INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

IJRCM

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,
Indian Citation Index (ICI), J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],
Index Copernicus Publishers Panel, Poland with IC Value of 5.09 (2012) & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than **6575 Cities** in **197 countries/territories** are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to the recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____________

THE EDITOR

IJRCM

Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF** ____.

(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript titled '____' for likely publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published anywhere in any language fully or partly, nor it is under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to inclusion of their names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

NAME OF CORRESPONDING AUTHOR	:
Designation/Post*	:
Institution/College/University with full address & Pin Code	:
Residential address with Pin Code	:
Mobile Number (s) with country ISD code	:
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:
Landline Number (s) with country ISD code	:
E-mail Address	:
Alternate E-mail Address	:
Nationality	:

* i.e. Alumnus (Male Alumni), Alumna (Female Alumni), Student, Research Scholar (M. Phil), Research Scholar (Ph. D.), JRF, Research Assistant, Assistant Lecturer, Lecturer, Senior Lecturer, Junior Assistant Professor, Assistant Professor, Senior Assistant Professor, Co-ordinator, Reader, Associate Professor, Professor, Head, Vice-Principal, Dy. Director, Principal, Director, Dean, President, Vice Chancellor, Industry Designation **etc**. ***The qualification of author is not acceptable for the purpose***.

NOTES:

a) The whole manuscript has to be in ***ONE MS WORD FILE*** only, which will start from the covering letter, inside the manuscript. ***pdf. version is liable to be rejected without any consideration***.

b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail**:

New Manuscript for Review in the area of (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)

c) There is no need to give any text in the body of the mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.

d) The total size of the file containing the manuscript is expected to be below **1000 KB**.

e) Only the **Abstract will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.

f) ***The journal gives acknowledgement w.r.t. the receipt of every email within twenty-four hours*** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of the manuscript, within two days of its submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.

g) The author (s) name or details should not appear anywhere on the body of the manuscript, except on the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.

2. **MANUSCRIPT TITLE:** The title of the paper should be typed in **bold letters**, **centered** and **fully capitalised**.
3. **AUTHOR NAME (S) & AFFILIATIONS**: Author (s) **name**, **designation**, **affiliation** (s), **address**, **mobile/landline number** (s), and **email/alternate email address** should be given underneath the title.
4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
5. **ABSTRACT**: Abstract should be in **fully Italic printing**, ranging between **150** to **300 words**. The abstract must be informative and elucidating the background, aims, methods, results & conclusion in a **SINGLE PARA**. ***Abbreviations must be mentioned in full***.
6. **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations etc.
7. **JEL CODE**: Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at www.aeaweb.org/econlit/jelCodes.php. However, mentioning of JEL Code is not mandatory.
8. **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. *It should be free from any errors i.e.* ***grammatical, spelling*** *or* ***punctuation.*** *It must be thoroughly edited at your end*.
9. **HEADINGS**: All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
10. **SUB-HEADINGS**: All the sub-headings must be bold-faced, aligned left and fully capitalised.
11. **MAIN TEXT**:

THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:

INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

The manuscript should preferably be in ***2000 to 5000 WORDS***, But the limits can vary depending on the nature of the manuscript.

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR**, **centered**, **separately numbered** & self-explained, and the **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. *It should be ensured that the tables/figures are referred to from the main text*.

13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, left aligned with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word may be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.

14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section e.g. Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.

15. **REFERENCES:** The list of all references should be alphabetically arranged. ***The author (s) should mention only the actually utilised references in the preparation of manuscript*** and they may follow Harvard Style of Referencing. **Also check to ensure that everything that you are including in the reference section is duly cited in the paper**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s)** for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc., in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italic printing. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parenthesis.
- ***Headers, footers, endnotes*** *and* ***footnotes*** *should* ***not be used*** *in the document.* However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders before the references.

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

UNPUBLISHED DISSERTATIONS

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

A STUDY ON EMPLOYEE PROCUREMENT, COMPENSATION AND JOB SATISFACTION OF AXIS BANK IN GUJARAT

VIDHI ZALA
RESEARCH SCHOLAR
DEPARTMENT OF BUSINESS STUDIES
SARDAR PATEL UNIVERSITY
VALLABH VIDYANAGAR

Dr. KETAKI P. SHETH
PRINCIPAL
BHIKHABHAI JIVABHAI VANIJYA MAHAVIDYALAYA
SARDAR PATEL UNIVERSITY
VALLABH VIDYANAGAR

ABSTRACT
This paper studies the concert of Axis bank recruitment with compensation as well as job satisfaction of employee. Axis bank Human Resource policies are covers all the aspects of the bank. Axis bank employees are the majority central role of bank management. Generally, manager has high quality experience doing works as well as provides good guidance to their employees. The well prepared employee is supreme in management. Researchers have done their research work on HRM practices and other management areas. Employees are the most essential factor in bank. They are the most essential element for the development of bank management. With high-quality experience managers the progress can move in the right direction new employee in bank. So the development of employees in banking sector has key task to cooperate in the development of a bank. Compensation is necessary for any employer to fulfill their need and know how an employee can perform best. Thus it is important for an employer to encourage their personnel to improve their productivity and quality of work. The present paper is an effort to analyze internal relationship in Axis bank policy and identify the employee's job satisfaction.

KEYWORDS
AXIS bank, procurement, compensation, job satisfaction.

JEL CODES
J20, J28, J33.

INTRODUCTION
Research is an important as well as great tool to progress knowledge. The modern meaning of research, Research is try to obtain facts, a systematic application of scientific method, an effort of inquiry, necessary position of mind and friendly welcoming attitude to change. Research is an educational movement and in research period should be used in a technological logic. Research is an innovative part to present stock of knowledge and experiment. In short, investigate for information from beginning to end objective and methodical technique of judgment explanation to a difficulty is research. The logical proceed relating to simplification and preparation of a theory is also research.

REVIEW OF LITERATURE
Pawan Kumar and S. Singh (2017) have written an article titled, ***"Recruitment Process: A case study in banking sector"*** in which they described that Recruitment process is starts with planning, movement in the organization it's also one way for the procurement also one post to another post move the employee with promotion its known ad recruitment. In this research article management organization recruits their employee and many unexpected needs are reason by death, accidents and diseases. Banks are available in the market so many factors are affect outside of the bank in market and inside of the bank internal management organization. But recruitment is compulsory based on qualification, age, experience, etc. Recruitment in a bank is direct recruitment as well as promotion. All the vacancies in a bank falling in different types of grade I grade II and grade III. Recruitment process is a strategic level.

Sumaiya Fathima (2016) has written an article titled ***"Human Resource Management- Recruitment reward and Retention"*** in which they described every corporate company has taken a time for the recruiting rewards because employee retention is beneficial for the employee as well as organization. Management organization not only concentration has to be done to recruit good employees but also retain the good employees that are there as retention of key talent. HRM is a wide scope but that is depends on different parts like HRM cycle parts recruitment, selection, training, development, performance, reward and career management. Recruitment process is long as well as continuous process. Recruitment reward and retention is based on what do employees want understand employees needs, if any employees success in their job than employees celebrate their success with their staff, encourage employees learning process with the help of some different types of seminars, journal articles, attain the professional meetings, etc. At last stages of this article conclude that all the employees are selected after the long process of recruitment good impact affect on organizational performance.

Dr. C. S. Ramanigopal, A Mani and at al. (2018) have written the article titled ***"A comprehensive study of the Human Resource Practices of the construction sector in Tamil Nadu"*** in which they described that human resource management is a wide scope for the organization specially in the construction industry. The success of any business project directly reflected of the skill of workers who completed it and managers who supervised it. In this research project we are getting current conditions of real estate competition, existing of HR challenges and HR practices.

Kamal Raj Mohan (2017) have written the article titled ***"Job satisfaction of bank employees- study concerned in the relationship with their attitude towards change"*** in which they described banking field is the lifeblood of the economy. It is the stage a majority middle task in the monetary system of country. Right now current condition bank employees are doing their work overtime also. Job satisfaction of employee does signify one of the key tests features by the mangers now while it approaches to administration their employees. This research study specified that employee's job satisfaction and attitudes are flowing continuous change but not fixed. Study shows that those who have high positive attitude towards change have high satisfaction. So here HDFC bank and SBI bank employees have no similarity from them.

Anubhooti Monga, Narinder Verma and O. P. Monga (2015) have written an article titled ***"A Study of Job approval of workers of ICICI bank in Himachal Pradesh"*** in which they described that this paper was inspect the stage of job satisfaction intensity of employees of ICICI bank in their managerial framework. In this article research work suitable section of employees at chosen six branches ICICI bank branches in Himachal Pradesh was old. Five point Likert's Scale techniques used. Basically this article concludes that in this ICICI bank in Himachal Pradesh employees are satisfied with their job concern various types of factors affect salary, interpersonal relationship, communication, attitude of superiors, working conditions and panel work have more manner than the features of training and development, rewards and compensation, nature of job, job security, morale and role clarity in determining job satisfaction of employees of the ICICI bank in Himachal Pradesh.

Dr. Divya Negi and Seema Singh (2012) have written the book titled ***"Work Life Balance for Banking Employees: A comparative Study"*** in which they described that Working life and personal life are two sides of the one coin. Making and managing stability between the working living and personal life is careful to be a work life stability issue. Organize between the requirement towards the families and expectations of the organization and constant struggle to maintain a balance of work can have serious suggestion on the life of an individual.

OBJECTIVES OF THE STUDY

1. To study the Procurement policy.
2. To study compensation system in bank.
3. To study the job satisfaction level of employee.

TYPE OF THE RESEARCH

This study is accepted form of qualitative analysis and involves a careful and overall observation of Axis bank in Gujarat. It is a study in depth relatively than size. This study is more important on the full analysis of a limited numbers of events and their interrelations. This study based on Axis bank interrelationship and difference. This study is effectively concentrated investigation of the particular Axis bank. The object of this study is to place the factors that account for the behavior and performance patterns of the Axis bank as an included entirety.

METHODOLOGY

Data was assembling during structured questionnaire from 100 employees in Axis bank randomly. The questionnaire was separated into four parts; first part was personal details, second part was recruitment, third part was compensation and fourth part was job satisfaction of employee.

SAMPLE DESIGN AND SAMPLE SIZE

Sample size hundred taken. The following Axis bank was randomly selected for study.

SOURCES OF THE DATA

The present study is both descriptive, systematic and uses primary data. Data concern with recent organization, management pattern, recruitment and operation resources, organizational structure, employees' profile, HR policies, interrelationship of banks and difference between banks and bank performance were obtained from the books, articles, journals, internet, records maintained by the sample banks and survey of banks. All the employees working in sample banks were selected as respondents for the study. The awareness of the employees was studied by make use of a structured questionnaire.

SIMPLE PERCENTAGE METHOD

Percentage analysis is the method to be a symbol of raw stream of the data as a percentage (a part in 100 percentages) for better understanding of correlated data. In mathematical tool a percentage is a number or ratio as a portion of 100. It is regularly indicate by percent sign **"%"**or abbreviations **"pct".** For example, 45% (read as forty-five percentages) is equal to 45/100 or 0.45. It is a related system which expresses a number as a part of Axis bank employees. Although percentages are usually used to express the numbers between zero and one, any ratio can be uttered as a percentage. For example, 111% is 1.11 and -0.35% is -0.0035. While this is theoretically imprecise as per description of percent, different phrasing in provisions of a transform value is "an increase or decrease by a factor of data."

VARIABLES OF THE STUDY

Independent variable of this study is demographic factor and dependent variables are employee procurement, employee compensation and job satisfaction of employee.

SCOPE OF THE STUDY

The present study is restricted to cover employee procurement, compensation and job satisfaction in Axis banks in Gujarat. Study has been performed at all level of employees to present complete picture of human resource environment with regard to randomly selected Axis banks.

SIGNIFICANCE OF THE STUDY

This research is measured a most important element of the investigate study of employee procurement, compensation and job satisfaction in Axis bank. As a matter of fact, even the hypothesis designed and conducted this study is growing concept, it has central importance to interrelationship of the Axis banks. Axis banks have HR policies are reflected the level of efficiency providing to its employees.

DATA ANALYSIS AND INTERPRETATION

As per the data collected from the following tables the personal details of Axis bank employees:

TABLE NO. 1: PERSONAL DETAILS OF EMPLOYEES

Demographic Variables	Number of Respondents	Percentage (%)
Gender: Male	58	58
Female	42	42
Total	**100**	**100**
Age Groups: 21-30	52	52
31-40	36	36
41-50	11	11
51-60	1	1
Total	**100**	**100**
Marital Status: Married	72	72
Unmarried	28	28
Total	**100**	**100**
Educational Qualification: Graduate	54	54
Post Gradate	41	41
Other Professional qualification	5	5
Total	**100**	**100**
Designation: H.O.D.	17	17
Manager	33	33
Accountant	5	5
Clerk	22	22
Subordinate	23	23
Total	**100**	**100**
Working Experience:	56	56
1 to 5 years	29	29
6 to 10 years	12	12
11 to 15 years 16 to 20 years	3	3
Total	**100**	**100**

(***Source:*** Computed by Questionnaire)

The above table no. 1 represents the personal details of the respondents. Out of 100 respondents 58% were males and 42% were females. Out of these 88% respondents were in age group 21 to 40 and 12% respondents were in age group 41 to 60. Out of these 72% respondents were married and 18% employees were unmarried. Out of these 54% respondents were graduate, 41% respondents were P.G. (post graduate) and 5% respondents were other professional qualification. Out of these 17% respondents were Head of the Department, 33% respondents were managers, 5% respondents were Accountants, 22% respondents were clerks and 23% respondents were subordinates. Out of these 56% respondents were 1 to 5 years experience, 29% respondents were 6 to 10 years, 12% respondents were 11 to 15 years experience and 3% respondents were 16 to 20 years experience.

TABLE NO. 2: RECRUITMENT IN BANK

Particulars	Response	No. of employees	Percentage (%)
Banks Focus On Present and Future Requirements	Yes	97	97
	No	3	3
	Total	**100**	**100**
Planning Orientation by HR Manager	Yes	96	96
	No	4	4
	Total	**100**	**100**
Working Environments Are Free From Harassment Especially For Women	Yes	97	97
	No	3	3
	Total	**100**	**100**
HR Policy Covers All the Aspects	Yes	97	97
	No	3	3
	Total	**100**	**100**

(***Source:*** Computed by Questionnaire)

The above table no. 2 represents that bank's HR policy and working environment. Table describe out of 100 respondents approx 95% respondents were agree and approx 5% respondents were not agree with HR policy and working environment.

TABLE NO. 3: COMPENSATION POLICY IN BANK

Types of Compensation	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
Salary System Based On Skill and Knowledge	29	51	8	8	11	100
	29	51	8	8	11	100%
Bank Promotion Policy	33	53	7	4	3	100
	33	53	7	4	3	100%
Dearness Allowances	28	43	20	4	5	100
	28	43	20	4	5	100%
House Rent allowances	32	50	11	3	4	100
	32	50	11	3	4	100%
Bonus	29	37	23	8	3	100
	29	37	23	8	3	10
Travel Allowances	24	50	12	8	6	100
	24	50	12	8	6	100%
Increment	25	55	10	6	4	100
	25	55	10	6	4	100%
Medical Insurance Policy	44	38	8	6	4	100
	44	38	8	6	4	100%
Provident Fund	41	39	7	8	5	100
	41	39	7	8	5	100%
Leave Encashment	33	44	14	5	4	100
	33	44	14	5	4	100%
Pension Plan	35	41	14	5	5	100
	35	41	14	5	5	100%

(***Source:*** Computed by Questionnaire)

The above table no. 3 represents compensation policy of Axis bank employees. Out 100 respondents were more than 37% respondents in agreement with compensation policy and 8% respondents were disagreeing with compensation policy.

TABLE NO. 4: JOB SATISFACTION OF EMPLOYEE

Levels of job satisfaction	Complete Satisfied	Somewhat Satisfied	Neutral	Somewhat Dissatisfied	Completely Dissatisfied	Total
Working System of Bank	45	37	5	6	7	100
	45	37	5	6	7	100%
Working Environment	44	39	7	4	6	100
	44	39	7	4	6	100%
Stationary for Work	37	45	8	5	5	100
	37	45	8	5	5	100%
Canteen and Parking Facilities	33	43	13	5	6	100
	33	43	13	5	6	100%
First – Aid Box	39	36	12	6	7	100
	39	36	12	6	7	100%
Technical Support	41	39	10	6	4	100
	41	39	10	6	4	100%

(***Source:*** Computed by Questionnaire)

The above table no. 4 represents job satisfaction of employees. There were 100 respondents and out of which overall job satisfaction average 40% respondents completely satisfied, average 39% respondents were comparatively satisfied, average 9% respondents neither are neutral, average 5% respondents were somewhat dissatisfied and average 6% respondents were completely dissatisfied.

LIMITATIONS OF THE STUDY

The study has the following limitations: -

1. This research study is on primary data.
2. This research area is limited for Gujarat.
3. This study is limited for Axis bank only.
4. This study is limited to analysis of employee procurement, compensation and job satisfaction in bank.
5. The study is based on data self-possessed from the Articles, Journals, Periodicals, Websites and other Social Medias.

CONCLUSION

The study finds out that Axis Bank Human Resource policies are covers all the aspects of the bank. Axis bank employees are the majority central role of bank management. Generally, manager has high quality experience doing works as well as provides good guidance to their employees. The well prepared employee is supreme in management. Researchers have done their research work on HRM practices and other management areas. Employees are the most essential factor in bank. They are the most essential element for the development of bank management. With high-quality experience managers the progress can move in the right direction new employee in bank. So the development of employees in banking sector has key task to cooperate in the development of a bank. Compensation is necessary for any employer to fulfill their need and know how an employee can perform best. Thus it is important for an employer to encourage their personnel to improve their productivity and quality of work.

