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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

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   ACKNOWLEDGMENTS

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   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
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- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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AN EMPIRICAL STUDY ON THE MANAGERS' PERCEPTION ON THE ROLE OF CORPORATE VALUES AS AN ANTECEDENT FOR CORPORATE SOCIAL RESPONSIBILITY IN INDIAN IT INDUSTRY

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ABSTRACT
In the context of Mandatory CSR implemented in India, the authors try to explore the relationship between Corporate Values as an antecedent for CSR in Information Technology companies in India. Survey research is adopted as research method, data collection follows questionnaire design, which is based on standard instruments available in the literature. The study chosen non-probability sample design in which it considers purposive sample technique for collecting the data. The sample size is 327 respondents from both IT and ITES sector of Indian Companies. The key constructs such as corporate values and Corporate social responsibility are measured using 5 point Likert Scale (1=strongly disagree and 5=strongly agree).This study has proved that in the perception of their managers' if the company has a strong Corporate Value system they also do have a Strong CSR. The Managers' perceive that Corporate Value system is the antecedent for CSR i.e the managers of the organizations with good corporate values willingly contribute towards CSR.

KEYWORDS
Perception, Corporate Values (CV), Corporate Social Responsibility (CSR), Information Technology (IT), Indian IT Industry.

INTRODUCTION
WHAT IS CSR?
While there may be no single universally accepted definition of CSR, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. This is evident in some of the definitions presented below:

- The EC defines CSR[1] as "the responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders."
- The WBCSD defines CSR [2]as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."
- According to the UNIDO, "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Eventhough the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that."

CSR IN INDIA
CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship. As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports. The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, whichlists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. It will be interesting to observe the ways in which this will translate into action at the ground level, and how the understanding of CSR is set to undergo a change.

CORPORATE CORE VALUES
Core values [3]are what support the vision, shape the culture and reflect what the company values. They are the essence of the company's identity – the principles, beliefs or philosophy of values. Many companies focus mostly on the technical competencies but often forget what are the underlying competencies that make their companies run smoothly — core values. Establishing strong core values provides both internal and external advantages to the company:

- Core values help companies in the decision-making processes. For example, if one of your core values is to stand behind the quality of your products, any products not reaching the satisfactory standard are automatically eliminated.

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[1] http://ec.europa.eu/enterprise/policies/sustainable- business/corporate-social-responsibility/index_ en.htm2
[2]http://www.wbcsd.org/work-program/business- role/previous-work/corporate-social-responsibility. aspx 3
[3]Company Core Values: Why to Have Them and How to Define Them byWendyonMarch 12, 2013, Harward Business Review

- Core values educate clients and potential customers about what the company is about and clarify the identity of the company. Especially in this competitive world, having a set of specific core values that speak to the public is definitely a competitive advantage.
- Core values are becoming primary recruiting and retention tools. With the ease of researching companies, job seekers are doing their homework on the identities of the companies they are applying for and weighing whether or not these companies hold the values that the job seekers consider as important.

MANDATORY CSR

THE CONCEPT AND ITS ORIGIN

Countries worldwide have traditionally adopted a 'mandatory approach' to implement the corporate governance norms. Under this approach, the authorities in the respective countries prescribe a set of rules, which the corporates are bound to abide by. If they do not comply, they are liable to be penalized by the authorities. The Sarbanes-Oxley Act in the U.S. is a classic example of the 'mandatory approach' to corporate governance. India and many other countries in the world follow this approach.

In contrast, some countries (notably the UK, Germany, Australia and Canada) have adopted a 'comply or explain' approach to corporate governance. Under this approach,the authorities establish for the listed companies a code of governance, compliance with which is *not* mandatory. However, in case a company decides to deviate from any provision in the 'code of governance', it is bound to disclose the same and is also mandated to explain *publicly* why it is deviating. The market is expected to penalize the companies that provide unjustifiable or inadequate explanations explained later). UK was the first country to introduce the concept in the form of 'UK

Governance Code' in 1992, which was the outcome of a recommendation of the Cadbury Committee Report on Corporate Governance.[4]

CorEx: A PRINCIPLE-BASED APPROACH

Unlike the mandatory approach, which is based on rules, 'Comply or explain' (CorEx) is a principle-based approach. It recognises that the business situations for companies can vary widely (depending on the size and complexity of the company and the nature of the risks and challenges it faces), which makes it inefficient to have a fixed set of rules. It believes therefore that instead of binding rules, a set of general and overarching principles, which are suitable for most, if not all companies, and are essential for good governance, should be set. Together with these principles, a set of practices that foster these principles are also prescribed.

PERCEPTION

Psychologist Jerome Bruner has developed a model of perception that deals with how we select cues in our interpretations and how this leads to perceptual constancy and consistency once we have formed our opinions. According to Bruner, when the perceiver encounters an unfamiliar target, the perceiver is very open to the informational cues contained in the target and the situation surrounding it. In this unfamiliar state, the perceiver really needs information on which to base perceptions of the target and will actively seek out cues to resolve this ambiguity. Gradually, the perceiver encounters some familiar cues that enable her to make a crude categorization of the target. At this point, the cue search becomes less open and selective. The perceiver begins to search out cues that confirm the categorization of the target. As this categorization becomes stronger, the perceiver actively ignores or even distorts cues that violate initial perceptions. Thus, perception becomes more selective and the perceptual system begins to paint a constant and consistent picture of the target.

LITERATURE REVIEW

Psychological Antecedents to Socially Responsible Behavior by Donal Crilly, Susan C. Schneider and Maurizio Zollo,, European Management Review: The authors'explain individual differences in the propensity to engage in socially responsible behavior (SRB). By linking values, affect and reasoning to managers' propensity to 'do good' and 'do no harm,' we provide a more complete picture of how SRB arises in organizations. A survey of 643 middle managers in five multinational corporations supports our contention that values, affect, and reasoning matter for SRB. In particular, self-transcendence values (universalism and benevolence) and positive affect increase the propensity to engage in SRB, as do moral and reputation-based reasoning styles. Moreover, we find that values and affect shape more controlled processes such as moral reasoning. We develop implications for the interaction between the individual and the organization in promoting SRB.

Corporate Social Responsibility Influence on Employees by Jean-Pascal Gond, Assâad El-Akremi, Jacques Igalens, ValérieSwaen, No. 54-2010 ICCSR Research Paper Series – ISSN 1479-5124 : In this paper the authorsanalyzes Corporate Social Responsibility's (CSR) influence on employees. We integrate social identity theory and social exchange theory in a new framework. This framework explains how employees' perceptions of CSR trigger attitudes and behavior in the workplace which affect organizational, social and environmental performance. This model bridges micro and macro researches on socially responsible behavior, articulates social identification and social exchange processes, and explains how CSR contributes to corporate performance by influencing employees' behavior.

An Empirical test of Cross-national Model of Corporate Social Responsibility by Ali M.Quazi and Dennis O'Brien, Journal of Business Ethics 25: 33-51, 2000, Kluwer Academic Publishers:The paper concludes that corporate social responsibility is two-dimensional and universal in nature and that differing cultural and market settings in which managers operate may have little impact on the ethical perceptions of corporate managers. The CSR factors explained in the study by the authors are tabulated below:

CS1	Profit is the only business of business
CS2	CSR is beneficial to business
CS3	Wider social responsibility has its own benefits
CS4	Social responsibility increases cost
CS5	Social responsibility beyond regulation
CS6	Business must be more socially responsible
CS7	Exercise CSR increases societal expectation

RESEARCH GAP

The Researcher has identified the research gap in terms of the perception of managers' with respect to Corporate values and CSR. Hence, this paper tries to answer the following research question: What is the role of corporate values as antecedents' for Corporate Social Responsibility?

OBJECTIVES OF THE STUDY

- To understand and analyze the perceptions of the managers on their company's corporate values.
- To understand and analyze the perceptions of the managers on corporate social responsibility intheir company.
- To understand the perception of the managers on the relationship between Corporate Values and Corporate Social Responsibility.

RESEARCH METHODOLOGY

Survey research is adopted as research method, data collection follows questionnaire design, which is based on standard instruments available in the literature. The study chosen non-probability sample design in which it considers purposive sample technique for collecting the data. The sample size is 327 respondents from both IT and ITES sector of Indian Companies. The key constructs such as corporate values and Corporate social responsibility are measured using 5 point Likert Scale (1=strongly disagree and 5=strongly agree).

[4] Comply or explain – An alternative approach to corporate governance by NawshirMirza and NirmalMohanty, NSE Centre for excellence in corporate governance.

HYPOTHESIS

Ho: There is no relationship between Corporate Values and CSR.
H1: There is relationship between Corporate Values and CSR.

DATA ANALYSIS AND RESULTS

The research instrument was mailed to 3500 IT managers in India through survey monkey. Out of this, 327 responses were received, nearly 10% was response rate, further, collected data was analysed using the SPSS statistics software.

Demographic Composition - Frequency analysis (n=327)

- Gender: Out of the total respondents 15.2% were female and 84.8% were male.
- Educational Qualification: Out of the total respondents, post graduates were 45.7% and graduates were 54.3%.
- Age: 19.6% of the respondents were in the age category of 25-30 years, 45.7% fell in the category of 31-40yrs, 32.6% fell in 41-50 years, 2.2% fell in the category of 51-60 years of age.
- Current experience in the organisation: 30.4% of the respondents were in the category of less than 5 yearsexperience in the current organisation while 41.3% were in the category of 6-10yrs of experience, 13% were in the category of 11-15 years of experience, 8.7% fell in the category of 16-20 years of experience and the balance 6.5% fell in the category of experience more than 20yrs in the current organisation.
- Management category: 17.4% of the respondents fell under the category of lower management, 69.6% in the middle management, and 13.0% in the top management category.

DESCRIPTIVE STATISTICS

Descriptive statistics is done for all the variables which measures for Corporate Value and Corporate Social Responsibility. On 5 point scale, for most of the variables, the average mean scores and the standard deviation are tabulated here. All the variables fall in permissible limit and no outliers are found in the data.

TABLE 1

Construct	Average Mean score out of 5	Standard Deviation
Corporate Values	1.944	0.78
Corporate Social Responsibility	2.756	0.41

RELIABILITY

The Cronbach's alphas used to check the internal consistency of items within each dimension, which is more than 0.7, indicating good reliability for the 2 constructs.

EXPLORATORY FACTOR ANALYSIS

Though previous research has established the dimensions of CSR (the two-dimensional model of CSR, by Ali M.Quazi and Dennis O' Brien 1996), researcher attempted to explore the factors in Indian context, as it was developed in the western scenario. In EFA, principal component analysis is used to estimate, Varimax rotation was adopted, factor loadings kept minimum of 0.5, with the Eigen value greater than 1. Corporate Values EFA showed one factor model for Corporate Values, with total variance explained up to 78%. CSR - EFA showed 7 factor model for CSR, with total variance explained up to 86%.

CORRELATION

The factors explained by Ali M.Quazi and Dennis O'Brien are studied here in relation with the corporate values. The correlation among corporate values and CSR were tested and the results are as under:

- There is a direct relation between CV and CSR3 (i.e., Corporate values and the factor 'wider responsibility has its own benefits' of CSR) with a correlation score of 0.366 which is significant at 5%.
- There is a negative relation between CV and CSR6 (i.e., corporate values and the factor 'business must be more socially responsible' of CSR) with a correlation score of 0.389 which is significant at 5%.
- There is a direct relation between CV and CSR7 (i.e., corporate values and the factor 'Exercise CSR increases societal expectation' of CSR) with a correlation score of 0.475 which is significant at 5%.

Thus, there exists a significant relation between corporate values and Corporate social responsibility factors. Hence null hypothesis is rejected and alternative hypothesis is accepted.

CO-EFFICIENT OF VARIATION

CSR1, CSR2, CSR3 and CSR6 are significant with < 0.05 scores in relation with corporate values. Hence, there is a good model fit with respect to Corporate values and four CSR factors.

CONCLUSION

This study has proved that in the perception of their managers' if the company has a strong Corporate Value system they also do have a Strong CSR. The Managers' perceive that Corporate Value system is the antecedent for CSRi.e the managers of the organizations with good corporate values willingly contribute towards CSR. Hence, the Industry need to focus more on Corporate Value system to make their managers' perceive better about their CSR activities.The benefits that organisations frequently find in adopting a socially responsible stance to their business include the following: an increase in their bottom line, greater access to capital, an enhanced brand image and corporate reputation leading to greater customer loyalty and the ability to attract and retain a quality workforce.

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INTERNATIONAL TOURISM DEMAND MODELLING: A MULTIVARIATE APPROACH

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ABSTRACT
This study provides an econometric model helpful to analyse and understand international tourism demand in Croatia. Such, more detailed and systematic studies should be considered as starting points of future macroeconomic development strategies, pricing strategies and tourism sector routing strategies in Croatia, as a predominantly tourism oriented country. Tourism represents a significant source of profit for Croatian economy. Croatia is predominantly an international tourist destination, in fact international tourists account for a 88% of total tourists number. The objective of the study is therefore to examine determinants and functional form of international tourism demand in Croatia. The econometric estimates showed that the number of tourist abroad departures, tourism price and tourism seasonal character are significant variables in explaining international tourists' number. The present study emphasizes the necessity of more systematic quantitative tourism demand determinants analysis and researches. Econometric modelling should be considered as a significant Croatia's tourism sector development tool.

JEL CODES
C22, C51, C52, L83.

KEYWORDS
Tourism demand, international tourism demand econometric modelling, regression model.

INTRODUCTION
It is common knowledge that international tourism demand in Croatia is predominant with respect to domestic flows. According to the Institute of Tourism, of a total of 12 million arrivals realized in Croatia, in 2013, 88% were international arrivals. In 2013 the Croatian GDP was estimated to be 43,4 billion Kuna and the tourism sector revenues about 7,2 billion Kuna. According to data of the Ministry of Tourism of the Republic of Croatia, the tourism sector registered a 3,3% growth with respect to 2012. Of a total of 12 441 476 tourists arrivals in 2013, international tourists realized 10 955 168 arrivals and 59 688 187 overnights (Table 1).

TABLE 1: TOURIST TRAFFIC IN CROATIA IN 2013

	Tourist arrivals	Tourist overnights
Domestic	1 486 308	5 139 627
Foreign	10 955 168	59 688 187
Total	12 441 476	64 827 814

Source: Croatian Ministry of Tourism: http://www.mint.hr/UserDocsImages/140624_HTZ-TURIZAM-2013_HR.pdf, Accessed on December 1, 2014

Data on the structure of international tourists' realized in 2013 are plotted in figure 1.

FIGURE 1: STRUCTURE OF INTERNATIONAL TOURISM ARRIVALS IN THE REPUBLIC OF CROATIA

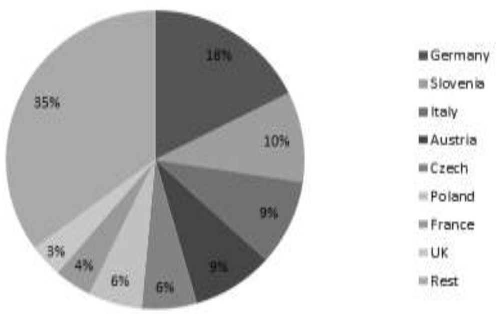


Figure 1 shows that, the highest number of foreign tourist arrivals in 2013 were realized by German tourists, followed by tourists from Italy and Slovenia. Smaller, but very important, are tourist arrivals from Austria, Czech Republic, Hungary, Poland and France, while the remainder relates to other foreign tourists. German tourists have the highest average length of stay; approximately 7,5 days.

REVIEW OF LITERATURE
It is common knowledge that tourism demand is considered a function of a set of variables. In a comprehensive study Song and Li (Song and Li, 2008) carried out a review of published studies on tourism demand modelling and forecasting and concluded that one of the major advantages of econometric approaches over time-series models lies in their ability to analyse the causal relationships between the tourism demand variable and its influencing6 factors. Economic theory

postulates that income and price are the core determinants that affect the demand for tourism. In econometric modelling "...the consumer price index (CPI) in a destination country is taken to be a proxy for the cost of tourism in the destination country." (Song, et.al., 2009).
Song, Wong and Chon (Song, Wong and Chon, 2003) examined the demand for Hong Kong tourism and the empirical results confirm that the most important factor that determine the demand for tourism are the cost of tourism in Hong Kong and the economic condition in the origin country measured by the income level, as well as the "word of mouth" effect. The tourism literature suggests that, among others, the main determinants of tourism demand are income, household consumption, unemployment rate and the harmonised consumer price index (Serra, et.al., 2014). In one research, Song et.al. (2009), examined the impact of price on tourism demand. Thereby, the tourism price variable is measured by the relative consumer price index of origin country to that of the tourism generating country, adjusted by the corresponding exchange rate.
Algieri´s research (2006) included the variation of income, interest rates, and price, as well as unforeseen events, such as political changes, and predicted what impact such variations have on the revenue generated from tourism in Russia. It is noted cointegration relationship between these variables and confirmed the hypothesis set by economic theory.
Using time series data on tourist visits to Turkey, realized number of departures of Turkish tourists, income and relative price, in the period from 1970th to 2005th, Halicioglu (2011) applied extended Granger causality analysis, in order to determine the direction of impact.

IMPORTANCE OF THE STUDY
Tourism is, directly and indirectly, a significant source of profit for a wide range of activities in Croatia. This study provides a model helpful to analyse, understand and model international tourism in Croatia, especially from German tourism market. Such, more detailed and systematic studies should be considered as starting points of future macroeconomic development strategies, pricing strategies and international tourism sector routing strategies in Croatia, as a predominantly international tourism oriented country.

STATEMENT OF THE PROBLEM
Despite, the great importance of tourism for Croatian economy, there is a lack of exhaustive researches on quantitative tourism demand modelling and forecasting. International tourism demand, especially main tourism markets, is not enough considered in those studies. As Croatia is a predominantly international tourism destination, international tourism demand and its determinants should be analysed and researched more systematically.

OBJECTIVE OF RESEARCH
The objective of this research is to examine the patterns and the functional form of the German tourism demand in Croatia, and also to emphasize the impact of selected independent variables on the German tourism arrivals as dependent variable.

HYPOTHESES
The main hypothesis in this study is that international tourism demand in Croatia, as complex phenomenon, requires the implementation of a multivariate approach in modelling, in order to enable detail and systematic researches of its patterns and determinants. After reviewing the literature on international tourism demand analysis, in this study several research hypotheses, regarding German tourism modelling in Croatia are proposed:
Hypothesis 1: The number of German tourists' arrivals in Croatia reveals a marked tendency of growth.
Hypothesis 2: The tourism price variable has a negative influence on German tourism demand in Croatia.
Hypothesis 3: German tourism demand in Croatia is highly seasonally sensitive.

INTERNATIONAL TOURISM DEMAND MODELLING – A MULTIVARIATE APPROACH
Out of the total incoming tourist flows in Croatia, German tourists constitute the majority of the international demand. Therefore, modelling international tourism demand is related solely to that group. In this paper, as a measure of the amount of German tourism demand the number of tourist arrivals from Germany to Croatia was considered.

DATA AND RESEARCH METHODOLOGY
It is common knowledge that tourism demand is considered as a function of a set of variables. This study considers the number of German tourists as a measure of international tourism demand. In modelling the German tourism demand in Croatia, it is assumed that the tourism price variable, realized number of departures of German tourists abroad (in current and previous period) and seasonal dummy variables influence the tourism demand. All data are quarterly and cover the period 2003:Q_1 to 2012:Q_4. Data are obtained from the Croatian Bureau of Statistics and Eurostat. It is also supposed that a dynamic structure is likely to be a core element to explain the pattern of the German tourists' flows. "In the formulation of dynamic models, economists often have considered expectations about future economic variables in theoretical development. They have increasingly used lagged variables in recent econometric work in various attempts to formulate certain demand relationships more realistically." (Croes, Vanegas, 2005).
According to existing literature, as well as the availability of data, for the purposes of this paper, for modelling tourism demand of German tourists in Croatia were selected variables as shown in the table below.

TABLE 2: VARIABLES INCLUDED IN THE ANALYSIS OF THE NUMBER OF GERMAN TOURISTS ARRIVALS IN THE REPUBLIC OF CROATIA

Variable	Description
$ARRIVALS$	Realized number of German tourists arrivals in the Republic of Croatia
$DEPARTURES$	Realized number of German tourists departures abroad
$DEPARTURES_{t-1}$	Realized number of German tourists departures abroad in previous period
RCPI	Price variable (real costs of tourism services in the Republic of Croatia)
D_1	*Seasonal dummy* variable 1
D_2	*Seasonal dummy* variable 2
D_3	*Seasonal dummy* variable 3

Before proceedings with econometric analysis, selected variables were plotted, as shown in the following figures.

FIGURE 2: REALIZED NUMBER OF GERMAN TOURISTS ARRIVALS IN THE REPUBLIC OF CROATIA IN THE PERIOD FROM 2003 TO 2012 (QUARTERLY, IN THOUSANDS)

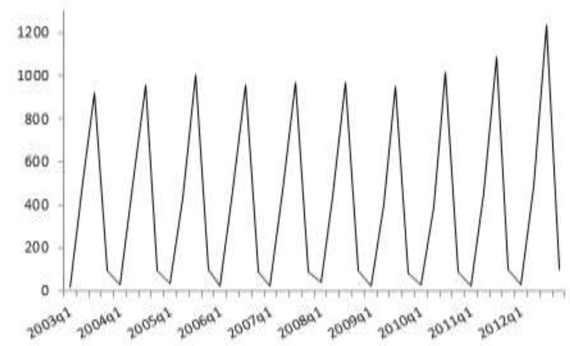


FIGURE 3: REALIZED NUMBER OF GERMAN TOURISTS DEPARTURES ABROAD IN THE PERIOD FROM 2003 TO 2012 (QUARTERLY, IN THOUSANDS)

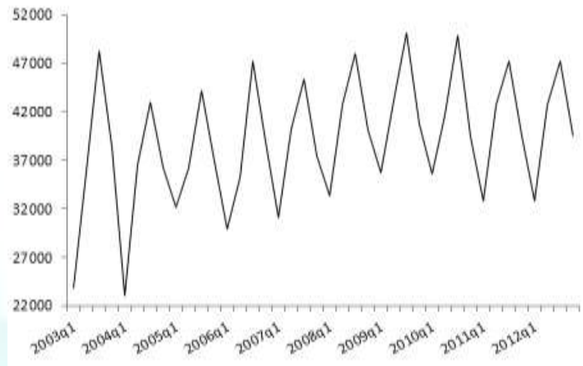
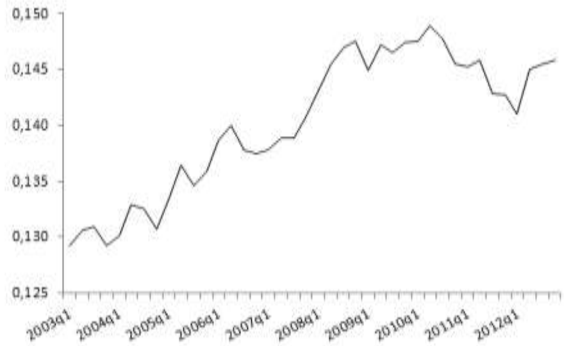


FIGURE 4: REAL COSTS OF TOURISM SERVICES IN THE REPUBLIC OF CROATIA IN THE PERIOD FROM 2003 TO 2012 (QUARTERLY, IN THOUSANDS)



Realized number of arrivals of German tourists in Croatia indicates an upward trend and a strong seasonal occurrence. Figures also show that the variance of the considered variables is not stable, which indicates the non-stationary of the analysed time series. In order to stabilize the variance and obtain a stationary time series, all variables were logarithmic transformed. Therefore, international tourism demand analysis continued with variables shown in the table below.

TABLE 3: VARIABLES INCLUDED IN THE ANALYSIS OF THE NUMBER OF GERMAN TOURISTS ARRIVALS IN CROATIA — LOGARITHMICALLY VALUES

Variable	Description
$\ln ARRIVALS$	Logarithm of realized number of German tourists arrivals in the Republic of Croatia
$\ln DEPARTURES$	Logarithm of realized number of German tourists departures abroad
$\ln DEPARTURES_{t-1}$	Logarithm of realized number of German tourists departures abroad in previous period
lnRCPI	Logarithm of price variable (real costs of tourism services in the Republic of Croatia)
D_1	*Seasonal dummy* variable 1
D_2	*Seasonal dummy* variable 2
D_3	*Seasonal dummy* variable 3

Before approaching the modelling and diagnostic testing, the dependent and the explanatory variables are retested for stationarity. The results are shown in the next table.

TABLE 4: AUGMENTED DICKEY–FULLER TESTING RESULTS FOR VARIABLE $\ln ARRIVALS$

Null Hypothesis: $\ln ARRIVALS$ has a unit root				
Exogenous: Constant, Linear Trend				
Lag Length: 2 (Automatic–based on SIC, maxlag=10)				
			t–Statistic	Prob.*
Augmented Dickey–Fuller test statistic			–11,72943	0,0000
Test critical values:	1% level		–4,226815	
	5% level		–3,536601	
	10% level		–3,200320	
*MacKinnon (1996) one–sided p–values.				

TABLE 5: AUGMENTED DICKEY–FULLER TESTING RESULTS FOR VARIABLE $\ln DEPARTURES$

Null Hypothesis: $\ln DEPARTURES$ has a unit root				
Exogenous: Constant, Linear Trend				
Lag Length: 1 (Automatic–based on SIC, maxlag=10)				
			t–Statistic	Prob.*
Augmented Dickey–Fuller test statistic			–15,33856	0,0000
Test critical values:	1% level		–4,219126	
	5% level		–3,533083	
	10% level		–3,198312	
*MacKinnon (1996) one–sided p–values.				

TABLE 6: AUGMENTED DICKEY–FULLER TESTING RESULTS FOR VARIABLE $lnRCPI$			
Null Hypothesis: $lnRCPI$ has a unit root			
Exogenous: Constant, Linear Trend			
Lag Length: 2 (Automatic–based on SIC, maxlag=10)			
		t–Statistic	Prob.*
Augmented Dickey–Fuller test statistic		–8,041089	0,0000
Test critical values:	1% level	–4,243644	
	5% level	–3,544284	
	10% level	–3,204699	
*MacKinnon (1996) one–sided p–values.			

As we can see, the critical values of τ_τ at 5% significance level are –3,536601, –3,533083 and –3,544284, respectively. The calculated ADF statistics are lower than these three values, indicating that the series are stationary.

The data generating process is therefore a model as follows:

$$lnARRIVALS = \beta_0 + \beta_1 lnDEPARTURES + \beta_2 lnDEPARTURES_{t-1} + \beta_3 lnRCPI + \beta_4 D_2 + \beta_5 D_3 \quad (1)$$

Estimated parameters and basic statistics are given in the table below.

TABLE 7: ESTIMATED PARAMETERS				
Dependent Variable: $lnARRIVALS$				
Method: Least Squares				
Date: 00/00/00 Time: 00:00				
Sample (adjusted): 2003Q2 2012Q4				
Included observations: 39 after adjustments				
Variable	Coefficient	Std. Error	t–Statistic	Prob.
C	–80,20615	11,37549	–7,050788	0,0000
$lnDEPARTURES$	2,574388	0,603820	4,263502	0,0002
$lnDEPARTURES_{t-1}$	1,887940	0,589699	3,201535	0,0030
$lnRCPI$	–6,701241	1,295582	–5,172378	0,0000
D_2	2,519088	0,267236	9,426460	0,0000
D_3	2,360304	0,231634	10,18982	0,0000
R–squared	0,965680	Mean dependent var		12,18035
Adjusted R–squared	0,960480	S.D. dependent var		1,396916
S.E. of regression	0,277703	Akaike info criterion		0,416106
Sum squared resid	2,544917	Schwarz criterion		0,672038
Log likelihood	–2,114065	Hannan–Quinn criter.		0,507932
F–statistic	185,7066	Durbin–Watson stat		1,827029
Prob(F–statistic)	0,000000			

In general the model fits the data well with relatively high adjusted R^2 (96,06%). Overall, the estimated demand model can be considered as well specified. The key explanatory variables are consistent and significant at 5% level. All estimated parameters sign are correct and consistent with economic theory as expected, suggesting that all chosen variables have significant influence on German tourism demand for tourism in Croatia.

The OLS estimation of Equation (1) gives:

$$lnARRIVALS = -80{,}20615 + 2{,}574388 lnDEPARTURES + 1{,}887940 lnDEPARTURES_{t-1} - 6{,}701241 lnRCPI + 2{,}519088 D_2 + 2{,}360304 D_3 \quad (2)$$

After parameter estimation, in order to investigate the performance of the specified model, some basic diagnostic statistics are performed. In order to test the model for the presence of seasonal autocorrelation the current residuals obtained from the estimated models are plotted versus lagged residuals.

FIGURE 5: CURRENT RESIDUALS VERSUS LAGGED RESIDUALS

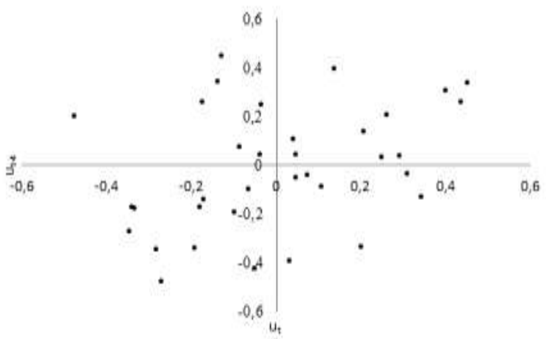


Figure 4 reveals the presence of autocorrelated residuals. To confirm the result, the Breusch-Godfrey test, also known as the LM test for autocorrelation, is performed. The test results of the applied Breusch-Godfrey test are show in the table below.

TABLE 8: THE BREUSCH-GODFREY TEST RESULTS			
Breusch–Godfrey Serial Correlation LM Test:			
F–statistic	2,767538	Prob. F(4,29)	0,0461
Obs*R–squared	10,77450	Prob. Chi–Square(4)	0,0292

The null-hypothesis of the Breusch-Godfrey test states the absence of autocorrelation. Here the null-hypothesis is rejected. As the empirical LM statistics (10,77450) exceeds the critical value of $\chi^2_{(0,05;2)} = 9{,}48773$ there is evidence of autocorrelation presence. It is well known "....that under both heteroscedasticity and autocorrelation the usual OLS estimators, although linear, unbiased and asymptotically normally distributed, are no longer minimum variance among all linear unbiased estimators; they may not be best linear unbiased estimators (BLUE). As a results, the usual, t, F and χ^2may not be valid." (Gujarati,2009).

Knowing the consequences of the autocorrelation the model is transformed using the Cochrane-Orcutt two-step procedure. Therefore, ρ is estimated from the residuals and then the residuals $\hat{u}_t$are regressed on $\hat{u}_{t-1}$, $\hat{u}_{t-2}$, $\hat{u}_{t-3}$, $\hat{u}_{t-4}$.

The following regression is run:

$$u_t = \hat{\rho}_1 u_{t-1} + \hat{\rho}_2 u_{t-2} + \hat{\rho}_3 u_{t-3} + \hat{\rho}_4 u_{t-4} + \varepsilon_t \tag{2}$$

where:

$\hat{u}_t$ – are the residuals obtained from the original model regression

ε_t – are the error term of this regression

under the condition:

$$-1 < \hat{\rho} < 1 \tag{3}$$

TABLE 9: $\hat{\rho}$ ESTIMATION				
Dependent Variable: Residual				
Method: Least Squares				
Date: 00/00/00 Time: 00:00				
Sample (adjusted): 2004Q2 2012Q4				
Included observations: 35 after adjustments				
Variable	Coefficient	Std. Error	t–Statistic	Prob.
$\hat{\rho}(1)$	0,012841	0,182740	0,070268	0,9444
$\hat{\rho}(2)$	−0,293025	0,179988	−1,628023	0,1136
$\hat{\rho}(3)$	−0,154967	0,170881	−0,906870	0,3715
$\hat{\rho}(4)$	0,214604	0,171793	1,249197	0,2209
R–squared	0,223659	Mean dependent var		0,006264
Adjusted R–squared	0,148529	S.D. dependent var		0,244120
S.E. of regression	0,225262	Akaike info criterion		−0,035894
Sum squared resid	1,573033	Schwarz criterion		0,141860
Log likelihood	4,628145	Hannan–Quinn criter.		0,025467
Durbin–Watson stat	1,788722			

Once ρ has been estimated, the original model as per equation (2), is transformed. The following model is obtained:

$$Y_t^* = \beta_0^* + \beta_1^* X_t^* + \cdots + \beta_5^* X_t^* \tag{4}$$

where:

$$\begin{gathered} \beta_0^* = \beta_0(1-\rho) \\ Y_t^* = (Y_t - \rho Y_{t-1}) \\ X_t^* = (X_t - \rho X_{t-1}) \\ \beta_1^* = \beta_1, \beta_2^* = \beta_2, \beta_3^* = \beta_3, \beta_4^* = \beta_4, \beta_5^* = \beta_5 \end{gathered} \tag{5}$$

The variables transformed by the Cochrane-Orcutt two-step method used in the analysis are listed in the table below.

TABLE 10: VARIABLES INCLUDED IN THE ANALYSIS OF THE NUMBER OF GERMAN TOURISTS ARRIVALS IN CROATIA — LOGARITHM AND COCHRAN-ORCUTT TRANSFORMED VALUES	
Variable	**Description**
$\boldsymbol{lnARRIVALSCO}$	Logarithm of realized number of German tourists arrivals in the Republic of Croatia transformed by Cochrane-Orcutt method
$\boldsymbol{lnDEPARTURESCO}$	Logarithm of realized number of German tourists departures abroad transformed by Cochrane-Orcutt method
$\boldsymbol{lnDEPARTURES_{t-1}CO}$	Logarithm of realized number of German tourists departures abroad in previous period transformed by Cochrane-Orcutt method
$\boldsymbol{lnRCPICO}$	Logarithm of price variable (real costs of tourism services in the Republic of Croatia) transformed by Cochrane-Orcutt method
$\boldsymbol{D_2CO}$	*Seasonal dummy* variable 2 transformed by Cochrane-Orcutt method
$\boldsymbol{D_3CO}$	*Seasonal dummy* variable 3 transformed by Cochrane-Orcutt method

The estimated parameter are given in the table below.

TABLE 11: PARAMETERS ESTIMATED AFTER COCHRANE–ORCUTT TRANSFORMATION				
Dependent Variable: $lnARRIVALSCO$				
Method: Least Squares				
Date: 00/00/00 Time: 00:00				
Sample (adjusted): 2004Q2 2012Q4				
Included observations: 35 after adjustments				
Variable	Coefficient	Std. Error	t–Statistic	Prob.
β_0	−112,7265	21,12956	−5,335014	0,0000
$lnDEPARTURESCO$	3,167315	0,791311	4,002617	0,0004
$lnDEPARTURES_{t-1}CO$	1,847960	0,611232	3,023338	0,0052
$lnRCPICO$	−8,020457	1,503523	−5,334442	0,0000
D_2CO	2,383274	0,273412	8,716776	0,0000
D_3CO	2,099820	0,259788	8,082816	0,0000
R–squared	0,922443	Mean dependent var		14,82416
Adjusted R–squared	0,909071	S.D. dependent var		0,750674
S.E. of regression	0,226361	Akaike info criterion		0,021434
Sum squared resid	1,485941	Schwarz criterion		0,288065
Log likelihood	5,624899	Hannan–Quinn criter.		0,113475
F–statistic	68,98392	Durbin–Watson stat		1,615286
Prob(F–statistic)	0,000000			

The following model is obtained:

$$\begin{aligned} lnDOLASCICO = {} & -112{,}7265 + 3{,}167315\ lnODLASCICO + 1{,}847960\ lnODLASCI_{t-1}\mathrm{CO} - 8{,}020457\ lnRCPICO + 2{,}383274\ D_2C \\ & + 2{,}099820\ D_3CO \end{aligned} \tag{7}$$

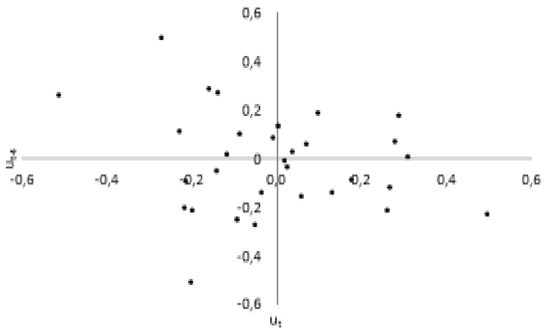
Transformed model fits the data well with relatively high adjusted R^2 (90,91%). Overall, the estimated demand model can be considered as well specified. The key explanatory variables are consistent and significant at 5% level. All estimated parameters sign are correct and consistent with economic theory as expected.

For a new, transformed model, the assumptions of classical linear regression model were tested. Ramsey RESET test was used for testing the assumption that model is correct specificity. Since the obtained $F = 2{,}3370489 < F_{(1;29)} = 4$, it can be concluded that the model is correctly specified.
Breusch-Godfrey test for autocorrelation is performed again. The test results of the applied Breusch-Godfrey test are show in the table below.

TABLE 12: THE BREUSCH-GODFREY TEST RESULTS			
Breusch–Godfrey Serial Correlation LM Test			
F–statistic	1,350948	Prob. F(4,25)	0,2791
Obs*R–squared	6,220694	Prob. Chi–Square(4)	0,1833

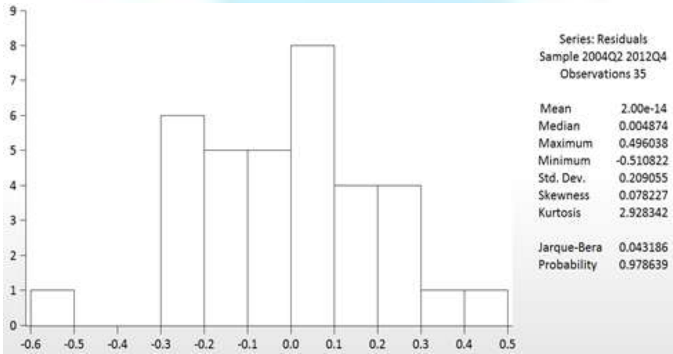
As the value of the calculated nR^2 (6,220694) is smaller than the critical value of the $\chi^2_{(0,05;2)} = 9{,}48773$ the null hypothesis of absence of autocorrelation can be accepted. Even the plot of the current residuals versus lagged residuals reveals no presence of autocorrelation (figure 6).

FIGURE 6: COCHRANE-ORCUTT TWO-STEP PROCEDURE TRANSFORMED MODEL: CURRENT RESIDUALS VERSUS LAGGED RESIDUALS



The testing for normality of the residuals is performed using the Jarque-Bera test.

FIGURE 7: HISTOGRAM AND JARQUE-BERA TEST RESULTS



As the value of the JB statistic $JB = 0{,}043186$ smaller than the critical value of the $\chi^2_{(0,05;2)} = 5{,}99146$ the null hypothesis of normally distributed residuals can be accepted.
To test the model for the presence of heteroscedasticity the White test is used. The results of the performed White test are shown in the table below.

TABLE 13: THE WHITE TEST RESULTS			
Heteroskedasticity Test: White			
F–statistic	0,913147	Prob. F(5,29)	0,4863
Obs*R–squared	4,760830	Prob. Chi–Square(5)	0,4458
Scaled explained SS	3,151350	Prob. Chi–Square(5)	0,6767

As the calculated White statistic (4,760830) is smaller than the critical value of $\chi^2_{(0,05;5)} = 11{,}07050$ the null hypothesis that there is no heteroscedasticty can be accepted. The mean of deviations resulting from the model (8) is zero, which confirms the assumption that the expected value of deviation of the estimated model is zero.
To test the multicollinearity of the variables the Variance Inflation Factor is considered.

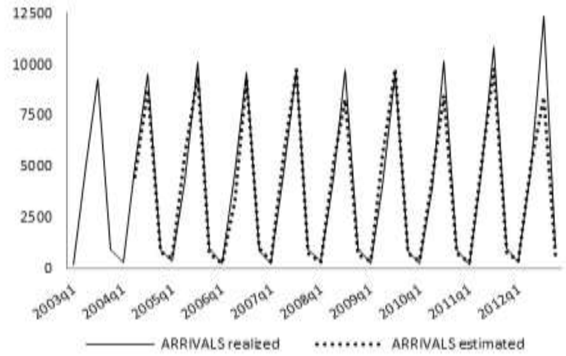
TABLE 14: VARIANCE INFLATION FACTOR	
Variance Inflation Factors	
Date: 00/00/00 Time: 00:00	
Sample: 2003Q1 2012Q4	
Included observations: 35	
Minimum possible value = 1.0	
Values > 10.0 may indicate a collinearity problem	
$lnDEPARTURES$	3,830
$lnDEPARTURES_{t-1}CO$	3,316
$lnRCPICO$	3,116
D_2CO	4,620
D_3CO	4,202

A general rule states that if the VIF of a variable exceeds 10, that variable is considered to be highly collinear. The minimum possible value of the VIF is 1. As shown the calculated VIF values indicate that there is no evidence of serious multicollinearity between variables in the estimated model.

The model fits the general movement of the analysed series during the entire sample period. The assumptions made in econometric modelling are not violated. The forecast results are reasonably good; the predicted values, in fact, are quite close to the actual values. The MAPE and the RMSE of the fit are 1,689 and 0,228 respectively.

Realized values and values estimated according to are shown in the figure below.

FIGURE 8: GERMAN TOURISM ARRIVALS TO THE REPUBLIC OF CROATIA — REALIZED AND ESTIMATED VALUES



As the U-coefficient is less than one (0,009), the model performs well in forecasting the number of German tourists (Figure 7).The estimation procedure and the model performance results reveal that the research hypothesis can be accepted; international tourism demand in Croatia, as complex phenomenon, requires the implementation of multivariate approach in modelling, in order to enable detail and systematic research of its patterns and determinants. The estimated coefficients of the model are in a line with the a priori expectations.

CONCLUSIONS

Croatian economy is largely based on tourism. The aim of this study was to model the international tourist flows in Croatia and identify some of its key determinants. For that purpose a dynamic regression model was designed. The estimated coefficient and all performed diagnostic statistics showed that the specified model passes all the tests and that it fits the data reasonably well throughout the sample period. The number of German arrivals in Croatia is sensitive to the number of German departures abroad (current and lagged values), price variable and seasonal dummy variables. The empirical finding could be considered as the starting point of future detailed and more systematic quantitative analysis of international tourist flows patterns and their determinants. The analysis of tourism demand patterns should be considered crucial for forecasting and modelling, decision-making and all other activities that support tourism development.

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ROLE OF NRI REMITTANCE IN ECONOMIC GROWTH OF KERALA

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CALICUT

ABSTRACT
Workers' remittances have become a major source of external development finance, since three decades. A sharp fall in the rupee during the year coupled with rising income levels helped in boosting remittance flows into the country. In different states of India Kerala receives huge remittances from the West Asia. Contribution of remittance to the economic growth of the state is inevitable. This study focused growth of remittance to the state and its role in the economic growth. Mainly secondary data is used for this purpose and the tools like percentage and compound growth rate are used to analyse the trend of remittance and its role in growth.

KEYWORDS
Remittance, economic growth.

INTRODUCTION
A remittance is a transfer of money by a foreign worker to his or her home country or simply sending amount from one country to another. Remittances represent household income from foreign economies, arising mainly from the temporary or permanent movement of people to those economies. It includes cash and non cash items that flow through official channels such as electronic wires, or through informal channels, such as cash or goods carried across borders.

Money sent home by migrants constitutes the second largest financial inflow in the case of many developing countries, according to the World Bank Report, $401 billion new remittance record went to developing countries with overall global remittances topped $514 billion in the previous year. Remittances contribute to economic growth and to the livelihoods of people worldwide. Moreover, remittance transfers can also promote access to financial services for the sender and recipient, thereby increasing financial and social inclusion,

According to World Bank estimates, remittances totaled US $414 billion in 2009, of which US$316 billion went to developing countries that involved 192 million migrant workers. For some individual recipient countries, remittances can be as high as a third of their GDP. The top recipients in terms of the share of remittances in GDP included many smaller economies such as Tajikistan (45%), Moldova (38%), and Honduras (25%). The top recipients of officially recorded remittances for 2013 are India (with $71 billion), China ($60 billion), the Philippines ($26 billion), Mexico ($22 billion), Nigeria ($21 billion), and Egypt ($20 billion).

India and China alone will represent nearly a third of total remittances to the developing world in 2013. Remittance volumes to developing countries, as a whole, are projected to continue growing strongly over the medium term, averaging an annual growth rate of 9 percent to reach $540 billion in 2016. Remittances contribute significantly not only to the migrants families left behind, but also to their country's balance of payment. In many developing countries, remittances represent a significant proportion of their gross national product as well as foreign exchange reserve.

Kerala, among most states in India, receive large amounts of money from abroad as workers' remittances. A part of these remittances come to the households and is used for subsistence and other household expenses, and the rest is used for commercial purposes.

According to estimate, the total remittances to the state from its strong nonresident community located mainly in gulf countries and USA are to cross Rs 75000 crores in 2013-14 as against Rs 65000 crores in 2012-13, which was thrice the state's annual budget outlay.

The remittances received by households in Kerala, to be sure, have an impact on the overall economic indicators of the state. The contribution of gulf migration to development can be seen in various areas like housing, transportation, town planning, educational and religious institutions, amenities and other infrastructural facilities. Remittances are mainly used for purposes like consumption, repayment of debt and meeting other social obligations.

Among the 14 districts in the state, Malappuram received the largest amount of remittances, i.e., Rs 9,040 crores which works out to Rs. 114,313 per household. In general, the southern districts experienced a decline in their share of remittances and the northern districts experienced an increase.

The prosperity and economic growth of the state have a correlation with the remittances from its non-resident. The stake of remittance in economic development and standard of living has embarked a new paradigm with an enormous rise in the volume of remittance received during the year 2013. The development community needs to consider how to best manage remittance flows and to understanding the impact of remittances on the economy. This article looks at these questions and explores ways to improve on the knowledge and impact of remittances in development.

RESEARCH PROBLEM
Remittance accounts for almost 30- 32 per cent of the state GDP, In spite of the very low industrial and agricultural output and the high density of population, Kerala has been able to maintain a better standard of living than many other States because of the Gulf remittances.

In this situation it is better to know the trend of remittance received by the state and is any relation between remittance and economic growth? At this juncture, there is a need to analyse the trend of remittance received by the state of Kerala and its effect on the Kerala economy.

SIGNIFICANCE OF THE STUDY
Remittances are playing an increasingly large role in the economies of many countries by contributing to economic growth and to the livelihoods of less prosperous people. According to World Bank estimates, the developing world is expected to receive $414 billion in migrant remittances in 2013, an increase of 6.3 percent over the previous year. Globally, the world's 232 million international migrants are expected to remit earnings worth $550 billion in 2013. For some individual recipient countries, remittances can be as high as a third of their GDP. As per the report of Reserve Bank of India remittances in India increased to 9112.21 USD Million in the second quarter of 2013 from 7845.07 USD Million in the first quarter of 2013. India remittances averaged 7852.36 USD Million from 2010 until 2013, reaching an all time high of 9112.21 USD Million in May of 2013. In Kerala, remittances by NRIs rose 27 per cent between January and September 2013 to $6.5bn, which is the highest since 2008.

It is the state of Kerala, which receive a large amount of money as remittance when compared to other states of India. The overseas remittances to the state touched an all-time high of Rs 58,150 crore in 2012-13 as against Rs 49,965 crore in 2011-12. Remittance accounts for almost 30- 32 per cent of the state GDP, according to a Kerala migration survey, conducted by the Centre for Development Studies, Trivandrum (CDS).

In this context the present study analyses the trend of remittance made by non residents to the state and its role in the economic growth of the state.

REVIEW OF LITERATURE

Many studies have been conducted about the different areas of non residents and remittance received from them. The important among them are presented here.

K.T. Sidheque Aboobacker (1992) [1] in his PhD thesis —'Impact of Gulf Migration on the Socio-Economic Life of Malappuram District' has attempted to find out the impact of Gulf remittances on the economy of Malappuram district in Kerala. Most of the consequences, especially those taking place in the households of migrants are brought about through remittances and their utilization. Remittances cause social and economic changes.

B.A. Prakash (1999) [2] in his edited work "Kerala's Economic Development: Issues and Problems," pointed out that inflow of remittances have helped emigrant households attain higher levels of income, consumption and acquisition of assets. The impact of migration on consumption, savings and investments largely determined by the amount of remittances send by migrants and the utilization pattern of remittances.

Kannan and Hari (2002)[3] in — 'Kerala's Gulf Connection: Remittances and their Macro Economic Impact' pointed that remittances to the Kerala economy averaged 21 percentage of the state income in the 1990's. This study also reports that an increase in percapita income as a result of remittances has contributed to an increase in consumption expenditure in Kerala. Although the average per capita consumption in Kerala was below the national average until 1978-79, by1999-2000 consumer expenditure in Kerala exceeded the national average by around 14 percentages

K P Kannan and K S Hari (2002)[4] — 'Kerala's Gulf Connection Emigration, Remittances and their Macro economic Impact 1972-2000' the liberalization of the Indian economic policies, particularly the foreign exchange rate, benefited Kerala directly. Adding the remittance income to the Net State Domestic Product, a Modified State Income series has been constructed. As a result Kerala's per capita income not only caught up with the average per capita income for India but started exceeding it reaching 49 percent above the national average by the end of the nineties. These tallied with per capita consumer expenditure in Kerala, which was in excess of 41 percent above the national average by the end of the nineties.

K.C. Zachariah and S. Irudaya Rajan, (2008)[5] in their work "Migration and Development: The Kerala Experience" stated that total remittances to Kerala have showed a steady increase. Between 1998 and 2003 the increase was about Rs. 4.9 thousand crore. The corresponding increase during 2003-07 was Rs. 6.0 thousand crore. There was, thus, a modest acceleration in remittances to Kerala even in the absence of such acceleration in the volume of emigration. Malappuram district was the place of origin of 336,000 emigrants or about 18.2 percent of the total number of emigrants from Kerala.

Abdul Aziz & Mustiary Bgum (2009)[6] — 'Gulf Migration, Remittances & Economic Impact' stated that the impact of gulf migration on development is more visible in Kerala state since 50% of the Indian contract workers in gulf countries are from Kerala. The contribution of gulf migration to development can be seen in various areas like housing, transportation, town planning educational and religious institutions, amenities and other infrastructural facilities.

K. C. Zachariah S. Irudaya Rajan (2012)[7] in their working paper — 'Inflexion in Kerala's Gulf Connection Report on Kerala Migration Survey 2011' observed that Workers'remittances to the Kerala have a major impact on Kerala's economy. Remittances were 31.23 percent of the state's net state domestic product (NSDP). The state's per capita income was Rs. 52,084 (2010), without taking into consideration remittances to the state, but it stood at Rs. 68,375 if remittances were also included.

OBJECTIVES OF THE STUDY

The objective of the study is to know the trend of remittance made by Non Resident Keralites and to analyse its role in the economic growth of the state.

HYPOTHESES

H_0 There is no difference in the amount of remittance received by the state in different years

H_0 Remittance not contribute to the growth of state economy

RESEARCH METHODOLOGY AND DATA BASE

The present study has been designed as a descriptive and analytical one based on secondary data collected from the repots and publications of World Bank, RBI and the working papers of centre for development studies and bureau of economics and statistics, govt. of Kerala. Percentage, correlation and compound growth rate are the tools used for analyzing the data.

RESULTS AND DISCUSSIONS

Remittance to India exhibit strong growth over time averaging about 10 per cent a year in constant US Dollar since 1991. Remittances in real dollars declined by 7per cent in 2009 but keeping with the global trend rebounded quickly to register a 9 percent growth rate in 2010. In particular, an increase in domestic interest rate, a decline in international interest rates, and an increase in the Indian stock market index are all associated with an increase in remittances. The trend in the growth rate of remittances is not affected by factors such as economic growth in the source and destination countries, interest rate movements, or even potential risk factors such as political uncertainty**.** The trend of remittance to India is shown in the following table.

