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AN EMPIRICAL STUDY OF FUNCTIONING OF SHGs IN HIMACHAL PRADESH

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ABSTRACT

A SHG is a small homogeneous group of the rural poor voluntarily coming together to save small amount regularly, which are deposited in a common fund to meet members emergency needs and to provide collateral free loans decided by the group. The SHGs have no written bylaws for their functioning but some basic norms, ensured through regular interventions of the facilitator, can help the SHGs become vibrant entities. The functional efficiency of the groups can head start the growth of the SHGs whereas inefficiency on this level can lead to passiveness or disintegration of the groups. The study found that group leaders are selected by consensus method and groups resolve conflicts through collective leadership and mutual discussion. Every group has code of conduct for effective administration and management of group.


KEYWORDS

SHGs, Himachal Pradesh.

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INTRODUCTION

 SHGs are basically small informal groups, characterized by voluntary memberships, a democratic and consultative structure of governance, economic participation of members, autonomy, education and training and concerns for the poor. Apart from a number of things, the members do as a group, they pool their savings and lend within the group to meet the credit needs of the members. Creation of a common fund by regular contribution of members and insurance of loan with minimum documents and often without any security are, in fact, the key features of SHGs.¹

Fund generation in the initial stages may be substantially low in these groups. Such funds though meager, will be supplemented by external resources mainly, loans from banks or grants given by NGOs, which promote them. SHGs offer to members' preliminary banking services characterized by cost effectiveness, flexibility and freedom from defaults. Assessment of the credit needs of members is done periodically at group meetings. The claims for credit are settled within the group by consensus. In case of any surplus, the amount is deposited in the bank.²

The working stages of SHGs involve saving and lending, bank linkage and income generation. The group members save and engage in internal lending. They voluntarily decide by consensus their own lending and repayment rules. The sustainable groups are then linked with banks after a minimum period of six months. These groups then become eligible for leveraging external credit or obtaining revolving fund from banks. This may lead to involvement in income generation either on group level or on individual level.

SHG is a voluntary organisation, which decides its own functioning norms and bylaws. Moreover, basically the functioning profile and efficiency of an SHG decide its status of economic activity, bank linkage and involvement in income generation and empowerment profiles. Thus, functional efficiency of the groups can head start the growth of the SHGs and inefficiency on this level can lead to passiveness or disintegration of the groups.

REVIEW OF LITERATURE

Kanniammal, Jerinabi, and Arthi (2011) examined that micro finance is a path towards empowering the most marginalized among the poor to take charge of their life's requirements. The study results proved that the intervention of micro finance through SHG-Bank Linkage Programme has positive impact on the economic and social status of the members, in terms of increase in income, savings, employment generation, asset creation, decrease in the dependency on moneylenders, improvement in decision making skills, participation in community affairs and the empowerment of women. Micro finance activities have helped poor to come out of poverty and achieve social reorganization and empowerment.

Tripathy and Jain (2011) examines the distributional implications of the world's largest-ever government operated micro-finance programme and the suitability of the Self Help Group (SHG)—micro-enterprise framework towards effective income generation and poverty alleviation. The statistical analysis indicates that while internal savings and group corpus have a positive and significant effect on the income growth of beneficiaries, bank credit does not have any such impact. The results also highlight that the socially and economically forward regions are more likely to benefit from this programme. This has policy implications towards effective governance of government operated micro-finance initiatives in developing nations.

Mula et al. (2012) observed inter-lending is one of the most important performance indicators of SHG for promotion and eligibility for accessing the credit to start an entrepreneurship activity. In microfinance through SHG model inter-lending is the advancing of thrift fund, accumulated by mended saving subscription among the members at an interest rate of 24-36% per annum to meet their basic or contingency needs particularly for the productive purpose and consumptive purpose to some extent. The investigation was carried out to examine the overall performance of project linkage groups (PGLs) in inter-lending with the collected primary data from 57 PGLs operating in Cooch Behar district.

Ramakrishna, et al (2013) states that Self-Help Groups (SHGs) are the thrift and credit groups formed informal way whose members pool savings and relend within the group on rotational or needs basis. These groups have operated on co-operative principles and do collective actions They make regular savings habit and use the pooled savings for the benefit of their members through a structured process of essential financial intermediation like prioritization of needs, setting self-determined terms for repayment and keeping records.

Singh and Mehta (2015) identified the major factors contributing to good performance of Self Help Groups in Jammu. SHGs in Jammu were found to have regularity in meetings, attendance and savings. Repayment performance of loan in this region is more than 95%. The main reason for group formation is to obtain financial support and improving their economic status.

Goyal. Sonia (2018) concluded that microfinance is playing a vital role in economic, psychological and social development of India. The SHGs in rural areas are performing very well. Microfinance creates the confidence, skill and courage in the marginalized section of society. It leads them to participate in all type of welfare activities with good cooperation. The wholesale privatisation of social welfare institutions and increase in the cost of living puts a lot of pressure on the poor. In these situations, microfinance provides a great deal of relief. MFIs can be treated as key element in the sustained and long term economic development in all over the world. Microfinance based on charity with low rate of interest and ease in availability offers much greater relief.

OBJECTIVE OF THE STUDY

The study has been conducted with a view to know about the normal practices of Self Help Groups.

RESEARCH METHODOLOGY

The present paper is primarily based on primary and secondary sources of data. Primary data in the form of the responses of member of SHGs, which is of immense importance and the backbone of the study, has obtained from members with the help of well-structured questionnaire. The population for the study consists of weaker sections who are the members of SHGs working in two districts i.e. Shimla and Sirmour of the state Himachal Pradesh. The data collected have been analyzed with the help of statistical methods such as mean, standard deviation and t-test.

DISCUSSION

FUNCTIONS OF SELF HELP GROUP

The Self-Help Groups are promoted, formulated and nourished by various financial institutions, NGO’s and Government Departments and are then called as Self-Help Group Promoting Institutions. (SHPI’s). The task entrusted to such SHPI’s is to bring people together and motivate them to formulate group. They are responsible for bringing people having same social and economic background under one group and provide them with the necessary support in framing the rules and guideline of the group for the smooth and successful functioning of the group. They are also involved in creating awareness about various social issues and also provide necessary skill based and technical training to the group members. The training focuses on the basic functioning of a group like maintaining records, accounts maintenance and so forth.

The members are required to select a leader amongst them who is entrusted with the task of keeping the group together. The principal tasks to be performed by the leader are to see the attendance of members during meetings, collecting monthly savings from the members, motivating members to take up some income generating activity, working towards improvement of literacy level and creating awareness among the members on various social and cultural issues. Broad functions of the SHG can be grouped as follows:

- **Group leader:** The first task for the members of a group is to select the group’s leader and the secretary by voting or unanimously. The concerned leader is held responsible for conducting a monthly meeting and seeing that the meeting takes place smoothly. The leader is assigned with the task of maintaining all the records and performs all the banking related tasks.

A descriptive statistical analysis regarding selection of group leader on the basis of district has been shown in Table-1.

TABLE 1 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF SELECTION OF GROUP LEADER ON THE BASIS OF DISTRICTS

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	4.20	.818	.043
Shimla	360	3.83	1.276	.068

Source: Data collected through Questionnaire

The table depicts that the highest mean score is found in case of district Sirmour (4.20) with standard deviation of .818. This states that most of the groups in district Sirmour are satisfied with selection procedure for their group leader. The high value of standard deviation for district Shimla shows a lot of variation in selection procedure of leader as compared to Sirmour district.

TABLE 1 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN SELECTION OF GROUP LEADER ON THE BASIS OF DISTRICTS

Levene’s test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error Difference
107.259	.000	4.665	718	.000	.372	.080

Table-1(b) reveals the results of Levene’s test for equality of variances, which shows that Levene’s statistics for equality of variances is equal to .000. It indicates that, the null hypothesis for equality of variances is rejected, and it is assumed that variances of population from which samples are extracted are not equal. Hence, the Table-1(b) shows the results for assumption of unequal variances. Further, Table-1(b) reports that the calculated value of t - statistics is 4.665. On applying t-test it has been found that, the value of p is .000, which is less than 0.05 hence, the null hypothesis has been rejected. Therefore, it can be concluded that there is a significant difference in the mean score for selection of group leader on the basis of districts.