REFERENCES

JOURNALS

1. Pawan Kumar and S. Singh (2017), ***"Recruitment Process is a case study in banking sector"***, Journal of Bank Management and Financial Strategies Volume No.1, Issue No. 2.
2. Dr. Divya Negi and Seema Singh (2012) ***"Work Life Balance for Banking Employees: A comparative Study",*** Volume No. 2, Issue No. 6, ISSN 2231-4245.
3. Anubhuti Monga, Narinder Verma and O. P. Monga (January 2015) ***"A Study of Job Satisfaction of Employees of ICICI bank in Himachal Pradesh",*** Volume No. 5, Issue No. 1, Pp. 18 to 25.
4. Sumaiya Fathima (December 2016), ***"Human Resource Management- Recruitment reward and Retention"***, Volume No. 7, Issue No. 12, ISSN 0976-2183.

5. Kamal Raj Mohan (October 2017) ***"Job satisfaction of bank employees- An investigation into the relationship with their attitude towards change",*** Volume No. 7, Issue No. 10, ISSN 2231-5756.
6. Dr. C.S. Ramanigopal, A Mani and at all (February 2018), ***"Human Resource Management- Recruitment reward and Retention"***, Volume No. 9, Issue No. 2, ISSN No. 0976-2183.

BOOKS

7. C. R. Kothari (2004), ***"Research Methodology",*** New Age International (P) Limited, Publishers, ISBN (13): 978-81-224-2488-1.
8. Chukwunonso and Franklyn (2013), ***"The development of human resource management from a historical perspective and its implications for the human resource manager"***, in Strategic Human Resource Management at Tertiary Level, Rivers Publishers, pp.87-101.
9. Madhurima Lall and Sakina Qasim Zaidi (2008), "***Human Resource Management"***, Excel books, Published by Anurag Jain, New Delhi, First Edition, ISBN: 978-81-7446-685-3, pp. 3.

ANALYSES OF CONSUMER BEHAVIOUR IN RELATION TO MARKETING STRATEGIES WITH REFERENCE TO SMARTPHONE: A STUDY OF NORTH KARNATAKA

PARAMANAND DASAR
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
KARNATAK UNIVERSITY
DHARWAD

Dr. S. G. HUNDEKAR
PROFESSOR (RETD.)
DEPARTMENT OF COMMERCE
KARNATAK UNIVERSITY
DHARWAD

ABSTRACT
The invention of smartphone in the field of durables created new world to the customers. On behalf of the use of different products like radio, television, watch, videogame, watch, computer, calendar, calculator and so on, people are using only one durable i.e. smartphone. The increasing innovation in mobile phone industries has brought this craze among the people on Smartphone. The rapidly growing demand of Smartphone has created a buzz around the world. Smartphone is configured by an operating system with advanced computing capability and connectivity. Generally, Smartphone has high sensor big touch screens, high capacity batteries and high pixel cameras with lots of features and applications. Mostly people use applications for internet browsing, email, navigation, social media, listening music, reading news, games, finance, health and fitness, taking notes, calendar, weather forecast, watching time and lots of other things. In the present marketing field customer/consumer is a king; marketers along with manufacturers need to attract the consumer by various marketing strategies. The pricing and non-pricing strategies like product, place, promotional, pricing and advertising based strategies are framed to influence and motivate the customers. But now a days wiser customers/consumers are aware of these all strategies and responding accordingly. The study of consumer behavior in relation marketing strategies seems relevant to consumers as well as marketers. The main thrust of the article is analyzing the consumer behavior towards different marketing strategies and find out the most influencing strategies on consumers' purchase decision relating to Smart-Phone in the selected sample area.

KEYWORDS
4Ps, marketing strategies, pricing and non-pricing strategies, smartphone.

JEL CODES
M30, M31.

INTRODUCTION
Profit maximization through customer satisfaction is the basic objective of any business. But it is always difficult to get customer satisfaction. A consumer may state his needs and wants and yet may act otherwise. He may not aware of his deeper motivations and he may change at any stage. In spite of such diversities among consumers, there are many similarities among them. The study of target customers' wants, perceptions, buying behaviours, and influencing different marketing strategies will provide information for developing new products, prices, channels communications and other marketing elements.

The study of consumer behavior enables consumers to become better-i.e. wiser by knowing that what relies behind the marketing strategies. For marketers' study is helpful to recognize why and how individuals make their consumption decisions, so that marketers can make better strategic marketing decisions. If marketers understand consumer behavior, they are able to predict how consumers are likely to react to various informational and environmental cues, and are able to shape their marketing strategies accordingly.

Consumer durables goods are often purchased as gifts on a seasonal basis or for special occasions. Smartphones are more popular communication electronic devices which perform many of the functions of a computer, typically having a touchscreen interface, internet access and an operating system capable of running downloaded apps.

Strategies are formulated to provide superior customer value. In formulating market strategies, the 4-ps are directed at the target market.

PRODUCT

Product is anything that is offered to the consumer which is tangible and can satisfy a need and has some value. Product Strategies are relating product differentiation, new product development and product standardization in terms of product attributes, design, packaging & labeling and providing necessary accessories with core product.

PRICE

Price is the amount of money one must pay to obtain the right to use the product. Pricing strategies are relating price fixation, made availability of the goods at different prices according to customers' wants and demands, example mobile handsets are made available at different prices according to customers' wants by providing various facilities.

DISTRIBUTION (PLACE)

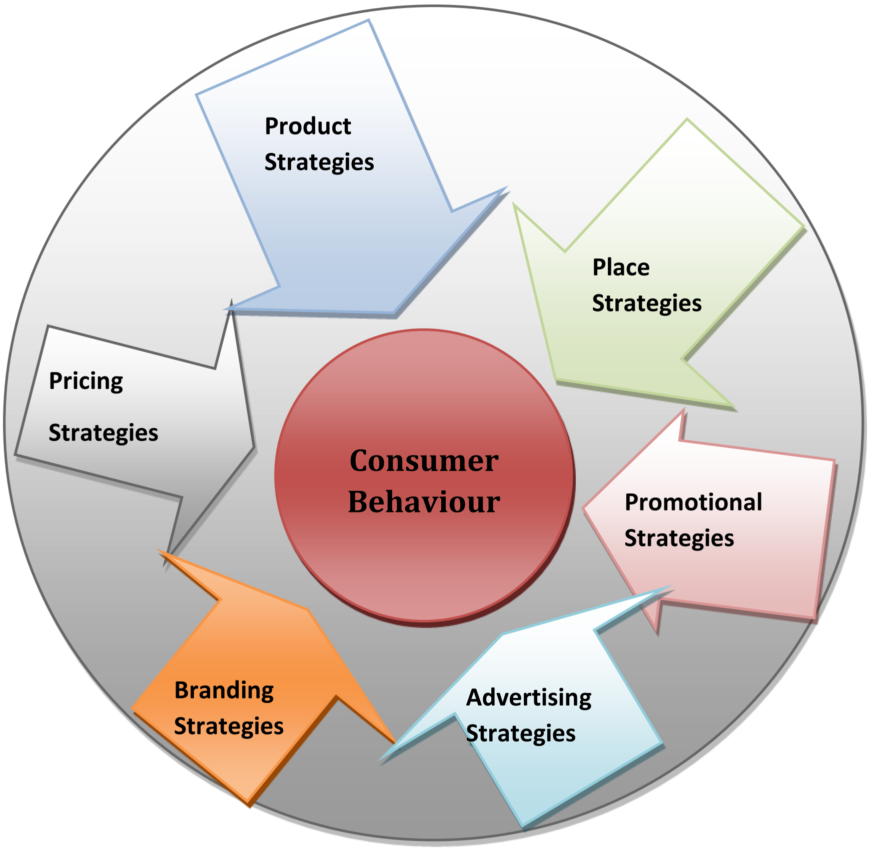
The goods can be distributed by many channels. These could be retailers, wholesalers, agents or by direct selling. Distribution outlets play an important role in reaching the goods to the consumer. They provide, time, place and possession utilities. Some goods need to be marketed through the channels or the middleman. Others can be marketed directly by the company to the actual consumer.

PROMOTION

Promotion is the means of changing the attitudes of the consumer, so that it becomes favorable towards the company's products. Various means of promotion are advertising, personal selling, sales promotion and publicity.

Below diagram shows marketing strategies and their influence on consumer behavior:

DIAGRAM 1



LITERATURE REVIEW

Dr. D. S. Chaubey, K. R. Subramanian & Shyam Sunder Saini (2014) have analysed *"Consumer Behavior towards Celebrity Endorsement of Products and Services"*, in the study influences of celebrity endorsement of products and services of selected companies have analysed and concluded that use of celebrity in advertisements or celebrity endorsement contributed lot to the sale of the products.

Manish jaguar (2013) have analyzed *"Impact of advertising on consumer durables markets: A study of Refrigerator consumer",* in this study a ranking/importance of refrigerator among other consumer durables is studied. Study of 200 owners of Allwyn refrigerator in the twin cities of mumbai and pune in maharastra indicates that a very positive impact of advertising is found on the consumer durables market.

Aradhana Krishna (2003) viewed that buyers' purchase behaviours can be influenced not only by the current prices of a product but also by those prices expect in the future. And study reveals estimated future price also impact lot while purchasing the product.

Gupta & Verma (2000) have done a study under convenience sampling of 50 household of New Delhi by questionnaire. It indicates that husband's influence is considerably higher that the wives. Children also play an active role in brand selection of CTV. Moreover, educated and workingwomen influence more than non-working and less educated.

Jain and Sharma (2000) studied 584 respondents out of 800 questionnaires of Delhi in five professional category observed that selected products represent different product categories in terms of both durability and frequency of purchase as required. Study shows that the levels of consumer involvement differ across products. As against non-durables, consumer perceives durables as more involving products.

SRI – IMRB (2000) evaluated a comparison of the education and income levels of different clusters, and it indicated that those who give higher priority to consumer electronic products are more educated and affluent. The study also revealed that transportation durables preceded consumer electronic products in the acquisition hierarchy, suggesting a tactical approach.

Venkteshwar and Rao (2000) have focused on tracing and identifying the elements in consumer decision-making; the research has studied 200 urban working-women belonging to different occupation, educational and income groups. Study observed television as a major source of information, for 65.5% consumers. While group forces affect 50% respondents. Surprisingly 45%-employed women still feel radio as a source of information. In purchase of consumer durables, 53% would decide for brand. Price is relatively more important factor and husband and wife take decision jointly.

Bayus (1991) studied "The consumer durable replacement buyer", and found that replacements account for a substantial portion of the sale of consumer durables in the U S. Results of replacement of automobiles indicate that "early" replacement buyers are more concerned with styling and image and less concerned with costs than "late" replacement buyers. Moreover, early replacements have higher income but lower levels of academic achievement and occupational status than late replacement.

OBJECTIVES OF THE STUDY

1. To know and analyze the opinion of the respondents regarding impact of marketing strategies on purchasing decisions of smart phone.
2. To study and analyze the most influencing marketing strategies and their influence on consumer buying behavior.

HYPOTHESES OF THE STUDY

Hypothesis 1: There is no significant difference of opinion among different genders; different occupational groups; different income groups and different places of residence of respondents regarding impact of marketing strategies on purchasing decisions of smart phone.

Hypothesis 1A: There is no significant difference of opinion among different genders of respondents regarding impact of marketing strategies on purchasing decisions of smart phones.

Hypothesis 1B: There is no significant difference of opinion among different occupational groups of respondents regarding impact of marketing strategies on purchasing decisions of smart phones.

Hypothesis 1C: There is no significant difference of opinion among different income groups of respondents regarding impact of marketing strategies on purchasing decisions of smart phones.

Hypothesis 1D: There is no significant difference of opinion among different places of residence of respondents regarding impact of marketing strategies on purchasing decisions of smart phones.

RESEARCH METHODOLOGY

To analyze the consumer behavior in relation to marketing strategies with reference to Smart phones in the North Karnataka a survey of opinions of 800 (400 each from Dharwad and Gulbarga) is conducted. Required primary data has been collected from sample respondents through well-structured questionnaire. Essential secondary data has been collected from marketers of smartphones and websites of durable manufacturing and marketing companies. The study collected information regarding personal details (Gender; Occupation; Annual income; Place of residence and Monthly savings) of these 800 respondents. Impact of marketing strategies on purchasing behavior of consumers in the study area regarding marketing strategies is collected and examined.

Sampling unit: Households (consumers)

Sampling method: Convenient sampling

Sample size: 800 Households

RESULTS AND DISCUSSION

TABLE 1.1: GENDER-WISE DISTRIBUTION OF RESPONDENTS

	Frequency	Percent
Male	492	61.5
Female	284	35.5
Transgender	24	3.0
Total	800	100.0

Source: Survey during 2017-19

Inferences: According to the table 1.1 there are a total of 492 (61.5%) male respondents; 284 (35.5%) respondents are females while 24 (3%) are transgender. So it may be noted that the response of respondents is driven majorly by male respondents.

TABLE 1.2: OCCUPATION-WISE DISTRIBUTION OF RESPONDENTS

	Frequency	Percent
Govt. Employee	184	23.0
Agriculturist	92	11.5
Businessman	72	9.0
Daily wage worker	208	26.0
Pvt. Sector employee	244	30.5
Total	800	100.0

Source: Survey during 2017-19

Inferences: In the sample considered there seems to be a majority of pvt. sector employees. According to table 1.4, of all respondents, 244 (30.5%) respondents are private sector employees; 208 (26%) of them are daily wage workers; 184 (23%) respondents are government employees; 92 (11.5%) respondents are agriculturists while 72 (9%) are businessmen.

TABLE 1.3: INCOME-WISE DISTRIBUTION OF RESPONDENTS

Annual Income.	Frequency	Percent
Below Rs. 50,000	264	33.0
Rs. 50,000-Rs. 1,50,000	112	14.0
Rs. 1,50,000- Rs. 3,00,000	128	16.0
Rs. 3,00,000 – Rs. 5,00,000	296	37.0
Total	800	100.0

Source: Survey during 2017-19

Inferences: According to the table, majority of respondents in the sample are found to have an annual income between Rs. 3,00,000 and Rs. 5,00,000. Of all respondents, 296 (37%) respondents have an annual income of Rs. 3,00,000 to Rs. 5,00,000; 264 (33%) respondents have an annual income that is below Rs. 50,000; 128 (16%) respondents have an annual income between Rs. 1,50,000 and Rs. 3,00,000 and 112 (14%) respondents have an annual income between Rs. 50,000 and Rs. 1,50,000.

TABLE 1.4: PLACE OF RESIDENCE-WISE DISTRIBUTION OF RESPONDENTS

	Frequency	Percent
Urban	408	51.0
Semi Urban	300	37.5
Rural	92	11.5
Total	800	100.0

Source: Survey during 2017-19

Inferences: According to the distribution of respondents based on place of residence presented in the table, majority of respondents in the study are from urban areas. Of all respondents, 408 (51%) respondents are from urban areas; 300 (37.5%) respondents are from semi-urban areas while 92 (11.5%) respondents are from rural areas.

Moving on to detect possible difference of opinion among different genders; different age groups; different education levels; different occupational groups; different income groups; different places of residence and different monthly saving levels regarding impact of marketing strategies on purchasing decisions of respondents, One-way ANOVA is used.

TABLE 1.5: IMPACT OF MARKETING STRATEGIES ON PURCHASING BEHAVIOR OF RESPONDENTS

	Strongly disagree		Disagree		Neutral		Agree		Strongly agree	
The standardized colors, designs, sizes and shapes of durables.	0	0.0%	160	20.0%	36	4.5%	16	2.0%	588	73.5%
Packaging and informative labeling of durables.	0	0.0%	164	20.5%	48	6.0%	20	2.5%	568	71.0%
Assortment and demo/sample unit display of durables.	0	0.0%	156	19.5%	76	9.5%	20	2.5%	548	68.5%
Availability of necessary accessories.	0	0.0%	156	19.5%	48	6.0%	24	3.0%	572	71.5%
Decreasing price trends.	4	0.5%	152	19.0%	60	7.5%	20	2.5%	564	70.5%
The wide range of price and payment options.	4	0.5%	168	21.0%	52	6.5%	28	3.5%	548	68.5%
Easy availability of durables.	0	0.0%	164	20.5%	48	6.0%	24	3.0%	564	70.5%
Delivery modes of durables.	4	0.5%	160	20.0%	48	6.0%	36	4.5%	552	69.0%
Strategy of cash backs.	0	0.0%	156	19.5%	64	8.0%	28	3.5%	552	69.0%
The strategy of cash discounts.	0	0.0%	160	20.0%	48	6.0%	20	2.5%	572	71.5%
The strategy of premium offers.	0	0.0%	160	20.0%	52	6.5%	48	6.0%	540	67.5%
The strategy of offering prizes and gifts.	0	0.0%	156	19.5%	64	8.0%	20	2.5%	560	70.0%
Campaigns, Melas, Exhibitions etc.	4	0.5%	160	20.0%	48	6.0%	28	3.5%	560	70.0%
The strategy of conducting events like contests, sweepstakes etc.	0	0.0%	160	20.0%	48	7.0%	36	4.0%	552	69.0%
Advertisements.	4	0.5%	160	20.0%	48	6.0%	32	4.0%	556	69.5%
Attractive shops.	0	0.0%	160	20.0%	60	7.5%	20	2.5%	560	70.0%
Maintaining good public relations.	436	54.5%	256	32.0%	104	13.0%	4	0.5%	0	0.0%
Strategy of personal selling.	436	54.5%	244	30.5%	120	15.0%	0	0.0%	0	0.0%

The results of the ANOVA on impact of marketing strategies on purchasing decisions of smart phones.