TABLE 1: TRENDS OF REMITTANCES TO INDIA

year	Amount	Increase or Decrease	% of increase or decrease
1980	2,756,975,586		
1985	2,469,209,229	-287766357	10.43(-)
1990	2,383,739,990	-373235596	13.53(-)
1995	6,222,996,094	63466020508	125.7
2000	12,883,465,820	10126490234	367.3
2005	22,125,089,480	19368113894	702.5
2010	53,480,000,000	50723024414	1839.8
2011	63,818,000,000	61061024414	2214.8
2012	67,258,000,000	64501024414	2339.5
2013	71,000,000,000	68243024414	2475.3

Source: Website of Reserve Bank of India and World Bank

It is very clear from the table that remittances inflow to India shows an upward trend in the long run. It was 2,756,975,586 in 1980. It increased to 6,222,996,094 in 1995, 12,883,465,820 in 2001, 63,818,000,000 in 2011 and 71,000,000,000 in 2013. A 13.53per cent decrease had been reported in 1990 compared with 1980. But a tremendous, increase, 367.3 percentage was reported in 2000. After that the remittance inflow to India increased rapidly and recorded an all time high of approximately US $ 71 billion in 2013.it is clearer from the following diagram.

FIGURE 1

Remittances to the Kerala have a major impact on Kerala's economy. Remittances times the revenue receipt of the Kerala Government, 6.2 times what the state gets from the Centre as revenue were 31.23 percent of the state's net state domestic product (NSDP). The state's per capita income was Rs. 52,084 (2010), without taking into consideration remittances to the state, but it stood at Rs. 68,375 if remittances were also included. The macro economic impact of remittances on Kerala economy in between 1998 and 2011 is given in the following table

TABLE 2: MACRO ECONOMIC IMPACT OF REMITTANCES ON KERALA ECONOMY, 1998-2011

Indicators	1998	2003	2008	2011
Remittances	13652	18465	43288	49695
NSDP	53552	83783	140889	159144
Per Capita Income	16062	25764	41814	52084
Modified NSDP	67204	102248	184185	208839
Revenue Receipt of Government	7198	10634	24936	31181
Transfer from Central Government	1991	2653	7861	7982
Government Non-Plan Expenditure	5855	9908	18934	22546
State Debt	15700	31060	61653	78239
Modified Per Capita Income	2015	731442	54664	67994
Remittances as percent of NSDP (%)	25.5	22.0	30.7	31.2
Remittances as ratio of Revenue Receipt	1.9	1.7	1.7	1.6
Remittances as ratio of Transfer from Centre	6.9	7.0	5.5	6.2
Remittances as ratio of Government Expenditure	2.3	1.9	2.3	2.2
Remittances as ratio of State Debt	0.9	0.6	0.7	0.6

Source: Kerala migration survey, Centre for Development Studies, Thiruvananthapuram

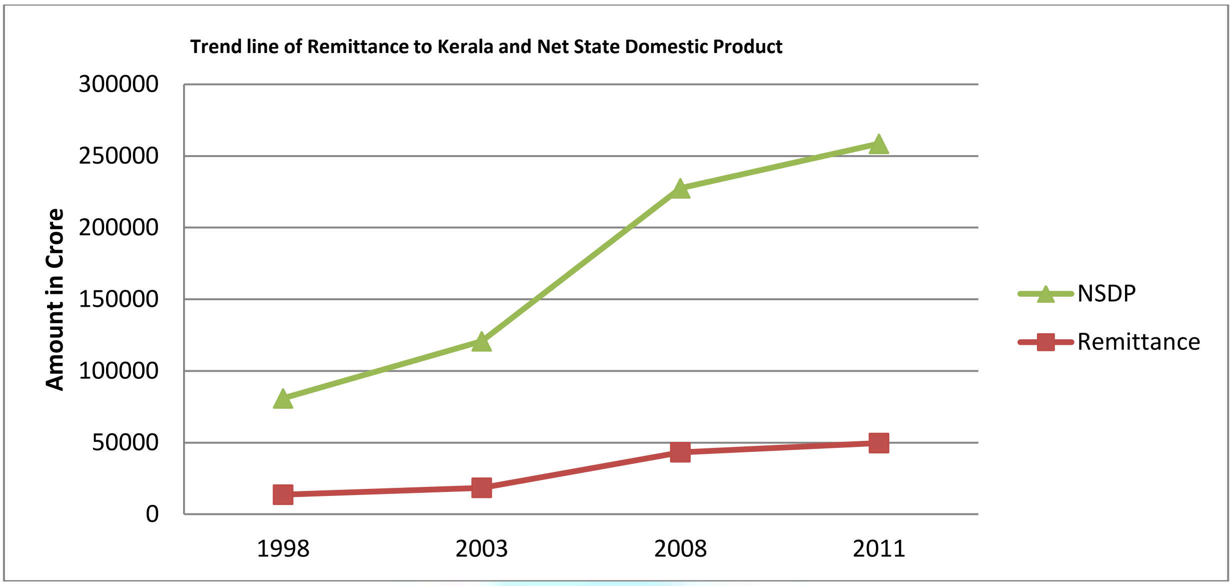
TABLE 3: CORRELATION

Independent variable	Dependent variable	correlation	P value
Remittance	NSDP	0.990	0.010
Remittance	Percapita income	0.983	0.017

*. Correlation is significant at the 0.05 level (2-tailed).

From the above tables it is very clear that remittance and State Domestic Product and percapita income is highly positively correlated. And the p value at 0.05 level is 0.010, it is less than = 0.05 and the hypothesis remittance not contributed to the state economy is rejected. That means there is a strong relation between amount of remittance received and the net state domestic product and the percapita income of the state. Remittances are 1.6 times the revenue receipt of the Kerala Government, 6.2 times what the state gets from the Centre as revenue transfer. It is more than twice the Government's annual expenditure. It is more than 60 percent of the state's public debt.

FIGURE 2



Different districts receives different amount in the form of remittances. This contributes to the district domestic poroducts of each district. It is shown in the following table.

TABLE 4: TREND OF DISTRICT WISE REMITTANCES TO KERALA (Rs. in crores)

Sl.No	Districts	2011	2008	2003	Increase/Decrease 2008-2011	Increase/Decrease 2003-2008	Compound Growth rate
1	Thiruvananthapuram	4740	4801	1926	-61	2875	12%
2	Kollam	4423	4477	1813	-54	2664	12%
3	Pathanamthitta	2079	2211	955	-132	1256	10%
4	Alappuzha	2296	1970	1339	326	631	7%
5	Kottayam	2419	2271	580	148	1691	19%
6	Idukki	182	156	39	26	117	21%
7	Ernakulam	6127	2984	1515	3143	1469	19%
8	Thrissur	4293	5961	3235	-1668	2726	4%
9	Palakkad	3293	3448	1149	-155	2299	14%
10	Malappuram	9040	6486	2893	2554	3593	15%
11	Kozhikode	3904	3988	1358	-84	2630	14%
12	Wayanad	578	571	68	7	503	31%
13	Kannur	5145	2800	976	2345	1824	23%
14	Kasaragod	1176	1164	623	13	541	8%
	Total	49695	43288	18469	6407	24819	13%

Source: Kerala migration study,Centre for Development Studies,Thiruvananthapuram

R = .991, p = .000, α=0.01

From 2008 to 2011, the total remittances of the state increased in three years by around 6407 crores. The compound growth rate of the state during the period 2003 and 2011 is 13%. During this period Wayanad achieved a 31 % compound growth, it is very high in compared to other district. Malappuram district placed first in the case of amount of remittances received and percentage of increase. The remittance received by the district was 2893 crore in 2003 and increased to 6486 crore in 2008 and also 9040 crore in 2011. A total of 40% increase is reported in between 2008 and 2011. The Eranakulam district followed Malappuram with an amount of 1515 crore in 2003, 2984 crore in 2008 and 6127 crore in 2011. Eranakulam district shows a rapid growth (105.35%) in the amount of remittance received in between 2008 and 2011. Except Alappuzha, Thrissur and Kasaragode all of the districts of the state achieved a compound annual growth rate of more than 10 % of remittance received in between 2003 and 2011.

Here the hypothesis there is no difference in the amount of remittance received by the state in different years is tested and the p value is 0.000 at 0.01 level of significant. The null hypothesis is rejected and it is conclude that the amount of remittance shows an upward trend from 2003 to 2011.

Compound growth rate of volume of remittance to the state

CARG $(t_0, t_n) = (V(t_n)/V(t_0))^{1/t_n - t_0} - 1$

T_0= 2003, T_n=2011, t_n-t_0=8

$=(49695/18469)^{1/8}-1$

$=(2.69)^{0.125}-1$ =1.132-1

=0.13, =13%

Remittance place important role in the development of each district also. An average of more than 25 percent of the DDP (District Domestic Product) filled by foreign remittances. It is very high in the case of Malappuram district.

DISTRICT WISE REMITTANCE TO KERALA IN 2012

Districts	DDP*(in lakhs) (at factor cost)	Remittances (in lakhs) 2012	Percentage of DDP*
Thiruvanantha puram	2039737	474000	23.24
Kollam	1379699	442300	32.06
Pattanamtitta	769696	207900	27.01
Alappuzha	1211688	229600	18.95
Kottayam	1290904	241900	18.74
Idukki	621518	18200	2.93
Eranamkulam	2679942	612700	22.86
Ttrissure	1868740	429300	22.97
Palakkad	1395852	329300	23.59
Malappuram	**1454271**	**904000**	**62.16**
Kozhikkode	1655976	390400	23.58
Wayanad	348946	57800	16.56
Kannur	1379615	514500	37.29
Kasargode	603173	117600	19.50
Total	**18699757**	**4969500**	**26.58**

Source: Department of Economics and Statistics, Government of Kerala

Note:- DDP- District Domestic Product

In the year 2012, 26.58 percentage of Gross domestic product was the remittances received from foreign countries itself. Malappuram district contribute 62.16% to its District Domestic Product only in the form of remittances. It shows the key role of foreign remittances for the economy. Idukki district in the state is an exceptional case in the case of contribution of remittances to district domestic product. In Idukki, only 2.93 percent of the DDP filled by remittances. Majority of all other district contribute more than 20% to DDP in the form of remittances.

FINDINGS AND SUGGESTIONS

FINDINGS

Due to inflation and increase income of migrants, Kerala receives a huge amount of foreign currency in the form of remittance. It shows an achievement of 13 percent compound growth rate from 2003 and 2011. A rapid growth of the amount of remittance is shown year after year

An average of 26.16% of state domestic product is filled by remittance from foreign countries. The amount of remittance received and Net State Domestic product is correlated positively. Same time it shows an increase in the percapita income of the state. In Kerala Malappuram is the last district in the case of amount of percapita income. But the district contributes around 62 percent to its District Domestic product through remittance.

SUGGESTIONS

On the basis of above discussions it is clear that remittance occupy a prominent position in the growth and development of state economy, to maintain and to stabilize following suggestions are made

- Channelize amount of remittance to productive way with an intention to ensure stable growth of economy
- It is favorable to ensure all the remittances should be received through formal or legal ways. It will help to generate more savings, more investment and more capital formation
- Ensure the safety and security of the migrants in different countries to ensure stable receipt pf remittance from there.

CONCLUSION

Remittance is a major source of income while considering all types of inflows of fund. It contributes to the growth of state economy as well as national economy. Due to the change in exchange rate and inflation of Indian rupee against foreign currencies, a notable increase in the volume of remittance is seen in the previous years. It shows an upward trend and the same time a positive growth in the state domestic product. To ensure stable growth of economy and to promote volume of remittance to state, the concerned authorities must give a keen interest in the field of migration and remittance. It is essential for the wellness of our state.

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GREEN MARKETING: AN ATTITUDINAL ANALYSIS OF CONSUMER IN RAJKOT CITY

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ABSTRACT
The increasing extinction of the natural resources and the global warming has raised the major concern for the environment. These growing social and regulatory concerns for the environment have lead to an increase in the number of customers to consider eco-friendly products as major criteria for the purchase of electronic products. As the environment continues to worsen, it has become a constant public concern which has resulted into awakening of green movement in developing countries like India. The purpose of the paper is to study the attitude and intention of people having different demographical background, towards the purchase of eco-friendly products. The aim of this research work is to investigate the consumer behaviour and attitude towards the eco-friendly products and see how they take environmental factors in consideration while making choices on buying such products.

KEYWORDS
Consumer Behavior, Eco-friendly products, Environmental friendliness, Green Products, Green Marketing.

INTRODUCTION
The emergence of ecologically-conscious consumers was first noted in the late 1960s and early 1970s, as a response to the appearance of worrying signs concerning the systematic maltreatment of the environment (Fisk, 1973; Kinnear, Taylor, & Ahmed 1974). Throughout the late 1970s and 1980s green issues were not at the forefront of consumer concerns, mainly due to better economic prosperity, spiraling oil prices, and tightening pollution control (Schlegelmilch, Bohlen, & Diamantopoulos, 1996). Since 1970s, a significant amount of research has been conducted on consumer behavior for environmentally friendly or eco-products. There are number of variables which drive the consumer choice with regard to purchasing these environmentally friendly products. These variables can be grouped into values, beliefs & knowledge, needs & motivations, attitudes, and demographics. A number of intervening variables have been identified to affect consumers' intention to pay more for an environmentally friendly product, grouped into eco-labels and consumer backlash.

GREEN MARKETING
Environmentally responsible or "green" marketing refers to the satisfaction of consumer needs, wants, and desires in conjunction with the preservation and conservation of the natural environment. Green marketing manipulates the four elements of the marketing mix (product, price, promotion and distribution) to sell products and services offering superior environmental benefits in the form of reduced waste, increased energy efficiency, and/or decreased release of toxic emissions.

Defining green marketing is not a simple task because several meanings intersect and contradict each other. An example of this is the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are *Environmental Marketing* and *Ecological Marketing*. According to the American Marketing Association, "*green marketing is the marketing of products that are presumed to be environmentally safe*". Thus, green marketing incorporates a broad range of activities, including product modification, changes in the production process, packaging changes, as well as modifying advertising.

GREEN CONSUMER
A green consumer is one who is very concerned about the environment and, therefore, only purchases products that are environmentally-friendly or eco-friendly. Products with little or no packaging, products made from natural ingredients and products that are made without causing pollution are all examples of eco-friendly products. The green consumer would be the type to drive a hybrid vehicle, buy products made with hemp or those made from recycled materials. Green consumers can be defined as one:-

"Who is mindful of environment related issues and obligations, and is supportive of environmental causes to the extent of switching allegiance from one product or supplier to another even if it entails higher cost."

LITERATURE REVIEW
ATTITUDE AND BEHAVIOR
Attitude is a complex mental state involving belief, feeling, values and disposition to act in certain ways. It is a lasting general evaluation of people (including oneself), object, advertisement, or issues. Consumers attitude is a directly influence factor that affects the consumers buying willingness **(Soloman, 2009)**. **Ajen and Fishbien (1980)** describe attitude towards a behavior as a person's evaluation of a specified behavior involving an object or outcome.

As concern for the environment has become a universal phenomenon, surely the profile of the ecologically conscious consumer has evolved along with this fundamental shift in public attitude said **Roberts (1996)**. He looked at the demographic and attitudinal correlates of ecologically conscious consumer behavior (ECCB). Environmental concern can be driven by biospheric, egoistic or altruistic motives. Few studies, however, have compared these three environmental motive concerns across cultural groups. **Duckitt and Linda (2006)** investigated differences between European New Zealanders and Asian New Zealanders in environmental motive concerns and their implications for pro environmental behaviors. The literature examining the behaviour of environmentally conscious consumers has focused mainly on the examination of non-product specific environmental knowledge and attitudes or environmental knowledge and attitudes in relation to single product lines, argued **Bridget Bridget and Antonis19**, who employed the constructs of product-line-specific environmental knowledge and attitudes, that is knowledge of and attitudes towards the green products and their impact on the environment. It was expected that adolescents who demonstrate more pro environmental attitudes were more likely to demonstrate pro environmental behaviours. **Meinhold and Malkus106 (2005)** hypothesized that perceived self-efficacy would have a moderating effect on the environmental attitude-behaviour relationship in that the relationship between pro environmental attitudes and behaviours would be stronger among adolescents with high levels of self-efficacy.

ENVIRONMENTAL ATTITUDE

According to **Balderjahn (1988**) Demographic, socioeconomic, cultural, personality, and attitudinal variables were specified to predict five different patterns of ecologically responsible consumption.

Antil (1983) said that accurate measures of attitude are critical if a researcher hopes to obtain high correlations between attitude and behavior. His research suggested the use of response certainty as a valuable method to increase attitude-behavior correlations and assist the researcher in interpreting results from attitude measurement.

Kilbourne and Pickett (2007) examine the relationship between materialism, environmental beliefs, environmental concern, and environmental behaviors.

Florian, Britta and Bogner (2007) established an expands rational-choice model of environmental attitude that extend into the moral domain by using feelings of personal obligation toward the environment (i.e., feelings of responsibility) as an additional predictor of intentions to behave ecologically.

Stern144 (2000) developed a conceptual framework for advancing theories of environmentally significant individual behaviour and reported on the attempts of the author's research group and others to develop such a theory. He discussed definitions of environmentally significant behaviour; classifies the behaviours and their causes; assesses theories of environmentalism, focusing especially on value-belief-norm theory; evaluates the relationship between environmental concern and behaviour; and summarizes evidence on the factors that determine environmentally significant behaviours and that can effectively alter them.

Mainieri, Barnett, Valdero, Unipan and Oskamp103 (1997) investigated the variables that predict “green buying” (i.e., buying products that are environmentally beneficial). Predictor variables included awareness about environmental impacts of products, specific environmental beliefs of consumers, several general environmental attitude scales, demographic variables, and several pro environment behaviors other than buying behavior.

OBJECTIVES OF THE STUDY

- To analysis the attitude of consumers towards Green Product.
- To identify obstacles that respondents perceive to come in the way of consuming green product.

NEED OF THE STUDY

Although the consumer’s in India are very much concern about the environment and even the trend is also increasing , but still it is highly questionable, the environmental concern will get translated into increased green product purchasing or conservation of energy. Moreover, all green activities cannot be put into the same basket, as different consumer has different ecological philosophy.

The present study includes the selection of a sample from one of the most growing state Gujarat were the government had recently invested crores of rupees in green development. The present study establishes the relationship between the consumer attitude and behavior and different demographic variables.

HYPOTHESIS OF THE STUDY

- Attitude of Green product is independent of Gender
- Attitude of Green product is independent of Level of Income
- Attitude of Green product is independent of Level of Education

RESEARCH METHODOLOGY

DATA COLLECTION

The respondents were selected from Rajkot City using convenient sampling techniques as it is less time consuming. The questionnaire for this study was administered to 150 randomly selected respondents. Personal interview method was conducted on these 150 respondents. As the respondent were selected randomly so there is no specific age group.

RESEARCH FINDINGS

HYPOTHESIS 1

H0: Attitude of Green product is independent of Gender.

H1: Attitude of Green product is dependent of Gender.

TABLE NO. 1: ATTITUDE2 * GENDER CROSS TABULATION

	Gender			Total
	Male	Female	3	
Strongly Disagree	7	8	0	15
Disagree	60	28	1	89
Neutral	7	4	0	11
Agree	15	12	0	27
Strongly Agree	4	4	0	8
	93	56	1	150
Chi-Square Tests				
	Value	df	Asymp. Sig. (2-sided)	
Pearson Chi-Square	4.610a	8	0.798	
Likelihood Ratio	4.901	8	0.768	
Linear-by-Linear Association	0.268	1	0.604	
N of Valid Cases	150			
a. 8 cells (53.3%) have expected count less than 5. The minimum expected count is .05.				

From the table no: 1, it is observed that p value of Chi Square statistic is greater than the level of significance i.e. 0.05 therefore H0 is accepted. We can say the attitude of green product is independent of gender. There are many studies in the past which shows the relationships of demographic variable with the attitude. If such variable are significant, than it can offer an easy and efficient ways for any marketers to segment the market and capitalize on green attitude and behavior of consumers. Here we can see the most of the respondent disagrees of choosing green product over conventional product.

HYPOTHESIS 2

H0: Attitude of Green product is independent of Level of Income

H1: Attitude of Green product is dependent of Level of Income

TABLE NO. 2: ATTITUDE4 * INCOME CROSS TABULATION								
	Income							Total
	0	Under Rs.14000	Rs15000-Rs29000	Rs30000-Rs45000	Rs46000-Rs60000	Rs61000-Rs75000	Rs75000 and Above	
Disagree	0	5	1	2	0	0	0	8
Neutral	0	22	9	11	4	3	4	53
Agree	1	39	20	3	6	4	5	78
Strongly Agree	0	7	0	2	0	1	1	11
	1	73	30	18	10	8	10	150
Chi-Square Tests								
	Value	df	Asymp. Sig. (2-sided)					
Pearson Chi-Square	18.307a	18	0.436					
Likelihood Ratio	23.59	18	0.169					
Linear-by-Linear Association	0.071	1	0.79					
N of Valid Cases	150							
a. 19 cells (67.9%) have expected count less than 5. The minimum expected count is .05.								

From the table no: 2, it is observed that p value of Chi Square statistic is greater than the level of significance i.e. 0.05 therefore H0 is accepted. We can see in the analysis that most of the respondent agrees in purchasing green product. Most of the respondents are from the income group of below Rs.14000, and Rs.15000 to Rs.29000. With regard to the effects of environmental attitudes, findings suggest that attitudes are the most consistent predictor of pro-environmental purchasing behaviours (Schlegelmilch, Greg, and Diamantopoulos 1996). In order to understand whether attitudes predict actual behaviour, studies have found positive correlations between environmental concern (i.e. attitude) and environmental friendly behaviour (Van Liere and Dunlap 1981; Roberts and Bacon 1997).

HYPOTHESIS 3

H0: Attitude of Green product is independent of Level of Education
H1: Attitude of Green product is dependent of Level of Education

TABLE NO. 3: ATTITUDE10 * EDUCATION2 CROSS TABULATION				
	Undergraduate	Graduate	Post Graduate	
Strongly Disagree	0	0	1	1
Disagree	3	1	0	4
Neutral	7	13	9	29
Agree	12	36	39	87
Strongly Agree	10	6	13	29
	32	56	62	150
Chi-Square Tests				
	Value	df	Asymp. Sig. (2-sided)	
Pearson Chi-Square	17.468a	8	0.026	
Likelihood Ratio	17.738	8	0.023	
Linear-by-Linear Association	0.792	1	0.374	
N of Valid Cases	150			
a. 6 cells (40.0%) have expected count less than 5. The minimum expected count is .21.				

From the table no: 3, it is observed that p value of Chi Square statistic is lesser than the level of significance i.e. 0.05 therefore H0 is Rejected. From the above table we can see the majority of the respondents are aware about green product and they even believe in purchasing green product. We can also the that there is a positive correlation between education and attitude towards green product.

CONCLUSION

One of the objectives of the study was to analyze the attitude of consumers towards green products which was fulfilled by the study. Through the study it was established that, people were having positive attitude towards the ecology and were also behaving in eco friendly manner, but the behaviour was not depicting the same intensity as it was depicted for attitude. Results indicated that many consumers did show an interest in environmental issues, they were often skeptical about the implications of environmental problems in general and were therefore reluctant to change their behaviour. For many consumers, engaging in environmental purchasing behaviour was their way of making environment friendly statements and contributing to the environment positively.

The study of consumer concern about the environment revealed that, consumers were concern about the environment, but not highly, in fact not sufficiently. There exists inconsistency in consumer attitude and behaviour towards environment. The implication was that “if consumer is not highly concerned with environmental issues, they are less likely to behave green”. An attitude of indifference or just a feeling towards the environment is not sufficient to drive consumers to behave in a green manner. This shows there is a great need to educate consumers and raise their level of concern about the problems that mankind is facing.

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A STUDY ON EMPLOYEE WELFARE MEASURES AT ENGINEERING COLLEGES IN ANNA UNIVERSITY, TIRUNELVELI REGION

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ABSTRACT

In the early days in India, for the provisions of welfare measures for employees, did not receive adequate attention. Employers were not inclined to accept the financial burden of those welfare measures. But in today, organizations and companies are focusing without intervene of any body and they accessing various methods to increase manpower productivity and commitment of employees. The major purpose of this research is to improve the welfare measures provided by the management of Engineering Colleges which will satisfy the employees' basic need and wants and also to improve the carrier growth of employees as well as employer and to control the attrition within the institution. Objective of the research is to find out safety measures and other facilities provided by the organization, to identify the statutory welfare measures and act practicing in the institution and the level of satisfaction of employees towards non- statutory welfare measures and to examine the welfare measures and schemes provided by the organization.

KEYWORDS

Employee Welfare Measures; Productivity; Level of Satisfaction; Engineering Colleges; Anna University; Tirunelveli Region.

1. INTRODUCTION

Welfare is comfortable living and working conditions. Employee welfare means the efforts to make life worth living for workman. People are the most important asset of any organization. The value of human assets can be increased substantially by making investment in their training and welfare. While the cost on training, development, etc., can be recorded separately and to be within the eventual, the expenditure on welfare activities can be added to the investment and the returns judged. Unlike other assets which have depreciation value as year's passes by, value of human assets appreciates with passing years. Any investment constitutes the assets of an organization and therefore, any investment for welfare of employee would constitute an extra investment in an asset. Industrial progress depends on a satisfied employee force and the importance of employee welfare measures was stressed as early as1931, when the Royal Commission on employee stated the benefits which go under this nomenclature, are of great importance to the worker and which he is unable to secure by himself. The schemes of employee welfare may be regarded as a wise investment which should and usually does bring a profitable return in the form of greater efficiency. In this paper, we would like to point out the employee welfare measures carried out by the management of engineering colleges in Anna University, Tirunelveli region. This study is conducted to know the employee's satisfaction level towards the welfare measures and also helps to find out the additional measures that can be adopted.

2. BACKGROUND OF THE STUDY

Tirunelveli, the penultimate southern most district of Tamil Nadu, is described as a microcosm of the State, owing to its mosaic and diverse geographical and physical features such as lofty mountains and low plains, dry Teri structures, rivers and cascades, seacoast and thick inland forest, sandy soils and fertile alluvium, a variety of flora, fauna, and protected wild life. According to Census 2011, Tirunelveli district has population of 3,077,233 of which male and female were 1,520,912 and 1,556,321 respectively. In Tamilnadu, the Engineering colleges are affiliated to Anna University and it is bifurcated into three regions namely, Chennai, Coimbatore and Tirunelveli. Southern parts of Tamilnadu come under Tirunelveli region. Seventy five colleges affiliated to Anna University, Tirunelveli.

3. SIGNIFICANCE OF THE STUDY

This study helps for improving recruitment. Employers get stable labour force by providing welfare facilities. Workers take active interest in their jobs and work with a feeling of involvement and participation. If adequate welfare facilities are provided then that improves moral and loyalty of workers. And also it reduces the labour turnover and absenteeism. It enhances efficiency and increase productivity by physical and mental health. It helps in improving industrial relation and industrial peace.

4. STATEMENT OF THE PROBLEM

In Tirunelveli district, the management of engineering colleges are providing many welfare measures for their employees. The paper is analysing the effectiveness of the welfare measures and their impact on the employees'. This study is conducted to know about the employee's satisfaction level towards the welfare measures. And also to find out the additional measures can be adopted. Thus this study is made to find out the level of satisfaction of the employees towards the welfare measures existing in the organization and the needs and expectation of employees towards welfare measures of the organisation.

5. RESEARCH DESIGN

Research design is a frame work that has been created seeks answer to research questions on the other hand research method technique to collect the information required. It is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Regarding this study, descriptive research design concern with describing the perception of each individuals or narrating facts on welfare measures and diagnostic design helps in determine the frequency with which something occurs or it associated with something else. These two research design help in understand the characteristic in a given situation. Think systematically about aspects in given situation, offers idea for probe and research help to make certain simple decision.

5.1 Methods and Instruments of Data Collection

This research deals with descriptive research type. It includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present.

5.2 Data Analysis and Interpretation

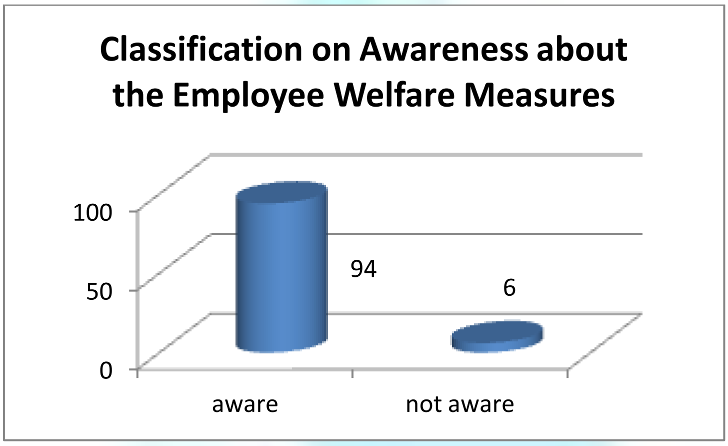
In our study a structured questionnaire is used to collect the data. There are 44 % of the respondents belongs to 26 -35 age group, 30 % belongs to 36-50 age groups and 14 % belongs to 20-25 age groups. It is found that majority of the respondents are middle aged. More over 88 % of the respondents are male and 12 % of respondents are female. The majority of the respondents have educational qualification up to degree or diploma. 36 % of the respondents have 6-10 years experience and 26 % of them have11-20 years of experience. 26 % of the respondents are earning Rs.20002-25000 per month and 24 % of the respondents are getting more than 25000 as their monthly income. The questionnaire collects the feedback of the employee on Medical facilities, Housing loan, Conveyance facilities, Vocational facilities, Recreation, Working environment, Leave facilities, Canteen facility, Insurance facilities, Sanitation and Cleanliness, Mutual co-operation among your superiors, subordinates and management, The role of management in implementing welfare measures and the overall welfare measures provided by the organization. They were asked to rate them as Highly Satisfied, Satisfied, Neutral, Dissatisfied and highly dissatisfied.

6. RESULT AND DISCUSSION

6.1 Employees' awareness about the employee welfare measures provided by the organization

The awareness of the employee regarding the welfare measures operated by the organization is studied and presented in figure 1.

FIGURE 1: AWARENESS ABOUT THE EMPLOYEE WELFARE MEASURES

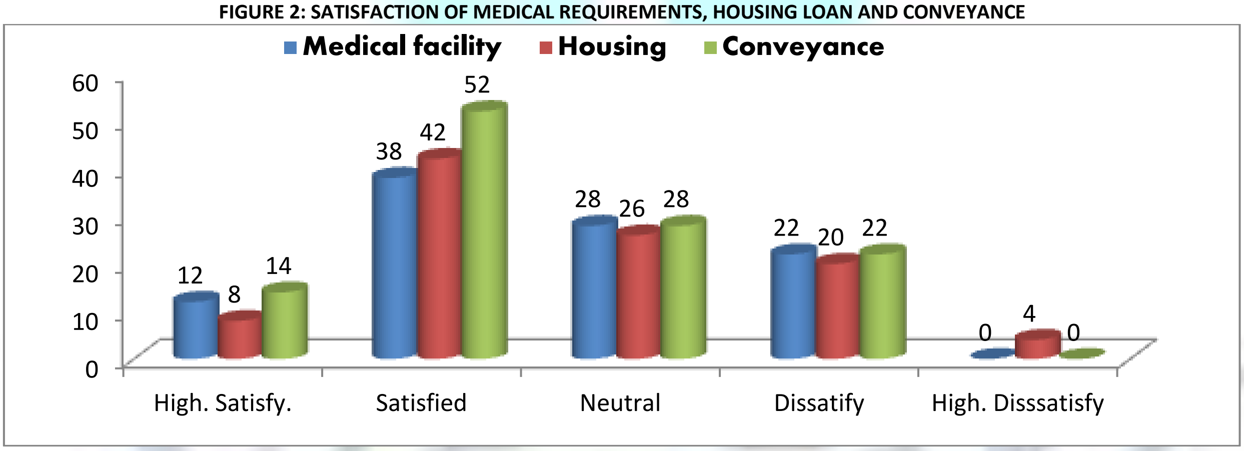


It is inferred that 94% of the respondents are aware about the welfare measures. Almost all the respondents are aware about welfare measures exist in the organization.

6.2 Employees' opinion on medical facilities, housing loan and conveyance

The employees' opinion on medical facilities was considered and it is anecdotal that 38% of the respondents are satisfied and 12% is highly satisfied. It is incidental that 42% of the employees are satisfied and following that 26% employees have a neutral opinion. The respondents are satisfied with the housing loan facility. The employees' opinion on the conveyance facility provided by the organization is premeditated and found that 52% of the respondents are satisfied and 25% of the respondents are neutral. The result is presented as follows.

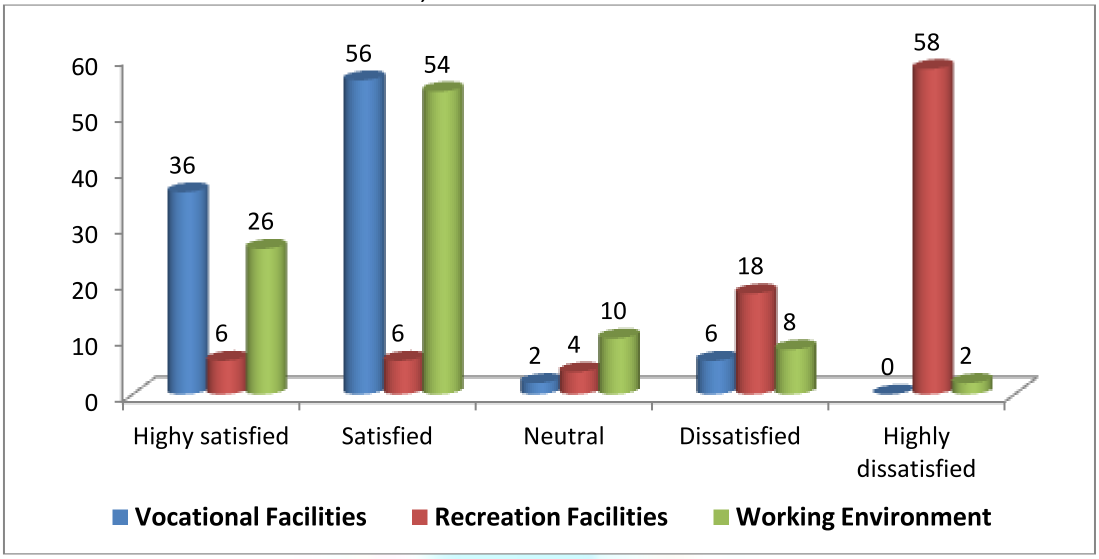
FIGURE 2: SATISFACTION OF MEDICAL REQUIREMENTS, HOUSING LOAN AND CONVEYANCE



6.3 Employees' opinion on vocational Facilities, Recreational Facilities and on the condition of the Working Environment provided by the organization

It is evident that 56% of respondents are satisfied and following that 36% are highly satisfied with the vocational Facilities. And also 58% of the respondents are dissatisfied and 18% are neutral with the recreational facility. There are very poor recreation facilities in these colleges of Tirunelveli Region. 54% of the respondents said that they are satisfied with the working environment and 26% said that they are highly satisfied with the working environment. The results are shown in the figure 3.

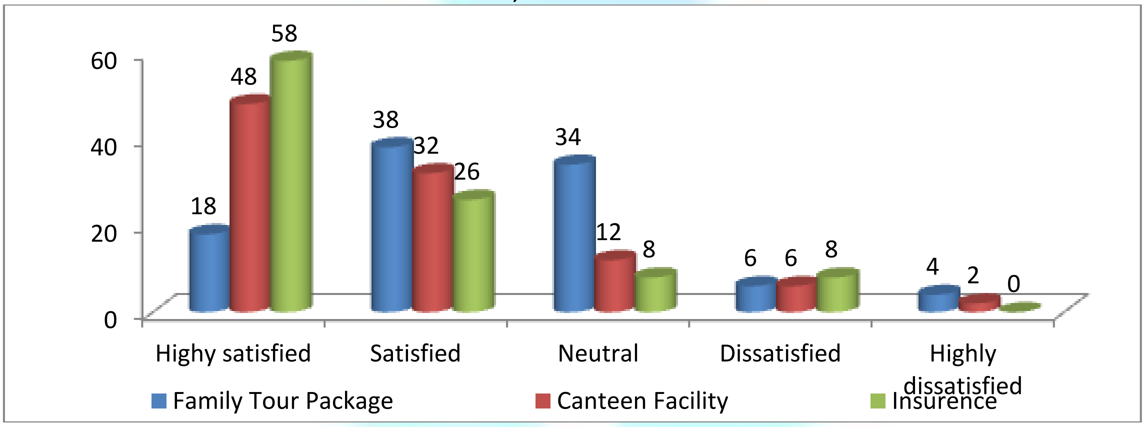
FIGURE 3: VOCATIONAL FACILITIES, RECREATIONAL FACILITIES AND THE WORKING ENVIRONMENT



6.4 Employees' opinion on family tour package, canteen facility and insurance facility

The employees' opinion on family tour package provided is deliberate and presented that 38% of the respondents are highly satisfied 18% are satisfied with family tour package. The 48% of employees felt that the canteen facility provided to them is highly satisfied and 38% are satisfied with the canteen facility. The insurance facility provided to the employees is studied and presented that 58% of the respondents are satisfied and following that 26% are satisfied with the insurance facility.

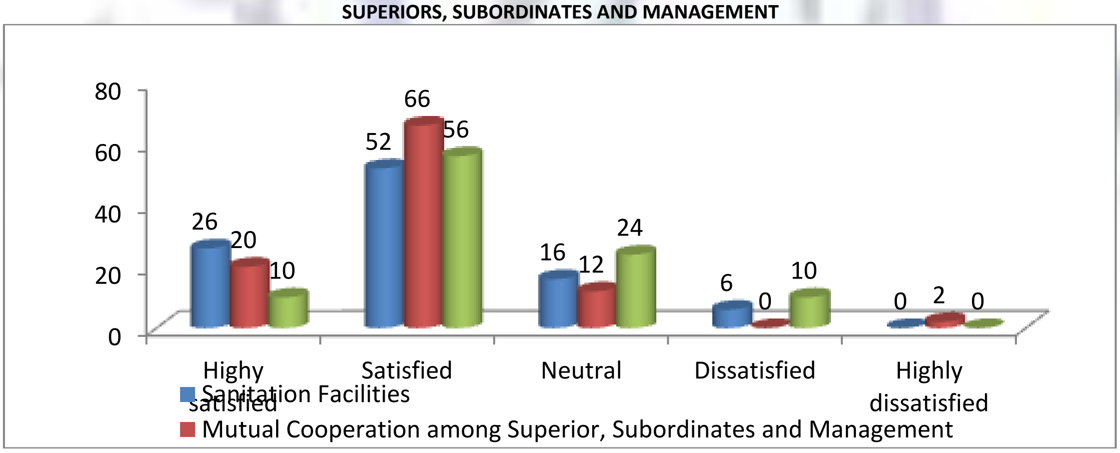
FIGURE 4: INSURANCE FACILITIES, CANTEEN FACILITY AND INSURANCE FACILITY



6.5 Employees' opinion on sanitation facility available, mutual co operation among superiors, subordinates and management and the role of management in implementing the welfare measures

Sanitation and cleanliness provided in the engineering colleges of Tirunelveli district is studied and it is understood that 52% of the respondents are satisfied following that 26% are highly satisfied with the sanitation and cleanliness. The employees' opinion on mutual co operation among superiors, subordinates and management is studied and found that 66% respondents are satisfied and following that 20% are highly satisfied with the mutual co-operation in the organisation. The employee' opinion on the role of management in implementing the welfare measures also is studied and presented in figure 5. It is inferred that 56% of the respondents are satisfied and following that 10% is highly satisfied with the implementation of welfare measures. And the respondents are satisfied with the role of management in implementing the welfare measures.

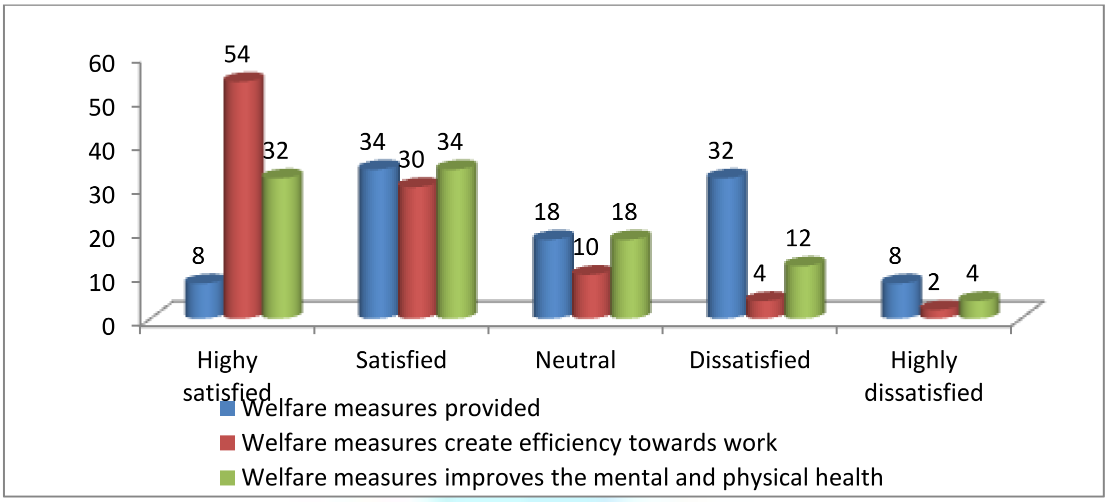
FIGURE 5: SANITATION FACILITY AVAILABLE, ROLE OF MANAGEMENT IN IMPLEMENTING THE WELFARE MEASURES AND MUTUAL CO OPERATION AMONG SUPERIORS, SUBORDINATES AND MANAGEMENT



6.6 Employees' opinion on overall welfare measures, welfare measures create efficiency towards work and improves the mental and physical health

The employees' opinion on overall welfare measures presented that 34% of the respondents are satisfied and 32% of the respondents are dissatisfied .and the respondents are satisfied and half of the respondents are not satisfied with the overall welfare measure. Employees'opinion regarding whether the employee welfare measures create efficiency towards work is analysed figured out that 53% of the respondents strongly agree and 30% agree that welfare practices create efficiency in work. Employees' opinion regarding the welfare measures improves the mental and physical health is studied and presented that 34% of the respondents are agreeing and 32% of respondents are strongly agreeing.

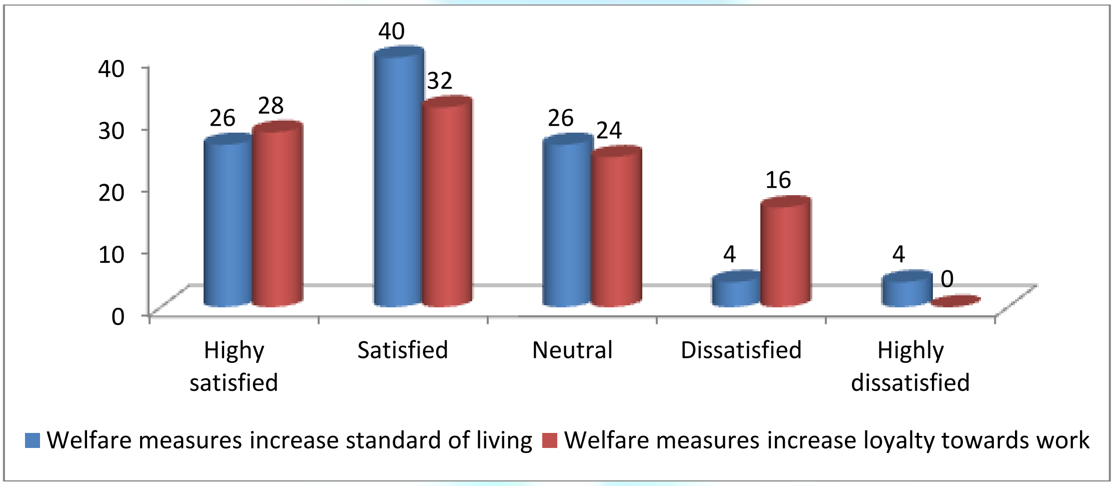
FIGURE 6: EMPLOYEES' OPINION ON OVERALL WELFARE MEASURES, WELFARE MEASURES CREATE EFFICIENCY TOWARDS WORK AND IMPROVE THE MENTAL AND PHYSICAL HEALTH



6.7 Employees' opinion regarding whether the employee welfare measures increase standard of living and loyalty towards work

Employees opinion regarding whether the employee welfare measures increase standard of living is calculated and offered that 40% of the respondents agree and following that 23% strongly agree. Employees' opinion regarding whether the employee welfare measures result in increase in loyalty towards work is considered and figured out that 32% 0f the employees agree and following that 28% of the respondents strongly agree.

FIGURE 7: EMPLOYEES OPINION REGARDING THE EMPLOYEE WELFARE MEASURES INCREASE STANDARD OF LIVING AND LOYALTY TOWARDS WORK



7. SUGGESTIONS

From the above study, it is found that some of the workers are dissatisfied with the medical facilities provided by the management of the Engineering Colleges in Anna University, Tirunelveli Region, it can be improved. The festival salary advance can be provided to employees who will provide room for better co-operation form the employees. Feedback from employees regarding their welfare requirements can be collected periodically. The Engineering Colleges in Anna University, Tirunelveli Region can implement health group insurance for their employees. And the researcher suggested that the management can provide housing loan facility for their employees.

8. CONCLUSION

The paper entitled "A Study on Employee Welfare Measures at Engineering Colleges in Anna University, Tirunelveli Region" was carried out with a primary objective to understand about the organization's welfare measures. The management provides all welfare facilities as per the factories act 1948. Most of the workers were satisfied with the welfare measures adopted in the organization. Some of the facilities need improvement in order to satisfy employees' expectation. Especially the employees are not satisfied with recreation, medical facilities and festival bonus. So the management may consider these issues and may settle these issues.

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A STUDY OF ONLINE SHOPPING BEHAVIOUR OF INDIAN CONSUMERS

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ABSTRACT
The paper attempts to identify and understand the various aspects of online shopping behaviour to help ascertain the issues that further lead to research questions, specifically in context of Indian Consumers' Online Shopping Behaviour. The paper has been divided into five sections that focus on: Size and Nature of Online Consumer in India, Factors Influencing Online Purchase, Customer Satisfaction and Loyalty, Perceived Risk and Privacy Issues and E-Commerce Industry: Categories of Online Shopping. The paper is descriptive in nature and makes use of secondary data and literature review for the purpose of analysis. Five main factors have been identified in influencing online purchase as revealed in the literature review - Role of Price, Convenience/Time Saving, Online Store Attributes, Product Characteristics and Shopping Orientation. Customer Satisfaction and Loyalty is seen to be arising out of the service quality provided by the e-commerce site. There were various conflicts found in literature with respect to importance of prices, influence of product characteristics on consumers' intention to shop, nature and extent to which privacy concerns are relevant for online consumers etc. Very few studies have been conducted on understanding the online shopping behaviour of consumers in India and this paper attempts to fill this gap by providing a holistic view of the various issues that need further attention by researchers.

JEL CODE
M31

KEYWORDS
Online Consumer Behaviour, Electronic Commerce, Retailing, Shopping Online, Indian Consumers.

INTRODUCTION
India is one of the fastest growing e-commerce markets in the world. According to a report by KPMG and Internet and Mobile Association of India (IAMAI) the Indian e-commerce industry experienced a 150% growth rate, increasing from $3.8 billion in 2009 to $9.5 billion in 2012 (IAMAI & KPMG, 2013). India would be having close to 243 million Internet users by June 2014 with mobile Internet users reaching 185 million by June 2014 (IAMAI & IMRB, 2013). According to a report by Google and TNS Australia, Online Shopping in India saw a growth of 128% in interest from the consumers in 2011 to 2012 in comparison to 40% growth in 2010 to 2011, making 2012 as the tipping point for online shopping in India (YourStory, 2013). E-commerce websites experienced a 47 percent growth in unique hits from 2011 to 2012, from 26.1 million to 37.5 million, according to a report released by comScore (2013).

In such a scenario it is impossible to ignore the present and future of E-Commerce Transactions in India. The success of a business depends upon apt knowledge of its consumers. It not only refers to being aware about who the consumers are, what they buy but also the process of deciding their brand and place they assign to that brand (Ramachandra, 1988). A company needs to decide upon its value proposition. The value proposition comprises of the cluster of benefits that a company promises to deliver. It is a statement about the experiences customers will gain from the company's market offering (Kotler, Kelly, Koshy and Jha, 2009). It becomes important as it differentiates a company's offering from the rest and thus can help gain customer's attention. Customers will estimate which offer delivers the maximum perceived value and act on it (Kotler et al 2009). Hence, understanding consumer behavior becomes the basis for formulating marketing strategies and a source of competitive advantage. These arguments are applicable to E-Commerce Companies each of whom is seen as a distinct brand in the Indian context.

LITERATURE REVIEW
The paper has been divided into four sections that focus on: I Size and Nature of Online Consumer in India, II Factors Influencing Online Purchase, III Customer Satisfaction and Loyalty, IV Perceived Risk and Privacy Issues

I. THE SIZE AND NATURE OF ONLINE CONSUMERS IN INDIA
According to report by Internet and Mobile Association of India 2013, as of October 2013 there were 205 million Internet Users in India, making it the third largest internet population in the world: 137 million from urban India and 68 million from the rural parts of the country (IAMAI & KPMG, 2013). This is expected to go up to 243 million users by June 2014 with 185 million mobile Internet users. The number of broadband subscribers is also expected to increase to 100 million by 2014 from 12.8 million subscribers as of Sept 2011 (Ernst & Young, 2013). Mobile is coming up as a major source of Internet access and is redefining how the users stay online. The adoption of 3G, coupled with the declining prices of smartphones, is further expected to increase Internet usage in the country. Mobile internet users are expected to account for more than 60% of user base in India, considering that their number is forecasted to reach 200 million by 2015 (Ernst & Young, 2013) According to a BCG Report 2013, the internet has the highest penetration among people aged 18 to 24 (48%) and the lowest among those older than 54 (6%) (Subramanian, 2013). The Internet is projected to reach smaller towns and the lower rungs of the economic ladder more quickly than retail chains, bridging the geographic barriers and feeding the growing appetite for consumer goods.

According to a report by comScore in 2011, 75% of India's e-Commerce users fall below the age of 35 and more number of transactors fall in the age group of 35 – 44. (comSCORE, 2011) These younger users interact more with the site and post reviews about products, engage with these companies on social media and such. Off which 60% users are men and 40% women, which is consistent across all categories of products. According to the report, 15-24 year olds in India are the heaviest Internet users and young males spend more time online than females in most age groups. It is important to note that the number of Indian users transacting online has increased from 3 million in 2000 to 11 million in 2011 and is expected to reach 38 million by 2015 (Ernst & Young, 2013). However, online sales account for less than 1% of all retail sales in India in 2012 (yStats, 2013).

II. FACTORS INFLUENCING ONLINE PURCHASE
We have been able to identify four main issues affecting online purchase as revealed by the literature review. Those include: Role of Price, Convenience/Time Saving, Product Characteristics and Shopping Orientation.

II.I ROLE OF PRICE
The Indian consumers are price sensitive, and discounts offer a major push for shopping online. E-tailers offer products at reduced prices along with wide product assortment and convenience of shopping at one's own comfort acting as a major driver of online sales (Ernst and Young, 2013). Consumers place excessive emphasis on value for money and in some cases it has been given more importance than image/ prestige (Credit Suisse India Consumer Survey, 2011). According to Nielsen's (2011) 'Global Online Shopping and Saving Strategies Survey' the primary reason for an Indian shopper to choose a retailer depends upon the value for money they perceive the store offers.