- **Savings and thrift** - All SHG members regularly save a small amount. The amount may be small, but savings have to be a regular and continuous habit with all the members. “Savings first - credit later” should be the motto of every SHG members. SHG members take a step towards self - dependence when they start small savings. They learn financial discipline through savings and internal lending.

Analysis of Table-2(a) reveals that value of mean is maximum in case of Sirmour district i.e. 3.98 and minimum in case of Shimla district i.e.3.53, which shows that respondents belonging to Sirmour district give more weightage to savings and thrift as compared to the respondents of district Shimla.

TABLE 2 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF SAVINGS AND THRIFT ON THE BASIS OF DISTRICTS

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.98	.909	.048
Shimla	360	3.53	1.275	.068

Source: Data collected through Questionnaire

Further, the calculated values of standard deviation for two districts are as follows, Shimla (.909), and Shimla (1.275). As for as standard error of mean is concerned, the calculated values are;.048 and .068 for Sirmour and Shimla district respectively.

TABLE 2 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN SAVINGS AND THRIFT ON THE BASIS OF DISTRICTS

Levene’s test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error Difference
76.432	.000	5.463	718	.000	.450	.082

Table-2(b) shows that the significance level of Levene’s statistics for equality of variances is equal to 0.000 which indicates that, the null hypothesis for equality of variances is rejected. So, the Table-2 (b) shows the results for assumption of unequal variances. Further, Table- 2(b) shows that, the value for t - statistics is 5.463 with degree of freedom 718. The p - value for the t - test is 0.000. As the p - value is less than 0.05. Hence, the null hypothesis has been rejected. Therefore, it can be concluded that there is a significant difference in the mean score for savings and thrift on the basis of the districts.

➤ **Building group corpus:** The saving of the members and the interest charged on the loans granted to the members contribute to a significant part of the group corpus. Some part of income earned by collectively conducting some economic activity is also deposited in the bank account. The deposit of the group depicts the strength of the group and acts as collateral against the bank loan.

Table- 3(a) reports the descriptive statistical analysis of Group Corpus on the basis of districts.

TABLE 3 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF GROUP CORPUS ON THE BASIS OF DISTRICTS

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.88	.818	.043
Shimla	360	4.03	1.115	.059

Source: Data collected through Questionnaire

Table-3 (a) depicts that the mean score for building group corpus for district Shimla has been worked and highest i.e. 4.03. It indicates that SHGs are very keen to build their corpus through regular savings in district Shimla. The calculated values of standard deviation have been found.818 and 1.115 for Sirmour and Shimla districts respectively. The standard errors of mean have been.043 for district Sirmour and.059 for district Shimla.

TABLE 3 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN BUILDING GROUP CORPUS ON THE BASIS OF DISTRICTS

Levene's test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error Difference
39.269	.000	-2.047	718	.041	-.149	.073

Table-3(b) indicates that the significance level of Levene's statistics for equality of variances is equal to 0.000 which indicates that, the null hypothesis for equality of variances is rejected. Therefore, it is assumed that variances of population from which samples are extracted are not equal and table shows the results for assumption of unequal variances. Further, Table 3(b) shows that the calculated value for t - statistics is -2.047 with degree of freedom 718. The p - value for the t - test is.041 as the p - value is less than 0.05, so the null hypothesis has been rejected. Therefore, it is a concluded that there is a significant difference in the mean score for building group corpus on the basis of districts.

➤ **Inter-lending:** After collecting a desired amount of savings for around 3 to 4 months, the group may start its inter-lending activity. The members of the group are provided with a small amount of credit at an interest rate, and terms decided collectively by the members. As the credit is provided by the group saving the decision on approval of the loan is taken by group consent and after considering the need of the member.

Descriptive statistical analysis of internal lending on the basis of districts has been exhibited in Table-4(a).

Table-4 (a) reports the descriptive statistical analysis of internal lending on the basis of districts. It is evident from the table that, the value of mean score for internal lending is.820 and 4.03 for Sirmour and Shimla districts respectively

TABLE 4 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF INTERNAL LENDING ON THE BASIS OF DISTRICT

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.70	.820	.043
Shimla	360	4.03	1.143	.061

Source: Data collected through Questionnaire

Table-4(a) shows that members of Shimla district are most satisfied with internal lending as compared to Sirmour districts. The standard deviation for district Sirmour is.820 and 1.143 for district Shimla. On the other hand, standard error of the mean is 0.043 for district Sirmour and.061 for district Shimla.

TABLE 4 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN INTERNAL LENDING ON THE BASIS OF DISTRICTS

Levene's test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error Difference
27.597	.000	-4.465	718	.000	-.330	.074

Further, Table-4 (b) submits proof that Levene's statistics for equality of variances is equal to 0.000. Hence, it can be said that the variances of the population from which samples are extracted are not equal and table shows the results for assumption of unequal variances. The calculated value of t-statistics is -4.465 with degree of freedom 718. The value of p is.000 which is less than 0.05. Hence, the null hypothesis has been rejected. Therefore, it is concluded that there is a significant difference in the mean score for internal lending on the basis of districts.

➤ **Income generating activity of group:** The groups are motivated to undertake some economic activity to support and generate some revenue for them. The groups are required to decide upon the business they wish to take up collectively or individually in the future course. The supporting agencies provide training and marketing support to the members based on the kind of activity they have taken up.

The Table-5(a) shows the result of descriptive statistical analysis of income generating activities on the basis of districts.

Further, the analysis of table shows that value of mean is maximum in case of district Shimla i.e. 3.72 and minimum in case of district Sirmour, which shows that SHG members of District Shimla are more concerned about income generating activities as compared to SHG members of district Sirmour.

TABLE 5 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF INCOME GENERATING ACTIVITIES ON THE BASIS OF DISTRICTS

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.55	.739	.039
Shimla	360	3.72	1.148	.061

Source: Data collected through Questionnaire

Further, the calculated values of standard deviation for districts Sirmour is.739 and for district Shimla is 1.148. As far as standard error of mean is concerned, the calculated values are.039 and.061 for Sirmour and Shimla districts respectively.

TABLE 5 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN INCOME GENERATING ACTIVITIES ON THE BASIS OF DISTRICTS

Levene's test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error difference
90.239	.000	-2.363	718	.018	-.170	.072

Table- 5(b) confirms that the significance level of Levene's statistics for equality of variances is equal to 0.000 which indicates that the null hypothesis for equality of variances is rejected, which leads to the conclusion that variances of population from which samples are extracted are not equal. So, the Table-5(b) shows the results for assumption of unequal variances. The calculated value for t - statistics is -2.363 with degree of freedom718. The p - value for the t - test is.018 which depicts that the p -value is less than 0.05. So, the null hypothesis has been rejected. Hence, it can be concluded that, there is a significant difference in the mean score for income generating activities on the basis of districts.

➤ **Bank linkages and networking:** Another vital function of SHG is to maintain proper relation with the banks they are linked to and the supporting agency they are associated. Such agencies provide all the training and support services. The provision of an amount of credit is also dependent upon the grading being done by such agencies. Usually, a bank is allowed to provide credit ranging from 1 to 4 times of the total savings. The bank can further extend the set limit after being satisfied by the conduct of the group, regularity of savings, past loan repayment records and the activity in which the group is involved.

Table-6 (a) indicates the descriptive statistical analysis of bank linkages on the basis of districts. The mean score for bank linkages in the case of district Sirmour is 3.68 and for district Shimla it is 3.54. It leads to the conclusion that SHG members of district Sirmour are most satisfied with bank linkages as compared to district Shimla.

TABLE 6 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF BANK LINKAGES ON THE BASIS OF DISTRICT

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.68	.833	.044
Shimla	360	3.54	1.301	.069

Source: Data collected through Questionnaire

The calculated values of standard deviation for Sirmour and Shimla are .833 and 1.301 respectively which depicts maximum variation in the responses of respondents of district Shimla. Standard error of mean in the case of Sirmour is .044 and .069 in the case of Shimla.