TABLE 1.6: RESULTS OF ONE-WAY ANOVA OF SMART PHONES

Marketing Strategies.	F-value	Sig.	Conclusion
The standardized colors, designs, sizes and shapes of durables.	3.835	.022*	There is difference of opinion among genders of respondents.
Packaging and informative labeling of durables.	1.560	.211	There is no difference of opinion among genders of respondents.
Assortment and demo/sample unit display of durables.	4.267	.015*	There is difference of opinion among genders of respondents.
Availability of necessary accessories.	1.615	.200	There is no difference of opinion among genders of respondents.
Decreasing price trends.	1.423	.242	There is no difference of opinion among genders of respondents.
The wide range of price and payment options.	3.091	.047*	There is difference of opinion among genders of respondents.
Easy availability of durables.	1.452	.235	There is no difference of opinion among genders of respondents.
Delivery modes of durables.	.833	.436	There is no difference of opinion among genders of respondents.
Strategy of cash backs.	2.055	.129	There is no difference of opinion among genders of respondents.
The strategy of cash discounts.	1.129	.325	There is no difference of opinion among genders of respondents.
The strategy of premium offers.	1.210	.299	There is no difference of opinion among genders of respondents.
The strategy of offering prizes and gifts.	.836	.434	There is no difference of opinion among genders of respondents.
Campaigns, Melas, Exhibitions etc…	2.435	.089	There is no difference of opinion among genders of respondents.
The strategy of conducting events like contests, sweepstakes etc…	1.415	.244	There is no difference of opinion among genders of respondents.
Advertisements.	1.962	.142	There is no difference of opinion among genders of respondents.
Attractive shops.	1.249	.288	There is no difference of opinion among genders of respondents.
Maintaining good public relations.	.117	.890	There is no difference of opinion among genders of respondents.
Strategy of personal selling.	.071	.932	There is no difference of opinion among genders of respondents.

*F-value is significant since it is <0.05

Inferences and Findings: Based on the results presented in table 1.6 we may conclude that there is no significant difference of opinion among different genders of respondents on the impact of following marketing strategies on purchasing decisions of smart phones. That is in other words following marketing strategies have almost equal effect on all genders.

- Packaging and informative labeling of durables.
- Availability of necessary accessories.
- Decreasing price trends.
- Easy availability of durables.
- Delivery modes of durables
- Strategy of cash backs.
- The strategy of cash discounts.
- The strategy of premium offers.
- The strategy of offering prizes and gifts.
- Campaigns, Melas, Exhibitions etc.
- The strategy of conducting events like contests, sweepstakes etc.
- Advertisements.
- Attractive shops.
- Maintaining good public relations.
- Strategy of personal selling.

Also based on the table 1.6 it was found that the opinion regarding the impact of following marketing strategies on the purchase decisions of smart phones significantly differ with respect to gender of the respondent. That is following marketing strategies have different effect on different genders of respondents.

- The standardized colors, designs, sizes and shapes of durables.
- Assortment and demo/sample unit display of durables.
- The wide range of price and payment options.

TABLE 1.7: RESULTS OF ONE-WAY ANOVA IN CASE OF SMART PHONES WITH RESPECT TO DIFFERENT OCCUPATIONAL LEVELS OF RESPONDENTS

Marketing Strategies.	F	Sig.	Conclusion
The standardized colors, designs, sizes and shapes of durables.	.660	.620	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Packaging and informative labeling of durables.	.893	.468	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Assortment and demo/sample unit display of durables.	1.574	.180	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Availability of necessary accessories.	.821	.512	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Decreasing price trends.	.568	.686	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
The wide range of price and payment options.	1.448	.217	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Easy availability of durables.	.984	.416	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Delivery modes of durables.	.550	.699	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Strategy of cash backs.	.805	.522	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
The strategy of cash discounts.	1.021	.396	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
The strategy of premium offers.	.345	.847	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
The strategy of offering prizes and gifts.	.630	.641	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Campaigns, Melas, Exhibitions etc.	1.505	.200	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
The strategy of conducting events like contests, sweepstakes etc.	.970	.424	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Advertisements.	.781	.538	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Attractive shops.	.640	.634	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Maintaining good public relations.	1.508	.199	There is no difference of opinion regarding the strategy among different occupational groups of respondents.
Strategy of personal selling.	.502	.734	There is no difference of opinion regarding the strategy among different occupational groups of respondents.

*F-value is significant since it is < 0.05

Inferences and Findings: It can be observed that there is no significant difference of opinion among different occupational groups of respondents on the impact of all marketing strategies on purchasing decisions of smart phones. That is in other words all the marketing strategies have almost equal effect on all occupational groups of respondents. That is the hypothesis 1B is accepted for all marketing strategies in case of occupational groups of respondents.

TABLE 1.8: RESULTS OF ONE-WAY ANOVA IN CASE OF SMART PHONES WITH RESPECT TO DIFFERENT INCOME LEVELS OF RESPONDENTS

Marketing Strategies.	F	Sig.	Conclusion
The standardized colors, designs, sizes and shapes of durables.	3.522	.015*	There is difference of opinion among different income levels of respondents regarding the strategy.
Packaging and informative labeling of durables.	3.077	.028*	There is difference of opinion among different income levels of respondents regarding the strategy.
Assortment and demo/sample unit display of durables.	6.471	.000*	There is difference of opinion among different income levels of respondents regarding the strategy.
Availability of necessary accessories.	3.182	.024*	There is difference of opinion among different income levels of respondents regarding the strategy.
Decreasing price trends.	2.726	.044*	There is difference of opinion among different income levels of respondents regarding the strategy.
The wide range of price and payment options.	6.541	.000*	There is difference of opinion among different income levels of respondents regarding the strategy.
Easy availability of durables.	2.752	.042*	There is difference of opinion among different income levels of respondents regarding the strategy.
Delivery modes of durables.	3.761	.011*	There is difference of opinion among different income levels of respondents regarding the strategy.
Strategy of cash backs.	4.591	.004*	There is difference of opinion among different income levels of respondents regarding the strategy.
The strategy of cash discounts.	3.691	.012*	There is difference of opinion among different income levels of respondents regarding the strategy.
The strategy of premium offers.	3.775	.011*	There is difference of opinion among different income levels of respondents regarding the strategy.
The strategy of offering prizes and gifts.	3.217	.023*	There is difference of opinion among different income levels of respondents regarding the strategy.
Campaigns, Melas, Exhibitions etc.	6.375	.000*	There is difference of opinion among different income levels of respondents regarding the strategy.
The strategy of conducting events like contests, sweepstakes etc.	2.863	.037*	There is difference of opinion among different income levels of respondents regarding the strategy.
Advertisements.	3.718	.012*	There is difference of opinion among different income levels of respondents regarding the strategy.
Attractive shops.	3.252	.022*	There is difference of opinion among different income levels of respondents regarding the strategy.
Maintaining good public relations.	1.773	.152	There is no difference of opinion among different income levels of respondents regarding the strategy.
Strategy of personal selling.	.313	.816	There is no difference of opinion among different income levels of respondents regarding the strategy.

*p-value is significant since it is <0.05

Inferences and Findings: In case of annual income following are the marketing strategies in whose regards a significant difference of opinion is observed. That is in case of following strategies respondent's opinion regarding their impact on purchasing decisions vary with respect to annual income. In other word the hypothesis 1C is rejected for following marketing strategies in case of annual income of respondents.

- The standardized colors, designs, sizes and shapes of durables.
- Packaging and informative labeling of durables.
- Assortment and demo/sample unit display of durables.
- Availability of necessary accessories.
- Decreasing price trends.
- The wide range of price and payment options.
- Easy availability of durables.
- Delivery modes of durables.
- Strategy of cash backs.
- The strategy of cash discounts.
- The strategy of premium offers.
- The strategy of offering prizes and gifts.
- Campaigns, Melas, Exhibitions etc.
- The strategy of conducting events like contests, sweepstakes etc.
- Advertisements.
- Attractive shops.

Based on the descriptive statistics presented in table 1.8 it can be identified which income group's decision was most impacted by the marketing strategies mentioned above. The average response in case of respondents with annual income between Rs. 3,00,000 and Rs. 5,00,000 is greater than any other income groups for all strategies. Hence it may be concluded that all the marketing strategies except for maintaining good public relations and strategy of personal selling have had most impact on purchasing decisions of respondents with annual income between Rs. 3,00,000 and Rs. 5,00,000. However, these marketing strategies have shown less impact on all other income groups with least effect on respondent with income between Rs. 50,000 and Rs. 1,50,000.

TABLE 1.9: RESULTS OF ONE-WAY ANOVA IN CASE OF SMART PHONES WITH RESPECT TO DIFFERENT PLACES OF RESIDENCE OF RESPONDENTS

Marketing Strategies.	F	Sig.	Conclusion
The standardized colors, designs, sizes and shapes of durables.	3.630	.027*	There is difference of opinion among different places of residence of respondents regarding the strategy.
Packaging and informative labeling of durables.	2.962	.053	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Assortment and demo/sample unit display of durables.	3.637	.027*	There is difference of opinion among different places of residence of respondents regarding the strategy.
Availability of necessary accessories.	2.652	.072	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Decreasing price trends.	3.071	.047*	There is difference of opinion among different places of residence of respondents regarding the strategy.
The wide range of price and payment options.	2.505	.083	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Easy availability of durables.	2.443	.088	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Delivery modes of durables.	1.192	.305	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Strategy of cash backs.	.801	.450	There is no difference of opinion among different places of residence of respondents regarding the strategy.
The strategy of cash discounts.	2.779	.063	There is no difference of opinion among different places of residence of respondents regarding the strategy.
The strategy of premium offers.	.584	.558	There is no difference of opinion among different places of residence of respondents regarding the strategy.
The strategy of offering prizes and gifts.	2.193	.113	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Campaigns, Melas, Exhibitions etc.	2.623	.074	There is no difference of opinion among different places of residence of respondents regarding the strategy.
The strategy of conducting events like contests, sweepstakes etc.	2.694	.069	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Advertisements.	1.528	.218	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Attractive shops.	2.070	.128	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Maintaining good public relations.	2.361	.096	There is no difference of opinion among different places of residence of respondents regarding the strategy.
Strategy of personal selling.	1.578	.208	There is no difference of opinion among different places of residence of respondents regarding the strategy.

*F-value is significant since it is < 0.05

Inferences and Findings: It is seen from ANOVA results presented in table 1.9 that only standardized colors, designs, sizes and shapes of durables; Packaging and informative labeling of durables and reducing price trends of durables have had effect on respondents living in different regions. Since the average response in case of standardized colors, designs, sizes and shapes of durables and Packaging and informative labeling of durables for urban respondents is the highest at 4.73 and 4.65 respectively, then we may conclude that these strategies have affected purchase decisions of respondents living in urban areas the most while having least effect on respondents from semi urban areas. However, the average response for reducing price trends has the highest response from rural respondents at 4.65. Hence this strategy has highest effect on rural respondents as compared to other residents.

That is the hypothesis 1D is accepted for all marketing strategies except for standardized colors, designs, sizes and shapes of durables; Packaging and informative labeling of durables and reducing price trends of durables.

CONCLUSION

The study of consumer behavior in relation to marketing strategies enables consumers to become better i.e. wiser by knowing that what relies behind the marketing strategies. For marketers' point of view, the study is helpful to recognize why and how individuals make their consumption decisions, so that marketers can make better strategic marketing decisions. If marketers understand consumer behavior, they are able to predict how consumers are likely to react to various informational and environmental cues, and are able to shape their marketing strategies accordingly.

REFERENCES

BOOKS

1. Dr. VARMA M.M. AND AGRAWAL R.K. 'Marketing Research for consumer Behaviour' Formal publishing company NewDelhi 1996.
2. HOWARD J.A. AND J.N. SHETH, 'The Theory of Buyer Behaviour' John Wiley and Sons Newyork, 1969.
3. PHILIP KOTLER, 'Marketing Management: Analyses, Planning, Implications and Control' seventh edtion, Prentice hall of India New Delhi, 2001.
4. SENGUPTA SUBROTO, 'Brand Positioning: Strategies for Competitive Advantage' Mc Graw Hill Book Publishing Co Ltd, New Delhi, 1990.

JOURNALS AND MAGAZINES

5. Dr. D. S. CHAUBEY, K. R. SUBRAMANIAN & SHYAM SUNDER SAINI, **"Consumer Behavior towards Celebrity Endorsement of Products and Services"** *International Journal of Research in Commerce and Management, VOLUME NO. 5 (2014), ISSUE NO. 07 (JULY) page no.10-13.*
6. K.R. KIM, MD, LG INDIA**, "Consumer and Influencing Factors"** *International Journal of Research in Commerce and Management, VOLUME NO. 4 (2006), ISSUE NO. 06 (JUNE). page no11-15*
7. KALPESH B. PRAJAPATI & REVATI C. DESHPANDE **"A Study On Pre-Purchase Behavior of Prospective Customers with Respect to entry Level Cars of Ahmedabad City"** *International Journal of Research in Commerce and Management, VOLUME NO. 4 (2013), ISSUE NO. 05 (FEB). page no1-5*
8. KOKLI M.K. AND VIDA I., **"A Strategic Household Purchase: Consumer House Buying Behavior",** Managing Global Transition, 7(1), (2009)
9. KULKARNI & SAKET BANSOD, **"A Factor Analysis On Product Attributes for Consumer Buying Behavior of Male Cosmetics in Nagpur City" International** *Journal on Recent and Innovation Trends in Computing and Communication volume2, issue3 page no.1-5*
10. NAGARAJ, H., **"Quantitative approach to the study of consumer behaviour with special reference to durable goods. Bangalore",** Bangalore University, 2004.
11. NANJUNADAPPA D.M: Report of **"High Power Committee on Redressal of Regional Imbalances in Karnataka"** *June-2002*
12. NEERAJA B., **"Know Your Customers",** Research journal of social science and management, 01(12), (2012)

13. PRANAV RANJAN, DR. YUVRAJ BHATNAGAR & RAZIA SEHDEV, **"Assessment of Consumer Buying Behaviour Towards Electric Scooters in Punjab"** *International Journal of Research in Commerce and Management, VOLUME NO. 4 (2013), ISSUE NO. 06 (JUNE) page no 17-23*
14. RATHI K.N. **"Consumers' Perception On Grand Kerala Shopping Festival and Its relation with Buying Behaviour"** *International Journal of Research in Commerce and Management, VOLUME NO. 4 (2013), ISSUE NO. 06 (JUNE). page no1-5*
15. SHARMA, ATUL K., **"Consumer Behavior".** New Delhi: Global Vision, 2006.
16. SHARMA, KAVITA., **"Impact of Consumer Involvement on Consumer Behaviour:** A **Case Study of India. Delhi**": New Century, 2000.
17. SHETH, JAGDISH N. AND MITTAL BANWARI., **"Customer Behaviour: A Managerial Perspective".** 2nd ed. Mason: Thomson, 2004.
18. SRIVASTAVA A.K. AND PRAVEER S.R., "**Individual Factors as the Decision variables of purchase intention: Finding out commonness of the uniqueness via Personal care products"**, Arash a journal of ISMDR, 2(2), 37-44 (2012)
19. TENDAI M. AND CRISPEN C., **"In-store Shopping Environment and Impulsive Buying",** African Journal of Marketing Management, 1(4), 102-108 (2009)

COMPARATIVE ANALYSIS OF THE BARRIERS IN THE GROWTH OF CASHLESS TRANSACTIONS IN RURAL AND URBAN AREAS

NITIN KUMAR
ASST. PROFESSOR
SRM INSTITUTE OF SCIENCE & TECHNOLOGY
GHAZIABAD

Dr. BHARTI DIXIT
ASSOCIATE PROFESSOR
SHAHEED MANGAL PANDEY GGPG COLLEGE
MEERUT

ABSTRACT

The study finds out that the key barriers in the growth of cashless transactions in rural areas are non-availablity of internet, non-avalability of smart phone, slow internet speed, non-familiarty with payment trnasfer methods, poor mobile network, cost of internet and lack of merchant or seller's acceptance. All these components reveal that there is a serious need of improvement in the mobile and internet infrastructure in rural areas. Moreover, due to poor literacy rate, people are not familiar with the payment transfer methods. Merchant's in the rural areas do not accept digital payment due to the poor literacy rate and poor mobile and internet network. The study also finds that key barriers in the growth of cashless transactions in urban areas are slow internet speed, non-familiarity with payment transfer methods, fear of online fraud and cost of internet. The quality of mobile and internet network seem to be good in urban areas as the study shows that it is not a barrier in the growth of cashless transactions. People in urban areas have fear of online fraud whereas they do not consider transaction cost as barrier in the adoption and growth of cashless transactions.

KEYWORDS
rural & urban, cashless economy, digital payment, electronic payment system.

JEL CODES
G20, G29.

INTRODUCTION

Cashless or cash-lite economy has become one of the important goals of the government after demonetization. The act of demonetization suddenly created the crisis of cash in the economy as 86% of the cash in circulation was demonetized on 8th November, 2016. Though initially government announced that the objective of demonetization was attack on the black money, counterfeit currency and to fight the corruption. But later, the cashless economy also become one of the prime objectives of demonetization. There was serious shortage of cash in the economy and people found it difficult to even pay for the goods and services of daily needs. Government took this shortage as an opportunity and started promoting the usage of cashless transactions with greater intensity. Government created pressure on banks to rapidly increase the number of PoS on retail outlets. New payment methods like payment through BHIM and UPI were made available by National Payment Corporation of India (NPCI). This shortage of cash was also an opportunity for mobile wallet and mobile banking service providers to bring in more and more people in the purview of cashless transactions as people also did not have any choice but to use cashless payment methods to make payment. Though, the cashless transactions grew at a faster rate after demonetization but at the same time people faced various problems in adopting the same. Moreover, the problems faced by people in rural were more challenging. This study is an attempt to compare the barriers of cashless transactions in rural and urban areas.