Brynjolfsson and Smith (1999) found that it is due to the ease of comparing prices across e-tailers that puts added price pressure on the e-tailers. Given that the same product is being offered by different e-tailers, customers tend to select the lowest cost provider. Lepowska-White (2004) found that online browsers are less time pressured and less focused on the convenience of shopping online and more interested in lower prices than online consumers. For these reasons they probably do not appreciate the advantages of online shopping as much as online consumers. This could mean that online browsers and online buyers form two different groups that need to be studied to understand their preference between convenience and lower prices.

Some argue that price will play a lesser role on the Internet with the opportunity for more non-price information to be provided. Alba et al. (1997) believed that price sensitivity would be lower online than in traditional outlets when non-price attributes are of greater importance and when there is more product differentiation among choices. Greater amount of non-price information leads to higher post-purchase satisfaction, thus, increasing levels of loyalty (Reibstein, 2002). The increased loyalty levels would be reflected in lower levels of price sensitivity.

Due to the conflicting conclusions about the role of price in influencing online shopping behaviour, it is important to take a closer look at the impact of price in choice of retail channel and the level of price differences that will affect consumers' selection of shopping channels.

II.II CONVENIENCE/TIME SAVING

The distinct characteristic of online shopping is its convenience and has been found to be the major motive for consumers to shop online (Jarvenpaa & Todd, 1997). In their survey of 220 consumers, Jarvenpaa and Todd (1997) found that convenience was the chief benefit of online shopping. Similarly, Burke (1998) conducted six focus groups in different regions of United States and found that convenience was the most frequently cited reason for consumers to engage in online shopping. Chiang and Dholakia (2003) found that convenience influences consumers' intention to shop online. When consumers perceive shopping offline as inconvenient, they are more likely to shop on the Internet.

II.III PRODUCT CHARACTERISTICS

One common way to classify the products is search and experience goods. According to Nelson (1974), a good is defined as a "search good" when full information of the product attributes can be known prior to purchase. Examples of search goods are books, electronics etc. regarding which information can be obtained prior to purchasing them. On the other hand, experience good is defined as a good regarding which full information on product attribute can only be known with direct experience. For such goods information search is more difficult example: clothes, shoes etc. Chiang and Dholakia (2003) revealed that product type influences consumers' intention to shop online. For search goods such as books, intention to shop online was higher than for experience goods. As experience goods have the touch and feel factor prior to purchase it is possible that consumer's intention to shop online is lower for experience goods than search goods.

However this trend is gradually changing as experience goods like clothes, shoes and accessories are one of the top categories, globally, which consumers intend to purchase online (Nielson, 2010). There is a need to further investigate how product types can influence the consumers' intention to shop online.

II.IV SHOPPING ORIENTATION

The most cited classification of shopping orientation of consumers is on the basis of recreational and convenience shoppers (Bellenger and Korgaonkar (1980). They proposed that the social aspect of shopping motivates recreational shoppers. The convenience shoppers would like to economize their shopping efforts. They also found that women had the tendency to seek enjoyment out of the shopping experience. Sinha (2003) classified the shoppers on a similar basis of fun shoppers vs. work shoppers. For fun shoppers, shopping is a means of enjoyment; they seek product variety and like to talk about their shopping experiences. Work shoppers on the other hand consider shopping as a task and would prefer to shop from home. It was found that Indian shoppers show an orientation that is based more on entertainment values than functional values. Alba et al (1997) also suggests that the Internet is less attractive to those who value social interactions more, as it allows for limited interactions compared other retail formats.

It is important to do a wider scale study in understanding the shopping orientation of Indian consumers in relation to demographics, SEC categories and also identify whether consumers shopping online have recreational orientation or not.

III. ONLINE STORE ATTRIBUTES AND CUSTOMER SATISFACTION

Customer satisfaction is a result of their experiences during various purchasing stages: (a) need recognition, (b) information search (c) evaluation of alternatives (d) purchase decision and (e) post-purchase behavior (Kotler, 2009). According to the study by Kinney et al (2002), web-customer satisfaction is a result of satisfaction with the quality of websites' content and satisfaction with its performance in delivering information. Even if the information available on the Web site is of high quality, if the site downloading and delivery mechanisms are poor, customers are likely to leave the site. Therefore, a distinction between information quality and service quality relating to customer satisfaction has important implications in the Web-design process.

Most researchers have tried to focus on identifying key constructs of Web-customer satisfaction and developing validated instruments to measure them. Zeithaml, Parasuraman, & Malhotra (2002) suggest that dimensions to measure e-Service Quality should include (1) information availability and content, (2) ease of use or usability, (3) privacy/security, (4) graphic style, and (5) fulfillment. It is important to note that while many researchers have focused on web site experience as an important factor in influencing customer satisfaction e-business involves not only the front-end process (e.g. the design of the website), but also back-end processes (e.g. delivery, and returns). Fulfillment involves back-end processes like on-time delivery, correctness of order fulfillment, billing accuracy etc. According to the study by Hsu (2011) online retail should focus more on the fulfillment aspects to improve customer satisfaction.

Loyal customers visit a web site more frequently than newly acquired customers and can be served at a reduced operating cost. Reibstein (2011) in his study looked into the attributes that result in repeat purchases. Factors that affected likelihood to buy again from a site were: customer support, on-time delivery and product representation. Sites that were rated poorly on customer service were least likely to be shopped again. Interestingly, price had the lowest correlation with likelihood to be shopped again. This reflects that although price had been identified as the most important factor in attracting customers to a site, it is not important for customer retention.

IV. PERCEIVED RISK AND PRIVACY ISSUES

Perceived Risk and Privacy Issues have been understood under two headings namely: types of perceived risks, influence of perceived risk on online consumer behaviour.

IV.I TYPES OF PERCEIVED RISK

Cox and Rich (1964) believe that consumers perceive risk when faced with uncertainty and potentially undesirable consequences due to a purchase. Perceived risk is more influential in explaining consumers' behavior since consumers are often motivated to avoid mistakes than maximize utility in their purchasing decisions (Mitchell, 1999). Various researchers have classified perceived risk into 4 broad categories in context of online shopping: Financial risk, Privacy Risk, Time Risk and Social Risk.

Financial risk refers to the potential loss related to the purchase price or/and subsequent maintenance cost due to fraud (Cunnigham, 1967; Stone and Gronhaug, 1993). The chances of potential financial loss can also be related to cost of returning the product like shipping etc. (Hassan*, Kunz, Pearson and Mohamed, 2006)*. Privacy risk refers to the potential loss of control over personal data, when it is used without permission (Stone and Gronhaug, 1993; Zhang et al, 2012). Loss of credit card details, sensitive information etc. falls under privacy risk. Time risk is the potential loss of time due to a bad purchasing decision resulting in time wasted in researching, shopping, or replacing the purchased goods (Cunnigham, 1967; Stone and Gronhaug, 1993). It could also relate to the loss of time and inconvenience incurred due to difficulty in navigation and/or submitting order or delay in receiving the products (Forsythe and Shi, 2003). Social risk refers to the potential loss of status in ones social group by purchasing a product or service (Cunnigham, 1967; Stone and Gronhaug, 1993; Zhang et al, 2012).

Forsythe and Shi (2003) considered product performance risk apart from financial risk and time risk. Product performance risk relates to the potential loss if the product does not perform as expected. They also considered psychological risk that is more or less similar to privacy risk. It refers to the disappointment or frustration due to disclosure of personal information. However, Hassan et. al (2006) has described psychological risk as discomfort or tension due to online shopping. Zhang et al (2012) added 3 more dimensions to perceived risk namely: health risk, delivery risk and after sales risk. Health risk refers to the potential loss of health due to extensive use of computer resulting in fatigue, visual impairment or harm to one's health due to fake products. Delivery risk refers to the potential loss of delivery due to damaged goods or loss of goods. After-sale risk refers to the potential loss of after-sales related with product problems, service guarantees etc.

Researchers have attempted to study perceived risk from different dimensions. They have not confined the risk types to the basic four dimensions of financial, time, social and privacy risks but also brought in newer dimensions like health risk, delivery risk and attempted to relate these with impact on online shopping preferences. It is important to note that different researchers have defined risk dimensions differently.

IV.II INFLUENCE OF PERCEIVED RISK ON ONLINE CONSUMER BEHAVIOUR

Forsythe and Shi (2003) studied to identify the influence of perceived risk on online shopping behaviour of consumers. They divided the sample onto three categories: online browsers, moderate online buyers and heavy online buyers. The most cited reason across the three groups for not purchasing online was performance risk that relates to difficulty in assessing the quality of products. Their findings suggested that financial risk was also a significant predictor of frequency of buying online and amount spent on the web. It is also likely to deter online consumers to initiate the shopping process. However according to the study by Zhang et al (2012) financial risk was not found to be of importance in influencing consumers purchase behaviour. A possible explanation could be that with passage of time the websites have improved their transaction security, come up with escrow accounts and consumers are more aware about which sites are secure to be dealt with. However this aspect needs a closer inspection to find out the impact of perceived financial risks on online shoppers. Also the influence of perceived financial risk may vary with frequency of online shopping and past experience. Heavy online shoppers were found to trust a web site based on their previous satisfaction, whereas users who perceive more risks would trust the firm has a good reputation (Martin, Camarero, 2009). Heavy shoppers were found to perceive lower risk than browsers and moderate shoppers (Forsythe and Shi, 2003).

Quality risks, after-sales risks, delivery risks, time risks and health risks were found to have a negative impact on consumer's online purchasing behaviour (Zhang et al, 2012). Perceived source risk was also dimension considered by Hassan et al (2006) while developing a scale to measure online perceived risk. Perceived source risk refers to the concern over whether the shopper can trust the online vendors and feel comfortable in transacting with them. Vendor Characteristics like reliability of a vendor were found to have a positive influence on the number of purchases on the Internet (Swaminathan, Lepowaski White and Rao, 1999).

CONCLUSION

The Indian E-Commerce market has been growing at a fast pace with growing Internet penetration and evolving consumer mindset. With growing income levels and changing consumer lifestyle the need for time saving and convenience rose in importance. This provides greater scope for e-tailers to reach out to the online consumers.

Researchers have studied various factors influencing online purchase behaviour of consumers; however literature review reveals four major issues affecting online purchase. These are: Role of Price, Convenience/Time Saving, Product Characteristics and Shopping Orientation. The role of prices in influencing online consumer behaviour has raised certain conflicts in literature. While some have concluded that price is the most important factor in attracting customers to a site, others have argued the importance of non-price information in making selection about products and resulting in higher level of satisfaction. Consumers underlying orientation towards shopping has suggested that those who view shopping as a task are found to be more attracted towards shopping online. This would have implications for website developers in developing a more interactive and entertaining user interface.

Product characteristics also were found to influence consumer's intention to shop online. As Chiang and Dholakia (2003) found that consumers have a higher intention to shop for 'search goods' online as compared to 'experience goods'. However, experience goods like clothing, accessories are one of the top categories from which consumers are making purchases globally. Hence this finding needs to be further investigated.

Customer Satisfaction has been measured by developing various indices some related only to information quality and service quality while others used the scale to relate satisfaction levels to customer loyalty. Thus factors taken into consideration for the purpose of customer satisfaction may not necessarily be the same for customer loyalty.

Financial risk was found to have conflicting impacts on consumers purchase behaviour in the literature reviewed. Also privacy concerns were more or less found to be related to perceived financial risk (loss of credit card details etc.). The nature and extent to which privacy concerns are relevant for online consumer in India needs to be found out.

There are very few studies that have been conducted on understanding the online shopping behaviour of consumers in India. Those that we came across in the literature were limited to a small sample and focused only on limited aspects of consumer behaviour like perceived risk or antecedents to online purchases etc. Hence, there is a need for a holistic study focused on the online shopping behaviour of Indian Consumers. This paper attempted to identify and understand some of the aspects of online shopping behaviour to help ascertain the issues that could further lead to research questions in the Indian context.

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GENDER PAY BIAS IN IT SECTOR

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ABSTRACT

The Indian IT industry has been growing rapidly over the last two decades and it continues to be one of the fastest growing sectors in the Indian economy. Further it is one of the most economically significant industries in India in terms of exports, employment and GDP. The IT industry is one of the biggest creators of employment opportunities for young professionals in India. But the sad state of picture is that though it is one of the emerging service sectors, the share of women is quite low. It is estimated that the share of women employees in IT industry is around 30 per cent even though the number of jobs created in this sector continues to increase annually. This is evident from the fact that gender inequalities prevail in the IT sector and male continue to dominate the sector.

KEYWORDS

Gender Issues, IT industry and Women Employees.

INTRODUCTION

The Indian IT sector has been growing rapidly over the last two decades and it continues to be one of the fastest growing sectors in the Indian economy. Further it has rapidly become one of the most economically significant industries in India in terms of share of exports, GDP and employment. The IT sector is one of the biggest creators of employment opportunities for young professionals in India. But the sad state of picture is that though it is one of the emerging service sectors, the share of women is quite low. It is estimated that the share of women employees in IT sector is around 30 per cent even though the number of jobs created in this sector continues to increase annually. According to Monster Salary Index India IT Sector Report 2014, the IT industry, which is one of the leading recruiters of women, has a gender disparity as high as 29 per cent between men and women. A female IT worker receives a gross salary of Rs. 254.04 per hour compared to their male counterpart who earns Rs. 359.25 employed in India.

The report also stated that the tenure of an employee with an organization is a compelling factor that sways the salary of an employee. More experienced workers are paid better than less experienced ones. On an average an employee with less than three years of experience gets Rs 142.97 per hour and an employee with more than 10 years of experience gets Rs 625.55 per hour. Women employed for a limited time get paid better than those with permanent contracts as a measure taken by corporate to sustain talent. It is also observed that wholly owned foreign companies pay higher salaries. This is evident from the fact that gender inequalities prevail in the IT sector and male continues to dominate the sector.

DEFINITION OF GENDER PAY GAP

According to Eurostat the gender pay gap is "the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees". Hourly earnings are obtained by dividing gross monthly normal earnings from the main job by four times the number of worked hours per week in the main job, including normal overtime, but excluding bonuses, irregular overtime, and the like.

REASONS FOR GENDER PAY GAP

The reasons for gender pay gap are:

1. Undervaluing women competencies.
2. Women are under- represented in managerial and senior positions.
3. Women experience greater difficulties than men when it comes to balancing work and private life.
4. Women have more career interruptions or work for shorter hours than men. This has a negative impact on their financially rewarding careers and which impairs their negotiating capacity in the labour market.
5. Socio-cultural reasons such as male employees effusing to work under women.
6. Refusing to work during night shifts obviously make the work go to the male counterpart enabling them to get various allowances.
7. Marital status can also be a reason for lack of opportunities and growth avenues for women.
8. Women often prefer or are compelled to take up part time jobs because it is expected that they fulfil primary responsibility of taking care of household activities and family.
9. Company size and ownership is also one of the reasons for gender pay gap.

NEED FOR THE STUDY

In an Indian male dominated society, women were confined to stay within the four walls or only to agricultural activities. But today women have entered the various fields such as trade, commerce and industry. She is performing multiple task of managing the family and work life. In spite of this, her competencies are under estimated. Even the biggest service sector i.e., IT sector has ignored gender inclusivity. Hence there is a need to study the gender inequalities especially with reference to pay package in IT sector as the same would affect the women economic empowerment.

OBJECTIVES OF THE STUDY

The objectives of the study are to:

1. Break the glass ceiling in promotion to senior management level position.
2. Remove gender inequalities in pay package.
3. Suggest suitable measures for gender inclusivity in IT sector.

RESEARCH METHODOLOGY

SAMPLE SIZE

A sample of 50 women employees of the IT companies from the city of Mysore irrespective of their level of employment and demographic status were taken randomly for the research work.

SOURCE OF DATA COLLECTION

As the study is aimed at knowing the gender disparity in pay package in IT sector, the data was mainly collected from primary sources which included questionnaires and interviews.

STATISTICAL TOOLS

Chi-square and ANOVA techniques are used to test the hypothesis.

HYPOTHESIS

H1 Gender inequalities in pay packages exist in IT industry.

H2 Legislative measures enable the removal of gender inequalities.

FINDINGS

The findings of the study are:

1. 80 per cent of the respondents are in the age group of 25 – 30 years. This reveals that more than 2/3 rd respondents are young women IT professionals pursuing career growth.
2. 60 per cent of the respondents are married with one child and with one or more dependents. This shows the responsibility of the respondents at home and the difficulty of balancing work and family life.
3. 90 per cent of the respondents said that they work for longer periods i.e., for 10 to 12 hours a day and there is no flexi working hour facility. This indicates the level of stress among the employees.
4. 76 per cent of the respondents are not satisfied with the pay package and increments. They expressed that the pay does not commensurate with the working hours.
5. 80 per cent of the respondents expressed their dissatisfaction with the promotion policies. They opine that the IT companies do not consider their previous experience in other companies.
6. 50 per cent of the respondents have taken career breaks. The reasons cited for career breaks are marriage, maternity leave and child care. The respondents who have taken career break said that they have joined new companies as freshers. This reveals that career breaks have negative impact on their professional growth as the earlier experience is not considered.
7. 98 per cent of the respondents expressed that there is absolutely no gender discrimination in pay package and promotion to higher positions. This reveals that there is no gender bias in IT sector.
8. 85 per cent of the respondents opine that legislative measures do not remove gender inequalities. They expressed that it is mainly the stake holders i.e., individuals, society, industry and government who can enable the removal of gender inequalities.

TESTING OF HYPOTHESIS

H1 GENDER INEQUALITIES IN PAY PACKAGES EXIST IN IT INDUSTRY

The chi square value of 0.220 proves that gender inequalities in pay packages do not exist in IT industry. The hypothesis is accepted.

H2 LEGISLATIVE MEASURES ENABLE THE REMOVAL OF GENDER INEQUALITIES

The chi square value of 0.008 indicates that legislative measures do not enable the removal of gender inequalities. It is the stakeholders who play a significant role in the removal of gender inequalities. Hence the hypothesis is disproved.

SUGGESTIONS

The following suggestions are made to the IT industry in particular and to the stakeholders in general:

1. IT companies need to be more transparent in pay packages.
2. There is a need to create equal opportunities for all employees irrespective of their gender as women contribute significantly.
3. Maternity leave for a period of six months should not be considered as a career break.
4. Promotions must be given without undervaluing women competencies.
5. Equal pay for equal work principle must be adopted.
6. Flexi working hours must be encouraged.
7. Legislative measures and initiatives have to be developed to promote equality between men and women.
8. In addition to this, the stakeholders such as individuals, society, industry and government play a significant role in gender inclusivity in the organization.

CONCLUSION

Women are the legal citizens of the country and have equal rights with men. Because of lack of acceptance from the male dominant society, Indian women suffer immensely. The IT sector too has not spared the women. The gender bias in pay packages in IT industry requires to be removed through proper policy planning and serious institutional corrections. The persistence of the gender pay gap is a sign that women continue to be affected by discrimination and inequalities in the job market which in turn prevents the working potential of women. Women employees should fight against the pay gap and an effort should be made to reduce unjustified differences in pay between men and women. There is an absence of collective bargaining power of women employees. This directs towards weakness in women economic empowerment in the society.

In India's growing economy, with high job mobility and the corresponding high demand for talent, the IT industry needs to create equal opportunities for all employees, irrespective of gender. The organizations must do everything they can to facilitate, attract and retain women as they are the key contributors to the sector.

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CRIME - A SPECIAL FOCUS ON JUVENILE DELINQUENCY: A CASE STUDY

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ABSTRACT

We understand that the whole world is in the grip of crime, Crime which is unlawful act and unpleasant and punishable in the eyes of the law of court, "an intentional act or omission in violation of criminal law committed without defence or justification." There are many types of Crime like Physical, Social, and Domestic Violence etc, and also there are various factors contributing to Crime like Biological factors, Genetical factors, Psychological factors, Environmental factors, influence of peers and mass Media. A Special focus is on Juvenile crime, their deviant behaviour in general and also in Telangana region. A case study has been taken in which the deviant behavior of a juvenile unchecked has given way to the criminal behaviour in the growing years as an adult.

KEYWORDS

Crime, Deviant, Punishable, Physical, Social, Unpleasant.

INTRODUCTION

Crime is an unlawful act and punishable by law, illegal actions as a whole, It is a state of action/ omission which constitutes an offence and is punishable by law, in simple words it is a harmful act which is punishable in the eyes of law and questions on ethical and social grounds.
According to **C.Darrow**, "Crime is an act forbidden by the law of the land and for which penalty is prescribed-its causes and punishment.
Crimes generally start as a point of selfishness. The man being self centered indulges in crime for his own needs and desires. The early man at the early age started killing animals for his bodily needs like his physical food, but later it was for the power and position. Now-a-days crime is centered with or without the needs and deeds. Man commits crime due to his psychological problems and disorders.
Crimes are committed not only by uneducated but even the educated are indulging in crimes, earlier crime was confined to one area, but now it is wide spread. Crimes in the World have eventually gone from 4.6% to 6.1%. Crime rate goes up equally irrespective of whether it is rural or urban, but a notable thing here is crimes occur mostly during night times. Therefore Crime may be regarded as behavior of individuals which the group strongly disapproves, and the criminal behavior is relative and not absolute as it changes from time to time.
Criminology: Six questions are important in criminology
1. How is an individual's criminal behaviour explained? At the point of committing Crime, is the offender acting out of free-will, or compelled by forces
2. How is the functioning of social order perceived? Is it understood based on consent or based on coercion
3. How is crime defined? As violation of legal code or as a behaviour that offends the social code of a particular community.
4. How is extent and distribution of crime viewed? As committed by small number of people or as large portion of the population.
5. How the causes of crime explained? Within the individual or where individual lives.
6. What is the policy regarding criminals? Policy of punishing the offender or policy of treatment of the criminal

OBJECTIVES OF THE STUDY

1. To study the causes of Crime.
2. To understand ways to combat crime, with special focus on juvenile delinquency in Telangana state by giving a case study.
3. To understand the characteristics of juvenile delinquency and the methods of treatment.

REGIONS OF TELANGANA

FIG. 1

TABLE 1: DISTRICT WISE INCIDENCE IF MAJOR COGNIZABLE CRIMES (IPC) UNDER DIFFERENT HEADS 2011 (AS ON 31ST DEC 2011)

District	Murder	Rape	Kidnap	Dowry deaths	Molestation	Dacoity
Adilabad	109	84	77	20	254	05
Karimnagar	150	58	172	40	488	02
Warangal	118	83	123	52	316	02
Khammam	108	84	81	20	383	05
Nalgonda	101	48	84	36	379	02
Mahbubnagar	188	88	74	28	228	03
Hyderabad	117	59	95	37	250	08
RangaReddy	75	24	24	15	52	01
Medak	141	38	40	26	171	06
Nizambad	135	63	84	27	198	09

SOME OF THE NOTABLE CAUSES FOR CRIMES

BIOLOGICAL CAUSES
- Insanity
- Physical disability
- Defective glandular and nervous system

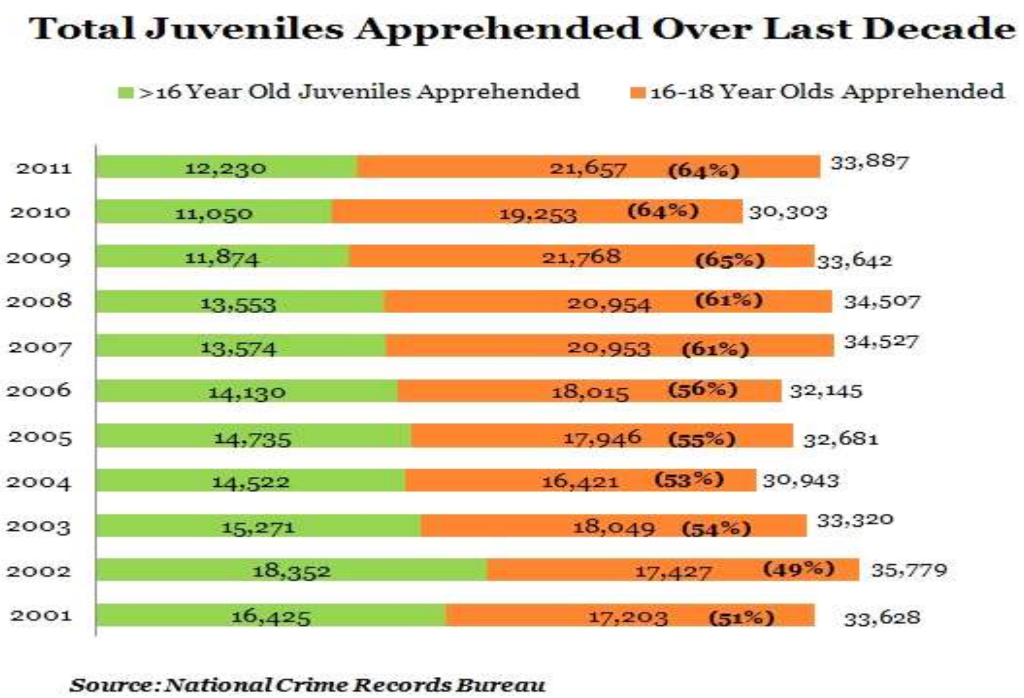
PSYCHOLOGICAL CAUSES
- Neurosis
- Psychopathy
- Emotional instability

SOCIAL CAUSES
- Social disorganization
- Social competition
- Social mobility,
- Conflict
- Defective Social institutions
- Lack of Education
- Sexual Literature
- Cultural Lag and War

ECONOMIC CAUSES
- Economic competition
- Poverty
- Unemployment
- Desire for more Wealth
- Unlimited Desires
- Industrialization
- Poor natural resources
- Inflation

OTHER MAJOR CAUSES
- Lack of Love
- Poor sense of judgment
- Emotional & Psychological Imbalance
- Lack of Faith in the partner
- Deprived neighbourhood
- Misuse of Technology
- Being a victim in a chain of events
- Poor Parenting or upbringing
- Ecological & Environmental Causes, apart from these there are many other factors like cultural factors and educational, recreational, religious characteristics, and even in few cases 'Laws' also affect the psychological behaviour of the victim leading to crimes.

FIG. 2



TYPES OF CRIMES
- Crimes against Women;
- Criminal Violence--Rape, Molestation, Abduction, Murder
- Domestic Violence-Dowry Harassment, deaths, wife battering, sexual abuse, Maltreatment of Widows and elderly women

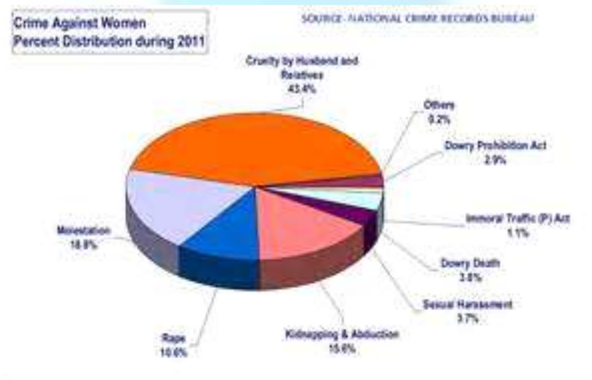
- Social Violence-Forcing the wife/daughter-in-law to for Female foeticide, eve-teasing, refusing to give a share to women in property, and sex selection Abortions.
- Basically, Violence against Women are of three types: 1.Physical Violence 2. Psychological Violence 3. Combination of both types of Violence.

INCIDENCE OF CRIME AGAINST WOMEN

According to the National Crime Records Bureau, Police Research Bureau and the National Institute of Social Defense the crime against women in India has been constantly increasing every year. Every about 12,000 rapes,24,000 molestations, 13,000 kidnaps and abductions, 26,000 cases of torture, 10,000 cases of eve-teasing, and 5,000 cases of dowry deaths take place. (Crime in India,1995) of the total crimes against women under the Indian penal code (IPC) every year about 80,000, 25% are torture cases, 27% are molestations 13% are eve-teasing cases, 15% are kidnapping and abduction cases, 14% are Rape cases, and 6% are Dowry deaths
(Crime in India1994)
(Source: Sociology; Indian Society)

FIG. 3

FIG. 4



OTHER CRIMES

- Illegal Trade
- Arms Trafficking
- Poaching & Wild life Trafficking
- Cyber Crime
- Corruption & Police Misconduct
- other Crimes which include petty crimes like Pick-Pocketing, Confidence Tricks, Taxi Scam etc

CHAIN SNATCHING

YOUNGSTERS FOUND A NEW WAY FOR EASY MONEY THROUGH CHAIN SNATCHING

The act of chain snatching is on rise in almost all the important cities of Andhra Pradesh and Telangana.
These Snatchers surface all of a sudden on the streets with their Bikes and snatch away the gold from the possession of women.
(Source: Internet)
Apart from these crimes, there are family crimes; caste related violence in India, Corruption, India mafia, Indian Political Scandals, Kala-Kaccha Gang operated Crimes, Law enforcement in India, Mafia Raj, and Religious Violence in India.
The term Mafia/Terrorism includes a wider scope but it also includes counterfeiting, extortion, Contract killing, Terrorism, Women & Children trafficking etc..
Kerala is recorded with highest crime rate among the other states while Nagaland was recorded with lowest crime rate.

TYPES OF CRIMINALS

- Born Criminals-- Those with clear criminal Characteristics
- Insane Criminally, including idiots, imbeciles, epileptics and alcoholics,
- Occasional Criminals, those predisposed to take advantage of criminal opportunities and
- Passional Criminals, those whose crimes are the product of anger, love or honor
- Crime 'makes sense' for normal criminals. We understand their behavior, they want to get rich- quick and they may want status, these may be the motivations however much we disapprove of the behaviours.

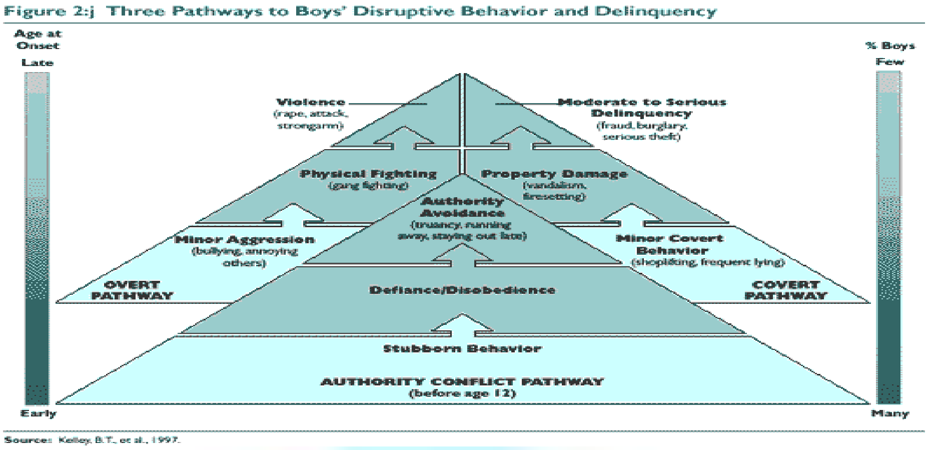
(Source; Psychology, Crime and Delinquency)

SOME CRIMINAL BEHAVIOUR

Some of the criminal behaviours which are also considered as some type of social deviance are white Collar crime, Embezzlement, Suicide, Mental Illness.
White Collar Crime: is the crime in the upper classes, composed of respectable business and Professional men.
Embezzlement is violation of a position of financial trust which has been taken originally in good faith, in other words misuse of funds.

The two major occupational crimes are 1. Crime against the public including corporate crime and crime of individuals/ professional 2. Intraorganizational crime including embezzlement and employee theft and crime by employees against employees/employer.
Suicide: as a death resulting directly or indirectly from a negative act of the victim himself.
Mental illness is also considered as social deviance if it is contravention of the norms and expectation of the society.
(Source: Sociology; Principles of Sociology)

FIG. 4



FACTORS CONTRIBUTING TO CRIME

Biological Factors-Genetic Factors
Psychological Factors- Learning, Motivation, Cognitive and Emotional Factors and Personality Factors.
Environmental Factors- Psychological Repercussion of broken home, poverty, Unemployment, underemployment, Drug Addiction,
Influence of peer group, Mass media
Physical appearance and Crime: An Individual's personality is said to be reflected by certain facial features like ears, nose and eyes to predict criminality.
Body Type and Crime:
1. The atheletic Type with well developed muscles is prone to commit crime of violence
2. The Picnic Type: who are short and fat was found in deception
3. The Leptosome are tall and thin tend to commit petty stealing and
4. The Dyslectic or the mixed body type commits crimes of morality.

BIOCHEMICAL FACTORS
Chemicals do not directly cause criminal behaviour, but behaviour is affected indirectly by their affect on the brain which we use to perceive and respond to our environment, results in crime due some emotional disturbance.

PSYCHOLOGICAL FACTORS
Antisocial Personality Disorder
Sociopath/Psychopath: People fail to conform social norms and repeatedly perform antisocial act such as destroying property, harassing others, stealing, illegal occupation, having no feeling of remorse about effects of their behaviour on others, instead they feel happy and justifies having hurt's feelings.
Attention Deficit Hyperactivity Disorder
Attention- deficit hyperactivity disorder (ADHD) also known as Hyperactivity, minimal brain damage, and hyperkinetic Syndrome, a child with ADHD has difficulty in concentrating, always fidgets gets easily distracted, is talkative engages in physically damaging things, indulging in dangerous activities which in turn affects his ability to learn and concentrate and maintain a normal level of life activities.

ENVIRONMENTAL FACTORS
Family: The family is said to be the breeding ground for delinquency (minor Crime/ formal neglect of duty. The family relations produce undesirable behaviours like juvenile delinquency, Dropouts, Child Abuse and neglect.
Size of the Family, Broken Homes, condition of the family like poverty also contribute to anti social behaviours of the children
Juvenile: a person below the age at which they adult status in law (18 years in most countries)
A "Juvenile" or "Child" means a person who has not completed eighteen years of age.
Juvenile delinquents are simply under-age criminals that are non-adult criminals.
According to International Law, a 'Child' means every human being below the age of 18 years. Today this is a universally accepted definition of a child which comes from the United Nations Convention on the Rights of the Child (UNCRC).

UNDER THE INDIAN LAWS
Section 2 (k) of the Juvenile Justice (Care and Protection of Children) Act,2000 defines "juvenile" or "Child" as a person who has not completed eighteenth year of age.
Definitions of Juvenile/Child under various national legislations:

- Child Labor (Prohibition and Regulation) Act, 1986.

Section 2 (ii), "Child" means a person who has not completed the age of 14 years.

- Child Marriage Restraint Act, 1929.

Section 2 (a), "Child" means a person who, if a male, has not completed twenty one years of age, and if a female, has not completed eighteen years of age.

- Immoral Traffic (Prevention) Act, 1956.

Section 2 (a), "Child" means a person who has not completed the age of sixteen years.
Juvenile delinquency: the regular committing of criminal acts by a young person.
Juvenile delinquency is also known as juvenile offending or youth crime, participating in illegal behaviour by minors (juveniles) younger than the statutory age of majority.
Juvenile delinquency: conduct by a juvenile characterizes by antisocial behaviour that is beyond Parental control and therefore subject to legal action.
2. A Violation of the law counted by a juvenile and not punishable by death or life imprisonment.
When a child, anybody under the age of majority commits a crime are sentenced to prisons, specifically designed for children who commit serious crimes. These are often called as Juvenile detention centers.

Classification of Juvenile Delinquents: On the basis of kinds of offences committed:

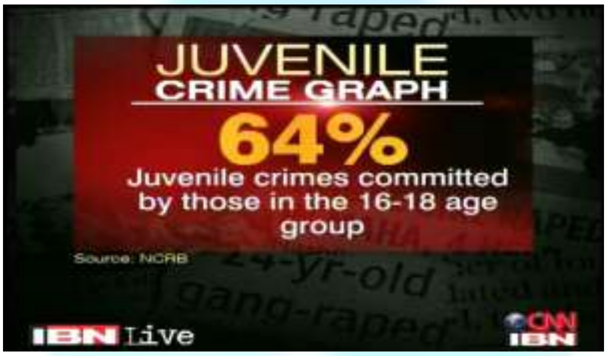
1. Incorrigibility (keeping late hours, disobedience0
2. Truancy (staying away from school)
3. Larceny (petty theft to armed robbery)
4. Destruction of property (both private and public property)
5. Violence (individual or community by using weapons)
6. Sex offences (homosexuality to rape)

CHILDREN/JUVENILES NEED CARE AND PROTECTION?(CCNP)

According to Section 2 (d) of Juvenile Justice Act, a child in needs of care and protection means:

- Child who is found without any home or settled place or abode and without any ostensible means of subsistence.
- Child who is found begging or who is either a street child or a working child.
- Child who resides with a person, whether a guardian of the child or not, and such person has threatened to kill or injure the child or abused and there is a reasonable likelihood of the threat being carried out or has killed, abused or neglected some other child or children and there is a reasonable likelihood of the child in question being killed, abused or neglected by that person.
- Child who is mentally or physically challenged or children suffering from terminal or incurable disease having no one to support or look after.
- Child who has a parent or guardian, such parent or guardian is unfit or incapacitated to exercise control over the child.
- Child who does not have parents and no one is willing to take care of or whose parents have abandoned him or who is missing or run away child and whose parents cannot be found after reasonable inquiry.
- Child, who is being grossly abused, tortured or exploited for the purpose of sexual abuse or illegal acts.
- Child who is found vulnerable and is likely to be inducted into drug abuse or trafficking.
- Child who is being or is likely to be abused for unconscionable gain.
- Child who is a victim of any armed conflict civil commotion or natural calamity.

FIG. 5



The term 'delinquency' is used to describe number of disapproved behaviours of children and youth, delinquent acts committed by juveniles include status offences like school truancy, underage smoking, repeated disregard or misuse of lawful parental authority, repeated running away from home, repeated use of beverages, they show absence of conscience and sense of responsibility to others, emotional poverty and moral insanity, habitual lying, early and aggressive sexual behaviour, excessive drinking, theft, vandalism and chronic rule violation at home, at school and in the society, dealing with drugs prostitution, inability to sustain a relationship with a sexual partner, repeated aggressiveness, recklessness that endangers others, failure to honour financial obligations.
(Source: Psychology, crime and Delinquency)

CHARACTERISTICS IF JUVENILE DELINQUENCY

1. The delinquency rates are much higher among boys than among girls.
2. The delinquency rates tend to be highest during early adolescence (12-16 years)
3. Juvenile delinquency is more an urban than a rural phenomenon.
4. Children living with parents and guardians are found to be more involved in the juvenile crimes.
5. Low educational background is the prime attribute for delinquency.
6. Poor economic background is another important characteristic of juvenile delinquency in India.

JUVENILE CRIMES IN INDIA

There has been spurt in the crimes by juveniles in urban areas; the children from well-to-do families are also increasingly stepping into the world of crime. The main factors are peer pressure, lavish life styles, too much freedom from Parents and even simple curiosity. There are increasing cases of juveniles involved in conflicts with the law, they are found largely involved in thefts, pick pocketing and burglaries, they are forming even their own gangs, of late chain snatching has increased in the urban areas, there has been largest number of cases involving juveniles in thefts followed by causing hurt, murders and burglaries besides rioting, The primary reasons are attributed to inadequacy in juvenile care and protection schemes. The very fact being that juveniles get only mild punishment, are not afraid of the punishment thereby repeat the crime.
In many societies, another way to attack the problem of Juvenile delinquency is by creating programs that help prevent children from committing crimes; these programs focus on avoiding drug use or gang involvement, or may focus on early education, therapeutic help for families, help to the impoverished or a variety of other things.

Influence of Peer Groups on Youth

Youth of today are more influenced by peers because of lack of close parental supervision and guidance, which may lead to minor or dangerous form of deviance and delinquency, the early adolescent peer group later involvement in serious gang delinquency, characterised by gangs, sex, drugs and crime.

Influence of Drugs of youth

Alcohol use is clearly associated with crimes of violence and sexual aggression, violent crimes are also committed by people acting under the influence of drugs other than alcohol, having delinquent friends and engaging in delinquency is likely to lead an adolescent into drug use, having strong bonds to delinquent peers increases the risk of both delinquency and drug use for all youths. In addition, as youth are more involved in delinquency and become more involved in drug use.

JUVENILE/CHILD IN CONFLICT WITH LAW? (JICL)

Section 2 (l) of the Juvenile Justice Act, 2000 has defined "juvenile in conflict with law" as a juvenile who is alleged to have committed an offence and has not completed eighteenth year of age as on the date of commission of such offence.

METHODS OF TREATING DELINQUENTS

- Psychotherapy
- Reality therapy
- Behavior therapy
- Activity therapy
- Milieu therapy.

WAY TO COMBAT CRIME

Causes of Crime are multiple and no single theory can explain all the causes, so the reasons for the person committing crime should be discovered only after investigating his personality and environment. The success of providing a Criminal with better amenities of life, besides sufficient food, bedding and clothing and recreational facilities, It is not just possible to say whether these measures have been responsible for the cure of the criminal behaviour, but it is recognized that definitely punishment and harsh treatment does not reform the criminal. Punishment is not a method because it is no longer viewed as a viable technique of treatment, though some do feel that pain serves as a deterrent to further criminal action. Restrictions and reprimands can be effective supplements to the major treatment approach utilized but punishment cannot become an end in itself.

CASE STUDY

It was, at the age of 5yrs that the mother of little Demoril (name changed) left the home to live with her lover,(Abroad) leaving the 2 little children (Aged 7 and 5yrs) and the father. The home had no care taker, the little children were shocked at their plight as there was no one to look after them at home and also to see that they go to school regularly, at this point the little Demoril started to hate to go school as the other children knew that the mother left home, Demoril started to bunk his school, made friends with ones who did not go to school, spend time with friends outside, as he grew up started stealing money from his dad's pocket, which was not noticed by anyone, stealing small amount increased to bigger things, by the time the father realized it was too late and it has become his habit, this amount that was stolen was spent on friends, developed bad habits like smoking and drinking alcohol.

At the age of 13, and his sister 15 yrs, the children were brought to her aunt's house, who looked after them like her own children, slowly the little Demoril was coming back on track because he was admitted into another school where nobody knew his home condition, made new friends and started to go school regularly. As he was growing, when he was in 10th standard (15yrs) the mother had returned home (nearly after 9 yrs)

In the feeling of guilt and shame the mother showed overly love to the children and started giving them lavishly whatever they wanted, at this stage the boy had all the liberty and started to deviate from his behaviour and started all the habits once again, this time his behaviour turned bad to worse, within a short span of time he started to take drugs, theft, going to pubs, started spending nights elsewhere outside, because of his behaviour and stealing outsiders, he was put in jail many a times.

The parents tried to correct him through various sources like counseling, by putting him in rehabilitation centers, taking him to religious centers; repeated admission to the rehabilitation centre nothing has really worked for him, and but the willingness to change by himself, and after years of struggle, now we find a little change in the behaviour.

CONCLUSION

The deviant behaviour that started when he was as young as 5 yrs (Juvenile) has continued in his adulthood (now 26yrears). The child missed all the pleasures of growing up years, child felt insure and cheated. The child disliked going to school, mingling with friends and relatives. Proper diagnosis of the deviant behaviour at the early stage or age and timely help and counseling would have helped the child, but the child's behaviour was ignored and not checked, instead pampered and made the situation worse.

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IMPACT OF INTEREST AND OPERATING EXPENSES ON THE PROFITABILITY OF PUNJAB NATIONAL BANK AND STATE BANK OF INDIA: A COMPARATIVE STUDY

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ABSTRACT

A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank links together customers that have capital deficits and customers with capital surpluses. So banks also accept deposit and lend money for the purpose of earning profits. In today's world running business without banking is impossible as every commercial organization run for profits. Banks also have to maintain the liquidity so that customers demand on time is met. Sometime there is contradiction between the profitability and liquidity of the banks. If banks want to increase liquidity their profitability reduces and if want to increase the profitability the liquidity suffers. So ever bank has to maintain the balance between the two. This paper aims at analyzing the profitability of PNB and SBI. A comparative study is made for 10 years by taking the data from 2004-2013 of both the banks. The main parameter of the study are interest earned , other income , total income, interest paid and operating expenses of the banks.

KEYWORDS
Profitability analysis, PNB, SBI.

INTRODUCTION OF THE BANK

Bank is an important organ of the modern trade and commerce. Banks in India are regulated by the Banking Regulation Act, 1949.Under Section 5(b) of the said Act "Banking" means, the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise. Any bank which transacts this business in India is called a banking company. However, any company which is engaged in the manufacturer of goods or carries on any trade and which accepts deposits of money from the public merely for the purpose of financing its business as manufacturer or trader shall not be deemed to transact the business of banking.

Section 6 of the Banking Regulation Act, 1949 specifies the forms of business in which a banking company may engage. These are : (i) borrowing, raising or taking up of money; lending or advancing of money; drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundies, promissory notes, etc.; (ii) acting as agents for any government or local authority or any other person; (iii) directing for public and private loans and negotiating and issuing the same; (iv) effecting, insuring, guaranteeing, under-writing, participating in managing and carrying out of any issue of shares, stock, debentures etc.; (v) carrying on and transacting every kind of guarantee and indemnity business; (vi) managing, selling and realizing property which may come into the possession of the banking company in satisfaction of its claim; (vii) acquiring and holding and generally dealing with any property or any right, title or interest in such property which may form the security for any loans and advances; (viii) underwriting and executing trusts; (ix) establishing and supporting or aiding in the establishment and support of institutions, funds, trusts etc. (x) acquisition, construction, maintenance and alteration of any building and works necessary for the purpose of the banking company; (xi) selling, improving, managing, developing, exchanging, leasing, mortgaging, depositing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;(xii) acquiring and undertaking whole or any part of the business of any person or company; (xiii) doing all such other things as are incidental or conductive to the promotion or advancement of the business of the banking company; (xiv) any other business which the Central Government may specify by notification in the Official Gazette. No banking company shall engage in any form of business other than those referred to above.

INTRODUCTION OF PNB AND SBI

Punjab National Bank (**PNB**) is an Indian financial services company based in New Delhi, India. Founded in 1895, the bank has over 5,800 branches and over 6,000 ATMs across 764 cities. It serves over 80 million customers. Punjab National Bank was registered on 19 May 1894 under the Indian Companies Act, with its office in Anarkali Bazaar, Lahore. Punjab National Bank, popularly called P. N. B., initially started its business on 12th April of the year 1895. With their mission to provide banking services to the un-banked, they aim to be the leading player in global banking. Over the time, they have become a known name, especially in the Indo-Genetic plains.

The State Bank of India, popularly known as SBI, is one of the leading banks in India. The bank traces its origin to the first decade of the 19th century. Later on, it was merged with the Imperial Bank. In the year 1955, the Government of India nationalized the Imperial Bank along with the Reserve Bank of India. Ever since that time, the bank acquired its present name that is SBI.

The State Bank of India is India's largest commercial bank. The bank has been striving sincerely to adhere to the efforts of providing utmost customer satisfaction to the best possible extent.

RESEARCH METHODOLOGY

The information of the banks has been collected from various sources. Data related to study basically collected from the website of the both banks. Profitability statement published by the banks has been used in the study. Information has also been collected from the annual report of the banks. The data collected has been classified and tabulated in such a manner so that eye catching results are derived. Mainly techniques are used for analysis of data are **arithmetic technique which contain the %age and statistical technique such as mean, standard deviation and coefficient of variation.** The main parameters of the study are interest earned by the banks, other income of banks, total income of the banks, interest paid by the banks and operating expenses of the banks.

NEED OF THE STUDY

Through this study the investors, depositors and creditors will get knowledge about the profitability of the Punjab National Bank and State Bank of India. They will also able to make comparison regarding the interest earned, interest expanded and profitability of the Punjab National Bank and State Bank of India.

REVIEW OF LITERATURE

Research on the profitability of PNB and SBI has focused on the interest earned , interest expanded(paid), other income and operating expenses of the both banks.

Using accounting decompositions, as well as panel regressions, Al-Haschimi (2007) studies the determinants of bank net interest rate margins in 10 SSA countries. He finds that credit risk and operating inefficiencies3 (which signal market power) explain most of the variation in net interest margins across the region.

Bourke (1989) notices a significant positive relation between capital adequacy and profitability. He shows that the higher the capital ratio is, the more profitable.

The studies of Berger (1995) and Anghazo (1997) conclude that banks which are well-capitalised are more profitable than the others in the USA.
Zacharias Thomas (1997) in his study of 'Performance Effectiveness of Nationalized Banks' concluded that five nationalized banks showed low performance, seven low priority performance & eleven low efficiency performance in comparison to syndicate bank.
Prashanta Athma (2000) evaluated the performance of public sector banks. In his study he analyzes the trend in studies.
Wahab (2001) has analyzed the performance of commercial banks under reforms. He concluded that reforms have produces positive effects on the performance of the banks.
Muniappan (2002) concluded in his studied that banks should have to lay down the sound risk management strategies to increase the profitability of the banks.
Ram Mohan TT (2003) in his paper ' Long run performance of public & private sector bank stock' concluded that PSBs performed significantly better than the private sector banks but not differently from foreign banks.
Singh (2003) analyzed profitability management of banks under the deregulation environment. He concluded that banks should prefer non-interest income sources.
Naceur (2003) in Tunisia and Jiang *et al.* (2003) in Hong Kong, implying that larger banks achieve a lower level of profits than smaller ones.
Subbaroo PS (2007) in his paper concluded that the Indian banking system has undergone transformation itself from domestic banking to international banking to increases the profitability.
Uppal and Kaur (2007) notified that the efficiency of all the bank groups has increases in the second reforms period. Reforms have increased the profitability of the banks.

STATEMENT OF THE PROBLEM

Today's era is the era of competition. If any institution wants to survive then it must prove itself best than others. PNB and SBI both are the government banks and it is essential to know the impact of interest and operationg expenses on the profitability of the both banks.

OBJECTIVES OF THE STUDY

The main objective of the study:
1. To know the impact of interest expanded & interest earned on the profit management of the both banks.
2. To know the impact of operating expenses on the total expenditure of the banks.

MEANING OF PROFITABLITY

Profitability is basically known as earning. Every organization whether big or small always wants to maximize the profits. Profitability shows the efficiency of the banks. Profitability of the banks directly linked with interest received and paid. Banks also performed other functions through which they earn income. Bank's efficiency to collect the debt also reflects in the profitability of the banks. Profitability is compulsory for the smooth running of the banks. So management of all the parameters who affect the profitability of the banks is compulsory.

INCOME SOURCE OF BANKS

PNB & SBI both basically both perform the banking activity. The amount of income of PNB & SBI mainly contain interest on bill discounted, interest on advances, income from investment, interest received from housing loan, interest on balance with RBI, interest on overdraft limit, interest on other loan & advances etc. However PNB & SBI also receive income from other sources like brokerage, commission, locker rent, advisiory commission, profit (loss) on sale of the assets etc. The detailed analysis of source of income of the both banks has been discussed as follow:

FIGURE-1 DIFFERENT SOURCES OF INCOME OF BANKS

INTEREST EARNED

Interest earned is the major source of revenue of the banks. Banks advances loans to individual & institutions and charge interest for the same. Interest earned divided into following heads as per schedule 13:
(i) Interest on advances and discount on bill
(ii) Income on investment
(iii) Interest on balance with RBI
(iv) Other

TABLE-1 INTEREST EARNED TO TOTAL INCOME State Bank of India (incrores)

Year	Interest earned	Total income	%of int earned to total income	Interest earned	Total income	% of int earned to total income
Mar 2004	7779.7	9764.38	79.67	30460.49	38073.16	80.05
Mar 2005	8459.85	10314.39	82.01	32428	39547.90	81.99
Mar 2006	9584.15	11062.38	86.64	35794.93	43183.62	82.89
Mar 2007	11537.48	12881.12	89.56	39491.03	46937.79	84.13
Mar 2008	14265.02	16262.58	87.71	48950.31	58348.74	83.89
Mar 2009	19326.16	22245.85	86.87	63788.43	76479.78	83.40
Mar 2010	21466.91	25032.22	85.75	70993.92	85962.07	82.58
Mar 2011	26986.48	30599.066	88.19	81394.36	96324.78	84.49
Mar 2012	36428.03	40630.63	89.65	106521.45	120872.90	88.12
Mar 2013	41893.33	46109.25	90.85	119657.10	135691.94	88.18

(Source: Annual report of PNB & SBI.www.moneycontrol.com)

Table-1 reveals the %age of total income to interest earned of the PNB & SBI. The given %age of PNB initially increases from the period of march 2004 to march 2007 but from the period of march 2008 to march 2010 decreases from 87.71 to 85.71. again from the year of march 2011 to march 2013 increases from 88.19 to 90.85. In case of SBI initially % increases from the march 2004 to march 2007 from 80.05 to 84.13 & start decline from the year of March 2008-10. This %age again starts increases from the period of mar 2011 to march 2013.