TABLE 6 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN BANK LINKAGE AND NETWORKING ON THE BASIS OF DISTRICTS

Levene's test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error Difference
98.431	.000	1.681	718	.093	.136	.081

Table-6(b) reports the results of the Levene's test for equality of variances, it shows that the Levene's statistics is equal to .000 which indicates that, the null hypothesis for equality of variances is rejected. So, the variances of population from which samples are extracted are not equal. Hence, the Table- 6 (b) shows the results for assumption of unequal variances. The calculated value of p is .093 which is more than 0.05. Hence, the null hypothesis has been accepted and it can be concluded that, there is at here is no significant difference in the mean score for bank linkages and networking on the basis of districts.

➤ **Discussion of problems:** In every meeting, the SHG should be encouraged to discuss and try to find solutions to the problems faced by the members of the group. Individually, the poor people are weak and lack resources to solve their problems. When the group tries to help its members, it become easier for them to face the difficulties and come up with solutions.

Table-7 (a) highlights the descriptive analysis of problem discussion on the basis of districts. It is apparent from table that value of mean is maximum in case of district Shimla i.e. 4.01 which shows that in Shimla district most of the respondent have reported a high level of satisfaction as their problems are discussed in the meetings.

TABLE 7 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF PROBLEM DISCUSSION: ON THE BASIS OF DISTRICTS

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.98	.912	.048
Shimla	360	4.01	1.106	.059

Source: Data collected through Questionnaire

The calculated values of standard deviation are .912 and 1.106 for districts Sirmour and Shimla respectively which shows minimum variation in the responses of respondents of district Sirmour. On the other hand, standard error of mean for Sirmour district is .048 and for Shimla district is .059.

TABLE 7 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN PROBLEM DISCUSSION ON THE BASIS OF DISTRICTS

Levene's test for equality of variance		t-test for equality of means				
F	t	t	Df	P. value	Mean difference	St. Error Difference
5.259	.022	-.293	718	.770	-.022	.075

Table -7(b) presents the results of Levene's test for equality of variances. As the results depicts that Levene's statistics is equal to .022 which indicates that, the null hypothesis for equality of variances is rejected. Therefore, it can be said that variances of population from which samples are extracted are not equal and the table reports the results for assumption of unequal variances. The table analysis exhibits that the calculated value of p is more than 0.05, hence the null hypothesis has been accepted. Therefore, it is concluded that there is no significant difference in the mean score for training and problem discussion on the basis of districts.

➤ **Training and capacity building:** Training and capacity building are important components of SHGs. Constant inputs of training and capacity building are required to sustain SHG. There are basically two types of training and capacity building categories. The first type training covers group formation and introduction to linkage methods and second type relates to skill formation of SHG members which aims at improving income generating activities by SHGs.

The Table-8(a) shows the descriptive analysis of training and capacity building on the basis of districts and it shows that the higher significance is found in the case of district Sirmour (3.27) with standard deviation of 1.044 which shows that members belongs to Sirmour district gives more weightage to training and capacity building programmes as compared to district Shimla.

TABLE 8 (a): DESCRIPTIVE STATISTICAL ANALYSIS OF TRAINING AND CAPACITY BUILDING ON THE BASIS OF DISTRICTS

District	N	Mean	Std. Deviation	Std. Error
Sirmour	360	3.27	1.044	.055
Shimla	360	2.54	1.347	.071

Source: Data collected through Questionnaire

Further, low variation has been found in the responses of respondents of district Sirmour as is being reflected by the calculated values of standard deviation of the respective districts. However, calculated values of standard error of mean are .055 and .071 for Sirmour and Shimla district

TABLE 8 (b): INDEPENDENT SAMPLES TEST FOR EQUALITY OF MEAN TRAINING AND CAPACITY BUILDING ON THE BASIS OF DISTRICTS

Levene's test for equality of variance		t-test for equality of means				
F	Sig	t	df	P. value	Mean difference	St. Error Difference
62.352	.000	8.136	718	.000	.730	.090

Table-8 (b) reveals the results of Levene's test for equality of variances. As the results depict that Levene's statistics is equal to .000 which indicates that the null hypothesis of equality of variances is rejected. Therefore, it can be said that the variances of the population from which samples are extracted are not equal and the table reports the results for assumption of unequal variances. The table analysis exhibits that the calculated value of p for t-test is less than 0.05, hence the null hypothesis has been rejected. Therefore, it is concluded that there is a significant difference in the mean score for training and capacity building on the basis of the districts.

CONCLUSION

Functioning of the SHGs in terms of selection of group leaders, saving and thrift, building group corpus, internal lending, income generating activities, bank linkages and networking and discussing problems of the members on the basis of districts have been found moderately well, whereas training and capacity building which is revealed below average by the majority of respondents.

SUGGESTIONS

➤ The factors responsible for poor performance and functioning of SHGs should be investigated, examined and analyzed scientifically and systematically to resolve the emerging problems, difficulties and challenges being faced.

- There should be a coordination and cooperation among members for the better functioning of Self Help Groups. It is necessary that SHGs members have the same economic background for their cooperative behaviour and mutual trust upon each other.

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ATTITUDE OF INDIVIDUAL CUSTOMERS' TOWARDS COURIER SERVICES IN TAMILNADU

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ABSTRACT

Attitude of individual customers plays a vital role in courier services. Courier units can design suitable marketing strategies based on the attitude of individual customers. By understanding Behaviour, Organization can design the suitable strategies. The results of this study can provide important insights to courier service providers.

KEYWORDS

Tamilnadu, courier services, individual attitude.

JEL CODES

L87, L91, L97, M30.

INTRODUCTION

In India till 1985, couriers were used only in emergencies. In 1986, they began to be used for shipment of samples for non-commercial purposes. The export boom from 1994, along with the marketing efforts of some of the companies has contributed to the growth of the industry.¹ "The first courier service was started in 1685 by the East India Company between Mumbai and Chennai. The courier industry came into the Indian sub-continent in the late seventies. The industry which organised as a "messenger service" got transformed into a "document" courier by the late eighties.

STATEMENT OF THE PROBLEM

Opening up of Indian economy coupled with integration of international trade and business requirements for focusing on core competence have opened up new vistas of opportunity for courier companies in providing services to finance and service segments and third party logistics service providers. In the present study an attempt is made to examine the attitude of individual customers towards courier services in Tamilnadu

REVIEW OF RELATED LITERATURE

Shahare and Suri in their article, 'Industry Report', published in the journal "The Business India" analysed the problems of courier industry in India. The article stated that the relatively low entry barriers in the courier industry contributed to the growth of the industry, valued at Rs.1200 crore in 1998, of which international business accounted for 50 per cent.² The article stated that every truck operator called himself an express courier. Today, there are 60 courier companies competing for SBI's courier business, which is worth close to Rs. 2 crores annually. With all the players claiming a share of the cake, it is difficult to come by concrete market share figures. The express courier industry was witnessing a lot of action especially in the domestic sector. The article also stated that the important factors that determined a customer's choice of one company in preference to another were transit time (speed), reliability, reputation of the company, network, the level and quality of customer service provided and the assurance of track and trace facility.

R.Krishnamoorthy in his article, "What ails the courier service?"³ analysed the various problems faced by the courier industry. In the light of rampant growth of courier firms, there is a need for regulation, either by curtailing registration or through bringing it within the ambit of the postal Department's scrutiny. He stated that barring a few, there was no specific infrastructure or reliability in the delivery system. Most of the local couriers availed themselves of the public transport system for delivery of articles. While front ranking companies insured the articles while at transit, the very insurance remained a taboo with many others. He also stated that in the case of local couriers, the charge was equivalent to or lower than the postal charges.

The premier Rating Agency, Credit Analysis and Research Ltd. in its Report on Indian Express Service Industry⁴ elucidated facts about Indian Express Service Industry – from its evolution in India to its current state, its significant features, current size, growth rate and other areas such as pattern of industry's revenues in terms of document and non-document mix, international and domestic mix, volumes handled, share of different modes of transport used to handle the business, comparison of strengths and weaknesses of the different segment players and also the perceptions of the industry players on various issues concerning the industry. It concludes by identifying the numerous opportunities for the industry and its outlook for the future.

