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IMPACT OF ORGANIZATIONAL CULTURE ON EMPLOYEE WITH REFERENCE TO PRIVATE ORGANIZATIONS BANGALORE

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ABSTRACT

As one of the key 'stable factors', culture within an organization is playing a critical role in the organization's everyday operations especially in involvement of This paper explores organizational culture in general, some definitions and implications of organizational culture are reviewed from different perspectives, and its impact on employee engagement. The construct employee engagement is built on the foundation of earlier concepts like job satisfaction, employee commitment and Organizational citizenship behavior.

KEYWORDS

employee engagement, employee commitment, organizational citizenship behaviour, job satisfaction, organizational behaviour.

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INTRODUCTION

Victory stories of thriving business organizations have been scripted on commitments made by engaged employees. Engaged employees significantly express themselves physically, cognitively and candidly amid exhibitions in different parts within the organization. They act as drivers of budgetary and showcase victory. They give stellar exhibitions by attempting to extend themselves and ceaselessly endeavor to outflank by setting unused guidelines of greatness. Owing to this, improving representative engagement has picked up energy in trade organizations across the globe.

Organizational culture imply to it may be a framework of shared presumptions, values, and conviction, which oversees how persons bring on in organization. These shared values have a sound effect on the persons within the business and administer how they dress, perform, and achieve their employment. Every human being has certain identity characteristics which offer assistance them stand separated from the group. No two people carry on in a comparative way. Within the same way organizations have certain values, Approaches, rules and guidelines which offer assistance them to make a picture of their claim.

Organizational Culture is the least demanding thing to comprehend and at the same time the foremost difficult things to characterize. Typically, since of the air of personable that encompasses organizational culture.

The institutionalizing customs consists of the values of the group which allow a grouping of different character.

The cultural concept which is the aggregate convictions, values and suspicious basic exchanges with nature and vital wonders as reflected in customs and artifacts. Culture is reflected within the ways embraced to bargain with essential marvels.

ORGANIZATION CULTURE

Organization culture can be characterized as "one shared organization-wide marvels that can be related to other organizational variables to progress employee efficiency and organizational viability".

The concept of culture has been derived from anthropology where it is defined in so many ways and therefore includes a variety of factors. At the early stage of organizational culture in the field of organizational behavior, the same situation existed. However, over the period of time, some consensus emerged in the form that organizational culture is a system of shared meaning. O'Reilly has defined "Organizational culture is the set of assumptions, beliefs, values, and norms that are shared by an organization's members." Thus, organizational culture is a set of characteristics that are commonly shared by people in the organization Organization is a systematic arrangement of people to accomplish some specific purpose. Every organization is composed to three elements i.e. people, goal and system. Each organization has a distinct purpose; this purpose is expressed as goals generally. Organization is the process of identifying and grouping work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

Organizational culture is defined (Denison, 1996) by perceptions shared of organizational activities, this term is same as organizational climate, which has been symbolically conceived as employees' perceptions of observable attitudes and practices. (Wilderom and Van den Berg 2004; Glunk, & Maslow ski, 2001) It is shows in the different ways, in which employees act and behave, perceive and think. It forms that holds the organization together motivates employees to commit with the organization and to achieve.

EMPLOYEE ENGAGEMENT

Employee engagement is the degree to which an employee is cognitively and emotionally attached to his work and organization. It reflects in the level of identification and commitment and Employee has towards the organization and its values. An engaged employee is aware of the business context, and works as a team member to improve performance of the job for the benefits of the organization. Engaged employees are concerned about the future of the organization and are willing to invest discretionary efforts for the organization.

Institute of Employee Studies defines engagement as a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement which requires a two way relationship between employer and employee.

Institute for Employee Studies Defines "Engagement as a positive attitude held by the employees towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve to improve performance with in the job for the benefit of the organization. The organization must work to develop and nurture engagement which requires a two way relationship between employer and employees".

Employee engagement has emerged as a critical driver of business success in today's competitive marketplace. Further, employee engagement can be a deciding factor in organizational success. Not only does engagement have the potential to significantly affect employee retention, productivity and loyalty, it is also a key link to customer satisfaction, company reputation and overall stakeholder value. Thus, to gain a competitive edge, organizations are turning to HR to set the agenda for employee engagement and commitment.

LITERATURE REVIEW

Bhattacharya. S Neogi, D.G (2006), The study conducted on organizational culture and climate and the discoveries have shown that for any organization, distinctive bunches of workers have diverse recognition towards inspiration and organization climate.

Deshpande & Webster, Goldsmith, Gummesson, Morgan & Hunt, Shelton (2002,1999,) The study revealed on the off chance that one must lead an organizational successfully, understanding the motivational strengths of those with whom its works, particularly individuals or human calculate would be vital to analyze worker supposition on organizational culture and climate.

Ogbor (2001), The organizational culture would gotten to be "an instrument for the universalization of administrative intrigued, the concealment of the clashing interface and the propagation of corporate and societal hegemony" Organization can control the non- level headed behaviors and delete representative personality, substituting it with one wanted by administration by overseeing culture.

Kono & Clegg (1998), the corporate culture bring the appearance of collective staff demeanors and shared values empower them to accept within the organizations values and goals and keep working within the organization.

Hoffman (1997), the company ought to regard the culture of its have country, it comprises that a trade ought to not meddled and alter the culture in arrange to maximize its benefits. Collins and Porras (2000), He identified that organization culture always brings a shared values. The shared values are key characteristics and that the organization values and the organizational culture can be captured in different basic characteristics.

Intrigued in engagement emerged with the move in center in brain research from shortcomings, malfunctioning and harm towards bliss, human qualities and ideal working (Rothmann, 2003; Strumpfer, 2003; Seligman & Csikszentmihalyi; 2000).

Peterson, Nansook and Seligman (2005) respected the consider and advancement of joy as critical objectives of psychology and recommended three courses to joy, to be specific delight, engagement and meaning. Engagement, as a component of joy, involves that people seek after delight by applying their qualities.

(Rothmann & Rothmann, 2010). Employees are an resource to an organization. Utilizing the organization's mental capital has become an critical source of competitive advantage. (Artur, 1994; Becker and Huslid, 2000; Buckingham and Vosburgh; 2001) One way organizations can effectively explore these challenges and capitalize on their mental capital is to cultivate worker engagement. Engaged workers are energized and energetic around the work they do. With energy come excitement, excitement and efficiency. (Kroth and Boverie, 2003) It is exceptionally much an organization's self-intrigued that can construct riches as quick as disappointed one can annihilate it.

(Catlette and Hadden, 2001)). A study conducted by Towers Perrin (2003) stated that what drives representative engagement is when a company adjusts its programs and hones inside its system to drive the correct behavior from workers through to clients; it situated itself to realize an suitable return on individuals venture. On the opposite, when an organization builds its individuals programs in a vital and operational vacuum- with no unequivocal or understood links between behavior and investment, it'll lead to drop in return on speculation, productivity and client maintenance. This report reflects on the require for organizations to center on components that impact engagement like competitive pay, taken after by adjust between work and individual life, headway opportunities, competitive benefits, challenging work, justify pay, learning and advancement opportunities, competitive retirement benefits, caliber of co-workers and an boss with great reputation (Beauchesne, 2005)

A survey conducted by Towers Perrin (2003) asserted that what drives employee engagement is when a company aligns its programs and practices within its framework to drive the right behavior from employees through to customers; it positioned itself to realize an appropriate return on people investment. On the contrary, when an organization builds its people programs in a strategic and operational vacuum- with no explicit or implicit links between behavior and investment, it will lead to drop in return on investment, profitability and customer retention. This report reflects on the need for organizations to focus on factors that influence engagement like competitive pay, followed by balance between work and personal life, advancement opportunities, competitive benefits, challenging work, merit pay, learning and development opportunities, competitive retirement benefits, caliber of co-workers and an employer with good reputation (Beauchesne, 2005).

Robertson-Smith and Marwick (2009) toss light on what engagement is and uncovers that it is an imperative however complex challenge, and there remains a extraordinary bargain of scope for examining the different approaches.

Susi & Jawaharrani (2011) inspected a few of the writing on Worker engagement, investigate work-place culture & work-life adjust approaches & hones taken after in businesses in arrange to advance worker engagement in their organization to increase their employees' productivity and retain them. Work-life balance is key driver of employees' satisfaction.

STATEMENT OF THE PROBLEM

Organizational culture impacts the inspiration of individuals at work, group work, competency advancement, inclusion and commitment of workers which in turn influences the organization's capacity to attain its objectives and targets. Subsequently a think about on the behavior of Private Organisations workers on organizational culture would request huge consideration and vital significance.

OBJECTIVES

1. To review the existing culture of the organization and to find its impact on employee behavior.
2. To identify the opinion of the employees towards organizational culture.
3. To find out variables (control and assist) influence organizational culture.
4. To study rapport of employees with their peers.

METHODOLOGY

The study used to Random sampling method. The data is collected from primary and secondary data. The primary data is collected from 100 respondents by applying structured questionnaire and secondary data will be collected through published literature on the topic or relevant to the area of the study and from web pages, internet, and published journals etc. The study factors such as demographics, Individual factors and few outcome factors.

LIMITATIONS OF THE STUDY

1. Time constraint is significant obstacle in the study,
2. Accuracy of the study is purely based on the information given by the employees.

ANALYSIS

COMPANIES SELECTED FOR THE STUDY

TABLE 1

Sl. No	Company name	No. of respondents
1.	Pragathi Automations Pvt. Ltd	50
2.	Ace Designers	50

TABLE 2: GENDER OF RESPONDENTS

Particular	No of respondents	Percentage
Female	20	20%
Male	80	80 %
Total	100	100%

The given table shows that 80% of the respondents are male and 20% of the respondents they belong to the female. It shows male respondents are more than female respondents.

TABLE 3: AGE GROUP OF RESPONDENTS

Particular	No of respondents	Percentage
Below 25 years	28	28%
25-35 years	40	40%
35-45 years	22	22%
Above 45 years	10	10%
Total	100	100%

The table shows most of the respondents are belong to 25 to 35 years of age group than only 10% of the respondents are in the above 45 age group category.