Descriptive Statistics (Punjab National Bank)			
	Mean	Std. Deviation	N
int_earned	19772.7110	11998.16291	10
total_income	22490.1866	13043.17440	10

(With the use of SPSS)

C.V (Int earn). = S.D./ MEAN

= 11998.16291/ 19772.711

=.6068

C.V. (total income) = S.D./ MEAN

= 13043.17440/ 22490.1866

=.5799

Descriptive Statistics (STATE BANK OF INDIA)			
	N	Mean	Std. Deviation
int_earn	10	62948.0020	31606.33129
total_income	10	74142.2680	35047.67784

(With the use of SPSS)

C.V (Int earn). = S.D./ MEAN

=31606.33129/ 62948.002

=.5021

C.V. (total income) = S.D./ MEAN

=35047.67784/74142.2680

=.4727

From the above calculations we can conclude that average of interest earned & total income of SBI is greater than the average of interest earned & total income of the PNB. If we see the C.V. of the both banks then there is more uniformity in SBI bank in the case of interest earned & total income. Because we know that higher the C.V. higher will be the variability & lower the uniformity. The C.V. of interest earned and total income in case of SBI is lesser as compare to the C.V. of the PNB. So from the above discussion we can say that the performance of the SBI is better than the PNB in case of interest earned and total income.

OTHER INCOME

Non – interest income of the bank is known as other income. It is contain under schedule-14 of profit & loss account of banking company. It include the following:

1. Commission & Brokerage
2. Profit on sale of investment less loss on sale of investment
3. Profit on revaluation of investment less loss on revaluation of investment.
4. Profit on sale of land, building & other assets less loss on sale of land , building & other assets.
5. Profit on exchange transaction less loss on sale of transaction.
6. Income by way of dividend.

TABLE-2 OTHER INCOME TO TOTAL INCOME (Amount in crores)

Yr	Punjab National bank			State Bank of India		
	Other Income	Total Income	% age	Other Income	Total Income	% age
Mar04	1984.68	9764.38	20.32	7612.67	38073.16	19.99
Mar05	1854.54	10314.39	17.98	7119.90	39547.90	18.00
Mar06	1478.23	11062.38	13.36	7388.69	43183.62	17.11
Mar07	1343.64	12881.12	10.43	7446.76	46937.79	15.86
Mar08	1997.56	16262.58	12.28	9398.43	58348.74	16.11
Mar09	2919.69	22245.85	13.12	12691.35	76479.78	16.59
Mar10	3565.31	25032.22	14.24	14968.15	85962.07	17.41
Mar11	3612.58	30599.06	11.81	14930.42	96324.78	15.50
Mar12	4202.60	40630.63	10.94	14351.45	120872.90	11.87
Mar13	4215.92	46109.25	9.14	16034.84	135691.94	11.82

(Source: Annual report of PNB & SBI. www.moneycontrol.com)

Table-2 reveals the % of other income on the total income. This % of PNB & SBI fluctuate every year. The other income of PNB is 20.32% in march 2004 & 9.14% in march 2013 whereas in case of SBI other income is 19.99% in march 2004 &11.82% in march 2013.

Descriptive Statistics (PUNJAB NATIONAL BANK)			
	N	Mean	Std. Deviation
other_income	10	2717.4750	1117.28517
total_income	10	22490.1860	13043.17399

(From the use of SPSS)
C.V (other income). = S.D./ MEAN
= 1117.28517/ 2717.4750
= .411
C.V. (total income) = S.D./ MEAN
= 13043.17440/ 22490.1860
=.5799

Descriptive Statistics (STATE BANK OF INDIA)			
	N	Mean	Std. Deviation
other_income	10	11194.2660	3727.09002
total_income	10	74142.2680	35047.67784

(From the use of SPSS)
C.V (other income). = S.D./ MEAN
= 3727.09002/11194.2660
= .3329
C.V. (total income) = S.D./ MEAN
=35047.67784/74142.2680
=.4727

From the above discussion we can conclude that average other income of the SBI is greater than the average other income of the PNB. C.V. of other income of SBI is .3329 as compare to the C.V. of the PNB which is .411. So we can conclude that the performance of the SBI is better than the PNB in case of other income also.

Interest Expanded: Banks pay interest on their deposits. This interest is expenditure for the banks. Customers may open various types of accounts with the banks & receive interest on their deposit from the banks at the different rates. Banks use the deposits made by people who keep their savings or checking accounts with them. Banks convince people to make deposits by paying interest rates. Banks are paying depositors for the right of using their money. Banks then use that money to make loans. Banks charge borrowers a little higher interest rate than they pay depositors for that same money so they can profit for providing these services. Banks want to charge as much interest as possible on loans, and pay as little as possible on deposits, so they can be more profitable. At the same time, banks are competing with each other for those same deposits and loans. This competition keeps interest rates in a similar range.

TABLE-3: % AGE OF INTEREST EXPENDED ON TOTAL EXPENDITURE (amount in crores)

Yr	Punjab National bank			State Bank of India		
	Interest Expended	Total Exp	% age	Interest Expended	Total Exp	% age
Mar04	4154.99	8655.68	48.00	19274.18	33694.45	57.20
Mar05	4453.11	8904.27	50.01	18483.38	35243.40	52.44
Mar06	4917.39	9623.07	51.10	20159.29	3876.93	51.98
Mar07	6022.91	11341.04	53.10	23436.82	42396.4	55.28
Mar08	8730.86	14213.80	61.42	31929.08	51619.62	61.85
Mar09	12295.30	19154.96	64.18	42915.29	67358.55	63.71
Mar10	12944.02	21126.87	61.26	47322.48	76796.02	61.62
Mar11	15179.14	26165.56	58.01	48867.96	88954.45	54.93
Mar12	23013.59	35746.43	64.38	63230.37	109165.61	57.92
Mar13	27036.82	41361.57	65.36	75325.80	121586.96	61.95

(Source: Annual report of PNB & SBI . www.moneycontrol.com)

Table-3 Reveals the % of interest expanded on the total expanded. In the year march 2004 interest expanded is 48% of total expenditure in case of PNB & 57.20% in case of SBI. This %age increase year by year in both of the banks. In March 2013 this %age increased to 65.36% in case of PNB & 61.95% in case of SBI. If we calculate the average of %age of interest payable then we finds average %age of of interest expanded is 57.62 in case of PNB & 57.88% in case of SBI. So from this %age we can say that SBI pays more interest as compare to the PNB.

Descriptive Statistics (PUNJAB NATIONAL BANK)			
	N	Mean	Std. Deviation
interest_expanded	10	11874.8130	7981.99144
total_expenditure	10	19629.3250	11599.03246

(From the use of SPSS)
C.V. (Interest expanded) = S.D./ MEAN
=7981.99144/ 11874.8130
= .672
C.V. (Total expenditure) = S.D./ MEAN
=11599.03246/19629.3250
=.590

Descriptive Statistics(STATE BANK OF INDIA)			
	N	Mean	Std. Deviation
interest expanded	10	39094.4650	19848.81090
total expenditure	10	63069.2390	36705.14796

(From the use od SPSS)

C.V. (Interest expanded) = S.D./ MEAN
=19848.81090 / 39094.4650
=.507
C.V. (Total expenditure) = S.D./ MEAN
= 36705.14796 / 63069.2390
=.582

From the above analysis we can conclude that the average interest expanded of the SBI is greater than the PNB. The average of total expenditure of SBI is greater than that of PNB. Coefficient of variation of SBI is .507 in case of interest expanded and .582 in case of total expenditure and in the case of PNB coefficient of variation is .672 in case of interest expanded and .590 in case of total expenditure. So from this data we can analyze that SBI is more uniform in case of interest expanded as compare to the PNB.

OPERATING EXPENSES

An expense incurred in carrying out an organization's day-to-day activities, but not directly associated with production. Operating expenses include such things as payroll, sales commissions, employee benefits and pension contributions, transportation and travel, amortization and depreciation, rent, repairs, and taxes. These expenses are usually subdivided into selling expenses and administrative and general expenses. Similarly in case of banks, some operating expenses are paid and all the operating expenses shown in the schedule-16 of profit & loss account of banks. Theses operating expenses include salary paid to employees, depreciation on the assets of the banks etc.

TABLE-4 %AGE OF OPERATING EXPENDITURE ON TOTAL EXPENDITURE (amount in crores)

r	Punjab National bank			State Bank of India		
	Operating Exp	Total Exp	% age	Operating Exp	Total Exp	% age
Mar04	3611.26	8655.68	41.72	12938.86	33694.45	38.40
Mar05	3257.26	8904.27	36.58	11278.18	35243.40	32.00
Mar06	3263.15	9623.07	33.91	11872.89	38776.93	30.62
Mar07	3926.05	11341.04	34.62	13251.78	42396.48	31.26
Mar08	3902.55	14213.80	27.45	14609.55	51619.62	28.30
Mar09	5026.81	19154.96	26.24	18123.66	67358.55	26.90
Mar10	5761.36	21126.87	27.27	24941.01	76796.02	32.47
Mar11	6364.22	26165.56	24.32	23015.44	88954.45	25.87
Mar12	7002.75	35746.43	19.59	26068.99	109165.61	23.88
Mar13	8165.05	41361.57	19.74	29284.42	121586.96	24.08

(Source: Annual report of PNB & SBI.www.moneycontrol.com)

Table-4 reveals the %age of operating expenses on total expenditure. This %age decreases year by year in case of PNB & SBI. In case of PNB the operating expenses are 41.72% on total expenditure in the year of the Year of March 2004 as against of 19.74% in the year of March 2013. But in case of SBI the operating expenses are 38.40 in the year March 04 as against 24.08% in the year of March 2013. The average of the %age of operating expenses is 29.144 in case of PNB but in case of SBI the average of the %age of operating expenses is 29.378. So from the discussion we can say that the operating expenses are more in case of SBI.

Descriptive Statistics(PUNJAB NATIONAL BANK)			
	N	Mean	Std. Deviation
Operating_exp	10	5028.0460	1725.69863
Total_expenditure	10	19629.3250	11599.03246

(From the use of SPSS)
C.V.(Operating expenditure) = S.D./ MEAN
= 1725.69863/5028.0460
= .343
C.V.(total expenditure) = S.D./ MEAN
= 11599.03246 / 19629.3250
=.591

Descriptive Statistics(STATE BANK OF INDIA)			
	N	Mean	Std. Deviation
Operating expenses	10	18538.4780	6710.48038
Total expenditure	10	66559.2470	31780.48484

(From the use of SPSS)
C.V. (Operating expenditure) = S.D./ MEAN
= 6710.48038 / 18538.4780
= .362
C.V. (total expenditure) = S.D./ MEAN
= 31780.48484 / 66559.2470
=.477

From the above discussion we can say that SBI's operating expenses are 18538.4780 on average and total expenses are 66559.2470 as on average basis. In case of PNB operating expenses are 5028.0460 on average basis and total expenditure are 19629.3250 on average basis. So we can conclude that on average basis SBI incurred more operating expenses as compare to PNB. C.V. is 0.362 in case of SBI C.V. is .343. So SBI has more variation in case of operating expenses as compare to PNB.

ANALYSIS AND FINDINGS

1. Average of interest earned & total income of SBI is greater than the average of interest earned & total income of the PNB. If we see the C.V. of the both banks then there is more uniformity in SBI bank in the case of interest earned & total income.
2. The C.V. of interest earned and total income in case of SBI is lesser as compare to the C.V. of the PNB. So we can say that the performance of the SBI is better than the PNB in case of interest earned and total income.
3. Average other income of the SBI is greater than the average other income of the PNB. C.V. of other income of SBI is .3329 as compare to the C.V. of the PNB which is .411. So we can conclude that the performance of the SBI is better than the PNB in case of other income also.
4. The average of total expenditure of SBI is greater than that of PNB. Coefficient of variation of SBI is .507 in case of interest expanded and .582 in case of total expenditure and in the case of PNB coefficient of variation is .672 in case of interest expanded and .590 in case of total expenditure. So from this data we can analyze that SBI is more uniform in case of interest expanded as compare to the PNB.

5. SBI's operating expenses are 18538.4780 on average and total expenses are 66559.2470 as on average basis. In case of PNB operating expenses are 5028.0460 on average basis and total expenditure are 19629.3250 on average basis. So we can conclude that on average basis SBI incurred more operating expenses as compare to PNB. C.V. is 0.362 in case of SBI C.V. is .343. So SBI has more variation in case of operating expenses as compare to PNB.

CONCLUSION

On the basis of comparative study of PNB and SBI which is based on the parameter of interest earned, total income, operating expenses and total expenses, it can conclude that the study of last 10 years i.e. from 2004-2013 that SBI has performed better than PNB. Interest earned of SBI shows more uniformity as compare to the PNB. The average of the interest earned and total income also higher in case of SBI as compare to PNB. So according to the object of the study I conclude that average of the interest earned and other income of the SBI is higher than the PNB. As all we know that interest earned and other income has more impact on the profitability of the banks. So SBI performed well as compare to PNB.

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WORKING OF DCCBS IN INDIA: A STUDY

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ABSTRACT

A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Cooperative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts etc.). Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. Present paper attempts to examine the growth of DCCBs in India through selective indicators, it analyzes the Deposits, Credits and C/D Ratios of DCCBs. This paper also studies the growth of investment, working Capital and Cost of Management position in DCCBs. To achieve the objectives of the paper data has been collected from various secondary sources and analyzed by using various statistical tools.

KEYWORDS
Credit, Deposit, Cooperative Bank, District Central Cooperative Banks, (DCCBs), Interest.

INTRODUCTION OF CO-OPERATIVE BANKS
A co-operative bank is a financial entity which belongs to its members, who are at the same time the owners and the customers of their bank. Co-operative banks are often created by persons belonging to the same local or professional community or sharing a common interest. Co-operative banks generally provide their members with a wide range of banking and financial services (loans, deposits, banking accounts etc.). Co-operative banks differ from stockholder banks by their organization, their goals, their values and their governance. In most countries, they are supervised and controlled by banking authorities and have to respect prudential banking regulations, which put them at a level playing field with stockholder banks. Depending on countries, this control and supervision can be implemented directly by state entities or delegated to a co-operative federation or central body. Co-operative banking is retail and commercial banking organized on a co-operative basis. Co-operative banking institutions take deposits and lend money in most parts of the world. Cooperative banking, includes retail banking, as carried out by credit unions, mutual savings and loan associations, building societies and co-operatives, as well as commercial banking services provided by manual organizations (such as co-operative federations) to co-operative businesses.

The structure of commercial banking is of branch-banking type; while the co-operative banking structure is a three tier federal one as follows,

1. A State Co-operative Bank works at the apex level (i.e. works at state level).
2. The Central Co-operative Bank works at the Intermediate Level. (ie. District Co-operative Banks ltd. works at district level)
3. Primary co-operative credit societies at base level (At village level)

OBJECTIVES OF THE STUDY
Following are the Objectives of study:

1) To examine the growth of DCCBs in India through selective indicators
2) To analyze the Deposits, Credits and C/D Ratios of DCCBs.
3) To study the growth of investment by DCCBs in India.
4) To understands the working Capital and Cost of Management position in DCCBs.

RESEARCH METHODOLOGY
Methodology describes the research route to be followed, the instruments to be used, universe and sample of the study for the data to be collected.

SAMPLE OF THE STUDY

This paper is an attempt to study the financial performance of the DCCBs. These banks were purposely selected for the study, keeping in view they role and involvement in shaping the economic condition, especially in terms of Number of banks, Branch offices, Membership, Employees, Deposits, Credits, CD Ratios, Working Capital, Cost of Management and Investments.

LIMITATIONS OF THE STUDY

The present paper studies only the average performance of the District Central Cooperative Banks in India. However, the results may not be proved similar in case of individual bank's study. The present study considers the performance of DCCBs only 11 years period from 2001-02 to 2011-12.

DATA IN TOOLS

The present study is mainly based on secondary sources drawn from National Federation of State Cooperative Banks Ltd (NFSCOB) reports, RBI bulletin and other web sites, papers, books and journals relating to Co-operative banking sector. Data were collected for period of 11 years from 2001-02 to 2011-12. For analysis of the data, statistical tool (Trend analysis) has been used to arrive at conclusion in a scientific way.

ANALYSIS OF THE STUDY
The establishment of central cooperative banks (DCCBs) at the district level was to serve as a link between the ultimate credit disbursing outlets, viz., Primary Agricultural Credit Societies (PACS) at the base level, District Central Cooperative Banks (DCCB) at the intermediate level and State Cooperative Banks (SCB) at the apex level. The details of growth of DCCBs in India are depicted in table-1.

TABLE -1: GROWTH OF DCCBS IN INDIA

Year	No. of DCCBs	No. of offices	Total Membership
2001-02	371	13068	1837433
2002-03	366 (-1.35)	12956 (0.86)	2183731 (18.85)
2003-04	368 (-0.81)	12933 (-1.03)	2149071 (16.96)
2004-05	368 (0.00)	12858 (-1.61)	2145876 (16.78)
2005-06	370 (-0.27)	12991 (-0.59)	2267850 (23.42)
2006-07	371 (0.00)	12928 (-1.07)	3264849 (77.68)
2007-08	372 (0.27)	13151 (0.63)	3396881 (84.87)
2008-09	373 (0.54)	13233 (1.26)	3528802 (92.05)
2009-10	372 (0.27)	13181 (0.86)	3975660 (116.37)
2010-11	371 (0.00)	13327 (1.98)	3146070 (71.22)
2011-12	371(0.00)	13495 (3.26)	3659385 (99.16)

Source; NAFSCOB Reports, Base Year; 2001-02.

INTERPRETATION

The above table reveals that, the growth of DCCBs in terms of number of banks, Offices and Membership. In terms of number of banks they have negative growth from 2002 to 06 and there is a fluctuating from 2007 to 2012. Similarly number of offices also have decreased growth up to 2006-07, from 2008-09 there is a positive fluctuating growth. In case of membership in DCCBs have been increased to 116.37% with the membership of 3146070 (thousands) in 2009-10 when compare to 2001-02 with the membership of 1837433 (thousands). There is a decrease in membership in 2011-12 with 3659385 (thousands) with a percentage of 99.16.

TABLE – 2: TREND OF CAPITAL, RESERVES AND BORROWINGS OF DCCBS IN INDIA (RS. IN LAKHS)

Year	Capital	Reserves	Borrowings
2001-02	338800	792982	1827605
2002-03	357680 (5.57)	967591 (22.02)	1923847 (5.27)
2003-04	381003 (12.46)	1120824 (41.34)	2112810 (15.6)
2004-05	411547 (21.47)	1267286 (59.81)	2155710 (17.95)
2005-06	451147 (33.16)	1408294 (77.59)	2320213 (28.36)
2006-07	505813 (50.47)	1550512 (95.52)	2794060 (52.88)
2007-08	582923 (72.05)	1643573 (107.26)	3053334 (67.07)
2008-09	607141 (79.2)	1780801 (114.57)	2847764 (55.82)
2009-10	777653 (129.53)	2013296 (153.88)	3035483 (66.09)
2010-11	725768 (114.22)	2069202 (160.94)	3910116 (113.95)
2011-12	818892 (141.70)	2292034 (189.04)	5048131 (176.22)

Source; NAFSCOB Reports, Base Year; 2001-02

INTERPRETATION

The above table analyzed the funds of DCCBs and their trend in terms of Capital, Reserves and Borrowings. The amount of capital is 338800 Lakhs in 2001-02, it has been gradually increased and reached 818892 Lakhs in 2011-12 with a percentage of 141.70 (241.70-100). In case of reserves, they are 792982 lakhs in 2001-02 where as in 2011-12 it was recorded 2292034 lakhs with 189.04% (289.04-100) growth trend. The borrowings are collected by the banks to meet the short term and long term credit needs. The borrowings of DCCBs in India during the year 2001-02 are 1827605 lakhs, the growth of borrowings have fluctuating growth according to the credit needs of the bank, finally the borrowings are recorded 5048131 lakhs in the year 2011-12 with 176.22% (276.22-100) growth.

TABLE – 3: DEPOSITS, CREDITS AND C.D RATIOS OF DCCBS IN INDIA (RS.IN LAKHS)

Year	Deposits	Loan outstanding	C/D Ratio (%)
2001-02	6679721	5050214	75.6
2002-03	7239443 (8.37)	5282006 (4.59)	72.96
2003-04	7688452 (15.10)	5485187 (8.61)	71.34
2004-05	8049350 (20.50)	6155483 (21.89)	76.47
2005-06	8665222 (29.72)	6548656 (29.67)	75.57
2006-07	9218136 (38.00)	8545975 (69.22)	92.71
2007-08	10599372 (58.68)	9597423 (90.04)	90.55
2008-09	12372182 (85.22)	9720682 (92.48)	78.67
2009-10	14630314 (119.03)	10499715 (107.91)	71.76
2010-11	16130882 (141.49)	12279548 (143.15)	76.12
2011-12	17682238 (164.72)	14476115 (186.64)	81.87

Source; NAFSCOB Reports, Base Year; 2001-02

INTERPRETATION

The above table has been depicted that during the 2001-02 the Deposits are registered Rs. 6679721 Lakhs it has been increased to Rs.17682238 Lakhs in 2011-12. The mobilization of deposits have been increased gradually during the study period, Whereas credit deployment of DCCBs in India is just Rs.5050214 Lakhs in 2001-02, it has been increased to an amount of 14476115 Lakhs in the year 2011-12. These banks are Service oriented institutions which supply Credits to industry, trade and commerce, agriculture in the form of loans and advances for their smooth functioning. While, the proportion of the Credit deployed to the deposit mobilized, popularly known as C/D Ration, is one of the Parameter to assess the performance of a bank. The C/D Ratio of a bank in general, indicates the extent to which the depositor's money is invested in credit. The Credit Deposit Ratio of DCCBs from 2002 to 2011 is shown a fluctuating trend. The highest C/D Ratio of the banks estimated with 92.71% in 2006-07 and the lowest C/D Ratio 71.76% is recorded in the year 2009-10.

TABLE – 4: COST OF MANAGEMENT PER EMPLOYEE AND PERCENTAGE OF COST OF MGT TO WORKING (RS. IN LAKHS)

Year	Working Capital	Cost of Mgt.	No. of Employees	Cost of Mgt. per Empl.	Cost of Mgt. to WC
2001-02	10202039	289834	113088	2.56	2.84
2002-03	10909239	323702	110078	2.94	2.96
2003-04	11890531	334579	110058	3.04	2.81
2004-05	12263289	368012	109124	3.37	3.00
2005-06	13124185	301304	105885	2.84	2.29
2006-07	14608363	377984	91768	4.12	2.59
2007-08	16813752	374876	90035	4.16	2.23
2008-09	18403787	422724	89259	4.74	2.30
2009-10	20691844	443737	87554	5.07	2.14
2010-11	23543070	530745	87928	6.04	2.25
2011-12	25730623	586488	85996	6.82	2.28

Source; NAFSCOB Reports

INTERPRETATION

Cost of Management of District Central Co-operative Banks includes salaries and other operating expenses. It is a parameter of the bank to measure the efficiency, the cost of management per employee decreases it is good sign, the bank is utilizing its resources effectively. If it is increases we can say that the bank is not properly utilizing its resources and the performance that bank not good. The Cost of management of DCCBs is shown in **table no.4** it revealed that the cost management per employee has been increasing constantly year by year from Rs.2.56 lakhs (2001-02) to 6.82 lakhs (2011-12). With regards to the percentage of cost management to working capital, it has been fluctuating from 2.14% to 3% during the study period. The lowest percentage was recorded in the year 2009-10 with 2.14% and the highest percentage was recorded in the year 2004-05 with 3%.

TABLE – 5: GROWTH OF INVESTMENTS BY INDIAN DCCBS (RS.IN LAKHS)

Year	Investments
2001-02	2831959
2002-03	3113877 (9.95)
2003-04	3567729 (25.98)
2004-05	3478322 (22.82)
2005-06	3712739 (31.10)
2006-07	4079112 (44.04)
2007-08	4824662 (70.36)
2008-09	6104124 (115.54)
2009-10	7562446 (167.03)
2010-11	7562446 (167.03)
2011-12	9021018 (218.54)

Source; NAFSCOB Reports,Base Year; 2001-02

INTERPRETATION

The District Central Co-operative Banks have been investing it's funds in different investment avenues. The details of investment by DCCBs are investment in Govt Securities,Other trustee securities, purchasing the Debentures of Land Development Banks, fixed deposits and other investments. The table- 5 depicted growth pattern of investment by DCCBs, the investment in 2001-02 is Rs.2831959 lakhs and it has been increased gradually year by year and recorded Rs.9021018 lakhs in the year 2011-12 with a growth rate 218.54 (318.54-100.00).

CONCLUSIONS

The financial performance of the District Central Co-operative banks in India is analyzed using trend analysis. From the above analysis, it is concluded that the growth of No.of DCCBs and their branches have negative trend up to certain period later there is negligible positive trend where as the membership in cooperatives have been increasing. The capital, reserves, and borrowings increased almost double during the study period, with a nominal percentage of variation. The cooperative banks have been maintaining on an average 78.15% of C/D ratio. The cost of management per employee has been increasing during the study period due to decrease in number of employees, the management of DCCBs have to concentrate on cost of management. The DCCBs have been showing maximum growth in investment. It is suggested that government should formulate specific policies and they should be implemented for the upliftment of District Central Cooperative Banks in India. DCCBs should try to upgrade technology and should formulate customer friendly policies to face competition with commercial banks.

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LIFE INSURANCE CORPORATION IN POST PRIVATIZATION ERA

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ABSTRACT
In India, when life insurance companies started operating in the middle of 20th century the evil play natural to all business had its sway. There was a lot of cut throat competition as well as profiteering. The avowed social objection of insurance had been totally relegated to background. As a result, Life Insurance Corporation of India (LIC) came into existence on Last September, 1956 after nationalization of all the 245 companies engaged in life insurance business. From its very inception the Corporation has made impressive growth always striving for further improvement-fire. Marine, Motor, Engineering Liability and other Miscellaneous classes, Deliberations on details pertaining to the Business Interruption insurance, Familiarization with the concepts of "All Risks" insurance and specific applications to Industrial All Risks and Mega Risks insurance packages, However, Government made a paradigm shift in the economic policy by adopting the process of liberalization, privatization and globalization at the end of previous decade.

KEYWORDS
Life Insurance Corporation, Insurance industry.

INTRODUCTION
In India, when life insurance companies started operating in the middle of 20th century the evil play natural to all business had its sway. There was a lot of cut throat competition as well as profiteering. The avowed social objection of insurance had been totally relegated to background. As a result, Life Insurance Corporation of India (LIC) came into existence on Last September, 1956 after nationalization of all the 245 companies engaged in life insurance business. From its very inception the Corporation has made impressive growth always striving for further improvement-fire. Marine, Motor, Engineering Liability and other Miscellaneous classes, Deliberations on details pertaining to the Business Interruption insurance, Familiarization with the concepts of "All Risks" insurance and specific applications to Industrial All Risks and Mega Risks insurance packages, However, Government made a paradigm shift in the economic policy by adopting the process of liberalization, privatization and globalization at the end of previous decade.

The LIC was founded in 1956 when the Parliament of India passed the Life Insurance of India Act that nationalized the private insurance in India, Over 245 insurance companies and provident societies were merged to create the state owned Life Insurance Corporation. LIC's slogan is Sanskrit "yogakshemam vahamyaham" which translates in English as "Your welfare is our responsibilities". This is derived from the Ancient Hindu text, the Bhagavad Gita's 9th Chapter, 22nd verse. The slogan can be seen in the logo, written in Devanagiri script.

Consequently a committee was set up under the chairmanship of Mr. Malhotra, Ex-Governer of RBI for undertaking various reforms in the insurance sector in the light of new economic policy. The Committee which submitted its report in 7993 recommended the establishment of a special regulatory agency along the lines of SEBI and opening of insurance industry for private sector. This was aggressively opposed by the various trade unions of then operating insurance companies which led to some delay in implementation of Malhotra Committee's recommendations.

The setting up of the Insurance Regulatory and Development Authority (IRDA) was a clear signal of the end of the monopoly in the insurance sector. It has become imperative for LIC to face the competition posed by the entry of new private players. If under this pressure, Life Insurance Corporation of India improves its performance, the whole economy will be benefited. The insurance industry has undergone a drastic change since liberalization, privatization and globalization of the Indian economy in general and the insurance sector in particular. For almost four decades, LIC has been sole player with virtual monopoly in the life insurance sector. The entry of so many companies in this sector was likely to affect the performance of Life Insurance Corporation. Thus the, LIC, public sector giant, which never faced competition earlier, now has to complete with the private players who boast of the rich and long experience of their partners from the developed countries of the world. It becomes imperative at this instance to appraise the performance of Life Insurance Corporation of India, succeeding sectoral reforms. And for evaluating the performance of LIC in progression, key determinants are identified and listed. The present paper is an attempt to examine the performance of LIC of India in this competitive age.

The nationalization of insurance business in the country resulted in the establishment of Life Insurance Corporation of India (LIC) in 1956 as a wholly owned corporation of the government of India.

Following are the objectives of LIC:

(i) Spreading life insurance much more widely and in particular to the rural areas and to the socially and economically backward classes, with a view to reach all insurable persons in the country and provide them adequate financial coverage against death at a reasonable cost,

(ii) Maximizing mobilization of people savings by making insurance linked savings adequately attractive,

(iii) Investing funds to the best advantage of the investors as well as the community as a whole, keeping in view national priorities and obligations of attractive return.

(iv) Meeting the various life insurance needs of the community that would arise in the changing social and economic environment through its Family Schemes and Group Insurance Schemes.

(v) The above objectives are framed by the LIC at the time of its establishment and it is trying to materialize over the subsequent years. However, the Indian Life Insurance Industry is facing several challenges and issues throughout its career and established strategies to overcome these challenges and issues from time to time. Since the date of its establishment, it has earmarked a steady growth; but many factors affected its abnormal growth and progress."

OBJECTIVES OF THE STUDY
Below mentioned are some of the objectives of the study:

1. To understand the importance of Life Insurance in human life.
2. To know the working of LIC (Life Insurance Corporation).
3. To identify major attributes for the success of plans.
4. To evaluate the operating efficiency of LIC of India.
5. To measure the performance of LIC of India.
6. To evaluate the growth of LIC during the period of the study.

REVIEW OF THE LITERATURE
In order to find out the gaps in research, the literature already available pertaining to the problem is to be reviewed. The literature on life insurance industry in India includes books, compendia, thesis, dissertations, study reports and articles published by academicians and researchers in different periodicals. The review

of this literature gives an idea to concentrate on the unexplored area and to make the present study more distinct from other studies. The literature available is presented below:

1. Mishra, K.C. and Simita Mishra (2000) in their article on "Insurance Industry: Recipe for a Learning Organization" say that like any other industry, insurance industry in India suffers from one challenge repeatable a hundred times, that is the constraints of infrastructure.
2. Balasubramanian, T.s. and Gupta, s.P. (2000) in their book on "Insurance Business Environment" explain at length the global and Indian pictures of Insurance systems. The impact of globalization and also liberalization on insurance business environment is also discussed analytically to have a clear understanding of the challenges faced by the insurance industry.
3. Mitra, Debabrata (2000) in the thesis entitled "Employees and the PSU: A study of their Relationship with Special reference to Jalpaiguri Division of the Life Insurance Corporation of India" opines that the State owned Undertakings provide all sorts of facilities and amenities to employee along with usual emoluments. But, their productive rate is low when compared it with the private sector undertakings. In the jalpaiguri Division, the employee relationship with the LIC is clear and some suggestions are also given in the thesis.
4. Wadikar Ashok Laxaman (2001) in his thesis on "Innovativeness in the Insurance Industries", Ph. D. Thesis submitted to the Department Of Management, University of Pune, Pune, 2001, confirms a general opinion that innovativeness in every activity alone rules and dominates the industry. But, at the same time, the practical and economic justification of that innovativeness is also to be analysed.
5. Balachand Wran, S. (2001) in his book on "Customer Driven Services Management" concludes that the insurance industry is fast growing and mostly becoming a customer driven and customer centric one. He also advocates that when the insurance products are attractive to the customers, then only the insurance industry flourishes in the market and serves its purpose of profit-earning and also income generation.

RESEARCH METHODOLOGY

Data Collection: The present study covers secondary data. Data and information have been extracted from Annual Reports, LIC of India. The researcher has collected 5 years Balance Sheets and Profit & Loss Accounts of the sampled unit. It is also supported by various published journals and literature of the LIC.

Sampling: The Insurance now a days has so many Life Insurance institutions in India; the researcher has selected LIC of India as a sample.

Period of the Study: The period of the study covers from 2005 to 2010 i.e. of 5 years.

Tools & Techniques of the Study: The researcher has used the tools as per the need and type of the study. The information so collected has been classified, tabulated and analysed as per the objectives of the study.

Significance of the study: Life insurance is a very significant factor in human life. The present study gives the perfect knowledge of life insurance and current situation of LIC plans. Life insurance is being considered an important form of social security. In this present worlds human life has become very risky.

DATA ANALYSIS

Life Insurance Corporation (LIC) is doing business of Insurance in India since 1956. By providing insurance, as such it tries to secure the human life value and there by adds further security to the person having insurance policy. As per the type and nature of the data available, researcher has analyzed major five components of the expenses of the sampled unit. All expenses are analyzed through statistical measures. The following table 1 shows the major five variables which are taken for the analysis.

TABLE 1: MAJOR COMPONENTS OF EXPENSES OF LIC (Rs. In Lacs)

YEAR	CLAIMS	%	COMMISSION	%	OPERATING EXPENSES	%	INVESTMENTS 1	%	INVESTMENTS 2	%
2005-06	2992136.56	100	684648.01	100	489231.63	100	16640.43	100	45278642	100
2006-07	3691661.56	123.38	729694.38	106.58	528175.29	107.96	27945.18	167.94	51111283	112.9
2007-08	3858982.79	128.77	715093.24	104.45	518311.03	105.94	29319.63	176.19	60539701	133.7
2008-09	4216774.03	140.93	862108.36	125.92	701378.41	143.36	31950.4	192	63896170	141.1
2009-10	5412910.66	180.9	1054737.9	154.6	932960.54	190.7	35376.27	212.59	83304127	184

Source: Secondary Data

The above table shows the performance of claims paid. Table also indicates that base year (2005-06) amount of claims paid, and in the same line calculated percentages of five years during the period of the study. The highest percentage was in the year 2009-10. The lowest percentage was in the year 2006-07, depicts that year by year amount paid by way of claims get increased. All other components commission paid, operating expenses, investments (Shareholders'), and Investments (Policyholders') are showing upward trend.

The following table 2 depicts the descriptive statistics taking the base year 2005-06 as 100%.

As per data shown in the table, the base year 2005-06 is taken as 100. As compared to this base year, expenses of all other years are showing increasing trend. As all components of the expenses is increasing, but the increase in the operating expenses is much higher than any other component/ variable.

TABLE NO.2: DESCRIPTIVE STATISTICS

Descriptive analysis	Claims	Commission	Operational Expenses	Investment 1	Investment 2
Mean	143.53	122.75	136.99	187.18	142.92
Standard Error	13	13	19.86	9.83	14.93
Median	134.85	116.25	125.66	184.10	137.41
Std. Deviation	25.99	23	39.72	19.66	29.87
Sample Variance	675.72	528.91	1577.39	386.62	892.19
Kurtosis	2.33	0.10	-0.15	-0.81	1.84
Skewness	1.56	1.12	1.07	0.71	1.03
Range	57.32	49.61	84.76	44.65	71.10
Minimum	123.38	104.45	105.94	167.94	112.88
Maximum	180.90	154.06	190.70	212.59	183.98
Sum	573.98	491.01	547.96	748.72	571.68
Count	4.00	4.00	4.00	4.00	4.00
Confidence Level (95 %)	41.36	36.59	63.20	31.29	47.53

The above table reveals that as year by year, expenses are increasing, its standard error is also getting increased. It would result into increase in variances. As operating expenses are increased at a higher rate, its standard error also gets increases faster and its variance (1577.39) is also very high as compared to all other variables.

CHALLENGES BEFORE THE INDUSTRY

The four main challenges facing the insurance industry are product innovation, distribution, customer service, and investments. Unit-linked personal insurance products might be greater acceptability with rising customer awareness about customized, personalized and flexible products. Flexible products and new technology will play a crucial role in reducing the cost and, therefore, the price of insurance products. Finding these markets, having the right product mix through add-on benefits and riders, effective branding of products and services and product differentiation will be some of the challenges faced by new companies.

New age companies have started their business with low product variety. Some of these companies have been able to float 3 or 4 products only and some have targeted to achieve the level of 8 or 10 products. At present, these companies are not in a position to pose any challenge to LIC and all other four companies operating in general insurance sector, but if we see the quality and standards of the products which they issued, they can certainly be a challenge in future. Environment caused by globalization and liberalization, the industry is facing the following challenges.

1. The existing insurers, LIC and GIC, have created a large group of dissatisfied customers due to the poor quality of service. Hence, there will be shift of large number of customers from LIC and GIC to the private insurers.
2. Increased awareness and importance of insurance among public especially in urban areas compels more customized products and pricing methodology as per the needs of the customers.
3. Tariff free regime poses biggest challenge in quoting accurate pricing for the risks covered.
4. Customer expectations and awareness have significantly increased in recent years, particularly in terms of better and speedy service, accurate pricing and customized solutions.
5. LIC may face problem of surrender of a large number of policies, as new insurers will woo them by offering of innovative products at lower prices.
6. There is a likelihood of exit of young dynamic managers from LIC to the private insurers, as they will get higher package of remuneration.
7. LIC has overstaffing and with the introduction of full computerization, a large number of the employees will be surplus. However, they cannot be retrenched. Hence the operating costs of LIC will not be reduced. This will be a disadvantage in the competitive market, as the new insurers will operative with lean office and high technology to reduce the operating costs.
8. Reaching the consumer expectations on par with foreign companies such as better yield and much improved quality of service particularly in the area of settlement of claims, issue of new policies, transfer of the policies and revival of policies in the liberalized market is very difficult to LIC and GIC.
9. Intense competition from new insurers in winning the consumers by multi-distribution channels, which will include agents, brokers, corporate intermediaries, bank branches, affinity groups and direct marketing through telesales and internet.
10. Major challenges in canalizing the growth of insurance sector are product innovation, distribution network, investment management, customer service and education.

SUGGESTIONS

The overall performance evaluation of Life Insurance Corporation of India is consistent. The working groups have been working hard for their functions but still some drawbacks are left behind, for that suggestions are as under:

1. LIC should try to increase their selling of plans to introduce new plans with different kinds of facilities, so that it can increase its income amount, especially premium amount.
2. As private insurance companies capture the market now a day, therefore, LIC should strengthen its working & should launch plans with more facilities.
3. The Corporation should strive to increase its business by issuing more and more policies in order to retain its market share in the competitive scenario.
4. Operating cost as compared to premium underwritten should be controlled.
5. A comparative statement of performance between LIC and various insurance companies mav help in increasing the business.
6. A comparative statement of performance of operating expenses of LIC and various insurance companies mav help to narrolv down the cost.
7. LIC of India should continue making investments, but secured investments should be made.
8. LIC need to find out rvhich atftibute of the operating expenses need to be controlled.

CONCLUSION

Global integration of financial markets resulted from de-regulating measures, technological information explosion and financiai innovations. Liberlization and Globalization have allowed the entry of foreign players in the insurance sector. With the entry of private and foreign players in the insurance business, people have got a lot of options to choose from. Radical changes are taking place in customer profile due to the changing life style and social perception, resulting in erosion of brand loyalty. To survive, the focus of the modern insurers shifted to a customer-centric relationship.

Opening up the sector will certainly mean new products, better packaging and improved customer service. Both new and existing players will have to explore new distribution and marketing channels. Potential buyers for most of this insurance lie in the middle class. New insurers must segment the market carefully to arrive at appropriate products and pricing.

Over the past three years, around 40 companies have expressed interest I entering the sector and many foreign and Indian companies have arranged anticipatory alliances. The threat of new players taking over the market has been overplayed. As is witnessed in other countries where liberalization took place in recent years, we can safely conclude that nationalized players will continue to hold strong market share positions, but there will be enough business for entry to be profitable.

LIC has been successfully able to create value for its policyholders. The performance evaluation shows consistent increase in its business. During the period of the study there is no major change in the performance of the LIC. So it clarifies that the performance is unchanged and LIC has maintained the market value of their products. After introduction of IRDA (Insurance Regulatory & Development Authority), LIC has become more conscious for their products. As private players are coming up now a day, competition is increasing and LIC has made efforts to continue its business. Apart from this, LIC need to control the investment level. As above table also reflects that the investment (Policv holders') has this second highest variance, so investment (policy holders') also need to reduce.

Researcher has evaluated the various components of expenses with scientific methodology to justify the performance; so to conclude, LIC is doing good job, managing the products, and related marking strategies effectively. But as per analysed data we can say that LIC need to control the Operating Expenses, to not affect its income. LIC is pioneer institute in Indian economy; so after IRDA and privatization of insurance sector, the way of achieving the effective result is not smooth task, but LIC has to work.

"The woods are lovely dark and deep, but LIC has to keep promises and miles to go before it sleeps"

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INFLUENCE OF INFORMATION QUALITY, WEB QUALITY AND SECURITY ON TRUST, RISK PERCEPTIONS AND RE-INTENTIONS OF TAKING INTERNET BANKING TRANSACTIONS IN SURABAYA

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ABSTRACT

To meet the global demands in last decade, almost all banks have been changed from manual to automated systems using the internet banking system. The purpose of this study was to determine the effect of information quality, Web quality and safety, trust, risk perceptions and reintentions internet banking transactions in Surabaya. This study includes a survey of research techniques using the Partial Least Square analysis (PLS). Sampling was accidental while using the method of data collection method using a questionnaire. The population of this study is the internet banking customers in Surabaya. The results of this study were: (1) Information of quality is significant to the Trust, (2) Information of quality is significant and negative effect on risk perception, (3) Web Quality significant effect on confidence, (4) Security is not a significant effect on confidence, (5) Safety significant and negative effect on risk perception, (6) Safety significant effect on intentions re internet banking transactions, (7) Perception of risk is not significant and negative effect on intentions re internet banking transactions, (8) Information of quality is a significant effect on intention re internet banking transactions, (9) Trust significant effect on intentions re internet banking transactions.

KEYWORDS

Internet banking, information quality, web quality, safety, trust, risk perceptions, Reintentions.

INTRODUCTION

Internet technology experienced unusual advance in these last several years. By the development it has taken great impact into business operations particularly in banking operational activities. Likewise, information technology in banking area also had the fast development. In order to raise service quality, and to decrease transaction cost, the banking world has invested much in its information system technology in the framework to give the added value of banking products and services. Banking industry has made many consolidations to satisfy and maintain their clients who depend highly on the information technology development infrastructure. These global demands in last decade, have changed banking technology from manual to automated systems involving the use of internet banking system.

Internet banking services have encouraged clients to take the banking service more effective. Beside that, internet banking helps banks to improve the speed, shorten transaction time, improves the flexibility of business transactions and reduces the costs related to human resources to physically serve the clients. By the application of internet banking by banking industry, profit gained by the banking world, among other, the circulation of money volume increasingly raised. The operation of internet banking benefit the banking world from operation side that become much lower, human resources/employees and physical branches become fewer. Clients will also get profit from the comfort, speed and availability of internet banking service over time.

The results of studies investigating the correlation between the information quality and the intentions of taking e-commerce based on Mohd Fazli Mohd Sam and Md Nor Hayati Tahir's (2010), information quality significantly and positively correlated to the consumers' intentions to make online purchasing. Information quality studied about accuracy, amount and form of information about products and services offered in web sites. In other side, however, based on the results of Irwin Brown and Ruwanga Jayakody's (2008) study, information quality had no significant effect on the intentions of taking e-commerce. Given the differences of the studies, they encourage that it is necessary to conduct the further research to explain the difference.

Some results of the research proposed that trust had significant effect on the re-intention of internet banking transactions, as informed by Stewart (1999), the user's trust affected the adoption of internet banking. But, other study results proposed by Chao Wen (2011) stated that trust had no significant effect on re-intention of online purchase, due to within e-commerce, the roles of trust are very important if compared to traditional business because of the large uncertainty due to distance and other impersonal factors. Tim *et.al.*, (2009) stated that the violation of trust in e-commerce would cause the intention of repurchase become decrease (negative) while Gefen and Straub (2004) stated that the lack of regulation and custom in internet make individual depends on trust and familiarity as the main mechanism to diminish uncertainty. Given the difference of study results, thus encourage that it needed to conduct the further research.

Based on the research gap and business phenomenon in banking area have been outlined above, then this study tried to test the effect models of information quality, web quality, security, trust, risk perception on re-intention to make internet banking transaction.

LITERATURE REVIEW

Theoretical study and empirical study were used as the base of this study investigation. While, the variables used involved: information quality, web quality, security, trust, risk perception, and re-intention.

1. INFORMATION QUALITY

Information Quality according to Bailey and Pearson (1983), as the consumers' perceptions on quality of product information given by the web. As Wang and Strong (1996) informed, belonging to the product information are information related to product, recommendation given to consumers, comparison of product prices, and study of product.

The information quality variables represent information quality viewed by user measured by four indicators Bailey and Pearson (1983) used, they are accuracy, timelines, completeness, and format.

2. WEB QUALITY

Website Quality may be interpreted as total image the consumers give to website itself that get from they observation to marketing tools given by a site (Efthymios Constantinides,and Peter Geurts,2005).

According to Lee (1999), terminologically, website is a collection of site pages, which usually included in a domain (address) or subdomain, whose place in the World Wide Web (WWW) in Internet.

Miranda *et.al.* (2006) in her research on quality of banking web in Spain used he web quality assessment method proposed by Evans and King (1999) in which in the method a web assessment tool should has five major components, namely, category, factor, weight, rating and total score.
In this method the first step performed is the establishment of assessment category; in this case Miranda *et al*. (2006) used four assessment categories, namely, accessibility, speed, navigability and site contents.

3. SECURITY

Security matter is one of important aspects in an information system, but this security matter frequently got less attention from the owners and the organizer of information system. According to G.J. Simons (excerpted from Budi Raharjo, 2005), information security is how we can prevent fraud (cheating) or, at least, detecting the existence of fraud in an information based system, in which the information itself do not have physical meaning, furthermore, G.J. Simons set forth that the core of computer security is to protect computer and its network with the purpose to secure information in it. Computer security itself involved several aspects, namely, privacy, confidentiality, integrity, and authentication.

4. TRUST

Lau and Lee (1999) defined trust as the willingness of individual to depend him or herself on other side with a certain risk. Trust is the most important matter in a transaction that involving buyer and seller particularly involving the risked elements include make transaction by online service. From a number factors influencing trust, the most of those proposed by the experts are three factors, namely: ability, benevolence and integrity (Mayer *et al*., 1995).

5. RISK PERCEPTION

Generally, in marketing, consumers always faced to the existence of risk in every of their decision taking. According to Solomon (2004), risk perception can be defined as an assumption that a product has negative result potential, while, according to Vaughan, Emmet J. (1996) risk perception is the loss of the occurrences possibility of loss and uncertainty. Risk level is an important factor influencing the intention of purchasing in online shop (Javenpaa and Todd, 1997). In shopping via internet, there are three main obstacles as the perceived risks, namely: financial risk, product information risk and time risk (Forsythe, 2003).

6. RE-INTENTION

According to Cronin and Taylor (1992), repurchase intention is defined as the behavior of customer who positively responds to service quality of a company and intends to make visit once again or to consume once again the company's product.
Based on the definition if it related to the internet banking transaction, it can be interpreted that the re-intention to make internet banking transaction has strong effect on the success of a product or service the banking offers. Furthermore, if client has positive experience from the use of a product or service, then the client can makes use of the same product or service in the future. According to (Hawkins, Best, and Coney, 1998), re-transaction intention variable can be formed from three indicators, namely, transaction intention, customer's commitment, and positive recommendation.

RESEARCH METHOD

POPULATION AND SAMPLE

Population in this research was the internet banking clients in 9 branches of banks selected based on the *Best Bank Service Excellence 2012* Achiever Banks that operated in Surabaya as many 180 respondents by accidental sampling method.

DATA SOURCE AND DATA COLLECTION

Data sources of this research were primary and secondary data; while, data collection method was conducted by the questionnaire completion.

VARIABLE MEASURING

Variable measuring used the Likert scale with 5 (five) options, namely, not very agree (1), not agree (2), neutral (3), agree (4) and very agree (5). Whereas, variables in this research were: information quality, web quality, trust, security, risk perception and re-intention.

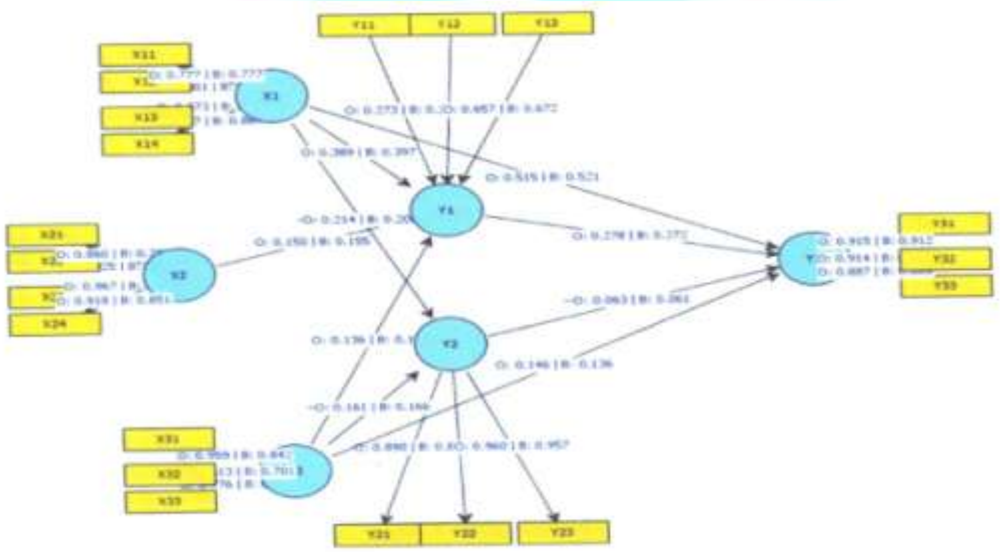
DATA ANALYSIS TECHNIQUE

Analysis technique used in this research was the Partial Least Square (PLS) model. PLS is a multivariate statistical technique that makes comparison between the multiple dependent and the multiple independent variables. To determine t statistical value was by using the bootstrap (B=400) sample. Bootstrap method can be used for various cases; one of these is determining t statistical value as done in the SEM Partial Least Square model.

