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CRITICAL ISSUES IN PROCESSING MARKETING AND INVESTMENT: IT'S CHALLENGES AND OPPORTUNITIES IN AGRICULTURAL RAW MATERIALS IN NIGERIA

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ABSTRACT

The Critical issues in Processing Marketing and Investment: Its challenges and opportunities in Agricultural Raw Materials is the study. The introduction aspect of research is a brief succinct begin with the aim of giving a glimpse of what the study is all concern. The problem statement is part of the introduction of the study, which includes inadequate storage facilities, low-level commitment of top-level authorities and ineffective marketing planning and investment. The researcher mainly make used of secondary data collection to review this study and marketing strategic management's SWOT Analysis model to identify some key variables that positively and negatively affects the marketing and investment of agric-food businesses in Nigeria. Some basic trends like policies and top-level commitment of governments are important elements in helping the investment issues of agricultural raw materials. The Challenges and Investment issues were carefully review to allow the researcher come out with a workable solutions. Among these are pressures on food supply leading to higher food prices; Supply chain transformation will reduce costs and shorten delivery times; and workable solutions; when raw materials are priced below world prices, processors can compete in price sensitive markets provided supply chains are efficient. Sustainable policy to improve access to raw materials and the opportunity to foster regional integration and infrastructures with particular attention to agro-raw materials marketing should be a fundamental issue by government.

KEYWORDS

agriculture raw material, marketing and investment.

INTRODUCTION

Processing marketing and investment are vital for any economy, especially a developing economy like Nigeria. Nigeria is classified as a mixed economy emerging middle-income status and has abundant supply of natural resources, well-developed financial institution, legal, communications, transport sectors and stock exchange (World Bank, 2011). Agriculture plays several key roles in economic development of any nation. It contributes to the gross domestic product, exports and raw materials for processing by the agro-industry. It has strong linkage with industrial goods (i.e., machinery, fertilizers, etc) and services such as transport, storage finance and wholesale and retail trade.

Nigeria has a wide array of underexploited mineral resources, which include natural gas, coal, bauxite, tantalite gold, tin, iron ore, limestone and zinc. Despite huge deposits of these natural resources, the mining industry in Nigeria is still in its infancy (New York Times, 2007).

Agriculture used to be the principal foreign exchange earner in Nigeria. Ace (1996) states that at one period Nigeria was the world's largest exporter of groundnuts, cocoa and palm oil and a significant producer of coconuts, citrus fruits, pear millet, cassava, yams, and sugar cane. Levy (2004) analyses that about 60% of Nigerians work in the agricultural sector and that Nigeria has vast areas of underutilized arable land. Nigeria contributes substantially in production of onion in Sub-Saharan African. Sokoto is note to have produced 1.06 million metric tons of onions in West African markets in 2004 (Muhammad, 2008). Onion is said to be one of the oldest food sources in the world and seen as an agro-raw material with very high potential in Sokoto Nigeria).

The focus of this research paper is to explore by way of review the trends, challenges and opportunities in agro-raw materials in value chain creation in the economy. Most economy activities are therefore, in primary production with limited value added through processing and agribusinesses. Most agricultural commodities, in particular crops, are subject to strong seasoned production patterns and their supply cannot always adjust rapidly to changes in prices and demand. This means that agro-raw materials markets are characterize to have a certain degree of variability structural factors, such as demographic growth, pressure on agricultural land and the impact of climate change may add to growing tensions on agro-raw materials markets. The inability of the processors to provide good storage facilities for agro-raw materials, strategic planning and general environmental analysis of their business and other adding value issues have greatly affected the agro industry's products.

THE REVIEW OF THE MAIN ISSUES

TRENDS IN AGRIBUSINESS IN NIGERIA; THE MARKETING PERSPECTIVES

The agro-industry is complex if compared to others in terms of industry's products and by-products. An agro-industry, for instance, coconut product map will have the following:

Primary	Value adding	By-Products	Value Adding
Nut	Desiccated coconut, coconut oil and powder and virgin coconut oil delicacies	Coconut shell	Shell charcoal, activated carbon

The processor can possibly, come into agro-business by using the model of competitive model of SWOT to analysis all the internal and external environments of the business-industry.

A) STRATEGIC PLANNING AND COMPETITIVE ADVANTAGE OF AGRO-RAW MATERIALS

Strategic planning is the job of planning strategies by processors – managers to guide a whole company – agro-raw materials business. This means, matching resources to market opportunities. Perreault and McCarthy (2000) describes strategic planning as the managerial process of developing and maintaining a match between an organizations resources and its market opportunities; that it's a top management job which includes planning not only for marketing but also for production, finance, human resources, and other areas. The strategic planning issue is pertinent to agro-raw materials producers because they need to specify a target market and a related marketing mix. This is the picture of what a processor – agro-industrialist will do in some market. Here, the processor must harmonize the interrelated parts that need to be. A target market (a homogenous customers) and marketing mix (controllable variables the agro-business put together to satisfy this customers).

Strategic planning is the guiding process used to identify the direction for your business. It spells out a long game plan for operating your business. According to Hatten (2006) states, strategic planning is a long-term planning tool used for viewing a business and the environments in which it operates in broadcast terms.

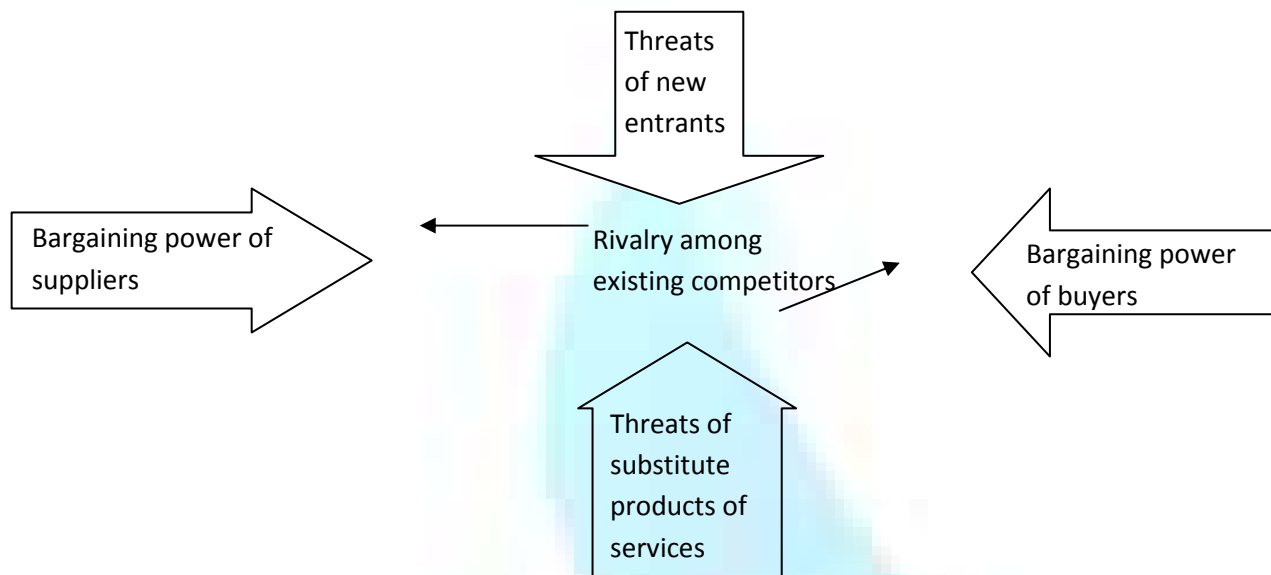
In view of the about understanding of strategic planning, agro-raw materials business must see and count on one finger what makes them successful and what really set their business a part from all other similar businesses, they would certainly recognize that it is their competitive advantage. Hatten, (2006) defines competitive advantage as the facet of a business that it does better than all of its competitors do. To follow new trends, all concerns in the agro-raw materials businesses should know how to analyze the competition. Agro business competitive advantage must be sustainable over time to remain a benefit to the processor.

(I) COMMON WAYS THAT CAN HELP AGRO-RAW MATERIAL INDUSTRIALIST GATHER INFORMATION FOR COMPILING THEIR COMPETITIVE ADVANTAGES;

- (a) Articles in trade publications
- (b) Listen to what their customers and sales people say about competitors
- (c) Keep file on key competitors
- (d) Establish a regular time, perhaps periodic meetings, to meet with their key employees to evaluate the information in these competitive information file.
- (e) Attend industry trade shows, exhibits, and conferences and;
- (f) Buy competitors' products and take them apart to determine their quality and other advantages. Do reverse engineering and bench marking. That is, incorporating the best elements of competing products into their own products and establishing comparison standards respectively.

(II) BASIC FORCES OF COMPETITION

The leading researcher and writer on the topic of competitive advantage is Michael Porter, a Professor at Harvard Business School identified five basic forces that exist within every industry.



Source: Adopted from Michael Porter, "know your place"

The interplay of competitive forces helps to determine which products and companies succeed in the market place and which do not.

The degree of rivalry among existing competitors refers to how passively and aggressively the businesses within an industry compete with one another (Hatten, 2006). Agro-raw materials producers if consistently attacking one another, the attractiveness of the industry will reduce. This is because the potential to make a profit is affected – profit decreases.

The other issue that practically affects the agro-raw material farmers, for instance, is a function of how easily other businesses can enter your market. This certainly allowed prices and profits down slope in the curve. This is threat of new entrants. This is so common in some agro-raw materials like tomatoes, onions, and sugar cane businesses where new entrants are prone to venture easily through the seasons in Nigeria. The bargaining power of suppliers affects the price you will have to pay to produce your goods. The need for processors to understand suppliers – producers of raw materials – is very fundamental in the processing marketing. The raw materials become part of a physical good. Farmer grows farm products – examples are oranges, wheat, sugar cane, cattle, poultry, eggs and milk (Perreault and Michael, 2000) inadequate supply of their products can adversely affect the industry's finished product. Industrialists must get and understand more than two vendors – suppliers of their raw materials to their industries.

The Porter theory also considers how much latitude you have in changing your company's prices. The agro-business should know that the more potential substitutes their buyers have the more power they have to influence their prices or the extent of quality and characteristic they must provide to keep their businesses.

The threats of substitute products are determined by the options your customers have when buying your product. The agro-business owners would have their business profits margin squeezed if the number of substitutes available is greater. For instance, overnight delivery of products/services must consider the threat of fax machines and e-mail.

(III) THE FATAL FLAWS AS COMMON TRENDS OF MISAPPLYING STRATEGIES AND IMPORTANCE OF COMPETITIVE ADVANTAGE AS A CRITICAL ISSUES

The marketing and investment of agricultural raw materials is very important to the economy of those concerns. The farmers, supporters and agro-industrialists.

The fatal flaws associated with misapplying strategies are:

- (a) Misleading industry attractiveness.
- (b) Failure to identify a true competitive advantage
- (c) Pursuing a competitive advantage that is not sustainable – Businesses that cannot sustain an advantage, view the business as a short-term investment (Porter, 1991).
- (d) Compromising a strategy in an attempt to go faster; and
- (e) Not making your strategy explicit or not communicating it to your employees. Your employees make decisions every day. If your overall strategy is to offer products at the lowest possible cost, decisions by everyone in your business need to reinforce that goal (Porter, 1991).

Industrial Agricultural Raw Materials Industrialists having a competitive advantage is critical. The business must do something better than other business organizations or it is not needed. To cope and go along with a quickly changing competitive environment of agro business, if need to be market driven (Cravens and Shipp, 1991). To become monitor changes in customer wants and needs. The determination of these changes and how it affects customer satisfaction and the development of strategies to gain an edge should be an important issue to the processors.

According to Porter (1991) maintained that competitive advantage is a core of small business strategy and critical because businesses cannot rely on the inertia of the market place for their survival. Government or banks, when running an agro business, cannot solve problems by throwing money at the agro-raw material processors. Instead, they need to see their competitive environment with crystal clarity, then identify and secure a position they can defend. This is also critical.

Hartley (2004) notes that we can seldom predict with any exactitude the reactions of consumers or the counter moves and retaliations of competitors. Processing marketers should develop and inevitably make decisions under conditions of certainty. This is the art, rather than the science of marketing related decision making. Another critical issue to agro business, the lack, or loss, of competitive advantage exists in every size of business and the list of products and business that have failed to gain a competitive advantage is long and distinguished in Nigerian economy.

(b) The model of SWOT Analysis for agro-businesses.

The ability to adopt to change is a major determinant to success or failure, for any business organization in a free enterprise system. Essentially, environmental analysis is the process in which a manager examines what is going on which any sector that could affect the business, either within the business or outside of it. According to Hatten, (2006) SWOT analysis is the step of strategic planning in which the managers identify the internal strengths and weaknesses of a business and the opportunities and threats that exist outside the business.

An analysis of the internal environment identifies strengths and weaknesses that exist with agro-business while the analysis of external will safely identifies opportunities and threats –factors outside agro-business control, which may affect industrials business.

This model is significant for the agro business because of their speed, flexibility, and sensitivity to customer preferences. They can take advantage of changes in the environment rapidly. Most of the agro-raw materials business owners are with fewer resources to risk. No business can afford many mistakes. Based on the model above, industry can be assessed hypothetically to show some common elements in SWOT analysis.

Strengths/ Advantages	Weaknesses/ Constraints
1. Available good cloves Forum Production 2. Favourable climate in most areas 3. Availability of technologies Logistics 4. Established marketing system 5. Export facilities Milling Presence of many mills and refiners Other Adding Value Many product possibility Institutions Multi-stakeholders Opportunities - stable and growing export and domestic markets - good prospects for value added products, eg, geotextiles, alternative fuel, eg coconut , methylester – biodiesel demand. - low domestic agro – raw materials consumptions. - good prospect for local and national markets.	1. Very few % of the areas are planted with good cloves 2. No irrigation system in some areas 3. Fewer farmers apply fertilizers 4. Plantings in marginal lands 5. Intercropping in only few % of the land 6. High assembly costs due to poor roads and fragmented, smaller holdings multi – layered marketing channels <ul style="list-style-type: none"> • underutilized mills and refiners • shortage of raw materials • shortage of raw materials • high assembly costs • high costs of raw materials • frequency changes in management/leadership lack of program support, too dependent on oil levy in the economy Threats <ul style="list-style-type: none"> - poor global image in supply Reliability - perception of government in action - competition from other tropical oils eg, palm oil and palm kernel oil. - development of rapeseed and cupliea with high lauric content - unregulated cutting down of trees - lack of adequate storage facilities for agro-raw materials etc Technology: Affects job in one the four ways; It can create them, It can destroy them, It can change them, It can change their location.

OTHER POSSIBLE TRENDS IN THE AGRO-RAW MATERIAL PROCESSING MARKETING

(i) Value Disciplines in Processing Marketing and Investment

After a successful start many small businesses fail because they do not continued to focus on their strategic discipline. Reacting to competitive and customer pressures, they pursue initiatives that have merit on their own but are inconsistent with their firm's initially chosen strategic value discipline (Calvin, 2002).

Agro-industries must aggressively respond to change but also not lose focus on their strategic operating model. This could come inform of operational excellence and lowering prices strategies. The consideration of the importance of customer intimacy and high-touch customer service to differentiate your offering should be a fundamental issue to agro-industrialists.

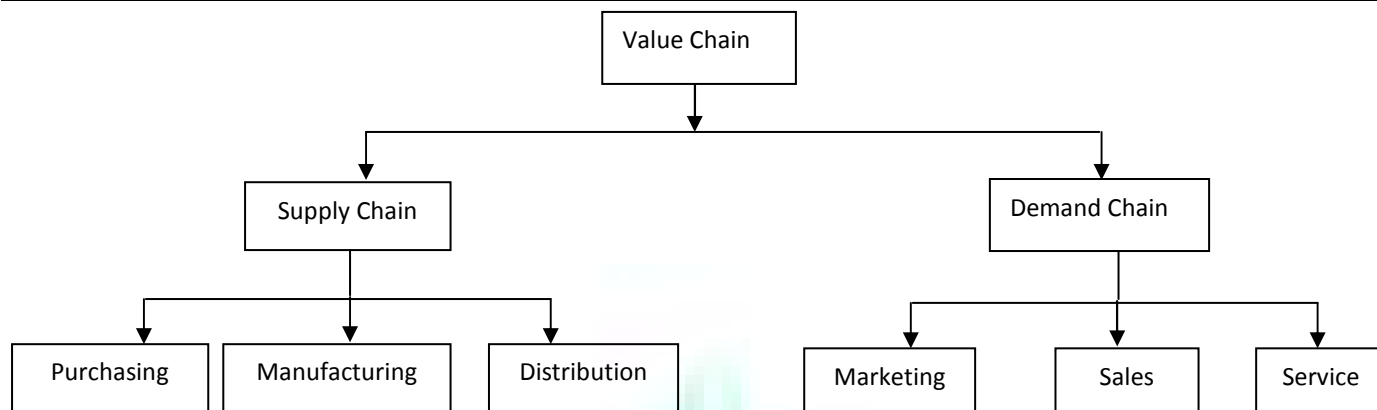
(a) The intimacy and high-touch service must be used to offset the weaknesses of limited resources and lack of diversification. Therefore, agro-businesses must understand how to put the service-profit chain to work.

The service-profit chain model demands that frontline workers, who touch customers and the customer, (whether a business or a consumer) need to be the center of management concern. The investments in people in agro-raw materials and processing marketing businesses, therefore, is important to those who touch customers, technology that supports those people, hiring and training practices that reinforce the service orientation, and performance compensation that linked to customer satisfaction all represent important tactical issues that drive success in processing marketing. Many agro-processors' businesses and start-ups, differentiation and success depend on happy employees who create satisfied customers. According to Calvin (2002) postulates that entrepreneurs must realize that there is strong relationship between profitability, customer loyalty and employee satisfaction, retention, and productivity. All these drive venue growth and income, it results from a customer's perceived value, which in turn, results primarily from the employers' high quality support services and from policies that enable workers to efficiently deliver results to customers. Processing marketing contains few legacy issues and bad habits, and should therefore, be able to embrace the service-profit chain strategy model.

(b) Customers Demand Value Chain

This is a demand that the results received from a purchase match the price and other associated costs. The analyzing the industry's activities, as a linked chain is a tried and test way of revealing value creation opportunities.

According to the business economist, Porter (1985) states that the value chain disaggregates the firm into it's strategically relevant activities in order to understand the costs and existing potential sources of differentiation. This is, a micro mechanism at the level of the firm that equalizes supply and demand at the macro market level. Oliver and Webber (1982) agrees that value chain is the early applications in distribution, manufacturing and purchasing collectively gave rise to supply chain and old supply chains have been transferred into faster, cheaper and more reliable modern supply chains as a result of investment in information technology, cost analysis and process analysis. The supply and demand is an economic model of price determination in a market. However, marketing, sales and service of an industry are the other half of the value-chain, which collectively drive and sustain demand chain. Progress in transforming the demand side of industry is behind the supply side, but there is growing interest today in transforming demand chains in agro-raw materials and processors' business. (i.e marketing activities). Value chain chart.



Source: Adopted from Tsai, 2010.

Most businesses want to add value to the bottom-line that means making sales and growing profits. In sales, adding value used to mean networking in the best interest of agro-raw material processors or your career, which is to sell, sell and sell (Tsai, 2010). Today, adding value means, helping people to make informed decisions, finding out their needs first and showing an interest to solve their problems.

In addition, most industry owners already understand the importance of continually adding value to their businesses. It is by knowing and consistently adding value brands remains competitive and have the opportunity to grow. Industries must focus on:

- (i) Increasing customer retention
- (ii) Knowing what value means and to their customer only (DSG, DMG, 2011).

(c) Brand value as vital issues to processing marketing of agro-businesses

Companies have some many brands and people are used to seeing them. Most times people take them for granted, but branding is an important decision area in processing marketing. Branding, according to Perreault and McCarthy (2000) means the use of a name, term, symbol or design. Therefore, in the same vein, a brand is a word, letter, or a group of words or letters.

Brands meeting needs: A well-recognized brand will assist processor in agro-raw material marketing activities, easier marketing dealings. A good brand reduces the processing marketers selling time and effort. Perreault and McCarthy (2000) postulates that good brands improve the industry's image – speeding acceptance of new products marketed under the same name.

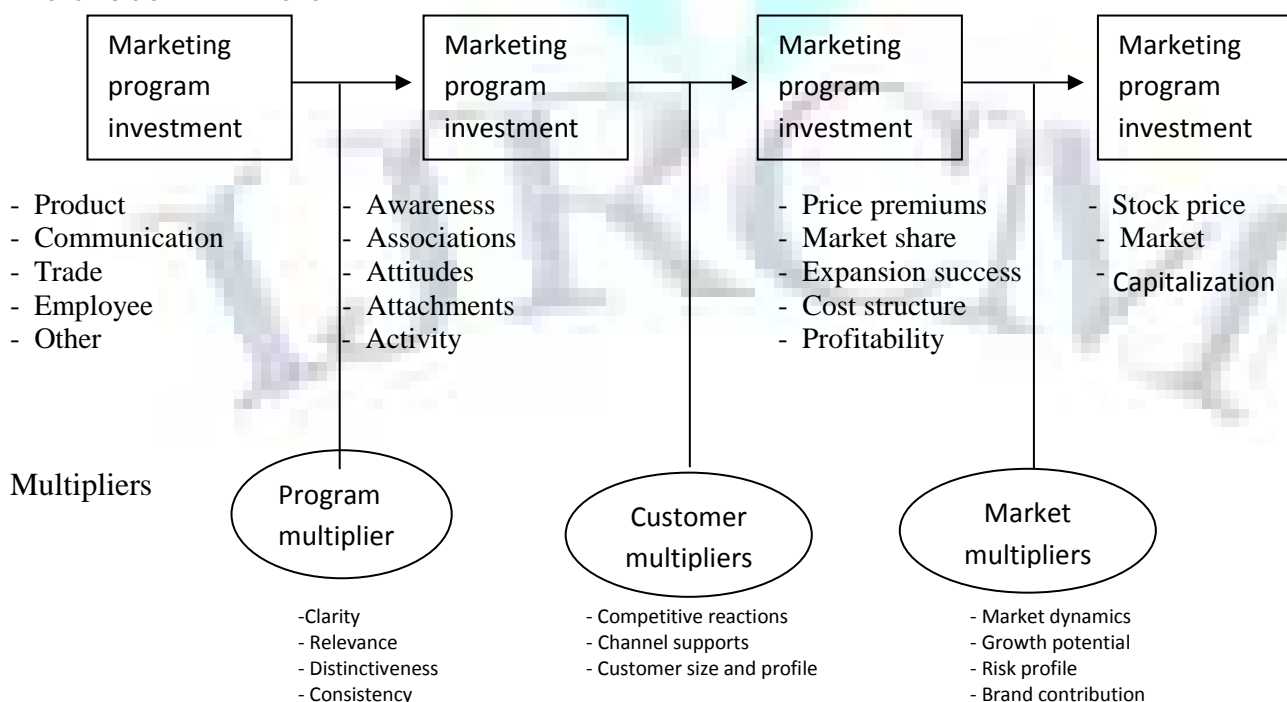
The values created by favourable and successful branding for industries as maintained by Perreault et al (2000) among others are:

- (i) The product is easy to identify by brand
- (ii) Product quality is easy to maintain and best value for the price
- (iii) Dependable and widespread availability is possible
- (iv) Demand is strong enough that the market price can be high enough to make the branding effort profitable and;
- (v) Economics of scale is possible because costs may drop and profit will increase.

The power of a brand resides in the minds of consumers and the way it changes their response to marketing. There are two approaches to measuring brand equity as postulated by Kaplan and Norton (1996), and Ante(2006), agrees that an indirect approach assesses potential sources of brand equity are by identifying and tracking consumer brand, knowledge structures. In addition, a direct approach assesses the actual impact of brand knowledge on consumer response to different aspects of marketing that gives rise to the brand value chain. The brand chain value, describes as a structured approach to assessing the source and outcomes of brand equity and the manner in which marketing activities create brand value (Kotler and Keller, 2009).

Keller and Lehmann (2003) states that based on several premises, brand value creation process assumes to begin when the firm invests in a marketing program targeting actual or potential customers and any marketing program investment that attributes to brand value development. The mindset of customers assumes to change because of the marketing program. This change, in turn, is assure to affect the way the brand performs in the market place through collective impact of individual customers deciding how much to purchase and when and how much they will pay. Finally, the investment community considers market as replacement cost and purchasing price in acquisitions to arrive at an assessment of shareholder value in general and the value of a brand in particular.

VALUE STAGES OF BRAND VALUE CHAIN



THE SUSTAINABILITY PILLARS IN ADDING VALUE

Adding value to industry of agro-raw materials processing business is founded on the three pillars of sustain ability, social conscience, environmental responsibility and economic fairness throughout the supply chain (Agrotrend, 2012). This sustainability can be possible by having a good top-level commitment from the governmental climate protection and a secure water supply in the agro-raw materials farm land-area to make a leading producer of agricultural and horticultural produce.

With good and sincere top-level commitment from the concerned stakeholders, excellent services, facilities and infrastructure, the Nigeria region could offers considerable investment potential through the development of value adding industries.

Agro-industries adding fair trade to their supply chain will certain add more value to the business? Fair-trade means sell according to agreement; to sell something in compliance with a pricing agreement. To have a focused fair trade and development that will have no negative legacy of questionable approaches, agro fair should respond to customer demands to provide trade histories positively. Industries of agro-raw material should go out of their way to increase impact on both at origin and in the minds of consumers (Agrotrends, 2012).

Producers should be shareholders/stakeholders in agro fair business. Procedures when working together in cooperatives in order to create economy of scale and to ensure for instance, global gap is in good direction. Sustainability for the producer is economic, environmental and social. This can certainly ensure a stable and sustainable producer base.

1. BENEFITS OF ADDING VALUE TO THE COMMUNITY

Agro-raw materials processing marketing provide potential benefits to the community that the formation of business could give. Hatten (2006) mentioned the under listed developments;

- (i) Economic development
- (ii) Community development; and
- (iii) Human development

The economic development will create number of jobs (total and skilled). The purchase of suppliers from local agro-raw material producers creates wealth. The multipliers effect (which shows the number of hands that new Naira brought into the community pass through existing). The industry provides community development by needed goods or services. This is also includes improving physical assets or the appearance of the community and contributing to community's standard of hiring.

The human development this provide new technical skills or other training, creating opportunities for career developing management or leadership skills, offering attractive wages, and provision of other type of individual growth.

AGRIBUSINESS SUPPLY CHAIN AS ADDING VALUE IN PROCESSING MARKETING

The supply chain management is all about logistical efficiency, the efficient transport handling and storage of physical products through the various stages of products to the final consumer. This is distribution and logistics management of marketing. It is essential to the whole marketing concept that the right products gets to the right place, at the right time, in the right condition, in the most efficient manner.

Dunne (2001) states that establishing integrated supply chains that provide end customers and supply chain member organizations with the materials required, in the proper quantities, in the desired forum, within the appropriate documentation, at the desired location, and at the lowest possible cost lies at the heart of supply chain management. However, logical efficiency is only one aspect of the term that sees a comparative strategic context. This context combines the quest for logistical efficiency with the drive for creating customer value as a means of achieving sustainable competitive advantage for the firms involved (Handfield and Nidots, 1999).

In a strategic sense, the adoption ofrequires managers/processors for firms servicing a customer market segment to re-evaluate their business relationship with inputs suppliers and buyers of their products. This re-evaluation usually involves a shift in their focus from an adversarial to a co-operative relationship. As regards this, the competitive focus shifts from that between firms within one supply chain to that between different supply chains, which service a common market segment (Speckman, Kamauff, and Myhr, 1998).

Dunne, (1999) identifies three basic forces that drive change in the agribusiness sector as:

- (i) The globalization of markets
- (ii) The rapid advances in technology and
- (iii) The greater involvement of people is what is produced and how it is produced. Based on the premises of Dunne, resistance to change, which in the long term is fruitless, a more productive course of action is to investigate ways of adapting to these forces to take advantage of the opportunities that change opens up in agribusiness sector.

According to Boehlje, Akridge and Downey (1995) states that changes have dramatic impact on the management of an agribusiness firm because they effect the competitive environment of the firm and influence the way in which the management of the firm will re-organize its internal resources to meet these challenges. In the case of agribusiness firms, the changes in the competitive environment are usually reflected in changes in:

- (i) Market access
- (ii) Competitive intensity, and
- (iii) Relative market power

Since change in any business is not easy to achieve in the absence of a crisis that would leave a firm a vulnerable strategic position, it is worthwhile examining the scope of these changes and the ramifications of their potential impact. Boehlje (1999) suggests that a more appropriate name for SCM is value chain management. Value chaining ...emfies innovation, efficiency and coordination as central elements of supply chain and implicitly recognizes the importance of competitive strategy in aiming to meet the strategic objective. (SMART must come for play).

Porter (1980) and Wernerfelt (1984) have argued that the individual firm is the source of value creation and hence competitive advantage by virtues of its recourses and processes employed to generate goods and services. Relationship marketing literature indicates that the value creation potential of an individual firm can be a more collaborative relationship with its suppliers and customers (Spekman, et al, 1998), relationship marketing provided that trust and commitment development are possible (Morgan and Hunt, 1994).

CHALLENGES IN AGRO-RAW MATERIAL PROCESSING MARKETING**PART OF CHALLENGES**

Too many businesses are started with only a plan A and no thought about what will happen if x, y, and z occurs (Goodman, 1994). The possible contingencies that agro-industry owners should anticipate include the following scenarios.

(a) Unreliable Sales Forecasts

Market does not develop as quickly as processors predicted or conversely it may develop too quickly. Each of this situation creates it own peculiar problem to an industrialist in agro-business. Sales may too low and it may cause serious financial problems or, sales may be too high and cause bottlenecks in production. If later happens, it will certainly cause difficulties in purchasing enough products from vendors or suppliers. The issue of hiring and scheduling of employees, and discussion with dissatisfied customers, who must wait longer than they expected for your product or service will be a critical issue.

- 1 Competitor's ability to under price or, to make product obsolete.
- 2 Unfavorable industry wide trends
- 3 Erratic supply of products or raw materials

(b) Lack of Orientation to Compete in Global Economy

Individual Local Government Areas hardly contemplate in the global economy, most local development plans are supply-driven inward-looking; and limited to encouraging businesses that cater to local consumption needs or, at best, attracting industries producing relatively low-value and small-scale products for

export. Ironically, the Federal Government shares the same orientation and, or need to improve on it, and is providing neither the required strategic direction nor the enabling policy and institution environment. The Federal Government has not provided enough independent leadership in developing basic infrastructure for efficient and cost-effective movement of goods and products within the country.

(c) Inadequate Infrastructure

The low capital and infrastructure spending by Local Governments do not augur well for Local Government/State development. Infrastructure affects both supply of and demand for reducing the cost of production and facilitating access to market.

(d) Inadequate Credit and Financial Services

A major constraint to local and regional agro-business, particularly in rural areas, is the inadequate flow of capital and credit to both agricultural and off-farm business. Despite Central Bank and Government efforts to provide policy and practical support to agriculture and small enterprises. This can be attributed to factors like increased uncertainty and risk involved in lending to and investing in the sector. The problems with land tenure system and uncertainty in the resolution of property rights brought about by the poor implementation of the agrarian reform law have been a big disincentive to bank lending.

(e) Weak Human Capital Development

Appropriately trained workers not as available as predicted. Preparation for higher levels of productivity demands higher preparation for human resources adequately, good quality education should be addressed including access to agricultural training and programmes. Gross disparity in the functional literacy rates of women in urban and rural areas and indicated the lack of opportunities to education, access to schools and some parents discourage their daughters from attending school, are serious issues and possible reasons for weak human capital development.

(f) Environmental Degradation

Population growth and urban migration have resulted in the premature conversion of productive agricultural lands for residential and other urban uses. Economic opportunities problem and poverty in the country side leads to low productivity and destructive activities that threaten the already fragile ecosystem. The flooding incidents in the recent past attest to the degradation that affects the country see Sokoto and other places.

(g) Policy and Institutional Deficiencies

The agro business is challenged by various policy gaps and institutional constraints. The agrarian reform program that distorts economics of scale of farm production, makes agriculture unattractive sector and contributing to increased rural unemployment is truly a constraint to agro-raw materials production. There is also much to be desired in terms of the country's farm land information and management system. The division of land parcels, titling and recording are problematic. Transfer of deeds and titles is not an easy task and it creates delays and increases transaction costs, thus impeding agro business development.

(h) Failure to Generate Demand

Many industries failed because the processors/owners do not do a good job in demand generation for initial or repeat orders. Often this results from a lack of funds for advertising and promotion. Successful industries differentiate themselves by discovering unique in expensive and subtle ways of generating demand for their products (Calvin, 2002). Differentiating company's products involves how, where, and when it can be purchased. Consumption chain of agro-business should see if the customer's selection process offers an opportunity for differentiation and whether it is comfortable, less irritating, or more convenient, where these are not possible demand failure is possible to occur.

(i) Technology as Problems/Challenges

Rapid advances in technology, in particular in the fields of biotechnology and communication, are revolutionizing the way food and fibre products are produced, processed, distributed and consumed. The advances have resulted in what Boehije (1996) refers to as the industrialization of agriculture. These technological advances are not without their problems. For instance, the development of new technology is usually capital intensive, which in turn leads to a concentration of ownership of such technology and the possibility of anti-competitive behaviour.

The development and acceptance of the internet as a source of information and a channel of communication presents great opportunities for the provision of timely information but raises problems in the areas of accuracy, security and data management. The recent acceptance of e-commerce threatens the traditional powers of retailers by providing consumers with direct access to manufacturers – Direct marketing with single channel of distribution (Dunne, 1999).

The major challenges associated with these changes in technology are:

Agro – industries will be required to demonstrate element of flexibility in integrating these new technologies in their industrial and business operations, people: The impact of people on the agribusiness sector stems from their dual roles as consumers and workers. Changes in the demographics, incomes, and social awareness of people alter the nature of demand for food and fibre products. It also influences how these products will be produced and distributed to the consumers. Consumers are demanding ever-increasing variety of products to match their growing disposable incomes and lifestyle.

Associated with technological increasing influence, people have developed an increased awareness of health, welfare and environmental issues. This increased has impacted on agribusiness industry through increased regulations of how food products are produced. Some of these regulations are:

- (a) Instances of food contamination have resulted in tighter controls in respect of chemical residues and production hygiene. Agribusiness firms are well aware of their responsibility to exercise due diligence in providing safe products.
- (b) Consumer groups have successfully lobbied governments to introduce compulsory labeling of food products that contain ingredients that have been genetically modified.
- (c) Environmental groups have influenced attitudes towards sustainable production and pollution.
- (d) Agribusiness firms are being influenced by rapid changes in their competitive environment.
- (e) The agribusiness managers have challenges of formulating strategies to accumulate these changes.

THE CHALLENGES THAT COUNTRY FACES:

1. Pressures on food supply leading to higher food prices
2. Rising energy and fertilizer costs causing higher farm costs.
3. Increasing land and water scarcity that calls for optimum resource utilization
4. Stringent food safety standards that limit food exports from developing nations to developed nations.
5. Climate change that leads to yield variability and crop losses.

OPPORTUNITIES TO THOSE WHO CAN COMPETE INCLUDE:

1. Supply chain transformation will reduce costs and shorten delivery times.
2. Bio-fuels will expand land utilization
3. Technologies in life sciences will improve yields quality and reduce costs. At the same time, advances in information and communications technologies (ICT) will improve market access and price information.
4. Liberalized trade will open markets across the globe
5. Cross border investments will not bring resources but also new markets, technologies, and business models.
6. Rising income and wealth in Nigeria and the ECOWAS and Trans-Sahara markets will spur demand for higher value added products.

CONCLUSION

This paper has analyzed the critical issues, challenges and opportunities in agro-raw materials in value chain creation in the economy, which means that agro-raw materials markets are characterized to have a certain degree of variability structural factors. This includes issues of demographic growth, pressure on agricultural land and the impact of climate change may add to growing tensions on agro-raw materials market in Nigeria. An analysis of the internal environment that identified strengths and weaknesses that exists with agro business while the analysis of external environment which safely identified opportunities and threats – factors outside agro-business control, which may affect industrial business was clearly explained. The Challenges that Country face like pressures on

food, supply leading to higher food prices Opportunities to those who can compete and Supply chain transformation will reduce costs and shorten delivery times.

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A STUDY ON OCCUPATIONAL STRESS AND COPING STRATEGIES AMONG ITES EXECUTIVES**DR. SUMATHI ANNAMALAI****SR. ASST. PROFESSOR****XAVIER INSTITUTE OF MANAGEMENT AND ENTREPRENEURSHIP
BANGALORE****DR. R. NANDAGOPAL****DIRECTOR****PSG INSTITUTE OF MANAGEMENT
COIMBATORE****ABSTRACT**

Occupational stress has to be addressed properly in any organization to enhance the performance of the employees. Organizations are interested in finding out the major reasons that contribute to occupational stress so that adequate intervention strategies can be planned and executed. This paper is an attempt to find out the major cause for occupational stress among Information Technology Enabled Services (ITES) executives. It is a natural phenomenon that individuals tend to adopt their own style of coping when encountered with stress. Awareness of the preferred coping strategy would help both the employee and the organization. The paper tries to find out the preferred coping strategies among ITES executives and the association between coping strategies and their job satisfaction level. Finally, the research addresses the question of does the demographic profile influence the cause of occupational stress and coping strategies. Managerial role has emerged out to be the major source of occupational stress and more importantly, irrespective of the demographic profile, this remains the main cause. Task strategies have emerged out to be the major coping mechanism adopted by ITES executives, irrespective of their demographic profile. There is a significant positive correlation between coping strategies and job satisfaction level.

KEYWORDS

J 28 - Coping Strategies, Job Satisfaction, Occupational Stress, Sources of Occupational Stress, Stress.

INTRODUCTION

With the effects of globalisation and advancement in technology, the complexity of work and its demands has increased manifold. Employees are expected to deliver the best performance at a faster pace which has paved way for occupational stress. Occupational stress is a well-recognised problem worldwide and organizations are investing heavily in managing them. Occupational stress, when ignored can result in both short and long term health problems which will adversely affect both the employees and organizational performance, hence occupational stress is been considered as the most costly occupational health issues. Due to occupational stress and its consequences, organizations lose their talented and trained employees. Not only this, there is a risk of employer becoming liable for the damages caused from stress at workplace. The extent and progression of the problem have been documented through various research studies across industries. Of various industries which face this problem in India, Information Technology Enabled Services (ITES) is one. Indian ITES industry is definitely booming with an exceptional growth rate but the adverse impact of this growth cannot be ignored. Problems like high stress level, attrition, poor infrastructure and lack of data protection prevail in the industry. Previous research observes that though jobs in ITES industry is financially rewarding, employee dissatisfaction and attrition rate are the result of high stress environment which is perceived has a normal phenomenon. ITES organizations has to proactively explore the origin of occupational stress and its impact, use the information collected to design suitable stress intervention strategies.

REVIEW OF LITERATURE

In a work environment, when people feel unable to exert any control or influence over the demands placed upon them, a sort of tension is created that result in occupational stress (Kabat – Zinn 1990; Michailidis & Asimenos 2002; Smither 1998). Occupational stress can be related to any event, situation, people, or demands perceived by employees. Different researchers has categorised the sources in different forms. Starting from Cooper and Marshall (1976, 1978), the sources were clustered by them as factors intrinsic to job, factors resulting from the role undertaken in the organisation, career development, relationship with others, organisational structure and climate. According to Ivancevich and Matteson (1980), stressors are classified into physical environment, individual level, group level and organisational level. Parker and DeCotiis (1983) has categorised the stressors as characteristics and conditions of job itself, conditions associated with organisation's structure, climate and information flow, role related causes, relationship at work, career development and external commitment and responsibilities. Quick and Quick (1984) classifies the sources as factors arising from task demands, role demands, physical demands, and interpersonal demands. Cooper et al. (1988a) categorised the sources of occupational stress as factors intrinsic to job, managerial role, relationship with others, career and achievement, organisational structure and climate and home and work interface. This categorisation forms the basis for the occupational stress model followed in the present research.

The natural tendency of individuals when they face problems is to manage them. Hence when individuals encounter stress, the natural tendency will be to manage them. When an individual research the various strategies adopted by people to cope, the result will end up with umpteen number of such strategies, ranging from managing their time properly, exercising, indulging in their hobbies, pastimes, social activities, yoga, meditation or mere just sleeping. Some just do nothing and divert their energy on things which will make them relax, whereas some others deliberately spend their energy in proactively eliminating the stress as much as possible, by solving their problems. The coping strategies adopted by individuals can be anticipatory or preventive aiming at the environment or at the consequences. All individuals do not wait till the stressful event is complete to start the coping strategies. They start it even before the stress experience begins or during the stress experience which is called anticipatory coping. Under stress, an individual can adopt one or more coping strategies at a time. Coping with stress is multidimensional, which depends not only on the situational factors, also on the perception and appraisal of the situation by the individuals under stress. Some researchers call these coping strategies as interventions. Clarke and Cooper (2000) and Cooper and Cartwright (1994) have stated that these interventions can be categorised as tertiary, secondary and primary stress interventions. According to them, tertiary interventions are individual focused and life-style changers, which includes relaxation techniques, biofeedback, meditation, exercises and employee assistance programs; secondary interventions are focusing on individual-organisational interface which includes time management techniques, cognitive coping strategies and stress management training; and primary interventions are focusing on organisational interface which includes changing the organisational systems like redesigning organisational structure, training systems, redesigning the tasks and work environment, to name a few. In a study (Brown et al. 1996), nine out of ten respondents indicated that they coped with occupational stress by planning ahead, dealing with problems immediately, setting priorities, having stable relationships and trying to deal with situations objectively. Similar type of information of how ITES executives cope with their occupational stress help the organisation and also the industry association to help them in offering stress management interventions. Keeping this requirement in mind, the present research includes the question, which is the major coping strategy adapted by ITES executives, in particular, the major coping strategy adapted across the demographic factors?

NEED FOR THE STUDY

Information Technology Enabled Service (ITES) has become the career choice for many young educated Indians, for whom it offers salaries unknown in other sectors. Also it offers an opportunity to learn various business processes and different cultures. Employees working in this sector can be said to constitute a new kind of workforce: they are educated, well-paid, mobile, and closely linked into the global services economy. Overall, the rise of the ITES industry has fed into the ongoing processes of globalisation, stimulating significant transformations in the urban middle classes and in the cultural milieu of cities such as Chennai, Bangalore, Hyderabad, Mumbai, Gurgaon and Noida where major ITES organisations are located. These include changes in lifestyles, forms of sociality, family structure, and self-identity, which are linked to the rapid upward socio-economic mobility experienced by employees in this industry. Thousands of young men and women working in ITES earn the kind of money they could not have dreamt of at their age. Moreover, work in this industry is distinctive in that it is not only catering to the global market, but is often performed 'virtually', giving rise to new kinds of workplaces, work cultures, and employment issues. They work odd hours and inhabit an unreal world, culturally and geographically far from their own realities, which poses unique problems. Among the problems, occupational stress is perceived as a severe issue, creating both physical and mental disorders in the long run. Previous research findings strongly state that the anxiety due to this unique lifestyle and relationships issues with clients, peers and superiors creates tremendous stress among the employees of this industry. Given this preliminary observation, a need to explore further to gain insight in this area was felt. The research focus was to gain additional information pertaining to the prevailing occupational stress issue.

OBJECTIVES

The present study has thus set out to address the following issues:

1. To find out the major source of occupational stress for ITES executives.
2. To understand the influence of demographic profile of the respondents on their occupational stress.
3. To understand the coping strategies adapted to manage stress.
4. To understand the influence of demographic profile on coping strategies.
5. To find out the association between coping strategies and job satisfaction level.

HYPOTHESES

Based on the set of objectives the following hypotheses are framed for the study:

- H₀₁: There is no significant difference among the sources of occupational stress experienced by ITES executives.
 H₀₂: There is no significant difference between the demographic profile and the sources of occupational stress.
 H₀₃: There is no significant difference among the coping strategies used by the respondents.
 H₀₄: There is no significant difference between the demographic profile and the coping strategies.
 H₀₅: There is no association between the coping strategies used and job satisfaction level.

RESEARCH METHODOLOGY

The sources of occupational stress, coping strategies and job satisfaction scale developed by Cooper, Sloan and Williams were used to collect data from 360 ITES executives working in various parts of the country, specifically in Bangalore, Chennai, Hyderabad, Mumbai and National Capital Region (NCR). To analyse the data, descriptive statistics, [Z] test, ANOVA along with post-hoc tests, chi-square, correspondence and correlation analysis was used.

RESULTS AND DISCUSSION

What source gives high occupational stress to the employees? Organisations are always keen in identifying the answer for this question. Why are they interested in this question? Though different reasons in the occupation give stress to the employees, which significant source that gives high stress has to be identified. Organisations have to design their stress management interventions based on this answer. The interventions designed to manage stress must be based on the source that creates occupational stress. Thus identifying the dominant source of occupational stress becomes essential.

H₀₁: THERE IS NO SIGNIFICANT DIFFERENCE AMONG THE SOURCES OF OCCUPATIONAL STRESS EXPERIENCED BY ITES EXECUTIVES

Table 1 shows the results of descriptive statistics and ANOVA to determine the main source of occupational stress. From the results, managerial role (38.28) has emerged as the dominant source experienced by the ITES executive. The post hoc results (Table 2) also confirm this. Comparing with managerial role, relationship with other people, career and achievement, organisational structure and climate and home/work interface, factor intrinsic to job has lesser impact. Managerial role is how individuals perceive the expectations that others have, on them. The expectations concern those behaviours that employees are expected to exhibit when occupying their positions and performing routine job tasks. It includes the amount of power and influence in the job, personal beliefs conflicting with that of the organisation, ambiguity in the nature of job role, conflicting job tasks and inability to delegate, having to take risks and changes in the way of doing the job. Since the ITES executives are expected to work under constant demanding target, monitoring, demanding clients, it makes sense that they would experience such kind of stress if the organisation does not focus on them.

A report by the V.V. Giri National Institute of Labour, an autonomous body under the labour ministry compares the working conditions in call centres to those in Roman slave galleys (Rediff News, October 26, 2005) where the study highlights that lack of grievance systems, various health related problems like nervousness, chronic fatigue, body ache, insomnia, restlessness etc arises because of occupational related stress. High turnover rate and employee dissatisfaction are partly due to fatigue and a high-stress environment (Outsourcing Times, March 15, 2004).

H₀₂: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE DEMOGRAPHIC PROFILE AND THE SOURCES OF OCCUPATIONAL STRESS

Tables 3 present the results of descriptive statistics and ANOVA (F and p values). The results show that managerial role is the dominant source of occupational stress, irrespective of the respondent's demographic profile with respect to gender, age, education, nature of job and marital status. Hence there is no significant difference between the demographic profile and the sources which confirms the null hypothesis.

H₀₃: THERE IS NO SIGNIFICANT DIFFERENCE AMONG THE COPING STRATEGIES USED BY THE RESPONDENTS

Table 4 and 5 shows the results of descriptive statistics, ANOVA and post hoc tests. It can be observed that task strategies as a coping strategy, has obtained the highest mean (23.19) and the use of logic, the lowest (9.94). The ANOVA results reveal that there is significant difference between the coping strategies [Sig (p) < 0.05, level of significance (Sig (p) = 0.000)] which is confirmed by the results of the post-hoc tests. Hence there is a significant difference among the coping strategies used and the ITES executives portray that high usage of task strategies exists, when it comes to coping their occupational stress. It means the respondents cope with their occupational stress by reorganising their work, organising micro sense of tasks, rearranging the organisational processes, planning ahead, setting priorities, delegation, and avoiding the situation. It means proactively anticipating the stress and managing them.

Overall, the ITES executives anticipating their occupational stress level adapt to strategizing their tasks in order to prevent or manage them. Since the ITES executive jobs are structured and organised meticulously, they will be trained or taught to be organised and proactively plan ahead. Since they have to work on stringent schedules and targets, this will be highly expected from them which are vividly depicted in the results. Though using logic is an undisputable dimension as a coping mechanism, it is not emphasized by their respondents. Use of Logic means adapting totally unemotional and rational approach to the situation which includes suppressing any feelings, or actively trying to be objective, or thinking rationally.

H₀₄: THERE IS NO SIGNIFICANT DIFFERENCE BETWEEN THE DEMOGRAPHIC PROFILE AND THE COPING STRATEGIES

Table 6, 7 and 8 show the results of descriptive statistics, ANOVA (F and p value) for all coping strategies which disproves the null hypothesis clearly indicating that there exist significant difference between the demographic profile of the respondents and their coping strategies.

- The mean is higher for those respondents above 25 years for all the coping strategies compared to other age group which shows that they are more certain, stronger and feel powered by using all the coping strategies than others. This may be because age gives them exposure and experience to adapt to coping strategies strongly to manage their stress level.
- Also employees with higher degree as their education qualification, has expressed more certainly and stronger towards all the coping strategies, because the mean is higher for those respondents. This supports the previous assumption that age gives exposure and experience. Along with age and educational qualification comes the maturity to deal with stressful situations.
- The mean is higher for respondents who are in voice based jobs for all the coping strategies which mean that they are more certain in their usage. There is a preconceived notion in the industry that voice based jobs are more stressful than non-voice based. This notion itself might make the employees depend more on coping strategies proactively.
- Between the use of time and social support as coping strategies, there is a significant difference between what men and women employees prefer (Table 7). To be precise, in place of use of time and social support, women employees prefer social support over time and men employees prefer the use of time over social support. This may be because women are comparatively more expressive in nature
- Employees under the age category 25 and below prefer the use of time over social support. Employees in the age category of above 25 prefer social support over the use of time. Employees with higher degree use time techniques to cope with their occupational stress over social support. The peer employees who are less qualified will look up, at the employees with higher degree with dignity. Hence the educational qualification would become a differentiating factor to prove their capability in the job and also in coping up with stress. Hence they will be driven to manage the stress internally (by managing their time properly) than depending on somebody else externally, expressing their inability to cope with stress internally
- Employees in voice based jobs prefer to use social support over time techniques when compared to non-voice employees.

H₀₅: THERE IS NO ASSOCIATION BETWEEN THE COPING STRATEGIES USED AND JOB SATISFACTION LEVEL

Figure 1 shows the results of correspondence analysis between the coping strategies used and the level of job satisfaction among the respondents. The results show a positive association between the two variables. When the usage of coping strategies increases, the job satisfaction level is also high. Similarly, when the usage of coping strategies decreases, their job satisfaction also comes down which disproves the null hypothesis and state that there exist a positive association between the coping strategies used by the respondents and their job satisfaction level.

FINDINGS

SOURCES OF OCCUPATIONAL STRESS

Managerial Role is the dominant/ major source of occupational stress, as perceived by the respondents. The sub-scale of managerial role measures how individuals perceive the expectations that others have, on them. The expectations concern those behaviours that employees are expected to exhibit when occupying their positions and performing routine job tasks. It includes lack of power and influence in their job, personal beliefs conflicting with that of the organisation, ambiguity in the nature of job role, conflicting job tasks and demands in the role played by the individual, inability to delegate, having to take risks, changes in the way of doing the job, simply being visible or available, and implications of the mistakes made in the job.

DEMOGRAPHIC PROFILE AND SOURCES OF OCCUPATIONAL STRESS

Irrespective of their demographic profile, the respondents have rated managerial role to be the significant stress creating factor in their occupation. Higher degree holders perceive managerial role as a stressor strongly than others. Also Non Voice based employees experience managerial role has a stronger stress creating factor than voice based employees.

COPING STRATEGIES

Task Strategies is preferred the most as a coping mechanism to manage their occupational stress among the sample. It means that the respondents prefer to re-organise their tasks and organisational processes in which they are involved, to cope with their stress level. Also the respondents prefer to plan proactively, setting priorities as a coping mechanism. The least preferred coping strategy is the use of logic.

DEMOGRAPHIC PROFILE AND COPING STRATEGIES

Employees above 25 years are more certain and stronger in the usage of all the coping strategies than lesser age category. Also those employees with higher degree use all the coping strategies more than others. Overall, across the demographic profile, task strategies seem to be the dominant coping factor and use of logic to be the least preferred or used coping factor.

COPING STRATEGIES AND JOB SATISFACTION

Extensive use of coping strategies reduces the impact of occupational stress among the respondents. There is a positive and significant correlation between the coping strategies and job satisfaction

RECOMMENDATIONS

The implication of the present research is manifold. Employees need to understand the stressors in specific context. Answers like what affects them most would help the respondents proactively deal with the situation. Also for the organisations and industry associations, regular survey of occupational stress and related issues help them to redesign the organisational systems. When the organisations decide to design the HR policies, the answers to the questions "who is affected the most", "what are they affected from" will help. The present research throws some light on that. Development activities can be initiated to create awareness on the level and nature of occupational stress. Since the job studied is stress prone, the ITES executives must be aware of the job nature and proactively deal with occupational stress. This helps them to examine their own coping strategies. Organisations at the orientation stage itself, must equip these new entrants to become aware of the stressful situation that would prevail in the job. By creating this awareness, they can help the executives to manage the stress, before it becomes uncontrollable. Since task strategies and involvement, as coping mechanisms are leading the list, this can be embedded along with the task delegation. While the task is delegated to the ITES executives, they can be trained to meticulously organise their work to avoid pressure. Managerial role is the pre-dominant stress creator, across the demographics, looking at the job description of the ITES executives would help. If possible, the job can be redesigned to decrease the monotony. Since there are no subordinates reporting to these job holders, downward delegation is not possible, which is a part of managerial role. HR professionals can redesign the job elements of the ITES executives, by empowering them more through job enrichment, which will remove their perception of lack of power, influence and control.

CONCLUSION

ITES differs from other industries in a significant way about how the employees are stressed. Travel time, work timings, insufficient holidays and high work load and targets (Dataquest, Nov15, 2007) were observed as the reasons for occupational stress. Jobs in this industry undoubtedly involve high levels of stress in the form of tight target deadlines, monotonous nature of job and night shifts (Off shoring Times) Repetitive and monotonous job, constant pressure with high work load, quantity/quality conflict tends to increase the stress level (Sanjeev Sharma, www.bpoindia.org). Burke (1988) classifies the sources of occupational stress as factors from physical environment, role, organisational structure and job characteristics, relationship with others, career development and work-family conflicts. Previous studies specify that high targets, no control over the targets, repetitive job, time pressure, creates stress among the ITES executives. These reasons will certainly make them feel powerless and perceive that they do not have an influence on the happenings in the work. Also managerial role is concerned with the expectations of the stakeholders from the job holders, their behaviour while in position and performing routine job tasks. When the job holders perceive varying /contradicting expectations, it creates commotion and ambiguity. Here, the expectations of various stakeholders like team leaders, peers, clients etc, towards the behaviour of the ITES executives are too demanding, and come along with time pressure. The respondents, who are unable to cope with these expectations, end up with high occupational stress.

Individuals are tuned to adopt different strategies to cope with stress in their day-to-day life. A few manage them successfully and a few do not. According to Krumm (2001), the best methods of stress management depend on both the individuals and the organisations in which they work. Some of the methods commonly used by individuals are meditation, relaxation techniques, yoga, hobbies, recreation, exercise programs, and breathing techniques which provides deep physiological and psychological rest (Benson, 1992; Clarke, 1989; Huczynski & Buchanan, 2001). Also research has indicated that individuals use cognitive approaches to stress management which emphasises a change in the way, an individual evaluates stress. Similar to this, Lazarus (1991) suggests the use of positive or neutral thoughts when under stress to learn how to re-evaluate the stress and its sources. This study has highlighted the major coping strategies adapted by the sample respondents, in general and how the coping strategies differ with the demographic profile of the respondents. Task strategies is preferred the most as a coping mechanism to manage their occupational stress among the sample which means that the respondents prefer to re-organise their tasks and organisational processes in which they are involved, to cope with their stress level. Also the respondents prefer to plan proactively, setting priorities as a coping mechanism. It is observed that these activities come as a part of their job itself. The least preferred coping strategy is the use of logic which is understandable because the use of logic calls for unemotional and rational approach to the situation. When stressed, everyone would tend to become emotional, which is uncontrolled. Also it is very difficult to suppress ones feelings while stressed. It is the most difficult and demanding task for managing stress because one have to really try to control their emotions and think rationally, which itself will create more stress. But there would arise a question because task strategies are also a rational based coping strategies, so when stressed, how will respondents use it. But task strategies are used as an anticipatory coping mechanism while the use of logic is not so.

LIMITATIONS

The study is confined to the employees working in ITES from 7 locations namely Chennai, Bangalore, Hyderabad, Mumbai, NCR (includes Noida, Gurgaon and New Delhi) and the sample size was confined to 360 hence the results obtained cannot be generalized. The study is confined to NASSCOM registered organisations only. Analysis is based only on the response received from the respondents and factors like fear, pressure, and lethargy on the part of the respondents would have led to some bias in their responses.

SCOPE FOR FURTHER RESEARCH

There arises a question about how long can coping strategies neutralise the occupational stress. By passage of time, will coping strategies become ineffective when faced with consistent level of occupational stress will be an interesting area to probe.

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APPENDIX

TABLE 1: DESCEIPTIVE STATISTICS AND ANOVA RESULTS FOR SOURCES OF OCCUPATIONAL STRESS

Sources	Mean	F	p value
Managerial role	38.28	69.641	.000
Organisational Structure and Climate	37.02		
Home / Work Interface	35.59		
Relationship with other people	35.10		
Career and Achievement	31.15		
Factors intrinsic to Job	31.06		

TABLE 2: RESULTS OF POST HOC TEST FOR SOURCES OF OCCUPATIONAL STRESS

(I) Groups	(J) Groups	Mean Difference (I-J)	p value
Factors Intrinsic to Job	Managerial role	-7.214*	.000
	Relationship with other people	-3.042*	.000
	Career and Achievement	-.089	1.000
	Organisational Structure and Climate	-5.961*	.000
Managerial Job	Home / Work Interface	-3.531*	.000
	Factors Intrinsic to Job	7.214*	.000
	Relationship with other people	5.172*	.000
	Career And Achievement	7.125*	.000
	Organisational Structure and Climate	1.253	.124
	Home / Work Interface	3.683*	.000

*. The mean difference is significant at the 0.05 level.

TABLE 3: RESULTS OF DESCRIPTIVE STATISTICS, ANOVA, F AND P VALUES FOR DEMOGRAPHIC PROFILE AND SOURCE OF OCCUPATIONAL STRESS

Sources	Gender		Age		EQ		Nature of Job		Marital Status		
	Male	Female	25 and below	Above 25	Degree and below	Higher Degree	Voice	Non-Voice	Married	Single	Co-habiting
Factors Intrinsic to Job	30.89	31.82	31.40	31.00	30.74	31.63	30.79	31.33	30.62	30.32	37.84
Managerial Role	38.03	39.33	37.63	38.38	37.69	39.30	37.44	39.11	38.21	37.34	45.53
Relationship with other people	33.80	35.45	35.13	35.10	33.65	35.89	33.62	35.59	33.82	33.16	42.03
Career and Achievement	31.05	31.58	30.52	31.26	30.62	32.08	30.23	32.07	30.40	30.61	37.22
Organisational Structure and Climate	36.73	38.30	36.83	37.06	36.31	38.27	36.11	37.93	35.83	36.36	45.19
Home / Work Interface	35.43	35.30	35.02	35.52	35.17	35.34	35.27	35.91	35.95	33.55	41.63
F value	55.18	15.78	7.42	63.16	37.71	35.49	31.08	40.25	16.49	50.50	18.03
p value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

TABLE 4: RESULTS OF DESCRIPTIVE STATISTICS, F AND p VALUES FOR COPING STRATEGIES

Coping Strategies	Mean Statistic	Standard Deviation	F	p value
Social Support	13.79	2.785	887.997	0.000
Task Strategies	23.19	4.231		
Logic	9.94	2.333		
Home and Work Relationships	13.24	3.109		
Managing Time	13.78	2.547		
Involvement	20.58	3.784		
Total	16.75	6.598		

TABLE 5: RESULTS OF POST HOC TESTS FOR COPING STRATEGIES

(I) Coping Strategies	(J) Coping Strategies	Mean Difference (I-J)	Sig.
Task Strategies	Social Support	9.406*	.000
	Logic	13.253*	.000
	Home and Work Relationship	9.950*	.000
	Time Management	9.417*	.000
	Involvement	2.608*	.000
Logic	Social Support	-3.847*	.000
	Task Strategies	-13.253*	.000
	Home & Work Relationship	-3.303*	.000
	Time Management	-3.836*	.000
	Involvement	-10.644*	.000

*. The mean difference is significant at the 0.05 level.

TABLE 6: RESULTS OF DESCRIPTIVE STATISTICS, F AND p VALUE FOR COPING STRATEGIES AND THE DEMOGRAPHIC PROFILE OF RESPONDENTS

Coping Strategies	Gender		Age		EQ		Nature of Job		Marital Status		
	Male	Female	25 and below	Above 25	Degree and below	Higher Degree	Voice	Non-Voice	Married	Single	Co-habiting
Social Support	13.74	14.00	12.96	13.93	13.77	13.82	13.94	13.63	13.42	14.16	11.94
Task Strategies	23.23	23.01	22.02	23.39	23.12	23.32	23.66	22.72	22.43	23.88	19.97
Logic	9.99	9.72	8.94	10.11	9.85	10.09	10.15	9.73	9.85	10.22	8.03
Home and Work relationships	13.33	12.85	11.92	13.46	13.07	13.55	13.51	12.98	12.81	13.71	10.81
Time Management	13.75	13.87	13.08	13.89	13.59	14.09	13.85	13.70	13.37	14.07	12.56
Involvement	20.67	20.19	18.87	20.87	20.44	20.83	20.74	20.43	20.10	21.20	17.16
F	747.09	143.55	110.31	798.77	577.87	311.04	422.12	474.30	169.068	734.469	68.700
p value	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000

TABLE 7: COPING STRATEGIES MULTIPLE COMPARISON FOR GENDER AND AGE

Dependent Variable: Coping Strategies									(I) Groups: Task Strategies			
Tukey HSD												
(I) Groups	Men			Women			25 & below			Above 25		
	Mean difference (I – J)	Rank of Preference	p value	Mean difference (I – J)	Rank of Preference	p value	Mean difference (I – J)	Rank of Preference	p value	Mean difference (I – J)	Rank of Preference	p value
Social Support	9.50*	4	.000	9.015*	3	.000	9.06	4	.000	9.46	3	.000
Logic	13.24*	6	.000	13.299*	6	.000	13.08	6	.000	13.28	6	.000
Home/Work relationship	9.90*	5	.000	10.164*	5	.000	10.10	5	.000	9.93	5	.000
Time	9.48*	3	.000	9.149*	4	.000	8.94	3	.000	9.50	4	.000
Involvement	2.56*	2	.000	2.8281*	2	.000	3.15	2	.000	2.52	2	.000

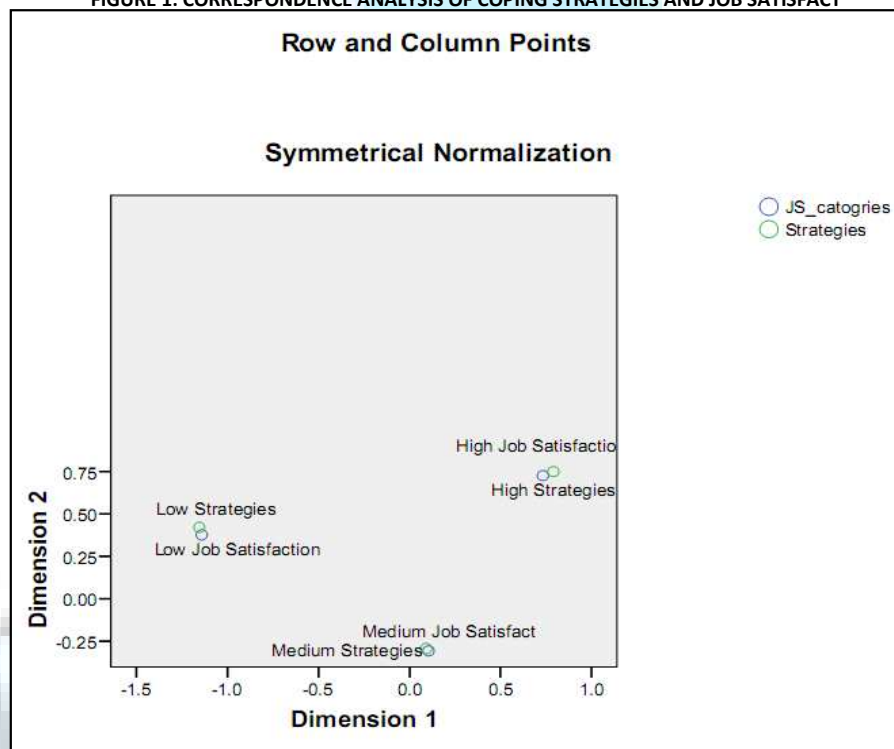
* The mean difference is significant at the .05 level.

TABLE 8: COPING STRATEGIES MULTIPLE COMPARISON FOR EDUCATIONAL QUALIFICATION AND NATURE OF JOB

Dependent Variable: Coping Strategies												
Tukey HSD												
(I) Groups	Degree and below			Higher degree			Voice based			Non Voice		
	Mean difference (I - J)	Rank of Preference	Sig p value	Mean difference (I - J)	Rank of Preference	Sig p value	Mean difference (I - J)	Rank of Preference	Sig p value	Mean difference (I - J)	Rank of Preference	Sig p value
Social Support	9.349	3	.000	9.504	4	.000	9.717	3	.000	9.094	4	.000
Logic	13.266	6	.000	13.229	6	.000	13.511	6	.000	12.994	6	.000
Home/Work relationship	10.052	5	.000	9.771	5	.000	10.156	5	.000	9.744	5	.000
Time	9.524	4	.000	9.229	3	.000	9.811	4	.000	9.022	3	.000
Involvement	2.677	2	.000	2.489	2	.000	2.922	2	.000	2.294	2	.000

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

FIGURE 1: CORRESPONDENCE ANALYSIS OF COPING STRATEGIES AND JOB SATISFACT



AN ECONOMIC ANALYSIS OF THE PRODUCTION AND MARKETING OF GRAPE CULTIVATION IN THENI DISTRICT, TAMIL NADU

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ABSTRACT

This study exposes that grape production of the Theni district in Tamil Nadu, leads with 85.01% share of total production of grape in the year 2008-2009. In a season, the production of small farmers per acre is 6,500 kg, which is relatively higher than the medium and large farmers. Further, it is evident that wholesalers, commission agents and retailers are involved in the purchase of grapes from the farmers. In this study, the farmers report that they are facing the problems like lack of remunerative price for their product and protecting the grape vineyard from the diseases; whereas the traders complain that there are no adequate infrastructural facilities such as road, transportation, cold storage, etc. Therefore, the study suggest certain measures such as opening agricultural clinics for the effective pest management and productivity of the vineyard, provision of cold storages, support prices for grapes, procurement centers to purchase grapes from the farmers for export. Furthermore, training for the proper post harvest handling of grapes, establishment of information board by the traders to avoid price differentials, provision of bank loans to the cultivators and traders, etc., are some steps in this direction.

KEYWORDS

Grape cultivation, Theni.

INTRODUCTION

Many fruits and vegetables are good source for the nutritional security. Among them the “Queen of fruits” grape is one. In India, grape is known over a long period and has been mentioned by substrata and (charaka et al 1983) in their ancient medicinal treatises. (Thapar 1960) stated that grape was introduced into India in 1300 A.D by Muslim from Iran and Afghanistan. During the historic event of changing the capital from Delhi to Daulatabad 1430 A.D was reported to have seen flourishing vine yards down the Vindhya Mountains. An Indian grape shades of color, delicious taste and high nutritive value. In fact, 30 varieties of grape are grown in India. A small quantity of grape is also grown in states like Haryana, Rajasthan and Uttar Pradesh. In terms of area under cultivation and production of grape, Maharashtra leads the country, followed by Karnataka, Punjab, Andhra Pradesh and Tamil Nadu. In 2008-09, In India grapes occupy the fifth position amongst fruit crops with a production of 1.08 MT from an area of 0.04 Million ha. It is cultivated mainly in Maharashtra, Karnataka, Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Uttar Pradesh, Delhi, Punjab, Haryana and Rajasthan. Maharashtra with a production of 0.68 MT followed by Karnataka and Tamil Nadu. Maharashtra contributed more than 63% in the country's total production of grape. However, in terms of productivity, Karnataka ranks first among the grape producing states in India. The cultivation of grape has a long history in Tamil Nadu. It is said that in Madurai district, grape cultivation was introduced by a French Jesuit Priest Fr. Larney at Melapatty village in 19th Century. A little later it was supposed to have been introduced at Michael Patti in Madurai district of Tamil Nadu. Since then, grape has been cultivated in the state. In Tamil Nadu, Theni, Coimbatore, Dindigul and Krishnagiri are the important districts for grape cultivation. In 2008-09, Theni district led the state with 85.1 per cent share in the State's total production of grape. (Sundaresan and Thanasekaran 1984) in their study on the costs and returns from cultivation of Muscat grapes in Madurai district. The study revealed that on an average, Rs. 2, 19,467 per hectare was incurred for establishment and operation and maintenance of vineyard.

Sub-tropical Region: This region cover the northwestern plains including Delhi; Meerut District of Uttar Pradesh; Hissar and Jind districts of Haryana; and Bhatnada, Ferozpur, Gurdaspur and Ludhiana districts of Punjab. Vines undergo dormancy and bud break starts in the first week of March while the rains arrive in the first week of June, and therefore, only 90-95 days are available from the initiation of growth to harvest. Consequently, ‘Perlette’ is the only early ripening variety grown in this region. Rain damage is a problem with Thompson seedless in this region. Single pruning and a single harvest is the accepted practice here.

Hot Tropical Region: This region covers Nashik, Sangli, Sholapur, Pune, Satara, Latur and Osmanabad districts of Maharashtra. Vines do not undergo dormancy and double pruning and a single harvest is the general practice in this region. The major problems in this region are soil and water salinity and drought. Vines do not undergo dormancy and double pruning and a single harvest is the general practice in this region. Maximum and minimum temperature is 42°C and 8°C, respectively. The major problems in this region are soil and water salinity and drought. **Mild Tropical Region:** Bangalore and Kolar districts of Karnataka. Chittoor district of Andhra Pradesh and Coimbatore, and Madurai and Theni districts of Tamil Nadu fall in this region. Maximum temperatures in a year seldom exceed 36°C, while the minimum is about 12°C. Principal varieties are Bangalore Blue (Syn. Isabella), Anab-e-Shahi, Gulabi (Syn. Muscat Hamburg), and Bhokri. Thompson Seedless is grown only with limited success. Except for Thompson Seedless, two crops are harvested in a year. Vinifera varieties susceptible to mildew suffer losses due to unprecedented rains during flowering and fruit set in both hot and mild tropical regions.

The study on production and marketing of grape was undertaken in Theni District with the following objectives: (i) to examine the trends in area, production and productivity of grapes in India and Tamil Nadu. (ii) to estimate costs and returns in cultivation of grapes in Uthamapalayam taluk of Theni district. (iii) to examine the channels of marketing of grapes and the marketing cost associated with different channels of marketing. (iv) to identify the problems encountered by grape growers in production and marketing of grapes.

The study consists of seven sections: section I Provides importance of the study and specifies the objectives set for the study. Section II Review critically the relevant important literature available for the study. Section III specifies the sources and method of selection of sample respondents, methods of collection of data and tools of analysis. Section IV presents the profile of the study area Theni district. Section V Presents the trends in area, production and productivity of grapes in India Tamil Nadu. Section VI Provides the Economics of Grape Cultivation in Theni District. VII The last section presents the findings of the study and derives some policy conclusions.

METHODOLOGY**MATERIAL AND METHODS**

The field investigation was carried out during the month of April- May, 2010 and the cross section data obtained from the farmers related to agricultural year 2009-10. The following tools were employed to analyse the data with reference to selected objectives of this study. Simple tabular statements were used for presenting percentages and average values. The compound growth rates of area, production and productivity were estimated with the use of the following exponential function.

$$Y = ab^t \text{----- (1)}$$

Where,

Y = area / production / productivity

T = time variable in years

a = constant

and b = (1+i)

Where

i = Compound Growth Rates

The equations (1) take the linear form by taking logarithms of both sides of equations as follows,

$$\log y = \log a + x \log b$$

Compound growth rate is compound using the following formula

$$\text{Compound growth Rate (CGR)} = (\text{Antilog}(\log b) - 1) \times 100$$

To estimate the profitability of grape farming, enumeration and measurement for costs and returns in grape cultivation is the most important aspect. The following section discusses the measurement of costs and it is based on the farm management studies. The study was conducted in Uthamapalayam Taluk of Theni district. Theni district leads the state in terms of area under cultivation and production of grape with 85.1 per cent share in the state's total production of grape. In Theni district, the major portion of grape is cultivated in Uthamapalayam taluk. Therefore, Uthamapalayam taluk of Theni district is chosen for the study. In Uthamapalayam taluk, grape cultivation is centred at Kamayagoundan patty, Odai patty, Suckangal patty, Vallaiyammal puram, Narayanathevan patty, Anai patty, Suruli patty, Karunakamuthan patty and Rayappan patty. Among these villages four villages namely Surulipatty, Kamayagoundanpatty, Anaipatty, Narayana thevanpatty were selected purposively for the study. Since this study is taken up to assess the cost of production in cultivation of grapes excluding the costs incurred during the pre-bearing stage, 110 farmers (surulipatty 54 farmers, kamayagoundanpatty 24 farmers, Anaipatty 22 farmers, Narayanathevanpatty 10 farmers,) who were maintaining grapes garden from the selected villages were chosen randomly. The sample farmers were selected by purposive sampling method. This primary study includes different sections of people such as, farmers, wholesalers, commission agents and retailers, who engaged in the production and distribution (trading) of grapes. To examine the marketing of grape, all the retailers (5), all the commission agents (10) and all the wholesalers (15) of the study region are interviewed.

RESULTS AND DISCUSSION

The results of the survey are analyzed under the following heads.

MAJOR GRAPE PRODUCING COUNTRIES IN 2008-09

Grape is one of the important fruits cultivated in India. Its cultivation has a prolonged history in human civilization. Its association with man is older than that of wheat and rice. At the global level, it is cultivated in a larger-scale in many temperate regions of Europe, Asia, Africa and America.

In 2009, the global production of grape was estimated at 666, 43404 million tons, with a 5% increase when compared with 59,842 million tons in 2008-09.

TABLE 1: MAJOR GRAPE PRODUCING COUNTRIES IN 2008-09

State (1)	Area (hectares) (2)	Production (tones) (3)	Productivity (Kg/hect) (4)	Share in World Country's Production (In %) (5)
Italy	788100	7793301	9.9	108.79
China	453232	7235656	16	175.82
USA	378770	6639920	17.5	192.30
Spain	1109049	6020000	5.4	59.34
France	813496	5664195	7.0	76.92
Turkey	482789	3918440	8.1	89.01
Argentina	220000	2900000	13.2	145.05
Chile	182000	2400000	13.2	145.05
Australia	166197	1956790	11.8	129.67
South Africa	130000	1791643	13.8	151.64
Iran (IR)	277747	1739503	6.3	69.23
India	106400	880700	8.3	91.20
Others	2267984	16848956	7.4	81.31
World	7337364	66643404	9.1	100

Source: Production Year Book 2009-10, FAO

In 2009, Us ranks first with a share of 192.30% in the global production of grape, followed by France, Italy and Spain. In India, grape is cultivated in almost all the important states, from Kashmir to Kanyakumari, and is available throughout the year. India produces more than 1630. Million tons of grapes annually, of which about 25,000-30,000 tons are exported. Since grape cultivation occupies an important place in Indian agriculture, this paper makes an attempt to examine the issues relating to the production and marketing of grape cultivation in Uthamapalayam taluk of Theni district in Tamil Nadu.

AREA UNDER CULTIVATION AND PRODUCTION OF GRAPE IN INDIA

In India, there is a remarkable improvement in the area under cultivation of grape and its production. In 1999-2000, the production of grape was at 1134.6 tons in India but it significantly increased to 1630.7 tons in 2008-09.

TABLE2: GRAPE PRODUCTION IN INDIA 1999-2000 TO 2008-09

Year (1)	Production (tonnes) (2)	Share in India Production (in tonnes) (3)
1999-2000	1134.6	9.00
2000-01	1082.7	8.59
2001-02	1082.7	8.59
2002-03	1137.8	9.03
2003-04	1056.9	8.39
2004-05	1210	9.60
2005-06	1247.8	9.90
2006-07	1474.8	11.70
2007-08	1546.3	12.27
2008-09	1630.7	12.94
Total	12604.3	100

Source: Production Year Book 2009 (FAO)

Within a decade, the production of grape recorded more than twofold increase in India. In the year 2009, India exported \$15,468,000 worth of grape. Even though there has been a remarkable improvement in the production of grape, the country's share in the international market is miserable, with less than 1% (FAO, 2009).

GRAPE CULTIVATION IN INDIA

In India, there is a remarkable improvement in the area under cultivation of grape and its production and productivity. The area under cultivation of grape in the year 1999 -2000 was about 42.9 hectares but whereas in the year 2008 – 2009 it was significantly increased to 64.3 hectares. The production of grape was at 1134.6 tons in India but it significantly increased to 1630.7 tons in 2008- 2009. In 1999 - 2000, the productivity of grapes was significantly increased to 26448 kg/hect and it declines in the year 2008 -2009 was about 25361 kg/hect.

TABLE 3: AREA, PRODUCTION AND PRODUCTIVITY OF GRAPE CULTIVATION IN INDIA DURING PERIOD FROM (1999-2000 TO 2008-2009)

Year (1)	Area		Production		Productivity	
	(in'000) hectares (2)	Indices (3)	(in'000) tonnes (4)	Indices (5)	Kg/hect (6)	Indices (7)
1999-2000	42.9	100	1134.6	100	26448	100
2000-01	40.8	95.10	1082.7	95.43	26537	100.34
2001-02	42.6	99.30	1082.7	95.43	25416	96.10
2002-03	44.3	103.26	1137.8	100.28	25684	97.11
2003-04	45.2	105.36	1056.9	93.15	23383	88.41
2004-05	50	116.55	1210	106.65	24200	91.50
2005-06	52.1	121.45	1247.8	109.98	23950	90.56
2006-07	57.8	134.73	1474.8	129.98	25516	96.48
2007-08	60.2	140.33	1546.3	136.29	25686	97.12
2008-09	64.3	149.88	1630.7	143.72	25361	95.89
C.G.R	5.27	-	4.79	-	-0.46	-

Source: Center for Monitoring Indian Economy

The compound growth rate of grape cultivation of area was about 5.27 and the production was about 4.79 and the productivity was about -0.46. Within a decade, the production of grape recorded more than twofold increase in India. In the year 2009, India exported \$20,468,000 worth of grape. Even though there has been a remarkable improvement in the production of grape, the country's share in the international market is miserable, with less than 1%. In fact, 30 varieties of grape are grown in India. The main grape growing regions in the country are Nasik, Aurangabad, Ahmednagar, Beed, Sholapur, Sangli and Pune in Maharashtra and Hyderabad in Andhra Pradesh a small quantity of grape is grown in states like Haryana,

STATE-WISE AREA, PRODUCTION AND PRODUCTIVITY OF GRAPE CULTIVATION IN INDIA

Rajasthan and Uttar Pradesh. In terms of area under cultivation and production of grape, Maharashtra leads the country, followed by Karnataka, Punjab, Andhra Pradesh and Tamil Nadu. In 2008-2009, Maharashtra contributed more than 81.67 percent in the country's total production of grape. In Maharashtra, there is a conducive environment for the commercial cultivation of grape. However, in terms of productivity, Karnataka ranks first among the grape producing states in India.

TABLE 4: STATE-WISE AREA, PRODUCTION AND PRODUCTIVITY OF GRAPE CULTIVATION IN INDIA DURING PERIOD FROM (2008-2009)

State (1)	Area (in'000 ha) (2)	Production (in'000 tonnes) (3)	Productivity (Kg/hect) (4)	Share in Country's Production (In %) (5)
Andhra Pradesh	2.7	56.4	20889	3.61
Haryana	0.1	3.3	33000	0.21
Himachal Pradesh	2.2	0.1	46	0.01
Jammu & Kashmir	0.2	0.3	1500	0.02
Karnataka	10.4	193.2	18577	12.38
Maharashtra	45.1	1275.0	28270	81.67
Punjab	1.1	30.2	27454	1.93
Tamil Nadu	2.6	2.6	32615	0.17
Total	64.4	1561.1	-	100

Source: Centre for Monitoring Indian Economy

The production of grape in India significantly increased from 5.08 lakh tons in 2008-2009 to 2.08 million tons in 2008 - 2009. Similarly, the area under grape cultivation also increased from 32,615 hectares in 2008 - 2009 to 64.4 hectares in 2008 - 2009. Though there has been remarkable improvement in the area and production of grape in the country, there is no attention to attain the optimum level of production.

GRAPE CULTIVATION IN TAMIL NADU

The cultivation of grape has a long history in Tamil Nadu. It is said that in Madurai district, grape cultivation was introduced by a French Jesuit Priest Fr. Larney at Melapatty village in 19th Century. Since then, grape has been cultivated in the state. In Tamil Nadu, Theni, Coimbatore, Dindigul and Krishnagiri are the important districts for grape cultivation. In 2008-2009, Theni district led the state with 85.1% share in the State's total production of grape.

TABLE 5: DISTRICT-WISE PRODUCTION OF GRAPE IN TAMIL NADU DURING PERIOD FROM (2008-2009)

District (1)	Production (in'000 tones) (2)	% Share in the State's Total Production (3)
Theni	63997	85.01
Coimbatore	6832	9.08
Dindigul	1880	2.50
Krishnagiri	909	1.21
Vellore	289	0.38
Tirunelveli	535	0.71
Erode	289	0.38
Salem	29	0.04
Tiruchirapalli	114	0.15
Dharmapuri	174	0.23
Namakkal	29	0.04
Tuticorin	203	0.27
Total	75280	100

Source: Various issues of Season and Crop Report of Tamil Nadu

Though the grape cultivation has been practice in Theni district for a long time, commercial cultivation of grape become popular only in the last two decades. In terms of production, Theni district is followed by other districts like Coimbatore and Dindigul.

ECONOMICS OF GRAPE CULTIVATION

Costs and return in cultivation of grapes and marketing grapes.

SOCIAL BACKGROUND OF THE RESPONDENTS

In the study region, Goundar and Kallar are the dominating communities. Hence, their contribution is more significant in production and marketing of grape. These communities come under the category of Backward Caste (BC) and Most Backward Caste (MBC) respectively. Since all the Scheduled Caste (SC) people in this region are landless, though they are larger in number, their participation as owners is very little in production as well as marketing of grape. In the study area, women are not found as farmers, wholesalers or commission agents; however there are among 16 retailers, four are women. In the sample respondents, 10% of the farmers and 25% of the retailers are illiterate. However, it is important to note that all the wholesalers are literate. More than 19% of the wholesalers are degree holders and it is also interesting to note that two lawyers are also engaged in grape business. More than 61% of the wholesalers are involved in other businesses too, like financing and farming. Among the 21 wholesalers, 13 are landowners and the rest of them are engaged in the cultivation of grape.

TABLE 6: SOCIAL BACKGROUND OF THE RESPONDENTS

Particulars (1)	Community			Land holding			Other Occupation of the Respondents		
	BC (2)	MBC (3)	Landless (4)	Below 3 acres (5)	Above 3 Acres (6)	No other Occupation (7)	Finance (8)	Agri. (9)	Other (10)
Wholesalers	10	5	3	6	7	8	-	12	5
Commission Agents	5	5	4	1	-	4	-	-	-
Retailers	3	2	4	3	-	8	3	2	-
Total	18	12	11	10	7	20	3	14	5

From Table 6, among the 5 commission agents, only one has land. In the sample respondents, retailers are poorer than the others. In fact, only 3 of them own land. The retailers who own land are unable to cultivate grape, as the grape cultivation involves huge establishment cost.

ECONOMIC OF GRAPE CULTIVATION IN THE STUDY REGION

The economics of grape cultivation deals with the cost of cultivation per acre per season and return structure of grape cultivation and their determinants like landholdings, age of the grape vineyard and others.

MARKETING PRACTICE OF GRAPE IN THE STUDY AREA

The marketing More than 80 percent of the total production is consumed as grapes in India, and more than 70 percent of the total production is harvested in March-April, but the cold storage facilities are inadequate. Therefore, market gluts and fall of prices of grapes in March-April are common. In the study area, wholesalers, commission agents and retailers are involved in the purchase of grapes from the farmers. Wholesalers simply visit the farm and make their own provision to purchase the grape from the farmers. Normally, farmers and wholesalers are mutually known to each other. Sometimes, the wholesalers arrange the finance, and farming activities of farmers, particularly the poor. This finance does not involve any direct interest cost. Since the price is fixed well in advance, and the money is paid later, brokers enter into the scene as a witness and they too play a significant role in price fixation. Generally, brokers are paid a commission ranging between Rs. 100 to Rs. 500, depending on the volume of business. However, wholesalers are the only responsible people for deciding profit or loss.

In this situation, brokers act as an intermediary between the farmers and commission agents. The commission agents also arrange for loans to the farmers by getting money from fruit sellers. Normally, traders make the advance payment to the farmers. However, it would not go beyond the limit of Rs. 10,000. The commission agents, however, do not take responsibility for the profit or loss in the business activities. The profit or loss in the business transaction would only be borne by the fruit seller. Generally, the retailer buys grape from wholesalers and commission agents. Some of the retailers buy grape directly from the farmers. Since, the retailers buy small quantity, they pay price to the farmers on the spot. There are no loan arrangements between retailers and farmers.

MAJOR MARKETING CENTERS OF THE TRADERS

It is also evident from this study that the traders market their grapes in more than one market, whereas wholesalers market their grapes in 37 marketing centers, in which, Kerala contributes more with 20 marketing centers. Among them, Trivandrum, Calicut, Ernakulum, Allwai, Trichoor, Kottayam, Kollam and Attingal are the important places. In Tamil Nadu, the producers market their grapes in 14 places, in which, Madurai, Trichy, Nagarcoil, Salem and Tuticorin are the important places. They also market their grapes in other centers like Calcutta, Mumbai and Tirupati. The masters of the agents are concentrated in Madurai, Trichoor, Kollam, Mysore and Kattappah in Andhra Pradesh. Retailers market their grapes in 13 places, in which, Cumbum and Kumuly occupy an important role. Kerala consumes a large volume of grapes has a high consumption rate of fruits and vegetables. The selection of the marketing center is determined by many factors, like presence of known business people, lack of competition, weekly once account settlement and convenient transporting facilities.

MARKETING COST

On average, a commission agent's marketing cost per kg is Rs. 4, whereas it is Rs. 3 for a wholesaler. The wholesalers' volume of business is in a larger scale than that of the commission agents. This large scale business leads to the reduction of marketing cost per kg. Thus, it is clear that the wholesalers' marketing cost is lower than the commission agents. Retail marketing practices and marketing expenditures are entirely different from other marketing systems.

SUMMARY AND CONCLUSION

To improve the pest management and productivity of the vineyard, agricultural clinics should be opened and provide expert advice and training to the farmers to overcome their problems in grape cultivation. So far, there are no cold storage facilities in the study region. Since the farmers could not afford to construct the cold storage facility on their own, the government should come forward to provide this facility. This step facilitates the farmers to get reasonable price for

their production. In the study region, the price of grape is highly irregular and fluctuating over time. To protect the interest of the farmers, the government should announce support prices when the price of the grape comes down extremely due to the seasonal variation and other reasons. The variety of Muscat, which is cultivated in the study region, could be exported to European countries.

The study concludes that the production is highly fluctuating over the years. Though, the variation in production, productivity and area is increasing every year, there is still scope for further improvement in grapes. It is necessary to cultivate grapes to the extent of feeding millions of people of sustain food security. Therefore, the central government and state governments should take necessary steps to increase the area under grapes there by the price of grapes will be kept under control.

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GENDER DISCRIMINATION AT WORKPLACE AMONG ITES EMPLOYEES

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ABSTRACT

Though both men and women work, there are significant gender differences in the nature and conditions of work and wages. Besides wages, discrimination against women workers is also found at the level of recruitment, selection for skilled jobs and promotions. The present study analyses the gender discrimination at workplace in ITES (Information Technology Enabled Service) organisations in Coimbatore City, TamilNadu. The information was compiled from 200 ITES employees. The study reveals that a majority (83 percent) of the respondents are of the opinion that they have equal opportunity at workplace, 70 percent employees pointed that they get equal pay and 82 percent said that they get equal promotion. And around 67 percent said they are given equal leadership. The study concludes that though gender gap was reducing in giving opportunity at workplace, the level of recruitment, promotion etc., but it was still failing in providing higher authority to women.

KEYWORDS

employees, gender discrimination, workplace.

INTRODUCTION

The concept of 'Gender Discrimination' has much wider coverage in the Indian economy. The underlying causes of these inequalities are centuries old traditions and the economic structure which is based on formal and informal practices/norms. Even elevated status of education as well as health does not let the women to make a free choice in their important decisions of life until they are economically dependent. This social discrimination is closely linked with the economic sphere as well. That is why the women are employed in low paid, insecure and low status activities. Due to social hindrances, women have very low horizontal as well as vertical mobility and have to remain contented with lower wages.

The era of liberalisation has registered an increase in labour force participation by women all over the world. Women comprise half of the Indian population and account for nearly 1/3rd of the total workforce. According to the information provided by the Registrar General of India, the work participation rate for women was 25.68 per cent in 2001. This is an improvement from 22.73 per cent in 1991 and 19.67 per cent in 1981. Though there has been an improvement in the work participation rate of women; it continues to be substantially less in comparison to the work participation rate of men. As far as the organized sector is considered, in March 2002, women workers constituted 18.1 percent of the total organized sector employment in the country as compared to 17.8 per cent in the previous year. There were about 49.35 lakh women workers employed in the organized sector (public and private sector). Of this, nearly 27.89 lakh were employed in community, social and personnel services sector. Plantations and factories were also important employers of women.