REVIEW OF LITERATURE

(Jonathan Brugge, 2018) argued in a study conducted by ***McKinsey & Company*** that convenience is an important determinant of cashless transactions. The convenience of making payment and safety and security drive people towards cashless transactions. (M. Humbani, 2017) argued in a study conducted in South Africa that speed of transaction, wider acceptability of cashless payment methods and security are the important determinants of cashless transactions. (Emrah Oney, 2017) argued that the perceived trust and security both have major impact on the growth of cashless transactions. Further, he argued that the technical protection is one of the strongest determinants of perceived security and risk. (Pedro de Almeida, 2018) argued that people are moving from cash to digital or cashless transactions at an extreme pace as it is convenient, secure, speedy and it reduces the cost of transactions. But the growth in the usage of cashless transactions may also result in the increase in security threats and financial frauds. (Mona Sinha, 2018) argued that people are concerned about their privacy and it affects the attitude towards the adoption of cashless payment methods. (Thanh D. Nguyen, 2018) argued in a study conducted in Vietnam, that the ease of use and the usefulness are the key contributors in the growth of cashless transactions. (Van Son Dinh, 2018) also conducted similar kind of study and the findings were almost similar in both the studies. He also argued that errors in transactions, banking fraud, privacy and security are the barriers in the growth cashless transactions. (Mallat, 2007) argued in a qualitative study conducted on the adoption of cashless payment methods that convenience like avoiding long queue for payment, urgency, requirement of loose cash and paucity of time are the determinants of cashless transactions. Whereas, risk, transaction charges and lack of acceptability by seller are the key impediments in the adoption of cashless transactions.

NEED AND IMPORTANCE OF THE STUDY

Review of literature suggested that many studies have been conducted to identify the determinants and barriers of cashless transactions across the globe. These studies were conducted in different countries, different conditions and during different time frame. Furthermore, many researchers examined the behaviour of people regarding the adoption of cashless payment methods. It was found that people are concerned about the security, privacy and banking frauds but at the same time, they also acknowledge the ease of use and convenience of making payment. But the researches who have examined the barriers of cashless transactions in rural and urban areas are almost non-existent. So, the researcher has attempted to identify the barriers of cashless transactions in rural and urban areas and also conducted a comparative study of the same.

OBJECTIVES OF THE STUDY

Followings are the specific objectives of the study:

1. To examine the barriers in the growth of cashless transactions in rural areas.
2. To examine the barriers in the growth of cashless transactions in urban areas.

RESEARCH METHODOLOGY

To examine the barriers in the growth of cashless transactions, an exploratory study is conducted. Researcher conducted a survey and collected primary data required data for the analysis. A structured questionnaire was designed containing the question regarding the demographic profile of the respondents including their education and family income level. Thereafter, respondents were asked the problems, they faced in adopting the cashless transactions during the period of demonetization. Respondents were given a questionnaire on a five-point Likert scale. So, the current study is empirical and quantitative in approach. The data was collected from 1096 respondents. Thereafter, it was data was coded and recoded in excel so that it can be synchronized with SPSS software for analysis. To conduct the comparative study, ten components of barriers were identified. To, fulfil the objectives of the study, multiple regression model was used. Further, to test the statistical significance of calculated R Square value, Annova for multiple regression was used.

ANALYSIS

Barriers in the Growth of the Adoption of Cashless Transactions in Rural Area - Regression Analysis Model

Regression analysis model has been used to the determine the barriers in the growth of cashless transactions. Ten components have been identified to use the regression model to determine the barriers in the growth of cashless transactions in rural areas. These components are (i) Non-availability of internet, (ii) Non-availability of smart phone, (iii) Slow internet speed (iv) Non-familiarity with payment transfer method (v) Fear of online fraud (vi) Submission of documents for KYC (vii) Poor mobile network, (viii) Cost of internet, (ix) Lack of merchant/seller acceptance, (x) Transaction cost. A linear relationship is assumed between the barriers in the growth of cashless transactions and these ten factors. The regression equation hence derived, is as under –

Barriers in Growth Cashless Transactions (Rural) = a + b1 * (Non-availability of internet) + b2 * (Non-availability of smart phone) + b3 * (Slow internet speed) + b4 * (Non-familiarity with payment transfer method) + b5 * (Fear of online fraud) + b6 * (Submission of documents for KYC) + b7 * (Poor mobile network) + b8 * (Cost of internet) + b9 * (Lack of merchant/seller acceptance) + b10 * (Transaction cost)

Where, 'a' is the autonomous part of the equation which indicates the fixed part that will impact the barriers of cashless transactions regardless the impact of the other factors under the regression analysis. The b1, b2, b3, b4, b5, b6, b7, b8, b9, b10 are the induced parts of the equation, which are also known as the regression coefficient of different components.

TABLE 1.1: MODEL SUMMARY OF THE REGRESSION ANALYSIS - RURAL

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.708[a]	.501	.492	.809
a. Predictors: (Constant), Transaction Cost, Non-familiarity with Payment Transfer Method, Slow Internet Speed, Submission of Documents for KYC, Lack of Merchant/Seller Acceptance, Poor Mobile Network, Fear of Online Fraud, Non-availability of internet, Cost of Internet, Non-availability of smart phone				

It can be seen from the table 1.1 that the value of the adjusted R Square is.501. in indicates that all the ten components taken into consideration in this analysis, contribute around 50 per cent as the impediments of cashless transactions and the remaining 50 per cent may be due to the other factors which have not been taken into account in the analysis of the current study.

Further, to test whether the calculated adjusted R Square is statistically significant or not, ANOVA test for the regression analysis has been performed, the output of the same is shown in table 1.2. It can be observed from the table 1.2 that the calculated F value is 51.267 with a sig. value = 0.000, which is less than 0.05 (i.e. less than the 5% level of significance).

TABLE 1.2: ANOVA[a] FOR REGRESSION ANALYSIS - RURAL

Model		Sum of Squares	df	Mean Square	F	Sig.
1	**Regression**	335.702	10	33.570	51.267	.000[b]
	Residual	333.953	510	.655		
	Total	669.655	520			
a. Dependent Variable: Barriers faced in the growth of cashless transactions in rural area						
b. Predictors: (Constant), Transaction Cost, Non-familiarity with Payment Transfer Method, Slow Internet Speed, Submission of Documents for KYC, Lack of Merchant/Seller Acceptance, Poor Mobile Network, Fear of Online Fraud, Non-availability of internet, Cost of Internet, Non-availability of smart phone						

Hence, it can be concluded that the overall impact of all the components (50%) as the barriers in the growth of cashless transactions is statistically significant.

TABLE 1.3: COEFFICIENTS OF REGRESSION ANALYSIS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	1.100	.214		5.137	.000
	Non-availability of internet	.051	.049	.046	1.039	.299
	Non-availability of smart phone	.388	.051	.385	7.620	.000
	Slow Internet Speed	.179	.056	.122	3.184	.002
	Non-familiarity with Payment Transfer Method	.254	.062	.215	4.114	.000
	Fear of Online Fraud	.036	.063	.027	.570	.569
	Submission of Documents for KYC	.071	.067	.052	1.053	.293
	Poor Mobile Network	.249	.069	.160	3.597	.000
	Cost of Internet	.223	.061	.174	3.670	.000
	Lack of Merchant/Seller Acceptance	.228	.054	.190	4.210	.000
	Transaction Cost	.075	.049	.057	1.540	.124
a. Dependent Variable: Barriers in the growth of cashless transactions in Rural Area						

From the table above, we can derive the regression equation as under -

Barriers in the Growth of Cashless Transactions (Rural) = 1.1 + 0.046 * (Non-availability of internet) + 0.385 * (Non-availability of smart phone) + 0.122 * (Slow internet speed) + 0.215 * (Non-familiarity with payment transfer method) + 0.027* (Fear of online fraud) + 0.052 * (Submission of documents for KYC) + 0.160 * (Poor mobile network) + 0.174 * (Cost of internet) + 0.190* (Lack of merchant/seller acceptance) + 0.057* (Transaction cost)

It can be seen from the regression equation and table 1.3 that all the ten factors are have positively impacted as the barriers in the growth of cashless transactions in rural areas. It can also be observed that non-availability of internet contributes only 4.6% as the barrier in the growth of cashless transactions in rural areas which is not very significant. As the mobile and internet have penetrated even in the remote areas of the country and these are available in the rural areas also, so it not a significant barrier in the growth of cashless transactions. It can be seen that non-availability of smart phone contributes as 38.5% as the barrier in the growth of cashless transactions in rural areas. It indicates that in rural areas people still do not have smart phones due to which they are unable to use digital transactions. Slow internet speed contributes 12.2% as a barrier in the growth of cashless transactions. Though the internet is available at almost everywhere in India but still there are some connectivity issues specially in rural and hill areas. It can also be observed that non-familiarity with payment transfer method is also a significant barrier as it contributes 21.5% as a barrier in the growth of cashless transactions. Non-familiarity with payment transfer method in rural areas is found mainly due to the lack of technical know-how and lower literacy rate. Further, this is interesting to note that fear of online fraud contributes just 2.7% as a barrier in the growth of cashless transactions. Another component i.e. submission of documents for KYC contributes 5.2% which is also not very significant and it indicates that people in rural areas do not hesitate much in sharing their documents for KYC. Poor mobile network contributes 16% as the barrier in the growth of cashless transactions. Though mobile and internet has penetrated in rural areas but the quality of network remains an issue. So, this is also a significant contributor. It can also be observed from the table that cost of internet contributed 17.4% as the barrier in the growth of digital transactions. It indicates that in rural areas people still believe that access to internet is expensive. Further, the lack of merchant/seller's acceptance contributed 19% as the barrier which indicates that merchants or the sellers still rely on cash transactions in rural areas and even if people are willing to pay, using digital transactions, they are unable to do due the unacceptability. The last component under consideration is the transaction cost which contributes 5.7% as barrier in the growth of cashless transactions in rural areas. In general, people have a misconception that cash is free as they do not realize the underlying cost, they are incurring in using cash. The opportunity cost of earning interest, fear of theft and the cost of acquiring cash is generally not considered by people. So, even if people are asked to pay any transaction cost, they try to avoid it by using cash.

Barriers in the Growth of the Adoption of Cashless Transactions in Urban Area - Regression Analysis Model

Regression analysis model has been used to the determine the barriers in the growth of cashless transactions. Ten components have been identified to use the regression model to determine the barriers in the growth of cashless transactions in urban areas. These components are (i) Non-availability of internet, (ii) Non-availability of smart phone, (iii) Slow internet speed (iv) Non-familiarity with payment transfer method (v) Fear of online fraud (vi) Submission of documents for KYC (vii) Poor mobile network, (viii) Cost of internet, (ix) Lack of merchant/seller acceptance, (x) Transaction cost. A linear relationship is assumed between the barriers in the growth of cashless transactions and these ten factors. The regression equation hence derived, is as under –

Barriers in Growth Cashless Transactions (Urban) = a + b1 * (Non-availability of internet) + b2 * (Non-availability of smart phone) + b3 * (Slow internet speed) + b4 * (Non-familiarity with payment transfer method) + b5 * (Fear of online fraud) + b6 * (Submission of documents for KYC) + b7 * (Poor mobile network) + b8 * (Cost of internet) + b9 * (Lack of merchant/seller acceptance) + b10 * (Transaction cost)

Where, 'a' is the autonomous part of the equation which indicates the fixed part that will impact the barriers of cashless transactions regardless the impact of the other factors under the regression analysis. The b1, b2, b3, b4, b5, b6, b7, b8, b9, b10 are the induced parts of the equation, which are also known as the regression coefficient of different components.

TABLE 1.4: MODEL SUMMARY OF THE REGRESSION ANALYSIS - URBAN

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.377[a]	.142	.127	1.058
a. Predictors: (Constant), Transaction Cost, Non-familiarity with Payment Transfer Method, Slow Internet Speed, Submission of Documents for KYC, Lack of Merchant/Seller Acceptance, Poor Mobile Network, Fear of Online Fraud, Non-availability of internet, Cost of Internet, Non-availability of smart phone				

It can be seen from the table 1.4 that the value of the adjusted R Square is.142. It indicates that all the ten components taken into consideration in this analysis, contribute around 14.2 per cent as the impediments of cashless transactions and the remaining 85.8% may be due to the other factors which have not been taken into account in the analysis of the current study.

Further, to test whether the calculated adjusted R Square is statistically significant or not, ANOVA test for the regression analysis has been performed, the output of the same is shown in table 1.5. It can be observed from the table 1.5 that the calculated F value is 9.330 with a sig. value = 0.000, which is less than 0.05 (i.e. less than the 5% level of significance).

TABLE 1.5: ANOVA[a] FOR REGRESSION ANALYSIS - URBAN

Model		Sum of Squares	df	Mean Square	F	Sig.
1	**Regression**	104.404	10	10.440	9.330	.000[b]
	Residual	630.009	563	1.119		
	Total	734.413	573			
a. Dependent Variable: Barriers faced in the growth of cashless transactions in rural area						
b. Predictors: (Constant), Transaction Cost, Non-familiarity with Payment Transfer Method, Slow Internet Speed, Submission of Documents for KYC, Lack of Merchant/Seller Acceptance, Poor Mobile Network, Fear of Online Fraud, Non-availability of internet, Cost of Internet, Non-availability of smart phone						

Hence, it can be concluded that the overall impact of all the components (14.2%) as the barriers in the growth of cashless transactions in urban areas is statistically significant.

From the table 1.6, we can derive the regression equation as under -

Barriers in the Growth of Cashless Transactions (Urban) = 1.336 + 0.031 * (Non-availability of internet) + 0.084 * (Non-availability of smart phone) + 0.176 * (Slow internet speed) + 0.271 * (Non-familiarity with payment transfer method) + 0.078* (Fear of online fraud) + 0.011 * (Submission of documents for KYC) + 0.000 * (Poor mobile network) + 0.162 * (Cost of internet) + 0.017* (Lack of merchant/seller acceptance) + 0.024* (Transaction cost)

TABLE 1.6: COEFFICIENTS OF REGRESSION ANALYSIS - URBAN

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	1.336	.195		6.858	.000
	Non-availability of internet	.034	.080	.031	.427	.670
	Non-availability of smart phone	.086	.076	.084	1.128	.260
	Slow Internet Speed	.195	.060	.176	3.271	.001
	Non-familiarity with Payment Transfer Method	.249	.053	.271	4.692	.000
	Fear of Online Fraud	.082	.056	.078	1.475	.141
	Submission of Documents for KYC	.013	.059	.011	.221	.825
	Poor Mobile Network	.000	.064	.000	.002	.998
	Cost of Internet	.186	.063	.162	2.976	.003
	Lack of Merchant/Seller Acceptance	.017	.060	.017	.288	.774
	Transaction Cost	.024	.060	.024	.406	.685
a. Dependent Variable: Barriers in the growth of cashless transactions in Rural Area						

It can be seen from the table 1.6 that non-availability of internet contributes just 3.1% as the barrier in the growth of cashless transactions in urban areas. Telecom companies have been strengthening their mobile network specially in urban areas. Moreover, these companies have been ensuring the users that their network is strong and users can check the network coverage themselves. So, the non-availability of internet is a small contributor as the barrier in the growth of cashless transactions. Further, it can be observed that non-availability of smart phone contributes 8.4% as the barrier in the growth of cashless transactions. The next component i.e. slow internet speed contributes 17.6% which indicates that people feel that the speed of internet is not up to the mark and it creates doubt regarding the success rate of the transactions in the mind of the users. Non-familiarity with payment system contributes 27.1% as the barrier in the growth of cashless transactions. It indicates that even in urban areas people are not familiar with the payment transfer methods. Fear of online fraud contributes 7.8% which indicates that people have fear in their mind that if they share their bank account details online with vendors of cashless transactions, they may be the victim of cyber fraud and lose their money. It can be seen that submission of document for KYC contributes just 1.1% as the barrier which indicates that people in urban areas do not hesitate in submitting their documents for KYC. This is interesting to note that poor mobile network's contributions as the barrier in the growth cashless transaction in zero. It shows that people in urban areas are generally satisfied with the coverage and quality of mobile network. Cost of internet was the next component under consideration and it contributes 16.2% as barrier in the growth of cashless transactions. Though, Indian consumers enjoy the cheapest data rates in the entire world but they still feel that the cost of data is a barrier. It can be observed from that table that lack of merchant's acceptance contributes just 1.7% as the barrier in the growth of cashless transactions which indicates that most of small and large merchants accept the digital payments in various modes. The last component under consideration was the transaction cost which contributes 2.4% as the barrier. It is an indication that very few people consider transaction cost as barrier in the growth of cashless transactions.

FINDINGS

The impediments or the barreirs in the rural and urban areas differ from each other. In rural areas, non-avaiabiity of smart phone, slow internet speed, non-familiarity with the payment transfer methods, poor mobile network, cost of internet and lack of acceptance by merchants are the key barreiers in the growth of cashless or digital transactions. Whereas, non-availibility of internet, fear of online fraud, submission of documents for KYC, and transaction cost also contributed postively as the barreries in the growth of cashless transactions but the contribution is not significant. In urban areas, slow internet speed, non-familiarity with payment transfer, fear of online fraud and cost of internet are the key barriers in the growth of cashless transactons. Whereas, non-availablity of internet, non-availability of smart phone submission of documents for KYC, poor mobile network, lack of sellers accpetance and transaction cost also contributed positively as the barriers in the growth of cashless transactions but the contribution was not significant.

RECOMMONDATIONS

On the basis of the findings, it is recommonded that there is a need to create awareness in rural areas about the benefits of the cashless transactions among people so that more and more people can start using the cashless tranactions. Apart from it, telecom companies are required to make their telecom infrastructrue more strong and reliable in rural areas. Government need to devise policies which can help in increasing the literacy rate in rural areas. Moreover, the safety and security is a major concern of people specially in urban areas, so there is an urgent need to work upon the technological advancements in this direction to build faith among people that their money will remain safe if they use online payment transfer methods.