FINDING AND DISCUSSION

After conducted validity and reliability tests on all of latent variables whose results were valid and reliable, and on testing of bootstrap sample B = 400 gave the significant result, then it continued in analysis with diagram form presented as follow:

FIG. 1



CORRELATION OF EXOGENOUS VARIABLE TO ENDOGENOUS VARIABLE

Of the appropriate model, then it could be interpreted each of patch coefficients. The path coefficients were the hypotheses in this research, which could be presented in the following structural equations:

$Zy_1 = 0.389\ Z_1 + 0.150\ Z_2 + 0.136\ Z_3$

$Zy_2 = -0.214\ Z_1 - 0.161\ Z_3$

$Zy_3 = 0.515\ Z_1 + 0.146\ Z_3 + 0.278\ Z_1 - 0.063\ Z_2$

The path coefficients testing in the equations above present as detailed in the following table:

RESULTS OF PATH COEFFICIENTS TESTING

TABLE 1

No	Variables	Coefficients	P-value	Remarks
1	Information Quality (X_1) => Trust (Y_1)	0.397	0.000	Significant
2	Trust (Y_1) => Re-intention of internet banking transaction (Y_3)	0.272	0.000	Significant
3	Information Quality (X_1) => Re-intention of internet banking transaction (Y_3)	0.521	0.000	Significant
4	Information Quality (X_1) => Risk perception (Y_2)	-0.200	0.032	Significant
5	Web Quality (X_2) => Trust (Y_1)	0.155	0.018	Significant
6	Security (X_3) => Trust (Y_1)	0.114	0.080	Insignificant
7	Security (X_3) => Risk Perception (Y_2)	-0.166	0.008	Significant
8	Risk Perception (Y_2) => Re-intention of internet banking transaction (Y_3)	-0.061	0.083	Insignificant
9	Security (X_3) => Re-intention of internet banking transaction (Y_3)	0.136	0.001	Significant

Sources: The Processed Data.

1. EFFECT OF INFORMATION QUALITY ON TRUST

The results of testing of the information quality effect hypothesis on trust indicated that, in the calculation results of parameter coefficient between information quality and trust, there was significant effect with positive direction of 0.397, and $t_{statistic}$ of 6.732 larger than critical value ± 1.96. This case showed that the higher the information quality thus the higher the trust level and so, vice versa, if the lower the information quality thus the lesser the trust level. Often, information quality the client gets is made into consideration for the decision of using internet banking, information quality of bank account, company profil and so forth.

2. EFFECT OF TRUST ON INTENTION OF INTERNET BANKING RE-TRANSACTION

The results of testing of the trust effect hypothesis on the re-intention of internet banking transaction indicated that, in the calculation results of parameter coefficient between trust and re-intention of internet banking transaction, there was significant effect with positive direction of + 0.0272, and $t_{statistic}$ value of + 5.152, larger than critical value of + 1.96. This case indicated that trust directly influenced anyone's intention to use again the internet banking transaction. Trust factor become very important in internet banking transaction due to the internet banking susceptible to the account breaking into, for that reason, security factor need also get the major attention so that clients believe that bank able to give protection and able to meet everything desired.

3. EFFECT OF INFORMATION QUALITY ON THE INTENTION OF INTERNET BANKING RE-TRANSACTION

The results of testing of the information quality effect hypothesis on the re-intention of internet banking transaction indicated that, in the calculation results of parameter coefficient between information quality and re-intention of internet banking transaction, there was **significant** effect with positive direction of + 0.272, and $t_{statistic}$ value of + 5.152 larger than critical value of + 1.96. This case indicated that information quality was positively related to consumers' intention to do online shopping. The intended information quality explained about accuracy, number and form of information about product and service offered in the site. One of functions of a site is to draw attention of potential customers through the offers of various kinds of products and services. The good web presentation will draw attention of the potential customers, if supported with the quality web contents, due to the element is the important issue in online shopping. The elegant web design and presentation but not quality web contents, cause consumers shift to other web.

4. EFFECT OF INFORMATION QUALITY ON RISK PERCEPTION

The results of testing of the information quality effect hypothesis on the risk perception indicated that, in the calculation results of parameter coefficient between information quality and re-intention of internet banking transaction, there was significant effect with negative direction of - 0.155, and $t_{statistic}$ of - 3.509 smaller than critical value of ± 1.96. This case indicated that online information quality and transaction related to service have the direct and negative effects on the online shopping risk perception. Online information qualities are very varied from accurate to very inaccurate and confusing. For that reason, information quality needed always to be monitored about the information update. The online shopping customers tend to consider the information quality in the site because the good information quality helps them in making purchasing decision. Web presenting the quality information, shall give conviction for consumers that the service provider can be trade on, and reliable, due to the high information quality shall help to decrease the uncertainty level and risk perception related to online transaction because the fast, appropriate, update, and relevant information are highly needed by the consumers.

5. EFFECT OF WEB QUALITY ON TRUST

The results of testing of the web quality effect hypothesis on trust indicated that, in the calculation results of parameter coefficient between web quality and trust, there was significant effect. This case indicated that web quality has directly effect on trust. Internet banking web has positive effect on trust in internet banking transaction. Virtual attribute of internet banking site creates the beneficial and conducive situations to use and create trust in online transaction. Banking side should be able to create trust in internet banking clients, clients should be convicted that the transaction media via internet banking is secure and that every information given via website will not be hijacked or given to the third parties.

6. EFFECT OF SECURITY ON TRUST

The results of testing of the security effect hypothesis on trust indicated that, in the calculation results of parameter coefficient between security and trust, there was insignificant effect with positive direction of 0.200, and $t_{statistic}$ value of 1.481 smaller than critical value of ± 1.96. This case indicated that security has insignificant effect on trust. In other word, if the security increasingly good it not yet certainly the clients' trust shall increase too.

Based on the hypothesis test the security effect on trust was very small so that the result was insignificant, this case indicated that the internet banking transaction trust variable did not influenced by security variable, or, in other word, anyone who have assumption of high or low trust level in internet banking transaction do not affected by security variable, they do not care about secure or insecure they keep belief. The security matter for the internet banking transaction users sometimes subjective and situational in nature depend on the experiences of users even if, theoretically, make transaction as online is insecure but sometimes users do not perceive so, perhaps this case due to other factors that also influence the trust variable, for example, information quality and web quality. Although anyone consider that the security variable of internet banking is good but the users do not immediately believed it. It just possible that the person has other consideration, for example, they have the unpleasant direct experience when internet banking transaction until they get trauma/uneasily to believe in internet banking transaction or get information from they friends/colleagues regarding the less beneficial transaction due to the interference of both technical and non technical factors or it may also due to the less useful information quality and the less attractive web quality.

These conditions due to the internet banking clients very sensitive and careful to the use of banking transaction via internet banking, for that reason it is needed testimony concerning the security of internet banking transaction from other clients who have used internet banking service earlier. Both the testimony published by the bank and the word of mouth testimony delivered by the client's colleagues. If the client has got testimony information satisfactorily thus the client shall increasingly raise his or her trust level on banking transaction via internet banking, due to the good and elegant testimony will have very great impacts on client's trust level and may become the very effective word of mouth advertiser.

Beside that socialization and education factors still less effectively performed by the banking about the internet banking, thus clients prefer to use banking transaction conventionally and face to face with bank employees. In order to operate internet banking it is needed technical education because in internet banking system if mistaken in operating it will very harm the clients themselves, among other: access risk by the unauthorized sides, lost risk program data damage.

7. EFFECT OF SECURITY ON RISK PERCEPTION

The results of testing of the security effect hypothesis on risk perception indicated that, in the calculation results of parameter coefficient between security and risk perception, there was **significant** effect with negative direction of -0.166, and $t_{statistic}$ value of -3.155 smaller than critical value of - 1.96. This case indicated that better security shall lowering online risk perception. The good security protection negatively affects the risk perception of consumers. The security protection perception assesses that internet vendor will fulfill the security rules and regulations such as: password, username, data verification and so forth.

8. **EFFECT OF RISK PERCEPTION ON INTENTION OF INTERNET BANKING RE-TRANSACTION**

The results of testing of the risk perception effect hypothesis on re-intention of internet banking transaction indicated that, in the calculation results of parameter coefficient between security and trust, there was insignificant effect with positive direction of 0.061, and $t_{statistic}$ value of 1.786 smaller than critical value of 1.96. This case indicated that risk perception cannot prove the existence of significant effect between risk perception and re-intention to use internet banking. The internet banking transaction re-intention variable do not affected by security variable, or, in other word, anyone with re-intention of internet banking transaction do not affected by risk perception variable, they do not care about large or small risks, they persistent to have the intention of internet banking transaction. Risk perception matter for internet banking transaction users sometimes varied depend from which aspects they assess it, even if, theoretically, internet banking transaction quite risky, but, sometimes users do not perceive so, perhaps this case caused by other factors that also influencing the internet banking transaction re-intention variable, for example: information quality, trust and security. Although anyone regard as little the risk variable of internet banking, but the user does not directly intend for internet banking transaction. It just possible that the person has other consideration, form example: information quality, trust and security. Invaluable information quality will lower the intention to perform internet banking transaction, likewise to the low trust and security variables will lower the user intention to transact the internet banking. In addition, which not less in importance is the external factor issue that state that transacting via internet is risky, if this risk accumulated in users mind continually and in lengthen time, thus it will influence the decision pattern for intending to make internet banking re-transaction, while seek the low risk banking alternative service forms.

In addition, internet banking service that implemented massively in Indonesia is relatively new thus clients still need time to decide for intending to make internet banking transaction. This condition is also increased by news frequently appear in mass media concerning the steals of clients' funds via internet. Of course, this case will make clients anxious and worried to use internet banking. The high risk levels cause the causal relationship between risk perception and re-intention of internet banking transaction to insignificant.

9. **EFFECT OF SECURITY ON INTENTION OF INTERNET BANKING RE-TRANSACTION**

The results of testing of the security effect hypothesis on re-intention of internet banking transaction indicated that, in the calculation results of parameter coefficient between security and re-intention of internet banking transaction, there was significant effect with positive direction of + 0.521, and $t_{statistic}$ value of + 16.667 larger than critical value of ± 1.96. This case indicated that security has positive effect on the acceptance of online banking consumers. From consumers' viewpoint, security is the capability to protect consumers from fraud and steal of information in online banking business. Security has direct and significant effect on consumers' trust in online banking. Therefore, banks should play roles to influence their clients' perceptions about online security. Clients' knowledge about security in transacting should be always increased by means of education socialization clinics via printed and electronics media.

LIMITATIONS OF THE STUDY

In this research were found the limitations that could influence the results in this research:

1. In this research the information obtained from respondents were by completing questionnaire prepared not based on observation. To complete data collection instrument, depth interview can be used to obtain the more accurate information from respondents.
2. In this research discussed the users of internet banking in Surabaya, for that reason it was needed a research covering cross-areas and cross-cultures in Indonesia. Thereby, some different findings may be due to the differences of cultures and developmental stages of internet users in the area.
3. Internet banking as a new technology in Indonesia. There were many issues, which influence the customers' intentions to use internet banking services. Further analysis related to the factors of users' demography and background will useful to find how the factors influence clients to take decision of using internet banking.

CONCLUSIONS

1. Information quality has significant effect on trust to reuse internet banking. Trust has positive significant effect on re-intention of using internet banking. Information quality has positive significant effect on re-intention to use internet banking. Information quality has negative significant effect on risk perception. Web quality has positive significant effect on trust of internet banking use. Security has insignificant effect on trust of internet banking use. Security has negative significant effect on risk perception of internet banking use. Risk perception has insignificant effect on re-intention of using internet banking. Security has positive significant effect on re-intention of using internet banking.
2. Generally, theoretical findings in this research strengthen theories related to internet banking users' behaviors that related to information quality, web quality and security on trust, risk perception and re-intention of using internet banking transaction.
3. Strategic policies in managing internet banking, related to the effects of information quality, web quality and security on trust, risk perception and re-intention of using internet banking transaction, among the variables are influencing each other. Information quality, both directly and indirectly, influence re-intention of transacting internet banking, so with the web quality via trust variable influenced the re-intention of transacting internet banking, while security variable can directly influence re-intention of internet banking transaction.
4. Based on the conclusions on verification of the nine hypotheses it can be arranged the conclusion in general that re-intention to make internet banking transaction is influenced both by several exogenous and endogenous variables, among other, information quality, web quality and security and trust and risk perception variables.

SUGGESTIONS

Based on the results of study, discussions and conclusions have been outlined in previous chapters, then the researcher give several suggestions for the related parties that will be the study for the further research.

a. Based on the study results finding the information quality is significantly influencing on re-intention of using internet banking, trust, and risk perception, consistent with the finding it is suggested to the banking that provide internet banking service in order to be always to update technology about internet banking they have in order that the do not left behind to equal with the information and communication technologies changes quickly. This finding indicated that the information quality that obvious and up-to-date, easy to understand and complete, and useful will be convicted for clients in order to be not uncertain and believe in to lower the risk perception for internet banking users in Surabaya.

b. Based on the study result finding the trust has significant effect on re-intention of using internet banking, consistent with this findings it is suggested to the banking that provide internet banking services in order to be always to increase the secure and comfort sense in make transaction in order to give the satisfaction in transacting and keep values in order to provide the best services to their users by means of the improvement of personnel technical and managerial skills and to give socializations and educations via various media are very needed as the education means because internet banking technology have not been known by the banking clients, to have complaint management, client management, beside that in the future can offer all forms of conventional bank services via internet banking to attract more clients.

c. Based on the study result finding the security has significant effect on risk perception and re-intention of using internet banking, consistent with this finding it is suggested that the banking that provide internet banking service in order to be always keep the confidentiality of information the users have in order to lower risk perception by means of regulation about internet banking and to provide the tight security insurance for e-payment in order to ensure the system survival and to increase the re-intention of internet banking users., it needed to found the education clinic regarding the advantage and shortage of internet banking for clients who need the depth information as the instructional process.

d. Based on the study result finding the web quality has significant effect on internet banking users trusts, consistent with this finding it is suggested that the banking that provide internet banking services in order to be always can ensure the users that the internet banking transaction media is secure and every information given via the web do not be intercepted and given to the third parties by providing the newest news/products information and catalogues, consider with the clients' complaints, provide internet banking means that can be accessed in all telecommunication network specially cellular phones in Indonesia, to develop the secure and well designed website that provide the brief and clear information about the internet banking products and services.

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THE EFFECTS OF BRAND EQUITY ON CUSTOMER LOYALTY TOWARDS SOFT DRINKS AT TUSKYS SUPERMARKET, ELDORET

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ABSTRACT

The purpose of this study was to assess the effects of brand equity on sales performance of soft drinks companies, a case of Tuskys supermarket, Eldoret. The main objective was to assess the effects of brand equity on sales performance whose specific objective were: to assess the effect of brand equity on customer satisfaction, to investigate the effect of brand equity on customer retention and to analyze the relationship of brand equity on customer loyalty. The study will benefit companies producing soft drinks as it will provide a basis for decisions necessary to enable them to carry out product modification aimed at improving the market performance of their products. The research adopted the Keller and Lehmann (2003) model theory of Brand Value Chain which states that consumer mindset consists of multi-dimensional attributes including brand awareness and experiences. Customer mindset is likely to result in the market place performance such as increased customer loyalty and market share. There are three variables in the conceptual framework, the dependent, independent variables and the intervening variable. Brand equity is the independent since it is manipulated to see the effects that it will have on customer satisfaction, customer loyalty and customer retention which are the dependent variables. A descriptive research design was employed to determine the effect of brand equity on sales performance. A target population of 1000 was selected. A sample of 300 was then selected. The questionnaire was used as instruments of data collection. Data was analyzed through descriptive statistics. Data was presented through frequency tables and percentage. The major findings of the study were that Coca cola product is doing well because most customers are aware of its existence and this is as a result of advertising of its products that is done every day through the different media, making the customer prefer its brand as compared to the other. The signs of customers being loyal to a company's product can be exhibited through presence of repeat purchase, increased in sales volume, increased in profits and improved market share. These signs are physical and therefore management can easily know which position it falls among the other brands in the market. The common effects of brand equity on sales performance is that when a product is tailored to suit the needs of customers and the customers become aware of this products through advertising, definitely it will lead to its good performance and beat the other products in the market. The challenges soft drink producing companies face include lack of management goodwill, competition from other soft drink producing companies and ineffective human resource policies. These challenges emanate from the top management and therefore can be addressed effectively if management provides finance to assist in advertising the company's product.

KEYWORDS
brand loyalty, customer loyalty, soft drinks, Tuskys supermarket.

1. INTRODUCTION

Coca-cola was invented in 1886 by Dr. John Styth Pemberton and it was first sold at the soda fountain in Jacob's Pharmacy in Atlanta. Today, products of Coca-Cola Company are consumed at the rate of more than one billion drinks per day in over 200 countries. It was first sold in Great Britain in 1900 and later went on regular sale through soda fountain outlets. Since 1928 Coca-cola has supported the Olympics. Coca-cola produces more than 300 beverage brands and over 1.06 billion drinks are consumed per day around the world (Smith, 2004).

Coca-Cola is one of the most recognizable brands around the globe. Having established a leading brand that fascinates consumers all over the world, Coca-Cola is widely regarded as one of the most booming organizations having achieved huge branding success. A key element of Coca-Cola's success can be certainly attributed to its branding strategies. Since 1866 that it started its operations until today that is a powerful, globally known corporation, the company's brand development strategies constantly raise consumer interest and remain highly competitive. Having achieved impressive brand loyalty through continuous reinvention of its brand and focus on brand enhancement, Coca-Cola is, without any doubt, the leading non-alcoholic beverage company in the world (peters, 1999).

Besides, the company constantly assesses consumer response to its brands in order to evaluate consumer perception and find out what consumers believe about its products. Consumers relate particular brands with particular symbols and promises that need to be met. Similarly, Coca-Cola is related to a particular level of customer satisfaction that is determined by the collective memory of its target audience (Batra et al, 2004).

Another important aspect of Coca-Cola's branding strategies is the fact that strong brands make great sales and increase their revenues. However, Coca-Cola has taken the extra mile by building a brand that has managed to increase sustainable sales by attracting and retaining the best human capital and investing in employee relations and customer relation management. This has enabled the corporation not only to achieve strategic consensus and alignment at all organizational levels, but also to trigger positive feelings in consumers' minds (Evans et al, 2006).

Strong brand image is related to brand loyalty. The more consumer demands are satisfied, the more consumers are attached to a brand and retained by default. Also, Coca-Cola's brand image entails the purchase frequency that is boosted by effective advertising campaigns and marketing strategies. In doing so, the corporation expands its customer base and enhances customer loyalty by meeting customer needs and raising customer satisfaction (O 'Neill et al, 2004).

Coca-Cola is a successful product, not only because it has built a recognizable logo and brand name, but mostly because it has managed to position its brand in a way that takes advantage of all the elements of marketing mix, i.e. product, place price and promotion/distribution. In doing so, it achieves to develop a brand personality and distinguish itself from competition, while offering consumers a clear view of its brand values. This leads to increased brand loyalty and satisfaction (Kayaman et al, 2007).

The main attribute in the internal environment is the competence in the product process, through the management skills and an effective communication channels. To control the internal business environment Coca-cola must do continual evaluation of the business operations and control any factors which cause inefficiencies in any stage of the production and consumer process. The external environment is the powerful force which can affect the whole company and as the consequence the whole economy. Instability in the economy, changing customer attitudes and values and demographic patterns can influence a lot the success of the Coca-colas products on the market and the pleasure they receive from the customers. Coca-cola now has been part of every culture for a long period of time. The image of Coca-cola is displayed in T-shirts, hats and collectible memorabilia. Coca-Cola also sells the kind of basic products that consumers like (Alexander, 2002).

Brand equity is the incorporation of all impressions received by consumers which will lead to a distinctive position in their mind based on perceived emotional and functional benefits . Therefore, it provides primary points of distinctiveness between competitive offerings, and as such it can be critical to the success of organizations. Brand management has been turned into a field of interest in marketing literature over the past couple of decades, which is due to recognition of brands effects consumers' perceptions of an organization and has leading role in improvement of organization's financial performance,(Raj et al 2011).

PepsiCo in 2010 stepped up its investment in brand building, R&D, emerging markets infrastructure and its people. PepsiCo has 19 brands that generate more than $1 billion of retail sales up from just 11 in 2000, brands are its lifeblood. They invest to sustain and improve brand equity in existing global brands while judiciously focusing on their local and regional brands. In 2010, all of its $1 billion brands grew revenues, thanks in part to their brand building activities. Differentiated products helped it drive sales and pricing. In 2010, they increased their R&D investments in sweeter technologies, next generation processing and packaging and nutrition products. For example, So Be Life water Zero Calorie, a product made with an all natural, zero-calorie sweetener, was a direct result of that investment so be life water brand grew volume 46 per-cent in 2010 alone. In addition to sustainable financial performance, PepsiCo made major strides in their performance with purpose journey. Four years ago, PepsiCo recognized that the environment was changing: increasing, focusing was shifting from corporate capabilities to include corporate character, (Bailey et al, 2006).

A new understanding took shape: that ethics and growth are not just linked, but inseparable; a belief long treasured by PepsiCo. Performance with purpose means delivering sustainable growth by investing in a healthier future for people and planet. Performance has always been the lifeblood of PepsiCo, and they remain committed to delivering top financial return. PepsiCo laid out additional short and long term goals for themselves that included metrics related to performance in the eyes of retail partners, consumers and investors. Importantly, this is not at the cost of creating value for shareholders. It is the source of that value. PepsiCo set a series of long-term targets, but ensured that they also supported short term needs. PepsiCo business and ethics are intertwined, and that is an enormous source of pride for everyone at PepsiCo (Cunnil, 2006).

Human sustainability is PepsiCo promise to encourage people to live balanced and healthy lives. It's about balance in portfolio for consumers to have a range of enjoyable and wholesome foods and beverages. It's about providing people with choices, attractive options to manage their portions, better nutrition education and compelling programs to encourage physical activity, but the key is choice. By expanding portfolio, PepsiCo is making sure their consumers can treat themselves when they want enjoyable products, but are able to buy a range of appetizing and healthier drinks when they are being health-conscious (Evans et al, 2006).

Softa is a dynamic product, which maintains the highest international quality standards. The Softa and Babito brand names have been in Kenya for over thirty years. KFCL has "Dared to Dream" by reinventing the two brands and now offers seven different flavors under the two brands. The most popular are Softa Orange and Babito Blackcurrant. Softa and Babito soft drinks maintain international standards through technical backing from Dohler Euro Citrus in Germany. Dohler Group of companies is "known throughout Europe as the leading producer of flavoring constituents for the drinks industry." Softa is an international affiliate member of the National Soft Drink Association (NSDA) located in Washington DC, USA. The NSDA keeps Softa and KFCL informed onallthe latest development in the soft drink industry (Cunnil, 2006).

Softa hopes to be an example to all African businesses proving that indigenous African Industries can compete and succeed in the international business arena. Along with this desire is our mission to lead other upcoming African industries to excellence and uplift the economic development in Kenya and Africa.

Premier Food Industries is a leading food processing company in Kenya, manufacturing over 50 different products under their brand names-Peptang and Pep. Both brands have in use since 1935 and thus have become a household in East Africa. Under modern and hygienic production facilities, the company manufactures a wide range of products which includes canned fruits and vegetables, juices and jams for local and regional market. Premier foods also manufactures and market fruit juice drink in 11 flavors incorporating real fruit juice, to give a natural and more refreshing taste. It has a fruit extraction facility in Mombasa and a manufacturing plant in Nairobi. All fruits used are sourced from local firms in Kenya, (Hanson et al, 2009).

Premier Food Industries take pride in high levels of quality maintained right from raw materials procurement to delivery of the final product. The company became one of the companies in Kenya to be awarded the certificate of ISO 22000:2005 by Bureau Veritas, for fully conforming to the international standards for quality and food safety management system for all its products. The company's objective is to maintain high reputation, progress in its strong hold in the local market and continue to create new markets within Sub-Saharan Africa and beyond. To achieve this, they have embarked on diversification and continuous improvement in their response to market demands both on quality and customer service, (Macdonald et al, 2000).

Fresh squeeze now has over five years of experience in providing the market with fresh juice made straight from the fruit as many health-conscious consumers now turn to fresh juice as opposed to carbonated soft drinks and synthetic juices. The growth of this market has attracted many market players with different technologies in trying to fulfill the needs of the growing number of customers. Fresh squeeze which started its operations in 2003 as a fresh fruit and vegetable dealer in major supermarkets in both Kenya, Tanzania, Rwanda and Uganda, introduced fresh juices in 2006 as part of the overall expansion programmed and value addition to customers. This was one of the ways to encourage consumers to take up fresh juice due to its health benefits in terms of nutritional value as opposed to carbonated drinks or synthetic juices that had since flooded the market. To ensure that quality is upheld, the fruits are selected from only certified suppliers, who have fulfilled certain regulatory requirements and hold certificates from the concerned authorities in Kenya. In addition, juices are only made on demand at the points of sale and whatever is not sold for the day is disposed off as they believe in freshness, therefore the juices are made on daily basis as it can only be fresh for 24 hours and at no point are the juices recycled, (Ambler et al, 2002).

The juices are available in over 28 selected Nakumatt and Tuskys supermarket outlets. The juice is available in different unique varieties apart from the usual orange, pineapple, passion or mango. The juices is also packaged in different sizes and quantities to target different market segments The company has also invested in high quality machines and technology for faster and purer end product. In addition, every juice variety like orange, pineapple or passion is made with a separate machine to minimize mixing of flavors, (Cunnil, 2006).

Soft drinks have brought about a lot of controversy in the recent past with so much speculation about the contents and the negative or unknown long term effects it may have on consumers. This is one sector that is prone to abuse by some manufacturers given its high demand especially among young children because of their organoleptic qualities. In addition just like demand for other processed foods, the high cost and seasonal availability of fresh fruits has seen a steady increase in their demand more so of the fruit flavored drinks which are relatively cheap. Unfortunately some consumers are ignorant of the health benefits derived from these products and in some cases consume them as alternatives to fresh fruits and vegetables. Sodas which are widely consumed by all age groups including small children have more or less preservatives e.g. Sodium benzoate. The soft drinks in Kenya have been categorized based on the contents e.g. fruit content and Kenya standards developed stipulating the general requirement which are not necessarily the same. Fruit flavored drinks, fruit based soft drinks, fruit juices preserved exclusively by physical means, fruit squashes, Juice and dairy blends and Carbonated and non-carbonated beverages. At the end of the day, consumers should be sensitized to create awareness on the contents of various foods and this is greatly determined by enforcement of regulations to ensure that manufacturers clearly declare all ingredients used on the labels, (Bailey, 2006).

Branding was in the first place used for distinguishing tangible products, but over the years it has been found to be applicable for differentiating people, places and firms, organizations like any other things can also be branded. With consideration of traditional association of differentiating with branding, organizations are trying to make use of this advantage through internalization of brand in their associations and aligning their employees with the brand values, which could make corporate brand achieving a sustainable competitive advantage,(Peters ,1999).

A brand is a name , sign ,symbol or design or a combination of them intended to identify the goods and services of one seller or group of sellers and differentiate them from those of competitors. In developing a marketing strategy for individual products the seller has to confront the branding decision .Branding is a major issue in product strategy .Developing a branded product requires a great deal of long term investment spending ,especially for advertising ,promotion and packaging (Noble et al,2002).

2. LITERATURE REVIEW

2.1 CONCEPT OF BRAND EQUITY

Brand equity stems from the greater confidence that consumers place in a brand than they do in its competitors. Brand equity is the differential effect that brand knowledge has on consumer response to the marketing of the brand. Brand equity reflects the value to a consumer of a product above that which would result from an otherwise identical product without the brands name .It is a set of brand assets and liabilities linked to a brand , its name and symbol ,that add to or subtract from the value provided by a product or service to a firm or to that firms customers, (Keller, 1998).

Leuthesser (1988) believes that customer based brand equity is the degree of difference effect of brand knowledge on customer reaction to the marketing of the brand. A brand is supposed to have positive or negative brand equity when customers react more or less favorably to a component of the marketing mix for the product or brand than they do to the similar marketing mix element while it is accredited to a dishonestly named or unnamed version of the product or service. Brand knowledge is conceptualized to an associative system memory model in terms of two components, brand awareness and brand image . Customer-based brand equity occurs while the customer is well know with the brand and holds several favorable, strong, and distinctive brand associations in memory. Much interest has been dedicated recently to the concept of brand equity.

Srivastava et al (1991) contends that brand equity has been viewed from a variety of perspectives . In a broad sense, brand equity is defined in terms of the marketing special effects distinctively attributable to the brand-for example, when positive outcomes result from the marketing of a product as of its brand name that would not arise if the same product did not have that name.

2.1.1 BRAND IMAGE

Batra and Homer (2004) believes that brand image include all the associations that Consumers bond with the brand. Many of the brand associations that make brands unique and strong are of nonfunctional nature; they go beyond the perceived quality of the brand on functional product and service criteria and deal instead with 'intangible' properties of the brand.

McCracken (1986) contends that these brand associations are created or developed from brand and product category experiences, positioning in promotional communication, or user imagery. Those brands benefit from associations with endorsers, because endorsers acquire or possess a variety of desirable meanings, (e.g. Pepsi becomes more attractive to teenagers when endorsed by Madonna, because of her anti-establishment image).

Smith (2004), in his research, explained that the associations transfer from the celebrity endorser to the brand when both endorser and product are positioned together in an advertisement. The greater the perceived fit of brand associations between the sponsor/ endorser and the brand, the more likely brand image transfer will take place . The endorsement process in which the consumer needs to see the essential similarity between endorser and brand in order to incorporate the endorser s associations.

2.1.2 BRAND AWARENESS

Mowen et al (2001) points out that brand awareness is the ability of prospective buyer to identify that a brand is a component of a certain product category. Moreover, brand awareness is one significant role in consumer decision making as it accentuates the brand to enter consideration set, to be used as a heuristic and the perception of quality .To reach purchase decision stage, the consideration set plays a part for the brand products to be chosen. The reason brand awareness is crucial for customer to reach buying decision is that consumers usually reach a purchase decision by using a heuristic such as "purchase the brand they have heard of" or "choose to brand they know" and then buy only the familiar, well established brands . To add on the importance of brand awareness, a brand equity occurs when the consumer possess awareness and familiarity with the brand at high level and hold some strong favorable, unique brand association in memory.

2.1.3 BRAND LOYALTY

Oliver (1997) claimed that brand loyalty is the measure of an attachment a customer has for a brand. Brand loyalty is a held commitment to repurchase or support a preferred product continually, despite other brands' marketing efforts causing the switch of the brand. Brand loyalty could signify high brand equity- which linked to future profit when a customer buys with concern to the brand name rather than the respect for price, features and convenience. When a brand make a change in prices or product features, strong brand loyalty would indicate that it is unlikely for a customer to switch brand. Brand loyalty can be categorized into five levels ranking from non-loyal buyer, habitual buyer, satisfied buyer, and likes he- brand buyer to committed buyer.

Ukpebor and Ipogah (2008) argues that it is presumed that consumers understanding of quality will be associated with their brand loyalty. As the more loyal a consumer to a brand, the more he/she is presumed to see the brand as a superior quality and vice verse. In addition, the more favorable association's consumers have towards a brand, the more their loyalty and vice versa. Brand loyalty can be described as the preferential behavior toward one or more alternatives out of a larger field containing competing alternatives. It serves an acceptance-rejection function. Not only it does 'select in' certain brands, it also 'selects out' certain others.

2.1.4 BRAND ASSOCIATION

Biel (1991) points out that brand association is anything related to the preference of a brand . This factors in brand association assist in the building brand's image . Brand image is seen as the perceptions-reasoned or emotional- consumers attach to specific brands . Brand image consists of functional and symbolic brand beliefs. It is based on the suggestion that consumers buy not only a product but also the image association of the product, such as power, wealth, sophistication, and most importantly identification and connection with other users of the brand .

2.1.5 PERCEIVED QUALITY

Evans et al (2006) claimed that perceived quality-customer's perception of the overall quality or superiority of the product ; thus, intangible, it is overall feelings about the brand . Perceived quality can be defined as the consumers' judgment about a product's overall excellence or superiority. Through a research, one brand name is regarded as one of many possible extrinsic cues of product quality .When objective quality of a product is hard to justify, buyers would take more abstract signals such as brand name as the key consideration. In the mind of customers, perceived quality defines perception, product quality and superiority. This effect on customers generally stimulates brand integration and exclusion which leads to positive consideration set before purchase decision.

Zeithaml (1988) believes that a consumers' perception of product quality is based on evaluation of intrinsic and extrinsic attributes. Consumers depend on intrinsic attributes when the cues have high predictive value such as when consumers study the beverages, they use taste as the signal of quality assumption. If the beverage did not taste fresh, the evaluation was that quality was low. On the contrary, extrinsic cues are posited to be used as quality indicators when the consumer is operating without adequate information about intrinsic product attributes. This situation may occur when the consumer has little or no experience with the product or has insufficient time or interest to evaluate the intrinsic attribute and cannot readily evaluate the intrinsic attributes. Consumer perceives the product with the consideration of quality before making a decision to purchase or not purchase a certain product from a certain brand.

2.2 BRAND EQUITY AND SALES PERFORMANCE

Marketing managers try to stimulate sales by branding their products ,modifying the products characteristics through quality improvements ,feature improvements or style improvement .A strategy of quality improvement is arrived at by increasing the products functional performance, its durability, reliability ,speed and taste by launching a new and improved machine for automobile ,television set or detergent .This strategy is effective to the extent that the quality and a sufficient number of buyers will pay for higher quality. But customers are always unwilling to accept an improved product or even a newly branded product (Kotler , 2000).

Gwinner et al (1999) argues that good management of a portfolio of brands and markets starts with having common measures of performance .Market share or sales data are also extremely sensitive to distribution coverage. Sales may be dramatically affected when a brand gains or loses a major market or expands into another distribution brand. In the area of strategic brand management, there is a tendency to over-concentrate on the important issue of brand building. While brand building is indeed important, focusing on it alone risks neglecting the other critical elements of strategic brand management.

Jacoby et al (1973) believes that as a first step, marketers should define what they want their brand to represent. A brand identity can be pictured in the form of a map with concentric circles, with the core defining elements of the brand in the center and secondary elements of the brand in an outer circle. Once marketers have a clear idea of the brand's identity, they can use marketing tools to build the brand. Using a 4 P's framework (product, price, place, promotion), marketers can create a promotional strategy that utilizes both traditional advertising and inventive approaches.

Hanson et al (2009) contends that the product itself should, through customers' experiences with it, build and solidify desired perceptions. The distribution system and placement should be managed by considering the customer experience and merchandising at every selling point. Finally, pricing should be both low enough to drive growth, but not so low as to dilute the brand.

Kotler (2000) contends that marketers want to achieve a return on their investment, and one vital decision is how to best utilize their brand assets. Marketers may choose to leverage some of the brand’s established equity to create line extensions, brand extensions, or co-branded products. Line Extensions: Adding a new form of the product or service is generally regarded as the easiest extension, but is likely to generate low incremental revenue. Measuring brand equity is an important component of strategic brand management. There are qualitative and quantitative research methods that can be used to understand the brand’s meaning and value to consumers. Qualitative techniques include brand collages, which allow us to understand how consumers see the brand using pictures and words. Quantitative techniques include financial asset value calculations, such as those produced by Inter Brand.

Given the mounting importance of branding, it is natural to assume that companies analyze and manage their brands every bit as rigorously as other major corporate assets—like finances, people and technology. That is not generally the case. Relatively few companies demonstrate a clear, consistent commitment to managing their brands. Obviously, such a commitment is an essential building block for a preeminent global brand. From the most senior management through the ranks, there must be an understanding that brands matter and that building brands is a complicated task requiring ceaseless vigilance, creativity and investment (O Neil and Mattila, 2004).

Berry (1999) puts it that ;While there is no single mantra for global branding that can work for everyone, Lippincott & Margulies has developed an approach that is providing different types of companies in different industries a highly effective framework for building powerful brand strategies. Its foundation rests on an integrated approach to brand management in which an analysis of brand equity is directly linked to the key economic factors of price, market share and brand value. This approach provides information that is extremely beneficial in identifying targeted marketplace actions and strategies to improve brand equity and business performance. Brand equity is the total value of all qualities and attributes implied by the brand name that impact the choices customers make. It translates into monetary terms a brand's power to convince a customer to buy the company's product. In other words, it represents the brand's ability to actually shift demand from one product to another.

Once a company has retail fully segmented the market chosen its target customer groups, identified their needs and determined its desired market positioning, it is ready to develop and brand its products. Marketing management plays a key impact in the new product development process .Rather than leave it to the research and development department to develop new brands on its own, marketing actively participates with other departments in every stage of product development (Kotler, 2000).

Company can develop new brands in its own laboratories or it can contract with independent researchers or new brand development firms to develop specific brands for the company .The purpose of all these is to improve the performance of the product in the market. Pepsi has changed significantly over the years, possibly to keep up with the times or to keep the look fresh and youthful. There are plenty of variables that could influence any particular consumer, including taste and preference, packaging preference and availability within a particular market. Pepsi is ranked fourth on brand equity, considering all the parameters from brand awareness to perceived quality, hence pepsi has repositioned itself as a promising brand which has led to increase the repeat purchase, (Greg,1993).

2.2.1 EFFECTS OF BRAND EQUITY ON SALES VOLUME

Bateson et al (1999) believes that effective product branding can also increase the level of reliability and risks associated with the product perceived by the consumer, and positively influence their consumption behavior as consumers will tend to purchase from brands they trust and are more familiar with. In turn, owners can enjoy stronger customer loyalty and charge higher rates for greater financial returns. Many suggest that the two are closely-linked; and in fact, some studies have shown that product brand equity correlates significantly with a company’s financial performance.

Prasad and Dev (2000) argues that, studies have proposed that strong brand equity can contribute to improved financial performance because it can positively influence consumers to book with a particular brand existing literature has also proposed for links between brand equity and customer retention or customer equity . Effective branding strategies can increase customers’ satisfaction and strengthen customer loyalty, which in turn contribute to a company’s financial performance. While appropriate branding and positioning has the potential to yield product owners all of the above mentioned benefits because of its impact on the product brand equity and customer loyalty, this is not always the case timely decisions are not made.

Kotler (2000) sheds light on previously unrecognized opportunities and approaches for increasing revenues and building profitability. It permits the development of powerful global strategies for maximizing the value of a firm's brand equity and, in turn, diminishing the equity of its competitors' brands. Global brand strategies generally reflect four essential goals: protecting "core equity elements"—those that are driving market share, fixing negative equity elements—which represent lost share. Attacking competitors' positive equity elements—that is, neutralizing their brand advantages, leveraging competitors' negative equity elements—taking full advantage of their weaknesses. These strategies need to address each equity element for each competitor and each customer segment. Management can choose from an array of actions to implement the strategies. The particular choice depends on which aspects of a consumer's perception are affected by the equity element. Consumers' feelings about themselves and other customers can be managed through image advertising or product ‘repositioning.

2.2.2 EFFECTS OF BRAND EQUITY ON CUSTOMER SATISFACTION

Bailey and Ball (2006) points out that branding or rebranding a product is often a high cost investment for product owners, but it does not always result in a significant improvement in the customer satisfaction and financial performance of the re-branded product. Despite this uncertainty, many company owners have undertaken or are contemplating this risk because they understand the importance of branding and its effects on consumer purchasing behavior, especially when there are changes in market demands. The decision to re-brand can allow product owners to leverage on an established brand name and operations framework to increase their operational efficiency and profitability, or it can result in negligible or negative returns on investment. Therefore, it is important for company owners and managers to understand how rebranding can impact on customer satisfaction and related company financial performance in order to justify the investment decision that had been made. Brand equity is defined as “the value that consumers and company owners associate with a product brand, and the impact of these associations on their behavior and the subsequent financial performance of the brand”.

Cunnil (2006) defines rebranding as the process by which a product or a service associated with a particular brand is marketed with a new brand identity .A brand may be defined as “a name, term, sign, symbol, or design (or a combination of them) used to identify the goods or services of a seller or group of sellers,” and differentiates them from those of its/ their competitors. A brand name refers “the part of the brand that can be verbalized” while a brand symbol refers to “the part of the brand that can be (visually) recognized, such as designs, signs or distinctive colors” . In today’s highly competitive environment, it is especially important for companies to establish a strong brand, because it can act as a competitive differentiator, stimulate the awareness of consumers to influence purchases and cultivate a sense of loyalty towards the branded product in question .

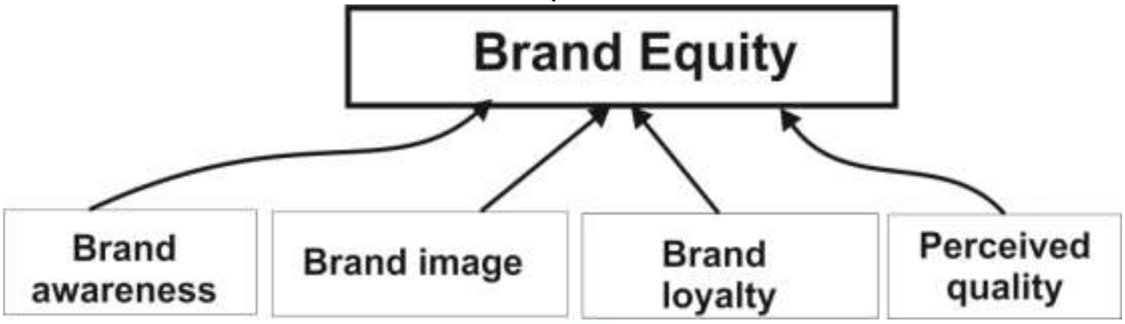
De Chematov et al (2001) argues that branding may be broadly categorized into two types: product branding which relates to a tangible product such as a cellular phone; and services branding which is concerned with an intangible product such as hotel stay experience. Unlike tangible products, services such as a hotel stay possess an invisible and inseparability characteristic which requires consumers to have experienced it before they are able to evaluate or predict it.

Kayaman et al (2007) strongly believes that branding can help companies quickly identify and differentiate themselves in the consumers’ minds . In fact, the International Society of Hospitality Consultants has identified branding as one of the top ten critical issues the hotel industry has to address because increased competition between the brands is leading to issues such as “amenity creep and diverging interests between owners and brands” . One of the key challenges to hotel branding, however, is to be able to “tangibilize the intangible hotel experience” for the customer.

Aaker (1991) defines brand loyalty as “the attachment a customer has to a brand”, while brand awareness refers to the strength of a brand’s presence in the customer’s mind. Perceived quality is defined to comprise of product quality (e.g. performance, features, and conformance with specifications, reliability, durability, serviceability, fit and finish) and service quality.

Keller (1993) believes that brand association may be defined as “anything linked in memory to a brand”, including favorability, uniqueness of perceived attributes, and benefits from the brand. Figure 1 provides an illustration of the brand equity and its four constructs.

FIGURE 1: BRAND EQUITY AND ITS FOUR CONSTRUCTS



Source: Adapted from Aaker, (1991)

Kim et al (2003) contends that multiple studies have been conducted to validate the four constructs of brand equity, examining the relationship between brand equity and organizational financial performance. Findings from their study provided support that all four dimensions are valid underlying variables of brand equity with the exception of brand awareness which was not loaded highly with brand equity. In interpreting these results, they suggest that brand loyalty, perceived quality and brand image are more significant than brand awareness in determining brand strength and brand value from a consumer's perspective.

Bailey and Ball (2006) suggested that inconsistent service and experience provided by many relatively well-known product brands may have resulted in poor consumer perceptions of service and physical product quality. Relying on brand name alone for success will no longer be sufficient; instead, companies should also invest efforts in creating positive and meaningful brand associations and perceptions of quality. Overall, the existing literature on the concept of product brand equity suggest that the strength of a company branding in a customer's mind may be influenced by constructs such as brand awareness, brand image, perceived quality and brand loyalty. It is therefore important for product companies to focus their efforts on building up these aspects of brand equity to varying degrees that suit their target customers in order to strengthen their brand positioning in the consumer's mind to encourage consumption.

Organizations that own successful brands have a culture which would lead different areas of the organization toward commitment to the branding. For building a brand driven culture, organizations are required to spend a considerable time and effort for achieving the desired mindset which result in producing intangible outcomes including, lower price sensitivity, more customer satisfaction , fewer customer defections, increased share of the customers' income, and a higher probability for repeating purchases (Levitt, 1980).

Customers 'relationships with their branded possessions and with marketing agents and institutions that own and manage the brand is valuable for them. Brand is an intangible equity for an enterprise. However, the operation of realistic market economy has also explained that brand can function as a tangible equity as well. Brand has ability to create and appreciate its' value. It has demonstrated that during the evaluation of brand value, brand should not be evaluated as tangible object, capital, currency or patent. On the contrary, brand should be evaluated as an asset or capital. Moreover, equity and capital are owned by capital owner. Therefore, the evaluation and estimation of brand is the evaluation and estimation toward the brand owner. The power of brand lies in what customers have learned, felt, seen and results from their experiences overtime, (Alexander et al, 2002).

2.2.3 EFFECTS OF BRANDING ON CUSTOMER PURCHASE PREFERENCE AND INTENTIONS

Dobni et al (1990) argues that a customer's decision to purchase a product such as a soft drink, often relies on the customer's past consumption experience (in the case of an existing customer), or recommendation by others and/or awareness of a brand. Consumers tend to purchase from brands they trust and have more familiarity with would be influenced by a "great deal and fair amount" by the recognition and familiarity of the brand name (i.e. brand awareness component of brand equity). For these consumers, a brand name operates as "shorthand" for quality about the intangible product or service.

Hoffman (1999) believes that among existing customers, it is clear that the firm's reputation for quality is a significant asset, but that its arrogance is a large detractor. Among potential customers, the firm has a reputation for fixing problems fast and is appealing because of its strong connection with "sharp people." For distant prospects, the firm's perception as a slow innovator is a striking liability. Any attempt to expand the firm's appeal into other segments will have to take this negative perception into account.

2.2.4 EFFECTS OF BRAND EQUITY ON CUSTOMER LOYALTY

Gruca et al (2005) said that the importance of branding and customer satisfaction has been well-studied in both academia and practice within the field of hospitality management. Satisfaction may be defined as "an overall evaluation of performance based on all prior experiences with a firm" where a customer has a strong attachment to a brand, he or she is likely to demonstrate a resistance to change to other brands.

According to Mcdonald et al (2000), a customer's loyalty to a brand (i.e. brand loyalty) may be categorized into attitudinal and behavioral loyalty. Attitudinal loyalty refers to the customers' strong disposition towards the brand to recommend or repurchase; while behavioral loyalty is reflected by the repeated purchases made by the customer towards a particular brand. Marketing research has shown that customers who are satisfied are more likely to establish loyalty, repeat purchase and more likely to recommend the brand to others.

Similarly, research conducted by Getty and Thompson (1994) indicated that product image (a component of brand equity) and customer satisfaction with the performance of housekeeping, reception, food and beverage (i.e. service quality), and price are positively correlated to loyalty. Brand image can affect loyalty because it can "support or undermine the value that customers feel they are getting"

Cob-walgren et al (1995) believe that brand-loyal customers are also more likely to make choices and recommendations to others based on longer-term views and attitudes towards the product, and reduce the marketing costs associated with attracting new customers. Aside from brand equity studies, other studies that directly examined the effects of branding on product financial performance also provide support for the proposition that rebranding can positively impact a company's financial performance

O'Neill et al (2004) argues that effective branding can also help companies to build brand loyalty in so far as customer satisfaction is maintained and ultimately contribute to better financial performance by way of increased repeat and new businesses, and improved occupancy and rate. In order to achieve these branding effects however, companies need to be able to build up their brand equity which includes improving on the aspects of brand awareness, brand image, brand loyalty and perceived quality, in their target customer's eyes.

Evans et al (2006) believes that the age of the preeminent world brand is very much upon us, signaling the irrepressible growth of global markets. And just as brand dominance sets one company apart from another in local markets, achieving the top position globally is becoming the ultimate competitive weapon for those that aspire to global success. Achieving such a lofty position requires an unprecedented commitment from top management and a highly disciplined approach. Management's investment in building brand equity must be as unequivocal as for any other valued corporate asset. The payoff can be a significant edge for companies aspiring to leadership in the age of the preeminent global brand .Building and maintaining a truly global brand is not an easy proposition, there are a lot of smart, knowledgeable people around the world looking to identify the best opportunities to expand flagship products and services, and the competition is getting keener. Bombarded with a confusing array of competing offerings and marketing messages, consumers and business customers will come to rely even more on brands to guide their buying choices. Global entrepreneurs must also contend with the fundamental reality that consumers tend to prefer domestic brands over foreign brands. Studies show that home-grown brands almost always get preference. In some of the biggest and richest markets—the U.S., Germany and Great Britain among them—the appeal of local brands is especially pronounced.

2.3 LITERATURE GAPS

From the above review of literature, many authors have talked about brand equity and sales performance but have not looked on ways of how these products will be sold in the market. One should not neglect the need for all consumers to be informed, within the limits of possibility, about the available alternatives. It can be observed that there are many products in the market but customers are not aware of their existence, hence companies are not paying attention to promoting their products through different media. Hence the study aimed at assessing effects of brand equity on sales performance of soft drinks companies.

3. FINDINGS

3.1 THE LENGTH OF TIME EMPLOYEE HAS BEEN WORKING IN THE SUPERMARKET

It was paramount to find out the number of years the employees have been working in Tuskys supermarket in order to find out how the five brands have been performing at the supermarket. It was established from the study that 41.7% of employees have been working in Tuskys supermarket for a maximum of three years, 50% for a maximum of seven years and 8.3% for a period exceeding eight years.

3.2 THE BRAND THAT RECORDS THE HIGHEST NUMBER OF SALES

It was necessary to find out from the employees which among the five brands perform the best in order to find out the reasons behind its good performance. It was established from the study that Coca cola records the highest number of sales per day with 50% followed by Pepsi and Fresh squeeze with a percentage of 10% each.

3.3 REASONS FOR COCA COLA GOOD PERFORMANCE

It was of great importance to find out why coca cola was doing well among the five brands in order to help the other soft drinks companies to improve on their performance. It was established from the study that coca cola is doing well because the brand is well known to many of the customers (25) and this is as a result of it being advertised (66.7) all the time through different media. Coca cola products are also pocket friendly (8.3) as compared to other products.

3.4 THE MOST PREFERRED BRANDS BY CUSTOMERS

This question was asked to the customers visiting the supermarket to buy soft drinks. It was necessary to find out which brand they use and the reasons as to why they prefer that brand as compared to the others. It was established from the study that 50% of the customers use coca cola followed by Pepsi (40%) and Fresh squeeze (40%). Softa was the least consumed at 6.3%.

3.5 THE LENGTH OF TIME IN YEARS CUSTOMERS HAVE BEEN USING THE BRAND

It was necessary to establish the number of years customers have been using the brands to find out how they are loyal to the product. It was established that many of the customer have been consuming coca cola products for up to ten years which implies that they are loyal to the company's product. Their reasons for choosing coca cola products is because the product is well known and they have been using the products since they were young and also because the product is pocket friendly. Pepsi is followed with a consumption of two years, these consumers selected pepsi because their taste and preference had changed and therefore they wanted to try something different to meet their specific needs. Those of softa are one year. Peptang and Fresh squeeze have a consumption of one year and the reason is that these brands are healthier and these consumers are conscious about their health and will go for those products that are 100% natural without any preservatives.

3.6 MEASUREMENT OF CUSTOMER'S RETENTION

This question was asked to employees at Tuskys supermarket in eldoret to establish how they can know that a company has retained its customers which would eventually leads to increase in performance. It was established from the study that 46.5% of employees at Tuskys supermarket know that the company has retained its customers through the presence of repeat purchase. It was followed by 23.3% who argued that they think the increase in sales volume shows that they have been in a position to retain existing customers and also attracted new customers.

3.7 CHALLENGES FACING SOFT DRINK COMPANIES

It was paramount to find out the challenges facing soft drink companies in order for them to come up with policies and strategies to improve on their performance. It was established from the study that 58.1% strongly agree that lack of management goodwill is one of the challenges facing soft drink companies. Competition from other soft drink companies is another big challenge that soft drink companies have to endure.

4. CONCLUSION

It can therefore be concluded Coca cola product is doing well because most customers are aware of its existence and this is as a result of advertising of its products that is done every day through the different media, making the customer prefer its brand as compared to the other.