Though both men and women work, there are significant gender differences in the nature and conditions of work and wages. Other than wages, discrimination against women workers is also found at the level of recruitment, selection for skilled jobs and promotions. The employers are prejudiced against employing women, especially in jobs where workers have always been men. The problems of working women at work places are multiple and differ from woman to woman according to the nature of work and position. There is a general perception that women are less capable than men in matters of administration and decision making. Even though women perform well at managerial levels, only very meager percentage of them is at the top decision-making levels. Women work longer hours and their work is more arduous than men's. Both in the formal and informal sectors, women face less favourable conditions, have less access to education, training and thereby have lower skills. Nandini Sahai, Director, Media Information and Communication Center of India (MICCI), noted that many women journalists are deprived of top positions in organizations due to gender discrimination. She also claimed women who go on maternity leave are likely to lose their jobs in 29 percent of media houses and are unlikely to get jobs again (Times of India, Feb 6th 2012).

Discrimination at work can come from either the employer or from the colleague side. Discrimination by colleagues can happen to new employees. They may face sarcastic stares or constant digs made at them by their colleagues during initial weeks. However, if it persists for a long time, it can affect not only the employee but also the employer. The effect on the employee can be huge or meager but the impact on organization remains for a longer time. An employee who is being discriminated witnesses' non cooperation from peers and negative feedbacks from subordinates. Discrimination leads to psychological and emotional disturbance, resulting in demoralization and descend in performance standards. It brings down the overall performance, and fuels more discrimination, which in turn increases the number of gaps in one's work further. Discrimination at workplace also affects the society. The socio-economic inequalities get widened and social cohesion and solidarity are eroded. It results in wastage of human talent and resources. The main indicator which indicates that gender discrimination has occurred in the hiring process involves the qualifications of the job applicants. While a slight difference in qualifications between a female and a male candidate does not automatically indicate gender bias (if a lesser qualified male candidate is hired instead of a female candidate), a drastic difference in qualifications has almost always been upheld by the courts as a sure sign of gender. The common cases of gender discrimination are

- Women are not allowed to progress even if they are talented to: they are kept at the entry level jobs by the employers.
- The men are often rewarded with higher incentives and salaries as compared to women, though the women in several cases have proved to be more deserving and hardworking and deserve a better position in the area of workplace.
- Promotion are generally handed to the male employees as they are expected to be more responsible and capable of handling the job which might be a debatable question as nowadays women are better off as compared to the men at top level of organization.

REVIEW OF LITERATURE

Alimi Baba Gana and Bukar Jamri (2011) analysed the effects of gender discrimination on women in Kashim Ibrahim College Of Education, (KICOE), Nigeria. The global gender discrimination against women in public and private organisations today dominated the world affairs, raises alarm, and attracts the attention of sociologists, managers and head of institutions on how to confront the phenomenon was the concern of the study. A descriptive research method and field survey were employed in this study using a sample of sixty-six (66) respondents of which thirty-three 33 were male and 33 from female lecturers. The findings of the study revealed that there was no or little gender discrimination against women in area of recruitment and in administrative interactions within the institution.

Darunchai Chaidarun (2011) studied female discrimination at Japanese workplaces in Bangkok metropolitan region because Japanese working system contain high female discrimination and gender inequality. The feminist research approach was used as the main framework, and the quantitative method as the main research method. For the quantitative analysis, the 120 e-questionnaires were sent to the Thai female workers at Japanese firms in Bangkok metropolitan region. There were 77 answered respondents. The findings revealed that the Thai female employees do not feel that they were discriminated, and high-salary women feel dissatisfied with their remuneration.

Kenneth Dowler and Bruce Arai (2008) in their study examined gender difference in the police work which was inherently stressful. The results indicate that male and female officers have conflicting attitudes about the amount and nature of gender discrimination within police work. The findings further suggest that female officers experience higher levels of stress. In addition, the results indicate a weak relationship between perceptions of gender related jokes and stress level for females. Nevertheless the most important stress for both male and female officers is the perception of job related problems.

Macarie, Felicia Cornelia; Moldovan, Octavian (2012) scrutinizes the phenomenon of gender discrimination in the labor force, focusing on women in managerial and non-executive positions alike. Due to different psychological mechanisms that are not mutually exclusive, individuals manifest discriminative behaviors against females. Career wise, gender discrimination leads to negative developments both from horizontal and vertical perspectives. From a vertical perspective, women are under-represented in top management (under normal conditions) or over-represented in risky managerial positions (during crises or downturns); even in the limited number of sectors where women are predominant in the labor force, men have better odds of being promoted. From a horizontal perspective, women generally receive lower salaries (or equivalent forms of compensation) than their male counterparts (taking into account other factors). The crux of the argument was that, although women have shown increasing interest in their professional life (by their proportion in the labor force, higher levels of education attained and increase of the average age for starting a family), they do not receive equivalent career benefits.

Xiangyi Zhou, Jie Zhang and Xuetao Song (2013) studied gender discrimination in hiring markets. The authors sent 19,130 fictitious matched resumes in response to professional employment advertisements posted on major Internet employment boards in China for positions such as engineers, accountants, secretaries, and marketing professionals in Beijing, Shanghai, Guangzhou, Shenzhen, Wuhan, and Chengdu. The results showed that, in general, state-owned firms tended to prefer male applicants. Foreign and private firms tended to prefer female applicants. On one hand, this evidence supports the hypothesis that economic reform and the market economy may mitigate gender discrimination. On the other hand, this evidence was consistent with statistics that describe discrimination based on gender segregation and information asymmetry that originated with higher ratios of female workers in foreign and private firms. With respect to regional income disparity, the study found that the differences in gender discrimination between first- and second-tier cities were not significant. This result indicates that economic reform exerted limited mitigation effect on discrimination.

STATEMENT OF THE PROBLEM

In the first phase of IT revolution, women mostly found jobs in the lower end work such as data entry and word processing, and assembly of electronic components. However, as manufacturing advances and manual jobs become obsolete, women found new opportunities in services such as information processing, software development, and call center support. It is undeniable that Indian women have made significant inroad into the higher value added segments of the IT industry. There are about 38 percent female software programmers, largest of any demography. However, it is believed that female programmers at times face discrimination in compensation and promotion.

Though IT sector has offered equal employment opportunities to the gender groups, differences are noticed in the types of activity that men and women software professionals specialize in. Surveys among the software professionals showed that a high concentration of men exists in export software firms, while women are present in higher proportion of domestic low-end and IT-enabled services. This implies that at the entry level itself there is a marked gender differential in access to employment in this sector. In addition, during personal discussions, both men and women indicated that due to domestic responsibilities a few women were able to cope with the work intensity in high-end activities. The interviews reported that IT-enabled services provide shift-based work, which women prefer.

Gender discrimination at work place is still very much alive and kicking. Moreover most studies were carried out on gender discrimination in organized and unorganized sector. However, in BPO (Business Process Outsourcing) and IT (Information Technology) which are the emerging areas of working atmosphere, not many studies have been done on the issues of gender discrimination. It has changed the working environment which had its origin only in metropolitan cities and recently it has emerged into smaller cities and towns. In this sector we face homogenous group of people in age, education etc., and it will be the most perfect area to analyze whether the issue of gender discrimination is prevalent in this sector and suggest ways to eliminate the same.

OBJECTIVES

1. To assess the socio-economic profile of the respondents
2. To ascertain the extent of gender discrimination in employment with regard to promotion, and facilities enjoyed by the respondents.
3. To examine the problems faced by male and female respondents.

METHODOLOGY

The study was based on primary data, which was collected with the help of an interview schedule which includes questions on demographics, employment details, benefits, working conditions, occupational, relationships (including any form of harassment) and best practices. A total of 200 sample respondents were selected having an equal representation of 100 male and 100 female employees of ITES Companies from the four zones of Coimbatore city. The data was collected during the period January – March 2013. The data collected were tabulated and analysed by using simple percentages and factor analysis.

EMPIRICAL FINDINGS

The socio economic profile of the respondents is presented in Table- 1.

TABLE -1: SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS (in percentage)

S.No	Particulars	Male	Female	Total
1	Religion			
	Hindu	83	79	81
	Christian	13	17	15
	Muslim	4	4	4
2	Marital Status			
	Single	88	77	83
	Married	12	23	17
3	Community of the respondents			
	General	17	13	15
	Backward Class	56	76	66
	Most Backward Class	18	11	14
	Scheduled Caste	9	0	5
4	Type of the family			
	Nuclear	90	91	90
	Joint	9	9	9
	Extended	1	0	1
5.	Size of family			
	2	10	6	8
	3	38	41	39
	4	49	42	46
	5	3	11	7
6.	Age of the Respondents			
	21-25	74	65	69
	26-30	20	26	23
	31-35	6	9	8
7.	Education of the Respondents			
	UG	76	88	82
	Diploma	18	10	14
	PG	6	2	4
8.	Occupation of the Respondents			
	BPO	74	73	73
	IT	26	27	27
9	Family Income of the Respondents			
	Less than 20000	27	13	20
	20001-40000	51	63	57
	40001-60000	17	16	16
	Above 60000	5	8	7

Source: Field survey, 2013

Among 200 respondents surveyed, a majority (81 percent) irrespective of their sex belong to Hindu religion. Community-wise distribution shows a dominance of backward class (66 percent) followed by general community (15 percent) and most backward class (14 percent). A maximum of 165 (83 percent) respondents were single. Thus, the ITES organization prefer more of single employees rather than married people because it is easy to make them work for long hours, and to complete the project on time. Gender-wise, 88 percent of males and 77 percent of females are single. Due to modernization, the emergence of nuclear family was high rather than joint family. The table -1 shows that maximum (90 percent) respondents were from nuclear families.

Age-wise Classification reveals that 92 percent of the respondents belong to the age group 21 -30 years. The proportion of respondents above the age of 30 years was quite negligible (8 percent). Thus, there was predominance of younger generation in ITES companies. About 82 percent of the respondents had completed under graduate courses, 14 percent have completed Diploma and 4 percent alone have completed post graduate courses. Thus ITES organizations preferred more of under graduate completed employees especially in BPO and only in IT organizations the preference was for post graduate courses. A maximum of 74 percent male and 73 percent female respondents are from BPO and only 26 percent of male and 27 percent female respondents belong to IT organizations.

An analysis of income becomes the key stone of any study as it is the important measure of economic welfare. Desai (1957) and Kapur (1970,1973) state that though the economic factor was one of the most important reason for women to work, they also work because they want to have an individual status of their own to satisfy their intellectual and achievement needs, creative work, recognition and fame. Based on income classification, majority of the male (51 percent) and female (63 percent) respondents belong to families earning a total income of Rs.20000 to 40000. The average family income of the male respondents was Rs.30000 and that of female respondents was Rs.37000. The average income of the male respondents was 12,963 and the female respondent was 13,314. Thus in ITES organizations the respondents are provided with good payment.

The employment details of the respondents are presented in table – 2.

TABLE – 2: EMPLOYMENT DETAILS OF THE RESPONDENTS (Figures in percentage)

S.No	Particulars	Male	Female	Total
I	Total Experience of the respondents			
	≥ 2 years	65	52	58
	3 to 4 years	17	30	24
	5 & above	18	18	18
II	Job you wanted			
	Yes	84	78	81
	No	16	22	19
III	Team work satisfaction			
	Highly satisfied	44	40	42
	Satisfied	52	55	54
	Not satisfied	4	5	4
IV	Team work pressure			
	Yes	8	23	16
	No	92	77	84
V	Equal opportunity			
	Yes	85	80	82
	No	15	20	18
VI	Equal onsite job			
	Yes	79	54	66
	No	21	46	34

Field survey, 2013

A majority of 65 percent of male and 52 percent of female respondents have 2 years and less than 2 years of experience. And a minimum of 18 percent of male and female respondents have 5 years and above experience. The proportion of females was more (30 percent) than the male (17 percent) with 3-4 years of experience. It shows that females stick to the job rather than male respondents.

Majority of male (84 percent) and female (78 percent) respondents are working in the job in which they are interested and only 16 percent of the males and 22 percent of the females have expressed their dissatisfaction with the job. The high income initially motivates them to enter the ITES companies, but the odd timings and stress induce an urge in them to move to banking sector, teaching, Government job, and to IT organizations from BPO. It is interesting to note that the proportion of respondents expressing their dissatisfaction were more among the females.

In ITES organization, the employees do their work through team work. A maximum of 52 percent of male and 55 percent of female respondents agree that they are satisfied with their team members. And less than 5 percent have expressed their dissatisfaction. A majority of 92 percent male and 77 percent female respondents said that they do not have pressure while working in a team. Only a minimum of 8 percent male and 23 percent female feels pressure because of team work.

A majority of 85 male and 80 female respondents said there is equal opportunity for both male and female employees in their organization. Only 15 percent of the male and 20 percent female respondents think there was no equal opportunity given to them, which shows the gender discrimination was present though the intensity was less in the ITES organization.

About 79 percent of male and 54 percent of female respondents agree to the statement that they have given equal opportunity for onsite job. Around 46 percent of female employees stated that they are not given equal opportunity for onsite job. Thus, gender discrimination was seen in providing onsite job.

The details regarding promotion of ITES employees are given in Table -3.

TABLE -3: PROMOTION DETAILS OF THE RESPONDENTS (Figures in percentage)

S.No	Particulars	Male	Female	Total
I	Equal pay			
	Yes	74	65	69
	No	26	35	31
II	Equal Promotion			
	Yes	83	80	81
	No	17	20	19
III	Equal opportunities			
	Sometimes	19	28	23
	Always	76	64	70
	Never	5	8	7
IV	Equal leadership			
	Sometimes	25	35	30
	Always	68	65	66
	Never	7	0	4
V	Equal decision			
	Yes	81	81	81
	No	19	19	19
VI	Women given high jobs			
	Yes	23	52	37
	No	77	48	63

Field survey, 2013

About 74 percent of male and 65 percent of female employees agree that they were given equal payment in their organization. A few of the respondents, 26 percent of male and 35 percent of female employees stressed the point that there was discrimination in the pay scale.

A maximum of 83 percent of male and 80 percent of female respondents agree that they are given equal promotion. And about 76 percent of male and 64 percent of female respondents said that equal opportunities have been given in their workplace. But a minimum of 5 percent of male and 8 percent of female stressed that they are not given equal opportunity. Around 19 percent of male and 28 percent of female stressed that only sometimes equal opportunities are given for male and female respondents.

About 68 percent of male respondents and 65 percent of female respondents stressed that they are given equal leadership and about 25 percent of male and 35 percent of female respondents stressed that equal leadership in organization was given only sometimes. And 81 percent of male and female respondents agree that equal opportunity was given for both male and female employees to take decision. About 77 percent of male respondents stressed that women are not given higher level jobs. And 52 percent of female employee said that women are given high level jobs. It implies that maximum of 63 percent of respondents stressed the point that women are not given higher level jobs.

All the factors in the table pointed out that the presence of gender discrimination was seen in the ITES organization in certain aspects like providing on-site jobs, monetary payment and higher level jobs.

FACTOR ANALYSIS

Factor analysis was used to identify the problems at workplace faced by male and female respondents in the ITES organization. The problems and their respective labels are given in the table – 4

TABLE – 4: PROBLEMS AND THEIR RESPECTIVE LABELS

Label	Problems faced by respondents
X1	Monotony of work
X2	Lack of appreciation
X3	Supervisor / Team Leader shout at workers
X4	Transport to and from work
X5	Harassment by Colleagues/ Supervisors
X6	Sexual harassment at work
X7	Long working hours
X8	Over stress / Tension
X9	Leads to health problem
X10	Poor Working conditions
X11	Low payment
X12	Uncertainty about continuity of the work
X13	Lack of Vertical Growth

Source: Estimation based on field survey, 2013

These thirteen problems were subject to factor analysis technique to find out the main factors which act as hurdles for the respondents at their workplace. To determine the reliability of applying factor analysis, Cronbach's Alpha Reliability test was applied and presented in the Table- 5.

TABLE – 5: CRONBACH'S ALPHA RELIABILITY TEST

Gender	Male	Female	ALL
Measure			
Cronbach's Alpha	.896	.846	.876

Source: Estimation based on field survey, 2013

Cronbach's Alpha Reliability test for male and female respondents showed alpha value of 0.896 and 0.846 respectively. It proved that the factors were reliable and Factor analysis test can be applied. To determine the appropriateness of applying factor analysis the KMO and Bartlett's test were computed and the results were presented in the Table - 6.

TABLE – 6: KMO AND BARTLETT'S TEST MEASURES

Measure	Male	Female	ALL
Kaiser-Meyer-Olkin Measure	.847	.700	.836
Bartlett's Test of Sphericity			
(i) Approx. Chi-Square	633.683	645.360	1131.158
(ii) Degrees of freedom	78	78	78
(iii) Significance	.000	.000	.000

Source: Estimation based on field survey, 2013

KMO statistics for male respondents was 0.847, female respondents 0.700 and for all respondents 0.836. It signifies higher than acceptable adequacy of sampling. The Bartlett test of sphericity was also found to be significant at 1 percent level providing evidence of the presence of relationship between variables to apply for factor analysis.

The principal component technique was used for extracting factors and the number of factors to be retained was based on latent root criteria (ie) variables having Eigen values greater than one. Varimax rotated factor matrix results for all problems faced by respondents are presented in the table - 7.

TABLE – 7: FACTOR LOADINGS FOR THE PROBLEMS FACED AT WORKPLACE

Factors Label	Male				Female				All			
	F1	F2	F3		F1	F2	F3	F4	F1	F2	F3	F4
X1			0.913					0.834				0.894
X2			0.733					0.839				0.753
X3									0.656			
X4									0.638			
X5	0.761				0.850					0.851		
X6	0.780				0.737					0.784		
X7		0.787					0.866				0.888	
X8							0.688				0.633	
X9		0.828					0.864				0.765	
X10	0.708				0.820					0.743		
X11	0.723					0.843			0.739			
X12						0.812			0.743			
X13	0.688					0.778			0.702			
Eigen values	4.08	2.51	1.85		2.67	2.54	2.22	1.97	3.12	2.17	2.11	1.62
Percentage of variance	31.42	19.30	14.22		20.57	19.52	17.07	15.16	23.98	16.68	16.19	12.43
Cumulative percentage of variance	31.42	50.72	64.94		20.57	40.08	57.15	72.31	23.98	40.66	56.85	69.28

Source: Estimation based on field survey, 2013

For male respondents, factor 1(F1) has significant loadings for seven dimensions namely Harassment by Colleagues/ Supervisors, Sexual harassment at work, Poor Working conditions, Low payment and Lack of Vertical Growth. Factor 1 was more powerful because it explains nearly 31 percent of the variance out of 65 percent. Factor 2 (F2) has significant loading for two dimensions namely, Long working hours and Over stress / Tension and accounted for 19 percent of variance and factor 3 (F3) had the lowest significant loading for 2 dimensions namely Monotony of work and Lack of appreciation and accounted for only 14 percent of the variance.

For female respondents, factor 1 (F1) has significant loading for three dimensions namely Harassment by Colleagues/ Supervisors, Sexual harassment at work and Poor Working conditions. It explains the maximum of 21 percent of the variance out of 72 percent of the total variance. Factor 2 (F2) has significant loading for three dimensions namely Low payment, Uncertainty about continuity of the work, Lack of Vertical Growth and explains 20 percent of the variance. Factor 3 (F3) explains three dimensions namely Long working hours, Over stress / Tension, Leads to health problem and explains 17 percent of the variance. Factor 4 (F4) has the significant loading for Monotony of work and Lack of appreciation and explains only 15 percent of the variance.

For All respondents, Factor 1(F1) was more powerful and has significant loading for 5 dimensions namely Supervisor / Team Leader shout at workers, Transport to and from work, Low payment, Uncertainty about continuity of the work, Lack of Vertical Growth and explains a maximum of 24 percent of variance, Factor 2 and 3 (F2 & F3) has an equal significant loading of 3 dimensions and explains 17 and 16 percent of the variance followed by the factor 4 (F4) which has the least significant loading for 2 dimensions namely Monotony of work and Lack of appreciation and constitutes 12 percent of the total variance.

The overall inferences drawn from the above analysis are

- (i) The most severe problem faced by both the male and female respondents in ITES organizations are harassment at work, sexual harassment, Low payment, Uncertainty about continuity of the work, Lack of Vertical Growth.
- (ii) The least problem faced by both the male and female respondents in ITES organizations are Monotony of work and Lack of appreciation

CONCLUSION

The findings revealed that 85 percent of male and 80 percent of female respondents agreed to the statement that equal opportunity has been given in their organization. About 68 percent of male and 65 percent of female respondents stressed the point that they are given equal leadership. About 77 percent of male respondents stressed that women are not given higher level jobs. The most severe problem faced by both the male and female respondents in ITES organizations are harassment at work, low payment, uncertainty about continuity of the work, lack of Vertical Growth. The Gender gap is reducing in the modern era. But still, discrimination among women workers are found at the level of recruitment, selection for skilled jobs, promotions and providing higher authority. The employers are prejudiced against employing women; especially in jobs where workers have always been men. There is a general perception that women are less capable than men in matters of administration and decision making.

SUGGESTIONS

- Workshops and seminars should be organized for women to enhance their skill and knowledge.
- Women should participate more in ICT policy making in order to ensure that gender issues are being addressed.
- A law has to be passed ensuring that in all organizations certain percentage of female employees should be present.
- Policies should be geared towards including more women in ICT decision making positions at the highest level.

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A STUDY OF IMPACT OF LEADERSHIP ON MOTIVATION IN A GOVERNMENT AND A PRIVATE SECTOR ENTERPRISE

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ABSTRACT

Motivation and leadership are, arguably, the two fundamental topics that organizational researchers and practicing managers are interested due to the fact that motivation is the cause of leadership and leadership is the effect of motivation. In the first stage it is the motivation of the leader that influences the followers. On one side the individual's values, attitudes, habits, emotions and beliefs act as a steering system to the motivation process affecting leadership. On the other side the organizational environment with its variables affect the leadership. In the present study an attempt is made to study the impact of leadership on motivation among the employees of a Government General Hospital and Indo National Limited in Nellore district. The study is mainly based on primary data. Both the census and sampling methods have been used for the study. The overall analysis reveals that the motivation is more pleasant among the employees of Government General Hospital and Indo National Limited.

JEL CODE

M12

KEYWORDS

Leadership, Motivation, Government Sector, Private Sector.

INTRODUCTION

The efficiency and effectiveness of organizations depend on the motivation of its employees. This is because the motivation affects individuals and groups in the organizations from the viewpoint of their morale, discipline, attitudes, aptitudes, and other behavioural dimensions including inter-personal relationships. Therefore, the leaders of organizations put forth their efforts to the best of their ability in motivating their employees at all levels so as to get the best out of them without much unsought consequences. In the present study an attempt is made to investigate the impact of Leadership on motivation in a Government and a private sector enterprise.

DIMENSIONS OF MOTIVATION

The theories of motivation can be perceived properly by understanding the concepts of natural sciences (biology, physiology, neurology, genetics) and also social sciences (sociology, anthropology, economics, history). An overview of different theories of motivation which have been evolved from different premises and with different objectives is presented hereunder.

1. The first approach to motivate people was based on hedonism principle – people seek comfort or pleasure and avoid discomfort and pain.
2. The second one is scientific approach to management– workers can be motivated through economic incentives and scientific methods(F.W. Taylor, Frank Gilbreth and H. L. Gantt).
3. At the third stage, Hawthorne studies (Elton Mayo) have postulated that human beings can be motivated by many things (like social) other than money.
4. Another approach is content view which emphasizes that the tension caused by unmet needs with a sense of deprivation and their encouraging productive behavior will satisfy them. The theories covered under this category are: Maslow's Need hierarchy, Alderfer's ERG Theory, Murray' Manifest needs, Herzberg's Two-factor theory, McClelland's Acquired Needs Theory.
5. Another issue is process view of Motivation. It emphasizes the process by which that motivated behaviour occurs. The most prominent among theories are: Expectancy Concern (Lewin and Talman) Valence/ Expectancy (Vroom), and performance-satisfaction (Porter and Lawler).
6. One more dimension is contemporary theories of motivation which include Cognitive Evaluation/ Self Perception(Heider, de Charms and Bern), Goal Setting Theory(Edwin Locke), Locus of Control (J.B.Rotter) dividing people into internals and externals, Equity Theory(Adams) based on the perceived input-outcome ratios, Attribution Theory(Kelley) which ascribes internal, external, and other causes to behaviour.
7. One more addition is Reinforcement Approach which explains the role of rewards in the motivational process. It is assumed that people tend to repeat behaviour for which they are rewarded and they tend not to repeat behavior for which they are not rewarded (Skinner). Hedonism and reinforcement has a close relationship. Normally pleasure (hedonism) and reward are appreciated by people.

DIMENSIONS OF LEADERSHIP

To lead means to guide, direct and proceed. Leadership is a process of influencing the behaviour, beliefs and feelings of the members of a group. The functions of leadership however, cover wide range of activities like coordinating, decision-making, policymaking, group representing, controlling, arbitrating, etc. Leadership, not being a single phenomenon, is affected by many variables and involves with several skills like technical, human, conceptual, designing, creative, communicative and decision making. The main aspect of influencing people by a leader is the power, which has many sources. The leadership effectiveness covers the personality of leader, past experience, expectations of superiors, the characteristics of subordinate's, the requirements of the task, and the organisational climate and policies.

Twentieth century has witnessed several theories on leadership which is a complex concept having a bearing on motivation, morale, organizational climate, human relations, and communication. The ability to influence people in a group is indispensable in organizations. Beginning with scientific management the evolutionary process of leadership can be traced with three theories viz., trait theory, behavioural theory and contingency theory. The trait theory has been put to rigorous research by Byrd, Jennings, Gheselli, Stogdill etc., and resulted in the development of behavioral theory. Likert's system 4 theory, McGregor x and y theory, Continuum theory of Tannenbaum and Schmidt, etc. has opened new vistas on the behavioural dimensions of leadership. The confusion and

controversy of trait and behavioural theories have given way to the contingency models of leadership like Fiedler's contingency model, Vroom and Yetton contingency model, path goal theory, life cycle theory, tri-dimensional model, learning model, etc.

IMPACT OF LEADERSHIP ON MOTIVATION

Motivation and leadership are, arguably, the two fundamental topics that organizational researchers and practicing managers are interested due to the fact that motivation is the cause of leadership and leadership is the effect of motivation. In the first stage it is the motivation of the leader that influences the followers. On one side the individual's values, attitudes, habits, emotions and beliefs act as a steering system to the motivation process affecting leadership. On the other side the organizational environment with its variables affect the leadership. The prime concern of the managers of today, thus, is to motivate employees and also sustain it in a given organizational environment so as to achieve the goals of both the individuals and organization. This certainly needs good leadership among managers. It is only in recent years much effort has been made to identify the specific relationships and the methods through which the harmony between motivation and leadership is brought. Much more, the present employees indeed are a new breed having been influenced by the changes in social, political and economic environment carrying with them new needs values, and habits than their predecessors. Further, in the light of knowledge explosion, the earlier incentive systems, motivational packages, and leadership methods in organizations do not seem work well. The dedication, duty mindedness, involvement in the job with creativity of employees which are normally expected by the management, do not seem to come out from a few financial and non financial incentives as was believed earlier. As a result, the search for new findings, models, theories and approaches is being continued. For that reason motivating the employees is becoming a tough job to the managers.

STATEMENT OF THE PROBLEM

The specific findings of one research in a particular area and in a particular organization may not be totally relevant to other organizations. Hence, there is a need for the investigation of the problem like impact of leadership on motivation. In the present study an attempt is made to examine the impact of leadership on motivation in different levels of employees in a Government General Hospital and Indo National Limited in Nellore district.

OBJECTIVE OF THE STUDY

The objective of the study is to analyse the impact of leadership on motivation among the employees of Government General Hospital and Indo National Limited in Nellore district.

HYPOTHESIS

The Null Hypothesis formulated and tested is that there is no significant difference of impact of leadership on motivation among different levels of employees of Government General Hospital and Indo National Limited.

RESEARCH METHODOLOGY

The study is mainly based on primary data. The primary data are collected from the employees of service and manufacturing sector organizations, i.e., in Government General Hospital (henceforth GGH) and Indo National Limited (henceforth INL) in Nellore district, by making personal visits through a schedule prepared for this purpose. The present study confines to Higher, Middle, and Junior hierarchical levels in GGH and INL employees. Towards this (Grade-1) doctors, managers are treated as higher level, (Grade-2) assistant officers are treated as middle level and (Grade-3) clerical staff are treated as junior level.

Both the census and sampling methods have been used for the study. At the first stage, select organizations in Government General Hospital Head quarter and Indo National Limited in Nellore have been taken for the study. These two organizations thus constitute the census part of the survey. In all the Government General Hospital head quarter. There are 300 employees among which 34 per cent (103) in three layers, consisting of 56 doctors, 27 assistant officers and 20 clerical staff. Out of in the Indo National Limited there are 429 employees 34 per cent (149), in three layers consisting of 47 managers, 56 assistant officers, and 46 clerical staff.

In the present study, a schedule is used for the data collection. It is designed to know the opinion on factors relating to impact of leadership on motivation. It consists of forty items and also name, organisation and designation. Responses were solicited on a 5-point scale, ranging from Strongly Agree (5), Agree (4), Moderately Agree (3), Disagree (2) to Strongly Disagree (1). The data collected through the schedule have been processed and the results are tested with the hypotheses by employing appropriate statistical tools like mean, standard deviation, 't' values etc.

RESULTS AND DISCUSSIONS

In order to know the difference of impact of motivation among the employees of GGH and INL the data is interpreted, presented in the following paragraphs.

With a view to find out the impact of leadership on motivation differences between middle and junior level employees of GGH as well as INL, the mean (\bar{x}) and standard deviation (S.D). Further, with an intent to find out significant difference between the 't' test was computed.

IMPACT OF LEADERSHIP ON MOTIVATION GOVERNMENT GENERAL HOSPITAL AND INDO NATIONAL LIMITED EMPLOYEES:

TABLE – 1: IMPACT OF LEADERSHIP ON MOTIVATION IN GGH AND INL EMPLOYEES

Organizations	N	Mean	S.D	't' Value
GGH	103	149	37.7	1.316
INL	149	155	32.3	

Source : compiled from field survey. Note: N = number of observed employees

It is evident from the Table 1 that the INL employees have shown slightly higher impact of leadership on motivation than the GGH employees as the mean score of the INL employees (155) is being marginally higher than the mean score of the GGH employees (149). As the calculated 't' value (1.316) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference of impact of leadership on motivation among GGH and INL employees" is accepted.

JOB LEVEL - IMPACT OF LEADERSHIP ON MOTIVATION:

Job level is the important factor that affect the impact of leadership on motivation. It is because the higher the job level, the greater the responsibility, authority, central pay and vice-versa. Hence, it can be presumed that the employees at higher level would work hard rather than the employees of the lower level. Further, it can be assumed that the impact of leadership on motivation for reaching the higher position for the people who are at the higher job level would be greater than the people at the lower level. As such, the study to trace out the relationship between job level and impact of leadership on motivation would not only be interesting but also vital.

TABLE – 2: IMPACT OF LEADERSHIP ON MOTIVATION OF MIDDLE LEVEL GGH AND INL EMPLOYEES

Organizations	N	Mean	S.D	't' Value
GGH Middle Level	27	143	40.3	1.05
INL Middle Level	56	152	27.3	

It is evident from the Table 2 that the INL middle level employees have shown higher impact of leadership on motivation than the GGH middle level employees as the mean score of the INL employees (152) is being higher than the mean score of the GGH employees (143). As the calculated 't' value (1.05) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on impact of leadership on motivation" is accepted.

TABLE – 3: IMPACT OF LEADERSHIP ON MOTIVATION IN GGH AND INL JUNIOR LEVEL EMPLOYEES

Organizations	N	Mean	S.D	't' Value
GGH Junior Level	20	157	33.2	0.226
INL Junior Level	46	159	32.9	

It is evident from the Table 3 that the INL junior level employees have shown higher impact of leadership on motivation than the GGH junior level employees as the mean score of the INL junior level employees (159) is being higher than the mean score of the GGH junior level employees (157). As the calculated 't' value (0.226) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on impact of leadership on motivation" is accepted.

TABLE – 4: IMPACT OF LEADERSHIP ON MOTIVATION IN MIDDLE AND JUNIOR LEVEL GGH EMPLOYEES

Job level	N	Mean	S.D	't' Value
Middle level	27	143	40.3	1.304
Junior level	20	157	33.2	

It is evident from the Table 4 that the GGH junior level employees have shown higher impact of leadership on motivation than the GGH middle level employees as the mean score of the junior level (157) is being higher than the mean score of the middle level employees (143). As the calculated 't' value (1.304) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among inter levels of GGH employees on impact of leadership on motivation" is accepted.

TABLE – 5: IMPACT OF LEADERSHIP ON MOTIVATION IN MIDDLE AND JUNIOR LEVEL INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
Middle level	56	152	27.3	1.153
Junior level	46	159	32.9	

It is evident from the Table 5 that the INL junior level employees have shown slightly higher impact of leadership on motivation than the middle level employees as the mean score of the junior level (159) is being marginally higher than the mean score of the INL middle level (152). As the calculated 't' value (1.153) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among inter levels of INL employees on impact of leadership on motivation" is accepted.

IMPACT OF LEADERSHIP ON MOTIVATION LEVELS

The impact of leadership on motivation of employees is classified as high, moderate and low. The scores of the employees are arranged in descending order. The categorized 'high impact scores' were taken as 200-160, moderate impact scores were taken as 160-120, and low impact scores were taken as 120-80 are arranged.

TABLE – 6: HIGH IMPACT OF LEADERSHIP ON MOTIVATION IN GGH AND INL EMPLOYEES

Organization	N	Mean	S.D	't' Value
GGH	21	184	13.5	0.868
INL	44	181	12.0	

It is evident from the Table 6 that the GGH employees under high impact of leadership on motivation have shown higher impact than the INL employees under high impact of leadership on motivation as the mean score of the GGH employees (184) is more than the mean score of the INL employees (181). As the calculated 't' value (0.868) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is accepted.

TABLE – 7: MODERATE IMPACT OF LEADERSHIP ON MOTIVATION IN GGH AND INL EMPLOYEES

Organization	N	Mean	S.D	't' Value
GGH	11	143	10.1	0.561
INL	35	141	11.0	

It is evident from the Table 7 that the GGH employees under moderate impact of leadership on motivation have shown higher impact than the INL employees under moderate impact of leadership on motivation as the mean score of the GGH employees (143) is more than the mean score of the INL employees (141). As the calculated 't' value (0.561) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is accepted.

TABLE – 8: LOW IMPACT OF LEADERSHIP ON MOTIVATION IN GGH AND INL EMPLOYEES

Organization	N	Mean	S.D	't' Value
GGH	15	104	16.3	2.526
INL	23	117	14.2	

It is evident from the Table 8 that the INL employees under low impact of leadership on motivation have shown higher impact than the GGH employees under low impact of leadership on motivation as the mean score of the INL employees (117) is more than the mean score of the GGH employees (104). As the calculated 't' value (2.526) is less than the critical value, it is not significant at 0.01 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is rejected.

JOB LEVEL AND IMPACT OF LEADERSHIP ON MOTIVATION

Every job level and effect the impact of leadership on motivation is classified as high, moderate and low impact with a view to find out difference between job level of employees of GGH and INL.

TABLE – 9: HIGH IMPACT OF LEADERSHIP ON MOTIVATION IN MIDDLE LEVEL GGH AND INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
GGH Middle level	11	184.5	14.7	0.453
INL Middle level	21	182.2	11.4	

It is evident from the Table 9 that the GGH employees under high impact of leadership on motivation have shown higher impact than the INL employees under high impact of leadership on motivation as the mean score of the GGH employees (184.5) is marginally higher than the mean score of the INL employees (182.2). As the calculated 't' value (0.453) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is accepted.

TABLE – 10: MODERATE IMPACT OF LEADERSHIP ON MOTIVATION IN MIDDLE LEVEL GGH AND INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
GGH Middle level	6	138.2	10.3	0.433
INL Middle level	25	140.4	13.3	

It is evident from the Table 10 that the INL middle level employees under moderate impact of leadership on motivation have shown higher impact than the GGH middle level employees under moderate impact of leadership on motivation as the mean score of the INL middle level employees (140.4) is marginally higher than the mean score of the GGH middle level employees (138.2). As the calculated 't' value (0.433) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is accepted.

TABLE – 11: LOW IMPACT OF LEADERSHIP ON MOTIVATION IN MIDDLE LEVEL GGH AND INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
GGH Middle level	10	100.9	17.1	2.859
INL Middle level	10	116.8	4.1	

It is evident from the Table 11 that the INL employees under low impact of leadership on motivation have shown slightly higher impact than the GGH employees under low impact of leadership on motivation as the mean score of the INL employees (116.8) is marginally higher than the mean score of the GGH employees (100.9). As the calculated 't' value (2.859) is less than the critical value, it is significant at 0.01 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is rejected.

TABLE – 12: HIGH IMPACT OF LEADERSHIP ON MOTIVATION IN JUNIOR LEVEL GGH AND INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
GGH Junior level	10	183.6	12.7	1.12
INL Junior level	23	188.9	12.0	

It is evident from the Table 12 that the INL employees under high impact of leadership on motivation have shown higher impact than the GGH employees under high impact of leadership on motivation as the mean score of the INL employees (188.9) is marginally higher than the mean score of the GGH employees (183.6). As the calculated 't' value (1.12) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is accepted.

TABLE – 13: MODERATE IMPACT OF LEADERSHIP ON MOTIVATION IN JUNIOR LEVEL GGH AND INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
GGH Junior level	5	149.4	5.9	1.616
INL Junior level	10	142.9	9.6	

It is evident from the Table 13 that the GGH employees under moderate impact of leadership on motivation have shown higher impact than the INL employees under moderate impact of leadership on motivation as the mean score of the GGH employees (149.4) is marginally higher than the mean score of the INL employees (142.9). As the calculated 't' value (1.616) is less than the critical value, it is not significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is accepted.

TABLE – 14: LOW IMPACT OF LEADERSHIP ON MOTIVATION IN JUNIOR LEVEL GGH AND INL EMPLOYEES

Job level	N	Mean	S.D	't' Value
GGH Junior level	5	109.8	14.4	1.152
INL Junior level	13	117.3	3.5	

It is evident from the Table 14 that the INL employees under low impact of leadership on motivation have shown higher impact than the GGH employees under low impact of leadership on motivation as the mean score of the INL employees (117.3) is marginally higher than the mean score of the GGH employees (109.8). As the calculated 't' value (1.152) is less than the critical value, it is a significant at 0.05 level. Hence, the null hypothesis of "there is no significant difference among different levels of GGH and INL employees on the degree of impact of leadership on motivation" is rejected.

CONCLUSIONS

- There is no significant difference of impact of leadership on motivation among GGH and INL employees.
- There is no significant difference among GGH and INL employees on different levels of impact of leadership on motivation.
- There is no significant difference among middle levels of GGH and INL employees on the high and moderate degree of impact of leadership on motivation but not at low impact of leadership on motivation.
- There is no significant difference among junior levels of GGH and INL employees on the degree high and moderate impact of leadership on motivation but not at low impact of leadership on motivation.

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A REVIEW OF THE IMPACT OF VISUAL MERCHANDISING ON CONSUMER PSYCHOLOGY: CONCEPTUAL FOUNDATIONS AND RESEARCH ISSUES

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ABSTRACT

Marketing is defined as "human activity directed at satisfying needs and wants through exchange processes". Thus the beginning of marketing lies in identifying unsatisfied human needs and wants and understanding the ensuing activity which people engage in to fulfill these. And that, as we have described, is the realm of consumer behavior. Consumer behavior and marketing go hand-in-hand. Trying to do the latter without an understanding of the former is akin to firing a shot in the dark. Marketers use a variety of inputs to transfer information to customers. In order to directly work at the cognitive processes of the customer, most marketers try to incorporate perceptual inputs and stimuli in the process of information transfer or information to the customer. Therefore the sensory organs of the customer in this context are dimensions that are worked on. Therefore there exists a need to study the effect of marketing and the various marketing initiatives on consumer behavior through consumer psychology. It's at this juncture that we need to understand the motivation behind a marketer's requirement to incorporate the usage of visual marketing and visual merchandising to affect upon the process of transfer information to customers, the cognitive processes of the customer and thus the consumer behavior of the consumer. This article is a part of my doctoral thesis study on the topic and the information presented is a part of my research. The present study is a conceptual study and aims at identifying the articles that detail about the various facets of visual merchandising. While exhaustive research has been done on visual merchandising and the various facets of visual merchandising, each of the article so presented has spoken one or few dimensions of visual merchandising. There is a need to offer a conducive model that does just speak of few of the dimensions like display and maybe music in isolation. There seems to be a need to study the effect of the various important visual merchandising dimensions in combination with each other, together and then view the holistic impact on the resultant consumer behavior. As known, a consumer's emotions can be a mediating factor in the purchase process. This study intends to have a holistic view of all such dimension (from the visual merchandising angle) and try and detail how these various dimensions of purchase behavior influence the emotional states of consumers.

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M310

KEYWORDS

Consumer behavior, Purchase behavior, Emotional states, Visual merchandising, Consumer psychology.

INTRODUCTION

Visual marketing has a lot to do with the cognitive sub processes of attention and perception, visual cognition, and action and choice. This is an area of interest in marketing, management, industrial design, and consumer and social psychology, marketing communications, retail, and in store marketing.

Going by the retail boom that is so prevalent in India and India fast growing as an economic destination for global brands it becomes imperative to understand the influence of visual marketing on store image and store choice while talking about consumer behavior towards malls and the usage of visual marketing while positioning a store.

"Attractive displays attract and stimulate !! This, in turn, creates desire and behavior – that of increased sales" ---- Bell & Ternus, 2002

Research done on this topic suggests that with increasing entry of strong brand names into the marketing arena, brands, companies are working on customer pull and retention strategies.

All research would justify that advertisements primarily serve two basic roles: to inform and to persuade. In other words, advertisements provide information related to a particular product or service that in turn persuades consumers to buy the product or service. So in the light of our study we look at the retail outlet, the design of the retail outlet and the visual merchandising used as the marketer's tool that would pull the customer to make a choice by appealing to his visual senses.

The run is on to create a marketing strategy that can entice the customer to buy. In any retail mall today, the most striking feature is the value added retail experience offered. In this regard visual merchandising plays a very important role in the overall customer experience. In fact according to Ms. Sharmila Dua and Dr. Anjali Karolia in their article "Visual Merchandising - The Changing Scenario," visual merchandising is the most useful creative art as far as retail business, which is slowly establishing an identity in India

Visual merchandising (VM) is the creative, organized, and sustained approach of enhancing the look and feel of our merchandise in order to maximize sales. It is everything that the customer sees and feels both interior and exterior, that creates a positive image of a business and results in attention, interest, desire, conviction, and sale. "This is who we are and what we stand for."- Martin S. Pegler

VISUAL MERCHANDISING AS A CONCEPT

Visual merchandising is defined as "the arrangement of a outlet and its merchandise in ways that will draw the interest of prospective customers and prompt them to make purchases" (Diamond & Diamond, 2003, p. 5). Traditionally the term "display" was used to describe the job of a "window trimmer" that produced illustration or artistic aspects of the merchandising presentation (Cahan & Robinson, 1984; Diamond & Diamond, 2003). Today visual merchandising emphasizes the total store atmosphere including merchandise presentation, store design and image, mannequins, props and materials, lighting, graphics, and signage (Cahan & Robinson, 1984; Diamond & Diamond, 2003). Visual merchandising is thus concerned with both the visual and the marketing functions of the store atmosphere to augment the store image and to boost sales (Cahan & Robinson, 1984; Diamond & Diamond, 2003). Walters and White (1987) stressed that visual merchandising should kindle consumers' interest about products and motivate them to buy more products. Using theme-oriented props in the retail store, visual merchandising may amplify mood which can influence purchasing (Tyreman & Walton, 1998). Sears stores displays men's shirts with typewriters, globes, and old law books in order to create the ambience of a professional office (Tyreman & Walton, 1998). Theme-oriented props help consumers and the way the products

are displayed influences consumers' reaction to the product (Tyreman & Walton, 1998). Sometimes, improper elements incompatible with consumers' expectations can harm store image (Cahan & Robinson, 1984; Walters & White, 1987). Thus, the quality of visual merchandising is thought to be very important to increase sales as well as to augment the image of the store (Cahan & Robinson, 1984; Walters & White, 1987).

VISUAL MERCHANDISING-SCOPE, IMPLEMENTATION, TECHNIQUES AND IMPACT ON CONSUMER BEHAVIOR

According to Ms. Sharmila Dua and Dr. Anjali Karolia in their article, "Visual Merchandising - "The changing scenario", it has been clearly pointed out that "The Indian retail industry is estimated to have a market size of \$180 billion accounting for a national GDP of 10%. It is poised to see a growth of 11 - 12% per year. India is placed sixth in the global retail development index and it is predicted that there will be 1000 - 1500 stores in each of the metros by next year. About 60% of the growth expected is to be in the area of fashion and lifestyle, and visual merchandising is one key area for the same." As in the paper, "The store derives as much of its identity, character and gravity from its physical contours, as from the products it houses and the individuals who manage the transactions there in. It includes not only the products on sale but also the decor, the shop floor and ceiling, restrooms and trial rooms, staff uniforms, lipstick color of female personnel and tie knots of male personnel. It is also inclusive of the attitude of the personnel who interact with customers. Hence everything that makes an impact on the perspective customer is part of visual merchandising." In order to make visual merchandising work, the retailer needs to utilize visual merchandising to develop a powerful store-image effectively. Image can be described as the overall look of a store and the series of mental pictures it evokes within the beholder. Everything you do in the store must fit into the image you chose to create. Creation of a recognizable image that will be applied and communicated effectively through multiple media to gain customer recognition and loyalty. "Image is everything".

Studies indicate that a retailer has roughly seven seconds to capture the attention of a passing customer. The following elements combine to form a distinctive image that not only reaches out and grabs the customer's attention, but also makes a positive impression within those precious seconds. The image makers are: an identifiable store name, a powerful visual trademark, an unmistakable storefront, an inviting entrance and a consistent and compelling store look and hook. The entire store experience would be said to have an effectively working visual merchandising if each of the above would be consistent in reinforcing the brand image of the store.

According to V.P.S. Arora, Shivani Sharma and Nirdesh K. Singh, in the article, "Nature and Functioning of Visual Merchandising in Organized Food Retailing", where a comparative analysis of visual merchandising has been done at Food Bazaar (Ambala), Subhiksha (Chandigarh) and ITC Choupal Fresh (Chandigarh) a study was made to identify the Problems faced in implementation of visual merchandising at retail stores and few implications of the same have been discussed. The study has revealed that retail planograms, retail merchandising and retail signages are the three important components of visual merchandising.

According to Rick Segel in his article, "The Top Twelve Visual Merchandising Ideas" a guide and strategies that can be used to improve a store's visual merchandising has been detailed. According to this study the various strategies that can be used include: setting up a display of merchandise outside the store, usage of signages to identify not only departments but also categories, usage of display windows to set the mood of the store which should match the mood of the customer, To appeal to all the senses by using a combination of smell, touch, taste and display, to show customers how the merchandise will look in their home, to Organize the store logically, to Display merchandise from several categories and Group By Lifestyle, usage of spotlights within the store as well as in the windows to highlight, regular change of display, Effective usage of color and planning displays around a central color that pops and captures the customer's attention, usage of motion for merchandise, usage to principle of three to create a display and work in sets of three.

VISUAL MERCHANDISING - A STRATEGIC TOOL

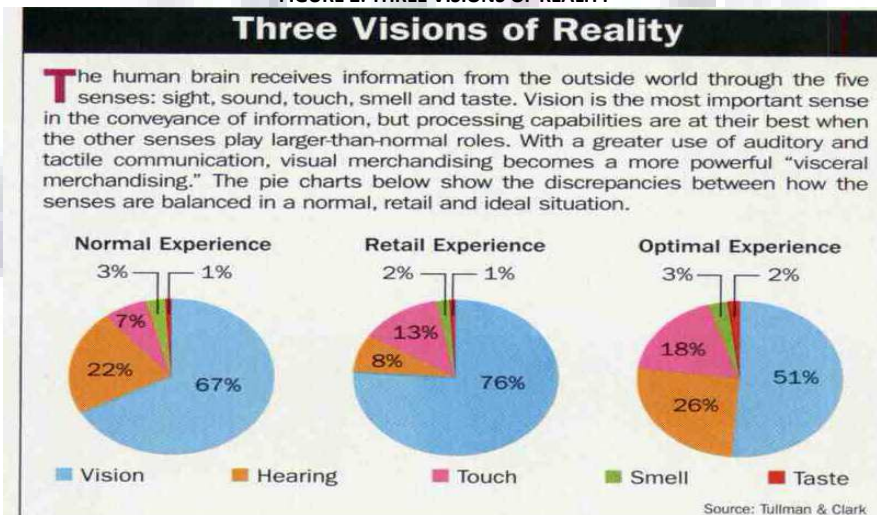
Accordingly Visual merchandising is an important strategic tool in fashion marketing (Lea-Greenwood, 1998). Visual merchandising as the total store environment including merchandise presentation, store design and image, mannequins, props and materials, lighting, graphics, and signage influences product sales and store image in the retail setting (Cahan & Robinson, 1984; Diamond & Diamond, 2003). Previous research found that store environments (e.g., lighting, color, and music) influenced consumers' emotional states such as pleasure and arousal that in turn influenced consumer response behaviors (Baker, Levy, & Grewel, 1992; Bitner, 1992; Buckley, 1991; Donovan & Rossiter, 1982; Donovan, Rossiter, Marcoolyn, & Nesdale, 1994; Spies, Hesse, & Loesch, 1997). Higher levels of pleasure and arousal induced by store environments increased purchase intention (Babin, Hardesty, & Suter, 2003; Fiore & Kimple, 1997) and approach behaviors (Donovan & Rossiter, 1982). This indicates the importance of visual merchandising in retail stores for increasing purchase intention and approach behaviors.

EFFECT OF VISUAL MERCHANDISING ON CONSUMER BEHAVIOR

According to Mathew J. Tullman & K. Rose Clark, in their article "Revitalising Visual Merchandise", Of the vast majority of information collected by the customers about environment, 65% to 70% is obtained through the eyes, the runners up - the sense of hearing is a distant second. Therefore retail environments typically rely far more heavily on visual communication. So methods to effectively influence the customer should not be based on visual impact alone. Providing well rounded in-store communication, that aims at impacting all the senses, is therefore the key to success".

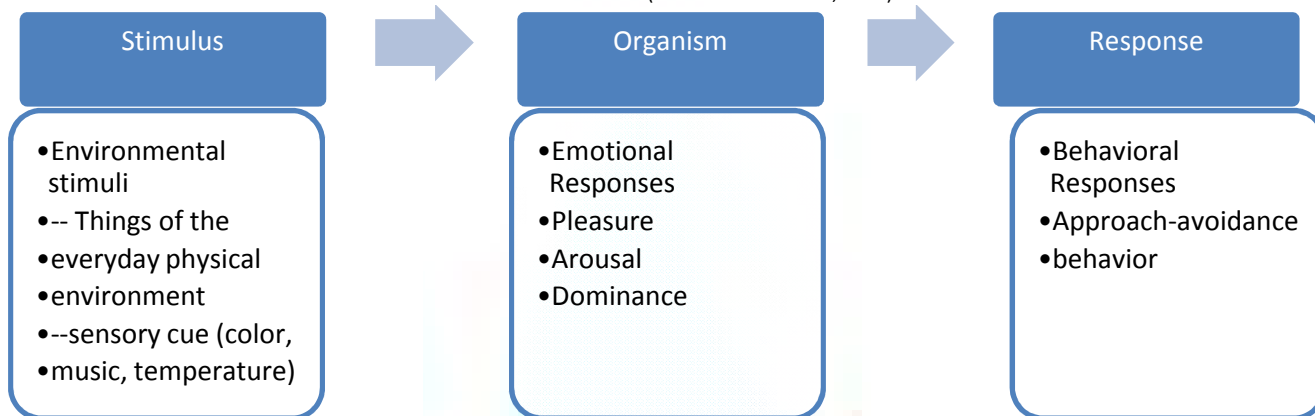
According to Larry B. Johnson, in his article Visual Merchandising and Your Store's Brand Image, "The three major features of visual presentation of jewelry have a significant impact on the store image and how the store's displays support it. These are: color, applicability and presentation".

FIGURE 2: THREE VISIONS OF REALITY



According to Mehrabian and Russell (1974), much of the research in environmental psychology has focused on the effects of physical stimuli on human emotions (e.g., pleasure, arousal, and dominance, or 'PAD') and the effects of physical stimuli on a variety of behaviors (e.g., satisfaction, purchase intention, and approach-avoidance behavior). In terms of physical stimuli, most research has relied on the sensory variables such as color, sound, temperature, and texture. Consumer emotions are conceptualized as three dimensions: pleasure, arousal, and dominance. These emotional states cause various consumer response behaviors (Mehrabian & Russell, 1974). Physical stimuli (e.g., store design) in the environment influence consumer emotions (e.g., pleasure and arousal) that serve as mediating variables in determining a variety of consumer response behaviors such as satisfaction, purchase intention, and approach behaviors in a retail setting. A high level of pleasure and arousal elicited by environmental stimuli in retail stores and in websites enhance satisfaction (Eroglu et al., 2003; Machleit & Mantel, 2001; Spies, Hesse, & Loesch, 1997), purchase intention (Babin & Babin, 2001; Fiore et al., 2005; Spies et al., 1997), and approach behaviors such as desire to explore and desire to shop (Eroglu et al., 2003; Menon & Kahn, 2002). Mehrabian and Russell (1974) proposed the theoretical framework with the outline of the important variables that take place in most situations; it is called the Stimuli (S)—Organism (O)—Response (R) paradigm.

FIGURE 3: S-O-R PARADIGM (Mehrabian & Russell, 1974)



Several researchers have examined the S-O-R model in retail store environments and found that consumers' emotions induced by environmental stimuli influenced consumers' response behaviors such as satisfaction, purchase intention, and approach behaviors. Higher levels of pleasure and arousal from the store environment enhances shoppers' purchase intentions (Fiore & Kimle, 1997). Donovan and Rossiter (1982) tested the S-O-R model in retail settings, especially focusing on three emotional experiences—pleasure, arousal, and dominance—and suggested that this framework is a good starting point for studying consumer response behaviors in the retail context. They found that retail environmental stimuli influenced consumers' emotions such as pleasure, arousal, and dominance and these emotional experiences were powerful determinants of consumer behaviors in the retail store. Pleasure induced by store stimuli such as lighting and music had an effect on consumer behaviors including positive attitudes toward store environment, enjoyment of shopping, intention to revisit the store, intention to spend, and intention to browse more.

Baker et al. (1992) examined various aspects of store atmospherics—ambient cues and social cues—and their effects on the retail patronage decision based on the S-O-R model. They found that ambient factors such as music and lighting significantly influenced consumers' pleasure for the low social factor but not for the high social factor. Social cues alone influenced consumers' arousal in the store. These affective states—arousal and pleasure—had a great impact on consumers' purchase intentions (Baker et al., 1992).

EFFECT OF VISUAL MERCHANDISING ON CONSUMER BEHAVIOR/TYPES OF CONSUMER BEHAVIOR

Sherman et al. (1997) studied the effects of various stimuli (social factor, overall image, design factor, and ambient factor) in apparel retail stores on consumer emotions (pleasure and arousal) which in turn influence consumers' purchasing behavior. The results showed positive effects of social factors and design factors on pleasure and a positive effect of ambient factors

on arousal. Consumer emotions induced by a variety of factors in the store environment enhanced the amount of money and time spent in the store and the number of items purchased in the store (Sherman et al., 1997). Color is one of the most important design elements to communicate style and mood in retail store environments since it is the first thing a customer notices in the store (Colborne, 1996). Exciting colors attract our eye and make a store look alive (Colborne, 1996). Color in retail stores appears to influence consumer emotions such as pleasure and arousal (Bellizzi & Hite, 1992; Crowley, 1993) that in turn influence consumer behavioral intentions. Consumers' evaluations and excitement induced by the color of store environments were positively related to store patronage intentions and purchase intentions (Babin et al., 2003).

Researchers found that impulse buyers usually do not set out with the specific purpose of visiting a certain store and purchasing a certain item; the behavior occurs after experiencing an urge to buy (Beatty & Ferrell, 1998), and such behaviors are influenced by internal states and environmental/external factors. Since impulse buying is a pervasive aspect of consumers' behaviors and a focal point for strategic marketing plans (Rook, 1987), it is worthwhile for retailers to understand factors within the retail setting that trigger consumers' impulsive reactions. Retailers can help customers to find the right products through focused merchandising, intelligent store design and layout, and other visual merchandising practices, such as product displays, packaging, and signage (Abrams, 1996; Baker)

MODELS OF VISUAL MERCHANDISING –CONSUMER BEHAVIOR

Churchill and Peter (1998) generated a model of the consumer buying process (Figure 3) including five steps: need recognition, information search, alternative evaluation, purchase decision, and post-purchase evaluation. According to the model, "The consumer buying process is influenced by social, marketing, and situational factors (Churchill & Peter, 1998). Marketing influences on the consumer buying process include the affect of the marketing mix, known as product, price, placement, and promotion, which influence the consumer buying process at various stages. Consumers, in general, are influenced by characteristics of the situation, circumstances surrounding their shopping trip". The physical surroundings that influence buying behavior are observable features that include location of the store, merchandise display, store interior/exterior design, and noise level of the store. The social surroundings of a situation are other people, their characteristics and roles, and the way they interact.

In the respect of Stern's (1962) classification, therefore, several of Churchill's and Peter's (1998) pre purchase steps are entirely skipped in the impulse buying process. Considering the nature of impulse buying, which occurs in a short period of time without prior plans, Churchill's and Peter's (1998) model has been modified for the purpose of this study to describe the impulse buying process by omitting several steps, such as need recognition, information search, and alternative evaluation, and reclassifying influencing factors. As consumers are exposed to the stimuli, these in turn trigger customers' urge to buy on impulse. When impulse buyers feel the desire to buy, they make a purchase decision without searching for information or evaluating alternatives. At this stage of the impulse buying process, consumers feel an irresistible urge to buy regardless of their prior intention. Then, consumers may experience positive or negative consequences by the post-purchase evaluation after the purchase on impulse. In fact some consumers have reported dissatisfaction with a product, but

maintain satisfaction that the purchase was made (MacLinnis & Price, 1987; Sherry, 1990). The more the store stimuli, such as visual merchandising, serves as a shopping aid, the more likely the possibility of a desire or need arising and finally creating an impulse purchase (Han, 1987; Han et al., 1991)

Visual Merchandising is a strategic tool in fashion marketing and can attract consumers and communicate brand image (Lea-Greenwood, 1998). In-store visual merchandising includes floor layout, interior design, signage, in-store promotion, and product mix that attract customers (Harris, 1998). Visual Merchandising cues in window displays affect consumer decisions to enter stores (Sen et al., 2002). These findings demonstrate that visual merchandising is important to study (Lea-Greenwood, 1998). Kerfoot et al. (2003) investigated the effects of visual merchandising stimuli on brand recognition, browsing, purchase intentions, and liking for displays in women's apparel stores.

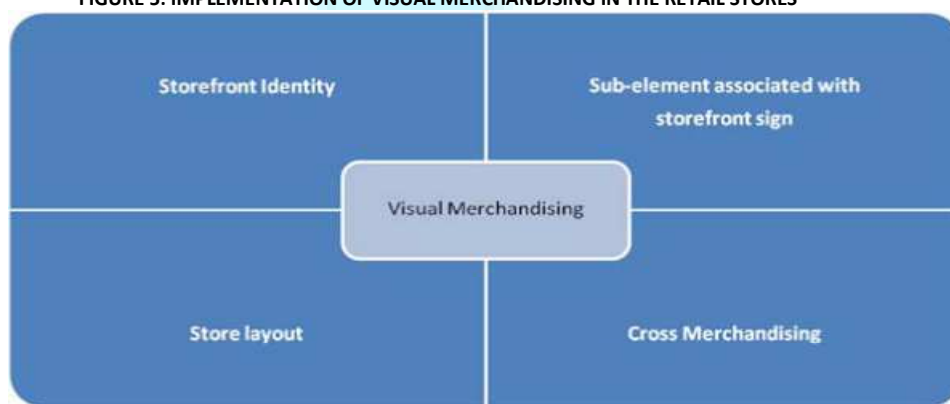
Aspects of visual merchandising that influenced perceptions were identified, including environmental or atmospheric characteristics (e.g., merchandise color, materials and lighting), manner of merchandise presentation, and path finding or having a clear path to navigate in the

Store. Results showed that coordinated merchandise color was more pleasant and led to more purchasing than uncoordinated merchandise color. In addition, presentations that helped shoppers visualize outfits (i.e. hanging presentation) or that gave shoppers an idea of how the outfit would look when worn (i.e. mannequin presentation) were positively perceived and tended to stimulate multiple purchases and browsing (Kerfoot et al., 2003). According to studies, the ease with which shopper are able to navigate the store has a very clear impact on their choices. It has been observed that -When clear paths are not provided, shoppers have difficulty getting around and are unsure where to start (Kerfoot et al., 2003). Path-finding difficulties were also associated with merchandise obstructions due to display and merchandise density, the absence of which was associated with perceptions of quality. In addition, environmental aspects such as flooring, fixtures, hangers, and lighting also affected perceptions. In general, results supported relationships between Visual Merchandising and approach and avoidance behaviors (Kerfoot et al., 2003).

According to Hemanth.Y, in his article, Visual Merchandising –A smart Model, speaks about a smart Model for Visual Merchandising. He feels, The term Smart Visual Merchandising is the way in which the stores display the products electronically. He speaks about the attributes of Visual Merchandising and depicts it in the form of figures as follows: The figure 4 depicts about various attributes of Visual Merchandising, while figure 5 shows how Visual Merchandising can be transformed into a smarter model.

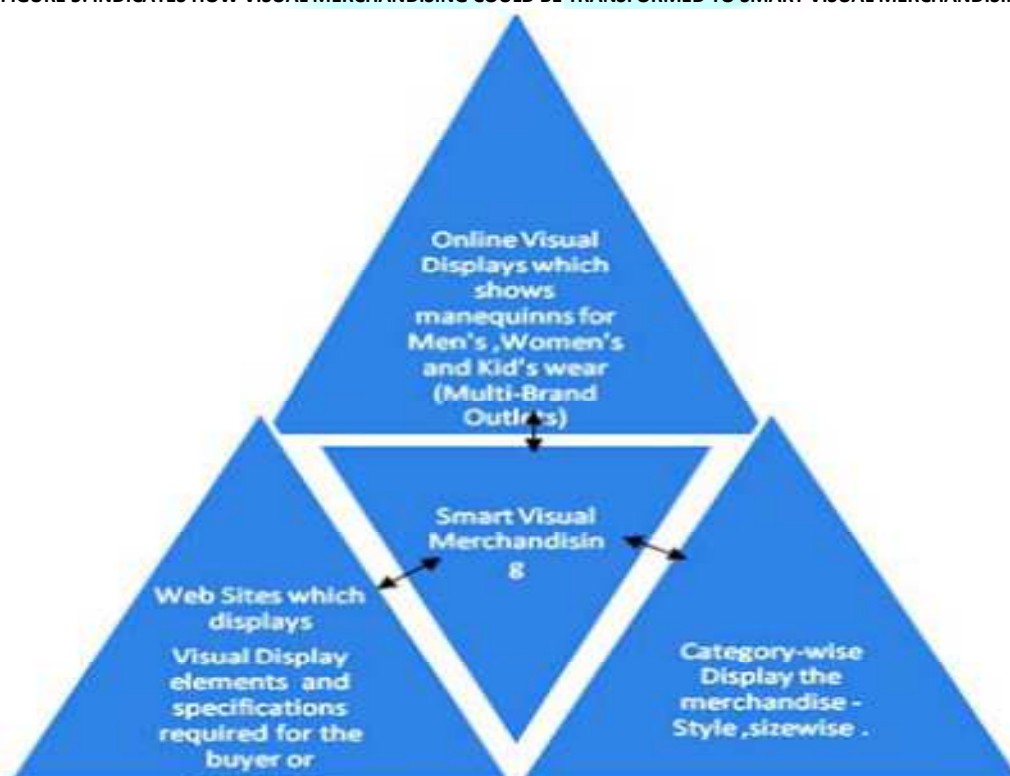
The tools used to achieve these attributes are based on creating the most satisfying experience for the shopper, turning web user into buyers.

FIGURE 5: IMPLEMENTATION OF VISUAL MERCHANDISING IN THE RETAIL STORES



He says, the way merchandise is displayed in show windows also has a lot to do with tantalizing the guests into the store. Whether a store in the mall or on the street, the customer has only a few seconds to view and be attracted by the store's displays. Therefore a store's visual philosophy should replicate a billboard: which should be making it bold, colorful, and simple.

FIGURE 5: INDICATES HOW VISUAL MERCHANDISING COULD BE TRANSFORMED TO SMART VISUAL MERCHANDISING



RETAIL STORE LAYOUT AS A VARIANT OF VISUAL MERCHANDISING

According to Evans et al. (1996) an association exists between store layout and walking patterns of consumers and the layout could affect the duration of the consumers' experience in-store and the number of products they are exposed to. Underhill (1999) defines a good fashion store, as one that maximises the fashion consumer's exposure to fashion merchandise and invites consumers' consideration of fashion items by displaying merchandise in their path and field of vision (Underhill 1999). It is also suggested that factors such as the accessibility, visibility and attractiveness of the merchandise in combination with the store layout may promote fashion purchases.

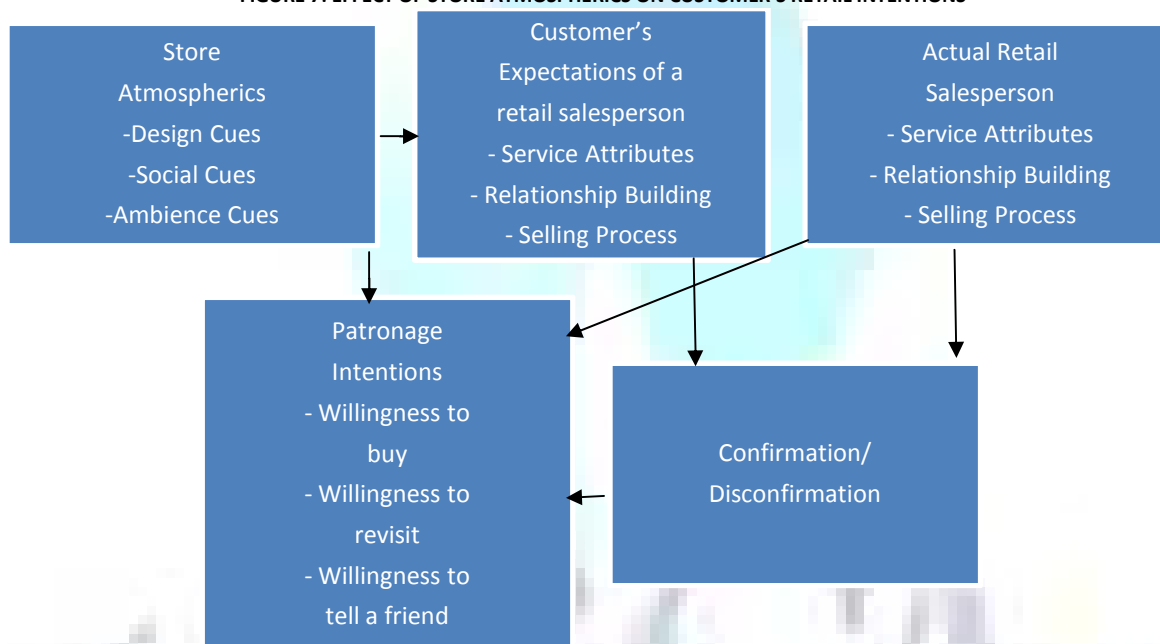
The article, 'The Effect of Fashion Store Layout And Visual Merchandising On Female Consumer Walking Patterns: A Systems Perspective' by Elizabeth Kempen, Dept. Of Consumer Sciences, North-West University, Daleen Van der Merwe, Dept. Of Consumer Sciences, North-West University, Nadine Sonnenberg, Dept. Of Consumer Sciences, North-West University, through the empirical study very clearly pointed out that both store layout and visual merchandising as subsystems within the store system have a prominent role to play in consumers' in-store behavior and walking patterns, as the different consumer categories notice visual merchandising in different ways.

Harris, Harris and Baron (2003) recently attempted to create a framework in which these marketing mix variables combine to create the holistic experiential goal. When designing the framework, it was found that the two central components required to complete the experiential goal were the humanics: the experience performers, and the mechanics: the experience design (Carbone and Haeckel, 2000; Harris, Harris and Baron, 2003). Figure 7, extends the work of Harris, Harris and Baron (2003) and Baker et al. (2002) and places it in a consumer context. The framework indicates that store atmospherics and retail salespeople work as separate variables to affect consumer's patronage intentions. The framework additionally suggests that store atmospherics can influence a customer's expectations of a retail salesperson in a retail environment. This leads to a potential difference between a consumer's expectation of a retail salesperson and their perceptions of the actual retail salesperson delivery. The 'moment of truth,' where the consumer disconfirms the match between expectations and perceptions of actual delivery is displayed because this will influence the customer's patronage intentions.

VISUAL MERCHANDISING & IN STORE ATMOSPHERICS

According to the research, In-store atmospherics are sensory or environmental cues used to develop store/brand image, which will lead to influence a consumer's evaluation of the environment and subsequently leading to a positive behavioral response. Responses include increased stay time (Lacher and Mizerski 1994; Yalch and Spangenberg 1990), mood (Swinyard 1993), purchase intention and customer share (Babin and Attaway 2000; McGoldrick and Pieros 1998). Store atmospherics encompass cues such as color, lighting, scents, sounds, layout and furnishings. Bitner (1992) proposed that consumers view the store environment as a composite of three dimensions: ambience, space/function and signs, symbols and artifacts. Mattila and Wirtz (2001) identified a relationship between scent, music and the store environment, and called for more research that examined the combined effects of atmospheric cues. Baker et al. (2002) combined multiple environmental cues with customer values of time, cost, merchandise value and interpersonal service quality, and found store atmospherics influenced customer assessments of store criteria such as merchandise quality.

FIGURE 7: EFFECT OF STORE ATMOSPHERICS ON CUSTOMER'S RETAIL INTENTIONS



VISUAL MERCHANDISING MODELS

According to Michel Wedel, Univ Of Maryland, USA AND Rik Pieters, Tilburg Univ, Netherlands, in their article, "Visual Marketing –From Attention to Action", various areas of consumer behavior patterns like attention and perception, visual cognition and action and choice and their effect on vision which is the primary human sensory modality and its impact on marketing is discussed.

According to Mehrabian and Russell and their proposed S-O-R Paradigm (1974), it is called the Stimuli(S)—Organism (O)—Response (R) paradigm (much of the research in environmental psychology has focused on the effects of physical stimuli (e.g., things of the everyday physical environment) on human emotions (e.g., pleasure, arousal, and dominance, or 'PAD') and the effects of physical stimuli on a variety of behaviors (e.g., satisfaction, purchase intention, and approach-avoidance behavior). As mediators, these emotional states cause various consumer response behaviors (Mehrabian & Russell, 1974). Physical stimuli (e.g., store design) in the environment influence consumer emotions (e.g., pleasure and arousal) that serve as mediating variables in determining a variety of consumer response behaviors such as satisfaction, purchase intention, and approach behaviors in a retail setting.

Mehrabian and Russell (1974) proposed the theoretical framework with the outline of the important variables that take place in most situations; it is called the Stimuli(S)—Organism (O)—Response (R) paradigm. Applying the S-O-R model to an Internet shopping context, a recent study (Eroglu et al., 2003) found that the effects of consumer emotions as intervening variables between various web cues and consumer response behaviors in an Internet retail setting are analogous to those in an in-store retail shopping context. Emotions (pleasure and arousal) induced by atmospheric stimuli presented in the website had a significant effect on consumer response behaviors such as satisfaction and approach behaviors (Eroglu et al., 2003).

The observations of this study is reminiscent of Omar's (1999) classification of interior display types namely merchandise, point-of-sale and architectural. According to the study, similarity between aspects of retail image and interior display types helps to highlight the potential connection between display and the development and communication of a retail brand. The article suggests that of the display types that related to merchandise is most apt.

Lynch(1960) devised the acronym "PLEND" to describe the ability of individuals to find their way by reference to paths, landmarks, edges, nodes and districts as a model for Visual Merchandising in a retail outlet.

According to Young Ha, Wi-Suk Kwon and Sharron J. Lennon, The Ohio State University, Columbus, USA in their article "Online Visual Merchandising (VMD) of Apparel web sites" a model of online store atmospherics is discussed. According to the article, Erogulu et al (2001, 2003) had developed a model of online store atmospherics that builds a stimulus-organism-response framework.

Erogulu et al (2001) suggest that images of the merchandise, music, icons, color, background patterns, animation and fonts effect behavior.

Studies by Stanforth and Lennon, 1997, suggest that customers expectations of customer service is a function of the visual merchandising affect satisfaction and ratings of salespeople

Studies by Sen et al (2002) suggest that Visual Merchandising cues in window display affect consumer decisions to enter stores.

Studies by Mehrabian and Russell's (1974) as in Mehrabian and Russell's (1974) framework specifies that individuals react to their environment along at least three dimensions: Pleasure, Arousal, and Dominance (PAD). The first is an affectual reaction, labeled Pleasure-Displeasure. This entails whether individuals perceive the environment as enjoyable or not enjoyable. For example, playing popular songs should enhance shoppers' enjoyment, whereas unpopular music might diminish it. The second dimension relates to Arousal. It assesses how much the environment stimulates the individual.

Relatedly, Kellaris and Kent (1993) found main effects for music tempo on subject arousal in a laboratory study. The third dimension is Dominance which concerns whether individuals feel dominant (in control) or submissive (under control) in the environment.

CONCLUSION

While exhaustive research has been done on visual merchandising and the various facets of visual merchandising, each of the articles so presented has spoken one or few dimensions of visual merchandising. There is a need to offer a conducive model that does not just speak of few of the dimensions like display and maybe music in isolation. There seems to be a need to study the effect of the various important visual merchandising dimensions in combination with each other, together and then view the holistic impact on the resultant consumer behavior. The various dimensions to be studied in union would be: store décor, product display, usage of mannequins in display window, usage creative and innovative window display, usage information signage, display on shop floor, physical contours of the outlet, balance of design, color and aesthetics, usage of different types of fixtures and nuances of floor merchandising.

Consumer Buying Behavior is strongly related to emotional/affective reactions and behavior despite of the possible fact that it might have been more likely influenced by external factors, the type of influence/response was somewhat difficult to determine by the survey questionnaires. If consumers were aware of their responses to various visual merchandising situations, the influence of different factors/events/visual merchandising strategies and Visual Merchandising aids could have been directly examined. Therefore, combination of quantitative and qualitative research methods (e.g., observational or experimental research methods) is recommended for future research. In addition expended research with various demographical and geographical groups as well as influences of visual merchandising in various non-store formats is recommended.

Having conducted a conclusive study of the literature available, further on studies in the directions listed below may add to the better understanding of visual merchandising. These include:

- To precisely speak and discuss the efficacy of using sensorial purchase drivers to improve impact of visual merchandising
- The future expected growth patterns in visual merchandising
- Most sought after visual merchandising Strategies-Drivers
- Prospects and Challenges faces by visual merchandising in the Face Book Era

A consumer's emotions can be a mediating factor in the purchase process. Studies like "Store environment and consumer purchase behavior: Mediating role of consumer emotions" by Elaine Sherman Anil Mathur and Ruth Belk Smith clearly state that store environment and emotional states of consumers influence various dimensions of purchase behavior.

Human beings have this unique ability to think, to recall and manipulate past impressions and experiences in response to present stimuli, requires a different way of storing impressions than other animals use. Every human being stores impressions. Impressions which are unique to each being. In addition to just storing impressions humans also have the ability to manipulate an impression by virtue of labeling each impression which makes it possible for them to recall and relate them, one to another.

The manner in which a marketer intends to create an impact on his consumers mind may need to understand the dynamics of this process.

Once that is done, a marketer's ability to draw maximum customers to a sale would be a cake walk.

CONCLUDING REMARKS

Research on the topic of Visual Merchandising has dramatically increased over the past decade. However, this rapid growth in research has resulted in the emergence of issues incorporating the need to better understand the differences and similarities between the usage of the various aids of visual merchandising and their differential outputs. In this paper, an attempt has been made to address the issues and to identify avenues for future study. This paper attempts to highlight some key issues of interest.

NOTES

1. The terms-concepts of Visual Marketing and Visual Merchandising relate and connect to each other. So much so that one leads and flows into the other. Therefore for the purpose of this study the two have been used interchangeably and synonymously.
2. For the purpose of meta analysis

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MICROFINANCE: A TOOL FOR EMPOWERMENT OF WOMEN**DR. M S SUBHAS****PROFESSOR****KOUSALI INSTITUTE OF MANAGEMENT STUDIES****KARNATAK UNIVERSITY****DHARWAD****KIRAN KUMAR****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES****KARNATAK ARTS COLLEGE****DHARWAD****ABSTRACT**

Microfinance is considered as one of the important tool to eradicate the poverty i.e. to raise income levels and to broaden financial markets by providing financial and no-financial services to the financially excluded people. Microfinance targets the poor and the economically active poor in the society to assist them to create revenue generating asset. There is growing interest in microfinance as one of the avenues to enable low income population to access financial services. The microfinance got momentum due to failure of formal banking system in meeting out the credit needs of millions of rural and urban people through a mechanism called 'thrift' i.e., small savings of the poor people. Microfinance programs have enabled thousands of women to use small sums in creative and successful ways to develop livelihoods, improve their families well-being, and build up savings. So, microfinance has proven its ability to really empower women, create upward mobility, and contribute to long-term economic growth. The concept of women empowerment has a broader sense it includes Gender Equality and Social, Political and Economical justice by providing innumerable incentives to strengthen their status and make them to self reliant by mobilizing the resources, household decision making and revenues generation.

KEYWORDS

microfinance, poverty, women empowerment, economic growth.

INTRODUCTION

Microfinance is considered as one of the important tool to eradicate poverty by raising the income levels of poor people. The need for microfinance has arisen due to failure of formal banking system, since the bank requires collateral securities and poor people cannot access to such facilities. Most people manage to mobilize their resources to develop their livelihood over time. Financial services could enable the needy to leverage their initiative, accelerating the process of revenue generating assets and economic security.

Successful experience shows that poor people when given access to financial services at concessional rates and flexible terms and conditions to repay the loans and improve their financial status. Success of Bangladesh Grameena Bank which was started by Prof. Muhammed Yunus in 1976 attracted the attention of Indian Policy makers towards the microfinance and micro credit. In the recent period considerable emphasis has been laid down on promotion of microfinance.

Credit for empowerment of women is about organizing people particularly around credit and building capacities to manage money. The focus is on getting the poor to mobilize their own funds, building their capacities and empowering them to leverage external credit. Perception women is that learning to manage money and rotate funds builds women's capacities and confidence to intervene in local governance beyond the limited goals of ensuring access to credit. Further, it combines the goals of financial sustainability with that of creating community owned institutions. Before 1990's, credit schemes for rural women were almost negligible. The concept of women's credit was born on the insistence by women oriented studies that highlighted the discrimination and struggle of women in having the access of credit. However, there is a perceptible gap in financing genuine credit needs of the poor especially women in the rural sector.¹

The government measures have attempted to help the poor by implementing different poverty alleviation programmes such as Swarna Jayanti Shahari Rozgar Yojana (SJSRY) schemes which includes following major components

1. Urban Self Employment Programme (USEP)
2. Urban Women Self-help Programme (UWSP)
3. Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)
4. Urban Wage Employment Programme (UWEP)
5. Urban Community Development Network (UCND)

The above programmes have to be implemented in convergence with other programmes relating to slum development/urban poverty alleviation such as Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Prime Ministers's Employment Generation Programme (PMEGP), Aam Aadmi Bima Sarva Shiksha Abhiyan (SSA), Mid-day Meals Scheme (MMS), Integrated Child Development Scheme (ICDS), Janani Suraksha Yojana (JSS), National Social Assistance Programme (NSAP), Skill Development Initiative Scheme (SDIS) – Modular Employable Skills (MES), etc.²

Since most of them are target based involving lengthy procedures for loan disbursement, high transaction costs, and lack of supervision and monitoring. Since the credit requirements of the rural poor cannot be adopted on project lending approach as it is in the case of organized sector, there emerged the need for an informal credit supply through Self Help Groups (SHGs). The rural poor with the assistance from NGOs have demonstrated their potential for self help to secure economic and financial strength. Various case studies show that there is a positive correlation between credit availability and women's empowerment.

WOMEN EMPOWERMENT

The principle of gender equality is enshrined in the Indian Constitution in its Preamble, Fundamental Rights, Fundamental Duties and Directive Principles. The Constitution not only grants equality to women, but also empowers the State to adopt measures of positive discrimination in favour of women.³

Within the framework of a democratic polity, our laws, development policies, Plans and programmes have aimed at women's advancement in different spheres. From the Fifth Five Year Plan (1974-78) onwards has been a marked shift in the approach to women's issues from welfare to development. In recent years, the empowerment of women has been recognized as the central issue in determining the status of women. The National Commission for Women was set up by an

¹ Dr. Shefali Verma Thakral, Ms. Nitima Uppal and Ms. Esha Chawla – Empowerment of Women through Micro Finance: A Boon for Development of Economy, International Journal of Research in Commerce and Management, pp 147.

² <http://www.municipaladmn.gov.in>

³ <http://wcd.nic.in/empwomen.htm>

Act of Parliament in 1990 to safeguard the rights and legal entitlements of women. The 73rd and 74th Amendments (1993) to the Constitution of India have provided for reservation of seats in the local bodies of Panchayats and Municipalities for women, laying a strong foundation for their participation in decision making at the local levels.

India has also ratified various international conventions and human rights instruments committing to secure equal rights of women. Key among them is the ratification of the Convention on Elimination of All Forms of Discrimination against Women (CEDAW) in 1993.

The Policy also takes note of the commitments of the Ninth Five Year Plan and the other Sectoral Policies relating to empowerment of Women.

The women's movement and a wide-spread network of non-Government Organisations which have strong grass-roots presence and deep insight into women's concerns have contributed in inspiring initiatives for the empowerment of women.

However, there still exists a wide gap between the goals enunciated in the Constitution, legislation, policies, plans, programmes, and related mechanisms on the one hand and the situational reality of the status of women in India, on the other. This has been analyzed extensively in the Report of the Committee on the Status of Women in India, "Towards Equality", 1974 and highlighted in the National Perspective Plan for Women, 1988-2000, the Shramshakti Report, 1988 and the Platform for Action, Five Years After- An assessment"

The underlying causes of gender inequality are related to social and economic structure, which is based on informal and formal norms, and practices.

Consequently, the access of women particularly those belonging to weaker sections including Scheduled Castes/Scheduled Tribes/ Other backward Classes and minorities, majority of whom are in the rural areas and in the informal, unorganized sector – to education, health and productive resources, among others, is inadequate. Therefore, they remain largely marginalized, poor and socially excluded.

GOAL AND OBJECTIVES

The goal of this Policy is to bring about the advancement, development and empowerment of women. The Policy will be widely disseminated so as to encourage active participation of all stakeholders for achieving its goals. Specifically, the objectives of this Policy include⁴

- (i) Creating an environment through positive economic and social policies for full development of women to enable them to realize their full potential
- (ii) The *de-jure* and *de-facto* enjoyment of all human rights and fundamental freedom by women on equal basis with men in all spheres – political, economic, social, cultural and civil
- (iii) Equal access to participation and decision making of women in social, political and economic life of the nation
- (iv) Equal access to women to health care, quality education at all levels, career and vocational guidance, employment, equal remuneration, occupational health and safety, social security and public office etc.
- (v) Strengthening legal systems aimed at elimination of all forms of discrimination against women
- (vi) Changing societal attitudes and community practices by active participation and involvement of both men and women.
- (vii) Mainstreaming a gender perspective in the development process.
- (viii) Elimination of discrimination and all forms of violence against women and the girl child; and
- (ix) Building and strengthening partnerships with civil society, particularly women's organizations.

DECISION MAKING

Women's equality in power sharing and active participation in decision making, including decision making in political process at all levels will be ensured for the achievement of the goals of empowerment. All measures will be taken to guarantee women equal access to and full participation in decision making bodies at every level, including the legislative, executive, judicial, corporate, statutory bodies, as also the advisory Commissions, Committees, Boards, Trusts etc. Affirmative action such as reservations/quotas, including in higher legislative bodies, will be considered whenever necessary on a time bound basis. Women-friendly personnel policies will also be drawn up to encourage women to participate effectively in the developmental process.

ECONOMIC EMPOWERMENT OF WOMEN

POVERTY ERADICATION

Since women comprise the majority of the population below the poverty line and are very often in situations of extreme poverty, given the harsh realities of intra-household and social discrimination, macro economic policies and poverty eradication programmes will specifically address the needs and problems of such women. There will be improved implementation of programmes which are already women oriented with special targets for women. Steps will be taken for mobilization of poor women and convergence of services, by offering them a range of economic and social options, along with necessary support measures to enhance their capabilities.⁵

MICRO CREDIT

In order to enhance women's access to credit for consumption and production, the establishment of new, and strengthening of existing micro-credit mechanisms and micro-finance institution will be undertaken so that the outreach of credit is enhanced. Other supportive measures would be taken to ensure adequate flow of credit through extant financial institutions and banks, so that all women below poverty line have easy access to credit.

WOMEN AND ECONOMY

Women's perspectives will be included in designing and implementing macro-economic and social policies by institutionalizing their participation in such processes. Their contribution to socio-economic development as producers and workers will be recognized in the formal and informal sectors (including home based workers) and appropriate policies relating to employment and to her working conditions will be drawn up. Such measures could include:

Reinterpretation and redefinition of conventional concepts of work wherever necessary e.g. in the Census records, to reflect women's contribution as producers and workers.

Preparation of satellite and national accounts.

Development of appropriate methodologies for undertaking above.

GLOBALIZATION

Globalization has presented new challenges for the realization of the goal of women's equality, the gender impact of which has not been systematically evaluated fully. However, from the micro-level studies that were commissioned by the Department of Women & Child Development, it is evident that there is a need for re-framing policies for access to employment and quality of employment. Benefits of the growing global economy have been unevenly distributed leading to wider economic disparities, the feminization of poverty, increased gender inequality through often deteriorating working conditions and unsafe working environment especially in the informal economy and rural areas. Strategies will be designed to enhance the capacity of women and empower them to meet the negative social and economic impacts, which may flow from the globalization process.

MICROFINANCE AND WOMEN EMPOWERMENT

Empowerment is about 'gaining the ability to generate choices. Microfinance programmes create an enabling environment for women's empowerment through its design, principles and strategies⁶ (Chen, 1992; Gasgenu, 1996; Mayoux, 1989, 1995, 1997). Small groups consisting of 15-20 members, Self-Help Groups (SHGs), Joint Liability Groups (JLGs), Self-Help Affinity Groups (SHAGs) as often they are called, is a prominent feature of group based microfinance programmes. The group based approach creates a community based structure, which builds mutual support and trust among the members. It allows for greater economic and

⁴ Supra note 5

⁵ Supra note 5

⁶ E M Reji – Microfinance and Women Empowerment: Evidence from Field Study, Journal of Rural Development, Vol. 30, No. (1), pp 28.

social integration of the marginalized sections of the society, thereby directly addressing the issues of vulnerability. The group activities also enable the members to overcome many of the difficulties they face in their daily life. The group meetings are convened at regular intervals which facilitate open discussions. Such discussions help the members to share their happiness and sorrows. The members also develop thrift habit. The small saving so collected is pooled together; deposited in a bank, and is used for on-lending to members. The members of the groups are also encouraged to start employment generating activities, which would help them earning a regular income. The group based weekly meetings, which is a characteristic feature of most of the microfinance programmes, provides members the opportunities for developing greater sense of awareness on social and political issues. The opportunities for frequent interaction with the programme staff and other members of the social network, expose the members to new ideas and values as well. Such interaction increases their self confidence, which in turn makes them to be assertive of their rights than women who have not had similar exposure. Microfinance also involves training and other related activities, which provides women members with opportunities to travel outside the villages, and expand their knowledge of the world outside the household and immediate community. This increased mobility leads to attain a greater sense of self-confidence. Microfinance programmes provide the members the means to build up productive assets over time generating income of their own. Their ability to contribute to household income improves as a result of the income generation activities. Economic contribution ensures household welfare and security. Earning an independent income also helps the women to exercise her 'voice' in the household decision-making. Ability to raise one's voice is an important element to empowerment as it is a reflection of enhanced power.⁷

CONCEPT OF SELF HELP GROUP

A Self Help Group (SHG) is a registered or unregistered voluntary association of poor people of 15 to 20, from the same socio-economic background, involving primarily in saving and credit activities. A SHG is formed democratically without any political affiliations. It can be all-women group, all men-group or even a mixed group. However, over 90 per cent of these groups have only women members. This name became popular after the DWACRA (Development of Women and Children in Rural Areas) programme through which women's groups were assisted initially. The SHGs are taking small loans out of the corpus available with the group. The group corpus consists of savings (thrift), government assistance and also bank loan. Micro Finance covers all types of micro products and micro services targeted at the poor population.⁸

CONCLUSION

Microfinance through SHGs has reached the un-reached rural poor women. There is need to evolve an informal micro financing through formal financial institutions. The massive growth of microfinance has paved the way for immediate financial accessibility for the poor who are too far away from this accessibility and microfinance. Micro finance through self help groups is an alternative system of credit delivery for the poorest of the poor groups. It would help in improving the quality of life in Rural India. The government of India and State government can play vital role in encouraging SHGs. SHGs assist the women to perform traditional roles better and to take up micro entrepreneurship.

The group activities are found to be helpful in developing a greater sense of solidarity, closeness and will to shoulder responsibilities among the group members, which is a true reflection of empowerment as a result of participation in group activities.

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4. <http://wcd.nic.in/empwomen.htm>
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⁷ Supra note 8, pp 28.

⁸ Prof. G V Jagapathi Rao – *Micro Financing: A Boon for the Poor*, Anvesha, Vol. 3, No (1), pp. 2.

