institutional and formal benefitting from innovative approaches and findings of modern research in some areas (**Digefe, 2009**)

5. MICROFINANCE IN INDIA

The **Reserve Bank of India (RBI)** and **National Bank for Agriculture and Rural Development (NABARD)** define microfinance as Provision of thrift*, credit and other financial services and products of very small amounts to the poor in rural, semi-urban or urban areas for enabling them to raise their income levels and in improving living standards.

The **Micro Finance Institutions (Development and regulation) Bill, 2012** of India, defines Micro Finance Institution as

- a society registered under the Societies Registration Act, 1860; or
- a company registered under section 3 of the Companies Act, 1956; or
- a trust established under any law for the time being in force; or
- a body corporate; or
- any other organization, as may be specified by the Reserve Bank,

The object of which is to provide micro finance services in such manner as may be specified by regulations. Further, "**micro finance services**" means any one or more of the following financial services provided by any micro finance institution, namely:

(A) micro credit facilities involving such amount, not exceeding in aggregate five lakh rupees for each individual and for such special purposes, as may be specified by the Reserve Bank from time to time, such higher amount, not exceeding ten lakh rupees, as may be prescribed;

(B) collection of thrift;

(C) pension or insurance services;

(D) remittance of funds to individuals within India subject to prior approval of the Reserve Bank and such other terms and conditions, as may be specified by regulations;

(E) any other such services, as may be specified.

As per The **Directory of Microfinance institutions (MFIs) in India (2014)**, Micro finance refers to thrift, credit and other financial services and products of very small amounts to the poor in rural, semi urban or urban areas, for enabling them to raise their income levels and improve living standards and Microfinance institutions are those organizations, other than banks providing micro- financial services.

Micro credit in India is synonymous with microcredit. This is because savings, thrift and micro insurance constitute a miniscule segment of microfinance space. In India most microfinance loans are in the range of Rs. 5000 and Rs. 20,000 (the development and regulation bill, 2007, defines micro finance loans as loans with amounts not exceeding Rs. 50,000 in aggregate per individual/ small enterprise).

As per Crisil report (**Crisil, 2008**), MFIs usually adopt the group based lending model which are of two types, the Self-help group (SHG) and the Joint liability group (JLG)/ solidarity group model.

Under SHG model an MFI lends to a group of 10 to 20 women. Under SHG –bank linkage model an NGO promotes a group and gets banks to extend loans to this group.

Under JLG model loans are extended to and recovered from each member of the group (unlike the SHG model where the loan is extended to a group as a whole). The most popular JLG models are the Grameena bank model (developed by grameena bank of Bangladesh) and ASA model developed by ASA, a leading Bangladeshi based NGO- MFI. Most of the large MFIs in India follow a hybrid of the group models (**Crisil, 2008**).

Most MFIs following the JLG model adopt weekly and fortnightly repayment structure. Those under SLG model have a monthly repayment structure. MFIs lending to traders in market place also offer daily repayment while MFIs extending agricultural loans have cash repayment structures depending on crop patterns.

MFIs following JLG model charge flat interest rates of 12 – 18 % on their loans while MFIs following SHG model charge 18 – 24% interest rate per annum based on reducing balances method. Most MFIs in India are solely engaged in extending micro credit; a few also extend savings, thrift, insurance, pension and remittances facilities.

With respect to the legal structure, Microfinance institutions can be classified as (**Crisil 2008**):

- Not for profit MFIs – Societies, public trusts, Non profit companies
- Mutual benefit MFIs – Co-operatives registered under state or national acts, mutually aided co-operative societies
- For profit MFIs – Non banking finance companies, producer companies, local area banks.

Further, **Crisil** estimates that around 120 million households in India continue to face financial exclusion translation into a credit demand around Rs. 1.2 billion. As per the **Directory of Microfinance institutions (MFIs) in India (2014)**, incorporation of MFIs under different acts of the country determines the legal form. The common legal forms include Society, trust, Cooperative, section 25 company, Non banking finance company (NBFC).

Once the world's leader, India's microfinance industry went through a severe crisis, when the state of Andhra Pradesh witnessed a mass default of microfinance borrowers in 2010. Combined with allegations of over-indebtedness and coercive recovery practices, this reflected poorly on microfinance institutions (MFIs) and the industry at large, undermining investor and consumer trust in the sector (**IFC world bank group, 2013**)

Andhra Pradesh was the most penetrated state for microfinance loans during FY 95 – FY 10. Even under SHG – Bank linkage model, AP had over 50% share in a number of credit SHGs. In 2010, MFIs exposure to AP was 29% (INR 52.1 bn on 31st March 2010). A poor household in AP in FY10 held about INR87,728 as debt, out of which about INR 27,000 was borrowed from MFIs. Considering the average outstanding of INR 8,270 (Bharat Microfinance Reports, FY10, FY11 –Sa-Dhan), each average poor household borrowed from at least three MFIs at a time. (**Jindal Haria & Cyrus Dadabhoy, 2015**)

After AP crisis the Reserve Bank of India (RBI) set up a committee called the Malegam committee to investigate the various activities and impact of MFIs across the country and to make relevant recommendations on improving their performance. After Malegam committee report, RBI issued a set of guidelines to cover the operations of NBFCs functioning as MFIs in 2012. As a result of these new guidelines a new category NBFC-MFI was created. Further capitalization of 5 crores and having 85% or more of their exposure in microfinance portfolio should immediately apply for NBFC – MFI (<http://rbidocs.rbi.org.in/rdocs/notification/PDFs/49010713MFIFL.pdf>)

An analysis of six international and three domestic microfinance crises in the last 15 years suggests that rapid growth and high return expectations were precursors to almost every crisis. Indian microfinance institutions (MFI) have clocked a 50% AUM CAGR over FY13-FY15 and interactions with a cross-section of MFIs operating across the country suggested that they have ambitious expansion plans in newer, unknown markets. At the same time, massive PE/VC investments in the sector have led to unduly high return expectations from investors. (India micro finance sector report, 2015)

6. RISK MANAGEMENT PRACTICES OF MICROFINANCE INSTITUTIONS

RISK CATEGORIES

Risk in financial terms is usually defined as the probability that the actual return may differ from the expected return (Howells and Bain, 1999)

Smith (1999) defines risk as a decision expressed by a range or possible outcomes with attached probabilities. When there are a range of possible outcomes with attached probabilities, it is risk and when there are a range of possible outcomes but no assumed probabilities there is only uncertainty.

Risk can be considered as “a systematic way of dealing with hazards” (Beck 1996). If it is assumed that there is uncertainty associated with any prediction of a hazard occurring, then there is only uncertainty because there is only ever a prediction of the likely occurrence.

MICRO FINANCE RISK CATEGORIES

There are various risk categories that an organization can be exposed to, Vedpurshwar (2001) classifies these into three categories. Firstly, there are the hazard risks, which refer to natural hazards, which include accidents, fire etc. Secondly, there are operational risks that cover systems, processes and people. Thirdly, there are financial risks, which include market risks, liquidity risks, solvency risks etc

In a publication released in 2000, Deutsche gesellschaft fur technische zusammenarbeit (GTZ) cited three major risk categories for micro finance institutions that is financial risk, operational risk and strategic risk.

GTZ (2002) the three risk categories can be subdivided into Financial risk as Credit risk, Liquidity risk and Market risk, Operational risks as Transactions risk, Fraud (integrity risk), Legal & compliance risk, Strategic risk as Governance risk, reputation risk, and External business risks.

Churchill and Frankiewicz (2006) listed four categories of risk namely Institutional risk, operating risk, financial management risk and external risk.

The typical categories of risk faced by a Microfinance institution according to Yvonne Mawuko (2013) are Liquidity risk, Interest rate volatility, Cash management risk, Operational risk and Credit risk.

A study of literatures in general shows that there are seven main areas of institutional-level risks facing MFIs. These are Credit Risk, Liquidity risk, Market risk, Operational risk, Interest risk, Foreign exchange risk, and Environment Compliance & Regulatory risk

RISK MANAGEMENT

Risk management is the identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events or to maximize the realization of opportunities. (Mokni et al)

Risk management refers to a systematic process of identifying and analyzing of risks and selecting the most appropriate method to treat the risk has been acknowledged to minimize losses and at the same time increased profitability (Aris et al, 2009).

Risk management is very essential in financial sector as the main objective is to maximize shareholders value. Therefore, risk management is essential to achieve the goal of wealth maximization (Al-Tamimi and Al-Mazrooei (2007).

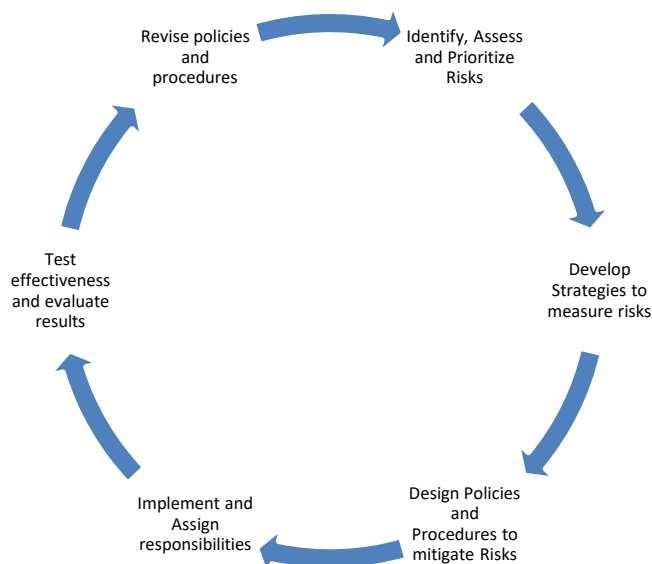
In investigating banking risk management, Ouamar (2013) articulates the requirement of a sound risk management structure in order to reducing banking risk and improving performance.

Risk management is a systematic approach to identifying, measuring, monitoring and managing the various risks faced by an institution. In short, risk management is an integral part of a financial institution’s strategic decision-making process which ensures that its corporate objectives are consistent with an appropriate risk return trade-off. (Akwasii et al. 2014)

GTZ (2000), provides a risk management framework for microfinance institutions and states that the steps in risk management process are not static; they are part of an interactive and dynamic flow of information from the field to head office to senior management and back to the field. These steps are part of a continual risk management feedback loop that is cyclical in nature.

Risk management feedback loop includes the identification of risk to be controlled. The development and implementation of strategies and policies is to control risk and the evaluation of their effectiveness. If results indicate that risks are not adequately controlled then policies and strategies are redesigned, re-implemented, retested and reevaluated.

RISK MANAGEMENT FEEDBACK LOOP



Source: Risk management framework for microfinance institutions by GTZ (July 2000)

GTZ (2002) in its report discusses the risk management strategies of MFIs and argues that MFIs thrive on reasonable risk. Successful MFIs incorporate risk management into their organizational design. Lending methodologies, savings services, and operational procedures. MFIs need to form a Risk management feedback loop in order to mitigate risk arising from their operations.

7. EMPIRICAL LITERATURE ON RISK MANAGEMENT PRACTICE OF MICROFINANCE INSTITUTIONS

Waweru and Spraakman (2012) carried out a case study on the use of performance measures in three Microfinance institutions and found that the commercial or bank like nature of microfinance institutions suggests that techniques used in banking can also apply to microfinance sector

A comprehensive approach to risk management reduces the risk of loss, builds credibility in the marketplace, and creates new opportunities for growth. As MFIs continue to grow and expand rapidly, serving more customers and attracting more mainstream investment capital and funds, they need to strengthen their internal capacity to identify and anticipate potential risks to avoid unexpected losses and surprises. Creating a risk management framework and culture within an MFI is the next step after mastering the fundamentals of individual risks, such as credit risk, treasury risk, and liquidity risk. (**GTZ, 2000**)

In the study titled "An Appraisal of Risk Management Practices of Microfinance Institutions in Ghana" conducted by **Akwasi A. Boateng & Gilbert O. Boateng (2014)**, It was discovered that the barriers to microfinance institutions success includes numerous and varied obstacles. Studies conducted confirmed microfinance institutions managements are ignorant pertaining to the risks their organizations face with risk management techniques deployed reactively and ineffectively. By embedding a structured approach to enterprise risk management within MFIs, potential benefits such as reducing the over-management of risks and organizational alignment towards the microfinance institution's mission can be realized. This study used secondary data sources for drawing these conclusions.

Rosman (2009) has proposed a research framework on RMPs and the aspects of risk management processes. This framework observes the relationship between RMPs and the four aspects of risk management process i.e.: (1) Understanding risk and risk management (URM). (2) Risk identification (RI). (3) Risk analysis and assessment (RAA) (4) Risk monitoring (RM). This framework has been extensively used in several studies.

Another study titled "Risk management practices among commercial banks in Ghana", conducted by **Seyram Pearl Kumah1* Yakubu Awudu Sare (2013)** studied the determinants risk management practices among commercial banks in Ghana using a multiple regression model with risk management practices as the dependent variable and Understanding risk, risk identification, risk assessment and analysis and risk monitoring as the independent variable.

In the study "Risk management practices: A comparison of conventional and Islamic banks in Pakistan", conducted by **Mian Sajid Nazir, Adeel Daniel, Muhammad Musarrat Nawaz (2012)** Descriptive analysis, Pearson correlation were used to examine and compare risk management practices of conventional and Islamic banks in Pakistan. This study used a regression model to examine the impact of independent variables of understanding risk and risk management, risk identification; risk assessment and analysis, risk monitoring; and credit risk analysis on the dependent variable risk management practices

The study titled "Banks risk management: A comparison of UAE national and foreign banks" by, **Hussein A. Hassan Al-Tamimi & Faris Mohammed Al-Mazrooei (2007)** tried to examine the degree to which UAE banks use risk management practices and techniques in dealing with different types of risk. This study has used Cronbach's alpha, descriptive statistics, regression analysis and one-way ANOVA

Hassan, (2009), made a study "Risk Management Practices of Islamic Banks of Brunei Darussalam" to assess the degree to which the Islamic banks in Brunei Darussalam implemented risk management practices and carried them out thoroughly by using different techniques to deal with various kinds of risks including liquidity risk.

In a study titled "Risk management practices of conventional and Islamic banks in Bahrain", by **Hameeda Abu Hussain and Jasim Al-Ajmi (2012)**, it was observed that Banks in Bahrain are found to have a clear understanding of risk and risk management, and have efficient risk identification, risk assessment analysis, risk monitoring, credit risk analysis and risk management practices. In addition, credit, liquidity and operational risk are found to be the most important risks facing both conventional and Islamic banks. Furthermore, the risk management practices are determined by the extent to which managers understand risk and risk management, efficient risk identification, risk assessment analysis, risk monitoring and credit risk analysis. Islamic banks are found to be significantly different from their conventional counterparts in understanding risk and risk management. The levels of risks faced by Islamic banks are found to be significantly higher than those faced by conventional banks. Similarly, country, liquidity, and operational, residual, and settlement risks are found to be higher in Islamic banks than in conventional banks. The purpose of this paper was to report empirical evidence regarding the risk management practices of banks operating in Bahrain.

Koziol and Lawrenz (2008) conducted a study where they assessed the risk of bank failures. They said that assessing the risk related to bank failures is the paramount concern of bank regulations. They argued that in order to assess the default risk of a bank, it is important considering its financing decisions as an endogenous dynamic process. The research study provided a continuous-time model, where banks chose the deposit volume in order to trade off the benefits of earning deposit premiums against the costs that would occur at future capital structure adjustments. Major findings suggested that the dynamic endogenous financing decision introduced an important self-regulation mechanism.

Daniel Onyebuchi Okehi (2014), found that, by adopting effective risk management, improving corporate governance practices, and adhering to regulations, Nigerian banks can improve their performance. His research was aimed to determine why there have been persistent bank failures in Nigeria and to investigate whether ineffective risk management in banks, coupled with poor corporate governance practices and non-adherence to regulations (independent variables), play a significant role in the banks' performance (dependent variable).

Siddiqui (2008) found that Islamic banks in Pakistan were more liable towards considering projects with long-term financing and better performance in terms of assets and return established improved risk management with keeping safe liquidity

In the study titled "Risk management tools practiced in Tunisian Commercial banks" conducted by **Selma Abdelghani and Rajhi** the current risk management practices and techniques used by Tunisian banks were explored. It was found that the Tunisian bankers are aware of the importance and the role of effective risk management in reducing costs and improving bank performance. Furthermore, the Tunisian banks have implemented some effective risk strategies and risk management frameworks. In addition, the credit risk exposure methods are still underused by the Tunisian banks. Similarly, collateral and guarantees continue to be the most commonly used risk mitigation methods to provide support to credit facilities in Tunisian banks.