The signs of customers being loyal to a company's product can be exhibited through presence of repeat purchase, increased in sales volume, increased in profits and improved market share. These signs are physical and therefore management can easily know which position it falls among the other brands in the market.

The common effects of brand equity on sales performance is that when a product is tailored to suit the needs of customers and the customers become aware of this products through advertising, definitely it will lead to its good performance and beat the other products in the market.

The challenges soft drink producing companies include lack of management goodwill, competition from other soft drink producing companies and ineffective human resource policies. These challenges emanate from the top management and therefore can be addressed effectively if management provide finance.

5. RECOMMENDATIONS

Based on the above findings, the researcher recommends the following to be adopted for effective brand equity on sales performance in soft drink producing companies:

- The company needs to increase the level of advertising of its products for customers to be aware of the existence of the product and through advertisement, customers will develop the curiosity of the product which eventually leads to them purchasing the product.
- Training of employees on how to market its products and not spoil the image of the other company to bring about healthy competition.
- The company should state the contents of its products whether it has preservatives or its 100% natural so that the consumers can make their own choices and not to be deceived by the companies.
- The companies should also try to find out the needs of the customers before producing the products so that they may tailor these products to suit the needs of the consumers which will eventually leads to its good performance in the market.
- The management should cooperate with employees so that whatever employees suggest should be considered because they are the ones who know what is happening in the field.
- Provision of enough finance to implement management change in all organization.

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ASSESSMENT OF ACADEMIC STAFF MOTIVATION IN PRIVATE HIGHER EDUCATION INSTITUTIONS: A CASE STUDY OF SELECTED PRIVATE HIGHER EDUCATION INSTITUTIONS FOUND IN ADAMA TOWN

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ABSTRACT

Academic staffs are key resources to higher education institutions. Even though motivation of academic staff in higher education institutions is as important as the blood for sustaining human life, private higher education institutions are not giving attention to motivate their academic staffs. This is why the study aimed at assessment of academic staff motivation in private higher education institutions and its implication for quality education. Academic staffs in private higher education institutions found in Adama Town were taken as target population for this study. Of seven private higher education institutions found in Adama Town three were selected purposively because of their long term experience in the industry. Of the total permanent academic staff 70 were taken as a sample size and simple random sampling was used in order to select sample respondents for the study. The findings of this study revealed that majority of the academic staffs were not motivated. Amount of salary paid to them was low as compared to other industries; there was no effective performance appraisal system that fosters promotional opportunities and recognition. As a result, their motivational level to perform what have been expected from them in teaching-learning process was low. The researcher recommended for the owners (management) of private higher education institutions to inculcate factors motivating academic staffs to strengthen the quality of education.

KEYWORDS
Motivation, Academic staff, Private Higher Education Institutions.

1. INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Motivation refers to the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior. Motivated employees are willing to exert a particular level of effort (intensity), for certain amount of time (persistence), toward a particular goal (direction). Even when people have clear objectives, the right skills, and a supportive work environment, they must have sufficient motivation to achieve work objectives (Mcshane and Mary Ann Von, 2003). "Motivation is the force that makes people chooses a particular job, stay with that job and work hard in that job" (Lin, 2007). Work motivation refers to the psychological processes that influence individual behavior with respect to the attainment of workplace goals and tasks. The received wisdom among occupational psychologists is that 'pay on its own does not increase motivation'. However, pecuniary motives are likely to be dominant among teachers in those developing countries where pay and other material benefits are too low for individual and household survival needs to be met. Only when these basic needs have been met is it possible for 'higher-order' needs, which are the basis of true job satisfaction, to be realized. A key empirical issue is therefore to establish the extent of this problem (Bennell, 2004). According to Michaelowa (2002), teacher motivation is defined as the willingness, derive or desire to engage in good teaching.

The current Ethiopian government recognizes the importance of education for national development. Policy is mainly aimed at expanding the education sector, improving quality and ensuring that educational content is harmonized with the country's economic needs. The number of higher education institutions are increasing and the intake capacity of these institutions are also increasing. Private higher education has also increased as part of a general liberalization of parts of the economy; there are now approximately 66 private institutions offering undergraduate degree programs in Ethiopia and the private sector accounts for approximately 25 percent of the country's undergraduate enrolments. Although the government recognizes that it needs the private sector if it is to meet its targets for the expansion of higher education, there is a noticeable sense of distrust amongst civil servants and ministers who sometimes categorize private universities and colleges as 'diploma mills.' And different scholars forwarded the severe problem of quality education in PHEIs of Ethiopia. According to Tenna (2011), Quality of education has become a recurrent topic of discussions and researchers. Therefore, the motivation of academic staffs of the PHEIs is the foremost stakeholder for ensuring quality of education.

The academic staffs of higher education institution are a key resource to institution's success. Academic staff, in particular, accounts for a significant component of the budget of higher education institutions and has a major role to play in achieving the objectives of the institution. The performance of academic staff, both as teachers and researchers and also as managers, determines, to a large extent, the quality of the students' experience of higher education and has a significant impact on students learning and thereby on the contribution that such institutions can make to society (Werkneh and Shimelis, 2010). If academic staffs of PHEIs are motivated, they will not only feels satisfied with his or her job, but also they are empowered to strive for excellence and quality of education for their institution. The issue of teacher motivation is important because of its correlation with the quality of education (Javaid, 2009). There are many motivational factors that induce academic staff in PHEIs. These might be working environment, supervisor relations, company itself, recognition, opportunity for development and growth, and pay and benefits. Therefore, this study attempted to identify factors that motivate academic staff and examine current motivational level of academic staff in Private Higher Education Institutions (PHEIs) found in Adama Town.

1.2. STATEMENT OF THE PROBLEM

Education is the backbone of any government. Cognizant with this, Ethiopian PHEIs are making significant contribution towards increasing access to higher education and creating employment opportunities for citizens (Wossenu and Mulu, 2012). There are concerns among different stakeholders on the quality of education provided by Ethiopian PHEIs. 'Quality education for all' is the motto towards which the government of Ethiopia is currently working. Although there are number of factors that affect the quality of education the role of academic staff is placed in the front line.

According to Shaheen Imrab et al. (2013) competent and knowledgeable academicians are considered an important strength of any educational institutions. Teaching is very scared profession and teachers have a great role in their students' intellectual, personal, and social development, there by influencing the future nation's development. Given the importance of academic staff in higher education institutions, this problem has potentially significant ramifications for the nation's future development. Therefore, knowing how academic staff are paid, valued and treated is very important to consider the quality of education in PHEIs.

According to Grayling (2002), although teaching is an honorable engagement, it has never been a highly paid profession. The current study on the motivational level of PHEIs in Ethiopia is low as compared to its counterpart of government higher education institutions and other industries. Recent studies have shown that low morale and job dissatisfaction are significant problems identified in academic staffs who teach in PHEIs in Ethiopia.

A review of empirical studies on teacher motivation in developing countries indicates widespread low or decreasing levels of motivation, resulting in lower quality of education (Guajardo, 2011). Research indicates that higher teacher motivation is significantly linked to improved student learning outcomes. This reveals that motivated academic staff has a direct impact on assuring the quality of education. Only the motivated, skilled and knowledgeable academic staff can give glorious position to the institution and the country's development. Many outstanding teachers in the private higher education institutions leave teaching in the first three years because of lack of motivational factors (Frase, 1992). Motivation of university teachers is as important as the blood for sustaining human life. Even though, the problem is known that there is low academic staff motivation in Ethiopian private higher education institutions, there has been limited research to understand the causes for low motivation and factors motivating academic staff in Ethiopian private higher education institutions. Therefore, this research identified factors affecting motivational level of instructors who teach in PHEIs and its impact on quality education, taking academic staff of PHEIs found in Adama Town as case study.

1.3. RESEARCH QUESTIONS

In this research, the following research questions were answered;

- To what extent academic staffs of Private Higher Education Institutions are motivated to their job?
- What are the important factors affecting academic staff motivation in Private Higher Education Institutions found in Adama Town?
- What is the motivation level of academic staff to perform activities that ensure education quality in Private Higher Education Institutions?

1.4. OBJECTIVES OF THE STUDY

The general objective of this study is to asses motivational level of academic staff in Private Higher Education Institutions found in Adama Town.

SPECIFIC OBJECTIVES OF THE STUDY WERE

1. To examine the motivational level of academic staff of Private Higher Education Institutions
2. To identify important factors affecting academic staff motivation in Private Higher Education Institutions
3. To examine the synergies between motivation level and educational quality in Private Higher Education Institutions

1.5. SIGNIFICANCE OF THE STUDY

Motivation of academic staff in higher education is as important as the blood for sustaining human life. If academic staff of PHEIs are motivated and work with dedication they can produce competent, skillful graduates that can help the nation's development. Therefore, this study will allow the owner of PHEIs in Adama to consider and revise the current motivational systems used for their academic staff and to recognize and realize the significance of motivational factors for promoting and enhancing motivational level of their academicians. PHEIs can improve the quality of education by maintaining experienced teaching staff if they provide good motivational factors and it could be possible to retain outstanding academic staff and assure quality of education delivered via motivated academic staffs. It could also be relevant to the future researchers to use the findings of this study as the secondary sources and may encourage other researchers to undertake an in-depth investigation related with academic staff motivation in Ethiopian PHEIs.

2. METHODOLOGY OF THE STUDY

This study is aimed to find out factors that motivate the academic staff members of private higher education institutions (PHEIs) and the current motivational level of academic staff in PHEIs found in Adama Town. This study was conducted in the private educational sector found in Oromia Regional State of Adama Town, Ethiopia. There are a total of seven PHEIs currently operating in Adama Town. Out of which three **PHEIs;** namely Unity University, Rift Valley University College, and Royal University College were selected purposively because of their relative long term experience in education. There are total of 100 permanent academic staffs in the three selected PHEIs found in Adama Town. From tabulated values of different sample sizes, a population of 100 individuals requires a minimum sample size of 80 for a 95% confidence level at 5% margin of error (Saunders, et al, 2009). Therefore, a simple random sampling technique was used to select 80 respondents for the study. Self-administered questionnaire was used as the primary data collection technique for the academic staff selected as sample respondents and focused group discussion was conducted with senior academic staffs who have been serving in PHEIs for more five years. From the 80 distributed questionnaires 70 of them were returned back and feasible for analysis (that is 87.5% response rate). The analysis was done both descriptively and inferentially using statistical software called SPSS version 16. Finally, the summaries are presented in the form of tables, bar graph, pie chart, frequency counts, and percentage and interpreted in line with the objectives of the study.

3. MAJOR FINDINGS AND DISCUSSION

This section describes the major findings of the research and discussions of the major findings are followed.

TABLE 1.1: PROFILE OF ACADEMIC STAFF (RESPONDENTS)

S/No	Variables	Options	Frequency	Percentage
1	Sex	Male	66	94.3
		Female	4	5.7
		Total	**70**	**100**
2	Age in years	20-25	13	18.6
		26-30	42	60
		31-35	11	15.7
		Above 35	4	5.7
		Total	**70**	**100**
3	Marital Status	Married	33	47.10
		Single	36	51.40
		Divorce	1	1.40
		Windowed	0	0
		Total	**70**	**100**
4	Educational Level	TVET/Diploma	12	17.14
		Degree	32	45.70
		Masters	24	34.30
		PhD	2	2.86
		Total	**70**	**100**
5	Academic Status	Laboratory Assistant	3	4.30
		Graduate Assistant I	6	8.60
		Graduate Assistant II	8	11.40
		Assistant Lecture	14	20
		Lecturer	36	51.40
		Assistant Professor	2	2.90
		Associate Professor	1	1.40
		Total	**70**	**100**
6	Year of Service	Less than 1 year	14	20
		1-5 years	34	48.60
		6-10 years	16	22.90
		Above 10 years	6	8.60
		Total	**70**	**100**

Source: Author's Survey, 2014

The above table (Table 1.1) shows the profile of academic staff participated in responding the questionnaire distributed. Sex, age, marital status, educational level, academic status, and year of service are respectively elaborated on the table. Accordingly, from the total number academic staffs, 94.3% of them were males and only 5.7% were females; majority of the respondents (60%) were categorized under the age group of 26-30 years old. And the next age group in which the respondents categorized was 20-25 years. And only 5.7% of the respondents were above 35 years old. From this it is possible to conclude that majority of the academic staff in private higher education institutions found in Adama Town were youngsters.
Besides, the above table revealed that 51.4% of the respondents were single and 47.10% were married and only 1.40% was divorced. Educational status of the academic staffs revealed that 45.70% were first degree holders, 34.30% were masters' holders, 17.14% TVET/Diploma holders, and only 2.86% were PhD holders. This figure depict that majority of the academic staffs in private higher education in Adama Town were first degree holder and second degree holder respectively. And only few of the academic staff possesses PhD. Consequently, their academic status is lecturer (51.4%) and assistant lecturer (20%). Finally, years of service disclosed that majority of the respondents served their institution 1-5 years (48.60%), followed by 6-10 years (22.90%), below 1 year (20%), and only 8.60% served above 10 years .
In net shell, majority of the academic staffs in private higher education found in Adama Town were males (94.3%), categorized in the age group of youngster (26-30 years), their marital status were single (51.40%), educational status first degree holder (45.70%), academic rank lecturer (51.4%), and served the institution from 1-5 years (48.60%).

TABLE 1.2: RESPONDENTS MONTHLY SALARY AND ITS COMPARISON WITH OTHER INDUSTRIES

Monthly salary in Ethiopian Birr	Comparison of Salary with other Industries										Total	
	Very low		Low		Medium		High		Very High			
	Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%
Below 1000	1	1.43	0	0	0	0	0	0	0	0	0	1.43
1000-3000	12	17.14	16	22.86	6	8.57	0	0	0	0	34	48.57
3001-5000	3	4.29	11	15.71	11	15.71	0	0	0	0	25	35.71
5001-7000	3	4.29	2	2.86	3	4.29	1	1.43	0	0	9	12.86
above 7000	0	0	0	0	0	0	1	1.43	0	0	1	1.43
Total	**19**	**27.15**	**29**	**41.43**	**20**	**28.57**	**2**	**2.86**	**0**	**0**	**70**	**100**

Source: Author's Survey, 2014

Table 1.2 indicates monthly salary earned by the academic staffs in private higher education institutions found in Adama Town and how they viewed their salary in comparison to other industries. Accordingly, majority of them paid 1000-3000 birr (48.57%), followed by 3001-5000 birr 35.71% of respondents earned. Only 1.43% of the academic staff earned above 7000 birr and below 1000 birr. The respondents compared their salary as it was low (41.43%), very low (27.15%), and medium (28.57%). Only 2 respondents (2.86%) replied as their salary was high and no respondents replied the salary paid to him/her was very high compared to other industries.
From the above table (table 1.2) it is possible to conclude that even though majority of the academic staff (48.57%) paid 1000-3000 birr, they compared their salary as it was low and very low (68.58%). This indicates that academic staffs are not satisfied with their salary which directly influences their motivational level.

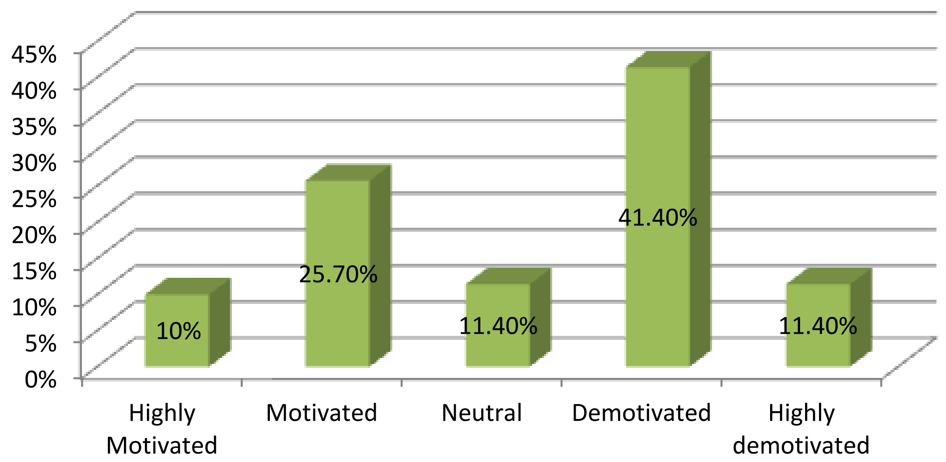
TABLE 1.3: POSITION HOLDER AND THEIR LEVEL OF SATISFACTION TO POSITION ALLOWANCE

				Whether they satisfied with position allowance or not					
				Yes		No		Total	
		Fr.	%	Fr.	%	Fr.	%	**Fr.**	**%**
Position Holder vs non-holder	Yes	27	38.57	4	14.81	23	85.19	**27**	**100**
	No	43	61.43						
Total		**70**	**100**						

Source: Author's Survey, 2014

Table 1.3 depicts that whether the position holder satisfied or not with the position allowance paid to them. As shown above only 27 (38.57%) of respondents were position holder from the total respondents. From the total position holder only 4 (14.81%) respondents were satisfied with the position allowance paid to them, but the remaining 23 (85.19%) were not satisfied with the position allowance. Therefore, from this table it is possible to conclude that majority of academic staffs who holds position in private higher education institutions found in Adama Town were not satisfied with their position allowance.

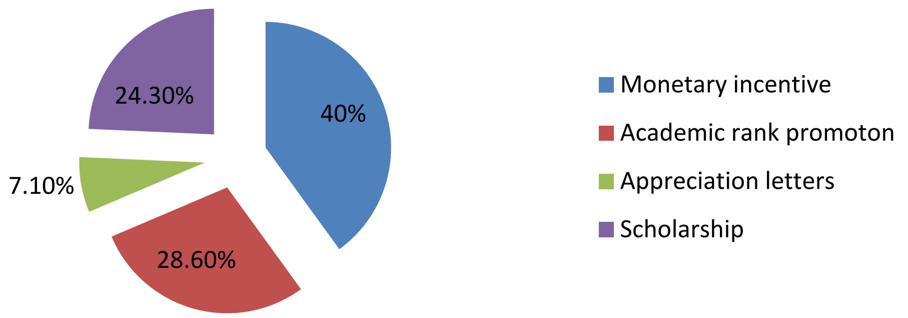
FIGURE 1.1: MOTIVATION LEVEL OF ACADEMIC STAFF



Source: Author's Survey, 2014

Figure 1.1. above shows the motivation level of academic staff in private higher education institutions found in Adama Town. The figure depicted that majority of the respondents (41.40%) were demotivated and 11.4% were highly demotivated with their current job. This means about 52.8% of the respondnets replied that they are not motivated in teaching in private higher education institutions. And the remaining 25.70%, 11.40%, and 10% of the respondnets said they are motivated, neutral, and highly motivated with their job respectively. From this we can conclude that majority of academic staffs in private higher education institutions found in Adama Town have less motivational level in their job.

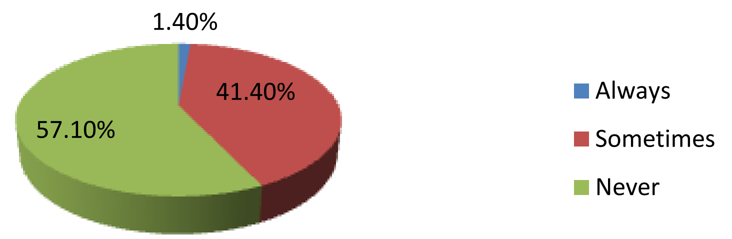
FIGURE 1.2: TYPES OF INCENTIVES MOTIVATES ACADEMIC STAFF



Source: Author's Survey, 2014

Figure 1.2. above revealed that the types of incetives motivates more the private higher education institutions found in Adama Town. Accordingly, majority of the respondnets (40%) were motivated with monetary incentives, followed by academic rank promotion that 28.60% of them said, and 24.30% motivated if scholarship is given for their career development. But only 7.10% of the respondnets replied that apprecaition letters motiated them. From this it is possible

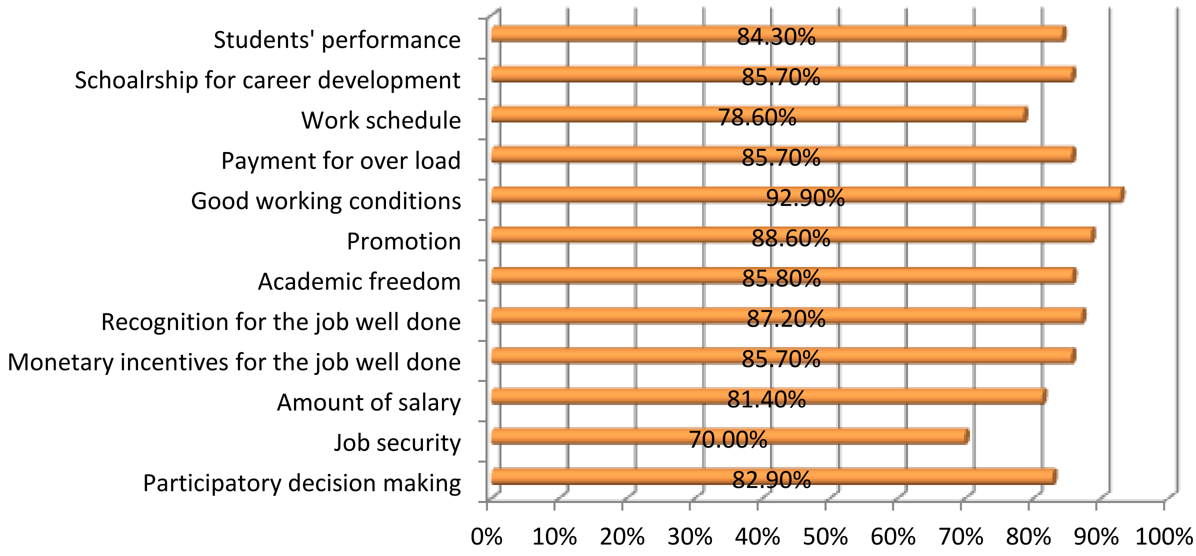
FIGURE 1.3: EXISTENCE OF RECOGNITION FOR OUTSTANDING EMPLOYEES



Source: Author's Survey, 2014

Figure 1.3 requested whether private higher education institutions recognize outstanding academic staff or not. Accordingly, majority of the respondents (57.10%) replied that they have never seen when outstanding academic staffs were recognized. Followed by 41.40% said sometimes there is recognition of outstanding employees, but only 1.4% replied as always outstanding employees recognized in their institution. From this one can conclude that private higher education institutions in Adama Town have not create atmosphere competition among academic staffs by recognizing outstanding employees.

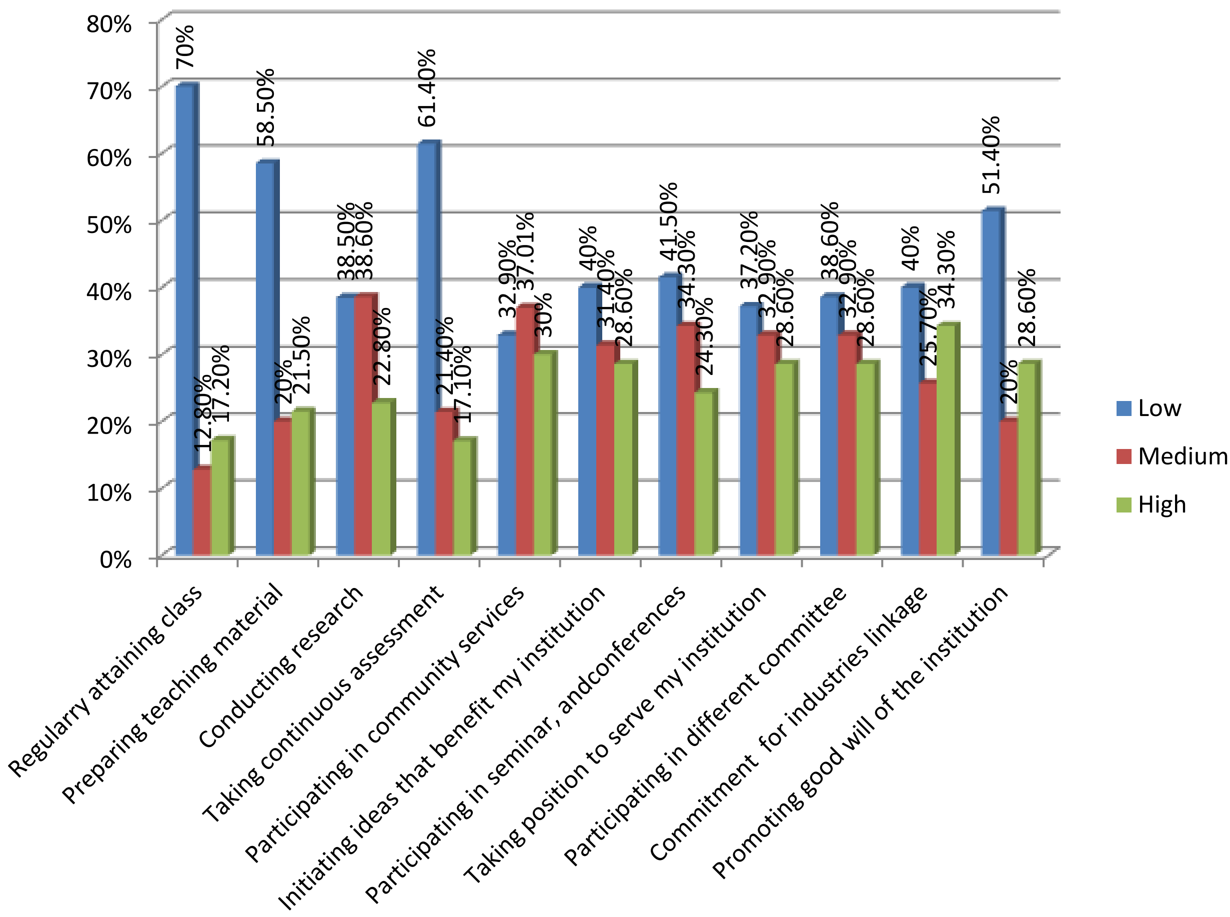
FIGURE 1.4: FACTORS INFLUENCING MOTIVATION LEVEL OF ACADEMIC STAFF (% OF ACADEMIC STAFFS WHO WERE RESPONDED AS THE FACTORS ARE IMPORTANT AND VERY IMPORTANT FOR THEIR MOTIVATIONAL LEVEL)



Source: Author's Survey

The above figure (Figure 1.4) revealed factors affecting motivational level of academic staff in private higher education institutions. The above factors asked the respondents to rate the impact of aforementioned factors on their motivational level by five point likert's scale (i.e. Very unimportant, unimportant, Neutral, Important, Very important). Accordingly, figure 1.4 reveals percentage respondents who replied as the factors are very important and important to their motivational level. The findings of the above graph shows above average respondents witnessed that all factors are important for their motivational level. As depicted on the figure good working condition ranked first by majority of respondents (92.90%), followed by academic rank promotion (88.60%), and then recognition for the job well done (87.20%). Relatively job security (70.00%), work schedule (78.60%0, and amount salary (81.40) respectively responded by a few respondents. From this one can conclude that good working conditions, academic rank promotion, and recognition for the job well done are the most influential factors of motivation in private higher education institutions found in Adama Town.

FIGURE 4.5: LEVEL OF ACADEMIC STAFF MOTIVATION TO PERFORM DIFFERENT ACTIVITIES CONTRIBUTING TO QUALITY EDUCATION



Source: Author's Survey, 2014

The above figure (Figure 4.5) depicts the level of academic staff motivation towards performing different activities in their institutions. Eleven performance activities of academic staff were identified and asked whether they possessed high motivation, medium, or low. Accordingly majority of the respondents replied that their motivation level to all performing activities shown on the figure was low. Except for four performing activities (regularly attaining class, preparing teaching material, commitment for industries linkage, and promoting good will of the institution to stake holders) the response of the respondents were revealed that they have medium motivational level. The aforementioned activities are factors determining quality of education. But as shown in the figure in all the performance activities the motivation level of academic staff in private higher education institutions were low. From this it is possible to conclude that the quality of education given in private higher education institutions found in Adama Town was questionable since the academic staff motivation was low to perform performance activities those influence the quality of education.

TABLE 4.5: LEVEL OF AGREEMENT OF RESPONDENTS FOR EXISTENCE OF MOTIVATIONAL FACTORS

Motivational Factors	Level of Agreement											
	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Total	
	Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%	Fr.	%
Existence of reasonable periodical increase in salary	27	38.6	22	31.4	7	10	8	11.4	6	8.6	**70**	**100**
Existence of effective performance appraisal system	14	20	21	30	13	18.6	13	18.6	9	12.8	**70**	**100**
Existence of effective promotional opportunities	16	22.9	24	34.3	12	17.1	11	15.7	7	10	**70**	**100**
Existence of equal pay for equal work	20	28.6	14	20	12	17.1	14	20	10	14.3	**70**	**100**

Source: Author's Survey, 2014

Table 4.5 reveals the level of agreement of academic staff in private higher education found in Adama Town regarding the existence of motivational factors. Accordingly, majority of the respondents (70%) disagree with the existence of reasonable periodical increase in salary, 10% of the respondents were neutral for the statement and only 20% of them agree with its existence. Regarding the existence of effective performance appraisal system 50% of the respondents were disagreeing, 18.6% neutral, and 31.4% agree. Besides, the table also disclosed whether effective promotional opportunities existed or not. Accordingly, 57.2% of respondents disagree with its existence, 17.1% neutral, and 34.3% agree with the existence of effective promotional opportunities. Finally, 48.6% of the respondents replied as they disagree with the existence of equal pay for equal work, 17.1% neutral, and 34.3% agree with it. From this it is possible to conclude that majority of the respondents disagree with the existence of reasonable periodical increase in salary, effective performance appraisal system, effective promotional opportunities, and existence of equal pay for equal work. Even though they are important motivational factors, they were missed in private higher education institutions found in Adama Town as the majority responded.

4. CONCLUSION AND RECOMMENDATIONS

4.1. CONCLUSION

- The study was conducted on assessment of academic staff motivation in private higher education institutions found in Adama Town. Seventy (70) academic staffs were returned the questionnaire from Unity University, Rift Valley University College, and Royal University College by simple random sampling. In this regard the finding revealed that majority of the respondents were males (94.30%), categorized in age group of 26-30 years (60%), single in their marital status (51..40%), first degree holder (45.70%), academic status of lecturer (51.40%), served the organization for 1-5 years (48.60%).

- Most of the academic staff in private higher education institutions found in Adama Town was paid monthly salary of 1000-3000 birr (48.57%). And majority of the respondents replied the salary was very low and low as compared to other industries.
- From the total respondents 27 (38.57%) of them hold position in their institution but of the total position holder only 4 (14.81%) respondents satisfied with the position allowance paid to them, the rest23 (85.19%) were not satisfied with position allowance paid to them.
- Most of the academicians in private higher education institutions found in Adama Town were not motivated with their current job. For improvement of their motivation level they need monetary incentive, academic rank promotion, scholarship, and appreciation letters respectively as they replied.
- Most of the academicians witnessed that there was no recognition for outstanding employees in their institutions.
- Students' performance, scholarship for career development, work schedule, payment for over load, good working condition, promotion, academic freedom, recognition for the job well done, monetary incentive, amount of salary, job security, participatory decision making are the factors influencing motivational level of academic staff in private higher education institutions.
- The motivational level of academic staff to regularly attaining class, preparing teaching material, conducting research, taking continuous assessment, participating in community services, initiating ideas that benefits their institution, participating in seminar and conferences, voluntarily in taking position to serve the institution, participating in different committee, commitment to link the institution to industries, and promoting good will of the institution were low as majority of them replied.
- Finally more than 50% of the academicians disagree with existence of reasonable periodical increase in salary, effective performance appraisal, effective promotional opportunities, and equal pay for equal work in PHEIs found in Adama Town.

4.2. RECOMMENDATIONS

In light of the finding the following recommendations were drawn:

- It is impossible to insure the quality of education without motivating academic staff of private higher education institutions. The finding shows that the amount of salary paid to academicians in PHEIs was low as compared to other industries. Therefore, the management of private higher education institutions found in Adama Town should improve the amount of salary currently paid and also there should be reasonable increment in salary periodically.
- Academicians are not willing to take position in their institution and those who hold position were also not satisfied with the position allowance. Therefore, the position allowance paid to position holder should be significant so as it create competition among academic staff to hold position.
- Private higher education institutions should design effective performance appraisal system and based on the result there should be recognition for outstanding employees. This maintains the sense of competition among staffs and they motivated to exert their maximum effort for the incentives package available.
- The factors that motivate academic staff should get attention by the owners of private higher education institutions so as to ensure the quality of education.

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STUDY THE RELATION BETWEEN WORKING CAPITAL SYSTEM AND PROFITABILITY IN AUTO MANUFACTURING INDUSTRY IN INDIA

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ABSTRACT

The new economic policy adopted in India in 1991 known as Liberalization, Privatization and Globalization (LPG model). This policy has been designed to make the Indian economy progressively market oriented and integrate it with the emerging global economy structure. Therefore, in line with this policy it was very indispensable to analyze the working management and some financial ratios in some selected Auto manufacturing companies. The purpose of the study was to analyze the practice of working capital Management and Asset and liquidity ratios in six selected Indian auto manufacturing companies. For this aforementioned study, a time series data for the years 2003- 2012 has been employed and a secondary data from the annual reports of the six companies was solicited. Both qualitative and quantitative paradigms were employed so as to analyze the research. Regarding the relation between working capital and liquidity analysis, Index of current assets, quick assets and debt equity assets ratios were used. The minimum current ratio chain index among all selected companies was founded in Ashok Leyland that was 50.29 in 2011-2012. The maximum current ratio chain index among all selected companies was founded in Hero MotoCorp that was 145.00 in 2009 -2010. With reference to the above listed companies the minimum quick ratio chain index was founded in Ashok Leyland that was 39.34 in 2011-2012 and the maximum quick ratio chain index was founded in Hero MotoCorp that was 231.04 in 2009 -2010. With reference to the above listed companies the minimum debt equity ratio chain index was founded in Maruti Suzuki that was 6.67 in 2005-2006 and the maximum debt equity ratio chain index was founded in TVS Motor that was 400.00 in 2009-2010.

KEYWORDS

Profitability, liquidity, Working capital, Auto manufacturing companies.

1. INTRODUCTION

The new economic adopted in India known as Liberalization, Privatization and Globalization (LPG model) in 1991. This policy designed to make the Indian economy progressively market oriented and integrate it with the emerging global economy structure. Due to advance technology and precise research and development activity Indian auto- mobiles industries have made significant growth in last decades. After LPG began a number of foreign firms commenced joint ventures with existing Indian automobile companies. The variety of options of automobiles available to the consumers. Fixed and working capital are necessary financial requirement of any industry to run through their relative share and importance varies according to the nature of the industry. Implementing an effective working capital management system helps to improve the earnings of the firm. The ratio analysis and management of individual components of working capital are two main aspects of working capital management. Working capital management system involves the relationship between short-term assets and short-term liabilities of the firm. The goal of working capital management system is to ensure that the firm firm is able to continue its operations and that it has sufficient ability to satisfy maturing short-term debt. The working capital management system engages the managing of inventories, accounts receivable and payable, and cash. Considering the role and importance of working capital systems in the success of the companies, this project aims to study the relation between working capital management system and profitability of auto-manufacturing companies in India. The working capital management system has an effect on the liquidity as well on the profitability of the firm. So, it is important to study the role of working capital in the profit generating process. If the firm desire to improve liquidity, increases the size of working capital of the firm. On the other hand, If a company is interested to obtain a greater risk for greater profits, it decreases the size of working capital in relation to its sales. The firm should tradeoff between its profitability and liquidity and decides the size of its working capital requirement. The objective of any firm is to maximize the profit. But, maintaining liquidity of the firm is an important objective also. If profit increase in the cost of liquidity can bring serious problems to the firm. As both the objectives are important, therefore achieving of one objective should not be at the cost of the other. If the firm doesn't have optimum liquidity, it may face the problem of insolvency or bankruptcy conversely, If the firm does earn optimum profit it cannot survive for a longer period. For these reasons working capital management should be given proper consideration.

2. STATEMENT OF THE PROBLEM

Managing the financial needs and operations of any business is very important to the management of the company, because it has an effect on both profits and liquid assets of the firm. Financial needs are largely classified into two types of needs 1) working capital needs and 2) fixed capital needs. That part of the finance which enables an enterprise to conduct its day-to-day operations is called the working capital. It needs to analyze short term assets and liabilities carefully in order to manage the firm's liquidity, management of working capital helps managers to manage their operation of the firm through making available cash to pay for short-term debt and the maturity of long term debt as well as expenses resulting for daily operations. So, an optimal level of working capital must be kept to trade off between return and risk (Ranjith, 2008).

One of the integral components of the overall corporate strategy is to manage working capital efficiency. This needs to control short term obligation as well as decrease investment in liquid assets as much as possible in order to create shareholder value (Eljelly 2004). In practice, Narender, Menon and Shewtha, (2009) show that a firm may lose several profitable investment opportunities or suffer a liquidity problem if the working capital is too low or it is improperly managed. While a number of previous research studies have examined the effects of the working capital on the profitability, efficiency, performance and earnings before interest rate and tax (EBIT). (e.g. Nobanee, 2009; Padachi, 2006; Rahman and Nasr, 2007; Ramachandran and Janakiraman, 2009; Shin and Soenen, 1998; Wu, 2001), this subject is still a very important issue because it affects the short term investment decisions; and managers can increase the value of the firm by reducing the working capital ratio to its optimal level (Rahman and Nasr 2007).

Even though several studies about working capital management were undertaken, in both developed and underdeveloped countries; this study adds to the literature by examining the issue of the working capital management.

3. OBJECTIVE OF THE STUDY

The general objective of the study is to study the working capital management practices in some selected Auto manufacturing companies in India.

4. SCOPE OF THE STUDY

The study is delimited to the study of working capital management in India with six automobile manufacturing companies, namely Hero MotoCorp, TVS Motor, Ashok Leyland, Tata Motors, Mahindra & Mahindra and Maruti Suzuki for the year 2003 to 2012 and it is delimited to the study of working capital management.

5. SIGNIFICANCE OF THE STUDY

The research funding will be paramount in that it will contribute to the companies to manage their working capital effectively and efficiently. The study will help companies understand and solve the determinant factors that affect the working capital management. It will also play its part to guide policy makers, managers and shareholders and any others interested with the companies to positively intervene with the development agenda to carefully scrutinize the working capital sources, management and utilization optimally. The study concentrates on the relation between working capital and profitability in auto-manufacturing companies of India. It involves the study of working capital management, their comparison over the years in the industry. The study appraises the company's success in meeting the requirement of the country. The auto-manufacturing companies require the huge amount of funds to manufacture each product. The process of achieving the objectives, profit and wealth maximization of the firm the optimum working capital Thus, a detailed study has been done with working capital management in the selected companies to consider its effectiveness, The deficiency identified and suggestions are made.

6. LIMITATIONS OF THE STUDY

The present study is intended to analyze the working capital management system of six companies over a period of 10 years from 2003-2012. However, their study suffers from limitations as follows:

- The study is covered only six selected auto-manufacturing industry and the period is also limited to 10 years from 2003-2012 and data relating to earlier years.
- The data used in this study have been taken from published annual reports and journals of the respective auto-manufacturing industries only. As per the requirement some data is grouped and sub grouped.
- Financial analyses are based on historical data and information.
- Sometime round figures take place on the actual figure and the figures are appropriated to two decimal whiling computing the ratios, averages and percentages.
- The data collected were mostly secondary in nature

7. LITERATURE REVIEW

V. Sarangarajan and Dr. S. A. Lourthuraj (2013)[1], in their research paper titled, *"Asset management efficiency of selected cement companies in Tamil Nadu".* The researchers collected data from ten cement companies for the year 1996 to 2006. The study was designed on the basis of secondary sources of information on financial data. They used Data Envelopment Analysis by an application of Kinsey DEA analysis used for benchmarking software professional version to find out the asset efficiency of the cement industry. Simple statistical tools such as standard deviation, standard error of the sample were used to carry out the research. The results clearly stated that the cement companies in Tamil Nadu have efficiently utilized their fixed assets and current assets to maximize the return in the form of sales, except during the year 1997 to 1999 and 2002 to 2003. This was mainly possible because of the increase in capacity with the existing facilities and also the companies had developed their current asset management. They had suggested that if the assets were efficiently used, it would result in an increase in sales.

Bhunia & Khan (2011)[3], in their study *"Liquidity management efficiency of Indian Steel Companies (a Case Study)".* The researchers examined the relationship between liquidity management and profitability of 230 Indian private sector steel companies for the period of 2002-2010. Current ratio, liquid ratio, debt-equity ratio, cash position ratio, interest coverage ratio, inventory turnover ratio, debtors turnover ratio, creditors turnover ratio have been taken as the explanatory variables and return on capital employed has been used as the dependent variable. The result indicated in a lower degree of relationship between the liquidity management and profitability. He mentioned that liquidity and solvency position is very satisfactory.

Padachi (2006)[4], in his research paper titled, *"Trends in Working Capital Management and its Impact on Firms' Performance: An Analysis of Mauritian Small Manufacturing Firms".* The researcher examined the trends in working capital management and its impact on firms' performance a sample of 58 small manufacturing firms for the period 1998-2003. The key variables used in the analysis were inventoried days, accounts payable days, accounts receivable days and the cash conversion cycle. Profitability is a dependent variable and return on total assets is used as a measure of profitability **.**The result indicated that with high investment in inventories and receivables, there is lower profitability. An investigation of the profitability, liquidity and operational efficiency of the five industries indicated significant changes and the paper and printing industry has been able to achieve high scores on the various components of working capital and this has positively impacted on the profitability of these firms.

Eljelly (2004)[5], in his research paper titled, *"Liquidity-Profitability Trade-off: An Empirical Investigation in an Emerging Market".* The motive of this investigation was to evaluate the relation between profitability and liquidity on a sample of joint stock companies in Saudi Arabia. In this study the correlation and regression analysis was used for analyzing data. The study found that there was a significant negative relation between the profitability and liquidity level of the firms, as measured by current ratio. The cash conversion cycle is more affected on liquidity than the current ratio that affected profitability and the size variable was found to have significant effect on profitability at the industry level.

R.N. Agarwal (1982)[6], in his research paper titled, *"Investment and Financing Behavior of Indian Automobile Manufacturing Industry*". The researcher analyzed the total inventory investment equation for individual firms in automobile manufacturing industry, which was divided into two sectors - cars-sectors and non-car sectors core and non-core sectors. Data had been taken from the Stock Exchange Official Directory, Mumbai for the period 1959-60 to 1978-79. Cost of capital and trend were significant in the car (core) sector and in non-core sector fixed investment and flows of external funds were significant. The study indicated that the important explanatory variables were sales and stock-sales ratio in both sectors. Existing stocks of inventories possessed negative coefficient and statistically significant in both the sectors. In explaining inventory investment behavior, several other variables as dividends, capacity utilization and liquidity ratio were found to be of no significance.

8. DATA AND METHODOLOGY

The general objective of the study is to study the working capital management practices in some selected Auto manufacturing companies in India. Samples of Six Auto Manufacturing Companies were taken for the study. A time series data for year 2003- 2012 has been collected from secondary sources. Both qualitative and qualitative approaches of a research have been employed for analysis. Ratio Analysis has been employed in order to analyze the relationship and practice of working capital management and other its components. The secondary data were collected from the annual reports of the companies for the period 2003-2012. Index analysis has been used for the analysis purpose.

8.1. RESEARCH QUESTIONS AND HYPOTHESIS

As presented in the above the broad objectives of the thesis are the working capital management practices in some selected Auto manufacturing companies in India. To achieve this broad objective, a series of research questions and hypothesizes are developed. Thus, the primary research question is:

RQ: What are the different analysis and determinants of working capital management and how is the trend analysis is done?

The following hypotheses were developed:

H1: – There is a significant difference between efficient working capital management system and profitability of auto-manufacturing industry in India.

8.2. SAMPLE DESIGN

In the case of sample design, as the literature on survey method reveals, how well a sample represents a population depends on the sample frame, the sample size and the specific procedures of selecting potential respondents (Wollela Abehodie, 2008).Obviously, in the auto manufacturing industry survey, the **sample frame** ought to be the list of registered auto manufacturing industry population in India. That is, the sample needed to be chosen from the auto manufacturing industry registry of India. Accordingly, to select potential respondents, the list of the auto manufacturing industry registered in India in the year 2012/13 fiscal year were accessed. The other consideration in sample design is the **sample size**. The choice of the sample size has a bearing on the reliability of a study.

However; this does not mean that large sample size leads to high level of accuracy. Rather, it is to indicate that the sample size is one of the factors that contribute to the credibility of a survey estimate (Sarantakos; 2005). The sample size will depend on the type of research and what the researcher wants to do with the results. Choosing an appropriate sample size is crucial to have a study that will provide statistically significant results. Research needs to be cost effective, so it is best to use as small sample as possible to reduce time and cost.

In the year 2011, there were 3,695 auto-manufacturing industry were registered in all of India. From this study population, the researcher was listed 6 of the total population, which is equivalent to above most similar surveys: which is listed in the literature review. Considering the concentration of auto-manufacturing industries of the country, this sample frame again congregates among 3 cities (Mumbai, New Delhi and Chennai) by purposive sampling method and from each city auto-manufacturing industries were randomly selected as sample by simple random method of sample selection.

9. RESULT AND DISCUSSION

In this Part the result for profitability and working capital is thoroughly presented and for this end different Asset ratios are employed.

LIQUIDITY RATIOS

CURRENT RATIO

The current ratio is an indication of a firm's market liquidity and ability to settle its short-term liabilities. Current ratio explains the efficiency of a company's operating cycle or its ability to turn its product into cash.

$$\textbf{Current Ratio} = \frac{\textbf{Current Assets}}{\textbf{Current Liabilities}}$$

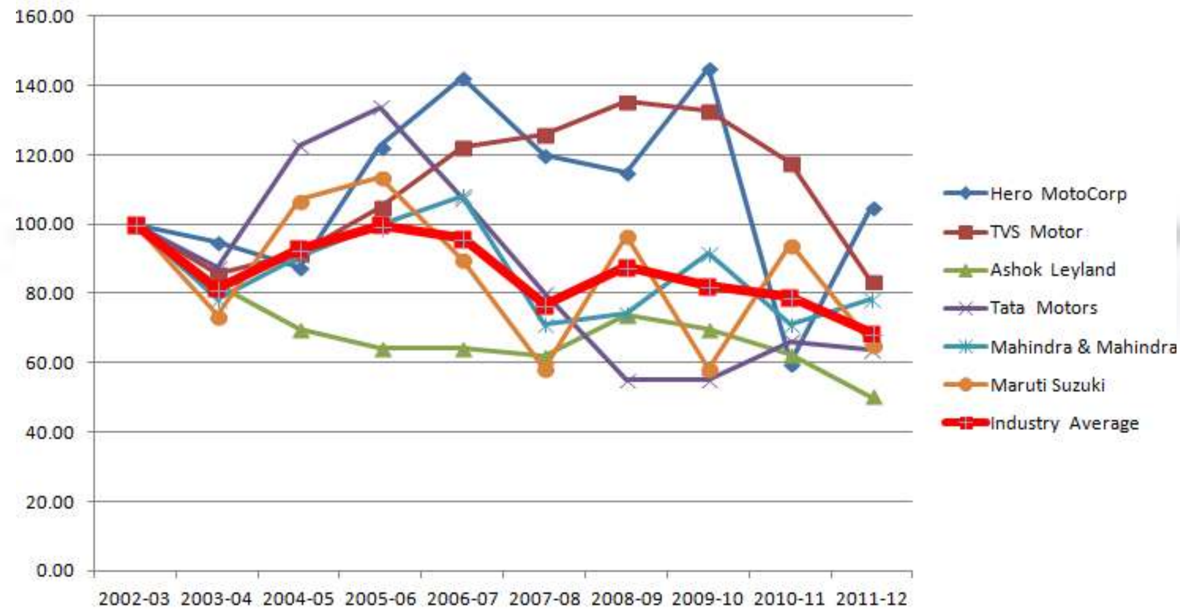
TABLE 1.1: CURRENT RATIO CHAIN INDICES OF AUTOMOBILE INDUSTRIES IN INDIA

Year	Hero MotoCorp		TVS Motor		Ashok Leyland		Tata Motors		Mahindra & Mahindra		Maruti Suzuki		Industry Average	
	CR	Index	CR	Index	CR	Index	CR	Index	CR	Index	CR	Index	CR	Index
2002-03	0.40	100.00	0.85	100.00	1.75	100.00	0.80	100.00	1.21	100.00	1.56	100.00	1.10	100.00
2003-04	0.38	95.00	0.73	85.88	1.44	82.29	0.70	87.50	0.95	78.51	1.15	73.72	0.89	81.43
2004-05	0.35	87.50	0.78	91.76	1.22	69.71	0.98	122.50	1.10	90.91	1.67	107.05	1.02	92.85
2005-06	0.49	122.50	0.89	104.71	1.12	64.00	1.07	133.75	1.21	100.00	1.77	113.46	1.09	99.70
2006-07	0.57	142.50	1.04	122.35	1.12	64.00	0.86	107.50	1.31	108.26	1.40	89.74	1.05	95.89
2007-08	0.48	120.00	1.07	125.88	1.08	61.71	0.64	80.00	0.86	71.07	0.91	58.33	0.84	76.71
2008-09	0.46	115.00	1.15	135.29	1.29	73.71	0.44	55.00	0.90	74.38	1.51	96.79	0.96	87.52
2009-10	0.58	145.00	1.13	132.94	1.22	69.71	0.44	55.00	1.11	91.74	0.91	58.33	0.90	82.04
2010-11	0.24	60.00	1.00	117.65	1.09	62.29	0.53	66.25	0.86	71.07	1.47	94.23	0.87	79.00
2011-12	0.42	105.00	0.71	83.53	0.88	50.29	0.51	63.75	0.95	78.51	1.02	65.38	0.75	68.34
Company Average	0.44	109.25	0.94	110.00	1.22	69.77	0.70	87.13	1.05	86.45	1.34	85.71	0.95	86.35

Sources: Computed from Annual Reports

The minimum current ratio chain index in Hero MotoCorp was 60.00 in 2010-2011, TVS Motor was 83.53 in 2011-2012, Ashok Leyland was 50.29 in 2011-2012, Tata Motors was 55.00 in 2008-2010, Mahindra & Mahindra was 71.07 in 2007-2008 and 2010-2011and Maruti Suzuki was 58.33 in 2007-2008 and 2009-2010. The maximum current ratio chain index in Hero MotoCorp was 145.00 in 2009 -2010, TVS Motor was 135.29 in 2008-2009, Ashok Leyland was 100.00 in 2002-2003, Tata Motors was 133.75 in 2005-2006, Mahindra & Mahindra was 108.26 in 2006-2007 and Maruti Suzuki was 113.46 in 2005-2006. The minimum current ratio chain index among all selected companies was founded in Ashok Leyland that i.e. 50.29 in 2011-2012. The maximum current ratio chain index among all selected companies was founded in Hero MotoCorp that was 145.00 in 2009 -2010.