CONCLUSION

The study revealed that the key barriers in the growth of cashless transactions in rural areas are non-availablity of internet, non-avalability of smart phone, slow internet speed, non-familiarty with payment trnasfer methods, poor mobile network, cost of internet and lack of merchant or seller's acceptance. All these components reveal that there is a serious need of improvement in the mobile and internet infrastructure in rural areas. Moreover, due to poor literacy rate, people are not familiar with the payment transfer methods. Merchant's in the rural areas do not accept digital payment due to the poor literacy rate and poor mobile and internet network.

The study also revealed that key barriers in the growth of cashless transactions in urban areas are slow internet speed, non-familiarity with payment transfer methods, fear of online fraud and cost of internet. The quality of mobile and internet network seem to be good in urban areas as the study shows that it is not a barrier in the growth of cashless transactions. People in urban areas have fear of online fraud whereas they do not consider transaction cost as barrier in the adoption and growth of cashless transactions.

LIMITATIONS OF THE STUDY

The study has taken only ten components under consideration to do the comparative analysis whereas there can be many more factors or components whose impact can be analyised and tested statistically to understand and identify the barriers in the growth of cashless transactions. Moreover, the demographic profile of the respondents has also not taken into account like age, education, profession, income level whch may have significant impact in the growth of cashless tranactions in rural and urban areas which can further help in developing the greater insights of the barriers of cashless trasnactions.

SCOPE OF FURTHER RESEARCH

The barreris or the impediments in the growth of cashless transations can further be explored from other perspectives like literacy rate, occupation, gender, consumer bahaviour and other psychological factors. Moreover, apart from the barriers, the reasons of growth or the determinants of cashless trasnactions can also be explored in future studies.

REFERENCES

1. Brooks, D. G. (2016). The Digital Revolution in Financial Inclusion: International Development in the Fintech Era. *New Political Economy*. doi:10.1080/13563467.2017.1259298
2. Emrah Oney, G. O. (2017). The Determinants of Electronic Payment Systems Usage from Consumers' Perspective. *Economic Research-Ekonomska Istraživanja*. doi:10.1080/1331677X.2017.1305791
3. Giovanni Immordino, F. F. (2017). Cashless Payments and Tax Evasion. *European Journal of Political Economy*. doi:/10.1016/j.ejpoleco.2017.11.001
4. Jonathan Brugge, O. D. (2018, August). ***https://www.mckinsey.com/industries/financial-services/our-insights/attacking-the-cost-of-cash***. (Mckinsey & Company) Retrieved December 09, 2019, from https://www.mckinsey.com: https://www.mckinsey.com/industries/financial-services/our-insights/attacking-the-cost-of-cash
5. M. Humbani, M. W. (2017, November 7). A Cashless Society for All: Determining Consumers' Readiness to Adopt Mobile Payment Services. *JOURNAL OF AFRICAN BUSINESS*. doi:10.1080/15228916.2017.1396792
6. Mallat, N. (2007, November 5). Exploring Consumer Adoption of Mobile Payments – A Qualitative Study. *Journal of Strategic Information Systems*, 413-432. doi:10.1016/j.jsis.2007.08.001
7. Mona Sinha, H. M. (2018). Mobile Payments in India: The Privacy Factor. *International Journal of Bank Marketing*. doi:10.1108/IJBM-05-2017-0099
8. Pedro de Almeida, P. F. (2018, July 4). Societal Risks of the end of Physical Cash. *Futures*, 47-60. doi:10.1016/j.futures.2018.07.004
9. Thanh D. Nguyen, P. A. (2018). The Roles of Perceived Risk and Trust on E–Payment Adoption. *Econometrics for Financial Applications, Studies in Computational Intelligence*. doi:https://doi.org/10.1007/978-3-319-73150-6_68
10. Van Son Dinh, H. V. (2018). Cash or Cashless? Promoting Consumers' Adoption of Mobile Payments in an Emerging Economy. *Strategic Direction, 34*(1), 1-4. doi:https://doi.org/10.1108/SD-08-2017-0126
11. Walter Engert, B. S. (2018, October). Is a Cashless Society Problematic? Canada: Currency Department, Funds Management Department, Bank of Canada.

AN IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE OF SELECTED NON-FINANCIAL COMPANIES

PAYAL S. JOGANI
RESEARCH SCHOLAR
SARDAR PATEL UNIVERSITY
VALLABH VIDYANAGAR

Dr. RUPAL N. PATEL
ASSOCIATE PROFESSOR
BJVM COMMERCE COLLEGE
VALLABH VIDYANAGAR

ABSTRACT

In corporate world, Corporate Governance is the new buzz in the present days. It is established as one of the moral duty, it involves the promotion of ethical law in letter and demonstrating and show such spirit in conduct. The association of Corporate Governance and Financial Performance has been widely discussed by the scholars and researchers from the last decade. So many researchers have put themselves in such exploration to examine the linkage between these two but not reached to the conclusive evidence. The outcome of the present study is mixed. In this study, it has been attempted to search out the impact of corporate governance on financial performance of corporate from Indian context, there has been collected 20 companies as sample, listed on S&P CNX Nifty 50 index. Number of various test like, correlation, regression, t-test and F-Test have been applied by using secondary data over a period of two years from financial year 2017 – 2018 to 2018 – 2019 to examine the said association. Size of firm has also been controlled in the study. It has been observed that rating of government has significant and positive impact on corporate financial performance. As observed in so many researches, there are also certain limitation in the present study, which should be discussed or considered at the time of using the result of this study and the future researchers should attempt to overcome these limitations.

KEYWORDS

corporate governance, financial performance, stakeholder relation, value creation.

JEL CODES

G30, G31, G32, G34.

INTRODUCTION

The term 'Corporate Governance', suggests the extent to which companies are govern in an honest and open manner. The committee from UK, named 'The Cadbury Committee' (2002) defined the corporate governance concept as the system by which firm are run, controlled and directed. The true corporate governance lies in promoting accountability and transparency and fulfilling the valid expectations of all the stakeholders. Corporate Governance is the procedure, system of tool that helps to accomplish such goals and to secure the objectives of the group of Stakeholders. It involves the promotion of ethical law in letter and demonstrating and show such spirit in conduct. Corporate Governance and its framework inspires effective application of resources and also demand accountability for the stewardship of those available resources.

There are three important key constituents of Corporate Governance are Management, Board of Directors and Shareholders of the company. Corporate Governance and its area has demanded very serious attention of the last decade because of various remarkable scandals of corporate and collapses such as WorldCom, Enron and Satyam etc. due to involvement of unethical practices in Business. It has been often remarked that value creation and corporate governance preserve hand in hand. If the corporate does not embrace and demonstrate ethical practices of conduct, it will not be able to get success. So many researchers have made study to examine the association between financial performance and corporate governance, but unfortunately the outcome inconclusive and mixed. In the present study, it has been attempted to examine and analyze the impact of corporate governance on financial performance of the firm from an Indian context.

COMPONENTS OF CORPORATE GOVERNANCE

A. SIZE OF BOARD: It is very strongly believed that size of the board has positive impact on firm performance; which is generally detected to be significant.

B. INDEPENDENCE OF BOARD FROM MANAGEMENT: The independent directors play as a guide to the company. It is believed that their role is important to governance standards and corporate credibility, and it helps in monitoring and advertising the company management.

C. DIFFERENTIATE ROLE OF CEO AND CHAIRMAN: Conflict of interest, concentration of power and reduced board independence are usually observed when the roles of CEO and Chairman of the board are exercised by the same individual.

D. DIRECTORS' FINANCIAL EXPERTISE: Director must acquire financial literacy, so that will help the director to better understand the implication of decisions which has been taken by the management and that will direct towards better and effective controlling.

E. BOARDS MEETINGS: It should be required that sufficient number of meetings were held in a year. Very hard to find lack of interest from the part of the Board in meeting, and on the other hand too frequent meeting in the company indicate some problems.

F. EXTERNAL AUDITORS' ROLE: The External Auditor should be competent and have enough independence to notice and report manipulations and frauds in corporate reports. Simultaneous establishment for both audit and non-audit services by external auditors affects effectiveness of audit. Fees amount of Audit is also relevant.

G. THE BOARD COMMITTEE: The Committee of Board add effectiveness to the board by performing and exercising healthy control over the decisions of management which includes:

- **Audit Committee:** The very remarkable Corporate Scandals have demanded the heightened effective audit committee. Audit committee and its independence and frequent meetings can ensure creditability of the report of Corporate.
- **Remuneration Committee:** A remuneration committee of board helps in taking decision the suitable remuneration for the higher level executives of the company like CEO.
- **Committee of nomination:** The Committee of nomination assesses the knowledge, skills and needed expertise to become a director and scrutinize the most suitable candidates.

REVIEW OF LITERATURE

I) THEORETICAL PERSPECTIVES

The huge number of research has examined the correlation between corporate governance and financial performance, in which many studies suggested positive relationship.

In corporate governance, Board of Director measured very useful factors which impact a whole business and all interested parties. The question is that "what is the characteristic of board of directors and how it impact on performance of the firm" has attracted significant attention from researcher and interested parties over the last so many years.

(**Zahra and Pearce) 1989,** in their research, it is explain that the role of board of director in company financial performance by producing and reviewing 4 perspectives.

A. agency theory B. class hegemony C. logistic and D. resource dependence.

II) EMPIRICAL STUDIES

Brown and Caylor (2004) has found composition of board was very important factor among all factors of Corporate Governance Quotient (CGO). In their research they found positive association between Corporate Governance Quotient (CGO) and financial performance measures like profitability, dividend payout, shareholder returns, and yield. **Van De Velde et al. (2005)** determine the relationship between corporate governance Rating and firm financial performance and found positive but not significant relationship between them. **Van De Velde** statement is consistent with the finding of **Gompers et al. (2003)** they determined that shareholder rights enjoy higher firm value, profit and sales growth because firm has strong governance structure. **Governance Metrics International and Byun (2006)** has investigated in their study about the association between financial performance and Corporate Governance and conclude that the companies which are rated the top 10% of GMI's global database achieved a best ROA, ROE and ROC (Return on Capital) than the companies which are in bottom of 10%. **Upton & Selvaggi, (2008)** has found that the firms which are better governed, yield higher return with risk adjusted. A strong point they have emphasized that enrichment of corporate governance is the reason behind the enrichment performance and not vice-versa. But somehow, **Statman & Gluskov** and **Core et Al. (2008)** failed to establish significant association between financial performance and corporate governance. 'Structural Equation Modeling' (SEM) has been used by **Azim (2012)** and analyzed that mechanism of some corporate governance have positive covariance whereas some other have negative co-variance. So that, he failed to find out the significant association between financial performance and mechanism of governance (as it is peroxided by ROA, ROE, Price Earnings Ratio, Market to Book value ration and Dividend Yield). So that, it has been observed that few existing studies suggest significant and positive association; and in some it has been found positive but irrelevant association; and some studies completely failed to established significant association between financial performance and corporate governance. Thus, present reviews clear mixed and inconclusive outcome, and so that, the topic need empirical inspection to be done in this context to reach at significant and conclusive outcome.

OBJECTIVES OF THE STUDY

This research paper focus on the following objectives:

- To provide an overview of various components of corporate governance;
- To provide literature review on the relationship between corporate governance and corporate financial performance; and
- To examine the impact of corporate governance on financial performance of firm in Indian context through multiple regression, correlation, t-test and F-test.

HYPOTHESIS

Based on above theoretical arguments and reviews of literature, the following hypothesis has been framed:

[Null Hypothesis] H_o: There is no impact of government rating on company's financial performance.

[Alternate Hypothesis] H_1: There is positive impact of government rating on company's financial performance.

RESEARCH METHODOLOGY

Several tests are conducted like – correlation, multiple regression, F- test and t-test have been implemented using IBM- SPSS statistic software to examine the impact of corporate governance and financial performance with the help of secondary and cross- sectional data. For examine, the impact average of two year data from 2017-2018 to 2018-2019 has been used for analysis.

SAMPLE SELECTION

There has been included sample of 20 Indian non-financial companies, which are listed on the NSE; companies have continuously been incorporated in NIFTY 50 Index during 1st April, 2017 to 31st March, 2019, with the help of data availability of required financial and governance ratings ; and which have minimum once issued CSR/Sustainability Report as per GRI guidelines.

DATA SOURCES & VARIABLE DESCRIPTION

There are four numbers of Accounting Based Measure, Return on Capital Employed (ROCE), Return on Equity (ROE), Return on Assets (ROA) and Profit before Tax (PBT) have been applied as proxies for financial performance. Such measures tools of financial performance has been selected due to the audited data of accounting tends to available fair and true view of company and it is not affected by perceptions of market and is thus considered less strident in comparison to market centered indicators like price of share, return of stock etc. **[Loez et Al – 2007]**. The companies' ratings of governance have been applied as proxy for the performance of corporate governance. There has been control for employee related, community related and environmental performance of companies which has been likely to influence companies' governance. There has also been control for size of company by using Natural Log of Total Assets. 'Moneycontrol.Com' website has helped to get the data for study. The community, governance, environmental ratings and employee data have been obtained from 'CSRHub Database', it has been titled to be one of the best largest corporate sustainability ratings database and principally adheres to the guidelines of GRI. The rating of company governance from CSRHub include mainly three indicators Leadership ethics, Board and Reporting & Transparency.

RESEARCH MODEL

Impact of Governance rating of firm (GOV- Independent Variable) has been studied on the financial performance of firm (ROE, ROA ROCE & PBT – Dependent Variable); at the time of controlling for size of firm (SIZE) and its performance along Environmental Dimensional (ENV), Employees Related (EMP) and Community Related (COM). In this study, four equations have been applied for analysis:

ROA = a + d1.GOV + d2.EMP + d3.ENV + d4.COM + d5.SIZE (I)

ROE = a + d1.GOV + d2.EMP + d3.ENV + d4.COM + d5.SIZE (II)

ROCE = a + d1.GOV + d2.EMP + d3.ENV + d4.COM + d5.SIZE (III)

PBT = a + d1.GOV + d2.EMP + d3.ENV + d4.COM + d5.SIZE (IV)

DATA ANALYSIS & INTERPRETATION

Used descriptive statistical variables have been shown in table no. 1 below.

TABLE 1: DESCRIPTIVE STATISTICS

Particulars	ROA (%)	ROE (%)	ROCE (%)	PBT (in Rs. Cr.)	GOV (%)
Mean	17.925	19.430	25.563	8135.417	49.83
Median	12.221	14.093	16.789	5557.093	50.75
Std. Dev.	11.036	16.517	24.029	8168.097	8.604
Observations	20	20	20	20	20

(**Source: researcher own calculation**)

From Table: 1, it has been observed that the mean value of Governance ratings is only about 49.83%, and it is less than 50%. It suggests the need to improve the governance structure of Indian companies, so as to make changes for achieving higher governance ratings.

The regression analysis and its outcome regarding impact of corporate governance ratings on financial performance of firm have been described in the following table no. 2:

TABLE 2: REGRESSION ANALYSIS

Particulars	R	R2	Adjusted R2	F	Significance of F	Beta Coefficient for GOV (b1)	p-value
ROA	.732	.535	.268	3.200	.038	1.381	.024*
ROE	.767	.588	.233	4.044	.017	1.926	.025*
ROCE	.762	.580	.426	3.824	.021	3.026	.018*
PBT	.829	.687	.570	6.035	.004	827.701	.026*

* At 5% level of Significance

(**Source: researcher own calculation**)

FINDINGS OF THE STUDY AND CONCLUSION

Following findings of the study and conclusion has been observed from the observation of given data in Table-2.

- The coefficients of determination [R2] values are found appropriately high (i.e. it is more than.50). Further, all impact of significance 'F' values are less than.05. And so the model is fit well.
- All Beta coefficients [B1] are found positive. And because of that ratings of corporate governance have positive impact on financial performance of firm.
- All values of 'p' are less than.05. And because of that ratings of corporate governance have positive impact on financial performance of firm.
- And on the basis of such outcome, here it rejected the said null hypothesis and granted the alternate hypothesis.

So, it can be indicated from the result of statistical data that governance rating of company has a significant impact on its financial performance. The present study outcome accordance with the other existing research result of Cremers and Nair (2005); Van de Velde et al. (2005); Governance Metrics International and Byun (2006); and Eisenhofer (2010). Above said studies comment good governance fosters good financial performance. Further it has been found the ratings of company along employees associated and environmental dimensions also significantly influence financial performance of corporate. The command over variable firm size also caught attention to have significant impact on corporate financial performance. This outcome is in consonance with the expectation and the outcome of the study of Patten and Guindry 2010.

RECOMMENDATIONS

In the study, it has been cleared that corporate financial performance and corporate governance are strongly associated and governance rating of company has significant remarkable impact on its financial performance. The present study outcome may help the company in its decision to improve its governance structure. Company should be sincere and strive to standardize its performance along indicators of good governance, Board Composition, Leadership Ethics, and Independence of Board, Executive Compensation, Reporting and Transparency, Engagement of Stakeholder and compliance with law in true spirit and letter. Company should have to know that improving sustainability and governance performance is as imperative as improving the financial performance.

LIMITATIONS OF THE STUDY

The current study has certain limitations.

- There has been selected only 20 companies for the study.
- The time period of present study is only 2 years.
- To measures the financial performance, market based variables have not been considered.
- Control variable like growth of firm, age of firm, leverage risk, intensity, R&D not considered in the study.