IMPACT OF SELF HELP GROUPS ON GENDER EQUITY AND SUSTAINABLE DEVELOPMENT

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ABSTRACT

Women remain the most deprived and long neglected segment of the society, despite the constitutional guarantees for equal rights and privileges for men and woman. The concept of gender equity implies that men and women should receive equal treatment. After the economic liberalization gender equity has become the World Bank's 'Mantra' on inclusive sustainable development of the society. Given the widespread gender bias against women in various fields, there are interventions of micro finance which have the potential to enhance the women's capacities which can make a significant difference to the overall development of women. Through Micro finance, women Self Help Groups (SHGs) are significant medium of the poverty alleviation and empowerment of women. SHGs formed by women in different places have proved that they could indeed bring about the changes in the mindset of the very conservative and traditional bound illiterate women in rural areas. The formation of group formation is the best strategy to enlighten the women and provide necessary mental courage for self employment. This paper throws light on SHGs as a development paradigm for bringing about gender equity among different classes of women in Mysore district by creating self employment opportunities through micro credit. This study is based on promise that poor women can internalize production possibilities in group only. They are better equipped to overcome the negative social pressure and gender biases operating against them through group identity and activity. However women empowerment through SHGs is not automatic but depends on various factors such as education, health, environment etc., This paper studies how SHGs leads to increase income generation, savings, education level and improvement in household activities in particular, which highlights gender equity and sustainable development of women in general.

KEYWORDS

Micro finance, Micro Credit, Women Empowerment, Self Help Groups.

INTRODUCTION

 Gender equality, poverty eradication and sustainable development are intrinsically linked. These linkages cut across the social, economic, environmental and governance dimensions of sustainable development. Acknowledging how development challenges and responses affect women, as well as women's vital contributions to economic progress, is essential for the success of sustainable development and poverty eradication policies and practices. Initiatives that engage women as full stakeholders have proven to enhance sustainable livelihoods of local communities and national economies. The success of a post-2015 sustainable development framework depends on translating existing policy promises on gender equality and women's empowerment into concrete actions.

An inclusive and sustainable economy will provide opportunities for women to adopt roles as producers, managers, promoters and sellers of sustainable technologies and businesses. Research has shown that women's participation can not only make cooperatives and businesses more successful, but can also be an indicator for transparency and improved governance.

FEMINIZATION OF POVERTY

Poverty is a multi dimensional concept it means not only a lack of income but also a lack of the basic necessities for a decent life, equality of opportunity, healthcare, education, sanitation and democratic and human rights. At the 4th World Conference on Women in Beijing in 1995, the UN said that "poverty has a Women's face", and 70% of the world poor were female. The simple statement hides a complex reality.

The UN commission on status of women observed 'women who contribute half of the world's population by virtue of accident of birth, perform two third of the world's work, receive one tenth of its income and own less than one-hundredth of its property'. In India women produce 30% of all food commodities consumed but get only 10% of the income, and own 10% of the property or wealth of the country. (Karmakar, 1999 :168)

According to Barbier (1987:14), "sustainable development" is one which is directly concerned with increasing the material standard of living of the poor at the grass root levels which could be quantitatively measured in terms of increased food, real income, educational services, health care, sanitation and water supply, emergency stock of food and cash etc. and only indirectly concerned with economic growth at the aggregate national level. In specific, "sustainable development" aims at reducing the absolute poverty of the world's poor through providing long lasting and secured livelihoods that minimize resource depletion, environmental degradation, cultural disruption and social inability.

In the area of sustainable development for rural women, the focus must be laid on developing the capacity of women through increasing their economic power, social power, participation and decision making levels. This is being achieved to a large extent through the formulation of Self Help Groups.

Self Help Groups have been initiated to promote savings and guide the women towards economic empowerment, to motivate the women for skill development and to create the employment opportunity for women. Also to develop them as a strong force in the community to promote child rights.

Credit for women is a concept, which has come to India only in the late 1980s and suffers from the rural problems of screening, monitoring, enforcement and bias. One novel solution has been group lending with joint liability. Group credit schemes involve borrowers to form homogenous groups that reduce transaction costs both for the lender and the borrower (Karmakar, 1999 :171)

So far, rural credit packages had been exclusively male-oriented and women were largely ignored. However, with various supervisory credit programmes for rural women and the number of SHGs exclusively for women, the neglect of earlier years is being slowly erased. Certain other production-oriented programmes like women's dairy cooperatives etc have had a positive impact in states like Orissa and Bihar. (Karmakar, 1999 :168)

The present paper is an effort to elucidate the success of the SHGs in meeting the credit requirement of the rural poor women, empowering them so that they sustain their development particularly for the women.

Microcredit programmes have brought the vibrancy of the market economy to the poorest villages and people of the world. This business approach to the alleviation of poverty has allowed millions of individuals to work their way out of poverty with dignity. James D Wolfensohn, president, World Bank, July 11, 1996. (Microcredit Summit, 'Declaration and Plan of Action', February 1997) (Kannabran 2005:3717). The concept of SHGs has laid emphasis on delivery of micro credit to the poor on easy and feasible terms and conditions. This saves them from the clutches of exploiting conventional money lenders.

A Self help Group is a socially and economically homogeneous group of 12-20 poor people voluntarily coming together to achieve common goals. These groups start with savings and not with credit; the group then uses its savings to give loans to members to meet their emergency and other needs. (Srivastava, 2004:2-3). Self Help Groups are considered as one of the most significant tools to adopt participatory approach for the economic empowerment of women. It is an important institution for improving the life of women on various social components. The basic objective of an SHG is that it acts as the forum for members to provide space and support to each other. SHGs comprise of very poor people who do not have access to formal financial institutions. It enables its members to learn to cooperate and work in a group environment (Gupta & Gupta, 2006:23)

The very existence of SHGs is highly relevant to make the people of below poverty line hopeful and self reliant. SHGs enable them to increase their income, improve their standard of living and status in society. It acts as a catalyst for bringing this section of society to the mainstream. It is considered as a means of empowerment. (Pillai and Harikumar, 2006:30)

The saving intervention under the groups in the SHGs helps to inculcate discipline on group members in developing saving habit, it increases the self confidence level of the women, and savings serve as cushion during calamities like flood, cyclone or any abnormal happenings in which there is requirement of funds. It imposes the sense of solidarity and cooperation among the members which leads to unity among the group. This unity is channelized to fight out various social evils from the society. Savings plus credit is a good starting point for group formation in the form of SHGs. There is a great incentive to form a group if people feel that it is the only way to have access to credit.

Today there is revolution in the rural parts of the country in the form of SHGs leading to economical and social empowerment of the women. S.H.Gs that got a distinctive identity from 1992 onwards thanks to the leadership role provided by the Reserve Bank of India (RBI) and National Bank of Agriculture and Rural development (NABARD). It is true that SHGs have been seen fundamentally as entities for saving and borrowings. This may have been true of an earlier generation of SHGs, but today, in some parts of the country, SHGs are taking on new roles and responsibilities that lie at the very core of livelihood security for the poor (Ramesh, 2007:3621).

Simultaneously, there has been the SHG upsurge, an upsurge that is uniquely Indian. Over three crore women are now linked to banks through over 22 lakh SHGs and as shown, financial services is only a small part of their success story. More fundamental has been voice, identity and empowerment (Ramesh, 2007:3624).

OBJECTIVES

- To prove that there is a linkage between gender equality, poverty eradication and sustainable development.
- To study the significance of economic opportunities as a critical factor to create sustainable and inclusive economic system, and will to enhance sustainable development.

METHODOLOGY

The present study is an attempt to analyze how sustainable development is achieved by empowering women through Micro credit programme in the study area. And also the role and performance of SHGs in promoting women empowerment in H.D.Kote taluk of Mysore district in Karnataka.

30 SHGs with 100 members has been covered for the sake of this research work. In order to collect and gather primary data, field observation and structured questionnaire survey methods were employed. In addition, information was also collected through discussions and interviews with local Banks, NGOs and government's grass roots level workers. Paired-T test statistical method is employed.

RESULT AND DISCUSSION

MONTHLY INCOME ANALYSIS AND INTERPRETATION USING THE T-TEST

The null hypothesis (Ho): There is no significant difference between the mean values of the two variables Monthly income before the intervention of SHG and Monthly income after the intervention of SHG impact.

The alternative hypothesis (Ha): There is a significant difference between the mean values of the two variables Monthly income before the intervention of SHG and Monthly income after the intervention of SHG impact

TABLE-1: MONTHLY INCOME OF SHG MEMBERS

SL	Income (in Rs)	After joining SHG No. of members	Before joining SHG No. of members
1	500& below	06	60
2	501-1000	15	25
3	1001-1500	22	09
4	1501-2000	31	04
5	2001& above	26	02
	Total	100	100

Table-1 indicates the fact that the income earned by the respondents have increased considerably after joining SHG. 79 percent of the respondents are now earning above Rs1000 per Month. Before joining SHG monthly income of women were very poor. The economic position of the SHG members was very poor before they had joined the group.

PAIRED SAMPLES STATISTICS

		Mean	N	Std.Deviation	Std.Error Mean
Pair 1	AIA	1664.80	100	701.24	70.12
	AIB	687.50	100	429.61	42.96

PAIRED SAMPLES TEST

		Std.Deviation	t	df	Sig. (2-tailed)
Pair 1	AIA-AIB	546.46	17.884	99	.000

The result of the analysis states that, the averages mean value of monthly income after and before intervention of SHG is Rs1664.80 and Rs 687.50 respectively and the standard deviation is Rs 701.24 and Rs 429.61 respectively. Since the result of the analysis indicates that the null hypothesis is rejected at 1% significant

level and hence the alternative hypothesis that there is statistically significant difference between the mean values of the two variables after the intervention of SHG and before the intervention of SHG is accepted.

It is further justified that, there is an increase in the Monthly income of the members of the SHGs after the intervention of SHG. Also it is observed that NGOs and Bankers actively participated in SHGs activity and encouraged the SHG members. Hence it can be concluded that there is a significant increase in income level of SHG members in the study area after they joined SHGs. The mean value of Monthly income has increased from Rs 687.50 to Rs 1664.80 after the intervention of SHG. This has definitely helped these women members to improve their over all development, leading to sustainability.

ASSET CREATION ANALYSIS AND INTERPRETATION USING THE T-TEST

The null hypothesis (Ho): There is no significant difference between the mean values of the two variables namely Asset creation before the intervention of SHG and Asset creation after the intervention of SHG impact.

The alternative hypothesis (Ha): There is a significant difference between the mean values of the two variables namely Asset creation before the intervention of SHG and Asset creation after the intervention of SHG impact.

TABLE-2 ANALYSIS ON ASSET CREATING CAPABILITY OF SHG MEMBERS

SL	Income (in Rs)	After joining SHG No. of members	Before joining SHG No. of members
1	500& below	27	58
2	501-1000	33	20
3	1001-1500	30	12
4	1501-2000	04	06
5	2001& above	06	04
	Total	100	100

Economic changes of a person are associated in the asset holding in the form of movable and immovable property. Table -2 indicates the fact that the asset creation by the respondents has increased considerably after joining SHG. 73% of the respondents are now creating asset above Rs 500 per month. The researcher ascertained that the assets can be increased only when there are sizable increases in income. Some of the members create assets in the form of consumer durables and animals like cow, goats etc.

PAIRED SAMPLES STATISTICS

		Mean	N	Std.Deviation	Std.Error Mean
Pair 1	ACA	1085	100	605.01	60.50
	ACB	694	100	450.49	45.05

PAIRED SAMPLES TEST

		Std.Deviation	t	df	Sig. (2-tailed)
Pair 1	ACA-ACB	303.29	12.89	99	.000

T-test was employed to see the significance of SHGs in changing the members' asset level. The average mean value of asset creation after and before intervention of SHG is Rs 1085 and Rs 694 respectively and the standard deviation is Rs 605.01 and Rs 450.49 respectively. The null hypothesis is rejected at 1% significant level and hence the alternative hypothesis there is statistically significant difference between the mean values of the two variables after the intervention of SHG and before the intervention of SHG is accepted.

It is further confirmed that, there is an increase in the asset creating capability of the members of the SHGs after the intervention of SHG. Also it is observed that NGOs and Bankers actively participated in SHGs activity and encourage to SHG members in Income generation activity like animal husbandry, sheep and goat rearing, poultry, tailoring, small trade etc.. Hence there is a significant increase in asset creating capability of SHG members in study area. The mean value of asset creation has increased from Rs 694 to Rs 1085 after the intervention of SHG.

TABLE-3 CHANGE IN FINANCIAL POSITION OF SHG MEMBERS

Sl No	Parameter	No of members	Percentage
1	It has improved	82	82
2	Remained the same	12	12
3	Can't say	06	06
	Total	100	100

Table-3 shows change in financial position in SHG members. Before the intervention of SHG financial position of women SHG members was very poor. The result of the analysis indicates the fact that the income earned by the respondents have increased considerably after joining the SHG. Table shows 82% of the member's financial position has increased, 12% of the sampled members expressed no change and 6% of the members did not answer to the question.

TABLE-4 CHANGE IN CONFIDENCE LEVEL OF SHG MEMBER

SL	Parameter	No of members	Percentage
1	More confident	79	79
2	less confident	21	21
3	Can't say	00	00
	Total	100	100

Self confidence is one of the indicators of women Empowerment. Increased self-confidence was especially pronounced when women had been exposed to training on women's rights and social and political issues. Table-4 shows 79% of the members are more confident, 21% are less confident. After joining the SHGs confidence level of the SHG members are increased.

TABLE-5 DECISION MAKING/ WOMEN EMPOWERMENT BEFORE AND AFTER JOINING SHG

	Parameter	Before joining SHG			After joining SHG		
		A	B	C	A	B	C
1	Buying assets	08	24	68	24	61	15
2	Children education/health	14	31	55	40	48	12
3	Social visits	10	22	68	33	53	14

One important indicator of empowerment is the ability to make decisions within the household and outside also. As women are an important part of the community, building their capabilities is very essential to manage affairs of communities. Table- 5 shows that before and after joining the SHGs, women are participating and exercising more in family decision making and they have a say in the family affairs.

This paper has considered variables like buying assets, children education and health, social visits to test the decision making power of women and the results shows that after joining the SHGs women has increased her decision making power. Before joining SHGs women role in decision making in all the indicators are

very low. But after joining the SHGs women role in decision making in all the indicators are increased. Table shows after joining the SHG increased in wife and husband role in decision making, further table indicates that decreased in family members role in decision making.

CONCLUSION

In patriarchal societies, rural women particularly from lower strata of the society, are not allowed to take decisions and are rarely consulted during the decision making process. In such cases, Self Help Groups (SHGs) are best suited for bringing in gender equality and equal opportunity to rural woman for social and economic empowerment on a sustainable basis. It is assumed, that if financial resources are effectively delivered to women of rural area, it can help them for making a meaningful improvement in their social and economic condition. The above study illustrates the vital role of SHGs in the lives of the poor rural women. The sustainable dimension of this is, the developmental intervention commenced from 1970s and are still visible as with the passage of time the involvement and the participation of people has grown into a very structured manner. For instance from informal groups to formal groups with bank linkages and finally development of a cooperative to meet the needs of the people illustrates the sustainable developmental intervention in this region.

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THE IMPACT OF CREDIT RISK ON THE PERFORMANCE OF TANZANIAN COMMERCIAL BANKS**DR. SRINIVAS MADISHETTI****PROFESSOR****SCHOOL OF BUSINESS****MZUMBE UNIVERSITY****MZUMBE****KAMUGISHA ALFRED RWECHUNGURA****FACULTY MEMBER****DEPARTMENT OF ECONOMICS****THE MWALIMU NYERERE MEMORIAL ACADEMY****DAR ES SALAAM****ABSTRACT**

The aim of this study was to access the impact of credit risk on Tanzanian commercial banks' profitability. The study used only secondary data which were sourced mainly from the annual reports and accounts of the sampled eight largest Tanzanian commercial banks from 2006-2013. Banks' profitability was measured by the ratio of banks' total income to total assets (ROA) and credit risk were measured by two ratios which are the ratio of Non-Performing Loans to Loans & Advances (NPL/ LA) and the ratio of Loans & Advances to Total Deposits (LA/ TD). Multiple regression model were used to estimate the relationship between banks' profitability and credit risk variables. The results of the study revealed that there is a negative relationship between credit risk and Tanzanian commercial banks' performance and that the relationship is statistically significant. A 100% increase in the ratio of NPL/ LA reduces ROA by 13.6% while a 100% increase in the ratio of LA/ TD reduces ROA by 4%. Since credit risk exposes banks to great risk of illiquid and distress, Tanzanian commercial banks' management must put in place adequate credit policy which will ensure that credit risk is reduced and banks' profitability level is improved.

KEYWORDS

Banks' performance, credit risk, return on assets, non-performance loans, liquidity.

INTRODUCTION

Commercial banks in any economy perform an important role of intermediation (Vedastus, 2010; Kimmei, 1987 and Mutaitana 1999). They accept deposits which are the financial surpluses of some groups and then channel them into other groups which have a financial deficit in a society (Nicholaus, 2006; Evelyn, 2010; Kolapo, Ayeni & Oke, 2012; and Anthony, 2011). Through this process, The borrowed funds are directed to variety of productive use and hence they facilitate the better allocation of national resources - shifting capital from those who do not have the desire or the ability to make use of the funds to those who are willing and able to assume the risks of capitalistic enterprise (Vedastus, 2010; Evelyn, 2010; and Anthony, 2011). It is obvious seen that loans provided by these commercial banks act as a catalyst of economic development in any nation since they provide finances to individuals and firms who have better use of resources (Kolapo et al, 2012). Through this role of intermediation commercial banks contribute positively in both financial growth and economic growth of the country (Psillaki, Tsolas, and Margaritis, 2010; Mutaitina, 1999; and Anthony 2011). It can be appreciated that the failure of commercial banks in any country affects adversely the financial and economic growth and sustainability of any nation (Kolapo et al, 2012).

The important role played by commercial banks of intermediation involves accepting deposits from customers and the extension of loans to individuals and firms in different sectors in the economy. It must be noted that the basic activity of any commercial bank is lending – loans extension (Kargi 2011; and Samuel, Julius, and Samuel, 2012). The substantial income of commercial banks is generated from this activity of lending – through loans as interest income (Kolapo et al, 2012; and Samuel et al, 2012). Abreu and Mendes (2000) documented that, since commercial banks earn more than 80% of its income from lending as interest income, a commercial bank which want to be more profitable have to offer more loans. From the nature of the business of banking, the value of loans held by commercial banks represents a larger proportional of total assets compared to other assets held by banks (Anthony & Aaron, 2010). It is clearly seen that commercial banks which offer more loans are in a good position to realize more interest income hence improve their profitability position. Despite the fact that interest income earned from loans is the main source of commercial banks' revenue, loans impose banks to several risks such as liquidity risk, capital adequacy risk and credit risk (Muhammad, Shahid, and Shahid 2012; Cooperman, Gardener & Mills, 2000). In all risks, credit risk is the most expensive risk banks are exposed to, since it directly threatens the survival of banks in terms of solvency (Chijoriga, 1997; Gieseche, 2004; and Kolapo et al, 2012).

Credit risk is defined as the potential that a bank borrower or counterparty will fail to meet its obligations in accordance with agreed terms (Ogilo, 2012). Bank of Tanzania (hereafter BoT) (2012) documented that Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the institution. Furthermore, BoT (2012) indicated that banks are exposed to credit risk when they are engaged in foreign exchange operations. BoT (2012) explained that this occurs when a domestic borrower is involving himself in an export business and fails to compete in a foreign markets due to domestic currency appreciation and as a result he become unable to repay the domestic loan.

Since the majority of assets held by banks are loans and the substantial part of banks' total income is interest income earned from loans, when these assets (loans) are impaired the bank experiences a direct loss (Shahbaz et al, 2012). It should be noted that when a borrower default to repay a loan, a bank losses the principal amount lent and the interest income which was expected to be earned on a loan (Samuel et al, 2012). The result of such act affect bank in two main ways; first, the level of banks' total assets are decreased this lead to another risk known as liquidity risk and capital adequacy risk, and second, the lost interest income affect the banks' profitability in a negative way. So it can be appreciated that the impact imposed by credit risk on the stability and survival of banks is severe since it lead to high level of loan losses and non-performing loans which eventually lead to bank failure (Ogilo, 2012). Huge losses caused by credit risk hinder banks to offer more loans and as a result it adversely affects economic performance as well (Muhammad et al, 2012). To show how bad credit risk may become, Ahmad and Ariff (2007) documented that several banks in Thailand and Indonesia collapsed during the global financial crisis due to high non-performing loans and increase in credit risk. The common sources of credit problems are credit concentration and credit process issue (BoT, 2010). Other sources of credit risks are; high interest rates, unfavorable laws and regulations relating to lending, when a government is providing a huge number of licenses to establish new banks, government interference in lending practices and inadequate supervision from the central bank (Kithinji, 2010).

One of the risks which is mostly linked to credit risk is interest rate risk (Kolapo et al, 2012). They argued that when interest rates are high or subject to variations the chance that the borrower will default increases. In line with Kolapo et al (2012) observations, Drehman, Sorensen, and Stringa (2008) documented that credit risk and interest rate risk are basically linked to each other and non-separable. These two risks are related in this way; when interest rates charged on loans are high, the loan obligation becomes unbearable to a borrower in terms of monthly/quarterly payment of interest plus principal amount and as result a borrower fail to honor his obligation – defaults. The name given to the percentage of loan values that are not serviced for three months and above is known as non-performing loans (Ahmad & Ariff, 2007). So credit risk increases the level of non-performing loans.

Since credit risk affects banks' profitability in a negative way as there is a loss of interest income and it negatively impact the values of banks' assets thus resulting into liquidity risk, capital adequacy risk and financial distress; banks need to devote its substantial resources (time, human, financial and physical) to manage such a risk which can lead to bank failure. Credit risk must be managed not only to improve banks' profitability but also to improve the national economic development and sustainability since they play an important role of intermediation which assures better allocation of capital in the economy (Psillaki, Tsolas, and Margaritis, 2010). In other word, huge losses caused by credit risk reduce the level of banks' profitability which in turn hinders the ability of banks to offer more loans which lead into negative performance of the economy (Muhammad et al, 2012). At international level, as the initiatives to deal with the issue, Basel committee has issued some guidelines for banks to adhere to in order to manage credit risk. Domestically, in the year 2010 the BoT has issued a document known as "Risk Management Guidelines for Banks and Financial Institutions" which stipulates the techniques to mitigate and manage various risks; one of those risks being credit risk.

REVIEW OF LITERATURE

THEORETICAL LITERATURE REVIEW

It is obvious that banks which are able to offer credits to borrowers who are willing and able to repay the loan will tend to have a low level of non-performing loans and loss on loans hence facing a low credit risk (Kolapo et al, 2012). To ensure that banks issue loans to borrowers who are willing and able to repay the loan, the principle of know your client must be employed by any bank which wants to reduce credit risk (Angela, 2010; Demircuc-Kunt & Detragiache, 1997; Kane & Rice 1998; and Marcellina, 2007). Know your client principle requires the bank to investigate on the capabilities and willingness of a borrower to repay the loan (Shahbaz et al, 2012). This means that, before banks offer loans to potential borrowers, they must first collect useful information on which to base their decision whether to lend or not (Saunders & Wilson, 1999). Failure to do so may result in to the bank offering a loan to a borrower who is not capable and unwilling to service a loan thus incurring a loss (Marcellina, 2007). The tendency of offering a loan to a wrong borrower is known as adverse selection. Adverse selection occurs whenever the bank offer a loan to a borrower due to the fact that the bank had no accurate information about the condition, character, and capacity of the borrower to repay the loan, but if those information could have been known before to a banker, the decision to lend the money to a borrower could have changed (Marcellina, 2007). For this reason, the bank must have all relevant information about the borrower before the decision to offer the loan is made.

The main source of borrowers' information is from the borrower himself. The information like type of the business, risks of his business, intended use of the money, financial statements of his business, the sources of loans' repayment, and other commitments he has from other institutions can be easily obtained from the borrower himself through for example interviews. From external sources, banks can obtain information about the character of the borrower from the firms which provide the information on credit status of individuals and firms such as credit rating agencies and credit reference bureau (Simson & Hempel, 1999). After reliable sufficient information about the borrower is already available to the bank, the bank uses such information to access the application of the borrower and pricing the loan accordingly (Ogilo, 2012). The argument is that, loans must be offered to a customer only after relevant information about the capacity and character of borrower is available (Angela, 2010; and Samuel et al, 2012). Both qualitative and quantitative techniques are used to analyze such information (Griffith & Persuad, 2002). It is proved that this principle of know you customer reduces the level of non-performing assets and thus reduce credit risk.

Through the process explained above banks manage risks which arise through credits (BoT, 2010). The whole process is documented in the banks' guidelines which stipulate how credit risk must be identified, measured and controlled. The guidelines concerning the issuance of credits to customers must be documented and communicated to all levels of staff (BoT, 2010). All staff especially those dealing with credit authorization must comply with that guideline and a substantial part of management must supervise if such guidelines are being adhered to or not (Ogilo, 2012). The bank which has tight standards on issuance of credits may reject a customer who could have turned to be a good borrower thus losing revenue (Bonim & Huang, 2001). On the other hand a bank which adapt lenient lending policy on issuance of credit may attract a lot of customers and issue a large volume of loans but it is placing itself in a danger of issuing loans to customers who will default to repay hence it will realize huge losses in terms of loan losses and non-performing loans which affect the banks' profitability in a negative way (Muhammad et al, 2012). From the argument presented above, it is necessary for banks to adopt credit control policies which are standard, not lenient nor too tight to increase its profitability position and at the same time to reduce credit risk (Greuning & and Bratanivic, 1999). Each commercial bank must have adequate and proper credit control policies in place so the probability of issuing a loan to a borrower who will default is reduced (Angela, 2010).

EMPIRICAL LITERATURE REVIEW

Since credit risk seriously threaten the survival of banks as it expose banks for more risks such as liquidity risk and capital adequacy risk; thus various researchers devoted their time to investigate the impact of credit risk on banks profitability. Here under is the presentation of several empirical reviews which were carried in the area.

Kithinji (2010) collected the data on banks' total loans, non-performing loans and on the performance for the period 2004-2008 trying to investigated the impact of credit risk on the performance of Kenyan commercial banks. The data used in this study were all secondary and were obtained from the audited financial statements of respective banks. He observed that the credit risk is negative related to banks' performance in Kenya, but their relationship is insignificant. His findings implied that the profitability level of commercial banks in Kenya is not influenced by the amount of loan & advances offered and non-performing loans. He further suggested that since the amount of loans & advances and non-performing loans does not influence banks' performance in Kenya, there must be other variables which influence banks profitability in Kenya.

Kargi (2011) assessed the relationship between credit risk and banks' profitability for the period of 2004 to 2008 of commercial banks in Nigeria. Secondary data were collected from annual financial statements of respective banks and multiple regression model were used to test the relationship between the variables. The ratio of net profit to total assets (ROA) was used as a measure of banks' performance. Two ratios which were used to measure credit risk were (i) Non-performing loans to loans and (ii) Loans & advances to total deposits. The finding concluded that, there were a negative significant relationship between credit risk and banks' profitability in Nigerian commercial banks. In other words, the amount of loans & advances, non-performing loans and deposits influence banks' profitability in a negative way. The increase of these variables which represent credit risk means that they expose banks to great several risk such as liquidity risk and capital adequacy risk.

Muhammad et al (2012) assessed the relationship between credit risk and banks' profitability in Nigeria by incorporating six commercial banks which were chosen by using a non-probability method for the period 2004-2008. Data were collected from annual financial statements of respective banks for the period under study. In their study, credit risk which was assumed as independent variables were represented by the ratio of Non-performing loans to loan & Advances and the ratio of total loan & Advances to total deposits. The ratio of profit after tax to total asset (ROA) was representing the banks' performance. The collected data was later fitted on the multiple regression models to test the relationship which exists between those variables. Their findings show that there is a negative relationship between the ratio of non-performing loans to loans & Advances and the ratio of profit after tax to total asset (ROA) though that relationship is not significant. They also document that they observed a negative relation between the ratio of total loan & Advances to total deposits to total deposits.

Samuel et al (2012) investigated the relationship between commercial banks' profitability and credit risk in Ghana by taking into consideration six commercial banks in their sample which were chosen using purposive sampling techniques for the period 2005-2009. The study employed secondary data only which were obtained from annual financial statements of respective banks for the period under study. The multiple regression model were employed to test the relationship which exist between the variables in the model. The ratio of Net profit to equity fund (ROE) were considered as a measure of banks' profitability and stood as a dependent variable in the model. Three ratios which were employed to represent credit risk in the model were (i) Non-performing loan to total loans and advances, (ii) Net charge off (impairment) to total loans & advances and (iii) Pre-provision profit to net total loans and advances. In general they observed that credit risk as positive and significant relationship with banks' profitability in Ghana. Their observations implied that as the probability of borrowers to default

increases, commercial banks in Ghana realizes more profits. It shows that the impact of credit risk plays very minimal role in profitability as the actual result is against the expected relationship.

Kolapo et al (2012) assessed the impact of credit risk on commercial banks' profitability in Nigeria by using a sample of five commercial banks which are rated to be the topmost commercial banks in Nigeria drawn from the population of 25 commercial banks for the period 2000-2010. Data used in the study were secondary data obtained from audited annual financial statements of respective banks. Ratios were calculated from the figures obtained from annual financial statements and were pooled into a panel data set and estimated using multiple regression. The ratio of Net profit to total bank asset (ROA) was used as a dependent variable in a regression analysis model representing banks performance. Ratios which presented credit risk in the regression model were Non-performing Loan to loan & advances (NPL/LA) and total loan and advances to total deposits (LA/TD). In conclusion they observed that ratio of Non-performing loan to loan & Advances is negative related to banks' profitability, implying that the increase in the ratio of non-performing loans to loan & advances reduce the banks' profitability (ROA). They observed also that the ratio of Loan & Advances to deposits is positively related to banks profitability, implying that the increase in this ratio increases the profitability (ROA) of banks in Nigeria.

IMPORTANCE OF THE STUDY

Since commercial banks in any nation play an important role in the development of the economy as they act as intermediaries, studying the factors which influence their performance is inevitable. As discussed in the literature review, one of the factors which influence banks' profitability is credit risk. This study will evaluate how credit risk influences Tanzania commercial banks' profitability. We did not come across any literature which investigated the relationship between credit risk and Tanzanian commercial banks' profitability. So this study will be able to provide the evidence on how credit risk influences banks' profitability and the findings of this study will be used by policy makers and banks' management to make informed decisions which will improve the performance of banks. Also the findings of this study will be used by other researchers in their literature reviews when studying the impact of factors influencing commercial banks' performance in Tanzania.

OBJECTIVE OF THE STUDY

The objective of this study is to access the impact imposed by credit risk on Tanzanian commercial banks' profitability.

METHODOLOGY

The main objective of this study is to investigate the relationship which exists between credit risk and profitability of Tanzanian commercial banks over the period of 7 years (2006-2012). The population of this study was all commercial banks which operate in Tanzania as at the end of 2012. The sample of eight banks were chosen to study the population. The population is represented by the following commercial banks; CRDB Bank Plc, National Microfinance Bank (T) Ltd Plc, National Bank of Commerce Ltd, Standard Chartered Bank (T) Ltd, Exim Bank (T) Ltd, Stanbic Bank (T) Ltd, Citibank (T) Ltd, and Barclays Bank (T) Ltd. The study used secondary data only which were sourced from annual financial statements of respective banks. The reasons for the choice of banks included in the sample are outlined here under:

- The banks which were included in the study are the top largest commercial banks in Tanzania. Out of the amount of total assets owned by Tanzanian banking sector as at the end of 2011 which were Tanzania shillings 14, 281, 738 million, the amount of assets owned by these eight largest commercial banks totaled Tanzania shillings 10, 565, 638 million which represented more than 73% of total assets in the industry (Serengeti Advisors, 2012; and Ernest & Young, 2012).
- These eight largest commercial banks in Tanzania account for over 70% of total deposits from customers in Tanzanian banking sector.

This study employed the model used by Kargi (2011) when he was assessing the relationship between credit risk and profitability of commercial banks in Nigeria. Also Kolapo et al (2012) on his study "Credit Risk and Commercial Banks' Performance in Nigeria" used the same model. Furthermore, Samuel et al (2012) when they were investigating the relationship between commercial banks' profitability and credit risk in Ghana employed the same model. In all these studies, profitability (performance) were measured with Return on Assets (ROA) and stood as dependent variable. Credit risk was measured by the ratio of Non-performing loans to loan & Advances (NPL/LA) and the ratio of Loan & Advances to total deposit (LA/TD). In short the function of banks performance was the ratio of non-performing loans to loans & advances (NPL/ LA) and the ratio of total loan & advances to total deposits (LA/TD). Mathematically this model can be expresses as follows:

$$ROA = F\left(\frac{NPL}{LA}, \frac{LA}{TD}\right) \dots\dots\dots (1)$$

Where;

ROA: Return on Assets

NPL: Non-Performing Loan

LA: Loan and Advances

TD: Total Deposit

To test the relationship between credit risk and banks' profitability the multiple regression model used was as follows:

$$ROA = \left(b_0 + b_1 \frac{NPL}{LA} + b_2 \frac{LA}{TD} + e\right) \dots\dots\dots (2)$$

Where:

ROA= Bank net income/ total assets

b₀-b₂= coefficients

NPL/LA= Non-performing loan/ loan & Advances

LA/TD= Loans & Advances/ total deposits.

e= error term.

RESULTS AND DISCUSSION

The data were analyzed using descriptive statistics, correlation matrix and pooled on multiple regression model. It was run on SPSS to test the relationships which exist between credit risk and commercial banks profitability in Tanzania. The results of empirical model are presented here under.

DESCRIPTIVE STATISTICS

Mean and standard deviation of the three variable s of the study are calculated and presented in table 1.

TABLE 1: DESCRIPTIVE STATISTICS

Parameter ratios	Mean	Standard deviation	N
ROA	0.025292	0.0158530	56
LA/TD	0.577700	0.1676300	56
NPL/LA	0.070100	0.0695900	56

Source: authors' compilation from the banks financial statements

From table 1, the mean of the analyzed data are; ROA (0.02529), LA /TD (0.5777) and NPL/ LA (0.701) while the Standard deviation are; ROA (0.015853), LA/TD (0.16763) and NPL/LA (0.6959). The descriptive statistics provides us with valuable information about the normality of the data. The ratio of net income/ total assets (ROA) which is 2.53% it is deviated from the mean at 1.59%. The ratio of loan & Advances/ total deposits is 57.78%, it is deviated from the mean at

16.76%. The ratio of non-performing loan/ loan & Advances is 7.01%, it is deviated from the mean at 6.959%. The conclusion which can be drawn from descriptive statistics is that, the mean was a good fit of the data since the standard deviation was close to the mean. In other words, the value of the data lied closer to the mean.

CORRELATION MATRIX

The Pearson's correlation coefficients between variables were calculated so as to provide with us the information about the direction of relationship between variables and presented in table2.

TABLE 2: CORRELATION MATRIX

	ROA	LA/ TD	NPL/ LA
ROA	1.000		
LA/ TD	-.367	1.000	
NPL/ LA	-.559	-.086	1.000

Source: authors' compilation from the banks financial statements

Table 2 shows that all variables which were used in the model to measure credit risk are negatively correlated to banks' performance. This indicates that, as any of the credit risk variable (LA/TD or NPL/LA) increases, the banks' profitability position decreases. The expected relationship between ROA and LA/TD normally should be positive because as the increase in this ratio implies increase in share of deposits in earning assets and consequently causes increase in ROA

REGRESSION ANALYSIS

To test the overall fit of the model and to what extent credit risk influence performance, the model summary and coefficients are calculated presented in table 3 and 4 and discussed hereunder.

TABLE 3: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.697(a)	.486	.464	1.16112	.486	21.307	2	45	.000	1.643

a Predictors: (Constant), NPL/ LA, LA/ TD

b Dependent Variable: ROA

Source: authors' compilation from the banks financial statements

From the table 3 it can be observed that the value of R^2 (coefficient of determination) tells us that credit risk can account for 48.6% of variation of banks' profitability. In other words, 100% increase in credit risk cause the variation in profit at about 48.6%. This model summary impliedly tells us that, about 51.4% of variations in banks' performance is not caused by credit risk. It means, when credit risk explain about 49% variations of banks' performance, other variables influence banks' performance for about 51%. Furthermore, to test how well our model generalizes, Adjusted R^2 was compared to R^2 . In fact the difference between R^2 and Adjusted R^2 was very small, about 0.022 (0.486 – 0.464). This concludes that the model was fit for the data and the findings drawn from this model can be generalized for the whole population (Tanzanian commercial banks)

Durban – Watson statistic was used to verify assumption of autocorrelation. Following the guide provided by Andy (2009) who stipulated that as a very conservative rule of thumb, values less than 1 or greater than 3 are definitely cause of concern. From the results presented in table 3, we can conclude that the autocorrelation assumption was held firm since the Durban-Watson statistic is 1.643 which lies between 1 and 3.

In order to check whether the assumption of multicollinearity was not violated, Variance Inflation Factor (VIF) was used to check this assumption. The guideline given by Andy (2009) was employed. Andy documented that

- If the largest VIF is greater than 10 then there is cause for concern
- If the average VIF is substantially greater than 1 then the regression may be biased
- Tolerance below 0.1 indicates a serious problem
- Tolerance below 0.2 indicates a potential problem.

From the results presented in table 4, our model show that the VIF values are all below 10 and the tolerance statistics are all above 0.2; therefore, we can confidently say that there was no collinearity within our data. To calculate the average VIF we use the following formula:

$$\frac{\sum_{i=1}^k VIF_i}{k} = \frac{1.007 + 1.007}{2} = 1.007$$

The average VIF is 1.007 which is very close to 1, so we confirm that in our model collinearity is not a problem.

TABLE 4: COEFFICIENTS

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	.058	.006		8.917	.000	.045	.071		
LA/ TD	-.040	.010	-.418	-3.901	.000	-.060	-.019	.993	1.007
NPL/ LA	-.136	.024	-.595	-5.550	.000	-.185	-.086	.993	1.007

a Dependent Variable: ROA

Source: authors' compilation from the banks financial statements

From table 4 above the regression result of the model which was used in this study clearly show that all independent variables which were used which were of course measuring credit risk are negative related to banks' performance. The empirical model can be presented as:

$$ROA = 0.058 - 0.040 \text{ LA/ TD} - 0.136 \text{ NPL/ LA} + e$$

The interpretation of the regression result is as follows;

- In the event of absence of credit risk, there will be 5.8% increase in banks' profitability.
- The variable NPL/ LA is negatively related to banks' performance and the relationship is very significant ($0 < .001$). The results show that 100% increase in the ratio of NPL/ LA reduces ROA by 13.6%.
- There is significant negative relationship between banks' performance and the variable LA/ TD. The parameters on the model indicate that as the ratio of LA/ TD increase by one unit (or 100%), banks' profitability decrease by 0.04 units (4%).

The result of this study show that there is a significant relationship between Tanzanian commercial banks' profitability (measured by ROA) and credit risk as measured by NPL/LA. However the relationship between ROA and LA/ TD is marginal negative which is against expectation. This indicates that, as the ratio of credit risk variables NPL/LA increases, banks' profitability (ROA) decreases. The ratio of non-performing loan to loan and advances expresses the percentages of borrowers who default in relation to total loans and advances. The significant relationship which was observed between this ratio and banks' profitability was telling us that, in relation to loans and advances offered, as the number of borrowers who default to repay increases, the assets of banks decreases since the principal amount extended as loans will not be recovered rather they will be written off as expenses and profitability level of banks decreases since there is no interest income received from such loans. This observation is in line with Kolapo et al (2012), Muhammad et al (2012), Samuel et al (2012), Kithinji (2010) and Kargi (2011)

Loans and advances offered must be financed by customers' deposits. Customers' deposits are the cheapest source of capital a bank can get. The ratio of LA/ TD was expressing the percentage of loans financed by customers' deposits. This ratio show that there it is negative related to banks profitability. It impliedly tells us that as this ratio increase, the bank is exposing itself to liquidity risk and financial distress. Banks management should try to increase the deposit base while

observing their lending rates so that this ratio could be reduced. The increase of this ratio send the signals that the bank is almost near to finance its loans from other sources of fund such as borrowing on inter- bank market which is expensive compared to customers deposits. As the ratio of LA/TD increases it indicates that the bank is financing its loans from expensive sources which in turn erode the profitability of banks. This findings is in line with the finding of Kolapo et al (2012), Muhammad et al (2012), Samuel et al (2012), Kithinji (2010) and Kargi (2011)

CONCLUSION AND RECOMMENDATIONS

The objective of this study was to assess the impact of credit risk on Tanzanian commercial banks' profitability. The result of the study concluded that Tanzanian commercial banks' profitability is statistically significant negative related to credit risk. As the level of non-performing loans in relation to loans and advances increases and the level of loans and advances in relation to total customers' deposits increases, the profitability of banks' is decreasing and they are further exposing them to liquidity risk and distress. Therefore, in order for Tanzanian commercial banks to avoid such risks (credit risk, liquidity risk and distress) which can result into bank failure; banks' management must put in place adequate credit policy which will positively affect profitability. Inadequate credit policies in banks negatively affect profitability since banks will realize huge loan losses and there will be the increase in the level of non-performing loans which eventually leads to financial distress.

SCOPE FOR FURTHER RESEARCH

Despite the fact that commercial bank plays a great role in Tanzanian economy, studies carried in regard of the factors which influence commercial banks' profitability are still relatively few. As we tried to review literatures on the factors which determine the performance of commercial banks, we come across only one study carried by Vedastus (2008), which investigated the relationship between banks' assets (both tangible and intangible) and banks' profitability. Our study on the other hand has focused on the impact of credit risk on commercial banks' profitability. So there are still a need to carry a research on other factors which may possibly have the impact on Tanzanian commercial banks' profitability such as liquidity risk, capital adequacy risk, operational efficiency risk and interest rate risk. Academicians and researchers should carry more studies on factors which influence banks' performance so that their studies could bring in right those factors which drive banks' profitability. Based on the evidence in their studies, policy makers and banks' management will be able to make informed decisions which will improve the performance of banks.

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RELATIONSHIP BETWEEN PRINCIPALS' LEADERSHIP STYLE AND TEACHING STYLE OF TEACHERS

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ABSTRACT

Teachers teach and work in schools that are usually administered by managers, often known as principals or headmasters. The conditions of teachers' working life are influenced by the administration and leadership provided by principals, and it is widely assumed that school leadership directly influences behavior of teachers. The Present study entitled "Relationship between principals' leadership style and teaching style of teachers", aims to find out the effect of Principals' Leadership Effectiveness on Teaching Styles of Teachers. To conduct the present study, purposive sampling was done. The sample comprised of 68 subjects - 8 principals and 60 female teachers from public and private schools of Jaipur city. For data collection, two standardized tools were used-Leadership Profile Indicator (LPI-M) by Pareek and Transactional Style Inventory (TSI-Te) by Pareek. Various statistical techniques like Means, Standard Deviations, Correlations, t-test were computed to find out the results. Findings revealed that there was a significant impact of leadership effectiveness of Principals on regulating and adaptability function of teachers' teaching styles

KEYWORDS

Principals, Leadership styles, Teaching styles, Transactional styles.

INTRODUCTION

Principals play a vital and multifaceted role in setting the direction for schools that are positive and productive workplaces for teachers and vibrant learning environments for children, but existing knowledge on the best ways to develop these effective leaders is insufficient. There are three types of people, firstly, those who make things happen, and secondly, those who watch things happen, thirdly, those who wonder what has happened. The first category is our main concern, Leadership which becomes an imperative for all social groups -small or large. Dynamic leaders are able to motivate people. Principals are the integral part of the school. They are the leading part in some action. They run the school and guide the teachers and students from time to time. They are the motivating force behind which the school functions. The quality of education provided all depends on them. If they don't work properly the school loses its name. Everything from the school building to curriculum to text books to extra curricular activities is decided by the principals. Thus, without the Principal the school cannot run and it if at all it runs, it cannot succeed.

The same is with the Teachers. It is the Teacher who is called the second parent of the child. In the school she lays down the foundation of education. The school needs hard working and devoted Teachers to build up the future of the child. Teacher should be an excellent communicator and should fulfill the demands of the students. She should be able to promote good values and behaviour in the students, because it is the teacher who makes or marks the life of the student.

LEADERSHIP STYLE

Psychologist, sociologist, political scientist and certainly management students are becoming interested in "Leadership". There have been spurts of indepth studies carried out, on this topic, from time to time. The more intensive research on leadership, the greater the complexity that came to light.

Leadership style is the manner and approach of providing direction, implementing plans, and motivating people. Kurt Lewin (1939) led a group of researchers to identify different styles of leadership. This early study has been very influential and established three major leadership styles. The three major styles of leadership are (U.S. Army Handbook, 1973): Leadership style is the way in which the functions of leadership are carried out, and the way in which the leader typically behaves towards members of the group. In this sense it has a broader implication than management. Managers can effectively run the organizations, but only leaders can build them.

There are a number of different approaches, or 'styles' to leadership and management that are based on different assumptions and theories. The style that individuals use will be based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms which will encourage some styles and discourage others.

Most of the work regarding leadership in organization has been done on the way a leader gets results through motivating people. Does the leader order other people to get the work done (known as autocratic style) or does he/she involve them in planning how to do the job (participative style).

Hershey and Blanchard combined the grid approach and the contingency theory to propose their Situational Theory of Leadership. Combining concern for tasks and for people (from low to high), they proposed four Leadership Styles:

1. Style 1 (task concern high, people concern low)
2. Style 2 (both high)
3. Style 3 (concern for people high, that for task low)
4. Style 4 (both low)

They proposed that all the four styles are functional; however their relevance to the situation is important. They proposed that their effectiveness is inversely related to the maturity of the followers. Later, Blanchard suggested alternative terms: like directive for task orientation and supportive for people orientation, and development level for maturity.

Directive behaviour - is defined as the extent to which leader engages in one-way communication, spells out the group roles and tells the group members what to do, where to do it, and how to do it, and then closely supervises the performance. Three words can be used to define directive behaviour: structure, control and supervision – that is, structure the task well, control resources, and closely supervise progress.

Supportive behaviour- is defined as the extent to which a leader engages in one way communication, listens, provides support and encouragement, facilitates interaction, and involves the group in decision- making. Three words can be used to define supportive behaviour: praise, listens and facilitate.

A combination of high and low directive and supportive behaviour will give four quadrants, each representing four different leadership styles. These are as following:

- ♦ **High directive/low supportive leader behaviour** (Style 1) is referred to, by Blanchard, as *directing*. The leader defines the roles of group members and tells them what tasks to do and how, when and where to do them. Problem-solving and decision-making are initiated solely by the leader. Solutions and decisions are announced; communication is largely one-way, and the leader closely supervises implementation.
- ♦ **High directive/high supportive leader behaviour** (Style 2) can be called *nurturing*, and is referred to as *coaching*. In this style, the leader still provides a great deal of direction and leads with his/her ideas, but in addition, he/she also attempts to get a feedback on how the group members feel about these decisions, and encourages them to give their ideas and suggestions. While two-way communication and support are increased, control over decision making remains with the leader.

- ♦ **High supportive / low directive leader behaviour** (Style 3) can be called consultative, and has referred to as *supporting* by Blanchard. The focus of control for day to day decision-making and problem solving shifts from the leader to the group members. The leader's role is to provide recognition and to actively listen to and facilitate the group's problem-solving and decision making.
- ♦ **Low supportive / low directive leader behaviour** (Style 4) is called *delegating*. The leader discusses the problems with the group, until a joint agreement is arrived at on problem definition, and then, the decision-making process is delegated totally to the group members. It is the group that now has a significant control on deciding how various tasks are to be accomplished.

TEACHING STYLES

It is the Teacher who constitutes the real dynamic force in the school and the educational system. It is true that school building, curriculum, curricular, guidance activities and text books hold every important place in the educational programme but they will as such be, of no avail until intality is infused into them by the Teacher.

An effective Teacher should be balanced of all the six functions-nurturing, regulating, managing task, adaptive, creative and confronting. If any one of them is under-developed the Teacher's effectiveness will be limited.

Thus, the twelve types of Teaching Styles are:

1. **Rescuing Style-**
This style develops a dependency relationship in which a Teacher perceives one's role as that of rescuing the student. The student or child is seen as incapable of taking care of himself or herself. The support is provided conditionally, expecting deference or a client relationship with the student. The support that is given is a reminder that one is superior and that the other cannot function independently. This is a dysfunctional style.
2. **upportive Style-**
In contrast, the functional style of nurturing, encourages, motivates and reinforces the other person's own efforts and is aimed at his or her continues improvement in developing an independent, confident style. The Teacher with this style shows patience in learning about the student's problem and empathises with them.
3. **Prescriptive Style-**
In this style a Teacher will be critical of others behaviour and impose rules and regulations on them. Teachers with this style are quick to judge students on their behaviour and insist that they should follow certain norms. A Teacher will scold, give advice and prescribe solutions rather than help the child to work out alternative solutions.
4. **Normative Style –**
In this style Teachers are concerned about developing norms of behaviour and helping the student to understand why this is important. Here, one tries to set standards by acting in a manner that will influence the student to emulate the older person as a role model.
5. **Task- Obsessive Style-**
Teachers with this are mainly concerned with the task in hand, and matters directly concerned to it are not considered important. They are not concerned with the feelings of the students and fail to recognize them since they do not proceed as related to the task. A Task-Obsessive Teacher functions like computer, insensitive to the personal problems or apprehension of the students.
6. **Problem-Solving Style –**
In this style Teacher is concerned with solving not merely certain aspects of a problem, but the problem in totality. The focus of the Teacher is on finding solutions to problems and in the process involving others and taking their help.
7. **Sulking Style –**
Teachers in this style keeps the negative feelings to themselves and find difficult to share them. If a Teacher feels that he or she has not been able to fulfill a commitment, then he or she avoids meeting students and feels bad at the same time.
8. **Resilient Style –**
In this style Teacher shows creative adaptability, learning from students accepting their ideas which appeal to them and modifying his or her approach according to the situation. The Teacher doesn't sulk or feel depressed over negative results and tackles the situation with renewed interest.
9. **Bohemian Style-**
In this style there are lot of ideas and impatient with current practices that needs to be given shape and most of them are left unfinished as a person flits from one to another. Teachers are less concerned about the working of existing ideas and are more fascinated with new approaches, sometimes for fun. The Bohemian enjoys experimenting but does not settle at one task long enough to enjoy its completion.
10. **Innovative Style-**
The Teachers in this style are not only able to enthuse others with new ideas but carries them along to accomplish a task. The Teacher can see concrete results in accomplishing a new idea and in internalizing the success.
11. **Aggressive Style-**
Teachers with this style react to people and situations with aggression and a fighting spirit. They are quick to take up causes and fight for others ideas. They believe that one can achieve the goal only by fighting for it. But often, this aggression makes other people turn away from them, because they feel that the highly aggressive people are best ignored.
12. **Assertive Style –**
In this style Teacher is firm in resolving and perseverant in tackling a goal. Such a person will explore the problem and confront the situation or the institution to get things done; he or she is not concerned with fighting for the sake of confronting, but is more inclined to seek solutions by tackling the problem with determination and persuasion and is frank, open and sensitive to others feelings.

REVIEW OF LITERATURE

This chapter deals with the researches and studies conducted in relation to Leadership and Teaching Styles. For better and easy understanding of the variables, each variable has been taken up separately along with the other factors related to it. Therefore this chapter is divided into the sub-sections/headings-

- I. Studies related to Leadership.
- II. Studies related to Teaching Styles.

STUDIES RELATED TO LEADERSHIP

The Leadership role of secondary school Principals' has a wide scope. They are responsible for activities that extend beyond the management of teaching and learning in the school to a role that encompasses a broad sphere of administrative duties and leadership role at the centre of school community. Principals' are above all, Educational Leaders. They are employed by the locally elected board of trustees and are responsible for managing the day to day operation of their school including managing curriculum, personnel, school assets & finances. They are also responsible for providing a safe, physical and emotional environment for their students and a safe work place for their staff.

Krushell & Newton (1986) In their study found that gender of the leader did not affect subordinate satisfaction. They analyzed the effect of gender and leadership style on subordinate satisfaction and found subjects in democratic group were more satisfied. Female subordinates, however, were more dissatisfied than were males in autocratically led groups.

Graves and Powell's (1982) Findings stated that men and women leaders were not described differently on leadership behaviour, i.e. male and female employee may respond equally well to a leader who is high in both structuring and consideration oriented behaviour.

Leadership as a system concept was adopted by **Tannenbaum Schmidt (1977) & Vroom (1960)**. A system oriented concept of leadership considers (i) The factors within the Principals' (ii) those within the subordinates and (iii) those related to the situation. The system approach explains employee motivation and work behaviour in terms of the fit between what person expects and what job environment provides.

According to Vaz (1988) Leadership qualities in any case are not a prerogative of men and there can be vastly different leadership styles. In certain situation feminine characteristics may enhance rather than diminish the ability to be successful leaders.

STUDIES RELATED TO TEACHING STYLES

A capable Teacher is creator of intrinsic interest and obligation of education. A Teacher who clearly understands the possibilities and limits of his or her teaching style can make more consistent judgments about how best to use his medium because teaching is a profession where Teacher should be excellent communicator. They should meet demanding criteria in terms of personal qualities and should be able to present themselves effectively.

Cameron Lawrence James (1993) studied relationship between Teacher characteristics and successful change by experience in public schools. It was found that there is a relationship between Teacher characteristics as identified through past research and Teacher who had a successful or unsuccessful change.

Marland (1975) advises as well that Teachers arrange situation so that they can make frequent but legitimate use of praise and that they observe some simple guidelines concerning the use of praise and criticism. Praise, given its effect on self-esteem & self-concept, should be public on occasion, it should be communicated to parents & others interested adults as well- criticism, in contrast, also because of its effects on self-esteem and self-concept should be given privately. In addition both praise & criticism should be specific rather than general.

Jain.B. (1982) studied Teacher in relation to their attitude towards professional & moral values. It was found that Teachers with a positive attitude towards student centered practices, educational process, pupils & Teachers devoted more time to asking questions in the classroom while guiding the more content oriented part of the class discussions. There was a significant positive relationship between Teachers status & Teachers questions.

Bhandarkar, B.G (1980) Studied Teacher attitude towards teaching profession. It was found that there was a significant and positive relationship between the age of the Teacher and their attitude towards the teaching profession. The trained Teacher mean attitude score was significantly higher than the mean attitude scores of the untrained Teachers.

NEED/IMPORTANCE OF THE STUDY

Any successful School has one major attribute that sets it apart from an unsuccessful project i.e. dynamic and effective leader. In nutshell, leadership plays an important role in today's world. Every group who wants to achieve success has to have a prominent leader. One who is different and has the capacity of leading people behind him. Since Principals influence Teachers to a great extent in any education system., they influence the teaching style of Teachers. The present study was taken up keeping these things in mind.

STATEMENT OF THE PROBLEM

The main purpose of the present investigation was to assess the relationship between **Leadership effectiveness** of Principals and **Teaching Styles** of Teachers. The data collected was processed and analyzed statistically. To find out the results various statistical procedures of means, standard deviations, correlations, t-test and were computed

OBJECTIVE OF THE STUDY

To find out the difference between teaching styles of Teachers having low and high Principals' leadership effectiveness.

HYPOTHESIS

There will be significant difference between teaching styles of Teachers with low and high Principals' leadership effectiveness.

RESEARCH METHODOLOGY

The sample for the present study was drawn from public & private schools of Jaipur city to ensure optimum personal contact for data collection. The sample was collected from various schools of Jaipur city. Purposive Sampling Technique was used. The sample consisted of 68 subjects, 8 Principals, and 60 Teachers. In the present study, two standardized tools were selected and administered on sample to assess the Leadership effectiveness of Principals and Teaching styles of Teachers.

For the collection of data, two tools- LPI and TSI-Te were used. Principals of Public and Private schools of Jaipur city were contacted and rapport was established with the Principal and the Teachers. First of all the aim of conducting the study was explained to them. The test of Leadership was administered on the Principals and the test of the transactional style was administered on the Teachers of secondary and senior secondary classes of the science section. To start with, the tools were distributed to the Principal and the Teachers. They were asked to fill them candidly as they were assured of maintaining confidentiality. To find out the result various statistical analysis were applied which included Mean, Standard Deviation, t-test, Correlation and factor analysis were computed.

RESULTS AND DISCUSSIONS

The results and their relevant discussions of the study are presented under four sections-

Result I: Descriptive statistics

Result II: t-test

Result III: Correlations

Result IV: Factor analysis

I: Descriptive statistics

TABLE 4.1: MEANS AND STANDARD DEVIATIONS OF TEACHING STYLES OF TEACHERS

S.No.	VARIABLES	N	MEAN	S.D
1	Nurturing	60	50.083	4.236
2	Regulating	60	51.683	5.600
3	Task-mgt	60	59.300	10.466
4	Creativity	60	76.967	15.368
5	Reactivity	60	67.950	15.9298
6	Adaptability	60	60.400	9.101

Table 4.1 reveals the means and standard deviation of Teaching style of Teachers. The table clearly indicates that **Creativity** and **Reactivity** are more in comparison to Nurturing, Regulating, Task-mgt and Adaptability. Now a days in harmony with the modern culture and latest trends, great stress is placed upon Creativity. This Teaching style is widely learnt through magazines, books etc. Everyone wants to be creative and innovative. But the one who does it achieve success. Teaching is such a profession where a Teacher has to be creative and the Teachers were found to be creative in their ideas and thoughts. They adopted new methods of Teaching like audio-visual aids, computer graphics etc. to make chapter clear and easy to understand for the students.

Another interesting result was seen in the interpretation of **Reactivity** i.e. its mean score was 68. The reason behind is that nowadays Teachers are firm in resolving and perseverant in tackling a goal. This Teacher tackles the problem with determination, persuasion and are frank and open with the students. They resolve the student's **problem** to any extent, as they are focused.

II. t-test

TABLE 4.3: t-VALUES OF TRANSACTIONAL STYLES AMONG LOW AND HIGH LEADERSHIP EFFECTIVENESS OF GROUPS

S.No.	VARIABLES	GROUPS	MEAN	S.D	t-VALUE	LEVEL OF SIGN.
1	Nurturing	Group 1	50.5500	4.200	.10	N/S
		Group 2	50.6500	3.329		
2	Regulating	Group 1	51.6500	5.272	.79	N/S
		Group 2	52.8750	6.276		
3	Task-mgt	Group 1	55.9500	10.923	2.07	.05*
		Group 2	62.2250	11.344		
4	Creativity	Group 1	72.7500	14.994	-1.41	N/S
		Group 2	78.6250	15.511		
5	Reactivity	Group 1	66.0500	15.494	-.67	N/S
		Group 2	68.9000	15.307		
6	Adaptability	Group 1	56.3000	6.079	.300	.05*
		Group 2	62.4500	9.714		

GROUP 1. Low Leadership

GROUP 2. High Leadership

[N/S] Not significant

*.05 level of significance

Table 4.3 indicates significant differences in the mean scores of Teachers on various dimensions with low and high Principal Leadership Effectiveness.

Significant difference is found with regards to **Task-mgt** and **Adaptability**. It can be seen that Teachers are high on these aspects. This clearly indicates that if Principals are good leaders, then concerned Teachers are having Problem-solving attitude and they are very flexible and are able to modify her approach according to the situation.

As today the woman is concerned with solving the problem, as well as keeping in mind the viewpoints of the family members. She considers all the possibilities concerned to the task and works accordingly. These findings are supported by

III. RESULTS OF CORRELATIONS

Hypothesis III: There will be significant relationship among Teaching Styles and Behavioural Styles of Teachers

TABLE 4.5: CORRELATION BETWEEN LEADERSHIP EFFECTIVENESS OF PRINCIPALS AND TEACHING STYLES OF TEACHERS

Nurturing	.5805
Regulating	.1992
Task-mgt	.3375
Creativity	(i).6780*
Reactivity	-.1414
Adaptability	-.3360
Submissiveness	.3253
Aggressiveness	.5602
Assertiveness	(ii).7000*

Table 4.5 reveals that –

It is found that when Leadership style of Principal is seen Teachers are found to be creative, they are always thinking to enthuse others with new ideas and thoughts.

IV. FACTOR ANALYSIS

As a first step in the analysis of data, intercorrelations were computed among all the variables, included in the study using Pearson's Product Moment Method. The obtained correlational matrix was factored by Principal components method. Only those factor were retained for future rotation which had eigen value more than 1.00.

TABLE 4.7: EIGEN VALUES OF PRINCIPAL FACTORS EXTRACTED

FACTOR NO.	EIGEN VALUE	PCT OF VARIANCE	CUMULATIVE VARIANCE
1	2.44306	27.1	27.1
2	1.35394	15.0	42.2
3	1.03550	11.5	53.7
4	1.02779	11.4	65.1

Table 4.7 shows Four factors each having value more than 1.00 were extracted. These factors together accounted for 65.1 % of total variance.

TABLE 4.8: VARIMAX ROTATED MATRIX LOADINGS OF FOUR EXTRACTING FACTORS ON ALL THE ITEMS

VARIABLES	FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4
Nurturing	-	.69706	-	.74613
Regulating	-	-	-	.69277
Task-mgt	-	-	.56940	-
Creativity	.76242	-	-	-
Reactivity	.59096	-	-	-
Adaptability	.71547	-	-	-
Submissiveness	-	.89791	-	-
Aggressiveness	-	.58635	-	-
Assertiveness	-	-	.77677	-

Table 4.8 shows varimax rotated matrix for all the variables under study.

FACTOR 1 – CHILD EGO STATE

The scores having significant positive loadings on these factors are **creativity (.76)** **reactivity (.59)** and **adaptability (.72)**.

The loading patterns of this factor suggests that all these three variables are related to Child Ego State. All three variables are related to each other. Increase in any one will increase the other.

FACTOR 2 – NON-ASSERTIVENESS FACTOR

It has high loadings of (.69) on nurturing, (.90) on submissiveness (.59) aggressiveness on the behaviour aspects. Both these aspects are opposite of assertiveness. Hence this factor can be called Non-assertiveness factor.

FACTOR 3 – ADULT EGO STATE

It has high loadings of (.57) on task function which is task of adult. Hence this factor can be called adult ego state factor.

It also has loadings of (.78) on assertiveness, which may also be a part of the task-orientation. Hence, this factor suggests that problem-solving attitude of adults leads to assertiveness.

FACTOR 4 – PARENT EGO STATE

Factor 4 has high loadings of (.75) on nurturing and (.69) on regulating variables. Both of these variables are related to the parental function, hence this factor may be named as Parent Ego State.

Nurturing and regulating are related to each other so increase in any one will increase the other.

RECOMMENDATIONS & SUGGESTIONS

A Teacher who clearly understands the possibilities and limits of his or her teaching style can make more consistent judgments about how best to use his medium. An effective Teacher should be balanced of all the six functions – nurturing, regulating, managing task, adaptive, creative & confronting. She must set an equilibrium so as to achieve success and satisfaction in her life.

CONCLUSIONS

1. There was a significant difference between Teaching Styles of Teachers with low and high leadership effectiveness of Principals on Regulating and Adaptability function.
2. Correlations were found between Adaptability and Reactivity. They were also found between Nurturing and Assertive behaviour. It was also seen that if Teachers were found to be Creative and Innovative in their ideas and thoughts.
3. It was also found that where leadership effectiveness of Principal was seen Creativity of Teachers was found.

DELIMITATION'S OF THE STUDY

1. The study is delimited to a small sample.
2. The study is delimited to female Teachers.
3. The study is delimited to three variables.

SUGGESTIONS FOR FURTHER STUDY

1. Further study could be replicated on a larger sample, which could provide wider outlook.
2. Some more variables can be included for further study.

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THE ROLE OF HIGHER EDUCATIONAL INSTITUTES IN FOSTERING EDUCATIONAL SOCIAL RESPONSIBILITY IN INDIA

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ABSTRACT

Organizations in the modern days are undergoing immense transformation in the wake of industrialization and globalization. Emerging economy like India has drawn the attention of large MNCs for the potential of market growth. However these changes have failed to give due focus and attention to the local and social community, environment and consumers as a result this has led to large scale debate and to take necessary action. In the above context it becomes important to understand that the sustainable business growth is associated with care for the community and markets. In this scenario, there is an increased focus on the social role that is Corporate Social Responsibility (CSR) which remains high on the agenda in the Indian corporate context. The recent economic crisis has highlighted the need for societal commitment towards education as leading economic powers have been spending massively on education as a sound investment for economic recovery and growth. As a fact it was also highlighted that educational institutions have to shoulder social responsibilities. Educational universities now look to education not just to educate students and youth, but to bring out some social change and set a path to peace and sustainable development. Educational outreach efforts have the potential to make a real and lasting difference for all players involved. But educational institutions have the ability to make a tremendous impact. There is no doubt that sustainable and ethical business practice is now a hot topic in international education. A commitment to Educational Social Responsibility (ESR) has seen internal and external projects and developments all focused towards the role that the education sector should play a major role in building a better social community. Higher education mostly Universities have been actively involved in the social community building process, due to the fact that some of the activities are directly influenced and linked to the society. Universities and leading educational groups are compared along with corporate which is seen as trend and will be followed in coming years. The involvement of Educational groups and institutions directly in social development varies from institute to institutes and is seen more in case of educational groups who are imparting management education but the core values lies in the spiritual thoughts. This paper makes an attempt to analyze the various social responsibility initiatives taken by Sri Sri University based out of Cuttack, Odisha. Through this paper, we analyze the fundamental changes in paradigm of corporate social responsibility and the new innovative practices being applied in educational settings in India. Our central argument in the paper is that the rise of private university in the free market setup has radically transformed the perception and understanding that they have of their large role in society and as a result of which there has been a change in implementing the corporate social responsibility programs at the ground level in educational settings which is now known as Educational Social Responsibility (ESR).

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KEYWORDS

Educational Social Responsibility, Corporate Social Responsibility, Sustainable Growth.

INTRODUCTION

In the current globalized era, broader goals like establishing peace, respecting human rights, poverty reduction and sustainable development must be aligned with personal intellectual development. This paper elaborates the need to build inclusive growth and emphasizes why it is imperative to focus on sustainable growth now. It presents the opportunities available for building a sustainable growth by identifying key levers in education and business model innovation. This paper tries to highlight why educational social responsibility should be undertaken by different universities. In a time of environmental and economic crisis, universities and institutions of higher education should be taken initiations in order to impact social and economic development of the community. The recent economic crisis has highlighted societal commitment to education which was earlier strongly advocated the decision of some of the leading economic powers to spend massively on education as a sound investment for economic recovery and growth. But it has also been highlighted to the fact that society has endowed its educational institutions with greater social responsibilities and the expectations are high. Education is the sector which is the most eligible and socially rewarding effort to be looked upon to discharge its social responsibility. Supporting education at any level will mean, re-energized education sector which can transform our country into a true knowledge power and realize a future of prosperity and sustainable growth. We are now looking towards education not just to educate our youth and children but also to set up a new revolution by changing the society as a whole by looking at macro issues like poverty, unemployment and ultimately leading towards the path of peace and sustainable development. It is the food for thought to analysis whether institutions of higher education carry through on their growing responsibilities in the domain of socio-economic development? For that reason, these responsibilities require a radical re-shaping of the dominant higher educational system and philosophy. Producing the leaders of tomorrow and instilling in them the values and knowledge, it is necessary to building a more sustainable future, that it is also the social responsibility of institutions of higher education to take on an anticipatory role to foresee and alert the society towards emerging trends and to prevent any major crisis which is likely to happen. Current scenario of globalization, workforce diversity, and competitions has given a way to new opportunities for businesses to support education in a win-win situation that benefits everyone. The bottom line is that educational outreach efforts have the potential to make a real and lasting difference for all players involved. These demands have given way to new opportunities for businesses to support education in a win-win situation that benefits everyone through Corporate Social Responsibility (CSR).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that it not only business growth but also building a trustworthy and relationships which can be sustained with the society as a whole. India economy is growing but at the same time socio economic issues like illiteracy, access to healthcare, poverty still exist at large and in a limited resource setting government is unable to effectively tackle these issues. This has opened the door of opportunity for business across several areas to contribute for social development. (Ramya Sathish, Chillibreeze, 2013). Today, CSR in India has gone beyond merely charity and donations. It has become an integral part of the corporate strategy. CSR requires company commitment to balance and improve the social and environment impacts without hampering the performance of the economy. This in turn, leads to a move from the conventional view of the firm, where the main responsibility of the firm is to provide goods and services to society (Chamberlain, 1973; Friedman, 1968, 1970, cited in Williamson et al., 2006), to one which sees firms as contributing to the welfare of society (Carroll, 1979; Steiner and Steiner, 1997, cited in Williamson et al., 2006). There has been a shift in terminology from the social responsibility of business to CSR. Some of the word which is commonly used to relate corporate responsibility in the society is public policy and business, stakeholder management and corporate accountability. Off late there has been renewed interest being generated towards CSR and some of the new concepts that have been proposed include corporate sustainability and corporate citizenship. This is specifically so true for universities where contribution to knowledge and well-being of society is of great importance. Social responsibility is not limited to the present employees of the society, but should also be expanded to its society. Organizations are not operating in vacuum and apparently their operation will affect their external environment. According to Crowther and Aras (2008), this effect can take the following forms:

- (i) The utilization of natural resources as a part of social responsibility
- (ii) The effect of competition between itself and other organizations in the same market
- (iii) The enrichment of a local community through the creation of employment opportunities
- (iv) Transformation of the landscape due to the raw material extraction or waste product storage
- (v) The distribution of wealth created within the organization to the owners of that company and the employees of that organization and the effect of this upon the welfare of individuals
- (vi) More recently the greatest concern has been with climate change and the way in which the stakeholders would be satisfied.

The first phase of CSR is that the central goal is to achieve maximum overall cooperation between the entire system of stakeholder groups and the objectives of the corporation. Next, it is the efficient strategies for managing stakeholder relations involves efforts, which simultaneously deal with issues affecting multiple stakeholders. For that reason, Organizations should understand the role of stakeholders. Management of stakeholders requires integrating groups into managerial decision making with a stake in the organisation. Directed by a sense of pragmatism a great deal of empirical research has been done. This takes into account on topics as how to determine the best practice in corporate stakeholder relations (Bendheim et al., 1998), stakeholder salience to managers (Agle and Mitchell, 1999; Mitchell et al., 1997), the impact of stakeholder management on financial performance (Berman et al., 1999), and how managers can successfully balance the competing demands of various stakeholder groups (Ogden and Watson, 1999). Research shows that higher education institutions can cause "significant environmental impacts" (Jabbour, 2010). Firms who are profit oriented would not stay behind to keep the high interest level of those people who have the stake in the organisation. An adequate level of investment in philanthropy and social activities is also acceptable for the sake of profits (McWilliams and Siegel, 2001).

SOCIAL RESPONSIBILITIES OF EDUCATIONAL UNIVERSITY

Now days, the growing importance of CSR in the business world is clear. It is not confined to corporate world. Few educational institutes have come up with CSR activities. As we all know Education has a strategic importance in the current era; meanwhile it can be viewed as a systematic strategy which is used to create desired changes in individual behavior in society. Education produces basic properties and services for meeting the vital needs of a nation like health, security, education, defence, communication and cultural development. But the question is that- Is CSR within educational institutions relevant? How should an institution such as a university practice CSR? CSR seeks to build community capacity and improve the quality of life in communities. Through comprehensive efforts and targeted action plans, communities can improve educational outcomes, employment, and health and well-being of community residents. CSR is a driving force in strengthening the process skills of individuals in the community, enabling people to work together toward common goals and objectives (Rausch and Patton 2004). The CSR activity done by educational institutes are usually refereed as Educational Social Responsibility (ESR). First, Universities must promote true culture of CSR across their institutions. This should be followed by developing social marketing actions in order to better communicate and interact with stakeholders. Initiations of a dynamic CSR culture will nurture the accumulation of current students, future students, local community and corporate supporters and many others. One of the major stakeholders is the current students who are mostly in the age group of 18-25. This group is called the Net Generation or Gen Y and is most technology savvy within the general human population. These youth power should be properly used in understanding the social action of organizations. But the major issue for implementing it is lack of understanding and awareness of sustainability issues amongst the university population. Before implementing CSR activity, University needs to create a process whereby students and employees should understand the process of ESR.

The pertinent area of ESR activities can be done through following areas:

- Workplace (employees)
- Marketplace (customers, suppliers)
- environment
- Community
- Ethics
- Human skills.

Many challenges CSR teams encounter surround issues of sustainability and commitment among CSR team and coalition members. Key to sustainability is the building of commitment through active involvement and a plan for addressing strategic changes (Rausch and Patton 2004).

MAJOR PROCESS AREAS AND AN OVERVIEW

For a comprehensive community such as university, change through the CSR process is based on a set of guiding principles:

- CSR is a grassroots, community-based initiative.
- Community ownership and responsibility is essential.
- The community is expert in guiding its own destiny.
- Campus partnership supports community efforts.
- Community collaborations support shared resources.
- Youth are active participants in community change.
- Assessment and response is dynamic and ever changing.

EDUCATIONAL SOCIAL RESPONSIBILITY INITIATIVES AT SRI SRI UNIVERSITY (SSU)

Community change process is quite an undertaking. H.H Sri Sri Ravi Shankar has envisioned a remarkable university – one that is uniquely positioned to educate students to become national and international leaders and socially responsible global citizens. SSU is supporting the implementation of the United Nations' Millennium Development Goals to eradicate extreme poverty and achieve education in the world's poorest countries.

- SSU will be stimulating development in Odisha, a state in India whose citizens face remarkable barriers to accessing healthcare and education. Orissa has approximately 36 million people, 5 universities and 7 major hospitals.
- Literacy rate for Orissa is far below at third place from bottom among all states. Also in tribal population the literacy rate is below 20%

- What's more, 72% of children under 3 years old are anemic and 65% of its households lack access to clean drinking water.
- SSU will further the national goal of increasing school and college enrollment in India, including through the education of more women.
- SSU will initiate students flow from across the India and will introduce new professional courses which are needed for the Indian economy (SSU, 2013)

1. LOW-COST & ENVIRONMENTALLY SOUND

The architectural plans for Sri Sri University combine environmental responsibility with cost efficiency. The campus design of SSU takes advantage of the existing contours of the land as a natural foundation and harmonizes with the Kathjodi River which runs adjacent to the campus, making water an integral part of the design (SSU, 2013). The campus features eco based green buildings, solar panels and green landscape. Campus structures will include technology learning laboratories, an indoor-outdoor sports stadium, an amphitheater, a 500-bed teaching hospital and a 100-bed Ayurvedic hospital.

2. ECONOMIC IMPACT: INVIGORATING THE LOCAL COMMUNITY

Sri Sri University is establishing the Center for Excellence in Vocational Training. Vocational school will help quip the community in Orissa by offering education in areas where there is skill gap and market demand. These short term skill based programmes aim to provide livelihood for a poor household and bridge the skill shortage in the country. Professions needed to build and maintain the University. Several trades are being offered, such as hospitality, welding, plumbing, bar bending and steel carpentry and retail. Specifically, in Naraj, the University will stimulate the community's economy and significantly add to the social environment.

It has been shown in various situations and context that new academic institutes bring a gradual improvement in the condition of local infrastructure and commerce. SSU will be enrolling men and women with good qualifications, varied life experiences and background. This will initiate a demand pull for goods and services which is likely to increase in Naraj from Bhubaneswar. It is expected that Sri Sri University will have similar positive effects. Across the world pooled data from census studies have shown a significant positive effect on geographic regions in terms of growth in population, aggregate personal income and state employment by the university set up.

JOB SKILLS FOR VILLAGE YOUTH

1. CELL PHONE REPAIR COURSE

As a part of youth development and empowerment programme, a 3 month cell phone repairing course was started within the SSU campus in Sept 2010. 25 youths have enrolled in this course which is one of the many planned courses to develop the skills of the unemployed and poor youths of, the villages near to the university periphery.

2. CONSTRUCTION SKILL TRAINING CENTRE - VIDYA

Sri Sri University starts its journey with social services to community and imparting life skills to the common people in society as its core competencies. In collaboration with Larsen and Toubro (L&T), thirty-five Students underwent 3 months training skills on masonry, bar bending and advanced techniques in machinery. Till 31st January 2013, this unit has trained and placed 251 youths in different job sites in L&T in Odisha and West Bengal. The passed out trainees can earn from 6k to 20k depending on their expertise and experience. (SSU, 2013)

3. VILLAGE OUTREACH

SSU outreach team has been assigned the goal to strengthen the local development of the community and they have already begun extensive community service in 11 villages surrounding the University campus. In conjunction with the Sri Sri University Outreach Team, youth leaders (trained under the Youth Leadership Training Program) conduct free health camps for local people. Outreach teams have also initiated cleaning functions as part of the outreach programme which included roads, place of worship and sewers. Developments in the surrounding areas are managed by around 100 trained youth leaders benefiting over 2400 rural children and adults.

ACCOMPLISHMENTS INCLUDE

- 11 Villages adopted
- 2 community halls are under construction
- 300 people learnt life skills from 10 workshops
- 600 plantation
- 1322 villagers participated in 50 hygienic camp
- 15 Houses built
- Youth Leadership Training Program for 285 people
- 21 Health Camps for 2145 people
- Imparting Yoga, Meditation, and Breathing techniques: 1229 children; 1,100 adults

Sri Sri University Educational Social Responsibility initiatives are focused not only at its periphery, but it is also extended from local to state and also to national level. This differentiates from the traditional social corporate responsibility which is mostly done at local level or at the site of operations but rarely do these get extended to state and national level.

4. LIGHT A HOME PROJECT

In Sept 2012, SSU youth leaders have identified a hamlet with no access to electricity. Solar electrification project "Light a Home" was inaugurated in Bhalunka hamlet with 90 house hold on 04.01.13. More than 100 villagers were present in the occasion.

In the dark, with the help of solar lamps and head light of the vehicle the project was inaugurated. Funded by Sri Sri Rural Development Program (SSRDP), and implemented by the Social Outreach department of SSU, this project lights the 90 poor tribal household (SSU, 2013).

SUSTAINABLE DEVELOPMENT

Universities are the most important academic and educational organizations. For a university equipping students for their future life may be one of the major goals. Growth in student numbers and / or turnover is not objectives in their own right for a university. Indeed this sort of objective, and concomitant performance measure, are not wholly subscribed to in the untrammelled free market of the commercial organization. Along the way, to help make the world a little better, must be main target for all educationalists. The education, values, and, ethical analysis have much to offer to society for justice and human rights, who are "acting to save the world" (Skinner 1987). Hopes for building sustainable communities socially, culturally, and physically most are founded on learning to think and dialogue systemically. Organisation ability to outsmart competitions constantly over a longer time frame is defined as Sustainable development of a community. Within this context successful organisation vary from sustainable development organisation. Success may be of one dimension but sustainable is of multiple dimensional in the organization. CSR plays an important role in sustainable development. Organizations should perceive that certain forces or trends call for change, and the issue is subjected to the organizations' progress, problem solving and decision making Sustainable change only when organization becomes visibly involved in the process. Sustainable Development in organization can be achieved through proper utilization of the basic Human, Physical & financial, resources. The most important part is to satisfy all the community desires and problems and try to generate happiness in the community. For example, Bhutan is measuring the happiness of the people by adding the promotion of happiness factor in education. While this concept is strongly promoted by Bhutan Royal couple the government also is of the impression that this is the only indicator that counts. While Gross National Happiness (GNH) is still in abstract stage, Bhutan has macro-economic issues like inflation, gap between poor and rich, unemployment, by which Bhutan government feels that by encouraging GNH macro-economic issues can be managed and contained. Critics argue that such concepts are highly intellectual thoughts and goes over people's head. Educational responsibility also includes a quality education be freely available to all children.

CONCLUSION

This article has reviewed a broad understanding of what is meant by corporate social responsibility and how and why business might undertake such behavior. Most important parameter is how educational institutes play a vital role in shaping community and societal development. Whether actions by university that provides business benefits are ultimately regarded as socially responsible by stakeholders is a criteria for success or something else is there. While emerging

methods are being checked for its effects still these subjects generate a considerable amount of debate. However the common threads of the literature involve establishing principles for action and using stakeholder analysis and engagement for community development as a way of determining accurate activities. However the focus is increasing both by university on community development and also by the society on the actions of business. It is important in this context to understand that the sustainable business growth is associated with care for the community and stakeholder's satisfaction and happiness and the corporations that operate in.

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GENDER DISPARITY IN ELEMENTARY EDUCATION IN INDIA: A CHALLENGE FOR INCLUSIVE GROWTH

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ABSTRACT

For inclusive growth education is the most important instrument to enhance human capabilities and to achieve the desired objectives of socio-economic development. It is one of most powerful instrument known for reducing poverty and inequality and laying the basis for sustained economic growth. Women education has assumed special significance in the context of country's planned development. In spite of concerted efforts to improve the enrolment of girls and provide education for them, their educational status is still far from satisfactory. Female enrolment in educational institutions is low as compared to males and dropout rates amongst girls are very high. The present study is to analyse the status of female education and gender disparity in elementary education in India and also to see the impact of increase in number of female teachers, infrastructural facilities and public expenditure on enrolment of girls during the last two decades at elementary level.

KEYWORDS

Elementary Education, Female Education, Inclusive Growth and Gender Disparity.

1.1 INTRODUCTION

Inclusive growth which is a broad and multidimensional concept is not merely linked with poverty reduction but also with enlargement of opportunity, capability, access, equality and security of people. It implies the participation of all sectors and regions of the society in the growth process and equitable distribution of growth benefits to every section of society. The Eleventh Five Year plan said that a key element for the strategy of inclusive growth must be to provide the mass of our people access to basic facilities such as health, education, clean drinking water etc. and the government at different levels have to ensure the provision of these services. But despite the various efforts, inequities in our economy still exist and education sector of our economy is also not an exception.

Education is a key input in human resource development and is essential for country's economic growth and development. It is one of most powerful instrument known for reducing poverty and inequality and laying the basis for sustained economic growth. In addition, it plays a very crucial role in securing economic and social progress and improving income distribution (Ozturk, 2001). Moreover, education is essential for the construction of globally competitive economies and democratic societies combined with macroeconomic policies. It is a key for creating, applying and disseminating new ideas and technologies which in turn increase labour productivity. Education builds human capabilities which are important for individual to reflect, make choices, seek a voice in the society and enjoy a better life (Bruns, et al. 2005).

Elementary education constitutes a very important part of the entire structure of education because it is the time when a way of life begins. Primary school environment provides the child with the first-hand experience of group of life outside the family. The education which he receives at school provides the foundation for his harmonious development. Sound elementary education gives a fillip to sound secondary and higher education (Pathania, & Pathania, 2006). The elementary education is divided into two stages - Primary and Upper Primary education. Primary education includes the classes I to V and covers children in the age groups of 6-11 whereas, Upper primary covers classes VI to VIII and includes the children of 11-14 age groups (Govinda and Bandyopadhyay, 2008).

Female literacy is considered to be the most sensitive index of social development because it is indirectly but positively related to lower fertility rates, lower population growth rates, higher age at marriage, higher life expectancy and a greater participation by women in modern sector of economy (Rani, 1993). Education for a girl means that as a human they will be able to exercise their rights to participate in political and economic decision making in the community as well as in the household. It empowers women to take control of their life and create opportunities and choices to improve their conditions as well as that of their families. Hence, educating girl offers extraordinary social and economic benefit to current and future generation.

Schooling has innumerable benefits and yet vast majority of Indian children especially girls are deprived of these. Despite the fact that the social gains of women education are much larger than the private gains, the gender gap in education exist because those who bear the private costs of investing in girls education do not receive the full benefits of their investments. Despite aggregate improvement in education level, glaring disparities in elementary education continue to prevail. There are huge gender and social disparities in access to education at elementary level. Though, various measures are undertaken by the government and local bodies to reduce the inequality in education, the condition of girl education is still grim and there is gender disparity at all level of education (Vaid, 2004).

Equality of opportunity of access to education is necessity if more women are to become the agent of change. In 1986, The National Policy on Education (NPE) especially emphasised the necessity of reorienting education to promote women equality (Manjrekar, 2003). NPE (1986) and its Programme of Action (revised in 1992) gives education a mandate to work for women's equality and empowerment. The effort in that document attempted not only to provide equality of educational opportunity, but to transform the entire content and process of education for achieving gender equality and a realignment of gender roles, to make them more equitable and harmonious (Jain, 2003). Recent assessment shows that girl's participation in schooling has improved significantly during the last 10-15 years. However the Global Monitoring Report of UNESCO on progress towards Education for All (EFA) goals considers the progress to be far from satisfactory and

declares the country at risk of not achieving the goal of gender parity and equality. Though Government of India has put forward a number of schemes such as Sarva Shiksha Abhiyan (SSA), National Programme for Education of Girls at Elementary level (NPEGEL), Kasturba Gandhi Balika Vidyalya (KGBV) and Mahila Samakhya (MS) for bringing girls to school and holding them there, still the gap between male and female literacy persist.

1.2 LITERACY RATE IN INDIA

Since Independence, India began its educational journey with a serious handicapped as only around 18 per cent of adults possessed basic literacy skills (Table 1). Out of these only 8.86 per cent of female were literate as compared to the 27.16 per cent of the literate male. However, over the last six decades there has been impressive growth in literacy in India and the male-female gap in literacy rate has constantly fallen since 1991.

TABLE 1: GENDER GAP IN LITERACY RATE IN INDIA (1951 to 2011) (Per cent)

Year	Crude Literacy Rate			Male-Female Gap in literacy Rate
	Total	Male	Female	
1951	18.33	27.16	8.86	18.30
1961	28.30	40.40	15.35	25.05
1971	34.45	45.96	21.97	23.98
1981	43.57	56.38	29.76	26.62
1991	52.21	64.13	39.29	24.84
2001	65.38	75.85	54.16	21.70
2011	74.04	82.14	65.46	16.68

Source: Census of India, 2001 & 2011.

During the last decade both male and female literacy rate were increasing. The female literacy has increased from 54.16 per cent in 2001 to 65.46 per cent in 2011 whereas the male literacy has increased from 75.85 per cent to 82.14 per cent during the same year. This increased in the female literacy has reduces the male-female gap from 21.70 per cent in 2001 to 16.68 per cent in 2011. Though, the gap in male-female literacy has declined, still the number of illiterate woman is high as compare to the total illiteracy in India.

1.3 OBJECTIVES OF THE STUDY

The study has been undertaken to evaluate the educational level of girls at elementary stage. The emphasis on literacy and elementary education is intentional because these are the foundation of education system. In the light of above problems the specific objectives are:

1. To analyse the status of female education and gender disparity in elementary education in India during the last two decades.
2. To see the impact of female teachers, infrastructural facilities and public expenditure on enrolment of girls at elementary level during the last two decades.

1.4 GROWTH OF EDUCATIONAL ATTAINMENT AT ELEMENTARY LEVEL

Enrolment of students is a measure of immediate attainment in education, more enrolment means greater opportunities for entitlements. Enrolment as an indicator of attainment is used massively in the form of its different variants namely Gross Enrolment Ratio (GER), Net Enrolment Ratio (NER), Attendance rate and so on (Jha, *et al.* 2008). Out of the different variants, GER is considered as a good measure of attainment of education which is one of the measures of the flow aspects of educational attainment of the children.

Gross Enrolment Ratio is defined as the percentage of enrolment in the elementary classes (I-VIII) to the estimated child population in the age group of 6 to 14 years. It can sometimes be more than 100 per cent if there is large number of under-age and over-age students in the school.

The growth rate of the GER at elementary level is shown in Table 2. During the decade of 90s, the GER in primary and upper primary education level has come down from 100.2 per cent and 62.8 per cent in 1991-92 to 95.7 per cent and 58.6 per cent in 2000-01 respectively. However, growth in enrolment in decade of 90s was sluggish and uneven. This was mainly true in the case of boys, though some improvement is visible in the case of girls. The low growth in enrolment during the decade of 90s (era of economic reform) might be attributed to the adoption of 'Structural Adjustment Programme' by the states. It was well recognized that the share of education in the budgets of most of the states government has declined significantly over the years, as structural adjustment policies have devoted low priority to social sector like education. The per-pupil expenditure on education especially by the less developed states, has also declined, this led to quantitative and qualitative impact on education (Jha *et al.* 2008).

TABLE 2: GROWTH OF GROSS ENROLMENT RATIO AT ELEMENTARY LEVEL (1991-92 TO 2009-10) (Per cent)

Year	Elementary					
	Primary			Upper Primary		
	Total	Boys	Girls	Total	Boys	Girls
1991-92	100.2	111.8	86.9	62.8	75.1	49.6
1995-96	88.6	97.7	79.4	59.3	67.8	49.8
2000-01	95.7	104.9	85.9	58.6	66.7	49.9
2001-02	96.3	105.3	86.9	60.2	67.8	52.1
2005-06	109.4	112.8	105.8	71.0	75.2	66.4
2009-10*	115.5	115.6	115.4	81.5	84.5	78.3

Note: * Provisional

Source: Education in India and Selected Educational Statistic, various years, Ministry of Human Resource Development, Government of India, New Delhi

The growth of GER has improved since 2000 in both primary and upper primary level especially after the launch of Sarva Shiksha Abhiyan in 2001-02. The above Table shows that GER in both primary and upper primary education level during the decade of 2000s has increased from 96.3 per cent and 60.2 per cent in 2001-02 to 115.47 per cent and 81.52 per cent in 2009-10 respectively. Increased in the growth of GER of girls in both primary and upper primary level was higher than the increase in growth of boys. This increased in the enrolment was attributed to a number of centrally sponsored schemes such as recruitment of local teachers, increasing proximity of schools and nutritional support schemes like Mid-Day Meal scheme in schools to encourage enrolment of children in schools. Unlike the progress in enrolment during the last decades, the trends in retention and quality were not very encouraging. Drop-out was decreasing at both boys and girls at level of elementary education during the reform period but the declining trend of drop-out rate of boys was faster than the girls. Table 3 shows the drop-out rate at elementary stage which is defined as the percentage of students who drop-out from a given level of education in a given school years. In total (combination of boys and girls) the drop-out rate at elementary level declined from 69.37 per cent to in 1991-92 to 53.67 per cent in 2000-01. Within this drop-out rate of boys was declining faster than the girls during the same period. During the decade of 2000s the opposite was happening. The girls drop-out was falling faster than the boys. Though dropout rates at the elementary level has decreased over the recent years but they are still relatively very high and 42.39 per cent of children were drop-out from the school in the year 2009-10 without completing 8 years of schooling.