GRAPH 1.1: CURRENT RATIO



The index of the current ratio of Hero Motocorp increased to 105.00 in 2011-2012 over 2002-2003 accounting for a rise of 5.00 percent. But, there were certain changes in the due course of 10 years, the index of ratio decreased during the year 2003-2005. It increased significantly in 2005-2006 by 35.00 percent, i.e. from 87.50 to 122.50 due to increase in current assets. The index of ratio fluctuated from 2006-2010. During the year 2010-2011 as the current liabilities increased rapidly and current assets declined, there was a sharp decrease in the index of the current ratio by 85.00 percent, i.e. from 145.00 to 60.00. It increased tremendously by 45.00 percent, i.e. from 60.00 to 105.00 during 2011-2012 because the current assets rose sharply and the current liabilities decreased. There was a decrease in the index of the current ratio of Tvs Motor to 83.53 in 20011-2012 over 2002-2003 accounting for a fall of 16.47 percent, during the course, there were some changes. The index of ratio fell by 14.12 percent, i.e. from 100.00 to 85.88 in 2003-2004. From 2004-2006 there was a slight increase. In the year 2006-2007 it further increased by 17.65 percent, i.e. from 104.71 to 122.35 due to the marginal increase in current assets, although there was an increase in current liabilities also. It decreased gently from 2009-2011. Later, in 2011-2012 it had decreased by 34.12 percent, i.e. from 117.65 to 83.53. Ashok Leyland showed a decline in the index of the current ratio to 50.29 in 2011-2012 over 2002-2003 accounting for a fall of 49.71 percent. However, there were some changes in a decade, the index of the ratio decreased slightly in 2003-2004 by 17.71 percent, i.e. from 100.00 to 82.29 as the current liabilities rose significantly, yet the current assets increased slightly. It continued for the next two years. During the year 2006-2007 the index of the current ratio was stable, as the current liabilities and current assets increased accordingly. It decreased gently in 2007-2008 by 2.29 percent. But in 2008-2009 the index of the ratio increased marginally by 12.00 percent, i.e. from 61.71 to 73.71 as the current assets increased and current liabilities decreased. The next three years, it decreased continuously. The index of the current ratio of Tata motors declined to 63.75 in 2011-2012 over 2002-2003 accounting for a fall of 36.25 percent. On the other hand, the index of the ratio altered over a period of time. It decreased by 12.50 percent, i.e. from 100.00 to 87.50 in the year 2003-2004. But in 2004-2005 the index of ratio increased sharply by 35.00 percent, i.e. from 87.50 to 122.50 as the current assets rose substantially even though the current liabilities increased. There was a rapid continuous decrease from 2006-2008. During the year 2008-2009 as the current liabilities increased there was a reduction of 25.00 percent, i.e. from 80.00 to 55.00 in the index of the current ratio. The index of the current ratio remained constant, but current liabilities and current assets increased accordingly in 2009-2010. The index of the ratio of Tata motors increased marginally by 11.25 percent, i.e. from 55.00 to 66.25 in 2010-2011 as the current assets increased and the current liabilities went down. It decreased the next year. Mahindra & Mahindra had a decrease in the index of the current ratio to 78.51 in 2011-2012 over 2002-2003 accounting for a fall of 21.49 percent, although, there were certain changes in the index of the ratio during the 10 years. It declined by 21.49 percent, i.e. from 100.00 to 78.51 during the year 2003-2004. The index of the ratio was noted by a slight increase from the year 2004-2007. It decreased significantly in 2007-2008 by 37.19 percent, i.e. from 108.26 to 71.07 due to the significant rise in current liabilities and a slight decrease in the current assets. The next two years, it increased gradually. It decreased in 2010-2011 by 20.66 percent, i.e. from 91.74 to 71.07, then it increased slightly. The index of of the current ratio of Maruti Suzuki has declined to 65.38 in 20011-2012 over 2002-2003 accounting for a fall of 34.62 percent. However, there were certain alterations all through the decade, the index of the ratio decline in 2003-2004 by 26.28 percent, i.e. from 100.00 to 73.72 as the current assets went down and the current liabilities decreased too. There was a remarkable increase in the index of the current ratio of 33.33 during the year 2004-2005 because of the swift increase in current assets. The index of the current ratio of Maruti Suzuki was slight fluctuation from the year 2005-2008. The index of current ratio increased strongly by 38.46 percent, i.e. from 58.33 to 96.79 in the year 2008-2009 as the current assets increased sharply although, the current liabilities also increased. It decreased the following year by 38.46 percent. During the year 2010-2011 the current assets increased greatly and even the current liabilities decreased, which had an impact on the index of the current ratio which increased substantially by 35.90 percent, i.e. from 58.33 to 94.23.

QUICK RATIO

The quick ratio measures a company's ability to pay off its current liabilities with its most liquid assets. The quick ratio excludes inventory from the current ratio because some companies have difficulty turning their inventory into cash, which compares all current assets to current debts.

$$\textbf{Quick Ratio} = \frac{\textbf{Current Assets} - \textbf{Inventory} - \textbf{Prepaid Expenses}}{\textit{Current Liabilities}}$$

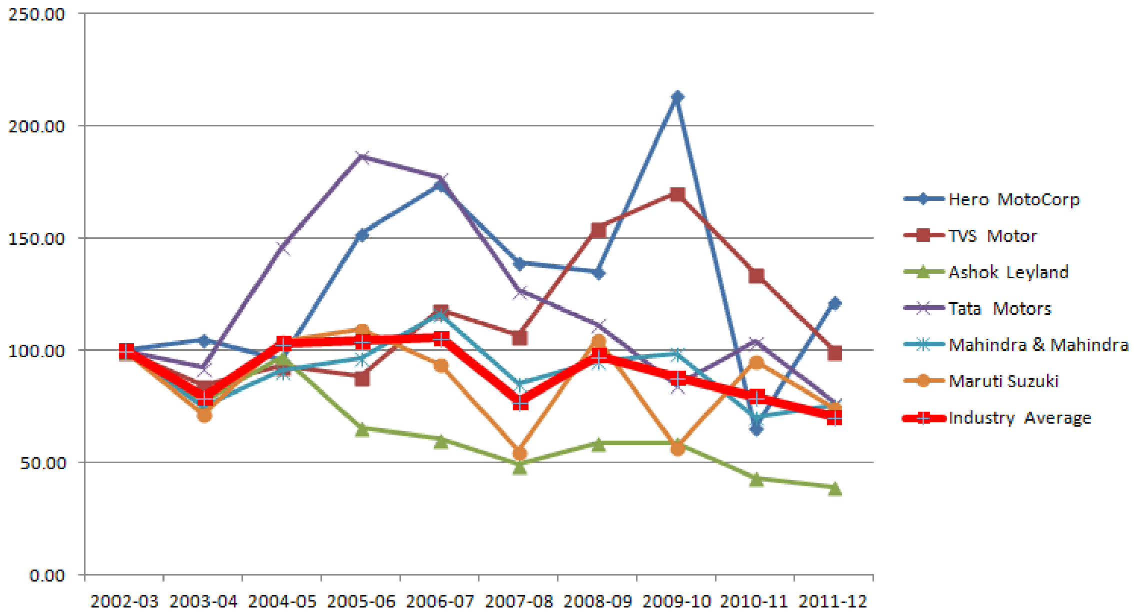
TABLE 1.2: QUICK RATIO CHAIN INDICES OF AUTOMOBILE INDUSTRIES IN INDIA

Year	Hero MotoCorp		TVS Motor		Ashok Leyland		Tata Motors		Mahindra & Mahindra		Maruti Suzuki		Industry Average	
	QR	Index	QR	Index	QR	Index	QR	Index	QR	Index	QR	Index	QR	Index
2002-03	0.23	100.00	0.44	100.00	1.22	100.00	0.52	100.00	0.87	100.00	1.20	100.00	0.75	100.00
2003-04	0.24	104.35	0.37	84.09	0.94	77.05	0.48	92.31	0.65	74.71	0.86	71.67	0.59	79.02
2004-05	0.22	95.65	0.41	93.18	1.19	97.54	0.76	146.15	0.79	90.80	1.25	104.17	0.77	103.13
2005-06	0.35	152.17	0.39	88.64	0.80	65.57	0.97	186.54	0.84	96.55	1.31	109.17	0.78	104.02
2006-07	0.40	173.91	0.52	118.18	0.74	60.66	0.92	176.92	1.01	116.09	1.13	94.17	0.79	105.36
2007-08	0.32	139.13	0.47	106.82	0.60	49.18	0.66	126.92	0.74	85.06	0.66	55.00	0.58	77.01
2008-09	0.31	134.78	0.68	154.55	0.72	59.02	0.58	111.54	0.83	95.40	1.26	105.00	0.73	97.77
2009-10	0.49	213.04	0.75	170.45	0.72	59.02	0.44	84.62	0.86	98.85	0.68	56.67	0.66	87.95
2010-11	0.15	65.22	0.59	134.09	0.53	43.44	0.54	103.85	0.61	70.11	1.14	95.00	0.59	79.46
2011-12	0.28	121.74	0.44	100.00	0.48	39.34	0.40	76.92	0.66	75.86	0.89	74.17	0.53	70.31
Company Average	0.30	130.00	0.51	115.00	0.79	65.08	0.63	120.58	0.79	90.34	1.04	86.50	0.68	90.40

Sources: Computed from Annual Reports

The minimum quick ratio chain index in Hero MotoCorp was 65.22 in 2010-2011, TVS Motor was 84.09 in 2003-2004, Ashok Leyland was 39.34 in 2011-2012, Tata Motors was 76.92 in 2011-2012, Mahindra & Mahindra was 70.11 in 2010-2011 and Maruti Suzuki was 55.00 in 2007-2008. The maximum quick ratio chain index in Hero MotoCorp was 231.04 in 2009 -2010, TVS Motor was 170.45 in 2009-20010, Ashok Leyland was 100.00 in 2002-2003, Tata Motors was 186.54 in 2005-2006, Mahindra & Mahindra was 116.09 in 2006-2007 and Maruti Suzuki was 109.17 in 2005-2006. With reference to the above listed companies the minimum quick ratio chain index was founded in Ashok Leyland that was 39.34 in 2011-2012 and the maximum quick ratio chain index was founded in Hero MotoCorp that was 231.04 in 2009 -2010.

GRAPH 1.2: QUICK RATIO



There was an increase in the index of the quick ratio of Hero Motorcorp to 121.74 in 2011-2012 over 2002-2003 accounting for a rise of 21.74 percent. Whereas, in the due course of 10 years, there were certain changes, the index of the ratio rose slightly in 2003-2004 by 4.35 percent, i.e. from 100.00 to 104.35 then it fell gently. Sundry debtors and fixed deposits increased quickly, which led to a significant increase in the index of the quick ratio by 56.52 percent, i.e. from 95.65 to 152.17 in 2005- 2006. There was a slight fluctuation from 2006-2009. During the year 2009-2010 the rapid increase in the cash & bank balance had an impact on the index of the quick ratio that increased substantially by 78.26 percent, i.e. from 134.78 to 213.04 in spite of the increase in current liabilities. Then it felt enormously by 147.83 percent, i.e. from 213.04 to 65.22 during the year 2010-2011 because the current liabilities rose quickly and the cash & bank balance decreased. The index of the quick ratio increased swiftly in 2011-2012 by 56.52 percent, because of the sharp rise in the sundry debtors and loans & advances and decrease in current liabilities of the company.

The index of the quick ratio of Tvs Motor remained constant over a period of 10 years. However, there were certain alterations, the index of the ratio fluctuated from 2003-2006. During the year 2006-2007 it increased by 29.55 percent, i.e. from 88.64 to 118.18 due to the increase in the Sundry debtors and fixed deposits even the current liabilities increased slightly. It decreased the following year. In 2008-2009 it increased quickly by 47.73 percent, i.e. from 106.82 to 154.55 because of the sharp rise in the cash & bank balance and Sundry debtors although the current liabilities also increased. It was followed the next year. Due to the sharp increase in current liabilities the index of the quick ratio of Tvs Motor decreased by 36.36 percent, i.e. from 170.45 to 134.09 in 2010-2011. It went down in 2011-2012 by 34.09 percent. The Ashok Leyland's index of the quick ratio decreased to 39.34 in 2011-2012 over 2002-2003 accounting for a decline of 60.66 percent, though, the index of the ratio changed over a period of 10 years. It went down in 2003-2004 by 22.95 percent, i.e. from 100.00 to 77.05. Then it increased the next year by 20.49 percent. In 2005-2006 it decreased by 31.97 percent, i.e. from 97.54 to 65.57 as the current liabilities increased and the liquid assets decreased. It decreased the next two years. It increased gently in 2008-2009 by 9.84 percent, i.e. from 49.18 to 59.02. During 2009-2010 the index of the ratio remained stable because the current liabilities and the liquid assets increased accordingly. The index of the quick ratio of Ashok Leyland decreased in 2010-2011 by 15.57 percent, i.e. from 59.02 to 43.44 and continued to decrease the next year. Tata Motors's index of the quick ratio of decreased to 76.92 in 20011-2012 over 2002-2003 accounting for a fall of 23.08 percent, on the other hand, there were certain changes in a decade, the index of the ratio fell slightly in 2003-2004 by 7.69 percent, i.e. from 100.00 to 92.31. During the year 2004-2005 the fixed deposits increased significantly and also the sundry debtors increased, which reflected in the index of the quick ratio that increased substantially by 53.85 percent, i.e. from 92.31 to 146.15 even the current liabilities increased. It followed the next year. The index of the ratio decreased in 2006-2007 by 9.62 percent. It further decreased considerably by 50.00 percent, i.e. from 176.92 to 126.92 during 2007-2008. It followed the next two years. In 2010-2011 it increased by 19.23 percent, i.e. from 84.62 to 103.85. Again in 2011-2012 it decreased by 26.92 percent, as the current liabilities increased sharply. The index of the quick ratio of Mahindra & Mahindra went down to 75.86 in 20011-2012 over 2002-2003 accounting for a decline of 24.14 percent. But, the index of the ratio altered over a period of time, it decreased noticeably by 25.29 percent, i.e. from 100.00 to 74.71 in 2003-2004 due to increase in the current liabilities and decreased liquid assets. In 2004-2005 it increased by 16.09 percent, i.e. from 74.71 to 90.80 because of the sharp rise in the fixed deposits and sundry debtors of the company although the current liabilities went up. It followed the same the next two years. The current liabilities of the Mahindra & Mahindra increased in 2007-2008 which reflected in the index of the quick ratio of the company that decreased by 31.03 percent, i.e. from 116.09 to 85.06. Then, it increased the next two years. In 2010-2011 it decreased by 28.74 percent, i.e. from 98.85 to 70.11 because of the sharp increase in the current liabilities and a gentle decrease in the liquid assets. It increased slightly the next year. There was a decrease in the index of the quick ratio of Maruti Suzuki to 74.17 in 20011-2012 over 2002-2003 accounting for a fall of 25.83 percent, on the other hand, there were certain changes over a period of time. The index of the ratio went down in 2003-2004 by 28.33 percent, i.e. from 100.00 to 71.67. Then it increased in the next year by 32.50 percent, because of the sharp increase in fixed deposits and cash & bank balance also. The index of the ratio fluctuated from 2005-2008. Due to the great increase in fixed deposits and rise in the sundry debtors in Maruti Suzuki the index of the quick ratio increased substantially by 50.00 percent, i.e. from 55.00 to 105.00 in 2008-2009 even the current liabilities increased slightly. However the company decreased its fixed deposits and cash & bank balance which had an impact on the index of the quick ratio that decreased substantially by 48.33 percent, i.e. from 105.00 to 56.67 in 2009-2010. There was a remarkable increase in the index of the quick ratio of Maruti Suzuki by 38.33 percent, i.e. from 56.67 to 95.00 during the year 2010-2011 because of the sharp increase in fixed deposits although the current liabilities increased too. It decreased the next year by 20.83 percent.

DEBT EQUITY RATIO

The debt-to-equity ratio measures a company's financial leverage. It clarifies the relationship between the capital provided by creditors and the capital provided by shareholders It gives an idea of how much borrowed capital can be fulfilled in the event of liquidation using the equity of the shareholders.

$$\textbf{Debt Equity Ratio} = \frac{\textbf{Total Liabilities}}{\textbf{Total Equity}}$$

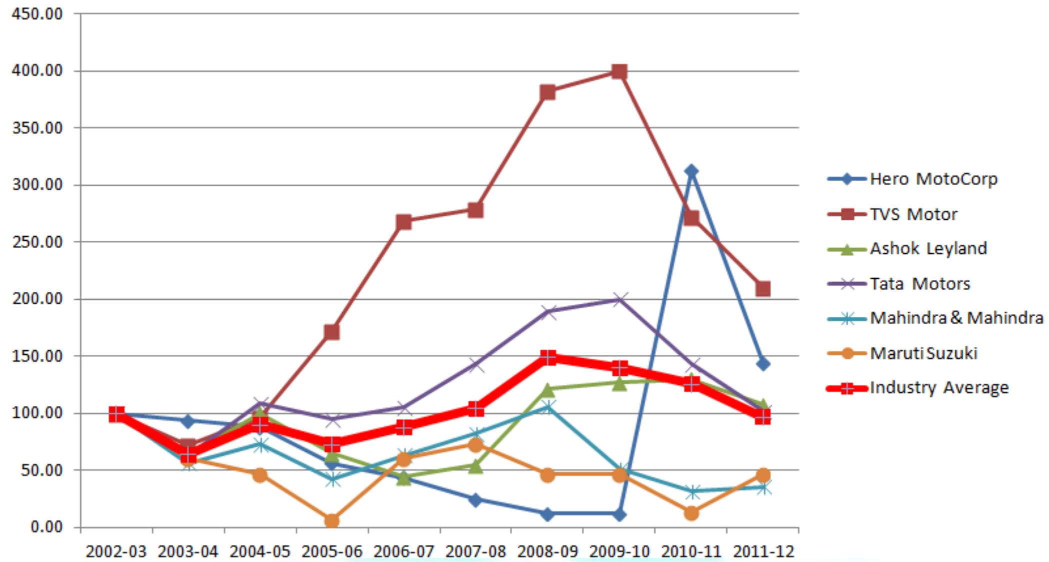
TABLE 1.3: DEBT EQUITY RATIO CHAIN INDICES OF AUTOMOBILE INDUSTRIES IN INDIA

Year	Hero MotoCorp		TVS Motor		Ashok Leyland		Tata Motors		Mahindra & Mahindra		Maruti Suzuki		Industry Average	
	DER	Index	DER	Index	DER	Index	DER	Index	DER	Index	DER	Index	DER	Index
2002-03	0.16	100.00	0.29	100.00	0.77	100.00	0.56	100.00	0.73	100.00	0.15	100.00	0.44	100.00
2003-04	0.15	93.75	0.21	72.41	0.49	63.64	0.35	62.50	0.41	56.16	0.09	60.00	0.28	63.91
2004-05	0.14	87.50	0.28	96.55	0.77	100.00	0.61	108.93	0.53	72.60	0.07	46.67	0.40	90.23
2005-06	0.09	56.25	0.50	172.41	0.50	64.94	0.53	94.64	0.31	42.47	0.01	6.67	0.32	72.93
2006-07	0.07	43.75	0.78	268.97	0.34	44.16	0.59	105.36	0.46	63.01	0.09	60.00	0.39	87.59
2007-08	0.04	25.00	0.81	279.31	0.42	54.55	0.80	142.86	0.60	82.19	0.11	73.33	0.46	104.51
2008-09	0.02	12.50	1.11	382.76	0.93	120.78	1.06	189.29	0.77	105.48	0.07	46.67	0.66	148.87
2009-10	0.02	12.50	1.16	400.00	0.98	127.27	1.12	200.00	0.37	50.68	0.07	46.67	0.62	139.85
2010-11	0.50	312.50	0.79	272.41	1.00	129.87	0.80	142.86	0.23	31.51	0.02	13.33	0.56	125.56
2011-12	0.23	143.75	0.61	210.34	0.83	107.79	0.57	101.79	0.26	35.62	0.07	46.67	0.43	96.62
Company Average	0.14	88.75	0.65	225.52	0.70	91.30	0.70	124.82	0.47	63.97	0.08	50.00	0.46	103.01

Sources: Computed from Annual Reports

The minimum debt equity ratio chain index in Hero MotoCorp was 12.50 in 2008-2010, TVS Motor was 72.41 in 2003-2004, Ashok Leyland was 44.16 in 2006-2007, Tata Motors was 62.50 in 2003-2004, Mahindra & Mahindra was 31.51 in 2010-2011 and Maruti Suzuki was 6.67 in 2005-2006. The maximum debt equity ratio chain index in Hero MotoCorp was 312.50 in 2010 -2011, TVS Motor was 400.00 in 2009-20010, Ashok Leyland was 129.87 in 2010-2011, Tata Motors was 200.00 in 2009-20010, Mahindra & Mahindra was 105.48 in 2008-2009 and Maruti Suzuki was 100.00 in 2002-2003. With reference to the above listed companies the minimum debt equity ratio chain index was founded in Maruti Suzuki that was 6.67 in 2005-2006 and the maximum debt equity ratio chain index was founded in TVS Motor that was 400.00 in 2009-20010.

GRAPH 1.3: DEBT EQUITY RATIO



Hero MotoCorp's index of the debt equity ratio rose to 143.75 in 20011-2012 over 2002-2003 accounting for an increase of 43.75 percent, Whereas, there were certain changes in the due course of 10 years, the index of the ratio decreased continuously from 2003-2008. It further decreased by 12.50 percent, i.e. from 25.00 to 12.50 in 2008-2009 as the total liabilities decreased and total equity increased. In the year 2009-2010 it remained constant even though the total liabilities and total equity decreased accordingly. Simultaneously in 2010-2011 the index of the debt equity ratio increased enormously by 300.00 percent, i.e. from 12.50 to 312.50 because of the sharp increase in secured loans which resulted in the increase of total liabilities and the total equity decreased. Then it decreased significantly in the next year by 168.75 percent. Tvs Motor had an increase in the index of the debt equity ratio of 210.34 in 20011-2012 over 2002-2003 accounting for an increase of 110.34 percent, however, there were some alterations in a decade. The index of the ratio decreased by 27.59 percent, i.e. from 100.00 to 72.41 during the year 2003-2004 because total liabilities decreased and the total equity increased. In the following year there was an increase in the index of the ratio by 24.14 percent. It continued through the next three years. In 2008-2009 the index of the ratio increased significantly by 103.45 percent, i.e. from 279.31 to 382.76 as both the secured and unsecured loans increased even the total equity increased. It followed the next year. As the total liabilities decreased and total equity increased the index of the ratio decreased by 127.59 percent, i.e. from 400.00 to 272.41 in 2010-2011 and it followed the next year. The index of the debt equity ratio of Ashok Leyland had increased to 107.79 in 20011-2012 over 2002-2003 accounting for a rise of 7.79 percent. Although, the index of the ratio altered over the period of time, it decreased by 36.36 percent, i.e. from 100.00 to 63.64 in during the year 2003-2004. It increased marginally by 36.36 percent, i.e. from 63.64 to 100.00 in 2004-2005 because of the increase in unsecured loans which effected for the increase in total liabilities in spite of the total equity being increased. In 2005-2006 the index of the ratio decreased by 35.06 percent, i.e. from 100.00 to 64.94 as the total liabilities decreased and total equity increased. During the year 2008-2009 there was a sharp increase in the index of the ratio by 66.23 percent, i.e. from 54.55 to 120.78 as the secured and unsecured loans increased sharply and also there was a slight increase in the total equity. It continued to increase the next two years, but in 2011-2012 the ratio decreased by 22.08 percent, i.e. from 129.87 to 107.79. There was an increase in the index of the debt equity ratio of Tata Motors to 101.79 in 20011-2012 over 2002-2003 accounting for an increase of 1.79 percent, despite the fact that, there were some changes all through the decade. As the total liabilities fell down and total equity went up the index of the debt equity ratio of Tata Motors decreased by 37.50 percent, i.e. from 100.00 to 62.50 in 2003-2004. The next year it increased significantly by 46.43 percent, i.e. from 62.50 to 108.93 due to the increased in unsecured loans which effected the total liabilities that rise sharply. From 2006 to 2010 it continued to increased then in 2010-2011 it decreased significantly by 57.14 percent, i.e. from 200.00 to 142.86 and it continued to follow the next year. The Mahindra & Mahindra's index of the debt equity ratio decreased to 35.62 in 20011-2012 over 2002-2003 accounting for a decline of 64.38 percent, though, the index of the ratio changed in the due course of 10 years. It decreased by 43.84 percent, i.e. from 100.00 to 56.16 in 2003-2004 as the total liabilities decreased and total equity increased. There was an increase in 2004-2005 by 16.44 percent. It decreased the following year by 30.14 percent, i.e. from 72.60 to 42.47. As the unsecured loans increased the index of the ratio also increased by 20.55 percent, in 2006-2007 and it continued the next two years. It decreased by 54.79 percent, i.e. from 105.48 to 50.68 during 2009-2010 because of the deceased in total liabilities and increased in total equity. It followed the next year, then it increased slightly in 2011-2012 by 4.11 percent. Maruti Suzuki had a fall in the index of the debt equity ratio of 46.67 in 20011-2012 over 2002-2003 accounting for a fall of 53.33 percent. But, the index of the ratio altered over a period of time, it decreased by 40.00 percent, i.e. from 100.00 to

60.00 during the year 2003-2004 and it continued the next two years. It increased tremendously by 53.33 percent, i.e. from 6.67 to 60.00 during the year 2006-2007 due to the sharp increase in unsecured loans even the total equity also increased. It followed the next year. It decreased by 26.67 percent, i.e. from 73.33 to 46.67 during 2008-2009. The next year it remained stable. During the year 2010-2011 it decreased by 33.33 percent, i.e. from 46.67 to 13.33. In 2011-2012 it increased enormously by 33.33 percent, i.e. from 13.33 to 46.67 as the unsecured loans increased sharply, which resulted in the increase of total liabilities even total equity too increased. Then it increased the next year.

10. CONCLUSION AND RECOMMENDATION

CONCLUSION

In the analysis of working capital management and its components six India Auto manufacturing companies have been selected. The major objective and analysis made here was the relation between working capital management and liquidity ratios. In liquidity ratio there were three ratios analyzed for working capital, namely current ratio, quick ratio and debt equity ratio. Hero MotoCorp recorded the lowest actual average current ratio when compared to the actual average industry. Mahindra & Mahindra, Maruti Suzuki and Ashok Leyland also had a high actual average current ratio when compared to the average industrial ratio and its decreased further over a period of 10 years. In accordance with the average current assets of Mahindra & Mahindra, Maruti Suzuki, TVS Motor and Ashok Leyland were higher than the average of current liabilities, which lead to the higher actual average current ratio. TVS Motor was marked by a close to the actual average current ratio when compared to the average industrial ratio. It went down up a period of 10 years. Tata Motors had a low actual average current ratio when compared to the average industrial ratio and its decreased further over a period of 10 years. As per to the average current assets of Tata Motors and Hero MotoCorp were lower than the average of current liabilities, which resulted the lower actual average current ratio. The actual average quick ratio of Hero MotoCorp was the lowest when compared to the actual average industrial ratio. The company faced issues with regard to low the average debtors and average cash and the company had more average current liabilities when compared to the average quick assets. Therefore, it reflected on quick ratio, which was very low. The actual average quick ratio of Tvs Motor and Tata Motors was lower than the actual average of the industry. Tvs Motor had the problems with consider low the average debtors and average cash and the company had more average current liabilities when compared to the average quick assets. The actual average quick ratio of Ashok Leyland was similar to the Mahindra & Mahindra and it was higher than the actual average of the industry. Maruti Suzuki was marked by the highest actual average quick ratio when compared to the actual average industrial ratio. It went down a period of 10 years. Mahindra & Mahindra, Ashok Leyland and Tata Motors had a high the average debtors and average cash. In accordance with the average quick assets of Hero MotoCorp, Tvs Motor and Tata Motors were lower than the average current liabilities, which lead to the lower actual ratio of average quick ratio. On the other hand, with reference the average quick assets of Mahindra & Mahindra, Ashok Leyland and Maruti Suzuki were higher than the average current liabilities, which reflected in the higher actual ratio of average quick ratio. The actual average total debt equity of Hero MotoCorp was less than the actual average industry, but when compared to the average total liabilities, it was more which reflected in a low average debt equity ratio. It decreased over a period of time. The actual average debt equity ratio of Tvs Motor was high when compared to the actual average industrial ratio. It continued to increase the next ten years. The average total liabilities of the company were higher than the average total equity, which resulted in the higher ratio. Ashok Leyland's actual average debt equity ratio was higher than the actual average industry due to the rise in average total liabilities when compared to the average total equity. The ratio decreased over a period of time. Tata Motors and Ashok Leyland had a similar ratio, but the Tata Motors's ratio increased over a period of time. The average total liabilities and the average total equity were higher than the average industrial ratio, but as the average total liabilities were more than average total equity it leads to a higher ratio. The actual average debt equity ratio of Mahindra & Mahindra was close to the actual average industrial ratio. It decreased over a period of ten years. Maruti Suzuki recorded the lowest actual average debt equity ratio in comparison with the actual average industry. As the average total equity was greater than the average industry and the average total liabilities this reflected in the lower ratio. The ratio decreased over a period of time.

RECOMMENDATION

Hero Motorcorp is unable to meet its short term financial obligations, hence it needs to increase its current assets. Ashok Leyland has a weak liquidity position so it is required to decrease its current liabilities. The resources of Mahindra & Mahindra tied up in the current assets which must be diverted in other segments which may enhance its profits. Maruti Suzuki too has underutilizated its resources. The company must utilize its resources by diverting it proficiently to increase it ratio. A Company that has been facing issues with long inventory and receivable collection can consequently run into liquidity problem because of which it will be unable to fulfil its obligation. Needs to implement a more conservative approach in current asset management to enhance its liquidity. Hero MotoCorp and Maruti Suzuki have low amount of debts as the companies are not proficiently utilizing the cheaper source of finance hence it needs to utilize the cheaper source of finance. Tata Motors has an aggressive growth due to its debts which can lead to additional interest expenses. Leveraging a large amount of debts Tvs Motor might not able to make its payment obligation. Ashok Leyland is bearing less risk in its company than the external creditors, which may unable them to attract additional capital. So Tvs Motor, Tata Motors and Ashok Leyland require to reduce their total liabilities.

11. ACKNOLWEDGEMENT

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IMPACT OF BRAIN-COMPATIBLE LEARNING APPROACH ON ACADEMIC ACHIEVEMENT IN BUSINESS STUDIES IN RELATION TO THEIR LEVEL OF ASPIRATION

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ABSTRACT

Brain-Compatible learning approach holds the idea that learning activities are more effective when they occur in an environment that is compatible with the learning process of brain. Brain based education centers around the principle that learning is more effective if the learner is in a natural, challenging, yet non-threatening environment. Brain based learning is not a method rather it is an approach which provides us to think the structure of brain before planning the teaching strategies for the students. Brain compatible learning is a meta concept that includes an eclectic mix of various techniques like Cooperative group learning, Experiential learning, Role playing, Gaming, Project assignments & Brain storming etc.. The present study attempts to investigate the effect of brain-compatible learning on academic achievement in business studies. It is an experimental study designed as a pre-test post-test control group model. The sample consists of XII class students with two intact class divisions one as experimental group and other as control group. During the research process experimental group was taught through brain-compatible learning approach and control group was administered traditional teaching approach. Analysis of post test revealed a significant impact on achievement of the students taught through brain-compatible learning approach.

KEYWORDS

brain-compatible learing approach, academic achievement.

INTRODUCTION

Education is a dynamic process, which always changes in response to the requirements of the society. The basic idea behind education was confined to 3R's i.e. reading, writing and arithmetic. No doubt this idea will always continue to be just that but now the situations demand learning to be more flexible, experiential and collaborative. According to HRD ministry's survey students spend nearly 45% - 55% of their total time in passive activity like listening to teacher or taking dictation or notes whereas 20% – 32% time is spent in active learning that includes studying on their own, peer learning, answering, seeking clarifications and preparing assignments. But due to increasing complexities of the system and increasing pressure of changing global environment we need such an education system in which the students can learn in a better way with their active involvement and interest and at the same time they are in a position to apply that knowledge. Education and society are symbiotic to each other. With the changes in society the model of schooling is also changing. This transformation creates chaos and confusion on one hand and offers immense opportunities and new possibilities on the other. Tapping the potential of an individual to the maximum has been one of the basic aims of education. Efforts are being made to make the teaching-learning process most effective.

In the information era information is available everywhere and in multiple forms; but traditional schooling is not giving ample opportunities to the students to fully exploit the available sources of information. To maximize learning opportunities for each student, it would be highly desirable for all schools and teachers to make the teaching-learning environment compatible with the way the brain learns.

Learning is the process of building neural networks (Wolfe,2000). Neuron is the learning unit of the brain. Each neuron is composed of a cell body, axon, axon-terminal and dendrites. The axon terminals of one neuron are connected to the dendrites of the other. The axon terminals pass the message through the cell body to the dendrites of the other neuron. The message is transmitted from one neuron to the other through an electric chemical process by crossing the synaptic gap and thus a connection is formed. The dendrite receives the message if information is stimulating enough. If the connection so formed is used repeatedly it became stronger and if they are not used or practiced neuron pruning takes place. The more the number of neural connections more is the learning. Connections are formed if the information reaches the brain logically and related to real life and past experiences or previous knowledge of the learner. So for information to be learnt well it must be presented logically with active involvement of the brain.

Brain compatible learning approach suggests the application of the learning system of brain to the field of education. It is a multi disciplinary approach which not only includes education and neuroscience but it includes the theory of knowledge from different disciplines like psychology, sociology, neuroscience, biology and education etc. It is a concept which tells how fusion of the common sense, human experiences and brain researches produce useful tools and principles for classroom environment. Acc. to **Jensen(2000)** "Brain-based education is best understood in three words: engagement, strategies, and principles. Brain-based education is the engagement of strategies based on principles derived from an understanding of the brain." He further adds that brain-based education is about the professionalism of knowing why one strategy is used for the other. It is probably the collected, refined wisdom. But it should not be promoted as exclusive discipline for schools to consider. It does not give us a map to follow. But it provides us to think the structure of our brain at the stage of making decision.

The idea for brain based learning is that if the environment is conducive to natural learning then learning will not only take place, but flourish.

Caine & Caine(2000), have explained three phases of teaching-learning process: orchestrated immersion, relaxed alertness and active processing. It signifies the importance of learning environment which can provide non-threatening yet challenging experiences to the students so that they can be involved and form appropriate connections by allowing them to consolidate and internalize information.

Caine & Caine (1990), have given twelve principles of brain-compatible learning. These principles provide a general theoretical foundation for brain-compatible learning. These principles when applied to education, help the teachers and administrators to reconceptualize teaching by taking them out of traditional frames of reference and guiding them in defining and selecting appropriate programmes and methodologies.

The principles also suggest that the physical health of the child – the amount of sleep, the nutrition-affects the brain. An adolescent who does not get enough sleep one night will not absorb much new information the next day. Fatigue will affect the brain's memory. Moods and emotional level is also equally important.

Brain compatible learning approach includes a logical mix of different strategies like Cooperative group learning, Experiential learning, Role playing, Gaming, Project assignments, Creative and Critical thinking etc.

The present study focused on the Effectiveness of brain-compatible learning on achievement in Business-Studies. So the study was designed in the form of a controlled experiment.

VARIABLES OF THE STUDY

The study used various types of variables. It used brain-compatible learning and traditional method of teaching as two levels of independent variable, Level of Aspiration as another independent variable and achievement in business studies as dependent variable. In the study, the researchers controlled the following variables:

- Initial status of pupils with reference to achievement in business studies measured by a pre-test.
- Styles of learning and thinking

- Study habits
- Verbal intelligence and
- Socio-economic status of the pupils

The investigator reviewed the related studies by different researchers like Sini,S. &Kumar P.K. (2008), Dilek ERDURAN AVCI and Rahmi YAGBASAN (2006), Ozden and Gultekin (2008) and many more which studied the effectiveness of Brain-Compatible learning and some other studies for creating ideal class room environment. These studies found Brain-Compatible Learning to be effective in improving students' academic achievement. Considering the results of various studies the researchers set the following objective and hypothesis for the study under consideration.

OBJECTIVES OF THE STUDY

Keeping in view the Statement of the Problem and by reviewing the related literature the researcher has framed the following objectives:

To compare adjusted mean scores of achievement in Business Studies of senior secondary school students taught through Brain-Compatible Learning approach and Conventional approach in relation to their level of aspiration.

- To compare the main effect of instructional approach (Brain-Compatible Learning approach and Conventional approach) on adjusted mean scores of achievement in Business Studies of senior secondary school students in relation to their level of aspiration.
- To compare the main effect of level of aspiration on adjusted mean scores of achievement in Business Studies of senior secondary school students in relation to instructional approach (Brain-Compatible Learning approach and Conventional approach).
- To compare the interactive effect of instructional approach (Brain-Compatible Learning approach and Conventional approach) and level of aspiration on adjusted mean scores of achievement in Business Studies of senior secondary school students.

HYPOTHESES OF THE STUDY

The null hypotheses formulated for the experiment were:

1. There is no significant difference in the adjusted mean scores of achievement in Business Studies of senior secondary school students taught through Brain-Compatible Learning approach and Conventional approach in relation to their level of aspiration.
2. There is no significant difference in the main effect of instructional approach (Brain-Compatible Learning approach and Conventional approach) on adjusted mean scores of achievement in Business Studies of senior secondary school students in relation to their level of aspiration.
3. There is no significant difference in the main effect of level of aspiration on adjusted mean scores of achievement in Business Studies of senior secondary school students in relation to instructional approach (Brain-Compatible Learning approach and Conventional approach).
4. There is no significant difference in the interactive effect of instructional approach (Brain-Compatible Learning approach and Conventional approach) and level of aspiration on adjusted mean scores of achievement in Business Studies of senior secondary school students.

METHODOLOGY

The present study was an experimental study which was conducted in order to determine the effectiveness of brain-compatible learning on academic achievement in a XII grade Business Studies course. It was designed as pre test post test control group model.

SAMPLE

The investigators selected two intact class divisions of XII class students from four schools of Rohtak city. First group was experimental group which comprised of 60 students and the other group was controlled group which also comprised of 60 students. Experimental group was taught through brain-compatible learning approach whereas controlled group was taught using traditional method of teaching.

TOOLS USED

Data was gathered using the following tools:

- Achievement Test in Business Studies constructed and standardized by the investigator. The reliability of the test was found to be .86 using Richardson-Kuder method and validity was established by inviting expert's opinion.
- Group Test of General Mental Ability by S. Jalota.
- Test of Study Habit & Attitudes by C.P. Mathur.
- Styles of learning and thinking test by D. Venkatraman.
- Socio-economic status test by Prof. A.K. Kalia & Sudhir Sahu.
- Level of Aspiration Measure by Dr. M. A. Shah and Dr. Mahesh Bhargava.

STATISTICAL TECHNIQUES

In order to analyse the data single factor ANCOVA with 5 covariates in combination were used. ANCOVA was confirmed by Sidak Test of post-hoc comparison.

RESULT AND DISCUSSION

Two way ANCOVA was employed to find the statistical significance of the difference in mean scores of experimental and controlled groups.

TABLE 1: TABLE SHOWING COMPARISON BETWEEN ADJUSTED MEANS OF ACHIEVEMENT IN BUSINESS STUDIES FOR EXPERIMENTAL AND CONTROL GROUP IN RELATION TO THEIR LEVEL OF ASPIRATION

Sample	N	Dependent Variable	Groups Compared	Adjusted Mean		Difference	Standard error		Sig
				M_1	M_2		SE1	SE2	
Total	120	Achievement	Experimental and Control	49.32	34.89	14.423	.906	.908	0.00*

*significant as p<.01

The results pertaining to comparison between adjusted means of achievement in Business Studies for experimental and control groups in relation to their level of aspiration controlling for the effect of five covariates using Bonferroni adjustment are given in Table 1. It can be inferred from the results shown in Table 1 that the adjusted mean scores of the experimental (M_1= 49.32) and control group (M_2=34.89) differ significantly at α= .01 as p<.01. So the hypotheses "*There is no significant difference in the adjusted mean scores of achievement in Business Studies of senior secondary school students taught through Brain-Compatible Learning approach and Conventional approach in relation to their level of aspiration",* stands rejected

TABLE 2: TABLE SHOWING SUMMARY OF ANCOVA FOR THE MAIN EFFECT OF INSTRUCTIONAL APPROACH ON ADJUSTED MEAN SCORES OF ACHIEVEMENT IN BUSINESS STUDIES IN RELATION TO THEIR LEVEL OF ASPIRATION

Sl. No.	Source of Variation	Sum of Squares	Df	Mean squared variance	F-value	Sig.	Remarks
1	Group	5342.694	1	5342.694	117.94	.00*	Significant at .01 level
2	Within Cells	4937.660	109	45.300			

*Significant as p <.01.

Results pertaining to two factor ANCOVA for the main effect of instructional approach on adjusted mean scores of achievement in Business Studies in relation to their level of aspiration have been given in Table 2 which clearly indicates that there is a significant main effect of Instructional Approach on post-test achievement scores in Business Studies of senior secondary school students in relation to their level of aspiration after controlling for the effect of their intelligence quotient, socio-economic status, study habits, styles of learning and pre-test scores as measured by achievement test, $F(1,109) = 117.94$, $p<.01$. Hence the null hypothesis stating that *there is no significant difference in the main effect of instructional approach (Brain-Compatible Learning approach and Conventional approach) on adjusted mean scores of achievement in Business Studies of senior secondary school students in relation to their level of aspiration* stands rejected. It indicates that the adjusted mean score of the group of students taught through Brain-Compatible Learning approach is higher than the adjusted mean score of the group of students taught through Conventional approach as related to their level of aspiration. The results make it clear that the instructional approach i.e. Brain Compatible Learning leaves a significantly positive main effect on the achievement of students in Business Studies in relation to their level of aspiration.

TABLE 3: TABLE SHOWING COMPARISON BETWEEN ADJUSTED MEANS OF ACHIEVEMENT IN BUSINESS STUDIES BETWEEN THE STUDENTS WITH LOW, AVERAGE AND HIGH LEVEL OF ASPIRATION IN RELATION TO THE INSTRUCTIONAL APPROACH

Dependent Variable	Groups Compared	N	Adjusted Mean	Standard error
Achievement	Low	36	38.06	1.186
	Average	46	42.72	1.002
	High	38	45.54	1.150

*significant as p<.01

Table 3 presents the results pertaining to comparison between adjusted means of achievement in Business Studies for the students with low, average and high level of aspiration in relation to their instructional approach controlling for the effect of five covariates using Bonferroni adjustment. The results shown in Table3 indicate that the adjusted mean scores of the students with low, average and high level of aspiration are 38.06, 42.72 and 45.54 respectively. It can be inferred from the results that students with high level of aspiration performed better as compared to the students with average and low level of aspiration.

The results pertaining to the summary of two factor ANCOVA for the main effect of level of aspiration on adjusted mean scores of achievement in Business Studies in relation to the instructional approach have been presented in Table 4.

TABLE 4: TABLE SHOWING SUMMARY OF ANCOVA FOR THE MAIN EFFECT OF LEVEL OF ASPIRATION ON ADJUSTED MEAN SCORES OF ACHIEVEMENT IN BUSINESS STUDIES IN RELATION TO THE INSTRUCTIONAL APPROACH

SI. No.	Source of Variation	Sum of Squares	df	Mean squared variance	F-value	Sig.	Remarks
1	Group	867.81	2	433.90	9.57	.00*	Significant at .01 level
2	Within Cells	4937.66	109	45.30			

*Significant as p <.01.

A perusal of Table 4 indicates that there is a significant main effect of level of aspiration on post-test achievement scores in Business Studies of senior secondary school students in relation to the instructional approach after controlling for the effect of their intelligence quotient, socio-economic status, study habits, styles of learning and pre-test scores as measured by achievement test, $F(2,109) = 9.57$, $p<.01$. Hence the null hypothesis stating that *there is no significant difference in the main effect of level of aspiration on adjusted mean scores of achievement in Business Studies of senior secondary school students in relation to instructional approach (Brain-Compatible Learning approach and Conventional approach)* stands rejected.

TABLE 5: TABLE SHOWING PAIRWISE COMPARISON OF DIFFERENT LEVELS OF ASPIRATION USING BONFERRONI ADJUSTMENT

(I) Level of Aspiration	(J) Level of Aspiration	Mean Difference (I-J)	Standard Error	Sig.(a)
Low	Average	-4.657(*)	1.561	.011
	High	-7.475(*)	1.726	.000
Average	Low	4.657(*)	1.561	.011
	High	-2.818	1.531	.205
High	Low	7.475(*)	1.726	.000
	Average	2.818	1.531	.205

Based on estimated marginal means

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

a Adjustment for multiple comparisons: Bonferroni.

The variable Level of Aspiration has three levels so a post-hoc analysis was done to evaluate pair wise differences among the adjusted means for different levels of the variable Level of Aspiration using Bonferroni adjustment. Table 5 presents the pair wise comparison of different levels of the variable level of aspiration. A perusal of Table 5 indicates that the difference in the mean scores of students with low and average level of aspiration differ significantly at $\alpha=.05$ as $p<.05$ and the difference is not significant at $\alpha=.01$ as $p>.01$ indicating that the students with average level performed better than the students with low level of aspiration at .05 level of significance. The difference in the mean scores of students with low and high level of aspiration differ significantly at $\alpha=.01$ as $p<.01$ indicating that the students with high level of aspiration performed better than the students with low level of aspiration. Mean difference is not significant between the students with average and high level of significance indicating that even average level of aspiration is good enough to have a significant impact on the achievement scores.

The results shown in Table 5 makes it clear that the students with average and high level of aspiration were at an advantageous position than the students with low level of aspiration but no significant difference was found in the adjusted mean scores of the students with average and high level of aspiration.

FINDINGS OF THE STUDY

- A significant main effect of Instructional Approach was found on post-test achievement scores in Business Studies of senior secondary school students in relation to their level of aspiration indicating that the group of students taught Business Studies through Brain-Compatible Learning approach scored higher on achievement test than the group of students taught through Conventional approach as related to their level of aspiration.
- A significant main effect of level of aspiration was found on post-test achievement scores in Business Studies of senior secondary school students in relation to the instructional approach. The groups of students with average and high level of aspiration were found to be at an advantageous position in terms of post-test achievement scores than the group of students with low level of aspiration but no significant difference was found in the adjusted mean scores of the students with average and high level of aspiration.
- No significant interactive effect was found between instructional approach and Level of Aspiration on achievement in Business Studies. The post-test achievement scores were found to be independent of interaction between instructional approach and level of aspiration. Brain-Compatible Learning approach was found to be effective for all groups with different levels of aspiration.

EDUCATIONAL IMPLICATIONS

The results of the study indicate that pupils taught through Brain-Compatible Learning showed significantly higher academic achievement in Business-Studies than the Pupils taught through traditional method of teaching so the investigators have suggested the implications of present research to the field of education. It has its implications not only for teachers but also for parents, educational administrators and community at large which are as follows:

Teachers should create a delicate balance in the classroom. Teachers should involve the students in different activities with a view to provide appropriate experiences because all learning is experiential in some sense. Teachers can make their school like a 'real-world' community where the students are given responsibilities for handling some functions or ceremonies etc. Educators can integrate subjects such as languages, literature, science, social sciences and mathematics etc. Parents should understand that brain has a natural process of learning. Every individual learns according to their own style but still there is something common i.e. brain's natural capacity is most fulfilled when it gets proper nutrition and rest. So the parents should take care of the exercise, nutrition, sleep and rest of their children.

EPILOGUE

Brain-compatible learning approach does not provide a ready-made solution for all educational problems but it can help the students in achieving heights is academic pursuits. Results can be further improved when students are made to perform with sufficiently high level of aspiration. So, the role of teacher in arranging the environment and setting the stage is more important here. Brain-compatible approach maximizes learning, it limits the stress of children's ability to learn, it establishes immediate connection to the real world which will increase learning and it encourages active processing needed to keep connection and foster memory (Konecki, et al.2003). So if it is followed by all the teachers in the schools it can solve most of achievement related problems of the students. In order to have successful implementation it can be made a part of curriculum of teacher education programmes.

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INTRODUCTION TO CORPORATE GOVERNANCE

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ABSTRACT

This research paper provides an insight about the concept and scope of corporate governance. The attention towards corporate governance has been flaring up since last decade. It has received profound and wide acceptance for its relevance and importance to the industry and economy. The prime focus of this paper is to elaborately know the fundamentals and the foundation on which corporate governance is based upon and its auxiliaries.

JEL CODE
M14

KEYWORDS
CSR, corporate governance.

INTRODUCTION

What is corporate Governance in layman's terms?
Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfill its goals and objectives in a manner that adds to the value of the company and is also beneficial for all stakeholders in the long term. Stakeholders in this case would include everyone ranging from the board of directors, management, shareholders to customers, employees and society. (Economic Times, January 18, 2009 | Lisa Mary Thomson , ET Bureau)
Also, Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders. It is the system by which companies are directed and controlled. It is about promoting corporate fairness, transparency and accountability. In other words, 'good corporate governance' is simply 'good business'. It ensures:

- Adequate disclosures and effective decision making to achieve corporate objectives;
- Transparency in business transactions;
- Statutory and legal compliances;
- Protection of shareholder interests;
- Commitment to values and ethical conduct of business.

LITERATURE REVIEW

There has been renewed interest in the corporate governance practices of modern corporations, particularly in relation to accountability, since the high-profile collapses of a number of large corporations during 2001–2002, most of which involved accounting fraud; and then again after the recent financial crisis in 2008. Corporate scandals of various forms have maintained public and political interest in theregulation of corporate governance. In the U.S., these include Enron and MCI Inc. (formerly WorldCom). Their demise is associated with theU.S. federal government passing the Sarbanes-Oxley Act in 2002, intending to restore public confidence in corporate governance. Comparable failures in Australia (HIH, One.Tel) are associated with the eventual passage of the CLERP 9 reforms.[5] Similar corporate failures in other countries stimulated increased regulatory interest (e.g., Parmalat in Italy).(Wikipedia) Lee, Janet & Shailer, Greg. The Effect of Board-Related Reforms on Investors Confidence. Australian Accounting Review, 18(45) 2008: 123-134.
Do we just want the companies/organizations to comply to the rule regulations and norms to be fully complied by them, merely being obedient or do we want them (the board of the company/the head/the management of the company) to play active role and use their intelligence of how to work in the best manner for the best interest of the shareholders.
(NSE IGIDR International conference on Corporate governance ,Professor,University of Sydney, July 26, 2014)
In other words, corporate governance is the acceptance by management of the inalienable rights of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It deals with conducting the affairs of a company such that there is fairness to all stakeholders and that its actions benefit the greatest number of stakeholders. In this regard, the management needs to prevent asymmetry of benefits between various sections of shareholders, especially between the owner-managers and the rest of the shareholders.
(Business.gov.in)
Compliance requirements pertaining to members of the Exchange are given in byelaws, regulations and circulars of the Sebi , Exchange and the Clearing Corporation (NSE Compliance Handbook,2014).
Corporate governance abuses perpetrated by a dominant shareholder pose a difficult regulatory dilemma in that regulatory intervention would often imply a micro-management of routine business decisions. The regulator is forced to confine himself to broad proscriptions which leave little room for discretionary action. Many corporate governance problems are ill suited to this style of regulation.
(Varma, Jayanth Rama. "Corporate governance in India: disciplining the dominant shareholder." IIMB Management Review 9.4 (1997): 5-18.)
Basic Corporate Governance framework in India:
Companies Act, 1956 provides for basic framework for regulation of all the companies.
Certain provisions were incorporated in the Act itself to provide for checks and balances over the powers of Board viz.:

- Loan to directors or relatives or associated entities (need CG permission) (Sec 295)
- Interested contract needs Board resolution and to be entered in register (Sec 297)
- Interested directors not to participate or vote (Sec 300)
- Appointment of director or relatives for office or place of profit needs approval by shareholders. If the remuneration exceeds prescribed limit, CG approval required (Sec 314)
- Audit Committee for Public companies having paid-up capital of Rs. 5 Crores (Sec 292A)

Corporate governance is beyond the realm of law. It cannot be regulated by legislation alone. Legislation can only lay down a common framework – the "form" to ensure standards. The "substance" will ultimately determine the credibility and integrity of the process. Substance is inexorably linked to the mindset and ethical standards of management.
Studies of corporate governance practices across several countries conducted by the Asian Development Bank, International Monetary Fund, Organization for Economic Cooperation and Development and the World Bank reveal that there is no single model of good corporate governance.