In a study titled 'factors affecting microfinance institutions credit risk management practices in Kenya', the researcher **Daniel. L.Mwangi** studied the credit risk management practices in micro finance institutions in Kenya using market concentration, portfolio quality and market infrastructure as independent variables and credit risk management practices as dependent variables". This study used descriptive analysis and correlation. Results of this study indicated that portfolio quality and market infrastructure were positively and significantly related with credit risk management of microfinance institutions. It also concluded that low levels of market concentration contributed to poor credit risk management of MFI studied.

8. CONCLUSION

The study concludes that micro finance provides financial help to the unbanked sections of the society. Since microfinance is a system that distributes small loans to poor people in order for them to generate income and start their own small businesses, it has the ability to lessen poverty as well as promote entrepreneurship, social and economic development in poor communities. At the same time microfinance portfolios are exposed to various kinds of risks due to their inherent characteristics. As such the risk management practices of Micro finance institutions plays a vital role in the success and continuation of micro finance business.

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ABSTRACT

Human Resource is the means tools for any organization. Organization have to recruit people with skills, qualifications and experience, if they have to survive and flourish in a highly competitive environment. At the same time, they have to be aware to economic, social, political and legal factors within a country. They need to tap all available internal and external sources of supply to be effective. Internal promotion boost the morale of people and External sources too need to be explored regularly to bring qualified people with innovative ideas. In any organization recruitment of potential staff and bringing them to the organization is a critical job for the HR manager. There are several ways the companies are adopting for recruiting the talents for their organization. It can be done by both internal and external sources, which includes transfer, promotion, press advertisements, educational institutions, etc. E-recruitment is a concept which have been using by many concerns now a days, as the world is getting flatter day by day because of globalization, many new technology and concepts has been derived and huge infrastructural changes has been taking place. Likewise, HRM is also undergone a huge technological advancement. Internet has a great impact on the overall functioning of HR department.

KEYWORDS

traditional recruitment, e-hrm, e-recruitment, e-revolution, e-recruitment settlement.

I. INTRODUCTION

The Internet Will Help Achieve 'friction free capitalism' by Putting Buyers & Sellers in Direct Contact And Providing More Information to Both About Each Other."

Bill Gates

As we know, today the world is based on technology; everything is getting automated day by day. Now computers are a very important part of human life; people can't imagine their lives without computers. It is related with HRM and recruitment, as we can move in the past and remember it was so complicated to send to the resumes to the prospective employers. But now because of this technology we can send our resumes to many employees within a distance of clicks, which was not possible in the past. An organization needs to be forward and aggressive towards the goal they want to achieve, but it all depends upon the fact that what all resources the organization cater from the environment in respect to human resource etc. Today in this race both domestic and international companies are running in this field to pool the best manpower for their organization. In organization recruitment is considered to be the second main process and selection & staffing are the main process for getting the best employees. In this recruitment is to get the resume of various candidates in the company's database and in selection the securitization process is done in which the deserving candidates are selected and in the staffing process the selected candidates are placed in the right position. E-Recruitment involves the information technology for hiring the employees to reach the masses and to save time. E-Recruitment falls under E-HRM. It's completely on the employer how to take the concept of E-Recruitment further.

Monster.com is one of the most trafficked employment websites in the United States as ranked by Alexa (see the Alexa ranking in the infobox to the right, as compared to other employment websites).

II. RECRUITMENT & E-RECRUITMENT

Recruitment is a positive process of searching for prospective employees and stimulating them to apply for the jobs in the organization. When more persons apply for jobs then there will be a scope for recruiting better persons. Organization has to recruit people with compulsory skills, qualifications and experience. They have to be responsive to fiscal, opinionated and lawful factors inside a country while doing this. In true sense, it is always not easy to find and select a suitable candidate for a job opening. The recruiter's choice of a communication medium may not be appropriate; some of the bright candidates may begin to view the opening as not in queue with their present prospect. One of the on the whole non-conventional forms of recruitment practice is e-recruitment. E-recruitment, also known as online recruitment, is the practice of using technology and in particular Web-based resources for tasks involved with finding, attracting, assessing, interviewing and hiring new personnel. Easy availability of information generates the higher chance of getting the best manpower for the required position using this. It helps the organization in lowering their screening cost by maintaining the employee's details in a database; all the employees will be connected to the line manger through a central system.

III. E-RECRUITMENT REVOLUTION

In the past 20 years, recruiting evolve drastically. Before the Internet and social media, recruitment was stripped down the basics. Recruiting was all about a phone and cold calling. Recruiters would call candidates relentlessly and our best bet was to try and catch the candidates at night and at home. At this time, not everyone had a mobile phone or for that matter e-mail.

Then we came into the age of the Internet. Job boards quickly followed and Monster and Career Builder were household names for every candidate and recruiter. The best way to find candidates was posting a job. Both Monster and CareerBuilder had great resume databases and you could find candidates a heck of a lot faster than a manila folder.

Job boards slowly lost momentum as candidates quickly got the "active" tag attached them when they were on one of those job boards. Certainly there was something "wrong" with candidates who have their resume on a job board. The top 10 percent wouldn't dare publicly declare that they were looking for a job because that would hurt their negotiation power.

Then came LinkedIn.

Many recruitment agencies, corporations, and candidates bought into it. LinkedIn was the answer. Most everyone now has a LinkedIn profile. There was and is no shame in having a profile. No one could tell if you were an "active" or "passive" candidate. Reality set in and people realized they should be a "passive" candidate. Economic uncertainty and recent history of recessions have forced us to look at taking care of No. 1: Ourselves. Certainly our companies have shown us we are dispensable.

People are getting smarter though. Time will tell if LinkedIn is going away. LinkedIn is like the white pages in a phone book. It is a place to find names. As a consumer, we don't need to buy LinkedIn's recruiter product. There is still a majority of the population that does not hang out on LinkedIn. There is Twitter, there is Facebook, there is GitHub, there is Pinterest, there is Instagram, and the list goes on and on.

Big Data will allow us to identify the right talent quickly. They will be able to identify the right talent through all of the social media platforms and be able to tell by data who is the most qualified, who is looking, and when people are likely to make a change in employment. So, who needs to spend thousands of dollars on a product that is getting diminishing returns on your investment?

So, if we can identify the right talent quickly, where does that leave the recruitment industry? Recruiters won't go away. Recruiting *will* go back to the basics. People won't be jamming out on their iPods looking through 1,000 resumes to send out 500 In Mails to get a 5 percent response rate. The recruiters that will succeed will be the ones that have the two things we had 20 years ago — a phone and ability to cold call. A salesperson who relentlessly calls the right person.

IV. E-RECRUITMENT SETTLEMENT

Probable payback of E-Recruitment is –

- Unlimited exposure for both employer and job seeker, as the world become the flat world and everyone has an opportunity to contact one another and grab the chance available in the milieu.
- Advertising cost will be very less as internet will become a single interface where both the employer and job seeker come and interact, no middle man is required.
- Opportunities are unlimited and can immediately grab within a fraction of clicks.
- Employers can maintain their database directly through portals which are available in various websites.
- Candidates can apply for as many jobs they want, soon after they enter their details into the database.

E-Recruitment is getting more and more popularity companies are making developing their own websites and form corporation with online work boards. Primarily recruitment market is separated in newspapers, recruitment agencies and recruitment portals. Print media is used when they require middle-to-senior-level-executives. Portals are used when they need entry-level employees (fresher's), placement agencies only help to expand the on-line market.

TABLE 1

No. of Clients	17,000	6,000
No. of Live Jobs	80,000	70,000
Revenues	Rs. 45 crore (March 2005)	N.A.
Q 4 Revenues	Rs. 11 crore (Jan-March 2005)	N.A.
No. of Resumes	Rs. 36 Lakhs	Rs. 53 Lakhs
No. of Additional Per Day	10,000	8,000

V. CONCLUSION

Human Resource is the means tools for any organization. Organization have to recruit people with skills, qualifications and experience, if they have to survive and flourish in a highly competitive environment. At the same time, they have to be aware to economic, social, political and legal factors within a country. They need to tap all available internal and external sources of supply to be effective. Internal promotion boost the morale of people and External sources too need to be explored regularly to bring qualified people with innovative ideas. In any organization recruitment of potential staff and bringing them to the organization is a critical job for the HR manager. There are several ways the companies are adopting for recruiting the talents for their organization. It can be done by both internal and external sources, which includes transfer, promotion, press advertisements, educational institutions, etc. E-recruitment is a concept which have been using by many concerns now a days, as the world is getting flatter day by day because of globalization, many new technology and concepts has been derived and huge infrastructural changes has been taking place. Likewise, HRM is also undergone a huge technological advancement. Internet has a great impact on the overall functioning of HR department.

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INTERNATIONAL ENTREPRENEURSHIP: A STUDY WITH REFERENCE TO MICRO, SMALL AND MEDIUM ENTERPRISES IN KERALA

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ABSTRACT

The research was conducted to study 'International Entrepreneurship: A study with reference to Micro, Small and Medium Enterprises in Kerala'. International entrepreneurship is an emerging concept and number of studies are undergone based on this concept. International entrepreneurship help increased profit, increased resources procurement, increased marketing functions, increased entrepreneurial activities. The research is helpful for study different types of risk affecting international entrepreneurship, level of innovation needed at international level, importance of motivation and entrepreneurial learning for the success of entrepreneurship and financing aspects of micro and small sector enterprises. Also this research examined homogeneity between Micro and Small scale enterprise in the base of risk, innovation and financial constraint. The study helps to know the international entrepreneurship methods used and to identify what are the factors which affect the international entrepreneurship. Entrepreneurs as sample for data collection, were used to study the international entrepreneurship in micro and small scale industries in Kerala through questionnaire and from the study it is understood that majority of the respondents are thinking that international entrepreneurship is only about marketing side. Still majority of them holding old concept of entrepreneurs and giving more importance to some areas only. There is necessity to provide a proper awareness program to give a holistic picture of the international entrepreneurship.

KEYWORDS

entrepreneurs, entrepreneurship, international entrepreneurship, micro small and medium enterprises.

INTRODUCTION

Human life in 20th Century have come not from large corporations but from independent small firms- revolutionized through a study by US Department of Commerce. Micro and small enterprises are playing an important role in the industrial economy of the world. It has strength to ensure regional balanced development by providing large employment opportunities and industrialization. Micro and small enterprises can be easily established and maintained. it has sustained development anywhere in any situation. The world industrial economy is mainly depending on micro, small and medium enterprises. While comparing on employment opportunity, gross domestic product, per capita income, industrial output etc., it is clear that micro, small and medium enterprises are contributing more than any other categorical enterprises. Kerala is the best suitable place for the MSMEs. Kerala is the one of the well-developed state in the case of human recourses and enriched with different natural resources and providing with well-educated and skilled people. The MSME sector has contributed significant contribution to the economy of Kerala. The trend in growth of SSI's for the last ten years in employment, investment and production is given below.

STATEMENT OF THE PROBLEM

The research is titled as "International Entrepreneurship: A study with reference to Micro, Small and Medium Enterprises in Kerala". Few years ago, there was existing international business. Later business world identifies the need of involvement of entrepreneurs in international level. International entrepreneurship means whatever he/she doing in domestic market same functions are performing in international level. In other words, entrepreneur expands his/her entrepreneurial activities beyond the national boundaries.

IMPORTANCE OF THE STUDY

It is worldwide accepted truth that is MSMEs as an engine of economic growth for balanced development. At present the central and state government giving more importance for the growth of MSMEs. Because it is playing a vital role for the equitable development of the country through upliftment of backward areas through industrialisation, increased rate of different job opportunities, increase the standard of living etc. For the sustainability of MSMEs, the entrepreneur starts to think about go for internationalisation of entrepreneurial activities. If the entrepreneur hesitates to go for internationalisation, he can't be successful business man in industry.

OBJECTIVES OF THE STUDY

The main objective of this study is to analyse the **factors influencing international entrepreneurship**. The specific objectives are:

1. To study different types of risk affecting international entrepreneurship.
2. To study the level of innovation needed at international level.
3. To study importance of motivation and entrepreneurial learning for the success of entrepreneurship
4. To examine the financing aspects of micro and small sector enterprises.

HYPOTHESIS

Hypothesis 1: There is homogeneity between risk in Micro enterprise and risk in Small scale enterprise.

Hypothesis 2: There is homogeneity between Micro and Small scale enterprise in Innovation.

Hypothesis 3: There is homogeneity between Micro and Small scale enterprise in financial constraint.

METHODOLOGY

The study uses primary and secondary source of data for the analysis and interpretation. The primary information is collected through field survey with the help of well-structured questionnaire. The secondary information is collected from the different company's website, books, periodicals or journals. The total of 50 samples were taken for the study, the respondents included international entrepreneurs from Ernakulam and Thrissur district.

SCOPE OF THE STUDY

The present study focuses on international entrepreneurship of MSMEs in Kerala, concentrated on few micro and small scale enterprises from Thrissur and Ernakulam district specially Chalakudy and Aluva taluk. It also enables to know the factors influencing of internationalised entrepreneurial activities such as risk, innovation, motivation, entrepreneurial learning and financial constraints. The study tries to cover as many areas as possible in order to come with the best and accurate conclusions.

LIMITATIONS OF THE STUDY

- During the sample collection stage it was difficult to identify entrepreneurs engaged in international entrepreneurship.
- Some of the respondents were reluctant to exact details required in the questionnaire and some of them are not cooperative.

LITERATURE REVIEW

- K. Narayanan and Savita Bhat (2008) was conducted on IT based companies both hard ware and software in India. Here study about determinants of internationalisation such as export intensity, overseas investment and role of technological outsourcing from internal and external. Most of IT companies were experienced in international dealings. It helps to attain competitive advantages and leads to establishment of niche market.
- Antonin ricard, Abrara Ali (2013) were make attempt to find out factor of speeding up internationalization behaviour, which is attitude toward Internationalization. The research can be concluded attitude has a small but significance influence in speed on internationalisation of business. Indian SMEs have more tendencies for internationalizing the business than French SMEs.
- Prof. B Urban focused on entrepreneurial orientation and its role in the internationalization of multinational enterprises in the emerging markets. The study is resulted in EO prevalence is linked to success, while firms are engaged in several modes such as networks, knowledge, resources, branding etc.

ANALYSIS**TABLE 1: CHI-SQUARE TESTS-LEVEL OF RISK**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.211 ^a	2	.546
Likelihood Ratio	1.225	2	.542
Linear-by-Linear Association	.725	1	.394
N of Valid Cases	50		

0 cells (.0per cent) have expected count less than 5 count is 6.44.

Source: Primary Survey (2016)

The level of business increases from micro to small there is no significance increase in level of risk involved. There exist high as well as low risks in both micro and small enterprises.

TABLE 2: CHI-SQUARE TESTS-IMPLEMENTED INNOVATION

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.087 ^a	2	.958
Likelihood Ratio	.087	2	.958
Linear-by-Linear Association	.031	1	.860
N of Valid Cases	50		

a. 0 cells (.0per cent) have expected count less than 5. The minimum expected count is 5.98.

Source: Primary Survey (2016)

The level of business increases from micro to small there is no significance increase in level of innovation implemented. There exist different levels of innovation implemented in both micro and small enterprises.

TABLE 3: CHI-SQUARE TESTS- IMPORTANCE OF MOTIVATION

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.016 ^a	2	.992
Likelihood Ratio	.016	2	.992
Linear-by-Linear Association	.006	1	.938
N of Valid Cases	50		

0 cells (.0per cent) have expected count less than 5. The minimum expected count is 5.98.

Source: Primary Survey (2016)

The level of business increases from micro to small there is no significance increase in level of motivation. There exist different levels of recommended motivation irrespective of nature enterprises.

TABLE 4: CHI-SQUARE TESTS- ENTREPRENEURIAL LEARNING

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.971 ^a	4	.290
Likelihood Ratio	5.353	4	.253
Linear-by-Linear Association	.688	1	.407
N of Valid Cases	50		

a. 5 cells (55.6per cent) have expected count less than 5. The minimum expected count is 2.34.