Suparna Dasgupta and Vibha Sethi in their article, "Department of Post needs to get its act together"⁵, compared the courier companies with India Post. The article stated that according to a World Bank Survey, in 2002-03, the express industry had grown to Rs. 2,493 crores, of which organised players possessed 65% share, semi-organised players 25% and India Post 10%. It also stated that studies by AC Nielsen ORG-MARG and World Bank depicted that customers had negative perceptions on India Post which must be altered and people must associate the name India Post Service with efficiency, speed and reliability. The article also stated that several e-commerce companies such rediff.com, baze.com, amazon.com are dependent on courier companies for delivering goods ordered online. The article stated that India Post should not allow itself to get isolated. If there was any opportunity to pool resources for research and development, and the like, then it should join hands with a private agent. For instance, the agreement between USPS and Federal Express Couriers for space sharing in cargo aircraft for shipments was the best example. The article pointed out that the rural postal network consisted of 1,39,081 post offices, which was 90% of the total strength. The average area served per rural post office was 21.26 sq. km and population coverage was around 5,500.

V.S.Datey in his book, "Indirect Taxes, Law and Practice"⁶ stated that service tax was introduced on the services rendered by a courier agency on November 1, 1996. The author also stated that speed post services were not commercial concerns and they did not have to pay service tax; co-loaders provide service to the courier agencies and do not provide any direct service to the customer.

¹ Shahare and Suri, "Courier Industry Report", Business India, November 30 – December 13, 1998, p.92.

² Shahare and Suri, "Courier Industry Report", Business India, November 30 - December 13, 1998, p.92.

³ Krishnamoorthy. R., "What ails the courier service?", The Hindu, March 24, 1999, p.8.

⁴ "Report on Indian Express Service Industry in India", Credit Analysis and Research Ltd., Mumbai, www.eiciindia.org, Express Vision, October, 2006.

⁵ Suparna Dasgupta and Vibha Sethi., "Department of Post needs to get its act together", The Financial Express, July 1, 2005, p.6.

⁶ Datey V.S., Indirect Taxes Law and Practice, Taxmann Publications, 2005, p.726.

J.V.N.Jaiswal in his book, 'Postal and Courier Services and the Consumer'⁷ stated that courier services were operating in India since about last two decades and performing practically the same job as that of the post office. The author also stated the nature of complaints filed by the consumers and various judicial decisions of State and National Commission against deficiencies in services of courier units. The author also stated the rights and liabilities of consumers and courier agencies and the consumer protection law regarding the same as it existed then. The author stated that in the event of loss, miscarriage or delay in delivery of the consignments, the courier companies limited their liability by putting a clause on the face of the consignment note. This limit was generally Rs.100 for inland consignments and US \$ 100 for consignments meant for abroad.

Tushar Jani, Chairman of the Express/Courier Industry Council of India located at Mumbai prepared a report on "Emergence of Private Courier Services"⁸. In that report, he presented the profile of the courier industry in India and compared the courier service with postal service.

OBJECTIVES OF THE STUDY

The following are the main objectives of the study:

1. To examine the attitude of individual customers' towards courier services in Tamilnadu.
2. To offer suitable suggestions on the basis of the findings of the study.

HYPOTHESIS

Ho: Number of years of using courier services does not influence the individual customers' level of satisfaction on factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness, tangibility and accessibility of courier services.

H₁: Number of years of using courier services influences the individual customers' level of satisfaction on factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness, tangibility and accessibility of courier services.

RESEARCH METHODOLOGY

The study is based on both primary and secondary data. Primary data have been collected by conducting a survey among the individual customers of courier services. The survey covered 300 individual customers of courier services. Secondary data have been collected from books, journals, newspapers, periodicals, reports, internet and unpublished Ph.D. theses.

CONSTRUCTION OF TOOLS AND PRETEST

For the purpose of survey of sample customers, pretests were conducted among 50 individual customers. The pretests were done to analyse the effectiveness of the questionnaires. The questionnaires were modified on the basis of pretest and data collected from 300 individual customers of courier units.

PROFILE OF INDIVIDUAL CUSTOMERS

In order to analyse the opinion of the individual customers on courier services, fifteen statements were identified and the responses gathered for each of the statement in the questionnaire by using Likert Type Scaling Technique. The fifteen statements are as follows:

1. Courier Companies' services are reliable.
2. Courier charges are reasonable.
3. Customers are treated politely.
4. Courier companies provide value-added services.
5. Courier services are located nearer to the customers.
6. Courier service ensures timely delivery of articles.
7. Couriers provide the services needed by the customers.
8. Courier services provide credit facilities to customers.
9. I use only a particular courier service.
10. Courier services deliver anything anywhere.
11. Courier service is better than postal service.
12. There is no safety for the documents/non-documents sent through courier.
13. Bulk articles cannot be sent through courier's companies.
14. Valuables cannot be sent through courier companies.
15. There is theft of articles sent through courier companies.

DISCUSSION

LEVEL OF SATISFACTION

An analysis of satisfaction levels regarding the various variables contributing to the best service of customers by different courier operators would help one to know how far the courier operators were effective in meeting the customers' requirements. Respondents who score their satisfaction level less than the I quartile value are classified as less satisfied respondents. Those whose values fall above the III quartile value are classified as highly satisfied respondents. Those score between high and low values are classified as moderately satisfied respondents.

FACTORS INFLUENCING LEVEL OF SATISFACTION

In this chapter, an attempt has been made to understand whether factors like age, sex, occupation, monthly income, educational qualification and number of years of using courier services, influenced level of satisfaction with factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness, tangibility and accessibility. In order to test the relationship between the factors and the levels of satisfaction, the chi-square test has been employed.

RELATIONSHIP BETWEEN NUMBER OF YEARS OF USING COURIER SERVICES AND LEVEL OF SATISFACTION ON FACTORS

Individual customers surveyed have been using courier services for more than 20 years. In order to test the relationship between the number of years of using courier services by the respondents and their level of satisfaction on factors, a complex table has been prepared. Table 1 shows the number of years of using courier services by the respondents and their level of satisfaction on factors.

⁷ Jaiswal J.V.N., Postal and Courier Services and the Consumer, Eastern Book Company, ed., Lucknow, 2004, pp.148-171.

⁸ Tushar Jani, "Report on Emergence of Private Courier Services", Express Industry Council of India, Mumbai, 1995, pp.42-47.

TABLE 1: RELATIONSHIP BETWEEN NUMBER OF YEARS OF USING COURIER SERVICES AND LEVEL OF SATISFACTION ON FACTORS

Level of Satisfaction on Factors		Number of Years of Using Courier Services			Total
		Upto 10 Years	10 to 20 years	Above 20 years	
Overall Satisfaction	Low	1 (33.3%)	61 (24.2%)	8 (17.8%)	70 (23.3%)
	Medium	2 (66.7%)	132 (52.4%)	25 (55.6%)	159 (53.0%)
	High	0 (00.0%)	59 (23.4%)	12 (26.7%)	71 (23.7%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Reliability	Low	0 (00.0%)	81 (32.1%)	15 (33.3%)	96 (32.0%)
	Medium	3 (100%)	85 (33.7%)	14 (31.1%)	102 (34.0%)
	High	0 (00.0%)	86 (34.1%)	16 (35.6%)	102 (34.0%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Competence	Low	1 (33.3%)	112 (44.4%)	19 (42.2%)	132 (44.0%)
	Medium	1 (33.3%)	46 (18.3%)	9 (20.0%)	56 (18.7%)
	High	1 (33.3%)	94 (37.3%)	17 (37.8%)	112 (37.3%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Courtesy	Low	1 (33.3%)	95 (37.7%)	14 (31.1%)	110 (36.7%)
	Medium	1 (33.3%)	74 (29.4%)	14 (31.1%)	89 (29.7%)
	High	1 (33.3%)	83 (32.9%)	17 (37.8%)	101 (33.7%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Credibility	Low	1 (33.3%)	99 (39.3%)	15 (33.3%)	115 (38.3%)
	Medium	2 (66.7%)	85 (33.7%)	14 (31.1%)	101 (33.7%)
	High	0 (00.0%)	68 (27.0%)	16 (35.6%)	84 (28.0%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Communication	Low	2 (66.7%)	89 (35.3%)	14 (31.1%)	105 (35.0%)
	Medium	1 (33.3%)	70 (27.8%)	13 (28.9%)	84 (28.0%)
	High	0 (0.0%)	93 (36.9%)	18 (40.0%)	111 (37.0%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Safety	Low	3 (100%)	83 (32.9%)	15 (33.3%)	101 (33.7%)
	Medium	0 (00.0%)	103 (40.9%)	13 (28.9%)	116 (38.7%)
	High	0 (00.0%)	66 (26.2%)	17 (37.8%)	83 (27.7%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Responsiveness	Low	1 (33.3%)	121 (48.0%)	20 (44.4%)	142 (47.3%)
	Medium	0 (00.0%)	57 (22.6%)	12 (26.7%)	69 (23.0%)
	High	2 (66.7%)	74 (29.4%)	13 (28.9%)	89 (29.7%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Tangibility	Low	1 (33.3%)	139 (55.2%)	25 (55.6%)	165 (55.0%)
	High	2 (66.7%)	113 (44.8%)	20 (44.4%)	135 (45.0%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)
Accessibility	Low	1 (33.3%)	74 (29.4%)	12 (26.7%)	87 (29.0%)
	Medium	1 (33.3%)	97 (38.5%)	16 (35.6%)	114 (38.0%)
	High	1 (33.3%)	81 (32.1%)	17 (37.8%)	99 (33.0%)
Column Total		3 (100%)	252 (100%)	45 (100%)	300 (100%)