TABLE 3: DROP-OUT RATES AT ELEMENTARY LEVEL (1991-92 TO 2009-10) (Per cent)

Year	Elementary Level (I-VIII)		
	Boys	Girls	Total
1991-92	68.0	58.6	69.4
1995-96	54.3	59.5	56.6
2000-01	52.9	57.9	53.6
2001-02	52.9	56.9	54.6
2005-06	48.7	49.0	48.8
2009-10*	40.6	44.4	42.4

Note: * Provisional

Source: Education in India and Selected Educational Statistic, various years, Ministry of Human Resource Development, Government of India, New Delhi
Gender Parity Index (GPI) which is also one of the indicators for defining the gender gap is shown in Table 4. Gender Parity Index is calculated by dividing the gross enrolment ratio of girls with gross enrolment ratio of boys at the given level of education. It is used to measure the progress towards gender equality in education. The GPI is a socio-economic index usually designed to measure the relative access to education of males and females. When GPI shows a value equal to one at any level of education, it shows that there is no gender disparity at that level and learning opportunities are available for girls equally to that of boys (SES, 2004-05). GPI at elementary education level has improved continuously during the reform period in India. Its value has increased from 0.71 per cent in 1990-91 to 0.82 per cent in 1999-2000. Since the introduction of SSA during the early period of 2000s the value of GPI has increased rapidly and reached to the level of 0.96 in the year 2009-10.

TABLE 4: GENDER PARITY INDEX (GPI) AT ELEMENTARY LEVEL (1990-91 TO 2009-10) (Per cent)

Year	Elementary Level (I-VIII)
1990-91	0.71
1995-96	0.80
1999-00	0.82
2001-02	0.81
2005-06	0.92
2009-10*	0.96

Note: * Provisional

Source: Education in India and Selected Educational Statistic, various years, Ministry of Human Resource Development, Government of India, New Delhi
In spite of many policies and several steps taken by the government, the gender disparities is still persist at the elementary education because of various socio-cultural, economic, educational and religious factors. The major factors which are responsible for gender disparity are parental motivation for son's education, early marriage, poverty, nature of occupation by parents, child labour, higher cost for education, lack of infrastructure, less number of female teachers, long distance to school and religious factors.

1.5 DATA SOURCES AND METHODOLOGY

The study has used time-series data covering the period from 1991-92 to 2009-10. The variables used in the study have been collected from different secondary sources. These are collected from Census of India, Education in India and Selected Educational Statistics, Ministry of Human Resource Development and Analysis of Budgeted Expenditure on Education in India, Ministry of Human Resource Development.

To analyse the relative importance of Number of Schools, Number of Female teachers and Public expenditure on Elementary Education in India in determining the Enrolment of Girls in Elementary Education and retaining them into the schools, the study uses Ordinary Least Squares (OLS) methodology for the above mentioned period. The null hypothesis of the study is increase in female teachers; numbers of schools and total expenditure on elementary education doesn't have significant impact on the enrolment of girls in elementary education.

Based on the above discussion, all the variables have to be transformed into logarithmic form to obtain a linear model. Thus, we have the following linear model:

$$\ln EREE_t = \theta_0 + \theta_1 \ln FTEE_t + \theta_2 \ln SCEE_t + \theta_3 \ln TEEE_t + \mu_t$$

where,

$\ln EREE_t$ = Natural logarithm of Enrolment of Girls' in Elementary Education

$\ln FTEE_t$ = Natural logarithm of Female Teachers in Elementary Education

$\ln SCEE_t$ = Natural logarithm of Schools in Elementary Education

$\ln TEEE_t$ = Natural logarithm of Total Expenditure(Public) in Elementary Education

$\theta_0, \theta_1, \theta_2$ and θ_3 are parameters to be estimated and μ_t implies the random error term.

1.6 RESULTS AND DISCUSSION

The study investigates the impact of $\ln FTEE_t$, $\ln SCEE_t$ and $\ln TEEE_t$ as an independent variable to a dependent $\ln EREE_t$ by using OLS methodology. The value of coefficients measure the per cent change in dependent variable of $\ln EREE_t$ with 1 per cent change in the independent variable. Each input variables contribution in the $\ln EREE_t$ can be measured, holding other input constant. Table 5 presents the results of the regression analysis as OLS methods was used to estimate the coefficient value of explanatory variables to determine the enrolment of girls in elementary education during the period 1991-92 to 2009-10.

TABLE 5: DETERMINANTS OF ENROLMENT OF GIRLS IN ELEMENTARY EDUCATION BY USING OLS METHODOLOGY (Per cent)

Dependent Variable	Independent Variable				R^{2}
$\ln EREE_t$	Intercept	$\ln FTEE_t$	$\ln SCEE_t$	$\ln TEEE_t$	R^2
	-18.42** (0.04)	3.63*** (0.000)	-4.44 (0.67)	-0.88*** (0.001)	0.87

Notes: Level of significance ***, **, * are denoted as 1 per cent, 5 per cent and 10 per cent respectively. **P values** under brackets denote the probability of the level of significance.

The results depicts that the expected number of enrolment of girls in elementary education ($\ln EREE_t$) is -18.42 (intercept) which represents that number of enrolment of girls in elementary education will be negative when there is no explanatory variables (inputs). The coefficient value of number of female teachers in elementary education ($\ln FTEE_t$) during the last two decade is 3.63, which implies that it has positive impact on ($\ln EREE_t$) and remains statistically highly significant. The results also shows that the number of schools ($\ln SCEE_t$) and total expenditure on elementary education ($\ln TEEE_t$) has a negative impact on number of enrolment of girls in elementary education during the period 1991-92 to 2009-10 and remains statistically insignificant in the case of number of schools and statistically highly significant in the case of total expenditure on elementary education. It implies that a per cent increase in the number of schools ($\ln SCEE_t$) and total expenditure on elementary education ($\ln TEEE_t$) will increase enrolment of girls in elementary education ($\ln EREE_t$) by -4.44 per cent and -0.88 per cent respectively. The overall significance can also be understood from the value of the coefficient of multiple determination i.e. R^2 . The value of R^2 is 0.87 which indicates that about 87 per cent of the variation in the (log of) EREE is explained by the (logs of) all explanatory variables included in the study over the period 1991-92 to 2009-10.

1.7 CONCLUSION AND SUGGESTIONS

Education is critical input in human resource development and is essential for country's economic growth and development. There is sufficient evidence in India and the world to show that high literacy rate especially in the case of women, correlates with low birth rates, low infants mortality rates and increase in the rate of life expectancy. However, the forgoing analysis shows that there are huge gender gaps in elementary education in India. This gender gap explains that fewer girls than boys are enrolled in schools and girls find it more difficult to make a transition from primary to upper primary schooling. Further, it is officially admitted that drop-out rate amongst girls is much higher than the boys. Though the drop-out rates have been declining over the years, even a modest gap means that more females than males joined rank of persons with incomplete primary education. The major factors which are responsible for this gender gap are parental motivation for son's education, early marriage, poverty, nature of occupation by parents, child labour, higher cost for education, lack of infrastructure, less number of female teachers, long distance to school and religious factors. Our empirical results found that, increase in number of female teachers has positively impact on the enrolment of girls in elementary schools.

Growth in number of schools has negative impact on the enrolment of girls in school but it remains statistically significant. It means that mere increasing in educational institutions will not bring girls in school and retain them there. What is important is that apart from increasing schools, they should be equipped with basic facility like drinking water and sanitary facilities etc.

Further, total public expenditure has also negatively impact on the enrolment of girls but remains statistically significant. The negative relation of expenditure does not mean that government should not invest on elementary education. There are several other factors also which affect the enrollment of student in schools. There is a need to look at the demand side factors that affect enrolment of children in the school. The NSSO 64th round pointed out that the major reason for non-enrolment or dropout was interest related factor and financial constraint. In 2007-08, 34.30 per cent of children left-out school due to interest related factors and 23.80 per cent dropped out due to financial constraint. This confirms that interest related factors rather than economic factors are more important in explaining non-enrolments and dropouts in India. However, the government has to deal with the interest-related factors in more innovative ways; merely an increase in funding may not be enough. Government's spending on education has to be accompanied by other programmes to address non-monetary constraint that people face in their decision to send their children in school.

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APPENDIX

APPENDIX 1: ENROLMENT OF GIRLS AT ELEMENTARY LEVEL

Years	Girls' Enrolment at Elementary level
1991-92	46686984
1992-93	45662727
1993-94	44790609
1994-95	49245898
1995-96	50301359
1996-97	50947807
1997-98	54142658
1998-99	35452083
1999-00	35887039
2000-01	56164553
2001-02	69002842
2002-03	87893076
2003-04	91366763
2004-05	83830293
2005-06	74982281
2006-07	87255049
2007-08	80386564
2008-09	90399604
2009-10*	92417562

Note: * Provisional

Source: Education in India and Selected Educational Statistic, various years, Ministry of Human Resource Development, Government of India, New Delhi

APPENDIX 2: NUMBER OF FEMALE TEACHERS AT ELEMENTARY LEVEL

Years	No. of female teacher at Elementary level
1991-92	856607
1992-93	890147
1993-94	919532
1994-95	940417
1995-96	981809
1996-97	996463
1997-98	1079948
1998-99	1072819
1999-00	1118364
2000-01	1181704
2001-02	1262025
2002-03	1391627
2003-04	1485467
2004-05	1438879
2005-06	1531000
2006-07	1598381
2007-08	1743726
2008-09	1812314
2009-10*	1946928

Note: * Provisional

Source: Education in India and Selected Educational Statistic, various years, Ministry of Human Resource Development, Government of India, New Delhi

APPENDIX 3: NUMBER OF SCHOOLS AT ELEMENTARY LEVEL

Years	Number of Elementary Schools
1991-92	722670
1992-93	729746
1993-94	733259
1994-95	755582
1995-96	767555
1996-97	783939
1997-98	805183
1998-99	822087
1999-00	844040
2000-01	845007
2001-02	883667
2002-03	896656
2003-04	974525
2004-05	1042251
2005-06	1061061
2006-07	1090436
2007-08	1113001
2008-09	1124487
2009-10*	1190907

Note: * Provisional

Source: Education in India and Selected Educational Statistic, various years, Ministry of Human Resource Development, Government of India, New Delhi

APPENDIX 4: TOTAL PUBLIC EXPENDITURE ON ELEMENTARY EDUCATION (Rs crore)

Year	Total Expenditure on Elementary Education
1991-92	8401.42
1992-93	9477.32
1993-94	10821.80
1994-95	12638.93
1995-96	15217.75
1996-97	17850.44
1997-98	20391.52
1998-99	25114.68
1999-00	27905.10
2000-01	29758.12
2001-02	32493.84
2002-03	33347.33
2003-04	36365.97
2004-05	41874.16
2005-06	50181.99
2006-07	60062.84
2007-08	68709.52
2008-09	79000.84
2009-10*	98499.99

Note: * Provisional

Source: analysis of Budgeted Expenditure on Education Sector, Ministry of Human Resource Development, New Delhi, various years

A STUDY OF PROBLEMS AND MEASURES OF ECONOMIES OF ONION IN MAHARASHTRA**R. S. SALUNKHE****HEAD****ARTS, COMMERCE & SCIENCE COLLEGE****PALUS****ABSTRACT**

Today, prices of onions are hiking between Rs.60 and Rs.80 per kg in major metro cities across the country. Maharashtra's onion production which is almost 28% of country's output, impact prices all over the country. Nashik district alone yields 70% of Maharashtra's onion production. In 2011-12 Nashik district has produced 25 lakh tones of onion. But this year-2012-13, it has reduced upto 16 lakh tones due to drought and less cultivated area. Nashik district has marketing onions in twelve states of India. The country's production in the year 2013 was 166.45 lakh tones with productivity of 16.78 ton/ ha. Maharashtra's production was around 47.63 lakh tones. Prices this year are rising primarily due to last year's severe drought in Maharashtra, since the area under onion cultivation in the state was considerably reduced from 382,000 hectares (ha) in year 2012 to 2.62 lakh ha in year 2013, a drop of 31%. However, Maharashtra's politicians do not seem keen on reforming the system of buying and selling agriculture goods. The cost of production of onion has increased rapidly in last decade therefore it may not be possible to sale onions below 30 to 40 rupees per kilogram. In the present study the modest attempt has been made to know how the problems arise about onion prices, economies behind onion cultivation and to study trend and growth of area, production and productivity and also variability analysis of onion in all over Maharashtra.

KEYWORDS

Onion, Price, Area, Production, Productivity.

INTRODUCTION

Onion is grown in India since remote times. Its reference is seen in the *Charaka Samhita* and in *Kautilya's Arthashastra*. It has undergone several modifications and its original form is not known. The important states cultivating onion are Maharashtra (Nashik), Uttar Pradesh, Tamil Nadu, Gujarat, Orissa, Karnataka, etc. all states cultivate onion in homestead land for domestic purposes. Some states cultivate onion in fields for commercial purposes. In Maharashtra, onion is produced in three seasons i.e. June, August and March. Seasons held at Kharif June to 15 August, late Kharif – September end and Rabi October to January. 40% production came in Kharif season and 60% production came in Rabi season. 'Lasalgaon' Tal-Nifhad, District- Nashik is huge onion market hub in Asian continent

OBJECTIVES OF THE STUDY

1. To know how the problem of onion price has arise?
2. To study the trend and growth of area, production and yield of onion.
3. To analyse the production and productivity status of onion in Maharashtra and India.
4. To study economies behind onion cultivation in Maharashtra.
5. To give appropriate measure pertaining the price volatile in Maharashtra.

METHODOLOGY

The data was collected from primary as well as secondary sources. For understanding the cost of production, primary data has been collected from Nashik and Sangli district by personal interview method. 50 samples have taken of which 40 samples are from Nashik district and 10 samples are from Sangli district on the basis of convenient sampling. The secondary data is collected from the news paper, Internet, National horticulture database 2012 and Directorate of Economics and Statistics Government of India and Department of Agriculture, Maharashtra State, Journals and paper articles. The data has been collected from the period 2003-04 to 2012-13. The basic statistics tools like Arithmetic mean, standard deviation and co-efficient of variation were estimated to know the average position and variability in the area, production and productivity of onion in Maharashtra in comparison with India.

REVIEW OF LITERATURE

Kumbhar (2000) studied, "Economic of production and marketing of rabbi onion in Pune district". The major items' cost of cultivation were seeds, hired human labour, manure, bullock charges, fertilizers and rental value of land. Mohaptra and Romeo (2007) studied that the average per hectare cost of cultivation of onion in Bolangir district of Orissa. Shah (1999) conducted study on an economic evaluation of onion production and its marketing in Maharashtra. The analysis of cost structure revealed that total cost of onion production was found much higher in rabbi season compared to that of Kharif season. This finding was true for all categories of onion producers. Market price of input that was prevailing at the time of their use was considered for working out of cost of cultivation. The gross return was calculated on the basis of market price of the produce at the time when the produce is ready for sale. Net returns per hector were calculated by deducting the cost of cultivation from the gross income.

DATA ANALYSIS**TABLE NO- 1 WORLD SCENARIO OF ONION- 2011-12**

Countries	Area in 000 hector	Productivity 000 MT	Productivity MT/Ha
China	1015.2	24763.4	24.4
India	1087.2	17511.0	16.1
U S A	59.7	3353.1	56.1
Iran	69.7	2467.7	35.8
Egypt	63.7	2304.2	36.2
Turkey	65.4	2141.3	32.7
Russian Federation	95.5	2122.7	22.2
Pakistan	147.6	1939.6	13.1
Netherlands	29.8	1540.9	51.6
Brazil	63.4	1523.3	24.0
Others	1570.2	27260.1	17.4
Total world	4267.7	86956.6	20.4

Source: National Horticulture Database-2012

The table no-1 reveals country wise area, production and productivity of onion during the period 2011-12. India has ranked first regarding the area of onion cultivation But China has ranked first in production of onion in the world. About the productivity U.S.A and Netherlands have been ahead of all countries in the world. India (16.1) and Pakistan (13.1) have very low productivity in the world. World has produced 86 956.6 metric tones of onion in the area of 42677.7 thousands hectors with the productivity of 20.4 MT/ha. India has produced 20.13% onion of world onion production on area of 25.47%. It has indicated that entire world is depending on India and china for onion.

TABLE NO- 2 ONION SCENARIO OF INDIA AND MAHARASHTRA DURING 2009-10 to 2012-13

Year	Area in 000 hector		Production in MT		Productivity in MT/H	
	India	Maharashtra	India	Maharashtra	India	Maharashtra
2003-04	553.8	121.0	6267.6	1427.00	11.3	11.8
2004-05	613.8	134.0	7760.6	1645.00	12.6	12.3
2005-06	703.6	177.0	9432.5	2469.00	13.4	13.9
2006-07	768.0	229.9	10847.0	2812.36	14.1	12.2
2007-08	821.0	204.7	13900.0	2713.28	16.9	13.2
2008-09	834.0	202.3	13565.0	2948.6	16.3	14.6
2009-10	756.2	200.0	12158.8	3146.0	16.1	15.7
2010-11	1064.0	415.0	15118.0	4905.0	14.2	11.8
2011-12	1087.2	382.0	17511.0	5638.0	16.1	14.8
2012-13	992.2	262.0	16654.9	4763.0	16.8	18.1

Source: Indian Horticulture Database 12-13

The table no-2 reveals area, production and productivity of onion in Maharashtra and India during the period 2003-04 to 2012-13. In 2003-04, the area under the crop was 553.8 thousand hectares in India it has increased upto 1087.2 thousand hectares in 2011-12. The area has almost doubled in a decade. But production has tripled in the same decade and increased from 6267.6 MT in 2003-04 to 17511 MT in 2011-12. Productivity has also increased from 11.3 to 16.1 MT/Ha expect 2010-11. It has been observed that area, production and productivity of onion in India and Maharashtra have shown continuous increasing trend throughout last decade. Maharashtra has recorded highest area under onion crop (415 thousand hectors) in 2010-11 which has 39% of country's area. About production, the state has highest production (5638MT) in 2011-12 which has 33.15% of country's production. In 2012-13, area and production have been decreased compared to last year due to drought conditions through out the state. Incredibly, the productivity of onion has increased in India (16.8) as well as in Maharashtra (18.1) in the same year. It was observed that the production and productivity of onion in the state has shown decreasing trend throughout the year of 2010-11. Besides, Maharashtra had the least performance in all sector of onion crop during the year 2006- 12. Considering the state having more area compared other states there is need of improvement in productivity like America and other countries. It is necessary to adopt new technology and devices for improvement in production and productivity.

TABLE NO-3 VARIABILITY, TREND AND GROWTH ANALYSIS OF ONION

Statistical Tools	Maharashtra			India		
	Area	Production	Productivity	Area	Production	Productivity
Mean	232.79	3246.7	13.84	819.38	12321.54	14.78
S. D.	96.88	1407.2	2.02	188.88	3735.20	1.94
C.V.	41.61	43.34	14.59	23.05	30.31	13.12

The table -3 exhibits variability in area under onion which was more 41.61 per cent for Maharashtra state followed by 23.05 percent for over all India levels. This has indicated more instability in the area under onion in Maharashtra and India. The variability in the production of onion was more 43.34 percent in Maharashtra and 30.31 percent in India. It has indicated comparatively low instability in production of onion at India level than the Maharashtra. There has been variation in productivity 14.59 per cent for Maharashtra than 13.12 percent for India. In all three elements Maharashtra has more variability compared to India scenario. It might be drought, shortage of labour, unseen crop diseases like pod formation which caused decrease in productivity of onion.

HOW THE PROBLEM ARISEN ABOUT ONION?

There is a simple rule, shortage raises the price. You can see everywhere, if there is a boom in any agriculture product then the area under cultivation rises. Two years back due to boom in onion market, area under onion crop has been risen therefore record production has been made in that year. At the same time there was ban on export of onion and later the ban has been released but before that price of onion rapidly collapsed. In 2011, huge stocks of onions remain unsold. Recession introduced in the market, therefore, farmers stored onions till December, 2011 but they didn't get better prices and they have to bear big loss. At the same time, new Kharif production came into market and again onion market position became critical. New and old onions appeared into the market at the same time and again onion market collapsed, the farmers have to suffer from big trouble. They have lost their financial credit. Still, they have not reduced area of onion cultivation due to blind belief and over expectation of price inflation. They have considered possibility of boom in the market.

In the third year-2012 area under cultivation of onion has been considerably reduced and at the same time farmers have to face drought. Production and productivity has been decreased. 45% area has been reduced in that period in Nashik district alone. Therefore in December, 2012 there was shortage of onion and prices increased. Farmers considered about next month i.e. January 2013 Rabi season's yields of onions to come in the market, therefore, they have already sold their old onions instead of making storage upto June -July. Farmers did not take risk because they have secured prices as they wish in June-July. Very few farmers exceptionally stored onions and hence now they begin to earn better prices but most of the profit margin earned by traders only. Less production, more demand and short supply caused the hike in the price in short period with onion. Wholesaler purchase onion at lower prices in auction and packed the same into various sizes and sold them at high prices to retailers.

In April -May 2013, onion prices collapsed upto 700 per quintal. Shrewd traders has purchased huge quantity and stored. More than 70% farmers sold their onions during April to July, 2013. After that export permission is granted by Government and six lakh tones onions exported to various countries in the same period. Early monsoon affected production of onion in Bihar and Uttar Pradesh. News of onion shortage spreads rapidly and price hiked from 1500 to 5000 quintal in very short period.

After onion prices started rising fast, Government clarified it has no moral right to intervene in the market as last year when prices came down to Rs.4 per kg in the wholesale market, and so the government did not come forward to save farmers. Why should it intervene now and prevent farmers from making an extra buck. But the, politicians, the bureaucratic machinery, farmers, traders and all other stake holders know it is not farmers who are real beneficiaries, but the cartels of a few big traders operating at various wholesale markets that become the biggest beneficiary of any upward or downward movement in farm goods. The system of agriculture produce market committee has been created to protect the interest of farmers. But this system not only works against the interest of farmers but also fails to give farmers a say in ruining of these markets.

TABLE NO- 4 COST OF PRODUCTION OF ONE ACRE ONION DURING 2001-02 TO 2012-13 ONE ACRE OF ONION CULTIVATION

Sr. No.	Particulars	Expenses in 2001-02	Expenses in 2012-13 in Rs.
1	Land preparation	1200	5000
2	Seeds & Nursery rising	1000	7000
3	Plantation charges	1000	7000
4	Manures & Fertilizers	3500	10000
5	Disease & Pest Management	1500	5000
6	Labour charges	1500	10000
7	Other expenses	300	1000
8	Total	10000	45000

Source: Field Survey

Note: supervision, irrigation, electricity charges and fixed cost are not considered

The above facts reveal the cost of production of onion for every acre of land during 2001-02 and 2012-13. 50 Samples were taken from Nashik and Sangli district for the data collection by interview method. On an average 50 samples are considered. Normally, before ten years ago, cost of production for one acre of onion cultivation was Rs. 10000 only and farmers earned by the rate of 8-10 per kilogram. Production was 200 to 250 quintal in one acre of which 25% onions are of grade one quality and remaining second and third grade quality onions. Considering all the expenses and production they have got 40000 to 50000 per acre of onion crop. But in 2012-13, expenses are increased 4.5 times more compared to last ten years. Apart from this production and productivity has decreased upto 150 to 200 quintal per acre.

Cost of production is Rs.10000 in 2001-02 and Rs. 45000 in 2012-13. The percentage of change in expenses as Land preparation slightly reduced from 12% to 11% in total cost production, Seeds and nursery rising increased from 10% to 16%, manures and fertilizers reduced from 35% to 22%. Labour charges include plantation charges, transplanting, weeding, hoeing, harvesting and curing were increased from 25% to 38%. Labour charges were significantly increased in last decade. Among the different items of cost, the rental value of land, bullock charges and machinery charges, total hired human labour charges, seeds, manures, fertilizers, plant protection and irrigation, transport cost were the major items of cost of cultivation of onion.

MEASURES AND SUGGESTIONS

1. It is the urgent need that the Government should alert the farmers regarding market situation and also motivate them like American government as they are doing in their country.
2. If Government could publish the monthly report about demand- supply on onion, the farmers could get guidelines about onion cultivation, storage and other decisions.
3. Like Maharashtra, there is need of mechanism storage arrangement in other states such as Rajasthan, Gujarat, and Bihar etc.
4. For better marketing in cities, there should be horizontal mechanism apart from local market committee.
5. Vegetable production scheme of central Government of India should include onion which is developing near big cities.
6. In commodity market in Stock exchange, transactions about onion should be included which could be beneficial for cultivators about knowing price situation in future and they could take decision about to cultivate or not to cultivate onion crops.
7. Government should collect season wise data about onion such as net sown area, Production and productivity etc.
8. Farmers should supply the onions step by step into the market to see that the price remains constant.
9. Cultivator, traders and consumers are three significant elements of onion markets. There is need to maintain psychology of all these elements for each other.
10. There is need to introduce direct market system more effectively.
11. There is need of minimizing the big gap between cultivator and consumer. At present consumer pay Rs. 60-70 per kilogram other side cultivator receives only 25 to 30 per kilogram.
12. Consumer should give minimum price to cultivator which can compensate the cost of production so that they can produce onion pleasantly.

CONCLUSION

Government, traders, consumers should think about cultivators' financial situations. Farmers have to purchase cultivation inputs with fixed cost but after cultivation final product sales remain unfixed and prices unsecured. On the other hand rates of other household and industry products are increased five to six times more than that and no one appeals against it. But the farmers are facing too much problem from drought to over monsoon, shortage of labour, newly introduced diseases and insects, and over costing on this management even they are not taking their own salary or wages and instead they are working day and night without caring of winter, rain and summer. Farmers want minimum price which is over the production cost with additional minimum profit and their salary. The drought earlier this year resulted in a bad crop which led to a decline in supply of onions. Situation regarding onion price may change in coming days. Farmers have faced major loss only due to improper news spread among them and market. They have faced loss from last two years. Is there any reimbursement? They have sold onion on throw away price even lots of onions spoiled in the farm. Shortage of water, labour, rate below production cost, volatile market, dominance of traders and market committee, unaffordable commission charges, are major problems faced by onion cultivators therefore they may think about, 'Crop Holiday'

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ABSTRACT

With developed economies exhausting their investment opportunities and in particular portfolio diversification opportunities, the emerging market economies came in limelight. Particularly, on account of their high growth rate and proven segmentation these economies have attracted a great deal of attention by international investors. This paper attempts to give an account of evolution of emerging markets as a distinct asset class for international investors. It further discusses the changing dynamics of emerging markets in current times from portfolio investment perspective and builds a research agenda to examine their efficacy in providing diversification benefits.

KEYWORDS

Emerging Markets, Portfolio Diversification.

INTRODUCTION

Since the 1980s investments in emerging markets have become increasingly important in international portfolio management. This attention is justified on account of rapid growth of emerging economies which has surpassed that of developed economies. The term emerging markets is used with reference to developing nations having potential to grow into developed nations. The nomenclature for this set of economies has evolved from negative connotation like 'Third World' to 'LDNs – Less Developed Nations' and finally to respectable categorization as 'Emerging Markets'. The later is credited to a Dutch banker Antoine W. Van Agtmael, who coined this term during an investor conference in Thailand in 1981. Up until now, however, no universally accepted definition of emerging market exists, nor does a consensus about which market merit the 'emerging' status. In general, the term emerging markets suggests a movement away from highly regulated markets and towards privatization and free markets. The term is basically used for markets of transitional economies that have already passed some initial developmental hurdles. The following definitions connote this meaning of the concept.

WORLD BANK

The world Bank defines emerging markets as those that have not reached the minimum 2012 Gross National Product (GNP) per capita of \$12,616 associated with high – income (developed) economies. According to World Bank, therefore, all countries classified as low or middle income countries are categorized as emerging market economies.

S&P AND IFC

On the other hand S&P and IFC define an emerging market as a market in transition, growing in size (market capitalization), activity (liquidity), or level of sophistication (modernizing and building market capacity). According to S&P/IFC, emerging market is the one that meets one of at least two criteria: (i) it is located in a low or middle – income economy as defined by the World Bank, and (ii) its investible market capitalization is low relative to its most recent Gross Domestic Product (GDP). According to S&P/IFC, equity markets which impose restrictions such as foreign ownership limits, capital controls, extensive government interest in listed stocks and other legal and political restraints on trading activity, particularly for foreign investors, are generally considered as 'emerging markets'. S&P/IFC notes "pervasive restrictions on foreign portfolio investment should not exist in developed stock markets, and their presence is a sign that the market is not yet 'developed'." The IFC classification of emerging markets is shown in Table 1.

MORGAN STANLEY CAPITAL INTERNATIONAL (MSCI)

MSCI builds a complete spectrum of market types from 'frontier' markets to 'emerging' markets and then to 'developed' markets. According to MSCI a market accessible to international investors essentially starts as 'frontier' market and evolve over time to 'emerging' market status first and then to 'developed' market status. In this process of evolution from one market type to another, the market would need to comply with increasingly stricter standards in terms of the following:

- Market accessibility, i.e. openness to foreign investment, investability, robustness and efficiency of the operational framework.
- Company and security minimum size and liquidity, as well as minimum number of companies and aggregate size of eligible securities.
- Sustainable characteristics of advanced economies and levels of geo-political risk comparable to other existing developed markets, for achieving 'developed' market status.

Currently, the MSCI classification of emerging markets as shown in Table 2 is popular in the fund management industry worldwide.

TABLE 1: EMERGING MARKETS IN THE WORLD ACROSS VARIOUS GEOGRAPHICAL LOCATIONS (ACCORDING TO IFC CLASSIFICATION)

Africa	Asia	Europe	Latin America	Middle East
Botswana	Bangladesh	Armenia	Argentina	Iran
Cote d'Ivoire	Bhutan	Bulgaria	Barbados	Israel
Cyprus	China	Croatia	Bermuda	Jordan
Egypt	Fiji	Czech	Bolivia	Kuwait
Ghana	India	Estonia	Brazil	Lebanon
Kenya	Indonesia	Greece	Cayman Island	Morocco
Mauritius	Korea	Hungary	Chile	Oman
Namibia	Kyrgyz	Latria	Colombia	Palestine
Nigeria	Malaysia	Lithuania	Costa Rica	Saudi Arabia
South Africa	Mongolia	Poland	Dominion Rep.	
Swaziland	Nepal	Portugal	Ecuador	
Tunisia	Pakistan	Roamnia	El Salvador	
Zambia	Philippines	Russia	Guatemala	
Zimbabwe	Sri Lanka	Slovakia	Honduras	
	Taiwan	Slovenia	Jamaica	
	Thailand	Turkey	Mexico	
	Uzbekistan	Ukraine	Panama	
		Yugoslavia	Paraguay	
			Peru	
			Trinidad and Tobago	
			Uruguay	
			Venezuela	

TABLE 2: EMERGING MARKETS (ACCORDING TO MSCI CLASSIFICATION)

MSCI Emerging Markets Index	MSCI Frontier Markets	MSCI Arabian Markets
Argentina	Malaysia	Bahrain
Brazil	Mexico	Romania
Chile	Morocco	Bulgaria
China	Pakistan	Slovenia
Colombia	Peru	Croatia
Czech Republic	Philippines	Estonia
Egypt	Poland	Tunisia
Hungary	Russia	Kazakhstan
India	South Africa	Ukraine
Indonesia	Taiwan	Kenya
Israel	Thailand	UAE
Jordan	Turkey	Vietnam
Korea		Lebanon
		Morocco
		Oman
		Qatar
		Saudi Arabia
		Tunisia
		UAE

The markets of emerging economies are generally characterized by small market capitalization, low liquidity, high volatility of returns, limited number of premium-grade and investment-grade securities, inflation or hyper-inflation, high budget/trade deficits as percentage of GDP and large number of well developed domestic institutional investor base (Pradhan, 2007). As Beim and Calomaris (2001) note, emerging market is a curious term. It suggests that the financial markets of the developing countries were underground, underwater or otherwise hidden from the world although they existed from long time. In the words of Agtmael et. al., over the next 25 years, emerging markets have the potential of making developed countries dependent on them. Emerging markets today own 75% of world's foreign exchange reserves. They currently account for 20% of world's economy⁹. Adjusted for purchasing power parity they actually represent more than 40% of global economic output¹⁰. Many emerging market countries are projected to become among the world's largest economies in the decades ahead, with China and India being the most prominent.

LITERATURE REVIEW

Emerging markets have traditionally been identified as markets with high growth rate (Malkeil and Mei, 1998; Henry and Kannan, 2006) and segmented from the influences of rest of the world and thus provide portfolio diversification benefits to international investors (Harvey, 1994; Shashikant, 1998; Phylaktis and Ravazzolo, 1998; Darrat, Elkahil and Hakim, 2000). However, the recent research is indicative of increasing linkages among emerging markets themselves (Narayan, Smyth and Nandha, 2004; Krishnasamy, Santhapparaj and Malarvizhi, 2006; Guntur and Khanapuri, 2009) as well as between emerging markets and developed economies (Dekker, Sen and Young, 1998; Guntur and Khanapuri, 2010). It is therefore important for investors to understand the evolutionary history of emerging markets and their path of transition into developed economies so as to decided appropriate asset allocation strategy.

ORGANISATION OF PAPER

After understanding the concept of emerging markets and highlighting the purpose of this research, the subsequent sections of the papers is so organized to give an account of rise of emerging markets as a profitable asset class and in specific discusses these markets in the context of international portfolio diversification. The concluding remarks highlight the research agenda with respect to portfolio diversification in emerging markets.

THE GROWING SIGNIFICANCE OF EMERGING MARKETS

It was in the early 1990's that investors began to perceive emerging markets as an asset class. Eastern Europe opened up with the fall of Berlin Wall, economic reforms began in China under the leadership of Deng Xioping, similarly in other countries such as India and Korea, monetary stability regimes began to unfold in the major economies of Latin America. Along with decline in developed world inflation and interest rates from the late 1980s onwards, these developments prompted increased equity flows into the emerging market asset class. Since then, total emerging market inflows as a share of the global economy (from which they are sourced) have averaged roughly 0.5%. Of those inflows, roughly 20% (i.e. \$1 out of every \$5) have come in the form of portfolio equity.¹¹ The increasing interest in emerging markets is on account of several fundamental changes in emerging market economies.

⁹ Zhang Yuwei (2007), 'Emerging Markets to Lead in World Economy – The World is Not Flat But Tilting Toward Emerging Markets', UN Chronicle Online Edition.

¹⁰ Principal Global Investors Report (2007) on 'Trends in Global Emerging Markets Equities'.

¹¹ Insights and Outlooks from JP Morgan Asset Management, 2006.

SUPERIOR ECONOMIC GROWTH RATE

Emerging market economies have shown tremendous economic growth. Henry and Kannan (2006) observe that from 1975 to 2005 the emerging economies have grown at an average rate of 5.1 per cent per year, roughly twice the average growth rate of the US. The strength of economic fundamentals of emerging markets is also visible from the fact that in the year 2000, the difference between average output growth of advanced economies and the developing economies was about 2 per cent whereas in 2004 it rose to about 4 per cent. In terms of projected growth rate, Table 3 project a higher growth rate (5.3 per cent) in the decade 1996-06 for developing economies as compared to the earlier decade (3.9 per cent), in contrast to the decline of growth that was evident in respect of advanced economies (from 3 per cent in 1987-96 to 2.7 per cent in 1997-2006). Barring a modest slowdown in Asia (which has been consistently showing higher growth rates), all regions in the emerging world show higher growth in the current decade (1997-2006) than the earlier decade.

TABLE 3: OUTPUT GROWTH IN EMERGING MARKETS: TEN YEAR AVERAGE (%)

Emerging Market Region	1987-96	1997-2006
Africa	2.2	4.0
Central and Eastern Europe	0.9	3.6
CIS	-	5.2
Developing Asia	7.8	6.6
Middle East	3.4	4.5
Western Hemisphere	2.8	2.8

Source: 'Developing Economies – A Profile of Growth', www.bseindia.com

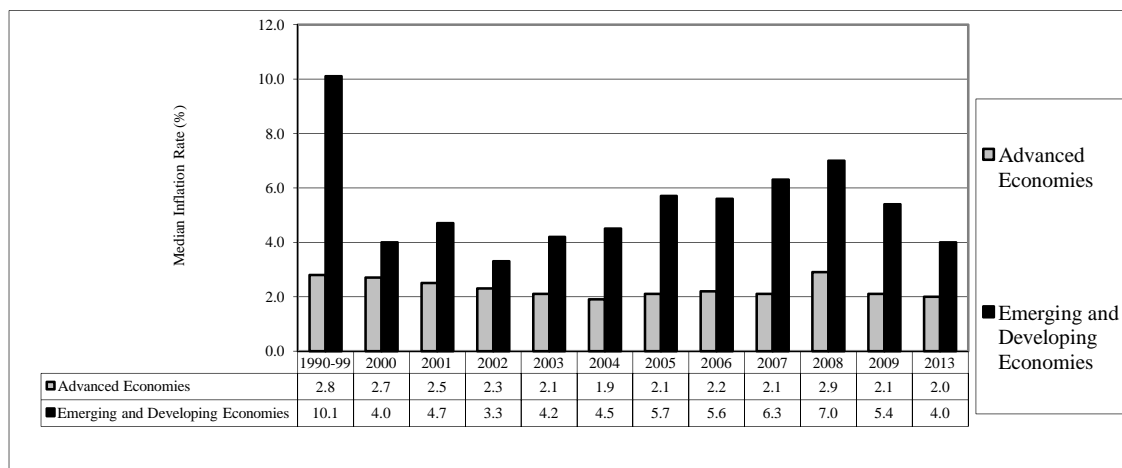
Table 4 gives the details of countrywise real GDP growth rate in respect of selective emerging markets. It is evident that emerging markets have shown real GDP growth rates which is superior to that of major advanced economies (G7 countries). However, some of the emerging economies such as Zimbabwe have consistently shown negative real GDP growth rate on account of persistence of high inflation and moreover hyper inflation in recent times. The median inflation rates in emerging economies has generally been higher than that in advanced economies (Chart A). If emerging economies are able to control their high inflation, the projected real GDP growth rate would still be higher.

TABLE 4: REAL GDP OF SELECTED EMERGING MARKETS AND MAJOR ADVANCED ECONOMIES (ANNUAL PERCENTAGE CHANGE)

	1990-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2013
Argentina	4.2	-0.8	-4.4	-10.9	8.8	9.0	9.2	8.5	8.7	7.0	4.5	3.0
Brazil	1.7	4.3	1.3	2.7	1.1	5.7	3.2	3.8	5.4	4.8	3.7	4.0
Chile	6.4	4.5	3.5	2.2	4.0	6.0	5.7	4.0	5.0	4.5	4.5	5.0
China	9.9	8.4	8.3	9.1	10.0	10.1	10.4	11.1	11.4	9.3	9.5	10.0
Colombia	2.9	2.9	1.5	1.9	3.9	4.9	4.7	6.8	7.0	4.6	4.5	5.0
Czech	-0.3	3.6	2.5	1.9	3.6	4.5	6.4	6.4	6.5	4.2	4.6	4.0
Egypt	4.1	5.4	3.5	3.2	3.2	4.1	4.5	6.8	7.1	7.0	7.1	7.8
Hungary	0.1	5.2	4.1	4.4	4.2	4.8	4.1	3.9	1.3	1.8	2.5	4.3
India	5.6	5.4	3.9	4.6	6.9	7.9	9.1	9.7	9.2	7.9	8.0	8.0
Indonesia	4.1	5.4	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.1	6.3	6.7
Israel	5.2	8.9	-0.4	-0.6	2.3	5.2	5.3	5.2	5.3	3.0	3.4	3.7
Jordan	4.2	4.3	5.3	5.8	4.2	8.6	7.1	6.3	5.7	5.5	5.8	6.0
Korea	6.1	8.5	3.8	7.0	3.1	4.7	4.2	5.1	5.0	4.2	4.4	4.6
Malaysia	7.1	8.7	0.5	5.4	5.8	6.8	5.0	5.9	6.3	5.0	5.3	6.0
Mexico	3.3	6.6	-	0.8	1.4	4.2	2.8	4.8	3.3	2.0	2.3	3.8
Morocco	2.6	1.8	7.6	3.3	6.1	5.2	2.4	8.0	2.2	6.5	5.7	5.9
Nigeria	2.6	5.3	8.2	21.2	10.3	10.6	5.4	6.2	6.4	9.1	8.3	6.5
Pakistan	4.0	4.3	2.0	3.2	4.8	7.4	7.7	6.9	6.4	6.0	6.7	7.2
Peru	3.1	3.0	0.2	5.0	4.0	5.1	6.7	7.6	9.0	7.0	6.0	5.5
Phillipines	2.8	6.0	1.8	4.4	4.9	6.4	4.9	5.4	7.3	5.8	5.8	6.2
Poland	2.6	4.3	1.2	1.4	3.9	5.3	3.6	6.2	6.5	4.9	4.5	4.9
Russia	...	10.0	5.1	4.7	7.3	7.2	6.4	7.4	8.1	6.8	6.3	5.6
S. Africa	1.4	4.2	2.7	3.7	3.1	4.9	5.0	5.4	5.1	3.8	3.9	4.8
Saudi Arabia	3.1	4.9	0.5	0.1	7.7	5.3	6.1	4.3	4.1	4.8	5.6	5.8
Sri Lanka	5.2	6.0	-1.5	4.0	6.0	5.4	6.0	7.4	6.3	6.4	5.6	5.5
Taiwan	6.5	5.8	-2.2	4.6	3.5	6.2	4.2	4.9	5.7	3.4	4.1	5.0
Thailand	5.1	4.8	2.2	5.3	7.1	6.3	4.5	5.1	4.8	5.3	5.6	6.0
Turkey	3.9	6.8	-5.7	6.2	5.3	9.4	8.4	6.9	5.0	4.0	4.3	5.0
Venezuela	2.4	3.7	3.4	-8.9	-7.8	18.3	10.3	10.3	8.4	5.8	3.5	2.2
Zimbabwe	2.0	-7.3	-2.7	-4.4	-10.4	-3.6	-4.0	-5.4	-6.1	-6.6	-6.8	...
Major Advanced Economies (G7)	2.5	3.6	1.0	1.2	1.8	3.0	2.3	2.7	2.2	0.9	0.9	2.6

Source: Compiled from World Economic Outlook, April 2008.

CHART – A: MEDIAN INFLATION RATES IN ADVANCED AND EMERGING ECONOMIES (IN PERCENTAGE)



Source: Compiled from World Economic Outlook, 2007

POSITIVE CHANGES AND FUNDAMENTAL IMPROVEMENTS IN EMERGING MARKETS

Emerging markets have experienced some fundamental improvements and policy changes that are responsible for their improved economic performance in recent years. Some of these include:

RIISING PRODUCTIVITY LEVELS

Several emerging markets have introduced and continued the economic reforms of liberalization, privatization and globalization that has brought about a high degree of labour productivity. There is a marked improvement in industrial capabilities in these countries and coupled with availability of low-cost labour pool, emerging economies have shown increased productivity levels. Several global companies have also established themselves in emerging economy countries on account of low-cost labour advantage. The entry of foreign players in these economies has further increased the level of competition in domestic markets thereby forcing the domestic players to improve their performance.

POPULATION DEMOGRAPHICS

Approximately 85% of world's population resides in emerging market nations. Therefore, there is no shortage of labour in these economies. For instance, India and China are the two big emerging economies that are currently reaping the advantage of skilled labour force in fueling their economic growth. Besides, the high population coupled with rising income levels constitute substantial current and future demand for goods and services produced in these economies giving boost to their economic growth.

TRADE SURPLUS AND FALLING INTEREST RATES

During 1997-98 (Asian financial crisis), many emerging market economies witnessed high levels of indebtedness and the trade balance had swung to nearly \$80 billion deficit. Today these economies have experienced a trend reversal with similar amount of trade surplus. The improved trade surplus has further reduced the short-term interest rates in emerging economies.

IMPROVED ACCOUNTING STANDARD AND GREATER TRANSPARENCIES

Many emerging Asian and eastern European companies have already moved to or are moving towards adopting international accounting standards. This has attracted greater attention of global investors on account of improved transparencies.

THE GROWING SIZE OF EMERGING MARKETS

Over the years, the emerging market economies have grown substantially in size in terms their share in global output and market capitalization, the two significant parameters from viewpoint of international investors.

SIZE OF THE ECONOMY

Table 5 indicates that with around 85% of world population residing in emerging and developing economies, they account for approximately 44% of world GDP as at 2007. The share of Asian emerging market region in the world GDP is 20.1% which in fact is higher than the share of advanced Euro region (16.1%). Further, single emerging economy like China accounts for 10.8% of world GDP which is much more than that of developed economies like Japan (6.6%), and United Kingdom (3.3%).

MARKET CAPITALIZATION

In 1982 the thirty-two developing-country stock markets surveyed by the International Finance Corporation (IFC) had a market capitalization of \$67 billion, for about 7,300 listed companies and representing about 2.5 percent of world market capitalization. At \$13.9 billion, Malaysia had the single largest stock market in this group in terms of market capitalization followed by Brazil at \$10.2 billion.

TABLE 5: SHARE OF ADVANCED AND EMERGING AND DEVELOPING ECONOMIES IN AGGREGATE GDP AND POPULATION, 2007 (PERCENTAGE)

Economy	GDP		Population	
	Advanced Economies	World	Advanced Economies	World
Advanced Economies	100.0	56.4	100.0	15.3
United States	37.9	21.4	30.7	4.7
Euro Area	28.6	16.1	32.3	4.9
Japan	11.7	6.6	13.0	2.0
United Kingdom	5.9	3.3	6.2	0.9
Emerging and Developing Economies	100.0	43.6	100.0	84.7
Africa	6.9	3.0	15.1	12.8
Central and Eastern Europe	9.3	4.1	3.3	2.8
CIS	10.2	4.5	5.1	4.3
Developing Asia	46.0	20.1	62.0	52.6
China	24.8	10.8	24.2	20.5
India	10.5	4.6	20.6	17.5
Middle East	8.7	3.8	4.4	3.7
Western Hemisphere	19.0	8.3	10.1	8.6

Source: Compiled from World Economic Outlook, 2007

Ten year later, by the end of 1992, as a group, the market capitalization increased to \$770 billion for about 12000 listed companies, and nearly tripled their share of world equity market capitalization, from 2.5% to 7.0%. Trading volume increased 25 times from the 1980 level. By that time, the Mexican, Korean and

Taiwanese stock markets were among the 15 largest markets in the world. Further, by the end of 1999, the IFC had identified eighty-one emerging stock markets with total market capitalization exceeding \$3 trillion, or 8.5 percent of world equity market capitalization. In 1999 the value of outstanding domestic debt securities trading in emerging markets exceeded \$1.4 trillion, representing 4.7 percent of the global bond market and a several-fold increase over the total twenty years earlier.

Over a period from 1990 to 2006, the market capitalization of emerging markets has grown by 2091.21% and accounts for 18.83% of world market capitalization as at 2006 (Table 6). The increase in emerging markets capitalization is substantially higher than the corresponding increase observed in developed markets (331.75%) during the same period. Extraordinary growth in market capitalization is observed in emerging markets of China (119423.45%), Poland (103409.72%) and Russia (541634.84%). A further insight on growing size of market capitalization can be obtained from changing ratio of market capitalization to GDP which shows the portion of the stock market on the total national product of an economy and indicates the development stage of a financial market sector.

TABLE 6: GROWTH IN MARKET CAPITALIZATION OF SELECTED EMERGING MARKETS

	1990		2000		2006		% Change (1990-2006)
	\$ Millions	%GDP	\$ Millions	%GDP	\$ Millions	%GDP ^a	
Argentina	3270	2.3	166068	58.4	79730	33.6	2338.23
Brazil	16400	3.6	226152	37.6	711100	59.6	4235.98
Chile	13600	44.9	60401	80.3	174556	118.4	1183.50
China	2030	0.5	580991	48.5	2426326	34.9	119423.45
Colombia	1420	3.5	9560	11.4	56204	37.6	3858.03
Czech	..	..	11002	19.4	48604	30.8	..
Egypt	1760	4.1	28741	28.8	93477	89.1	5211.19
Hungary	505	1.5	12021	25.6	41935	29.8	8203.96
India	38600	12.2	148064	32.2	818879	68.6	2021.45
Indonesia	8080	7.1	26834	16.3	138886	28.4	1618.89
Israel	3320	6.3	64081	55.5	173306	97.3	5120.06
Jordan	2000	49.7	4943	58.4	29729	296.1	1386.45
Korea	111000	42.1	171587	33.5	835188	91.2	652.42
Malaysia	48600	110.4	116935	129.5	235356	139.1	384.27
Mexico	32700	12.4	125204	21.5	348345	31.1	965.28
Morocco	966	3.7	10899	32.7	49360	52.7	5009.73
Nigeria	1370	4.8	4237	9.2	32819	19.6	2295.55
Pakistan	2850	7.1	6581	9	45518	41.5	1497.12
Peru	812	3.1	10562	19.8	59658	45.3	7247.04
Philippines	5930	13.4	25957	34.4	68382	40.5	1053.15
Poland	144	0.2	31279	18.3	149054	31	103409.72
Russia	244	0	38922	15	1321833	71.8	541634.84
S. Africa	138000	123.2	204952	154.2	715025	236	418.13
Saudi Arabia	48200	36.7	67171	35.6	326869	208.6	578.15
Sri Lanka	917	11.4	1074	6.6	7769	24.4	747.22
Thailand	23900	28	29489	24	139564	69.9	483.95
Turkey	19100	12.7	69659	35	162399	44.6	750.26
Venezuela	8360	17.2	8128	6.9	8251	3.6	-1.30
Zimbabwe	2400	27.3	2432	32.9	26557	71.2	1006.54
World	9403525	48	32187882	103	43642048	99.6	364.10
All Emerging	375065	18.8	2019125	35.8	8218463	50.1	2091.21
Developed Markets	9028460	51.6	30168757	117.9	38980586	112.9	331.75

Source: World Development Indicators, 2005 and 2007.

^aMarket Capitalization as percentage of GDP for 2005 for respective country and country group.

This ratio for emerging markets has grown from 18.8% of aggregate GDP in the year 1990 to 50.1% of aggregate emerging economies GDP in the year 2006. This growth of market capitalization as percentage of aggregate GDP is more than the growth in market capitalization of developed economies during the same period, although in absolute terms developed economies still command sizeable share in world market capitalization. However, it is worth noting that even the most restrictive emerging market like China has increased its market capitalization phenomenally from mere 0.5% of GDP in 1990 to 34.9% of GDP in 2006. Further, countries like Czech Republic where stock market did not even exist in 1990, today has market capitalization representing 30.8% of its GDP. For some emerging markets like Chile, Jordan, Malaysia and Saudi Arabia, the market capitalization of their stock markets is well above their economic output.

The number of listed domestic companies on stock markets of emerging economies increased remarkably during the decade of 1990 from just 7691 in the year 1990 to 23462 in the year 2000 (Table 7). However, subsequently, there has been decline in the number of listed companies to 17263 in the year 2006. Overall, the entire period of 1990 to 2006 represents an increase in number of listed domestic companies in emerging markets by 124.46%. Similarly, the average size of listed stocks in emerging markets has shown a tenfold increase from \$48.77 Mn in 1990 to \$476.07 Mn in the year 2006.

TABLE 7: GROWTH OF LISTED DOMESTIC COMPANIES IN EMERGING MARKETS

	1990	2000	2006	% Change (1990-2006)	Avg. Size of Listed Stock (\$Mn) (1990)	Avg. Size of Listed Stock (\$Mn) (2006)
Argentina	179	127	103	-42.46	18.27	774.08
Brazil	581	459	392	-32.53	28.23	1814.03
Chile	215	258	244	13.49	63.26	715.39
China	14	1086	1440	10185.71	145.00	1684.95
Colombia	80	126	114	42.50	17.75	493.02
Czech	..	131	29	..	..	1676.00
Egypt	573	1076	603	5.24	3.07	155.02
Hungary	21	60	41	95.24	24.05	1022.80
India	2435	5937	4796	96.96	15.85	170.74
Indonesia	125	290	344	175.20	64.64	403.74
Israel	216	654	612	183.33	15.37	283.18
Jordan	105	163	227	116.19	19.05	130.96
Korea	669	1308	1694	153.21	165.92	493.03
Malaysia	282	795	1027	264.18	172.34	229.17
Mexico	199	179	131	-34.17	164.32	2659.12
Morocco	71	53	65	-8.45	13.61	759.38
Nigeria	131	195	202	54.20	10.46	162.47
Pakistan	487	762	652	33.88	5.85	69.81
Peru	294	230	193	-34.35	2.76	309.11
Philippines	153	228	238	55.56	38.76	287.32
Poland	9	225	267	2866.67	16.00	558.25
Russia	13	249	309	2276.92	18.77	4277.78
S. Africa	732	616	401	-45.22	188.52	1783.10
Saudi Arabia	59	75	86	45.76	816.95	3800.80
Sri Lanka	175	239	237	35.43	5.24	32.78
Thailand	214	381	476	122.43	111.68	293.20
Turkey	110	315	314	185.45	173.64	517.19
Venezuela	76	85	53	-30.26	110.00	155.68
Zimbabwe	57	69	80	40.35	42.11	331.96
World	25424	47884	49946	96.45	369.87	873.78
All Emerging	7691	23462	17263	124.46	48.77	476.07
Developed Markets	17733	24422	28733	62.03	509.13	1356.65

Source: Compiled from World Development Indicators, 2005 and 2007.

EMERGING MARKETS IN THE CONTEXT OF INTERNATIONAL INVESTMENTS

Emerging market economies have achieved an important position in the context of international investments. The volumes of direct investment flows as well as portfolio flows signify that emerging market are being considered by global investors as vital channels for wealth creation.

DIRECT INVESTMENTS IN EMERGING MARKETS

Table 8 indicates that, The total FDI inflows to emerging markets have increased from \$24580 Mn in 1990 to \$280795 Mn in 2005 representing an increase of 1042.37% during the period. The net FDI inflows to emerging markets has increased from 0.8% of GDP in 1990 to 2.9% of GDP in 2005. The growing economy and availability of low-cost labour have made emerging economies a very attractive centre for direct investments. China (2169.20%), India (2683.97%), Israel (3598.68%), Jordan (3931.58%), Peru (6043.90%), Poland (10688.76%) have seen significant increase in the flow of FDI investments during the period from 1990 to 2005.

EMERGING MARKETS AND INTERNATIONAL PORTFOLIO DIVERSIFICATION

Ever since the Nobel Laureate, Dr. Harry Markowitz gave the mean-variance theory of portfolio diversification (1959), the international fund managers and investors have always been in search of an asset class that has distinct but negative correlation with their existing domestic asset portfolios. This will help them in effectively diversifying their portfolio to earn suitable risk-adjusted return.

TABLE 8: FDI AND NET PORTFOLIO INVESTMENTS IN EMERGING MARKETS (A COMPARISON OF NET FLOWS IN 1990 AND 2005)

	FDI			Net Portfolio Investments			
			% Change	Bonds		Equity	
	\$ Million			\$ Million			
Emerging Markets	1990	2005		1990	2005	1990	2005
Argentina	1836	4730	157.63	-857	1872	0	-48
Brazil	989	15193	1436.20	129	3580	103	6451
Chile	661	6667	908.62	-7	584	367	1635
China	3487	79127	2169.20	-48	2702	0	20346
Colombia	500	10375	1975.00	-4	496	0	86
Czech	0	..	..	..	-201	0	..
Egypt	734	5376	632.43	-1	1554	0	729
Hungary	623	6436	933.07	921	2987	0	-16
India	237	6598	2683.97	147	-3959	0	11968
Indonesia	1093	5260	381.24	26	3791	0	-165
Israel	151	5585	3598.68	..	..	..	..
Jordan	38	1532	3931.58	0	134	0	60
Korea	789	4339	449.94	..	..	..	..
Malaysia	2332	3966	70.07	-1239	492	0	-1200
Mexico	2549	18772	636.45	661	-839	1995	3353
Morocco	162	1552	858.02	0	-41	0	64
Nigeria	588	2013	242.35	0	0	0	..
Pakistan	245	2183	791.02	0	1092	0	451
Peru	41	2519	6043.90	0	2640	0	766
Phillipines	530	1132	113.58	395	1081	0	1461
Poland	89	9602	10688.76	0	11384	0	1341
Russia	..	15151	..	..	10033	..	-215
S. Africa	-76	6257	..	..	406	389	7230
Sri Lanka	43	272	532.56	0	0	0	-216
Thailand	2444	4527	85.23	-87	1156	440	5665
Turkey	684	9805	1333.48	597	3212	89	5669
Venezuela	451	2957	555.65	345	5365	0	91
Zimbabwe	-12	103	..	-30	0	0	..
World	203236	974283	379.39	..	..	..	..
All Emerging & Developing Economies	24580	280795	1042.37	1082	55110	3390	66680

Source: Compiled from World Development Indicators, 2007

In this context emerging markets have been found to be an ideal asset class. Emerging markets occupy centre place in the context of international portfolio investments on account of two important reasons. The first, high rates of economic growth in emerging markets provide great absolute investment opportunities. Because the rate of economic growth in most developing countries is expected to exceed the rate of growth in the developed world for many years to come, the typical discussion presumes that long-run stock returns in emerging markets will also exceed those of developed markets (Mobius, 1994; Malkiel and Mei, 1998). Secondly, the low correlation of emerging market stock returns with those of developed markets and their relative isolation provides diversification opportunities that enable investors in developed countries to increase the expected return on their portfolio while reducing the risk (Harvey, 1994; Cha, Yan-Leung, Cheung, 1998; Shashikant, U. 1998; Gunduz, O., 2001).

EMERGING MARKETS AND EXPECTATION OF SUPERIOR RETURNS

One of the most important argument with which the emerging markets are sold to international investors today is their ability to generate superior returns. Harvey (1995) for instance reports a 20.36 percent dollar return on the emerging market composite index as compared to 13.63 percent return on the US market. In terms of consistency in superior returns, Erb, Harvey and Viskanta (1997) suggest that growth is likely to be highest in relatively poor but stable countries and therefore these markets must generate high returns. Using the earnings yield and the dividend-price-ratio based measures, Henry and Kannan (2006) found that average expected returns over the period 1985-2005 were higher in Latin American and Asian emerging markets than in US. Emerging markets have consistently shown superior performance at short and long horizons in comparison to the developed markets (Table 9).

HETEROGENEITY CHARACTERISTIC OF EMERGING MARKETS

The main objective of selection of emerging markets as asset class in a global portfolio is to diversify the risk and earn superior returns. However, an important question that would arise is whether a global investor can simply select any of the emerging market to achieve this objective. An answer to this would be positive if all the emerging markets exhibit same characteristics in terms of market structures, growth patterns and returns. Research however, indicates that important disparities exist among emerging markets at the microstructure level as well as the activity volume level (Bekaert and Harvey, 2003). In fact Derrabi (2000) while examining evolution of emerging markets attribute such disparities to the four distinct stages of evolution: *the embryonic phase* characterised by primitive quotation system, lack of automation, low volumes and rudimentary regulations; *low activity phase* indicating the beginning of privatisation programme within the structural adjustment policy framework (usually suggested by IMF) which encourage economic activity from private sector and increases the number of participants; *active phase* following continuous genuine reforms and typified by computerised processing of quotations, increased openness of market and greater participation from foreign investors; *maturity phase* marking the end of stream of regulatory reforms and transforming the emerging market into developed market which may be even integrated with the other developed markets. Different emerging markets or their groups will thus be in a different phase at a time which will obviously create a distinct risk-return matrix. Therefore it is clear that emerging markets cannot be considered as homogeneous asset class. And an investor focusing on these markets need to ascertain the profitability of investing in particular emerging market after examining all the relevant risk factors impacting that market.

TABLE 9: EMERGING MARKETS VS. DEVELOPED MARKETS (COMPARATIVE RESULTS IN USD % RETURNS – PERIODS ENDING JUNE 30, 2007)

Stock Market Index	Three Months	One Year	Three Years	Five Years	Ten Years
MSCI Emerging Market Free Index ¹²	15.0	45.4	38.7	30.6	9.4
MSCI EAFE Index ¹³	6.4	27.0	22.2	17.7	7.7
S&P 500 Index	6.3	20.5	11.7	10.7	7.1

Source: Principal Global Investors Report (2007)- 'Trends in Global Emerging Markets Equities'.

STABILITY OF EMERGING MARKET RETURNS

Research and forecasts both have proved that emerging markets offer high returns and also have potential to offer such returns in future; mainly on account of shift in focus of economic policies from regulation to deregulation. However, this transition phase has brought about substantial volatility in emerging market returns. Table 10 for instance reports that though MSCI Emerging Markets index has given returns well above that of developed markets indices, the standard deviation of these returns is very high at 34.40 per cent which is well above that of Russell 3000 (17.13 per cent) and MSCI EAFE (18.91 per cent). Harvey (1994) reports the annualised standard deviations of over 75 per cent for Argentinean and Turkish markets and found that though emerging markets average returns are roughly 50 per cent higher than the Morgan Stanley Capital Index (MSCI) world composite index, the standard deviation too is about 80 per cent higher than the MSCI world index. In fact, the whole episode of Asian crisis in 1997 had put the entire emerging market asset class in question. The fragile market microstructures in these economies and weak risk management systems can wipe out entire or substantial amount of expected returns. The kind of policies and policy formulation process also inflicts volatility in emerging market returns. The frequent occurrence of economic crisis in emerging market regions (Mexican crisis, 1994, Asian crisis, 1997, Russian crisis, 1998, Brazilian crisis, 1999, Argentinean Peso crisis, 2002) is evidence of such policy related issues. Another major reason for high degree of volatility in emerging markets is the amount of international capital invested in them. Negative developments in an emerging market region can make investors wary about their investments in other emerging markets. For example, during the Asian crisis of 1997, international investors withdrew their investments even from Latin American and Eastern European emerging markets, depressing those economies even when they did not share any economic ties with Asia. An interesting observation of Harvey (1994) however cannot be ignored that the main benefit to emerging market investment is not the increasing of returns but the lowering of portfolio volatility for minimum variance strategies. Harvey et. al. reports that when the 18 emerging market returns are added to the portfolio of 18 developed markets, the standard deviation of minimum variance portfolio is reduced from 14.5 per cent (including only developed markets) to 7.5 per cent (including both developed and emerging markets). Given the observed volatility in emerging market returns and research evidence it can be concluded that the merits of including this asset class need to be appropriately weighed with its limitations.

TABLE 10: ANNUAL AVERAGE RETURNS AND STANDARD DEVIATIONS OF RUSSELL 3000, MSCI EAFE AND MSCI EMERGING MARKETS, 1988-2005

	Russell 3000	MSCI EAFE	MSCI Emerging Markets
Compound Return	12.02%	06.61%	14.33%
Standard Deviation	17.13%	18.91%	34.40%
Arithmetic Return	13.33%	7.92%	18.99%

Source: Jacobo, R. (2007) 'Searching for Eldorado in Emerging Markets', Pension and Investments,

INTEGRATION OF EMERGING MARKETS WITH GLOBAL ECONOMY

An important measure to evaluate the benefits of portfolio diversification with inclusion of emerging market assets is by understanding the integration of emerging economies with the global economy. The following facts provide an insight into growing integration of emerging market economies with the global economy¹⁴:

- The growth in global activity in the past five years is dominated by the emerging and developing economies – China itself has accounted for about one-quarter of global growth; Brazil, Russia, China and India almost one-half; and all emerging and developing economies together for about two-thirds, compared with about one-half in the 1970s.¹⁵
- The ratio of merchandise trade to GDP of an economy is a useful measure in evaluating integration of that economy with the global economy since it directly reflects participation of an economy in global trade. The merchandise trade of emerging market economies has grown from 32.5% in 1990 to 59.2% in 2005. Within the emerging market set, East Asia and Pacific economies have increased their percentage share of merchandise trade to GDP from 47.1% to 74.6%, emerging Europe and Central Asia from 49.7% to 68.6%, Latin American and Caribbean region from 23.2% to 44.2%, Middle East and North Africa from 43.5% to 57.6% and South Asia from mere 16.5% to 31.2%, during the period from 1990 to 2005. Emerging and developing economies now account for about one-third of global trade and more than one-half of the total increase in import volumes since 2000.
- The increasing trade openness across emerging markets is providing platform for integration of emerging markets with global economy. The aggregate exports of emerging and developing economies has increased significantly from \$714951 mn in 1990 to \$3596835 mn in 2005. Similarly, aggregate imports have increased from \$689821 mn in 1990 to \$3263799 mn in 2005.
- The aggregate private capital inflows to emerging markets have increased from 1997-99 average of \$252.4 billion to \$1633.8 billion in 2007, representing an increase of 547.31% during the period. Likewise, the outflows of private capital have also increased from \$88.8 billion (average of 1997-99) to \$1027 billion in 2007 representing an increase of 1056.53% at CAGR of 45%.
- There is also increasing evidence of growing regionalism (UNCTAD, 2007) and increasing economic linkages between emerging markets regions and emerging economies of the same region. Almost one-half of exports from emerging and developing economies is now directed towards other such economies, with rising intra-regional trade within Asia most notable.

CONCLUSION

Emerging market economies have thus evolved significantly since they were discovered. With strong internal growth dynamics and suitable macroeconomic policies, these economies will continue to create an enabling investment climate and attract sustainable capital flows both direct as well as portfolio flows. One major reason why emerging markets have gained significance in international portfolios is their segmentation from the other markets particularly developed markets in the world. The major factors contributing to this property of international assets were lesser degree of international trade, greater restrictions on foreign currency movements and less advanced communication systems which discouraged information transmission across markets. In current business environment however, the policy restrictions do not sustain for long and even emerging markets tend to expand their economic activities across the borders. The above facts on integration of emerging markets with global economy highlights two significant evolving properties of emerging markets – firstly, the increasing trade ties between emerging economies and developed and other emerging economies; and secondly gradual movement towards freer financial markets that encourage foreign investor participation. As these emerging economies establish stronger trade ties with other emerging or developed economies, international factors become more, and more influential in determining their stock market returns. For emerging markets such freer stock markets represents an opportunity to attract foreign capital to finance economic growth. However, one negative aspect of stock market opening is the influx of so-called hot money which is highly sensitive to the future expectation of economic growth in emerging markets and expectation of returns from holding securities. Given the

¹² MSCI Emerging Market Free Index is a group of securities from emerging markets tracked by Morgan Stanley Capital International. A 'Free' index represents investible opportunities for global investors, taking into account the local market restrictions on share ownership by foreign investors.

¹³ MSCI Europe, Australasia and the Far East Index is group of securities tracked by Morgan Stanley Capital International

¹⁴ Statistics and computations based on World Development Indicators, 2007.

¹⁵ World Development Indicators Report on Global Prospects and Policies (2007).

sensitivity of these investments, even a small shock to the economy can lead to volatile change in flow of funds which may instill considerable volatility in domestic markets.

Emerging markets are increasingly integrating with global financial markets even informationally. The continuing reforms by emerging market economies in the areas of market microstructure by introducing transparent electronic trading mechanisms, corporate disclosure practices and corporate governance, improved accounting standards and movement towards international disclosure practices is increasing the foreign influences in emerging stock markets. The developments in communication technology, spread of internet service, etc. is enabling the market participants to trade with global information in hand.

Under these circumstances, the study of impact of this transformation of emerging markets on correlations between emerging markets and developed and other high risk emerging markets therefore becomes vital for asset allocation decisions. In other words it remains to be examined whether emerging markets still provides portfolio diversification benefits.

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IMPACT OF STOCK MARKET LIBERALIZATION ON THE ECONOMIC DEVELOPMENT OF EMERGING COUNTRIES

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ABSTRACT

Out of the many liberalization policies implied by the government of India, FII scheme is very important to the stock market as well as the economy of India. This scheme has opened the domestic stock market of India to the rest of the world and has allowed the foreign investors to invest in the shares of the companies listed on the stock exchange. Many empirical studies have been done in the past to analyze the impact of the stock market liberalization on the behaviour of the stock market and the economy as a whole.

KEYWORDS

Liberalization, Stock Market.

EMERGING STOCK MARKET

The term "emerging stock markets" most often is intended to mean stock markets based in developing economies (<http://www-old.itcilo.org/actrav/actravenglish/telearn/global/ilo/equity/ifckey.htm>). According to Dara Khambata (2000), the state of development of a country can be measured by its level of income i.e. the Gross National Product (GNP). The other standard for qualifying for the label of "emerging" stock market is to notice if the process of change has began like growth of size, sophistication, and turnover.

In order to define the emerging stock market, International Finance Corporation (IFC), a member of the World Bank Group uses four characteristics namely; invest ability, change (Financial, political and economic), growth and size and liquidity. Monthly Emerging Stock Market Indexes are published by the IFC in order to assist the developing countries and help the investors measure the performance of their portfolios invested in these countries.

IMPACT OF STOCK MARKET LIBERALIZATION

Many studies have been done in the past to analyze the effects of market opening on the economic development of the country and there are evidences that show that market opening has positive effects on the emerging economies. Liberalization is very beneficial to the emerging economies as it allows the inflow of foreign capital for the economic development of the country. Bekaert and Harvey (2000) found that liberalization may enhance the growth prospects for a country (see Obstfeld 1994), leading to increased prices. Henry (1999) establishes that growth in aggregate investment rises as a result of financial and economic liberalization. Kim & Singal (2000), explain that there are many hypothetical advantages of opening stock markets to foreign investors as it provides opportunity to attract foreign capital to finance economic growth. Boyd and Smith (1996) and Levine and Zervos (1996, 1998) show theoretically and empirically that liberalization accelerates the development of equity markets and is positively related to long-run economic growth. Besides, Rajan and Zingales (1998) compare the countries with differences in the development of financial markets and conclude that development of financial markets facilitates economic growth by reducing the cost of external finance.

Kim and Singal (2000) after analyzing the data of 15 emerging countries conclude that diversification is beneficial to domestic firms as it allows them to access lower cost of funds from international investors. Further, they say that efficiency of allocation of capital will be improved as the foreign investors demand transparency and improvement in disclosure of rules. The foreign investors in order to protect themselves against expropriation of capital by governing investors will insist for accountability of management and shareholder rights. The risk of stock holding will reduce if there is a persuasive and reasonable response to these demands which, in turn, will lower the cost of capital. The result is consistent with Bekaert and Harvey (1999), who find that increases in equity flows are associated with a lower cost of capital. Similarly, Henry (1998) finds that liberalizing countries experience an upward revaluation of the domestic stocks, which reflects a reduction in the cost of equity capital.

Global diversification takes place due to foreign equity flow which has other benefits for emerging economies. Obstfeld's (1994) model explains that resource allocation improves owing to international risk sharing through global diversification. Moreover, large steady state welfare gains are generated by stock market integration and international diversification. Levine & Zervos (1998) also suggest that according to their research, reduction of international investment barriers boosts economic development and enhances stock market liquidity which in turn leads to faster rate of economic growth in long run. Henry (2000b) and Bekaert et al. (2002) also agree to this and specify that liberalization causes a rise in cumulative domestic investors which hypothetically stimulates economic growth. Bekaert et al. (2001) authenticate that an "official equity market liberalization" leads to an increase in average annual per capita GDP of around 1% controlling for other macroeconomic, demographic, and financial factors that have been shown to predict cross sectional variations in economic growth.

Levine & Zervos (1998b) show that the rise in growth rate of capital stock due to opening of stock market is just temporary and is not a permanent increase. Henry (2000b) contradicts this statement and says that this does not mean that investment is not at all affected by liberalization of capital account and the capital stock growth rate might increase temporarily. From the research conducted on 11 developing countries, Henry (2000b) documents that after the opening of the stock markets, the growth rates of private investment is abnormally high. According to the sample of countries analyzed, 8 countries experience a higher growth rate of private investment after one year of liberalization over the year without liberalization. In the second and the third year 10 and 9 countries experienced growth in the private investments.

There are certain risks associated to the opening of the stock markets which need to be taken care of by the policy makers. The inflow of private capital can endanger the viability of markets; unbalance the functioning of the country, lead to careless lending, relaxation of reforms etc. Dara Khambata (2000) explains that in order to have well developed economies, efficient stock market development must be accompanied with liberalization of financial sector and pragmatic macroeconomic policies must be followed. Uncertainty is created by financial instability which can badly damage the market efficiency and cause substantial economic instability. The benefits of liberalization must be weighed against the various risks and uncertainties and according to Kim & Singal (2000), the benefits are likely to outweigh the perceived benefits. The probable side effects of market opening will be controlled by the government of most of the countries by using various policy measures. Hence, majority of emerging countries will reap the benefits of liberalization by successfully controlling the ill effects. Therefore, one of the objectives of this research is to find out the growth of Indian economy due to the inflow of foreign capital i.e. the effect of market capitalization in the GDP of India. The benefits of opening of the stock markets are also observed.

IMPACT OF LIBERALIZATION ON INDIA

A common characteristic of all the researches explained above is that they study the effect of liberalization on a sample of countries and their research is not country specific. This makes it difficult to analyze the effect of opening of the stock market on India as the results are calculated on average basis only. But according to the research conducted by Kim & Singal (2000), India experienced high volatility around market opening. The rates of inflation were higher in the

pre liberalization period but stabilized after liberalization and the volatility of inflation decreased significantly after the market opening. Bekaert et al. (2003) showed that there was an increase in real GDP growth as well as real investment growth after financial liberalizations in India.

Unlike the researches explained above which observe the average market behaviour of a sample of emerging countries during pre and post liberalization period, there are certain studies done which analyze the impact of opening up, on India and its stock market.

Chandrasekhar (2000) explains that India did not witness the currency crisis in 1990s and thereafter which the other countries faced due to liberalization. This was because India did not liberalize its capital account to the extent done by the other countries. After opening of the stock market in 1992, there was a considerable rise in the inflow of foreign capital. According to the market observers, foreign inflows are a very important force for driving the markets up. Chandrasekhar (2000), after examining the trends of the market describes that there was an extreme volatility in Sensex during the years of liberalization but also documents that the structure of financial markets of India is also a cause of volatility. Further he suggests that the markets of developing countries like India are thin or shallow in three senses namely; (i) stocks of only a few countries are traded actively in the market. Even though there are more than 5000 companies listed on the stock exchange, BSE Sensex assimilates only 30 companies, trading in whose shares is perceived as a symbol of market activity, (ii) a large proportion of shares is held by promoters, financial institutions and others interested in corporate control or influence leading to the availability of a small proportion of shares for routine trading, and (iii) the number of players trading in these stocks is also small.

The financial press portrays the flow of foreign capital as the foremost driver of the Indian stock market returns. While, Chakrabarti (2001) suggests that the foreign inflows are the effects rather than cause of the performance of stock markets. The analysis of daily data predicts that the sole driver of foreign inflows in the post- Asian crisis period was the performance of the stock market whereas the analysis of monthly data in the pre- Asian crisis period indicates some contrary interconnection. Mukherjee et al. (2002) also confirm this return chasing behaviour of the FIIs by analyzing the daily data from 1999 to 2002 and discover that the sale of Indian stocks by foreign investors is a consequence of returns and not purchases. On the contrary, Gordon and Gupta (2003) perform an analysis on the monthly data for the time period 1993-2000 and determine that there is a negative relationship between foreign inflows and lagged stock market returns which suggests negative feedback trading. Hence, there is a need for analyzing more recent data to understand the relationship between FIIs and stock market returns.

According to the Finance Ministry of India's report (2005), the main concerns regarding vulnerability of India's capital market to FII inflows can be classified into three parts: about the outflow of 'hot money' and creation of chaos in both securities and foreign exchange markets, about too much inflow, and leading of upward pressure on either the exchange rate of the domestic currency or prices or both, and about 'foreigners' capturing a large part of the markets in securities. Two precise worries about chaos caused by FIIs centre around the problems of "herding" – where many FIIs may trade in similar ways – and "positive feedback trading" where FIIs buy after positive returns and sell after negative returns, thus aggravating market volatility.

Financial Liberalization leads to the financial deepening and growth of the economy. It helps in increasing the presence and role of financial agents but at the same time it forces the government to adopt a deflationary attitude to placate financial interests. Due to liberalization, the agriculture sector and the small scale industry had limited access to savings and credit availability, the development of which was necessary for the efforts made for poverty reduction. The emphasis on macroeconomic management was shifted from fiscal to monetary policy which was inexorably focused on inflation targets. This resulted in tight money conditions and higher interest rates which were also favoured as it helped in attracting foreign capital inflows in a more liberalized environment. The process of financial liberalizations also led to financial instability but overall it had a positive effect on the stock market and the economic development of India.

CONCLUSION

Opening of the domestic stock markets for the foreign institutional investors acts like a two edged sword, which has many benefits but at the same time exposes the emerging economies to certain risks. It attracts more and more foreign capital which is used to finance the economic growth of the country and speed up the expansion of equity markets by making them globally assimilated, more liquid and superior. The cost of capital is reduced as the foreign investors demand accountability of management which reduces the risk of holding stocks. The competence of market prices is also increased due to larger market size, development of capacity of members investing in the market and higher exposure to latest information. In contrast, the inflow of foreign capital can also lead to financial instability in the country which can badly damage the market efficiency and cause substantial economic instability. It can also endanger the viability of markets; unbalance the functioning of the country, lead to careless lending, relaxation of reforms etc. In the conditions of economic depression, financial crisis are most likely to take place. Besides, it can put pressure on the monetary policy and deteriorate the political support for further reforms. Hence, the benefits of opening of the stock markets should be reaped by the emerging economies by controlling the risks and ill effects related to it.

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MAJOR APPROACH OF EFFECTIVE LEADERSHIP

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ABSTRACT

Two common forms of leadership are assigned and emergent. Assigned leadership is based on a formal title or position in an organization. Emergent leadership results from what one does and how one acquires support from followers. Leadership, as a process, applies to individuals in both assigned roles and emergent roles. Related to leadership is the concept of power, the potential to influence. There are two kinds of power: position and personal. Position power, which is much like assigned leadership, is the power an individual derives from having an office in a formal organizational system. It includes legitimate, reward, and coercive power. Personal power comes from followers and includes referent and expert power. It is given to leaders because followers believe leaders have something of value. Treating power as a shared resource is important because it de-emphasizes the idea that leaders are power wielders. "Leaders manage and managers lead, but the two activities are not synonymous. Management functions can potentially provide leadership; leadership activities can contribute to managing. Nevertheless, some managers do not lead, and some leaders do not manage". Effective Leadership and management are different concepts that overlap. They are different in that management traditionally focuses on the activities of planning, organizing, staffing, and controlling, whereas leadership emphasizes the general influence process. According to some researchers, management is concerned with creating order and stability, whereas leadership is about adaptation and constructive change.

KEYWORDS

Challenge, changing pattern, Effective leadership, manage, motivation.

INTRODUCTION

Effective Leadership is a topic with universal appeal, and in the popular press and academic research literature much has been written about leadership. Despite the abundance of writing on the topic, leadership has presented a major challenge to practitioners and researchers interested in understanding the nature of leadership. It is a highly valued phenomenon that is very complex. Through the years, leadership has been defined and conceptualized in many ways. The component common to nearly all classifications is that leadership is an influence process that assists groups of individuals toward goal attainment. Specifically, leadership is defined as a process whereby an individual influences a group of individuals to achieve a common goal.

EFFECTIVE LEADERSHIP AND MANAGEMENT

"Leaders manage and managers lead, but the two activities are not synonymous. Management functions can potentially provide leadership; leadership activities can contribute to managing. Nevertheless, some managers do not lead, and some leaders do not manage". This is Bernard Bass's assessment in his 1,200 page opus, "Bass and Stogdill's Handbook of Leadership" (page 383). They overlap, but they are not the same. Bennis defines the difference using the following paired contrasts

- The manager administers; the leader innovates.
- The manager maintains; the leader develops.
- The manager accepts reality; the leader investigates it.
- The manager focuses on systems and structures; the leader focuses on people.
- The manager relies on control; the leader inspires trust.
- The manager has a short-range view; the leader has a long-range perspective.
- The manager asks how and when; the leader asks what and why.
- The manager has his or her eye always on the bottom line; the leader has his or her eye on the horizon.
- The manager imitates; the leader originates.
- The manager accepts the status quo; the leader challenges it.
- The manager is the classic good soldier; the leader is his or her own person.

EFFECTIVE LEADERSHIP IN CHANGING PERSPECTIVE

Globalization has also created the need for leaders to become competent in cross-cultural awareness and practice. Adler and Bartholomew (1992) contend that global leaders need to develop five cross-cultural competencies. First, leaders need to understand business, political, and cultural environments worldwide. Second, they need to learn the perspectives, tastes, trends, and technologies of many other cultures. Third, they need to be able to work simultaneously with people from many cultures. Fourth, leaders must be able to adapt to living and communicating in other cultures. Fifth, they need to learn to relate to people from other cultures from a position of equality rather than cultural superiority. In sum, today's leaders need to acquire a challenging set of competencies if they intend to be effective in present day.

Here we intended to a discussion of how culture influences the leadership process. The chapter begins by defining culture and describing two concepts related to our understanding of culture. Next, we describe dimensions of culture, clusters of Indian cultures, and the characteristics of these clusters. We then learn how leadership varies across cultures and which specific leadership attributes cultures universally endorse as desirable and undesirable. Finally, we discuss the strengths and weaknesses of this body of research.

CONCEPT OF CULTURE

Anthropologists, sociologists, and many others have debated the meaning of the word *culture*. Because it is an abstract term, it is hard to define, and different people often define it in dissimilar ways. For our purposes, *culture* is defined as the learned beliefs, values, rules, norms, symbols, and traditions that are common to a group of people.

DIMENSIONS OF INDIAN CULTURE

Several well-known studies have addressed the question of how to characterize cultures. For example, Hall reported that a primary characteristic of cultures is the degree to which they are focused on the individual (individualistic cultures) or on the group (collectivistic cultures). As a part of their study of culture and leadership, industrial researchers developed their own classification of cultural dimensions. Based on their own research and the work of others (e.g., Kluckhohn & Strodtbeck, 1961; McClelland, 1961; Triandis, 1995), industrial researchers identified nine cultural dimensions: uncertainty avoidance, power distance, institutional collectivism, in-group collectivism, gender egalitarianism, assertiveness, future orientation, performance orientation, and humane orientation. In the following section, each of the dimensions is described:

UNCERTAINTY AVOIDANCE

This dimension refers to the extent to which a society, organization, or group relies on established social norms, rituals, and procedures to avoid uncertainty. Uncertainty avoidance is concerned with the way cultures use rules, structures, and laws to make things predictable and less uncertain.

POWER DISTANCE

This dimension refers to the degree to which members of a group expect and agree that power should be shared unequally. Power distance is concerned with the way cultures are stratified, thus creating levels between people based on power, authority, prestige, status, wealth, and material possessions.

INSTITUTIONAL COLLECTIVISM

This dimension describes the degree to which an organization or society encourages institutional or societal collective action. Institutional collectivism is concerned with whether cultures identify with broader societal interests rather than individual goals and accomplishments.

IN-GROUP COLLECTIVISM

This dimension refers to the degree to which people express pride, loyalty, and cohesiveness in their organizations or families. In-group collectivism is concerned with the extent to which people are devoted to their organizations or families.

GENDER EGALITARIANISM

This dimension measures the degree to which an organization or society minimizes gender role differences and promotes gender equality. Gender egalitarianism is concerned with how much societies de-emphasize members' biological sex in determining the roles that members play in their homes, organizations, and communities.

ASSERTIVENESS

This dimension refers to the degree to which people in a culture are determined, assertive, confrontational, and aggressive in their social relationships. Assertiveness is concerned with how much a culture or society encourages people to be forceful, aggressive, and tough, as opposed to timid, submissive, and tender in social relationships.

FUTURE ORIENTATION

This concept refers to the extent to which people engage in future-oriented behaviours such as planning, investing in the future, and delaying gratification. Future orientation emphasizes that people in a culture prepare for the future as opposed to enjoying the present and being spontaneous.

PERFORMANCE ORIENTATION

This dimension describes the extent to which an organization or society encourages and rewards group members for improved performance and excellence. Performance orientation is concerned with whether people in a culture are rewarded for setting challenging goals and meeting them.

HUMANE ORIENTATION

The ninth dimension refers to the degree to which a culture encourages and rewards people for being fair, altruistic, generous, caring, and kind to others. Humane orientation is concerned with how much a society or organization emphasizes sensitivity to others, social support, and community values.

GROUPS OF INDIAN CULTURES

Researchers have divided the data from the 22 communities they studied into regional clusters.⁷ These clusters provided a convenient way to analyze the similarities and differences between cultural groups and to make meaningful generalizations about culture and leadership.

To create regional clusters, I have used prior research common language, geography, religion, and historical accounts. Based on these factors, they grouped communities into 5 distinct clusters: *Asamese, Maratha, Dravida, Hindi, North India, North-Eastern India, Eastern India, Western India, South India*. These regional realities were the groupings that were used in all of the studies.

INDIAN LEADERSHIP BEHAVIOR AND CULTURAL CLUSTER

The overall purpose of this section was to determine how people from different cultures viewed leadership. In addition, I have wanted to determine the ways in which cultural characteristics related to culturally endorsed leadership behaviors. In short, they wanted to find out how differences in cultures were related to differences in approaches to leadership.

Each profile describes the relative importance and desirability that different cultures ascribe to different leadership behaviors. The leadership profiles for each of the 5 culture clusters follow:

NORTH-EASTERN INDIAN LEADERSHIP PROFILE

For the North-Eastern Indian States, an ideal example of a leader would be a person who was first and foremost independent while maintaining a strong interest in protecting his or her Position as a leader. In addition, the leader would be moderately charismatic/value-based,

WEST INDIAN LEADERSHIP PROFILE

West Indian cluster values leadership that is charismatic/ value-based, team-oriented, Participative, and self-protective. Independent leadership and the human side of leadership are downplayed in this cluster. In short, the profile of the Marathi-Gujarati speaking cluster centers on leadership that is inspiring, collaborative, Participative, and self-oriented, but at the same time not highly compassionate.

NORTH INDIAN LEADERSHIP PROFILE

Quite different from the North Indian, the Hindi speaking regions place the most importance on team-oriented, charismatic/value-based, and self-protective leadership and the *least* importance on autonomous leadership. In addition, this cluster is moderately interested in leadership that is Participative and People-oriented.

SOUTH INDIAN LEADERSHIP PROFILE

Though independent and to some extent inspiring, this type of leader typically does not invite others to be involved in goal setting or decision making. In sum, the South Indian profile describes a leader who works and cares about others but who uses status and Position to make independent decisions without the input of others.

EASTERN INDIAN LEADERSHIP PROFILE

An ideal example of leadership for the Eastern Indian communities is leadership that is highly visionary and Participative while being somewhat independent and diplomatic.

TABLE 1: CULTURE CLUSTERS & DESIRED LEADERSHIP BEHAVIOUR: EASTERN INDIA

Eastern India	Autonomous Leadership
	Self-Protective Leadership
	Charismatic/Value-Based Leadership
	Team-Oriented Leadership
	Humane-Oriented Leadership
	Participative Leadership

UNDESIRABLE LEADERSHIP ATTRIBUTES

One of the most interesting outcomes of this project was the identification of a list of leadership attributes that were universally endorsed by 145 people in 22 communities as positive aspects of effective leadership. Respondents in this study identified 22 *valued* leadership attributes (Table 1). These attributes were universally endorsed as characteristics that facilitate outstanding leadership.

The Concern project also identified a list of leadership attributes that were universally viewed as obstacles to effective leadership (Table 2). These characteristics suggest that the portrait of an ineffective leader is someone who is asocial, malevolent, and self-focused. Clearly, people from all cultures find these characteristics to hinder effective leadership.

TABLE 2: CULTURE CLUSTERS & DESIRED LEADERSHIP BEHAVIOUR : SOUTH INDIA

South India	Charismatic/Value-Based Leadership
	Team-Oriented Leadership
	Self-Protective Leadership
	Participative Leadership
	Humane-Oriented Leadership
	Autonomous Leadership

MERITS OF THE CULTURAL DIMENSIONS OF LEADERSHIP

Although this chapter on culture and leadership does not represent a single unified theory of leadership, it does present findings that have several strengths. First, the study is the only study to analyze how leadership is viewed by cultures in all parts of the countries. Second, the findings from the proposed project are valuable because they emerge from a well-developed quantitative research design. Third, the studies provide a classification of cultural dimensions that is more expansive than the commonly used Hofstede classification system. Fourth, the studies provide useful information about what is universally accepted as good and bad leadership. Last, the study of culture and leadership underscores the Complexity of the leadership process and how it is influenced by culture. Data from the study highlight the need for each of us to expand our ethnocentric tendencies to view leadership from only our own perspective and instead to “open our window” to the diverse ways in which leadership is viewed by People from different regions around the country.

LIMITATIONS OF THE APPROACH

First, although the research has resulted in a multitude of findings about perceptions of leadership in different Cultures, this research does not provide a clear set of assumptions and propositions that can form a single theory about the way culture relates to leadership or influences the leadership process.

A second criticism, more narrow in scope, Concerns the way researchers have labeled and defined certain cultural dimensions and leadership behaviors. Another criticism concerns the way in which leadership was conceptualized in this studies. In these studies, researchers used a conceptualization of leadership that was based on the ideas set forth by Lord and Maher (1991) in their work on implicit leadership theory.

SCORING

The Dimensions of Culture questionnaire is designed to measure your perceptions of the different dimensions of your culture. Score the questionnaire by doing the following. First, sum the two responses you gave to each of the items on each of the dimensions. Second, divide the sum of the responses by two. This is your mean score for the dimension.