Source: Primary Survey (2016)

There are existing policies for availing credit at faster phase for internationalisation of entrepreneurial activities. Most of the entrepreneurs are aware about these facilities and some of them are not.

FINDINGS AND SUGGESTIONS

- The level of business increases from micro to small there is no significance increase in level of risk involved. There exist high as well as low risks in both micro and small enterprises.
- The level of business increases from micro to small there is no significance increase in level of innovation implemented. There exist different levels of innovation implemented in both micro and small enterprises.
- The level of business increases from micro to small there is no significance increase in level of motivation. There exist different levels of recommended motivation irrespective of nature enterprises.
- A variety of programs should be provided to the entrepreneurs to make them more competent and efficient in their area of operations.
- Give a proper awareness program to entrepreneurs on entrepreneurship development.

CONCLUSION

The research was conducted to study 'International Entrepreneurship: A study with reference to Micro, Small and Medium Enterprises in Kerala'. Data were collected by means of giving structured questionnaire to the employees. The results can help to create a holistic picture of the international entrepreneurship and allow leveraging its strengths.

The study helps to know the international entrepreneurship methods used and to identify what are the factors which affect the international entrepreneurship. International entrepreneurship help increased profit, increased resources procurement, increased marketing functions, increased entrepreneurial activities. Entrepreneurs as sample for data collection, were used to study the international entrepreneurship in micro and small scale industries in Kerala through questionnaire and from the study it is understood that majority of the respondents are thinking that international entrepreneurship is only about marketing side. Still majority of them holding old concept of entrepreneurs and giving more importance to some areas only. There is necessity to provide a proper awareness program to give a holistic picture of the international entrepreneurship.

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A STUDY ON: ANALYSIS OF EXPENSES IN RELATION TO BANGALORE CITY

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BANGALORE

ABSTRACT

India, being the second largest country in terms of population and seventh largest in area square meters with good facilities of all types of soil, resources, mountains etc.... still finds itself in a situation where there is a large income inequality among its population. The paper emphasizes on expenditure pattern of urban population by concentrating on certain areas in one specific city. India is said to be a developing economy since its sovereignty in 1947 with lot of political reforms by devaluation of currency and New Economic Policy still the major issue has been with regard to equal distribution of income and wealth.

KEYWORDS

Bangalore City, urban population, expenditure pattern.

INTRODUCTION

Country which was regarded as the wealthiest country about 300 to 400 years ago is now facing a problem of stable economic situation. The advent of Europeans, establishment of modern business, revived education system has made India fight for its political sovereignty and got its independence in 1947. Since then the struggle for rehabilitation has never stopped but the bright prospect was hyped by the present Government NDA after nearly 60 years of independence.

The growth prospect of India is showing a positive trend with percentage of GDP increased on market prices of local currency is 7.3% in previous years as compared to 5.9% in 4 corresponding to previous years and is expected to grow annually to touch 7.69% by 2020. The inflation rate has come down to 5.6% compared to 11% in the previous year.

The equitable distribution of income and wealth is a big agenda with the modern Government substantiated with reduction of interest on small savings and stringent norms on public provident fund. These decisions enable the Government to earn cash flows to invest in infrastructure projects which results in employment opportunities which in turn reduces the gap of income and wealth.

The migration to urban from rural masses is a burning issue. The population of the youth migrates to city in search of jobs leaving agricultural growth behind. It is imperative for the Government to act fast in reducing and finding solutions to all these issues.

OBJECTIVES

1. To analyze the various household expenses.
2. To extract the amount of expenditure on various components.
3. To analyze classification of classes among population.
4. To study the variations in spending of own and rented house.

DATA COLLECTION

Primary data is obtained from interviewing the respondents relating to the expenditure pattern per month. The circulation of the questionnaire would not have provided the required results so; interview was considered as the best option.

Secondary data is obtained from various published sources, newspaper and journals.

RESEARCH METHODOLOGY

Information required for the paper is extracted by interviewing 100 respondents. The extracted data is analyzed and converted into percentage represented graphically. It is a descriptive study based on facts and information provided by respondents.

LIMITATIONS

- Study is limited only to family size of 4.
- Study is limited only to normal expenses; loan, savings and insurance is ignored.
- Salaried class is considered professionals, retired salaried class and business class is ignored.
- Study to limited to respondents of Bangalore only.

OPERATIONAL DEFINITION

- **Income inequalities:** it is situation where the people of the country will not have the same income for the work they perform, it is a scenario created due to dignity of labour happens mostly with developing and underdeveloped economies.
- **Developing economy:** Economy is said to be developing when the country is able to show an increasing trend in gross domestic product, national income and standard of living consistently for few years.
- **Sovereignty:** It is declaration made by the Constitution of the country stating that the country is free from any political rule of other country and can make its own decision and run its own Government.
- **Economic policy:** Policy framed in terms of economic deliberations in a country. Usually controlled and implemented from group of administrators and executors
- **Classification of class:** The population of the country based on its standard of living is divided among various classes which include high, low and middle class.
- **Household expenses:** It is an expense incurred by every family in a country compulsorily based on certain requirements.

ANALYSES AND INTERPRETATION

The data analysis is taken up as per the order of objectives

To analyze the various household expenses.

The respondent's answers indicate the expenses, the mean expenses of each and every item of expenses is considered under the above table.

To extract the amount of expenditure on various components

- 1) **Food:** Expenses relating to Milk, Groceries, Vegetables and Fruits.
- 2) **Entertainment:** Entertainment, Clothes and New purchase.

- 3) **Rituals:** Celebrations and Festivals.
- 4) **Utility Bills:** Paper Bill, Water Bill, Cable Bill, Telephone Bill and Mobile Bill
- 5) **Medical:** Medicines.
- 6) **Commutation:** Transport including Petrol and Bus charges.

TABLE 1: COMPONENT WISE EXPENDITURE PATTERN

EXPENDITURE PATTERN	SPENDING	PERCENTAGE OF TOTAL SPENDING
Food	10,000	32.78
Rituals	3,000	9.83
Utility bills	5,500	18.03
Medicals	3,000	9.83
Commutation	3,000	9.83
Entertainment	6,000	19.66
Total	30,500	100

33% of the expenditure is made on food; entertainment takes 2nd place with 19% and utility bills that are to be compulsory paid takes next position with 18% of spending. The other expenses contribute to 27% of total spending. The overall expense pattern is Rs 3, 66,000 per annum. From the above analysis it is evident that the people earning above Rs 30,500 with own house is considered to be people leaving with no savings per month, the income standards of the respondents did vary but the information was sought to find only the expenditure pattern of the respondents.

To analyze classification of classes among population.

TABLE 2: CLASSIFICATION OF CLASS OF PEOPLE

CATEGORY	SALARY PER MONTH
Low	1,000-33,000
Middle	33,001-55,000
Upper middle	55,001-88,000
Rich	88,001-1,50,000
Super rich	1,50,000 Plus

The above analyses given by the Ministry of Statistics of India relating to the class indicates that the majority of the people fall under the category of low class.

To study the variations in spending of own and rented house.

The rent charges in India as such is not regulated it has no scientific application and it depends on the demand and supply condition and the attitude of real estate people in the locality. In the present scenario on an average Rs 15,000 is considered to be nominal rent in prime localities of Bangalore and the research indicates that more than one third of person’s expense is towards rent.

CONCLUSION

The analysis of the paper indicates discrepancy between the disclosed standard of class of people and the actual. The spending of the people in urban India with variation in the needs and wants are interpreted has created more challenges to Government. The source of the problem is viewed as growing population but the silver lining is prospective youth population.

The attractive 65% of youth population has made India a destination for business at least for the near future. The ability of the country to adapt itself to different situations and also capacity of the people to speak English or any other language with utmost comfort are the positive which has to be cashed on by Government in bringing.

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IMPLICATION OF MGNREGA IN INDIA: AN OVERVIEW

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ABSTRACT

Unemployment and poverty both has been the pest of India since long. Their alleviation has been one of the major goals of India's development planning since the beginning of the planning era and the planning process has been sensitive to the needs of rural poor. Poverty and unemployment both are vast threat in our country. The Government of India has launched various poverty alleviation programmes from time to time aimed to provide wage employment, reduction of poverty, and creating adequate livelihood opportunities for the rural household through provision of employment and public services. In India, Poverty is not merely an economic phenomenon but a social one as well. While, poverty is the outcome of multiple deprivations, its measurement has largely dealt with economic deprivation. The poverty alleviation programmes were aimed at tackling the problems of poverty and unemployment directly by helping the weaker sections to increase their income through self-employment and wage paid employment. India has an extensive history and experience in implementing wage employment programmes implemented by the State Governments with Central assistance but the success was not very encouraging. The Government has launched a new programme namely, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).

KEYWORDS

MGNREGA, unemployment in India.

INTRODUCTION

The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a flagship scheme of Government of India. The scheme was launched in 200 most backward districts of the country w.e.f. February 02, 2006 and subsequently extended to all the districts in 2008. The scheme aims at enhancing livelihood security of the rural poor by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The Act further aims at creating durable assets and strengthening the livelihood resource base of the rural household. The choice of works suggested in the Act address causes of chronic poverty like drought, deforestation, soil erosion, so that the process of employment generation is on a sustainable basis. The significance of MGNREGA lies in the fact that it creates a right-based frame work for usage employment programmes and makes the government legally bound to provide employment to those who seek it.¹ In this way the legislation goes beyond providing a social safety net, and towards guaranteeing the right to employment. By prioritizing natural resources management and emphasizing the creation of durable assets, it holds the potential of becoming a growth engine for sustainable development of agriculture based economy.

SALIENT FEATURES OF MGNREGA

- To safeguards the right to work by providing 100 days guaranteed wage employment at the statutory minimum wage; in a financial year to each household who volunteers to do casual manual labour in rural areas.
- The project director, DRDA shall be responsible for the implementation of the programme in the district and in every block, the state Government shall appoint programme officer. The programme officer shall be answerable to the panchayat samiti and project director, DRDA.
- The state Government shall prepare an employment guarantee scheme for providing employment to all adults residing in the rural areas who volunteer to do casual manual work, within 6 months of the commencement of this Act.
- Only productive works shall be taken up under the programme. The state council shall prepare list of permissible works as well as a list of preferred works.
- Zila Parishad, Panchayat Samiti and Gram Panchayat will be the principal authorities for planning and implementation of the scheme. The Gram Panchayat will be responsible for identification of the scheme in the Gram Panchayat area to be taken up as per the recommendation of the Gram Sabha and for executing and supervising such works.
- The Gram Sabha shall monitor the execution of the works within the Gram Panchayat and conduct regular social audits of all the projects under the scheme taken up within the Gram Panchayats. The Gram Panchayat will make available all relevant documents including muster-rolls and other connected books of accounts and papers to the Gram Sabha for the purpose of conducting the social audit.
- Contractor shall not be used for execution of project taken up under the scheme.
- Every adult person who resides in rural areas and is willing to do manual work at the minimum wages may submit his/her name and address to the gram panchayat and apply for registration. The gram panchayat shall register his/her name and issue him/her job card indicating date and photograph. The registration will not be for less than five years and may be renewed from time to time. Different persons belonging to the same household shall share the same the same job card.
- It shall be the responsibility of the state government to provide employment of every such person within 15 days of receipt of an application. The application must be for atleast 14 days of continuous work.
- Applicants who have been provided with work shall be so notified in writing, by means of letter sent to the address given in job card and of a public notice displayed at the Gram Panchayat notice board.
- The employment shall be provided within a radius of 5 k.m. of the village where the applicant resides. In case where employment is provided outside such radius, 10 percent extra wages will be paid.
- If applicant is not providing an employment within 15 days of applying he or she shall be entitled to a daily unemployment allowance, the unemployment allowance for first 30 days will be one fourth of the daily wage and after that the unemployment allowance will be 50 percent of the wage rate.
- The Gram Panchayat shall prepare and maintain registration and wage employment registers and issue job cards to the applicants.
- If any personal injury is caused to any person employment under the programme by accident arising out of and in the course of his employment, he shall be entitled, free hospitalization if necessary, the State Government shall arrange for hospitalization including accommodation, treatment, medicines and a daily allowance less than half of the minimum wages. In case of death or disability such a person, an ex-gratia payment of Rs. 25000/- shall be paid to his legal heirs in the manner as laid down in the workmen compensation Act.
- In case the number of children below the age of 6 years accompanying the women working at the site is 5 or more, one of such women workers will be deputed to look after such children.
- The liability of state government to pay unemployment allowance shall commence after the expiry of 15 days from the date of application (or 15 days from the date from which employments is sought, in the case of advance application). It shall cease as soon as (i) the applicant is directed by the Gram Panchayat or programme officer to report for work (ii) the period for which employment households has received 100 days of work, within the financial year.

- The scheme will be implemented on 90:10 cost sharing basis between central and state governments. But 100 percent expenditure on unemployment allowance will be borne by the state government.²

FUNDING OF THE PROGRAMME

The central Government bears the costs on the following items:

1. The entire cost of wages of unskilled manual workers.
2. Administrative expenses as may be determined by the Central Government, which will include inter-alia, the salary and the allowances of the programmes officer and his supporting staff, work site facilities.
3. 75 percent of the cost of material, wages of skilled and semi-skilled workers. Expenses of the National Employment Guarantee Councils.

The State Government bears the costs on the following items:

1. 25 percent of the cost of material, wages of skilled and semi-skilled workers (As a ratio of 60:40 is to be maintained for wages of the unskilled manual workers and the material, skilled /semi-skilled worker's wages, the State Government has to bear only 25 percent of the 40 percent component, which means a contribution of 10 percent of the expenditure).
2. Unemployment allowance payable in case the state government cannot provide wage employment on time.
3. Administrative expenses of the State Employment Guarantee Council.³

OTHER PROCESSES OF MGNREGA

A. RIGHT-BASED FRAMEWORK

1. Adult members of a rural household who are willing to do unskilled manual work may apply for registration to the local Gram Panchayat, in writing, or orally.
2. Gram Panchayat after due verification will issue a job card, the job card will bear the photograph of all adult members of the household and is free cost.
3. A job card holding household may submit a written application for employment to the Gram Panchayat, stating the time and duration for which work is sought.⁴

B. TIME –BOUND GUARANTEE

1. Gram Panchayat will issue a dated receipt of the written application for employment, against which the guarantee of providing employment within 15 days operates. If employment is not provided within 15 days operates. If employment is not provided within 15 days, daily unemployment allowance in cash has to be paid. Liability of payment of unemployment allowance is of the states.
2. Work should ordinarily be provided within 5 km. radius of the village of else extra wages of 10 percent are payable.
3. Wages are to be paid according to minimum wages. Disbursement of wages has to be done on weekly basis and beyond a fortnight.

C. WORK SITE FACILITIES

Work site facilities such as crèche, drinking water, and shade have to be provided.

D. LABOUR-INTENSIVE WORKS

A 60:40 wages and material ratio has to be maintained. Contractors and use of labour displacing machinery is prohibited.

E. PERMISSIBLE WORKS

1. Water conservation
2. Drought proofing (including plantation and afforestation)
3. Irrigation canals
4. Minor irrigation, horticulture and land development on the land of SC/ST/BPL/IAY and land reform beneficiaries
5. Renovation of traditional water bodies.
6. Flood protection
7. Land development
8. Rural connectivity
9. Any other work that may be notified by the central government in consultation with the state government.⁵

REVIEW OF LITERATURE

Review of literature is a part of text which provides an approach to review the critical points of current acquaintance as well as substantive answer and hypothetical and methodological assistance to a particular topic. Approach to existence and upto date relevant literature pertaining to the studies and their critical and comprehensive review guides a researcher to devise research project on scientific lines. It assists the researcher to severe there researchable issues of the study. Review of literature acts as a searchlight to guide the course of prospective research activity. Hence, here an effort has been made to make an investigative review of the pertinent literature.

Bharat S. Santakki and Laxman M. Ahire (2011)⁶ In their paper entitled "Rural Employment Guarantee Scheme: Boon or Bane to Indian Agriculture," studied the impact of MGNREGA. Authors stated that, the MGNREGA has no doubt impacted the poor. Large households have made the effort to come forward to register, migration level has reduced in several villages of Andhra Pradesh, Orissa and Rajasthan, wages were raised in many states and the participation of the women increased significantly. These are really great achievements due to MGNREGA. Authors further stated that, but what happened to agricultural sector? The real impact is over here which is highly unnoticed or pretending to be unnoticed by the government. It is true that, MGNREGA experiences vary from state to state, but the reality is that farmers than most of the states had similes experiences because of the implementation of MGNREGA.