Source: Primary Data

Table 1 shows that out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied and 66.7 per cent (2 respondents) were satisfied to the medium level. Out of another 252 respondents using courier services from 10 to 20 years, 24.2 per cent (61 respondents) were lowly satisfied, 52.4 per cent (132 respondents) were satisfied to the medium level and 23.4 per cent (59 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 17.8 per cent (8 respondents) were lowly satisfied, 55.6 per cent (25 respondents) were satisfied to the medium level and 26.7 per cent (12 respondents) were highly satisfied. More than four-fifths (84%) of the individual customers (252 respondents) have been using courier services between 10 and 20 years.

Out of 300 individual customers, 3 respondents using courier services upto 10 years were satisfied to the medium level with reliability of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 32.1 per cent (81 respondents) were lowly satisfied, 33.7 per cent (85 respondents) were satisfied to the medium level and 34.1 per cent (86 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 33.3 per cent (15 respondents) were lowly satisfied, 31.1 per cent (14 respondents) were satisfied to the medium level and 35.6 per cent (16 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents have been using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied, 33.3 per cent (1 respondent) was satisfied to the medium level and 33.3 per cent (1 respondent) was highly satisfied with competence of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 44.4 per cent (112 respondents) were lowly satisfied, 18.3 per cent (46 respondents) were satisfied to the medium level and 37.3 per cent (94 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 42.2 per cent (19 respondents) were lowly satisfied, 20 per cent (9 respondents) were satisfied to the medium level and 37.8 per cent (17 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied, 33.3 per cent (1 respondent) was satisfied to the medium level and 33.3 per cent (1 respondent) was highly satisfied with courtesy of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 37.7 per cent (95 respondents) were lowly satisfied, 29.4 per cent (74 respondents) were satisfied to the medium level and 32.9 per cent (83 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 31.1 per cent (14 respondents) were lowly satisfied, 31.1 per cent (14 respondents) were satisfied to the medium level and 37.8 per cent (17 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied and 66.7 per cent (2 respondents) were satisfied to the medium level with credibility of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 39.3 per cent (99 respondents) were lowly satisfied, 33.7 per cent (85 respondents) were satisfied to the medium level and 27 per cent (68 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 33.3 per cent (15 respondents) were lowly satisfied, 31.1 per cent (14 respondents) were satisfied to the medium level and 35.6 per cent (16 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 66.7 per cent (2 respondents) were lowly satisfied and 33.3 per cent (1 respondent) was satisfied to the medium level with communication of courier services. Out of another 252 respondents using courier services

from 10 to 20 years, 35.3 per cent (89 respondents) were lowly satisfied, 27.8 per cent (70 respondents) were satisfied to the medium level and 36.9 per cent (93 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 31.1 per cent (14 respondents) were lowly satisfied, 28.9 per cent (13 respondents) were satisfied to the medium level and 40 per cent (18 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years and they were lowly satisfied with safety of articles sent through courier services. Out of another 252 respondents using courier services from 10 to 20 years, 32.9 per cent (83 respondents) were lowly satisfied, 40.9 per cent (103 respondents) were satisfied to the medium level and 26.2 per cent (66 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 33.3 per cent (15 respondents) were lowly satisfied, 28.9 per cent (13 respondents) were satisfied to the medium level and 37.8 per cent (17 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied and 66.7 per cent (2 respondents) were highly satisfied with the responsiveness of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 48 per cent (121 respondents) were lowly satisfied, 22.6 per cent (57 respondents) were satisfied to the medium level and 29.4 per cent (74 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 44.4 per cent (20 respondents) were lowly satisfied, 26.7 per cent (12 respondents) were satisfied to the medium level and 28.9 per cent (13 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied and 66.7 per cent (2 respondents) were highly satisfied with tangibility of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 55.2 per cent (139 respondents) were lowly satisfied and 44.8 per cent (113 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 55.6 per cent (25 respondents) were lowly satisfied and 44.4 per cent (20 respondents) were highly satisfied.

Out of 300 individual customers, 3 respondents were using courier services upto 10 years. Among them, 33.3 per cent (1 respondent) was lowly satisfied, 33.3 per cent (1 respondent) was satisfied to the medium level and 33.3 per cent (1 respondent) was highly satisfied with accessibility of courier services. Out of another 252 respondents using courier services from 10 to 20 years, 29.4 per cent (74 respondents) were lowly satisfied, 38.5 per cent (97 respondents) were satisfied to the medium level and 32.1 per cent (81 respondents) were highly satisfied. Out of the remaining 45 respondents using courier services for more than 20 years, 26.7 per cent (12 respondents) were lowly satisfied, 35.6 per cent (16 respondents) were satisfied to the medium level and 37.8 per cent (17 respondents) were highly satisfied.

This shows that the satisfaction level varied between different periods of using courier services by the respondents. So in order to test whether the number of years of using courier services affected the satisfaction level, Chi-square test was used.

TABLE 2: ANALYSIS OF RELATIONSHIP BETWEEN NUMBER OF YEARS OF USING COURIER SERVICES AND FACTORS SATISFYING INDIVIDUAL CUSTOMERS

S.No.	Factor Affecting Level of Satisfaction	Chi Square Value	Degrees of Freedom	Probability
1	Overall Satisfaction	1.874	4	75
2	Reliability	5.999	4	19
3	Competence	.548	4	96
4	Courtesy	.780	4	94
5	Credibility	3.281	4	51
6	Communication	2.329	4	67
7	Safety	9.244	4	56
8	Responsiveness	2.599	4	62
9	Tangibility	.577	2	74
10	Accessibility	.587	4	96

Source: Primary Data

From Table 2, it is inferred that the significance probability is greater than 10 per cent for all factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness, tangibility and accessibility. It means that there is no significant relationship between numbers of years of using courier services by the individual customers and their level of satisfaction on factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness, tangibility and accessibility.

MAJOR FINDINGS OF THE STUDY

Among the different demographic variables age, sex, occupation, income and educational qualifications of the individual customers were not found to influence their level of satisfaction on factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness and tangibility, except accessibility.

A majority (55 per cent) of the individual customers (165 respondents) sent documents as well as non-documents through courier companies.

Nearly two-thirds (59 per cent) of the individual customers (177 respondents), used courier services once a month.

Three-fourths of the individual customers (75%) spent from Rs.100 to Rs.200 per month on courier services.

According to more than four-fifths (85 per cent) of the individual customers (255 respondents), the courier charges were high.

SUGGESTIONS BASED ON THE FINDINGS OF THE STUDY

The following are suggestions, based on the findings of the study, for the improvement of the courier industry:

The Government should pass a legislation regulating the operations of courier services in order to protect the industry and its customers.

In case of non-delivery of articles to the addressee, the courier companies should take steps for prompt return of articles to the sender.

CONCLUSION

It is concluded that there is no significant relationship between numbers of years of using courier services by the individual customers and their level of satisfaction on factors such as overall satisfaction, reliability, competence, courtesy, credibility, communication, safety, responsiveness, tangibility and accessibility.