Example. If for power distance you circled 3 in response to question 1 and 4 in response to question 2, you would score the dimension as follows.

$$3+4=7$$

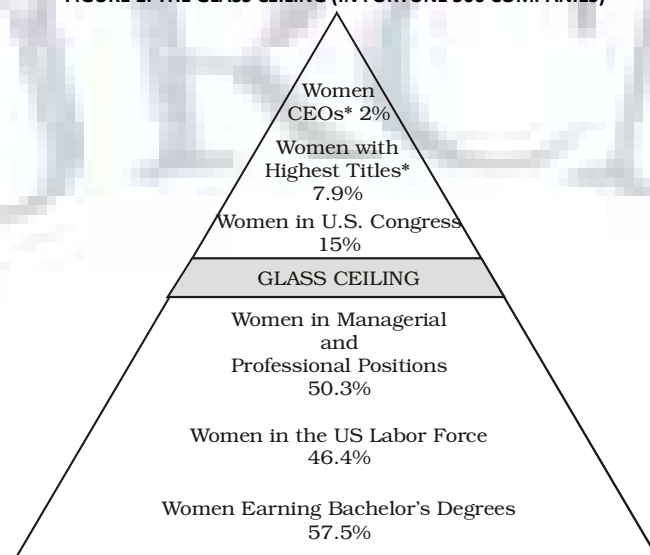
$$7 \div 2 = 3.5$$

Power distance mean score = 3.5

GENDER AND LEADERSHIP EFFECTIVENESS

In addition to leadership style, the relative effectiveness of male and female leaders has been assessed in a number of studies. In a meta-analysis comparing the effectiveness of female and male leaders, overall men and women were equally effective leaders, but there were gender differences such that women and men were more effective in leadership roles that were congruent with their gender (Eagly, Karau, & Makhijani, 1995). The invisible barrier preventing women from ascending into elite leadership positions is commonly called the glass ceiling (Figure 1), a term first introduced into the American vernacular by two Wall Street Journal reporters in 1986 (“Corporate Woman,” 1986). Even in female-dominated occupations women face the glass ceiling, whereas White men appear to ride a “glass escalator” to the top leadership positions.

FIGURE 1: THE GLASS CEILING (IN FORTUNE 500 COMPANIES)



MOTIVES FOR REMOVING THE BARRIERS

There are a number of important motivations for removing this barrier into the upper echelons of leadership. First, doing so will fulfill the promise of equal opportunity by allowing everyone the possibility of taking on leadership roles, from the boardroom to the senate floor. Furthermore, just as one is more likely to find a large fish in a lake than a pond, one is more likely to find the most talented human resources by increasing the pool of potential candidates. In addition to finding a large fish in a big lake, one is also more likely to find a great variety of fish.

GENDER DIFFERENCES

Other arguments attempting to explain the leadership gap revolve around the notion that women are just different from men. One argument in this vein is that women's underrepresentation in elite leadership positions is a result of differences in leadership style and effectiveness.

TRAIT APPROACH

In recent years, there has been a resurgence of interest in the trait approach in explaining how traits influence leadership. For example, based on a new analysis of much of the previous trait research, Lord, DeVader, and Alliger found that personality traits were strongly associated with individuals' perceptions of leadership. Similarly, Kirkpatrick and Locke, 1991) have gone so far as to claim that effective leaders are actually distinct types of people in several key respects. Table 3 provides a summary of the traits and characteristics that were identified by researchers from the trait approach. It illustrates clearly the breadth of traits related to leadership. Table 3 also shows how difficult it is to select certain traits as definitive leadership traits; some of the traits appear in several of the survey studies, whereas others appear in only one or two studies. Regardless of the lack of precision in Table 3, however, it represents a general convergence of research regarding which traits are leadership traits.

TABLE 3: STUDIES OF LEADERSHIP TRAITS AND CHARACTERISTICS

Stogdill Kirkpatrick (1948)	Mann (1959)	Stogdill (1974)	Lord and Alliger (1986)	DeVader and Locke (1991)
Intelligence	Intelligence	Achievement	Intelligence	Drive
Alertness	Masculinity	Persistence	Masculinity	Motivation
Insight	Adjustment	Insight	Dominance Integrity	Insight
Responsibility	Dominance	Initiative	Confidence	Self-confidence
Initiative	Extroversion	Self-confidence	Cognitive ability	Persistence
Self-confidence	Cooperativeness	Conservatism	Responsibility	Task knowledge
Sociability	Influence	Tolerance	Sociability	Adjustment

Some of the traits that are central to this list include intelligence, self-confidence, determination, integrity, and sociability.

MAJOR LEADERSHIP TRAITS

- Intelligence
- Self-confidence
- Determination
- Integrity
- Sociability

FIVE-FACTOR PERSONALITY MODEL AND LEADERSHIP

Over the last 30 years a consensus has emerged among researchers regarding the basic factors that make up what we call personality. These factors, commonly called the Big Five, are neuroticism, extraversion (surgency), openness (intellect), agreeableness, and conscientiousness (dependability)

TABLE 4: BIG FIVE PERSONALITY FACTORS

Extraversion	The tendency to be depressed, anxious, insecure vulnerable, and hostile
Extraversion	The tendency to be sociable and assertive and to have positive energy
Openness	The tendency to be informed, creative, insightful, and curious
Agreeableness	The tendency to be accepting, conforming, trusting, and nurturing
Conscientiousness	The tendency to be thorough, organized, controlled, dependable, and decisive

STATE OF FUNCTIONING

The trait approach is very different from the other approaches. Because it focuses exclusively on the leader, the followers or the situations makes the trait approach theoretically more than other approaches. In essence, the trait approach is concerned with *what* and *who* has these traits.

There are several **advantages** to viewing leadership from the trait approach. First, it is intuitively appealing because it fits clearly into the popular idea that leaders are special people who are out front, leading the way in society. Second, a great deal of research validates the basis of this perspective. Third, by focusing exclusively on the leader, the trait approach provides an in-depth understanding of the leader component in the leadership process. Last, it has provided some benchmarks against which individuals can evaluate their own personal leadership attributes.

On the **negative** side, the trait approach has failed to provide a definitive list of leadership traits. In analyzing the traits of leaders, the approach has failed to take into account the impact of situations. In addition, the approach has resulted in subjective lists of the most important leadership traits, which are not grounded in strong, reliable research.

STYLE APPROACH

Researchers studying the style approach determined that leadership is composed of two general kinds of behaviors: task behaviors and relationship behaviors

THE OHIO STATE STUDIES

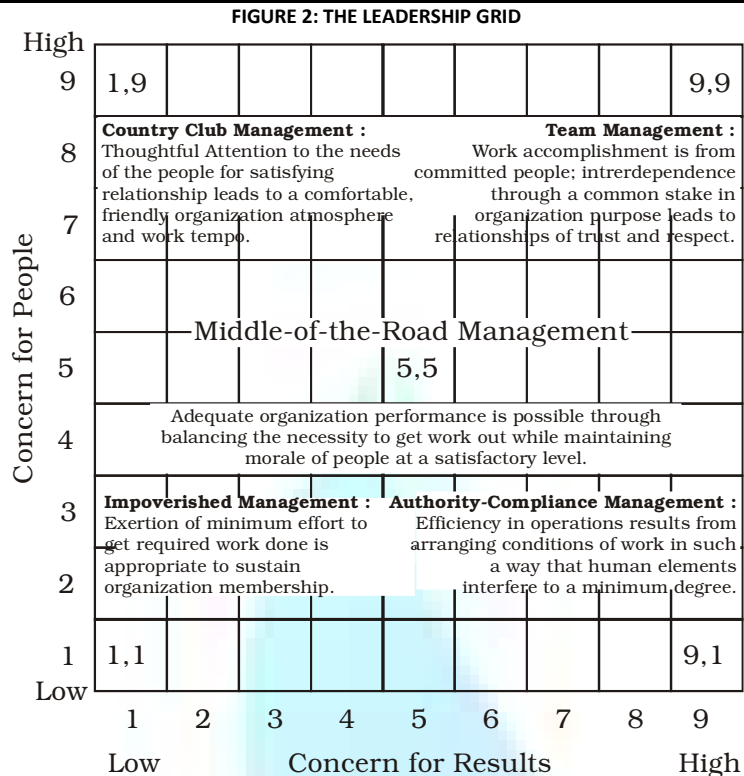
Because the results of studying leadership as a personality trait appeared fruitless, a group of researchers at Ohio State began to analyze how individuals acted when they were leading a group or organization.

THE UNIVERSITY OF MICHIGAN STUDIES

While researchers at Ohio State were developing the LBDQ, researchers at the University of Michigan were also exploring leadership behavior, giving special attention to the impact of leaders' behaviors on the performance of small groups (Cartwright & Zander, 1960; Katz & Kahn, 1951; Likert, 1961, 1967).

BLAKE AND MOUTON'S MANAGERIAL LEADERSHIP GRID

The Leadership (Managerial) Grid joins concern for production and concern for people in a model that has two intersecting axes (Figure 2).



The horizontal axis represents the leader's concern for results, and the vertical axis represents the leader's concern for people. Each of the axes is drawn as a 9-point scale on which a score of 1 represents minimum concern and 9 represents maximum concern. By plotting scores from each of the axes, various leadership styles can be illustrated. The Leadership Grid portrays five major leadership styles: authority-compliance (9,1), country club management (1,9), impoverished management (1,1), middle-of-the-road management (5,5), and team management (9,9).

IMPOVERISHED MANAGEMENT (1,1)

The 1,1 style is representative of a leader who is unconcerned with both the task and interpersonal relationships.

MIDDLE-OF-THE-ROAD MANAGEMENT (5,5)

The 5,5 style describes leaders who are compromisers, who have an intermediate concern for the task and an intermediate concern for the people who do the task.

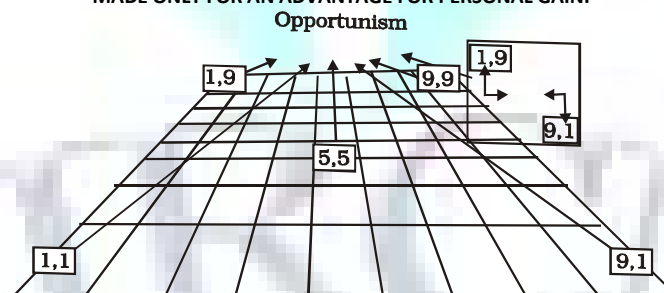
TEAM MANAGEMENT (9,9)

The 9,9 style places a strong emphasis on both tasks and interpersonal relationships.

STATE OF FUNCTIONING

Unlike many of the other approaches the style approach is not a refined theory that provides a neatly organized set of prescriptions for effective leadership behaviour the style approach provides a framework for assessing leadership in a broad way, as behavior with a task and relationship dimension. The style approach works not by telling leaders how to behave but by describing the major components of their behavior.

FIGURE 3: OPPORTUNISM-IN OPPORTUNISTIC MANAGEMENT, PEOPLE ADOPT AND SHIFT TO ANY GRID TO GAIN THE MAXIMUM ADVANTAGE. EFFORT IS MADE ONLY FOR AN ADVANTAGE FOR PERSONAL GAIN.



To review, the style approach originated from three different lines of research: the Ohio State University studies, the University of Michigan studies, and the work of Blake and Mouton on the Managerial Grid.

SKILL APPROACH

Based on field research in administration and his own firsthand observations of executives in the workplace, Katz, suggested that effective leadership depends on three basic personal skills: technical human, and conceptual.

TECHNICAL SKILL

Technical skill is knowledge about and proficiency in a specific of work or activity. It includes competencies in a specialized area, analytical and the ability to use appropriate tools. As illustrated in Table: 5, technical skill is more and less important in upper management. For leaders at the highest level, such as the executive officers (CEOs), presidents, and senior officers, technical competencies are not as essential. Individuals at the top level depend on skilled subordinates to handle technical issues of the physical operation.

TABLE: 5 MANAGEMENT SKILLS NECESSARY AT VARIOUS LEVELS OF AN ORGANIZATION SKILL NEEDED

TOP Management	TECHNICAL	HUMAN	CONCEPTUAL
MIDDLE Management	TECHNICAL	HUMAN	CONCEPTUAL
SUPERVISORY Management	TECHNICAL	HUMAN	CONCEPTUAL

HUMAN SKILL

Human skill is knowledge about and ability to work with people. It is quite different from technical skill, which—has to do with working with things. Human skills are “people skills.” In Table: 5, human skills are important in all three levels of management. Although managers at lower levels may communicate with a far greater number of employees, human skills are equally important at middle and upper levels

CONCEPTUAL SKILL

Broadly speaking, conceptual skills are abilities to work with ideas and concepts. Whereas technical skills deal with things and human skills deal with people, conceptual skills involve the ability to work with ideas. A leader with conceptual skills in comfortable talking about the ideas that shape an organization and the intricacies involved.

TABLE 6: THREE COMPONENTS OF THE SKILLS MODEL

INDIVIDUAL ATTRIBUTES	COMPETENCIES	LEADERSHIP OUTCOMES
<i>General Cognitive</i>	<i>Problem-Solving Skills</i>	<i>Effective Problem-Solving</i>
Crystallized Cognitive Ability	Social Judgment Skills	Performance
Personality	Knowledge	Motivation

COMPETENCIES

As can be observed in the middle box in Table : 6, problem-solving skills, social judgment skills, and knowledge are at the heart of the skills model. These three competencies are the key factors that account for effective performance.

PROBLEM-SOLVING SKILLS

What are problem-solving skills? According to Mumford, Zaccaro, Harding, et al., problem-solving skills are a leader’s creative ability to solve new and unusual, ill-defined organizational problems.

SOCIAL JUDGMENT SKILLS

In addition to problem-solving skills, effective leadership performance also requires social judgment skills (see Table : 6). In general, social judgment skills are the capacity to understand people and social systems. They enable leaders to work with others to solve problems and to marshal support to implement change within an organization. Social judgment skills are the people skills that are necessary to solve unique organizational problems.

KNOWLEDGE

As shown in the model (see Table : 6), the third aspect of competencies is knowledge. Knowledge is inextricably related to the application and implementation of problem-solving skills in organizations. It directly influences a leader’s capacity to define complex organizational problems and to attempt to solve them (Mumford, Zaccaro, Harding, et al., 2000).

GENERAL COGNITIVE ABILITY

General cognitive ability can be thought of as a person’s intelligence. It includes perceptual processing, information processing, general reasoning skills, creative and divergent thinking capacities, and memory skills. General cognitive ability is linked to biology, not to experience.

CRYSTALLIZED COGNITIVE ABILITY

Crystallized cognitive ability is intellectual ability that is learned or acquired over time. It is the store of knowledge we get through experience. We learn more and increase our capacities over a lifetime, increasing our leadership potential (e.g., problem-solving skills, conceptual ability, and social judgment skills).

MOTIVATION

Motivation is listed as the third attribute in the model. Although the model does not purport to explain the many ways in which motivation may affect leadership, it does suggest three aspects of motivation that are essential to developing leadership skills

PERSONALITY

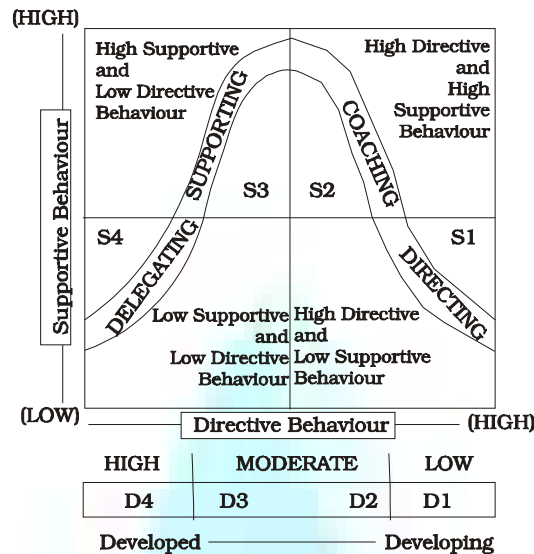
Personality is the fourth individual attribute in the skills model. Placed where it is in the model, this attribute reminds us that our personality has an impact on the development of our leadership skills

STATE OF FUNCTIONING

The three-skill approach of Katz suggests that the importance of certain leadership skills varies depending on where leaders are in a management hierarchy. For leaders operating at lower levels of management, technical and human skills are most important. When leaders move into middle management, it becomes important that they have all three skills: technical, human, and conceptual. At the upper management levels, it is paramount for leaders to exhibit conceptual and human skills. Although the various skill requirements change across management levels, the one skill that is needed at each level is effective human or interpersonal skills.

SITUATIONAL APPROACH

The situational approach is illustrated in the model developed by Blanchard, called the Situational Leadership II (SLII) model²⁸. The model is an extension and refinement of the original situational leadership model developed by Hersey and Blanchard.

FIGURE 4: SITUATIONAL LEADERSHIP
THE FOUR LEADERSHIP STYLES

DEVELOPMENT LEVELS OF FOLLOWERS

The dynamics of situational leadership are best understood when we separate the SLII model into two parts: leadership style and development level of subordinates.

LEADERSHIP STYLES

Leadership consists of the behaviour pattern of a person who attempts to influence others. It includes both directive (task behaviors and supportive (relationship) behaviors. Leadership styles can be classified further into four distinct categories of directive and supportive behaviors (see Figure 4). The **first style (S 1)** is a high directive—low supportive style, which is also called a directing style. In this approach, the leader focuses communication on goal achievement and spends a smaller amount of time using supportive behaviors. Using this style, a leader gives instructions about what and how goals are to be achieved by the subordinates and then supervises them carefully.

The second **style (S2)** is called a coaching approach and is a high directive—high supportive style. In this approach, the leader focuses communication on both achieving goals and meeting subordinates' socio emotional needs.

Style 3 (S3) is a supporting approach that requires that the leader take a high supportive—low directive style. In this approach, the leader does not focus exclusively on goals but uses supportive behaviour that bring out the employees' skills around the task to be accomplished.

Last, **Style 4 (S4)** is called the low supportive—low directive style, a delegating approach. In this approach, the leader offers less task input and social support, facilitating employees' confidence and motivation in reference to the task.

STATE OF FUNCTIONING

The situational Approach is constructed around the idea that employ move forward and backward along the developmental continuum which represents the relative competence and commitment of subordinates. Situational leadership classifies leadership into four styles: S1 is high directive—low supportive, S2 is high directive—high supportive, S3 is low directive—high supportive, and S4 is low directive—low supportive. The situational leadership (SLII) model describes how each of the four leadership styles applies to subordinates who work at different levels of development, from D1 (low in competence and high in commitment), to D2 (moderately competent and low in commitment), to D3 (moderately competent but lacking commitment), to D4 (great deal of competence and a high degree of commitment).

CONTINGENCY APPROACH

Fiedler developed contingency approach by studying the styles of many different leaders who worked in different contexts, primarily military organizations. He assessed leaders' styles, the situations in which they worked, and whether they were effective.

LEADERSHIP STYLES

Within the frame contingency theory, leadership styles are describe task motivated or relationship motivated leaders are concerned primarily reaching a goal whereas motivated leaders are concerned with developing close interpersonal relationships. To measure leader styles, Fiedler developed the Least Preferred Coworker (LPC) scale.

SITUATIONAL VARIABLES

Contingency theory suggests that situations can be characterized in terms of three factors: leader—member relations, task structure and position power (Figure 7 leader-member relations consists of the group 'atmosphere and the degree of confidence, loyalty, and attraction that; followers for their of group atmosphere is positive and subordinates trust, like, and get along with their leader, the leader—member relations are defined as good.

TABLE 7: CONTINGENCY APPROACH

Leader-Member Relations		GOOD				POOR			
		High Structure		Low Structure		High Structure		Low Structure	
Task Structure		Strong Power	Weak Power	Strong Power	Weak Power	Strong Power	Weak Power	Strong Power	Weak Power
		1	2	3	4	5	6	7	8
Position Power		Preferred Leadership Style		Preferred Leadership Style		High LPCs		Low LPCs	

Position and power of situations, is the amount of authority a leader has to reward or punish followers. It includes the legitimate power individuals acquire as a result of the position they hold in an organization. Position power is strong if a person has the authority to hire and fire or give raises in rank; it is weak if a leader does not have the

STATE OF FUNCTIONING

By measuring a leader's LPC score and the three situational variables, one can predict whether the leader is going to be effective in a particular setting. The relationship between a leader's style and various types of situations is illustrated in Figure Table : 7. The figure is best understood by interpreting the rows from top to bottom. For example, a situation that has good leader-member relations, a structured task, and strong position power would fall in Category 1 of preferred leadership style. Or a situation that has poor leader-member relations, a structured task, and weak position power would fall in category of 6 leadership style. By assessing the three situational variables, one can place any organizational context in one of the eight categories represented in Table : 7.

Once the nature of the situation is determined, the fit between the leader's style and the situation can be evaluated. The figure indicates that low LPCs (low LPC score) are effective in categories 1, 2, 3 and 8, whereas high LPCs (high LPC score) are effective in categories 4, 5, 6 and 7. Middle LPCs are effective in categories 1, 2 and 3. If a leader's style matches the appropriate category in the model, he or she will be effective; if the leader's style does not match the category, he or she will not be effective.

PSYCHODYNAMIC APPROACH

The psychodynamic approach consists of several different ways of looking at leadership. There is no single model or theory. One fundamental concept underlies the psychodynamic approach: personality. As used here the term means a consistent pattern of ways of thinking, feeling, and acting with regard to the environment, including other people.

SIGMUND FREUD AND PERSONALITY TYPES

As described earlier, Freud developed the process known as psychoanalysis and wrote extensively on the subject of human beings and their personality. Most of his work was devoted to psychopathologies, that is, psychological problems such as neuroses and psychoses. However, Freud did use the concept of personality and in one instance provided a schema consisting of three personality types.

CARL JUNG AND PERSONALITY TYPES

Human behaviour is predictable and understandable, and that became the basis for Carl Jung's way of classifying people and their personalities. He thought that people had preferences for how they thought and felt. These preferences become the basis for how people work, relate, and play.

These became the basis of the classification of types:

Extroversion versus introversion: whether a person prefers to derive energy externally or internally.

Sensing versus intuitive: whether a person prefers to gather information in a precise or insightful way.

Thinking versus feeling: whether a person prefers to make decisions rationally or subjectively.

Judging versus perceiving: whether a person prefers to live in an organized or spontaneous way.

There are 16 possible combinations of the four dimensions. In this chapter each combination is considered a type. A pair of terms such as extraversion and introversion is a dimension, which is only part of a type. The combinations are coded using the first letters of each word except that intuition is abbreviated N to avoid duplicating the I from introversion. Thus, the 16 combinations are ESTP, ISTP, ESFP, ISFP, ESTJ, ISTJ, ESFJ, ISFJ, ENTJ, INTJ, ENTP, INTP, ENFJ, INFJ, ENFP, and INFP.

TYPES AND LEADERS

There have been efforts to describe leadership in terms of psychological types. The two sources agree that leadership is intentional, it entails a vision or aim, and people other than the leader must be motivated to move toward a goal or final outcome.

Kroege and Theusen relate the eight functions to leadership strengths and weaknesses. The results taken from their work are shown in Table 8.

TABLE 8: PSYCHOLOGICAL PREFERENCES AND LEADERSHIP

PREFERENCE	LEADERSHIP POSITIVE ASPECTS	LEADERSHIP NEGATIVE ASPECTS
Thinker	Objective	Critical
	Rational	Demanding
	Problem solver	Insensitive
Feeler	Empathic	Indecisive
	Cooperative	Changeable
	Loyal	
Extrovert	Energizing	
	Communicative	Communication overload
	Open	
Introvert	Quiet	
	Reflective	Slow to decide
	Thinking	Hesitant
Intuitior	Strategic thinker	Hazy
	Future oriented	Nonspecific
Sensor	Practical	Unimaginative
	Action oriented	Detail oriented
Judger	Decisive	Rigid
	Sticks to plans	Inflexible
Perceiver	Flexible	Scattered
	Curious	Unfocused
	Informal	

Table 8 is a good example of how the psychological type's schema does not, on the surface, suggest one type as superior to any other in terms of leadership. Each type has its pluses and minus

SIXTEEN TYPES AND LEADERSHIP

Pearman (in Berens et al., 2001) provided analysis on the style of leadership involved in each of the 16 psychological types. The information is summarized in Table 9.

Pearman stresses that there is leadership potential in all 16 types. He also describes the potential pitfalls and problems for each type. In looking over the values in Table 9, the types including thinking (T) tend to be the best descriptors of at least the stereotype of the effective leader. Those values include competition, efficiency, organization, productivity, command, effectiveness, knowledge and ingenuity.

TABLE 9: PSYCHOLOGICAL TYPES AND LEADERSHIP

TYPE	VALUE	APPEARANCE
ESTP	Competition	Active, pragmatic, incisive, demanding
ISTP	Efficiency	Active, capable, concrete,, proficient
ESFP	Realism	Energetic, inquisitive, encouraging
ISFP	Cooperation	Flexible, synergetic, pragmatic
ESTJ	Organization	Methodical, focused, planned
ISTJ	Productivity	Persistent, logical, practical
ESFJ	Harmony	Helpful, supportive, practical
ISFJ	Consideration	Cooperative, committed, understanding
ENTJ	Command	Analytical, blunt, planned
INTJ	Effectiveness	Analytical, tough minded, systematic
ENTP	Knowledge	Assertive, competitive, resourceful
INTP	Ingenuity	Conceptual, analytical, critical
ENFJ	Collaboration	Warm, supportive, inclusive
INFJ	Creativity	Inventive, idealistic, insightful
ENFP	Innovation	Imaginative, enthusiastic, expressive
INFP	Empathy	Passionate, intuitive, creative

STATE OF FUNCTIONING

In work team or organizational contexts, the psychodynamic approach usually involves the participation of subordinates as well as the leader because it is important to be aware of and understand the differences between various people who must work together. What were irritants or even conflicts may become understandable when one understands the psychological types or ego states involved. The presumed ultimate benefit is that leaders and followers are better able to tolerate one another.

MULTIDIMENSIONAL LEADERSHIP APPROACHES A PROCESS OF CONTINUITY & CHANGE

Since all these approaches to leadership have been criticized and shown to be insufficient, a new approach, namely **Quantum leadership model**, has been proposed.

In this new approach, the term of leadership is analysed using quantum physics. Malloch, K & T Porter-O' Grady define the process of quantum leadership as testing assumptions, reading signposts, stretching the limits, pushing perceptions, creating new mental models, reaching for the potential and behaving with boldness and the characteristics of quantum leader as fluid, flexible, mobile, reflects synthesis, works from the whole and coordinates the intersection.

MULTI-DIMENSIONAL LEADERSHIP APPROACH

The model proposed is analysed in accordance with the following points: Basic assumptions that are the basis of the model Four major conditions of leadership at dimensional dimension Variables influencing perceptions in specific ways ,Variables influencing perceptions in general ways.

Basic assumptions of the model is based on five assumptions as follows:

Everyone is a potential leader.

The basis of leadership is made up of perception.

The status of leadership is determined by the perception of the leader and his/her followers. Thus, perception may be analyzed at two different levels namely individual and group levels.

Evaluation of leadership can be carried out for a specific time point.

The status of leadership that results from the perceptions of leader and those about leader cannot show us whether or not a person is a efficient and successful leader. The details of the aforesaid points are as follows:

EVERYONE IS A POTENTIAL LEADER

In regard to leadership, the question that is frequently discussed seems to be "Is leadership an inborn quality or can it be taught?" In our culture, dominant view in regard to this question is that leadership is an inborn quality. Such a view implies that not everybody can be leader and that only those with inherent qualities can be leaders.

THE STATUS OF LEADERSHIP IS DETERMINED BY THE PERCEPTION OF THE LEADERS AND HIS/HER FOLLOWERS

The relationship between leaders and followers in terms of the approaches mentioned above, leaders or objects are perceived by followers through senses. Leaders are perceived by both themselves and their followers.

INDIVIDUAL PERCEPTION

Individual perception refers to the perception of leader about his/her leadership. There may be a difference between leaders' perceptions about themselves and the perception of followers about their leadership. Leaders may not aware of the perceptions of followers about themselves and there may have some conflicts in regard their perceptions and followers' perceptions.

GROUP PERCEPTION

Group perception is a social perception that reflects the followers' level of acceptance of leaders. Leadership qualities developed in the previous studies are all factors influencing the individual and group perceptions. These factors are as follows:

Physical characteristics -age, weight, height, physical appearance

Intellect judgement , decision making, effective communication

Personality -independence, self reliance, assertiveness

Social background -education, social status

Job related qualities -achievement intellect, the need for responsibility, interest in others, interest in results, the need for security

Social qualities -tendency to cooperation, honesty, the need for power

All these factors listed above affect both individual perception and group perception. However, some of these factors affect mostly individual perception while the other group perception.

EVALUATION OF LEADERSHIP CAN BE CARRIED OUT FOR A SPECIFIC TIME POINT

Mostly leadership is thought to be a natural process and judgements about leaders are tried to be gained through the evaluation of this process. However leadership can be thought to be a process that is extensively influenced by various factors.

THE STATUS OF LEADERSHIP THAT RESULTS FROM THE PERCEPTIONS OF LEADER AND THOSE ABOUT LEADER CANNOT SHOW US WHETHER OR NOT A PERSON IS A EFFICIENT AND SUCCESSFUL LEADER

Perceptual leadership model do not provide any judgement about whether or not a leader is successful and efficient. The model of perceptual leadership can be developed as follows. This model assumes that there are four conditions of leadership:

IMPLICIT LEADERSHIP

This condition refers to a leadership style that has not been mentioned commonly. Persons belonging to this group are mostly passive, lack of self-reliance, withdrawn.

POTENTIAL LEADERSHIP

Persons belonging to this group are active, have high levels of self-reliance. For these persons, they have all necessary qualities for being a leader and they are ready to hold responsibility.

RELUCTANT LEADERSHIP

Such leaders may experience interactional problems with their followers. There may be two related situations. In the first situation, the person do not want to be leader but as a result of environmental pressure they act as a leader. In the second situation, they should act as a leader because of their managerial position.

IDEAL LEADERSHIP

It is desired and necessary leadership condition. Both leader and followers establish and employ correct and proper communication and interaction conditions. The significant feature of this condition is that individual and group perceptions are consistent.

CONCLUSIONS

Multidimensional model of leadership includes analyses to identify the status of leadership at a certain time period. The analyses included in the model also provides new and distinct perspective on the categorization of leadership. It classifies leader ship into four classes of implicit, potential, reluctant and ideal leaders. Model considers leadership as a changing process and assumes that an individual may hold different types of leadership. This change occurs as a result of changes in the individual and group perceptions. The model also assumes that the conditions of leadership should not be used as indicators of efficiency and achievement of leaders.

For instance, ideal leadership cannot refer to efficient and successful leadership status. Let's think about a political party that had lower levels of votes. The party's leader did not resign and related in the party's congress. In this case, this person is ideal leader since she/he has higher levels of acceptance by her/himself and the followers. However, it is not possible to describe this person as a successful and efficient leader. It is the point that makes it hard to comprehend what is the leadership.

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GLASS CEILING- GLOBAL STUDY AND ITS RELATED IMPLICATIONS

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ABSTRACT

The glass ceiling is a social taboo and its blatant effect on industry has been a subject of concern during the last few decades. The existing regulatory framework lacks adequate rules to curb glass ceiling practices. Glass ceiling is a hurdle which is created artificially by top management in any organization that restricts women to be ranked at higher levels. There is a need to eliminate glass ceiling practices in the corporate sector to keep female employees motivated and bring them at par with male co-workers. Equality at work place in terms of opportunities creates congenial working environment and leads to significant improvement in female employee's attitude, commitment and ownership. The objective of this study is to bring on the surface the glass ceiling practices and suggest ways to overcome this evil by strong HR policies and positive attitude towards female. Glass ceiling impedes the career progression of female employees in the organization and must be completely eradicated from the society to ensure the work engagement and commitment of employees. This study is aimed at drafting the guidelines for working environment that ensures equal employment opportunity for female employees should prevail.

JEL CODES

J16, J31

KEYWORDS

Career Progression, Equal Employment Opportunity and Glass Ceiling.

INTRODUCTION

The glass ceiling is a concept that most frequently refers to barriers faced by women who attempt, or aspire to attain senior positions in corporations, government, education, and nonprofit organizations. It can also refer to racial and ethnic minorities and men when they experience barriers to advancement. Female employees face the hurdle in their career progression and experience a barrier that hinders their way to progress. Their career advancement to the top level position suffers because of the presence of the glass ceiling. The glass ceiling as a term first appeared in a 1986 article in the Wall Street Journal entitled 'The glass ceiling: why women can't break the invisible barrier that blocks them from top jobs' (Hymowitz & Schellhardt, 1986). Since then this term denotes an artificial and transparent barrier that kept women from rising above a certain level in corporations. Although women are now graduating in higher numbers than men from educational institutions (Fagenson & Jackson, 1994) and more women are entering the paid workforce (Hind and Baruch, 1997) and taking up managerial roles (Parker & Fagenson, 1994), owing to the 'glass ceiling,' the poor representation of women at senior management levels continues. There are several reasons behind the glass ceiling. First, homosociality as it implies that men have a tendency to prefer men for self-reflection, relaxation and social support (Reskin & Hartmann, 1986). Second, sexist attitudes can be used by the men in strategies to secure power, authority and other privileges (Rosenfeld & Kalleberg, 1990). Third, statistical discrimination, where employers avoid promoting women because women as a group are absent from work more often than men, due to child bearing and child care responsibilities (De la Rica & Iza, 2005).

According to Morrison, White, Van Velsor, and Center for Creative Leadership (1987), glass ceiling is basically a concept used in a situation in the organizations where women are blocked to the higher positions in the organizational hierarchy. As a result, women and visible minorities, who tend to suffer from negative views of their abilities and preferences (Greenhaus and Parasuraman, 1993), are likely to receive fewer promotions and more likely to remain at the lower rungs of the organizational hierarchy.

According to Linehan (2002), female managers in every country remain a tiny fraction of those in senior positions. Women managers report that a lack of career development opportunities has created problems in their careers (Rosen, Miguel and Peirce 1989). They also perceive that they have fewer opportunities than men for promotion to senior management (Parker and Fagenson 1994). Additionally, two-thirds of the women executives surveyed by Russel Reynolds Associates (1990) said they were not actively encouraged to participate in career development activities. A lack of a career has been cited as a problem encountered by Australian women managers (Smith, Crowley and Hutchinson 1993). This upper-level gender segregation results in women remaining concentrated at the bottom of the career ladder even in those areas that are traditionally female dominated. Linehan, Scullion, and Walsh. (2001) indicate that female international managers have to overcome many additional overt and covert barriers before being developed for international assignment. The findings of a study by David (2001) show that there is evidence of a glass ceiling for women.

As noted by the scholars (e.g., Cotter, Hermsen, Ovadia, & Vanneman, 2001; Maume, 2004), a glass ceiling occurs when discrimination increases in severity with movement up the occupational hierarchy. As a result, inequality grows over the course of a person's career. It is also apparent when racial and gender inequality is observed after controlling for productivity-relevant factors. The studies mentioned above provide confirming evidence that the glass ceiling is a unique form of inequality, and that bias against people of color and women may be more severe later in the career than at labor market entry. Glass ceiling is present at the workplace and it is also affecting the workforce diversity especially at the international assignments. Today is the era of competition and companies can survive only if they are proactive and are favoring the diversity at the workplace and essentially the workforce diversity. There must be equal employment opportunities for employees to help minimize the concept of glass ceiling. At the level of firm performance, the glass ceiling phenomenon presents problems for at least three reasons and thus deserves further research attention. First, if lower level female managers perceive that the opportunity to reach senior management is limited because of gender; this may dampen their desire and motivation to compete at this level. A belief that hard work and perseverance will not pay off, among a large segment of the workforce, would be likely to have negative productivity effects at all levels of the organization. A second reason for concern relates to a lack of diversity among members of top management teams – too much homogeneity may lead to poor and costly decisions (Elsass & Laura, 1997). Finally, under tight labour market conditions, gender based barriers can further reduce the supply of needed talent and resources. Resource dependence theory suggests that it is to the firm's advantage to eliminate barriers to needed resources, and in some cases to focus on moving women into key management positions because they may better match the demographic characteristics of significant customer segments (Jacobs, 1992; Pfeffer & Salancik, 1978).

Glass Ceiling has also an effect on Organizational Commitment which is addressed by following authors. Dost, Khizer Bin, Rehman, and Tariq (2002) found moderate level of relationship between glass ceiling and organizational commitment. Therefore, employee commitment towards organization is fairly affected by the glass ceiling. Organizations should develop policies to minimize the glass ceiling practices. They should give proper career advancement opportunities to females in order to retain highly skilled and qualified professional. As quoted by Jawahar and Hemmasi (2006) when organizations do not give proper career advancement opportunities to women employees, they have to face unavoidably loss of competent, capable, skilled, experienced and knowledgeable professionals. Similarly, female employee shows decreasing organizational commitment when they work in the environment which is highly dominated by the

gender bias and men stereotypes (Korabik & Rosin, 1991). This shows that gender biasness has an adverse effect on the commitment of female employees towards Organization.

REVIEW OF LITERATURE

Mohamed Zainal (2009) observed several factors that hurdle the women elevation besides manager's perception including the work and family life conflicts. He added, in assessing the phenomena of glass ceiling in Malaysia there are many factors that can affect the female employee promotion, but he focused on manager's perception toward women promotion. Gender bias environment is faced by women all over the world. Even in developed countries women face the challenges to their survival in job. Sub-continent is underdeveloped as compared to the European world. Women have to do take care of their kids and home besides their job. They are highly educated but they don't get a chance to avail the status in top management.

Lincoln (2008) observed that work and life balance challenges can impact women's advancement and, if not dealt with, may contribute to the glass ceiling phenomenon. On the other hand one of the most common causes of the glass ceiling for women is a conflict between work and family. Women with work centered preferences are more likely to work the long hours necessary for promotion into management jobs, as job demands expand at each successive level in the hierarchy. The demands associated with management positions create work family conflicts for women especially, because men in paid employment are considerably more likely to have an adult partner who takes on the bulk of family responsibilities.

Lyness and Heilman (2006) examined relationships of gender and type of position (i.e., line or staff) to performance evaluations of 448 upper-level managers, and relationships of performance evaluations to promotions during the subsequent 2 years. Consistent with the idea that there is a greater perceived lack of fit between stereotypical attributes of women and requirements of line jobs than staff jobs, women in line jobs received lower performance ratings than women in staff jobs or men in either line or staff jobs. Moreover, promoted women had received higher performance ratings than promoted men and performance ratings were more strongly related to promotions for women than men, suggesting that women were held to stricter standards for promotion. This suggests that women had to be highly impressive to be considered eligible for leadership roles, whereas this was not the case for men.

Erik, Bihagen, and Ohls (2006) have conducted the research on whether women are discriminated through sticky floor or glass ceiling effects in Sweden. They have found through their research that women in Sweden suffer more from sticky floor effects than glass ceilings. Female disadvantages appear to attenuate with hierarchical level, glass ceiling results from a pattern of accrual. This is because the social policies in Sweden focus on top of the occupational hierarchy and not on the lower hierarchical levels.

De la Rica and Iza (2005) provide an interesting formal analysis in order to rationalize the glass ceiling hypothesis. They suggest that a dead-end argument operate in the upper tail of the distribution. Women are less frequently promoted because their jobs can less easily be promoted. Employers are most often reluctant to invest in women's training, for instance because women have more favorable outside opportunities than men within the household (for domestic work or child care), which again increases the gender wage gap. Therefore, women have to be more productive than men in order to be promoted owing to a higher probability of departure and less training.

Jeavons and Sevastos (2002) found that female employees think that compared to male managers, female managers must continually prove themselves in order to be taken seriously and get promoted. Whereas male managers think that male and female managers are treated equally and in the same fashion as those of male managers. They supported that the existence of a strong glass ceiling effect prevents women to progress in the organizations. This existence of a strong glass ceiling effect prevents women to progress in the organizations. However, qualitative data showed that women were employed by the organization at a level that was lower than their qualifications, or lower than men doing the same job. Therefore, even with equal rates of promotion, women will not progress as far as men.

Chenevert and Tremblay (2002) also stated that even if female managers have a high level of education and the desire to progress in their careers, it remains the case that few achieve the same status or salary as their male counterparts and that one of the reasons for this is the so-called glass ceiling.

Cotter, Hermsen, Ovadia, and Vanneman (2001) provided clear content to the glass ceiling concept. They develop four criteria to define the glass ceiling and differentiate it from other types of inequality: "a glass ceiling inequality represents a gender or racial difference

1. that is not explained by other job-relevant characteristics of the employee (implying discrimination),
2. that is greater at higher levels of an outcome than at lower levels of an outcome,
3. in the chances of advancement into higher levels, not merely the proportion currently there,
4. that increases over the course of a career".

This study focuses on glass ceiling effects, the essence of which is described as 'the greater disadvantages for moving into higher outcome (e.g. earnings, authority) levels at later stages in one's work.

Mavin (2000) also indicates that the glass ceiling issue has considerable impact on women's careers internationally. The concept of glass ceiling effects is generally viewed as a set of impediments and/or barriers to career advancement for women and people of color (Baxter & Wright, 2000).

Lyness and Thompson (2000) were curious about whether women and men executives followed similar routes in climbing the corporate ladder. This study compares the careers of matched samples of 69 female executives and 69 male executives by examining perceived barriers and facilitators of advancement, self-reported developmental experiences, and career histories. Consistent with tokenism theory, women reported greater barriers, such as lack of culture fit and being excluded from informal networks, and greater importance of having a good track record and developing relationships to facilitate advancement than did men. Career success, measured by organizational level and compensation, was positively related to breadth of experience and developmental assignments for both genders, but successful women were less likely than successful men to report that mentoring facilitated their advancement. Developmental experiences and career histories were similar for female and male executives, but men had more overseas assignments and women had more assignments with non authority relationships.

Baxter and Wright (2000) stated that the glass ceiling hypothesis states that not only is it more difficult for women than for men to be promoted up levels of authority hierarchies within workplaces but also that the obstacles women face relative to men become greater as they move up the hierarchy. Gender based discrimination in promotions is not simply present across levels of hierarchy but is more intense at higher levels. Empirically, this implies that the relative rates of women being promoted to higher levels compared to men should decline with the level of the hierarchy. Their study explored this hypothesis with data from three countries: the United States, Australia, and Sweden. The basic conclusion was that while there is strong evidence for a general gender gap in authority, the odds of women having authority are less than those of men, there is no evidence for systematic glass ceiling effects in the United States and only weak evidence for such effects in the other two countries.

Habib (2000) has studied the effects of Brick Wall and Glass ceiling in public administration of Bangladesh. He used a set of questionnaires taken from United States Merit System Protested Board (USMSPB), which were reported in Naff (1994), for surveying commitment to work. Naff analysis was used to explore discrimination against women civil servants at work place. His analysis has shown that women are discriminated in civil services of Bangladesh from entry to the higher posts (Glass Ceiling). Social cultural factors are the principal stumbling blocks and build a wall for entry of woman into civil services. Their career path was hindered by the impediments of the systematic and attitudinal reasons.

Koshal & Gupta (1998) conducted a survey 'Women Managers in India: Challenges and opportunities' to find out to what degree the glass ceiling exists in the largest democracy of the world and how women manager functions? The study also intends to analyze what kind of cultural barriers are existing for women in India that prevent them from advancing to corporate leadership positions? The results of study revealed that more than 40 percent men and women believe that there are significant barriers to women's advancement in their organizations and organizations do not encourage women enough to assume leadership position. There appears to be inequity in pay in corporate India, fifty seven percent women think that they need to work harder than men to prove their competence. Male stereotyping exclusion of women from informal communication network, commitment to family responsibilities, lack of business experience, and not being in the pipeline long enough are some of the barriers to women's advancement.

Phillips and Imhoff (1997) confirmed the glass ceiling hypothesis and indicated that women in their early lives experienced a number of barriers during their decision of their career path. His research on women's careers is predicated on the assumption that bias and stereotyping in organizations disadvantage women. He suggested that wage differences exist more for technical rather than managerial occupations.

The second Department of Labor (1992) report on the Glass Ceiling Initiative indicated that while progress is being made, many barriers to top positions still exist. The study found that while women and minorities are hired at entry levels, hiring practices do not extend to the recruitment of a diverse pool of applicants at higher levels. In addition, the report revealed a lack of commitment to diversity among top managers despite mention of increased interest in diversity. That is, the willingness to take action to ensure that diversity exists at all levels of the corporate world was not generally apparent. Thus, success stories of qualified minorities and women advancing into higher level management positions were the exception rather than the rule.

The Department of Labor (1991) found that while 37 percent of employees in the nine surveyed Federal contractors are female, only 17 percent of management positions are held by women and only 6.6 percent of all executives are women. The numbers show an even greater discrepancy for minorities. Fifteen and one-half percent of all employees are minority group members, yet minorities hold only 6 percent of all management positions and only 2.6 percent of all executive positions. The DOL results showed that there is a point beyond which women and minorities simply have not advanced (minorities plateau at an even lower level than women). While women and minorities have begun to climb the corporate ladder, their proportional presence in high level and high paying positions does not approach that of white males.

IMPORTANCE OF THE STUDY

A diverse workforce is a reflection of a changing world and marketplace. Diverse work force in terms of gender brings high value to organizations. Respecting individual differences will benefit the workplace by creating a competitive edge and increasing work productivity. Diversity in the workforce can reduce lawsuits and increase marketing opportunities, recruitment, creativity, and business image. In today's business world, men and women work side by side in careers of all kinds. For the most part, there are no more "female" jobs or "male" roles in business. Consequently, men and women are asked every day to relate to each other in new (and equal) ways, and that makes some people uncomfortable. Workplace diversity strategies help to build the department's relationship with the community, enhance the contribution of its employees and improve the quality of its programs, products and services. It creates a more inclusive and supportive work environment, better team work and more effective client service delivery. A great deal of research has focused on glass ceiling. The management literature has suggested that Glass Ceiling phenomenon still exists in a corporate world. Despite an increasing number of studies, few consistent conclusions have yet to be reached about the antecedents and outcomes of glass ceiling. Therefore, the purpose of this research is to address glass ceiling as one of the constructs of gender diversity and to offer suggestions for improving organizational capability to manage this glass ceiling.

OBJECTIVES OF STUDY

The following objectives are formulated for the present study:

1. To conceptualize glass ceiling practices in the corporate world and its related impact on female employee morale.
2. To make HR policies more women friendly and treating them at par with male employees.
3. To evolve the paradigm shift in attitude of society towards female employees.
4. To suggest possible ways to wear away the evil of gender discrimination at managerial level.

CONCLUSION

Review of literature spells out the widespread existence of Glass Ceiling phenomenon across the globe and its ill effects are quite obvious. Women who aspire to have a strategic position in corporate world find it difficult to balance their professional and personal life. The demanding career needs lots of time and competitive skills and the word career has gone through a sea change in terms of its meaning and importance. Women do get frustrated and their contribution to the organization is significantly reduced if they get stuck with the same position or duties. This research article examines the effects of corporate culture, climate, and practices on the existence of a glass ceiling from the perspective of women employees seeking higher position. A few women have moved beyond the glass ceiling into the executive suite, yet their number is not proportionate to their representation at middle management levels and is far below that of their similarly qualified male counterparts. Both domestically and globally, women represent a relatively untapped source of talent for leadership in the workplace. While progress has been made across the globe, barriers to women's advancement continue to exist, including cultural norms, stereotypes, and employer policies and practices. To summarise all these ideas show that glass ceiling is the visible and invisible impediment which separates the professional and organizational hierarchical level for the women. In particular, women who believe that glass ceiling phenomenon will operate to their disadvantage may be less likely to apply for open positions than equally qualified men.

RECOMMENDATIONS FOR FUTURE RESEARCH: MICRO AND MACRO LEVEL INITIATIVE

There are number of ways that HR professionals can adopt to break the glass-ceiling barrier and at the same time there should be legislative support through government policies and involvement to do away with this practice.

CORPORATE LEVEL INITIATIVE

1. Commitment of the organization's top management to treat female employees at par with male counterpart for strategic positions. Ensure that diversity (including women in senior positions) is a key business measurement for success that is communicated to all employees by top management.
2. Key to organizational change is education of management, women and the overall workforce.
3. Review HR policies and practices to determine if they are fair and inclusive in terms of pay differences, hiring practices, history of promotions to senior positions and above all affirmative action plans.
4. Examine the organization's informal culture like studying subtle behaviors, traditions and norms that may work against women. Also discover men's and women's perceptions about the organization's culture, their career expectations and what drives their intentions to stay or leave.
5. Establish and lead a change-management diversity program for managers and employees and implement retention programs for women.
6. Acknowledge successful senior-level women as role models and create and implement leadership development programs for women.
7. Monitor the impact of recruiting strategies designed to attract women to senior levels of the organization and track women's advancement in the organization and explore reasons of women attrition.
8. Monitor the extent to which recruitment strategies yield results for female employees to attain the highest position in the organization.

LEGISLATIVE SUPPORT

1. Government should mandate both public and private organizations to submit annual reports covering various activities undertaken for human resource development. The report must touch-base the proportion of male and female employees in the workforce, the number of male and female employees appointed in the last year, trainings imparted to male and female employees, percentage of female employees given assignments and how many female employees were promoted. Such report will serve as a primary source to scrutinize the data and investigate gender bias, if any.
2. Questionnaires to assess the male favoritism at the strategic positions should be introduced by the government and such analysis should cover a good sample of employees across private and public sectors. Such forms assess the behavior of authorities, boss and colleagues at work place for female employees. These forms, to maintain secrecy, mention only the gender and not the name of the employee and should be filled in the presence of a neutral competent authority to extract the correct and accurate data.
3. A separate quota for female employees should be fixed for trainings and administrative posts in each organization. Further the government must announce "equal wage", keeping in view the credentials and experience, of male and female employees.

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A STUDY ON DAIRY PRACTICES AND OPPORTUNITIES IN DAIRY INDUSTRY IN INDIA

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ABSTRACT

Dairy is an important sector in India. The Dairy sectors providing employment opportunities through directly and indirectly, benefited for 15 millions of people. This paper attempts to study the growth of dairy industry, economical contribution, rural development, recent trends in dairy sectors, and problems of dairy cultivation have been discussed. It has been found that the level of growth in dairy, demand in market situation. The study has suggested the development of co-operative dairy industry in a sustainable manner; the co-operative dairy plants should formulate long-term vision and strategy. The study has observed that value addition in dairy sectors should be done without compromising the micro and macro level of planning activity in rural areas.

KEYWORDS

Dairy Industry, Impact, Demand, Trend.

INTRODUCTION

Milk becomes popular and essential food for throughout the world and some areas it was the only source of food and refreshment drink. Some historians believe that the milk interlinked with the human life. Because milk and milk products almost covered by the different age people in different dimension, like milk is essential food for children, tea and coffee and milk products to use the young also aged people. Milk plays an important role in Indian economy. Dairy sector has become an important secondary source of income for millions of rural families and has assumed a most important role in providing employment and income generating opportunity. Indian Dairying is unique in more than one way. In India dairying is recognized as an instrument for social and economic development. The nation's milk supply comes from millions of small producers, dispersed throughout our rural areas. These farmers maintain an average herd of one or two milk animals comprising cows or buffaloes. The animal nutritional requirements are largely met by agricultural wastes and by-products. Ample labour on a small land base encourages farmers to practice dairying as an occupation subsidiary to agriculture. While crop production income is seasonal, dairying provides a stable, year-round income, an important economic incentive for the small farmer to take to dairying. The major challenge for the dairy sector in any developing nation is undoubtedly to raise milk production to meet the increasing demand that arises from the almost inevitable expansion of population. To meet this challenge, policies must become more market oriented. Adoption of appropriate technologies for production, procurement, processing and marketing after considering the unique environmental, social, economic, political and cultural environment of the individual country are the important aspects of dairy development. The main reasons for dairy development are supply of adequate quantity of milk at reasonable price to urban consumers and to provide a viable subsidiary occupation to unemployed rural poor so as to raise their income earning capacities. Dairy Development Programmes make these twin objectives coincide.

IMPORTANCE OF MILK AND MILK PRODUCTS

The world milk production in 2011-12 was estimated at 127.9 million tones and it's that accounting for 12.5 percent of the total world milk production. Leading milk producers are USA, Russia, Germany and France. Milk has now emerged as the second largest agricultural commodity. This only goes to show the importance of milk production enterprise in the agricultural system in particular and the national economy in general. Population of India occupies the first position in bovine population in the world.

The human population in the country was nearly 130 crore in 2013 while accounting for per capita per day availability of milk of 291 Gms in 2012.

WHITE REVOLUTION

India is a leading milk producer in worldwide. The national dairy development board (NDDB) started in 1956. NDDB launched such kind of development programs in India. The most important operation of white revolution started in 1970. The chairman of NDDB Dr. Varghese Kurien architect of the operation flood. He is called a father of white revolution. This operation to influence the milk production, improve the rural economy, reasonable price for consumers. In the operation covered three phases in twenty five years (1970 to 1995). Operation flood to develop a network model based on Gujarat Anand model to reach out the wide range of milk producers.

PROCESS

- **Village level** - Milk production- Co-operative society
- **Union level** - procurement & process - Milk union
- **State Level** - products marketing & selling - Milk federation

In the operation Rs.1750 million was invested in the dairy cooperative sectors. The milk processing capacity established was 200 lacks liters per day. In the operation to develop 170 milk sheds fewer than 22 states cooperative.

MILK PRODUCTION IN INDIA

Today India is the largest milk producer in world wide. The milk production India touches with 127.9 million tons in 2011 to 2012. In all aspects of milk production, consumption and export, India has emerged to be the world leader, mainly because it accounts 127.9 million tones of milk production and 529.7 of cattle populations also. National dairy development board it covers for 144246 village co-operative societies, 346 districts including 177 milk union and 15 million former families and 127.9 million tones milk procurement per day. NDDB is a largest milk federation in world wide. The table shows last five years of milk procurement its count of every year respectively.

Year	Production (Million tons)
2007-2008	107.9
2008-2009	112.2
2009-2010	116.4
2010-2011	121.8
2011-2012	127.9
Source: Department of animal & fisheries. Ministry of agriculture	

Dairy industry is growing progressively every year. At an average of 5% growth happens annually. This growth not only helps in milk production but also GDP, employment opportunities, increasing individual income and brings rural development. Some of state milk federation contributed in the achievements. The Milk production counted with the state of Uttar Pradesh, Rajasthan, Andhra Pradesh, Punjab, Gujarat, Maharashtra and Tamilnadu respectively.

State	Year of milk production				
	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Uttar Pradesh	18861	19537	20203	21031	22556
Rajasthan	11377	11931	12330	13234	13512
Andhra Pradesh	8925	9570	10429	11203	12088
Punjab	9282	9387	9389	9423	9551
Gujarat	7911	8386	8844	9321	9817
Maharashtra	7210	7455	7679	8044	8469
Madhya Pradesh	6572	6855	7167	7514	8149
Tamilnadu	6540	6651	6787	6831	6968
Source: Department of animal & fisheries. Ministry of agriculture					

RURAL DEVELOPMENT

Dairy sector fully based on rural sector. The general and state government invested in number of schemes in rural development through the dairy industry. Following Operation Flood program, the India government had been implementing various dairy development schemes since 1993-94 and is presently implementing Centrally Sponsored schemes "Intensive Dairy Development Programme", "Strengthening Infrastructure of Quality & Clean Milk Production", Central Sector schemes "Assistance to Cooperatives" & "Dairy/Poultry Venture Capital Fund" with focused objectives. Apart from these, Government is also envisaging implementing a scheme "National Project for Cattle and Buffalo Breeding" for genetic improvement of cattle and buffalo to increase the productivity. This is being envisaged through increasing productivity, expanding infrastructure for procurement, processing, marketing and quality assurance. Simultaneously the Government has launched a new scheme called Rashtriya Krishi Vikas Yojana (RKVY) with a massive investment to promote agriculture and allied sectors. All these activities are expected to help India emerge as a major player in the world dairy sector.

ECONOMIC DEVELOPMENT

India is one of the developing countries in the world, which can be identified by the rise in GDP. Gross domestic product encompasses of the productivity of various industries. Dairy industry plays a crucial role in the GDP of the country. From the table we can understand its contribution of dairy sector in Indian economy for the past five years. From this we can interpret the importance that dairy industry has got in the well being of our nation. Live stock sector contribute the certain percentage of GDP growth in every year.

Year	Total GDP (Rs. Crore)	Live stock (Rs. Crore)	(% of share)
2006-2007	3953276	142,695	3.6
2007-2008	4582086	169,296	3.7
2008-2009	5303567	200440	3.8
2009-2010	6091485	232815	3.8
2010-2011	7157412	260300	3.6
Source: Source: Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture, GoI			

CATTLE POPULATION IN INDIA

India having the largest cattle population is counted 2003 and 2007 censuses is clearly stated the table. The live stock strength is touch with the 529.7 million in the year of 2007. Some of the states play a major role in the cattle population followed by Uttar Pradesh, Madhya Pradesh, Rajasthan, Andhra Pradesh and Maharashtra respectively. Indian castles having different types namely mainly called Holstein Friesian, Jersey, Brown Swiss, Hallikar, Kangayam, Red Sindhi, Tharparkar, Vechur.

particular	Year of 2003 (Million Numbers)	Year of 2007 (Million Numbers)
cattle	249.4	272.1
buffalo	148.9	159.8
others	90.7	216.1
Live stock	485	529.7
Source : Livestock Censuses, Department of Animal Husbandry, Dairying & Fisheries, Ministry of Agriculture, GoI		

PROBLEMS IN DAIRY PRODUCTION

There is wide variation in Agro-climatic condition, Biodiversity and ecology, Socio economic and Cultural background of people, Types/breeds of dairy cattle reared. These are the problems major issue of dairy cultivation. Some of other problems namely High cost of feed, Low Procurement cost, Increasing Day to Day expenses, Low medical Facility, Insufficient income, Marketing, Technology, Environmental situation etc. These are the problems affected by the dairy people can't sustain our business as well as our life.

CONCLUSION

The study gives a detailed research about the dairy industry and its development, necessity continuous demand in this sector. Milk average production exists growth is not marketing the demand of the present scenario. World population has grossed 130 crore but still the demand for milk exists. Due to the sprit in population growth, the milk produced is sent for feeding the population the convenient of milk in to other milk product does not happen. This is the future to increase the productivity and milk and bring about second white revolution by adopting breeding of high verity milch animals, micro level schemes and new technology also. This sector offers huge employment both direct and indirect. If also provides growth of economy rise in disposable incomes. By banking on this dairy sector, there can be a multisectorial growth. If central and state government decides to draft new plans to this sector, there can be tremendous growth in this sector.

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IMPLICATIONS OF FDI ON RETAIL SECTOR IN INDIA: A COMPARATIVE STUDY IN EXPERIENCE OF INDIA AS A HOST ECONOMY

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ABSTRACT

The paper makes an earnest attempt to analyse the implications of FDI in retail sector by taking empirical evidence from China and thus negating or supporting the arguments in favour or opposition of FDI and promulgating guidelines for making such FDI policy which can strike out a balance between apprehensions of Foreign retail investors outsmarting Indian domestic retail industries undermining the control possessed by domestic industries over Indian economy and FDI in retail sector bringing Indian economy at par with global economy. Firstly, this paper highlights the journey of enforcement of FDI policy in India with different caps for investment into retail sector and respective gradual changes since New Economic Policy 1991. Secondly this paper addresses the recent debates regarding 100% allowance of FDI in retail sector. The paper also deals with possible implications of FDI in retail sector in India vis-a-vis some emerging economies like China which can serve as an evidence and corroborate the arguments in favour or opposition of FDI. Finally, this paper give policy recommendations and implications for the inclusive growth of retail sector in India and give credible strategies for better allocation of foreign investment in India's retail sector. Overall results shows that in order to yield favourable outputs of allowing 100% FDI in retail sector India should strengthen its domestic industry framework so they should be became adaptive in nature which can be done on the part of Government by providing time lag in complete enforcement of FDI policy which in turn can provide the domestic industries a base platform for strengthen their "adaptive" prospect.

JEL CLASSIFICATION

F21,F23

KEYWORDS

FDI, Retail.

INTRODUCTION

The topic of FDI of retail sector has recently become a topic of discussion, the rationale being the impact it would have on various constituents of economic chain. Regarding the FDI in retail sector, the tiff is between local domestic retailers including both organised and unorganised retailers and foreign investors with government as a mediator to discharge function of intervening in such a way that FDI proves to be beneficial for domestic retailers, farmers, consumers and other persons affected by it. The debate yields a lot of arguments against and favour of FDI in retail sector. FDI in retail sector will increase employments, transparent prices, availability of greater choice of products, improve infrastructure, dissemination of technology, good management practices, removal of intermediaries and consequential upliftment of farmers. Contrary to being beneficial it can pose threat to Indian industry not able to survive competition, marginalised retailers leading to unemployment, predatory pricing. There is need to analyse the arguments in a manner so that the investment by foreign retailers can be promoted without proving detrimental to the nation.

TRACING THE TRANSITION IN FDI POLICY IN INDIA

In 2004 the High Court of Delhi defined the term retail as a "sale for final consumption in contrast to a further sale or processing by wholesale, a sale to the ultimate consumer"¹⁶. Retailing is the last link that connects the individual consumer with the manufacturing and distribution chain.

As a consequence of India being a signatory to **World Trade organization's General Agreement on Trade in Services**, which included wholesale and retailing services, India opened up the trade sector to foreign investment. The government however, due to predictable adverse effects of FDI in retail sector such as, job losses, procurement from international market, competition, loss of entrepreneur opportunities procrastinated the opening up of the retail sector to FDI.

In 1997, under the government approval route, FDI on cash and carry (wholesale) with 100% ownership was allowed. However, in 2006, it was brought under the automatic route in 2006. FDI in Multi-brand retailing is prohibited in India although in 2006, the government promoted 51% investment in a single brand retail outlet. On January 2012 Government of India notified 100% FDI in Single brand retail Trading raising the cap from 51 % permitted in 2006 while putting on hold FDI in MBRT compelled by several political parties who fear the possibility of monopoly of foreign entrants over both farmers and consumers, their predatory pricing strategies, manipulation of prices for the entrants own benefit and a fall in income, employment and eventual destruction of the unorganised indigenous retail sector.

Press Note 4 2006 issued by DIPP and Consolidated FDI policy issued in October 2010 mentions the sector specific guidelines for FDI with regard to the conduct of trading activities which are as follows-

- FDI up to 100% for cash and carry wholesale trading and export trading allowed and the automatic route
- FDI up to 51% with prior government approval(i.e., FIPB) for retail trade of single brand products subject to press note 3 (2006 Series)
- FDI is not permitted in Multi-brand retailing in India.

PROPOSED FDI POLICY FOR MBRT IN INDIA

The condition for 51% FDI include a minimum investment of US\$100 million by each player, 50% of it in back-end infrastructure, 30% procurement from Micro, small and medium enterprises and the government's right to procure the farm produce first. But MBRT players are allowed to sell perishables such as fruits and vegetables as "unbranded". Further, the permission has been granted for cities with a population of 1 million or more, which brings in **53 cities**, Gupta (2012).

In order to address concerns of some states that multi-brand FDI will muscle out local shops, the draft proposes powers to state governments to impose additional conditions on MNC retailers, such as measures to integrate *kiranas* or local retailers into the value chain. The Economic Survey Report, 2010-2011

¹⁶ Association of Traders of Maharashtra V Union of India, 2005(79) DRJ 436

suggests that the Indian government also aims to take up this case gradually by permitting FDI in retail in a phased manner beginning with metros and incentivising the retail the existing retail shops to modernise, to help address the concerns of farmers and consumers, Rajput and Kesharwani (2012).

GROWTH AND EVOLUTION OF INDIAN RETAIL SECTOR

AT Kearney's, the well-known management consultancy firm, in its 2011 edition index has ranked Indian retail industry as the 4th largest retail destination, Rajput and Kesharwani (2012) and also most attractive market. Till 1980, retail continued in the form of 'kiranas' that is unorganized retailing. Later in 1990's branded retail outlets like Food World, Nilgiris, and the local retail outlets like Apna Bazaar originated. The contemporary times, big players like Reliance, Tata's, Bharti, ITC, and other reputed companies have entered into organized retail business. 51% opening of FDI in single brand retail has promoted the direct entrance of companies like Nike, Metro, and Reebok or through joint ventures like Wal-Mart with Bharti, Tata with Tescos, (Malik 2012) to serve the needs of the consumer which has increased due to key factors like young demographic profile, increasing consumer aspirations, growing middle class incomes and improving demand from rural markets that drive growth in retail industry, Malik (2012). Domestic players are too coming up with their mega projects which is evident by planning of Aditya Birla Group, Spencer' Reliance Retail to open up supermarkets and hypermarkets. Because of recognizing the short term and long term growth of retail in India, a number of foreign business giants have entered the retail industry or are planning to do so in future. For example- French Supermarket giant Carrefour has opened its first cash and carry store in India, hoping the government will soon relax restrictions on foreign investment in its massive retail sector. Wal-Mart signed a partnership agreement in 2006 with India's Bharti Enterprises while Britain's Tesco formed a tie-up with Tata Group conglomerate. US giant Wal-Mart has already opened 2 wholesale stores and plans to open 10 more within 4 years, Baskaran (2012). Organised retail sector is growing at a staggering 35% per year, Baskaran (2012). The total retail sales in India will grow from US\$ 395.9 billion in 2011 to US\$ 785.1 billion by 2015, according to the BMI India Retail report for the 3rd quarter of 2011, Rajput and Kesharwani (2012). The organised retail sector is expected to grow stronger than GDP growth in the next 5 years driven by changing lifestyles, increase in income, purchasing power and favourable demographic outline, Rajput and Kesharwani (2012). Food and apparel retailing are key drivers of growth. Indian retail chains will get integrated with global supply chains since FDI will bring in technology, quality standards, and marketing thereby, leading to new economic opportunities and creating more employment generation.

A COMPARATIVE ANALYSIS OF INDIA WITH CHINA AS A HOST ECONOMY

India and China share similarities such as difference between urban and rural consumers are significant regarding choosing of relatively quality goods at cheaper rates, existence of multiple cultures, population crossing 100 crores, people belonging to middle income group. India is at lead in comparison to China because of its markets being less saturated, less number of counterfeits in comparison to China, Jain and Sukhlecha (2012).

In China FDI was allowed in the year 1992 and in contemporary times, China's retail industry is worth upwards of \$700 billion with more than 14 global mega retailers setting up shop in the last 10 years. In the first phase, FDI was restricted to 6 six major cities namely (including Beijing, Shanghai and Guangzhou, Tianjin, Dalian, Qungdao) and Special Economic Zones, initial restriction on foreign ownership to 49% of joint venture, and foreign retailers that operate large retailers being limited to 50 units, Jain and Sukhlecha (2012). In December 2004, retail sector was opened up completely by China with propagating new regulations under which overseas entities are now allowed to set up a **Foreign Invested Commercial Enterprise (FICE)**, which may act as a commission agent, retailer and wholesale or engage in franchising activities on a wholly owned basis in China. With the opening of the retail sector, since 1992, 40 foreign retailers have secured approval. China has attracted \$22 billion of FDI which forms 3.6% of total FDI. There has been growth in employment in retailing at 6% p.a. since 1992 to 53 million. Retail sales have growth @13.5% CAGR. In 2003, China's FDI in wholesale and retail was US\$ 1.1 Billion which amounts to around 30% of our total FDI in 2003. Over 600 hypermarkets being opened between 1996 and 2001 corroborates the fact that there has been considerable increase in traditional stores, hypermarkets, super markets, Jain and Sukhlecha (2012). Increase in supermarkets, hypermarkets has served shoppers by providing improved quality of experience, choice and prices for the Chinese shoppers with entry of well-known foreign retail corporations including Nike, Wal-Mart, Carrefour, 7- Eleven and Giordano. Before the introduction of FDI in China it was anticipated that FDI in retail in Chinese would muscle out local retail chains including mom-and-pop stores. Surprisingly contrary to anticipation, since, 1992 FDI has improved the quality of the number of small outlets (equivalent to kiranas) which have increased from 1.9 million to over 2.5 million. And even employment in the retail and wholesale sectors has shown an increase from 28 million people to 54 million people from 1992 to 2000, Malik (2012).

On the basis of above implications of FDI may be seen to have persuasive value in the favour of FDI. Most of the researchers have directly linked the success story of China in FDI with India but the matter to be pondered upon is that there should be some rationale behind reaching conclusion India will also benefit the same way as China which is lacking.

China is predominantly a manufacturing economy. According to recently published data from United Nations, the fear that China will displace the United States as the world's largest manufacturing nation has been realised. Manufacturing value-added in China totalled \$1.92 trillion in 2010 while U.S manufacturing value-added was \$1.86 trillion¹⁷.

Rank	1990	2000	2010
1	United States	United States	China
2	Japan	Japan	United States
3	Germany	China	Japan
4	Italy	Germany	Germany
5	United Kingdom	United Kingdom	Italy
6	France	Italy	Brazil
7	China	France	South Korea
8	Russian Federation	South Korea	France
9	Spain	Mexico	United Kingdom
10	Canada	Canada	India
11	Brazil	Spain	Russian Federation
12	South Korea	Brazil	Mexico
13	Mexico	India	Indonesia
14	Turkey	Turkey	Spain
15	India	Netherlands	Canada

Above table represents top 15 largest countries in the world for Manufacturing Value-Added (Valued in U.S dollars) where India is ranked 10th while China 1st 2010¹⁸. While talking about India in this context it is far behind China and that seems to weaken the argument or possibility that India too will have the same impact as China had due to FDI in retail sector.

The economic condition of India is different from China. Although both are emerging economies production cost in both countries are different. China has less production cost as well more efficient management practices hence most of the sourcing will be done from the domestic sources like Medium and Small Scale Enterprises. This can be understood well by the fact China is the largest supplier to Wal-Mart and other international majors. Secondly, China ranks 2nd in ease of

¹⁷ The statistics are estimated by the United Nations based on the international classification of manufacturing (ISICD).

<http://unstats.un.org/unsd/snaama/selectionbasicFast.asp>

¹⁸ Table illustrating top 15 largest countries in the world for Manufacturing Value-Added (Valued in U.S dollars).

(MAPI and United Nations) Available from: <http://www.mapi.net/china-largest-manufacturer-world> [Accessed 30th January 2013].

doing business while India ranks 132. A high ranking on the ease of doing business index means the regulatory environment is more conducive to the starting and operation of firm. In case of India, production cost is higher in comparison to China as India does not have good management practices, business conditions are not supportive, policies are not that favourable hence, global retailers may not source from Medium and Small Scale Industries and other small manufacturers which could lead to increase in the chances of dangers regarding eroding of our Medium and Small Scale Industries.

LINKING THE ECONOMIC CHAIN

Retail should be the process of Linking of Indian economy from globalised economy through FDI in retail which will require strategic planning. It requires the assessment of implications that will be faced by various sections of economic chain. With the entrance foreign investors in multi-brand in India will lead competition between both foreign investors and. The organised and unorganised domestic retail sector will lead and they will confront MNC's like Wal-Mart etc. Considering the case of unorganised retail sector *Kirana* stores, mom-and-pop stores **The Indian Council for research on International Economic Relations (ICRIER)** study (M. Joseph and N. Sundararajan, 2009) has shown that hardly 1.7 per cent of small shops have closed down due to competition from organised retail. They have completed successfully against organised retail through adoption of better business practices and technology, Baskaran (2012). They will be affected only in small magnitude as these supermarkets will exist only in major towns and cities while mom-and-pop stores can operate in small cities. Sacrifice of these small retailers can be understood as the cost for organisation of Indian retail sector. For example- In China, unorganised retail, represented by street vendors and neighbourhood "community retailers", has continued to thrive, offering cheaper prices than supermarkets and retail chains. Similar is the scene expected in India as poor are not able to negotiate with modern but traditional retailers. Further, the products which are offered at a lower price by modern retail are less relevant for the poor who buy them in loose in small quantities. Likewise, the presence of big global retail markets in rural China is also smaller. Organised retail industry accounts for only 5% of the total retail industry and the rest 95% being occupied by the unorganised retail sector, Reardon and Minten (2001). So the possibility of unorganised sector becoming extinct seems less but if it happens the battle will be fought by organised retail sector like – Big Bazaar, Reliance, Bharti etc. Now, India lacks at infrastructure to support supply chains and efficient retail operations in India. Inadequate highways, the absence of cold storage facilities, an underdeveloped supply chain, limitless bureaucracy and the lack of regulations. For example- The selling of the perishable items has been significantly affected because of lack of proper count of cold storages although it is ranked among one of the largest producers of vegetables and fruits, Rajput and Kesharwani (2012). Secondly, the retailers are not able to raise funds for the expansion projects sector in India as Indian Retail industry is devoid of enjoying the status of an 'industry', which if was granted, it would have been easier to access the flow of funds with that status.

The need of the hour is to give a boost to our own domestic fledgling organised retail industry by the government through identification and implementation of those policy initiatives which will provide them the desired level playing field and making them available with weapons in their arsenal to compete with global retailers. For instance- In China the largest player in the supermarket segment, the China-based Shanghai Bailian Group enjoys only 11% market share. Even Wal-Mart which dominates the retail market in the US commands only around 6% share in China, despite the fact the big-box retailer set up shop nearly 15 years ago in this country, Gupta (2012).

Another concern of Government of India before opening this sector to foreign investors should be that the Indian retail sector, particularly organised retail, is still immature, undersized and is in nascent stage, therefore, should be allowed to nurture and strengthen first. And once they are capable enough to compete automatically argument of global retailers becoming monopolies will be nullified and this possibility be further be weakened by the accompanying reasons that global retailers will have to face an **unfamiliar cultural and culinary environment**, the infamous bureaucracy, **political opposition** and will always be vulnerable to adverse media coverage.

Farmers are too connected with this issue as they are the ones who grow raw materials so they are the producers, it becomes necessary to analyse what impact they will have. Looking back at the past scenario Indian farmers have suffered a lot because of intermediaries who dominate the value chains and flout mandi norms. Farmers will benefit if they directly sell their produce to organised retailers. Farmers will realise better price for their produce and consumer get the product at reasonable price if procurement by MNC's will be made by surpassing the middlemen and brokers. With FDI in retail sector, the consumer will get wide range of products, at lesser prices, ease of access and it will prove beneficial to Indian consumer.

RECOMMENDATIONS

FDI in multi brand retailing should be allowed somewhat less than 51% because of the Indian retail sector particularly organised retail is still under a nascent stage and is underdeveloped and before opening it is important that the domestic retail sector is allowed to grow and consolidate first. The slow opening up of FDI in retail will give time to government for experimentation and it will be easy analyse in a practical way the impact of FDI. It should be allowed in metro cities and there its impact should be witnessed and then according the policy changes should be made further.

Allowing a time period for organised retail sector to develop will allow the linking of the chain in a proper way, improvement and shifting focus towards manufacturing will yield good results, will make our Medium and Small Scale Industries industries to integrate with domestic organised retailers in a better and efficient way as they even are sourcing goods from Mandis and not farmers so, if domestic retailers are doing this, direct sourcing cannot be expected on part of global retailers to source directly from farmers.

Better supply chain should be made, farmers and Medium and Small Scale Industries should be integrated to work with organised retail companies as a well-built network may tempt global retailers to utilise it in their nascent stage, primarily for their starting years may be even further.

A commission should be made which can supervise and regulate supermarkets for suppliers, consumers, and the labour aspects and support to local retailers, can establish multi-stake holder initiative in the chains, provide support to small producers and traditional food retailers, ban buying of products below cost and selling below cost, and improve local traditional markets for small growers, can regulate the function of procurement from farmers..

CONCLUSION

The solution to the problem is to formulate such a policy framework that foreign investors are enticed to invest but they are forced to face barriers, challenges in their way. One of the prominent answers to be can be through government intervention by making policy changes. But this would be visible to the foreign investors before investing so they may restrain themselves from investing. For instance- IKEA announced in January that it is putting hold on its plan to open stores in India because of the 30% requirement, Sharma and Sahu (2012). The policy should be like a "mirage in a desert". From far away investors should see easy and favourable policy which is the main key driving factor but the moment they step in they should realise that they will have tough time in controlling the market and over smarting others. This could be achieved by first of all making our local retail chains not only strong and expansive but most importantly "adaptive" in the sense that even if they do not possess the technology, marketing strategies as good as in comparison to MNC's, on the arrival of MNC's in the Indian market they can learn the technology and marketing strategies etc. easily from them and give MNC's tougher competition likewise as it happened in China otherwise they will fall prey to MNC's if not immediately then gradually as they will intentionally lower the prices of products to muscle out domestic retailers and gain monopoly. Since the Indian retail sector is highly fragmented and domestic retailers are in the process of consolidating their position, the opening up of FDI regime, especially multi-brand retailing should be in phased manner over 5 to 10 years' time frame so that domestic retailers can avail enough time to adjust changes as China did.

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POSITIVE AFFECT IN RELATION TO AD LIKENESS AND PREFERENCE TO BUY AMONG THE HIGH AND LOW EMOTIONALLY INTELLIGENT YOUNG ADULTS

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ABSTRACT

Preference to buy is considered more as cognitive and learned behavioural response based on the information consumers received about a chosen product. However, involvement of affective stimuli in the advertisements has been found to have impacts in the preference. It seems logical to think that Likeness stimulated by the positive affect from movie advertisements can enhance the preference to buy. The aim of the present study is to find out if positive affect induced movie ads can influence the ad likeness, and thereby enhance the preference in buying a product, disregarding the emotional intelligence. Sample consisted of 88 young adults (age group 18 to 24), studying in Little Flower Institute of Social Sciences and Health, Calicut district in the state of Kerala, India. The measures used for the study are Emotional Intelligence Scale (Schutte et. Al, 1997), Happiness Measures (HM) (Fordyce, 1988) and an index of preference (Risha preference Index) prepared by the authors. Student's t test indicated a lack of significant difference between high and low emotionally intelligent young adults in the induction of positive affect after viewing the advertisements. As per correlation analysis, positive affect induced by the advertisements have a significant positive relationship with ad likeness and preference to buy. Mediation analysis results indicated the role of positive affect as a mediator between ad likeness and preference to buy.

KEYWORDS

Preference to buy, Ad likeness, Positive affect, Emotional Intelligence.

INTRODUCTION

Preference to buy a product is rational within the limits of the cognitive and learning capacities of the buyer and within the constraint of limited information (March and Simon, 1958) about it. The model developed by Lavidge and Steiner (1961) advocated three sequential components (of advertising effectiveness) that could stimulate the preference to buy – Cognitive (the realm of thought), Affective (the realm of emotions), and Conative (the realm of motives). As per the model, a sequence of Awareness (cognitive) about the product will lead to Knowledge (cognitive) which would lead to Liking (affective) which would further result in Preference (affective) and then Conviction (conative) and finally Purchase (conative). However, in some cases such as "Impulse buying", affect seems to have direct influence on preference to buy a product (Peter and Krishnakumar, 2010; Verplanken et al, 2005; Gardner & Rook, 1988). Also, it has been noted that visual movie ads that could invoke positive affect in the individuals can influence the consumer preference (Ayanwale, Alimi and Ayanbimpe, 2005; Niazi, et al, 2012).

The influence of affect on consumer buying behaviour is not, indeed, a new line story (Abideen & Saleem, 2011). Heath, Brandt and Nairn (2006) have already noted that affective content in advertising can influence brand favorability even when rational content has no effect. Kelley and Turley (2004) have noted that affect consumers experience from an advertisement can even be used as a measuring tool to find out the effectiveness of that advertisement. In the opinion of Zajonc (1980), affective responses are sometimes inescapable, but hard to verbalize. It may even over rule prior cognition. According to Damasio (1994), once the affect is generated, it could moderate all the purchase decisions. Preference to buy, in such occasions would become an affect based behavioural phenomena (Zajonc & Marcus, 1982).

Affect seems to be an inevitable associate of a memorable information processing (Holbrook and Hirschman, 1982). Affective contents in information can stimulate phasic activation or arousal, which would in turn promote deeper processing of the same (Kroeber-Riel, 1984). As per the postulations by Ray and Batra (1983) affect increases attention and memory. As affect increases attention and memory, affect induced advertisements are attended more, processed more, evaluated more favourably, and remembered more (Ray & Batra, 1983).

Theories about generation of affect from advertisements have a deep rooted empirical graph. In the opinion of Damasio (1994), generation of affect occurs in audience during ad processing. Visual and verbal media formats shall be innovatively, with a little divergence in presentation, integrated to elicit the affect (Adelaar, Chang, Lanchndorfer, Lee & Morimoto (2003); Tellis, Stremersch & Yin, 2003). Affect may be positive or negative. Positive affect can enhance problem solving and decision making, through flexible, innovative, creative, thorough and efficient cognitive processing. The characteristics related to positive affect include confidence, optimism, and self efficacy; likability and positive construal of others; sociability, activity, and energy; prosocial behaviour; immunity and physical well-being; effective coping with challenge and stress; and originality and flexibility. These attributes have shares in encouraging the active involvement with goal pursuits and with the environment. Dominance of these factors will protect individuals from their withdrawal into a self-protective stance. In a self protective deportment the primary aim of the individual will be the protection of his or her existing resources and avoidance of harm. It is a process that would drive the individual through the experiences of negative emotions. Positive emotions produce the tendency to approach rather than to avoid and to prepare the individual to seek out and undertake new goals.

Advertisements that invoke positive affect in the individuals will influence the consumer preference to buy the advertised product (Ayanwale, Alimi and Ayanbimpe, 2005; Niazi, et al, 2012). The main reason behind this is the role of positive affect on persuasion. Persuasion occurs by creating a heuristic of feeling (Schwarz 1990), to bias consumer information processing (Zuwerink and Devine 1996), or to generate deeper message processing (Zuwerink and Devine 1996). Consequently, the momentary thought-action ranges of the people will be broadened. Thus, the experience of joy by seeing the advertisement will make the individual play and create. Experience of interest will lead them to explore. While experiencing contentment, they will savor and integrate. Similarly, when experiencing love, a combination of play, exploration and savoring will be occurred (Fredrickson, 1998). Their emotional intelligence will stand for the product that had given them a chance to play, explore and savour. No need of much time to increase the preference to the product.

It has been found that positive affect is a promoting factor in variety seeking among safe, enjoyable consumer food products (Kahn & Isen, 1993). Positive affect can also be a promoting factor in an overt shift from a decision rule focusing primarily on probabilities to one focusing on utilities or outcome values, especially for losses (Nygren, Isen, Taylor & Dulin, 1996). Exposure to positive affect induced ad will bring in the consumer an irresistible urge to possess the product (Rook 1987). The may be as follows. The exposure would charm the consumer escalating the likeness to the ad. The likeness would increase the possessiveness,

which would, in its turn, enhance the affect. Finally, the consumer will be attracted to the product display in the department stores. The sight of the product may enable the re-experience of the affect. This would stimulate the preference to buy the product.

Previously it was thought, as Haley and Baldinger (1991) claimed, that ad-liking is evoked simply intuitively through entertainment. However, later it was understood that likeable adverts are as likely to be informative as they are to be entertaining. According to Alwitt (1987), the basis for likeability is in fact a complex concept with both affective and cognitive components. Studies have attempted to discover what factors and characteristics underlie an advert which is liked. Biel and Bridgewater (1990) were the first to demonstrate likeability's relation to perceptual characteristics of the advertisements. The two strongest predictors of ad liking are 'meaningfulness' and 'energy' (Biel & Bridgewater, 1990; Aaker & Stayman, 1990). According to Srull (1983) ad liking can result in product liking because that affect induced out of the mood at the time of encoding information from advertising can influence the mood at the time of retrieval. So the positive mood states would lead to more favourable evaluations and vice versa.

Advertising is a form of communication that is used to persuade an audience (viewers, readers or listeners) to take some action with respect to products, ideas, or services. Most commonly, the desired result is to drive consumer behaviour with respect to a commercial offering, although political and ideological advertising is also common. Advertising has been recognized for its embodiment of aesthetic qualities (Brown 1995; Venkatesh and Meamber 2006), and some theorists have suggested that advertising in itself is a legitimate form of art (Gibbons 2005; Scott 2005). Advertising fulfils a commercial business function for client sponsors. Conflict between art and commerce within advertising agencies has been an omnipresent macro theme of advertising history (Frank 1997; Jackall and Hirota 2000).

For advertising, emphasizing relevant, useful, timely information obscures the importance of emotions in human decision making. Advertisers design brand names and tag lines to be emotive. Wherever possible, they use images and audio-visual materials that evoke favourable feelings. Persons and companies have deep-seated feelings about how good they and their products are. These feelings are fully sufficient to drive vigorous bidding for advertising opportunities. Advertiser's primary mission is to reach prospective customers and influence their awareness, attitudes and buying behaviour. They spend a lot of money to keep individuals interested in their products. To succeed, they need to understand what makes potential customers behave the way they do. The present study, as a backup for this mission, aims to find out if positive affect induced movie ads can influence the ad likeness, and thereby enhance the preference in buying a product, disregarding the emotional intelligence in young adult consumers. Results would provide insights about the importance and inevitability of positive affect contents in the movie advertisements.

HYPOTHESES

H1: High emotionally intelligent young adult viewers differ from low emotionally intelligent young adult viewers in the positive affect that is induced by movie advertisements

H2: Positive affect induced by movie advertisements have a significant relationship to ad likeness and preference to buy the product among the young adult viewers

METHOD

SAMPLE

The sample consisted of 88 final year under-graduate students from Little Flower Institute of Social Sciences and Health, Calicut district in the state of Kerala, India. The population falls under the age group of 18-24. All of them are those who pursue either under graduate or post graduate courses.

MEASURES

Emotional Intelligence Scale (Schutte et. Al, 1997) was used to measure the emotional intelligence of the participants. As per the authors, the scale showed good internal reliability with two different samples. Two-week test-retest reliability indicated that the scores were fairly stable over time. An internal consistency analysis showed a Cronbach's alpha of 0.90. Cronbach's alpha of the scale in the present study is 0.87.

The Happiness Measures (HM) (Fordyce, 1988) Emotion Questionnaire is used to measure the happiness, and thereby the positive affect, invoked in the participants, after a live exposure to the visual advertisements. As per the author, the HM assesses both intensity and frequency of affect. Happiness Measures demonstrates strong reliability; remarkable stability; relative freedom from response, sex, age, and race bias; and an exceptionally wide background of evidence supporting its convergent, construct, concurrent, and discriminative validity (Fordyce, 1988).

Risha Preference Index, developed by the researchers is used to understand the "ad-likeness" and "preference to buy" the product to which the participants are exposed through visual advertisements. The index consisted with two items; the first, to identify the intensity of ad-likeness of the participant and the second, to identify the participant's preference to purchase it, with five response options, which extends from "least agree" to "most agree".

PROCEDURE

All the participants were seated comfortably in a hall. At first, they were asked to respond to the Emotional Intelligence Scale. After allowing them to finish that, they were shown four movie (duration extended from 64 to 70 seconds) advertisements (automobile commercials), which contained two advertisements with traditional contents and two with divergent advertisements. After the exposure to each advertisement, the participants were requested to complete one set of happiness measure. Subsequent to the exposure to all the four advertisements, the participants were requested to complete Risha preference index.

RESULTS AND DISCUSSION

Feeling of happiness enhancement after the exposure to each advertisement is measured using Happiness measures. The enhancement in happiness is considered to contribute an improvement in positive affect. Table 1 summarizes the percentage analysis of the positive affect improvement in the participants after each exposure

TABLE 1: IMPROVEMENT IN POSITIVE AFFECT AFTER THE EXPOSURE OF THE PARTICIPANTS TO THE ADVERTISEMENTS

positive affect %	
after I Ad	5.7
after II Ad	8.0
after III Ad	27.3
after IV Ad	100

The contents of the first ad included traditional elements, such as, introducing the special features of the car. The importance was for information about the vehicle. After the exposure to the first ad, only 5.7% in the sample reported an enhancement in the positive affect.

The second ad was an integration of both informative and affective contents. However, more importance was given to the information. After the exposure to second ad, 8 % of the total sample reported enhancement in the positive affect.

The third ad was also informative, but divergent in its presentation. A consistent story line was followed from beginning to end. After the exposure, 27.3% of the sample reported enhancement of positive affect.

The fourth ad included its information along with surprising visual displays. The presentation was divergent and attractive. After the exposure to the fourth ad, 100% of the sample reported an enhancement in the positive affect.

To reach fine and precise conclusions, the sample was categorized in to two criterion groups representing high and low emotional intelligence, based on the median of the distribution of the emotional intelligence scores. Descriptive statistics of the score of emotional intelligence of the subjects in the sample is summarized in table 2.

TABLE 2: DESCRIPTIVE STATISTICS OF THE SCORE OF EMOTIONAL INTELLIGENCE OF THE SUBJECTS IN THE SAMPLE

Variable	Mean	Median	Mode	SD	Min	Max
Emotional intelligence	126.90	127.00	127	13.00	95	157

The mean (126.9), median (127) and mode (127) of the distribution seem to be approximately consistent. Standard deviation of the distribution is 13. Values ranges from 95 to 157. Emotional intelligence categorized in to criterion variables are summarized in table 3.

TABLE 3: EMOTIONAL INTELLIGENCE CATEGORIZED IN TO CRITERION GROUPS REPRESENTING HIGH AND LOW, BASED ON THE MEDIAN OF THE DISTRIBUTION

Emotional Intelligence	Frequency	Percent
Low	43	48.9
High	45	51.1

43 participants (48.9% of the sample) are categorized in to the group of low emotional intelligence and 45 participants (51.1% of the sample) are categorized in to the group of high emotional intelligence. In order to find out if there is any difference in positive affect between high emotionally intelligent young adult viewers and low emotionally intelligent young adult viewers after the exposure to visual movie advertisements student's t test is used. Results are summarized in table 4

TABLE 4: DESCRIPTIVE STATISTICS AND T- VALUE OF POSITIVE AFFECT WITH RESPECT TO THE EMOTIONAL INTELLIGENCE OF THE PARTICIPANTS

Variable	Emotional Intelligence	N	Mean	SD	t-value
Positive Affect	High	43	3.56	0.83	0.38 ^{ns}
	Low	45	3.62	0.78	

The t value (0.38), not meeting the level of significance, shows the lack of difference between the criterion groups in their positive affect. It can be concluded that high emotionally intelligent young adults do not differ from low emotionally intelligent young adults in the positive affect that is induced by movie advertisements. In other words, the affect induced by the advertisements had the supremacy to influence the young adult viewers disregarding their emotional intelligence.

Consumer emotional intelligence is defined as a person's ability to use emotional information to achieve a desired consumer outcome, comprised as a set of first order emotional abilities that allow individuals to recognize the meanings of emotional patterns that underlie consumer decision making and to reason and solve problems on the basis of them (Mayer & Salovey, 1997). According to Kidwell, Hardesty and Childers (2008) a better understanding of emotional ability (that is, high emotional intelligence) of the consumers can have considerable value in extending knowledge of consumer behaviour. Impulsivity in purchase can be regulated by a person's emotional intelligence (Kidwell, Hardesty & Childers, 2008). Consumers with high emotional intelligence will make highest quality consumer decisions (Kidwell, Hardesty & Childers, 2008).