Bamra (2011)⁷ In his article entitled "Community Development under MGNREGA in Dalaghat," clearly stated that, Mahatma Gandhi National Rural Employment Guarantee Scheme is successfully implemented in Balaghat district of Madhya Pradesh. Author observed that, mobilizing the available human resources and the funds available in the scheme in an effective manner has led to the successful implementation. MGNREGA brought a massive improvement in rural connectivity and other basic infrastructure in the district. Besides, it led to increase in self-confidence and socio-economic development of the poor households. Author presented Balaghat district as a successful example of implementation of MGNREGA in a Naxal effective area through involvement of the community and coordination with the various departments and schemes.

Gundeti Ramesh (2011)⁸ has conducted "A study in Karimnagar district of Andhra Pradesh," to assess the impact of MGNREGA as a fact of inclusive growth. The study found that MGNREGA has become beacon of light in rural areas, and contributed substantially for the increased living and economic conditions by reducing the income imbalances in the rural areas and also helped in reduction of wages differences in various works by creating equal wages to male and female workers. According to the study, MGNREGA has helped to overcome the uncertainty in the employment, reduced the migration level to others areas and ushered to meet the raising prices in the market. The study suggested that, wages should be paid to workers in time, social audit should be made effective to eliminate bogus beneficiaries and government should take measures to provide 100 days of employment to all the workers. Further, in spite of few shortfalls in the programme, the programme is successful but it requires more transparency in the implementation of this programme in future.

P.N. Sankaran (2011)⁹ In his article entitled "Poverty Reduction: Towards Cash Transfer in lieu of subsidies," has discussed that, cash transfer as an instrument of poverty reduction and accumulation of human capital holds attraction for countries like India, the apprehension aired on total abdication of essential goods to the poor point to the need for continuation of state provision, complemented by Conditional Cash Transfer (CCT) till the economy can manage sustainably demand and supply dimensions of the intervention. Author further stated that, before venturing into a full-fledged CT regime, replacing the current subsidy system, we have to address the supply-side bottlenecks, concerns of high inflation, gaps in the methods of identification of the poor, issues in financial inclusion, apprehensions on the technology implications of the unique identification mechanism, etc. A section of the poor consuming public seems to prefer PDS to cash receipt for fear of inflation, artificially steered supply constraints, and possible neglected that they may have to face in the process of open market purchase.

N. Chatterjee and Mohd. Ashraf Dar (2011)¹⁰ In their paper entitled "Role of NGOs in Rural Development," has discussed the role of NGOs in the rural development and affirmed that CAPART, the council for advancement of people's action and rural technology, has played an important role in facilitating the process of development in rural India through Non-Government Organizations (NGOs). CAPART is an autonomous body registered in 1986 under the aegis of the ministry of rural development, Government of India. The vision of CAPART is to play a catalytic role so as to strengthen the voluntary movement in the country and to facilitate the promotion of innovative rural technologies. CAPART has been implementing many innovative development projects under different schemes through a strong network of government and non-government organizations to reach all rural areas specially the backward area, of rural India.

Dr. S.M. Jawed, Akhtar and N.P. Abdul Azeez (2012)¹¹ In their article "Rural Employment Guarantee Programme and Migration," has stated that, one of the significant features of MGNREGA is to arrest out-migration of unskilled, landless labour force from the rural areas to urban areas by ensuring up to 100 days of wage employment within their native jurisdiction so that these guaranteed wage employment can be judiciously and rationally utilized by the landless peasants during lean and distress seasons. As far as possible, the work site is to be within a five k.m. radius of the applicant's village. In case it is not, it must be provided within block and the labourers must be paid 10 per cent of their wages as extra wages to meet the additional travel and living expenses. MGNREGA, too, could become a predictable source of local employment and therefore reduces distress migration.

R. Kurinjimalar (2012)¹² In his paper entitled, "MGNREGA and Woman employment," has tried to analyze the real impact of Mahatma Gandhi National Rural Employment Guarantee Programme (MGNREGA) on women employment in Tiruvurur district of Tamilnadu. The author observed that, from the MGNREGA, the people were not getting sufficient employment opportunities. There was an existence of unemployment in Tiruvurur district in agriculture during summer season. Even though they could not control the effects of poverty fully, there was a considerable reduction in the level of poverty in this area. In addition, MGNREGA has created a considerable effect among the rural poor illiterate and unskilled workers.

Puja & Dutta (2012)¹³ In their article entitled, "Does India's Employment Guarantee Scheme Guarantee Employment," examined the performance of the MGNREGA in meeting the demand for work across states. Authors used household level data from the National Sample Survey for 2009-10 to understand who gets rationed and how this affects the scheme's ability to reach India's rural poor and other identity based groups, notably backward castes, tribes and women. They found considerable unmet demand for work in the scheme in all states, and more so in the poorest ones, where the scheme is needed most. Authors observed that, the actual participation rates in the scheme are not higher in poorer states where it is needed the most. They found a significant negative rationing correlation between the extent of rationing and the wage rate in the casual labour market relative to the wage rate on the scheme. The study concluded that, the scheme is reaching the rural poor and backwardness classes and is attracting poor women into the workforce.

Dr. S.M. Jawed, Akhtar (2012)¹⁴ In his article entitled, "MGNREGA: A tool for Sustainable Environment", has discussed the ecological perspective of MGNREGA and stated that, MGNREGA provides for the enhancement of livelihood security of the households in rural areas of the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work with the auxiliary objective being: Generating productive assets and protecting the environment. Author stated that, this act designed to provide an ecological perspective to the implementation of the programme. Under the MGNREGA, in order to achieve long term livelihood sustainability, the ecological perspective is needed to work for the improvement of the natural resource base and for sustaining the ecological systems on which large number of people depend for their livelihood.

Dr. Jitendra Ahirao (2012)¹⁵ In his paper, "A Brief Scanning of MGNREGA," has discussed the importance of MGNREGA for the upliftment of rural poor and stated that MGNREGA makes the government legally accountable for providing employment to those who ask for it and thereby goes beyond providing a social safety net towards guaranteeing the right of employment. A very significant feature of this act that, if a worker who has applied for work under MGNREGA is not provided employment within 15 days from the date on which work is requested, an unemployment allowance shall be payable by the State Government at the rate prescribed in the Act. MGNREGA is a unique weapon to activate and empower the Panchayats. It is a revolutionary step for India's rural poor.

Prof. Akshey Kumar & Dr. Amiya K. Mohapatra (2013)¹⁶ In their article entitled "Is it Incremental or Transformative," has discussed about rural development budget 2013-14. Authors stated that, India lives in villages, so ample significance is assigned to the rural sector and its development in the present budget. It is one of the major strategies which is focusing on rural development and upliftment of the poor people. Rural development has a lion share in the present budgetary allocation. Authors stated that, present provisionary ₹ 80, 194 crores for rural development signifies its own importance. MGNREGA which is being considered as a support and protection of rural life revitalized itself by getting a budget provision of ₹ 30,000 crore. This is a strategic move to reduce unemployment, inequality and poverty in rural sector. This also helps in building community assets in rural areas and thereby benefits people at large.

L. C. Goyal (2014)¹⁷ In his article "Removal of Rural Poverty," has stated that, to realize the vision of inclusive growth, the ministry is credited with mainly four flagship programmes that comprise a multi-pronged anti-poverty architecture and strategy of (i) increasing livelihood opportunities, (ii) developing infrastructure for socio-economic growth (iii) improvement of quality of life, and (iv) providing social safety net to as many households as possible. These consist of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission (NRLM), Pradhan Mantri Gram Sadak Yojna (PMGSY), Indira Awas Yojna (IAY) and National Social Assistance Programme (NSAP). Author further stated that MGNREGA has become a powerful instrument of inclusive growth, it has enabled both livelihood security and social development.

Dr. Birendra Prasad Yadav (2014)¹⁸ In this article, "Changing Rural Landscape through Rural Development Schemes," has discussed the significance of Rural Development Schemes. Author stated that, rural development schemes namely, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Swarnajayanti Gram Swaraj Yojana (SGSY), National Rural Livelihood Mission (NRLM), Indira Awas Yojana (IAY), Pradhan Mantri Gram Sadak Yojna (PMGSY), and National Social Assistance Programme (NSAP) have made a professional impact on the lives of the people in rural India. With these programmes, the government is trying to bring about overall improvement in the quality of life of the people in rural areas through employment generation, reduction in poverty by enabling poor households to access gainful self-employment ensuring minimum national standard for social assistance and provision of other basic amenities.

Sampti Saha (2015)¹⁹ In his article "MGNREGS and Economic Status of Rural Women: A field study," an attempt has been made to examine the effects of MGNREGS on lives of women. Author conducted the field survey on two Panchayat Madhupur and Takagach Rajarput in Cooch Behar-II block in Cooch Behar district of West Bengal. From each Gram Panchayat 65 job card holders were selected randomly. Thus, total number of households surveyed was (65×2) = 130. Cooch Behar is a rural district town in West Bengal where about 50.11 per cent people belong to SC community. The district carries multiple characters. As per 2011 census, 89.73 per cent of population in this district lives in rural areas and 10.27 per cent population lives in urban areas. Author observed that overall development of Cooch Bihar district depends on its rural areas development. From this survey author has observed that job card holders mainly belong to vulnerable groups of society i.e. their main source of income is daily labour, and van puller, money from family states or neighboring country for daily labour work, building construction and small business. From this occupational status, it is clear that they are in dire need to earn money where MGNREGS plays an important role in their lives. Women members of these households are equally ready to do work under MGNREGS.

Dr. Mahi Pal (2015)²⁰ In his article entitled "Innovations and Rural Development Concept and Application," an attempt has been made to demonstrate as to how the application of innovation the implementation of various programmes have become useful in terms of employment generation, infrastructural development, access to basic facilities in rural areas. The Ministry of Rural Development has been implementing various schemes for employment generation, infrastructures development, access to basic facilities and social assistance in rural areas. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is also a right based wage employment programme implemented in rural areas of the country. It aims at enhancing livelihood security to provide up to 100 days of generated wage-employment in financial year to every rural household whose adult members volunteer to do unskilled manual work.

CONCLUSION

MGNREGA is a landmark legislation, as it ensures livelihood security in rural areas by providing employment opportunities, boosting the purchasing capacity of the rural people, and empowering village communities and creating useful assets in rural areas. Removal of food insecurity and starvation, environment protection, empowerment to rural women and reduction of rural-urban migration are possible through this legislation. This apart, it also fosters social equity among others and reduces distress migration.

From the above review, we can come on the conclusion that MGNREGA is providing a significant employment providing programme being initiated by the Govt. of India as it has increased the rate of employment, level of income of the rural poor and helped in increase in living standard and formation of assets. MGNREGA also helped the poor farmers to build assets, power to purchase good quality seeds and fertilizers and increase in income as now they are able to work in the off-seasons. MGNREGA is an important step towards realization of the right to work. It opens up tremendous possibilities of creating a livelihood resource base of the rural poor. This programme helps a lot in reducing the seasonal and disguised unemployment in the agriculture sector. It is not supply driven but demand driven. But still this scheme lacks in various issues like corruption, irregular availability of work, non-payment of wages at proper time and lack of planning of starting of new work. Many authors have given their views to cover the loopholes in this which can be taken into consideration by Government for further increase in its progress.

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RELATIONSHIP BETWEEN QUALITY ASSURANCE AND CUSTOMER SATISFACTION IN HOTEL INDUSTRY: A CASE STUDY OF JORDAN HOTEL

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ABSTRACT

The hotel sector has seen a significant change over the last decade. Hotels sector today is an integral part of the human life whether in small scale or a commercial scale. Although, the hotel industry is seen to be booming as new structures are being put in a continuous form, it is yet to strike a major impact in the country as compared to other hospitality businesses different countries. The participation of employees and staff in contributing to improve quality of services, to identify the link between customer satisfaction and quality, and to find out the benefits of ensuring quality in the hotels sector. The study touched on the following application of quality assurance in the Jordan hotels that maximizes customer satisfaction. The researcher used non-probability sampling techniques in the application of this research. From the research that previously worked, it is quite clear that ensuring quality is a great importance to customers and companies as well. On a whole it is one of the bases of progress in the industry economy because it brings cash inflows and profits to the economy through encourage tourism attraction. The writer found that upon the various benefits of ensuring quality, there is room for development in the service delivery to customers. The hotel management should not focus on customer service but should rigorously improvement and development the already high quality of the services which they provide to their client. On the question of recommending other customers to the hotel, almost all the people involved. And give answer in position direction, the reason is very clear. In spite of the quality standards of Capital view Hotel is high and different. In spite of all the remarkable impact of quality assurance on customer satisfaction in the hotel sector, the writer believes that more can still be done to increase and improve the impacts.

KEYWORDS

quality assurance (QA), customer satisfaction, service quality (SQ).

INTRODUCTION

Hotel sector refers to the services rendered by resort, restaurants, and entertainment sector of the economy. This also includes tourism which happens to be the third highest foreign exchange earner which contributes immensely to the improvement of the economy by the injection of foreign exchange into the country, Amman (city of Jordan) is not left out in this development. Many structures have been established in Amman to improve the image of the hotel sector. This great step is a collaboration of the private sector and government in the economy. Like any other source of foreign exchange, those generated from the hotel industry help reduce the country's debts.

Quality assurance systems are an important factor of any business strategy in hotel sector. As Porter (1985 and 2004) suggests, quality is now seen as a main motive for gaining competitive advantage among others, particularly with the consumer. There is no activity where this great significant than in the hotel sector. As Yavas et. al (1995) state, "the question is no longer whether to have quality assurance programmers, but rather how to make these programmers work quality assurance," within this of hospitality sector.

Management and Quality assurance within the hotel environment focused upon satisfying the customer and the achievement of its needs. Therefore, this review concentrates on the existing literature relating to customer satisfaction and the frameworks and various methods of service quality related to this focus.

LITERATURE REVIEW

Borkar, Suneeta & Koranne, Sameer, (2014), state that It is a try to understand the role of quality development process in hospitality sector and effectiveness in making it sustainable business enterprise. It is a wipe of the presently diverse quality management tools which are making the hotels operations more comprehensive and reliable and meet the customer expectations and perceptions.

Descriptive research design is used to clarify the parameters of service quality management in hospitality sector. Exploratory research resolve is undertaken to dig out the service quality management practices and quality. Data analysis is done and clarified and display; hypothesis is tested versus the collected data. Since the industry permanently tries to perfection upon their services to meet the level of customer satisfaction and perception; Study present tools necessary for continuous improvement process and how it serves all the stake holders. It can be inferred from that hotel implement continuous quality management and improvement process tools to remain competitive in the large market. The research involves hotels of highly competitive market with limited number of participants. This reduces the study to hotel sector and has scope of including other hospitality service providers as well.

AbuKhalifeh, Nimer Ala'a & Som, Puad Mat Ahmad, (2012), Service quality has been an important axis of studies involving food and beverage (F&B) departments of hotels. On through a substantial number of researches on service quality, the reasons why customers revisit a hotel and why a high-quality service from the food and beverage F&B department is needed have remained unanswered. This paper focus to review previous studies on service quality management in the F&B departments of hotels, its process, and very effective service quality management framework. This paper examines famous models, and show Parasuraman's framework dimensional of service quality in which used which is tangibility, ratability, responsiveness, assurance, empathy management in the area of (F&B) and its implementation to the hotel industry. The conceptual paper suggests application of the dimensional model in the (F&B) department and stimulate hotels to improve management in the department to better satisfy their guests usually.

Gunaratne, umesh, (2014), Point out that, as a country Sri Lanka has a great chance to improve tourism industry and there are lot of tourists visit to enjoy the holidays in Sri Lanka from around the world. In tourism sector Hotels play an important role. Therefore, the luxury hotels should be provided excellent services quality for their guests.

Services quality is considered substantial when it comes to determine organizational success. The gaining strategy is to deliver best services quality to guests. Today, need to develop services quality in Sri Lankan hotel sector have come under limelight due to stiff competition where hotels are aspiring to attain competitive advantage through the human factor staff. Excellent quality service not only results in a profit strategy but also it is motivated for staff to perform to their potential to face challenges. Through providing quality service, hotels can sustain guests' confidence and gain competitive advantages over their competitor's hotels. This study referring the relationship between Customer Satisfaction and Services Quality in Sri Lankan hotel industry.