TABLE 4: EDUCATIONAL QUALIFICATION OF RESPONDENTS

Particular	No of respondents	Percentage
Below SSLC	5	5%
SSLC	13	13%
PG	12	12%
Technical/diploma	70	70%

From the above table represents the educational qualification of respondents. Where most of the respondents are belongs to Technical or Diploma. There is less respondents in SSLC background.

TABLE 5: NATURE OF EMPLOYMENT OF RESPONDENTS

Particular	No of respondents	Percentage
Permanent	75	75%
Temporary	25	25%

The above table showing 75% of the employees are appointed on permanent and remaining 20% of employees are appointed on temporary basis

TABLE 6: OPINIONS OF THE EMPLOYEES TOWARDS ORGANIZATIONAL CULTURE

Sl.no	Statements/Opinions	Strongly dis Agree	Somewhat Dis agree	Neither agree nor Disagree	Somewhat agree	Strongly Agree	Total Or %
1.	Is the organization has a current mission plan for everyone to view	35%	28%	18%	16%	3%	100
2.	Business type Relationships Prevail	5%	13%	6%	39%	37%	100
3.	Organization values individual Opinions	40%	12%	15%	14%	19%	100
4.	Good Relationships at Work Spot Appreciated	16%	18%	10%	25%	31%	100
5.	Concerns for Learning Development	11%	5%	12%	35%	37%	100
6.	Existence of Informal & Friendly communication	25%	18%	8%	24%	25%	100
7.	Existence of Informal Groups around Experts	5%	12%	11%	34%	38%	100
8.	Reward & Recognition for Success	25%	28%	14%	15%	18%	100
9.	Acknowledgement of Diversity	11%	6%	9%	39%	35%	100
10.	Hierarchical Type of Organization	5%	9%	11%	38%	37%	100
11.	Emphasize on Expertise rather than Ideals	25%	28%	14%	15%	18%	100
12.	Trust and friendly relations are highly valued	16%	18%	10%	25%	31%	100
13.	Internal Promotions	11%	12%	6%	39%	32%	100
14.	Do you satisfied with the prevailing organizational culture.	12%	18%	10%	28%	32%	100
15.	Do you believe and trust what the management state	28%	22%	15%	20%	15%	100

Source: Primary data

FINDINGS

- 35 persons strongly disagreed for the hypothesis that the organization has a current mission plan for each individual employee. 28 persons somewhat disagreed and whereas only 3% of the respondents strongly agree.
- 5 persons strongly disagreed that the employees felt Business Type of Relationships in the organization and another 13 respondents perceive that and somewhat disagree with the fact and whereas 39% of the respondents says they are somewhat felt with business type relationship
- 40 % of the respondents strongly disagreed that the company, valued the individual opinions and added to this segment another 12% of the respondents seconded the opinion and said they are somewhat disagreeing with that.
- 16 % of the respondents strongly disagreed that there existed Good Relationships at the Work Sport, which was appreciated by the company, further another 18 % of the respondents say they are somewhat disagree for this fact. Whereas 31% of the respondents says they strongly agree with the fact that the company appreciate the work spot relationship.
- 35% of the respondents somewhat agree with that there existed a learning and development and whereas only 5% of the respondents somewhat disagree with the fact of learning and development existed. Overall 37% of the respondents strongly agree with the fact.
- 25% of the respondents strongly disagreed that there existed informal and friendly communication among employees at Private Organisations and whereas only 8% of the respondents were neutral and never commented on the fact.
- 5 % of the respondents strongly disagreed that there existed informal groups around expert at Private Organisations 38 % of the respondents strongly agreed to the fact that have informal groups and experts
- 28% of the respondents are somewhat disagree with the fact there existed a practice of Reward and recognitions and whereas only 14% of the respondents are neither agree nor disagree with this fact and never commented on this.
- From the above Table it is shows that 39% of the respondents somewhat agreed that the company acknowledged diversity of culture and tradition among its employees and whereas only 6% of the respondents somewhat disagreed with the fact that the company acknowledged diversity of culture and tradition
- From the above Table it is shows that 38% of the respondents somewhat agreed with the fact that the company is hierarchical type of organization and whereas only 5% of the respondents strongly disagreed with the fact.
- From the above Table it can be analysed that 28% of the respondents they somewhat disagreed with the fact that Private Organisations is emphasizing on expertise among its employees and whereas only 14% of the respondents were neutral and never commented on the fact

12. From the above Table it can be analysed that 31% of the respondents they strongly agreed with the fact that Trust and friendly relations were highly valued at Private Organisations and whereas only 10% of the respondents were neutral and never commented on the fact
13. From the above Table it can be analysed that 39% of the respondents they somewhat agreed with the fact and whereas only 6% of the respondents were neutral and never commented on the fact
14. From the given Table it was found that most of the respondents strongly agreed with the fact that the prevailing culture satisfies them and whereas only 12% of the respondents strongly disagree with that they are not satisfied with the prevailing culture.
15. From the given Table it was found that most of the respondents strongly disagreed that they believe and trust with management and whereas only 15% of the respondents never commented as well as they strongly agree with the fact

TABLE 7: RAPPORT OF EMPLOYEES WITH THEIR PEERS AND IMPACT OF ORGANIZATION CULTURE

Sl. No	Statements/Opinion	Yes	No	Total (%)
1.	Is Top management develops the culture.	86%	14%	100
2.	The peers working in the organization receive both positive as well as negative feedback from their supervisor	78%	22%	100
3.	Do you encouraged to participate in the groups or teams in the organization	64%	36%	100
4.	The organization is well supportive to bring change	53%	47%	100
5.	Do you agree with the company goals	83%	17%	100
6.	Does the present organizational culture impact on your behavior.	83%	17%	100
7.	Here the people communicate with one another to solve problem	64%	36%	100

Source: primary data

FINDINGS

1. From the above table showing top management develops the culture says 86% of the respondents say yes there they agree with the fact and rest of the others say no they do not agree with the fact.
2. The given table shows that that 78% of the respondents says yes the top management develops the culture and whereas 22%of respondents says no the company do not develop the culture.
3. From the given table it says that 64percent of the respondents says yes they are encouraged to participate in teams or groups and whereas 36% of the respondents says no they are not encouraged to participate in the teams or groups in the organization
4. The given table says that 53% of the employees say yes the organization is well supportive to bring changes and whereas 47% of the respondents says no the organization do not support to bring changes.
5. 83% of the respondents says they agree with the company goals and whereas 17% of the respondents says no they do not agree with the company goals.
6. From the given table it was found that 83% of the employees say yes it impact on their behavior and rest of the other says no it does not impact on their behavior.
7. From the above table it was found that most of the respondents they communicate with each other to solve problems and whereas only 36% of the respondents says no they do not communicate with each other to solve problems.

SUMMARY OF FINDINGS

1. Business Type of Relationships prevailed in the organization.
2. Individual Opinions of employees are not valued.
3. Good Relationships at the Work Spot is appreciated.
4. Concerns exist regarding Learning Development.
5. Most of the respondents they agree that the top management develops the culture.
6. Informal and friendly communication among employees exists.
7. Informal groups around Experts prevail.
8. There are no practice of Reward and Recognitions for Success among its employees.
9. Diversity of culture and tradition among its employees are acknowledged.
10. Hierarchical type of organization presents.
11. Emphasis is on expertise rather than on ideals.
12. Most of the respondents believe that they receive positive as well as negative response from their supervisor.
13. Most of the respondents said they are encouraged to participate in the groups or teams.
14. The respondents agree with that the organization is well supportive to change.
15. Most of the respondents are satisfied with the prevailing organizational culture.
16. Most of the respondents agreed with the trust and friendly relations are highly valued here.
17. Most of them believed that the organization would promote within before looking for employees externally.
18. The respondents agree with the company goals.
19. Most of the respondents showed them disagree with believe and trust of management.
20. The present organizational culture impact on their behavior.
21. Most of the respondents agreed that they communicate with one another to solve problems.

SUGGESTIONS

- ✓ The individual opinions of employees are not valued here therefore the company should create an open communication towards the employees and get the feedback and any ideas from the employees.
- ✓ It was found that there was no practice of reward and recognitions, thus there is a need that the company should practice the reward and recognition system for the success. The company can recognize the best employees of the year and best performer and reward them by giving gift vouchers and holiday bonus.
- ✓ The management should concentrate more on the trust factor where the employees can able to believe and trust with management. The management can spend a time with the employees and listen their problems, being loyal & committed to the promise.
- ✓ The company should try to adopt a changes in culture as per the situation so that it should not impact badly on employee’s behavior.

CONCLUSION

The organizational culture of Private Organisations has achievement as dominant motive which is functional and dependency as a back-up motive. People culture is prevalent in Private Organisations.

In the light of the findings and suggestions, Private Organisations has to address issues and challenges and make changes in internal environment to cope up with the external environment. This can be done only by means of identifying critical internal factors which will help in making necessary changes in pursuing enhanced effectiveness of its plans and programs.

In my study during these 10 weeks of project on A study on organizational culture and its impact on employee behavior" I had a good experience in my study and learned the culture adopted by the organization and how it impacts on employees behavior. The employees are satisfied with the prevailing organizational culture and here the employees are communicating with each other friendly to solve the problems.

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MANAGING THE SERVICE QUALITY: COMPARATIVE STUDY ON THE BEHAVIOUR AND SWITCHING INTENTIONS OF THE CUSTOMERS

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ABSTRACT

In the present era of competition, one of the most important issues for a telecom industry is know the satisfaction level of customers, their behaviour and their switching intentions with respect to the service providers, as the rapid changing business scenario for the entire transaction activities begins and ends with the customer. Service Quality, customer satisfaction and Customer retention is the primary goal of every business organization as the customer satisfaction affects the customer's loyalty, retention rate and their behaviour whether positive or negative. The present study aims to analyse the comparative influence of service quality of Airtel and BSNL on behaviour and switching intentions of the customers in the telecommunication sector in Himachal Pradesh. The data for the study was collected through a survey consisting a sample of 600 subscribers (300 each Airtel and BSNL) selected on convenient random basis to find out the factors which are responsible for behavioural outcome and switching intentions. The statistical tools applied in the study were factor analysis, skewness, kurtosis and chi-square test. The results indicated that five factors i.e. corporate image, switching costs, poor performance, service promptness and problem solving are the significant contributors for switching intentions of the customers.