However, the present findings bring discrepancy to these conclusions. Positive affect is induced in all the participants, disregarding their emotional intelligence. As per the present investigation, it can be speculated that emotional intelligence can be manipulated by the positive affect induced advertisements. The decision to buy a product might have dependence on the positive affect generated by the ad. Young adults may decide to buy a product on the basis of intellectual perspective. But, the intervention of an ad that can stimulate positive affect can make the young adult's emotional intelligence disrupted. Even the young adult consumers with high emotional intelligence were subjugated to the effect of affect induced advertisement.

Affinity aroused by the affect induced advertisement to the advertised product can be identified after finding out its relation to ad likeness and preference to buy. Relationship of positive affectivity to the ad likeness and preference to buy was found out through correlation analysis. Table 5 summarizes the results of the analysis.

TABLE 5: CORRELATION TABLE WHICH SUGGESTS THE RELATIONSHIP AMONG PREFERENCE TO BUY AND AD LIKENESS TO POSITIVE AFFECT INDUCED IN THE PARTICIPANTS AFTER THEIR EXPOSURE TO THE VISUAL ADS

	Preference to buy	Ad likeness	Positive Affect
Preference to buy	1	.299**	.293**
Ad likeness	.299**	1	.415**
Positive Affect	.293**	.415**	1

**Correlation is significant at the 0.01 level (2 tailed)

Positive affect induced in the participants after their exposure to the visual ads seems to have significant positive relationship with preference to buy ($r = 0.293$, $p < 0.01$) and ad likeness ($r = 0.415$, $p < 0.01$). Positive affect seems to have moderately strong relationship with ad likeness and a weak relationship with preference to buy. The relationship between ad likeness and preference to buy also seems to be weak. Probably, positive affectivity shall be doing the role of a mediator between ad likeness and preference to buy.

Emotion having an independent role in advertising is not a new discovery (Holbrook & Hirschman, 1982; Gardner & Rook, 1988). Positive affect has been found to be elicited by the advertising (and) is then transferred to the brand or product advertised (Kover, Goldberg & James, 1995). Research by Peter and Krishnakumar (2010) on impulse buying suggested that people engage in quick buying mostly due to affective reason. Gardner & Rook (1988) investigated and found out a connection between a consumer's impulse to buy and the internal affective reactions (moods and emotions). Rook (1987) also has pointed out that impulse behaviour taking place when the consumer experiences positive affect on a spontaneous confrontation with a product. The urge to buy the product is has direct correlation with the positive emotions evoked by it (Verplanken et al 2005).

The result seems interesting. Further illumination considering the probability of positive affect acting as a mediator in the relationship between ad likeness and preference to buy is searched through mediation analysis using regression. Table 6 summarizes the results of one variable regression analysis establishing "positive affect → ad likeness" relationship.

TABLE 6: ONE VARIABLE REGRESSION WHICH INDICATES POSITIVE AFFECT AS A SIGNIFICANT PREDICTOR OF AD LIKENESS

Model	Predictor	β	T	F	r^2	Δr^2
1	Positive affect	0.415	4.231**	17.903**	0.172	0.163

Dependent Variable: Ad likeness; ** $p < .01$

Table 7 is the summary of the results of one variable regression analysis establishing "positive affect → preference to buy" relationship.

TABLE 7: ONE VARIABLE REGRESSION WHICH INDICATES POSITIVE AFFECT AS A SIGNIFICANT PREDICTOR OF PREFERENCE TO BUY

Model	Predictor	B	T	F	r^2	Δr^2
1	Positive Affect	0.293	2.837**	8.046**	0.086	0.075

Dependent Variable: Preference to buy; ** $p < .01$

Table 8 is the summary of the results of hierarchical regression analysis establishing the mediation of positive affect between ad likeness and preference to buy

TABLE 8: HIERARCHICAL REGRESSION ANALYSIS ESTABLISHING POSITIVE AFFECT AS A MEDIATING FACTOR

Model	Predictor	β	T	F	r^2	Δr^2
1	Positive Affect	0.293	2.837**	8.046**	0.086	0.075
2	Positive Affect	0.204	1.824	5.988**	0.124	0.103
	Ad likeness	0.214	1.918*			

Dependent Variable: Preference to buy; ** $p < .01$, * $p < .05$

Positive affect predicts preference to buy in block 1 ($\beta = 0.293$, $p < .01$), but loses its significance in block two ($\beta = 0.204$, N.S.) when ad likeness is introduced. In block two, ad likeness establishes ($\beta = 0.214$, $p < 0.05$) the role of significant predictor. Significance of mediation analysis is ascertained through Sobel test. Table 9 summarizes the direct and total effects of mediation analysis

TABLE 9: DIRECT AND TOTAL EFFECTS OF MEDIATION ANALYSIS

Paths	Coefficient	Standard Error	T
C b (YX)	0.2996	0.1033	2.9018**
A b (MX)	0.3367	0.1187	2.8366**
B b (YM.X)	0.3124	0.0881	3.5476**
C b (YX.M)	0.1945	0.1014	1.9182

Y = ad likeness, X = Preference to buy, M = Positive affect, b denotes for unstandardized coefficient

** $p < .01$

Considering the table path C (*ad likeness to preference to buy*, the Total effect, $b = 0.2996$, $p < .01$) path A (*preference to buy to positive affect*, $b = 0.3367$, $p < .01$) and path B (*positive affect to preference to buy*, controlling for the *ad likeness*, $b = 0.3124$, $p < .01$) are significant. Path C (*ad likeness to preference to buy*, controlling for the *positive affect*, the Direct effect) is not significant ($b = 0.1945$, N.S.). The model has met all the criteria for mediation. When positive affect is controlled, the relationship between ad likeness and preference to buy lost its significance.

Summary of the indirect effects of mediation analysis is given in table 7

TABLE 7: INDIRECT EFFECT OF MEDIATION ANALYSIS

	Value	Std Err	Z
Effect	0.1052	0.0486	2.1637*

* $p < .05$

Indirect effect (0.1052) of Path A and Path B is provided in table 7. Here path A = 0.3367 and path B = 0.3124. Indirect effects ($Z = 2.1637$) are significant ($p < .05$) as per the analysis.

As once mentioned, affective responses to the ads are unavoidable, hard to verbalise, most important of all and need not depend upon their prior cognition (Zajonc, 1980). The findings are in line with that of Zajonc and Marcus (1982), confirming preference as primarily an affect based behavioural phenomenon. If positive affect is induced, the role of higher order cognitive processing in consumer decisions will get reduced (Shiv & Fedorikhin, 1999). Damasio (1994) rightly said that there are less evidences for a direct link between reasoning strategies and decisions, but affect has a big role in moderating all decisions. Thus, as in the study of Abideen and Saleem (2011), it can be concluded on the basis of the present results that affect has strong association with the consumer decisions.

Biel & Bridgewater (1990) were the first to demonstrate likeability's relation to perceptual characteristics of the advertisements. They found out five factors that were associated with likeability: 'ingenuity'; 'meaningfulness'; 'energy'; 'rubs the wrong way'; and 'warmth'. It can be speculated that all these factors are the output of positive affect felt. The result further contributes to the findings of Srull (1983) which offered an explanation why ad liking can result in product liking. Srull's (1983) suggestion that mood at the time of encoding information from advertising can influence the mood at the time of retrieval seems to be copiously accurate.

RECOMMENDATIONS

Information from the findings shall be used to enhance the effect of movie advertisements. It contributes to the literature the reason of the movements made by some movie advertisements in the market. However, the study had some limitations. First of all, the commercials chosen for the purpose of data collection, even though were unfamiliar, contained brand which were familiar to the subjects. This might have created a bias in choosing their preference. If the brands too were unfamiliar, the results could be more potent. Secondly, the duration of the ads varied a little. The time of ads might have influenced the audience. A study using the ads with unfamiliar brands and equating the time of the movie can make the results more momentous. Finally, the sample included only 88 subjects, and was selected from one institution only. In order to generalize the findings, the study shall be replicated in a large sample.

CONCLUSIONS

As hypothesized, positive affect showed a significant relationship with ad likeness and preference to buy, discounting the effect of emotional intelligence. Affect in the movie advertisements can overrule or predispose the cognition. Decisions made by the buyers, thus, cannot be fully intellectual. Dissolving emotional intelligence through the exposure to the contents with positive affect is an area which has scope for further inquiry. Insight to the factors that could play in between positive affect and emotional intelligence can help the advertisers to use them as a tool that can act between likeness and preference to buy.

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DISASTER MANAGEMENT: A CASE STUDY OF UTTARAKHAND

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ABSTRACT

Everyone would be agree that disaster can ruined the life of anyone or demolish the city or the whole geographical area only in a few seconds. We people can't fully stop these natural disasters but by doing some pre disaster planning only can reduce the loss of ruination that was happened in Uttarakhand. We people feel unassisted in front of environment at the time of natural disaster. For handling these types of critical situations in country as well as state district have best disaster management team who can follow up each and every step regularly that are given regarding the disasters.

KEYWORDS

National Disaster Management Authority, Disaster Mitigation and Management Centre, State Disaster Management Authority.

INTRODUCTION

A disaster is a catastrophe, mishap, calamity or grave occurrence from natural or manmade causes, which is beyond the coping capacity of affected community and for this there is a management that is called Disaster Management. Everyone in this globe should be aware of the word disaster management which we called Emergency Management. As everyone knows that in this whole world no country is immune by this disaster. It can affect the whole survival of any individual that means it can interrupt anybody's whole life. Disasters are mainly of four types:-

NATURAL DISASTERS

These disasters includes floods ,hurricanes ,earthquakes and volcano eruption that can have immediate effect on human health as well as secondary affect from flood causing landslides , earthquakes results in fires , tsunami results in widespread flooding and typhoons sinking ferries.

ENVIRONMENTAL EMERGENCIES

These emergencies include technological or industrial accidents that include hazardous material and occur where these materials are used, produced or transported.

COMPLEX EMERGENCIES

These emergencies involve a breakdown of authority such as looting and attack. This emergency occurs mainly at the time of war.

PANDEMIC EMERGENCIES

This is a type of emergency that occur when a sudden type of contagious disease occurs that affects not only health but services also.

Local organizations, Regional organization, National organization and a lot of International organizations are involved in mounting to Disasters. Each will have preparing a lot of Disaster Management programs as well as plans. But when these organizations do not work properly the result of this was like Uttarakhand disaster.

As we have seen that the scene of natural disaster was too much weird on the Holy land of Kedarnath when the cloud was bursted. In fact Uttarakhand and its related areas received a heavy rainfall that was more than the benchmark during a normal monsoon. Ruination and death was coming in the form of flowing water. This natural disaster has lost a lot of local life as well as those devotees who went Kedarnath for their pilgrimage. In a few seconds this rain makes all devotees dead and on this holy land thousands of dead body, has made a graveyard. Those people who are surviving in that graveyard are struggling for their life. By seeing this dangerous scene of environment we people should take lesson, because due to the carelessness of human being the disastrous capacity of environment increases. It's the century's biggest disaster for India. There was a havoc of stormy rain and the breaking of mountain in Uttarakhand and its related areas; everywhere death and ruin were splitted. Devotees, tourists as well as local people all are captured by this disaster. This was really the original face of "Shiva- Tandava- Stotram" that was environment playing. As the All India Meteorological Department (IMD) of Dehradun regional centre has warned before time that is on 13th June 2013 that there will be a heavy rain in next 48 to 72 hours¹ on the upper part of Uttarakhand. But the Disaster Management Agencies did not take that warning seriously, and the result was in front of everyone ruination in the form of stormy water.

Before that the warning was already given in October, 2012 Disaster Mitigation and Management Centre (DMCC) of Uttarakhand send a report of 48 pages and the topic of that report was " Testing of Assay Ganga Valley After August 2012, Cotangent flood and land sliding." There was also a request to stop these types of disasters in that report and a warning for a big disaster in near future. But no precautionary steps were taken by management to prevent from these types of natural disasters. As the Vice Chairman of Natural Disaster Management Authority had rejected the news which was flashed in on 13th June 2013 , through Meteorological Department he says that it was a general news, he said that in that news there was nothing as special so the management become active. NDMA work is totally for the disaster, but at the time of Uttarakhand disaster its work was too much slow, as the agency has imported twenty five satellite phones after the nine days of that disaster from Hong -Kong and that was due to when Chairman of NDMA interrupted in that case. This NDMA was build after 2004 Tsunami so that the loss that arises due to disaster will be prevented in future.

MATERIALS AND METHODS

For the purpose of depth study the contents have been taken from relevant articles, journals and websites. Both primary as well as secondary sources have been taken.

RESULTS AND DISCUSSIONS

With result to human vulnerability to disasters, the economically and socially weaker segments of the populations are the ones that are mostly affected. With the vulnerable groups, elderly persons, especially woman rendered destitute and children orphaned on account of disaster differently able person are exposed to high risk.

As on 23rd December 2005, the Government of India (GoI) took a step by enacting the Disaster Management Act 2005, through which National Disaster Management Authority (NDMA) was created and it is headed by Prime Minister of India, and on the basis of this act for State level State Disaster Management Authority (SDMA) created that is headed by Chief Minister and for District level District Disaster Management Authority (DDMA) which is headed by District Magistrate or District Commissioner.

OBJECTIVES AND POLICIES OF NATURAL DISASTER MANAGEMENT AUTHORITY

There are a lot of objectives of Natural policy on Disaster Management which are given below:-

- Promoting a culture of prevention, preparedness and resilience at all levels through knowledge and education.
- Encouraging mitigations measures based on technology, traditional wisdom and environmental sustainability.
- Mainstreaming disaster management into the developmental planning process,
- Establishing institutional and techno-legal frame work to create an enabling regulatory environment.
- Ensuring efficient mechanism for identification, assessment and monitoring of disaster task.
- Developing contemporary forecasting and early warning system backed by responsive system failsafe communication with the support of information system.
- Promoting a productive partnership with the media to create awareness and contributing towards capacity development.
- Ensuring efficient response and relief with a caring approach towards the needs of the vulnerable sections of the society.
- Undertaking reconstructions as an opportunity to build disaster resistant structure and habitat for ensuring safer living.
- Promoting, productive and proactive partnership with media in disaster management.

VISION OF DISASTER MANAGEMENT

The main vision of these disaster management authorities is to build disaster resistant India by developing a holistic, proactive multidisaster oriented and technology driven strategy through a culture of prevention, mitigation, preparedness and responses. Disaster Management involves a continuous process of planning, organizing, coordinating and implementing measures that are essential for the following:-

- Prevention of danger or threat of any disaster.
- Mitigation or reduction of risk of any disaster.
- Capacity building including research and knowledge management.
- Preparedness to deal with any disaster.
- Prompt response to any threatening disaster situation.
- Assessing the severity or magnitude of affects of any disaster.
- Evacuation, rescue and relief, rehabilitation and reconstruction.

As we have seen that a typical disaster management comprises of six factors with two phases: - The pre disaster phase that includes prevention, mitigation and preparedness while the post disaster phase that includes response, rehabilitation, reconstruction and recovery.

CONCLUSION

Uttarakhand disaster has been seen from a lot of perspectives but the main are developmental, environmental and disaster management. Flash flood is a type of disaster but whether the government was active with environment then this type of big disaster did not come. To take prevention from these types of natural disasters State Disaster Management Authority have to be effective and its operating rules must be passing and promulgated. The Disaster Management Authority should be constituted and staffed as per requirement by professional people and not some political appointees. As a state which is large and difficult to access areas must create and train State Disaster Responses Forces because National Disaster Responses Forces are at National level, its add on and always take some time to be effective. After that certain regulations must be enforced.

Once the actions have been taken in the above para then the State Disaster Management Authority can take essential steps to manage a disaster.

As Uttarakhand disaster will be a warning for whole country to be aware for future heavy rainfall, so the Government and Disaster Management Authorities will be aware of this.

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A COST-BENEFIT ANALYSIS OF THE EFFICACY OF NHIS AS A TOOL FOR SOLVING HEALTH CARE INEQUALITY PROBLEM IN NIGERIA

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ABSTRACT

This study analysed the monetary benefits and costs associated with the health reform program – National Health Insurance Scheme (NHIS) – in Nigeria. Using simulation model and the technique of Cost Benefit Analysis (CBA) to analyze the cost of participation and the benefits participants stand to gain from the scheme, results showed that given the proposed cost and the system of co-payment, the scheme would be very beneficial. While ensuring that healthcare becomes readily available to all who care to participate in it, NHIS as the study revealed would also be capable of solving the problem of inequity associated with the consumption of health goods and services in the country. This was based on the finding that all computed ratios were positive values greater than one, and that low income earners would benefit more from the scheme thereby ensuring its actuarial soundness and societal desirability. Consequently, proper implementation by ensuring efficient allocation and prudent management of funds meant for the scheme was recommended.

KEYWORDS

Benefit, Cost, Efficacy, Healthcare inequality, Problem.

JEL CLASSIFICATION

D61, D63, G22, H55, I110

INTRODUCTION

The problem of medical care is usually a major issue for any government. Three reasons account for this: first is the coverage issue, second is the cost issue and third is the cost issue. In Nigeria, successive governments have made attempts to improve the quality of life of the people through various policies designed to provide qualitative health and medical services. In 1992, the Federal Ministry of Health and Social Services (FMOHSS) opted for National Health Insurance Scheme (NHIS) which is a health care risk-spreading mechanism deemed adequate for solving the problem of inequity in the health sector while ensuring at the same time that Nigerians have access to adequate health care at very low cost. According to Barr (1992), health insurance lowers the out-of-pocket prices for medical care at the time of purchase by smoothing medical payments across individuals and time (as cited in Schneider, 2004). Investment in the health sector of any economy is a vote for a healthy workforce, and a precondition for accelerated national development and increased productivity. The implication of this is that every economy must be able to identify the best health care financing method that will ensure its citizens access to adequate health care. This is because the health status of any group of people, as earlier pointed out, is crucial not only to their well-being but also a strong influence on the productive capacity of the people; and health status is a function of the quantity and quality of health goods and services provided and consumed by the people. Insurance serves as the means by which risks or uncertain events are shared between many people (Akin *et al.*, 1986) - pools together the financial risks facing a large group of people each of which has a small probability of significant losses. Thus, the adoption of a health insurance scheme is to enable Nigerians spread their health risks amongst the citizens without undue dependence on government financing or restricting access to health care. This is because people are usually willing to pay some amount of money (premium) to compensate for uncertain events that may occur. NHIS can be used successfully to raise revenue for the insurers and also to protect the consumers while at the same time ensuring equity in the consumption of health goods and services (Olanrewaju, 2011).

The importance of equity in the provision of healthcare cannot be overemphasized neither can the importance of health in the socio-economic development of Nigeria. However, the problems faced by the health sector include inadequate funding by the government (e.g., the Federal Ministry of Health in 2012 had also disclosed that the N282.77 billion provisions made for health in the 2012 budget could not address the health needs of the people), no separate health fund and special health levy and relatively low fees paid by patients for health services provided particularly by the government which have to a large extent resulted in a wide gap between revenue and expenditure of the sector.

Given these financing and other challenges of the sector, it becomes important for the government to explore other avenues to generate funds for the sector and reduce the burden of health care financing on both the government and services consumers.

This paper used simulation model and cost-benefit analysis technique to analyse the monetary costs and benefits to participants in the National Health Insurance Scheme (NHIS) in Nigeria, and examine equity in health care services consumption via sharing characteristics. For the purpose, the paper is structured into five sections. Following this introduction is section two which is literature review. Methodology used in the study is discussed in section three. Analysis and results are discussed in section four while section five concludes the study and proffers recommendations.

REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK

The ability of some developed nations (e.g. Great Britain) to provide adequate medical services to their citizens has largely been due to the implementation of various health insurance and welfare packages (Olanrewaju, 2011). The absence of such packages in Nigeria is probably one of the reasons for the poor funding of the health sector and the inability of Nigerians to receive proper health care in times of need.

De-Ferranti (1985) investigated alternative mechanisms for financing health care in low-income countries, which included user fees, general tax revenue and health insurance. In a study of the National Health Accounts by Soyibo & Lawanson (2005), findings indicated that households' payment for health services was by far greater than government's ability to raise revenue to fund the health sector. According to this study, individuals' out-of-pocket payment for health services made up 65.80 percent of total health expenditures. The study further revealed that healthcare financing in Nigeria had its least contribution (1.7 percent) from Non-Governmental Organizations (NGOs), and that health insurance experienced the fastest growth rate in terms of funding the health sector during the study period. These NGOs usually depend on foreign donors, and charitable organizations and individuals which can cease at anytime. Thus it cannot serve as a viable means of funding the health sector.

Okorosodo (1995) noted that the advantages of health insurance included the fact that it converts unpredictable future expenses into payments that can be budgeted for in advance. Tenambergen (1998) further asserted that health insurance as a process incorporates a soft mechanism for redistribution of money from the rich to the sick poor, who would benefit from the scheme on a regular basis. Following the World Bank (1987) agenda for reforming health care financing in developing countries, user fees were deemed more favourable and were implemented in many developing countries. Though widely accepted and encouraged by the World Bank and the United States Agency for International Development (USAID), the method has a major disadvantage which is its exclusion of the poor from basic health care services and its lack of equity (Phalatsi, 2000). The general tax revenue which constitutes a form of government financing is deemed inadequate due to inconsistency and instability of the economies of developing countries. According to De-Farranti (1985), if health insurance is properly implemented it can overcome the problems posed by these other methods while simultaneously ensuring equity in healthcare provision.

Though a very viable method of funding healthcare, NHIS is not without its shortcoming. One common problem associated with insured goods and services is moral hazards. Moral hazard is the term economists use to describe the fact that insurance can change the behaviour of the person being insured (Gladwell, 2005). A health insurance can have a paradoxical effect of producing risky and wasteful behaviour where the insured will tend to over consume healthcare services particularly where there are no system of deductibles and co-payment. It has been observed based on the theory of demand for health insurance that any additional healthcare that consumers purchase because they have insurance is not worth the cost producing it. This problem is also resolved through the conventional insurance theory which proposes a system of copayments and managed care – to reduce consumption of additional, seemingly low-value care. Thus, imposing coinsurance payments and deductibles to increase the price of medical care to insured consumers can reduce these inefficient expenditures.

According to Nyman (2008), however, medical procedures are associated with pain, time and travel cost; or the risk of mortality or morbidity; therefore they are not desired by the healthy. Beyond this, Aregbeyen (1997) noted that the system of co-payment and deductibles can help check the problem of moral hazards as evident from other countries such as Britain and Sweden that practice systems of social health insurance.

IMPORTANCE OF HEALTH IN ECONOMIC DEVELOPMENT

The importance of health in economic development has been emphasised in the literature, and there seems to be a consensus that economic development should be measured not only by improvements in indicators such as per capita income, but also by indicators of the quality of life. It has also been stressed that there is a close connection between health and wealth of a nation (Pritchett & Summers, 1996). Wealthier nations are in a better position to provide better healthcare services to their people; in turn, better health increases labour productivity, thereby enhancing wealth (Mwabu, 2004). The World Health Organisation (WHO) acknowledges this functional relationship and, thus, recommends that a minimum of five percent of Gross Domestic Product (GDP) be spent on health by nations. Where health is poorly priced, the level of productivity will be significantly dismal. This is very obvious in developing nations where ill-health is still a major constraint to economic development (World Bank, 1996).

OVERVIEW OF NIGERIA'S HEALTH SECTOR

Overview of the health sector in Nigeria shows that healthcare services have evolved through series of policies and plans of various administrations in Nigeria. The fact, however, is that health care in Nigeria has always been far from equitable. Also, revenues devoted to the health sector by the federal government have always been quite low – below the five percent of GDP recommended by the WHO. Unfortunately, there is no evidence to show that this situation will improve as available health indicators have shown no significant improvement over the years.

According to Griffiths & Bankowski (1980), the health problem of many developing countries is associated with poverty. For example, the number of those living in poverty increased from 27 percent in 1980 to 42 percent in 1992, and increased sharply to 67 percent in 1999. By 1999, it was estimated that more than 70 percent of Nigerian were living in poverty out of the country's population of 120 million. 2004 data estimate that 63.3 percent, meaning 75.96 million Nigerians, live in poverty mostly in the rural areas. More recent data show an increase to 71 percent of Nigerians who are living in abject poverty (Ndukwe, 2004; Tukur, 2012). Since government effort at development is usually centered in the urban areas, the rural population tends to be less healthy and less educated. They also experience poor service delivery. According to the World Bank Report (2002), success in rural poverty reduction will depend on the ability of the government to create more employment, increase agricultural production, as well as ensure easy access to adequate health goods and services.

The present situation in Nigeria calls for a more equitable distribution of health care services. The poor lack access to basic health services and receives low quality medical care if any, due to inability to pay for quality medical care (Aregbeyen, 1997). Many of these resort to patronizing roadside drug sellers or quack physicians. Appropriate solutions to the complex problem of funding a rapidly expanding, extending and increasingly costly healthcare both in the rural and urban areas is necessary and the solution might be found in the National Health Insurance Scheme (NHIS) Adaghe (2012).

TRENDS IN HEALTHCARE FINANCING IN NIGERIA

The government has always been at the forefront of funding health care services in Nigeria. A close look however reveals that a rather low proportion of total budget expenditure is devoted to the health sector (NBF, 2012, Tukur 2012). This in reality will be grossly inadequate in meeting the health needs of the entire population. The percentage of funds allocated to the health sector over a period of ten years is presented shown below.

TABLE 1: FEDERAL GOVERNMENT BUDGETARY ALLOCATION TO THE HEALTH SECTOR (2001 - 2010)

Fiscal Year	Total Expenditure (N)	Health Allocation (N)	Percentage Allocated to Health
2001	1,018,025.6	24,522.27	2.41
2002	1,018,155.8	40,621.42	3.99
2003	1,225,965.9	33,267.98	2.71
2004	1,426,200.0	34,197.14	2.40
2005	1,822,100.0	55,661.63	3.06
2006	1,938,002.5	62,300.0	3.22
2007	2,450,886.7	81,900.0	3.34
2008	3,240,820.8	98,200.0	3.03
2009	3,452,990.8	90,200.0	2.61
2010	4,194,217.9	102,620.0	2.45

Source: CBN Statistical Bulletin 2010

From the above, the table reveals that the health sector has received on the average 2.92 percent of the entire budget of the Federal Government which is below the 5 percent stipulated by the WHO. Unfortunately, this 2.92 percent has recurrent component gulping about 70 percent, meaning that only about 30 percent of the allocation is left to be spent on complimentary inputs like drugs, medical supplies, maintenance, etc. Given this kind of trend, public expenditure cannot possibly meet the health needs of Nigerians.

THEORETICAL FRAMEWORK

Nyman (2003) in his theory of demand for health insurance noted that consumers demand health insurance in order to obtain a transfer income from the wealthy if she were to become ill. This income transfer allows to the ill consumer to purchase more medical care and more goods and services than she would purchase without it. Sometimes this income transfer allows the ill consumer to purchase medical care that would otherwise be unaffordable. The access that insurance provides to this care, especially if it is life saving, makes health insurance very valuable. Health insurance that pays off by reducing price generates this income transfer. The additional health care consumed because of the income transfer when ill increases welfare, but the additional health care that is attributable to price alone reduces welfare. Nevertheless, the efficient portion of this additional care, that is, of moral hazard so dominates the welfare implication that overall, moral hazard increases welfare.

Conventional theory holds that people purchase insurance because they prefer the certainty of paying a small premium to the risk of getting sick and paying a large medical bill. Nyman (2003) further stated that people purchase insurance to obtain additional income when they become ill. In effect, insurance companies act to transfer premiums from those who remain healthy to those who become ill. This additional income generates purchases of additional high-value care, often allowing sick persons to obtain life-saving care they could not otherwise afford. Empirical studies show that consumers actually prefer the risk of a large loss to incurring a smaller loss with certainty. Therefore, if consumers purchase insurance, it is not because they desire to avoid risk. Instead, consumers simply pay a premium when healthy in exchange for a claim on additional income (effected when insurance pays for the medical care) if they become ill.

From its own perspective, consumer theory postulates that if consumers are perfectly informed, they maximize their utility as a function of consuming various goods, given relative prices, their income and preferences. Changes in prices and income influence how much of different goods rational consumers will buy (Begg et al., 2000). Health insurance is expected to be a normal good with a positive income elasticity of demand, implying that the poor are less likely to insure. A price increase of a substitute for insurance – such as user fees – is expected to raise the insurance demand, as it is a decrease in insurance premium. However, due to uncertainty about the unknown future health, insurance choice is not made based on utility alone but on consumers' expectation about factors such as their health status (Riphanh et al., 1983).

METHODOLOGY

The study employs the process of simulation and the technique of cost benefit analysis. Simulation by definition is an imitation of some real state of affairs or process. It generally entails presenting certain key characteristics or behaviour of a selected physical system. Simulation can be used in many contexts which include the modeling of a system or process in order to gain insight into their mode of functioning and the eventual real effect of a given course of action. It reproduces the essential features of something or process as an aid for study or training. Using the process of simulation, the study investigates the viability of NHIS using the technique of Cost-Benefit Analysis (CBA).

COST-BENEFIT ANALYSIS (CBA)

As an important technique for project appraisal in the public sector, CBA estimates and totals the equivalent money value of public projects to determine their desirability for the general public. To be desirable, benefits from a project should outweigh its cost. CBA involves using time value of money formula to convert the future streams of costs and benefits to a present value. Benefit-cost ratio (BCR), net value (NV) and net present value (NPV) were computed to examine the benefits of the scheme vis-à-vis the associated costs. The NPV was computed by discounting NV using banking industry prime lending rate as proxy for discount rate, d . Positive NPV indicated viability of the scheme, and vice versa, for the entire study period. Thus, positive NPV indicated that the NHIS increases welfare of the society in the period studied, and vice versa.

$$\text{Benefit-Cost ratio} = \sum B_i / (1+d)^i / \sum C_i / (1+d)^i, (i = 1, 2, 3, \dots, n) \dots\dots\dots (1)$$

$$NV = \sum B_i - \sum C_i, (i = 1, 2, 3, \dots, n) \dots\dots\dots (2)$$

$$NPV = \sum B_i / (1+d)^i - \sum C_i / (1+d)^i, (i = 1, 2, 3, \dots, n) \dots\dots\dots (3)$$

where n = number of years over which the benefits and costs are analyzed; B_i = benefit of the scheme in year i ; C_i = cost of the scheme in year i ; d = discount rate.

The cost of running the programme over the 30-year study period is based on the 15% of basic salaries deductible from civil servant salaries. The period was chosen in order to establish the actuarial soundness and societal desirability of the scheme. The cost to individual participants is based on the 5% of basic salary deductible every month. Data used for this study were the basic salaries of civil servants from level 1 to level 17, except level 11. Data were sourced from the Federal Secretariat, Ibadan. Averages of the basic salaries in each level were used for the computation since it was cumbersome to estimate benefits for each step in the different levels. Analysis was based on the assumptions that each participant had a spouse and four children who were fully registered, and that each participant is entitled to N550 per month for health needs, irrespective of amount contributed from basic salary. Thus, every registered family had N3,300 (i.e., N550 X 6) per month for medical needs. Benefit is the monthly N550/N3300 paid to each participant/family for health needs, while participation cost is the 5% contributed monthly by the civil servants.

DATA ANALYSIS AND DISCUSSION

TABLE 2: COMPUTED AVERAGE MONTHLY SALARIES

Level	Average Monthly Salaries (N)
1	5,224.50
2	5,524.39
3	5,807.24
4	6,273.89
5	7,181.77
6	8,823.16
7	11,600.22
8	14,821.69
9	17,505.34
10	20,339.82
12	23,291.18
13	25,783.68
14	28,386.60
15	31,258.37
16	35,064.64
17	39,219.49
TOTAL	286,105.98

Source: Account Unit (Federal Secretariat, Ibadan)

Fifteen percent of the salaries were contributed as total premium for the scheme. While five percent was contributed by each participant, ten percent was contributed by the employer – the government in this case. The amount contributed by each of the parties is shown in the table below.

TABLE 3: PROPORTION OF AMS CONTRIBUTED AS PREMIUM

Levels	AMS	5% of AMS	10% of AMS	Total
1	5,224.50	261.23	522.45	783.68
2	5,524.39	276.22	552.44	828.66
3	5,807.24	290.36	580.72	871.09
4	6,273.89	313.69	627.39	941.08
5	7,181.77	359.09	718.18	1,077.27
6	8,823.16	441.16	882.32	1,323.47
7	11,600.22	580.01	1,160.02	1,740.03
8	14,821.69	741.08	1,482.17	2,223.25
9	17,505.34	875.27	1,750.53	2,625.80
10	20,339.82	1,016.99	2,033.98	3,050.97
12	23,291.18	1,164.56	2,329.12	3,493.68
13	25,783.68	1,289.18	2,578.37	3,867.55
14	28,386.60	1,419.33	2,838.66	4,257.99
15	31,258.37	1,562.92	3,125.84	4,688.76
16	35,064.64	1,753.23	3,506.46	5,259.70
17	39,219.49	1,960.97	3,921.95	5,882.92
Total	286,105.98	14,305.30	28,610.60	42,915.90

Source: Authors' Computations

AMS = Average Monthly Salary

While the 5% of the total basic salaries was used in determining the relationship between benefit and cost to participants, the entire 15% was used to compute the value of social benefit. The benefit-cost ratios are as shown in Table 4 below.

TABLE 4: PERSONAL BENEFIT-COST RATIO (BENEFIT/COST)

Level	CoP (5% Premium)	MBPs (N)	Benefit-Cost Ratio
1	261.23	3,300.00	12.63
2	276.22	3,300.00	11.95
3	290.36	3,300.00	11.37
4	313.69	3,300.00	10.52
5	359.09	3,300.00	9.19
6	441.16	3,300.00	7.48
7	580.01	3,300.00	5.69
8	741.08	3,300.00	4.45
9	875.27	3,300.00	3.77
10	1,016.99	3,300.00	3.24
12	1,164.56	3,300.00	2.83
13	1,289.18	3,300.00	2.56
14	1,419.33	3,300.00	2.33
15	1,562.92	3,300.00	2.11
16	1,753.23	3,300.00	1.88
17	1,960.97	3,300.00	1.68
TOTAL	14,305.30	52,800.00	3.69

Source: Authors' Computations

CoP = Cost of participation; MBPs = Monetary Benefits to Participants

From table 4 above, the benefit of the scheme outweighs its cost as the ratio of 3.69:1 shows and the analysis also reveals that the low income earners stand to derive higher benefits from the scheme. To determine the entire benefit-cost ratio of the scheme, the social benefit cost ratio is computed and shown in Table 5 below.

TABLE 5: SOCIAL BENEFIT-COST RATIO OF NHIS

Level	Cost of Participation (N) (15% of AMS)	Monetary Benefit to Participants (N)	Benefit-Cost Ratio
1	783.68	3,300.00	4.21
2	828.66	3,300.00	3.98
3	871.09	3,300.00	3.79
4	941.08	3,300.00	3.51
5	1,077.27	3,300.00	3.06
6	1,323.47	3,300.00	2.49
7	1,740.03	3,300.00	1.90
8	2,223.25	3,300.00	1.48
9	2,625.80	3,300.00	1.26
10	3,050.97	3,300.00	1.08
11	3,493.68	3,300.00	0.94
12	3,867.55	3,300.00	0.85
13	4,257.99	3,300.00	0.78
14	4,688.76	3,300.00	0.70
15	5,259.70	3,300.00	0.63
16	5,882.92	3,300.00	0.56
Total	42,915.90	52,800.00	1.23

Source: Authors' Computations

Table 5 further confirms that benefit of the scheme outweighs its cost with a social benefit-cost ratio of 1.23:1. It should be noted that the burden of the higher cost is borne by the party that pays the higher premium of 10% which is the government or the employer as the case may be. The analysis above is a very

simplified form of CBA which does not take into consideration the time value of money. The simple net present value (NPV) of project development acceptance rule within the frame work of CBA is summarized in the equation below.

$$\text{Discounted Benefits} = B_1/(1+d) + B_2/(1+d)^2 + B_3/(1+d)^3 + \dots + B_n/(1+d)^n = \sum B_i/(1+d)^i \quad (4)$$

$$\text{Discounted Costs} = C_1/(1+d) + C_2/(1+d)^2 + C_3/(1+d)^3 + \dots + C_n/(1+d)^n = \sum C_i/(1+d)^i \quad (5)$$

where n = time profile of the scheme with domain $i = 1, 2, 3, \dots, n$

B_i = Monetary benefits to participants at time i

C_i = Monetary cost to participants based on their levels at time i

d = Discount rate

From the above, the benefit-cost ratio (BCR) is computed as follows:

$$\text{BCR} = \sum B_i/(1+d)^i / \sum C_i/(1+d)^i; i = 1, 2, 3, \dots, n \quad (6)$$

B_i = N3, 300 (Monetary benefits to participants)

d = 17.59 (Prime Lending Rates in the banking Industry)

C_i = Premium Paid based on each level

i = the respective periods or years

n = 30 years

The discounted benefit-cost ratios are presented in table 6 below.

TABLE 6: DISCOUNTED BENEFIT-COST RATIOS

Level	DPMC	DMBP	DMBP/DPMC
1	1,474	18,615	12.63
2	1,558	18,615	11.95
3	1,638	18,615	11.37
4	1,770	18,615	10.52
5	2,026	18,615	9.19
6	2,489	18,615	7.48
7	3,272	18,615	5.69
8	4,180	18,615	4.45
9	4,937	18,615	3.77
10	5,737	18,615	3.24
12	6,569	18,615	2.83
13	7,271	18,615	2.56
14	8,006	18,615	2.33
15	8,817	18,615	2.11
16	9,890	18,615	1.88
17	11,062	18,615	1.68
TDMBP/TMPMC	80,697	297,846	3.69

Source: Authors' Computations

DMBP = Discounted Monetary Benefits to Participants; DPMC = Discounted Personal Monetary Cost

Table 6 presents the discounted values of both benefit and cost with due consideration to the time value of money. The ratios computed are identical with the values computed earlier. Discounted values of social monetary benefit-cost ratios are presented in Table 7 below.

TABLE 7: DISCOUNTED VALUES OF MONETARY COSTS TO THE SOCIETY AND DISCOUNTED MONETARY BENEFITS TO PARTICIPANTS

Levels	DSMC	DMBP	DMBP/DSMC
1	4,420.74	18,615.40	4.21
2	4,674.49	18,615.40	3.98
3	4,913.82	18,615.40	3.79
4	5,308.68	18,615.40	3.51
5	6,076.89	18,615.40	3.06
6	7,465.76	18,615.40	2.49
7	9,815.58	18,615.40	1.90
8	12,541.44	18,615.40	1.48
9	14,812.23	18,615.40	1.26
10	17,210.64	18,615.40	1.08
12	19,707.94	18,615.40	0.94
13	21,816.98	18,615.40	0.85
14	24,019.45	18,615.40	0.78
15	26,449.42	18,615.40	0.70
16	29,670.11	18,615.40	0.63
17	33,185.75	18,615.40	0.56
TDMBP/TDSMC	242,089.91	297,846.44	1.23

Source: Authors' Computations

DSMC = Discounted Social Monetary Cost; DMBP = Discounted Monetary Benefits to Participants

TDMBP = Total Discounted Monetary Benefit to Participants; TDSMC = Total Discounted Social Monetary Costs

The computed ratios in tables 6 and 7, which are greater than 1 in both cases (3.69:1 and 1.23:1, respectively), reveal that the scheme will be beneficial over the period of 30 years. This means that the scheme is a viable and worthwhile project for the government to pursue.

To further establish the viability of the scheme, the Net Value (NV) and Net Present Value (NPV) respectively, were computed for both personal or individual participation and the social benefit.

NV = Benefit – Cost

Benefit to the Individual Benefit = N3,300 X 30 X 16 = 1,584,000

Cost to the Individual = N429,160.20

NV to the Individual = N1,584,000 – N429,160.20 = N1,154,839.80

Benefit to the Society = N3,300 X 30 X 16 = N15,840,000

Cost to the Society = N1,287,476.90

NV to the Society = N1,584,000 – N1,287,476.90 = N296,523.10

The high NV as obtained in both computations is a strong indication of the viability of the scheme on individual basis and for the entire nation.

$$NPV = \sum B_i / (1+d)^i - \sum C_i / (1+d)^i; i = 1, 2, 3, \dots, n$$

NPV to the Individual = N297,846.44 – N80,696.87 = N217,149.57

NPV to the Society = N297,846.44 – N242,089.91 = N55,756.53

The very high NPV in each case is another strong indication that the scheme is viable not just for the participants but also for the society and government.

CONCLUSION AND RECOMMENDATIONS

From the computation of the CBA, it is evident that the NHIS will prove very beneficial to the participants. This is assumed from the results of the analysis where in all cases, the ratios were positive and greater than one. Also, judging from the values of the benefit-cost ratios computed, it can be seen that low income earners will benefit more from the scheme since the ratio is highest for those in level one and decreases down the levels. By this scenario, there is a form of income redistribution; who earn more contribute more in terms of cost but enjoy the same monetary benefits as those who earn less. This is the basis of any successful health insurance policy.

Given that the NPVs computed over the 30 years period are all positive and very large, it means that the actuarial soundness of the scheme is assured since amount contributed remained positive over the period of estimation. The success of the scheme will then be determined by its proper implementation and prudent management of the funds generated for the scheme.

From the foregoing, it is evident that NHIS has and will continue to have positive impact on the nation and its people, particularly the poor and low income earners. This, by extension, will help promote the health, productivity, employment, income, purchasing power and overall national welfare (Measham, 1986). This is because investing in the health of the poor is economically efficient and politically acceptable strategy for reducing poverty and alleviating its consequences as World Development Report (1990) emphasizes and it is worthy to note that NHIS will not only benefit the poor, but everyone by spreading the cost of medical care on all classes of people in the country. Consequently, proper implementation is recommended as a pre-requisite for a successful national health insurance scheme.

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APPENDIX

HARMONISED SALARY STRUCTURE FOR LEVELS 1 TO 17

STEP	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL 7	LEVEL 8	LEVEL 9	LEVEL 10
1	4,500.00	4,577.08	4,642.92	4,875.08	5,556.58	6,828.83	9,158.42	11,915.50	14,044.83	16,534.75
2	4,603.50	4,712.41	4,809.25	5,074.91	5,788.75	7,111.83	9,507.25	12,330.67	14,539.16	17,078.33
3	4,707.00	4,847.74	4,975.58	5,274.74	6,020.92	7,394.83	9,856.08	12,745.84	15,033.49	17,621.91
4	4,810.50	4,983.07	5,141.91	5,474.57	6,253.09	7,677.83	10,204.71	13,161.01	15,527.82	18,165.49
5	4,914.00	5,118.40	5,308.24	5,674.40	6,485.26	7,960.83	10,553.74	13,576.18	16,022.15	18,709.07
6	5,017.50	5,253.73	5,474.57	5,874.23	6,717.43	8,443.83	10,902.57	13,991.35	16,516.48	19,252.65
7	5,121.00	5,389.06	5,640.90	6,074.06	6,949.60	8,526.83	11,251.40	14,406.52	17,010.81	19,796.23
8	5,224.50	5,524.39	5,807.23	6,273.89	7,181.77	8,809.83	11,600.23	14,821.69	17,505.14	20,339.81
9	5,328.00	5,659.72	5,973.56	6,473.72	7,413.94	9,092.83	11,949.06	15,236.86	17,999.47	20,883.39
10	5,431.50	5,795.05	6,139.98	6,673.55	7,646.11	9,375.83	12,297.89	15,652.03	18,493.80	21,426.97
11	5,535.00	5,930.38	6,306.22	6,873.38	7,878.28	9,658.83	12,646.72	16,067.20	18,988.13	21,970.55
12	5,638.50	6,065.71	6,472.55	7,073.21	8,110.45	9,941.83	12,995.55	16,482.37	19,482.46	22,514.33
13	5,742.00	6,201.04	6,638.88	7,273.04	8,342.62	10,224.83	13,344.38	16,897.54	19,979.79	23,057.71
14	5,845.50	6,336.37	6,805.21	7,472.87	8,574.79	10,507.83	13,693.21	17,312.71	20,471.12	23,601.29
15	5,949.00	6,471.70	6,971.54	7,672.70	8,806.96	10,790.83	14,042.04	17,727.88	20,965.45	24,144.87
TOTAL	78,367.50	82,865.85	87,108.54	94,108.35	107,726.55	132,347.45	174,003.25	222,325.35	262,580.10	305,097.35
AVERAGE	5,224.50	5,524.39	5,807.24	6,273.89	7,181.77	8,823.16	11,600.22	14,821.69	17,505.34	20,339.82

LEVEL 12	LEVEL 13	LEVEL 14	LEVEL 15	LEVEL 16	LEVEL 17
19,075.33	21,326.58	23,588.25	26,125.83	28,896.48	32,218.17
19,918.50	22,218.00	24,547.92	27,409.16	30,438.75	33,968.50
20,761.67	23,109.42	25,507.59	28,682.49	31,981.08	35,718.83
21,604.84	24,000.84	26,467.26	29,975.82	33,523.41	37,469.16
22,448.01	24,892.26	27,426.93	31,259.15	35,055.74	39,219.49
23,291.18	25,783.68	28,386.60	32,545.48	36,608.07	40,969.82
24,134.35	26,675.10	29,346.27	33,825.81	38,150.40	42,720.15
24,977.52	27,566.52	30,305.94	35,109.14	39,692.73	44,470.48
25,820.69	28,457.94	31,265.61	36,392.47	41,235.06	46,220.81
26,663.86	29,349.36	32,225.28	Na	na	na
27,507.03	30,240.78	33,184.95	na	na	na
na	na	na	na	na	na
na	na	na	na	na	na
na	na	na	na	na	na
na	na	na	na	na	na
256,202.98	283,620.48	312,252.60	281,325.35	315,581.72	352,975.41
23,291.18	25,783.68	28,386.60	31,258.37	35,064.64	39,219.49

na = not available

DISCOUNTED VALUES OF THE HARMONISED BASIC SALARY BASED ON PERSONAL PREMIUM

Year	r	$d = 1/(1 + (17.59/100))$	d^t	MBP	DMBP	MC L. 1	DMC L. 1	MC L. 2	DMC L. 2	MC L. 3	DMC L. 3
1	17.59	0.85041245	0.85041245	3,300	2806.36	261.23	222.15	276.22	234.90	290.36	246.93
2	17.59	0.85041245	0.723201335	3,300	2386.56	261.23	188.92	276.22	199.76	290.36	209.99
3	17.59	0.85041245	0.615019419	3,300	2029.56	261.23	160.66	276.22	169.88	290.36	178.58
4	17.59	0.85041245	0.523020171	3,300	1725.97	261.23	136.63	276.22	144.47	290.36	151.86
5	17.59	0.85041245	0.444782865	3,300	1467.78	261.23	116.19	276.22	122.86	290.36	129.15
6	17.59	0.85041245	0.378248886	3,300	1248.22	261.23	98.81	276.22	104.48	290.36	109.83
7	17.59	0.85041245	0.321667562	3,300	1061.50	261.23	84.03	276.22	88.85	290.36	93.40
8	17.59	0.85041245	0.273550099	3,300	902.72	261.23	71.46	276.22	75.56	290.36	79.43
9	17.59	0.85041245	0.23263041	3,300	767.68	261.23	60.77	276.22	64.26	290.36	67.55
10	17.59	0.85041245	0.197831797	3,300	652.84	261.23	51.68	276.22	54.65	290.36	57.44
11	17.59	0.85041245	0.168238623	3,300	555.19	261.23	43.95	276.22	46.47	290.36	48.85
12	17.59	0.85041245	0.14307222	3,300	472.14	261.23	37.37	276.22	39.52	290.36	41.54
13	17.59	0.85041245	0.121670397	3,300	401.51	261.23	31.78	276.22	33.61	290.36	35.33
14	17.59	0.85041245	0.10347002	3,300	341.45	261.23	27.03	276.22	28.58	290.36	30.04
15	17.59	0.85041245	0.087992194	3,300	290.37	261.23	22.99	276.22	24.31	290.36	25.55
16	17.59	0.85041245	0.074829657	3,300	246.94	261.23	19.55	276.22	20.67	290.36	21.73
17	17.59	0.85041245	0.063636072	3,300	210.00	261.23	16.62	276.22	17.58	290.36	18.48
18	17.59	0.85041245	0.054116908	3,300	178.59	261.23	14.14	276.22	14.95	290.36	15.71
19	17.59	0.85041245	0.046021692	3,300	151.87	261.23	12.02	276.22	12.71	290.36	13.36
20	17.59	0.85041245	0.03913742	3,300	129.15	261.23	10.22	276.22	10.81	290.36	11.36
21	17.59	0.85041245	0.033282949	3,300	109.83	261.23	8.69	276.22	9.19	290.36	9.66
22	17.59	0.85041245	0.028304234	3,300	93.40	261.23	7.39	276.22	7.82	290.36	8.22
23	17.59	0.85041245	0.024070273	3,300	79.43	261.23	6.29	276.22	6.65	290.36	6.99
24	17.59	0.85041245	0.02046966	3,300	67.55	261.23	5.35	276.22	5.65	290.36	5.94
25	17.59	0.85041245	0.017407654	3,300	57.45	261.23	4.55	276.22	4.81	290.36	5.05
26	17.59	0.85041245	0.014803686	3,300	48.85	261.23	3.87	276.22	4.09	290.36	4.30
27	17.59	0.85041245	0.012589238	3,300	41.54	261.23	3.29	276.22	3.48	290.36	3.66
28	17.59	0.85041245	0.010706045	3,300	35.33	261.23	2.80	276.22	2.96	290.36	3.11
29	17.59	0.85041245	0.009104554	3,300	30.05	261.23	2.38	276.22	2.51	290.36	2.64
30	17.59	0.85041245	0.007742626	3,300	25.55	261.23	2.02	276.22	2.14	290.36	2.25
TOTAL				99,000	18,615	7,837	1,474	8,287	1,558	8,711	1,638

MC L. 4	DMC L. 4	MC L. 5	DMC L. 5	MC L. 6	DMC L. 6	MC L. 7	DMC L. 7	MC L. 8	DMC L. 8	MC L. 9	DMC L. 9	MC L.10	DMC L.10
313.69	266.77	359.09	305.37	441.16	375.17	580.01	493.25	741.08	630.22	875.28	744.35	1,016.99	864.86
313.69	226.86	359.09	259.69	441.16	319.05	580.01	419.46	741.08	535.95	875.28	633.00	1,016.99	735.49
313.69	192.93	359.09	220.85	441.16	271.32	580.01	356.72	741.08	455.78	875.28	538.31	1,016.99	625.47
313.69	164.07	359.09	187.81	441.16	230.74	580.01	303.36	741.08	387.60	875.28	457.79	1,016.99	531.91
313.69	139.52	359.09	159.72	441.16	196.22	580.01	257.98	741.08	329.62	875.28	389.31	1,016.99	452.34
313.69	118.65	359.09	135.83	441.16	166.87	580.01	219.39	741.08	280.31	875.28	331.07	1,016.99	384.68
313.69	100.90	359.09	115.51	441.16	141.91	580.01	186.57	741.08	238.38	875.28	281.55	1,016.99	327.13
313.69	85.81	359.09	98.23	441.16	120.68	580.01	158.66	741.08	202.72	875.28	239.43	1,016.99	278.20
313.69	72.97	359.09	83.54	441.16	102.63	580.01	134.93	741.08	172.40	875.28	203.62	1,016.99	236.58
313.69	62.06	359.09	71.04	441.16	87.28	580.01	114.74	741.08	146.61	875.28	173.16	1,016.99	201.19
313.69	52.77	359.09	60.41	441.16	74.22	580.01	97.58	741.08	124.68	875.28	147.26	1,016.99	171.10
313.69	44.88	359.09	51.38	441.16	63.12	580.01	82.98	741.08	106.03	875.28	125.23	1,016.99	145.50
313.69	38.17	359.09	43.69	441.16	53.68	580.01	70.57	741.08	90.17	875.28	106.50	1,016.99	123.74
313.69	32.46	359.09	37.16	441.16	45.65	580.01	60.01	741.08	76.68	875.28	90.57	1,016.99	105.23
313.69	27.60	359.09	31.60	441.16	38.82	580.01	51.04	741.08	65.21	875.28	77.02	1,016.99	89.49
313.69	23.47	359.09	26.87	441.16	33.01	580.01	43.40	741.08	55.45	875.28	65.50	1,016.99	76.10
313.69	19.96	359.09	22.85	441.16	28.07	580.01	36.91	741.08	47.16	875.28	55.70	1,016.99	64.72
313.69	16.98	359.09	19.43	441.16	23.87	580.01	31.39	741.08	40.10	875.28	47.37	1,016.99	55.04
313.69	14.44	359.09	16.53	441.16	20.30	580.01	26.69	741.08	34.11	875.28	40.28	1,016.99	46.80
313.69	12.28	359.09	14.05	441.16	17.27	580.01	22.70	741.08	29.00	875.28	34.26	1,016.99	39.80
313.69	10.44	359.09	11.95	441.16	14.68	580.01	19.30	741.08	24.67	875.28	29.13	1,016.99	33.85
313.69	8.88	359.09	10.16	441.16	12.49	580.01	16.42	741.08	20.98	875.28	24.77	1,016.99	28.79
313.69	7.55	359.09	8.64	441.16	10.62	580.01	13.96	741.08	17.84	875.28	21.07	1,016.99	24.48
313.69	6.42	359.09	7.35	441.16	9.03	580.01	11.87	741.08	15.17	875.28	17.92	1,016.99	20.82
313.69	5.46	359.09	6.25	441.16	7.68	580.01	10.10	741.08	12.90	875.28	15.24	1,016.99	17.70
313.69	4.64	359.09	5.32	441.16	6.53	580.01	8.59	741.08	10.97	875.28	12.96	1,016.99	15.06
313.69	3.95	359.09	4.52	441.16	5.55	580.01	7.30	741.08	9.33	875.28	11.02	1,016.99	12.80
313.69	3.36	359.09	3.84	441.16	4.72	580.01	6.21	741.08	7.93	875.28	9.37	1,016.99	10.89
313.69	2.86	359.09	3.27	441.16	4.02	580.01	5.28	741.08	6.75	875.28	7.97	1,016.99	9.26
313.69	2.43	359.09	2.78	441.16	3.42	580.01	4.49	741.08	5.74	875.28	6.78	1,016.99	7.87
9,411	1,770	10,773	2,026	13,235	2,489	17,400	3,272	22,232	4,180	26,258	4,937	30,510	5,737

MC L.12	DMC L.12	MC L.13	DMC L.13	MC L.14	DMC L.14	MC L.15	DMC L.15	MC L.16	DMC L.16	MC L.17	DMC L.17	TMC	DTMC
1,164.56	990.36	1,289.00	1,096.18	1,419.33	1,207.02	1,562.97	1,329.17	1,753.23	1,490.97	1,960.97	1,667.63	14,305.34	12,165.44
1,164.56	842.21	1,289.00	932.21	1,419.33	1,026.46	1,562.97	1,130.34	1,753.23	1,267.94	1,960.97	1,418.18	14,305.34	10,345.64
1,164.56	716.23	1,289.00	792.76	1,419.33	872.92	1,562.97	961.26	1,753.23	1,078.27	1,960.97	1,206.03	14,305.34	8,798.06
1,164.56	609.09	1,289.00	674.17	1,419.33	742.34	1,562.97	817.46	1,753.23	916.97	1,960.97	1,025.63	14,305.34	7,481.98
1,164.56	517.98	1,289.00	573.33	1,419.33	631.29	1,562.97	695.18	1,753.23	779.81	1,960.97	872.21	14,305.34	6,362.77
1,164.56	440.49	1,289.00	487.56	1,419.33	536.86	1,562.97	591.19	1,753.23	663.16	1,960.97	741.73	14,305.34	5,410.98
1,164.56	374.60	1,289.00	414.63	1,419.33	456.55	1,562.97	502.76	1,753.23	563.96	1,960.97	630.78	14,305.34	4,601.56
1,164.56	318.57	1,289.00	352.61	1,419.33	388.26	1,562.97	427.55	1,753.23	479.60	1,960.97	536.42	14,305.34	3,913.23
1,164.56	270.91	1,289.00	299.86	1,419.33	330.18	1,562.97	363.59	1,753.23	407.85	1,960.97	456.18	14,305.34	3,327.86
1,164.56	230.39	1,289.00	255.01	1,419.33	280.79	1,562.97	309.21	1,753.23	346.84	1,960.97	387.94	14,305.34	2,830.05
1,164.56	195.92	1,289.00	216.86	1,419.33	238.79	1,562.97	262.95	1,753.23	294.96	1,960.97	329.91	14,305.34	2,406.71
1,164.56	166.62	1,289.00	184.42	1,419.33	203.07	1,562.97	223.62	1,753.23	250.84	1,960.97	280.56	14,305.34	2,046.70
1,164.56	141.69	1,289.00	156.83	1,419.33	172.69	1,562.97	190.17	1,753.23	213.32	1,960.97	238.59	14,305.34	1,740.54
1,164.56	120.50	1,289.00	133.37	1,419.33	146.86	1,562.97	161.72	1,753.23	181.41	1,960.97	202.90	14,305.34	1,480.17
1,164.56	102.47	1,289.00	113.42	1,419.33	124.89	1,562.97	137.53	1,753.23	154.27	1,960.97	172.55	14,305.34	1,258.76
1,164.56	87.14	1,289.00	96.46	1,419.33	106.21	1,562.97	116.96	1,753.23	131.19	1,960.97	146.74	14,305.34	1,070.46
1,164.56	74.11	1,289.00	82.03	1,419.33	90.32	1,562.97	99.46	1,753.23	111.57	1,960.97	124.79	14,305.34	910.34
1,164.56	63.02	1,289.00	69.76	1,419.33	76.81	1,562.97	84.58	1,753.23	94.88	1,960.97	106.12	14,305.34	774.16
1,164.56	53.60	1,289.00	59.32	1,419.33	65.32	1,562.97	71.93	1,753.23	80.69	1,960.97	90.25	14,305.34	658.36
1,164.56	45.58	1,289.00	50.45	1,419.33	55.55	1,562.97	61.17	1,753.23	68.62	1,960.97	76.75	14,305.34	559.87
1,164.56	38.76	1,289.00	42.90	1,419.33	47.24	1,562.97	52.02	1,753.23	58.35	1,960.97	65.27	14,305.34	476.12
1,164.56	32.96	1,289.00	36.48	1,419.33	40.17	1,562.97	44.24	1,753.23	49.62	1,960.97	55.50	14,305.34	404.90
1,164.56	28.03	1,289.00	31.03	1,419.33	34.16	1,562.97	37.62	1,753.23	42.20	1,960.97	47.20	14,305.34	344.33
1,164.56	23.84	1,289.00	26.39	1,419.33	29.05	1,562.97	31.99	1,753.23	35.89	1,960.97	40.14	14,305.34	292.83
1,164.56	20.27	1,289.00	22.44	1,419.33	24.71	1,562.97	27.21	1,753.23	30.52	1,960.97	34.14	14,305.34	249.02
1,164.56	17.24	1,289.00	19.08	1,419.33	21.01	1,562.97	23.14	1,753.23	25.95	1,960.97	29.03	14,305.34	211.77
1,164.56	14.66	1,289.00	16.23	1,419.33	17.87	1,562.97	19.68	1,753.23	22.07	1,960.97	24.69	14,305.34	180.09
1,164.56	12.47	1,289.00	13.80	1,419.33	15.20	1,562.97	16.73	1,753.23	18.77	1,960.97	20.99	14,305.34	153.15
1,164.56	10.60	1,289.00	11.74	1,419.33	12.92	1,562.97	14.23	1,753.23	15.96	1,960.97	17.85	14,305.34	130.24
1,164.56	9.02	1,289.00	9.98	1,419.33	10.99	1,562.97	12.10	1,753.23	13.57	1,960.97	15.18	14,305.34	110.76
34,937	6,569	38,670	7,271	42,580	8,006	46,889	8,817	52,597	9,890	58,829	11,062	429,160	80,697

DISCOUNTED VALUES OF THE HARMONISED BASIC SALARY BASED ON SOCIAL PREMIUM

Year	r	d = 1/(1 + (17.59/100))	d'	MBP	DMBP	SMC L1	DSMC L1	SMC L. 2	DSMC L. 2	SMC L. 3	DSMC L. 3	SMC L. 4	DSMC L. 4
1	17.59	0.85041245	0.850412	3300	2806.36	783.68	666.45	828.66	704.70	871.09	740.78	941.08	800.31
2	17.59	0.85041245	0.723201	3300	2386.56	783.68	566.76	828.66	599.29	871.09	629.97	941.08	680.59
3	17.59	0.85041245	0.615019	3300	2029.56	783.68	481.98	828.66	509.64	871.09	535.73	941.08	578.78
4	17.59	0.85041245	0.52302	3300	1725.97	783.68	409.88	828.66	433.41	871.09	455.60	941.08	492.21
5	17.59	0.85041245	0.444783	3300	1467.78	783.68	348.57	828.66	368.57	871.09	387.44	941.08	418.58
6	17.59	0.85041245	0.378249	3300	1248.22	783.68	296.43	828.66	313.44	871.09	329.49	941.08	355.96
7	17.59	0.85041245	0.321668	3300	1061.50	783.68	252.08	828.66	266.55	871.09	280.20	941.08	302.72
8	17.59	0.85041245	0.27355	3300	902.72	783.68	214.38	828.66	226.68	871.09	238.29	941.08	257.43
9	17.59	0.85041245	0.23263	3300	767.68	783.68	182.31	828.66	192.77	871.09	202.64	941.08	218.92
10	17.59	0.85041245	0.197832	3300	652.84	783.68	155.04	828.66	163.94	871.09	172.33	941.08	186.18
11	17.59	0.85041245	0.168239	3300	555.19	783.68	131.85	828.66	139.41	871.09	146.55	941.08	158.33
12	17.59	0.85041245	0.143072	3300	472.14	783.68	112.12	828.66	118.56	871.09	124.63	941.08	134.64
13	17.59	0.85041245	0.12167	3300	401.51	783.68	95.35	828.66	100.82	871.09	105.99	941.08	114.50
14	17.59	0.85041245	0.10347	3300	341.45	783.68	81.09	828.66	85.74	871.09	90.13	941.08	97.37
15	17.59	0.85041245	0.087992	3300	290.37	783.68	68.96	828.66	72.92	871.09	76.65	941.08	82.81
16	17.59	0.85041245	0.07483	3300	246.94	783.68	58.64	828.66	62.01	871.09	65.18	941.08	70.42
17	17.59	0.85041245	0.063636	3300	210.00	783.68	49.87	828.66	52.73	871.09	55.43	941.08	59.89
18	17.59	0.85041245	0.054117	3300	178.59	783.68	42.41	828.66	44.84	871.09	47.14	941.08	50.93
19	17.59	0.85041245	0.046022	3300	151.87	783.68	36.07	828.66	38.14	871.09	40.09	941.08	43.31
20	17.59	0.85041245	0.039137	3300	129.15	783.68	30.67	828.66	32.43	871.09	34.09	941.08	36.83
21	17.59	0.85041245	0.033283	3300	109.83	783.68	26.08	828.66	27.58	871.09	28.99	941.08	31.32
22	17.59	0.85041245	0.028304	3300	93.40	783.68	22.18	828.66	23.45	871.09	24.66	941.08	26.64
23	17.59	0.85041245	0.02407	3300	79.43	783.68	18.86	828.66	19.95	871.09	20.97	941.08	22.65
24	17.59	0.85041245	0.02047	3300	67.55	783.68	16.04	828.66	16.96	871.09	17.83	941.08	19.26
25	17.59	0.85041245	0.017408	3300	57.45	783.68	13.64	828.66	14.43	871.09	15.16	941.08	16.38
26	17.59	0.85041245	0.014804	3300	48.85	783.68	11.60	828.66	12.27	871.09	12.90	941.08	13.93
27	17.59	0.85041245	0.012589	3300	41.54	783.68	9.87	828.66	10.43	871.09	10.97	941.08	11.85
28	17.59	0.85041245	0.010706	3300	35.33	783.68	8.39	828.66	8.87	871.09	9.33	941.08	10.08
29	17.59	0.85041245	0.009105	3300	30.05	783.68	7.14	828.66	7.54	871.09	7.93	941.08	8.57
30	17.59	0.85041245	0.007743	3300	25.55	783.68	6.07	828.66	6.42	871.09	6.74	941.08	7.29
TOTAL				99000	18615.40	23510.40	4420.76	24859.76	4674.49	26132.56	4913.82	28232.51	5308.68

SMC L. 5	DSMC L. 5	SMC L. 6	DSMC L. 6	SMC L. 7	DSMC L. 7	SMC L. 8	DSMC L. 8	SMC L. 9	DSMC L. 9	SMC L. 10	DSMC L. 10	SMC L. 12	DSMC L. 12
1077.27	916.12	1323.47	1125.50	1740.03	1479.75	2223.25	1890.68	2625.80	2233.01	3050.97	2594.59	3493.68	2971.07
1077.27	779.08	1323.47	957.14	1740.03	1258.39	2223.25	1607.86	2625.80	1898.98	3050.97	2206.47	3493.68	2526.63
1077.27	662.54	1323.47	813.96	1740.03	1070.15	2223.25	1367.34	2625.80	1614.92	3050.97	1876.41	3493.68	2148.68
1077.27	563.43	1323.47	692.20	1740.03	910.07	2223.25	1162.81	2625.80	1373.35	3050.97	1595.72	3493.68	1827.26
1077.27	479.15	1323.47	588.66	1740.03	773.94	2223.25	988.87	2625.80	1167.91	3050.97	1357.02	3493.68	1553.93
1077.27	407.47	1323.47	500.60	1740.03	658.17	2223.25	840.94	2625.80	993.21	3050.97	1154.03	3493.68	1321.48
1077.27	346.52	1323.47	425.72	1740.03	559.71	2223.25	715.15	2625.80	844.64	3050.97	981.40	3493.68	1123.80
1077.27	294.69	1323.47	362.04	1740.03	475.99	2223.25	608.17	2625.80	718.29	3050.97	834.59	3493.68	955.70
1077.27	250.60	1323.47	307.88	1740.03	404.78	2223.25	517.20	2625.80	610.84	3050.97	709.75	3493.68	812.74
1077.27	213.12	1323.47	261.83	1740.03	344.23	2223.25	439.83	2625.80	519.47	3050.97	603.58	3493.68	691.16
1077.27	181.24	1323.47	222.66	1740.03	292.74	2223.25	374.04	2625.80	441.76	3050.97	513.29	3493.68	587.77
1077.27	154.13	1323.47	189.35	1740.03	248.95	2223.25	318.09	2625.80	375.68	3050.97	436.51	3493.68	499.85
1077.27	131.07	1323.47	161.03	1740.03	211.71	2223.25	270.50	2625.80	319.48	3050.97	371.21	3493.68	425.08
1077.27	111.46	1323.47	136.94	1740.03	180.04	2223.25	230.04	2625.80	271.69	3050.97	315.68	3493.68	361.49
1077.27	94.79	1323.47	116.46	1740.03	153.11	2223.25	195.63	2625.80	231.05	3050.97	268.46	3493.68	307.42
1077.27	80.61	1323.47	99.04	1740.03	130.21	2223.25	166.37	2625.80	196.49	3050.97	228.30	3493.68	261.43
1077.27	68.55	1323.47	84.22	1740.03	110.73	2223.25	141.48	2625.80	167.10	3050.97	194.15	3493.68	222.32
1077.27	58.30	1323.47	71.62	1740.03	94.17	2223.25	120.32	2625.80	142.10	3050.97	165.11	3493.68	189.07
1077.27	49.58	1323.47	60.91	1740.03	80.08	2223.25	102.32	2625.80	120.84	3050.97	140.41	3493.68	160.78
1077.27	42.16	1323.47	51.80	1740.03	68.10	2223.25	87.01	2625.80	102.77	3050.97	119.41	3493.68	136.73
1077.27	35.85	1323.47	44.05	1740.03	57.91	2223.25	74.00	2625.80	87.39	3050.97	101.55	3493.68	116.28
1077.27	30.49	1323.47	37.46	1740.03	49.25	2223.25	62.93	2625.80	74.32	3050.97	86.36	3493.68	98.89
1077.27	25.93	1323.47	31.86	1740.03	41.88	2223.25	53.51	2625.80	63.20	3050.97	73.44	3493.68	84.09
1077.27	22.05	1323.47	27.09	1740.03	35.62	2223.25	45.51	2625.80	53.75	3050.97	62.45	3493.68	71.51
1077.27	18.75	1323.47	23.04	1740.03	30.29	2223.25	38.70	2625.80	45.71	3050.97	53.11	3493.68	60.82
1077.27	15.95	1323.47	19.59	1740.03	25.76	2223.25	32.91	2625.80	38.87	3050.97	45.17	3493.68	51.72
1077.27	13.56	1323.47	16.66	1740.03	21.91	2223.25	27.99	2625.80	33.06	3050.97	38.41	3493.68	43.98
1077.27	11.53	1323.47	14.17	1740.03	18.63	2223.25	23.80	2625.80	28.11	3050.97	32.66	3493.68	37.40
1077.27	9.81	1323.47	12.05	1740.03	15.84	2223.25	20.24	2625.80	23.91	3050.97	27.78	3493.68	31.81
1077.27	8.34	1323.47	10.25	1740.03	13.47	2223.25	17.21	2625.80	20.33	3050.97	23.62	3493.68	27.05
32317.97	6076.89	39704.24	7465.76	52200.98	9815.58	66697.61	12541.44	78774.03	14812.23	91529.20	17210.64	104810.31	19707.94

SMC L. 13	DSMC L.13	SMC L. 14	DSMC L 14	SMC L.15	DSMC L 15	SMC L.16	DSMC L.16	SMC L.17	DSMC L.17	TSMC	DTSMC
3867.55	3289.01	4257.99	3621.05	4688.76	3987.38	5259.70	4472.91	5882.92	5002.91	42915.90	36496.21
3867.55	2797.02	4257.99	3079.38	4688.76	3390.91	5259.70	3803.82	5882.92	4254.54	42915.90	31036.83
3867.55	2378.62	4257.99	2618.75	4688.76	2883.68	5259.70	3234.81	5882.92	3618.11	42915.90	26394.11
3867.55	2022.81	4257.99	2227.01	4688.76	2452.31	5259.70	2750.93	5882.92	3076.89	42915.90	22445.88
3867.55	1720.22	4257.99	1893.88	4688.76	2085.48	5259.70	2339.42	5882.92	2616.62	42915.90	19088.26
3867.55	1462.90	4257.99	1610.58	4688.76	1773.52	5259.70	1989.47	5882.92	2225.21	42915.90	16232.89
3867.55	1244.07	4257.99	1369.66	4688.76	1508.22	5259.70	1691.87	5882.92	1892.35	42915.90	13804.65
3867.55	1057.97	4257.99	1164.77	4688.76	1282.61	5259.70	1438.79	5882.92	1609.27	42915.90	11739.65
3867.55	899.71	4257.99	990.54	4688.76	1090.75	5259.70	1223.57	5882.92	1368.55	42915.90	9983.54
3867.55	765.12	4257.99	842.37	4688.76	927.58	5259.70	1040.53	5882.92	1163.83	42915.90	8490.13
3867.55	650.67	4257.99	716.36	4688.76	788.83	5259.70	884.88	5882.92	989.73	42915.90	7220.11
3867.55	553.34	4257.99	609.20	4688.76	670.83	5259.70	752.52	5882.92	841.68	42915.90	6140.07
3867.55	470.57	4257.99	518.07	4688.76	570.48	5259.70	639.95	5882.92	715.78	42915.90	5221.59
3867.55	400.18	4257.99	440.57	4688.76	485.15	5259.70	544.22	5882.92	608.71	42915.90	4440.51
3867.55	340.31	4257.99	374.67	4688.76	412.57	5259.70	462.81	5882.92	517.65	42915.90	3776.26
3867.55	289.41	4257.99	318.62	4688.76	350.86	5259.70	393.58	5882.92	440.22	42915.90	3211.38
3867.55	246.12	4257.99	270.96	4688.76	298.37	5259.70	334.71	5882.92	374.37	42915.90	2731.00
3867.55	209.30	4257.99	230.43	4688.76	253.74	5259.70	284.64	5882.92	318.37	42915.90	2322.48
3867.55	177.99	4257.99	195.96	4688.76	215.78	5259.70	242.06	5882.92	270.74	42915.90	1975.06
3867.55	151.37	4257.99	166.65	4688.76	183.51	5259.70	205.85	5882.92	230.24	42915.90	1679.62
3867.55	128.72	4257.99	141.72	4688.76	156.06	5259.70	175.06	5882.92	195.80	42915.90	1428.37
3867.55	109.47	4257.99	120.52	4688.76	132.71	5259.70	148.87	5882.92	166.51	42915.90	1214.70
3867.55	93.09	4257.99	102.49	4688.76	112.86	5259.70	126.60	5882.92	141.60	42915.90	1033.00
3867.55	79.17	4257.99	87.16	4688.76	95.98	5259.70	107.66	5882.92	120.42	42915.90	878.47
3867.55	67.33	4257.99	74.12	4688.76	81.62	5259.70	91.56	5882.92	102.41	42915.90	747.07
3867.55	57.25	4257.99	63.03	4688.76	69.41	5259.70	77.86	5882.92	87.09	42915.90	635.31
3867.55	48.69	4257.99	53.60	4688.76	59.03	5259.70	66.22	5882.92	74.06	42915.90	540.28
3867.55	41.41	4257.99	45.59	4688.76	50.20	5259.70	56.31	5882.92	62.98	42915.90	459.46
3867.55	35.21	4257.99	38.77	4688.76	42.69	5259.70	47.89	5882.92	53.56	42915.90	390.73
3867.55	29.95	4257.99	32.97	4688.76	36.30	5259.70	40.72	5882.92	45.55	42915.90	332.28
116026.56	21816.98	127739.70	24019.45	140662.68	26449.42	157790.86	29670.11	176487.71	33185.75	1287476.90	242089.91

Note: All discounted values are computed by the authors based on the harmonised basic salary and personal and social premium.

EXAMINING THE EFFECT OF MOTIVATION STRATEGIES ON PERCEIVED EMPLOYEE BEHAVIOR: EVIDENCE FROM PUBLIC ORGANIZATIONS IN AMHARA REGIONAL STATE

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ABSTRACT

Employee motivation is a key to enhance their productivity. Motivational factors that affect workers' productivity have long been a sensitive and debatable issue among scholars in the field of human resource management. Hence this study aims to look in to the causal linkage between motivational factors and perceived employee behavior in three public organizations (Bureau of Education, Health and Agriculture) in Amhara Regional State. The study employed mixed method (QUAN-qual) to obtain statistical, quantitative results from a sample of 48 respondents and then explain the result in more depth based on interview made with selected managers in the organizations under study. The central theme of the research revolves around guiding research questions; what are the motivational schemes public organizations provide their employees? Which type of motivation scheme has greater positive impact on employee performance? And what are the attitudes of employees towards the motivational schemes and approaches used by public organizations? Following these basic research questions quantitative and qualitative data were gathered and analyzed using correlation, descriptive mean, and percentage computed by the help of Statistical Package for Social Science (SPSS). The result shows that both extrinsic and intrinsic motivational factors were found to have strong positive effect on perceived employee (employee willingness to voluntarily engage in citizenship behavior). More over it is also evident that extrinsic and extrinsic motivational factors are found to have negative effect on employee neglect of their responsibility and intent to quit the organization.

KEYWORDS

Employee perceived behavior, intent to quit, Motivation strategies, neglect of responsibility, and Public Organizations.

1. INTRODUCTION

As scholars in the field of Human Resource management reveal motivational factors that affect workers' productivity have long been a sensitive issue to managers and employers. Over decades, various motivational theories have been considered, with the idea that through increasing job motivation or job satisfaction, employee productivity might also be increased. The existence and success of any organization is highly dependent on its effective and efficient utilization of the material, financial and human resources. Among these, human resource is the most critical and delicate part of the discipline of management practice. Because of the special importance it has on the success and productivity of the organization, human resources need to be given special attention and treatment. It should be noted that people work in organizations to satisfy their personal needs much in the same way that organizations exist to achieve specified goals. No organization can achieve the desired level of performance without an efficient workforce. It is only a satisfied employee, whose needs are being met within the organization, who will work satisfactorily. In the absence of favorable work environment and attractive motivational schemes employees would exhibit such behaviors like neglect of responsibility, reduced commitment to organizational interest, high level of intention to quit (turn over) and reduce organizational citizenship behavior which are normally counterproductive to organizational performance.

2. LITERATURE REVIEW

Currently Motivation of employees in public organizations is very crucial and sensitive issue among practitioners and, scholars in the field. Different arrays of literature also reveal that improving the quality and performance of public sector employees is about improving organizational performance. Although employees' ability plays a crucial role in determining their work performance, so does their job motivation since motivated employees feel good about their jobs and work harder towards attaining organization goals. The ability to manipulate job motivation, job satisfaction, and job performance for the purpose of increasing public sector goals and outcomes has been reflected in theories of motivation and job satisfaction as evidenced by the historical work of Amabile, T.M. (1993). As Burgess, S. and Ratto, M.L. (2003) argue, the issue of motivation for public sector employees is not the representative of that of the general labor force in non government and profit making organizations.

Perry (1996) has criticized the shortcomings of traditional motivation theories when applied to public and nonprofit organizations. Rainey (1982), who made an examination on the differences in motivations between public and private sector employees, revealed that employees in public organizations have more interest in altruistic or ideological goals. Despite increased attention to the study of public service motivation, scholars have focused almost entirely on developed countries. There is little study conducted on public service motivation in developing countries like Ethiopia. Social and cultural differences raise questions about how generalizable the motivation in public organization is.

Managers knowing that humans have got complicated psychological makeup must use different skills and strategies in managing employees for the survival and better performance of their organizations. This involves an exact determination of the basic motives in work place. Among other things the strength and direction (motivation) of behavior determines the quality and quantity of a person's performance. Therefore, motivation has been indicated as one of the key factors on workers' performance and an important area in human resource management to be focused on. To put it differently, this chapter includes an exploration not only of the concept motivation, but also of leading theories of motivation. Although no single theory provides an adequate explanation and predication of human motivation with regard to job satisfaction, different motivational theories that have been formulated over the years, are classified and explained.

2.1. EXTRINSIC AND INTRINSIC MOTIVATION

This type of motivation is induced by external factors which are primarily financial in nature. Some of them include higher pay fringe benefits like retirement plans, health and medical insurance, maternity leave, paid vacation and so forth. Extrinsic motivation emphasizes physical rewards like payment, good work environments and job security (Perry, J.L., 1996).

Intrinsic motivation is concerned with the state of self actualization in which the satisfaction of accomplishing something worthwhile motivates employees further. These are primarily non-financial rewards. Some of them are praise, recognition, responsibility and so on. Intrinsic motivation centers on psychological rewards, such as a sense of challenge and achievement, receiving appreciation and positive recognition (Burgess, S. and Ratto, M.L., 2003)

Herzberg's Intrinsic and extrinsic factors are fundamental ground for these motivation strategies. This theory was developed by psychologist Frederick Herzberg. He argues that potential rewards fit into two categories: hygiene factors and motivators, each having distinctly different implications for employee motivation. Hygiene factors are largely associated with the work environment while motivators are mainly related to the content of the job itself. Motivators are intrinsic factors directly related to the doing of a job such as the nature of the work itself, responsibility, personal growth, and the sense of achievement and recognition directly received by performing the work. While hygiene factors are extrinsic factors associated with conditions surrounding the job such as supervision, relationships with co-workers, working conditions, and organization policies and practices related to benefits and compensation. The theory

predicts that the intrinsic factors work only in the direction of increasing satisfaction and the extrinsic factors work only in the direction of decreasing dissatisfaction (Herzberg, F. (1968)

The two-factor theory proved an immediate hit with managers because it contains a relatively simple message: if managers want to motivate employees, they should focus on improving how the job is structured, what they do so that employees obtain positive job satisfaction. Simply taking care of the hygiene factors can prevent dissatisfaction but will have no effect on positive motivation (Houston, D.J. 2000).

The first groups of needs identified by Herzberg are related to the content of the job (job factors): The opportunity to accomplish something significant; recognition for significant accomplishments; chance for advancement; opportunity to grow and develop on the job; and the chance for increased responsibility. Herzberg called these factors the motivators or satisfiers since they appear to be effective in motivating employees to superior performance (Perry, J.L. 1996). The second set of needs identified by Herzberg includes those that relate to the conditions and environment in which work is done (work-centered): fair company policies and administration; supervisor who knows the work; good relationship with one's supervisor; good relationship with one's co-employees; fair pay; job security; and good working conditions. In contradiction to Maslow, Herzberg felt that individuals' lower-order needs are actually serviced by hygiene factors while motivators take care of the higher-order needs such as self-esteem and actualization.

2.2. THE ROLE OF MOTIVATION ON EMPLOYEE BEHAVIOR

The main objective of this section is to review literature regarding the relationships between the motivation strategies and perceived employee behavior. In this study two categories of organizational motivation strategies are considered: intrinsic and extrinsic. To begin with, managers and organizational researchers cannot avoid a concern with the behavioral requirements of an organization (Morrison, 1997). On top of this (Robinson, S. L. 1996) argues that, organizations have three behavioral requirements : (1) people must be attracted not only to join the organization but also to remain in it, (2) people must perform the tasks for which they are hired, and must do so in a dependable manner, this is to indicate that workers in the organization are required not to neglect their responsibility, (3) people must go beyond this dependable role performance and engage in some form of innovative behavior at work. In other words, for an organization to be effective it must come to grips with the motivational problems of stimulating both the decision to participate and the decision to produce at work (Perry, J.L. 1996).

While the concept of motivation have been frequently discussed in theoretical terms by different scholars in the field organizational behavior, empirical study on the effect of motivation strategies on employee perceived behavior is fairly recent. Prior studies have demonstrated that poor motivation practices are relatively common and those limitations in employee motivations are associated with a variety of negative employee behavior (Steers, R.M., Porter, L.W. 1996). Negative employee behavior is reflected in employee reduced job satisfaction, reduced organizational trust, increased turnover, decreased feelings of obligation to one's employer, reduced willingness to participate in organizational citizenship behaviors, and decreased work performance (Robinson and Morrison, 1995). Even though researchers have documented the direct impacts of poor motivation practice on employee behaviors, the processes through which it influence employee behaviors has received little empirical attention. Robinson (1996) explicitly indicated in her study that trust and unmet expectations as potential mediators of the relation-ships between poor motivation practice and employees' subsequent behavior in their organizations.

3. IMPORTANCE OF THE STUDY

This study provided the opportunity to review and reflect on the implementation of employee motivation strategies and their effect on perceived employee behavior. It is expected that this study will benefit the leaders in the organizations under study by providing an examination of the impact of the various motivation approaches on the consequent employee behavior that would in turn help to improve their strategies to retain qualified manpower. It is also expected that this study of motivation strategies will make a contribution to the knowledge Human Resource management best practice. More over, the study result will be used as a springboard for other researchers who wish to make a study on the same title, organization or both.

4. STATEMENT OF THE PROBLEM

Although human behavior is a vast and complicated subject, composed of different variables, Rainey, H.G. (1982), argue that it can be described as the total response of individual to various motivating forces. Regarding this Steers, R.M., Porter, L.W. (1996), strongly state in his study that, motivation is a highly subjective phenomenon. A comprehensive understanding of the way in which organization function requires at least some attention to be directed towards the questions like: why employees behave in the way that is counterproductive organizational interest? Why do employees develop resistance to changes in their organization? What are the factors contributing to the major organizational challenges like turnover, poor performances, absenteeism, careless of employees/neglect of their responsibility? Currently most public organizations in Ethiopia are in the process of implementing Business Process Reengineering .How ever, they are facing enormous challenge and resistance from the side of employees in the early stages of implementation processes. Though a number of variables are cited as a root cause for such employee resistance, scholars like Perry, (1996) and Robert, K., Angelo, K.(2007) strongly argue that lack of appropriate mix of motivational schemes in the organization capture the lion share. Therefore, organizations to be successful and competitive enough, they should motivate their employees by using the best mix of motivating factors .Normally different scholars recommend leaders in public organizations to make their own analysis and understand what their employees value as important motivator so that they can come up with the best mix of motivational factors and offer those things in the way that are compatible to their objectives.

Despite the relevance of the issue, the vast majority of research on work motivation tended and continues to concentrate too heavily on the private sector (Dixit, 2002). Moreover, much of the literature that relates to public sector motivation is theoretical where empirical research on how public employees are motivated and the impact of different types of motivation on public organizations' performance has received relatively little attention. Thus the purpose of this study is to provide insights upon the above-identified gaps of the literature with the overall objective to examine the effect of motivational strategies on perceived employee behavior.

4.1. RESEARCH QUESTIONS

In order to approach this topic three different central questions were raised:

- First, to what extent public organizations provide their employees with extrinsic and intrinsic incentives to work in their interests?
- Second, what are the impacts of organizational motivational strategies on perceived employee behavior?
- Third, which motivational schemes do employees' prefer concerning the motivators that public managers should use in order to improve performance?

5. OBJECTIVE OF THE STUDY

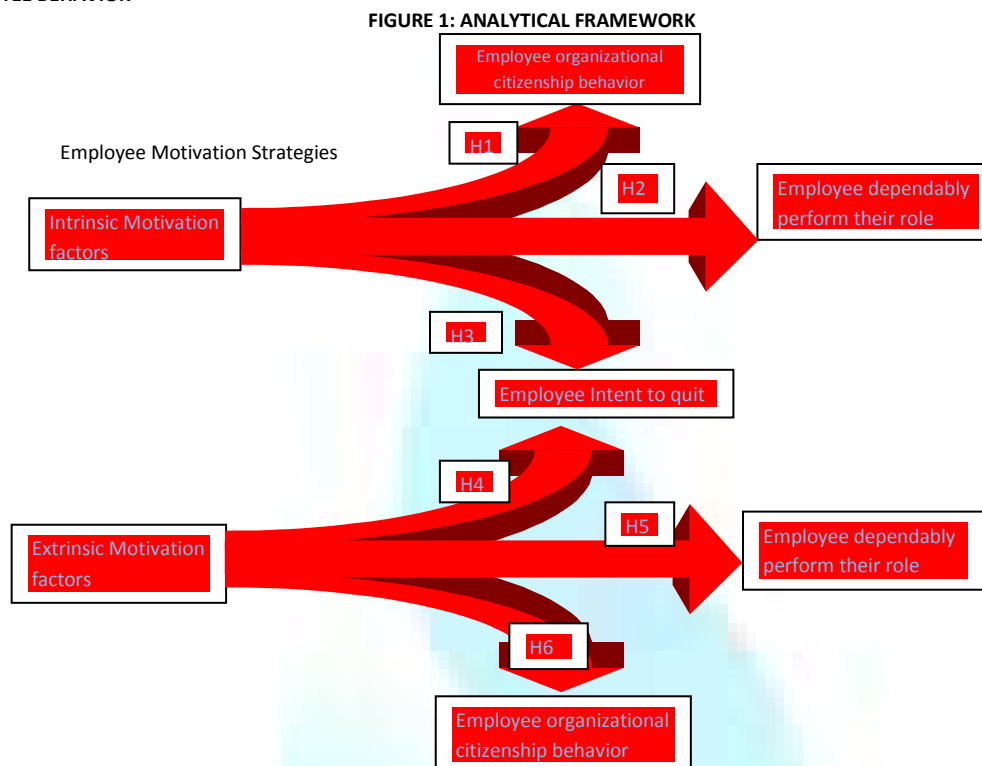
Even though there has been many studies on employee motivation and its relevance to organizational performance in various parts of the world, empirical researches designed to examine the potential impacts of various motivation strategies on perceived employee behavior in Ethiopian context is very limited. Thus, this study aims to examine the possible effect of organizational motivation strategies on perceived employee behavior like employee citizenship behavior, employee intent to quit and employee behavior to dependably perform their duties and responsibilities.

6. CONCEPTUAL MODEL AND HYPOTHESIS OF THE STUDY

Whenever a scientific research is under taken defining the dependent and independent variables is very crucial. Thus in the quantitative phase of this study Perceived employee behavior is treated as a dependent variable. Perceived employee behavior is operationalized in to employee citizenship behavior, employee intent to quit and employee behavior to dependably perform their duties and responsibilities. Where as the independent variable in the study is motivation strategy which is operationalized in to major constructs namely intrinsic and extrinsic motivational factors. In line with the various researches conducted in this area, it is expected that:

- H1: Intrinsic motivation factors are negatively related to intention to quit (employees' efforts to find alternative employment).
- H2: Extrinsic motivation factors are negatively related to intention to quit (employees' efforts to find alternative employment).
- H3: Intrinsic motivation factors are positively related to employees' behavior to dependably perform their job duties and responsibilities.
- H4: Extrinsic motivation factors are positively related to employees' behavior to dependably perform their job duties and responsibilities.
- H5: Intrinsic motivation factors are positively related to employees' willingness to engage in organizational citizenship behaviors.
- H6: Extrinsic motivation factors are positively related to employees' willingness to engage in organizational citizenship behaviors.

PERCEIVED EMPLOYEE BEHAVIOR



7. RESEARCH METHODOLOGY

Empirical mixed method research design with in the frame of positivist paradigm is chosen for the successful accomplishment of the research objective. Combining quantitative and qualitative (QUAN-Qual) methods in this research are intended to realize benefits like complementarities of information, enhancement of theoretical insight and validity of the data. Self administered questionnaire is prepared and distributed among 15 employees in the three public organizations for pilot testing for the sake its validity and reliability. The population of interest consists management and non management employees working in three public organizations in Amhara Regional State which had been experiencing challenges like turnover, poor performances, and absenteeism, careless of employees/neglect of their responsibility. The three organizations are namely: Bureau of Education, Bureau of Health and Bureau of Agriculture. Employees view on the motivational schemes provided by their organization and its implication on their perceived behavior were collected from sample of 48 respondents. The data gathered was analyzed using correlation, descriptive mean, and percentage computed by the help of Statistical Package for Social Science (SPSS)

8. RESULTS AND DISCUSSIONS

8.1. INTRINSIC AND EXTRINSIC MOTIVATIONS IN THE ORGANIZATIONS

The extent to which the organization provides intrinsic and extrinsic motivations was examined based on measurement items mainly identified during the classical study conducted by Herzberg (1968). These motivation dimensions were revalidated by Jurgensen (1978) and by Harvard Business Review (2003).