In this research, quantitative methods were used. The data were collected by questionnaire which included five point likert scale Statements. Finding of different correlations, t-test and hypotheses testing revealed a great deal of based services with customer satisfaction. In order to generate the feedback employed confirmatory explain factor by using Smart PLS. Mainly courtesy of attendants, cleanliness and environment and comfort in guestroom, of hotel have played vital role in creating subsequent contentment and serenity among customers. This research confirms direct relationship between customer satisfaction and Service Quality. It seems judicious to believe that knowledge of customer satisfaction role is extremely important as it appears key factor in progress of modern organization specially hotels sector.

Sumarjan, Norzuwana & Arendt, Susan W, (2011) This study is to discover Malaysian hotel quality executives or general managers (HGMs) (HQEs) experiences in implementing total quality management (TQM) practices. Specifically, the purpose of the study to understand the benefits of applying total quality management (TQM) practices, difficulties faced during the implementation process, and success factors or strategies in implementing total quality management (TQM). Will conduct personal interviews with HGMs or HQEs, currently or previously responsible for quality programs at four, and five star rated hotels be located in the nation's central region. Results on benefits, strategies and challenges or critical success factors will provide quality management best practices for use as benchmarks by the owners of the other hotels.

In addition, this research will provide practical solutions to help owner of the hotels better organize, strategize and take advantage of the resources in ensuring the success and development of quality management programs.

Naseem, Afshan et. al, (2011), Service quality has great important when it comes to define organizational success. The profit strategy is to deliver excellent quality service for established customers. In the present milieu, need to develop service quality in Pakistan hotel sector have come under limelight due to ongoing competition where hotels are trying to create competitive advantage through the human factor by being able to create this competitive. Excellent quality service not limited to the results in a profit strategy but also it motivates employees to perform to their potential to meet difficult challenges. Through providing quality service, organizations can sustain customers' confidence and provide competitive advantages over their competitors. This research scrutinizes the effects of various factors of hotel industry which affects customer satisfaction and perceptions. In this research paper, both quantitative and qualitative studies were used. The data was obtained through questionnaire which contained multiple choices. Results of different correlations, t-test and sequence graphs revealed a great deal of provide services with customer satisfaction. Mainly courtesy of attendants, comfort in guest room, environment and cleanliness of hotel have played vital role in creating subsequent and serenity contentment among customers. Our study confirms direct relation between customer satisfaction and organizational success. It seems judicious to believe that understanding of customer satisfaction key factor role is extremely significant as it appears in the success of modern organization. Anderson, Elizabeth. A. (1995) Describes research conducted to assess the quality of service arrived by a public university health clinic. The service quality instrument was managed to patients of the University of Houston Health Center in order to assess customer perceptions of service quality (SQ). The finding of this study is currently being incorporated into the clinic's strategic planning operation, specifically with respect to future resource allocation for quality improvement projects.

Tangibility

The tangible Quality Assurance Dimension refers to the appearance of the physical surroundings equipment and facilities, personnel and the way of communication with others. In other words, the tangible dimension is about creating first hand impressions for customers. A company should want all their customers to get a good service positive and never forgetting first hand impression, this would make them more likely to return and impact of development in the future (Delgado and Ballester, 2004).

Reliability

The reliability Quality assurance refers to how the company are performing and completing their promised service, products quality within the given set requirements between the customer and the hotel. Reliability is just as important as a goof first hand impression of the customer, because every customer want to know if their supplier is trust worthy and fulfil the set requirements with satisfaction (Delgado and Ballester, 2004).

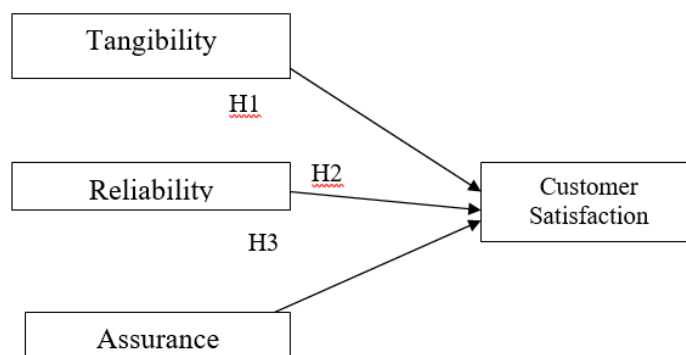
Assurance

The quality assurance refers to the company's employees. Are the employees skilled workers and have a good experience which are able to gain the trust and confidence of the customers? If the customers are not comfortable with the employees in hotel or company, there are a rather large chance that the customers will not return to do business with the company or hotels (Delgado and Ballester, 2004).

Customer Satisfaction

Customer satisfaction is a creation of value for customers, anticipating and managing their expectations, and demonstrating ability and responsibility to satisfy their demand needs. Customer satisfaction and Quality of service is critical factors for success of any business (Gronoos, 1990; Parasuraman et al., 1988). As Valdani (2009) points out: enterprises exist because they have a customer to serve. The key to achieve sustainable advantage lies in delivering good quality service that results in satisfied customers (Shem wellet al, 1998). Service quality and customer satisfaction are key factors in the battle to customer retention and obtain competitive advantage. Customer satisfaction is the outcome of customer's perception of the value received in a transaction or relationship, where value equals perceived service quality, compared to the value expected from transactions or relationships with competing vendors (Blanchard & Galloway, 1994; Heskett et al., 1990; Zeithaml et al., 1990). In order to achieve customer satisfaction and needs, it is important to recognize and to anticipate customers' demands and to be able to satisfy them. Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profits and competitive advantage than those which fail to understand and satisfy them (Barsky & Nash, 2003).

FIG. 1: CONCEPTUAL FRAMEWORK AND HYPOTHESES
QUALITY ASSURANCE



OBJECTIVES OF THE STUDY

1. To identify major quality assurance and customer satisfaction.
2. To identify major quality assurance and customer satisfaction in hotel industry.

HYPOTHESES OF THE STUDY

- Ho 1: There is a positive relationship between Tangibility and customer satisfaction.
 Ho 2: There is a positive relationship between Reliability and customer satisfaction.
 Ho 3: There is a positive relationship between assurance and customer satisfaction.

METHODOLOGY

SAMPLING DESIGN: The research on quality assurance in Jordan hotels. Hotel industry requires multiple methods of multiple data sourcing helped various resources contributed in different ways of collection of data and analyzing it for the research paper. The questionnaire method was used in this research has been the distribution of a questionnaire to 50 different staff hotels taken the obvious sampling method is used for conducting this research study.

METHODS OF DATA COLLECTION: Primary data sources- the study required survey of current quality assurance approaches used in hotel sector. It also involved the continuous discussions with service providers and the service developer's procedures. The visit to hotels proved as major source of collection information. For this study observation method and questionnaire through the hotel staff survey were selected for primary data collection.

IMPORTANT SOURCES OF PRIMARY DATA INCLUDE THE RESPONDENTS: Front line staff and senior management. Multivariate questions were presented to the staff and responses formed the important part of data. Purposive sample method with more than 30 respondents and staff from various leading hotel is used for this search. It also included the brief interview with employ and discussion to know and understand the presence of quality improvement and develop practices implemented in their hotels. The study required survey of current quality assurance practices used in hotel sector.

RESEARCH METHODS: Descriptive research design is used to know the recipes quality assurance in hotel industry, exploratory research design is undertaken to develop a new service quality assurance practices and its effectiveness. Data analysis is done and displayed by the tables. The hypothesis is tested against the collected data.

DATA ANALYSIS

Results

The analysis of collected data was carried out through various statistical techniques and Structural equation modelling (SEM) is used to test the study hypotheses. A confirmatory factor analysis (CFA) is undertaken on the data to verify the dimensionality and reliability of the scale used to measure the customer satisfaction and service quality. And spss

Validity and reliability

Based on the data illustrated in the following table 1 final model column, it is seen that (KMO) coefficient questionnaire is 0.868, indicating the sample adequacy. Chi Square value 1995.561, Degree of Freedom 380 and Also Bartlett value is meaningful at 0.000 indicating that factors' separation has been appropriately done based on factorial loads and factors do not overlap each other.

TABLE NO. 1: KMO AND BARTLETT'S TEST

	Initial Model	Final Model
Kais-Meyer- Olkin Measure of Sampling adequacy	.850	.868
Bartlett's Test of Sphericity	2045.604	1995.561
Approx. Chi-Square Degree of freedom	420	380
Sig.	.000	.000

TABLE 2: CONFIRMATORY FACTOR ANALYSIS

Constructs and Indicators	Standardized loading t- value	Composite reliability AVE
Tangibility		.84/.53
➤ Furniture in the hotel is modern and comfortable.	.82 (16.12)	
➤ The interior and exterior decoration in the hotel is quite appealing.	.81 (15.92)	
➤ The employees have neat appearance.	.73 (12.50)	
➤ The hotel facilities are up to- date.	.63 (7.80)	
➤ The brochures and pamphlets are visually presented.	.70 (12.98)	
➤ The hotel is clean	.73 (11.89)	
Reliability		.84/.67
➤ The front desk employee accurately verified the reservation request	.63 (8.91)	
➤ The time it took to check in or check out is not too long	.74 (12.5)	
➤ The reservation system is easy to use telephone and internet reservation	.70 (8.72)	
➤ Transport facilities are available.	.71 (11.85)	
➤ The employees provide error-free records.	.80 (15.55)	
Assurance		.85/.70
➤ The staff in hotel is polite	.81 (16.00)	
➤ The staff important confidence to the guests.	.80 (28.44)	
➤ The staffs are friendly.	.89 (32.12)	

Table no 2 Shows the confirmatory factor analysis. Confirmatory factor analysis assesses the degree to which the hypothesized structure of item is capable of representing the relationship in the data. All composite reliabilities are .84 or higher, which indicates internal consistency among the measures far above the recommended level of .60 (Bagozzi and Yi, 1988). Second average variance extracted (AVE) ranged from .53 to .70. Bagozzi and Yi (1988) suggested a target level >.50.

TEST OF THE HYPOTHESES

The Structural Equation Modeling (SEM) methodology was employed to test the hypotheses. Based on the values computed through the software it represents that the theoretical model fit the data well.

TANGIBILITY AND CUSTOMER SATISFACTION

Hypothesis H1 states that there is a positive relationship between Tangibility and customer satisfaction. The hypothesis supported by the data because contribution to the customer satisfaction has taken positive value (+ **0.259**). Therefore, developed hypothesis can be accepted. It means that there is a positive relationship between Tangibility and Customer Satisfaction.

RELIABILITY AND CUSTOMER SATISFACTION

Hypothesis H2 predicted that there is a positive relationship between Reliability and Customer Satisfaction. This prediction is supported by the data because according to the Smart PLS software Reliability contributes to the Customer Satisfaction by positive value (+ **0.116**). The hypothesis which is developed by the researcher can be accepted.

ASSURANCE AND CUSTOMER SATISFACTION

Hypothesis H3 states that there is a positive relationship between Assurance and Customer Satisfaction. The hypothesis not supported by the data because the contribution to the customer satisfaction has taken a negative value (**-0.002**). The hypothesis which developed is not match with the findings. Finally conclude that there is a negative relationship between Assurance and Customer Satisfaction.

TABLE 3: THE RELATIONSHIP BETWEEN QUALITY ASSURANCE AND CUSTOMER SATISFACTION

Relationship	Quality Assurance and Customer Satisfaction Hypothesis Number and Direction	
Tangibility and Customer Satisfaction	H1 (+)	Supported
Reliability and Customer Satisfaction	H1 (+)	Supported
Assurance and Customer Satisfaction	H1 (+)	Not Supported

DISCUSSION AND CONCLUSION

The relationship between Quality assurance and customer satisfaction (Caruana, 2002; Oh, 1999; Cronin et al., 2000; Parasuraman et al., 1988) has been the concern of many previous studies in the context of service industry. The purpose of this research is to investigate the relationship between Quality assurance and Customer satisfaction. In the literature review section of the paper three dimensions (Tangibility, Reliability, Assurance) of quality assurance are identified. The table 1 shows the major findings of this research study.

In conclusion, knowing how consumers perceive quality assurance and being able to measure quality assurance can benefit management of hotel service. Measuring quality assurance can help management provide reliable data that can be used to maintain improved and develop quality assurance. Using the (QA) model to measure quality assurance enables management to better understand the various dimensions and how they affect quality assurance and customer satisfaction. This will help them to identify those that have strengths and weaknesses.

Further, through this study the findings show that the quality assurance model is not a good tool to measure (QA) in hotel industry because a dimension (Assurance) did not prove reliable for measurement and therefore the managers of the hotel industry can implement the good strategies in order to enhance to improve employee performance through proper training and development programs and team work about the provide superior quality service and hospitality. In conclusion, further the findings imply that different methods, way and models could be used to measure quality assurance and customer satisfaction in hotel industry.

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IMPACT OF PERFORMANCE OF TANGIBLE AND INTANGIBLE ASSETS ON THE PROBABILITY OF SELECTED COMPANIES

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ABSTRACT

The research it is study concludes that Tangible assets are having strong relationship with profits. However, it is important for an organization to build their intangible assets. The study shows that in all the companies selected there exist a positive relationship with profit. Intangibles have emerged as an important issue among companies' accounting theories. Companies have implemented strategies based on the robustness of their own intellectual capital. Competency and strength of a company, valued based on creativity, innovation, technology are used and opportunities are exploited. In IT companies along with Tangible assets, Intangible assets also play a dominant role for the growth of the company. However, they should be valued and reported by the companies.

KEYWORDS

tangible assets, intangible assets, intellectual capital.

1.1 INTRODUCTION

Information technology in India is an industry consisting of two major components: IT services and business process outsourcing (BPO). The sector has increased its contribution to India's GDP from 1.2% in 1998 to 7.5% in 2012. According to NASSCOM, the sector aggregated revenues of US\$100 billion in 2012, where export revenue stood at US\$69.1 billion and domestic at US\$31.7 billion, growing by over 9%.

Information technology is playing an important role in India today and has transformed India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs.

The IT sector in India is generating 2.5 million direct employments. India is now one of the biggest IT capitals of the modern world and all the major players in the world IT sector are present in the country.

Bangalore is considered to be the Silicon Valley of India because it is the leading IT exporter. Exports dominate the industry and constitute about 77% of the total industry revenue. However, the domestic market is also significant with a robust revenue growth. The industry's share of total Indian exports (merchandise plus services) increased from less than 4% in FY1998 to about 25% in FY2012. According to Gartner, the "Top Five Indian IT Services Providers" are Tata Consultancy Services, Infosys, Cognizant, Wipro, and HCL Technologies.

Regulated VSAT links became visible in 1994. Desai (2006) describes the steps taken to relax regulations on linking in 1991:

In 1991 the Department of Electronics broke this impasse, creating a corporation called Software Technology Parks of India (STPI) that, being owned by the government, could provide VSAT communications without breaching its monopoly. STPI set up software technology parks in different cities, each of which provided satellite links to be used by firms; the local link was a wireless radio link. In 1993 the government began to allow individual companies their own dedicated links, which allowed work done in India to be transmitted abroad directly. Indian firms soon convinced their American customers that a satellite link was as reliable as a team of programmers working in the clients' office.

1.2 REVIEW OF LITERATURE

1. Archana Dinesh Mehta and Pankaj M Madhani; "Intangible Asset: An Introduction" The Accounting World, ICAI University Press, Hyderabad, September 2008: The paper provides basic information on intangible assets that includes the definition, importance and management and measurement issues. It differentiates intangible and tangible assets in terms of public appearance, depreciation, transfer costs, ease of recognition of trading opportunities, disclosure of attributes and enforcement of property rights and provides broad categories of intangible assets under International Accounting Standard Board (IASB). This article highlights the emerging importance of intangible assets in the present world economy and discusses several valuation methods, viz, cost approach, market approach and income approach.

2. Pankaj M Madhani; "Management of Intangible Assets: A Value Enhancing Strategy in Knowledge Economy" ICAI University Press Hyderabad, 2009: This paper explains the key components of intangible assets, viz, human capital, structural capital and relational capital. The terms intangible assets, knowledge assets and intellectual capital can be used interchangeably based on the fact that they differ only in their discipline of origin. The article discusses major factors driving the growth of intangible assets across organizations. It highlights their role as drivers of competitive differentiation and explains how they enhance corporate valuation with the help of intangible resources like human skills, stakeholder relationships, culture, routines and intellectual property.