KEYWORDS

behaviour, switching intention, telecommunication.

JEL CODES

M30, M39.

INTRODUCTION

Telecommunication is one of the fastest-growing industries in India and is the second largest market in the world. The entire telecommunication industry which has become a dynamic service industry in India is facing a tough competition due to liberalization and privatization subject to increasing competition with huge growth potential in terms of subscribers and revenue. The Indian customers are enjoying a wide range of services along with the world's lowest local call rates. The service providers in India are faced with the challenge of reducing customer churn in the ever increasing telecommunication market. Under these circumstances, the success of mobile phone service providers in India mainly depends on service quality which ultimately increase customer base and Service quality will become quality service if it meets the customers' expectations.

Current competitive environment has forced telecommunication companies to focus on service quality related dimensions and have a thorough understanding on the customer's need and the activities that increases the customer satisfaction and help in retaining the customers, in order to efficiently maximize revenue. Thus, in this age of customer's focus, delivering quality service has become an important means of differentiation and path to achieve business success and survival in today competitive environment. However, no business organization can survive without building its customer satisfaction and customer loyalty. Likewise no organization can make a healthy living without meeting the needs of its customers. That is what organizations do, they serve people's needs. Delivering of quality service to the customers has become an indispensable factor for success and survival of telecommunication companies. Service quality can be defined as the personal experience of the customer with the service provider. Customers want to avail the different types of services provided by the telecom service providers. Customer satisfaction is an estimate of how well the products or services offered by a firm meet or exceed customer expectation. On the other hand, if the perceived performance exceeds the expectations, customers will be satisfied. If perceived performance is less than expected, customers will be dissatisfied. It is obvious that if customers do not get quality service and become dissatisfied by the provider, they undoubtedly will go elsewhere. So, it is very essential for the service provider to understand the service quality, customer behaviour and reasons for switching of the customers and make efforts to retain the customers and compete the stiff competition in the market.

REVIEW OF LITERATURE

Ahmed et.al (2010) in their study examined the service quality of the mobile service providers and customers' satisfaction and customers retentions regarding SMS in cellular companies of Pakistan. The study focused only the SMS service provided by telecom organizations. The data was collected through structured questionnaire from 331 youngsters from different universities who use the SMS service of any company. Correlation and regression analysis were used to analyze the data. Service quality was measured using five dimensions and its relationship was determined with customer satisfaction. It was found that all the dimension have a significant relationship with the satisfaction of the customers and customers were slightly satisfied from the service quality of SMS service providers in Pakistan.

Nandi and Pattanayak (2015) in their paper focused on the brand switching tendencies of young Indians and effectively analysed the impact of different demographic variables on brand loyalty. The data was collected from 600 young adults comprising of both students and professionals from various reputed colleges and companies in Bangalore and their responses were analysed on SPSS. The statistical tools employed in the study were cross-tabs, chi-square and multiple regression analysis. The study indicated that among various demographic factors, only age had an impact on brand loyalty. Samsung is the most popular brand followed by Nokia, Sony and Apple. Apple has the most loyal base of customers and is one of the aspiring brands. The percentage of switching was highest in case of Karbonn mobile users followed by Micromax. Among the popular brands, Nokia had more switches than Samsung and Sony. The primary reason for switching of respondents was technical incompatibility, new technical and value added features and price offer. The study suggested that the mobile companies should introduce different models with new innovative features and develop specific strategies and action plans taking into account the complex set of factors that influence consumer buying behaviour which helps in improving the satisfaction level of their present customers and make them more loyal.

Panigrahi, Azizan and Khan (2018) carried a study to investigate the empirical relationship between Service Quality, Trust, Satisfaction and Intention to customers purchasing Life Insurance Products in Malaysia. The primary data was collected from 215 respondents based on convenience sampling technique and was analysed on five point Likert scale. Descriptive statistics, exploratory and confirmatory factor analysis were employed in the study. To measure customer satisfaction, trust and purchase intention, seven key SERVQUAL factors were utilised i.e. tangibility, reliability, responsiveness, assurance, empathy, helpfulness and problem solving. The results found that tangibility, reliability, responsiveness, problem solving and helpfulness on purchase intention were found significant except empathy and assurance. The findings showed that problem solving and helpfulness are key factors in insurance industry which leads to customer satisfaction and trust, and would full service quality gap and increase competence of agents to perform properly according to the needs of the customers. The reviews of existing studies and related topics helped in finding out the research gap which provided the valuable information to frame need, objectives of the present study. The substantial work has been done on the service quality, but no study has been confined to assess the behaviour and switching intention of the customers with respect to Airtel and BSNL telecommunication companies, especially in Himachal Pradesh. There exists the research gap among various studies available so far. Hence, the present study has been undertaken on service quality, behavioural outcomes and switching intentions of the customers of both Airtel and BSNL in Himachal Pradesh.

NEED OF THE STUDY

In today’s competitive environment, it has become essential for every business organisation to provide good service quality to its customers. It is only possible if the customers are satisfied. If the customers are satisfied with the services provided by the service provider, there will be strong customer base while on the other hand, if customers are not satisfied they will switch to other service provider as there are many service providers are prevalent in the market. It has been found from the previous studies that customers are dissatisfied on the part of the service providers as a result of which, they are switching from one service provider to another. Hence, there is a need to find out the behaviour of the customers regarding their service provider and to find out the factors which influence them to switch from one service provider to another.

OBJECTIVES

Following are the objectives of the study:

1. To assess the level of customer satisfaction.
2. To identify the factors that influence the behaviour and switching intentions of the customers.

RESEARCH METHODOLOGY AND DATA COLLECTION

The primary data has been collected to accomplish the objectives of the study. A sample of 600 respondents i.e. 300 Airtel and 300 BSNL customers has been drawn on the basis of convenient random sampling. Further, two zones were selected and out of each zone two districts were selected and out of each district two blocks were selected on the basis of highest population. (according to the Census2011). The assessment was done on a five point Likert scale and skewness, kurtosis, chi-square and factor analysis have been applied.

SAMPLE SIZE

Sr. No.	Zones	Districts	Blocks	Total No. of Respondents
1.	Shimla	Shimla	Shimla	75
			Theog	75
		Solan	Nalagarh	75
			Solan	75
2.	Kangra	Kangra	Palampur	75
			Nurpur	75
		Chamba	Chamba	75
			Churah	75
	Total			600

RESULTS AND DISCUSSION

TABLE 1: DESCRIPTIVE STATISTICS ON BEHAVIOUR OUTCOMES OF THE RESPONDENTS

Behaviour Outcomes	Mean Score		Skewness		Kurtosis		Chi-square		P-value	
	Airtel	BSNL	Airtel	BSNL	Airtel	BSNL	Airtel	BSNL	Airtel	BSNL
Positive response of respondents	3.9933	3.9067	-.945	-1.188	1.229	2.136	246.827	389.933	.000	.000
Strong recommend-ation of service provider	3.7300	3.5567	-.803	-.435	.390	-.406	243.667	179.100	.000	.000
Service Provider is always first choice	3.4300	3.3167	-.292	-.337	-.717	-.545	170.567	176.600	.000	.000
Redressal of their complaints	3.8600	3.8567	-1.512	-1.520	2.786	3.044	405.900	432.300	.000	.000
Switching to other service provider if provides better deal	2.9867	2.9433	.118	.014	-1.154	-.604	50.600	107.100	.000	.000
Complain to external agencies	2.3300	2.4267	.139	-.294	-.020	-.543	198.433	130.027	.000	.000

The descriptive statistical analysis regarding the behavioural outcomes of the respondents as presented in the table 1 reveals that the mean score of responses among Airtel and BSNL has been found higher than the average mean score in all the statements except as far as switching to other service provider if better deals are offered and complaining to external agencies is concerned. The negative value of skewness of Airtel and BSNL in all statements depicts that majority of responses of respondents is towards the higher side of mean value except the statements related to switching to other service provider and complaining to external agencies. The value of kurtosis in case of both service providers shows that distribution of responses is Leptokurtic in the statements positive response of respondents, strong recommendation of service providers and redressal of their complaints whereas it is Platykurtic as far as service provider is always their first choice, switching to other service provider and complaining to external agencies is concerned. The computed value of Chi-square for Airtel subscribers in comparison to BSNL subscribers has been found significant at 1 % level of significance with respect to all the statements of behavioural outcomes. Hence, it can be concluded that the opinion of the respondents differs significantly in both the service providers as far as behavioural outcome of the respondents is concerned.

TABLE 2: DESCRIPTIVE STATISTICS ON REASONS FOR SWITCHING OF THE RESPONDENTS

Reasons for Switching	Mean Score		Skewness		Kurtosis		Chi-square		P-value	
	Airtel	BSNL	Airtel	BSNL	Airtel	BSNL	Airtel	BSNL	Airtel	BSNL
If less charged for data services	3.2567	3.0667	-.340	-.279	-.958	-.669	87.200	88.600	.000	.000
If offered low call, SMS charges	3.5967	3.4667	-.580	-.423	-.726	-.613	183.133	166.267	.000	.000
If friends, relatives are using particular connection	2.8900	2.6733	.038	.294	-.918	-.788	61.300	51.067	.000	.000
Influenced by advertise-ments	2.5433	2.4567	.226	.329	-1.136	-.999	70.333	55.633	.000	.000
Dissatisfied with the services of service provider in future	4.0933	3.9767	-1.001	-.638	1.176	.667	298.233	288.033	.000	.000
Switch due to Poor roaming network	2.9967	2.9967	.311	10.036	.622	145.036	300.433	418.640	.000	.000
If service provider is slow in responding	3.3867	3.3400	-.597	-.430	-.357	-.591	176.500	194.067	.000	.000
More vas are provided by others	3.0667	3.0100	.135	-.039	-.410	-.354	116.000	113.567	.000	.000
Poor network and call clarity	4.1733	4.0167	-1.136	-.957	1.905	1.324	304.933	274.167	.000	.000
Just for a change	2.0767	2.0300	.817	.740	-.499	-.354	146.100	145.433	.000	.000
Switching does not cost heavy expenses	2.5300	2.4833	.196	.354	-1.275	-.878	87.500	92.100	.000	.000
If there is problem of Billing, activation	3.5967	3.4967	-1.167	-.882	.619	.350	301.767	210.633	.000	.000

The descriptive statistical analysis regarding the switching intentions of the respondents as presented in the table 2 shows that as the mean scores has been found higher in case of both the service providers with regard to all the statements except if friends and relatives are using a particular connection, influenced by the advertisements, switch due to poor roaming network, just for a change and switching does not cost heavy expenses. The negative value of skewness related to the statements charges less for data services, low call rates, dissatisfied with the services of service provider in future, slow in responding to complaints, poor network and call clarity and problem of billing and activation of services, shows that majority of responses of both Airtel and BSNL are towards the higher side of mean value. The negative value of kurtosis of both Airtel and BSNL subscribers depict that distribution of responses is Platykurtic except as far as statements related to dissatisfaction with the services of service provider in future, switching due to poor roaming network is concerned. The value of chi-square for both Airtel and BSNL subscribers has been found significant at 1 % level of significance which reveals that there is a significant difference in the responses of both the subscribers of service providers as far as statements' regarding reasons for switching is concerned.