The OECD Code also recognizes that different legal systems, institutional frameworks and traditions across countries have led to the development of a range of different approaches to corporate governance. However, a high degree of priority has been placed on the interests of shareholders, who place their trust in corporations to use their investment funds wisely and effectively is common to all good corporate governance regimes.

RESEARCH METHODOLOGY

Looking into requirements of the objectives of the study the research design employed for the study is of descriptive type. Keeping in view of the set objectives, this research design was adopted to have greater accuracy and in depth analysis of the research study. Available secondary data was extensively used for the study. The investigator procures the required data through secondary survey method. Different news articles, Books and Web were used which were enumerated and recorded.

FINDINGS

It is useful at this point to take a closer look at corporate governance abuses by dominant shareholders in India. The problem of the dominant shareholder arises in three large categories of Indian companies. First are the public sector units (PSUs) where the government is the dominant (in fact, majority) shareholder and the general public holds a minority stake (often as little as 20%). Second are the multi-national companies (MNCs) where the foreign parent is the dominant (in most cases, majority) shareholder. Third are the Indian business groups where the promoters (together with their friends and relatives) are the dominant shareholders with large minority stakes, government owned financial institutions hold a comparable stake, and the balance is held by the general public. The governance problems posed by the dominant shareholders in these three categories of companies are slightly different. (Varma, Jayanth Rama. "Corporate governance in India: disciplining the dominant shareholder." IIMB Management Review 9.4 (1997): 5-18.)

The Indian corporate governance system has both supported and held back India's ascent to the top ranks of the world's economies. While on paper the country's legal system provides some of the best investor protection in the world, enforcement is a major problem, with overburdened courts and significant corruption. Ownership remains concentrated and family business groups continue to be the dominant business model, with significant pyramiding and evidence of tunneling activity that transfers cash flow and value from minority to controlling shareholders.

But for all its shortcomings, Indian corporate governance has taken major steps toward becoming a system capable of inspiring confidence among institutional and, increasingly, foreign investors. The Securities and Exchanges Board of India (SEBI), which was established as part of the comprehensive economic reforms launched in 1991, has made considerable progress in becoming a rigorous regulatory regime that helps ensure transparency and fair practice. And the National Stock Exchange of India, also established as part of the reforms, now functions with enough efficiency and transparency to be generating the third-largest number of trades in the world, just behind the NASDAQ and NYSE.(Chakrabarti, Rajesh, William Megginson, and Pradeep K. Yadav. "Corporate governance in India." Journal of Applied Corporate Finance 20.1 (2008): 59-72.).

RECOMMENDATIONS & SUGGESTIONS

It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company. Ethical dilemmas arise from conflicting interests of the parties involved. In this regard, managers make decisions based on a set of principles influenced by the values, context and culture of the organization. Ethical leadership is good for business as the organization is seen to conduct its business in line with the expectations of all stakeholders.

The aim of "Good Corporate Governance" is to ensure commitment of the board in managing the company in a transparent manner for maximizing long-term value of the company for its shareholders and all other partners. It integrates all the participants involved in a process, which is economic, and at the same time social.

The fundamental objective of corporate governance is to enhance shareholders' value and protect the interests of other stakeholders by improving the corporate performance and accountability. Hence it harmonizes the need for a company to strike a balance at all times between the need to enhance shareholders' wealth whilst not in any way being detrimental to the interests of the other stakeholders in the company. Further, its objective is to generate an environment of trust and confidence amongst those having competing and conflicting interests.

It is integral to the very existence of a company and strengthens investor's confidence by ensuring company's commitment to higher growth and profits. Broadly, it seeks to achieve the following objectives:

- A properly structured board capable of taking independent and objective decisions is in place at the helm of affairs;
- The board is balance as regards the representation of adequate number of non-executive and independent directors who will take care of their interests and well-being of all the stakeholders;
- The board adopts transparent procedures and practices and arrives at decisions on the strength of adequate information;
- The board has an effective machinery to subserve the concerns of stakeholders;
- The board keeps the shareholders informed of relevant developments impacting the company;
- The board effectively and regularly monitors the functioning of the management team;
- The board remains in effective control of the affairs of the company at all times.
- The overall Endeavour of the board should be to take the organization forward so as to maximize long term value and shareholders' wealth.

Today adoption of good Corporate Governance practices has emerged as an integral element for doing business. It is not only a pre-requisite for facing intense competition for sustainable growth in the emerging global market scenario but is also an embodiment of the parameters of fairness, accountability, disclosures and transparency to maximize value for the stakeholders.

CONCLUSIONS

Also, irrespective of the model, there are three different forms of corporate responsibilities which all models do respect:

Political Responsibilities: the basic political obligations are abiding by legitimate law; respect for the system of rights and the principles of constitutional state.

Social Responsibilities: the corporate ethical responsibilities, which the company understands and promotes either as a community with shared values or as a part of larger community with shared values.

Economic Responsibilities: acting in accordance with the logic of competitive markets to earn profits on the basis of innovation and respect for the rights/democracy of the shareholders which can be expressed in terms of managements' obligation as 'maximizing shareholders value'.

The three key constituents of corporate governance are the Board of Directors, the Shareholders and the Management. In addition, business ethics and corporate awareness of the environmental and societal interest of the communities, within which they operate, can have an impact on the reputation and long-term performance of corporations.

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EVALUATING FINANCIAL HEALTH OF HINDUSTAN PETROLEUM CORPORATION LIMITED THROUGH Z SCORE MODEL: A CASE STUDY

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ABSTRACT

Generally the individuals and institutions whomsoever is directly or indirectly connected with Business, Known as Stakeholders like Shareholders, Bank, Government, Financial Institution, creditors, investors, employees etc wants to be aware about the financial health of Business. There are various accounting tools available to know about success and solvency of Business. Out of them Ratio analysis is very easy and widely used tool to measure financial position of Business. But single ratio would not provide proper information about the financial condition of Business and it is not possible to combine different ratios in single measurement. Prof. Edward Altman, Professor of finance at New York University was the first person who made an attempt to combine ratios in single model named Multiple Discriminant Analysis later popularly known as "Z score Model" to evaluate financial health of Business. Researcher has made an attempt to Evaluate Financial Health of Hindustan Petroleum Corporation Limited (HPCL) through K.B.Mehta's model, a modified version of Altman Z score Model. Researcher found very good result of HPCL in terms of Liquidity, profitability, Productivity of Assets, solvency and Sales generating capacity of Assets.

KEYWORDS

Financial Health, HPCL, Multiple Discriminant Analysis, Ratio Analysis, Z score Model.

INTRODUCTION

A financial statement shows what happened during particular financial year. Generally the individuals and institutions whomsoever is directly or indirectly connected with Business, Known as Stakeholders like Shareholders, Bank, Government, Financial Institution, creditors, investors, employees etc wants to be aware about the financial health of Business. Generally they want to know about success and solvency position of the business. There are various accounting tools available to know about success and solvency position of Business. These Tools are like, ratio analysis, common size statements, comparative statement analysis, trend percentage and decision theory, etc. Ratio analysis is very easy and widely used tool to know about financial soundness of business.

Z SCORE MODEL – BRIEF IDEA

There are various tools available to know about financial performance and financial soundness of business. Generally Ratio analysis is widely used and easy tool to forecast financial health of business. But single ratio would not provide proper information about the financial condition of Business and it is not possible to combine different ratios in single measurement. To remove this limitation, Prof. Edward Altman, Professor of finance at New York University was the first person who made an attempt to combine ratios in single model named Multiple Discriminant Analysis, later it is known as "Z score Model" to evaluate financial health of Business. It contains five business ratios, weighted by coefficients. Five Ratios are Liquidity, profitability, Productivity of Assets, solvency and Sales generating capacity of Assets.

Prof. Edward Altman's "Z score Model" is internationally accepted model to evaluate financial health of business. The Z score Model was first published in September, 1968 titled "Financial Ratio, Discriminant analysis and the prediction of corporate Bankruptcy", in journal of finance [23(4), pp. 589-609].

Z Score formula given By Prof Edward Altman was as follows:

$Z = 0.012T1 + 0.014T2 + 0.033T3 + 0.006T4 + 0.999T5$.

T1 = Working Capital / Total Assets.
T2 = Retained Earning / Total Assets.
T3 = Earnings before Interest and Taxes / Total Assets.
T4 = Market value of Equity / Book value of Total Liabilities.
T5 = Sales / Total Assets.

Standard Z score Parameters/Zones for Evaluation (Altman's Model)

Z score Values	Zones	Prediction
Below 1.8	Bankruptcy Zone	Failure is definite
1.8 – 2.99	Grey Zone	Failure is Uncertain to predict
Above 2.99	Safe Zone	Good Financial Health

Above mentioned parameters are given by Prof Altman to evaluate financial health of business.

Prof. K.B.Mehata's Model: Indian Context

Prof. K.B.Mehata has modified Altman's model as per Indian condition.

$Z = 0.717X1 + 0.845X2 + 3.107X3 + 0.42X4 + 0.995X5$

X1 = Net Working Capital to Total Assets which measures liquid assets in relation to the size of the company.
X2 = Retained Earning to Total Assets which measures profitability.
X3 =Earnings Before Interest and Taxes to Total Assets which measures operating efficiency apart from tax and leveraging factors.
X4 = Book value of Equity to Book value of Total Debts shows long term solvency position.
X5 = Net Sales to Total Assets Standard measure sales generating capacity.

Z score Values	Zones	Prediction
Below 1.2	Bankruptcy Zone	Failure is definite
1.2 – 2.9	Grey Zone	Failure is Uncertain to predict
Above 2.9	Safe Zone	Good Financial Health

Above mentioned parameters are given by Prof K.B. Mehta to evaluate financial health of business.

BRIEFING OF HINDUSTAN PETROLEUM CORPORATION LIMITED (HPCL)

HPCL was established in 1974. It is a public limited company having headquarters at Mumbai and Maharashtra. Operations of HPCL are spread over two major refineries, one is at Mumbai and other is at Vishakhapatnam. HPCL has large marketing network over the country and globe. Shares of HPCL are listed in NSE, BSE and many other major stock exchanges all over the world. It is financially sound and profitable company. Because of remarkable success, it has Navratna status and has been ranked by Fortune Global 500 (260th rank in 2013) as world's biggest corporation. Many excellence awards make HPCL more trustworthy and popular in market. The Balance of 31st March 2014 shows very good and growing position of HPCL. Researcher has made an attempt to evaluate financial health of HPCL through Z score model. (K. B. Mehta's model, modified version of Altman's model)

REVIEW OF LITERATURE

Prof. Adward Altman (1968) taken five ratios of twenty two initially considered, took 33 successful and 33 failure firms for comparison and developed a popular model which is known as 'Z score model'.

Selvam, M. and others (2004) made a study to make prediction of the financial health and viability of India Cement Ltd. they found that the cement company under the study was just on the range of Bankruptcy.

V.Dheenadhyalan (2008) used Z score model to make prediction about Corporate failure of steel authority of Indian Limited. The Z score of SAIL showed a increasing trend during the study period and it was found that the financial health of the SAIL was good.

Prof. Dr. Sheetal. P. Vekariya (2012) used Z score model to check financial health of Dr. Reddy's Laboratories. It was found that company was in the good condition during the study period.

Prof. K. M. Jani and Prof. Manish. Raval (2013) used Z score model to check financial health of TATA Consultancy Services Limited. It was found that company was in the good condition during the study period.

IMPORTANCE OF THE STUDY

This research work will be helpful to the Stakeholders to know about financial health of Hindustan Petroleum corporation limited (HPCL). HPCL is oil refinery owned by Government of India. Its contribution is major in India's economic development and growth.

OBJECTIVES OF THE STUDY

1. To predict financial Health of Selected Company.
2. To assess efficiency and financial performance of selected Company.

PERIOD OF THE STUDY

The present study has been made by researcher on the basis of the financial data collected for the period of last ten years i.e. year 2004-05 to 2013-14.

LIMITATIONS OF THE STUDY

[1] The present research work is completely based on secondary data only.
[2] The research study is based on only 10 years time period.

RESEARCH METHODOLOGY

SELECTION OF THE SAMPLE UNIT

Universe of the study include all companies established in India under the companies act 1956. From the above mentioned universe, the researcher has randomly selected Hindustan Petroleum corporation limited (HPCL) to check financial health by applying Z score Model.

SOURCES OF THE DATA COLLECTION

The present study is based on the secondary data collected from the Annual Report of HPCL, various websites, Published information, magazines etc for batter reliability and authenticity. Researcher has made an attempt to make investigation at micro level.

TOOLS AND TECHNIQUES FOR DATA ANALYSIS

Ratio analysis (accounting technique) and multiple discriminant analysis (Statistical Technique) is used by researcher to analyze the financial data collected from various sources and try to give valuable suggestions for future growth.

TABLE-1: SHOWING FINANCIAL DATA OF HINDUSTAN PETROLEUM CORPORATION LIMITED.(HPCL) [RS. IN CRORES]

Year	Net Sales	EBIT	Book Value of Equity	Book Value of Debt	Retained Earnings	Net Current Assets (Working Capital)	Total Assets
2004-05	60164.55	1731.64	338.93	2185.35	8101.92	1138.88	10626.20
2005-06	71430.62	448.31	338.94	6663.83	8396.80	1670.65	15399.57
2006-07	89725.03	2395.73	338.95	10517.53	9259.70	-75.69	20116.18
2007-08	104312.99	1929.21	338.01	16786.70	10224.28	5267.71	27349.99
2008-09	124935.02	2806.42	339.01	22755.17	10391.62	2633.51	33485.80
2009-10	107300.57	3032.98	339.01	21302.37	11218.96	2278.86	32860.34
2010-11	133213.79	3248.42	339.01	25021.19	12206.79	3788.74	37566.99
2011-12	178735.50	3358.97	339.01	27479.25	12783.51	4937.15	40601.77
2012-13	206958.80	3380.5	339.01	32458.27	13387.39	7836.17	46184.67
2013-14	223271.33	4010.24	339.01	31930.05	14673.15	5584.54	46942.21

(Source: www.moneycontrol.com and annual reports of HPCL)

TABLE- 2: SHOWING CALCULATION OF RATIOS USED IN K. B. MEHTA'S Z SCORE MODEL

Year	Net Working Capital To Total assets ratio X_1	Retained Earnings to Total Assets Ratio X_2	EBIT to Total Assets Ratio X_3	Book Value of Equity to Book Value of Debt Ratio X_4	Net Sales to Total Assets Ratio X_5
2004-05	**0.11**	**0.76**	**0.16**	**0.16**	**5.66**
2005-06	0.11	0.55	0.03	0.05	4.64
2006-07	-0.00	0.46	0.12	0.03	4.46
2007-08	0.19	0.37	0.07	0.02	3.81
2008-09	0.08	0.31	0.08	0.01	3.73
2009-10	0.07	0.34	0.09	0.02	3.27
2010-11	0.10	0.32	0.09	0.01	3.55
2011-12	0.12	0.31	0.08	0.01	4.40
2012-13	0.17	0.29	0.07	0.01	4.48
2013-14	0.12	0.31	0.09	0.01	4.76

TABLE- 3 SHOWING CALCULATION BASED ON Z SCORE MODEL (K. B. MEHTA'S MODIFIED MODEL)

	Z Score = $0.712X_1 + 0.842X_2 + 3.107X_3 + 0.42X_4 + 0.995X_5$					
Year	**$0.712X_1$**	**$0.842X_2$**	**$3.107X_3$**	**$+ 0.42X_4$**	**$0.995X_5$**	**Z Score**
2004-05	0.08	0.64	0.50	0.07	5.63	6.92
2005-06	0.08	0.46	0.09	0.02	4.62	5.27
2006-07	0.00	0.39	0.37	0.01	4.44	5.21
2007-08	0.27	0.31	0.22	0.01	3.79	4.60
2008-09	0.06	0.26	0.25	0.00	3.71	4.28
2009-10	0.05	0.29	0.28	0.01	3.25	3.88
2010-11	0.07	0.27	0.28	0.00	3.53	4.15
2011-12	0.09	0.26	0.25	0.00	4.38	4.98
2012-13	0.12	0.24	0.22	0.00	4.46	5.04
2013-14	0.09	0.26	0.28	0.01	4.74	5.38

TABLE- 4: SHOWS FINDINGS OF Z SCORE ANALYSIS OF HPCL HINDUSTAN PETROLIUM CORPORATION LIMITED

YEAR	Z Score	Findings
2004-05	6.92	Safe Zone
2005-06	5.27	Safe Zone
2006-07	5.21	Safe Zone
2007-08	4.60	Safe Zone
2008-09	4.28	Safe Zone
2009-10	3.88	Safe Zone
2010-11	4.15	Safe Zone
2011-12	4.98	Safe Zone
2012-13	5.04	Safe Zone
2013-14	5.38	Safe Zone

CONCLUSION

Findings mentioned in table no 4 indicate very good and sound financial position of the selected company HPCL. Findings as per the Z score parameters prove that company is in safe zone during last ten years. HPCL has been continuously maintaining its profitability, liquidity, productivity, solvency and confidence of investors. This study will be helpful to all companies, researchers and Particularly shareholders who want to invest their surplus fund in HPCL.

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PROSPECTS AND PROBLEMS OF FINANCIAL INCLUSION IN INDIA

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ABSTRACT
India is one of the largest and fastest growing economies of the world, but what has been the most disturbing fact about its growth is that its growth has not only been uneven but also discrete. The need of the era is thus inclusive growth across the nation keeping in mind all the sections of the society. With respect to inclusive development financial inclusion can play a very important role. Financial inclusion is importantfor improving the living conditions of poor farmers, rural non-farm enterprises and other vulnerable groups. Financial exclusion, in terms of lack of access to credit from formal institutions, is high for small and marginal farmers and some social groups. Apart from formal banking institutions, which should look at inclusion both as a business opportunity and social responsibility, the role of the self-help group movement and microfinance institutions is important to improve financial inclusion. This requires new regulatory procedures and depoliticisation of the financial system.

KEYWORDS
financial inclusion, Indian economy.

INTRODUCTION
Our country India is one of the fastest growing and largest economy of the world, but the matter of the fact about its growth is that its growth has not only been uneven but also discrete. In this regard the nationalisation of banks in 1969 and subsequent developments led to expansion of the geographical and functional reach by commercial banks, regional rural banks (RRBs) and cooperative credit institutions. Public policy aimed at "social" and "development banking" by meeting rural credit needs and reducing the role of informal sector credit. It may be noted that despite the vast expansion, a large number of groups remain excluded from the opportunities and services provided by the financial sector. Such excluded groups include small and marginal farmers, women, unorganised sector workers including artisans, the self-employed and pensioners. *P Chidambaram*, union finance minister, indicated in Budget 2006-07 that "out of the total number of cultivator households only 27 per cent receive credit from formal sources and 22 per cent from informal sources"(Mahendra Dev,2006). The minister proposed appointing a committee on financial inclusion. Based on this announcement, the government of India has set up a committee on financial inclusion under the chairmanship of C Rangarajan to suggest ways and means to extend the reach of the financial sector to cover excluded groups by minimising the barriers to access financial services. The Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD) are also concerned about financial exclusion of many households. Against this background, the objective of this note is to bring out issues and challenges for reducing financial exclusion.

FINANCIAL INCLUSION
Considered as an effective tool for inclusive development, financial inclusion may be called as *delivery of banking services at an affordable cost to the vast sections of disadvant-aged and low-income groups*, which vary in terms of credit which states households who are denied credit in spite of their demand. One of the defination given by Rangarajan Committee, 2008 is “the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”. The most important component of financial inclusion is credit but it covers different aspects like savings, insurance, payments and remittance facilities by the formal financial system to those who tend to be excluded (Thorat, 2006). In the rural areas many households are being exploited by moneylenders at very high interest rates (50% to 60%) and, therefore, these households should not be seen as being financially excluded. Since people find it convenient to borrow money from moneylender then approaching banks the banking regulatory authority may think of using moneylenders as agents. As a whole financial inclusion means households accessing institutional credit including commercial banks, cooperative banks, RRBs, NABARD, SHG-linkage and other self-help groups, and credible micro-finance institutions focusing on increase in productivity and sustainability of farmers and other vulnerable groups. Opening bank accounts can be one probable solution in this regard. The Prime Ministers concept of Jan-Dhan Yojana is a step towars realizing the goal of financial inclusion and making efforts towards covering small and marginal farmers and vulnerable social groups. Given below (Figure 1) is the diagram which briefly describes the essential contents of financial inclusion.

FIGURE 1: ESSENTIAL CONTENTS OF FINANCIAL INCLUSION

Source: Rangarajan Committee Report, 2008

PROSPECTS AND ROLE OF FINANCIAL INCLUSION IN INDIA

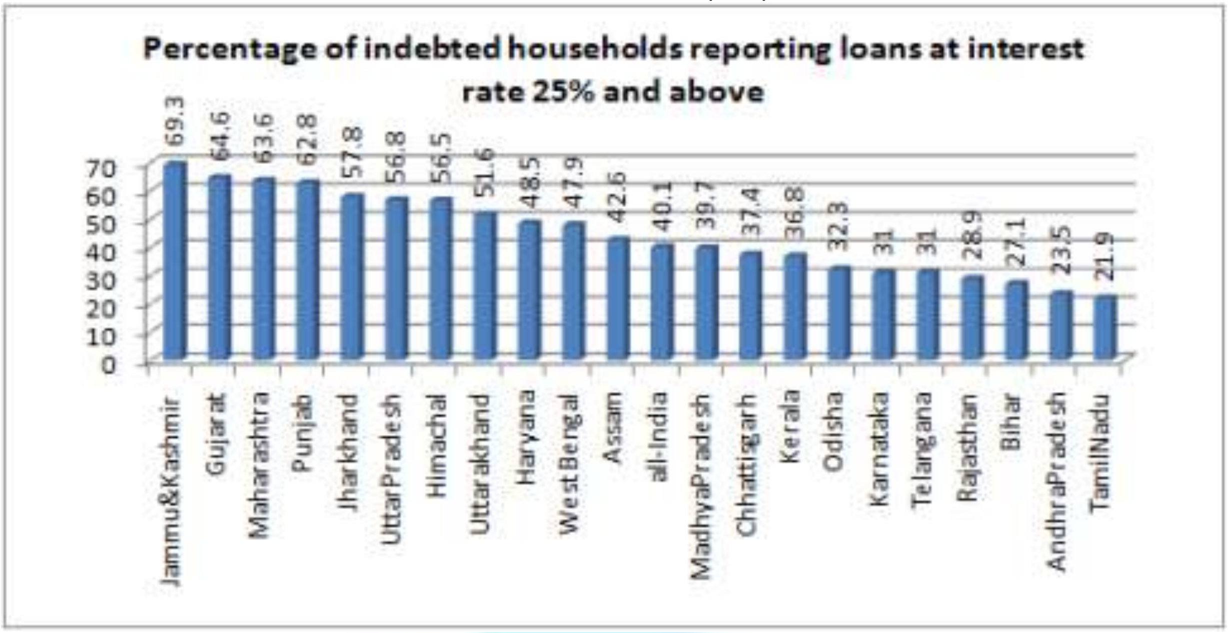
It is very much imperative for inclusive growth of India, with more than 25 % of its population living in abject poverty government's onus towards their growth and development is huge, and inclusive finance is one such measure which if targeted and attained in right manner will provide an apt solution to the severe problems of poverty and unemployment. Providing access to financial services has significant potential to help lift the poor out of the cycle of poverty. Financial inclusion promotes thrift and develops culture of saving and also enables efficient payment mechanism strengthening the resource base of the financial institution which benefits the economy as resources become available for efficient payment mechanism and allocation. Poors are typically more vulnerable to financial exclusion this is simply because their major problems arise from the need for finances. The formal banking services, by exploiting economies of scale and making judicious use of targeted subsidies may reduce or remove market imperfections and facilitate financial inclusion of the poor, ultimately leading to higher incomes. The access to financial services by poors would lead to their consumption smoothing and investments in health, education and income generating activities, thus expanding growth opportunities for them. Inclusive growth if targeted systematically may lead to financial stability, asset building and economic mobility and empowerment of the low income group people. However one need to understand that inclusive finance is a long run phenomenon which can not be achieved overnight, especially with regard to developing country like India where the access to financial products is constrained by several factors such as lack of awareness, unaffordability, high transaction costs, and inconvenient, inflexible and low quality of products. In a nation where about 60% of the population is poor has immense scope and need for financial inclusion in the long run. The idea of financial inclusion if implemented successfully can bring about the desired and much neede changes in the Indian economic system. Effective implementation of financial inclusion can be fruitful in lifting up the down trodden and the vulnerable economic section. If we look at the geographical and spatial variation across the nation it would be a tedious task at hand to reach far flung areas and bring about the easy credit system for their economic growth and long term sustainable livelihood option by loaning and investing the their respectiev field. Diverse country like India today faces many such issues and problems in terms of effectively implementing financial inclusion. Some of the issues and problems can be seen the following paragraph.

PROBLEMS OF FINANCIAL INCLUSION

Financial Inclusion is imperative for inclusive growth of India, with more than1/4th of its population living in poverty. Government's role towards their growth and development is huge, and inclusive finance is one such measure to soluve the severe problems of poverty and unemployment. Like any other schemes in India application of financial inclusion have many problems. They can be seen in the following paragraphs.

- **Indebtness of Farmers and other vulnerable group:** The most important problem in Indian economic set up, the driver of the economy is always under a severe burden of indebtness. Credit to farmer households is one of the important elements of financial inclusion. Here we must take a note of number of household who are denied credit in spite of demand in order to know the extent of credit inclusion. As it is a difficult task to obtain relevent datas and not much data is availabe from the secondary sources, the basic problem at the lowest level, i.e indebtness of farmers has been taken into account. The latest survey report of the National Sample Survey Office (NSSO) further confirms India's worsening agrarian crisis. More than half of the agriculture households are in debt, and the worst affected states are southern states like Andhra Pradesh, Telangana, and Tamil Nadu, says the 70th round of NSSO survey. The survey report says about 52 per cent of the agricultural households in the country are estimated to be in debt. Among the major states, Andhra Pradesh had the highest share of indebted agricultural households in the country (92.9 per cent), followed by Telengana (89.1 per cent) and Tamil Nadu (82.5 percent). The report states nearly 40 per cent of households take loan from non- institutional sources like money lenders. Nearly 60 per cent of total outstanding loan is taken from institutional sources. The banks' share is (43 per cent), followed by cooperative societies (15 per cent). The survey also showed that a very small segment of agricultural households utilised crop insurance because of lack of awareness. A report on indebted household from NSSO can be seen from Figure 2.

FIGURE 2: INDEBTED HOUSEHOLD (NSSO), 2014



The new National Sample Survey Organization (NSSO) report, released in December 2014, has suggested that Gujarat has one of the highest proportions rural households reporting outstanding cash loan at a very high interest rate compared to most Indian states. Titled "Key Indicators of Debt and Investment in India", the report, based on NSSO's 70th survey round, has suggested that, in all, there are 260 rural households in Gujarat out of every 1000 which reported outstanding cash loans. A large majority of these households, around 64.6 per cent — 30.8 per cent at the interest rate between 25 to 30 per cent and per 33.8 per cent at the interest rate 30 per cent and above — have taken loan at more than 25 per cent rate of interest. There is just one state out of the 21 major ones, selected for the sake of analysis, which has a higher proportion of rural households reporting cash loans at the high rate of 25 per cent or more than Gujarat – Jammu & Kashmir (69.3 per cent).

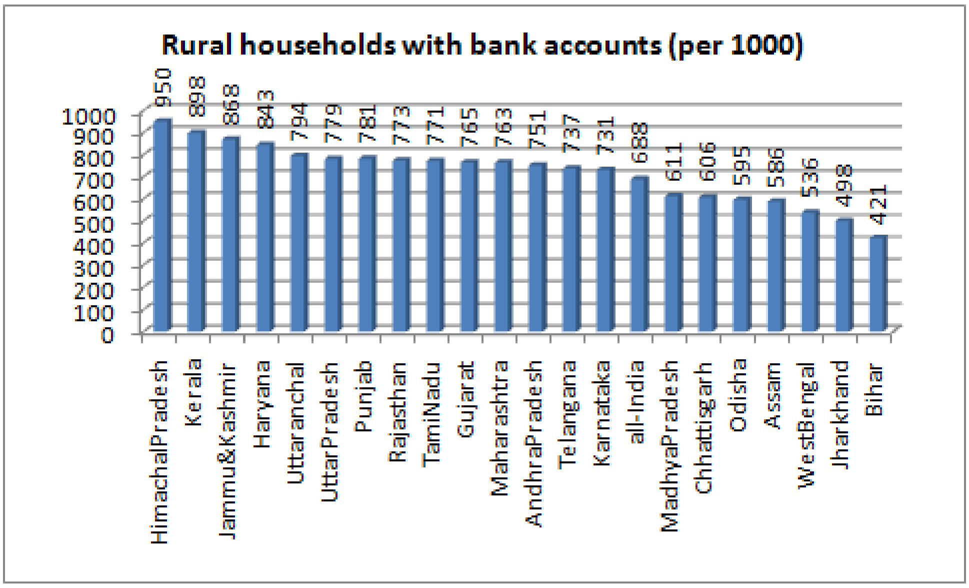
No doubt, the report suggests, Telangana and Andhra Pradesh are two states having the highest proportion rural households which reported highest number of outstanding cash loans – 591 per 1000 and 541 per 1000 respectively. However, clearly, being indebted is one thing, and being indebted at a very high rate of interest is totally another. Any economy in transformation — especially the rural economy of India which is fast moving from a feudal setup into a market framework — should mean that farmers would need loan in order to better their economic status by improving the quality of their agricultural output by going in for necessary inputs such as seeds, equipment, fertilizers, transportation, and so on. However, for this, formal banking sector should be effective enough to offer loan, which does not seem the case in Gujarat.

Whether it is Telangana or Andhra Pradesh, the proportion of indebted households reporting outstanding loans with a very high rate of interest (25 per cent or more) is 30.8 per cent and 23.5 per cent, respectively. At the all-India level, there are 40.1 per cent indebted households which reported taking loans at a rate higher than 25 per cent rate of interest. Taking loan at a very high interest rate – almost double of what the formal banking sector offers – should mean the farmer is dependent on the informal sector for loan, especially the usurious moneylender. A recent analysis, referring to the NSSO study, suggests that financial inclusion drive appears to be "failing rural India", with rural households increasingly depending on informal sector for borrowings in a significant way, adding these are mainly "private moneylenders", instead of "the organized financial sector". If this is true of rural India, it is even truer for states like Jammu and Kashmir and Gujarat.

- **Supply and Demand Side Issues:** It is being increasingly recognised that addressing financial inclusion requires a holistic approach addressing both supply and demand side aspects. Although there has been significant expansion in banking in the last few decades, there are many supply side problems for commercial banks, RRBs and cooperative banks. Some of the criticisms on the trends in rural credit in the 1990s are:
  - (a) narrowing of the branch network in rural areas;
  - (b) fall in credit-deposit ratios in rural areas;
  - (c) dispro-portionate decline in agriculture credit to small and marginal farmers;
  - (d) Worsening of regional inequalities in rural banking -steepest decline in credit-deposit ratio in eastern and north-eastern states; and
  - (e) Crippling of the RRBs.

Political inter-ference including loan waivers and write-offs also resulted in unviability and sick-ness in some of the formal rural credit institutions. One issue is whether we need separate institutions for promoting financial inclusion. Existing formal institutions may be sufficient for this purpose. It is true that commercial banks have their own problems such as manpower shortage, an unfavour-able attitude towards rural services, infra-structure and technology problems in rural areas, etc. Rural banking has to be friendly to small and marginal farmers and other vulnerable groups. Quoting the NSSO report, the analysis says, "Between 2002 and 2012, the number of rural households with bank accounts more than doubled in number. Yet, rural households increased their borrowings in a significant way from private moneylenders, and not the organized financial sector." It says, despite a 120 per cent increase in rural households with bank accounts in the decade in question, "Indebtedness is more among poorer households, who borrow more from moneylenders and more for non-business use." An Asst. Professor at the Jawaharlal Nehru University, Himanshu, has been quoted as saying in a recent report, on the basis of the NSSO report, that the latest survey is "a stark reminder that little has changed for farmers in the last decade. While formal credit flow has multiplied by four times in this period, small and marginal farmers have certainly not benefitted. The question is who has benefitted from this increased outflow to the agriculture sector." A visiting fellow at the prestigious Centre de Sciences Humaines, New Delhi, the scholar adds, "More worrying is the absence of minimum support price operations and extension services for most farm families- what it means is that the agriculture sector which sustains half the country is still out of the radar of government policy." While Gujarat may have targeted around 1.02 crore households under the Prime Minister's Jan Dhan project for opening bank accounts, the issue at stake is: How many of those who already had bank accounts were able to avail credit at rates offered at the normal, not to talk of subsidized, rate, which would be around 10-12 per cent. The NSSO report, prepared on the basis of the data collected in 2012-13, suggests that there are in all 76.5 per cent of the rural households in Gujarat which bank accounts, which was lower as many as nine major states of 21 – Haryana (84.3 per cent), Himachal Pradesh (95 per cent), Jammu & Kashmir (86.8 per cent), Kerala (89.8 per cent), Punjab (78.1 per cent), Rajasthan (77.3 per cent), Tamil Nadu (77.1 per cent), Uttaranchal (79.4 per cent), and Uttar Pradesh (77.9 per cent). Bank accounts in most of these states have not meant the ability to use the banks for what they meant – to offer loans for investing in agriculture. Number of Rural household with bank accounts can be seen from Figure 3.

FIGURE 3: RURAL HOUSEHOLD WITH BANK ACCOUNTS



There is a need to address the supply side problems in commercial banks, RRBs and cooperative banks. As the last year's union budget admits, "the cooperative banks, with few exceptions, are in shambles". This institution has to be revived as many farmers are dependent on the credit from these banks. The Vaidyanathan Committee's recommendations may be helpful to revive cooperative sector. So far we have been discussing mainly the issues relating to credit. Savings, in-surance and other financial services are also important. NSS data shows that around 88 per cent of rural households in 2002 reported one or the other form of financial assets under "deposits" which include deposit accounts with banks, government, certificates, post office deposit accounts, private deposits, insurance policy and cash in hand. However, it may be noted that only 6.82 crore households out of a total of 19.9 crore households (around 36 per cent) availed of banking services to have a deposit account in 2001. Therefore, there is a lot of scope for business opportunities for banks to include deposit-excluded households. The poor face many individual and covariate risks such as droughts, floods, cyclones, fires, theft, pest attacks, sharp falls in prices, health problems, accident, death of a family member, etc. They need some kind of insurance to cope with these risks. The supply of insurance mechanisms has increased in the last decade. With the opening up of insurance to the private sector, the pricing of insurance services will see some changes. Too much under-pricing of these schemes by the government may not be sustainable for both the public and private sectors. On the demand side, some of the con-straining factors for financial inclusion in rurala ndu rbana reasa rel ow productivitya nd risk and vulnerability of small and marginal farmers, low skill and poor market link-ages for rural non-farm and urban workers. Vulnerability to risk for rural landless and urban poor, inadequate awareness and low financial literacy. In order to improve demand, the suitability of existing finan-cial products for the farmers/poor must be assessed. For example, the rural poor do not even have a safe place to keep their savings, let alone thinking about the demand for credit. Suitable mechanisms have to be explored for addressing the risks faced by farmers and other poor, risks such as weather, price, yields, technology, etc. Moreover, financial instruments have to be developed in such a way that they promote economically viable activities. The financial institutions have to educate the poor and vulnerable by giving wide publicity to their financial instruments, e g, and no frills bank accounts

- **Role of Self-Help Groups**: The RBI recognised the problem of financial exclusion in the annual policy statement in 2005 and since then has initiated several policies aimed at promoting financial inclusion of especially pensioners, the self-employed and those employed in the unorganised sector (Usha Thorat, 2005). The self-help group (SHG)-bank linkage programme of NABARD is an innovative programme. It started as a pilot programme in 1992. We now have 22 lakh SHGs under this programme, comprising more than three crore poor households who are accessing credit through commercial and cooperative banks. Every year six lakh SHGs are added. The programme is no longer confined to southern states. The non-southern states have 46 % of the groups. Thus, the SHG movement is now a national movement. There have been several institutional innovations in financial services by including civil society. Followed by the success of SHG-bank linkage programme and the Bangladesh Gramin Bank model, many of the NGOs have taken to financial intermediation by adopting innovative delivery approaches. As per RBI guidelines 2000, commercial banks including RRBs have been providing funds to micro-finance institutions (MFIs) for on-lending to poor clients, whose number is incresing continously. A large majority of MFIs operate on much smaller scales with clients, with the latter number ranging from 500 to 1500 per MFI. However, a few non-banking financial companies (NBFC) MFIs have an outreach of more than one lakh. MFIs have been playing an important role in substituting moneylenders and reducing the burden on formal financial institutions (Reddy, 2005). The competition created in the form of developing several non-banking financial institutions in rural areas and the SHG movement has also reduced the interest rates in the informal credit market (Mahajan,2004) With the objective of ensuring greater financial inclusion and increasing the outreach of the banking sector, banks have been allowed to use the services of NGOs, self-help groups, MFIs and other civil society organisations as intermediaries in providing financial and banking services through the use of business facilitator and correspondent models. Provisions for this kind of financial intermediation have opened new and diverse avenues to address the issue of financial inclusion by banks. NABARD also has some other initiatives like thejoint liability group approach, Rytu Mitra Groups in AP. One can also learn lessons from success-ful experiences in and outside India. Within India, we have good and successful practices for credit like the Kudumbasree programme in Kerala and the Velugu (Indira Kranti Padhakam) SHG programme in Andhra Pradesh. We also have good practices in SEWA (health) and BASIX (livelihoods) for insurance, while the Pondicherry pilot project offers lessons for bank accounts. We can also learn from the successful practices in countries like Bangladesh, Thailand, Indonesia, Mexico and Brazil. There are some issues, which have to be sorted out regarding the SHG movement and MFIs. Some of these are: Are the SHGs really self-help groups or is they receiving lot of subsidies from the government or donors? What will happen if the subsidies are removed? Are the interest rates of 24 per cent to 36 per cent charged by MFIs justified? What types of terms and conditions are needed for better functioning of MFIs?
- **Productivity of Small Farmers and Other Vulnerable Groups:** At the end of the day the success of Financial inclusion is dependent on the productivity of the small and marginal farmers, rural non-farm enterprises and other vulnerable groups is sustained with viable economic activities. We have to recognise that financial inclusion for farmers cannot be sustained by the banking system alone as there is a need for other measures like public investment in irrigation, research and extension, infrastructure in rural areas, proper seeds and fertilisers, a good mar-keting system for better price etc. Small and marginal farmers face many risks in cultivation. Financial inclusion should take into account the risk elements experienced by farmers while framing policies. Banks should provide credit plus services to the farmers and the rural non-farm sector. The agricultural officers must provide "farm advisory" services that will help in making agriculture an integrated activity with appropriate backward and forward linkages. Rural banking has to be restructured so that credit will be supplemented with farm and non-farm advisory services.

CONCLUSION

Inclusive growth attainment depends a great deal on equitable distribution of growth opportunities and benefits and financial inclusion is one of the most crucial opportunities which need to be equitably distributed in the country in order to attain comprehensive growth. It needs to be understood by the state that in order to bring orderly growth, order needs to be developed with regard to inclusive finance. The percentage of financial inclusion in the different states of the country varies differently. For instance Kerala, Maharashtra and Karnataka accounts for higher rate of financial inclusion but the states such as Gujarat, Manipur, Assam, Bihar, Uttar Pradesh, and Madhya Pradesh, etc stand poorly on the grounds of financial inclusion. The purpose of this note is to flag the importance of financial inclusion in im-proving the living conditions of poor farmers, rural non-farm enterprises and other vulnerable groups arid discuss a few important issues and challenges. It does not cover all the issues due to space constraints. The concept of financial inclusion covers wider financial services such as credit, savings, insurance, etc. Banks should look at financial inclusion both as a business opportunity and as a social responsibility. Apart from formal banking institutions, the role of the self-help group movement and MFIs is important to improve financial inclusion of people. However, some regulatory procedures for MFIs may have to be evolved by having consultations with MFIs, consumers and the government. Depoliticisation of the financial system is needed for maintaining the viability of formal financial institutions. The risk elements of small and marginal farmers and other vulnerable groups have to be taken into account in framing policies for financial inclusion. For improving the productivity of small and marginal farmers and improving the skills of rural non-farm workers, the banking system may have to undertake credit plus advisory services.

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A STUDY ON THE CONCEPT OF HUMAN RESOURCE MANAGEMENT

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ABSTRACT
The human resource management (HRM) is a positive centrally planned management activity which is different from conservative personnel supervision. So now a day's Human resource is measured as the back of any economic activity. In recent years the economist has introduced Human resource in addition to land, capital and technology as the key aspect for establishing and developing the economy as a whole. The HRM is a rising concept. Economic circumstances in India are undergoing a fundamental structural modification influencing all phases of life. Physical, behavioral and emotional differences among people have grown with frequent changes occurring in the management process of the companies or enterprises. These have propositions in the plan of recruitment, selection, training & development, compensation, performance appraisal, promotion and transfers, succession planning etc., are becoming complicated for execution due to poor indulgent of staff management by the employees so it symbolize a new model of HRM has been focused on the HR plans and practices adopted in company related to HRP Recruitment, Performance Appraisal, HRA, etc. The achievement of the company is solely based on the Human Resource Policies and Practices.

KEYWORDS
Human Resources management, Human resource, Personnel management, Human Resource Management trends.

INTRODUCTION
The source of the function is in those organizations which invented 'welfare management' practices and also in those that used the principles of scientific management. Since 1990 due to liberalized government policies, Indian situation began to transform. Human resource is a comparatively new era management phrase having been coined in the 1960s. Industry scenario is gaining importance of HRM in both business and social life. The industry climate brought in the stir of liberalization, globalization, modern technologies, extension in Knowledge and innovation in information technology is making managers to face a complex and demanding situation (Davis, 1995). Indian organizations are nurturing to become aggressive to meet worldwide pertinent standards. The rising emphasis on privatization has warranted a new centre in terms of result orientation, long-term strategies, consumer focus, and proposal. The HRM has appeared and evolved as one of the mainly important parts of organizational Science and practice. It has not been urbanized in isolation, but rather in the condition of business change and economic growth. The uniqueness of the Human Resources approach requires a completely dissimilar type of concentration from managers. The HR has features that offer the biggest confront as well as occasion. A company's HR is delicate with because of random contributions and permanency is vague (Guest, 1991).

Human resource became one of critical driver for expansion and change. As the perspective of management in the direction of its employees began to modify, role and input of human resource as a talent pool also become so critical that most of the organizations started to focus their idea and mission statements on the people who contribute for them. With the roar in the technology sector in 2000, better ways of attracting, recruiting and controlling resources in the companies also started to appear.

Human Resource Management as a task of management has come a long way. The conventional concept of HRM, Personnel management is a idea that can be suitably related to the old model of organization, is self-important in character, with less flexibility, and higher level of centralization and formalization, i.e., obedience to rules and regulation. HRM, on the other hand means to the overall beliefs about the organization and how individuals should be controlled or supervised and is not just confined to certain precise functions. HRM concentrates on equivalence and obligation instead of fulfilment and control. The scope of HRM is certainly very vast and wide to study and explore. It contains all actions beginning from manpower development till employee departs from the organization. This study thoroughly attempts to confer the concept and Objectives of HRM and tendency along with the Challenges in HRM.

OBJECTIVES OF HRM
The chief objective of HRM is to make sure the accessibility of right personnel for right jobs at right time so as the organizational tasks are achieved effectively and efficiently. This main objective can further be separated into the following:
- To assist the organization to accomplish its goals in time by offering capable and stimulated employees.
- To make the most of the accessible human resources successfully.
- To enlarge the employee's job contentment and self- actualization.
- To expand and uphold the class of work life which makes service in the organization an attractive job.
- To maintain moral policies and behavior throughout the organization.
- To set up and maintain friendly relations between employees and organization.
- To bring together individual/ group goals and organizational goals.

HUMAN RESOURCE MANAGEMENT TRENDS
In organizations, it is significant to conclude both current and future organizational requirements for both present employees and the contingent personnel in terms of their technical abilities, competencies, elasticity etc. The study requires thoughtfulness of the internal and external aspects that can have an upshot on the resourcing, growth, motivation and maintenance of employees and other workers. The external factors are those mainly out-with the control of the association and comprise issues such as the economic climate, current and future tendency of the labor marketplace e.g. skills, learning level, government savings into industries etc. On the Rising Trends of Human Resource Management (With Special Focus on Information Technology Industry) other hand internal influence are broadly within the supervision of the organization to forecast, decide and monitor, for example the organizational culture underpinned by

administration behaviors (or style), environmental climate and the approach to fair and corporate social responsibilities. In order to know the business situation in which any organization works three major trends should be considered: Demographics – It is the features of a population/workforce, for example, age, sex, race or social class. This kind of trend may have an effect in connection to retirement fund offerings, cover packages etc.
Diversity – It means the difference within the population/workplace. Changes in culture now mean that a larger section of organizations are made up of older employees in contrast to thirty years back. Advocates of "workplace diversity" merely explain an employee base that is a parallel reflection of the make-up of people insofar as race, sex, sexual orientation, etc.
Expertise and aptitude - As industries shift from blue-collar to more white-collar professions, so does the need for more extremely skilled graduates. If the market is "tight" (i.e. not enough staff for the jobs), employers will have to struggle for employees by offering financial rewards, community investment, etc.

EMERGING HR TREND IN INDIA
A glance at the tendency in supervising people in this changing industry reflects that Attracting, Managing, Nurturing capacity and Retaining people has appeared to be the single most vital matter in lieu of the huge opportunities offered by the market. The new version of talent is the information professional that is original, business survey, rapid on the uptake, has an intuitive ability to network, and possessing uncontrolled objective. They are driven by an urge to try-out, check new boulevards that can spur their originality. The information professional will incline to an organization that is elastic, has strong values, a healthy performance ethic and offers challenging work on newest technology. This has directed to companies proactively obtaining measures on three fronts. First, companies make an organizational atmosphere where talent can bloom. Second, they place systems that aid unleash their latent and third, they construct a prize and acknowledgment device that provides worth for people.

EMERGING CHALLENGES IN HUMAN RESOURCE MANAGEMENT
The spread of technology and modifications in the business situation has increased the significance of human resources in the current world. The most important challenges facing human resources happen because of these human resource activities to a main strategic purpose.
MAINTAINING PRODUCTIVE ORGANIZATION
There is a demanding task of maintaining a creative organization. Here, efforts may be made to consider the emerging measurement related to the imbalanced age arrangement of the human resources in the future. This necessitates obedience to a intended strategy for rejuvenation of manpower in a phased manner. The expected allocation of workforce can be assessed by means of a "manpower renewal forecast model". Based on this analysis of possible manpower problems, youth may be inducted into the personnel where imbalanced age composition is likely to occur.
MANAGING TEAMS
Team building—activities aimed at recuperating the internal work and relationship processes of teams—asks attention to both job and interpersonal relationships. In team building, organizations relate the principles of group dynamics to choose balancing members, bear more consistency, and supervise stages of group development, and establish productive norms that support high performance. Membership in teams is based on skill in areas that are essential for job attainment. Self-assurance is the key to team members' pledge to a common goal, mutual responsibility, and group effort. Trust is built on six mutually dependent aspects: the sincerity of the members; open communication; mutual respect and support; fairness and neutrality; potential and hard work; and return for combined efforts. Moreover, clear goals are a obligation for efficient teamwork.
MANAGING DIVERSITY SCENARIO
Managing diversity means preparing and executing organizational systems and practices to control people so that the possible merits of diversity are maximize whereas its potential demerits are minimized. The aspects of workplace diversity contain age, civilization, gender, physical abilities, race, sexual orientation, geographic location, earnings, marital status, religious beliefs etc.
Diversity is going to be significant matter for the H.R. manager as many young workers in the work force is mounting, more women are connecting to the workforce, increased mobility, general international careers and international practice is becoming a precondition for managerial positions. Employees now favour high remenuration jobs in multinationals and other private sector concerns. The percentage of old employees is rising due to improved medical and health care. With the enlargement of trade unions, employees have become more aware of their right in the organisation. New personnel comprise worker, which have an aspiration for higher degree of sharing and paths for self-fulfillment. Percentage of professional and procedural employee will amplify in relation to blue colour workers. Human resources will be taken as investments, which will emerge in balance sheets of business group in future.
ADAPTATION OF TECHNOLOGICAL CHANGES
There is a challenging duty of adapting workplace to quick technological changes which manipulate the nature of work and create obsolescence. Therefore, the HR managers will be required to execute the subsequent tasks:
a) Uphold human resource ability through training and development sessions
b) Make sure a match between machinery and people for its best utilization throughout job design
c) Organize substitute careers during training of employees displayed by technology
d) Modernize the new candidates to the workforce with the skill used at the job through a quicker relationship between business and educational institutions; and
e) Boost the efficiency of non-manufacturing jobs.
MANAGING GLOBALIZATION
Globalization obliges organizations to shift people, ideas, products and knowledge around the globe to meet local needs. It is one of the main dramatic challenges facing as they go into the twenty-first century that is how to fight against overseas firms, both domestically and out of the country. Lots of companies are already being forced to imagine globally, something that doesn't approach easily to firms long accustomed to doing trade in a large and expanding domestic market with insignificant foreign competition. Weak response to international rivalry may be resulting in rising layoffs every year. Human resources can play a significant role in a business's ability to fight head-to-head with foreign producer's .New and significant elements must be added to the mix while developing strategy: unstable political situations, controversial global trade issues, variable exchange rates and unknown cultures.
MANAGING CHANGE
Many organizations facade an random environment in which modification is almost steady. If they are to stay alive and flourish, they need to become accustomed to change rapidly and efficiently. Human resources are almost always at the heart of an efficient reaction system.
Change takes the outline of managerial restructuring, mergers and acquisitions, right sizing, executing outsourcing, offering telecommuting opportunities for members of staff. Focused change interference increases output, improves managerial communications, improves procedure efficiency, improve quality, and raises employee confidence.
The challenges linked to change for HRM comprise:
· serving employees conquer resistance to change by convincing them about the better picture
· give leadership for the change procedures.
· ensuring steadiness of systems and processes throughout the change procedures
· Equipping employees to tackle with the modified realities.
CHANGING WORKFORCE PROFILE
Over the period of time Indian labor strength has changed radically, earlier it was employees who used to do such task which is job claim and expectation based now the new HR employees has come up with additional skills and advanced expectations .To understand such labour force The HR department needs to shift towards a more comprehensive corporate culture and expand a deep understanding which includes demographics, expertise sets, personality attributes and employee perspectives on the association and society. Now organizations are hiring more youth then developed ones with the varying profile of employees their

potentials have also transformed they expect better reimbursement and working facilities consequently these are challenge before HR department to have practical job glance so as to avoid impractical expectation and design a appropriate withholding strategy and expand class of work life.

PROGRESS IN TECHNOLOGY

A number of important changes take place in technology almost every day. In order to make use of the most recent technology, the appointment of appropriate types of persons is needed. "Information age" connects to computer-generated and mediated information and networking. One of the allegations of the increase in information and the easiness, with which it can be reached, is an essential change in the function of middle level managers in overseeing human resource.

CONCLUSION

The premature part of the century saw a anxiety for enhanced efficiency through careful plan of work. Throughout the middle part of the century stress shifted to the employee's efficiency. Recent decades have concentrated on increased apprehension for the quality of working life, total quality management and worker's contribution in management. These three parts may be termed as wellbeing, growth and empowerment.

Administration of human resources is not the only job of personnel department. It is chief action of every manager. Every manager in the organization is liable for the recruitment, selection, development and upholding of human resources. The HRM simply helps them or directs them by training a variety of policies and programmes. Thus, Human Resource Management should be related to planned goals and objectives in order to get better business routine and build up organizational cultures that promote modernization and elasticity.

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