3. Dipesh Kumar Dipu "Identification and Measurement of Intangible Assets: A Must for Corporate Governance" [ICFAI Books]: This paper highlights the prominence of intangible assets in the cotemporary business scenario. Recent studies show that the market values of firms comprise about 50 to 90% intangibles. However, financial accounting in the present format does not give that much significance to their identification, measurement and reporting. The article discusses the various accounting principles being followed in the European Union, the US and those countries following the international accounting standard. In the US, introduction of Statement of Financial Accounting Standards (SFAS) 141 and 142 brought a new paradigm. The article signifies the consequences of inadequate accounting for intangibles. Without the inclusion of intangible assets the financial statement falls short of being complete. For universal acceptance, standards need to be developed that can present reliable information.

4. Marc G Olsen and Michael Halliwell "Intangible Value: Delineating between Shades of Gray – How do you Quantify Things you can't Feel, See or Weigh?" Journal Of Accountancy; 01-MAY-07: This paper emphasizes the business need of a systematic method for analyzing the value of intangible assets for reasons that include the role of intangibles in financial reporting, litigation, licensing, the sale of business, bankruptcy, taxation and financial and strategic planning. Intangible assets are a big part of contemporary business and represent the principal basis for growth. The article discusses that guidance related to the recognition and valuation of intangible assets comes from accounting and tax regulation. The article highlights various criteria for their identification. Most of them fall into one of five categories: marketing related, customer related, artistic related, contract related or technology related.

5. Ashok Kumar Panigrahi "Accounting for Intangibles: Challenge to Corporate"; [ICFAI Books]: This paper emphasizes the importance of intangible assets in the current era of globalization. Though the importance of intangibles is widely acknowledged, identifying, measuring and reporting them have raised questions. The author identifies criteria for their evaluation, viz, identity, control and future economic benefits. He discusses the accounting standard AS 26 on intangible assets. The article highlights the difficulties in measuring intangible assets such as firms have less control over intangibles which causes higher risk, intangible assets cannot be sold off easily like tangible assets, no markets for intangibles and the management has no incentive to share the information about intangibles.

6. Pankaj M Madhani "Accounting Standards for Intangibles Reporting", The Accounting World, October 2007, papers.ssrn.com/sol3/papers.cfm?abstract_id=1507650: The author discusses IASB (International Accounting Standard Board) issued IAS 38 for regulating intangible assets, although while in India it's governed by AS 26 issued by the Council of the Institute of Chartered Accountants of India (ICAI). The main reason for increased emphasis on intangible assets is transition of economy from being industrial to knowledge based. Their valuation is very crucial from both accounting and business perspectives. As intangible

assets are non physical in nature, it is not easy to get proof for their existence, hence making it complicated to recognize them in accounting practices. IAS 38 describes criteria for intangibles to be recognized as assets in the balance sheet of a firm. According to it, an intangible asset can be acquired by a firm in four different ways: by separate acquisition, by internal generation or self-creation, by acquisition as part of a business combination and by an exchange of assets. IAS 38 prescribes the accounting treatment for intangibles that are not dealt by another IAS. The article explains the Indian scenario by explaining AS 26 for intangible assets which is very similar to IAS 38, and its requirements are explained in detail.

7. Deloitte & Touché; “Valuing Intangible Assets – What are they Really Worth?” January 2006: This paper discusses different valuation methodologies used for determining the fair value of intangible assets. The main valuation methodologies used are: market methods, income methods and cost methods.

8. Bernard Marr; “Measuring and Managing Intangible Value Drivers”; Emerald Group Publishing Limited 2007: Organization’s intangible assets are value drivers for its superior performance. Measuring and managing these elusive drivers of performance is critical for all organizations.

9. Jan Doppegieter and Martin Zoller. “Creating Shareholder Value by Exploiting Internal and External Intangibles”; The IUP Journal of Industrial Economics; Aug 2007: The paper provides approaches to manage a firm’s intangibles in order to leverage shareholder value creation. The article highlights internal and external management actions required to maximize shareholder value. It is essential for the management to understand the alternative pathways to leverage a firm’s intangibles. Two different types of actions are available to the management when viewed from a financial and reporting perspective. The ‘internal’ actions focus on measurement that can be controlled essentially within the firm. On the other hand, ‘external’ actions focus on measures targeted to external stakeholders, where the results are beyond the management’s influence.

10. Paul Flignor and David Orozco “Intangible Asset and Intellectual Property Valuation: A Multidisciplinary Perspective”, 2006: The authors provide an overview of some of the critical elements of intellectual property (IP) and intangible assets (IA) valuation and combines both academic perspective on IP management issues and a practitioner’s experience in valuing these assets for a number of different business perspectives. IP and IA issues abound throughout the business world, touching nearly all aspects of a company. This wide diversity of IP application is a leading contributor to the complexity of managing IP. The article presents the valuation pyramid as a device to structure the valuation process. Any valuation exercise can be viewed as a ‘pyramid’ where each level supports the analysis generated on the level above. The article describes the legal attributes of each type of asset under consideration. It explains four basic valuation methodologies, viz, transaction, cost, income and binomial option.

1.3 OBJECTIVES AND STATEMENT OF PROBLEM

STATEMENT OF THE PROBLEM

In today’s knowledge economy, investments in intangible and tangible assets are regarded increasingly as a strategic element for a firm’s growth, profitability and competitive capacity. Intangible and tangible assets play a crucial role in the performance and growth of various organizations especially the Information Technology companies.

To succeed in the highly competitive global market, information technology companies need to rely on advantages other than cost. Intangible and tangible assets gives I.T. companies a significant competitive edge that helps them to survive in the present environment.

OBJECTIVE OF THE STUDY

To analyze the impact of performance of Tangible and Intangible assets on the probability of TCS, Wipro and Tec Mahindra.

1.4 HYPOTHESIS

1) H1 There exists a relationship between Changes in asset and profitability of the Information Technology companies.

1.5 RESEARCH METHODOLOGY-SCOPE

The study has confined to intangible and tangible assets disclosure of TCS, Wipro and Mahindra Tec from 2005-2015.

1.6 DATA ANALYSIS AND FINDINGS

Data Analysis is considered to be important step and heart of the research in research work. Data was collected using published annual reports of the company from the year 2005-2015.

Descriptive statistics techniques like mean, median, standard deviation. For the inferential statistics Analysis-Regression, Percentage analysis are used during the data analysis.

1.6.1 A TATA CONSULTANCY SERVICES (TCS)

About Tata Consultancy Services (TCS)-TCS is a global leader in IT services, digital and business solutions that partners with its clients to simplify, strengthen and transform their businesses. We ensure the highest levels of certainty and satisfaction through a deep-set commitment to our clients, comprehensive industry expertise and a global network of innovation and delivery centers.

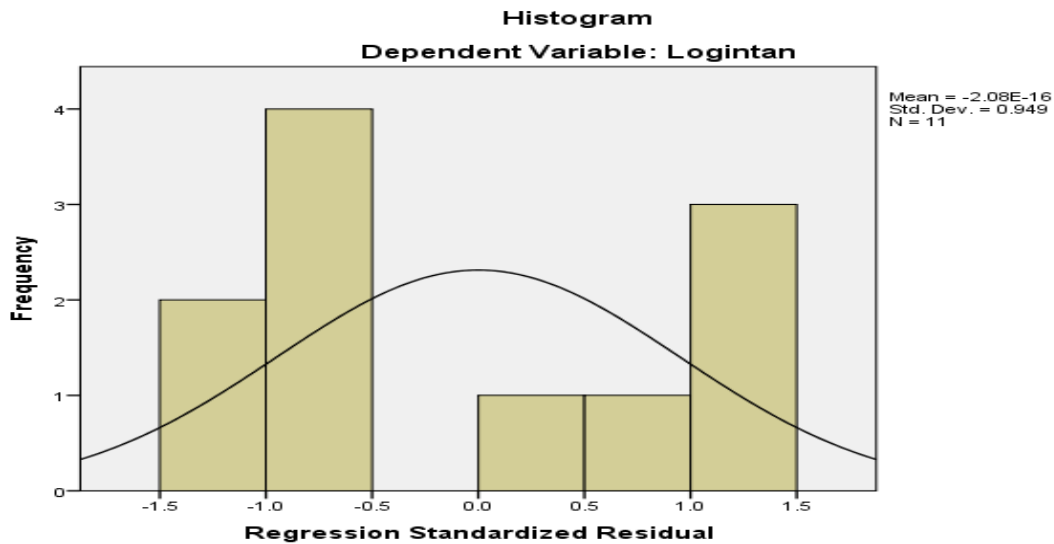
Analysis

1.6.A.1 INTANGIBLE ASSETS AND PROFITABILITY

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.160 ^a	.026	-.083	1.286	.026	.237	1	9	.638

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.392	1	.392	.237	.638 ^b
	Residual	14.893	9	1.655		
	Total	15.285	10			

CHART 1



FINDINGS

1. Multiple R. This is the correlation coefficient. This indicates the linear relationship Multiple R =0.160, Which shows that there positive relation between intangible assets and Profit.
2. R squared. r^2 , the Coefficient of Determination=.026. Means that only 2.6% of the variation of profits are explained by the intangible assets of the company.
3. Since $P=.638^b$ which is > 0.05 hence we reject alternate hypothesis and accept null hypothesis proving that there exist no relationship between Intangible assets and profits of the company.

1.6.A.1 TANGIBLE ASSETS AND PROFITABILITY

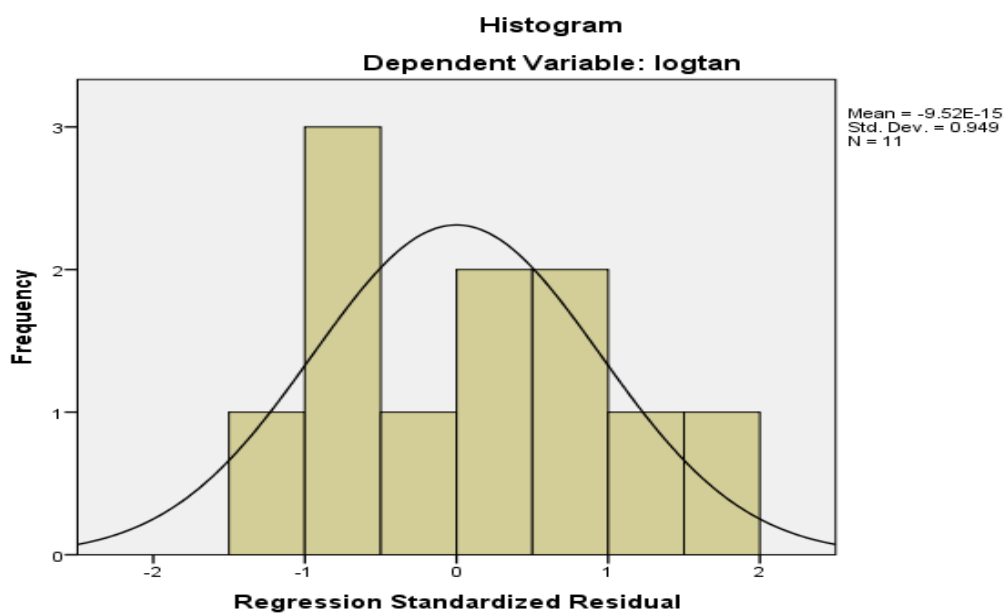
1) Hypothesis :- There is a relationship between Tangible assets and profitability of the company

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.993 ^a	.986	.985	.039	.986	639.523	1	9	.000

a. Predictors: (Constant), Logprofit
b. Dependent Variable: logtan

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.987	1	.987	639.523	.000 ^b
	Residual	.014	9	.002		
	Total	1.001	10			

CHART 2



FINDINGS

1. The above data indicates the linear relationship Multiple R = 0.993 , Which shows that there exist strong positive relation between tangible assets and Profit of the company. R squared. r^2 , the Coefficient of Determination=.986. Means that 98.60% of the variation of profits are explained by the intangible assets of the company. In other words, 97.95% of the values fit the model.

- Standard Error of the regression: An estimate of the standard deviation of the error μ . This is *not* the same as the standard error in descriptive statistics! The standard error of the regression is the precision that the regression coefficient is measured; if the coefficient is large compared to the standard error, then the coefficient is probably different from 0.
- Since $P = 0.000$ which is < 0.05 hence we reject null hypothesis and accept alternate hypothesis proving that there exists a relationship between tangible assets and profits of the company.

1.6.B WIPRO- Wipro helps customers do business better by leveraging our industry-wide experience, deep technology expertise, comprehensive portfolio of services and vertically aligned business model. Our 55+ dedicated emerging technologies 'Centers of Excellence' enable us to harness the latest technology for delivering business capability to our clients.

ANALYSIS

1.6.B.1 INTANGIBLE ASSETS AND PROFITABILITY

Hypothesis: There is significant relation between Intangible assets and Profit.

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929 ^a	.864	.847	.09282

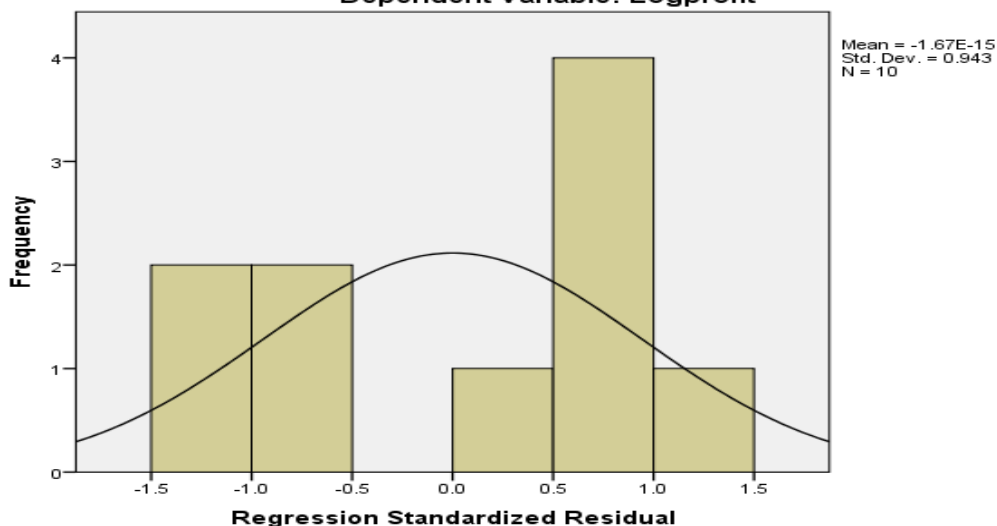
ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.437	1	.437	50.682	.000 ^b
	Residual	.069	8	.009		
	Total	.506	9			

a. Dependent Variable: Logprofit
b. Predictors: (Constant), Logintang

CHART 3

Histogram

Dependent Variable: Logprofit



Interpretation:-Regression is the "Goodness of Fit" measures.

- Multiple R. This is the correlation coefficient. This indicates the linear relationship Multiple R = 0.929^a, Which shows that there positive relation between intangible assets and Profit.
- R squared. r^2 , the Coefficient of Determination = .864 Means that only 86.4% of the variation of profits are explained by the intangible assets of the company.
- Since $P = .000$ which is < 0.05 hence we accept alternate hypothesis and reject null hypothesis proving that there exists relationship between Intangible assets and profits of the company.