TABLE 1: RELIABILITY OF THE INSTRUMENT

	Mean	Cronbach's Alpha Based on Standardized Items	N of Items
Descriptive statistics for items measuring motivation	1.695	.966	8
Descriptive statistics for items measuring intent to quit	3.931	.938	6
Descriptive statistics for items measuring neglect of responsibility	3.974	.960	4
Descriptive statistics for items measuring employees' organizational citizenship behavior	3.964	.957	4

In this particular study, the motivation measure comprises eight items. Provision of fair wage, performance related benefit, collaborative work environment, transparent procedures, employment security, job accomplishment, job innovativeness, and Recognition.

Respondents were requested to give their opinion on how the amount of each motivation aspect their organization actually provided to make them work to their best. Responses were made on a five-point Likert scale that is to be scored as: 1 (Strongly Disagree); 2 (Disagree); 3 (Neither agree nor Disagree .This is to allow respondents with neutral opinion); 4 (Agree); and 5 (Strongly agree). The higher the value, the greater the extent of intrinsic and extrinsic motivational factor the organization applies to make its employees work to their best. Using SPSS version 20 response rates for the 8 items were analyzed ,mean scores were computed to form a scale, with lower values indicating a lesser extent of intrinsic and extrinsic motivational factors applied to make employees work at their best ($X = 1.695$, Variance. = 0.028). Cronbach's alpha for the scale was found to be 0.966.

Perceived employee behavior was measured based on three different dimensions like intent to quit, neglect of responsibility, and employee organizational citizenship behavior adapted from Williams, L. J. and Anderson, S. E. (1991) .Employees' intent to quit was measured using a six related item scale. The related items were aimed to measure the degree to which employees were actively devoting time and energy to find alternative jobs in some other organizations. The six items incorporate efforts made like: made a call to search job, sent CV to search a job ,reading news paper to search a job, made application, made interview, and informed a friend for recommendation. The average of all the six items were computed to arrive at a scale, where higher values indicating a greater employee

willingness and intent to leave their current organization. This fact is indicated in the table -1 ($X = 3.931$, variance. = 1.132 and inter item correlation 0.717). Cronbach's alpha for this scale was 0.938.

The employees perceived behavior considering willingness to dependably perform their job that is measured in terms of neglect of their responsibility. The researcher tried to approach this dimension with four related items. The items primarily target to measure the degree to which employees reduced their role and responsibilities or even develop dissatisfaction towards their job as a result of which they avoided performing some duties that is part of their normal jobs. The four items include: unnecessarily spend work hour, frequently absent from job, frequently delay to arrive at work station, and carelessly handle jobs. The averaged of the four items were computed using SPSS and form a scale ($X = 3.974$, variance. = 1.354), with higher values indicating greater neglect of their responsibilities. Cronbach's alpha for this scale was 0.96. Employee willingness to exhibit Organizational citizenship behavior is measured using four related items. These items are targeting to assess the extra-role and effort employees exert beyond organizational requirement as those efforts are essential for organizational success. The items include: willing to help tasks outside one's duty, interested to bring innovative idea, Initiative to give constructive suggestions, willing to defend the organization to other parties. The statistical summary shows that the items were averaged to form a scale ($X = 1.964$, variance. = 1.536), with lower values indicating a lower participation in organizational citizenship behaviors. Cronbach's alpha for this scale was 0.957

The correlations among the motivational factors the organizations understudy apply to motivate their employees and the perceived employee behavior show that organizations' consideration for intrinsic and extrinsic motivational factors are not independent: the two types of motivational factors significantly and positively correlated. As indicated in the correlation matrix the level of correlation among the dimensions utilized to measure this variables range from .603 to .864.

TABLE 2. INTER ITEM CORRELATIONS AMONG VARIABLES

		1	2	3	4	5	6	7	8	9	10	11
1.Fair Wage	Pearson Correlation	1	.864**	.732**	.680**	.639**	.658**	.603**	.638**	.706**	.750**	.754**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000
2.Merit based benefit	Pearson Correlation	.864**	1	.731**	.705**	.705**	.713**	.626**	.676**	.689**	.754**	.753**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000
3.collaborative environment	Pearson Correlation	.732**	.731**	1	.913**	.909**	.888**	.824**	.832**	.841**	.859**	.910**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000
4.transparent promotion procedures	Pearson Correlation	.680**	.705**	.913**	1	.909**	.865**	.845**	.853**	.848**	.888**	.905**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000
5.Secured employment	Pearson Correlation	.639**	.705**	.909**	.909**	1	.853**	.745**	.821**	.782**	.852**	.879**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000
6.The job provide feedback	Pearson Correlation	.658**	.713**	.888**	.865**	.853**	1	.827**	.856**	.752**	.805**	.828**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000
7.Creative Job	Pearson Correlation	.603**	.626**	.824**	.845**	.745**	.827**	1	.877**	.845**	.817**	.865**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000	.000
8.Work evaluation based on explicit performance criteria	Pearson Correlation	.638**	.676**	.832**	.853**	.821**	.856**	.877**	1	.839**	.825**	.885**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000		.000	.000	.000
9.Intent to quit	Pearson Correlation	.706**	.689**	.841**	.848**	.782**	.752**	.845**	.839**	1	.936**	.947**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000		.000	.000
10.neglect of responsibility	Pearson Correlation	.750**	.754**	.859**	.888**	.852**	.805**	.817**	.825**	.936**	1	.952**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000		.000
11.ocb	Pearson Correlation	.754**	.753**	.910**	.905**	.879**	.828**	.865**	.885**	.947**	.952**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
N		48	48	48	48	48	48	48	48	48	48	48

** . Correlation is significant at the 0.01 level (2-tailed).

Further statistical analysis showed that the individual items in these two scales would better be combined into one scale with acceptable reliability level. This fact is evidenced in the table 1 where the internal consistency among the measuring items such as: Provision of fair wage, performance related benefit, collaborative work environment, transparent procedures, employment security, job accomplishment, job innovativeness, and Recognition are computed to be Cronbach's alpha of .966. Regardless of this fact, the researcher would like to use the two distinct scales, how ever, for two basic reasons. First, their theoretical discussion and scholars in the filed suggest that these are two separate domains of motivations organizations most likely apply to motivate their employees, so the comparison between the two sets of factors is substantively crucial in order to understand on which type of motivation factor would normally impact employee perceived behavior more. Second, treating the two kinds of motivation factors will help to clearly understand which type motivation do organizations apply more to motivate their employees and the rational ground behind these organizations to prefer one over the other. The implications of the two separate scales are discussed below.

Here the two sets motivational factors were separately regressed on the sets perceived employee behavior, employing ordinary least squares (OLS) estimates for the continuous variables measured on five point likert scale. Results of these analyses are presented in Table 3.

TABLE 3: REGRESSION TABLE: INTRINSIC AND EXTRINSIC MOTIVATION AS INDEPENDENT VARIABLES, INTENT TO QUIT, EMPLOYEE NEGLECT OF RESPONSIBILITY AND ORGANIZATIONAL CITIZENSHIP BEHAVIOR AS DEPENDENT VARIABLES

Model	R Square	Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		Beta			Lower Bound	Upper Bound
(Constant)	.822	-.907	40.289	.000	5.558	6.143
Extrinsic motivation, neglect of responsibility			-14.599	.000	-1.342	-1.016
Intrinsic Motivation, Neglect of responsibility	.738	-.859	31.826	.000	5.471	6.210
			-11.375	.000	-1.176	-.823
Extrinsic Motivation, OCB	.865	.930	44.596	.000	5.735	6.277
			17.134	.000	1.434	1.133
Intrinsic motivation, OCB	.819	.905	37.431	.000	5.727	6.378
			14.445	.000	1.274	.962
Extrinsic motivation, Intent to quit	.732	-.855	35.956	.000	5.124	5.731
			-11.203	.000	-1.109	-.771
Intrinsic Motivation, intent to quit	.733	-.856	35.147	.000	5.189	5.819
			-11.235	.000	-.993	-.691

Hypotheses 1, 2 and 3 suggested that intrinsic motivational factors would impact all three kinds of employee perceived behavior. Specifically, the provisions of intrinsic motivations were hypothesized to be negatively related to employees' intent to quit, negatively related to neglect of their responsibility, and positively related to employees' willingness to engage in organizational citizenship behaviors. These hypotheses were tested using Ordinary Least Square(OLS).In the

second, hypothesis 4,5, and 6 are hypothesized that extrinsic motivational factors would impact employee intent to quit, employee neglect of responsibility and organizational citizenship behavior. The results of these analyses are reported in Table 2. Overall the regression results in Table 3 were consistent with the correlations results that are documented in Table 2. Intrinsic motivational factors applied in the organizations were found to have significant and inverse relationships to the employee willingness to stay longer in the organization. Theoretically it is understood that the higher the motivational value the higher is employee willing to stay. However the reality in the case organizations depict that the three public organizations are found to be weaker in terms of applying intrinsic motivation factors as a result of which value of those factors fall below and employee intent to quit significantly increased that evidenced with higher score. Fit between these factors and the employee intent to quit were quite high and there were a larger number of significant regression coefficients, with strong patterns across the model. The models predicting Intrinsic Motivation and neglect of responsibility showed greater overall explanatory power. Fit for the models predicting consideration for employees not respecting their job and dependably performing their job. As indicated in table the regression coefficient of -.859 generally shows the intrinsic motivation applied by the organizations was again significantly and inversely related to employee neglect of their responsibility. The weaker motivational schemes the higher is neglect of responsibility and employee intent to quit in the case organizations.

Organizational citizenship behavior, were positively associated with the intrinsic motivational practice of the organization. The over all poor motivation strategies followed by organizations have reduced employee effort to exhibit citizenship behavior indicating direct relationship between the two variables (regression coefficient .905). The other motivation factor examined in the study is provision of extrinsic motivations, which was also less likely to be offered and was negatively associated with employee intent to quit. The second employee perceived behavior indicated in Table 3 associated with extrinsic motivation is that the circumstances of the neglect of their responsibility. The regression coefficient shows that the lesser extrinsic motivation provision in the organizations has contributed significantly to employee reduced effort and neglects their responsibility. Lesser motivational efforts have made employee neglect of responsibility higher. At last, the model has also revealed the association between extrinsic motivation provisions in the organization with employee willingness to involve in activities beyond their job requirement, willingness to help others, willingness to suggest improved work methods which are summarized as organizational citizenship behavior. The results suggest that unsatisfactory provision in the practices used to motivate employees could be attributed to negative employee attitude and non willingness to exhibit citizenship behavior.

9. FINDINGS AND CONCLUSIONS

This study examined the effect of employee motivation strategies on perceived employee behavior taking evidence from three public organizations in Amhara regional state, and provided evidence that shows employee motivational provisions are critical determinants of employee perceived behavior. As indicated in the correlation matrix, the extent to which the organizations provide intrinsic motivations to their employee and employee intent to quit were significantly and inversely related. The organizations' commitment to provide employees with the job that provide feedback, Creative Job, and work evaluation based on explicit performance criteria are all weak. Lack of appropriate intrinsic motivation systems has in turn significantly increased employee intent to quit where they were actively searching for another job in other organizations. This was proved with the correlation coefficients of -.845, -.839 and -.752^{**}. And thus support the first hypothesis. Regarding the provision of extrinsic motivation in the organizations again the correlation matrix revealed significant and negative relation with employee intent to quit. Hence these public organizations have a task of providing appropriate and proper intrinsic and extrinsic motivations to their employees. Hypothesis 3 and 4 were proved with the correlation coefficients of -.888- and -.825 from extreme values in the correlation matrix. Thus poor intrinsic and extrinsic motivation employed by the organizations have made employees to neglect their role, intentionally reduce their effort and not dependably performing their job. Furthermore, the findings suggest that there is direct relation ship between the level incentive and organizational citizenship behavior. Hence, organizations' intrinsic and extrinsic motivation provisions were lower and willingness on the part of employees to involve in organizational citizenship behaviors or playing extra role for better organizational performance was lower too. Thus hypothesis 5 and 6 are supported by the correlation coefficient in the correlation matrix.

Besides the correlation matrix the regression analysis was made in order to examine the extent of extrinsic and intrinsic incentives provision in the three public organizations. Thus the finding revealed that the managers in organizations under study try to motivate their employees more of on extrinsic incentive base specially through the provision of fair wages. This was indicated in the regression table where R square for extrinsic factors are relatively higher than those intrinsic factors (.822 > .738). However effectiveness of this strategy is found to be strongly weak to minimize employee intent to quit, reduce the level of employee neglect of responsibility and improve organizational citizenship behavior as their standardized regression coefficient is negative except for citizenship behavior. This result is consistent with the finding of related research works where the highest level of unemployment in Ethiopia, has created worst condition to increase the wage range to the level that would satisfy public servant. More over, the study also revealed that lack of consistent provision in intrinsic / extrinsic motivation and failure to understand what really motivates employees in public organization has significantly contributed not only to neglect their role and responsibility (poor employee performance) in the short term, but also to permanent displacement of employees

10. RECOMMENDATIONS

Consistent with other research results, the finding of this study have important implications for policy makers and leaders in public organization. The first and most important implication of the study is that higher officials need a clear understanding of how intrinsic motivation and extrinsic can shape employee behavior and influence their intent to quit, minimize employee neglect in role and energize employees to exert maximal effort and play extra role beyond job requirement (help them to exhibit organizational citizenship behavior).

The other possible suggestion of this study is that leaders in public organizations should redesign motivational approaches in such a way that employees can easily observe relationship between their performance and the reward they get. The leaders should consistently identify superior performers and reward them accordingly. This is to mean that the Organization should create role clarity (awareness creation) for its employees regarding their jobs, what expected from them and what they would get out of doing such jobs. In addition to considering provision of extrinsic rewards contingent on performance, public managers should also pay appropriate attention to emphasize on the provision of meaningful, jobs that offers opportunity for creativity and personal advancement.

11. SCOPE FOR FURTHER RESEARCH

It is normal to see limitations in research outputs, like wise this study has got limitations and should be cited here for further study. This particular study has made examination on the relation ship between limited variables: intrinsic and extrinsic on the three employee behavior namely intent to quit, neglect of responsibility and employee willingness to engage in organizational citizenship behavior.. The research has overlooked the effect of some other variables like leadership style, government policy, economic condition, organizational financial strength and other environmental factors on employee behavior. More over other employee perceived behaviors like altruism (self sacrifice for public interest), compassion, employee commitment and others are also not incorporated. Thus, future researchers are highly recommended to pay attention on examining the effect of these overlooked variables and the mediating role of motivation between organizational environmental factors and employee perceived behavior.

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IMPACTS OF LAND USE SYSTEM ON SOIL PROPERTIES AND FERTILITY STATUS IN THE MIZEWA WATERSHED OF LAKE TANA BASIN, NORTH WESTERN ETHIOPIA

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ABSTRACT

Like many other developing countries across the globe, agriculture in Ethiopia is expanding at the expense of natural forests to feed the increasing population. Areas which were under natural forest are being converted to cropland, grazing land and eucalyptus plantations. However, the general ecological effects of these changes have not been well investigated and documented. Therefore, this study was undertaken to investigate the effects of these land use changes on the physical and chemical properties of soils and the possible consequences on land productivity and the environment as a whole. Laboratory analysis was done for soil samples collected from the upper 0 - 20 cm depth from land utilized for crop cultivation, grazing, eucalyptus plantation and natural forest growth in order to compare moisture content, particle size (texture), Potential Hydrogen, Cation Exchange Capacity, organic carbon, total nitrogen, available phosphorous, exchangeable potassium and exchangeable sodium. The study indicated as conversion of natural forest land to other land uses resulted in deleterious effects on soil moisture content, soil texture, pH, organic carbon, organic matter, total nitrogen and exchangeable potassium. Cation Exchange Capacity, available Potassium and Carbon/Nitrogen ratio values were found less sensitive to changes in land use. Exchangeable sodium for all land use was nil. The results clearly indicate land use change aggravates soil degradation, thereby threatening agricultural development and environmental health. Therefore, there is a need to develop sustainable soil management options that will minimize or counteract the harmful effects of land use change.

KEYWORDS

Land use systems; land use change; natural forest; grazing land; cultivation; soil fertility.

INTRODUCTION

In countries like Ethiopia where agriculture is the basis of the national economy, agricultural production has been highly dependent on natural resources for centuries (Amsalu, 2007). As a result, agricultural lands have expanded at the expense of natural forests to meet the additional food demand for the increasing population (Tekle and Hedlund, 2000; Bewket, 2003; Kidanu, 2004). Besides the expansion of cultivated and grazing lands, forests have been heavily exploited for fuel wood and construction material in order to meet the needs of the rapidly expanding population (Zelege and Hurni, 2000).

This excessive exploitation has led to the destruction of forest-lands and resulted in a massive environmental degradation, a serious threat to sustainable agriculture (Redhead and Hall, 1992). The consequences of this exploitation includes: shortage of biomass and ecological imbalances, which may lead to recurrent droughts, reduced water resources, deteriorated soil property, extinction of flora and fauna, and heavy soil erosion. Studies indicated as the expansion of cultivation on steep slopes at the expense of natural forests in the north-western highlands is causing serious trend of land degradation (Zelege and Hurni, 2000).

Since most of the country is characterized by high mountains and erratic rainfall conditions, the land resource bases are sensitive to human interventions. With the ever-escalating population pressure on these high mountain ecosystems in conjunction with poor agricultural land management practices and tools, unregulated land use systems and farmers' inability to take measures to enhance soil fertility or conserve soil, degradation of land resources remain a common occurrence (Yitaferu et al., unpublished). For mentioned reasons, natural resource degradation threatens the staggering agricultural development and food security of the country (Taddese, 2001; Holden and Shiferaw, 2004).

In the study area, the mixed farming system, in which livestock production is as important as crop production, forces farmers to allocate land for intensive free grazing. Moreover, the increasing benefit from eucalyptus is an incentive for farmers to expand eucalyptus plantations at the expense of other land uses.

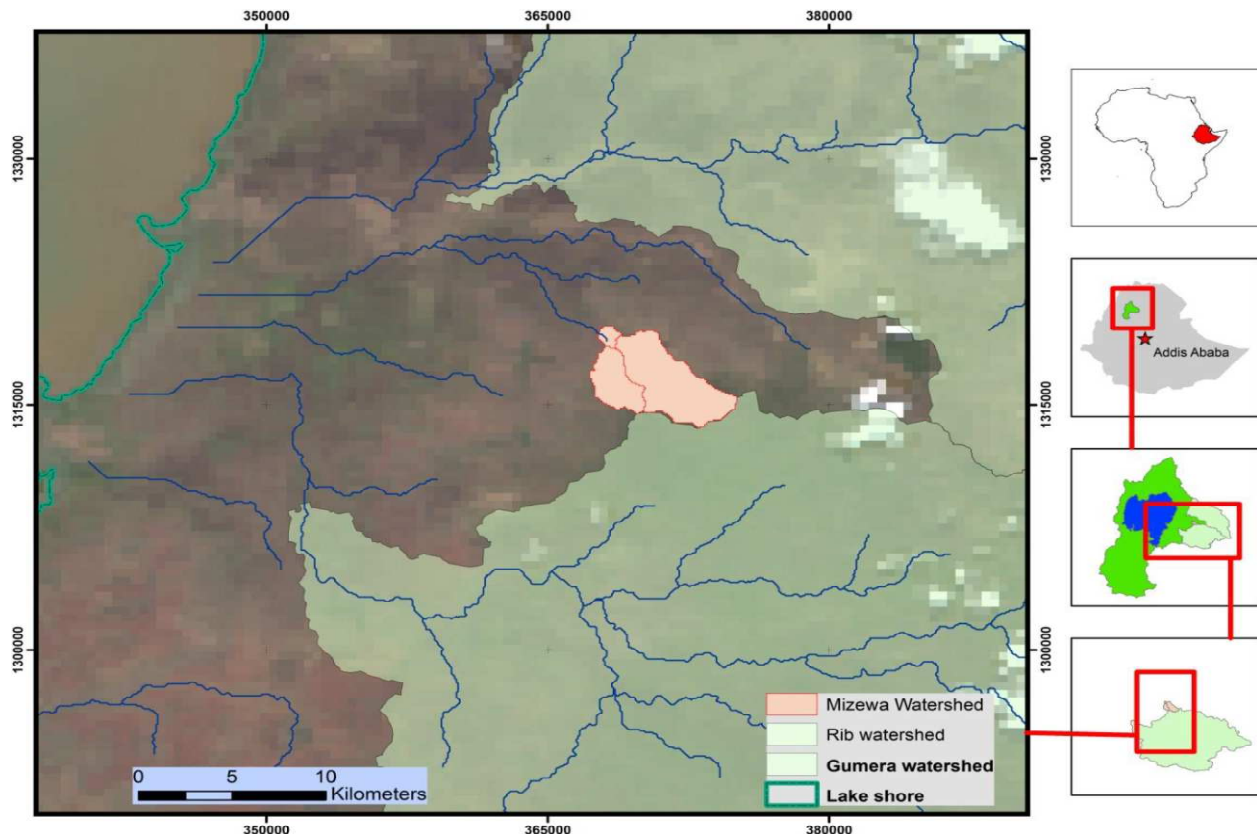
Regardless of the high conversion rate of land uses, the availability of studies on the possible consequences of land use changes is limited. Land use changes usually affect soils of an ecosystem and thus play an important role in the global soil nutrients cycle (Solomon, 1994).

Evaluating the effects of land use changes helps to identify the severity of the problems, to indicate where focus should be given to improve agricultural production and productivity, and to enhance sustainable land management systems. This study was conducted with the objective of identifying the possible effects of land use conversion on the soil environment, specifically the physical and chemical properties.

MATERIALS AND METHODS

STUDY AREA: The study was conducted in the Mizewa Watershed of Lake Tana basin, located between 11° 55'N latitude and 33° 47' E longitude in the North western Ethiopia. The altitude of the watershed ranges from 1480-2200m. Rainfall follows a unimodal distribution with an average annual of about 1800 mm. The average temperature is 21.7 °C with a maximum yearly variation of 4°C. There are two temperature peaks: one around May to June at the start of the rainy season and the other at the beginning of the dry winter season from October to November. Subsistence agriculture is the major means of livelihood in the area with an average farm size of about one hectare (ha). The common crops growing in the cultivated/crop lands are maize (*Zea mays* L.), teff (*Eragrostis tef*) and beans (*Phaseolus vulgaris* L.).

FIG. 1: MAP OF THE STUDY AREA



SOIL SAMPLING AND LABORATORY ANALYSIS

Soil samples were taken using auger from different points in a plot from six locations each from the four land use types at the depth of 0-20 cm. Then twenty four composite soil samples were prepared after thoroughly mixing the sub samples of each plot in a plastic bowl. The land use systems investigated were natural forest land, 4 to 9 years plantation fields (totally covered by *Eucalyptus camaldulensis*), communal grazing lands and cultivated (crop) fields. The common tree species covering the natural forest land includes: *Croton macrostachis*, *Cordia africana*, *Accacia abyssinica* and different bushes and shrubs. Free grazing may be observed in the forest areas; therefore, forest samples were collected from more densely vegetated areas where animals did not obviously graze. To assess the variation of soil properties across locations, laboratory analysis was conducted to determine the major soil physical and chemical parameters. Laboratory analysis was conducted at the Bahirdar Regional soil laboratory using the following standard methods. Moisture content, particle size, pH, cation exchange capacity (CEC), organic carbon, total nitrogen, available phosphorous and exchangeable potassium and sodium were analyzed in the laboratory. The soil samples were air dried at room temperature and sieved (<2 mm) prior to any laboratory analysis except for moisture content determination.

Moisture content was determined by initially weighing the field samples, drying the field samples at 105°C for 24 hours, and weighing them again. The percentage of water held in the soil was calculated as the weight difference of field and oven dried soils divided by weight of oven dried soil alone multiplied by 100.

A hydrometer was used to determine the soil textural classes. After composition percentages of sand, clay and silt were identified, textural classes were determined using the USDA triangular guideline for classifying soil textures.

Soil pH was measured from a supernatant suspension of 1:2.5, soil to KCL liquid ratio. Soil organic matter was oxidized under standard conditions with potassium dichromate in a sulfuric acid solution. A measured amount of $K_2Cr_2O_7$ was used in excess of that needed to destroy the organic matter and the excess was determined by titration with ferrous ammonium sulfate solution, using a diphenylamine indicator to detect the first appearance of un-oxidized ferrous iron. Then, the percent organic carbon was determined using the following equation:

$$\%C = \frac{N(V_1 - v_2)}{S} 0.39mcf \quad \text{Equation 1}$$

where N is the normality of ferrous sulfate solution (from blank titration), V1 and V2 are the volumes (ml) of ferrous sulfate solution for the blank and for the sample, respectively, S is the weight of air-dried sample (g), and mcf is a moisture correction factor.

The Kjeldahl procedure was used to determine total nitrogen in the soil. Organic matter was oxidized by treating soil with concentrated sulfuric acid, by which nitrogen in the organic nitrogenous compounds were converted to ammonium sulfate during oxidation. The acid traps ammonium ion (NH_4^+) ions liberated by distilling with Sodium Hydroxide (NaOH). The liberated NH_4^+ was absorbed in boric acid and back titrated with standard Sulfuric acid (H_2SO_4). Available phosphorous was measured using Olsen method. Cation exchange capacity (CEC) was determined by measuring the total amount of a given cation needed to replace all the cations from a soil exchange site. The exchangeable cations (Ca^{2+} , Mg^{2+} , Na^+ , K^+ , and Al^{3+}) and H^+ of the adsorption complex were displaced with ammonium acetate 1 M pH 7.0 solutions. This helped to saturate the adsorption complex with this solution. The excess saturating cation not adsorbed on the exchange complex was eliminated by washing with alcohol. The saturating cation held on the exchange complex was then displaced with another cation, sodium chloride (10%), and the displaced cation measured. The saturating ammonium displaced by neutral salt was measured by distillation to determine CEC. Then the distillate leachate (NaCl percolate) was titrated with 0.1 N NaOH using the methyl red indicator until the color changed from purple to yellow. Exchangeable K and Na were measured by Flame-photometer from ammonium acetate leachate K and Na transmittances of the above solution.

STATISTICAL METHODS

Descriptive statistics was employed to assess the fertility status of the area. Analysis of Variance (ANOVA) was also performed to assess the significance of different soil parameters across different land use system using Social Science Statistical Package (SPSS).

RESULTS AND DISCUSSION

SOIL MOISTURE CONTENT AND SOIL PH

Soil moisture content and pH were found statistically different for the different land use systems (table 1). The moisture content of forest and grazing land soils gave the highest values though that of grazing land is not significantly different from cultivated land. But the soils from eucalyptus plantation had the least value though not significantly different from grazing land. The pH values of bulk soils of the Natural forest land were also significantly higher ($P < 0.05$) than the soils of other land uses, i.e., cultivation, grazing and eucalyptus plantation land uses. Despite the fact that the pH from forest land is relatively higher, it lies in slightly acidic range (between 5.5 and 6.5) while values of other land uses are strongly acidic ($< 0.5.5$).

Most of the land in the study area which was previously covered by natural forests was converted to cultivation fields to feed the increasing population. The crop-livestock mixed farming system of the area also caused the increase in livestock population, which triggered the conversion of some portion, though insignificant amount, of natural forest land to grazing land. Since the economical benefit from eucalyptus has also grown, many farmers are designating portions of their land for eucalyptus plantation. Different studies indicate that such abrupt transition from natural vegetation to a managed system has several effects such as ecological imbalance, soil erosion and soil nutrient (Zeleeke and Hurni, 2000; Bewket, 2003).

In this study, forest soils had significantly higher soil moisture content. According to Jiang et al. (1996), water infiltration in undisturbed forest soils is enhanced by both preferential flow along trees roots and accumulation of absorbent humus on the soil surface, thereby significantly reducing the volume, velocity, and erosive and leaching capacity of surface runoff. The forest soils were well-structured (loam soil) compared to the clay soils of other land uses likely due to the addition of more organic matter from falling leaves and the greater shielding effect of the canopy formed by the mature shrubs and understory vegetation from the erosive energy of the falling raindrops improve the texture of the soil.

Soils from grazing land also have higher soil moisture content. Although the majority of the above ground biomass is removed by intensive free grazing on these lands, the residual effects of underground grass biomass that facilitate infiltration and undisturbed soil because of tillage which facilitates evaporation loss may account for the relatively high moisture content in the soils from grazing lands.

Eucalyptus is a fast growing voracious plant which absorbs high moisture and soil nutrients. According to Zewdie (2008), the soils found in the eucalyptus plantations in this study had the lowest moisture content. Eucalyptus plantations soils experience low infiltration due to the lack of understory vegetation, which often facilitate infiltration because of higher organic matter enhancing the soil structure. A significantly lower moisture content for soils of continuously cultivated and eucalyptus planted lands and better soil textural class for forest soils implied that poorly managed cultivation is primarily responsible for deterioration in soil quality in the study area.

The soil pH of all land uses lies in the acidic range. These may be because of the rainfall condition of the area which is sufficient enough to leach basic cations leaving the exchangeable complex dominated by H^+ and Al^{3+} . These two ions are mainly responsible for soil acidity. The pH range of most productive agricultural soils is between 5.5 and 7.5. Since the pH value for cultivated lands in this study is below this range, the productivity of soils is likely affected by soil acidity. From the analysis, only soils from forest land had pH values within the optimum range possibly because of the buffering effect of soil organic matter from decomposed litter of trees.

TABLE 1: SUMMARY OF PHYSICAL AND CHEMICAL ANALYSES OF SOILS FROM DIFFERENT LAND USE SYSTEMS INCLUDING THE ANOVA RESULTS

Land Use System	Moisture content (g)	PH	KCL	CEC	% O.C	% T.N	Avai.P ppm	Exch. K	Exch. Na	C/N	Texture
Cultivated land	15.32 ^{ab}	4.92 ^a		26.68 ^a	2.46 ^a	0.22 ^a	8.98 ^a	0.68 ^a	Nil	12.1	Clay
Grazing land	17.03 ^{ab}	4.40 ^a		51.34 ^a	2.94 ^a	0.26 ^a	2.31 ^a	0.69 ^a	Nil	12.1	Clay
Eucalyptus plantation	14.96 ^{ac}	4.57 ^a		44.28 ^a	2.66 ^a	0.24 ^a	6.99 ^a	0.73 ^a	Nil	11.8	Clay
Forest land	17.87 ^b	5.80 ^b		41.70 ^a	5.18 ^b	0.44 ^b	9.73 ^a	1.80 ^b	Nil	12	Loam

Similar small superscript letters indicate as there is no significant difference between values while different letters indicate the reverse.

TEXTURE COMPOSITION

The texture composition of the soil samples from each land use type is indicated in table 2. Forest soils were classified as loam, while soils from other land uses had greater clay contents, ranging from silty clay loam to heavy clay. Grazing land had the highest clay content (averaging 53%) followed by eucalyptus plantations (46%), cultivated land (40%), and the least in forest samples (22%). The composition percentage of sand was the highest for soils taken from forests followed by cultivation land. The composition of silt was relatively similar in samples from all land uses.

TABLE2: TEXTURAL COMPOSITION PERCENTAGE FOR SOILS OF DIFFERENT LAND USES

Land use system	Textural Composition			Textural Class
	Sand %	Silt %	Clay %	
Cultivated Land 1	25	36	39	Clay loam
Cultivated Land 2	23	34	43	Clay
Cultivated Land 3	20	41	39	Silty clay loam
Average Value	23	37	40	Clay
Grazing Land 1	11	34	55	Clay
Grazing Land 2	13	26	61	Heavy Clay
Grazing Land 3	18	38	44	Clay
Average Value	14	33	53	Clay
Eucalyptus Plantation 1	10	26	64	Heavy Clay
Eucalyptus Plantation 2	23	44	33	Clay loam
Eucalyptus Plantation 3	17	42	41	Silty clay loam
Average Value	17	37	46	Clay
Forest Land 1	38	36	26	loam
Forest Land 2	42	34	24	Loam
Forest Land 3	42	42	16	loam
Average Value	41	37	22	Loam

ORGANIC MATTER, ORGANIC CARBON AND TOTAL NITROGEN

Soil organic matter and total nitrogen values of forest land were significantly higher ($p < 0.05$) than soils from other land uses. The highest organic carbon content resulted in higher organic matter content for soils of forest land while other land uses only rated medium levels.

Even though there is no statistical difference among the total nitrogen contents of soils, it was high for grazing soils and medium for cultivation and eucalyptus plantations (table3)

Significantly higher organic carbon, total nitrogen and soil organic matter was found in soils from forest. On the contrary, soils from cultivated lands and eucalyptus plantations had lower values of carbon, nitrogen and soil organic matter suggests that the changing of land uses from natural forest growth to cultivation depletes specific nutrients and organic matter.

Cultivation of native soils reduces soil organic matter by facilitating interactions of physical, chemical and biological soil processes that increases decomposition rate of soil organic matter (Amsalu et al., 2007). This reduction was also noted in Kosmas et al. (2000) in which a deterioration of soil fertility in continuously cultivated soils compared to soils under natural vegetation. In addition to low biomass input, facilitated decomposition rate and continuous mining of soil nutrients, erosion also decreases soil carbon, organic matter and nitrogen from cultivated soils (Willett, 1994). Tillage practices enhance the oxidation of soil organic matter and loss by erosion.

The significantly lower values of soil organic matter in grazing land compared to forest land is related to the low biomass return back to the soil because the majority of above ground biomass is lost due to intensive free grazing (Harvey et al., 1985). Therefore, the input to the soil is restricted to the underground biomass of forage species (Kosmas et al., 2000).

Higher soil organic carbon oxidation due to higher soil surface temperatures in arable soils as compared to soils under forest decreases carbon contents of cultivated land. Veldkamp (1994) found the conversion of forest land to pasture and grasslands causes a decline in soil organic carbon. Loss of organic matter results in the release of carbon dioxide to the atmosphere. The increment of CO₂ concentration in the atmosphere will increase the global temperature. Therefore, the conversion of forest lands to other human managed land uses will aggravate green house effect, i.e., global warming. The relative high range of nitrogen in grass lands may be caused by inhibited nitrification leading to nitrogen preservation in low mobility form.

Regardless of the significant difference of soil organic matter, carbon and nitrogen contents, the C/N ratio of soils of all land uses is almost similar. This result agrees with Solomon (1994) in which the C/N ratio of a soil should be considered as less informative indicator of soil organic matter quality than the carbon and nitrogen contents alone.

TABLE 3: ORGANIC MATTER, ORGANIC CARBON AND TOTAL NITROGEN RATES IN DIFFERENT LAND USE SOILS

Land Use System	% O.M	Rating	% O.C	Rating	% T.N	Rating
Cultivated land	2.5	medium	1.45	medium	0.12	medium
Grazing land	3.33	medium	1.93	medium	0.16	high
Eucalyptus plantation	2.84	medium	1.65	medium	0.14	medium
Forest land	7.03	very high	4.08	very high	0.34	very high

CEC, AVAILABLE P, EXCHANGEABLE K AND NA

Cation Exchange Capacity and available phosphorous didn't show significant difference among the different land uses. But exchangeable potassium of bulk soils of the natural forest land (very high range) was significantly higher ($p < 0.05$) than the soils of other land uses (table 1). Except for forest soils, the exchangeable potassium contents were not significantly different regardless of its range from high (for eucalyptus plantation) to medium for the other two land uses.

The exchangeable Na content of soils from all land uses was nil. The available P in the different land uses varied from low to very low and was not significantly different (table 4). Soils from grazing land had the lowest available phosphorous. CEC varied from very high (grazing land) to high (eucalyptus plantation and forest) and to medium (cultivated lands).

The similar results for CEC and available P in the soils from all the land uses indicate that these parameters are less prone to changes in land use and cover. Despite the very high organic matter content and relatively high pH value in forest soils, its CEC values were found to be lower than grazing and eucalyptus plantation land uses. This may be because of high percentage composition of clay colloids of grazing land use (53%) followed by eucalyptus plantation (46%) compared to forest land (22%) use which has the least clay composition.

Acidic soils fix phosphorous resulting in low to very low available phosphorous in all land uses sampled in this study. Moreover, phosphorous compounds commonly found in soils are unavailable to plants because they are highly insoluble. Plant uptake, erosion, leaching and fixation usually cause losses of phosphorous from the soil system. Crop production is highly influenced by phosphorous, which is a critical element for the production of healthy plants and profitable yield. The available P values from this study indicate there is insufficient available P for optimal crop production in the soils tested.

Regardless of the long-held belief that soils in Ethiopia are rich in potassium, the values of potassium found in this study for cultivated and grazing land use systems indicate a decrease due to the conversion of land use systems. Being the third element next to nitrogen and phosphorous to limit plant productivity, deficiency of soil potassium can significantly affect land productivity. The recycling of nutrients from crop and grass residues is poor because freely roaming animals intensively graze any residues remaining on the land. Therefore, the relative low amount of potassium in cultivated and grazing land uses is likely the result of the removal of vegetation. The highest level of potassium in forest land uses may be because of the contribution from an undisturbed ecosystem where there is a natural balance and no removal of residues that removes potassium.

Sodium is usually abundant in sodic soils. However, the soils of all land uses in the study area were found to be acidic; therefore, resulting in the absence of sodium in soils from all the land uses examined.

TABLE 4: CEC, AVAILABLE P EXCHANGEABLE K AND THEIR EXCHANGEABLE RATES IN DIFFERENT LAND USE SOILS

Land Use System	CEC	Rating	Avai.P ppm	Rating	Exch. K	Rating
Cultivated land	24.56	medium	7.62	low	0.56	medium
Grazing land	41.43	very high	1.21	very low	0.57	medium
Eucalyptus plantation	36.36	high	5.67	low	0.64	high
Forest land	32.61	high	8.54	low	1.81	very high

SUMMARY AND CONCLUSIONS

This study showed that conversion of natural forest into human-managed land uses (crop land, grazing land and eucalyptus plantation) had more deleterious effects on soil moisture content, soil texture, pH, soil organic carbon, soil organic matter, total nitrogen, and exchangeable potassium. In general, forest ecosystems were found to retain soil nutrients very efficiently.

Since the pH value of most land uses is below the range of productive soils, it may be highly affecting the yield of cultivated soils in addition to controlling nutrients availability including phosphorous. If organic matter also continues depleting following land use changes, release of CO₂ to the atmosphere will aggravate global warming problem. The study also indicated as the existing thought of soils of Ethiopia is rich in potassium is being challenged because of land use changes and needs to be well studied.

As there is a need to increase agricultural production to meet food demand for the growing population, it is more likely as change of natural forest lands to other land uses will continue. But, as the study clearly indicated, these changes will be accompanied by soil degradation which is a major concern for food production and sustainable management of land resources. Therefore, conservation and improvement of the natural resources on which agricultural production depends will improve productivity so that the pressure on conversion of forests to other land uses will decrease. Moreover, better soil management helps to decrease degradation problem including serving as carbon sink.

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THE VARIATION OF CUSTOMER SATISFACTION IN THE SPHERE OF MARUTI SUZUKI CAR MARKETING

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ABSTRACT

One of the inputs for development in Maruti Suzuki is the establishment of number of firms, as these can have nucleus effect and ripple effect to put the area in dynamic path of development, with the condition that the planners must work side by side to provide infrastructural development in Maruti Suzuki. A kite cannot rise without favourable wind. The socio-political air in many cases works as stumbling block and the entrepreneur cannot run the project by keeping its nose to the grindstones.

KEYWORDS

customer satisfaction, car marketing.

INTRODUCTION

Measuring customer satisfaction is a relatively new concept to many companies that have been focused exclusively on income statements. Companies now recognize that the new global economy has changed things forever. Increased competition, crowded markets with little product differentiation and years of continual sales growth followed by two decades of flattened sales curves have indicated to today's sharp competitors that their focus must change.

Traditionally, purchasing a car was considered tedious with numerous visits to car showrooms, comparison of features through brochures, taking opinions from friends, word-of-mouth from peers and finally experiencing the car through a test drive. The information technology revolution has empowered consumers to access information relevant to car purchase easily. There is a wide amount of information available on the automobile industry online, ranging from car model specifications to pricing, finance options, pre-owned cars etc.

This study provides an excellent insight for Maruti Suzuki and will assist them to analyze and understand the current online customer service representatives' answer initiatives vis-à-vis future online marketing strategies. It provides directions for Maruti Suzuki's to influence the new 'Digitally Connected Auto Consumers' and help them decide which car to buy before they enter a dealer's showroom. This study is incisive, inclusive and opens a window to the mind of today's digitally connected and empowered consumer and outlines future trends. This study aims to provide a theoretically and empirically grounded initial reference position, against which later research can explore and interpret the effects of changes in variables representing consumer preferences towards online customer service representatives' answering method and shifts in these preferences on the success or failure of online B2C e-commerce of Maruti Suzuki over the information technology.

NEED AND IMPORTANCE FOR THE STUDY

In the modern times the business organizations are adopting new techniques and methods for the growth of the business. The organizations are giving better services to their customers to face challenge posed by the competitors for every business, it is not only important to retain the present customers but also attract the new customers. So there is need to ascertain the customers use regarding the services providing by Maruti Suzuki.

With the increase market study there is a cut through competition among the businessmen in the industry some of the other major competitors in this area like Hyundai, Fiat, Volkswagen, Ford, Tata, BMW, Audi and Chevrolet. The need for customer satisfaction is necessary for all business, large or small. The satisfaction of the customer is an all important task. Hence there is a need for the study.

OBJECTIVES OF THE STUDY

- To study the customer satisfaction with the usage of vehicles of MARUTI SUZUKI.
- To study the impact of different factors of marketing on customer satisfaction.
- To study the opinion of the owners of vehicles regarding pre-sales and after sales services provided by the dealers.

SCOPE AND LIMITATIONS OF THE STUDY

As the time constraint was there to complete this and as there was also finance restriction to spend on the data collection activities. So for data collection, I have limited myself to customers who service their vehicles in Wilson Garden service centre of Maruti Suzuki only.

- The study is confined only to Bangalore city.
- The sample size is restricted to 54 respondents.
- The study is considered among customers of various Maruti Suzuki products.

RESEARCH METHODOLOGY

The study is exploratory in nature and based on primary information. Primary data were gathered by using direct survey methods. To elicit the responses, a detailed questionnaire has been designed and put for survey. The information was obtained from the service centre of Maruti Suzuki, Bangalore. A preliminary questionnaire was developed using 5 point Likert scales. The independent and dependent variables were identified and there was one question for each of the variables. The questionnaire was pre-tested several times to arrive at appropriate wording, format, length and sequencing of the questions. Pre-test feedback was used to refine the questionnaire until it had ready for data collection. After fixing the questions for the independent and dependent variables based on the type of questions, different values are assigned to the Likert scale.

The positive statement was assigned for "excellent" with "highest frequency" and for "poor" with "lowest frequency" responses. 60 customers were elicited the questionnaire and 54 respondents have given their opinions which accounts to 90% response rate. The respondents are selected using simple random sampling technique. For analyzing the survey data we have used the multiple regressions to get the output through Microsoft Office Excel 2007. To have present study focusing on the behaviour of Maruti Suzuki Car buyers, the survey was conducted directly on the basis of linear systematic sampling. The results of empirical findings through several statistical tests and the major findings of the survey were derived as accordingly:

DATA ANALYSIS AND INTERPRETATION

Reliability of Measurement Model

Analysis of the measurement model starts with the assessment of the significance level of the indicators, followed by verification of the scale validation. According to Nunnally (1978), Cronbach's α -value must be higher than 0.7. Hence the ten factors for testing customer satisfaction have a good reliability score i.e., Cronbach's alpha of 0.837 as could be seen from table 1:

TABLE 1: RELIABILITY STATISTICS

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.837	.860	10

Factors considered for overall customer satisfaction of Maruti Suzuki customer while visiting the service center.

TABLE 2: FACTORS AFFECTING CUSTOMER SATISFACTION

Factors	Mean	Std. Deviation	N
How would you rate the quality of your vehicle?	10.8	20.82546518	54
How would you rate the reputation of the dealer brand?	10.8	13.98928161	54
How is the engine performance of your vehicle?	10.8	14.20211252	54
How is the overall performance of your vehicle?	10.8	14.48102206	54
How easy you feel to drive your vehicle?	10.8	15.59487095	54
Rate the comfortness of your vehicle?	10.8	13.84557691	54
Rate the maintenance cost of your car on yearly basis?	10.8	10.32956921	54
How sufficient was the information available on our website for buying a car?	10.8	16.23884232	54
How well do the customer service representatives at our company answer your questions?	10.8	16.2080227	54

Regression model for testing the hypothesis

Table 3: Regression Statistics for Quality of vehicle		Table 4: Regression Statistics for Reputation of the dealer brand		Table 5: Regression Statistics for Engine performance
Regression Statistics		Regression Statistics		Regression Statistics
Multiple R	0.894521	Multiple R	0.910586	Multiple R	0.968887
R Square	0.800168	R Square	0.829166	R Square	0.938742
Adjusted R Square	0.733557	Adjusted R Square	0.772222	Adjusted R Square	0.918322
Standard Error	6.440898	Standard Error	5.955257	Standard Error	3.566124
Observations	5	Observations	5	Observations	5
Table 6: Regression Statistics for Overall performance of vehicle		Table 7: Regression Statistics for Feel to drive		Table 8: Regression Statistics for Comfortness
Regression Statistics		Regression Statistics		Regression Statistics
Multiple R	0.911486	Multiple R	0.91319	Multiple R	0.870837
R Square	0.830807	R Square	0.833917	R Square	0.758357
Adjusted R Square	0.774409	Adjusted R Square	0.778556	Adjusted R Square	0.677809
Standard Error	5.92659	Standard Error	5.871873	Standard Error	7.082733
Observations	5	Observations	5	Observations	5
Table 9: Regression Statistics for Maintenance cost		Table 10: Regression Statistics for Information available on website		Table 11: Regression Statistics for Customer service representatives' answer
Regression Statistics		Regression Statistics		Regression Statistics
Multiple R	0.812307	Multiple R	0.971978	Multiple R	0.978771
R Square	0.659843	R Square	0.944742	R Square	0.957993
Adjusted R Square	0.546457	Adjusted R Square	0.926323	Adjusted R Square	0.943991
Standard Error	8.403373	Standard Error	3.386969	Standard Error	2.953076
Observations	5	Observations	5	Observations	5

The present study investigates the relationship between customer satisfaction and other variables like quality of vehicle, reputation of the dealer brand, engine performance, overall performance of vehicle, feel to drive, comfortness, maintenance cost, information available on website and customer service representatives answer. For this research two sets of variables were selected.

- The dependent variable here is the overall customer satisfaction.
- The independent variables are quality of vehicle, reputation of the dealer brand, engine performance, overall performance of vehicle, feel to drive, comfortness, maintenance cost, information available on website and customer service representatives answer.
- The error term is denoted by "e".

THE BASIC MODEL BEING TESTED IN THE STUDY THEREFORE IS:

$$Y = \alpha + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \beta_4 * X_4 + \beta_5 * X_5 + \beta_6 * X_6 + \beta_7 * X_7 + \beta_8 * X_8 + \beta_9 * X_9 + e$$

DEPENDENT VARIABLE

Customer satisfaction = Y

INDEPENDENT VARIABLES

Quality of vehicle = X_1

Reputation of the dealer brand = X_2

Engine performance = X_3

Overall performance of vehicle = X_4

Feel to drive = X_5

Comfortness = X_6

Maintenance cost = X_7

Information available on website = X_8

Customer service representatives answer = X_9

Analysis

In the regression analysis, the following model summary describes the strength of association between independent variables and dependent variable. Hypothesis is tested by the ANOVA table where level of significance is considered at 0.05. Finally, we have got the value of coefficient of independent variables individually with level of significance.

Predictors: (Constant), quality of vehicle, reputation of the dealer brand, engine performance, overall performance of vehicle, feel to drive, comfortness, maintenance cost, information available on website and customer service representatives answer.

Findings

As the R^2 value is 0.938, 0.944, 0.957 which are closer to 1, it indicates there is strong relationship among the dependent variables (**Engine performance, Information available on website, Customer service representatives' answer**) considered in this model. Here the value of adjusted R^2 (0.918, 0.926, 0.943) are closer to the R^2 values and both are closer to 1. This suggests that adding each of the additional 3 independent variables after the 1st independent variable, makes a significant contribution in explaining the variation in the dependent variable i.e. customer satisfaction of the customer service of Maruti Suzuki.

TABLE 12: HYPOTHESIS OF THE MODEL

ANOVA					
	df	SS	MS	F	Significance F
Regression	3	597.487075	199.162358	7.86801	0.254939281
Residual	1	25.3129252	25.3129252		
Total	4	622.8			

Predictors: (Constant), Engine performance, Information available on website, Customer service representatives' answer.

Findings

From the above table it is found that the significance level of the F value (0.254939281) is below $\alpha = 0.05$. At 3 & 1 degrees of freedom the calculated value of F is also greater than the table value. These indicate that the independent variables have significant relationship with the dependent variables. So our hypothesis is accepted. This indicates that the independent variables (Constant), Engine performance, Information available on website, Customer service representatives' answer have significant relationship with the dependent variable overall customer satisfaction. This indicates the customer is satisfied with the customer service of the Maruti Suzuki.

Analysis of coefficients

Analysis of coefficients indicates which independent variables have the most significant relationship with the dependent variable.

TABLE 13: SAMPLE TEST FOR ENGINE PERFORMANCE

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	1.606346059	2.093321011	0.76736728	0.4987274	-5.05535658	8.268227775
Engine performance	0.851264254	0.125549051	6.78033204	0.0065571	0.45171114	1.250817368

In this analysis with $(n-1) = (5-1) = 4$ degrees of freedom and $\alpha = 0.05$, critical value of $t = 0.767$ as per the above table.

TABLE 14: SAMPLE TEST FOR INFORMATION AVAILABLE ON WEBSITE

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	2.733788396	1.887548414	1.448327564	0.243359898	-3.27323308	8.740809872
Info on website	0.746871445	0.104286034	7.161758994	0.005607113	0.41498674	1.07875615

In this analysis with $(n-1) = (5-1) = 4$ degrees of freedom and $\alpha = 0.05$, critical value of $t = 1.448$ as per the above table.

TABLE 15: SAMPLE TEST FOR CUSTOMER SERVICE REPRESENTATIVES' ANSWER

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	2.661971831	1.646855905	1.616396324	0.204428633	-2.579058659	7.903002321
representatives' answer	0.753521127	0.091099203	8.271434897	0.00370114	0.463602805	1.043439449

In this analysis with $(n-1) = (5-1) = 4$ degrees of freedom and $\alpha = 0.05$, critical value of $t = 1.616$ as per the above table.

TABLE 16: ANALYSIS OF COEFFICIENTS

	Coefficients	Standard Error	t Stat	P-value
Intercept	3.244897959	11.1810042	0.290215253	0.820182948
Engine performance	-0.37755102	7.087905728	-0.053266936	0.966121233
Info on website	-0.985827664	12.77883958	-0.07714532	0.950984847
representatives' answer	2.06292517	18.82472284	0.109585952	0.930512691

Findings

From the above table we can see that only the significance level of **representatives' answer** (0.010), **Engine performance** (-0.053) and **Info on website** (-0.077) are below α value. It indicates that independent variable (**Info on website**) has very significant and other independent variables (**Engine performance, representatives' answer**) are nearly significant relationship with the dependent variable overall customer satisfaction of customer service in Maruti Suzuki.

TABLE 17: ANALYSIS OF COEFFICIENTS

	Coefficients	Standard Error	t Stat	P-value
Intercept	-1.403243208	0.119992572	-11.6944	0.054306
Quality of vehicle	-0.379630235	0.013349725	-28.4373	0.022378
Reputation of the dealer brand	0.814864158	0.014369735	56.70697	0.011225
Overall performance of vehicle	0.694696004	0.011231439	61.8528	0.010292

TABLE 18: ANALYSIS OF COEFFICIENTS

	Coefficients	Standard Error	t Stat	P-value
Intercept	0.637135922	2.533873345	0.251447	0.843175
Feel to drive	1.240666898	0.813106681	1.525835	0.369333
Comfortness	-0.767182925	0.879259898	-0.87253	0.543269
Maintenance cost	0.46752196	0.175737994	2.660335	0.228898

Findings

On the contrary, other variables have significance level value more than 0.05 and too much less than 0.05 which indicates that other variables: (-28.43) **Quality of vehicle**, (56.70) **Reputation of the dealer brand**, (61.85) **Overall performance of vehicle**, (1.52) **Feel to drive**, (-0.872) **Comfortness** and (2.660) **Maintenance cost**, do not have any significant relationship with the dependent variable – overall customer satisfaction.

RESULTS & DISCUSSION

Therefore, we present the modified regression equation to measure the customer satisfaction of Maruti Suzuki as – Overall customer satisfaction (Y) = 3.244 + (-0.377) * **Engine performance** + (-0.985) * **Info on website** + (2.062) * **Customer service representatives' answer**.

This means customer consider the most significant factors for overall customer service satisfaction of the Maruti Suzuki on the basis of:

- **Customer service representatives' answer.**
- On the other hand online consumers do not consider the factors for overall customer satisfaction like- **Quality of vehicle, Reputation of the dealer brand, Overall performance of vehicle; Feel to drive, Comfortness, Maintenance cost, Engine performance and Info on website.**

CONCLUSIONS

The effective customer service management and B2C online strategies will be vitally important, as the online landscape evolves rapidly with the emergence of powerful consumer-to-consumer tools like blogs, discussion forums, social networking sites and virtual worlds. Maruti Suzuki needs to stay focus on evolving consumer attitudes online. As with the online, the issues are dynamic and it is still too early to determine their ultimate impact on this automotive industry. Manufacturer/dealer collaboration in the form of effective retail integration and integration lead management will become more important than ever to satisfy increasingly sophisticated and demanding consumers and to retain their online loyalty. Company now needs to establish and maintain a true two-way dialogue with individual consumers through personalised communication to enhance online customer satisfaction.

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DO FINANCIAL SECTOR REFORMS PROMOTE PRIVATE SECTOR INVESTMENT? THE CASE OF GHANA**GRACE OFORI-ABEBRESE****LECTURER****DEPARTMENT OF ECONOMICS****KWAME NKRUMAH UNIVERSITY OF SCIENCE & TECHNOLOGY****KUMASI****KOFI KAMASA****STUDENT****DEPARTMENT OF ECONOMICS****KWAME NKRUMAH UNIVERSITY OF SCIENCE & TECHNOLOGY****KUMASI****ABSTRACT**

Extensive government intervention characterised financial sector policies in the post-independence period. Repression of the financial sector caused severe financial shallowing in Ghana. Ghana as part of Structural Adjustment Program (SAP) in 1986 implemented Financial Sector Adjustment Program (FINSAP), which was followed up in 2003 with the Financial Sector Strategic Plan (FINSSP). This paper sought to investigate whether financial sector reforms promote private sector investment in Ghana. The paper adopted an index for financial sector reforms from an IMF Working Paper by Abiad et al (2010), which took into account the multifaceted nature of financial reform and records financial policy changes along seven different dimensions: credit controls and reserve requirements, interest rate controls, entry barriers, state ownership, policies on securities markets, banking regulations, and restrictions on the financial account. By employing Fully Modified Least Squares (FMOLS) cointegration regression the study found that financial sector reforms promote private sector investment in Ghana as far as the study period is concerned. When the reforms were decomposed into types, behavioural and competitive reforms were found to be positive and impact significantly on private sector investment. However, behavioural reform was positive but insignificant. It was also identified that GDP per capita, public investment, deposit interest rate and inflation all have positive impact on private sector investment for the study period. The paper recommended for deepening the financial sector reforms in the country. In addition, the study recommended for low and stable inflation as well as fiscal discipline on the part of government.

KEYWORDS

Cointegration, FMOLS, Financial Sector Reforms, Ghana, Private Sector Investment.

INTRODUCTION

Economic growth and development depend essentially on a country's ability to invest and make efficient and productive use of its resources. In this regard, the role of the private sector is important both in terms of its contribution to GDP and its ability to allocate and employ resources efficiently. During the 1960s and 1970s, financial policies in Less Developing Countries were influenced by the Keynesian economics. The theory argued that private sector decisions sometimes results in inefficient macroeconomic aftermaths. In Ghana, extensive government intervention characterised financial sector policies in its post-independence period. These policies were driven by the belief that, due to imperfections in the market coupled with the nature of the financial system inherited from the colonial era, the preferred pattern of investment could not be supported if government did not intervene in the financial markets (Bawumia, 2010). The financial sector was thus repressed.

The financial repression caused severe financial shallowing in Ghana. The broad money/GDP ratio, which had been relatively stable at around 20% from 1964-74, rose briefly in the mid-1970s (to a peak of 29% in 1976) and then collapsed to 12.5% in 1983. Moreover bank deposits became less attractive relative to cash: the currency/M2 ratio rose from 35% in 1970 to 50% in 1983, reflecting a process of disintermediation from the formal financial system. Bank deposits amounted to only 7.4% of GDP in 1984, having fallen from 19.5% of GDP in 1977. Aryeetey and Gockel (1990), in a study of the informal financial sector, found that street banking was increasing in contrast to formal sector intermediation. Credit to the whole of the non-government sector (which included both priority and non-priority sectors) amounted to only 3.6% of GDP in 1983, having fallen from 9.8% in 1977 (World Bank, 1986).

In the light of these challenges in the financial sector and coupled with high inflation, exchange rate over-valuation, low economic growth rate among others, Ghana turned to the International Monetary Fund (IMF) for its assistance in designing a policy package that includes measures to restore a macroeconomic stability. This led to coming into being of the Economic Recovery Program (ERP) in 1983 and eventually the Structural Adjustment Programme (SAP) in 1986.

Financial sector reform as part of the SAP known as Financial Sector Adjustment Program (FINSAP) focused on abolishing of directed credit allocation, interest rate liberalization, bank restructuring and privatization, development of money and capital markets, strengthening of prudential regulation and supervision as well as the move towards indirect and market determined instruments of monetary policy.

By the year 2001, a number of constraints still remained in the financial sector. These included high nominal interest rate spreads, low financial intermediation, crowding out of the private sector in the credit market, cash dominated banking system, absence of clear legal framework that addressed the rights and responsibilities of borrowers and lenders, among others (Bawumia, 2010). These issues led to home grown reforms, which were placed under the banner Financial Sector Strategic Plan (FINSSP) in 2003. The stated objectives of the FINSSP were; to make the financial sector the preferred source of finance for domestic companies, promote efficient savings mobilization, enhance the competitiveness of Ghana's financial institutions, and establish Ghana as the financial gateway to the Economic Community of West African States (ECOWAS) region, among others.

STATEMENT OF PROBLEM

Though Ghana embarked on financial sector reforms, the major question arising is whether these financial sector reforms has aided private sector investment in Ghana. This is because while some studies have reported that certain countries experienced higher savings and investment following liberalization (Fry, 1978; de Melo, 1986; Khatkhate, 1988), others have registered disasters in other economies that undertook financial liberalization (Diaz-Alejandro, 1985; Barandiaran, 1987; Atiyas, 1989). Even though very limited studies had been conducted on the relationship between private sector investment and financial sector reforms in Ghana (Ahiawodji, 2012; Siaw and Anokye, 2009), none of these studies took into consideration the gradual changes that occurred as far as reforms in the financial sector is concerned. Rather these studies used indicators such as real interest rate, credit to private sector and a dummy of zero and one as a proxy for financial sector reforms, thus neglecting other important reform measures. But according to Gibson and Tsakalatos (1994); Demetriades and Luintel (1996), any analysis of financial sector reforms that does not take full account of this glut of policies will not provide useful insight into how financial reforms have affected investment. This paper is thus concerned with conducting an empirical analysis to assess whether financial sector reforms promote private sector investment in Ghana, by employing developed index to capture the gradual changes in the financial sector reforms. Not all, by decomposing the index developed into types, the study seeks to assess the individual impacts of these types of reforms on private sector investment in Ghana.

OBJECTIVE OF THE STUDY

The objective of the paper is to find out whether financial sector reforms promote private sector investment in Ghana.

IMPORTANCE OF THE STUDY

In Ghana's quest to sustain the middle income status achieved as well as achieving the Millennium Development Goals by 2020, the role of private sector investment becomes paramount. Analysis of private sector investment and financial sector reforms is of interest both from a policy and theoretical perspective. Insofar as policy is concerned, if the reform does impact on private investment, then policies will be deepened to enhance more reforms in the financial sector. Also, if the reform does have an impact on private investment, it would further underscore the need for the liberalisation, hence the importance for this study.

STUDY HYPOTHESIS

H₀: financial sector reforms do not promote private sector investment in Ghana

H₁: financial sector reforms promote private sector investment in Ghana

LITERATURE REVIEW**THEORETICAL REVIEW**

McKinnon (1973) and Shaw (1973) both argue that financial repression exerts a negative effect on saving, investment and the rate of economic growth. McKinnon's model stipulates that the higher the real rate of interest, the more willing the investor to accumulate real money balances before investing, while Shaw argues that the accumulation of financial capital is caused by higher real interest, mainly through an increase in the extent of financial intermediation. Both models argue that the removal of ceilings on deposits results in positive real interest rates, which increases saving, that is, the availability of funds for investment. When events following the implementation of financial liberalisation prescriptions did not confirm their theoretical premises (Atiyas 1989, Diaz-Alejandro 1985, Larraín 1989), there occurred a revision of the main tenets of the thesis. Initially, the response of the proponents of the financial liberalisation thesis was to argue that where liberalisation failed, it was because of the existence of implicit or explicit deposit insurance coupled with inadequate banking supervision and macroeconomic instability (McKinnon, 1988a, 1988b; Villanueva and Mirakhor, 1990; World Bank, 1989). These conditions were according to them conducive to excessive risk-taking by the banks, which lead to 'too high' real interest rates, bankruptcies of firms and bank failures. Thus the financial liberalization analysis also led to recommendations, which included adequate banking supervision, aiming to ensure that banks had a well-diversified loan portfolio, macroeconomic stability, which refers to low and stable inflation and a sustainable fiscal deficit, and the sequencing of financial reforms (Cho and Khatkhate, 1989; McKinnon, 1988b; Sachs, 1988; Villanueva and Mirakhor, 1990).

Another financial liberalization development is related to the emergence of the 'New Growth' theory, (Arestis 2005). This development incorporates the role of financial factors within the framework of new growth theory, with financial intermediation considered as an endogenous process. A two-way causal relationship between financial intermediation and growth is thought to exist. The growth process encourages higher participation in the financial markets, thereby facilitating the establishment and promotion of financial intermediaries. The latter enable a more efficient allocation of funds for investment projects, which promote investment itself and enhance growth (Greenwood and Jovanovic, 1990).

The well-known debate on bank-based and capital market-based financial systems has recently been followed by empirical investigation that concludes in the negative (Arestis et al., 2004). This has led to two further developments that might be termed the 'financial services' view (Levine, 1997, Arestis et al., 2004), and the 'finance and law' view (La Porta et al, 1998, Levine, 1999). The *financial services* view attempts to minimise the importance of the distinction between bank-based and market-based financial systems. It is financial services themselves that are by far more important, than the form of their delivery. In the financial services view, the issue is not the source of finance. It is rather the creation of an environment where financial services are soundly and efficiently provided. The emphasis is on the creation of better functioning banks and markets rather than on the type of financial structure. The *'finance and law'* view maintains that the role of the legal system in creating a growth-promoting financial sector, with legal rights and enforcement mechanisms, facilitates both markets and intermediaries. It is a fact that while the degree of financial development has changed over the last 100 years or so, legal origins in each country have not changed by much (Arestis, 2005).

THE CRITICS OF THE FINANCIAL LIBERALIZATION THESIS

Neo-Keynesian and Post-Keynesian economists have argued that financial liberalisation reduces effective demand and economic growth and increases instability in the financial system (Burkett and Dutt (1991); Stiglitz (1994); Taylor (1983)). The post-Keynesian approach contests the view that investment matches saving for a market determined equilibrium interest rate since an investment decision depends on expectations about future demand, political stability among others. Saving, in the Keynesian tradition, is primarily a function of income rather than interest rates. Thus, an increase in saving does not necessarily raise investment as proposed by the financial liberalisation thesis. Gibson and Tsakalotos (1994) highlight that increase in interest rate causes real exchange rate appreciation. This exerts a negative impact on the tradable sector by making exports more expensive and induces a rise in trade deficit. Also, with increase in interest rate, banks may experience losses especially in cases where the banks lend on long-term and borrow on short-term basis, simply because banks cannot change lending rates on old credits during the agreed period

EMPIRICAL REVIEW

De Melo and Tybout (1986) analysed the effects of financial liberalisation on savings and investment for Uruguay for the period 1974 to 1983. They specified separate single equation models for savings and investment variables, with the interest rate as a proxy for financial liberalisation. After employing the Ordinary Least Squares method, they could not detect any significant effect of the interest rate on the savings and investment ratios. Hence this cast doubt on the efficacy of the financial liberalisation policy with respect to Uruguay.

Guncavdi et al (1998) studied the effect of financial liberalization on aggregate private investment functions for Turkey for the study period of 1963 – 1992. By employing a neoclassical model in error correction form, the study indicated that short-run dynamics of investment were affected by financial liberalization by reducing sensitivity to the availability of credit. However there was no evidence of increased sensitivity to the cost of capital. Also, estimation of an Euler equation model indicated that credit constraints remained binding after liberalization. They concluded that financial liberalization had brought a significant structural change to private investment functions, even though credit constraints continue to operate.

Peter Blair Henry (2000) analysed the growth rate of real private investment following stock market liberalization in eleven (11) emerging markets from 1977-1994. Using events study techniques; the study found that 9 out of the 11 countries experienced growth rates of private investment above their non-liberalization median in the first year following liberalization. For the second and third years following liberalization, this number was 10 out of 11 and 8 out of 11 countries, respectively. The paper concluded that, the fact that stock market liberalizations were consistently followed by a temporary increase in the growth rate of real private investment that cannot be explained by contemporaneous economic reforms, domestic aggregate demand conditions or world business cycle effects suggests that capital account liberalization may matter for investment after all.

Laeven (2003), sought to find out whether financial liberalisation reduces financing constraints using panel data for thirteen (13) developing countries by constructing an index of domestic financial liberalisation of the banking sector. Using the Generalised Method of Moments (GMM) estimation, he found out that financial liberalisation affects small and large firms differently in the sense that before financial liberalisation takes place, small firms are found to be more financially constrained than large firms, and thus financial liberalisation relaxes the external constraints of small firms but increases the financing constraints of large firms.

Galindo et al (2003) investigated whether financial liberalisation improves the allocation of investment; micro evidence from 12 developing countries. The study developed an index for financial liberalisation following Laeven (2003) index. The econometric results on the panel of country-years observations strongly supported a positive, significant and sizeable effect of financial liberalisation on the efficiency with which investment funds are allocated.

Jaewoon Koo et al (2005) studied the effect of financial liberalisation on firm's investment in Korea. The study estimated the cash-flow sensitivity of investment of 371 listed firms during 1981–2002 by applying the generalized methods of moments (GMM). The study revealed that financial liberalization significantly reduces the financial constraints confronted by firms by helping them to get wider access to external finance.

In 2005, Bhaduri Saumitra N, studied on "Investment, Financial constraints and Financial Liberalisation; Some Stylized facts from India" with a sample set consisting of a composite and heterogeneous mix of 362 firms whose annual accounts were reported without any gap for the financial years 1989–1990 to 1994–1995. Using the Generalised Method of Moments (GMM), the study revealed that the financial constraint had tightened up significantly for young and small firms. For large, non-group and middle aged firms the cash flow coefficients showed a decline in the post reform period. However, it was only significant for the middle firms. For matured and group-firms there had been an increase in the cash flow coefficient in the post reform period, but neither of them were statistically significant.

Fowowe (2011) investigated the empirical effect of financial sector reforms on private investment in some selected Sub-Saharan African countries by developing a financial index following Laeven (2000). Using the Generalised Method of Moments (GMM) of Blundell and Bond (1989), he found a positive effect of financial sector reforms on private investment in selected countries in South-Sahara Africa, thus confirming the financial liberalization hypothesis which advocates for financial reforms to stimulate investment.

For the case of Ghana, Ahiawodji (2007) examined the impact of the financial liberalisation policy on financial savings in Ghana from 1988 to 2000. Using the elasticities approach, he concluded that the financial liberalisation policy modestly improved financial savings during the period. Specifically, financial savings went up by 14% to support private investment and other activities.

In their study on whether financial sector development causes growth and investment from 1970 - 2007, Siaw and Anokye (2009) found that financial sector development (proxied by private sector credit/GDP, bank liquid reserve asset ratio and liquid liability/GDP) impact positively on growth and investment. The study employed the Johansen cointegration method to test for the long run relationship. It must be noted that the investment used for their study was an addition of public and private investment.

Anokye (2009) also examined the effect of the financial liberalisation policy on economic growth of Ghana from 1970 to 2007. Using a time series and autoregressive distributed lag (ARDL) modelling approach, the found a positive and significant impact of financial liberalisation on per capita GDP of Ghana.

Frimpong and Marbuah (2010) investigated the determinants of private sector investment in Ghana using a time series data from 1970 to 2002. Employing the ARDL method of estimation, the study revealed that private investment is determined in the short-run by inflation, real interest rate, real exchange rate public investment, openness, and a regime of constitutional rule, while external debt, real interest rate, real output, inflation, openness and real exchange rate significantly influenced private investment response in the long-run.

Ahiawodji studied on the effect of the financial liberalisation policy on private investment in Ghana from 1988 to 2010. By employing an Error-correction model technique based on Engel and Granger two-step estimation approach, both the long-run and short-run results revealed that the financial liberalization policy launched in Ghana in 1988 had significantly promoted private investment in the country. It must be noted that the study however used a dummy variable to proxy for the financial liberalisation policy and thus failed to measure the gradual reforms that took place in the financial sector.

RESEARCH METHODOLOGY

DATA TYPE AND SOURCES

Annual times series data from 1987 – 2010 was used for the study. Data sources include World Bank's World Development Indicators (2012), annual reports of Bank of Ghana, IMF Working Paper (A new Database of Financial Reforms (Abiad et al, 2010) and Ghana Statistical Service.

MODEL SPECIFICATION

Five broad approaches are generally considered in modelling the determinants of investment. These include the simple accelerator model, the liquidity theory, the expected profits theory, the Tobin's Q Theory, and the neoclassical flexible accelerator theory. The flexible accelerator model appears to be the most popular of these theories used in applied work. However, in the context of developing countries, due to data limitations and structural constraints, a variant of the flexible accelerator model has often been used for empirical research. The model adopted here is a varied version of the flexible accelerator model designed to capture some of the key private investment behaviour in Ghana.

In the long-run steady state, private sector's capital stock K_t^* is assumed to be proportional to expected output, Y_t^e .

$$K_t^* = a(Y_t^e). \quad (3.1)$$

where; a is the capital-output ratio (long-run accelerator)

According to Blejer and Khan (1984), there are two ways of deriving an investment function from the above equation. The first one specifies coefficient ' a ' as a function of different variables. Gradual adjustment of actual to desired capital stock is obtained in a standard way using a local quadratic approximation to adjustment costs, and gradual change in actual capital stock in the investment function.

The alternative which is adopted for this study keeps ' a ' as constant, but assumes that the parameters of the quadratic cost function are a function of different variables. This formulation start with a partial adjustment function derived from a quadratic adjustment cost model as follows:

$$\Delta I_t = \beta[I_t^* - I_{t-1}] \quad (3.2)$$

Where; I_t^* is the desired level of investment in the steady state, which is given by

$$I_t^* = [1 - (1 - \sigma)L]K_t^* \quad (3.3)$$

Where; L is the lag operator and σ is the proportional rate of depreciation.

According to theory, net investment during any time period is defined as the change in capital stock over the period:

$$I_t^N = \Delta K_t = K_t - K_{t-1} \quad (3.3a)$$

Where; I_t^N is net investment.

The relationship between gross investment and capital stock from equation (3.3a) is defined conventionally as

$$I_t = \Delta K_t + \delta K_{t-1} \quad (3.3b)$$

Where I_t is gross private investment; δ is rate of depreciation

By expanding equation (b) and simplifying in a standard lag-operator notation:

$$I_t = K_t - K_{t-1} + \delta K_{t-1}$$

$$I_t = K_t - LK_t + \delta K_{t-1}$$

$$I_t = K_t - (1 - \delta)LK_t$$

$$I_t = [1 - (1 - \delta)L]K_t \quad (3.3c)$$

where L is lag-operator

Thus in a steady state, desired private investment is given as shown in equation (3.3) as

$$I_t^* = [1 - (1 - \sigma)L]K_t^*$$

Given the fact that time is needed to plan and acquire the necessary capital goods and investment information, assumption is made of a lag between the period in which the investment decision is made and the time investment actually materializes (Blejer and Khan, 1984). Hence a gap is specified between current and desired investment as a partial adjustment process given in equation (3.2) as

$$\Delta I_t = \beta[I_t^* - I_{t-1}]$$

Where β is coefficient of adjustment

The response of private investment to the gap between desired and actual investment, as measured by the coefficient β , is assumed to vary systematically depending on prevailing economic policies to achieve the desired level of investment. This paper adds to the coefficient of adjustment β , an index of the financial sector reforms. Other variables of importance include public investment, inflation rate and real interest rate (proxied by deposit interest rate). This

follows Frimpong and Marbuah (2010) and Fowowe (2011), whose study included other variables in the private investment equation based on the accelerator theory and uncertainty variables so as to avoid the problem of misspecification.

On the basis of the above arguments, the coefficient of adjustment in equation (3.2) can be expressed as;

$$\beta_t = b_0 + \frac{1}{I_t^* - I_{t-1}} [b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX] \quad (3.4)$$

Where, PUBINV= public investment

INFL = inflation rate

DIR = deposit interest rate (proxy for real interest rate)

FINDEX = financial sector reform index

Substituting equation (4) into equation (2) yields

$$\Delta I_t = b_0 (I_t^* - I_{t-1}) + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.5)$$

From equations (3) and (1),

$$I_t^* = [1 - (1 - \sigma)L]K_t^* = [1 - (1 - \sigma)L]a(Y_t^e) \quad (3.6)$$

Therefore equation (3.5) becomes

$$\Delta I_t = b_0 [1 - (1 - \sigma)L]a(Y_t^e - I_{t-1}) + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.7)$$

$$\Delta I_t = b_0 [1 - (1 - \sigma)L]aY_t^e - b_0 I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.8)$$

$$I_t - I_{t-1} = b_0 [1 - (1 - \sigma)L]aY_t^e - b_0 I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.9)$$

$$I_t = b_0 [1 - (1 - \sigma)L]aY_t^e - b_0 I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.10)$$

Thus a dynamic reduced-form equation for gross private investment is obtained that includes expected demand, public investment, inflation, real interest rate and financial sector reforms index as explanatory variables as seen in equation (3.11)

$$I_t = b_0 a [1 - (1 - \sigma)L](Y_t^e) + (1 - b_0)I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.11)$$

Rational expectations are assumed and thus use observed Y_t for the expected value, Y_t^e . Thus equation (3.11) becomes

$$I_t = b_0 a [1 - (1 - \sigma)L](Y_t) + (1 - b_0)I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.12)$$

$$I_t = b_0 a [Y_t - (1 - \sigma)Y_{t-1}] + (1 - b_0)I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.13)$$

$$I_t = b_0 a Y_t - b_0 a (1 - \sigma)Y_{t-1} + (1 - b_0)I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.14)$$

$$I_t = b_0 a Y_t + b_0 a (\sigma - 1)Y_{t-1} + (1 - b_0)I_{t-1} + b_1 PUBINV + b_2 INFL + b_3 DIR + b_4 FINDEX \quad (3.15)$$

$$I_t = \alpha_0 + \alpha_1 Y_t + \alpha_2 Y_{t-1} + \alpha_3 I_{t-1} + \alpha_4 PUBINV + \alpha_5 INFL + \alpha_6 DIR + \alpha_7 FINDEX \quad (3.16)$$

Where; $\alpha_0 = b_0 a$; $\alpha_1 = b_0 a$; $\alpha_2 = b_0 a (\sigma - 1)$; $\alpha_3 = (1 - b_0)$; $\alpha_4 = b_1$; $\alpha_5 = b_2$; $\alpha_6 = b_3$; $\alpha_7 = b_4$

Also in the long run, $I_t = I_{t-1}$ and $Y_t = Y_{t-1}$, therefore, from equation (3.16)

$$I_t = \alpha_0 + \alpha_1 Y_t + \alpha_2 Y_t + \alpha_3 I_t + \alpha_4 PUBINV + \alpha_5 INFL + \alpha_6 DIR + \alpha_7 FINDEX \quad (3.17)$$

$$I_t = \frac{\alpha_0}{1 - \alpha_3} + \frac{(\alpha_1 + \alpha_2)Y_t}{1 - \alpha_3} + \frac{\alpha_4 PUBINV}{1 - \alpha_3} + \frac{\alpha_5 INFL}{1 - \alpha_3} + \frac{\alpha_6 DIR}{1 - \alpha_3} + \frac{\alpha_7 FINDEX}{1 - \alpha_3} \quad (3.18)$$

Finally, the private investment equation is given as

$$I_t = \lambda_0 + \lambda_1 Y_t + \lambda_2 PUBINV + \lambda_3 INFL + \lambda_4 DIR + \lambda_5 FINDEX \quad (3.19)$$

Where

$$\lambda_0 = \frac{\alpha_0}{1 - \alpha_3}; \lambda_1 = \frac{(\alpha_1 + \alpha_2)}{1 - \alpha_3}; \lambda_2 = \frac{\alpha_4}{1 - \alpha_3}; \lambda_3 = \frac{\alpha_5}{1 - \alpha_3}; \lambda_4 = \frac{\alpha_6}{1 - \alpha_3}; \lambda_5 = \frac{\alpha_7}{1 - \alpha_3}$$

and also $\lambda_1 > 0$, $\lambda_2 > / < 0$, $\lambda_3 < 0$, $\lambda_4 > / < 0$, $\lambda_5 > 0$. Y_t is expected demand, which is proxied by GDP Per Capita growth and I_t is private sector investment (PRINV). All other variables have been defined already.

Assuming a log-linear functional specification, the long-run equilibrium relationship of equation (3.19) above is given by

$$\ln PRINV = \lambda_0 + \lambda_1 \ln GDPC + \lambda_2 \ln PUBINV + \lambda_3 \ln INFL + \lambda_4 \ln DIR + \lambda_5 \ln FINDEX + \varepsilon_t \quad (3.20)$$

Where all variables are as previously defined except ε_t , which represents the usual error term and \ln denotes natural logarithm.

Additionally, as the study seeks to identify the impact of the various individual reforms on private sector investment, the financial sector reform (FINDEX) is categorized into three types as Behavioural reforms (BR), Privatization reforms (PR) and Competitive Reforms. This results in the second estimable equation, which replaces the FINDEX from equation (3.20) with the various types of reforms as

$$\ln PRINV = \lambda_0 + \lambda_1 \ln GDPC + \lambda_2 \ln PUBINV + \lambda_3 \ln INFL + \lambda_4 \ln DIR + \lambda_5 \ln BR + \lambda_6 \ln PR + \lambda_7 \ln CR + \varepsilon_t \quad (3.21)$$

Where;

BR = Behavioural reforms

PR = Privatization reforms

CR = Competitive reforms

DEFINITION OF VARIABLES

• FINANCIAL SECTOR REFORM INDEX (FINDEX)

The financial sector reform index was adopted from Abiad et al (2010). They had constructed a database that recognizes the multifaceted nature of financial reform and records financial policy changes along seven different dimensions: credit controls and reserve requirements, interest rate controls, entry barriers, state ownership, policies on securities markets, banking regulations, and restrictions on the financial account. Liberalization scores for each category are then combined in a graded index.

Along each dimension was given a final score on a graded scale from zero to three, with zero(0) corresponding to the highest degree of repression, one (1) corresponding to partial repression, two (2) corresponding to partial liberalization and three (3) indicating full liberalization. In answering these questions and in assigning scores, it is inevitable that some degree of judgment is exercised. To minimize the degree of discretion, a set of coding rules was used. Policy changes, then, denote shifts in a score on this scale in a given year. In some cases, such as when all state-owned banks are privatized all at once, or when controls on all interest rates are simultaneously abolished, policy changes corresponded to jumps of more than one unit along that dimension. Reversals, such as the imposition of capital controls or interest rate controls, are recorded as shifts from a higher to a lower score. Given its detailed construction, the database thus allows a much more precise determination of the magnitude and timing of various events in the financial reforms process (Abiad et al, 2010).

This contrasts with most existing measures (Bandiera et al (2000) and Laeven (2003), which code financial liberalization using binary dummy variables. Hence, the database provides a much better measure of the magnitude and timing of financial policy changes than was previously possible.

Also, in order to assess the impacts of the various types of financial sector reforms on private sector investment, the reforms index developed was grouped into three main types following Apanard et al (2010) as behavioural reforms (credit and interest rate liberalisation), competitive reforms (banking sector entry, financial account transactions and security market reforms) and privatization.

Apanard et al (2010) argue that interest rate and credit controls are nearly equivalent since freedom to allocate credit without freedom to set interest rates on loans implies that the allocation will be determined by the interest rate structure. To enjoy faster growth, many governments have initiated reforms by allowing banks to set interest rates or to allocate credit more freely or both. Credit and interest rate controls of all kinds can be viewed as restrictions on banks actions and behaviour. Thus, eliminations of credit and interest controls are combined into one type denoted "Behavioural Reforms (BR)". Other types of reforms include restrictions in equity markets and on international capital transactions implying restrictions on the set of available sources and uses of bank funds, as well as on competition from non-bank financial institutions and foreign entry. Restrictions on the range of activities of banks and restrictions on entry have similar effects on the competitive situation in financial markets. Thus the scores for banking sector entry, financial account transactions and securities market

are added to create a score for "Competitive Reforms (CR)". Government ownership is considered the third separate type of restriction. Reforms in this dimension is denoted Privatization (PR).

- **Private Sector investment**

Private sector investment covers gross outlays by the private sector (including private non-profit agencies) on additions to its fixed domestic assets.

- **GDP Per Capita**

GDP per capita is gross domestic product divided by midyear population. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Data are in constant 2000 U.S. dollars.

- **Deposit Interest Rate**

Deposit interest rate is the rate paid by commercial or similar banks for demand, time, or savings deposits.

- **Inflation Rate**

Inflation rate as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.

- **Public Investment**

Public investment covers gross outlays by the public sector on additions to its fixed domestic assets.

ESTIMATION TECHNIQUE

FULLY MODIFIED LEAST SQUARES (FMOLS)

This study adopted the Fully Modified Least Squares (FMOLS) developed by Phillips and Hansen (1990) ahead of other popular approaches to cointegration method to derive the long-run equilibrium implied by equations (3.20) and (3.21).

The Fully Modified Least Square employs a semi-parametric correction to eliminate the problems caused by the long run correlation between the cointegrating equation and stochastic regressors innovations. Phillips (1995) proves that the FMOLS procedure is reliable in the case of full rank or cointegrated $I(1)$ regressors as well as with $I(0)$ regressors. In such cases the limit theory of the *fully modified* (FM) estimates of the stationary components of the regressors is equivalent to that of OLS, while the FM estimates of the non-stationary components retain their optimality properties (i.e. they are asymptotically equivalent to the maximum likelihood estimates of cointegrating matrix). Hargreaves (1994) runs a Monte Carlo Simulation and points out that single estimators in general are robust if more than one cointegrating relation exists with the FMOLS estimator doing best. He concludes that the FMOLS estimator should be preferred, even in advance to multivariate methods, if one wants to examine one cointegrating vector and is unsure about the cointegrating dimensionality. This is of particular interest for the aim of this paper as the paper is primarily interested in the long-run effect of financial sector reforms on private sector investment. That is whether financial sector reforms promote private sector investment in the long-run. Furthermore, Phillips and Hansen (1990), Hargreaves (1994) and Cappuccio and Lubian (2001), report good finite samples properties of the FMOLS estimator.

DATA ANALYSIS

UNIT ROOT TEST

The study employed Augmented Dickey- Fuller, or ADF, (p) test (Dickey and Fuller 1979; 1981) and Dickey-Fuller generalised least square (DF-GLS) detrending test proposed by Elliot et al (1996) to test for unit root in the variables.

COINTEGRATION TEST

The study employs the Autoregressive Distributed Lag (ARDL) Bounds test by Pesaran, Shin and Smith, (2001) to examine the long-run relationship between the variables

EMPIRICAL RESULTS AND DISCUSSIONS

UNIT ROOT AND COINTEGRATION TEST

Results of the unit root and cointegration test are shown in tables 4.1 and 4.2 below

TABLE 4.1: UNIT ROOT RESULTS

Variable	LEVEL				FIRST DIFFERENCE			
	ADF		DF-GLS		ADF		DF-GLS	
	Constant	Constant + trend	Constant	Constant + trend	Constant	Constant + trend	Constant	Constant + trend
$\ln PRINV$	-1.604	-2.028	-0.009	-2.530	-5.998***	-5.722***	-4.426***	-6.007***
$\ln GDPC$	4.373	1.567	0.768	-2.366	-0.878	-5.150***	-2.766***	-5.149***
$\ln PUBINV$	-2.009	-0.699	-0.474	-0.874	-3.095**	-4.138***	-3.032***	-3.725***
$\ln INFL$	-2.479	-3.282	-0.508	-2.357	-3.915***	-3.779***	-2.566**	-3.894***
$\ln DIR$	-1.012	-1.849	-1.200	-1.789	-3.615**	-3.823**	-4.396***	-4.735***
$\ln FINDEX$	-0.995	-2.993	0.208	-2.524	-3.304**	-3.279**	-2.575**	-3.219**

The null hypothesis is that the series is non-stationary, or contains a unit root.

***, **, denotes the rejection of null hypothesis of unit root at the 1% and 5% and significance levels respectively. Test statistics for ADF are compared with simulated critical values from MacKinnon (1996, Table 1). That of ADF-GLS is Elliott, Rothenberg and Stock (1996) The lag length in the ADF test is based on Schwarz Information Criterion. Δ is first difference operator.

Results were obtained from EVIEWS 7.0

TABLE 4.2: COINTEGRATION RESULTS

Critical value bounds of F-statistic: Intercept and Trend				
	95%		90%	
F-Statistic	Lower Bound	Upper Bound	Lower Bound	Upper Bound
11.8844	4.1847	5.7854	3.4131	4.7454

F_{PRINV} (PRINV|FINDEX, GDP, DIR, PUBINV, INFL); Results were obtained from Microfit 5.1

From table 4.2, the calculated F-Statistic that the joint hypothesis that the lagged level variables of the coefficients is zero equals 11.8844. This figure is greater than the upper bound of the critical values of all the conventional levels 10% (4.7454) and 5% (5.7854). This means that joint null hypothesis of all the lagged level variables of the coefficients being zero is rejected even at 5%. This suggests that there is cointegration between private sector investment and the independent variables and hence a long run relationship between private sector investment and the independent variables.

RESULTS OF THE ESTIMATED PRIVATE INVESTMENT EQUATIONS

Results of the first estimable equation (3.20) which captures the full reform index is shown in table 4.3. Also table 4.4 shows the result from the second estimable equation (3.21), which decomposes the reform index into types.

TABLE 4.3: RESULTS OF THE FMOLS FOR EQUATION 3.20

Dependent Variable: LNPRINV				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNGDP	1.480618	0.624590	2.370542	0.0299**
LNPIBINV	0.276525	0.082311	3.359506	0.0037***
LNINFL	0.135450	0.060829	2.226748	0.0398**
LNDIR	0.321126	0.077539	4.141487	0.0007***
LNFINDEX	1.593891	0.276642	5.761555	0.0000***
C	1.336655	3.554575	0.376038	0.7115
R-Squared		0.822174		
Adjusted R-Squared		0.769872		
Durbin-Watson stat		2.102149		

***, (**) represents significance at 1% and (5%) respectively; Results were obtained from Eviews 7.0

The coefficient of the financial sector reform developed (FINDEX), is positive and statistically significant at 1% level of significance. This is an indication that the financial sector reforms which had taken place in the country has had a positive impact on private sector investment in Ghana. Specifically, 1% increase in FINDEX increases private sector investment by 1.59%. The positive and significant coefficient is as a result of interest rate deregulation which has resulted in increased savings mobilization as well as increase in the number of banks and non-banks with increased private sector participation. The reforms have also resulted in the shift in the composition of bank assets. Banks asset lending to the private sector increased at the expense of lending to government during the study period. Moreover, Privatization as part of the financial sector reforms has increased competition among financial institutions during the study period. The result is also in agreement with Fowowe (2011), Ahiawodji (2012), Guncavdi et al (1998), Laeven (2003) and Siaw and Anokye (2009).

Consistent with theory, GDP per capita has a positive and significant impact on private sector investment in Ghana. This confirms the accelerator principle in Ghana. With a coefficient of 1.480618, a 1% increase in GDP Per Capita increases private sector investment by 1.48%. This result agrees with findings from Ibrahim (2000), Fowowe (2011) and Ayentimi et al (2012).

Public Investment being positive and significant indicates that private sector investment and public investment are complementary. It is found that a 1% increase in public investment increases private sector investment by 0.28%. This means that public sector is found to act as a crowding-in catalyst to private investment growth. This may be as a result of major key infrastructural development undertaken by the government during the study period. These include transportation (roads and bridges), energy, communication, hospitals among others. The finding concurs with Blejar and Khan (1984), Aschauer (1989), Greene and Villanueva (1991) and Frimpong and Marbuah (2010).

Results of the study revealed an interesting result when inflation rate was found to enhance private sector investment. That is 1% increase in inflation increases private sector investment by 0.14%. The positive relationship between inflation and GDP growth obtained in this study is consistent with the structuralist believe that inflation is essential for economic growth. Khan and Senhadji (2001) have argued that inflation per se is not harmful to growth. Their study suggested that there is a threshold beyond which inflation is harmful to growth (i.e. inflation negatively affects economic growth). According to Frimpong and Oteng-Abayie (2010), above an inflation threshold of 11%, inflation has a very high negative effect on growth in Ghana. The import of this result is that, when prices are going up, Ghanaian businesses find it an opportunity to enjoy abnormal profit by increasing their investment. The finding is in line with Frimpong and Marbuah (2010) and Ayentimi et al (2012) for Ghana, Acosta (2005) for Argentina, Atesoglu (2005) and Crosby and Otoo (2000) for U.S.A

Contrary to the neoclassical theory of user cost of capital, the study supported the McKinnon-Shaw (1973) "complementarity" hypothesis for the case of Ghana. That is deposit interest rate has a positive impact on private sector investment in Ghana. With a coefficient of 0.321126, it means that 1% increase in deposit interest rate improves private sector investment by 0.32%. The result is consistent with Asante (2000), Ajide1 & Lawanson (2012) for Nigeria as well as Frimpong and Marbuah (2010) for the case of Ghana. This is because prior to financial liberalization, interest rates were repressed (that is controlled) with resultant low lending rates. Liberalisation, which has resulted in higher interest rates have impelled private investment through higher domestic savings resulting in increased investible funds for the private sector.