BEHAVIOURAL OUTCOMES AND SWITCHING INTENTIONS: A FACTOR ANALYSIS

The Kaiser Meyer Olkin (KMO) measure of sampling adequacy is a statistic that examines the appropriateness of factor analysis. The Kaiser Meyer Olkin measure the sampling adequacy which should be more than 0.5 for a satisfactory factor analysis. The results of the Kaiser Meyer Olkin (KMO=.807) measure of sampling adequacy and Barlett's test of sphericity with highly significant value clearly indicates the appropriateness of the use of factor analysis.

TABLE 3: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.807	
Bartlett's Test of Sphericity	Approx. Chi-Square	2412.412
	df	153
	Sig.	.000**

** Significant at .05 level of confidence

TOTAL VARIANCE EXPLAINED

Table shows how many variables can be combined together to make a single factor. The initial components are the number of the variables used in the factor analysis and is calculated by using principal component method. The eigen values are the variances of the factors and only the factors with Eigen value greater than one are retained. Five factors with Eigen value greater than one are retained out of eighteen variables. The percentage of variance indicates the total variance attributed. The cumulative percentage of variation as shown by these five variables is 56.455 percent.

TABLE 4: TOTAL VARIANCE EXPLAINED

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sum of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.209	23.385	23.385	4.209	23.385	23.385	2.429	13.496	13.496
2	1.945	10.803	34.188	1.945	10.803	34.188	2.404	13.354	26.850
3	1.564	8.690	42.878	1.564	8.690	42.878	2.102	11.680	38.530
4	1.259	6.996	49.873	1.259	6.996	49.873	1.950	10.831	49.361
5	1.185	6.581	56.455	1.185	6.581	56.455	1.277	7.094	56.455
6	.865	4.804	61.259						
7	.852	4.734	65.993						
8	.743	4.126	70.119						
9	.711	3.951	74.070						
10	.663	3.685	77.755						
11	.647	3.592	81.347						
12	.583	3.240	84.587						
13	.540	2.997	87.585						
14	.532	2.956	90.540						
15	.498	2.769	93.310						
16	.451	2.507	95.817						
17	.384	2.132	97.949						
18	.369	2.051	100.000						

Extraction Method: Principal Component Analysis

Source: Data collected through questionnaire

ROTATED COMPONENT MATRIX

To find out the relationship between the variables, the variables are rotated by using varimax rotation. The variables which represents the components of behavioural outcomes and switching intentions are chosen. The results of component matrix report the loading of different variables on identified five factors which have been extracted through factor analysis and are most correlated.

Variables which have been loaded on first factor i.e. **corporate image** includes; strongly recommend services of service provider to friends and relatives, always operator is given first choice, positive about service provider and not shift to other service provider. The first factor explains 23.385 percent of variance.

The second factor i.e. **service cost** represents five variables namely not shift to other service provider even if offered cheap data services, even if friends and family members are using particular connection, if influenced by the advertisements, if offered low call rates, even if switching is not costly and just for a change. The second factor explains 10.803 per cent of variance.

In third factor, **poor performance** includes poor network and call clarity, dissatisfied with the service provider and problem of billing, activation and deactivation and recharge. The third factor explains 8.690 per cent of variance.

The variables which are loaded in fourth factor i.e. **service promptness** is identified with weight on three factors which includes poor roaming network, slow in responding to complaints and variety of services provided by other service provider. The fourth factor explains 6.996 percent of variance.

The fifth factor i.e. **problem solving**; includes seek the help of external agencies like DOT, TRAI and complaint to service provider if any problem is faced. The fifth factor explains 6.581 percent of variance.

TABLE 5: ROTATED COMPONENT MATRIX

Statements	Component				
	1	2	3	4	5
Strongly recommend to friends and relatives	.814	-.005	-.131	-.031	-.049
Service provider is always your first choice	.792	-.071	-.133	.049	-.014
Say positive about service provider	.716	-.103	.017	-.201	-.054
No switching to other service provider	.508	-.283	-.324	.115	.305
No shift even if offer cheap data services	-.168	.696	.318	.002	-.043
Switch if friends, family are using particular connection	-.012	.630	.089	.218	.293
Switch if influenced by advertisements	.066	.607	.093	.108	-.035
No switching if offer low call rates, SMS charges etc.	-.266	.549	.438	-.057	-.029
If switching does not cost heavy expenses	-.170	.542	-.007	.395	-.170
Just for a change	-.142	.540	-.315	.391	-.040
Poor network and call clarity influence to switch	-.089	.074	.746	.139	.067
Switch if dissatisfied with the services of service provider	-.074	.179	.694	.109	.068
Switch if problem of billing, activation and recharge	-.240	.084	.514	.341	-.264
Switch due to poor roaming network	.016	-.034	.295	.693	.054
Switching if operator is slow in responding	-.046	.197	.243	.678	-.086
Variety of services are provided by others	-.036	.290	-.091	.645	.065
Complain to external agencies like DOT, TRAI	.099	.038	.204	-.093	.787
Complain to service provider if face any problem	.362	.036	.233	-.101	-.588

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Rotation converged in 10 iterations.

CONCLUSION

The behaviour outcome of the majority of respondents reveal that there is a significant difference in the opinion of respondents of both the service providers as far as statements relating to points about service providers, strong recommendation of service provider and redressal of complaints. Further, the main reasons which influence the subscribers to switch are; high service charges, dissatisfaction with the service provider in future, slow response of complaints and poor network and call clarity.

Corporate image has been found the most important factor for switching followed by service cost. The poor performance of service provider enhances the switching intention of the subscribers. Hence, the service providers must have good corporate image and should focus on the reducing the service cost. Further, the service providers should focus on network connectivity, call clarity, activation and billing problems. Other factors which are found to be important reasons for switching are: service promptness and problem solving. The factor which leads to dissatisfaction among the subscribers is high services charges and network problems which influence the subscribers to switch from one service provider to another. Hence, by making good corporate image and good network connectivity, the service providers would be able to retain their customer base which would ultimately increase customer loyalty.

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EFFECT OF PROJECT RISK MANAGEMENT PRACTICES ON PROJECT PERFORMANCE IN CEMENT MANUFACTURING FIRMS IN KENYA

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ABSTRACT

The main objective of this study was to establish the effect of project risk management practices on project performance in cement manufacturing firms in Kenya. The study adopted purposive sampling. The study used primary data which was collected using structured questionnaires which was pre-tested before being administered. The respondents were the Chief Operations Officer (COO), Chief Finance Officer (CFO), Project Manager (PM) and the Business Development Officer. The population was 162 and the sample was 62 officers from the cement manufacturing companies in Kenya. The study achieved a response rate of 71% which was deemed fit. Reliability and validity of the research instrument was conducted. For reliability, the questionnaire was found to a reliable tool for the study and it had the internal consistency required. On validity, Kaiser-Meyer-Olkin measure of sampling adequacy was found to acceptable. On the other side, the Bartlett's test of Sphericity was within range. The study concluded that there are project risk management practices which affect project performance of cement manufacturing companies in Kenya which are project risk avoidance, project risk retention, project risk transfer and project risk control. The relationship between the dependent and independent variables of the study was significant. There are also other factors that affect project performance as the project management practices constituted only 19.6%. The study recommended that there is need to find the 80.4% of the factors which affect project performance but were not shown in this model. This will determine all the factors conclusively

KEYWORDS

project performance, project risk management practices, cement manufacturing firms.

JEL CODES

G32, L61.

1.0 INTRODUCTION

Project risk management has a prominent position in the framework of project management theory and methodology. Project risk management is a continuous process needing an integral risk management system in all the phases that the construction project passes through, which is accomplished by developing a framework for process-driven risk management. Risk taking, gambling and the desire to manage risks (that is, to insure against them, avoid them, or take advantage of them) have existed in human society for millennia.

Project risks may be defined as undesired events that can range from delay, excessive expenditures, and unsatisfactory project results for the organization, society, or environment (Longnecker & Pringle, 2013). According to Project Management Institute's (PMI) Project Management Body of Knowledge a project risk is an event or uncertain condition that, if it occurs, produces positive or negative effects on at least one aspect of the project, such as cost, scope, quality, and so on. Project management includes the processes concerned with conducting project risk management planning, identification, analysis, responses, monitoring and control on a project (PMI, 2015).

Achieving project performance forms the basis to adoption and implementation of effective project risk management strategies. Project risk management strategy is embedded to organizational internal control and audit, a condition necessary for effective project risk management measures in the project (Krugmann, 2013). This hence influences the enterprise management focus on project control and technological control which supports project requirements and governance to attain the success in project performance. Project risk management strategies essentially influences the success of project performance. This is so because effective project risk management strategies and successful project performance has an intimate relationship.

2.0 LITERATURE REVIEW

2.1 OVERVIEW OF THE CEMENT INDUSTRY IN KENYA

There are six (6) cement manufacturing firms in Kenya namely; Bamburi Cement, Athi River Mining Cement, East African Portland Cement, Mombasa Cement, National Cement and Savannah Cement Limited. Bamburi Cement Company derives tremendous advantages from being part of the Lafarge group, including access to cutting edge technologies for cement manufacture, management and technical support. The second largest player in the industry is Athi River Mining Limited, which is separated into two distinct divisions; AthiRiver Mining Cement Ltd which concentrates on cement, lime and related products and AthiRiver Mining Minerals and Chemicals for the manufacture and sale of minerals and specialty building and related products. East African Portland Cement Company Ltd is the third largest cement manufacturer which concentrates on cement only. It is effectively government controlled through a direct government stake and indirectly through National Social Security Fund.