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SOCIO CULTURAL, GEOGRAPHIC AND MARKET RELATED FACTORS AFFECTING PRIVATE INVESTMENT IN EAST GOJJAM ZONE OF AMHARA REGIONAL STATE, ETHIOPIA

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ABSTRACT

The aims of this study is to examine Socio-cultural, Geographic and Market Related Factors affecting private investment activities in East Gojjam zone with the intention of providing valuable information about the investment environment of the zone to the potential investors. Descriptive type of research design has been used in this study by giving more emphasis on qualitative data analysis method. On the other hand, quantitative research analysis has been used to provide numerical measurement and analysis of the magnitude and extent of the problem and trend of private investment in East Gojjam Zone. The study used both primary and secondary data. Pre-designed self-administered questionnaire has been used to collect primary data. The investment bureau documents have been used in gathering the secondary data in this study. In order to obtain primary data, a total of 310 questionnaires were distributed to investors found in East Gojjam zone and 305 of them were filled and returned to researcher. The outcome of this study revealed that, Socio cultural factors such as Community's attitude, Community's religion and belief, Community's working habit and Community's Socio-cultural norms and Geographic factors such climate condition and topography condition does not affect private investment. These variables are considered as opportunities of private investment in East Gojjam Zone. Market related factors such as stock market development, market growth, product price, inflation and raw materials supply have brought major hindrances on the investment activities in East Gojjam zone. Among these factors, inflation and raw materials supply are considered as the main obstacle by majority of private investors in the study area.

KEYWORDS

geographic factors, market related factors, private investment, socio-cultural factors.

JEL CODE

E22

1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

According to the report of United Nations Conference on Trade and Development (UNCTAD) (2002), Investment is one of the primary engines of growth in all economies. However, its effectiveness rests on strong complementarities with other elements in the growth process, most notably technological progress, skills acquisition and the development of innovative capability. The link between investment and these other determinants of growth, however, is not an automatic process. It requires among other things a favorable macro policy environment and specific policies and institutions aimed at encouraging savings and attracting and directing investment to key sectors in the economy thereby enhancing the contributions of investment to skills formation, technological change, competitiveness and economic growth.

The study findings of Nnabuike (2015) revealed that the major socio-cultural factor which affected investors especially operators of MSSEs was crime rate as identified by more than half of the respondents in the study area. In all the responses, crime rate was identified to be a major socio-cultural factor. It needs to be noted that high crime rate is a contextual issue peculiar to the states covered in the study (NnabuikeO. Osadebe, 2015). Investment is highly attracted to urbanized regions of the home country. The lack of investment into agricultural regions has resulted in a migration of the local population from rural to urban areas placing housing and employment pressure on the local cities (Jovana T., 2005).

According to the report of World Bank Development report (2005) well-functioning financial markets and good infrastructure promotes investment by connecting firms to their customers and suppliers and helping them to take advantage of modern production techniques and organizational structures. By impeding new entry into markets (by either domestic or foreign firms), these inadequacies also limit competition, thus dulling incentives to innovate and to improve productivity.

Macro stability, property rights, enforcement of contract, bankruptcy laws and whether the public sector borrows heavily to crowd out the private sector influence the development of the financial sector. So, due attention must be given to the socio-cultural, geographic and Market related factors affecting private investment.

1.2. REVIEW OF RELATED LITERATURE

1.2.1. INVESTMENT DEFINED

Investment is the source of manufactured goods that will be used to produce other goods. It is the major foundation of enhancement in the level of literacy, improvement in technology and increase in the capital stock (Hashmi et al 2012).

On the other hand, private investments in the form of domestic investment and foreign capital are used as an important prerequisite for the economic growth in a country because it allows entrepreneurs to develop their business through empowering economic resources to create goods and services for a better economic growth (Nainggolan et al. 2014).

1.2.2. FACTORS AFFECTING PRIVATE INVESTMENT

1.2.2.1. SOCIO-CULTURAL FACTORS

Socio-cultural factors can influence both positively and negatively entrepreneurial emergence in a society. The socio cultural environment has all its dynamics to influence the environment as well as individual values which directly influence his decisions and actions in all endeavors. (Akhter and Sumi, 2014).

The study results of Clobanu and Bahna (2015), even though their study focused on social, cultural factors affecting mergers and acquisition, showed that social factors like the education and health expenditure, literacy rate or life expectancy and cultural factors like bureaucracy, informal payments, legal system and other, are significant in explaining the number of mergers and acquisitions in the world.

Examining the work of Sinha and Fiestas (2011), crime and corruption are considered as the main socio-cultural factors which hinder of private investment. There is strong evidence that, at the macro level, these factors reduce the rate of private investment, job creation and growth.

1.2.2.2. GEOGRAPHIC FACTORS

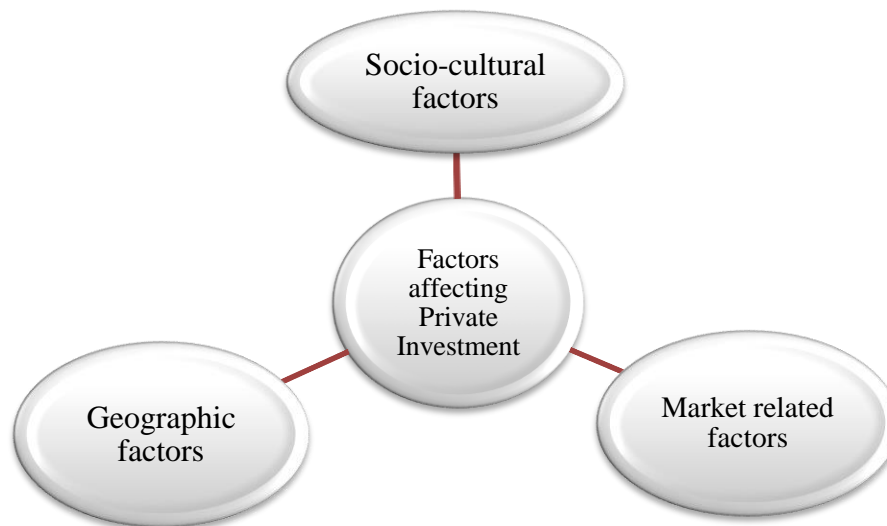
A study conducted by Guerin S. (2002) entitled The Role of Geography in Financial Integration: Foreign Direct Investment revealed that the existence of significant information costs in financial flows, which may explain why country portfolios are still home-biased and financial integration is restricted to developed countries and only a few developing countries. Ultimately, the geographical location of a country may determine its financial integration in to the world economy Investment is highly attracted to urbanized regions of the home country. This factor leads to an uneven flow of investment into urbanized areas of the home country, neglecting the primary industry and the rural population. The lack of investment into agricultural regions has resulted in a migration of the local population from rural to urban areas placing housing and employment pressure on the local cities (Jovana T., 2005).

1.2.2.3. MARKET RELATED FACTORS

Naje (2013) argued that there is positive relationship between efficient stock markets and economic growth, both in short run and long run and there is evidence of an indirect transmission mechanism through the effect of stock market development on investment. They are seen as providing a service that boosts economic growth.

Udo (2013) investigated a research entitled Determinants of Private Investment in Nigeria: An Empirical Exploration. The study pointed out that size and growth rate of market is among the determinants of private investment in Nigeria. Domestic inflation rate of raw materials, limited availability and access to bank credit, high interest rate, fiscal deficits, public investment rate, and poor provision of infrastructure, political and economic stability, investment climate and institutional factors are also considered as the determinants of private investment in Nigeria.

Najeb (2013) suggested a positive relationship between efficient stock markets and economic growth, both in short run and long run and there is evidence of an indirect transmission mechanism through the effect of stock market development on investment. They are seen as providing a service that boosts economic growth.

1.2.3. CONCEPTUAL FRAMEWORK OF THE STUDY**CHART 1: CONCEPTUAL FRAMEWORK OF THE STUDY****1.3 IMPORTANCE OF THE STUDY**

This study has a great importance for the potential investors in order to make informed judgments whether to invest and to inform the concerned bodies to know Socio-cultural, Geographic and Market related factors affecting private investment activity here in East Gojjam Zone. This study can also significantly contribute to other studies to be made in different areas by providing image on the Socio-cultural, Geographic and Market related factors affecting private investment activity. Moreover, this research can provide basic concepts to the currently available literatures of investment. In general, investors may use this research to identify the basic Socio-cultural, Geographic and Market related factors affecting private investment activity to invest their capital and researchers to guide future research work to be undertaken in this area.