TABLE 4.4: RESULTS OF THE FMOLS FOR EQUATION 3.21

Dependent Variable: LNPRINV				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LNGDP	2.040820	0.908607	2.246097	0.0402**
LNPIBINV	0.445048	0.078486	5.670388	0.0000***
LNINFL	0.133942	0.066595	2.011295	0.0626*
LNDIR	0.157158	0.120435	1.304923	0.2116
LNBR	0.106347	0.315644	0.336919	0.7408
PR	0.245554	0.106897	2.297111	0.0364**
LNCR	0.631816	0.285317	2.214432	0.0427**
C	-2.295718	4.756969	-0.482601	0.6363
R-Squared		0.823511		
Adjusted R-Squared		0.741150		
Durbin-Watson stat		2.113559		

***(**)* indicates rejection of null hypothesis at 1%, 5% and 10% level of significance; Results were obtained from Eviews 7.0

Results from table 4.4 indicates that GDP per capita, public investment, inflation and deposit interest rate are all positive and significant except deposit interest rate which is positive but insignificant. This agrees with results in our first estimable equation shown in table 4.3 when total financial sector reform index developed was used with other control variables. When financial sector reforms were grouped into types, they are all positive, confirming the earlier finding that financial sector reform impact positively on private sector investment. Privatization and competitive reforms were significant in impacting positively on private sector investment. This means that reforms in the area of privatization, banking sector entry, financial account transactions and security market reforms have been effective in promoting private sector investment in Ghana. However, behavioural reforms was not significant at any of the conventional levels; meaning that reforms in the area of interest rate and credit reforms have not been effective in promoting private sector investment for the study period. This insignificant impact concurs with 2011 IMF Country Report's finding that there is scarcity of long-term finance, limited access to financial services and high cost of intermediation in Ghana. Also, Bawumia (2010) reveals that post reform did not result in positive real interest rates on bank products. The FINSAP period from 1984 – 2000 saw real interest rates spreads at an average of -20.0%. While real interest rate spreads during the FINSAP period (2001-2008) were marginally positive, they averaged -0.9%. These might have accounted for the insignificant nature of the behavioural reforms on private sector investment in Ghana.

SUMMARY, FINDINGS AND RECOMMENDATIONS

Result of the paper suggests that financial sector reforms have a positive and significant effect on private sector investment in Ghana. In addition, privatization, competitive and behavioural reforms as types of reforms was known to have positive and significant impact on private sector investment with the exception of behavioural reforms, which was not significant. The study also revealed that GDP per capita, deposit interest rate, public investment and inflation all have positive and significant impact on private sector investment in Ghana.

Based on the findings from the study, it is proposed that the government deepens its financial sector reforms. This is because there is still the scarcity of long-term finance, limited access to finance and high cost of intermediation. The Financial Sector Strategic Plan (FINSSP), which was implemented in 2003, has a lot of regulations and laws passed under it which are yet to realize its potential. Some of them include the Banking Act 2004, Payments Systems Act 2003, Long Term Savings Act 2004, Venture Capital Trust Fund Act 2004, Foreign Exchange Act 2006, Credit Reporting Act 2007, Borrowers and Lenders Act 2008, Non-Bank Financial Institutions Act 2008 and Home Mortgage Finance Act 2008, among others. As a recommendation, the onus falls on the Central Bank to strengthen its supervisory work in the adherence to these policies so as to deepen the sector reforms and its resultant impact on private sector investment in Ghana.

The study recommends fiscal discipline on the part of government. This may include reducing the size of government expenditure with regards to ministerial appointments, committees, end-of-service benefits (ex-gratia), allowances paid, among others. It is expected that, with a reduction in expenditure in these areas, government would have more funds to improve upon infrastructure development to create the enabling environment for private sector investment to thrive since the study revealed a positive relationship between public and private sector investment.

The Central Bank must continue on its inflation targeting policy. To achieve this policy, the conditions attached to its success must be strengthened and adhered to very well. Some of these pre-requisites include the independence of the Central Bank, well-developed financial and money markets, the absence of fiscal dominance and a clearly defined objective of achieving price stability with the absence other nominal objectives.

High deposit interest rates have proven to affect private sector investment positively. It is therefore recommended that Central Bank must deepen measures to enhance competition by increasing operating license to financial operators.

LIMITATION OF THE STUDY AND SUGGESTION FOR FURTHER RESEARCH

The reform index was developed by considering seven reform areas. This may be a limitation because there may be other reform areas that are not covered. It is also known that investment policies are implemented with the ultimate goal of enhancing economic growth. This study is thus limited in the sense that it focused primarily on impact of financial sector reforms on private sector investment at the expense of economic growth.

It is recommended from the foregoing that future research be looked into how financial sector reforms interact with private sector investment to affect economic growth in Ghana by developing an index to cover new reform area.

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APPENDIX

CODING RULES FOR THE FINANCIAL SECTOR REFORM INDEX

To construct an index of financial liberalization, codes were assigned along the seven dimensions below (Abiad et al 2010). Each dimension has various sub-dimensions. Based on the score for each sub-dimension, each dimension receives a "raw score." The explanations for each sub-dimension below indicate how to assign the raw score. After a raw score is assigned, it is normalized to a 0–3 scale. The normalization is done on the basis of the classifications listed below for each dimension. That is, fully liberalized = 3; partially liberalized = 2; partially repressed = 1; fully repressed = 0.

The final scores are used to compute an aggregate index for each country/year by assigning equal weight to each dimension. For example, if the raw score on credit controls and reserve requirements totals 4 (by assigning a code of 2 for liberal reserve requirements, 1 for lack of directed credit and 1 for lack of subsidized directed credit), this is equivalent to the definition of fully liberalized. So, the normalization would assign a score of 3 on the 0–3 scale

CREDIT CONTROLS AND RESERVE REQUIREMENTS

1. Are reserve requirements restrictive?

- Coded as 0 if reserve requirement is more than 20 percent.
- Coded as 1 if reserve requirements are reduced to 10 to 20 percent or complicated regulations to set reserve requirements are simplified as a step toward reducing reserve requirements.
- Coded as 2 if reserve requirements are less than 10 percent.

2. Are there minimum amounts of credit that must be channeled to certain sectors?

- Coded as 0 if credit allocations are determined by the central bank or mandatory credit allocations to certain sectors exist.
- Coded as 1 if mandatory credit allocations to certain sectors are eliminated or do not exist.

3. Are there any credits supplied to certain sectors at subsidized rates?

- Coded as 0 when banks have to supply credits at subsidized rates to certain sectors.
- Coded as 1 when the mandatory requirement of credit allocation at subsidized rates is eliminated or banks do not have to supply credits at subsidized rates.

These three questions' scores are summed as follows: fully liberalized = 4, largely liberalized = 3, partially repressed = 1 or 2, and fully repressed = 0.

For the rest of the coding for the other reform measures, see Abiad et al (2010).

PRODUCTION AND EXPORT PERFORMANCE OF FRESH AND DRY FRUITS IN JAMMU AND KASHMIR

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ABSTRACT

Agriculture is known as the backbone of Jammu and Kashmir economy play a very eulogistic role for development of economy. Around 70 per cent of the population in the State gets livelihood directly or indirectly from the Agriculture and allied Sectors. Horticulture development had not been a priority in India until recent years it was in the post 1993 period a focused attention was given to horticulture development through an enhancement of plan allocation and knowledge-based technology. This decade is called a "Golden Revolution" in horticulture production. Horticulture commodity growing has become a major industry and contributes largely to the export trade of the state. Contribution of horticulture sector to states GDP is 7-8 percent and 45 percent of economic returns in the agricultural sector are accounted for by horticulture. The major fruits grown in the state are Apple, Walnut, Almond, Pear, Cherry, Apricot, Peach and Plum. Kashmiri apple is famous both in taste and appearance. It has gained fame in the export market and fetches a very good return. As per Horticulture Department an area of 3.25 lakh hectares was reported under major horticulture crops for the year 2010-11 with 67 per cent area under fresh fruits.

KEYWORDS

dry fruits export, Jammua & Kashmir.

I INTRODUCTION

Agriculture is known as the backbone of Jammu and Kashmir economy play a very eulogistic role for development of economy. Around 70 per cent of the population in the State gets livelihood directly or indirectly from the Agriculture and allied Sectors.

Horticulture development had not been a priority in India until recent years. In the period 1948-80, the main focus of the country was on Cereals. Much planned effort had not been made for horticulture development, except for some technical support and development efforts for specific commodities like spices, coconut and potato. During 1980-92, there was consolidation of institutional support over a planned process for the development of horticulture; it was in the post 1993 period that a focused attention was given to horticulture development through an enhancement of plan allocation and knowledge-based technology. This decade is called a "Golden Revolution" in horticulture production

The favorable agro climatic conditions, fertile soil, sub-tropical climate are ideally suited for cultivation of fruits and vegetables in the state and offer immense scope for development of horticulture. In view of the potential available, horticulture commodity growing has become a major industry and contributes largely to the export trade of the state. The major fruits grown in the state are Apple, Walnut, Almond, Pear, Cherry, Apricot, Peach and Plum. Kashmiri apple is famous both in taste and appearance. It has gained fame in the export market and fetches a very good return. As per Horticulture Department an area of 3.25 lakh hectares was reported under major horticulture crops for the year 2010-11 with 67 per cent area under fresh fruits. Production of fruit during 2010-11 was 22.21 lakh metric tonnes comprising of 20.45 lakh metric tonnes of fresh fruits and 1.76 lakh metric tonnes of dry fruits. Export of fruit out side state for the year 2010-11 was 11.127 lakh metric tonnes and import of fruits during the same year was recorded 2.49 lakh Metric tonnes.

II. METHODOLOGY AND DATA

Keeping in view the present status of research work the data has been obtained from secondary sources. The data has been obtained from government official records, valid records of state government, department of horticulture, magazines, journals and other active related agencies of the department of horticulture in the state. The data on area production and yield of fruits and nuts in India has been collected from the year 2000-01 to 2009-10 and data on fresh and dry fruits production and area from the year 2000-01 to 2012-13. The export data for Dry fruits and foreign exchange earned has been collected from 2000-01 to 2011-12 while as for fresh fruits it is from the year 2000-01 to 2008-09.

TOOLS OF ANALYSIS

The following tools were employed to analyse the data with reference to selected objectives of this study. The compound growth rates of area, production and productivity were estimated with the use of the following exponential function.

$$Y = a b^t \dots\dots\dots (1)$$

Where,

Y = the area / production / productivity

t = time variable in year

a = constant

and

b = (1 + i)

where

i = Compound Growth Rate

The equation (1) takes the following linear form by taking logarithms to the base of both sides of the equation

$$\log Y = \log a + \log b^t$$

Compound growth rate is computed using the following formula.

$$\text{Compound Growth Rate (CGR)} = \text{Antilog} (\log n b - 1) \times 100$$

III RESULT AND DISCUSSION

WORLDWIDE HORTICULTURE SCENARIO

In the world production of fruits, India is the biggest producer of banana and mango. India is the second largest producer of lime. China is the other biggest producer of these produce in the world. European countries are the leaders in grape production with India ranking sixteenth in the world. Brazil leads in the production of orange and papaya and Thailand in pineapple. In 2010-11, China ranks first with 12,21,84,944 metric tonnes in the global production of fruits, followed by India with 7,48,78,000 metric tonnes which was followed by Brazil, United States and Italy with 3,92,86,781, 2,53,83,917 and 1,69,07,895 respectively. India which ranks on the number eight of the world production of walnut produces 36,000 MT which is 1.05 per cent in the global production.

TABLE 1: MAJOR FRUIT PRODUCING COUNTRIES IN THE WORLD DURING 2010-11

COUNTRY	Area (Hectares)	Production (M. Tonnes)	Yield (M.T/ha)
China	1,14,02,073	12,21,84,944	10.7
India	63,83,000	7,48,78,000	11.7
Brazil	24,41,430	3,92,86,781	16.1
United States of America	11,45,475	2,53,83,917	22.2
Italy	12,77,347	1,69,07,895	13.2
Philippines	11,55,871	1,61,81,731	14
Mexico	12,12,387	1,52,55,598	12.6
Spain	15,62,160	1,51,84,420	9.7
Indonesia	6,62,800	1,48,67,762	22.4
Turkey	10,92,623	1,39,45,604	12.8
Others	2,67,51,915	24,52,23,757	9.2
world total	5,50,87,081	59,93,00,409	10.9

Source: Indian Horticulture Database 2011

The data related to the area production and yield of fruit in the world during 2010-11 has been provided in the table 1. Among the Fruit producing countries the area under world level fruit was highest in China with 11,402,073 hectares and it was lowest in Indonesia with 6,62,800 hectares. The yield of fruit was maximum in Indonesia with 22.4 Metric tonnes per hectare and it was minimum in Spain with 9.7 Metric tonnes per hectare.

FRUITS AND NUTS IN INDIAN SCENARIO

In India horticulture contributes about 30 per cent to the agriculture GDP and it grows in double digit. The share of horticulture food has increased to more than 50 per cent in the food basket of the consumers. India is the second largest producer of horticulture crops after China but the productivity is very low. Since fruits and vegetables are perishable in nature the losses are very high. Further the producers share in consumer's rupee is only about 40 to 55 per cent due to inefficient supply chain, comprising of multilayer channels and large number of intermediaries. These intermediaries change for their service at each and every step, the returns to the farmers are meager while the consumer pay higher price there fore the producer consumer both are affected.

TABLE 2: AREA, PRODUCTION AND YIELD OF FRESH AND DRY FRUITS IN INDIA AREA ('000'HA), PRODUCTION ('000'MT), Productivity (MT/HA)

YEAR	FRUITS			NUTS		
	AREA	PRODUCTION	YEILD	AREA	PRODUCTION	YIELD
2000-01	4,010	43,001	10.72	117	114	0.97
2001-02	3,788	45,203	11.93	117	114	0.97
2002-03	4,661	45,942	9.86	106	121	1.14
2003-04	5,049	50,867	10.07	106	121	1.14
2004-05	5,324	55,356	10.40	130	149	1.15
2005-06	5,554	59,563	10.72	132	150	1.14
2006-07	5,857	65,587	11.20	132	177	1.34
2007-08	6,101	68,466	11.22	136	173	1.27
2008-09	6,329	71,516	11.30	142	193	1.36
2009-10	6,383	74,878	11.73	Including in fruit		
CGR	5.99	6.92	0.87	3.19	7.49	4.17

Source: Indian Horticulture Database 2011

The data related to the area production and productivity of fruits and nuts in India from (2000-01 to 2009-10) has been provided in the table 2. The area under India level fruit had increased to 6,383 thousand hectares in the 2008-09 from 4,010 thousand hectares in 2000-01 and the area under nuts has increased from 117 thousand hectares in 2000-01 to 142 thousand hectares in 2008-09. Through out the study period, the area under fruits and nuts had an increasing trend. The production of fruits had increased from 43,001 thousand Metric tonnes during the year 2000-01 to 74,878 thousand Metric tonnes in the year 2009-10 and the production of nuts has increased from 114 thousand metric tonnes in 2000-01 to 193 metric tonnes in 2008-09. The yield of fruits was maximum in the year 2009-10 with 11.73 Metric tonnes per hectare and it was minimum in the year 2002-03 with 9.86 Metric tonnes per hectare and in nuts it was highest in the year 2009-10 while it was lowest in the year 2001-02 with 1.36 and 0.97 Metric tonnes per hectare respectively.

DRY AND FRESH FRUITS JAMMU AND KASHMIR SCENARIO

Jammu and Kashmir is home to some world famous varieties of fresh and dry fruits, honey and saffron. Horticulture is one of the most vibrant sectors of the state economy which provides direct as well as indirect employment to the state population. Apples are the major produces of Jammu and Kashmir during the last five years production of apple has increased from 1,151.7 thousand metric tonnes in fiscal year 2006 to 1,373 thousand metric tonnes in the fiscal year 2010 and this figure has been reached to 1,410 thousand metric tonnes during 2011. The production of apples in the state is growing every year as a result the percentage share of Jammu and Kashmir in the national production has also been increasing steadily; it has increased from, 63.5 percent in fiscal year 2006 to 77.2 percent in fiscal year 2010

TABLE 3: AREA AND PRODUCTION OF FRESH AND DRY FRUITS IN JAMMU AND KASHMIR AREA (HA), PRODUCTION (MT)

YEAR	Total Fresh		Total Dry		Grand Total	
	AREA	PRODUCTION	AREA	PRODUCTION	AREA	PRODUCTION
2000-01	1,40,854	8,37,292	78,185	94,508	2,19,039	9,31,800
2001-02	1,42,225	10,00,887	79,364	96,321	2,21,589	10,97,208
2002-03	1,48,483	10,45,747	83,244	1,00,840	2,31,727	11,46,587
2003-04	1,57,585	11,65,886	84,961	1,08,025	2,42,546	12,73,911
2004-05	1,67,568	12,17,604	90,743	1,14,257	2,58,311	13,31,861
2005-06	1,75,096	12,89,296	93,188	1,23,696	2,68,284	14,12,992
2006-07	1,84,716	13,73,759	98,369	1,30,342	2,83,085	15,04,101
2007-08	1,96,136	14,77,920	99,005	1,58,283	2,95,141	16,36,203
2008-09	2,03,320	15,29,912	1,02,301	1,59,936	3,05,621	16,89,848
2009-10	2,09,779.8	15,34,682	1,05,424.6	1,77,727.7	3,15,204.4	17,12,409
2010-11	2,17,057	20,45,556	1,08,018	1,76,436	3,25,075	22,21,992
2011-12	2,40,185	19,49,173	1,02,606	2,11,996	3,42,791	21,61,169
2012-13	2,36,780	15,24,593	1,10,443	2,17,549	3,47,223	17,42,142
CGR	4.85	6.25	2.98	7.76	4.22	6.41

Source: Directorate of Horticulture Kashmir

The data related to area, production and productivity of fresh and dry fruits in Jammu and Kashmir from (2000-01 to 2012-13) has been provided in the table 3. The area under fresh fruits had increased from 1,40,854 hectares in years 2000-01 to 2,36,780 hectares in 2012-13 and area under Dry fruits had increased from 78,185 hectares in years 2000-01 to 2,17,549 hectares in 2012-13. Throughout the period of study, the area under Fresh and Dry had an increasing trend. The production of Fresh fruits had increased from 8,37,292 tonnes during the year 2000-01 to 15,24,593 tonnes in the year 2012-13. The production was maximum during the year 2010-11 with (20,45,556 tonnes) while it was minimum in 2000-01 with (8,37,292 tonnes). The Production of Dry fruits reached maximum during the period 2012-13 with 3,47,223 and minimum during the year 2000-01 with 2,19,039 tonnes. The above table shows that both the production and area of fresh and dry fruits has increased considerably in the present scenario in spite of suffering a below in the initial periods.

TABLE 4: EXPORT OF DRY FRUITS FROM KASHMIR AND FOREIGN EXCHANGE EARNED

Year	Almond (M-tonnes)	Foreign Exchange Earned (Crores)	Walnut (M-tonnes)	Foreign Exchange Earned (Crores)	Total Dry (M-tonnes)	Total Foreign Exchange Earned (Crores)
2000-01	20	0.22	7,742	109.94	7,762	110.16
2001-02	19.47	0.22	7,402	117.78	7,421.47	118
2002-03	21	0.22	7,632	121.23	7,653	121.45
2003-04	34.86	0.24	6,301	99.3	6,335.86	99.54
2004-05	302.01	1.19	5,674	92.83	5,976.01	94.02
2005-06	296.45	1.48	5,256	114.47	5,552.45	115.95
2006-07	260.88	1.82	5,437	118.02	5,697.88	119.84
2007-08	197.11	0.91	6,692	160.53	6,889.11	161.44
2008-09	168.42	1.02	5,696.32	141.22	5,864.74	142.24
2009-10	60.97	1.05	9,071.71	197.8	9,132.68	198.85
2010-11	91	1.64	9,524.55	206.85	9,615.55	208.49
2011-12	65	1.23	9,731.65	231.63	9,796.65	232.86

Source: Directorate of Economics and Statistics (J&K)

The table 4 indicates the export of Dry fruits and foreign exchange earned from Jammu and Kashmir during 2000-01 to 2011-12. The export in terms of quantity had increased from 7,762 Metric tonnes in year 200-01 to 9,796.65 Metric tonnes in 2011-12 and the foreign exchange earned was highest 232.86 crores during the year 2011-12 and it was lowest in the year 2004-05 with 94.02 crores. Production in terms of Almond was highest during 2005-06 with 260.88 Metric tonnes and was lowest during 2001-02 with 19.47 Metric tonnes only and production in terms of walnut was highest during 9,731.65 Metric tonnes and was lowest during 2005-06 with only 5,256 Metric tonnes. The foreign exchanged in terms of Almond was maximum in 2006-07 with 1.82 crore and was minimum in 2002-03 with 0.22 crores and in terms of Walnut it was maximum in 2011-12 with 231.63 crores and was minimum in 2004-05 with 92.83 crores.

TABLE 5: EXPORT OF FRESH FRUITS IN TERMS OF QUANTITY AND BOXES

Year	Fruit Mandi Pampore		Fruit Mandi Sopore	
	Boxes (Numbers)	Quantity (M-tonnes)	Boxes (Numbers)	Quantity (M-tonnes)
2000-01	21,16,000	38,988	22,02,000	40,034
2001-02	14,14,600	25,462.7	30,10,600	54,825
2002-03	20,06,500	35,937	41,82,250	75,284
2003-04	26,59,380	48,352.35	46,20,951	84,016
2004-05	39,10,650	71,099.6	5,00,100	90,928
2005-06	36,01,500	65,482	70,22,000	1,27,673
2006-07	16,88,428	33,768.56	56,50,000	2,82,500
2007-08	36,35,700	72,714	1,15,00,000	2,00,000
2008-09	29,18,835	58,227	1,18,00,000	2,36,000

Source: Directorate of Horticulture Jammu and Kashmir

The table 5, indicates, export of fresh fruits from Jammu and Kashmir during 2000-2001 to 2008-2009. Jammu and Kashmir having two mandies where from it is exporting to the rest of the country and world namely Fruit Mandi Pampore and fruit Mandi Sopore. The export of fruits from fruit Mandi Pampore was maximum in the year 2008-09 with (58,227 Metric tonnes). It was minimum during the year 2001-2001 with (25,462.7 Metric tonnes) and from fruit Mandi Sopore it was highest in 2006-01 with (2,82,500 Metric tonnes) and was lowest in 2000-01 with (40,034 Metric tonnes).

CONCLUSION

Horticulture sector serves as a highly contributing industry to the state's economy. The prospects for the development of horticulture crops such as fresh and dry fruits, are very bright since the state has several innate agro-climate advantages. Contribution of horticulture sector to states GDP is 7-8 percent and 45

percent of economic returns in the agricultural sector are accounted for by horticulture. The area and production of both fruits and dry fruits in the state have been increasing. The trend is expected to increase the demand for fruits in future as evidenced by the high income elasticity of demand. In addition the export of fresh as well as dry fruits offers a solid source of foreign exchange for the exchequer. However, with the increasing in socio-economics demand and life style of population there is great potential in further improving of horticultural crops production and quality to help in alleviating food shortage, malnutrition and unemployment in the state, thus in turn improve the socio-economic conditions of the peoples in the state. It's needed to identify current constraints, and the need to include nutrition, self-employment and crop production education on agricultural research agendas of governments. To compete in the export markets, need to produce horticultural crops or processed products that meet the export market standards, including specifications in importing countries, timely delivery, ample steady supply, grading, packaging, contracts or agreements to build trust, and good quality of product at arrival in the export market.

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CONSUMPTION TO CONSUMERISM-EFFECTS AND IMPACTS

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ABSTRACT

In this paper a general attempt has been made to elucidate the effects of consumerism on Indian society. It also tries to highlight the driving forces that motivate the ever increasing trend of impulsive consumption. An attempt has also been made to conceptualize the idea of green consumerism in the context of current environmental crisis. Economic Development of any country is based on consumers as the whole economy revolves around them. They are the basis for building of the economy and responsible for the transformation of resources in the productive things. They are also responsible for the production of good and services which are the index of economic growth. Thus consumers are the wheels of the chariot of the economy and they are the kings of the market. Now the purchasing power of the consumers throughout the world has gone up to many fold since last two to three decades. The families spend adequate portion of their income on consumer goods. Consumerism is manifested in the chronic purchase of new goods and services without the proper valuation of their true needs, durability and the environmental consequences of manufacture. Materialism is one of the end results of consumerism. People are eager to emulate those who are above them in the social hierarchy. The poor strive to imitate the wealthy and the wealthy imitate celebrities and other icons. The celebrity endorsement of products can be seen as evidence of the desire of modern consumers to purchase products partly or solely to emulate people of higher social status. This purchasing behavior may co-exist with an image of oneself as being an individual. Eventhough consumerism can enhance the material prosperity of a society, it can have some detrimental effects too.

KEYWORDS

Conspicuous consumption, Consumer, Consumerism. Consumption, Gross Domestic Product.

INTRODUCTION

Just as feeding, digestion and growth are the vital processes of living beings, similarly production, consumption and distribution are the essentials of economies. Consumption is considered as the second vital process of an economy next to production. When we use a commodity, we really use its want satisfying quality. When the goods that we purchase satisfy our wants directly and immediately, we can call it as direct consumption. On the other hand, consumption is called indirect or productive when the goods are not meant for final consumption but for producing other goods which will satisfy human wants. On the basis of commodities involved consumption can again be divided in to two categories:- i) food consumption which is the consumption of those goods to meet the needs arising from hunger and thirst and ii) Non-food consumption that relates to satisfaction of health, educational, travel and recreational requirements. Consumption is of vital importance as it is the beginning as well as the end of all economic activities. A man feels desire and then he makes an effort to satisfy it, when the effort has been made the result is the satisfaction of want. Thus want is the beginning and satisfaction is the end of our economic activity. Production, the first vital process of an economy, depends up on consumption. Producer is taking production of a certain good because it is going to be consumed by the consumer. Therefore consumption determines the production. The intensity of consumption of a particular good determines its price in the market. Thus consumption also influences the exchange activity. The existence of exchange in an economy is due to consumption only. Distribution, that is sharing of income to land, labour and capital is influenced by consumption. Consumption indicates standard of living and standard of living determines the efficiency and the efficiency determines the share in national income.

Consumerism is a social and economic order that encourages the purchase of goods and services in ever greater amounts. Sometimes, the term consumerism is often used to refer to the economist's movement, consumer protection or consumer activism, which seeks to protect and inform consumers by requiring such practices as honest packaging and advertising, product guarantees and improved safety standards. In this sense it is a movement or a set of policies aimed at regulating the products, services, methods and standards of manufacturers, sellers and advertisers in the interest of the buyer. In Economics, consumerism refers to economic policies placing emphasis on consumption. In an abstract sense it is the belief that the free choice of consumers should dictate the economic structure of a society. Consumerism, on the other hand is the belief that personal happiness is based on the increasing consumption of products. Citizens of consumer countries are subject to advertising that promotes the buying of more and more things, making them feel inadequate unless they buy in.

Consumerism is becoming the hallmark of most world economies. In the West, it is a common phenomenon, but now even developing countries in the world are resorting to it. An economy is judged by the production and selling of goods. The more the volumes of goods are produced and consumed, the higher the growth rate of the economy. The prosperity of a nation is judged by the per capita income of its individuals. In a consumer society with people having sufficient money backing, the question of repair does not arise. They purchase goods, use them and throw them away. Thus new goods when they become old are replaced by newer ones.

RELEVANCE OF THE STUDY

India is passing through a phase of unprecedented demographic changes. As per the Census projection report working age population is likely to increase from approximately 58% in 2001 to 64% by 2021 and bulk of this increase is likely to take place in the relatively younger age group of 20-35 years. This trend would make India one of the youngest nations in the world. The fact is that the younger age group is more emulative in nature. Indian economy is also witnessing a rising trend in urbanization, household incomes and population growth that tend to widen India's consumer market. Today India's consumer market ranks 12th. By 2025 India's market will be 5th largest in the world. Increase in the number of working women, strong domestic consumer goods manufacturing sector, growing middle class, new type of super bazaars and outlets and entry of multinational corporations also provided added incentive for increasing consumer expenditure.

Another remarkable factor that tend to augment the purchase habit is the growth of sunrise sector, that is the food processing and value addition units in Indian economy. These units provide quick access to wide variety of ready to cook and ready to eat items and thereby helps people to diversify their consumption basket. The aforesaid facts will have the capability to enhance and emend household expenditure in favour of highly luxurious items not only at present but in future also. In this scenario the present article that intends to explore the impacts of consumerism seems to be highly significant and a seminal work.

OBJECTIVES

1. To examine the historical aspects of the concept of consumerism in the context of India's increasing demographic dividend.
2. To explore the motivating forces behind the rising pattern of India's consumption.
3. To highlight to effect of consumerism on society, economy and environment.
4. To conceptualize the idea of green consumerism.

RESEARCH METHODOLOGY

The study is explorative in nature and is conducted mainly on the basis of secondary sources. Thus earlier studies and observed facts are more relied on Past studies pertaining to consumption behaviour provide a theoretical underpinning for the preparation of historical aspects of consumerism. This historical backup makes the direct observability of overall spending pattern of consumers more feasible.

HISTORICAL PERSPECTIVE

Need of the human being whether primary or secondary undergo change from time to time in accordance with growth and development of societies. Amazing progress in the realm of science and technology open immense possibilities for gratifying the ever increasing needs of man (MC Cracken 1987: 158). The evolutionary phase of consumption can be traced back to three successive stages -1) subsistence minimum consumption, consumption meant for a comfortable living and finally, consumption to a level where commodities and utilities could create a very comfortable luxurious living. Things once considered luxurious and meant for the consumption of upper crest of societies have turned out be necessities in the third and final stage. Once primary needs are gratified, consumers will seek out the way for gratifying the next level of needs. When a need is fairly well satisfied, a new need emerges and process continues. This is a continuous and never ending process.

Industrial growth and development in many countries accelerated production of goods on a massive scale. It enlarged employment opportunities leading to a rise in Gross Domestic Product and per capita income and thereby provides more disposable income to consumers. Industrial developing also brings about structural transformation of societies and people began to misplace many of their traditional qualities reflecting changes in needs. In this changed socio economic condition, consumption pattern has also achieved new dimensions both in the quantity of things consumed and also in the kind of consumption. Consumption largely meant for secondary needs gained dominance and popularity with a subsequent rise in the number of consumers. Due to increased disposable income people spend relatively larger amount on goods that satisfy their secondary needs became fashionable and widespread. This tendency of consumption is widespread in purchase of cosmetics. Superfine clothing, expensive foot wear, consumer durables, home appliances, electronic gadgets sophisticated using material and others. Consumption of these things that mainly intend to satisfy secondary level needs can be better termed as consumerism. It is a practice of consumption necessitated not entirely by absolute utility considerations but predominantly by aspirations of consumers for a better standard of living and as a means of vertical social mobility.

Consumerism has weak link with the Western world, but in fact an international phenomenon. People purchasing goods and consuming materials over and above their basic needs is as old as the earliest civilizations. A great turn in consumerism arrived just before the Industrial Revolution. In the nineteenth century, capitalist development and the industrial revolution were primarily focused on the capital goods sector and industrial infrastructure. At that time agricultural commodities, essential consumer goods and commercial activities had witnessed much lesser growth compared to capital goods and industrial infrastructure sectors. Moreover little time or money was left for consumer activities because members of working classes worked for long hours for low wages. But the industrial revolution created an unusual economic situation. For the first time in history, products were available in outstanding quantities at outstandingly low prices, being thus available to virtually everyone. So began the era of mass consumption, the only era where the concept of consumerism is applicable. The term consumerism was first used in 1915 to refer the advocacy of rights and interests of consumers (Oxford English Dictionary). The term has also link with concept of conspicuous consumption, implying the irrational and confounding form of economic behavior, originated at the turn of the twentieth century in the writings of sociologist and economist Thorstein Veblen. Emulation is also a core component of 21st century. As a general trend, regular consumers seek to emulate those who are above them in the society. The tastes, preferences and life styles trickle down to become the standard for all consumers. A consumer can have the instant gratification of purchasing an expensive item to improve social status that is people want to become a snob consumer so as to differentiate themselves from the society.

Luxuries attain excessive importance and are sold more profitably (Friedman, 1973, 166-67). It has also been regarded as a means to enhance social status and prestige. Things consumed today would become obsolete tomorrow. Consumption was prevalent in societies from immemorial. Eminent thinkers like Adam Smith and Rousseau explained the types of consumption aimed at gratifying the aspirations of people other than utility. Adam Smith noted the gratification of bodily needs gave way to the gratification of social and cultural one from physical to social survival. According to Veblen any consumption primarily concerned with the ostentatious display of wealth is conspicuous consumption. The wish to impress others with one's ability to pay higher prices is the reason behind this type of consumption. It is a clear manifestation of the desire to display one's economic ability and hence the direct utility of consumers is of no prime interest. Conspicuous consumption, as Veblen thought, mostly determined not by the utility of commodities that individual purchase, but by status and prestige considerations. Pecuniary emulation, invidious distinction, honour, esteem and social prestige are the prominent motives behind conspicuous consumption.

In 1981 Roger Mason undertook the task of constructing wide theoretical frame works to understand the phenomenon of conspicuous consumption as applicable to societies in various stages of transition. He cited Indian society as an example where all caste groups exhibit conspicuous consumption as a way to improve their social standing. In India conspicuous consumption is still manifest during festivals. Extravagant consumption behaviour is common in such occasions. The motivation behind this extravagance is apparent enhancement of social position through lavish spending. Such occasions provide them an opportunity to project the image of their family and make it an event which would have a lasting effect on the minds of the people in the locality.

However, term conspicuous consumption propounded by Veblen and Mason has to be differentiated from Consumerism. Ostentatious display of wealth is the prime motive of conspicuous consumption. But consumption is never restricted to the consumption of luxuries alone. The need creation plays a pivotal role in consumerism. Consumerism is to satisfy the need of the consumer created day by day. But proliferation of need is not responsible for conspicuous consumption. Excessive consumption is not a feature of conspicuous consumption but it is a feature of consumerism.

Expansion of capitalist commodity production gave rise to a accumulation of material culture, in which the dominance of exchange value eradicates the memory of the original use value of goods. Instead of the Marxian "use-values" and "exchange-values", consumables become "sign-values". Consumerism pre supposes the benefit that human happiness is directly proportional to the amount of materials purchased possessed and consumed. The danger embedded in consumerism is that it makes human beings materialistically driven compulsive buyers who consume goods disproportionate to their basic needs.

DRIVING FORCES OF CONSUMERISM IN INDIA

In traditional societies, such as India, life styles were largely regulated by long standing practices. Today's post-modern trends-increasing consumerism and affluence, individualism, demographic complexity, ideological diversity, global migration and constant innovation in communication technology have proliferated new social identities and deconstructed social identities imposed by past (Johnston and Shoon 1998, Rumbo 2002; Benn 2003). With rising fragmentation of joint families, greater urbanization and employment related mobility across cities; the contemporary New Age Urban Indian (NAUI) is increasingly de-linked from social identity in-groups and is constantly faced with an erosion of previously established norms and values. The process has been accentuated by what is popularly called the BPO culture. This culture has put unprecedented money power in the hands of youth who have been just out of college (Business world 2004). With the advent of consumerism, the NAUI's enacted role as a consumer is gaining far greater importance. They consider material possession especially status goods as an indicator of personal identity. The supply side with proliferation of malls and super markets coupled with efficient distribution has been fueling the rise in consumerism.

India is passing through a phase of unprecedented demographic changes. These demographic changes are likely to contribute to a substantially increased labor force in the country. The Census projection report shows that the proportion of working age population between 15 and 59 years is likely to increase from approximately 58% in 2001 to more than 64% by 2021. Further it is more important to note that bulk of this increase is likely to take place in the relatively younger age group of 20-35-years. Such a trend would make India one of the youngest nations in the world. In 2020, the average Indian will be only 29 years old as against 37 years in China, 45 for West Bengal and 48 for Japan. This demographic trend is expected to intensify the trend of consumerism further provided the younger age group is more emulative in character.

Increase in consumption is also direct fallout of increase in urbanization as the average percapita income is twice the percapita income in rural India. The average monthly percapita consumption expenditure for urban India has nearly doubled in the last decade and the fact that urban India accounts for nearly 42% of consumer expenditure; one can easily attribute the rising consumerism to growth in urbanization. A strong rural India with growing capacities is also fueling demand for products and services. Today, despite their low incomes, rural households, due to their majority share of population, are collectively India's largest consumers-57% of current consumption is in rural areas versus 43% in cities. Enabling the consumer to spend more and more are the numerous consumer finance schemes that have gained acceptance among the consuming classes. At an individual level, borrowing constraints have reduced substantially with banks/finance companies becoming aggressive lenders. Today, finance is available for almost all kinds of purchases whether large purchases or small ones. Low interest rates and narrowing down of the gap between deposit and lending rates is also aiding growth in consumerism. The rise in usage patterns of credit cards by the consuming class has also helped to bring a change in spending patterns. The policies of economic reforms and the resultant inflow of varietal products also enlarge the choice of consumers.

The combination of rapidly rising household incomes and a robustly growing population will lead to a striking increase in overall consumer spending. MC Kinsey Study forecast that aggregate consumption in India will grow in real terms from 107 trillion by 2015 and 70 trillion by 2025-a fourfold increase. This soaring consumption will vault India into the premier league among the world's consumer markets. Today its consumer market ranks 12th. By 2015, it will be almost as large as Italy's market. By 2025 India's market will be the 5th largest in the world, surpassing the size of Germany's consumer market. The size of India's market will still be tied closely to its large population.

The specific factors that account for Indian consumerism are shortlisted below:

- a) Growing middle class, its changing values and pent up consumer demand
- b) Changing women's role, their labor participation and the changing structure of the family.
- c) Rising consumer aspirations and expectations across many segments of the population.
- d) Increased consumer spending on luxury items aided by past savings and the introduction of credit system.
- e) New types of shopping environments and outlets.
- f) Strong domestic consumer goods manufacturing sector.
- g) Resurfacing of hedonistic cultural elements after centuries of dormant state.
- h) Entry of multi-national corporations in to India.
- i) The emergence of rural consumer sector

EFFECTS OF CONSUMERISM ON SOCIETY, ECONOMY AND ENVIRONMENT

Two basic needs of human beings are to manufacturing and consuming (Sen 2007). Consumerism causes the wasteful use of energy and material far above and beyond that needed for everyday living at a comfortable level. However, day by day consumption has become a wastage than satisfying basic needs. Shah (2008) added that: we consumed a variety of resources and products today having moved beyond basic needs to include luxury items and technological innovations to try to improve efficiency. Consumption affects our lives in all respect with its power. Therefore, Sen (2007) explained that now-a-days consumption is beyond an addiction, it is a passion and a power that affects and directs societal values. Because of that power, consuming become a thing that countries are competing for. Sen(2007) explained this situation with an example that the countries which have the largest economic power such as Japan and USA evaluate their power with respect to the amount they consume. Consumerism is appreciated in Western economies since a person's standard of living is valued by his or her material possessions.

Consumerism is economically manifested in the chronic purchasing of new goods and services without the proper assessment of their true need, durability, product origin or the environmental consequences of manufacture and origin. Huge sums of money spent on advertising by business firms promote the acquisition character of people. Practice of consumerism interferes the very working of the society by replacing the basic desire for an adequate supply of life necessities, community life, a stable family and a healthy relationship with an artificial ongoing and insatiable quest for things and the money to buy them with little regard for the utility of what is bought. An intended consequence of this, that is the financial resources better spend on social capital such as education, health, nutrition, housing etc.....are spend on products of dubious value and little social return. The consumer is really robbed by the high price of new things. Moreover consumerism has certain positive and negative effects in an economy.

POSITIVE EFFECTS

- a) A higher growth rate of the economy
- b) Creation of more employment opportunities through the expansion of production
- c) Improvements in the standard of living of the people and thereby reduction in the number of people living below the poverty line
- d) A variety of goods and services to choose from
- e) Expansion of industrial and agricultural sector if the economy can domestically meet more than half of the choice of consumers.

The fast growing desire for over consumption has direct and indirect effect on environmental resource endowments. Consumer society carries it with many economic benefits. Yet, the staggering growth in consumption over the years suggests that the impact on water, air quality, forests, climate, sustainability/development and human health have been severe. Consumption may not be a bad thing but it threatens the well being and environment when it becomes an end itself or taken as ultimate measure of success of economic development. Consumption pattern among world's wealthy and middle class today has gone well beyond limits. The world is now glamorized by a consumption revolution level swelled from \$ 4.8 trillion in 1960 to \$ 20 trillion in 2000 as per 1995 prices. About 1.7 billion people, 27% of the world population have entered the consumer society. Nearly half of these global consumers live in developing countries including 240 million in China and 120 million in India. In the context of increasing environmental crises the concept of green consumerism is of greater significance. It refers to recycling purchasing, and using ecofriendly products that minimize damage to the environment. The goal of green consumerism is to reduce carbon foot print and lower green house gas emissions.

Material prosperity may be there in consumerism but, it has its negative effects on the people and society at large.

NEGATIVE EFFECTS

- a) Over dependence on labor saving devices and import of cheaper goods further accelerate the speed of jobless growth.
- b) Crime rate also increases as wants to become expensive items, then theft become common and daylight robberies take place
- c) Personal relations also get affected as people are busy trying to earn more to maintain their standard of living.
- d) Consumerism has also resulted in ecological imbalances. The natural habitat is being destroyed to create more goods and more buildings and affect the weather. Global warming will eventually result in health problems. Industrial pollution is affecting people in many ways. Consumption can cause air and water pollution, land contamination and forest degradation. Industrial waste (especially when just dumped in to rivers and oceans), waste from agriculture and automobile emissions are examples of air and water pollution caused by consumerism. By realizing the negative effects of consumerism on environment, Ted Dave, a Canadian artist, founded the Buy Nothing Day, which is an informal day of protest against consumerism.

FINDINGS AND SUGGESTIONS

Production, distribution and consumption are the three vital processes necessary for every economy to sustain. Consumption is of prime importance as it is the beginning as well as the end of all economic activities provided production and distribution in turn are influenced by consumption. In responses to the transformation of traditional so cities, needs of human beings also get multiplied. The over whelming progress in science and technology opened innumerable

avenues for gratifying their wants. It was with the advent of industrial Revolution, for the first time in history, products were available in outstanding quantities at outstanding low prices that increased people's access to the available quantity of commodities and so began the era of mass consumption.

Disintegration of joint family system, greater urbanization, employment related mobility across cities, unprecedented demographic changes, wide spread usage of credit card, rising household incomes, increase in the number of working women, policies of economic reforms and resultant inflow of varietal products also enlarge the choice of consumers and speed up the process of consumerism in India. The ever increasing consumption pattern of people has the capability to produce certain beneficial effects in an economy in terms of higher growth, creation of employment opportunities, improvement in standard of living and expansion of agricultural and industrial sectors. At the same time we can't deny the ecological imbalances that result from irrational consumer behaviour. There is no denying that India will emerge as a consumer oriented society in future years and so we should be cautious of fruitfully reaping its beneficial effects as against its detrimental impacts. Here we seem to be setting up of agro processing and value addition units as a viable option. These units tend to ensure the availability of food items, generate employment and income and thereby enhance purchasing power of the people. They are also capable of promoting farm-industry linkages which in turn stimulate sustainable growth of agriculture and industrial sector and thereby maintain adequate supply of goods that satisfy not only the primary needs but also the secondary needs of the consumers. Moreover, because of the greater scope of by-product utilization and organic nature of waste products, these units are considered as environment friendly. India's varied agro climatic conditions suitable for the production of wide varieties of agro produce also provide necessary impetus for these units to sustain as a means of reaping the benefits of ever growing spending culture of India's younger age group.

CONCLUSION

In the present world consumer is called the king of the market. He is at the centre stage of all market activities. It is constant endeavor of producers that the product must conform to the needs of consumer. In addition to the satisfaction of consumer, he also aims at the maximization of his sales and therefore try to increase the sales by all means. It is an undisputable fact that consumption is the core element of economic activities. But the status symbol consumption that ultimately led to consumerism, is it good or bad for a growing economy. The foregoing discussion lends credence to the fact that it has both positive and negative aspects. There is no doubt that consumerism increases consumption, more consumption requires more production, more production means more jobs and more income in the society and more income means more consumption. This is the cycle if managed properly can bring growth and prosperity to the society. At the same time it costs more to the environment and ultimately led to the collapse of the environmental system as and when waste disposal outweighs the waste assimilating capacity of the environment. Considering the infinite multiplicity of wants of modern civilization Mahatma Gandhi termed it 'Satanic Civilization' and cautioned India against imitating the West. He categorically said that the world has enough for today's need, but not the every body's greed.

In the economic world of scarcity and choice it should be better to think of its negative impact in terms of alternative or opportunity cost of resources used for unnecessary consumption. In the words of famous economist Milton Friedman there is no free lunch in a society, that is everything has an opportunity cost. The effects of consumerism may become more detrimental if it creates a recessionary trend in the economy as in the case of USA, where marginal propensity to consume is nearly one at the time of recession. Moreover the US economy is a consumer economy and is known for its material growth and prosperity. Even at present the US economy is reeling under the pressure of recession. Consumption is essential to our economy, but authorities should imply rules and laws, especially to regulate the availability of consumer credit, to make sure that consumerism does not destroy the very existence of our economy and the environment.

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AN ASSESSMENT OF DECLINING CHILD SEX RATIO IN SAMBA DISTRICT (J&K)

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ABSTRACT

The present study was conducted with an objective to analyze the declining trend in child sex ratio in Samba district. The census of 2011 shows the declining of child sex ratio in district samba. (Jammu and Kashmir). This shows that there is a great biasness in respect of gender in district Samba. According to the field survey, the respondents think that negligence of girl result in high mortality rates, which led to the imbalance in the child sex ratio. Majority of the respondents think that in order to deal with these problems, selective abortions of girls should be legally banned. Dowry demand should be stopped forcefully and government must carry out serious and continue efforts to change the attitude of people towards girl's child. Female insecurity is also the main reason of feticide.

KEYWORDS

Abortion, Sex ratio, Girl's child, Gender biasness, Female insecurity and Dowry.

INTRODUCTION

CHILD SEX RATIO. The child sex ratio attempts to bring out the recent changes in our society in its attitudes and outlook towards the girl child. It is a broad indicator which reveals the ground realities that exist in fabric of the society. Present sex composition of child population determines the future vital events such as marriage rate, labour force, age structure, birth and deaths, migration and replacement etc. It is the ratio of males and females in a age group of 0-6. The different Countries of the world use different criteria for obtaining sex ratio. In India the sex ratio is the ratio of female to per thousand of males. Sex composition of a population refers to the balance between male and female in any population. (Chandana, 1986, p 103).

Sex ratio is an important component of demography which affects not only the other demographic attributes but also the social, economic and political structure. The balance between the male and female in any population at a given point of time, in fact depend on three factors. They are:

1. Sex ratio at birth.
2. Sex differential at death.
3. Sex ratio among migrants.

OBJECTIVES

- To analyze the declining child sex ratio in the study area.
- To find out the causes which are responsible for low child sex ratio in the study area.
- To assess the challenges related to this issue.
- To device solutions to come out from the concerned problem.

DATA BASE AND METHODOLOGY

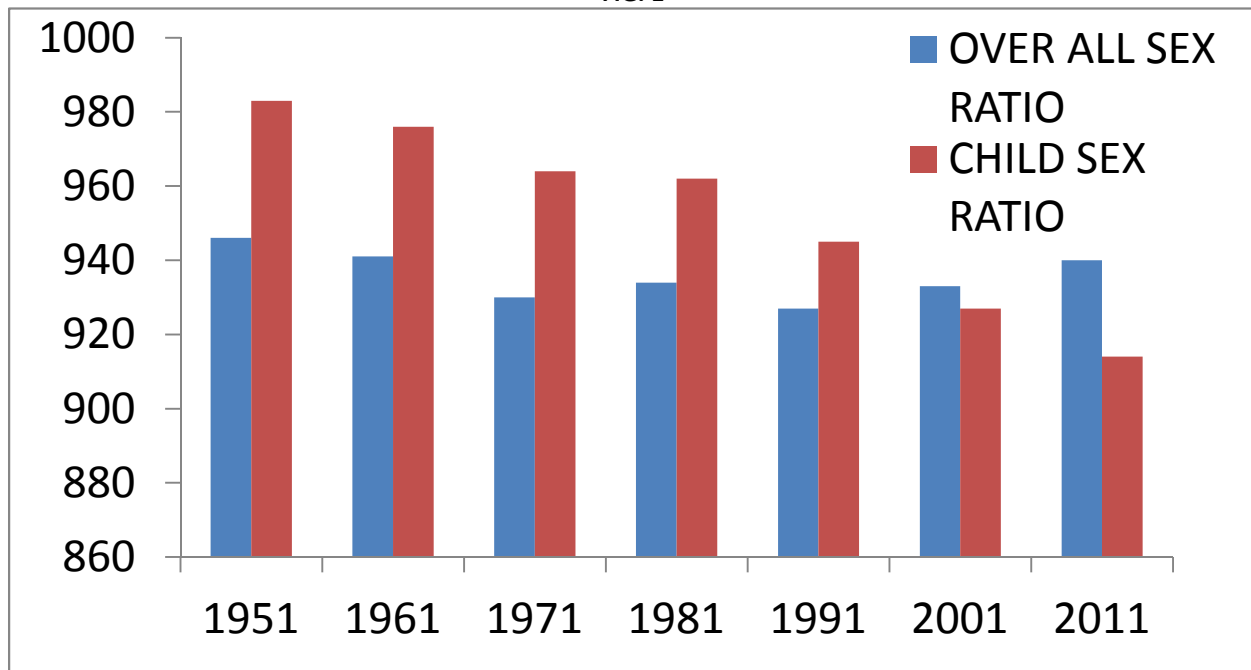
- The empirical research is cumulative product of primary and secondary sources of data. The present study is based on both primary and secondary sources of data. The primary sources of data have been collected from different government offices and local agencies and organizations. The primary data has been gathered through personal interviews and field surveys.
- Secondary data has been collected through various sources such as central census statistical department and others official and non-official agencies to draw relevant result. Simple mean and statistical techniques used for concrete results.
- Internet websites, brochures, books, journals, newspapers, etc has also been used to gathering the relevant data. After collecting and tabulating the data suitable statistical techniques has been applied for analyzing the result.

CHILD SEX RATIO OF INDIA

India is the one of the most populous country of the world, having the world population of 17.64% which leads to the world second largest populous country of the world only after china. The phenomenon of population is dynamic where the process of demographic is varying from country to country, state to state or region to region. As per 2011 census the total population of the country is 1210.2 million (1210193422, persons) in which the 623724248 are males and 586469174 are females. The sex ratio of India is 940, but the national level sex ratio is raised by 7 point in 2011. In India child sex ratio is defined as the number of females per thousand of males in the age group of 0-6 years in a human population. Imbalance in this age group will extend to older age groups in future years. Currently the ratio of males to females is generally significantly greater than one. i.e. there are more boys than girls. However, in recent decades, the drastic decline in child sex ratio is an issue of grave concern in India. According to recent census of 2011, there is decrease in child sex ratio that came as a shock figures shows 914 girls per 1000 boys, and this is the lowest ever since independence, slipping from 927 in 2001. The increasing trend has been seen in Punjab, Haryana, Himachal Pradesh, Gujarat, Tamil Nadu, and Mizoram while in all others the rate has shown decline.

COMPARISON OF OVER ALL SEX RATIO AND CHILD SEX RATIO OF INDIA (1951-2011)

FIG. 1



Source: Census of India (1951-2011)

TABLE 1: TREND OF CHILD SEX RATIO IN INDIA (1951-2011)

S.NO.	YEARS	CHILD SEX RATIO
1	1951	983
2	1961	976
3	1971	964
4	1981	962
5	1991	945
6	2001	927
7	2011	914

Source: Census of India (1951-2011)

The above table (table No.1) shows that the trend of the child sex ratio in India from 1951 to 2011. The trend of child sex ratio in India is declining from 983 in 1951 to 914 in 2011. This shows that the lot of variation in 1951 to 2011, there are 69-point decline in child sex ratio . There are various factors, which are responsible for the declining of sex ratio in India.

CHILD SEX RATIO IN J&K

Jammu and Kashmir is a northern most state of India which lies in the lap of Himalaya. The total population of the state is 1254896 person which is the 19th most populous state of India having the sex ratio is 883. As per the census of 2011, the state having the child sex ratio (0-6 years) is 859. The whole country faces the problem of sex ratio i.e. the problem of gender imbalance. The state lies in the bottom three states of India having lowest child sex ratio i.e. Haryana (830), Punjab (846), Jammu & Kashmir (859).

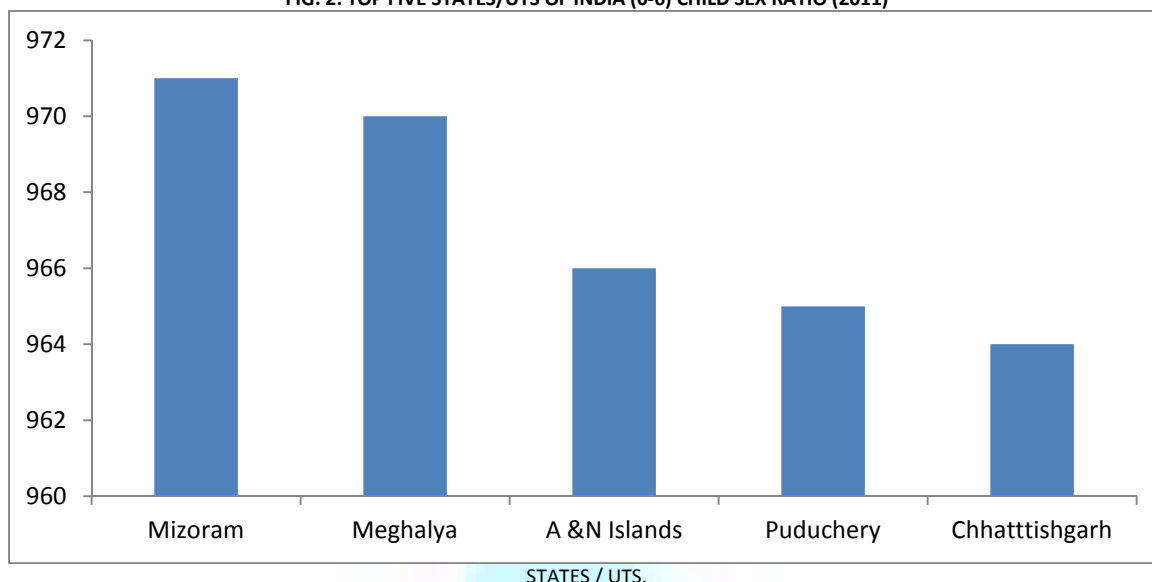
As of census 2011 top five states / Uts for child sex ratio are Mizoram has the highest child sex ratio of 971 girls per 1000 boys followed by Meghalaya with 970 girls per 1000 boys and Andaman & Nicobar Islands with 966 girls per 1000 boys, Puduchery with 965 girls per 1000 boys and Chhattisgarh with 964 girls per 1000 boys. Though Meghalaya has a negative growth of 0.31% for child sex ratio, the state still stands on the second position.

As of census 2011 bottom five states/Uts for child sex ratio are Haryana has the lowest child sex ratio of 830 girls per 1000 boys followed by Punjab with 846 girls per 1000 boys and Jammu and Kashmir with 859 girls per 1000 boys. Though J&K has the highest decline in child sex ratio in India from 941 in 2001 to 859 in 2011 i.e. 82 point decline (Table2).

TABLE 2: INDIA: CHILD SEX RATIO (0-6) TOP FIVE AND BOTTOM FIVE STATES / UTS. (2011)

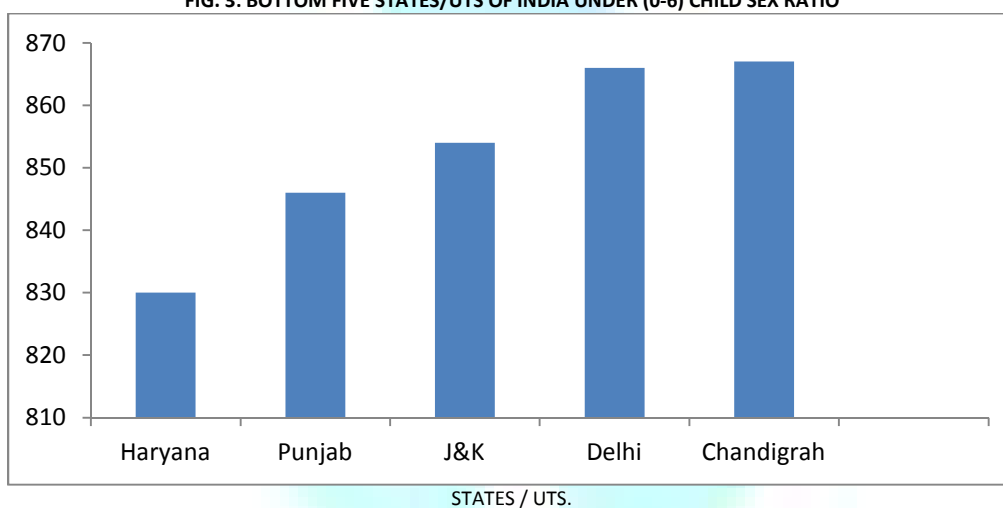
S. No	States/uts	Sex ratio	States/uts	Sex ratio
1	Mizoram	971	Haryana	830
2	Meghalaya	970	Punjab	846
3	A & N Islands	966	J&K	859
4	Puduchery	965	Delhi	866
5	Chhattisgarh	964	Chandigarh	867

FIG. 2: TOP FIVE STATES/UTS OF INDIA (0-6) CHILD SEX RATIO (2011)



Source: Census of India

FIG. 3: BOTTOM FIVE STATES/UTS OF INDIA UNDER (0-6) CHILD SEX RATIO



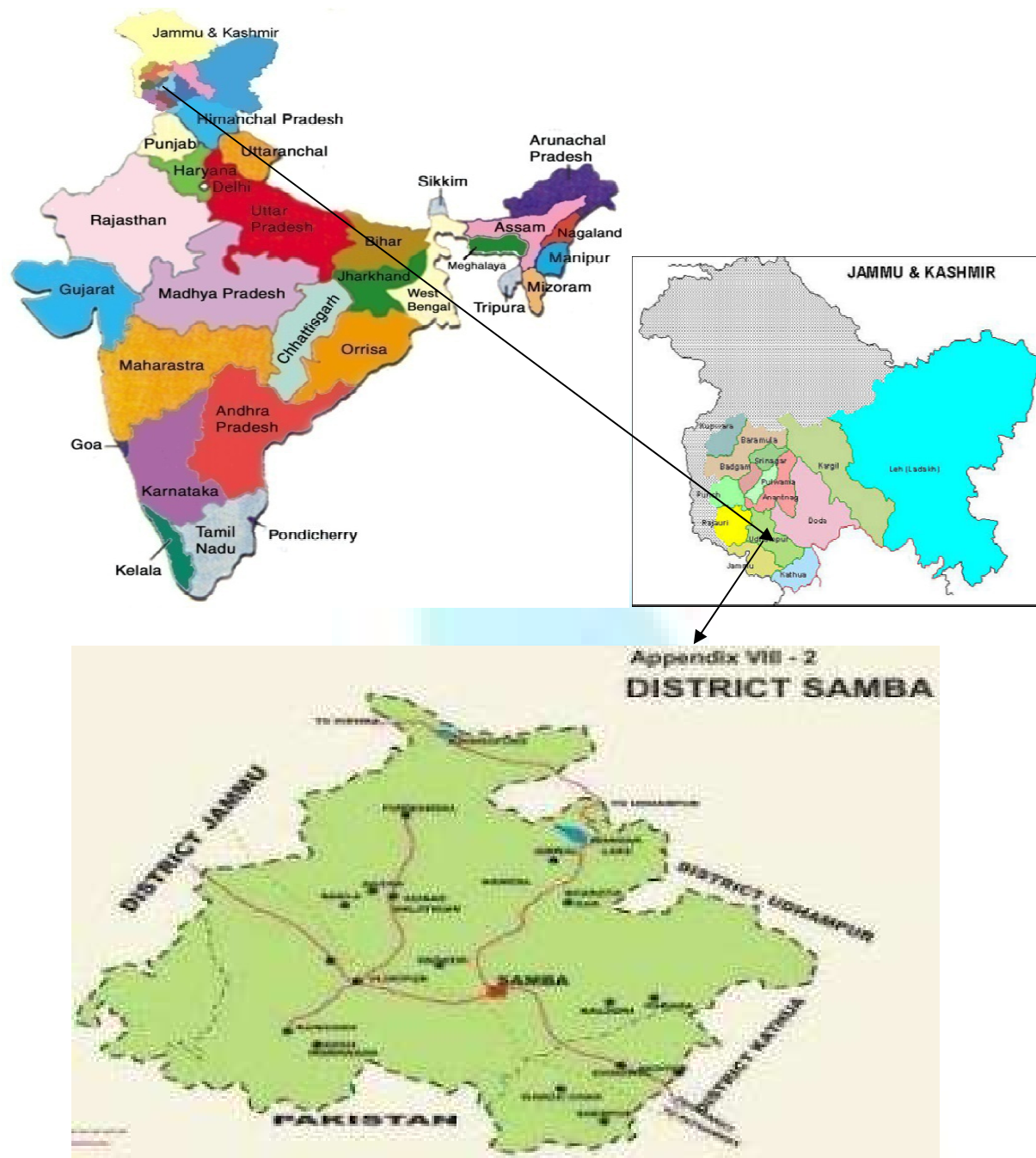
Source: Census of India

STUDY AREA

Samba district is a newly formed district in the Indian administered state of Jammu & Kashmir. Before the formation of district the area now under the district was part of Jammu district. This district is geographically situated 32°33' North latitude and 75°07' East longitude respectively. It is said that Samba was principality established somewhere in 1400 AD. As per folklore Malh Dev, the younger son of Rai Saidu of Lakhanpur was the founder of Samba principality, who married in to the family of Ghotar a local tribesmen. After his marriage he stayed at Samba and made himself the master of the tract with Samba as its capital. Samba ultimately come under the supremacy of Jammu, during the period of Hari Dev, in 1816 AD and in 1846 AD it become an integral part of the Jammu and Kashmir state. District Samba is bounded by District Udhampur in the North, District Kathua in the east, tehsil Jammu and Bashana of District Jammu in the west while on the southern side it has international Border with Pakistan. About two third of the area of district Samba is Kandi and rain fed. The area on the southern side and downside in the national highway is irrigated through Ravi, Tawi irrigation canal network. Samba situated at National highway of India is emerging as an industrial hub in the state. The temperature ranges between 6°C and 47°C. (Rayaz 2011, p19).

Demography: According to the census, Samba District has a population of roughly equal to the nation of Bahamas. This gives it a ranking of 568th in India (out of total 640). The district has a population density of 318 inhabitants per square kilometer. Its population growth rate over the decade of 2001 to 2011 was 16.9%. Samba has a sex ratio of 886 females for every 1,000 males, and a literacy rate of 82.48%.

MAP OF STUDY AREA



AN ASSESMENT OF DECLINING CHILD SEX RATIO IN SAMBA DISTRICT

The total population of samba as per 2011 census is 318611, out of which male population is about 168948 and the female population is 149663 approximately. The density of the said district is 318 persons per sq. km. This census has also revealed that the sex ratio of this district is 886 females per 1000 males. Whereas the child sex ratio between the age group of 0-6 years is 787 girls per 1000 boys.

The district Samba is one of the bottom child sex ratio administered unit rank fourth in the state of Jammu and Kashmir. The rank one Jhajjar district (Haryana) 774, Mehadrarh (Haryana) 778, Rewari (Haryana) 784 and Samba 787 girls per 1000 boys (census of India 2011).

The national average of child sex ratio is 914 girls per 1000 boys between the age group of 0-6 years. The child sex ratio of district samba is 787 which is far below from the average national child sex ratio. This revealed the significance of this crucial issue which needs to be addressed. Because imbalance in sex composition is not in favor of development. Decline in child sex ratio is one of the crucial problem of the concerned region. It not only affects the demographic structure of the region but also the socio-economic and cultural aspects. Low child sex ratio in the study area is not the gift of one or two factors, but it is the result of collective factors like biological factors, patriarchal structure of society, preferences of son, inferior status of girl child, selective abortions, gender biasness, considering of female child as a liability and insecurity etc which has actually led to many societal problems like rape, sexual harassment, abduction, bride selling and forced marriages. It is the crucial issue which needs to be treated earlier otherwise in the coming future worse conditions would prevail in the society. It indicates that we cannot say our self a modern society because we have still traditional faith of gender biasness, inferiority, etc. we should understand the status of women and try to empower them more and more. The region or the nation where women are not honored cannot be counted as civilized. We need to overcome from this situation. Society needs to broaden their outlook. Government alone cannot fight with the concerned problem. Collective efforts from each and every corner of society can only tackle the situation. Different private and government agencies have been trying to overcome from the concerned problem by different means.

For dealing with this situation, a new pilot project has been launched in the 12 selected districts of the country. Samba is also one of them. This project is being headed by prime minister of India who is personally monitoring the progress of this project in 12 districts. This program have the provision of women empowerment in decision making process in poverty, landownership, equal rights, laws etc and organization of awareness among them

TABLE 3: BOTTOM TEN DISTRICTS IN RESPECT TO LOWEST CHILD SEX RATIO (0-6) IN INDIA

S. No	Districts	States	Child Sex Ratio
1	Jhajjar	Haryana	774
2	Mahendragarh	Haryana	778
3	Rewari	Haryana	784
4	Samba	Jammu	787
5	Sonapat	Haryana	790
6	Jammu	Jammu	794
7	Bid	Maharashtra	800
8	Ambala	Haryana	806
9	Rohtak	Haryana	807
10	Pithoragarh	Uttarakhand	812

Source census of India 2011.

The above table (Table No 3) shows that the ten bottom district of India which leads to the lowest sex ratio. There are various factors which are responsible for lowest sex ratio in different district of India. The state Haryana has number of district which leads to lowest sex ratio. Haryana has six (6) districts, Jammu and Kashmir has two (2) districts, Maharashtra has one (1) and Uttarakhand has one (1) district which leads to bottom ten district of lowest sex ratio in India.

SUGGESTIONS

The decline in child sex ratio in the study area is the result of so many factors as we have already discussed in the preceding discussion. This can be control and we can come out from the concerning problem by adopting the following provisions.

- As we are aware that the government of India' ministry of health and family welfare has undertaken several measures to implement the 'pre conception and pre Natal Diagnostics technique act (PC and PNDT Act). The act provides for the prohibition of sex selection for the prevention of female feticide. All the clinics of the study region which are using pre natal diagnostic techniques require being registers. Violation of this act is punishable with imprisonment.
- Inferior status to girl child should be removed by awaking the concerned region through different sources like taking the help of NGO's, volunteers, using government schemes etc.
- Start campaign against female feticide. Rigorous policies should be there for controlling female feticide.
- The outlook of the people of concerning region should be broaden as they consider the girl child as a liability for them.
- Female security should be improved by making some more effective laws as current violence against female is also the main reason of declining child sex ratio.
- In the study area, gender biasness should be removed and the literacy among the females should be increased in higher education as well.

CONCLUSION

In the above perusal it is clear that the decline in child sex ratio in India is one of the major problem of current demographic phase. The process of decline in child sex ratio is continuous and is still in progress. Low child sex ratio in the study area is not the gift of one or two factors, but it is the result of collective factors like biological factors, patriarchal structure of society, preferences of son, inferior status of girl child, selective abortions, gender biasness, considering of female child as a liability and insecurity etc which has actually led to many societal problems like rape, sexual harassment, abduction, bride selling and forced marriages. The current issue of child sex ratio requires effective treatment to tackle this problem. This cannot be solved by individual efforts or by government only but it requires the response of all i.e. the whole community. There is a need to broaden our outlook toward girls; the need is to be empowering them. Awareness regarding the importance of girl child should reach in the corners of each and every household so that a collective and organized effort can be possible. This kind of initiatives will surely help us in dealing with the issue.

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THE RURAL-URBAN DIVIDE STORY: A COMPARISON BETWEEN INDIA AND CHINA

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ABSTRACT

There is a linkage between the rural and urban development. These linkages matter because rural and urban livelihoods are interconnected economically, financially, and socially. Rural-urban disparities, particularly in post-colonial countries, have for long been one of the causes of concern for the policymakers. The disparities are seen in all spheres of human life - economic and non-economic. The extent of disparities, however, differs from country to country. India and China started their journey towards development almost at the same time but there is a great deal of differences in development between the countries because of the different patterns of development adopted by the countries. India is the largest democracy with consistent economic growth rate since independence. India is also third largest scientific and technological workforce. After the establishment of the communist regime in 1949, China adopted a development strategy that emphasized urban industries with capital-intensive technology through various implicit and explicit transfer programs. Economic policies in the countries over the years have strengthened the Rural-Urban bias in the countries and this paper studies the concept with respect to different factors. The paper also highlights the future steps to be taken by the countries and the suggestions.

KEYWORDS

Disparities, Government policies, Growth Indicator, Per-capita income, Rural-Urban Divide.

1.1 INTRODUCTION

The origin and extent of disparities between countries have always been a concern for the policy makers. The disparities touching every sphere of human life are different in different countries. The arena of early reforms in both India and China had focused on the rural areas and the rising special disparities in these countries can only be corrected by effectively bringing to use the linkages and synergies. Due to various preferential practices like agricultural price and production controls, overvalued exchange rates, industrial protection as well as public investment and welfare transfers that favoured the urban over the rural population, the rural-urban disparities were further reinforced. Both countries had started the path towards development almost together with China in 1949 and India in 1947 but the preferential practises, focusing on industrialisation and development, contributed to huge gaps in the platform of development and the process of industrialisation [1].

2. URBAN BIAS IN INDIA AND CHINA- CAUSES AND CONCERNS

The tracing of development path reflects a concern for the linkages between rural and urban development. These linkages connect the sectors in all the spheres socially, economically and financially [2]. From a rural perspective, most farmers depend on urban markets to secure their livelihoods. Likewise, urban areas are linked to the rural sector through several channels. Urban consumers, on the other hand, benefit from cheap and sustained food supply from rural areas. The rural sector can also act as a buffer from the impact of macroeconomic shocks on the urban economy. Links include flow of information along with people, on a temporary or a permanent basis, in the best possible way [3].

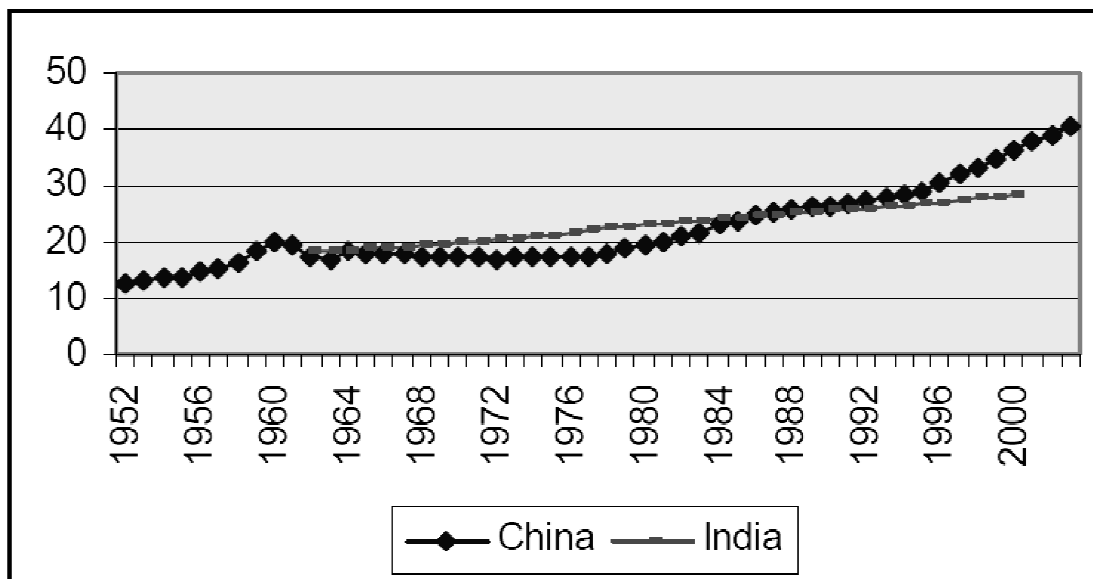
Developmental policies facilitate the rural-urban linkages in a way that the resources are channelized to promote equalisation of marginal returns in the various sectors. But in many developing countries the government often interfere in the natural development process to favour the urban over the rural, therefore, the resources and facilities are favoured to the urban sectors. As a result, overall efficiency is lost, as resources do not flow to their "free-market" destinations where they would naturally earn the highest rate of return. As a result, the rural-urban gap increases. In these countries, the urban population is often seen to be better off than their rural counterparts. This rural-urban divide evolves because of the preferential practises of the governments in developing countries; the effects are seen in the form of urban bias in the gap between urban and rural areas in terms of labour productivity, per capita income, and poverty rates.

For India and China, urban bias has usually arisen from the combination of three different but related policies. The first and most common one relates to policies affecting the trade (i.e., price policies). Very often agricultural outputs are under priced, with levels that are much lower than those that would result from a free market situation or in the international market. Secondly, the overvalued exchange rates in most developing countries enhance this bias, adversely affecting all agricultural products in particular. Thirdly, governments' tendencies to favour urban sector are reflected in their developmental policies. Like other government policies, public spending aims at equitable development and increased efficiency by correcting market failures. In many cases, governments may have to trade off efficiency and equity goals for long term benefits. Where market failures are more pervasive among the poor (i.e., the poor are poor because they are disproportionately affected by market failures), this leads to the presence of so-called "win-win" possibilities where government intervention leads to both a more efficient and a more equitable allocation of resources [4]. For example, public investment in rural infrastructure has not only generated economic pay-offs by correcting market failures but has also led to poverty reduction.

3. COMPARISON OF INDIAN AND CHINESE GROWTH INDICATORS

3.1 URBANISATION RATE OF INDIA AND CHINA

FIG 1: URBANISATION RATE OF INDIA AND CHINA [5]



After the communist regime in 1949, China adopted a capital-intensive technology through the various transfer programmes and the urban bias that prevails in China finds its roots in the country's history. The rationing system introduced in the 1950s enabled urban residents to have equal access to food and other necessities at much lower prices than would have occurred without state intervention. Almost all urban residents of working age had guaranteed jobs in the state- or collective-owned sectors. Because these jobs were permanent and labelled the "iron rice bowl," urban unemployment was seemed to be non-existent. Many benefits along with the jobs were provided such as free or subsidized housing and health care. While the rural sector continued to produce with the stringent state planning.

In India both the economic and social factors led to a slow urban growth. While, there was minimal industrial development in the country, there was no major push for the people in the rural areas to move to the urban areas. However, this trend changed towards the end of 1980's and early 1990's are when the Government policies led to rapid industrial development in the country. This industrial development led to the country's rural folk coming to the cities as cheap labour. The population of the youth also reflected a scenario where this segment of the population migrated to the tertiary sector, from the primary, for better income generation and employment opportunities [6].

3.2 RURAL- URBAN PER CAPITA INCOME GAP

In China various policies such as the heavy-industrialization development strategy, combined with the hukou system, enabled the government to obtain agricultural products at lower prices, to maintain low urban consumption (through rations), to control the mobility of labour, and to increase industrial investments, contributed to the concentration of capital investment in the urban sector. In 1978, for instance, per capita income in rural areas was only 34 per cent that in urban areas.

FIG 2: URBAN-RURAL PER CAPITA INCOME GAP IN CHINA [7].

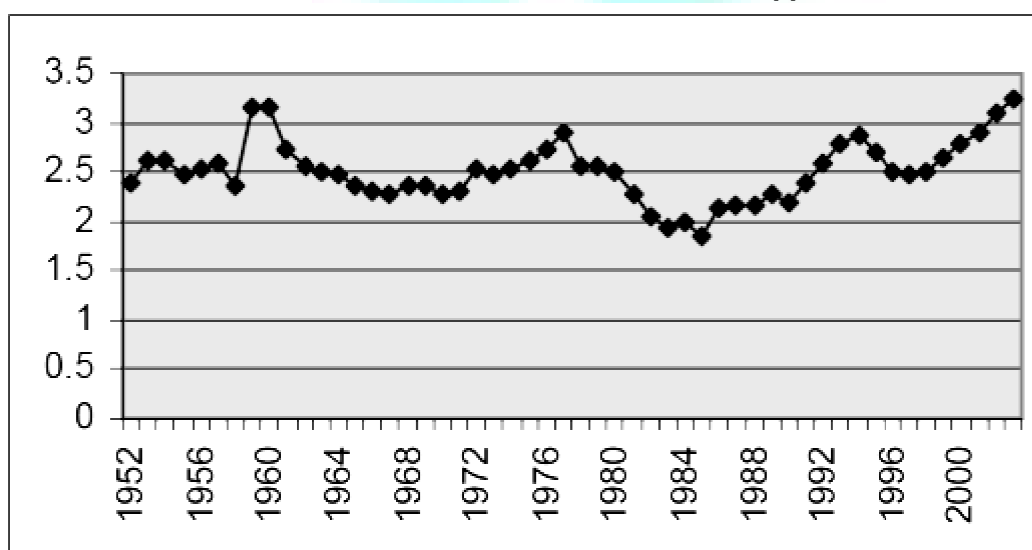
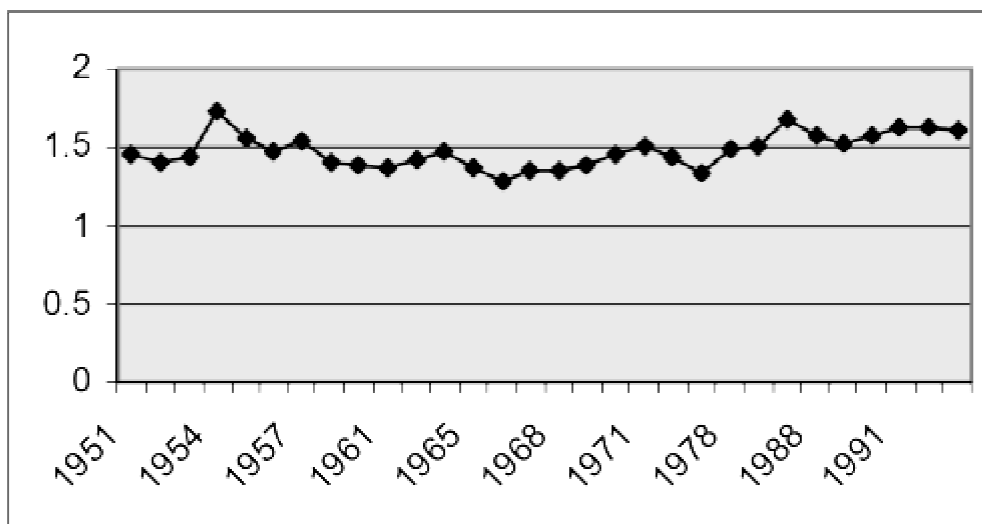


FIG 3: URBAN-RURAL INCOME GAP IN INDIA [8].

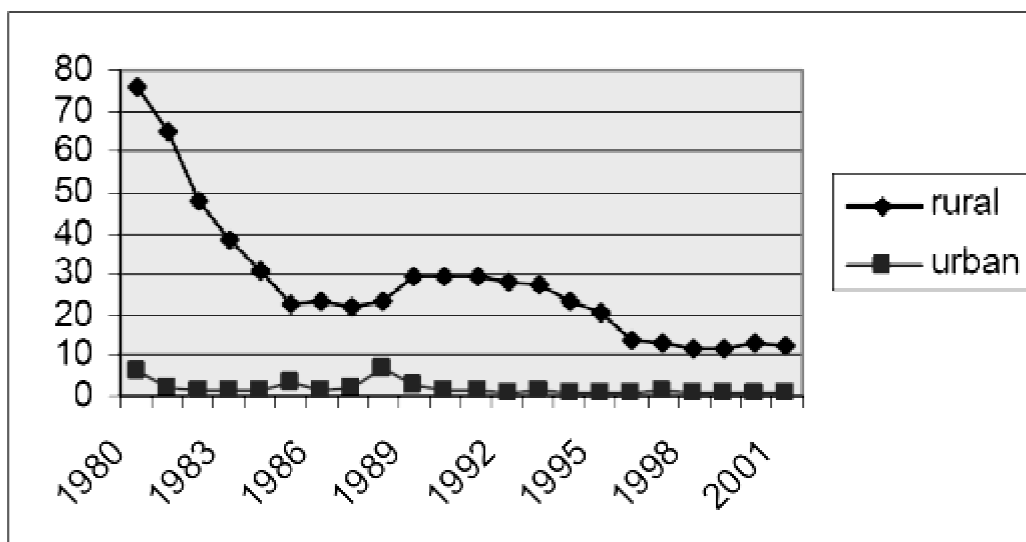


India focused on self-reliance and rapid industrialisation in the early stages of development (During the first three Five-Year Plan periods (1951-1966)). This resulted in flow of immense capital and development of urban area at the expense of the rural sector. To provide cheap basic inputs for industrial development, farm prices were kept artificially low and agricultural exports were curtailed through quantitative restrictions and a strict exchange rate. Basic food products were given at subsidized prices in urban areas and food deficit regions. After the mid-1960's, India's government began to prioritize the development of the agricultural sector. Now, various agricultural support mechanisms and input subsidies were introduced, which helped the success of India's Green Revolution and the development of small-scale industries in rural areas. However, after the 1990's a policy of Liberalisation, Privatisation and Globalisation was followed which resulted in significant development in the rural areas also. As a consequence of the urban-bias that existed in the society, there were huge income gaps between the people in the rural and the urban sectors [9]. Cost of living and the standard of living were both in favour of the urban sector which were the main causes of the income gaps. This effect was seen to be much more enhanced in China.

3.3 POVERTY RATES

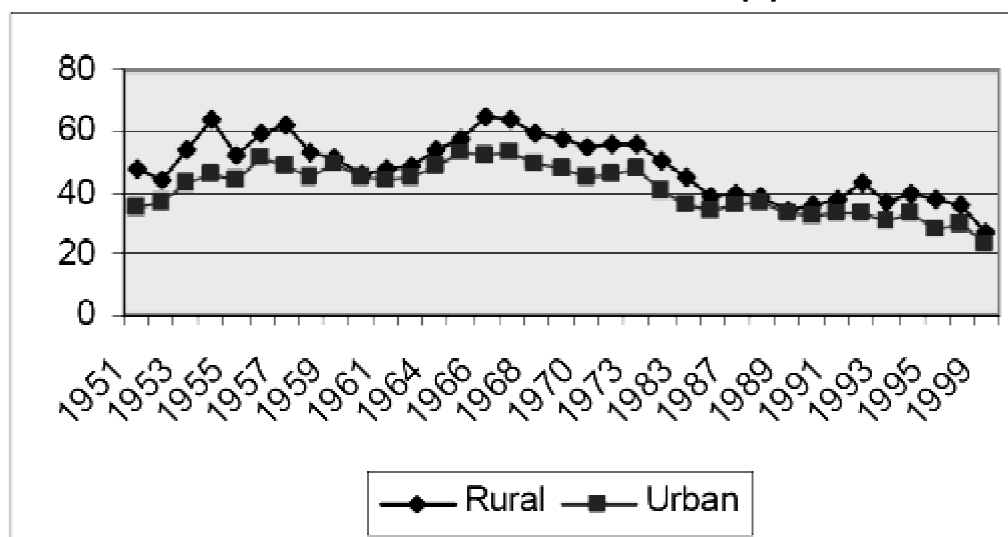
China having the world's largest population has probably the biggest success in relation to poverty reduction. The Chinese growth story saw the country's poverty level from around 80% in the 1980's which went down to around 10% in the late 1990's. A planned economic system in the first phase and then opening of the markets in the 1990's proved to be beneficial for the country. This liberalisation of the economy resulted in reduction in poverty due to rapid industrialisation.

FIG 4: RURAL AND URBAN POVERTY RATE IN CHINA [10].



Sources: Chen and Ravallion (2004).

FIG 5: RURAL AND URBAN POVERTY RATES IN INDIA [11].



Source: Indiatat, India Statistic at a Glance (2004).

India's poverty reduction story has however been a different sort of roller coaster ride. Though the beginning wasn't very successful in India due to repeated crop failure in 1960's and failure of the governmental policies, the arena of 1990's and liberalisation in the country brought the poverty levels down, after the 1990's the poverty rates in both urban and rural India have come down at a consistent rate and has reached approximately the 20% level. With the benefits of new government policies and rapid economic growth, the poverty levels are expected to further come down in the near future.

4. FUTURE STEPS TO BE TAKEN BY BOTH COUNTRIES

Both countries have taken steps to correct the urban bias to some extent. Urban-biased policies still prevail particularly in terms of government investment priorities, which disproportionately favour urban areas in both countries. We recommend the following policies to help correct the urban bias and promote growth and poverty reduction.

A. TARGETED PUBLIC INVESTMENT

Because developing countries have limited resources, governments need to better target their investments to achieve growth and poverty alleviation goals, channelizing their scarce resources in the best possible way. In poor areas such as western China and eastern India, investments in rural infrastructure, agricultural research, developmental programmes and rising the level of education have a larger poverty reduction impact than similar investments in the biased planned areas. Even more importantly for rural-urban linkages, the poverty reduction impact of rural investment extends to urban poverty reduction through such channels including reduced food prices.

B. REDUCTION OF MIGRATION RESTRICTIONS

Rural-urban migration not only has the potential to improve the well being of migrants as well as alleviates the living conditions of rural people. Studies have found that rural-to urban migration in India and China has contributed to poverty reduction and enhanced the development process. More specifically, remittances increase the per capita income of rural residents, diversify incomes and provide initial capital to develop rural non-farm economy and small towns; all this enhances their productivity and provides them with an additional security. However, formal and informal institutions and policy barriers still restrict the movement of the population. In China, many jobs in the urban areas still require urban residence, even if farmers find jobs, their rights are usually not protected and they are often not entitled to many social services to which urban residents are entitled. These restrictions and barriers should be removed to make large-scale migration possible (both permanent and seasonal), with provision of protection for the migrants.

C. DEVELOPMENT OF THE RURAL NON-FARM SECTOR

The rural non-farm sector is important for the alleviating the rural economy as well as for poverty reduction and abridging the income gap between the rural and the urban economy. It also provides opportunities for poor rural households to diversify their livelihoods. In India, the bulk of the poor are landless or live on small farms with inadequate land for their own food needs and disguised employment is in abundance. Consequently, they depend heavily on earnings from supplying unskilled wage labour to other farms or to nonfarm enterprises. Public investment in physical infrastructure (road, transportation, communication) as well as in education and health is crucial for the small farms. This would facilitate and help the rural stock to set up their own business or generate a non-farm income which at times provides to be a additional security.

D. DEVELOPMENT OF SMALL RURAL TOWNS

Small and medium-sized towns are an important intermediary point along the rural and urban spectrum. More specifically, small- and medium-sized towns and cities act as service delivery nodes to rural areas and link the rural economy with external input and output markets, thereby reducing transaction costs enhancing the efficiency [12]. A study of small rural towns in Madhya Pradesh and Orissa, two poor states of India, found that such towns and their nearby villages are strongly linked through consumption, production, and employment linkage. Small towns can also serve as a stepping-stone for rural residents by absorbing some of the agricultural labour surplus and doing away the pressure put on already congested metropolitan centres, while contributing to the growth of the national economy and supporting the overall development in the country. The development of small rural towns requires better infrastructure (in terms of quantity and quality), which in turn will facilitate access to markets and lower transportation costs saving various important resources.

5. SUGGESTIONS & CONCLUSION

Like many developing countries, China and India followed development strategies biased in favor of the urban sector over the last several decades. These development schemes have led to large income gaps between rural and urban areas and reducing the overall efficiency in the economy. Official data reflect how this urban bias was greater in China than in India.

Both countries have corrected the rural-urban divide. But the bias still exists. Other studies also support the idea presented here that correcting this imbalance will not only contribute to higher rural growth, but also secure future urban growth. More important, correcting the urban bias will lead to poverty reducing balanced growth and enhanced national development.

Correcting this government's bias strategies along with the repercussions, which are already imposed, towards investment in urban areas has to be given immediate focus for correction. In particular, more investment is required in education, infrastructure, healthcare facilities and agricultural research and development which has proved to be both pro-growth and pro-poor. Providing health, education, housing, and pension services for rural migrants in urban areas is essential to promoting human capital movement and development of non-farm areas proves to be very productive.

In every sphere of life, quality and not quantity matters in the course of development in the long run. Urban areas are more advanced than rural not because of quantity of population but because of quality and efficiency of population i.e. human resources. Urban people have more opportunities than rural people like easy access to education and many more services, which increases their efficiency and skills. Rural people are relatively stricter in terms of following their customs and traditions rather than moving along with changing time than urban people who prove to be more practical and open their minds to higher progressive opportunities. Darwin has earlier said that in the world of competition, the fittest will survive. In today world of immense competition, it is quality and efficiency alone that can secure your survival.

China is more developed than India because of the quality and creativity of population. China having the largest population in the world has to a large extent been able to reduce poverty. However in India, which has the second largest and the fastest growing population, regards population a hindrance to development. In India, states of Uttar Pradesh and Bihar are less developed than states of Kerala and Karnataka, therefore it cannot be said that quantity brings about prosperity. Population in urban areas is more educated and developed as compared to rural population which makes the urban people rich and prosperous. Hence, it is true that urban areas are rich because population causes prosperity but it is the quality not quantity of population that causes prosperity.

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