In pursuit of efficiency and effectiveness, the cement manufacturing firms outsourcing various non-core activities which include, transport services, staff recruitment services, provision of stationaries, security services among others This has made the cement firms to concentrate on the core business of cement production to meet the ever rising demand in the construction industry locally and regionally.

The Kenyan cement industry has seen the entry of four new foreign investors who have established cement plants in the country in the recent past. One of this is Mombasa Cement which is a subsidiary of Tororo Cement Company in Uganda and is producing with the help of Taiheiyo Cement Corporation, the largest cement producer in Japan. This foreign based company is equipped with advanced technology which enables it to produce more efficiently hence offering lower prices. Several challenges confront the cement industry which include high cost of electricity due to high tariffs as well as inadequate power supply, costly imported coal, small capacities for clinker and cement production, lobbying for the introduction of concrete roads in Kenya that will require plenty of cement and inadequate support from the government on policy issues. The industry is also confronted by poor quality of power due to interruptions/outages leading to inefficiencies in production systems and breakdowns and high cost of transport caused by dilapidated roads.

2.2 RISK MANAGEMENT AND PROJECT PERFORMANCE

There is growing recognition that different types of projects require different approaches to their management, requiring management procedures tailored to the needs of the project and project managers selected with appropriate competencies (Carvalho & Junior, 2013). With today's dynamic change and increase in competition, it is not enough for enterprises to have a good project plan or have a good monitoring and control systems in achieving project success but they should focus on constituting effective project risk management strategies including project risk avoidance, project risk reduction, project risk transfer and project risk retention strategy to contribute to the success of the project. Studies on project risk management strategies on project performance has indicated that effective project risk management strategies improve project performance by enhancing productivity.

Project risk management strategies must be carried out throughout the life cycle of the project, from initiation stage until the decommissioning of the project. Failure to manage the project risks throughout the life cycle of projects will lead to poor project performance. The use of effective risk management strategies for instance is increasing and has been the center of focus recently in order to achieve project performance and also have emphasize on contractual obligations (Hong and Pavlou, 2014). Low implementation of project risk management strategies in practice causes the projects failure such as meeting deadlines, cost targets and

quality performance. However, it is still inconclusive as to what extent does the risk management strategies improve performance of projects in Kenya thus the need to determine the effects of risk management strategies on project performance in cement manufacturing firms Kenya.

Achieving project performance forms the basis to adoption and implementation of effective project risk management strategies. Project risk management strategy is embedded to organizational internal control and audit, a condition necessary for effective project risk management measures in the project. This hence influences the enterprise management focus on project control and technological control which supports project requirements and governance to attain the success in project performance. Project risk management strategies essentially influences the success of project performance (Hong & Pavlou, 2014).

3.0 IMPORTANCE OF STUDY

Cement manufacturing firms in Kenya are going through changing times and are experiencing fundamental changes and other environmental dynamics which are having huge impacts on how they are managed, governed and their performance. These companies are now having to not only keep abreast of these emerging local and global issues, but more importantly how to adapt to achieve growth in better performance in managing their project risks. In line with this situation, the companies have been grappling with ideas and efforts on how to remain relevant and competitive in the turbulent and competitive cement manufacturing industry. The findings of the study may be useful to policy makers by informing them on the project risk management factors and by applying the findings and recommendations so as to improve the performance of this industry. To practitioners, the findings may be useful in identifying the project risk management factors affecting their performance. Project management policy makers would benefit from understanding the effective project risk management relationships that exist between different stakeholders in the industry. To scholars, the results would contribute to the existing knowledge on project risk management as a key component in the project management process cycle. It would also assist in providing sources of information for further research.

4.0 STATEMENT OF THE PROBLEM

Uncertainties can be seen as the center of project management concerns. In this respect, the entire project risk management should focus on administering uncertainties, since risk is always associated with threats (or opportunities) of uncertain events to the projects. Despite the importance of the Cement manufacturing sector to the economy, it is beset by a number of challenges that require introspection and understanding of the inherent risks management practices. In recent years, poor performance of construction projects has provoked an increased interest into the nature and mechanism of risk management and analysis. Projects have a very poor reputation for coping with the adverse effects of change, with many projects failing to meet deadlines and cost and quality targets. The Risk Management Practices and Performance of Construction Projects in Nairobi City County Government, Kenya were studied and it was found out that the risk management practices; legal risk management, construction risk and contract risk management had an inverse relationship with the construction project performance while design risk management had a positive one (Ngugi & Mwangi, 2018). Although a number of scholars have explored project risk management in projects, as yet, there does not appear to be any study that has considered the influence of Project Risk Management on the success of projects in Kenya.

5.0 OBJECTIVES

Studies have shown that risk management practices that affect performance of projects are; legal risk management, construction risk and contract risk management. These studies sought to establish the effect of risk management practices on the performance of construction projects. This study however sought to determine the effect of project risk management practices on project performance of cement manufacturing firms in Kenya. The independent variables were; project risk avoidance, project risk retention, project risk transfer and project risk retention.

6.0 HYPOTHESES

Project risk management practices have been found to affect the performance of projects. However, there was no study on record that investigated the relationship of the said variables for the cement manufacturing firms in Kenya. It was therefore necessary to conduct this study to determine the effect of project risk management practices on project performance of cement manufacturing firms in Kenya.

7.0 METHODOLOGY

This study adopted a cross sectional survey research design. A cross section survey allows the researcher to collect a wide range of information without interfering the environment (i.e. nothing is manipulated) thus it enables a researcher obtain large amounts of data from a sizeable population in a highly effective, easy and in an economical way using questionnaires. In addition, the study used both qualitative and quantitative analysis methods. The study purposely concentrated on the cement manufacturing firms in Kenya because it was expected the players would have the relevant and accurate information required to address the topical issue for the study. There 6 cement manufacturing firms in Kenya operating both as public and private entities The population of the study comprised of the Chief Operations Officers (COO), Chief Finance Officers (CFO), Project Managers (PM) and the Business Development Officers in the 6 Cement firms who were 162. Slovin’s formula was used to get the sample for the study which was 62 respondents.

This study used primary data. According to Kothari (2012) primary data is original information collected for the first time. As this study is clearly of a non-experimental nature, the focus was on methods of data collection. The researcher used questionnaires which had both closed ended questions and also open ended questions where the respondents were required to explain briefly. The reason for using a questionnaire is that the opinions of respondents can be obtained in both unstructured and structured manner. The questionnaires were self-administered to all 62 sampled respondents in the cement manufacturing firms in Kenya. Multiple regression analysis was used to measure the effects of multiple independent variables (project risk management practices) on one dependent variable (performance of cement manufacturing firms).

8.0 RESULTS AND DISCUSSION

8.1 RELATIONSHIP BETWEEN PROJECT RISK MANAGEMENT PRACTICES AND PERFORMANCE OF CEMENT MANUFACTURING FIRMS

The dependent variable (project performance) was regressed against the independent variables (risk control, risk retention, risk transfer and risk avoidance).The model summary for the study variables was as here below. The following tables show the findings.

TABLE 8.1: CO-EFFICIENT OF THE MODEL

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error		
(Constant)	5.250	.754	6.965	.000
Risk Avoidance(x ₁)	.026	.099	.049	.259
Risk Retention(x ₂)	-.187	.170	-.207	-1.102
Risk Transfer(x ₃)	-.195	.089	-.317	-2.202
Risk Control(x ₄)	.159	.091	.252	1.742

From the Table 8.1, the Regression Model is given below:

$$\text{Project Performance} = 5.250 + 0.026X_1 - 0.187X_2 - 0.195X_3 + 0.159X_4$$

From this model it can be deduced that risk avoidance and risk control related positively with project performance whilst risk retention and risk transfer related negatively with project performance. The Y intercept (project performance) 5.250 is the predicted value of the intensity of project performance when all the other variables are 0, implying that without inputs of independent variables the intensity project performance in the cement manufacturing companies in Kenya would

be 5.520. The other coefficients tell about the relationship between independent and the dependent variable. When project risk avoidance increases by one unit project performance increases by 0.026. When project risk retention increases by one-unit project performance decreases by 0.187 units. When project risk transfer increases by one unit, project performance decreases by 0.195 and finally when project risk control increases by one unit, project performance increases by 0.159 units.

8.2 TESTS OF SIGNIFICANCE

TABLE 8.2: MODEL SUMMARY FOR PROJECT PERFORMANCE AND PROJECT RISK MANAGEMENT PRACTICES

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.442 ^a	.196	.113	.2681264	1.732
a. Predictors: (Constant), Risk Control, Risk Retention, Risk Transfer, Risk Avoidance					
b. Dependent Variable: Project Performance					

The value of R (0.442) indicates a positive but weak relationship between project performance and project risk management practices. Table 8.2 indicates that predictor variables only influenced 19.6 % of variations in project performance as indicated by the R square statistic 0.196. The R-square value can be interpreted to mean that 12% of the variability in project performance can be explained by the project risk management variables. Overall, this means that project risk management practices do not explain very much of the project performance, given that 80.4% of the variability is unaccounted for. In other words, the variable project performance is better explained by the combination of different unobserved variables.

From Table 8.1 testing the significance of the coefficients, reveals coefficients of the variables are insignificant since the values 0.797, 0.277, 0.089 are all greater than 0.05 representing risk avoidance, risk retention and risk control respectively. However, risk transfer has a value of 0.034 which is significant since it's less than 0.05.

8.3 AUTOCORRELATION

Autocorrelation was tested using Durbin-Watson value. From table 8.2, the value of Durbin- Watson was 1.732 hence there was no existence of autocorrelation since the value was far below the threshold for autocorrelation of 7.

9.0 FINDINGS

The relationship between project risk avoidance was positive with a value of 0.026 and insignificant with a p-value of 0.797 on the significance of coefficients column. Increase in risk avoidance leads to decrease in project performance. The relationship between project risk retention was negative with a value of -0.187 and insignificant with a p-value of 0.277. Increase in risk retention leads to decrease in project performance.