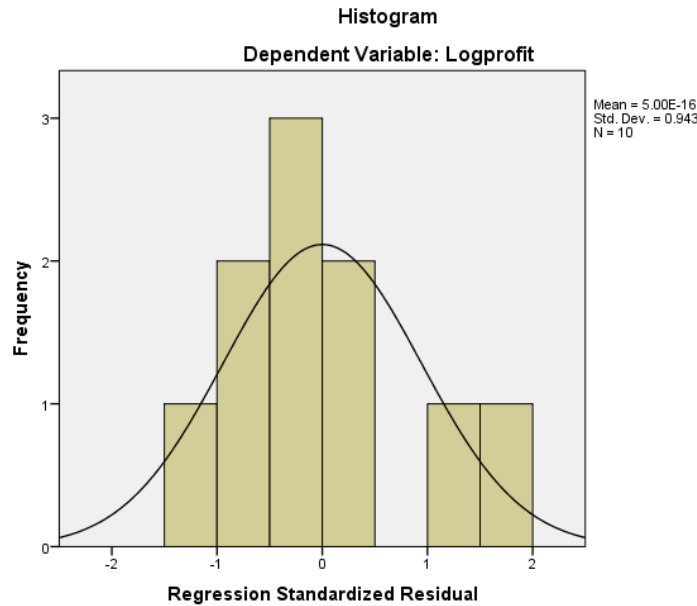
1.6.B.2 TANGIBLE ASSETS AND PROFITABILITY

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.864 ^a	.747	.715	.12656

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.377	1	.377	23.566	.001 ^b
	Residual	.128	8	.016		
	Total	.506	9			

a. Dependent Variable: Logprofit
b. Predictors: (Constant), Logtangible

CHART 4



Hypothesis: There is significant relation between Tangible assets and Profit

Interpretation:-Regression is the "Goodness of Fit" measures.

1. Multiple R. This is the correlation coefficient. This indicates the linear relationship Multiple R =0.929^a, Which shows that there positive relation between intangible assets and Profit.
2. R squared. r², the Coefficient of Determination= .864 Means that only 86.4% of the variation of profits are explained by the intangible assets of the company.
3. Since P=.000which is < 0.05 hence we accept alternate hypothesis and reject null hypothesis proving that there exists relationship between tangible assets and profits of the company.

1.6.C.TECH MAHINDRA : Tech Mahindra Limited is an Indian multinational provider of information technology (IT), networking technology solutions and Business Process Outsourcing (BPO) to the telecommunications industry. Anand Mahindra is the founder of Tech Mahindra, which is headquartered at Pune, India.

1.6.C.1 INTANGIBLE ASSETS AND PROFITABILITY

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.593 ^a	.352	.271	.17800

a. Predictors: (Constant), Intan
b. Dependent Variable: Profit

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.137	1	.137	4.339	.071 ^b
	Residual	.253	8	.032		
	Total	.391	9			

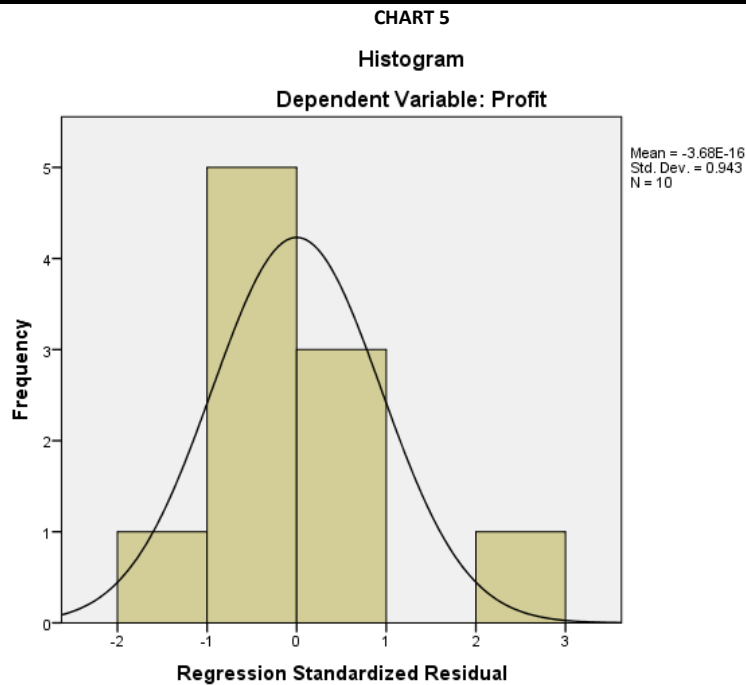
a. Dependent Variable: Profit
b. Predictors: (Constant), Intan

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.991	.090		33.067	.000
	Intan	.211	.101	.593	2.083	.071

a. Dependent Variable: Profit

Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.9912	3.3291	3.1388	.12360	10
Residual	-.24901	.38051	.00000	.16782	10
Std. Predicted Value	-1.193	1.540	.000	1.000	10
Std. Residual	-1.399	2.138	.000	.943	10

a. Dependent Variable: Profit



Interpretation:-Regression is the “Goodness of Fit” measures.

- Multiple R.** This is the correlation coefficient. This indicates the linear relationship Multiple R =0.539, Which shows that there positive relation between intangible assets and Profit.
- R squared.** r^2 , the Coefficient of Determination=0.352 Means that only 35.2% of the variation of profits are explained by the intangible assets of the company.

Testing of Hypothesis

Since $P=.071$ which is > 0.05 hence we reject alternate hypothesis and accept null hypothesis proving that there exists no relationship between Intangible assets and profits of the company.

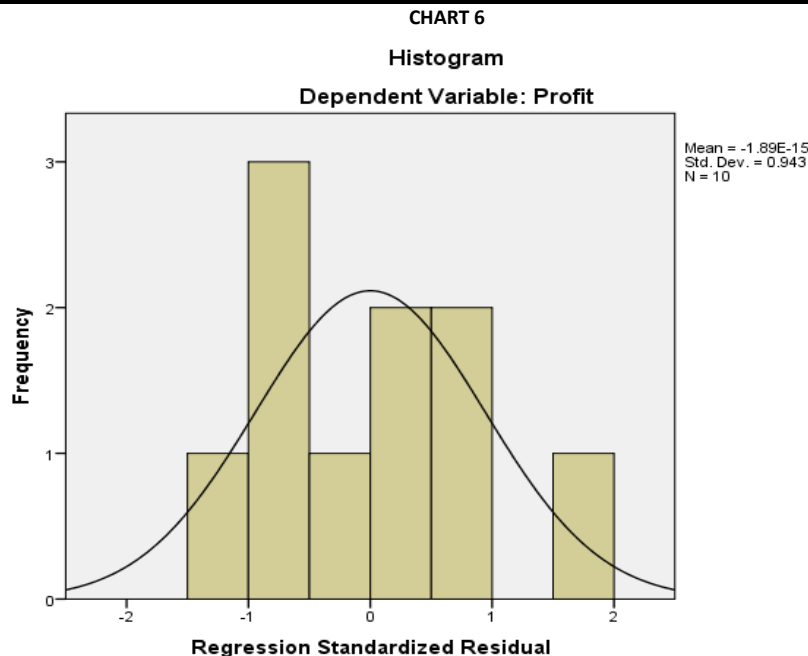
1.6.C.2 TANGIBLE ASSETS AND PROFITABILITY

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.394 ^a	.155	.049	.20320
a. Predictors: (Constant), Tan				
b. Dependent Variable: Profit				

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.061	1	.061	1.468	.260 ^b
	Residual	.330	8	.041		
	Total	.391	9			
a. Dependent Variable: Profit						
b. Predictors: (Constant), Tan						

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.488	.541		4.601	.002
	Tan	.237	.195	.394	1.212	.260
a. Dependent Variable: Profit						

Residuals Statistics ^a					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.0078	3.2668	3.1388	.08208	10
Residual	-.30217	.36398	.00000	.19158	10
Std. Predicted Value	-1.596	1.560	.000	1.000	10
Std. Residual	-1.487	1.791	.000	.943	10
a. Dependent Variable: Profit					



Interpretation:-Regression is the "Goodness of Fit" measures.

1. **Multiple R.** This is the correlation coefficient. This indicates the linear relationship Multiple R = 0.394^a, Which shows that there positive relation between intangible assets and Profit.
2. **R squared.** r^2 , the Coefficient of Determination= .864 Means that is 86.4% of the variation of profits are explained by the intangible assets of the company.

Testing of Hypothesis

Since $P=0.000$ which is < 0.05 hence we accept alternate hypothesis and reject null hypothesis proving that there exists relationship between tangible assets and profits of the company.

1.7 FINDINGS

TCS- It is found that there is strong correlation that exist between tangible assets and Profit of the company i.e. 0.993.98.60% of the variation of profits are explained by the tangible assets of the company. In other words, 98.60% of the values fit the model. There exists a relationship between Tangible assets and profits of the company $p < 0.05$.

It is found that there is positive relation between intangible assets and Profit, however it is only 0.16. The regression is just 2.6% of the variation of profits are explained by the intangible assets of the company. There exists no relationship between Intangible assets and profits of the company as $p > 0.05$

WIPRO

There exists strong relationship correlation between tangible assets and profits 0.929^a, Regression is 0.864 Means that only 86.4% of the variations of profits are explained by the intangible assets of the company. Since $P=0.000$ which is < 0.05 hence It is proved that there exists relationship between tangible assets and profits of the company

There exists a positive correlation between Intangible asset and profits of the company i.e. almost 0.929^a, Regression is 0.864 Means that 86.4% of the variation of profits are explained by the intangible assets of the company. Since $P=0.000$ which is < 0.05 hence it is proved that there exists relationship between Intangible assets and profits of the company. Since $P=0.000$ which is < 0.05 . It is proved that there exist relationship between Intangible assets and profits of the company.

TEC MAHINDRA

There is the correlation coefficient. This indicates the linear relationship Multiple R = 0.394^a, which shows that there positive relation between tangible assets and Profit. Regression is 15.5% i.e. variation of profits are explained by the intangible assets of the company. Since $P < 0.000$ which is < 0.05 proves that there exists relationship between tangible assets and profits of the company

There positive relation between intangible assets and Profit which is 0.539 and regression is 35.2% of the variations of profits are explained by the intangible assets. $P > 0.005$ proves that there exist no relationship between Intangible assets and profits of the company.

1.8 CONCLUSION

This study concludes that there is a positive relationship between tangible and Intangible assets of the companies and profit earned by them. Even though all the intangible assets are not valued but they indirectly impact companies' profits. Thus Intangible assets has Tangible benefits.

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ENTREPRENEURSHIP IN UNITED ARAB EMIRATES: A REVIEW ON INSTITUTIONAL PERSPECTIVE

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 VANASTHALI

ABSTRACT

Entrepreneurship in United Arab Emirates is aimed at achieving increasing job opportunity, diversifying economy and involve Emirati youth in entrepreneurship activities. Different government organizations have started different initiatives to promote and support entrepreneurship and self-employment programs in United Arab Emirates. UAE government wants to promote and support all the entrepreneurial activities to foster the entrepreneurship culture among national youth. In order to achieve this target various government and non-government institutions are contributing to this goal. This paper is aimed to review the key contributions of all the possible government and non-government institutions to foster and develop the entrepreneurship culture in the region.

KEYWORDS

economy, entrepreneurship, United Arab Emirates, SME.

ENTREPRENEURSHIP: AN INTRODUCTION

The term Entrepreneur is a French word derived from the word “entreprendre” which means “to do” or “to undertake”. The term Entrepreneur can be divided into two parts “entre” meaning between and “preneur” meaning taker. Entrepreneur, literally meaning between taker or go between. In literature the term entrepreneur is very old, first appeared in 1253, when it was used in different form “empreneur”. Term Entrepreneur was very commonly used in 1500s and 1600s. “The current meaning of Entrepreneur that also refer to an enterprise leader first appear in the early 19th century”. (Rey, 1994).

A number of scholars have provided varied definition to entrepreneurship and entrepreneurs:

“Entrepreneurs are innovators who use a process of shattering the status quo of the existing product and services, to set up a new product, new services.” (Schumpeter, 1934)

“The entrepreneurial function implies the discovery, assessment and exploitation of opportunities, in other words, new products, services or production processes; new strategies and organizational forms and new markets for products and inputs that did not previously exists” (Shane and Venkataraman,2000).

An entrepreneur searches for change, responds to it and exploit opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource”. (Peter Ducker, 1964).

“Entrepreneurship is a process by which individuals either on their own or with organization – pursue opportunities” (Stevenson and Jarillo, 1990:23).

PIONEERS IN THE FIELD OF ENTREPRENEURSHIP

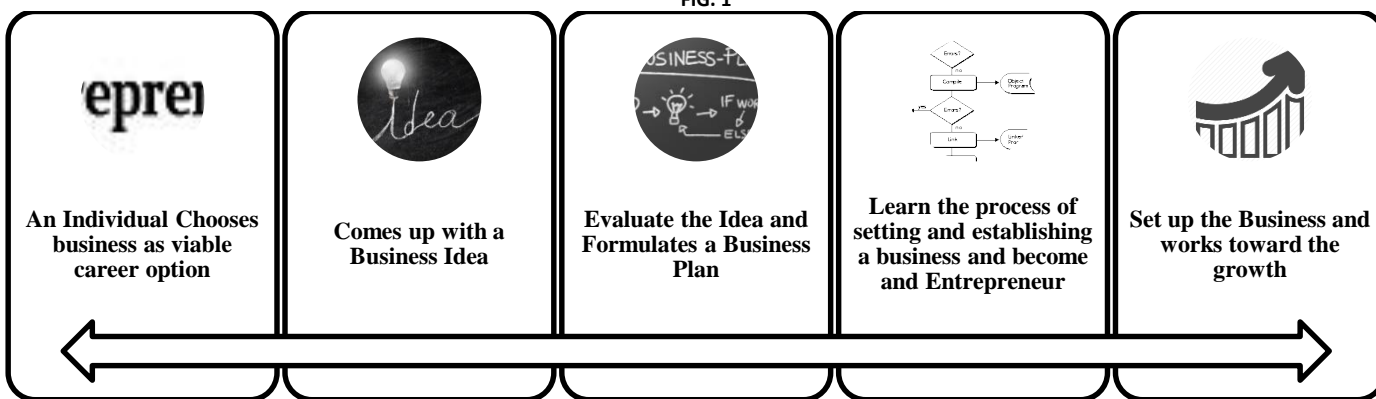
Richard Cantillon: Cantillon was venture capitalist, always looked for new opportunities to invest in, and was one of pioneer in field of entrepreneurship. “He described the entrepreneur as a person who purchase a raw material at a known price in order to sell it at an unknown price.”

Jean-Baptiste Say: He regarded “entrepreneur as being people who could do new things, people who could do more from less, and people would obtain more by doing something in a new and different way” (Jean-Baptiste Say, 1815).

Joseph Alois Schumpeter: The association between entrepreneurs and innovation is most often attributes to Jean-Baptiste Say by the experts. “The essence of entrepreneurship lies in the perception and exploitation of new opportunities”

CONCEPT OF ENTREPRENEURSHIP

FIG. 1

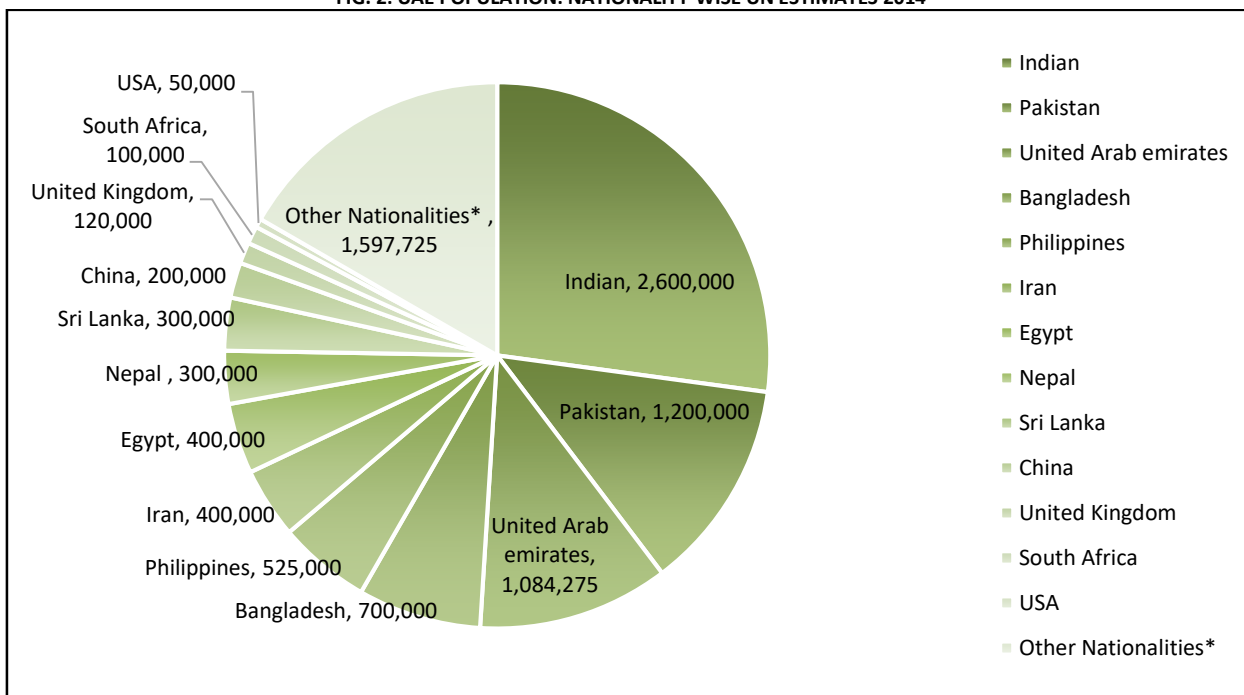


ABOUT UAE

UAE also known as United Arab Emirates or simply Emirates constitute of Seven Emirates: Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah, Ajman, Fujairah and Umm Al Quwain.