REFERENCES

JOURNAL AND OTHER ARTICLES

1. Azim, M. I. (2012). Corporate governance mechanisms and their impact on company performance: A structural equation model analysis. "Australian Journal of Management, Vol.37, No.3. pp.5-11
2. Core, J. E., Guay, W. R., & Rusticus, T. O. (2006). Does weak governance cause weak stock returns? An examination of firm operating performance and investors' expectations. "The Journal of Finance, Vol.*61*, No2, pp. 655-687.
3. Cremers, K. J., & Nair, V. B. (2005). Governance mechanisms and equity prices. "The Journal of Finance, Vol.60, No.6, pp. 2859-2894.
4. Gompers, P., Ishii, J., & Metrick, A. (2003). Corporate governance and equity prices. "The Quarterly Journal of Economics, Vol.*118, No.*1, 107-156.
5. Guidry, R. P., & Patten, D. M. (2010). Market reactions to the first-time issuance of corporate sustainability reports: Evidence that quality matters. *Sustainability* Accounting, Management and Policy Journal, Vol.1, No.1, 33-50.
6. Lopez, M. V., Garcia, A., & Rodriguez, L. (2007). Sustainable development and corporate performance: A study based on the Dow Jones Sustainability Index. "Journal of Business Ethics, Vol.75, No.3, pp. 285-300.
7. Selvaggi, M., & Upton, J. (2008). Governance and Performance in Corporate Britain. "Report from the Association of British Insurers (ABI) Research and Investment Affairs Departments. No.7. pp. 7-18.
8. Statman, M. D., & Glushkov. (2009). the wages of social responsibility. "Financial Analysts Journal, Vol.*65*, pp.33-46.
9. Van de Velde, E., Vermeir, W., & Corten, F. (2005). Corporate social responsibility and financial performance. *Corporate Governance*, "Corporate Governance International journal of Business in Society, Vol.*5, No.*3, pp. 129-138.

WEBSITES

10. Brown, L. D., & Caylor, M. L. (2004). Corporate Governance Study: The Correlation between Corporate Governance and Company Performances. Institutional Shareholder Services (ISS). Viewed on May 26,2020 http://www.stybelpeabody.com/issscoresandshareholdervalue.pdf
11. Eisenhofer, J. W. (2010). Does Corporate Governance Matter to Investment Returns? Grant & Eisenhofer P.A. Viewed on May 26,2020 http://www.gelaw.com/wpcontent/uploads/2011/05/ART_004A_corp_governance_colorchart.pdf
12. Governance Metrics International, & Byun, S. J. (2006, September). Governance and Performance: Recent Evidence. Governance Metrics International. Viewed on May 26,2020 http://www.gmiratings.com/Performance.aspx
13. Pande, S. (2011). Does Good Governance Pay? Evidence from Around the Globe, Social Science Research Network (SSRN).Viewed on May 25,2020 http://dx.doi.org/10.2139/ssrn.1976772

THE INFLUENCE OF POLITICAL RISK FACTORS ON PROJECT COMPLETION IN ETHIOPIA

KENO TELILA MIJENA
Ph. D. RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
PUNJABI UNIVERSITY
PATIALA

ABSTRACT

Recently, the problem of construction project implementation had received great contemplation throughout Ethiopia. Therefore, the main aim of this part was to explore the political risk factors affecting the proper implementation of construction projects in Ethiopia. The study used a quantitative research method together with primary and secondary sources of data. For this, one hundred individuals in the construction atmosphere partaken in this study. The study investigated that political risk factors primarily lack of bureaucratic quality, lack of accountability; military based enterprises involvements on construction project, investment profile, socioeconomic situations, corruption, external and internal conflicts, ethnical and religious tensions as well as ineffective implementation of law and order were drastically influenced the degree of construction projects functioning in Ethiopia. Therefore, to improve the degree of implementation of the construction projects success, parties in the construction industry shall continuously improves the degree of bureaucratic quality, democratic accountability, military organization appointment in construction project works, investment profile, socioeconomic conditions, implementation of law and order , corruption, internal and external conflicts as well as tensions by undertaking an effective risk management scheme throughout the project lifecycle. The client, contractors, owners and stakeholders shall hearten the culture of partnership and teamwork because the construction project is whereby several the parties have mutually performed for an extended time. Finally, the correct method for the participants in the construction contracts is to apply cooperative problem-solving arrangement since it promote the economy of time, integrative agreement, efficiency and effectiveness as well as adjustment of complex project atmosphere.

KEYWORDS

Ethiopia, construction, project, risk.

JEL CODES

D70, D73.

INTRODUCTION

History tells us that the growth and development of all country in the world was the product of developmental projects, for example, irrigation, road, bridge, dam, electricity, schools and agriculture. But, currently, the construction industry is facing difficulties in the context of controlling risks and uncertainties, ensuing failure and delays of several projects to convene schedules, budget and rarely the scope of work. That's why; several obstacles are wreaked to contractors, clients (end-users) and community. Uncertainties and risks in the construction ambience severely influence the execution of the designed objective and scope of the project within the specified schedule at a given cost, effort and quality. Preliminary researches expressed that the risk in the construction environment is the product of wrong design, lack of finance, poor management, adverse environmental conditions, ineffective legal framework, logistics, physical location and politics. The prior studies further explained that some of these risks naturally forecasted and traced and documented by participants, while some of them wholly unpredicted in nature. For instance, Flanagan and Norman, 1993; and Smith, 2003) uttered that the construction enterprises are facing numerous risks and uncertainties on account of the unique features of the construction activities, such as complicated processes, long term effect, change of the current benefit to future benefit, terrible environment, financial intensity and flexible company structures as compared to that of other industries (Kishan and Rajiv, 2014). In many countries, these risks recognized as a critical obstacle to the successful completion of projects in general and construction projects in particular. However, as per my understanding an examination of the risk that challenge the triumphant accomplishment of the construction projects was not overemphasized in Ethiopia. Hence, this study investigated the influence of political risk components on the functioning of the construction projects in Ethiopia.

NEED OF THE STUDY

In Africa, the use of project money has been increasing in the past 20 years. Ethiopia is one of the developing countries strivings to enhance the level of economic growth and development by short and long-term construction projects. Accordingly, several developmental projects like road, dam, irrigation, railway, power, university and hospital financed by domestic and international debt and internal equity. Ethiopia got a billion-dollar from the local and international financial institutions as well as developed countries to finance projects in general and construction projects in particular. As a result, the country is overload by foreign debt reported at 56 billion dollars in 2019, which is twice of Uganda GDP. The government and stakeholders claimed that significant numbers of local and international construction projects are unsuccessful or quitted and completed but inferior in quality due to inappropriately utilization of funds, skills, scams, poor management, poor contracts, capacity and other factors.

Moreover, they have disputed the quality of mega and micro-projects in Ethiopia. Surprisingly, the general public and political parties, as well as professionals, criticized the regime regarding inferior quality, inadequacy and failure of construction projects considering the administration suddenly initiated the several construction projects without feasibility study only for the sake of political gain. For instance, the different literature provided that the short and long-term project activities impaired by political, commercial and macroeconomic factors. However, to the knowledge of the researcher, in Ethiopia, no study conducted on investigating the influence of political risk on the project implementation in general and construction projects in particular. More subtly, in Ethiopia, devoid of rumors, sentiments and panic towards the quality and volume of the construction projects as per my best experience no scientific study carried out on the influence of political risks on the projects. Hence, the study attempted to investigate political risk factors affecting the successful completion of the construction projects in Ethiopia.

RESEARCH QUESTION

What are the political risk factors influenced the construction projects implementation in Ethiopia?

OBJECTIVE OF THE STUDY

The overall aim of this piece was to explore the view of engineers and other professionals on the political risk factors that affected the construction projects implementation in Ethiopia. Specifically, it has interested to examine whether the nine elements of ICRG political risk index influenced construction projects completion in Ethiopia.

SIGNIFICANCE OF THE STUDY

The importance of this study was to survey the political risk that affected Megaprojects, Medium and Small Construction work in Ethiopia. The findings of this article help the policymakers and stakeholders in avoiding the significant causes of project failure and postponement in the country. More importantly, the outcomes will be enabled the government and contractors to efficiently and effectively complete the construction projects within a specified time by using limited resources obtained from equity and debt. It facilitates the government to combat social and economic as well as political instability by increasing the public goods and services such as road, dam, irrigation, railway, power, university and hospital. It aids the regime in reducing poverty and public resentment and political instability in the country. It helps the construction industry in recognizing the potential political risks that will hinder them from addressing the desired construction projects at gain with social and green responsibilities. It assists the contractors in vacating participation of unhealthy and high risky construction contracts and helps them in reducing non-value added construction activities. It boosts the relationship among owners, clients, contractors and other stakeholders in the construction environment. It assists the regime in building certain, convenient, productive, efficient, practical as well as the economic atmosphere for the construction industry and the general public. The output of this article assists the government and construction enterprises towards creating efficient and effective collaborative project risk management scheme. It supports the government, owners, contractors, consultants in conducting PEST analysis before make unfruitful contracts agreements. It aids the government and construction industry in fighting frauds and various spoilages in the construction ecology. Evermore, overcome the shortage of literature and research project activities like project evaluation and selection, project finance and execution as well as project management in the world in general and Ethiopia in particular. In the end, it encourages the future researcher to examine other political factors affecting projects functions in Ethiopia.

SCOPE OF THE STUDY

The article was delimited to examine the political risks factors influenced the construction projects implementation in Ethiopia. It applied quantitative research method. The study further selected Engineers and other professionals vigorously involves in the construction environment by using a purposive sampling technique.

REVIEW OF LITERATURE

The researcher examined prior works regarding political factors that impaired construction project work in Ethiopia. The role of the construction project in enhancing the economic growth and development of developing countries similar to Ethiopia is remarkable. At present Ethiopian is executing several development projects in general and construction projects in particular for poverty reduction and other macroeconomic issues. Thus, in addition to the international contractors, Ethiopia government encourages domestic contractors and organized graduated Engineers as small and medium scale contractors. Also, the government provides an incentive for particular foreign and local contractors as well as investors, engages in developmental projects. The fund of these projects is obtained both from equity, domestic and international debts. Accordingly, in the last three decades, the country received a million of dollars from local and internal monetary organizations, and advanced countries. However, scholars, creditors and donors, even government agencies criticized projects resources utilization, failure, postponement and quality of the construction activities in the country. Besides, the general public and creditors have disbelief of quality of the project process and its implementation. In contrast, foreign and domestic contractors and investors are questioning about construction conditions in a country in general and in the regions in particular.

The prior works stated that the failure of the work of the project is a fruit of three risks, namely political, commercial, and economic or financial. Finnerty (2007) expressed political risk as to the involvement of the possibility that governmental authorities in the host legislative jurisdiction might interfere with the timely development and long-term economic viability of the project. This type of risk represents any activities of the host regime affect the projects negatively either by postponing the capital inflows or by directly affecting the profitability of the project. Howell and Chaddick (1994) explained political risk as to the possibility that political decisions, events, or conditions in a country, including those that might refer to as social, will affect the business environment such that investors will lose money or have a reduced profit margin. They include not only the actual action but also the possibility of action taking place, which is the uncertainty that is usually included in the notion of risk. The definition also consists of direct and indirect government actions as equated by their decisions, events and even the conditions in the country, which could affect all investors and contractors (Sara, 2008).

Finnerty (2007) expressed political risk as to the prospect that political authority in the host political jurisdiction might interfere with the timely development and long-term economic feasibility and practicability of the project work. According to this scholar, political risk revealed every act of the host regime that can negatively and directly influence the project activities either by delaying and rearranging the capital or cash inflows or the profitability of the projects.

Sara (2008) explained that political risk is not only related to the actions of the government (such as expropriation of a foreign investment) but also to underlying structures of the political organizations that describe the method as well as process the decisions are executed and whether interfering acts is probable to be executed by the regime (democracy or autocracy). Also, it has consisted of the structure of social within the country that might determine the acts of the regime. Lastly, the researcher stated that the notion of "efficacy of government" will affect the level of political risk in a country, as inefficient bureaucracy may interfere with the timely development of the investment. Furthermore, the researcher expressed government stability as the probability of changes in the regime fundamentally. Accordingly, direct to potential change or reversal of the existing rules and decisions by the prior regime influence the growth and investment. Thus, less stability will address the investors to spend more on current assets because they are more liquid and more comfortable to divest if the government have to change and changes affect the investment. It will lead to less accumulation of physical capital and hence less growth (Feng, 2001). Evermore, the researcher, argued that the challenges of the investors and contractors not only described by democracy and political instability.

Brunetti (1997), in his study, classified the political factor in a diverse country as a democracy, government stability, political violence, policy stability and subjective perception of politics. The investigator justified the consequence of democracy in economic growth and development because most of the advanced countries have democratic scheme of administration while most of developing countries haven't a democratic system of the regime. On the other hand, Brunetti (1997) attested that the influence of democracy on growth in diverse countries was irrelevant. He found the negative effect of political violence on growth is far from clear. Accordingly, what is viewed by an investor as an important aspect, of whether the risk of investing is too big, is the aspect of how easy it will be to forecast what the government will do in the future and how well the investor can rely on the rules already set in place. If the government constantly makes new rules or decisions on how resources are allocated, it becomes difficult for the investor to predict the possible future cash flow of investment. But, whether the rules are changed often or not may not only be reliant upon whether the country is a democracy or not, or whether the political regime is stable. Therefore, these two measures are not adequate in capturing all the political risk to an investor (Sara, 2008). Regarding subjective perceptions of politics, the study offered immaterial and positive relationship between the country experts' perception and growth (or investment in one instance).

Feng (2001) assured the existence of a robust positive relationship between democracy and economic growth in the viewpoint of political freedom, mainly civil liberty and political right and investment. The positive relation is argued to be because democracy requires broad support and consensus in the population to make the political process efficient and secure. On the other hand, the researcher disputed that dictatorship is stay short of the support and hence the constancy and stability that the investors seek while making an investment. Given a bad policy with certainty about its execution, the investor can still find ways to make money" (Sara, 2008).

Sara (2008) concluded that the political risk, that should reflect all risk to an investor from the government's actions, is not adequately captured simply by measures of democracy, government stability or political violence. The researcher further explained that other aspects of the risks perceived by the investor are imperative and ought to include in measuring political risk. Also, the uncertainty of policies is identified as one of the challenges of investor because it is a proxy for the extent of change originated by the government-controlled the policies (Brunetti, 1997). It can be the predictability and credibility of the rules and regulations shaped as it is measured as the volatility of financial and its policies. Thus, the researcher found a negative association among higher volatility and higher growth. Increasingly, the study explained that policy uncertainty was one of the political risks that foreign investors (as well as domestic investors) would assess before making a commitment to their investment. In accordance with ICRG political risk index, politically related predictors include government accountability, socioeconomic conditions, investment profile, internal conflict, external conflict, corruption, military in politics, religious tension, ethnic tensions, law and order, democratic accountability and bureaucracy quality. Howell and Chaddick (1994) noticed the major activity methodologically relates the grand act causing in a loss like civil strife damage and antipathy to the outbreak of the issues akin to ethnic dispute dissolving into open conflict or predictors of the cause or the event (such as the existence of ethnic tension. Auxiliary, the researcher described that the major responsibility of the actors is to identify political decision and acts or social manifestations causes risks to the investor and inspects factors and issues in society at large.

INDEX 1: POLITICAL RISK SERVICE GROUP INDEX

Variable	Points	Assessment of:
Government stability	0-12	A government's ability to carry out its declared program(s) and its ability to stay in office
Socioeconomic conditions	0-12	The socioeconomic pressure at work in a society that could constrain government action or fuel social dissatisfaction. Sub-components are: Poverty, Unemployment and Consumer Confidence.
Investment profile	0-12	Factors affecting the risk to investment not covered by other political, economical and financial risk components Sub components: contract viability/expropriation, profits repatriation, payment delays
Internal conflict	0-12	Political violence in the country and its actual or potential impact on governance
External conflict	0-12	Risk to the incumbent government from foreign actions, ranging from non-violence external pressure to violent external pressure
Corruption	0-6	Corruption within the political system Financial corruption and corruption in the from of excessive patronage, nepotism, job reservation, favour-for favours and suspiciously close ties between politics and business
Military in politics	0-6	Military involvement in politics even at a peripheral level is a diminution of democratic accountability
Religious tensions	0-6	Domination of society and/or government by a single religious group that seeks to replace civil law by religious law and to exclude other religions from the political and/or social process.
Law and order	0-6	Law: The strength an impartiality of the legal system Order: popular observance of the law (people following the law)
Ethnic tensions	0-6	Degree of tension within a country attributable to racial, nationality or language divisions
Democratic accountability	0-6	How responsive government is to its people on the basis that the less responsive it is the more likely is it that the government will fall (peacefully or violently) Ranging from Alternating democracies to Autarchy
Bureaucracy quality	0-4	The strength and expertise to govern without drastic changes in policy or interruptions in government services. Ability to absorb shocks to minimise revision of policy when governments change.

Source: Sara (2008)

The other variables of Political Risk Service group index relevant to the level of project finance given is socioeconomic conditions of country affect the government's actions by fuelling dissatisfaction or social unrest based on poverty, unemployment or consumer dissatisfaction. Such unrest could potentially lead to changes in policies, which may harm the project; e.g. the government poses a new environmental law to increase consumer confidence, a new labor law to lower unemployment or it may demand the project sponsors to build new schools or roads to help the development of the country in exchange for giving permits. The other end of the scale may be civil unrest that eventually leads to more violent measures that may lead to total discontinuation of the project. Or it may be that unrest focusing negatively on foreign operations, may lead to expropriation of such projects/investments.

Military in politics and democratic accountability are related as military in politics will lead to a decrease in democratic accountability. The latter is also important to the project, as it relates to how responsive the government is to its citizens and thus how likely it is that the incumbent government may stay in office. If a government is less responsive to its citizens, it is also less accountable to the citizens, which to an investor means that the government may not do what is best for the citizens and hence the development of the country, but maybe more interested in diverting wealth towards themselves or their allies. It is necessary for an investor in order to trust that the government will support growth and investment and hence the project, and not engage in expropriation or creeping expropriation. It can thus be seen that all the variables in the ICRG political risk index, may be of importance to the investors, and hence to the level of project finance given to a country.