The relationship between project risk transfer and project performance was negative at -0.195 and significant with a p-value of 0.034 on the significance of coefficients column. Increase in risk transfer leads to decrease in project performance. The relationship between project risk control and project performance was positive at 0.159 and insignificant with a p-value of 0.089. Increase in risk control leads to an increase in project performance. The study can attest to the fact that there are project risk management practices which affects project performance of cement manufacturing companies in Kenya which are project risk avoidance, project risk retention, project risk transfer and project risk control.

The study found that in the model, project risk management practices (project risk avoidance, project risk retention, project risk transfer and project risk control) influenced 19.6% of variations in project performance as depicted by the R square statistic of 0.196 (refer to table 8.2). The bulk of the variation (in project performance) being accounted for by residuals/ other exogenous factors (80.4%). The study, however, found project risk management practices to be insignificantly related to project performance.

10.0 RECOMMENDATIONS

The study recommends policy makers in the cement manufacturing industry to take note of the findings of this study. The project management practices affect project performance although the effect is insignificant. All aspects of the findings should be factored in, in policy manufacturing.

Due to the findings of the study, that increase in risk avoidance leads to decrease in project performance. The study recommends that project managers embrace risky projects as it is anticipated that they would yield better returns and thence project performance. The project managers therefore are recommended not to avoid risk.

On retention of risk, the study found out that increase in risk retention led to decrease in project performance. Project managers and the management in general are therefore recommended to do a proper risk analysis to be able to retain the risk that will not thwart the performance of the projects. Risks that cover on costs and project schedule should not be retained.

The study also found out that increase in risk transfer leads to decrease in project performance. This indicates that the project managers transferred the wrong risk types. The study recommends that after a proper risk analysis is done. The risk types that will aid in project performance should not be transferred, but those that inhibit performance should be transferred e.g performance risk, cost risk and schedule risk

Increase in project risk control was found to lead to an increase in project performance. The study therefore recommends that project managers and the overall management of the cement firms to continue in risk control as it would increase project performance. To policy makers the findings should also aid in policy formulation.

11.0 CONCLUSIONS

The study found out that, cement manufacturing companies practice project risk management in their undertakings which influences the performance of their respective companies. This cuts across all the cement manufacturing firms.

The study found out that there is a relationship between project risk management practices and project performance. This relationship was also found to be positive, weak and insignificant.

12.0 LIMITATIONS

The availability of the required data was a challenge since most respondents were reluctant to divulge sensitive information especially on the performance of projects. The study concentrated on the top management of the cement manufacturing firms.

13.0 SCOPE FOR FURTHER RESEARCH

Further research can be done by having a larger sample size. This would increase the coverage to more respondents. The study can also be replicated in other countries in Africa, especially in the East African region. Also more independent variables can be incorporated.

14.0 ACKNOWLEDGEMENT

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ANALYSIS OF TRAVEL RISK PERCEPTION AND TRAVEL INTENTIONS AMONG SOLO FEMALE TRAVELLERS TOWARDS KASHMIR AS A DESTINATION

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ABSTRACT

Being an emerging market segment in tourism, women travellers are highly contributing to solo travel concepts whereas they are perceived as highly conscious towards their choices. And when there emerges the name of destination like Kashmir which is facing the downturn due to numerous uncertainties like political, cultural etc. the concern of risk increases. The present study analyses the risk perceptions among prospective solo women and their impact on travel intentions. The impact of physical risk, performance risk and financial risk has been found to be negatively affecting the travel intentions among solo women travellers who travel. Overall there derives the requirement for making the segment (solo women travellers) more secure and confident to travel and opting Kashmir as a tourist destination.

KEYWORDS

Kashmir, risk perception, solo women travellers, tourism destination, travel intentions.

JEL CODES

L83, Z31.

INTRODUCTION

Tourism has always been discussed with the long term sustenance and development. However, if the negativity of the various crimes and risks be taken, the influence is also gender specific especially among Indian female travellers who are more concern for safety and security. Numerous incidents have raised the questions over the destination brands making them conscious towards their choices whereas women are representing the major segment in travel market and in fact economic and social trends will cause this segment to increase considerably by 2030 (Amadeus, 2013). Because of intangible character of tourism services, perception towards service is only obtainable upon utilization which involves the higher insecurity and ambiguity level among tourists (Mohammed Abubakar, 2016).

High crime environment is an indicator of low trusting milieu (Bourne, 2010) which ultimately results in low visitation of tourists especially the females. Pollak and Bedi (2017) highlighted the offence against women, including the cases against foreign women travellers as amongst major reasons of creating negative image of India. Such the increased risk and uncertainties and availability of number of alternatives make the tourism destinations to look for the opportunities for earning tourists trust towards the destination brands as this has become a crucial concern among travellers (Poon & Adams, 2000) especially for women.

OBJECTIVES OF THE STUDY

There is a necessary to understand the potential impact on risk perception on travel attitude towards the destination among women travellers who travel solo especially the destination like Kashmir which has been highly considered prone to uncertainties. To survive such competition, precautions and cooperation are required to establish between the different institutions within the destinations, so as to reduce the risks available by improving the tourism services (Wang & Fesenmaier, 2007). Hence the present research aims:

1. to analyze the risk perceived by the solo women travellers while selecting the Kashmir as a travel destination; and
2. to examine the relationship between perceived risks among women travellers and intention to travel alone to Kashmir.

LITERATURE REVIEW

Risk perceptions are defined as consumer insight about insecurity and the adverse results of purchasing a service or a product or participating in certain activity (Dowling & Staelin, 1994; Reisinger & Mavondo, 2005). Researchers have now started to recognize the empowering influence of travelling independently for women (Wilson & Little, 2005) and in fact are now considered as a growing force within the tourism sector (Swarbrooke et al., 2003). They are found more concerned, as compared to males, towards their personal safety specifically at civic places and sometime such consciousness results them to avoid participation in tourism activity (McNamara & Prideaux, 2010) and in worst situations, they also tend to postpone their travel until the situation appears to have suitable (Azim, 2009). According to Yağmur & Doğan (2017), perception for risk may vary in accordance with the destination or area but such concerns during travel believe to have significant influence leading to destination avoidance rather than creating the intention to travel (Azim 2009).

Researchers like Roehl and Fesenmaier (1992), Sharifpour, et al., (2014), Choo, et al. (2016) and Yang et al. (2017) categorized risks in tourism into seven dimensions called physical risk, functional risk, financial risk, psychological risk, performance risk, time risk and satisfaction. According to Sheng-Hsiung et al. (1997), physical risk is associated with individual's illness or harm due to hygiene issues or destination's law and order. Accordingly, the political insecurity, health issues and terrorism was included and considered under physical risk (Seabra, et al., 2013), where functional risk explains the uncertainty towards equipment or mechanical issues evolved during the travel activity (Adam, 2015). Comparatively women are found to perceive a higher degree of risk in terms of food and health (Lepp & Gibson, 2003)

Further, analyzing financial risk in tourism Chahal and Devi (2015) explained it as risk involving loss in terms of money or the worth of the product or services in accordance with their price. Psychological risk is associated with the ego concerns or self-esteem where tourists are concerned that destination may not be able to represent their image or personality whereas the performance risk is concerned with the tourists' expectations with product or service performance (Choo et al., 2016). The time risk associated with explains the concerns that a procurement may causes a wastage of time or the service take a lot of time (Reza & Samiei, 2012).

Considering the intentions to travel, Grewal et al. (1994) defined that services are highly influenced by the perceived risk since they are intangible which makes people anxious about relative results (Seabra, et al., 2013). And in case of women, unfriendliness, socio-cultural risks or less information generally restrict their

travel intention to a particular destination (Chung, Baik & Lee, 2017). According to Kozak et al. (2007) travelers tend to change their plans in lieu of risk associated with the destination, in fact they generally try to avoid travel to destinations where chances of risk is high (Desivilya et al., 2015).

HYPOTHESES OF THE STUDY

- H 1: Physical risks have a significant effect on travel intention of solo women travelers.
- H2: Socio-Psychological risks have a significant effect on travel intention of female travelers
- H3: Financial risks have a significant effect on travel intention of solo women travelers
- H 4: Time risks have significant effect on travel intention of solo women travelers
- H5: Functional risks have a significant effect on travel intention of solo women travelers

RESEARCH METHODOLOGY

For the purpose of this research qualitative method using literature, reports etc and quantitative method has been adopted and applied using questionnaire using the constructs related risk perception and travel intentions. Questions were framed in using 5-point likert scale (1= very low to 5= very low). The sample of the research is consisted of 350 female travelers as according to Lomax and Schumacker (2004), the sample size of 250-500 respondents can be considered sufficient any research. Accordingly, only 231 responses were retrieved and used for final analysis. The final data was coded and analyzed using SPSS 22.0.

DATA ANALYSIS AND INTERPRETATION

Overall about 72.1% of respondents were aged between 18 and 25 years, 21.1% were aged between 26-35 years and remaining 6.8% belonged to the group more than 36 years. Further the reliability of the questionnaire was retained by analyzing cronbach’s Alpha i.e. $\alpha = 0.861$ which depicts the high reliable value for further usage (Hair, et al., 1998). Further the respondents were asked to mark their perception towards Kashmir as a travel destination.