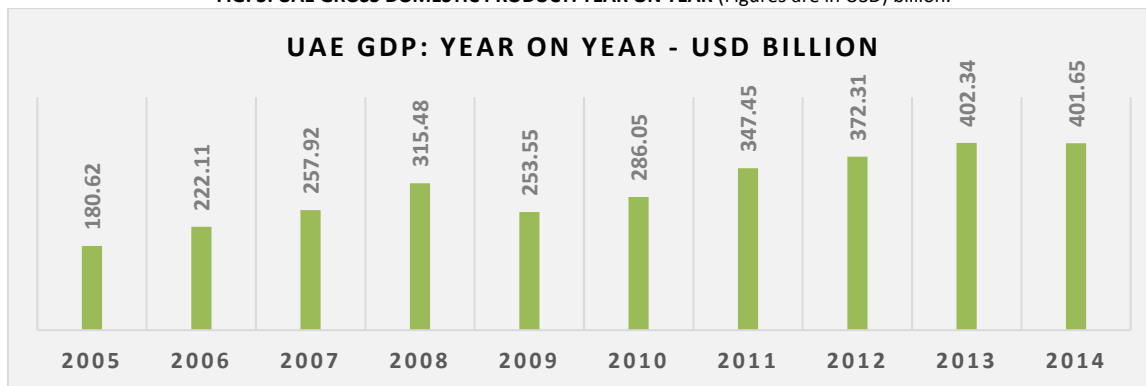
United Arab Emirates shares its border with Kingdom of Saudi Arabia, Oman and sea border with Iran and Qatar. Language: Arabic is the official language of UAE, other major spoken languages are Urdu, Hindi, Malayalam, English, Filipino etc. Literacy rate is 93%. Islam is the major religion in UAE.

FIG. 2: UAE POPULATION: NATIONALITY-WISE UN ESTIMATES 2014



Economy of UAE: Economy of United Arab Emirates is the second largest economy of Gulf Council Countries (GCC) after Kingdom of Saudi Arabia. Economy of UAE is highly diversified in different sectors but mainly depends on Oil sector. Non-oil sector contributes 69% of total GDP.

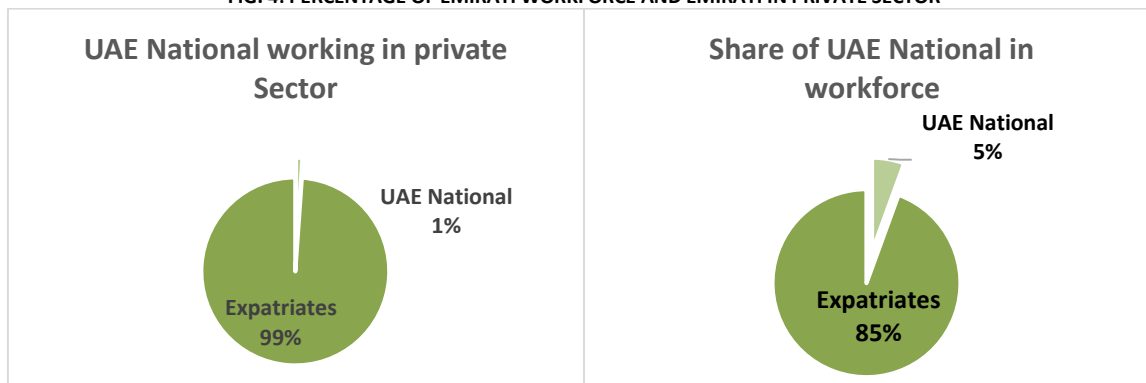
FIG. 3: UAE GROSS DOMESTIC PRODUCT: YEAR ON YEAR (Figures are in USD) billion.



Major industries where UAE are operating in: Petroleum, Tourism, Fishing, cement etc.

Entrepreneurship in United Arab Emirates: The Federal law of United Arab Emirates has defined entrepreneurs: entrepreneur are companies or individual enterprises which are engaged in small economic and business activities. This law was issued to regulate the relationship between entrepreneurs of SMEs and all of the government institutions. UAE has one of highest per-capita income in the world, continuous drop in oil production and oil price has become a challenge for the economy of UAE. Increasing level of unemployment among UAE national become a key challenge to United Arab Emirates i.e. 14% of UAE national are unemployed and 90% of UAE nationals work in government sector, only 1% UAE nationals work in private sector.

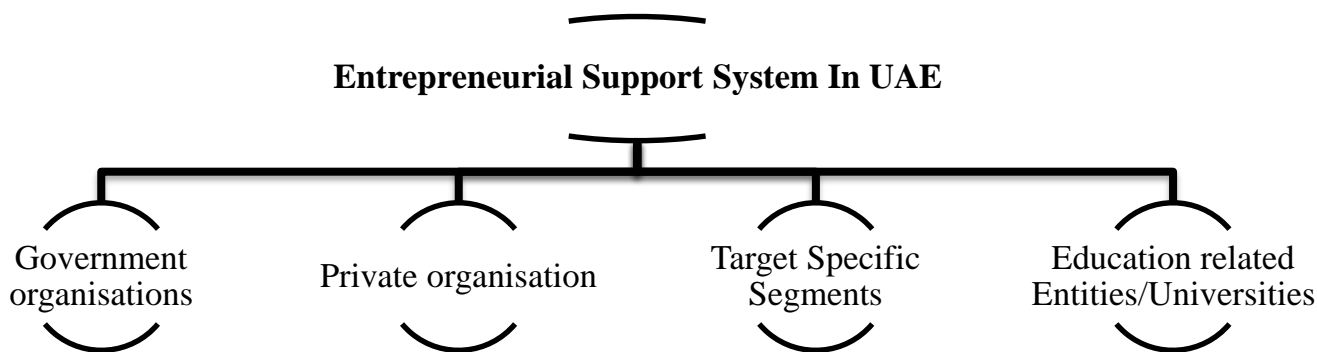
FIG. 4: PERCENTAGE OF EMIRATI WORKFORCE AND EMIRATI IN PRIVATE SECTOR



The Global Entrepreneur Monitor (GEM) reflects that the today early-stage entrepreneurial activities in UAE is at same level as some of the innovation-driven economies like Singapore.

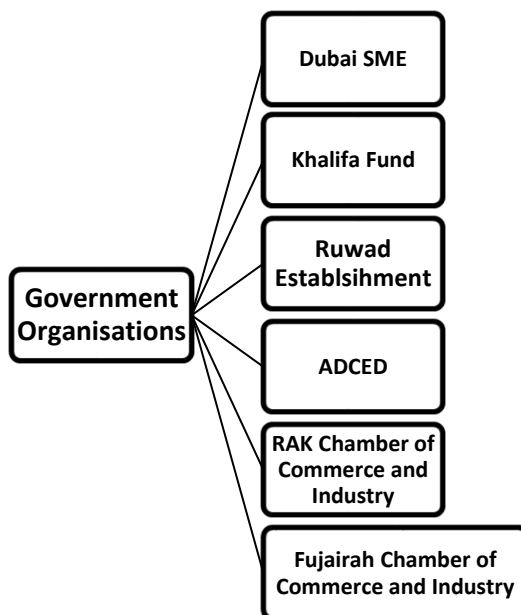
Following the UAE government strategic objective toward reducing the unemployment among United Arab Emirates Nationals, increasing job opportunity, diversifying economy and involve Emirati youth in entrepreneurship activities different government organizations have started different initiatives to promote and support entrepreneurship and self-employment programs in United Arab Emirates.

FIG. 5



1: Government Organizations: Dubai SME: Dubai SME is integrated part of Department of Economic Development, Dubai established in 2002. Dubai SME was created and developed for the promotion and support of Small and Medium Enterprises (SME) in Dubai.

FIG. 6



Khalifa Fund for enterprises Development: Commonly known as Khalifa Fund and initiative was launched on 3rd of June 2007 to support and help to develop local enterprises in Abu Dhabi.

Fujairah Chamber of Commerce and Industry: Fujairah Chamber of Commerce and Industry play a very important role in the development and growth of Small enterprises in the Emirates of Fujairah.

Ras-al Khaimah Chamber of Commerce and Industry: Established by Emirates of Ras-al-Khaimah to support trade and industries in Ras-al Khaimah.

Abu Dhabi Council for Economic Development: Organization is created to establish a great cooperation and understanding between government and private sector in Abu Dhabi.

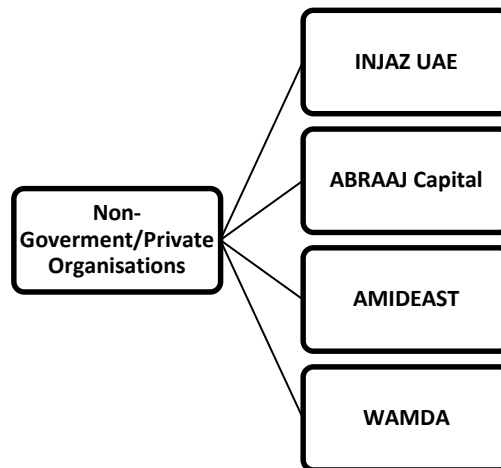
Ruwad Establishment: Ruwad establishment is a division of Sharjah chamber of commerce and industry, supports small and medium enterprises in the region.

What is achieved? This Sharjah foundation provides key support services to pilot projects and ensures their success and growth requirements at each and every stage. The project ranges from sector including commerce, industry and information technology and support is provided in number of ways.

What improvement required? Ruwaad needs to increase the contribution to small and medium sized projects to achieve more economic development in the emirate of Sharjah.

2. Private organizations: Injaz: Injaz is a NGO operating in Middle East region, that promote youth education and training in the Arab World, under three pillars financial literacy, workforce readiness and entrepreneurship.

FIG. 7



Wamda: It is a platform of programs and networks that aim to accelerate entrepreneurship ecosystem across Middle East and North Africa Region.

The ABRAAJ: The Abraaj group is a leading investor operating in the Asia, Africa and Middle East region.

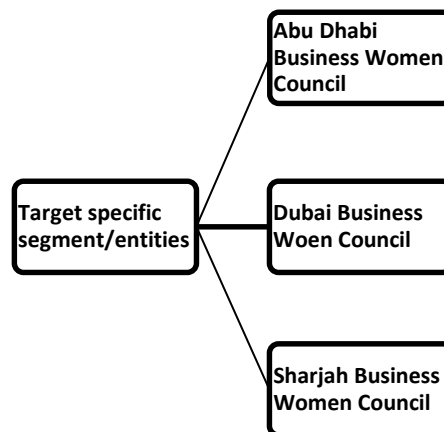
Amideast: An US organization helping UAE national, international students and expats who need counselling and training in the field of education and business.

What is achieved: Amideast is providing English language and professional skills training and educational advising services to thousands of students. It supports numerous developmental projects across the region.

What improvement required? Amideast is striving to achieve more cross cultural educational opportunities for youth. They are also trying to improve the reach of their developmental projects among youth and women entrepreneurs.

3. Abu Dhabi Business Women Council: ADBWC was established under the umbrella of Abu Dhabi Chamber of commerce and Industry, the main objective of this organization is to encourage, promote and support the women entrepreneurs in Abu Dhabi.

FIG. 8



Dubai Business Women Council: DBWC was established in 2002 under the umbrella of Dubai Chamber of commerce and Industry. Aim of this organization is to promote, support and encourage the women entrepreneurs.

Sharjah Business women council: was established in 2002 as way to support the integration of women into the global economy. The vision of SBWC is to contribute to the economic and social development of business women in Sharjah.

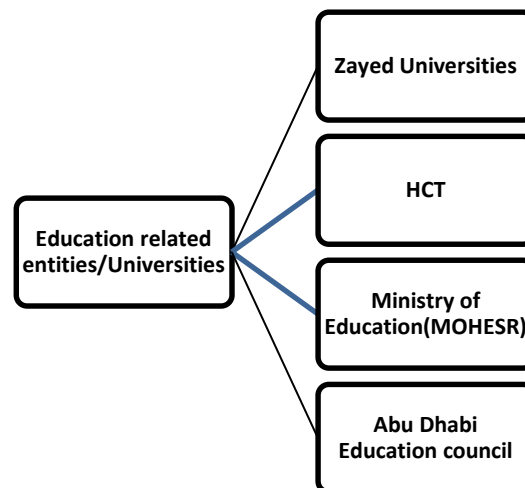
What is achieved? These initiatives encouraging women entrepreneur to participate in the economic and entrepreneurial activities of the country and helping them support their family financially. These organizations providing much required tools to these businesswomen so they can sustain in the economic competition.

What improvement required? Women constitutes only 30% of the total self-employed youth in UAE, A major work needs to be done to improve the statistics.

4. Education related entities: Universities and Education institutions are playing very critical role in the entrepreneurial development amongst Emirati students.

Dubai Entrepreneurship Academy The primary objective of academy is to address the training requirements of the small and medium enterprises. Then we have **Young Entrepreneurship competitions** and student entrepreneurship competitions in UAE schools and colleges. But experts advocate for curriculum reforms and career guidance at school level, engaging students in entrepreneurial activities. Supporting incubators in colleges and universities and promoting and encouraging entrepreneur clubs.

FIG. 9



LITERATURE REVIEW

Entrepreneurship: There are many definitions and many ways to define entrepreneurs, for most the experts an entrepreneur is a person who own and leads a business. (Julien, 1998)

"The entrepreneur involves the creation of something new" (J. Hessel, 2008). For Gartner that "something new" was a "new Organization" and he suggested that to understand the entrepreneurship one should learn the process involved to create an organization." (W. Gartner, 1988: 11-32). According to Shane and Venkatraman "the process by which opportunity to create future goods and services are discovered, evaluated and exploited" (Shane and Venkatraman, 2000: 217-226) J.G. Burch has developed a list of following categories on innovation that tend to be byproduct of entrepreneurial activity: "Introduction of new product/services that is an improvement in the quality of an existing product/service. Introduction of new process or method that increase productivity. The opening of new market. The conquest of new source of supply of raw material, half manufactured products or alternate materials. The creation of new organization." (J.G. Burch, 1986)

Entrepreneurship in UAE: "The Global Entrepreneurship Monitor reflects that the total early stage entrepreneurial activity in the UAE is similar level as some of the innovative driven economies." (Khalifa Fund, 2014: Youth and Entrepreneurship 7-8). Entrepreneurs in UAE are classified on the basis of their goal and incentives for starting their business venture. They are categorized as Survival entrepreneur, Ambitious entrepreneur, Lifestyle entrepreneur, Growth entrepreneur, between-generation entrepreneurs and Serial entrepreneur (Fadi 2014). According to an analytical study on graduates of UAE universities, The United Arab Emirates started paying increased attention to entrepreneurship starting in the year 1995 once it realized the important and effective role of entrepreneurs in economic and social development (Inguva and Kargwell 2012, p. 144).

CONCLUSION

Based on the review of literature and the findings of various studies, the above study concludes as under: Entrepreneurs play a very effective role in development of economy and governments must provide support at every level ranging from micro to macro levels. Integration of entrepreneurship awareness should be addressed through formal education system in region. Mentoring of aspiring entrepreneurs through well designed programs is very important. Networking and training for existing and aspiring entrepreneurs should be coordinated from time to time to ensure efficiency and effectiveness of the programs. One of the significant barriers to entrepreneurship that has been identified amongst Emirati community is high salaries and benefits provided by public sector employment and this makes youth reluctant towards to own their own businesses. In this case it is the responsibility of government to encourage youth for embracing entrepreneurship and own their own businesses.

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