Investment risk also includes the risk of expropriation of the investment by the government and war or internal and external conflicts, which makes the project unable to function correctly or entirely. The second is "change of law" which include factors like: price controls, withdrawal of permits, licenses or concessions, deregulation of the market introducing new competitors, increases in tax, tariffs, import duties or controls, environmental, safety, health and employment rules, creeping expropriation and recognized as a cause of input or revenue risks. All of these can interfere with the operation of the project, and the primary political risk is in government interference by changing the current setting in which the project operates. Lastly, quasi-political risk that includes "sub-sovereign" threat, the risk that lower levels of officials interfering with the viability of the project, and breach of contract which incorporates the risk of the host government not honoring their obligations or the legal system not being objective. This risk of the legal system not providing objective ruling is also mentioned earlier as the many contracts in a project finance deal depends on the legal system of the host country. Thus the literature pointed out that different risk that might source failure of the project in servicing its debt based on cash flow changes, many of the risks are related to governmental interference.

Sara (2008) external conflict indicated that foreign actors' activity in the form of trade sanction that may cause a shortage of supply from other countries to the project against the incumbent government based upon its actions. The democracy is measured by democratic accountability, while government stability is evaluated by democratic accountability and political violence is measured by internal conflict and policy uncertainty is measured by bureaucratic quality. Overall, empirically the challenges of the political risk to the project are described by the risk that particular regime may impose to an investor or contractors similar to the regulatory framework capability to defend property rights of the investors.

Yescombe (2002) the commercial risks, which relates to a project's construction and operational phase, are covered by variables such as bureaucratic quality in relation to obtaining permits and keeping them even though the government might change. The same risk is also related to the level of corruption in government, as it will be an indication of whether the government or sub-levels or the government might grant favorable terms to local competitors to the project which may hurt the operation of the project. The external and internal conflicts cover for war and conflict risks found in Yescombe's (2002) investment risk component. The investment risk consisting of war and conflict along with currency convertibility and risk of expropriation namely all those relating to conflicts and tensions while the investment profile covers "change of law" component from Yescombe's (2002) risk matrix, is mainly covered by bureaucratic quality, as it deals with policy uncertainty and the ability of the government to make predictable policies that do not change when government change. This could also be related to government stability, as it covers the government's ability to carry out its declared program(s). This would suggest whether the policies made, will be somewhat predictable, as they have declared in the program and hence should not suddenly pose new laws that could alter the profitability of the project. The last component of Yescombe's (2002) political risk is the quasi-political risk which is taken into account through the two variables "Rule of Law" that looks at the effectiveness of the legal system and "Investment Profile". The former is highly important in project finance due to the many contacts made, and the latter includes the viability of contracts and thus the likelihood of government breach of contract and also the applicability of the contracts. This is often necessary as the loan taken on the project is denominated in other currencies than the one of the host countries. Developing markets often have poor financial markets that are not capable of providing the funds needed for the project, in which case the loan is denominated in foreign currency (Sara, 2008).

INDEX 2: YESCOMBE'S RISK MATRIX

Risk components	Sub-components
Commercial risks	Commercial viability Completion risks Environmental risks Operating risks Revenue risks Input supply risks Force majeure risks
Macro-economic risks	Inflation Interest rate risks Exchange rate risks
Political risks	Investment risks Change of law risks Quasi-political risks

Source: Yescombe (2002) in Sara (2008).

Smith (1997), divided the political risk into three categories, which are very sound based on what was found under project finance and the events that can make a project fail. These are traditional political risks such as expropriation, currency convertibility and transferability, political violence (war, sabotage, and terrorism). Regulatory risk such as risk from unanticipated regulatory changes (taxation, foreign inv. laws (output price)), and Quasi-commercial risks that include risks when having state-owned supplier or customer with the questionable willingness to fulfilled obligations.

Sara (2008) divided the whole ICRG's political risk index variable into three namely quality of Institutions (bureaucratic quality, corruption, democratic accountability, social conditions, law and order, military in politics); conflicts and tensions (ethnic tension, religious tension, external conflict and internal conflict) and policy quality (government stability and investment Profile). Sara (2008) found that "changing legislation", "war and conflicts" and "legal system and property rights" were the main political risks to a project. Further, the researcher stated that the inadequacy of institutions does lead to more project finance loans, which leads to the conclusion that such syndicated loan types can help deter some of those risks. Tension and conflict have no effect on whether project finance loans are preferred to full-recourse syndicated loans.

The Hainz and Kleimeier (2006) model of double moral hazard disclosed that firm moral hazard (managerial influence on the probability of success, firm effort costs, the economic health of the country, and country corporate governance) and bank morla hazard (Bank influence on the probability of success and Bank effort cost).

The best way of measuring political risk is through a measure of subjective perception of political risk. The perceptive measure WGI was used by Hainz and Kleimeier (2006) but possessed undesirable characteristics as it is a non-consistent aggregation of several other primary measures making it conceptually flawed and unusable for comparison across time and countries. All in all, the main problem of Hainz and Kleimeier (2006) in the measurement of political risk is the use of WGI measures, which are not well defined and misleading when compared across time and country, and at the same time, the political risk variables is an aggregation of different measures that allow the reader little information on the real aspects of political risk that leads to the use of project finance. Therefore, the current study examined the influence of political risk dimension on project activities, mainly construction projects implementation in the country.

RESEARCH METHODOLOGY

The researcher used a quantitative research method because, under this method, the investigator tested the assumptions, questions and theories to create information on the factors. The study used both primary and secondary sources such as the respondent's opinion and previous works on projects works. More subtly, the primary source was obtained via self-administered questionnaire from Engineers and other professionals in the construction environment in Ethiopia. For sample size determination, the study purposely selected 100 Engineers and other individuals in the construction industry in the country. The study used both descriptive and inferential analyses for data analysis and interpretation. Consequently, it has employed multiple regression analysis executed by STATA-13. This study was based on the subjective perception of measure of the political factors. Thus, it has employed the subsequent multiple regression model:

Model "A": $CP = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_{6+} \beta_7 X_{7+} \beta_8 X_{8+} \beta_9 X_{9+} e_i$

Where, CP= Construction project; βi=Coefficient for Xi

X1	=	Lack of bureaucratic quality
X2	=	Lack of democratic accountability
X3	=	Internal and external conflicts
X4	=	Military organization in construction
X5	=	Investment profile
X6	=	Socioeconomic Conditions
X7	=	Corruption
X8	=	ineffective implementation of Law and Order
X9	=	Ethical and religious tensions
Ei	=	Residual errors

RESULT AND DISCUSSION

In this part, the study discussed the findings on the political risk that affected the construction project activities such as finance and implementation in Ethiopia.

TABLE 1: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.874ᵃ	.764	.723	.464	.764	18.660	13	75	.000	1.900
a. Predictors: (Constant), Lack Of Bureaucratic Quality, Lack Of Democratic Accountability, Internal and External Conflicts, Military organization in construction, Investment Profile, Socio-economic Conditions, Corruption, Ineffective implementation of Law and Order and Ethical and Religious Tensions										
b. Dependent Variable: Construction Projects Implementation										

As indicated in the above table, the model was fitted at a significant level of 0.05 as its F and the Durbin-Watson test were 0.000 and 1.90, respectively. Similarly, it can be seen from Table1 that the model was statistically considerable at P-value of F statics of 0.000 as compared to that of the critical level of 0.05. Therefore, the predictors dependably predict the outcome variable, construction projects implementation. Evermore, as the P-value was less than 0.05, the study stressed that the collection of predictors indicate the momentous correlation with the endogenous variable, or that the group of independent variables consistently predict the construction projects implementation.

The R2 of 0.764 reveals that about 76.4 per cent of the variability of construction projects implementation is determined by the selected political risk factors in the constructed model, namely lack of bureaucratic quality, lack of democratic accountability, internal and external conflicts, military-based enterprises participation in the construction project, investment profile, socio-economic conditions, corruption, law and Order, internal conflict, external conflict and ethical and religious tensions.

The adjusted R2 depicts that 72.30 per cent of the unpredictability of Project Finance and its implementation in Ethiopia is accounted for the model, even after taking in to account the number of independent variables in the constructed model. The R2 of political factors indicated that the degree lack of democratic accountability, internal and external conflicts, military enterprises participation in the construction project, investment profile, socio-economic conditions, corruption, internal conflict, external conflict, law and order, ethical and religious tensions significantly affected the construction projects implementation in the country. It further indicated that the predictive power of the model construct was greater and suggested that there was a considerable combined effect of political risk factors on the construction projects implementation in Ethiopia. These figures were adequate and in fact, meet the rule suggested by previous literature.

These results suggested that political predictors similar to bureaucratic quality, democratic accountability; internal conflict, military politics, investment profile, socio-economic conditions, corruption, external conflict and ethnical and religious tensions had highly impaired the construction project activities for example project finance and implementation in Ethiopia. Also, the findings revealed that other political factors might describe 23.60 per cent of the variance in the constructed model.

TABLE 2: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.233	13	4.018	18.660	.000ᵇ
	Residual	16.149	75	.215		
	Total	68.382	88			
a. Dependent Variable: Construction Project Implementation						
b. Predictors: (Constant), Lack of Bureaucratic Quality, Lack of Democratic Accountability, Internal and External Conflicts, Military organization in construction, Investment Profile, Socio-economic Conditions, Corruption, Ineffective implementation of Law and Order and Ethical and Religious Tensions						

The ANOVA outcome provided that the variance among the variables in the model were statistically significant at F-value of 18.66 and P-value of 0.000. Therefore, the model was fitted and properly measured factors influenced construction projects implemented in a country. In the same way, the variance in the model was constant; its mean value was 4.18 and F value was 18.60. Then, from Table 2, it can be observed that the p-value of F statics is statistically considerable, which means with a p-value of.000, the model is statistically meaningful.

TABLE 3: POLITICAL RISK FACTORS INFLUENCE CONSTRUCTION PROJECTS IMPLEMENTATION IN ETHIOPIA

Predictors	**Beta**	**Std. Error**	**t**	**p**	**VIF**
Lack of Bureaucratic quality	-0.207	0.267	2.992	0.101	4.956
Lack of democratic accountability	-0.232	0.071	1.658	0.068	5.001
Internal and external conflicts	-0.145	0.057	1.849	0.027	1.314
Military organization in construction	-0.167	0.192	2.260	0.091	3.028
Investment profile	-0.277	0.027	1.714	0.001	2.048
Socio-economic Conditions	-0.187	0.053	3.448	0.003	1.152
Corruption	-0.401	0.068	3.102	0.000	1.877
Ineffective implementation of Law and Order	-0.48	0.111	5.219	0.704	5.011
Ethical and religious tensions	-0.125	0.059	0.381	0.064	1.405
Significant at 0.01, 0.05 and 0.10 significant levels					

In Table 3, coefficients of predictors revealed that change in one unit of sole predictor could cause change in the construction projects implementation, given that all other variables in the model are held constant. Thus, we would expect a decrease of 0.207 in the extent of the construction projects implementation for every one unit increase in lack of bureaucratic quality holding all other predictors stable in the model. In the same way, a decline of 0.207 in the construction projects implementation score for every one unit amplifies in inefficient and effective bureaucracy in Ethiopia. So, the study finalized that the lack of bureaucratic quality was considerably impaired the construction project activities in Ethiopia.

This finding was justified by the ongoing policy insecurity and bureaucratic inefficient as well as ineffectiveness due to political transition in Ethiopia. More subtly, in Ethiopia, mainly Oromia and Amahara regions a lot of project activities, mostly project finance and implementation prejudiced due to deficiency of bureaucratic quality as well as uncertainty. The issue was even worse in Oromia whereby government offices and structure almost harm, in return, many projects were collapsed otherwise postponed in the last fiscal years. Surprisingly, Medias report attested that many project sites were burned and quitted in these regional states during 2019. Therefore, the policy uncertainty measured by bureaucratic quality becomes political risk as domestic and foreign contractors will evaluate before committing their investment and postpone their investment in the country until the condition is certain. In the same way, if a country is experiencing volatility in government capacity to make decisions and hence in their efficiency in allocating resources or in the monetary and fiscal policies made, a country will most likely experience lower investment and lower growth, as investors will put off their investments until it is more certain what will happen. Sara (2008) stated that the notion of efficacy of government affect the level of political risk in a country, as inefficient bureaucracy may interfere with the timely development of the investment.

The finding was supported by the piece of evidence such as (Sara, 2008, Feng, 2001 and Political Service Group). For instance, Political Risk service Group expressed bureaucratic quality as the strength and expertise to govern without drastic changes in policy or interruptions in government services and ability to absorb shocks to minimize revision of policy when governments change. Moreover, the policy uncertainty result from the variability of government capacity or fluctuation of government capacity indicates that the government lacks consistency in its power to get work done. Feng (2001) justified that uncertainty concerning government effectiveness can be more adverse than the policy itself by deterring investors or contractors from committing their assets. The study further explained that given a lousy system with certainty about its execution, the investor and contractors can still find ways to make money.

Regarding lack of democratic accountability, we would expect to diminish of 0.232 in the construction project implementation for each one unit augment in lack of democratic accountability, assuming that all other predictors in the model are held constant. Likewise, a 0.232 reduce in democratic accountability resulted in a 0.232 unit drop in the extent of construction project realization in Ethiopia. The finding revealed a shortage of democratic accountability in Ethiopia regarding the project activities, mostly construction project implementation. The extent of a failed project acknowledged this and low-quality project works because of the absence of democratic accountability in Ethiopia such as Oromia, Amahara, and SNNP. Empirically, it has measured by how the regime is the responsive regime to its people on the basis that the less responsive it is, the more likely that the government will fall (peacefully or violently) ranging from alternating democracies to autarchy. Further, Sara, (2008) confirmed that democratic accountability is important to the project works because if a government is less responsive to its citizens, it is also less accountable to the citizens, which to an investor means that the government may not do what is best for the citizens and hence the development of the country, but maybe more interested in diverting wealth towards themselves or their allies. It is necessary for contractors to trust that the regime will hold up growth and investment and hence the project, and not engage in expropriation or creeping expropriation. Yescombe's (2002) treated that bureaucratic quality as political risk as it related to government stability and its ability to execute its declared program(s). This would suggest whether the policies made, will be somewhat predictable, as they have said in the program and hence should not suddenly pose new laws that could alter the profitability of the project. Thus, the study generalized that the lack of democratic accountability was drastically affected the extent of the construction projects implementation in the country.

Concerning internal and external conflicts, we would expect an increase of 0.145 in constructions project implementation score for every one unit decrease in external and internal conflicts keeping all other variables in the model constant. The Political Risk service Group index claimed that political violence in a particular country had an actual or potential impact on the governance of project activities. Theoretically, the civil unrest and internal conflict lead to the discontinuation of the project. Moreover, it may be that unrest focusing negatively on foreign operations, might direct to the expropriation of projects or investments. Sara (2008) external conflict indicated that international actors' activities in the form of sanctions that may cause a shortage of supply from other countries to the project against the incumbent government based upon its actions.

Moreover, the current political and internal conflict, mainly Oromia, Amahara and South Nation Nationality regions are impaired construction projects implementation and its finance in the country. Political Risk Service Group index expressed the external conflict as a risk to the current government from foreign actions, ranging from non-violence external pressure to violent external pressure. This is true in the context of Grand Renascence Dam for the reason that certain Western, Arab and African countries as well as International Monetary Institutions disgruntled Ethiopia to finance the project due to Egypt and Sudan claim over the Nile River. Thus, the outcome of the study confirmed that the critical impact of internal and external conflicts on the construction projects execution mainly project finance in the country. In the same way, the investigation claimed that the current domestic conflict, political violence as well as political sentiment with Egypt and Sudan on Great Renaissance Dam critically influenced the extent of constructions project implementation mainly project finance in the country in general and Oromia, Amahara and Southern regional states in particular.

Concerning the military organizations in the construction projects, the researcher would expect an increase of 0.167 in construction projects implementation score for every one unit decrease in the military organization in construction assuming that all other variables in the model are held constant. The finding acknowledged by Political Risk service Group index seeing that they stressed that military in politics even at a peripheral level is a lessening of democratic accountability, in return, project activities mainly project finance. Thus, the study explained that the involvement of the military in construction in Ethiopia was significantly affected the extent of democratic accountability and bureaucratic quality, in response, the construction projects activities such as project finance in Ethiopia. More importantly, the finding supported by the case of Metal and Industrial Engineering (METEC) leaded by Ethiopia Military department participated on several Megaprojects such as Grand Renaissance Dam, Fertilizer, Sugar and many other projects mainly before the Prime Ministry Dr Abiy Ahimad came to power. Therefore, the study found that the involvement of military Organizations in construction project and economy of the country treated as one of the political risk factors harming the extent of construction projects implementation in the country.

Also, we would expect an increase of 0.277 in construction project implementation for each one unit lesson in investment profile such as ineffective contract viability, or expropriation, profits repatriation and delay of project payment, keeping all other predictors constant in the model. So, the study generalized that expropriation; profit repatriation and suspension of project payment were the major political risk factors that affected the level of construction project activities such as finance and implementation in Ethiopia.

Moreover, the researcher would expect a 0.187 raise in the construction projects implementation for each one unit decrease in socio-economic conditions for example poverty, unemployment and consumer dissatisfaction keeping all other predictors silent in a model. Regarding the impacts of socio-economic conditions, the previous studies confirmed that socio-economic conditions such as (poverty, unemployment or consumer dissatisfaction) of the particular country manipulate the actions of government towards the project finance by rising the displeasure or social turmoil. Because of this type of turmoil and unrest potentially direct to modification of policies, which might damage the project; e.g. the government poses a new environmental law to increase consumer confidence, a new labor law to lower unemployment or it may demand the project sponsors to build new schools or roads for sustaining the development of the country in exchange for giving permits. Then, the researcher finalized that the current social and economic turmoil in Ethiopia mainly Oromia Amahara, Tigray and SNNPE regions were significantly affected the extent and quality of construction projects implementation.