TABLE 1: ANALYSIS OF TRAVEL RISK PERCEPTION TOWARDS KASHMIR AS A DESTINATION

S. No.	Factors	Mean	S.D
	Physical Risk	3.62	0.86
1.	Food safety problems	3.59	0.95
2.	Epidemic diseases	3.49	0.92
3.	Natural disasters	3.61	0.69
4.	Terrorism	3.73	0.90
5.	Political unrest	3.71	0.88
	Financial Risk	3.70	0.8
6.	Value for my money	3.65	0.63
7.	Unexpected extra expenses	3.70	0.91
8.	Expensive services	3.76	0.86
	Performance Risk	3.70	0.78
9.	Unsatisfactory Services	3.72	0.87
10.	Over crowded places	3.76	0.85
11.	Friendliness of locals	3.61	0.55
12.	Courteous employees	3.74	0.86
	Socio-Psychological Risk	3.71	0.77
13.	Compatibility with my self-image	3.59	0.81
14.	Friends and family opinion about me	3.77	0.89
15.	Personal satisfaction	3.76	0.85
16.	My social status	3.72	0.54
	Time Risk	3.64	0.85
17.	Destination would be a waste of time	3.73	0.87
18.	Valuable vacation time	3.72	0.82
19.	Planning and preparation would take too much time	3.47	0.86

Accordingly the concern for risk associated with terrorism has been found highly among female travelers in terms of physical risk perception (Mean=3.73, S.D=0.90) followed by political unrest (mean= 3.71, S.D=0.88). In terms of financial risk, concern for expensive service has been found higher among the respondents (Mean=3.76, S.D= 0.86). Respondents were found highly concerned about their overcrowded places in Kashmir (Mean=3.76, S.D=0.85) in terms of performance risk and when asked about the Socio-Psychological risk, respondents rated their family and friends opinion highly (Mean=3.77, S.D=0.89) followed by concern for personal satisfaction (Mean=3.76, S.D=0.85) and in terms of their concern for time respondent marked destination as a wastage of time (Mean=3.73, S.D=0.87) followed by their concern for valuable vacation time (Mean=3.47, S.D=0.82) (Table1)

TABLE 2: TRAVEL INTENTIONS AMONG SOLO WOMEN TRAVELLERS FOR KASHMIR AS A DESTINATION

S. No	Variable	Mean	S. D
1	My willingness to travel alone to Kashmir (Low to High)	3.09	1.40
2	If got opportunity now, my likeliness travel to Kashmir in near future (Low to High)	2.82	1.41
3	My confidence to travel Kashmir alone is (Low to High)	2.9	1.34

When the travellers were asked to mark their travel intentions to Kashmir on 5-point likert scale, the results revealed that their overall responses were at the lower side in fact the female travellers their likeliness to travel to Kashmir in near future even if they found an opportunity is very low (Mean=2.82, S.D=1.41). Respondents revealed very low level of confidence to travel alone to Kashmir (Mean=2.82, S.D=1.41) (table2).

Hypotheses Testing

Multiple regression analysis was applied by using overall risk perceptions as a dependent variable and risk factors as independent. The regression model amongst the variables is significant as $R^2= 0.326$; ($F=26.815$, $p<0.05$) where 68% of the dependent variable has been explained (table 3).

TABLE 3: MULTIPLE REGRESSION ANALYSIS FOR RISK PERCEPTION AND TRAVEL INTENTIONS FOR KASHMIR

	β	t-value	Sig.	Result
Constant (Travel Intention)	1.103	3.314	.001	
Socio-psychological Risk	.446	-9.531	.000	Accepted
Financial Risk	-.198	-4.440	.001	Accepted
Performance Risk	-.109	-1.155	.020	Accepted
Physical Risk	-.128	-2.331	.003	Accepted
Time Risk	.063	-1.265	.000	Accepted

Adj R²: 0.261; p=.001

Overall there emerges a negative impact of perceived financial risk ($\beta = -.198, p < .05$), performance risk ($\beta = -.109, p < .05$) and physical risk ($\beta = -.198, p < .05$) on travel intentions among solo women travelers in Kashmir. Hence the hypotheses H1, H3 and H5 are supported. Whereas Socio-psychological ($\beta = .446; p < .05$) and time risk ($\beta = .063; p < .05$) depicted a significant and positive relation with travel intention, thus supporting the hypotheses H2 and H4 of the study (table 3).

DISCUSSION AND CONCLUSION

The study aimed to analyze the linkage between travel risk perception and travel intentions of solo women travelers to Kashmir. Presently, literature is scarcely available that could define that the travel behaviors of solo women travelers in terms of their risk perception towards the destination like Kashmir. The study empirically analyzes a comprehensive risk perceived by integrating factors associated to destinations and their influence on visit intention among women. Being a renowned destination the concerns for risk associated with Kashmir as a destination have been found to be negatively influencing the visit intentions among solo women travelers. Amongst all women are highly concerned for physical risk, financial risk and performance risk where political unrest, terrorism, over-crowdedness and availability of courteous employees are the highly considered. In other words, tourists perceive the destination with physical attacks as dangerous (Yağmur & Doğan, 2017). This may be due to the negative image being delivered by through the numerous sources like social media, news channels and the unpredictable events that influences their choices for the Kashmir. In this regard, Kashmir tourism is required to be marketed in such a way that it depicts a sense of security among women travelers who travel solo.

The study will help the destination authorities and managers of Kashmir to develop practices and marketing strategies that attract solo women travelers to Kashmir so as to retain their confidence towards the destination and produce positive intention to travel. The results may provide a basis for the authorities to realize their present position with the potential market segment i.e. women travelers especially who, travel alone. The study has been conducted with the general risk perceptions among solo women travelers and no differentiation has been made on the basis of their pre-visit. Furthermore, risk perceptions associated with the destination can be extended in accordance with their before and after arrival at the destination. Also the results may vary among demographic profile, age group and travel patterns, thus providing the basis for future research.

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UTILISATION OF PRIORITY SECTOR CREDIT – A STUDY ON BORROWERS OF COMMERCIAL BANKS

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ABSTRACT

In a modern economy, credit is the life blood of business where the banks are the institutions which are directly responsible for the creation of credit. The origin of priority sector prescriptions for banks in India can be traced to the Credit Policy for the year 1967-68, where in it was emphasized that commercial banks should increase their involvement in the financing of the priority sectors, viz., Agriculture, exports and small-scale industries as a matter of urgency. The scope and extent of the priority sector have undergone several changes since then with several new areas and sectors being brought within the purview of this sector while there has been continuous demand to include new areas such as infrastructure within the ambit of the priority sector. The categories under priority sector include agriculture, micro and small enterprises, education, housing, export credit, micro credit, Consumption Loans, Retail Trade and others. Two new categories have been added under priority sector i.e. Social infrastructure and Renewable Energy. The present study is an attempt to find the trends of PSL among public. Private and foreign banks in India and based on PSL targets fixed by RBI and the target achieved various banks.

KEYWORDS

priority sectors, trends, target achieved.

JEL CODES

G20, G21, G28.

1. INTRODUCTION

In a modern economy, credit is the life blood of business where the banks are the institutions which are directly responsible for the creation of credit. In many advanced countries of the West, even for the purchase of consumer goods, credit is obtained by people and it is provided without any inconvenience to them by the banks. Banks play an important role in the modern economy by providing necessary credit to different sectors of the economy. In recent years they have been assigned the responsibility of financing what are called the priority sectors. The expansion priority sector is used for those segments of the Indian economy whose development is considered essential for the economic growth of the country and the attainment of 'social justice', but which had received only indifferent attention from the private sector banks.

The rationale of priority sector lending was one of the causes for the nationalization of the top 14 banks in 1969. However, it was the Working Group on Priority Sector Lending and 20-Point Economic Programme chaired by Dr. K. S. Krishnaswami which clearly spelt out the concept: "The concept of priority sector lending is mainly intended to ensure that assistance from the banking sector flows in an increasing manner to those sectors of the economy which, though accounting for a significant proportion of the national product, have not received adequate support of institutional finance in the past".

The origin of priority sector prescriptions for banks in India can be traced to the Credit Policy for the year 1967-68, wherein it was emphasized that commercial banks should increase their involvement in the financing of the priority sectors, viz., agriculture, exports and small-scale industries as a matter of urgency. However, the description of the priority sector was formalized in 1972 on the basis of the report submitted by the Informal Study Group on Statistics relating to advances to the Priority Sectors constituted by the Reserve Bank in May 1971. On the basis of this report, the Reserve Bank prescribed a modified return for reporting priority sector advances and certain guidelines were issued in this connection in February 1972, indicating the scope of the items to be included under various categories of the priority sector.

The scope and extent of the priority sector have undergone several changes since then with several new areas and sectors being brought within the purview of this sector while there has been continuous demand to include new areas such as infrastructure within the ambit of the priority sector. It has also been suggested that the focus on the needy sectors of the economy and the weaker sections of society is getting lost because of such inclusions. A need has therefore, been felt to review the concept and the segments of the priority sector.

2. OBJECTIVES OF THE STUDY

1. To give the conceptual explanation about the priority sector lending in India
2. To analyze the extent of credit channelized to the priority sectors by the commercial banks.

3. METHODOLOGY OF THE STUDY

In the present study has collected and used both secondary and primary data. Secondary data regarding the extent of lending to different priority sectors by commercial banks were collected from the Reserve Bank of India Bulletins and other related publications. Information regarding priority sector lending by schedule commercial banks in India. The researcher has applied the statistical tools like percentage analysis and correlation analysis, trend analysis and exponential growth rate to analyze and to interpret the results.

4. ADVANCES TO PRIORITY SECTOR

Priority Sector Advances should constitute 40 percent of aggregate bank credit. Out of priority sector advances at least 40 percent should be allocated to agriculture. Direct advances to the weaker sections in agriculture and allied activities in rural area should form at least 50 percent of the total direct lending to agriculture. Bank credit to rural artisans' village and cottage industries should at least be 12.5 percent of the total advances to small-scale industries. About 12 percent of bank credit should go to exporters. Priority Sector Advances should constitute 40 percent of aggregate bank credit. Out of priority sector advances at least 40 percent should be allocated to agriculture. Direct advances to the weaker sections in agriculture and allied activities in rural area should form at least 50 percent of the total direct lending to agriculture. Bank credit to rural artisans' village and cottage industries should at least be 12.5 percent of the total advances to small-scale industries. About 12 percent of bank credit should go to exporters. Priority Sector Advances should constitute 40 percent of aggregate bank credit. Out of priority sector advances at least 40 percent should be allocated to agriculture. Direct advances to the weaker sections in agriculture and allied activities in rural area should form at least 50 percent of the total direct lending to agriculture. Bank credit to rural artisans' village and cottage industries should at least be 12.5 percent of the total advances to small-scale industries. About 12 percent of bank credit should go to exporters. Priority Sector Advances should constitute 40 percent of aggregate bank credit. Out of priority sector advances at least 40 percent should be allocated to agriculture. Direct advances to the weaker

sections in agriculture and allied activities in rural area should form at least 50 percent of the total direct lending to agriculture. Bank credit to rural artisans' village and cottage industries should at least be 12.5 percent of the total advances to small-scale industries. About 12 percent of bank credit should go to exporters. The categories under priority sector include agriculture, micro and small enterprises, education, housing, export credit, micro credit, Consumption Loans, Retail Trade and others. Priority sectors have been an integral part of bank credit delivery in India. Priority a sector lending include lending to those sectors that impact large sections of the population, the weaker section and the sectors which are employment-intensive such as agriculture, tiny and small enterprises. The proposed targets at a glance are as follows:

TABLE 1

Targets	As percentages of ANBC or CEOBE
Overall priority Sector	40%
Total Agriculture	18%
Small and Marginal Farmers	8%
Micro Enterprises	7.5%
Weaker Sections	10%

5. TREND ANALYSIS FOR PRIORITY SECTOR LENDING BY COMMERCIAL BANKS

In the process discussion of financial data relating to priority sector lending by the commercial banks, the researcher has also attempted to forecast the priority sector lending. With a view to forecast the priority sector lending in India in the future years, a Linear Trend analysis by the method of the Least Square was used. Accurate forecasting may enable the commercial banks to take corrective actions in order to improve their lending performance. The formula for calculating the Linear trend is as follows; the straight line trend an equation of the type $Y = a + bx$

Where

Y - denotes the computed trend figure for period x

x - one-year interval

y - Account and amount of priority sector lending in India

a - Computed trend figure for the period when $x = 0.5$

b - Slope of the trend lines or the change in account and amount

of priority sector lending per year change in x

Where $\sum x = 0$, the two normal equations to know the value of 'a' and 'b' will be

$$a = \frac{\sum y}{N} = \bar{y}$$

$$b = \frac{\sum xy}{\sum x^2}$$

From the above equation the projected trend of priority sector lending for any year can be obtained by substituting the appropriate volume of x into the trend equation.

Further, the researcher has analyzed the amount of priority sector lending by commercial banks in India for the years 2007-08 to 2016-17 in terms of amount. The priority sector lending by the commercial banks and its trend in India in terms of amount are shown in Table.

TABLE 2: PRIORITY SECTOR LENDING BY THE SCHEDULED COMMERCIAL BANKS IN INDIA (As at March 31) (Amount in Rs. Billion)

Sl. No	Year	Amount (Rs. in Billion)	Percentage on Net Bank Credit	Trend (Rs. in Billion)
1.	2007-08	8247.73	34.9	6918.242
2.	2008-09	9657.73	34.8	9312.33
3.	2009-10	11404.06	35.1	11706.42
4.	2010-11	13373.33	33.9	14100.51
5.	2011-12	14909.15	32.3	16494.6
6.	2012-13	18179.7	33.7	18888.68
7.	2013-14	21549.17	35.1	21282.77
8.	2014-15	23781.71	36.6	23676.86
9.	2015-16	27576.21	39.4	26070.95
10.	2016-17	28237.61	39.6	28465.04

Source: RBI Report on Trend and Progress of Banking in India 2008-2017

From Table 2, it is observed that the priority sector lending amounted of Rs. 8247.73 billion in the year 2007-08 in terms of value and it increased to Rs. 28237.61 billion in 2016-17. There is a continuous increase in priority sector lending by the scheduled commercial banks. But the percentage of priority sector lending to net bank credit of the scheduled commercial banks in India shows a fluctuating trend. The highest percentage of increase on the priority sector lending to net bank credit was 39.6 in terms of the amount in the year 2016-17 as against the lowest in the percentage of 32.2 in the year 2011-012.

Further, the researcher has estimated that the amount of priority sector lending by scheduled commercial banks in India for the year 2021-22 would be Rs. 40435.23 billion in terms of amount.

From the following table 3, shows the amount of priority sector lending of the public sector banks in India for a period of 10 years from 2007-08 to 2016-17.

TABLE 3: PRIORITY SECTOR LENDING BY THE PUBLIC SECTOR BANKS IN INDIA (As at 31st March) (Amount in Rs. Billion)

Sl. No	Year	Amount (Rs. in Billion)	Percentage on Net Bank Credit	Trend (Rs. in Billion)
1.	2007-08	6104	44.7	5480.94
2.	2008-09	7200	42.5	7134.82
3.	2009-10	8645	41.7	8788.70
4.	2010-11	10215	41.0	10442.58
5.	2011-12	11307	37.2	12096.46
6.	2012-13	12822	36.2	13750.34
7.	2013-14	16190	39.4	15404.22
8.	2014-15	17512	37.3	17058.10
9.	2015-16	19350	39.3	18711.98
10	2016-17	19889	39.5	20365.85

Source: Reserve Bank of India Annual Report, RBI Bulletin, New Delhi, 2008-17.

From Table 3, it is observed that the priority sector lending was Rs. 6104, billion in the year 2007-08 in terms of value and it increased to Rs. 19889 billion in 2016-17. There is a continuous increase in the priority sector lending by the public sector banks. But the percentage of priority sector lending to net bank credit of the public sector banks in India shows a fluctuating trend. The highest percentage of priority sector lending to net bank credit was 44.7 in the year 2007-08 as against the lowest percentage 36.2 in the year 2011-12.

Further, the researcher has estimated that the amount of priority sector lending by public sector banks in India for the year 2021-22 would be Rs. 28,635.25 billion in terms of amount.

From the following table 4, shows the amount of priority sector lending of the Private sector banks in India for a period of 10 years from 2007-08 to 2016-17.

TABLE 4: PRIORITY SECTOR LENDING BY THE PRIVATE SECTOR BANKS IN INDIA (Amount in Rs. Billion)

Sl. No	Year	Amount (Rs. in Billion)	Percentage on Net Bank Credit	Trend (Rs. in Billion)
1.	2007-08	1640	47.8	953.09
2.	2008-09	1902	46.8	1582.72
3.	2009-10	2155	46.0	2212.34
4.	2010-11	2491	46.7	2841.96
5.	2011-12	2864	39.4	3471.59
6.	2012-13	3274	37.5	4101.21
7.	2013-14	4645	43.9	4730.84
8.	2014-15	5303	42.8	5360.46
9.	2015-16	6480	44.1	5990.08
10	2016-17	7110	45.5	6619.71

Source: Reserve Bank of India Annual Report, RBI Bulletin, New Delhi, 2007-17.

From Table 4, it is observed that the priority sector lending was Rs. 1640, billion in the year 2007-08 in terms of value and it increased to Rs. 7110 billion in 2016-17. There is a continuous increase in the priority sector lending by the private sector banks. But the percentage of priority sector lending to net bank credit of the private sector banks in India shows a fluctuating trend. The highest percentage of priority sector lending to net bank credit was 47.8 in the year 2007-08 as against the lowest percentage 37.5 in the year 2012-13.

Further, the researcher has estimated that the amount of priority sector lending by public sector banks in India for the year 2021-22 would be Rs. 9767.83 billion in terms of amount.

6. FOREIGN BANKS

To comply with the target fixed the RBI towards priority sector lending; foreign banks have begun activating their lines of credit in tune with the public sector banks and the priority sector banks. The present RBI guidelines mandate that at least 40 per cent of the net bank credit be earmarked for priority sectors.

The Reserve Bank of India (RBI) has made it mandatory for the foreign to achieve the priority sector lending target of 32% of adjusted net bank credit. Currently, there is no target or sub-target for agriculture lending, as the banks have no wide network of branches. However, the central bank may allow wholly-owned subsidiaries set up by conversion of existing branches a transition period of five years, starting from the year of their incorporation in India to meet priority sector lending norms¹.

From the following table 5, shows the amount of priority sector lending by Foreign Sector banks in India for a period of 10 years from 2007-08 to 2016-17.

TABLE 5: PRIORITY SECTOR LENDING BY THE FOREIGN SECTOR BANKS IN INDIA (Amount in Rs. Billion)

Sl. No	Year	Amount (Rs. in Billion)	Percentage on Net Bank Credit	Trend (Rs. in Billion)
1.	2007-08	502	39.5	463.13
2.	2008-09	554	34.3	542.39
3.	2009-10	602	35.1	621.65
4.	2010-11	667	39.7	700.91
5.	2011-12	805	40.9	780.17
6.	2012-13	849	35.1	859.43
7.	2013-14	907	35.8	938.69
8.	2014-15	970	35.9	1017.95
9.	2015-16	1104	35.3	1097.21
10	2016-17	1238	36.9	1176.47

Source: Reserve Bank of India Annual Report, RBI Bulletin, New Delhi, 2007-17.

From Table 5 it is observed that the priority sector lending was Rs. 502, billion in the year 2007-08 in terms of value and it increased to Rs. 1238 billion in 2016-17. There is a continuous increase in the priority sector lending by the foreign banks. But the percentage of priority sector lending to net bank credit of the foreign banks in India shows a fluctuating trend. The highest percentage of priority sector lending to net bank credit was 40.9 in the year 2011-12 as against the lowest percentage 34.3 in the year 2008-09.

Further, the researcher has estimated that the amount of priority sector lending by public sector banks in India for the year 2021-22 would be Rs. 1,572.77 billion in terms of amount.

7. PRIORITY SECTOR LENDING CERTIFICATES

The priority sector lending certificates (PSLCs) scheme introduced by the Reserve Bank in April 2016 provides for the purchase of these instruments by banks in the event of a shortfall in their achievement of PSL targets/sub-targets. It simultaneously incentivizes surplus banks by making available a mechanism to sell their over-achievement thereby enhancing lending to the categories under the priority sector. The PSLC mechanism does not involve transfer of credit risk or underlying assets.

8. CONCLUSION

This presents study an overview of the performance of priority sector lending by commercial banks. Commercial banks significant part of Indian financial system and are regulated by Reserve bank of India. The share of the priority sectors advance in total credit of scheduled commercial banks has come down over the year. The commercial banks have made remarkable achievements especially in the provision of priority sector credit to different sectors of the society. They extent of utilization of priority sector loan by the borrowers, impact on various socio-economic factors influencing by utilization of priority sector loan and the various benefits accruing to the borrowers of the commercial banks in India.

¹ <http://banking.contify.com/story/rbi-makes-compulsory-for-foreign-banks-arms-to-meet-40-priority-sector-lending-target-2011-01-22>

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