1.4 STATEMENT OF THE PROBLEM

According to the report of the Oakland Institute(2010) Ethiopia has created a very attractive investment climate in recent years by providing potential investors with various tax breaks, access to affordable land, a relatively efficient investment process, very affordable land rents, suitable agro-climatic conditions, low labor costs (labor is cheap and abundant), outstanding incentives, including tax holidays and no duty, relaxed regulations, corruption is low relative to other countries, abundant amounts of "undeveloped" land, strategic location (with respect to markets), abundant water resources, ability to export privileged access to other markets, streamlined investment process.

The Socio-cultural, Geographic and Market related factors of private investment have been substantially studied by different researchers, (Morisset, and Jacques 2000; Basu and Srinivasan, 2002; Salish, and Mohammed, 2003). These and other researchers investigated their study on this area and identified the Socio-cultural, Geographic and Market related factors in different countries and areas. However, almost all of these studies conducted on developed and large areas. From such findings it is difficult to generalize the same result in East Gojjam zone. As per the researcher knowledge research studies on the Socio-cultural, Geographic and Market related factors private investment environment in East Gojjam zone remained an ignored area of study. Thus, with these serious shortcomings of the current literature, this study will contribute to the existing literature.

East Gojjam zone is among the zones found in Amhara Region which has attractive natural resource. However, with such ample resources availability and investment potentiality within the zone, the investment activities had been carried out was not sufficient as expected.

By considering the above situations, the researcher was motivated to conduct this study to identify Socio-cultural, Geographic and Market related factors affecting private investment activity in East Gojjam zone and to remind the concerned body about these issues.

1.5. OBJECTIVES OF THE STUDY**1.5.1. GENERAL OBJECTIVE**

The general objective of the study is to examine Socio-cultural, Geographic and Market related factors affecting of private investment activities in East Gojjam zone with the intention of providing valuable information about the investment environment of the zone to the potential investors.

1.5.2. SPECIFIC OBJECTIVES

In addition to the general objective, the study has the following specific objectives:

1. To identify the Socio-Cultural factors affecting of private investment activities.
2. To examine the Geographic factors affecting of private investment activities.
3. To investigate Market related factors affecting of private investment activities.

1.6. RESEARCH METHODOLOGY**1.6.1. RESEARCH DESIGN**

The researcher employed descriptive type of research design by giving more emphasis on qualitative data analysis method. Qualitative research analysis has been applied to explain the Socio-cultural, Geographic and Market related factors affecting private investment in East Gojjam Zone and to obtain systematic sequence

of information to get into the depth of research problems. On the other hand, quantitative research analysis has been used to provide numerical measurement and analysis of the magnitude and extent of the factors affecting private investment in East Gojjam Zone.

1.6.2. SOURCES OF DATA

Data for this study were collected from both primary and secondary sources of data. Primary data were obtained from selected investors in East Gojjam Zone and East Gojjam zone investment and trade bureau. Secondary data were obtained mainly from different reports of East Gojjam Zone office, which are relevant to the theme of the study.

1.6.3. METHODS OF DATA COLLECTIONS

Pre-designed self-administered questionnaire has been used to collect primary data. Pre-designed self-administered questionnaires have been employed and filled by the managers of the investment sectors in East Gojjam Zone to identify the Socio-cultural, Geographic and Market related factors affecting private investment in the zone. Interviews have been used to collect data from East Gojjam zone investment and trade bureau. The investment bureau documents have been used in gathering the necessary data in this study.

1.6.4. SAMPLE SIZE AND SAMPLING TECHNIQUES

The researcher employed both purposive and stratified sampling techniques to select the actual sample size from the total study population. Two individuals were selected purposively from East Gojjam zone investment and trade department for interview purpose. Based on business type strata, stratified sampling techniques have been used to select sample respondents from the study population in each sector of investment.

Survey was undertaken by conducting a survey with 310 investors, using a pre-designed questionnaire. Stratified sampling technique was used to select the sampled investors in each sector. Private Investors covered by the survey have been classified into 5 strata that include service sectors, trade sectors, manufacturing sectors, construction sectors and agricultural sectors. The classification of the strata is based on the classification of investment sector of the zonal bureau of investment in East Gojjam Zone. Sample woredas were selected purposively from east Gojjam zone based on higher number of investment.

Generally, the actual sample size of any study is depending on the total population, the research budget and the available time to accomplish the study. Given these in to account, the study utilized the following sample size determining formula to set the actual sample size scientifically (Taro Yamane, 1967).

$$n = \frac{N}{1 + N(e^2)}$$

Where **n**= actual sample size, **N** = total population, **e** = Degree of accuracy usually set at 0.05

The formula states:

$$n = \frac{N}{1 + N(e^2)} = \frac{1365}{1 + 1365(0.05^2)} = 310$$

1.6.5. METHODS OF DATA ANALYSIS AND INTERPRETATION

The process of data analysis is assisted by making use of the computer aided software available, mainly for analyzing the quantitative data. The relevant computer software [SPSS Ver. 16] has been used as a tool to manage the quantitative data. The respondents' scores is summarized and analyzed using both simple statistical techniques such as tables, charts, percentages etc. and descriptive statistics like the mean, standard deviation.

2. RESULTS AND DISCUSSION

2.1. SOCIO-CULTURAL, GEOGRAPHIC AND MARKET RELATED FACTORS AFFECTING PRIVATE INVESTMENT

Socio-cultural, Geographic and Market related factors affecting private investment are depicted in the following part of analysis. The respondents were asked to give Likert scale value for these factors from 1- 5 (strongly disagree to strongly agree) depending on the degree of challenge of these variables. If the mean score value of the analysis is below 3, it indicates the variables are opportunities of private investment in East Gojjam Zone while if it is above 3, the variable are factors which affect private investment in East Gojjam Zone. Accordingly, the mean value of each variable was computed and summarized below:

2.1.1. SOCIO-CULTURAL FACTORS AFFECTING PRIVATE INVESTMENT

CHART 2.1: SOCIO-CULTURAL FACTORS AFFECTING PRIVATE INVESTMENT

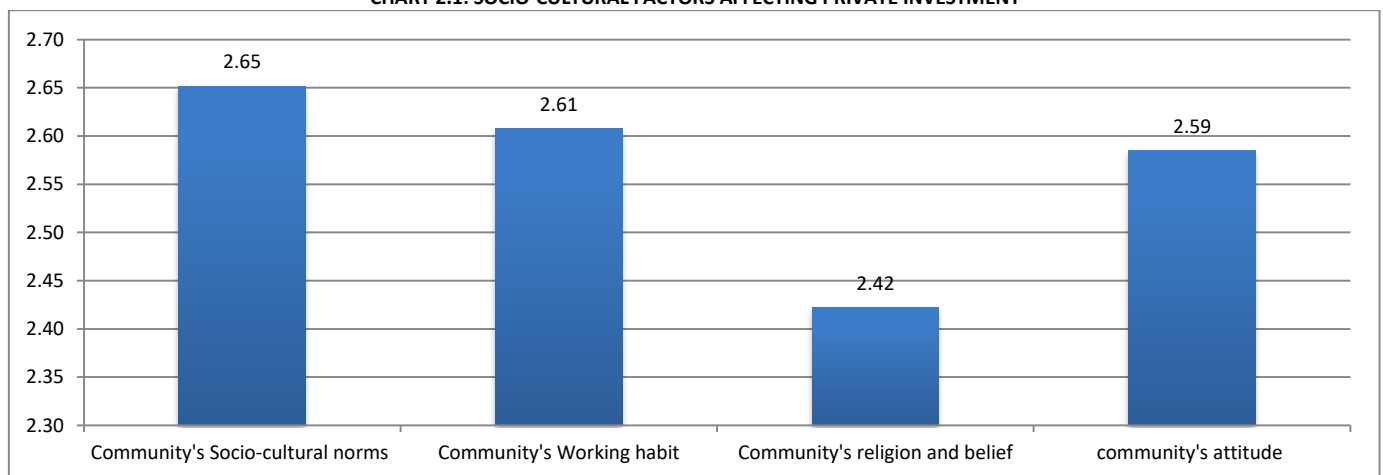
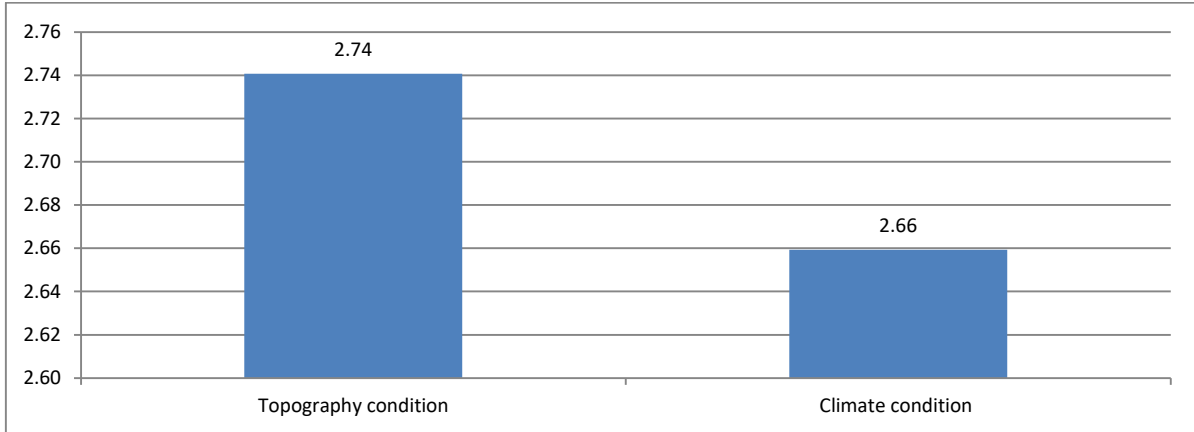


Chart 2.1 above; indicates the mean score values for Community's attitude, Community's religion and belief, Community's working habit and Community's Socio-cultural norms are 2.59, 2.42, 2.61 and 2.65 respectively. All mean scores of Socio-cultural Factors Affecting Private Investment are below 3, which indicate respondents disagreed that those factors do not affect private investment. So, East Gojjam Zone has good opportunity of Community's attitude, Community's religion and belief, Community's working habit and Community's Socio-cultural norms towards private investment. This outcome supports the outcomes found by Akhter and Sumi (2014) which, advocates socio-cultural factors can influence positively entrepreneurial emergence in a society.

2.1.2. GEOGRAPHICAL FACTORS AFFECTING PRIVATE INVESTMENT

CHART 2.2: GEOGRAPHICAL FACTORS AFFECTING PRIVATE INVESTMENT



As chart 2.2. above shows, the mean score for climate condition and topography condition are 2.66 and 2.74 respectively as geographic factors which affects private investment in East Gojjam zone. These mean scores values of Geographic Factors Affecting Private Investment are below 3, which indicate respondents disagreed that these factors do not affect private investment even if, East Gojjam zone is far from the central part of Ethiopia by 299 K.M. So, East Gojjam Zone has good opportunity of climate condition and topography condition towards private investment as responded by respondents.

2.1.3. MARKET RELATED FACTORS AFFECTING PRIVATE INVESTMENT

CHART 2.3: MARKET RELATED FACTORS AFFECTING PRIVATE INVESTMENT

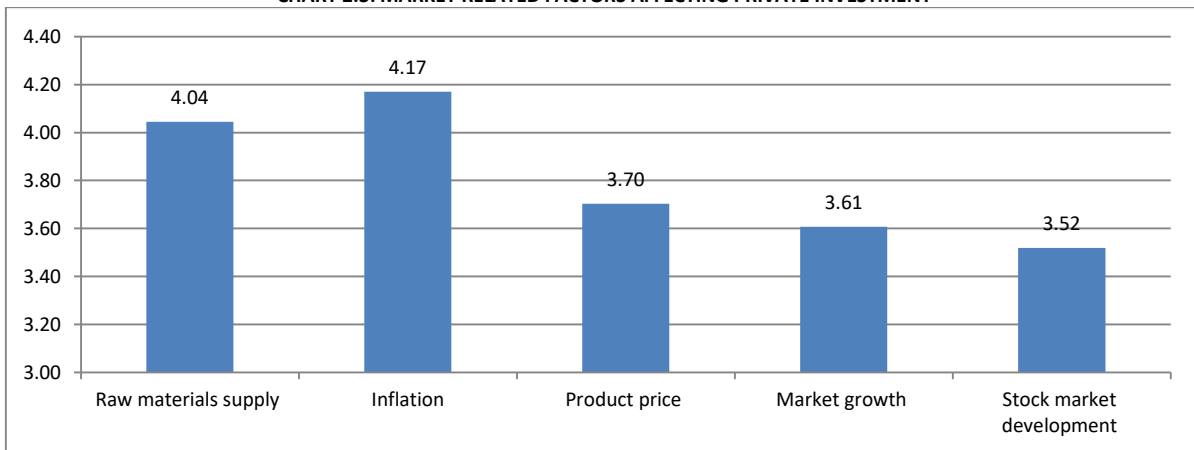


Chart 2.3 above; indicates the mean score values for stock market development, market growth, product price, inflation and raw materials supply are 3.52, 3.62, 3.70, 4.17 and 4.04 respectively. This value indicates that, respondents replied that respondents agreed that all those market related factors affect private investment in East Gojjam Zone.

Even though, the mean score value for all market related factors indicates as those factors which affects private investment in East Gojjam zone, the degree of effects of variables are different. The degree of effects of stock market development, market growth and product price is minimum as the mean score values for this factors are between 3 and 4 while the degree of effects for factors inflation and raw materials supply is strong as the vales are between 4 and 5.

To sum up the discussion on market related factors which affects private investment in East Gojjam zone, stock market development, market growth and product price affects private investment in East Gojjam Zone and inflation and raw materials supply strongly affects private investment in Esat Gojjam Zone. This outcome supports the outcomes found by Kodithuwakku et al. (2016), Naje (2013), Grace et al, (2016) and World Bank Development report (2005).

3. CONCLUSIONS AND RECOMMENDATIONS

3.1. CONCLUSIONS

Several studies have been conducted so far on the investigation of Socio-cultural, Geographic and Market related factors affecting private investment activities. And the outcome of these research studies was mixed from place to place. The purpose of this study is to examine Socio-cultural, Geographic and related factors affecting private investment activities in East Gojjam zone.

Socio cultural factors such as Community’s attitude, Community’s religion and belief, Community’s working habit and Community’s Socio-cultural norms and Geographic factors such climate condition and topography condition as does not affect private investment even if, East Gojjam zone. These variables are considered as opportunities of private investment in East Gojjam Zone.

Market related factors such as stock market development, market growth, product price, inflation and raw materials supply have brought major hindrances on the investment activities in East Gojjam zone. Among these factors, inflation and raw materials supply are considered as the main obstacle by majority of private investors in the study area.

3.2. RECOMMENDATIONS

The followings are some of the recommendations given by the researcher in relation to the findings of the research.

Socio cultural factors such as Community’s attitude, Community’s religion and belief, Community’s working habit and Community’s Socio-cultural norms. These variables are considered as opportunities of private investment in East Gojjam Zone. So, that the investment office shall do more on the Socio cultural beliefs of the community to make the more useful for private investment on East Gojjam zone.

Other bottlenecks of private investment in East Gojjam zone are stock market development, market growth and product price affects private investment in East Gojjam Zone and inflation and raw materials supply strongly affects private investment in Esat Gojjam Zone Therefore, it is better if the government launched secondary market in the country.

4. SCOPE FOR FURTHER RESEARCH

Regarding further research directions, this research highlights a number of issues that give directions on Socio-cultural, Geographic and Market related factors affecting private investment East Gojjam zone. Thus, by taking the previous studies and this study as a stepping stone, it could be possible to come up with a better insight. The outcome of this study can be more robust, if future researchers conduct a study on this area by: first, further increasing the study population and the sample size.

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