On the subject of corruption, the researcher expects a decline of 0.401 in construction projects implementation score for every one unit augment in corruption holding all other predictors constant in the constructed model. The previous literatures indicated that corruption within the political system includes financial corruption and corruption in the form of excessive patronage, nepotism, job reservation, favor-for favors and suspiciously close ties between politics and business were had caped the extent of project finance and its implementation. For instance, Yescombe (2002) stated that the level of corruption in government would be an indication of whether the government or sub-levels or the government might grant favorable terms to local competitors to the project which may hurt the operation of the project. The present report in Ethiopia regarding project work indicated the incidence of significant corruption and fraud allegation towards project work executed by both domestic and foreign contractors. Therefore, the findings acknowledged the presence of considerable impact and involvement of corruption corresponding to construction project functions in the country. The findings were attested by the report of Ethiopiatimes on May 22, 2014 as it has indicated that about 24 percent of the whole value of government contract involves illegal disbursement. Moreover, Addis Standard during 2014, indicated the existence of sever corruption in the construction environment.

Evermore, the researcher would expect a decrease of 0.48 in the degree of construction project implementation for every one unit amplify in ineffective application of law and Order holding all other variables steady in the model. The Political Risk Service Group index stated that Law as the strength and impartiality of the legal system of the country whereas widespread order observance of the law. Therefore, the finding exposed that the construction, business, investment, procurement, tax, environmental and accounting legal frameworks were significantly influenced the construction project completion due to improper implementation and impartiality among contractors, owners and stakeholders. The finding further justified the incidence feeble regulatory framework on the project contract in the country that may cause frauds and unfairness among the contractors and stakeholders. Sara (2008) found that "changing legislation", "war and conflicts" and "legal system and property rights" were the main political risks to a project. Empirically, the risk was resulted from the change of legislation like price controls, permits, profit transfer, duties, taxes, deregulation, rules, exchange rate, expropriation outright and creeping) and breach of contract.

In the end, the study would expect a dwindle of 0.125 in the extent of the construction projects implementation for every one unit raise in ethnical and religious tensions assuming that all other variables in the model are held constant. In other words, the more ethical and religious tensions in the country, the higher the likelihood of construction project failure as a result of a lack of finance and instability. Empirical shreds of evidence assured that ethical and religious tensions indicated the magnitude of tensions in a particular country caused by political, racial, nationality or language divisions. Therefore, the current ethical and religious tensions in the country have critically affected the extent of construction projects implementation in the country. More evidentially, the ethical and religious tensions in Amahara, Oromia, Southern Nations and Nationality People of Ethiopia and Tigray have critically impaired the magnitude and quality of the developmental projects in general and the construction project in particular. This was assured by Gamshu Beyena's construction project; mainly construction site was destroyed in Amahara Region of Ethiopia in 2019 because of his ethnic group. More recently, the finding is supported by the issue of Geda Construction Enterprise in Addis Ababa (Finfinne) Meskel Square construction activities. The condition was supported by prior literature such as Howell and Chaddick (1994) civil unrest or people strike, conflict and tensions that may be cause political instability or hostility damaged the project functions where the investor has invested.

In general, the extent of construction projects implementation was significantly affected lack of bureaucratic quality, lack of accountability, a military organization involvement in construction, investment profile, socio-economic conditions, Ineffective implementation of law and order, corruption, external and internal conflicts as well as ethnical and religious tensions at 0.10, 0.05 and 0.01 significant levels. More evidently, investment profile, socio-economic conditions, corruption, internal and external conflicts have harshly impaired the extent of construction projects implementation in Ethiopia at a p-value of 0.01. Finally, the predictors highly uncorrelated as their variance inflation factors were less than 10. The findings justified by the report of Transparency International on Ethiopian Corruption written by Rahman (2019).

RECOMMENDATIONS

1. To increase the degree of implementation of the construction projects in the country, the government shall improve the extent of bureaucratic quality by optimizing and toning the procedures and methods otherwise removing the non-value added requirements in the construction atmosphere.
2. The government shall improve bureaucratic quality regarding projects in general and the construction project in particular by correct policy uncertainty; make predictable policies, boost administration ability to perform its declared program so that policies made will be fairly predictable, and hence should not suddenly pose new laws that could alter the profitability of the project.
3. To boost the degree of implementation of the construction projects in the country, better if the government advances the culture of bureaucratic quality by developing an effective system like changing conditions for accountability, shared power, collaborative decision process, results-oriented management, robust audit, broad civic participation, media, and state inspector the on construction issues.
4. In the country, citizens are most of the time not allowed to act as a principal and accountability holder in the construction environment. So, instead of waiting for the next election, the government must apply participatory policymaking in which citizens can take an active role in the completion of a construction project through search ways to hold those in power accountable as well as reclaim their significant role towards the construction projects implementation.
5. The superior for the regime is to strengthen the construction system that encourages administers and professionals share of responsibility and hold them accountable for the postponement and incompletion as well as failure of the construction projects.
6. To surmount the problem of individual accountability and collective accountability in the construction atmosphere Ethiopia, the government and other stakeholders shall implement institutional accountability (juridical person), hierarchal accountability (minister, board president, CEO) and collective accountability (all individuals of an organization) and modified personal accountability. For the local governments, the administration shall form independent domestic constructions reviewers, for example, auditors, state inspectors, mass media and evaluators to enhance the issue of accountability that affected the local construction enterprises.
7. As delay and failure of big projects can be reasons for economic, financial, social and political turmoil in the country, the government shall limit the involvement of military enterprises in the construction projects, primarily mega projects otherwise offer them based on their capacity.
8. It is advisable if the government broadens the country's investment profiles to encourage the construction enterprises through enhance contract feasibility; reduce contract expropriation, profit repatriation and payment delays. The study further recommended that the government shall focus on the two components of the quasi-political risk, namely effectiveness of the legal framework of construction and investment profile because they are very imperative in construction project finance and viability of contracts due to the various agreements made, the likelihood of government breach of contract and applicability of the contracts respectively.
9. It is necessary for contractors in order to trust that the government will support growth and investment and hence the project, and not engage in expropriation or creeping expropriation.
10. The government shall give attention to frauds in the construction environment as it causes incompletion and project failure. Moreover, the right ways for the government and construction industry are to diminish the financial corruption and corruption in the form of excessive patronage, nepotism, job reservation, and favour-for favours and suspiciously close ties between politics and contractors. Evermore, to shrink the extent of corruption and scams in the construction environment, the concerned bodies shall take proactive measures like formulating independent frauds investigation team and code of conducts for the constructions enterprises.
11. The better mechanism for government, contractors, owners, consumers and stakeholders shall give attention to political violence in and outside the country and their actual or potential impacts on the construction projects governance and implementation at every stage of the project lifecycle. The study further provided that the output supported by the most recent internal conflict in some areas of the country where project sites were burned and postponed or else winding up. Regarding the external conflict, the findings acknowledged by disagreement between Ethiopia, Egypt and Sudan on Great-Renaissance Dam, in return, restrained Ethiopia from foreign financial assistance and credits.
12. The researcher recommended that the government, contractors and community at large work together to restrain from cause tensions within a country attributable to racial, religious, nationality and language divisions as they damage the development of the country in general and construction infrastructures and project implementation in particular. These findings assured by the present tensions between specific groups of community in specific regions of the country.
13. The right way for the policymakers and government to make certain and expedient construction rules and regulations which includes factors such as price controls, withdrawal of permits, licences or concessions, deregulation of market introducing new competitors, increases in tax, tariffs, import duties or controls, environmental issues, safety, health and employment as they make the project unable to function properly or entirely. The policymakers shall give due to intention regarding change of the legal construction frameworks includes price controls, withdrawal of permits, licences or concessions, deregulation of the market introducing new competitors, increases in tax, tariffs, import duties or controls as they cause input or revenue risks.
14. The study further suggested that the government shall consider the quasi-political risk or sub-sovereign risk that the lower levels of officials like zones, districts and town administrations interfering with projects feasibility, project finance and breach of contract which incorporate the risk of the administration not respect their commitment or the legal system not objectively apply. It is advisable if the contractors and stakeholders properly implement construction rules and regulations as it affects the operation of the project and adopts quickly new setting under which the project operates.
15. It is better if the government advances the culture of bureaucratic quality by developing an effective system like changing conditions for accountability, shared power, collaborative decision process, results-oriented management, strong audit, broad civic participation, media, and state inspector the on construction issues.
16. The concerned bodies shall give due attention to deal-breakers that indicates fatal flaws in projects that would delay project success and criteria such as social-cost-benefit, public support, political viability, jurisdictional, complexity, constructability, revenue source, contractors interest, enabling legislation and environmental permits.
17. It is better if the parties in the construction projects appropriately apply the seven project viability screening procedures, namely establish integrated team, develop project viability criteria, deal-breaker screening, project viability screening, prepare project short-list, prepare feasibility or business case and obtain board approval.
18. The client, contractors, owners and stakeholders shall encourage the culture of partnership as well as collaboration because the construction project is where several the parties have mutually works for an extended time. Likewise, the right method for the parties in the construction contracts is to apply joint problem-solving arrangements because it promotes economies of time, integrative agreements and improvement in efficiency, effectiveness and economic allocations as well as adjustment of the sophisticated project atmosphere.
19. The study recommended that the concerned bodies must provide notice to the project risk management system because widely it recognized as one of the most critical procedures and capacity areas in the field of project management and grantees a project be successfully finished.
20. It is favourable if the government and contractors create the risk database management system and apply the modern construction technology instruments to identify the potential risks and shrink the chances of postponement and incompletion of construction in the country.

21. Better if the concerned parties provide risk management training for the individuals to increase their level of knowledge on formal risk management process and understanding in the construction atmosphere.
22. Healthier if further researchers broadly investigate factors that influence project works in Ethiopia.

CONCLUSIONS

1. The study has paid attention to the growing need for investigating the effects of political risks on construction projects implementation in Ethiopia. The study concluded that lack of bureaucratic quality, lack of democratic accountability, military in politics, investment profile, socio-economic conditions, corruption, external conflict, internal conflict, ethnical and religious tensions considerably influenced the completion of construction projects in Ethiopia at 0.10, 0.05 and 0.01 significant levels. More importantly, the study has documented that investment profile, socio-economic conditions, corruption, internal and external conflicts significantly influenced the extent of completion of the construction projects at 0.01 critical level.
2. Political risk measured in terms of lack of bureaucratic quality has a significant impact on the extent of completion of the construction projects in Ethiopia. The study further indicated the incidence of high complex bureaucracy scheme in construction frameworks in Ethiopia.
3. Political risk considered in the context of lack of democratic accountability has considerable influence on the degree of achievement of the construction projects in Ethiopia.
4. Political risk measured in terms of the military in a construction atmosphere in Ethiopia has a significant influence on the extent of completion of the construction projects in Ethiopia. The study further provided evidence that having a military in the construction projects in Ethiopia makes the completion of the construction project worse in the country. More importantly, the finding acknowledged by delay and incompletion of mega construction projects such as Grand-Renaissance Dam, Fertilizer, Sugar and hydropower and roads in the last two decade.
5. Political risk measured in the perspective of the investment profile in Ethiopia has considerable influence on the amount of triumph of the construction projects in the country.
6. Political risk measured in terms of socio-economic conditions has a significant influence on the extent of implementation of the construction projects in the country. The finding acknowledged by the current socio-economic situations such as social unrest, civil unrest, poverty, unemployment and community discontent in Oromia, Amahara and Southern Ethiopia regions where many projects delayed otherwise failed.
7. Political risk measured in the viewpoint of corruption has a considerable influence on the magnitude of implementation of construction projects in Ethiopia.
8. Political risk measured insight of internal and external conflicts significantly influenced the completion of the construction projects in the country.
9. Political risk measured in the prospect of ethnical and religious tensions were significantly influenced by the proper implementation of the construction projects in Ethiopia.
10. Political risk in the context of ineffective implementation of law and order has a critical influence on the magnitude of implementation of the construction projects in the country.

SCOPE FOR FUTURE STUDIES

1. Evaluation of project finance utilization in Ethiopia.
2. Studies on construction project evaluation in Ethiopia.
3. Investigating the project management system in Ethiopia.
4. Studies on building project risks in Ethiopia.
5. Researches on project finance in Ethiopia; and
6. Investigating the influence of Political Risk factors on Project Finance.

ACKNOWLEDGEMENTS

First and foremost, the author would like to thank his friends for their intellectual and valuable guidance throughout this scholar Endeavour as well as the time, tolerance, dedication and encouragement that they have noticeably contributed to the execution of this study.

In this respect, the author intensely thankful to his Wife, Malasu Regasa who has provided a giant extent support during this expedition.

Further, the gratitude's of author go to all Engineers and other professionals who engaged in this research. Their interest to participate in the surveys contributed appreciably to the achievement of this paper.

REFERENCES

1. Brunelli, A. (1997). Political variables in cross-country growth analysis, Journal of economic surveys, vol.11, no.2
2. Brunetti, A. and Weder, B. (1995). Political sources of growth: A critical note on measurement, Kluwer Academic Publishers, Public choice 82, pp.125-134
3. Ethiopiantimes (2014) https://ethiopiantimes.wordpress.com/2014/05/22/ethiopia-new-study-reveals-ethiopian-customs-revenue-authority-most-corrupt/.
4. Feng, Y., (2001). Political freedom, political instability, and policy uncertainty: A study of political institutions and private investment in developing countries, International studies quarterly, 45, pp.271-294
5. Finnerty, John D. (2007), Project Finance: Asset-Based Financial Engineering, 2nd edition, John Wiley and Sons
6. Howell, L.D, and Chaddick, B. (1994). Models of political risk for foreign investment and trade - an Assessment of three Approaches, The Columbia Journal of World Business, Vol. 29, Issue 3, pp.70-91
7. http://www.prsgroup.com/ICRG_Methodology.aspx (Accessed 11th of June 2020).
8. Kaunain Rahman (2018). Overview of corruption and anti-corruption in Ethiopia. Transparency International https://www.u4.no/publications/overview-of-corruption-and-anti-corruption-in-ethiopia.pdf.
9. Political Risk Service group – ICRG methodology
10. Sara Moller Toft (2008). Project Finance and Political Risk. An empirical study of the relationship between project finance and political risk, MSc. Finance and International Business, Arhus University, pp 2-97.
11. Yescombe, E.R, 2002, Principles of project finance, Academic Press

APPENDIX

QUESTIONNAIRES

DEPARTMENT OF COMMERCE, PUNJABI UNIVERSITY, PATIALA, INDIA

Survey instrument

Dear Participant,

This research is entitled as ***"THE INFLUENCE OF POLITICAL RISK FACTORS ON PROJECT COMPLETION IN ETHIOPIA***." The researchers is Mr. Keno Telila Mijena who is currently a PhD (in Commerce) Scholar at the Punjabi University, Patiala, India.

The primary objective of this research is to comprehend the views of Engineers and Other professionals in Ethiopia towards the influence of political risk factors on the construction projects implementation in Ethiopia. The researcher seeks to gather pertinent information from purposely selected Engineers and other participants by self-administered questionnaire. Participation in this project is completely based on your willingness. The self-administered questionnaire results will be recorded anonymously and strict confidentiality will be maintained. Individual responses will not be identified in the investigator's research work.

For additional information, please contact **KENO TELILA MIJENA** by the subsequent address: E-mail: qanotelila@yahoo.com

With kind regards!

Keno Telila Mijena

Researcher and lecturer at Wollega University, Ethiopia

PART I: GENERAL INFORMATION

1. Your age?
   - **A.** Less than 20 years old
   - **B.** Between 20-40 years of old
   - **C.** Between 40-60 years of old
   - **D.** Above 60 years of old
2. Gender:
   - **A.** Male
   - **B.** Female
3. Relationship:
   - **A.** Marriage
   - **B.** Un marriage
   - **C.** Divorce
4. Level of Education:
   - **A.** TVET
   - **B.** First degree
   - **C.** MSc
   - **D.** Others
5. Types of your business organization:
   - **A.** Private Enterprise
   - **B.** Public Enterprise
   - **C.** Other
6. Form of your organization:
   - **A.** Sole proprietorship
   - **B.** Partnership
   - **C.** Share Company
   - **D.** Private limited company
7. Your responsibility in the business?
   - **A.** Owner
   - **B.** Project Manager
   - **C.** Other professionals
8. **Your experience**
   - **A.** Less than 5 years
   - **B.** Between 5-20 years
   - **C.** Over 20 years

QUESTIONNAIRE ON BASIC VARIABLES OF THE STUDY

Please state your agreement or disagreement to the statements listed in the subsequent table and please tick (√).

Political Factors	*Strongly agree*	*Agree*	*Moderately agree*	*Disa-gree*	*Strongly disagree*
I believe that government stability affect construction project implementation in Ethiopia	05	04	03	02	01
I think that socio-economic conditions influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that investment profile influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that internal conflict influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that external conflict influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that corruption influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that military organization involvements in construction environment influence construction implementation in Ethiopia	05	04	03	02	01
I believe that religious tensions influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that ineffective implementation of law and order influence construction project implementation in Ethiopia	05	04	03	02	01
I believe that ethnic tensions influence construction project implementation in Ethiopia.	05	04	03	02	01
I believe that lack of democratic accountability influence construction projects implementation in Ethiopia	05	04	03	02	01
I believe that lack of bureaucracy quality influence construction projects implementation in Ethiopia	05	04	03	02	01

Thank You Very Much for your understanding!!

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals