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CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	A STUDY OF CUSTOMER SATISFACTION FOR IDEA CELLULAR IN EASTERN RAJASTHAN <i>DR. KAVALDEEP DIXIT & NEHA JAIN</i>	1
2.	AN EMPIRICAL STUDY ON EMOTIONAL INTELLIGENCE OF GENERATION X MANAGERS <i>DR. S. GANESAN & DR. R. KRISHNAMURTHI</i>	10
3.	STUDY ON SOURCES OF FUND OF PRIMARY CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANKS IN COMPOSITE TO THANJAVUR DISTRICT <i>DR. K. RAMAKRISHNAN & S.SOUNDARANAYAH</i>	13
4.	ETHICAL, LEGAL AND SOCIAL RESPONSIBILITY IN TOURISM BUSINESS <i>SUBODH KUMAR MISHRA</i>	16
5.	A STUDY OF FDI AND INDIAN BANKING <i>DR. G. S. GAUD & DR. GIRISH KUMAR PAINOLI</i>	20
6.	RELATIONSHIP BETWEEN TRADE AND FDI: EVIDENCE FROM FOOD PROCESSING SECTOR IN INDIA <i>DR. ASHISH MANOHAR URKUDE & PRAVIN JADHAV</i>	24
7.	EMPLOYEE PERFORMANCE APPRAISAL IN CEMENT INDUSTRY: A CASE STUDY OF ACC LIMITED, WADI, GULBARGA DISTRICT <i>DR. A. P. HOSMANI & SHAIKH TABASSUM HAMEED</i>	30
8.	SCIENTIFIC INPUT FOR THE TRAINERS OF HRD PRACTITIONERS IN SOFTWARE INDUSTRY <i>P. SURJITH KUMAR & DR. N. PANCHANATHAM</i>	34
9.	TO STUDY MARKETING STRATEGIES FOR CAR LOANS CUSTOMERS: A COMPARATIVE STUDY OF PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS WITH SPECIAL REFERENCE TO MEERUT, U. P. <i>ADITI SHARMA & DR. SUDHINDER SINGH CHOWHAN</i>	39
10.	FINANCIAL ANALYSIS OF INDIAN OIL CORPORATION LIMITED <i>PAWAN KUMAR, DR. V. K. GUPTA & DR. ANIL KUMAR GOYAL</i>	46
11.	PERCEIVED PERFORMANCE APPRAISAL EFFECTIVENESS AND ITS IMPACT ON ACADEMIC STAFF ORGANISATIONAL COMMITMENT TURNOVER INTENTION: A CONCEPTUAL MODEL <i>DR. A KUMUDHA & J. BAMINI</i>	53
12.	A STUDY ON EMPLOYEE WELFARE ACTIVITIES IN RASHTRIYA ISPAT NIGAM LIMITED VISAKHAPATNAM STEEL PLANT <i>RAKHEE MAIRAL RENAPURKAR</i>	57
13.	A STUDY ON AWARENESS OF MOBILE MARKETING IN VELLORE DISTRICT <i>DR. M. RAGURAMAN, R. VEERAPPAN & ANGELO JOSEPH</i>	63
14.	ROLE OF SELF-HELP GROUPS IN MOVEMENT OF SOCIO-ECONOMIC AND POLITICAL TRANSFORMATION: A CASE STUDY IN PURBA MEDINIPUR DISTRICT <i>SIDDHARTHA CHATTERJEE</i>	67
15.	WOMEN EMPOWERMENT THROUGH SELF HELP GROUP: A STUDY <i>PREETI SONI</i>	76
16.	IMPACT OF OUT OF BOX ADVERTISING IN INTERNET ON ATTENTION, RETENTION AND PURCHASE INTENTIONS <i>S N KUMAR & ANUPAMA SUNDAR</i>	79
17.	THE EFFECT OF DISCLOSURE QUALITY ON STOCK TURNOVERS OF ACCEPTED COMPANIES IN TEHRAN STOCK EXCHANGE <i>AKRAM DAVOODI FAROKHAD & SAYED NAJIB ALLAH SHANAEI</i>	82
18.	EFFICIENT COMMUNICATION FOR EFFECTIVE SUPERVISORS <i>DR. VIDHU GAUR</i>	87
19.	THE IMPACT OF CAPITAL STRUCTURE ON MICRO FINANCE INSTITUTION PERFORMANCE: EVIDENCE FROM ETHIOPIA <i>GEMECHU FEYISSA GUDU</i>	91
20.	A STUDY ON PUBLIC BUDGET MANAGEMENT OF HIV/AIDS INTERVENTION <i>NURUL DWI PURWANTI</i>	96
21.	A STUDY OF POVERTY ERADICATION IN INDIA: NATIONAL POLICIES, PLANS AND PROGRAMS <i>DR. SANJAY KUMAR CHOURASIYA</i>	101
22.	A STUDY ON UNDERSTANDING OF RURAL CONSUMER BEHAVIOUR IN INDIA <i>SUCHI K. PATEL & ZARNA M. PATEL</i>	106
23.	ENVIRONMENT FOR WOMEN ENTREPRENEURS IN INDIA <i>JAINENDRA KUMAR VERMA</i>	108
24.	WATER RESOURCES AND TOURISM PROMOTION: A CASE STUDY OF HYDERABAD <i>JAYAPRAKASH NARAYANA G</i>	110
25.	A STUDY ON EMPLOYEES' ATTRITION IN BPO SECTOR WITH SPECIAL REFERENCE TO CHENNAI CITY <i>B.LATHA</i>	113
26.	ANALYSIS OF GROWTH & CHALLENGES FACED BY MANAGEMENT EDUCATION IN INDIA: A CRITICAL REVIEW OF LITERATURE <i>HIMANI RAVAL</i>	118
27.	LEARNING AND DEVELOPMENT IN INFORMATION TECHNOLOGY (IT) COMPANIES <i>SIRISHA DAMARAJU</i>	121
28.	WOMEN ENTREPRENEURS' DEVELOPMENT THROUGH TRAINING AND EDUCATION IN INDIA <i>JAINENDRA KUMAR VERMA</i>	123
29.	INTEREST RATE FLUCTUATIONS AND FINANCIAL OUTCOMES OF BANKING SECTOR: A CASE STUDY OF PAKISTAN <i>ASAD ZAMAN, AMMAR ALI GULL, REHAN NASIR, MUHAMMAD BILAL, YASIR PERVAIZ, MUHAMMAD ASIM RIAZ & MUBASHER ASHRAF</i>	125
30.	PEOPLE MANAGEMENT PRACTICES: A POTENTIAL TOOL FOR ORGANIZATIONAL PERFORMANCE <i>SANTOSH V BILGUNDI, KIRAN KUMAR M & AKSHAY PAI R</i>	130
	REQUEST FOR FEEDBACK	134

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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

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A STUDY OF CUSTOMER SATISFACTION FOR IDEA CELLULAR IN EASTERN RAJASTHAN**DR. KAVALDEEP DIXIT****DEAN****FACULTY OF MANAGEMENT STUDIES****THE IIS UNIVERSITY****JAIPUR****NEHA JAIN****RESEARCH SCHOLAR, THE IIS UNIVERSITY, JAIPUR****SR. ASST. PROFESSOR****INTERNATIONAL SCHOOL OF INFORMATICS AND MANAGEMENT****JAIPUR****ABSTRACT**

Colossal budge in both technology and consumer behavior during the past two decades have taken a contemporary visage. The sustainable profitable growth has lead companies into head-to-head competition. The companies are fighting for customer satisfaction through differentiation. The imperative factors that may be accounted towards customer satisfaction be marketing communication, perceived quality, and customer loyalty. This study investigates the effect of marketing strategies espoused by Idea Cellular and its upshot on the consumers. It also attempts to study the expectations of the customers and the marketing strategies that have been taken by the organization to discharge them. A study of perception of employees has also been made to understand insights and identify factors of customer satisfaction that the organization is focusing on. The study highlights the factors that contribute to the hedonistic escalation in this dynamic competitive world.

KEYWORDS

Customer Satisfaction, Idea Cellular, Marketing Strategies, Telecom.

INTRODUCTION

Indian telecommunication sector has undergone a major process of transformation through significant policy reforms and the announcement of National Telecom Policy. Despite of all the challenges, the Indian telecom market has shown exponential growth and is now second largest market across the globe having 919.2 Mn subscribers with the addition of 107 Mn subscribers in the wireless segment during financial year 2011-12. The sector is likely to innovate services and document a sustainable growth. The fostering number of players and intensification of competition has lead consumers to enjoy luxuries of choice and higher bargaining power. The freedom of preference has made market more customers' centric. To bridge the expectation gap, telecom companies are striving for excellence in the way they provide plethora of service to its customers. Customer retention has become gigantic chore for the marketers. The customer – employee relationship has become more ardent.

Idea Cellular is India's first truly multinational corporation. The group operates in 33 countries, and is anchored by more than 132,000 employees belonging to 42 nationalities. It is the 3rd largest mobile services operator in India. IDEA Cellular has been recognized as the 'Most Customer Responsive Company' in the Telecom sector, at the prestigious Avaya Global Connect Customer Responsiveness Awards 2010. Idea's service delivery platform is ISO 9001:2008 certified, making it the only operator in the country to have this standard certification for all 22 service areas and the corporate office. Innovation in Network Infrastructure has also been initiated. Very few studies have been carried out to study the marketing strategies of Idea Cellular and analyze the behaviour of service users in context of their expectations and satisfaction level. Employee's discernment about products and services offered by its organization also plays an important role in sustainability and growth. An effort is being made to study the perception of employees along with customers to identify the factors that are missed out when only customers' responses are analyzed. This paper helps in studying the similarities and differences in perception of marketing strategies adopted to fulfill customers' needs expectations and grow in business.

REVIEW OF LITERATURE

Drucker (1973) defined marketing strategies as process of analyzing internal and external environment of an organization. **Cravens (1986)** focused on situation analysis for marketing strategy, while **Kotler (1997)** concluded that marketing strategy is a plan to accomplish organization's objectives. **Lovelock et al (2008)**, stated that it is important for service organizations to differentiate their products in ways that are meaningful to customers as they vary widely in their abilities to serve different types of customers. **Oliver (1980)** defined customer satisfaction as psychological comparison of expectations and experiences. **Parasuraman et al (1994)** suggest that satisfaction is influenced by service quality, product quality and price. **Schiffman and Kanuk (2009)** emphasized on retention of customers through customer satisfaction. They discussed reasons for the same as: Loyal customers buy more products; loyal customers are less price sensitive and pay less attention to competitors' advertising; Servicing existing customers, who are familiar with the firms offerings and processes is cheaper; and Loyal customers spread positive word-of-mouth and refer other customers. **Venugopal et al. (2006)**, the marketing concept holds that in order to achieve organizational goals, marketers must focus not only on external customers but also on its employees and the system. **Nandan S (2005)** conceptualized that marketing communication should be well understood and interpreted by the consumers. He also focused on marketing the brand name instead convincing the consumers of their benefits.

OBJECTIVE OF THE STUDY

To study the preference and perception of customers and employees of Idea Cellular regarding marketing strategies and identify factors those are responsible for customer satisfaction.

HYPOTHESIS OF THE STUDY

H₀: There are no significant factors in marketing strategies of Idea Cellular that are responsible for customer satisfaction.

H₁: There are significant factors in marketing strategies of Idea Cellular that are responsible for customer satisfaction

RESEARCH METHODOLOGY

This exploratory research is limited to the primary responses of 250 customers and 25 employees of Idea Cellular based in eastern Rajasthan. Respondents were drawn on the basis of convenient random sampling. The research was limited to four districts with 100 respondents from Jaipur and 50 each from Bharatpur, Alwar and Dausa. The employees from sales and marketing department were chosen as respondents from Rajasthan Circle office based in Jaipur City. A structured questionnaire comprising of 14 questions for customers and 13 questions for employees was used to collect primary data. Secondary data has been

collected from magazines, journals and annual reports of Idea Cellular. Parameters of the study are Price based factors, Non-Price based factors, Perception and Preference for Idea Services, Effect of Price Reduction, Marketing Mix factors, Integrated Marketing Communication, Company's focus on marketing mix factors, Customer Relationship Management (CRM), Switching Subscribers and Overall satisfaction (Customers).

RELIABILITY ANALYSIS

Cronbach's Alpha test was used to check the reliability of two questionnaires and was found to be reliable. Table 1.1 shows reliability score of 0.852 for customers and Table 1.2 shows the score of .897 for employee's questionnaire.

TABLE 1.1: RELIABILITY ANALYSIS OF QUESTIONNAIRE FOR CUSTOMERS

Reliability Statistics	
Cronbach's Alpha	N of Items
.852	72

TABLE 1.2: RELIABILITY ANALYSIS OF QUESTIONNAIRE FOR EMPLOYEES

Reliability Statistics	
Cronbach's Alpha	N of Items
.897	76

DESCRIPTIVE PROFILE OF THE RESPONDENTS

A brief description of the profile of customers is as follows: 92% of the respondents belong to the age group of 15-40 years that can be labeled as youth while rest 2% population was in the age group of 40-60 years. The majority of the respondents were students accounting to 41.2 % followed by people who were into service (30%), were self-employed (25.6%) and are housewives (3.2%) as working status.

For the educational qualification, respondents belonged to 5 different categories as Under Graduates (41.2%), Graduates (29.2%), Post Graduates (11.2%), Professional (3.2%) and others (15.2%). In the type of connection that the respondents' owned, majority of the connections were pre-paid with 98% and only 2% connections were post-paid. The duration of usage of Idea Cellular services measured to be as Less than 1 month (2.4%), 2-6 months (9.6%), 6-12 months (7.2%) and highest being more than a year (80.8%).

ANALYSIS AND INTERPRETATION

ACRONYMS: CM to be read as Customer Mean and EM as Employee Mean

PRICE BASED FACTORS

TABLE 2.1: IMPORTANCE OF PRICE BASED FACTORS (CUSTOMERS)

	Low fixed rental per month	Low pulse rate i.e. Low cost per minute	Rate for the duration of talk i.e. Charge per second	Low call rate for Idea to Idea calls	Low STD rates	Low ISD rates	Low rates for value added services like caller tune, information, etc
Mean	2.56	3.93	4.21	3.85	2.54	1.56	1.87
Std. Deviation	1.600	.762	.674	1.102	1.293	.935	1.137

TABLE 2.2: IMPORTANCE OF PRICE BASED FACTORS (EMPLOYEES)

	Low fixed rental per month	Low pulse rate i.e. Low cost per minute	Rate for the duration of talk i.e. Charge per second	Low call rate for Idea to Idea calls	Low STD rates	Low ISD rates	Low rates for value added services like caller tune, information, etc
Mean	3.88	4.08	3.96	3.76	3.68	2.88	3.12
Std. Deviation	.971	.812	.841	1.200	1.145	1.301	1.054

Table 2.1 and 2.2 shows the perception of customers and employees respectively for the price based factors that are of importance while selecting any subscriber. It is evident from the table that customers prefer rates for the duration of talk i.e. charge per second as their priority with highest mean (CM=4.21) followed by low pulse rate (CM=3.93) and low call rates for Idea to Idea calls (CM=3.85). The rest of the price based factors were of less importance to them depending upon their need. On the other hand, employees of the Idea Cellular perceived that all the factors except ISD rates (EM= 2.88) are considered by the customers while selecting services of Idea. Thus, we can say that there is similarity in the perception of both and customers are satisfied with prices offered for various products and services.

NON-PRICE BASED FACTORS

TABLE 3.1: IMPORTANCE OF NON-PRICE BASED FACTORS (CUSTOMERS)

	Good brand image	Better quality of service	Better customer care	Reliability	Privacy and security	Less Process Time
Mean	3.61	3.90	3.50	3.68	3.45	3.07
Std. Deviation	1.025	.900	1.011	.808	.905	.884

TABLE 3.2: IMPORTANCE OF NON-PRICE BASED FACTORS (EMPLOYEES)

	Good brand image	Better quality of service	Better customer care	Reliability	Privacy and security	Less Process Time
Mean	4.32	4.68	4.40	4.40	4.04	4.00
Std. Deviation	.627	.690	.816	.816	.935	.957

Table 3.1 and 3.2 depicts the non price based factors favoured by customers at the time of purchase. Better quality of service has been the most considered parameter by both customers (CM=3.90) and employees (EM=4.68). Reliability (CM=3.68, EM=4.40) has been chosen as the second most important parameter. It is observed that there is difference of opinion in factors good brand image (CM=3.61, EM=4.32), and better customer care (CM=3.50, EM=4.40). However, both have given least importance to privacy & security (CM=3.45, EM=4.04) and less process time (CM=3.07, EM=4.00). In this case too, there is an alignment in the perception of customers and employees related to non-price based factors.

PERCEPTION AND PREFERENCE FOR IDEA SERVICES

TABLE 4.1: PREFERENCE FOR IDEA SERVICES (CUSTOMERS)

	Network	SMS Rates	New schemes and offers	Customer care	Recharge outlets	Call rates	Value added services
Mean	3.55	3.72	3.79	3.18	3.37	4.31	2.79
Std. Deviation	1.014	.855	.786	.856	.905	.876	.896

TABLE 4.2: PERCEPTION OF IDEA SERVICES (EMPLOYEES)

	Network	SMS Rates	New schemes and offers	Customer care	Recharge outlets	Call rates	Value added services
Mean	3.68	3.84	4.16	3.72	4.28	4.32	3.68
Std. Deviation	.900	.746	.746	1.021	.614	.627	.690

It was significant to study the perception of employees and preference of customers regarding the services of Idea Cellular. Table 4.1 and 4.2 recapitulates the same. They both indicated that it is call rates (CM=4.31, EM=4.32) and New Schemes and offers (CM=3.79, EM=4.16) that are precisely perceived and preferred by both. In addition to these, employee perception of SMS rates and recharge outlets i.e good distribution also forms a part of greater satisfaction. While network, customer care, and Value Added Services are not of much importance to either of the respondents.

EFFECT OF PRICE REDUCTION

TABLE 5.1: EFFECT OF PRICE REDUCTION ON SERVICES (CUSTOMERS)

	The usage remains same	Increased local calls of long duration	Increased STD calls of long duration	Increased Messaging	Increased Internet usage	Suggested Idea to your friends and relatives
Mean	2.79	3.56	3.14	3.38	3.12	3.93
Std. Deviation	1.146	.977	.954	.880	1.119	.905

TABLE 5.2: EFFECT OF PRICE REDUCTION ON ORGANIZATION (EMPLOYEES)

	Increased Product Usage	Increased Market share	Increased Consumer base	Increased Revenues
Mean	3.92	4.20	4.16	4.16
Std. Deviation	.759	.816	.746	.898

Table 5.1 elucidates the effect of price reduction on customers spending on products and services offered by the organization. It is noted that with the reduction in prices, customers started making calls of long duration (mean CM=3.56), followed by increased messaging (CM= 3.38) and increased STD calls of long duration (CM=3.14). Being satisfied with price reduction strategy, existing customers of Idea suggested it to their friends and relatives. The employees' perception also follows the same course as customers. Table 5.2 pronounces that with the reduction in prices there has been increase in the market share (EM= 4.20), consumer base (EM=4.16), revenues (EM=4.16) and product usage.

MARKETING MIX FACTORS

TABLE 6.1: IMPORTANCE OF MARKETING MIX FACTORS (CUSTOMERS)

	Product/ Service/ Offer	Place/ Convenience	Price / Cost	Promotion (Discounts, free gifts, free talk time, advertisements etc.)	People / Employees	Process (Time taken to start the services)	Physical Evidence (the environment of the shop)
Mean	3.82	3.79	4.37	3.90	2.70	2.69	2.58
Std. Deviation	.804	.796	.635	.941	1.015	1.032	1.051

TABLE 6.2: IMPORTANCE OF MARKETING MIX FACTORS (EMPLOYEES)

	Product/ Service/ Offer	Place/ Convenience	Price / Cost	Promotion / Integrated Marketing Communication	People / Employees	Process	Physical Evidence
Mean	4.40	3.92	4.48	4.36	4.44	4.40	3.80
Std. Deviation	.913	.862	.586	.490	.768	.577	.707

Price is the biggest motivator while buying any product or service. Table 6.1 and 6.2 depicts the same. Customers and employees both have given importance to the price (CM=4.37, EM=4.48). Promotion (CM=3.90) is considered as second most significant factor by customers while employees rated product (EM=4.40) as the second most imperative factor. Place, People, Process and Physical Evidence have been rated high by employees but their counterpart does not opine the same. The customers found these to be less critical.

INTEGRATED MARKETING COMMUNICATION

TABLE 7.1: IMPACT OF IMC FACTORS (CUSTOMERS)

	Advertising	Sales Promotion	Personal Selling	Direct Marketing	Events	Public Relations
Mean	3.46	3.66	3.00	2.74	2.33	2.77
Std. Deviation	1.165	.870	.927	.948	.943	1.261

TABLE 7.2: IMPACT OF IMC FACTORS (EMPLOYEES)

	Advertising	Sales Promotion	Personal Selling	Direct Marketing	Events	Public Relations
Mean	4.44	4.32	3.96	4.00	3.64	3.80
Std. Deviation	.583	.748	.790	1.041	.757	1.000

From table 7.1 and 7.2 it is noticeable that advertising (CM=3.46, EM=4.44) and sales promotion (CM=3.66, EM=4.32) has been impactful factors in purchasing decision. Satisfied with the above factors people buy more products and recommend it to others as well. However, personal selling, direct marketing, events, and public relations have not been able to leave impact on customers mind.

COMPANY'S FOCUS ON MARKETING MIX FACTORS

TABLE 8.1: PERCEPTION FOR COMPANY'S FOCUS ON MARKETING MIX FACTORS (CUSTOMERS)

	Product Mix (product variety, various plans, quality of services)	Price Mix (discounts, allowances)	Promotion Mix	Distribution Mix	Segmentation, Targeting, Positioning
Mean	3.85	3.98	3.93	3.66	3.54
Std. Deviation	.876	.695	.808	.919	.992

TABLE 8.2: PERCEPTION FOR COMPANY'S FOCUS ON MARKETING MIX FACTORS (EMPLOYEES)

	Product Mix	Price Mix	Promotion Mix	Distribution Mix	Segmentation, Targeting, Positioning
Mean	4.48	4.48	4.28	4.56	4.40
Std. Deviation	.653	.653	.737	.583	.866

Table 8.1 expounds that company is ably focusing on price mix (CM=3.98), promotion mix (CM=3.93) and product mix (CM=3.85) while distribution mix (CM=3.66) and Segmentation, Targeting, Positioning has been little less propounded. Table 8.2, on the contrary portrays employees belief that customers are getting product because their distribution mix (EM=4.56) is well executed and they make products and services for all kinds of customers (EM=4.40). However, perception related to product, price and promotion mix is relatively invariable.

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

TABLE 9.1: CUSTOMER RELATIONSHIP FACTORS (CUSTOMERS)

	Set satisfactory service standards	Get proper and timely information about the products	Complaints get resolved before the stipulated time	Gives attention to the changing requirement of Customers	Makes product according to the paying capability of the customer.
Mean	3.83	4.00	3.66	3.36	3.28
Std. Deviation	.789	.752	.983	.969	.879

TABLE 9.2: CUSTOMER RELATIONSHIP FACTORS (EMPLOYEES)

	Set satisfactory service standards	Gives training to employees	Has a customer complaint monitoring cell	Gives attention to the changing requirement of Customers	Makes product according to the paying capability of the customer.
Mean	3.92	3.84	4.28	4.24	3.96
Std. Deviation	.997	.898	.843	.926	1.020

Table 9.1 and 9.2 help us identify the Customer Relationship Management factors that are critical for any organization in this competitive world. From the view point of customers, it is the processes that help provide proper and timely information to the customers about various products, services and offers (CM=4.00). Secondly, it is the service standards (CM=3.83) that have established footing with the customers. Complaints getting resolved before the stipulated time (CM=3.66), giving attention to changing needs of customers (CM=3.36) and Making products according to the paying capability of the customers (CM=3.28) have scored moderately. On the other hand, the employees believe pragmatically on having a customer complaint cell (EM=4.28) and giving attention to changing needs of customers (EM=4.24) to be of high influence. They have given considerable weightage to other factors as well.

SWITCHING SUBSCRIBERS**TABLE 10.1: FACTORS THAT INFLUENCE CUSTOMERS TO SWITCH FROM IDEA TO COMPETITORS (CUSTOMERS)**

	Network	Price Package (low SMS Rates, low call rates)	Process time	Customer care	Recharge outlets	Advertisement	Value added services
Mean	3.67	3.57	2.70	2.50	2.54	2.77	2.46
Std. Deviation	1.208	.964	.970	.932	1.102	.998	.923

TABLE 10.2: FACTORS THAT INFLUENCE CUSTOMERS TO SWITCH FROM IDEA TO COMPETITORS (EMPLOYEES)

	Network	Price Package (low SMS Rates, low call rates)	Process time	Customer care	Recharge outlets	Advertisement	Value added services
Mean	4.40	3.56	3.36	3.56	3.08	3.04	3.12
Std. Deviation	.707	1.121	1.221	1.121	1.256	1.241	.833

In this belligerent world, customers have copious alternatives to opt for. The introduction of Mobile Number Portability (MNP) has facilitated customers to change subscribers with much ease without changing their numbers. Table 10.1 and 10.2 discusses factors that influence customers to switch from Idea to competitors. Both customers and employees are of same opinion that it is network (CM=3.67, EM=4.40) because of which customers usually switch from Idea followed by low price packages (CM=3.57, EM=3.56). Also employees deem customer care (EM=3.56) as another substantial switching reason. All the other factors: Process time, recharge outlets, advertisement, and Value Added Services by competitors fail to generate impact on customers.

TABLE 11.1: OVERALL SATISFACTION (CUSTOMERS)

	Overall satisfaction with Idea products and services	Like to recommend Idea to others	Idea 3G services are better than Airtel 3G services	If given a chance to use Airtel, would use it	Would use Airtel only if the number does not change
Mean	3.95	3.80	3.23	1.90	1.96
Std. Deviation	.795	.908	.852	.873	1.023

Table 11.1 divulges the overall satisfaction of customers with products and services of Idea Cellular. They seem to be highly satisfied (CM=3.95) with the offerings and like to recommend Idea to others (CM=3.80). The above analysis stands as a proof of the same. Regarding 3G services of Idea and Airtel they were of neutral opinion while switching to Airtel was not a part of their preference.

RESULTS

H₀: There are no significant factors in marketing strategies of Idea Cellular that are responsible for customer satisfaction.

This hypothesis was tested using descriptive as a measure of mean and standard deviation of the responses obtained. The comparative analysis done helped in identifying factors those are responsible for customer satisfaction at Idea Cellular. Based on the results obtained null hypothesis was rejected.

CONCLUSION

The current study of marketing strategies adopted by Idea Cellular reveals the factors that help in crafting customer satisfaction. Low-cost pricing strategy has emerged as one of the most powerful factor that satisfies the customers. Better quality of services, reliability, better customer care and good brand image has helped Idea grow in a short span of business. Advertising has become the major tool of building a brand. Advertising and sales promotion reinforces customers about the right choice they have made. The organization is growing due to its ability to focus on its distribution. Customers are unable to judge this aspect of study as they do not form a part of it. The customers are able to get products on time in every corner of the city because of strong distribution network and capability. The development in Information Technology has helped Idea Cellular in exploiting opportunities. The organization is able to develop service standards, complaint monitoring cell and information cell that provides proper and timely information about Idea products and services. According to the study, customers and employees find call rates, new schemes and offers and SMS rates highly relevant to their needs at Idea Cellular. The company is focusing hardly on its product mix, price, mix, promotion mix, distribution mix and STP (Segmentation, Targeting and Positioning) strategy but the major weakness that was revealed during the study was its network. Customers and employees both agreed that it is merely network that churns the customers. By and large, customers of Idea Cellular are greatly satisfied with its services which are evident from the data. 80.8% of the customers have been using Idea for more than a year and are not likely to change their subscriber. They also strongly like to recommend it to their friends and relatives.

LIMITATIONS OF THE STUDY

- The study is limited to 4 cities of Eastern Rajasthan.
- The responses may be biased for the subscriber customers are using.
- The responses of the employees may be biased for the company they are working for.
- The number of respondents is a small representation of the whole population.

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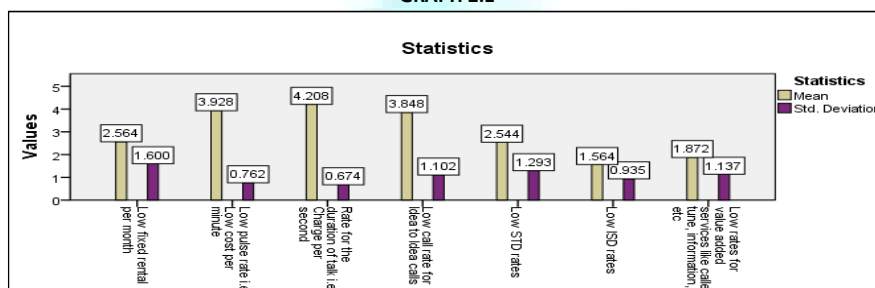
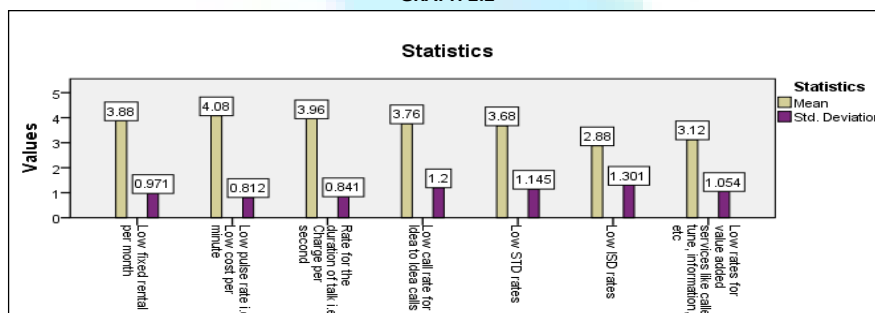
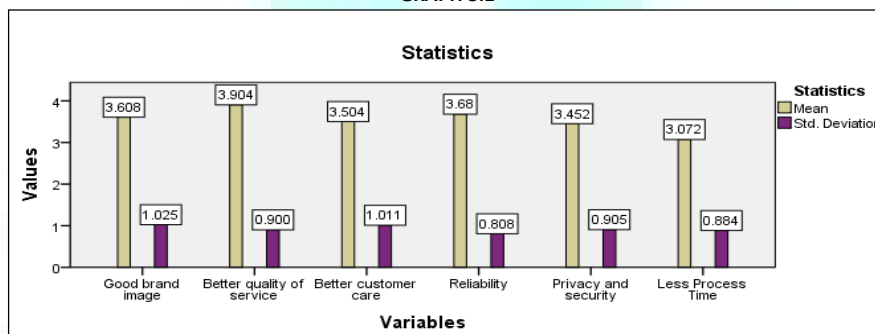
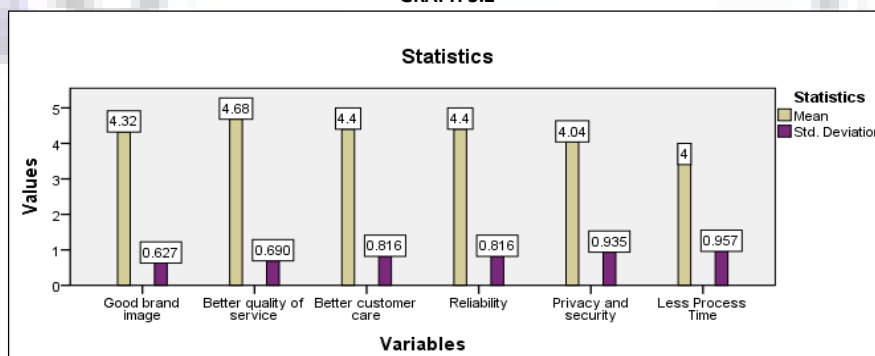
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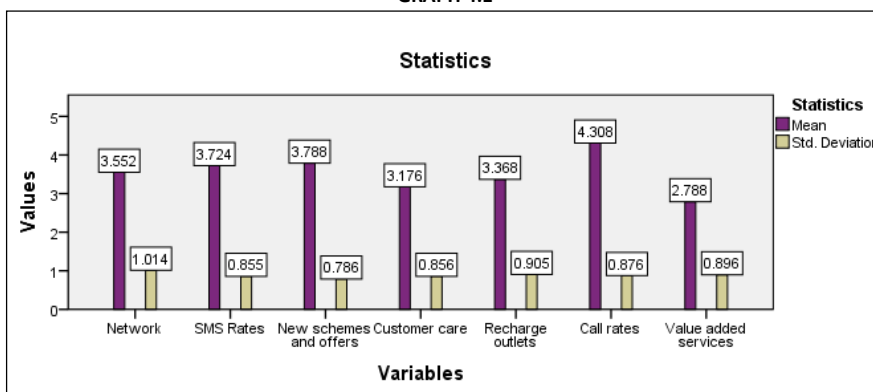
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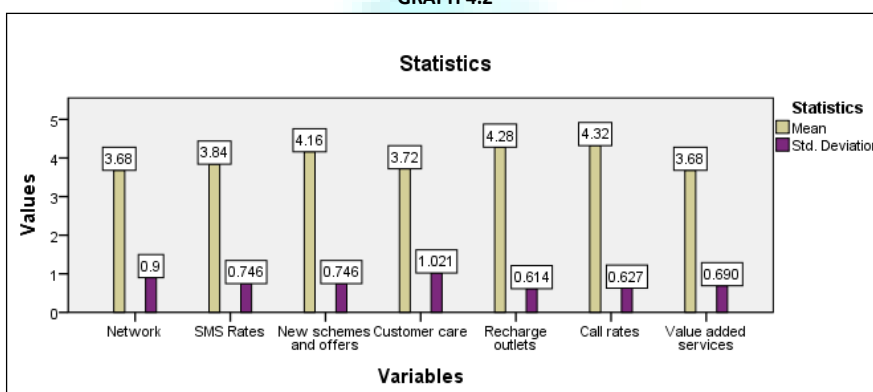
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ANNEXURE**PRICE BASED FACTORS****GRAPH 2.1****GRAPH 2.2****NON-PRICE BASED FACTORS****GRAPH 3.1****GRAPH 3.2**

GRAPH 4.1

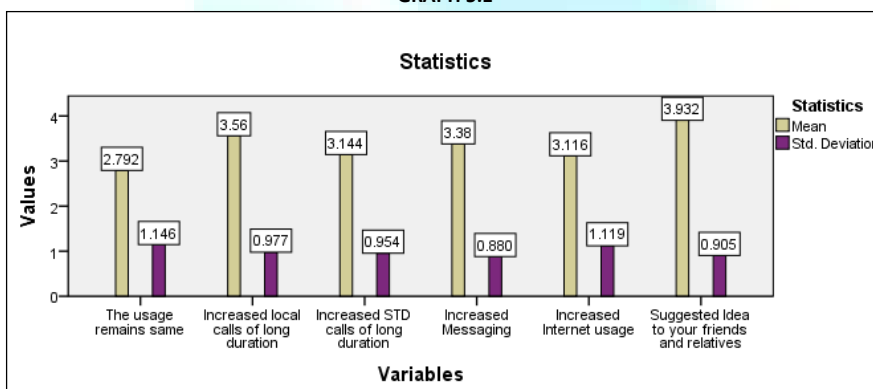


GRAPH 4.2

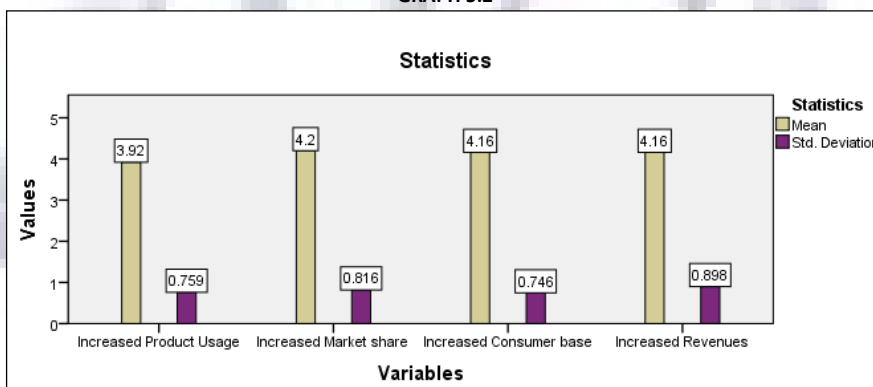


EFFECT OF PRICE REDUCTION

GRAPH 5.1

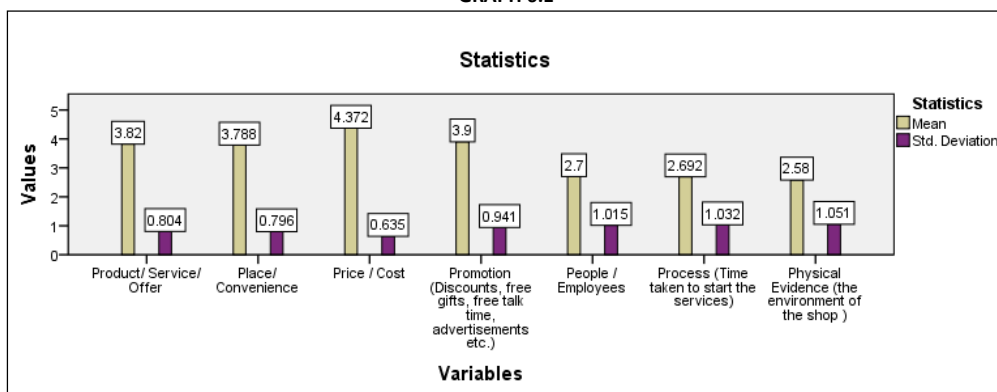


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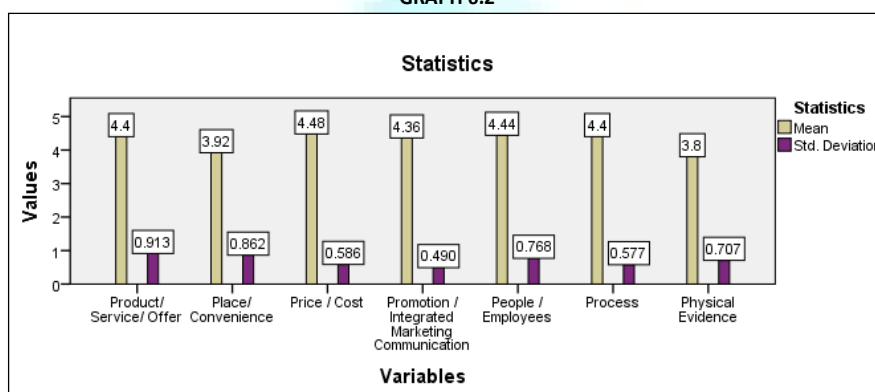


MARKETING MIX FACTORS

GRAPH 6.1

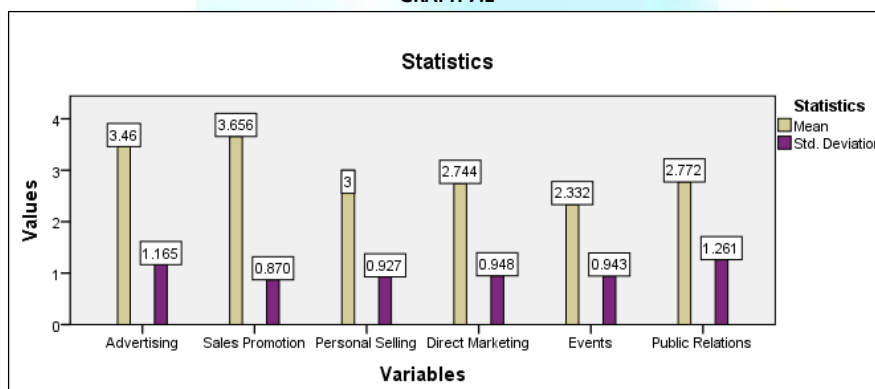


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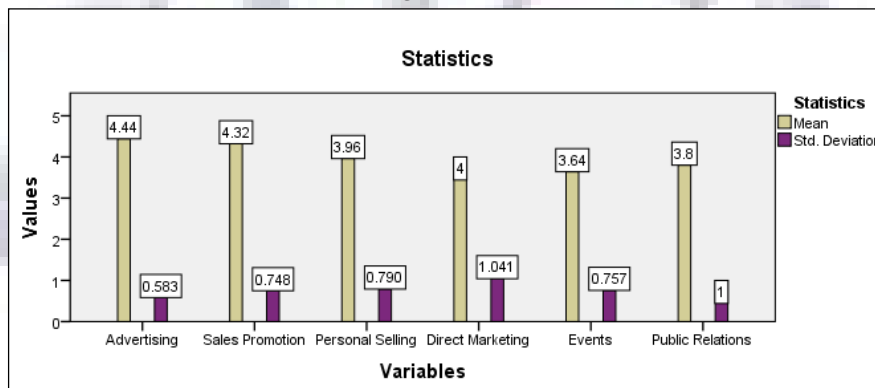


INTEGRATED MARKETING COMMUNICATION

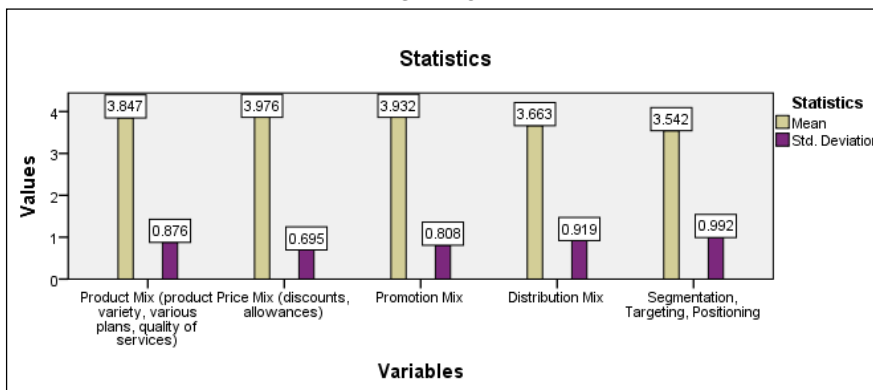
GRAPH 7.1



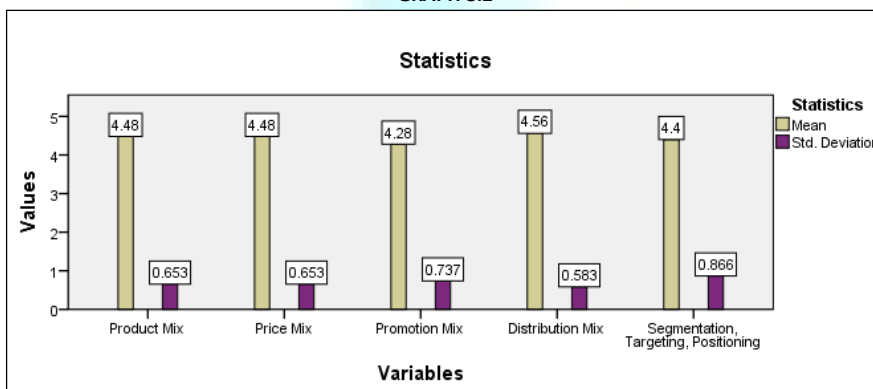
GRAPH 7.2



GRAPH 8.1

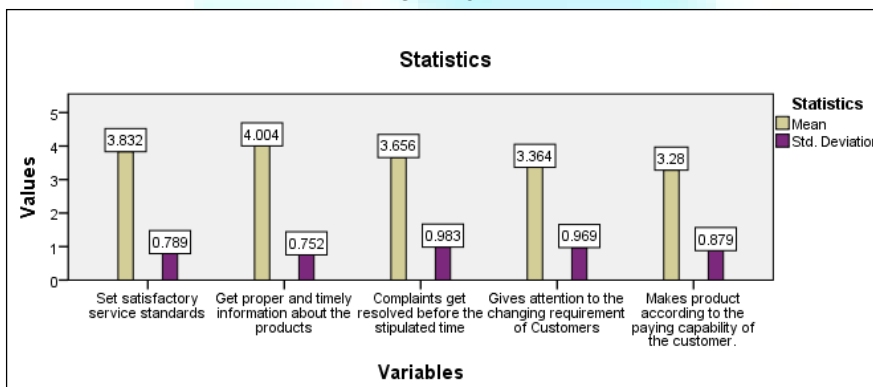


GRAPH 8.2

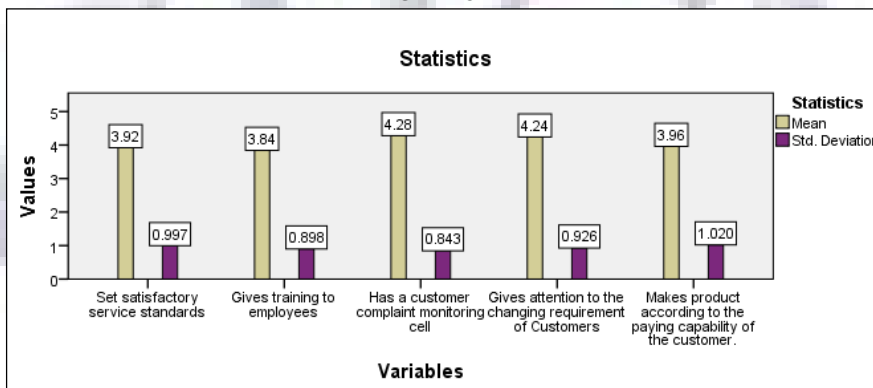


CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

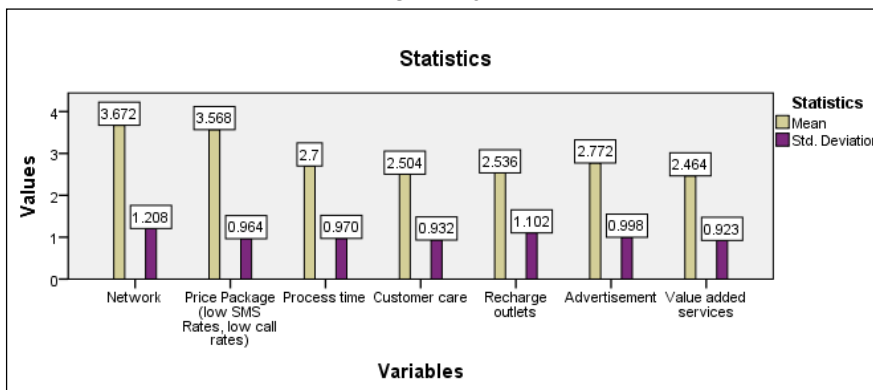
GRAPH 9.1



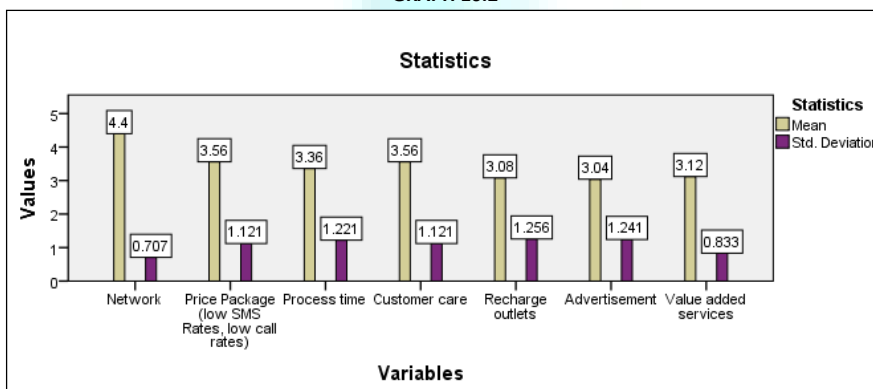
GRAPH 9.2



GRAPH 10.1

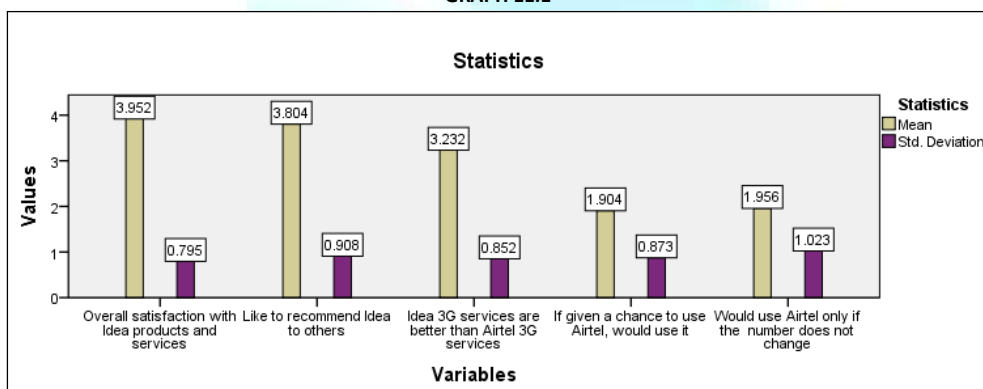


GRAPH 10.2



OVERALL SATISFACTION (CUSTOMERS)

GRAPH 11.1



AN EMPIRICAL STUDY ON EMOTIONAL INTELLIGENCE OF GENERATION X MANAGERS

DR. S. GANESAN
DIRECTOR GENERAL
SUGUNA SPARK BUSINESS SCHOOL
COIMBATORE

DR. R. KRISHNAMURTHI
CORPORATE TRAINER
IMPACT
COIMBATORE

ABSTRACT

'Generation X' is a phrase that has gained entry into modern management literature. Generation X managers are expected to shoulder leadership responsibilities to steer future organizations towards excellence. However, not much research work has been carried out in Indian context to study the characteristics and preferences of Generation X and the levels of their emotional intelligence. Hence a study was conducted to measure the levels of emotional intelligence of Generation X managers. Data for the study were collected from 243 Generation X managers from the population of 353 Generation X managers. The respondents were from nine companies that belonged to seven manufacturing industries. This paper presents the profile of Generation X managers, establishes the need of the study, the methodology adapted to collect the data required for the study and discusses the findings of the study.

KEYWORDS

Generation X, Emotional Intelligence.

INTRODUCTION

Generation X (Gen X) can be traced back to Douglas Coupland¹ who wrote about late boomers and gave them the title 'Generation X'. The usage of the name can also be attributed to media that popularized the phrase during the mid 1990s. Generation X, also known as 'baby busters,' have grown up in times of rapid changes. Hurt more by parental divorce, and having witnessed corporate downsizing firsthand, they tend to be independent, cynical and do not expect the security of long-term employment.² They began to project an image of a generation of people who were angry, cynical, frustrated and unmotivated.

A review of the literature on Gen X revealed that there is no single accepted age range for individuals born after the Baby Boomers. According to Cannon,³ the label 'Generation X' is coined from the Canadian novelist Douglas Coupland's 1991 novel *Generation X* and Strauss and Howe⁴ put Generation X birth years from 1961 to 1981. Tulgan⁵ reported that the age range of Gen X was from 1963 to 1981. According to Collins⁶ some researchers marked Generation X as people born between 1960 and 1979. Much of the literature, according to McShane and Von Glinov,⁷ accepts that Generation X employees are those born between 1965 and 1975. For this study, the age range between 1965 and 1977 as identified by Cascio⁸ was considered.

NEED OF THE STUDY

An extensive study on the outstanding performers by Moss⁹ revealed that their success depended not on their deep and profound knowledge which challenged the brains of average people but on the simple and more commonplace qualities which pleased the understanding of the common people, and aroused in their hearts a feeling of sympathy. The decade from 1990 to 2000 witnessed the importance of emotional intelligence for leadership and organizational effectiveness. Underlying this development many researchers as established by Goleman¹⁰ concluded that people with high emotional intelligence were more likely to achieve workplace success than people with low emotional intelligence. "Emotional Intelligence," according to Mayer and Salovey,¹¹ "is a type of social intelligence that involves the ability to monitor one's own emotions and others' emotions to discriminate among them, and to use the information to guide one's thinking and actions."

A study by the American Institute of Certified Public Accountants identified that 'emotional intelligence skills' were extremely important for the success of accounting profession. Professional accounting practices, claimed Akers and Porter,¹² had placed little emphasis on behavioral issues such as emotional intelligence although human behavior underlined most of what was written and taught about professional accounting. This work is on Gen X managers as they are expected to shoulder leadership responsibility for another two decades at least.

METHODOLOGY

Data for the research study were collected from 243 Gen X managers. The respondents were born between 1965 and 1977. The respondents were in four hierarchical levels. The levels were Assistant Managers, Deputy Managers, Managers and Senior Managers. There were representations from six management functions. The management functions were Finance, General Administration, Human Resource, Logistics, Marketing and Operations. 'Developing Emotional Intelligence' instrument by Weisinger was used to measure the emotional intelligence of the respondents. The instrument comprised 45 items with five point responses ranging from 'Very Low Ability' (1 point) to 'Very High Ability' (5 points). Hence, minimum and maximum scores were 45 and 225 respectively.

DISCUSSIONS**TABLE 1.1: FREQUENCY DISTRIBUTION OF EI**

	Levels						Total
	Low	%	Medium	%	High	%	
Respondents	52	21.39	156	64.21	35	14.40	243

Frequency distribution, as given in Table 1.1, shows that Gen X managers had medium level of EI. Moreover, percentage analysis also showed the same result. 14.4% of the respondents were with high EI, 64.2% of the respondents were with medium EI and 21.4% of the respondents were with low EI. The number of respondents with medium level of EI - 156 respondents - is close to the expected number 165. However, it could not be concluded that the EI of Gen X managers is medium as these findings were not statistically validated. In order to statistically validate the findings it was hypothesized that 'The levels of EI of Gen X managers are different.'

NH: Gen X managers have same level of EI.

AH: Gen X managers do not have same level of EI.

Chi square test was applied to test the hypothesis. The actual value of their EI, result of chi square test, is: $\chi^2_o = 5.331$. But the expected value (Table value) is: $\chi^2_e = 5.991$ for 2 df at 5% level. Chi square value (5.331) in this case was found to be less than the table value at 5% level of significance. Since $\chi^2_o < \chi^2_e$, it is inferred

that Gen X managers have same level of EI and the null hypothesis is accepted. So Gen X managers have medium level of EI. In a mean difference, that is., 1) 68% at 1 σ level, 2) 95% at 2 σ level and 3) 99% at 3 σ level, majority of the observations are in the middle. The responses fell into normal distribution. Since majority of the observations in this study was in the middle and the null hypothesis was accepted, it is affirmatively concluded that Gen X managers had medium level of EI.

RELATIONSHIP AMONG THE DIMENSIONS OF EI

According to Gibbs,¹³ executives derailed because of emotional problems such as poor working relations, too authoritarian, too ambitious and conflict with the top management. This list of negative qualities of Gen X is an area of concern for the business world of today and that of the next decade. Hence, a study was initiated to find the differences in relationship among the dimensions of EI attribute. EI attribute has five dimensions. They are: Self Awareness, Managing Emotions, Self Motivation, Relating Well and Emotional Mentoring. They are explained here. Self awareness is being aware of one's feelings and behaviours as well as others' perceptions of one. Managing Emotions means understanding one's emotions and using that understanding to turn situations to one's advantage. Self-motivation encompasses using one's emotional system to catalyze the whole process and keep it going. Relating Well relates to exchange of information about one's feelings, thoughts and ideas. And Emotional Mentoring includes helping others manage their emotions, solve their problems and conflicts and communicate effectively.

TABLE 1.2: EI DIMENSIONS WITH REFERENCE TO LEVELS

Dimensions	Levels						Total
	Low	%	Medium	%	High	%	
Self Awareness	40	16.46	155	63.79	48	19.75	243
Managing Emotions	48	19.75	155	63.79	40	16.46	243
Self Motivation	42	17.28	163	67.07	38	15.69	243
Relating Well	46	18.93	163	67.08	34	14.09	243
Emotional Mentoring	43	17.69	162	66.67	38	15.64	243

Frequency and percentage details, as given in Table 1.2, show that there were differences in the levels of EI dimensions among Gen X managers. The number of respondents low in Low was the lowest and high in High was the highest in Self Awareness dimension of EI. It was found, on the bases of frequency distribution and percentage analysis, that there were differences in the levels among the dimensions. These differences had to be statistically validated. Hence, a hypothesis was formulated to test the differences.

H: There are differences in the levels of various dimensions of EI among Gen X managers.

NH: The levels of EI of Gen X managers with reference to various dimensions are the same.

AH: The levels of EI of Gen X managers with reference to various dimensions are not the same.

ANOVA test was applied to verify the significance in mean differences among the dimensions. From the analysis of the result of ANOVA test, as provided in Table 1.3, it is concluded that the presence of various dimensions of EI among the respondents was different. A significant F-value showed that the means were not equal. Though it was known that the means of the dimensions were not equal, it was not distinctively known means of which dimensions were significantly different from the means of which other dimensions.

TABLE 1.3: VARIANCE AMONG EI DIMENSIONS

Dimension	Sum of Squares	df	Mean Square	F	Sig.	Result
EI						
Between Groups	125834.12	4	31458.53	1031.45	0.000	<0.05- Null hypothesis is rejected
Within Groups	36903.97	1210	30.49			
Total	162738.10	1214				

Hence, Post-Hoc analysis was conducted to find out the dimensions of EI that had the highest and lowest presence among the dimensions in Gen X managers. This was done as the lowest and highest presence of any dimension of EI would influence EI negatively and positively respectively.

TABLE 1.4: DIFFERENCES IN THE LEVELS OF EI DIMENSIONS- HIGHEST

Dimension	Group	M.D	Sig.	Result
Self Awareness	Managing Emotions	12.10*	0.000	< 0.05- difference is significant
	Self Motivation	19.45*	0.000	< 0.05- difference is significant
	Relating Well	8.71*	0.000	< 0.05- difference is significant
	Emotional Mentoring	13.40*	0.000	< 0.05- difference is significant

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

From the Post-Hoc analysis, as presented in Table 1.4, it is found that Self Awareness had significantly the highest level of presence in Gen X managers among the other dimensions namely, Managing Emotions, Self Motivation, Relating Well and Emotional Mentoring. Though differences existed in other dimensions, they were not significant.

TABLE 1.5: DIFFERENCES IN THE LEVELS OF EI DIMENSIONS -LOWEST

Dimension	Group	M.D	Sig.	Result
Self Motivation	Self Awareness	-19.45*	0.000	< 0.05- difference is significant
	Managing Emotions	-7.34*	0.000	< 0.05- difference is significant
	Relating Well	-28.16*	0.000	< 0.05- difference is significant
	Emotional Mentoring	-6.04*	0.000	< 0.05- difference is significant

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

From the Post-Hoc analysis, as presented in Table 1.5, it is found that Self Motivation had significantly the lowest level of presence in Gen X managers among the other dimensions, namely, Managing Emotions, Self Motivation, Relating Well and Emotional Mentoring.

CORRELATION AMONG THE DIMENSIONS OF EI

The presence of EI among Gen X managers showed the levels of EI. A study on the correlation among the dimensions of EI would help us understand how significantly the dimensions are related with one another. Interrelationship among the dimensions would display the strength of the instrument and the data that were collected for the purpose of the study. Hence, Correlation analysis was conducted to find the relationships among the dimensions of EI.

The information provided in Table 1.6 gives the correlation among the dimensions of EI under study. It is found that Self Awareness was positively significantly correlated with Managing Emotions, Self Motivation, Relating Well and Emotional Mentoring. Managing Emotions was positively significantly correlated with Self Awareness, Self Motivation, Relating Well and Emotional Mentoring. Self Motivation was positively significantly correlated with Self Awareness, Managing Emotions, Relating Well and Emotional Mentoring. Relating Well was positively significantly correlated with Self Awareness, Managing Emotions, Self Motivation and Emotional Mentoring. And Emotional Mentoring was positively significantly correlated with Self Awareness, Managing Emotions, Self Motivation and Relating Well. From the findings of the research study, it can be safely concluded that all the dimensions of EI were strongly interrelated with one another.

TABLE 1.6: CORRELATION AMONG THE DIMENSIONS OF EI

Dimensions	Self Awareness	Managing Emotions	Self Motivation	Relating Well	Emotional Mentoring
Self Awareness	1				
Managing Emotions	0.639** (0.000)	1			
Self Motivation	0.719** (0.000)	0.626** (0.000)	1		
Relating Well	0.689** (0.000)	0.596** (0.000)	0.650** (0.000)	1	
Emotional Mentoring	0.542** (0.000)	0.552** (0.000)	0.581** (0.000)	0.725** (0.000)	1

** Correlation is significant at the 0.01 level (2-tailed)

COEFFICIENTS AMONG THE DIMENSIONS OF EI

A typical use for canonical coefficient in the experimental context is to take two sets of variables and see what is common among the two sets. By seeing how the dimensions of EI are related to each other, insights can be gained into what dimensions were common among them and how much variance was sheared.

TABLE 1.7: CANONICAL COEFFICIENTS FOR EI

Dimensions	Self Awareness	Managing Emotions	Self Motivation	Relating Well	Emotional Mentoring
Self Awareness	0.006	-0.145	0.177	-0.005	-0.085
Managing Emotions	-0.081	0.173	-0.002	0.179	-0.106
Self Motivation	-0.021	-0.160	-0.280	-0.071	0.077
Relating Well	-0.103	0.092	-0.070	-0.024	-0.051
Emotional Mentoring	0.004	-0.004	0.176	0.095	0.302

The results presented in Table 1.7 give the canonical coefficients among the dimensions of EI. From the information the following relationship is established. EI = 0.006 (Self Awareness) -0.081(Managing Emotions) -0.021 (Self Motivation) -0.103 (Relating Well) +0.004 (Emotional Mentoring). From the analysis it is found that Self Awareness (0.006) had a maximum influence on Gen X managers among all the dimensions of EI. Superior performers intentionally sought out feedback on their emotions; they wanted to listen to how others perceived them as they wanted to be aware of their emotions. That was one of the reasons, found Nilsen and Campbell,¹⁴ that people who were self-aware, high self awareness, made better performers. The finding of the present study is in agreement with the previous research studies that different dimensions of EI influence EI.

CONCLUSION

It was found from the analysis of the data that Gen X managers had medium level of EI. There were significant differences in the presence of the dimensions of EI among Gen X managers. All the five dimensions of EI were positively significantly correlated with one another. Gen X managers were found to be high in 'Self Awareness' and low in 'Self Motivation' of EI dimensions. 'Self Awareness' had the maximum influence on their EI among all the dimensions.

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STUDY ON SOURCES OF FUND OF PRIMARY CO-OPERATIVE AGRICULTURE AND RURAL DEVELOPMENT BANKS IN COMPOSITE TO THANJAVUR DISTRICT

DR. K. RAMAKRISHNAN
PRINCIPAL

VIVEKANANDA COLLEGE OF ARTS & SCIENCE FOR WOMEN
SIRKALI

S.SOUNDARANAYAH
RESEARCH SCHOLAR & LECTURER
A.V.C. COLLEGE (AUTONOMOUS)
MANNAMPANDAL

ABSTRACT

Agriculture and rural development banks are one of the oldest institution for rural credit. ARDBs had their beginning in early 1920s as land mortgage banks. The objectives of land mortgage banks was to give long term loans farmers to redeem prior debts. In eighties, the LDBs further diversified their activities to cover non-farm sector financing and then came to known as primary co-operative agricultural rural development bank (PCARDB) in most of the states. Tamilnadu state is the pioneer in establishing of central land mortgage bank. The state occupies the forth place in the country, which continues to maintain in the same rank. In this study, an attempt is made to study the sources of fund of primary co-operative agriculture rural development Banks. It can be classified into two viz. Owned and borrowed funds. Borrowed funds consist of deposits and amount borrowed from SCARDB, NABARD and other financing agencies. In short, the capital structure of PCARDBs consists of share capital, reserves, deposits and borrowings. The composite Thanjavur District is chosen as the area of study which covers 3 Revenue districts viz, Nagapattinam, Thanjavur and Thiruvavur. The study covers the period of eleven years from 2001-2002 to 2011-2012. The PCARDBs in composite Thanjavur district has generated more funds from reserve rather than share capital and sample PCARDBs have largely depending on external borrowings. Therefore it is highly imperative to augment their resources through deposits, share capital and reserve and thereby the cost of capital can be minimised to a considerable extent.

KEYWORDS

Rural bank, Sources of fund, working capital.

INTRODUCTION

Agriculture and rural development banks are one of the oldest institution for rural credit. ARDBs had their beginning in early 1920s as land mortgage banks. The objectives of land mortgage banks was to give long term loans farmers to redeem prior debts. In eighties, the LDBs further diversified their activities to cover non-farm sector financing and then came to known as primary co-operative agricultural rural development bank (PCARDB) in most of the states. Tamilnadu state is the pioneer in establishing of central land mortgage bank. The state occupies the forth place in the country, which continues to maintain in the same rank. In this study, an attempt is made to study the sources of fund of primary co-operative agriculture rural development Banks. It can be classified into two viz. Owned and borrowed funds. The share capital collected from the member and amount set aside out of the net surplus every year and accumulated as reserves constitute owned funds. Borrowed funds consist of deposits and amount borrowed from SCARDB, NABARD and other financing agencies. In short, the capital structure of PCARDBs consists of share capital, reserves, deposits and borrowings.

STATEMENT OF THE PROBLEM

A financial and banking institution, dealing in money and providing service to members /clients mostly by means of loans and advances, has to be endowed with adequate resources either raised or borrowed. banking institution thus depend mostly on deposit resources for lending. Though PCARDBs are permitted to accept fixed deposits for a period of one of two years, they have not been successful in tapping savings from the public, mainly because they are not banking institutions and cannot provide normal banking service to the depositors. Thus they face the problem of resource crunch. Therefore Researcher interested to study from what sources the PCARDBs raise funds.

AREA OF STUDY

The composite Thanjavur District is chosen as the area of study which covers 3 Revenue districts viz, Nagapattinam, Thanjavur and Thiruvavur.

OBJECTIVES

- To analyse the sources of raising funds.
- To identify the financial strengths and weaknesses of selected sample banks
- To offer suitable suggestion for strengthening the financial position of the sample banks.

METHODOLOGY

The study is based upon secondary data. The secondary data are collected from audit reports and office records. Co-operative perspective, Indian co-operative review, RBI Bulletin and other published information pertaining to this aspect.

STATISTICAL TOOL

Mean, standard deviation, co-efficient of variation were used for analysis.

SAMPLE DESIGN

The proportionate random sampling method is used to select PCARDBs in composite to Thanjavur district. A sample of 33% of the banks has been chosen in each district. By selecting 3banks out of Thanjavur district, 2 banks out of Thiruvavur district and 1 bank out of Nagai district, thus making the total number of banks six.

PERIOD OF STUDY

The study covers the period of eleven years from 2001-2002 to 2011-2012.

Sources of funds of PCARDBs: PCARDBs raise funds from the following sources:

1. SHARE CAPITAL

PCARDBs collect share capital from members. The membership of PCARDB is of two kinds viz A class and B class members. Rs.10 is the value of each A class share and Rs.5 is the value for each B class share for associate member. A person who owns lands within the area of operation of the bank and who has

completed 18 year of age can become "A" class members by purchasing "A" class shares of the bank. "B" class members are associate members who give guaranteed to the person borrowing loans from the bank.

2. RESERVE

Reserve form an important component of owned capital. If the share capital is a source and difficult to obtain, the bank has to give special attention to building up reserve. Reserves serve as long-term capital for investment and expansion. This will increase the borrowing power of the bank and act as better for protection of the member liabilities. Here the term "Reserves" include statutory reserve fund, dividend, equalisation fund, common goods fund, building fund, depreciation reserves, provision for NPA etc.,

The owned fund position of sample PCARDBs during the study period has been analysed and results are presented in Table 1.

TABLE 1: OWEND FUND (Rs in lakhs)

YEAR	Mayiladuthurai			Thiruvavur			Kodavasal			Kumbakonam			Thiruvaidaimaruthur			Papanasam		
	S.C	RESERVE	O.F	S.C	RESERVE	O.F	S.C	RESERVE	O.F	S.C	RESERVE	O.F	S.C	RESERVE	O.F	S.C	RESERVE	O.F
2001-02	65.25	410.15	475.4	34.29	115.46	149.75	33.58	102.54	136.12	43.29	147.12	190.41	34.84	106.23	141.07	34.83	58.43	93.26
2002-03	75.25	480.38	555.6	36.57	154.23	190.8	36.94	126.43	163.37	47.23	153.26	200.49	37.99	106.35	144.34	30.27	227.89	258.18
2003-04	63.75	498.01	561.7	33.37	178.12	211.49	38.83	120.99	159.82	44.35	193.78	238.13	36.40	134.75	71.11	33.30	229.90	263.20
2004-05	57.56	533.75	591.3	31.00	148.19	179.19	32.30	131.57	163.87	41.48	210.80	252.28	34.17	167.46	202.63	30.67	236.21	266.88
2005-06	50.62	636.78	687.4	28.58	168.41	196.99	28.93	163.88	192.81	39.74	233.15	272.89	32.24	187.66	219.90	28.32	220.65	248.97
2006-07	47.97	525.96	573.9	28.31	187.15	225.46	28.19	217.71	245.90	38.93	250.09	289.02	31.65	203.46	235.11	27.76	207.93	235.69
2007-08	44.98	395.04	440.0	27.36	214.01	241.37	27.64	246.15	273.79	37.95	257.42	295.37	29.23	202.9	231.88	26.23	227.29	253.53
2008-09	44.96	457.43	502.3	27.36	216.93	244.29	27.10	256.70	283.7	37.92	263.04	300.96	28.79	217.25	246.04	26.30	277.29	303.59
2009-10	44.58	531.03	575.6	27.25	193.34	220.59	27.10	252.70	279.8	37.90	239.12	277.02	28.20	108.26	136.46	13.25	124.67	137.92
2010-11	44.58	191.57	236.1	26.27	188.25	214.52	25.77	262.10	287.87	37.58	269.94	307.52	28.26	108.25	136.51	14.33	198.32	212.65
2011-12	44.58	144.92	189.5	26.27	180.63	206.9	25.78	272.17	297.25	37.56	258.09	289.06	28.19	120.63	148.82	15.16	199.43	214.59
MEAN	53.09	436.83	489.91	29.69	122.70	207.39	30.19	195.72	225.91	40.35	248.74	299.10	31.81	151.26	183.07	25.98	195.27	221.25
SD	10.74	148.35	151.87	3.56	29.97	27.54	4.54	66.66	62.65	3.29	290.71	283.87	3.58	45.65	44.40	8.02	54.76	54.05
CV	20.22	33.14	30.90	11.99	24.42	13.27	15.03	34.05	27.73	8.15	59.46	53.65	11.25	29.78	24.25	30.80	28.04	24.42

Sources: Audit reports of sample banks.

The PCARDBs in composite Thanjavur district has generated more funds from reserve rather than share capital. The position of share capital registered as sloped downward in respect of all sample banks during the study period. The owned fund maintained by the Thiruvavur PCARDBs is very poor. The co-efficient of variance on for share capital is 11.99 and reserve is 24.42. The causes of poor and inadequate share capital are the number of share holders is limited to the resident of the area of operation and no member shall take more than two hundred shares.

THE SOURCES OF BORROWED FUND OF PCARDBs AS GIVEN BELOW

The PCARDBs may collect deposits from its members and non-members as per the provisions laid down in this regard in the bye-laws of the respective constitution. Deposits are the cheaper source of working capital compared to borrowing as higher rates of interest are payable on borrowings. The scheme of rural savings mobilisation has not been effective due to certain restrictions in respect of accepting deposits whose business activities completely are of long term nature. PCARDBs are not deposit oriented since they are mainly meant for advancing loans for development activities.

The borrowings from agencies, such as SCARDB, NABARD and other financing agencies constitute an important sources of funds of PCARDBs. PCARDB are eligible to borrow from the NABARD through SCARDB for meeting the funds required for lending.

The borrowed fund position of sample PCARDBs, during the study period has been analysed and results are presented in Table 2.

TABLE 2: BORROWED FUND (Rs in lakhs)

YEAR	Mayiladuthurai			Thiruvavur			Kodavasal			Kumbakonam			Thiruvaidaimaruthur			Papanasam		
	Depo sit	borrowings	B.Funds	Depo sit	borrowing	B.Funds	Depo sit	borrowing	B.Funds	Depo sit	borrowing	B.Funds	Depo sit	borrowing	B.Funds	Depo sit	borrowing	B.Funds
2001-02	51.78	1184.51	1236.29	16.31	443.72	460.03	10.14	413.76	423.9	0.29	649.03	649.32	6.99	492.90	499.89	05.70	429.23	434.93
2002-03	60.13	1178.81	1238.94	20.16	474.73	494.89	11.10	489.02	500.12	0.29	696.92	697.21	5.82	535.67	541.49	07.93	563.96	571.89
2003-04	69.16	1042.89	1112.05	17.04	451.08	468.12	13.13	471.38	484.51	0.29	667.86	668.15	6.58	522.59	529.17	09.30	482.99	492.29
2004-05	73.81	928.80	1002.61	18.99	404.50	423.49	10.51	401.96	412.47	0.29	627.23	627.52	7.17	481.92	489.09	11.38	448.17	459.55
2005-06	72.62	808.70	881.3	11.85	378.71	390.56	11.5	347.54	359.04	0.29	569.18	569.18	9.38	445.91	455.29	12.35	412.12	424.47
2006-07	42.42	760.78	803.	06.60	54.74	61.34	12.50	28.44	40.94	0.29	520.50	520.79	11.68	586.46	598.14	14.24	441.76	456
2007-08	40.28	980.19	1020.47	07.86	395.57	403.43	13.89	100.23	114.12	0.29	412.66	412.95	10.97	485.90	496.87	13.23	582.30	595.53
2008-09	46.03	1965.22	2011.2	09.00	215.82	224.82	15.32	126.04	141.36	0.29	273.68	273.9	12.76	538.91	551.67	15.30	585.79	601.09
2009-10	46.25	812.90	859.15	05.79	315.09	320.88	16.33	126.64	142.97	0.29	116.20	116.49	13.36	318.21	331.57	13.25	347.80	361.05
2010-11	44.48	189.33	233.81	11.11	315.09	326.2	18.67	273.46	292.13	0.29	116.7.	112.4	14.46	219.85	234.31	14.33	847.80	862.13
2011-12	44.48	216.38	260.86	13.26	210.05	223.31	20.05	291.24	311.29	0.29	161.67	161.96	15.54	315.13	330.67	15.16	124.64	139.8
MEAN	53.76	915.31	969.06	12.54	332.64	345.18	13.92	269.06	292.98	0.29	469.09	437.4	12.01	449.10	459.83	12.01	478.72	490.83
SD	12.79	482.30	484.1	5.02	128.18	131.58	3.24	161.43	160.22	0.02	216.50	249.45	3.43	179.68	112.64	3.13	178.1	178.1
CV	23.79	52.65	49.94	40.03	38.53	38.11	23.27	59.99	54.68	6.89	46.15	56.98	28.55	40.08	24.49	28.06	37.20	36.28

Sources: audit reports of sample banks.

It is obvious from the above analysis that the funds position of sample PCARDBs in regard to borrowing was not satisfactory, because borrowing increase the cost of capital and thereby profit will go down, affecting adversely the wealth of banks. It is obvious that all sample PCARDBs have largely depending on external borrowings. Hence from the results of the above analysis, a conclusion can be arrived that the most of the borrowed funds of the Kumbakonam PCARDB is constituted by the borrowing from the external higher financing agencies because of the poor deposit mobilisation.

TABLE 3: WORKING CAPITAL (Rs in lakhs)

YEAR	Mayiladuthurai			Thiruvavur			Kodavasal			Kumbakonam			Thiruvudaimaruthur			Papanasam		
	O.F	B.F	W.C	O.F	B.F	W.C	O.F	B.F	W.C	O.F	B.F	W.C	O.F	B.F	W.C	O.F	B.F	W.C
2001-02	475.4	1186.29	1661.69	149.71	1060.03	1209.74	136.12	153.9	290.02	190.41	649.32	938.73	141.07	499.89	640.96	93.26	434.93	528.10
2002-03	555.63	1238.94	1794.57	191.1	494.89	685.99	163.37	500.12	663.49	200.49	697.21	897.70	144.34	541.49	685.83	258.18	571.89	830.07
2003-04	561.76	1112.5	1674.26	211.49	468.12	679.61	159.82	484.51	644.33	238.13	668.15	906.28	171.11	529.17	700.28	263.29	492.29	755.49
2004-05	591.31	1002.61	1593.92	179.19	422.49	602.68	163.87	412.47	576.33	252.28	627.52	879.80	202.63	489.09	691.72	266.88	459.55	726.43
2005-06	687.4	881.32	1568.72	196.99	390.56	587.55	192.81	358.69	551.50	272.89	569.47	842.36	219.9	455.29	675.19	248.97	424.47	673.44
2006-07	573.93	803.2	1377.13	225.46	48.147	288.93	245.9	40.94	286.84	789.02	520.79	1309.81	235.11	398.14	633.25	235.69	456.0	691.69
2007-08	440.02	1020.47	1460.49	241.37	403.43	288.8	273.79	114.12	387.91	795.02	412.95	1207.97	231.88	496.87	728.75	253.53	595.53	849.06
2008-09	502.39	2011.85	2514.24	244.24	2758.18	3002.42	279.86	141.36	421.16	800.96	273.97	1074.93	246.04	551.70	797.74	253.32	600.92	854.22
2009-10	575.61	859.15	1434.76	220.59	320.88	541.47	279.8	142.97	422.7	777.02	116.49	893.51	136.46	331.57	468.03	151.55	361.05	512.6
2010-11	236.09	233.81	469.9	703.71	326.2	1029.91	287.87	292.13	580.0	807.52	112.49	920.01	136.51	234.31	370.82	209.10	862.13	1072.23
2011-12	189.50	260.86	450.36	711.22	223.31	934.53	297.95	311.29	609.24	696.06	167.96	864.02	147.82	330.67	178.49	210.25	140.38	350.63
MEAN	489.91 (34)	964.63 (66)	454.54 (100)	297.73 (23)	688.74 (77)	895.6 (100)	265.5 (46)	268.40 (54)	493.95 (100)	529.07 (55)	437.87 (45)	975.92 (100)	182.98 (26)	441.65 (74)	598.36 (100)	221.74 (31)	490.83 (69)	713.45 (100)
SD	151.88	481.76	578.49	204.43	748.46	754.34	62.30	158.79	137.20	290.02	231.25	153.94	44.48	503.89	183.70	54.54	178.01	197.42
CV	31.00	46.94	1454.54	68.66	119.9	84.22	23.46	59.16	24.77	54.16	52.81	15.77	24.30	114.09	30.70	9.11	63.08	0.68

Sources: audit reports of sample banks.

SD =Standard deviation

CV=co-variance, Figures in brackets indicate indices.

The Table 3 amply illustrates that the working capital of sample PCARDBs comprises of owned fund and borrowed fund. Among two funds the level of borrowed fund has been high (CV = Mayiladuthurai -46.94, Thiruvavur -119, Kodavasal -59.16, Kumbakonam -52.81, Thiruvudaimaruthur-114.09, Papanasam -63.08) compared to that owned fund. Invariably the working capital of the entire sample PCARDBs was entitled to more than 60 percent by borrowed funds.

FINDINGS

1. The position of the share capital slope downward during the study period and thin share capital was observed in PCARDBs in composite Thanjavur district.
2. It is observed that the mobilisation deposits in Kumbakonam PCARDBs in poor and meagre. Large dependence on borrowing from higher financing agency for observed in PCARDBs.
3. Among the two funds the level of borrowed fund has been high compared to that owned fund.

SUGGESTION

To raise the share capital, the following suggestions are:

- All the state government and the central government have to increase the maximum shareholding of an individual member.
- All the state government and the central government have to remove the restriction on payment of dividends by the PCARDBs.

CONCLUSION

PCARDBs in composite Thanjavur district have much relied on borrowing from higher financial institution for their business operations. The generations of fund from borrowing will increase the cost of capital and the profitability of the banks impaired. Therefore it is highly imperative to augment their resources through deposits, share capital and reserve and thereby the cost of capital can be minimised to a considerable extent. "Rural credit is the real credit". So the state Governments have a major role to play in raising the sources funds of the banks in rural sector for which they should create a favourable climate and show political will. If institutions become weak, the state will suffer as also its rural economy.

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ETHICAL, LEGAL AND SOCIAL RESPONSIBILITY IN TOURISM BUSINESS

SUBODH KUMAR MISHRA
HEAD - BUSINESS DEVELOPMENT
MILESTONE DMC
BHUBANESWAR

ABSTRACT

Benefits and importance of tourism is loud and clear. However, despite its positive socio-economic benefits, it is not free from negative impacts. Cut-throat competition, high seasonality and volatility of the global tourism environment makes tourist companies not always capable to conduct their business operations in ethical and socially responsible manner. Because of its potential to cause negative environmental and social impacts, of late the tourism industry has experienced increased external pressures and has been challenged to respond to the rising problems promptly, ethically and responsibly. Ethical practices and corporate social responsibility standards have been originally established by the private business organizations to act in response to escalated societal pressure. In the tourism industry the use of codes of conduct and other 'attributes' of ethical and socially responsible practices has not been prevalent since the issues of ethics and corporate social responsibility have initially had a 'low priority' status and have been limited to the discussion form. Some of the explanations for this low priority status can be attributed to the lack of generally accepted global principles and criteria, controversy on ethical and social responsible conceptual and operating framework, multifaceted character of tourism industry, and deficiency of assessment methods of the ethical and social responsible performance of tourist organizations.

KEYWORDS

Tourism, ethical, legal, social, responsibility.

INTRODUCTION

Tourism is a multi-sectoral activity characterized by multiple services provided by a range of suppliers. It is the largest service industry in the world. Its importance lies in being an instrument for economic development and employment generation, particularly in remote and backward areas. It is contributing towards overall socio-economic improvement and accelerated growth in the economy. The economic benefits flow into the economy through growth of tourism in the shape of increased national and State revenues, business income, employment, wages, and salary income. While tourism business plans have become increasingly short term, more and more governments are starting to realize that they cannot leave the growth of tourism to chance. This emerging global consciousness represents a great opportunity for this industry.

Tourism is one economic sector that has the potential to grow at a high rate and can ensure consequential development of the infrastructure of the destinations. It has the potential to stimulate other economic sectors through its backward and forward linkages and cross-sectoral synergies with sectors like agriculture, horticulture, handicrafts, transport, construction, etc. The particular significance of tourism industry is its contribution to national integration and preservation of natural as well as cultural environments and enrichment of the social and cultural lives of people like preservation of monuments and heritage properties. This sector is also helping the traditional art forms, crafts, and culture.

To position India in the world tourist map the Planning Commission of India in its 11th Five Year Plan document suggests following measures:

1. Positioning and maintaining tourism development as a national priority activity.
2. Enhancing and maintaining the competitiveness of India as a tourist destination.
3. Improving India's existing tourism products further and expanding these to meet new market requirements.
4. Creation of world-class infrastructure.
5. Developing strategies for sustained and effective marketing plans and programmes.
6. Developing human resources and capacity building of service providers.

REVIEW OF LITERATURE

Benefits and importance of tourism is loud and clear. However, despite its positive socio-economic benefits, it is not free from negative impacts (Berno & Bricker, 2001; Werner, 2003; French, 2005; Budeanu, 2005; Enea, 2007). Cut-throat competition, high seasonality and volatility of the global tourism environment makes tourist companies not always capable to conduct their business operations in ethical and socially responsible manner (Hall & Brown, 2008). Because of its potential to cause negative environmental and social impacts, of late the tourism industry has experienced increased external pressures and has been challenged to respond to the rising problems promptly, ethically and responsibly (Tepelus, 2008). According to Dodds and Joppe (2005), ethical practices and corporate social responsibility standards have been originally established by the private business organizations to act in response to escalated societal pressure. In the tourism industry the use of codes of conduct and other 'attributes' of ethical and socially responsible practices has not been prevalent since the issues of ethics and corporate social responsibility have initially had a 'low priority' status (Hall & Brown, 2008) and have been limited to the discussion form (Butcher, 2008). Some of the explanations for this low priority status can be attributed to the lack of generally accepted global principles and criteria (Dodds & Joppe, 2005), controversy on ethical and social responsible conceptual and operating framework (Enea, 2007; Tepelus, 2008; Butcher, 2008; Fennell, 2008), multifaceted character of tourism industry (Tepelus, 2008), and deficiency of assessment methods of the ethical and social responsible performance of tourist organizations (Hall & Brown, 2008; Fennell, 2008; Schwartz, Tapper & Font, 2008; Jenkins, 2008).

ORGANISATION OF PAPER

After a brief introduction to tourism, this paper gives highlights of current tourism scenario of World and India. Further it enlists the significance of tourism in the world today. Thereafter ethical, legal and social responsibility in tourism business is discussed one by one. The paper ends with a concluding remark.

WORLD TOURISM – FACTS AND FIGURES**INTERNATIONAL TOURIST ARRIVALS, 2011**

The majority of destinations around the world that had not exceeded pre-crisis levels in 2010, did so in 2011. Contrary to the long-term trend, advanced economies (+4.9%) posted higher growth than emerging economies (+4.3%), due largely to the strong results in Europe, and the setbacks in the Middle East and North Africa. Europe and Asia and the Pacific (both +6%) were the fastest-growing regions in terms of tourist arrivals in 2011. Europe grew above expectations, despite continuing economic uncertainty, while arrivals in Asia and the Pacific increased at a slower pace over 2010, partly due to the temporary decline in the Japanese outbound market. Arrivals in the Americas (+4%) were boosted by South America (+9%), which continued to lead growth in the region for the second consecutive year. Popular uprisings in a number of countries in Africa and the Middle East during 2011 took a toll on tourism in both regions. Africa (+1%) recorded only a slight increase, due to the loss of visitors in North Africa, while the Middle East saw an 8% decline in arrivals.

INTERNATIONAL TOURISM RECEIPTS, 2011

In 2011, international tourism receipts reached a record US\$ 1,030 billion (euro 740 bn), up from 927 billion (euro 699 bn) in 2010. This represents a 3.9% growth in real terms (adjusted for exchange rate fluctuations and inflation), while international tourist arrivals increased by 4.6% in 2011 to 983 million. This

confirms the strong correlation between both indicators, with growth in receipts tending to lag slightly behind growth in arrivals in times of economic constraints. Europe holds the largest share of international tourism receipts (45% share), reaching US\$ 463 billion (euro 333 bn) in 2011, followed by Asia and the Pacific (28% share or US\$ 289 billion / euro 208 bn), and the Americas (19% share or US\$ 199 billion / euro 143 bn). The Middle East (4% share) earned US\$ 46 billion (euro 33 bn) and Africa (3% share) US\$ 33 billion (euro 23 bn).

Visitor expenditure on accommodation, food and drink, local transport, entertainment and shopping, is an important contributor to the economy of many destinations, creating much needed employment and opportunities for development. In 2011, both emerging and advanced destinations reported significant increases in receipts. For some 85 countries, receipts from international tourism were over US\$ 1 billion in 2011. For destination countries, receipts from international tourism count as exports and cover transactions generated by same-day as well as overnight visitors. However, these do not include receipts from international passenger transport contracted from companies outside the travellers' countries of residence, which are reported in a separate category (International Passenger Transport). The export value of international passenger transport is estimated at US\$ 196 billion (euro 141 bn) in 2011, up from US\$ 170 billion (euro 131 bn) in 2010. As such, total receipts from international tourism, including international passenger transport, reached US\$ 1.2 trillion (euro 841 bn) in 2011. In other words, international tourism contributes US\$ 3.4 billion (euro 2.4 bn) a day to global export earnings.

INDIAN TOURISM – FACTS AND FIGURES

Tourism in India is a large industry. The tourism authorities at the central and state levels have played an important role in the development of the industry, with promotional campaigns such as "Incredible India," which promoted India's culture and tourist attractions in a fresh and memorable way (Alwis, 2010). The campaign created a new image of India in the minds of consumers around the world and has led directly to an increase in interest among tourists. Similarly, campaigns such as, "God's Own Country" for Kerala, Goa Tourism's "Go Goa," and Uttar Pradesh Tourism's "Amazing Heritage—Grand Experiences" made significant impacts on regional tourism development in India. In the earlier part of this decade, it was the success of Kerala's regional campaign that led to the "Incredible India" campaign.

The World Travel and Tourism Council calculated that tourism generated \$121 million or 6.4% of the nation's GDP in 2011. It was responsible for 39.3 million jobs, 7.9% of its total employment. The GDP of the tourism sector has expanded 229% between 1990 and 2011. The sector is predicted to grow at an average annual rate of 7.7% in the next decade. In a 2011 forecast the World Travel and Tourism Council predicted the annual growth to be 8.8% between 2011 and 2021. This gave India the fifth rank among countries with the fastest growing tourism industry. India has a large medical tourism sector which is expected to grow at an estimated rate of 30% annually to reach about ₹ 9,500 crore by 2015.

In the year 2011, there were nearly 6.29 million foreign tourist arrivals in India, up by over 8% from the year 2010 when 5.78 million foreign tourists arrived in India. Domestic tourist visits to all states and Union Territories numbered 747.70 million. The majority of foreign tourists come from the United States (16%) and the United Kingdom (12.6%). In 2011 Maharashtra, Tamil Nadu and Delhi were the most popular states for foreign tourists. Domestic tourists visited the states Uttar Pradesh, Andhra Pradesh and Tamil Nadu most frequently.

The Travel & Tourism Competitiveness Report 2011 ranked the price competitiveness of India's tourism sector 28th out of 139 countries. It mentions that India has quite good air transport (ranked 39th), particularly given the country's stage of development, and reasonable ground transport infrastructure (ranked 43rd).

TABLE 1

Important Facts About Tourism, 2011		
(i) India		
■ No. of Foreign Tourist Arrivals in India	6.29 Million (P)	
■ Annual Growth Rate	8.9%	
■ No. of Indian Nationals departures from India	14.21 Million (P)	
■ Annual Growth Rate	9.4%	
■ No. of Domestic Tourist Visits to all States/UTs	850.86 Million (P)	
■ Annual Growth Rate	13.8%	
■ Foreign Exchange Earnings from Tourism		
i) In INR terms	Rs.77591Crore (#)	
Annual Growth Rate	19.6%	
ii) In US\$ terms	US\$ 16.56 Billion(#)	
Annual Growth Rate	16.7%	
iii) In US\$ terms (as per Reserve Bank of India)	US\$ 17.52 Billion	
(ii) World		
■ No. of International Tourist Arrivals	983 Million (P)	
■ Annual Growth Rate	4.6%	
■ International Tourism Receipts	US\$ 1030 Billion (P)	
■ Annual Growth Rate	11.1%	
(iii) Asia & the Pacific Region		
■ No. of International Tourist Arrivals	217.0 Million (P)	
■ Annual Growth Rate	6.1%	
■ International Tourism Receipts	US\$ 289.4 Billion (P)	
■ Annual Growth Rate	13.4%	
(iv) India's Position in World		
■ Share of India in International Tourist Arrivals	0.64%	
■ India's rank in World Tourist Arrivals	38	
■ Share of India in International Tourism Receipts (As per MOT Advance Estimates)	1.61%	
■ India's rank in World Tourism Receipts	17	
(v) India's Position in Asia & the Pacific Region		
■ Share of India in International Tourist Arrivals	2.90%	
■ India's rank in International Tourist Arrivals	9	
■ Share of India in International Tourism Receipts	5.72%	
■ India's rank in International Tourism Receipts	8	
P : Provisional		
# : Advance Estimates		

INTERNATIONAL TOURIST ARRIVALS IN INDIA

During the year 2011, the number of Foreign Tourist Arrivals (FTAs) in India reached the level of 6.29 million, registering a growth of 8.9% over the FTAs of 5.78 million in 2010. The growth rate of 8.9% in tourist arrivals in India was almost double the growth of 4.4% in tourist arrivals worldwide. The tourism sector in India, therefore, has fared quite well vis-à-vis the world. Foreign Exchange Earnings (FEE) from tourism in India during 2011 were \$16.56 billion as compared to \$14.19 billion in 2010, showing a growth of 16.7%.

INTERNATIONAL TOURISM RECEIPTS IN INDIA

Tourism is an important sector of Indian economy and contributes substantially in the country's foreign exchange earnings. FEE from tourism, in Rupee terms, during 2011, were Rs. 77591 crore, with a growth of 19.6 %, as compared to the FEE of Rs.64889 crore during 2010. In terms of US\$, FEE from tourism, during 2011, were US\$ 16564 million with a growth of 16.7 %, as compared to US\$ 14193 million during 2010.

TOURISM & ITS SIGNIFICANCE

Tourism is essentially an expression of natural human instinct for experience, education and entrainment. The motivation for tourism includes social, religion and business interests. The economic consequences of this phenomenon are wide-ranging and capable of influencing the development process of several nations, regions, societies and to a great extent of individuals. The increasingly recognized human, social, economic and cultural values of tourism need focused attention. Tourism contributes positively to reconciling environment protection, economic development and fight against poverty by creating wealth through foreign exchange earnings, contributions to national income and Government revenues, spreading of economic and social benefits to under-developed areas,

income, job creation (particularly to women and disadvantaged groups), increased living standards and preservation and conservation of natural and cultural environment.

Over the years, tourism development has emerged as human centered, equitable and environmentally sustainable, thus contributing substantially to the philosophy of sustainable human development in both words and in actual practice, in reality, on ground, throughout the globe. At the same time, tourism can favour openness to international trade, technology innovation and protection of social and cultural identities. At the start of the new millennium, tourism is firmly established as the number one industry in many countries and the fastest-growing economic sector in terms of foreign exchange earnings and job creation. International tourism is the world's largest export earner and an important factor in the balance of payments of most nations. Tourism has become one of the world's most important sources of employment. It stimulates enormous investment in infrastructure, most of which also helps to improve the living conditions of local people. It provides governments with substantial tax revenues. Most new tourism jobs and business are created in developing countries, helping to equalize economic opportunities and keep rural residents from moving to overcrowded cities. Intercultural awareness and personal friendships fostered through tourism are a powerful force for improving international understanding and contributing to peace among all the nations of the world.

The United Nations World Tourism Organisation (UNWTO) recognizes that tourism can have a negative cultural, environmental and social impact if it is not responsibly planned, managed and monitored. The UNWTO thus encourages governments to play a vital role in tourism, in partnership with the private sector, local authorities and non-governmental organizations. In its belief that tourism can be effectively used to address the problems of poverty, UNWTO made a commitment to contribute to the United Nations Millennium Development Goals through a new initiative to develop sustainable tourism as a force for poverty elimination. The programme, known as ST-EP (Sustainable Tourism-Eliminating Poverty), focuses the longstanding work of both organizations on encouraging sustainable tourism with a view to alleviating poverty and was implemented in 2003.

ETHICAL RESPONSIBILITY IN TOURISM BUSINESS

Many of issues and problems in the tourism industry can be tied to ethics or lack thereof. e.g. Natural environments which are often the primary reason for people to travel often bear the brunt of tourism. However, it is surprising to notice the lack of attention ethics have received in the tourism literature until recently. Few research articles (D'Amore, 1993; Krohn and Ahmed, 1991; Wight, 1993) dealing with ethics have been published, and the mention of ethics is rarely found in tourism and hospitality books and literature.

GLOBAL CODE OF ETHICS FOR TOURISM – AN UNWTO INITIATIVE

A fundamental frame of reference for responsible and sustainable tourism, the **Global Code of Ethics for Tourism** (GCET) is a comprehensive set of principles designed to guide key-players in tourism development. Addressed to governments, the travel industry, communities and tourists alike, it **aims** to help maximise the sector's benefits while minimising its potentially negative impact on the environment, cultural heritage and societies across the globe.

Adopted in 1999 by the General Assembly of the World Tourism Organization, its acknowledgement by the United Nations two years later expressly encouraged UNWTO to promote the effective follow-up of its provisions. Although not legally binding, the Code features a **voluntary implementation mechanism** through its recognition of the role of the **World Committee on Tourism Ethics** (WCTE), to which stakeholders may refer matters concerning the application and interpretation of the document.

The Code includes **nine articles** outlining the "rules of the game" for destinations, governments, tour operators, developers, travel agents, workers and travellers themselves. **The tenth article** involves the redress of grievances and marks the first time that a code of this type will have a mechanism for enforcement. The Code's 10 principles amply cover the economic, social, cultural and environmental components of travel and tourism:

Article 1: Tourism's contribution to mutual understanding and respect between peoples and societies

Article 2: Tourism as a vehicle for individual and collective fulfilment

Article 3: Tourism, a factor of sustainable development

Article 4: Tourism, a user of the cultural heritage of mankind and contributor to its enhancement

Article 5: Tourism, a beneficial activity for host countries and communities

Article 6: Obligations of stakeholders in tourism development

Article 7: Right to tourism

Article 8: Liberty of tourist movements

Article 9: Rights of the workers and entrepreneurs in the tourism industry

Article 10: Implementation of the principles of the Global Code of Ethics for Tourism

LEGAL RESPONSIBILITY IN TOURISM BUSINESS

Keeping up with laws and legislation is important for any business and tourism is not an exception. There are specific laws relating to the following tourism and hospitality activities in India and other countries of the world. It is the responsibility of the business house wishing to start tourism and hospitality activities to comply with such rules of the land. Below is an indicative list of such rules:

1. Accommodation Know-How
2. Alcohol and Licensing
3. Adventure Activities
4. Carrying Passengers and Transporting Luggage
5. Data Protection Act
6. Discrimination
7. Energy Performance
8. Fire Safety Law
9. Food Safety Regulations
10. Health & Safety Regulations
11. Insurances
12. Music & Entertainment Regulations
13. Online Selling & E-Marketing Regulations
14. Package Travel Regulations
15. Planning Permission & Building Regulations
16. Pricing & Charging Regulations
17. Signs for Tourism Businesses
18. Smoking Regulations
19. Trade Descriptions

SOCIAL RESPONSIBILITY IN TOURISM BUSINESS

Social responsibility of the business in the modern era is rechristened as Corporate Social Responsibility (CSR). It may be defined as "Corporate social responsibility is, in fact, about the attitude firms adopt towards such 'stakeholders' as workers, consumers, the broader society or even future generations. Hence there are many dimensions to corporate social responsibility. On the one hand, stress is laid on dealing fairly with employees, suppliers and customers, and, on the other, efforts are made to support local communities, to help charities and to promote environmental sustainability" (Bohdanowicz and Zientara,

2008). Examples of CSR include making donations to charities and community groups; lobbying for a particular cause; encouraging skill development amongst employees; taking responsibility for employee health and well-being; and engaging with disadvantaged groups in the community (Worthington, Ram, & Jones, 2006). These acts could be voluntary done on behalf of the business to benefit stakeholders of the business, and/or in some cases, to benefit the business as well.

Tourism, besides bringing benefits, poses both negative and positive impacts on the environment. Hotels have a significant physical footprint. Basically, the buildings are, in most cases, sizable and the landscape premises encompass considerable areas. Hotels generate a substantial amount of waste, consume energy and water. Climate change is both a global threat and a development issue. Tourism contributes to human induced climate change. The share of tourism in the emission of CO₂ was 4.95% (UNWTO, et al. 2007 :132). In order to develop sustainable tourism, adaptation and mitigation strategies should be accepted. This is the way tourism companies and all those involved in the tourism industry could contribute to minimize the emission of green-house gases. Tourism is dependent on a healthy local economy, cultural and natural heritage, and this should not be forgotten. Tourism companies contribute positively to the social and economic development of the region they operate in. Furthermore, they are dependent on the goodwill of the community and making additional investments in the area together with working with the local community could help them maintain good relations. The long-term success of tourism companies depends on the ability to address the needs of those affected by the operations of a tourism company.

Tourism can help alleviate poverty. However, this potential is closely linked to the accessibility of financing sources. In the publication "Tourism and Poverty Alleviation: Recommendations for Action", the ST-EP (Sustainable Tourism Eliminating Poverty) programme presented seven different mechanisms through which the poor can benefit directly or indirectly from tourism. These mechanisms include: employment of the poor in tourism enterprises; supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor; direct sales of goods and services to visitors by the poor (informal economy); establishment and running of tourism enterprises by the poor - e.g. micro, small and medium-sized enterprises (MSMEs), or community based enterprises (formal economy); tax or levy on tourism income or profits with proceeds benefiting the poor; voluntary giving/support by tourism enterprises and tourists; and investment in infrastructure stimulated by tourism also benefiting the poor in the locality, directly or through support to other sectors (UNWTO, 2004, 10-11).

If we shift to today's global economic crisis which can be considered as a crisis of confidence in business and market capitalism, we definitely conclude that tourism companies should change the way they do business and start with doing business as unusual or to be corporate socially responsible. When creating a tourism product, hotel companies should be environmentally sensitive, have a deeper sense for the community, respect their culture and diversity, be open for dialogue and bring decentralized decisions. At the same time, they should be open and ready for innovations in order to keep the position on the ever so challenging tourism market and to compete. This is the way they could enhance economic growth and increase the competitiveness of the tourism destination. Different hotel companies and tour operators in the world have accepted the challenge of sustainable development to be one of their priorities when doing business.

CONCLUSION

India's share in the world in terms of total tourist arrival and receipt is less than 1%. Looking at the diverse tourism products India offers or can offer, its performance in world scenario is dismal. One of the primary reason for this could be that the Indian tourism business houses, big or small, are shying away from the ethical, legal and social responsibility. Unethical development of tourism with a 'profit only' motive is a serious hindrance in sustainability of this business. Non-compliance to legal framework fails to have a 'world-class' product and at the same time fails to win the trust of the international visitors. At times Indian hospitality and tourism industry ignore 'employee welfare' – which is the bare minimum of the social responsibility. This hampers the Indian tourism industry in two ways. One, it does not attract talented individuals to opt this career. Secondly, happy employees make happy customers. Therefore, Indian tourism personnel fail to create that 'wow' effect in the services. On the other hand the ministry should come out with a 'ready-reckoner' handbook enlisting the ethical, legal and social responsibility in tourism business. It should also mention the punitive measures to be taken for non-compliance of such measures. Only then Indian can have world-class tourism products and be a favourite amongst the globe trotters. This paper attempts to make a positive contribution in this regard.

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A STUDY OF FDI AND INDIAN BANKING**DR. G. S. GAUD****S. A.****STATE BANK OF INDIA****NANDED****DR. GIRISH KUMAR PAINOLI****HEAD****DEPARTMENT OF BUSINESS MANAGEMENT****VIJAY RURAL ENGINEERING COLLEGE****MANIK BHANDAR****ABSTRACT**

The global banking industry worn unstable times in 2007 and 2008, the impact of the economic slowdown on the banking and insurance services sector in India has so far been moderate. The Indian financial system has very little exposure to foreign assets and their derivative products and it is this feature that is likely to prove a solution to the financial sector troubles that have overwhelmed many other emerging economies. Owing to at least a decade of reforms, the banking sector in India has seen outstanding development in financial health and in providing jobs. Even in the wake of a severe economic downturn, the banking sector continues to be a very dominant sector of the financial system. Now a day, foreign commercial and investment banks have gently begun picking up public sector bank's bond issues. Bankers said that the funds were coming into these bonds; some of the foreign banks were also using the banks' bonds as an arbitrage opportunity in view of the increasing liquidity. As due to the globalization local banks are competing in the global market, where innovative financial products of multinational banks is the key limiting factor in the development of local bank. More efficient allocation of credit in the financial sector, better capitalization and wider diversification of foreign banks along with the access of local operations to parent funding, may reduce the sensitivity of the host country banking system and lead towards financial stability.

KEYWORDS

FDI, Banking, Impact of FDI.

1. INTRODUCTION

Foreign Direct Investment as seen as an important source of non-debt inflows, and is increasing being sought as a vehicle for technology flows and as a means of attaining competitive efficiency by creating a meaningful network of global interconnections. FDI plays a vital role in the economy because it does not only provide opportunities to host countries to enhance their economic development but also opens new vistas to home countries to optimize their earnings by employing their ideal resources. India has sought to increase inflows of FDI with a much liberal policy since 1991 after decade's cautious attitude. The 1990's have witnessed a sustained rise in annual inflows to India. Basically, opening of the economy after 1991 does not live much choice but to attract the foreign investment, as an engine of dynamic growth especially in view of fast paced movement of the world forward Liberalization, Privatization and Globalization. FDI in the banking sector has been liberalized by raising FDI limit in private sector banks to 74 per cent under automatic route including investment by foreign investment in India. The aggregate foreign investment in a private bank from all sources will be 74 per cent of paid-up capital of the bank.

1.1 THE PRESENT BANKING & FINANCIAL SCENARIO

In recent times economy is been pushing to increase the role of multi-national banks in the banking and insurance sector, despite, the concern expressed by the left communist parties are opposing the finance minister move to raise overseas investment limits in the insurance business. The government wants to fulfill a pledge to allow companies like New York Life Insurance, Met Life Insurance to raise investment in local companies to 49 per cent from 26 per cent. But it is opposed on the front that it will lead to state run insurers losing business and workers their job. Left does not want foreign investors to have greater voting rights in private banks and oppose the privatization of state run pension fund. There are several reasons why such move is fraught with dangers. When domestic or foreign investors acquire a large share holding in any bank and exercise proportionate voting rights, it creates potential problems not only of excessive concentration in the banking sector but also can expose the economy to more intensive financial crises at the slightest hint of panic. Opposition is not considering the need of present situation.

Owing to at least a decade of reforms, the banking sector in India has seen remarkable improvement in financial health and in providing jobs. Even in the wake of a severe economic downturn, the banking sector continues to be a very dominant sector of the financial system. The aggregate foreign investment in a private bank from all sources is allowed to reach as much as 74% under Indian regulations

The insurance sector has also been fast developing with substantial revenue growth in the non-life insurance market. However, despite its enormous population, India only accounts for 3.4% of the Asia-Pacific general insurance market's value. The cap on foreign companies' equity stakes in insurance joint ventures is 26%, but is expected to rise to 49%.

2. OBJECTIVES

1. To understand about FDI and its need
2. To know about impact of FDI on Indian Banking sector
3. To understand how FDI affects Financial Sector of India

3. METHODOLOGY

Secondary data is widely used from all the available sources i.e. published and unpublished literature related to the present study and other relevant sources useful to this study

4. LIMITATIONS OF FDI IN BANKING SECTOR

- i) Innovative Financial Products
- ii) Technical Developments in the Foreign Markets
- iii) Problem of Inefficient Management
- iv) Non-performing Assets
- v) Financial Instability
- vi) Poor Capitalization

vii) Changing Financial Market Conditions

If we consider the root cause of these problems, the reason is low-capital base and all the problems is the outcome of the transactions carried over in a bank without a substantial capital base.

Therefore, we can say that, as the FDI is a non-debt inflow, which will directly solve the problem of capital base. Along with that it entails the following benefits such as –

1. Technology Transfer
2. Better Risk Management
3. Financial Stability and Better Capitalization

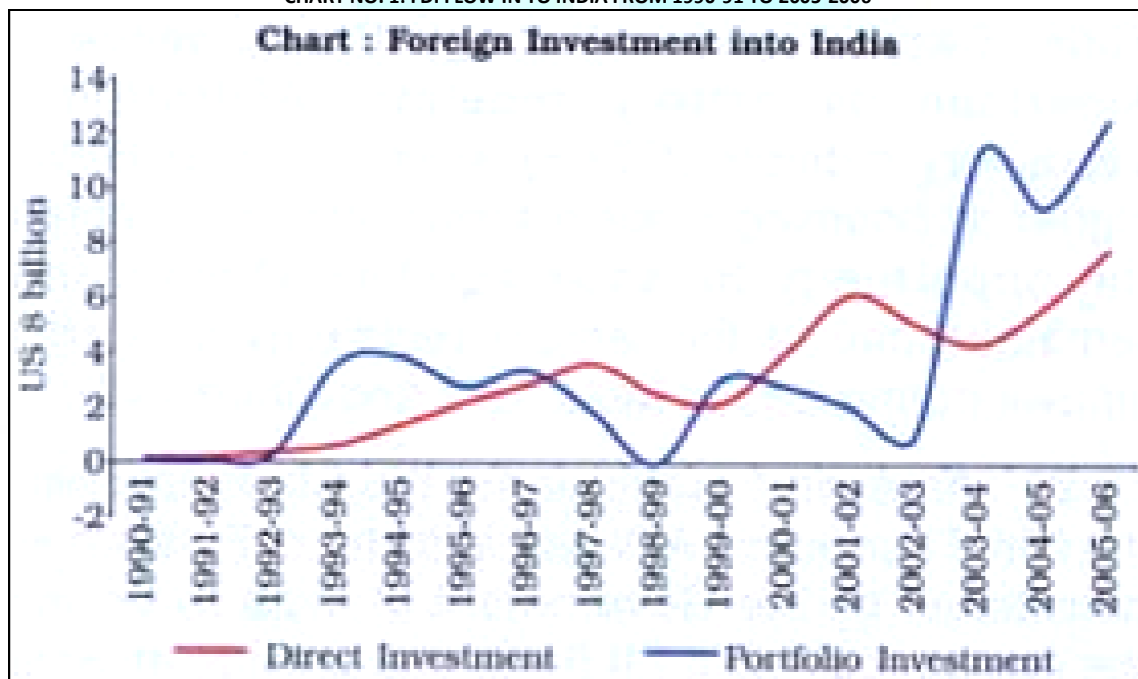
5. ANALYSIS

TABLE NO. 1: COUNTRY-WISE AND INDUSTRY –WISE FDI FLOW INTO INDIA

Table 1.76: Foreign Direct Investment to India: Country-wise and Industry-wise*			
	(US \$ million)		
Source/Industry	2003-04	2004-05	2005-06 P
1	2	3	4
Total FDI Flows	1,462	2,320	3,358
Country-wise Inflows			
Mauritius	381	820	1,363
USA	297	469	346
UK	157	84	261
Germany	69	143	45
Netherlands	197	196	50
Japan	67	122	86
France	34	44	12
Singapore	15	64	166
Switzerland	5	64	68
South Korea	22	14	61
Others	218	300	901

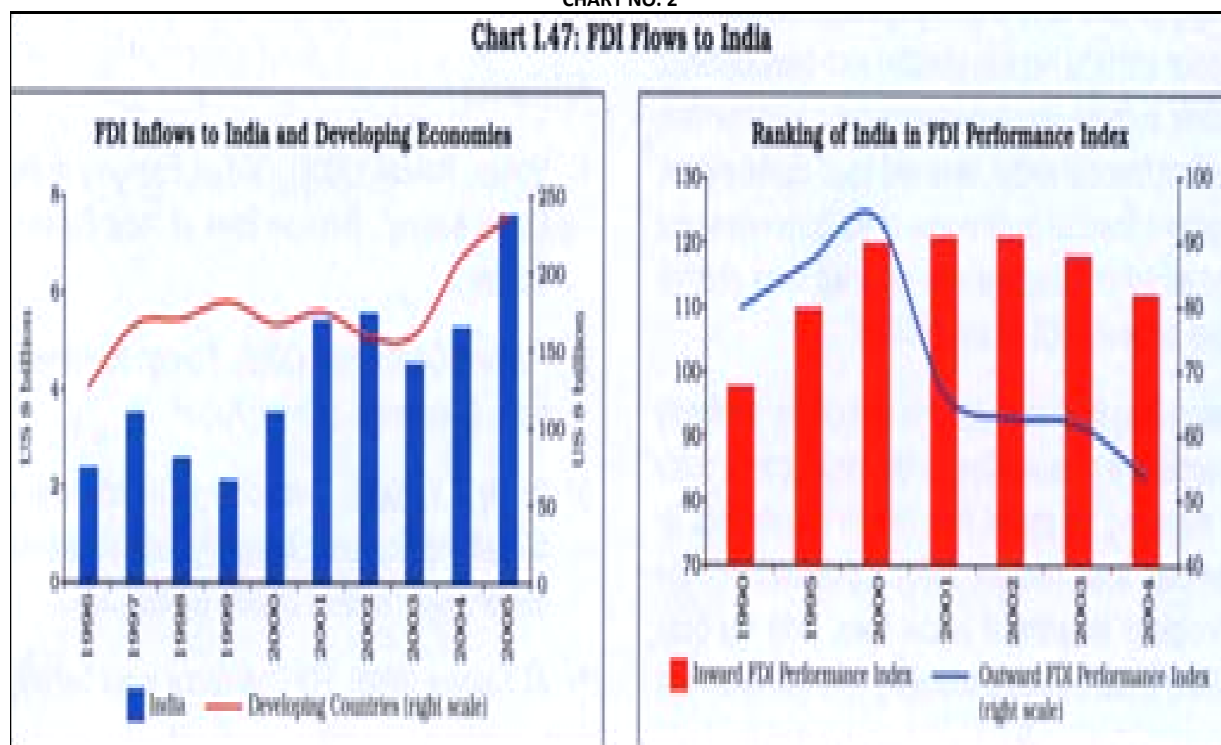
Source: "Economic Review", RBI Annual Report 2005-06.

CHART NO. 1: FDI FLOW IN TO INDIA FROM 1990-91 TO 2005-2006



Source: "Economic Review", RBI Annual Report 2005-06.

CHART NO. 2



Source: "Economic Review", RBI Annual Report 2005-06.

'FDI & FII have risen sharply during the 1990s reflecting the policies to attract non-debt creating flows. Cumulative foreign investment flows have amounted to US \$ 106 billion since 1990-91 and almost evenly balanced between direct invest flows (US \$ 49 bn) and portfolio flows (US \$ 57 bn).

Since 1993-94, FDI flows have exceeded portfolio flows in the 5 years while portfolio flows have exceeded FDI in the remaining 8 years. As a proportion to FDI flows to emerging market and developing countries, FDI flows to India have shown a consistent rise from 1.6% in 1998 to 3.7% in 2005¹.

India's FDI growth of above 30% during past 2 years is encouraging. Although the FDI inflows into India are small as compared to other emerging markets, their size is growing on the back of growing interest by many of the world's leading multinationals.

India has improved its rank from fifteenth (in 2002) to become the second most likely FDI destination after China in 2005.

6. THE IMF STUDY REPORT

The IMF's study is in supportive to the above-discussed features of FDI. This study talks about the optimism over India emanates from a contribution of following factors.

1. India contributed nearly one fifth of Asian domestic demand growth over 2000-05. Looking forward, India slated to be the second largest demand driver in the region, after China.
2. India accounts for almost one quarter of the global portfolio flows to emerging market economies, nearly \$ 12 bn in 2005.
3. India is the world's leading recipient of remittances, accounting for about 20% of the global flows.

7. COLCLUSIONS

- Now a day, foreign commercial and investment banks have quietly begun picking up public sector bank's bond issues.
- Bankers said that the funds were coming into these bonds; some of the foreign banks were also using the banks' bonds as an arbitrage opportunity in view of the increasing liquidity.
- FIIs have exceeded the FDI and in portfolio investment into India since 2003-04 reflect both domestic and global factors.
- Compared with FII always FDI has a greater and long-term effect on the Indian market due to the whimsical nature of FII.
- The present scenario looks more closely at the pattern of exponential growth and laments that India's role as an engine for global growth has been limited by the still relatively closed nature of its economy.
- As due to the globalization local banks are competing in the global market, where innovative financial products of multinational banks is the key limiting factor in the development of local bank.
- Now a day bank has been prominent and prudent in the rapid expansion of consumer lending in domestic as well as in foreign markets.
- It may need additional information and techniques to monitor for financial vulnerabilities. FDI's tech transfers, information sharing, training programs and other forms of technical assistance may help meet this need.
- As the banks are expanding their area of operation, there is a need to change their strategies put forth competitive pressures and demonstration effect on local institutions.
- Through FDI, the host countries will know efficient management technique. The best example is Basel II. Most of the banks are opting Basel II for making their financial system safer.
- Host countries may benefit immediately. From foreign entry, if the foreign bank re-capitalize a struggling local institution. In the process also provides needed balance of payment finance.
- More efficient allocation of credit in the financial sector, better capitalization and wider diversification of foreign banks along with the access of local operations to parent funding, may reduce the sensitivity of the host country banking system and lead towards financial stability.
- Even though above discussed factors are fair enough for the development of economy. But it is a noted fact that, economy drivers are reluctant towards more liberalization for FDI in the banking sector.
- As the ceiling rates are not increased, FDI in Financial Sector is not getting a wholesome environment. But the foreign investment is finding its own way to come in the economy, May be the way of FII.

Therefore FDI in banking can address several issues pertaining to the sector such as encouraging development of innovative financial products, improving the efficiency of the banking sector, better capitalization of banks and better ability to adapt to changing financial market conditions.

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RELATIONSHIP BETWEEN TRADE AND FDI: EVIDENCE FROM FOOD PROCESSING SECTOR IN INDIA**DR. ASHISH MANOHAR URKUDE****PROFESSOR****UNIVERSITY OF PETROLEUM AND ENERGY STUDIES****DEHRADUN****PRAVIN JADHAV****ASST. PROFESSOR****UNIVERSITY OF PETROLEUM AND ENERGY STUDIES****DEHRADUN****ABSTRACT**

Whether trade and FDI flows are complements or substitutes? Research is on and it has become a huge concern in FDI and Trade literature. The theoretical literature with respect to MNCs often assume that firms decide between supplying a foreign market through exports or tries to establish production facilities in a host country through FDI. The empirical evidence gives mix results, while some studies states that relationship between FDI and Trade are Substitute, on the other hand, some studies states that relationship between FDI and Trade are complementary. A vast amount of empirical literature has been developed with complement to the relationship between FDI and Trade as whole but the results on empirical linkages are inconsistent and ambiguous. This paper analyzes whether trade and FDI are substitute or complements with special reference to Food Processing Industry in India for the period 1991-2010.

JEL CLASSIFICATION

E-22, F-18, F-21

KEYWORDS

trade, FDI, food processing sector.

INTRODUCTION

India major player in the world: India is one of the most important producers of food products in the world. Indian food processing industry is raising its bar by up grading its link with the agricultural and industrial sector across the global economy. Agriculture sector with its associated sectors are playing pivotal role in policy to promote inclusive growth, enhance rural income and sustain food security.

High demand for Food Processing: Increasing number of nuclear families and working women, growing spending on health and nutritional foods, shifting demographics and rising disposable incomes has given a considerable push to the industry growth. A developed Food processing industry can improve the value and value chain of agricultural product/s; create stable prices to agricultural product and generates demand for Indian agricultural products in the world market. According to Ministry of food processing industry, "India is the second largest producer of food in the world next to China and the Indian food processing industry is one of the largest in terms of consumption, production, and trade prospects. Main activities in the food processing industry are Fruit and Vegetable processing, Grain processing, packaged food, Fish-processing, Beverages, Milk processing, etc. India has arable land of 184 million hectares and produces annually 105 million tones of milk, 150 million tones of fruits and vegetables, 485 million livestock, 230 million tones food grain, 7.0 million tones fish, 489 million poultry and 45 billion eggs. India's agricultural production base is huge. India ranks first in the world in production of cereals, livestock population and milk. It is second largest fruit and vegetable producer and is among the top five producers of rice, wheat, groundnuts, tea, coffee, spices, sugar and oilseeds. This gives it the unique advantage and tremendous potential for processing of agriculture produce. (Ministry of food processing industry, Annual Report 2008-09). However, processing level is very low for example around 2.20% in fruits and vegetables compared to countries like USA (65%), Philippines (78%) and China (23%); 35% in milk, 21% in meat and 6% in poultry products, as against 60-70 % in developed countries. India's share of processed food is about 1.6%. To facilitate the prompt growth of food processing industry, the government has implemented the scheme for infrastructure development comprising a food park scheme, establishing packaging centers, integrated cold chain facility, value added centers, Irradiation facilities.

35% food wastage due to lack of infrastructure: Food production in India is quite strong but at the same time wastage of agriculture produce is very high. Government is doing lot of work, activities and changes in policies for increasing the food processing sector but food processing industry is facing constraints like non-availability of adequate finance facility, infrastructural facilities like cold storage, warehousing, lack of adequate quality control & testing infrastructure, inefficient supply chain and involvement of middlemen, lack of process-able varieties of farm produce. India loses more than Rs. 50,000 crore (around 35% of total value) worth of agricultural food items due to lack of post harvesting infrastructure such as cold chains, transportation, and storage facilities. Indian agriculture is highly dependent on Monsoon, pre-harvest activities are natural we cannot control over these factors but we can make improvements in those factors which is in our hand, huge losses that we are making from these food wastages can be prevented by processing this food. India is losing lot of revenue by food wastages. (Annual Report 2008-09, Ministry of food processing industry)

Role of FDI: One of the most important factors that is affecting to food processing industry is non-availability of capital for investment. Moreover, capital inflows are of crucial importance for the restructuring of food processing industry in India. For the technological upgradation and modernization in the food processing units/ sector in India, a large amount of finance are required but local capital market is appearing to be not developed enough and adequate to make available of these funds. Hence, recently Government of India thought that Foreign Direct Investment (FDI) can be one the solution and source for this large scale of financial needs. FDI has immeasurable effects on the host country's economy. FDI increases the income, production, prices, employment, economic growth, development and general welfare of the recipient country. Therefore, FDI is a key element for successful economic growth in developing countries, because the very essence of economic development is the rapid and efficient transfer and adoption of "best practice" across borders. (Recap Kok & Erosy, 2009). An earlier trade theory explained by Ricardo in the early nineteenth century assumes immobility of production factors and it is based on comparative advantage. This theory explains that international trade is exclusively happening due to international differences in productivity of labor. According to Heckscher-Ohlin-Samuelson model, the basis for trade resided in the different relative factor endowment among countries. However, activities of MNCs are not explained in earlier models. The New trade theory began to incorporate models based on economies of scale, imperfect competition, barriers to trade and product differentiation. Then, models incorporating both trade and FDI have been acknowledged as horizontal and vertical where in the first type of such models FDI and trade proved to be substitutes while in the second complementary. FDI-Trade relationship also explained by demand and supply side models. Supply-side model explains that in the absence of barriers to market entry and decreasing returns to scale firms would decide to produce in a single low-cost location and supply final markets through trade rather than local production. Demand side model explains that as firm's foreign demand increases then it increases both FDI and export. Since the beginning of economic reforms in 1991, India has made a huge flow of FDI during the past two decades. India's considerable market potential and a liberalized policy regime have attracted more investment from foreign investors. With its constant growth performance and low-cost labor, India provides massive opportunities for investment. Major restructuring have been taken in the fields of financial sector, investment, trade, simplification in

exchange control and its procedures, since the beginning of economic reforms in 1991. India provides a liberal, attractive, and investor friendly investment climate. Hence due to attractive climate, foreign direct investment in India increased from \$ 4,361.4 million in 2005 to \$ 27,099.7million in 2009. (SIA Newsletter, DIPP). From April 2000 to February 2010 Government of India get FDI of 5,110,055.69 Rs. Million. Out of this, the total amount of FDI for Food Processing Industries has been of 46,920.83 Rs. Million (0.96 % of the total foreign direct investment). Food Processing Industries Sector ranked 20th in the list of Sectors in terms of cumulative FDI approved from April 2000 to February 2010. (SIA Newsletter, DIPP)

LITERATURE REVIEW

THEORETICAL ISSUES WITH RESPECT TO LINKAGES BETWEEN FDI AND TRADE

One of the most important issues with respect to relationship between FDI and Trade is whether FDI increase or decreases the volume of trade. Theoretical literature with respect to FDI and Trade relationship explained that when FDI decreases the trade value, there is substitution relationship between FDI and trade, the major reason for this type of relationship is that MNCs set up subsidiaries abroad to supply local markets, instead of exporting. Alternatively when FDI increase the trade volume then there is complementary relationship between FDI and Trade, the major reason for this type of relationship is that MNCs relocate different stages of production in different countries. The substitutability and complementarity of properties of FDI with respect to trade are therefore often associated with horizontal and vertical FDI. Horizontal FDI is investment abroad at the same level of production, whereas vertical FDI is an investment in different stages of production.

HORIZONTAL MODELS OF FDI

FDI is horizontal when MNCs produces the same goods and services in different countries. When there is horizontal FDI then FDI substitutes for Trade FDI substitutes for Trade in horizontal FDI due to transaction cost in Trade in respect to transport barriers to trade and plant scale economies. As MNCs displace national ones, the volume of trade decreases, meaning that FDI substitutes trade.

VERTICAL MODELS OF FDI

FDI is vertical when MNCs split the production process across countries in order to reduce costs. This model is explained differences in relative factor endowments between countries which play a determinant role in explaining both trade and FDI. This particular model is explained by trade from developed to developing countries to exploit natural resources that is not available in host (developed) country. These investment are more likely to create intra-industry trade, by raising exports of capital equipment and factor services from the home country and exports of resource-based product from the host-country. MNCs tends to disperse the productive activities geographically and to centralize headquarter specific activities in a particular location, it lead to the creation of trade as well as FDI.

Generally, FDI and trade are referred as alternative strategies in the economic literature in the micro-level. There are different alternatives for firms, firms can produce at home and export or produce abroad and substitute foreign affiliates local sales for exports (Fontagne & Pajot 2002). Hence outward FDI may displace trade at the level of the firm, since foreign affiliates local sales substitute at least partly for exports. Overview of the theoretically documented relationship of FDI with International Trade flows is explained in table 3 taken from G. Zarotiadis and N. Mylonidis study (2005). According Graham (1996) Complementary relationship between trade and FDI is explained through interlinkages of MNCs operations (demand for intermediate goods in home country) When the shareholder of MNC firm is from home country, the returns accruing to its foreign affiliates eventually accumulate to home country nationals through the parent organization. As foreign markets expand through income growth it is possible for both exports and foreign affiliate sales to grow together & thus benefit the home country. (Lipsey and Weiss). Malanoski et al. (1997) state that a firm with an increasing presence in a foreign country through FDI may be able to discover opportunities to export products from the home country that are not produced by their affiliates. Host country production and marketing staffs and distribution facilities could be used to find and service export customers in the host country and neighboring countries. Substitution relationship between trade and FDI is explained by Heckscher-Ohlin-Samelson (H.O.S), according the H.O.S theory when we relax the assumption of factor mobility then export and FDI turn into substitutes because as factor become mobile the differences in factor endowments between countries become smaller which has the effect of decreasing trade flows. FDI increases the number of units of capital in a host country by the same number of units of capital taken from home country. As a result of capital transfer, the factors of production in the home country fall leading to a decline in export hence there is negative relationship between FDI and exports.

SUBSTITUTION RELATIONSHIP BETWEEN FDI AND TRADE

If there is negative relationship between FDI and Trade, FDI is considered as displacing impact on trade. According to empirical studies, exports of the country are partially replaced by multinational enterprises (MNEs)' local sales in domestic market, unfavorable to the domestic industry's development. Reciprocally, home country's trade balance would benefit from this substitution effect, especially additional imports from the parent company are persuade Substitute relationship between FDI and Trade is found out by; Horstmann and Markusen, 1992 Ma et al (2000), Markusen and Venables, 1995). and Bayoumi and Lipworth (1997), while Graham (1999) finds substitution relationship between FDI and Trade for the USA. The new trade theory, building on imperfect competition, emphasises that economies of scale and transportation costs are key elements in this decision process. Increasing returns to scale limit the number of efficient plants, whereas transportation costs and more generally trade barriers act in the opposite direction. The so-called "proximity concentration trade off" (Brainard, 1993-a) is the key issue explaining if, and how, FDI substitutes for trade. Still, Helpman et al (2003) points out that this result may depend upon freight and tariff costs.

COMPLEMENTARY RELATIONSHIP BETWEEN FDI AND TRADE

If there is positive relationship between FDI and Trade, means Trade and outward FDI are complements then positive parameter is obtained in export (import) equation. Investing abroad leads to an increase in exports (imports) of country towards (from) the host country. Accordingly, an impact on countries trade balance should be positive or negative depending on whether exports increase by more than imports or not. Using time-series analysis, Andersen and Hainaut (1998) find complementary relationship between FDI and Trade: This study shows that there is different impact for different countries, for the United-States, Japan, and Germany this study found complementary relationship but not for the United Kingdom. Pfaffermayer (1996), Helpman, (1984). Brainard (1997) and Clausing (2000) for the U.S. and Co (1997) for Japan find that relationship between FDI and Trade are complementary. Using cross-sectional and time series industry-level data Pfaffermayer finds a significant complementary relationship between FDI and exports in the 1980's and early 1990's from Austrian manufacturing companies. According to Liu et al (2001) there is cyclical complementary relationship between trade and FDI using panel data approach.

MIXED (COMPLEMENTARY AS WELL AS SUBSTITUTION) RELATIONSHIP BETWEEN FDI AND TRADE

According to Pain and Wakelin, (1998) Outward investment has a generally negative impact on trade shares, while inward investment has a generally positive one. Hongshik Lee and Joon Hyung Lee (2007) shows that Trade and FDI have Substitution relationship if the affiliates are located in a developed country and mainly serve the host country, while there is complementary relationship between FDI and Trade if the affiliates export their products outside of the host country. Moreover, the complementary effect is strengthened if they are located in a less developed country. Blonigen (2001), examines product-level data for Japanese automobile parts for the US market, and finds substantial evidence for both a substitution and a complementarity effect between affiliate production and exports. Goldberg and Kein (1999) and Nakumara and Oyama (1998) find considerable evidence for the existence of both substitute and complementary relationship. Fukao et al (2003) scrutinize patterns of vertical intra-industry trade in East Asia and they find that the FDI in the particular region plays a significant role in enhancing the increase of the specific type of trade. Pantulu and Poon (2003) investigate that the relationship between outward FDI and exports is neither substitutes nor complements. Complementary and substitution relationship between FDI and trade is different for different countries, industries and it is also depending on the time.

GAPS IN EXISTING LITERATURE

Previous empirical studies with respect to FDI and Trade are contradictory; and inconclusive regarding the specific question. The empirical evidence shows that sometimes FDI complements or substitutes trade. Relationship between trade and FDI is explained by various studies but there is still a lack of systematic study on the relationship between FDI and trade in food processing sector. What is the role of FDI in India's trade expansion of food processing products? Investigation

of the linkage between FDI and trade growth would help us to reveal the major motives for investing in Indian economy which in turn might allow India's policy makers to take appropriate measures for stimulating further capital inflows and outflows

STATEMENT OF THE PROBLEM

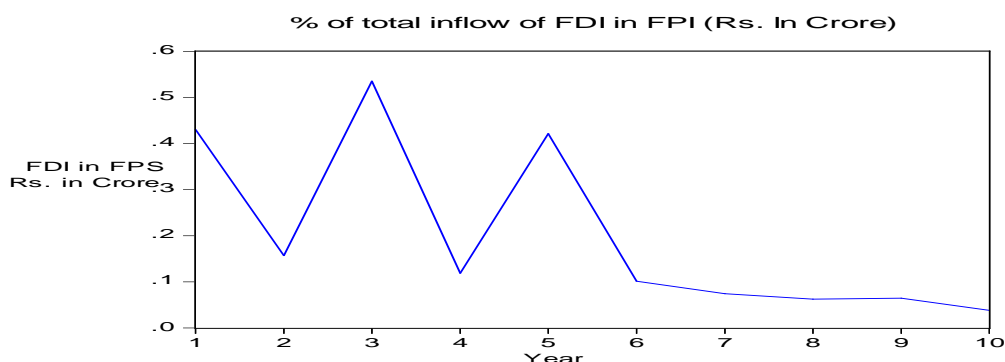
Though India has made significant policy reforms as India allowed 100% FDI through automatic route to attract more FDI in food processing industry, foreign direct investment in food processing industry in India is only 0.03 percent with total FDI approved in 2008-09. FDI in food processing industry is fluctuating over the last decade. Following diagram show the FDI in Food Processing Industry from 1999-00 – 2008-09 as compare to total inflow of FDI in India.

TABLE 1: INFLOW OF FOREIGN DIRECT INVESTMENT (FDI) IN FOOD PROCESSING INDUSTRIES SECTOR IN INDIA FROM 1999-2009 (Rs. In Crore)

Year	Total inflow of FDI in Food Processing Sector (Rs. In Crore)	Total inflow of FDI (Rs. In Crore)	% of total inflow of FDI in FPI (Rs. In Crore)
1999-00	444.06	103107.97	0.430674758
2000-01	198.13	126451.93	0.156684046
2001-02	1036.12	193608.25	0.535163145
2002-03	176.53	149322.85	0.118220353
2003-04	510.85	121173.55	0.421585404
2004-05	174.08	171378.73	0.101529519
2005-06	182.94	246127.37	0.07432737
2006-07	441	706300.62	0.062438003
2007-08	632	986643.94	0.064055529
2008-09	462	1230248.8	0.037553379

Source: SIA Newsletter, Department of Industrial Policy & Promotion, Ministry of Food Processing Industries, Govt. of India

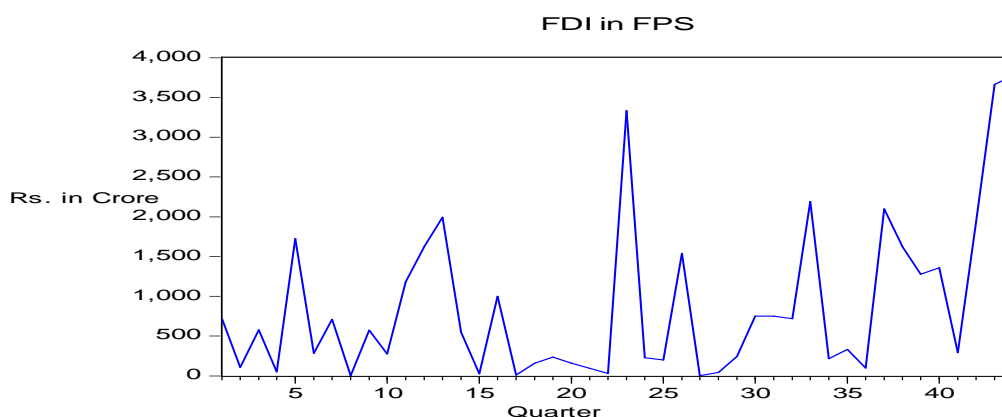
FIGURE 1: PERCENTAGE OF TOTAL INFLOW OF FDI IN FOOD PROCESSING SECTOR



Source: SIA Newsletter, Department of Industrial Policy & Promotion,

Also there are many fluctuations in quarterly inflow of FDI in food processing sector.

FIGURE 2: QUARTERLY FDI INFLOW IN FOOD PROCESSING SECTOR IN INDIA (FROM Q-1 1999 TO Q-4 2009)



Source: SIA Newsletter, Department of Industrial Policy & Promotion

The above figure shows that there are many fluctuations in quarterly inflow of FDI in food processing sector.

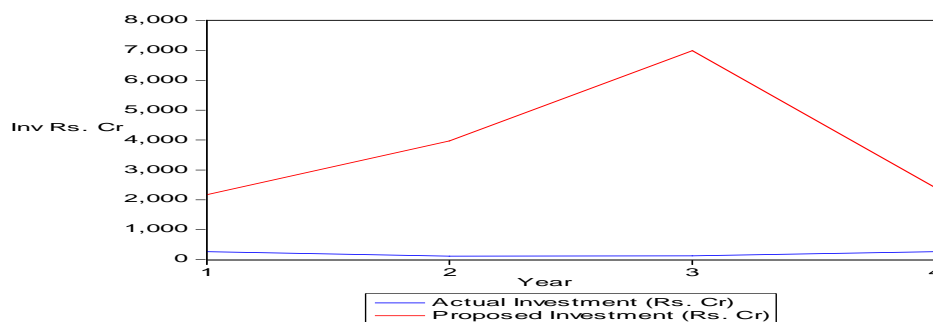
Also if we see the proposed Industrial Entrepreneurs Memorandum and implemented Industrial Entrepreneurs Memorandum in food processing sector, there is huge gap. Industrial Entrepreneurs Memorandum format is used for submission to the Central Government in the Secretariat for Industrial Assistance, for the purpose of record, a memorandum under the Industries (Development and Regulation) Act, 1951. This is shown by following table:

TABLE 2: IEMs FIELD AND IMPLEMENTED IN FOOD PROCESSING SECTOR FROM 2007 TO APRIL 2010

Year	Investment Intentions in Terms of IEMs Field	IEMs Implemented in FPI	Proposed Investment	Actual Investment
2007	87	54	2170	263
2008	123	18	3967	113
2009	157	48	6996	119
2010(Apr)	62	15	2409	260

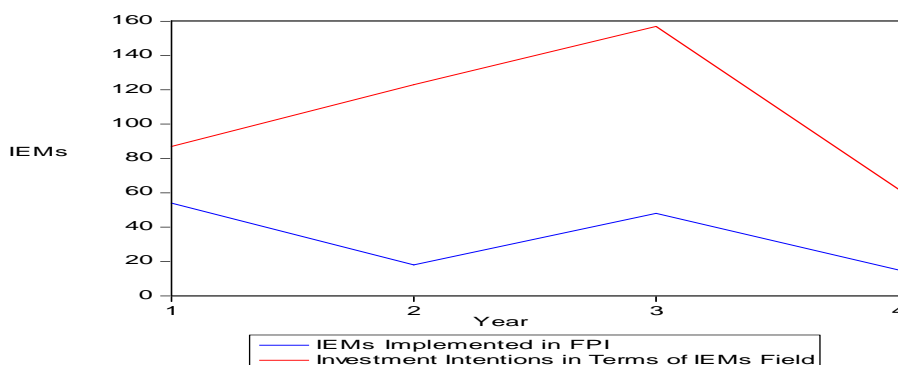
Source: SIA Statistics, Department of Industrial Policy and Promotion

FIGURE 3: PROPOSED AND ACTUAL INVESTMENT AS PER IEMS FIELD AND IMPLEMENTED IN FOOD PROCESSING SECTOR FROM 2007 TO APRIL 2010



Source: SIA Statistics, Department of Industrial Policy and Promotion

FIGURE 4: INVESTMENT INTENSIONS IN TERMS OF IEMS FIELD AND IEMS IMPLEMENTED IN FOOD PROCESSING SECTOR FROM 2007 TO APRIL 2010



Source: SIA Statistics, Department of Industrial Policy and Promotion

Above figure shows that there is huge difference between Investment Intentions in terms of IEMS Field and IEMS implemented and Actual Investment and Proposed Investment.

EXPORT OF FOOD PRODUCTS

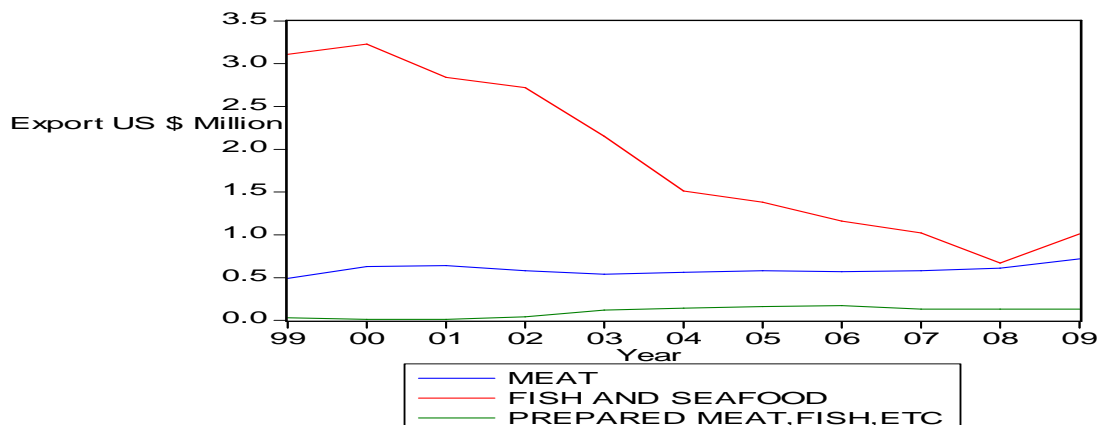
Though India has good production base in food the overall export of food products is decreasing with compare other products to world. The export of some important food products from India are shown by following Table,

TABLE 3: EXPORT OF MAJOR FOOD PRODUCTS FROM INDIA (US \$ MILLION) FROM 1999 TO 2009

Year	Cereals	Fish And Seafood	Meat	Vegetables	Preserved Food	Prepared Meat, Fish, Etc	Live Trees And Plants	Baking Related	Edible Fruit And Nuts
1999	926.984	1100.46	174.4	200.13	43.4698	8.94225	27.6402	29.2953	691.847
2000	641.855	1364.23	267.468	252.098	52.9111	5.23004	25.3075	36.5418	607.623
2001	896.817	1231.05	274.983	234.08	70.9466	4.49608	26.0051	45.9503	540.989
2002	1278.32	1340.16	287.816	246.736	58.5485	19.4067	35.4346	56.5875	576.438
2003	1354.27	1235.29	308.459	275.07	75.1409	69.1982	43.4859	62.1433	519.411
2004	1811.35	1139.5	421.426	352.611	92.8649	108.696	54.8147	79.5977	683.201
2005	2053.41	1376.43	580.63	533.548	136.86	157.128	67.0023	116.913	870.541
2006	1593.19	1401.34	696.026	608.802	194.298	209.997	89.1393	127.807	857.764
2007	2794.79	1502.51	849.727	605.504	199.208	192.779	94.8432	156.134	867.364
2008	3995.58	1307.22	1181.6	681.849	267.457	246.994	82.7708	238.084	1135.81
2009	2975.21	1672.52	1184.04	817.471	264.45	214.089	65.7847	209.673	1037.84

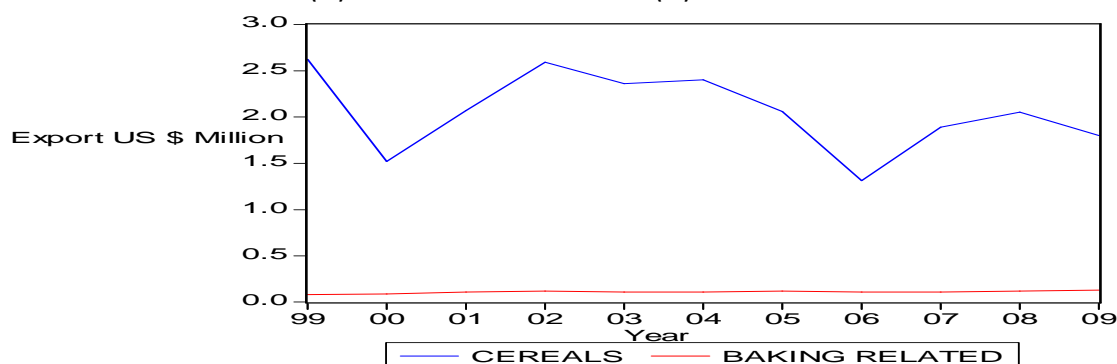
Source: DGCI&S, Ministry of Commerce

FIGURE 5: PERCENTAGE SHARE OF MEAT (02), FISH AND SEAFOOD (03) AND PREPARED MEAT, FISH ETC (16) IN EXPORTS OF INDIA TO THE WORLD BETWEEN 1999-2009



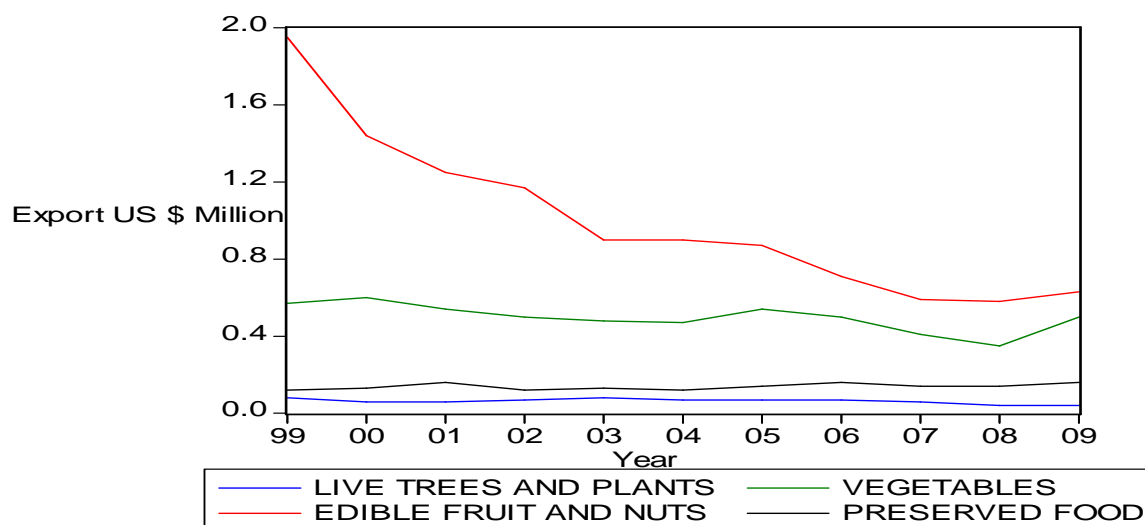
Source: DGCI&S, Ministry of Commerce

FIGURE: 6 PERCENTAGE SHARE OF CEREALS (10) AND BAKING RELATED PRODUCTS (19) IN EXPORTS OF INDIA TO THE WORLD BETWEEN 1999-2009



Source: DGCI&S, Ministry of Commerce

FIGURE 7: PERCENTAGE SHARE OF LIVE TREES AND PLANTS (06), VEGETABLES (07), EDIBLE FRUIT & NUTS (08) AND PRESERVED FOOD (20) IN EXPORTS OF INDIA TO THE WORLD BETWEEN 1999-2009



Source: DGCI&S, Ministry of Commerce

As we can see from above graphs there is decreasing trend of export in major food products from in India to world from 1999-2009. It can be summarized from above figure that one of the reasons for this decreasing trend is non-availability of capital for investment in food sector in India.

OBJECTIVE AND SCOPE

1. Analysis of trade flows in food processing sector in India for the period 1991-2010.
2. Analysis of FDI flows in the food processing sector in India for the period 1991-2010.
3. Relationship between FDI and Trade (whether FDI and Trade are complementary or substitutes with special reference to Food Processing Industry in India)
4. Relationship between FDI & Trade will be identified by simple regression model, $FDI = B_1 + B_2 \text{ Trade} + r$ with separate equation for Inward FDI and Outward FDI and their relationship with Export & Import of food processing sector in India.
5. Examine the relationship between FDI and trade (whether positive or negative) and implications of the same. In other words, if FDI and Trade are substitutes, does it imply steps for trade restriction to increase the inflow of FDI in the food processing sector? If so, is it the correct approach?

METHODOLOGY

ESTIMATION FRAMEWORK

As discussed in the literature review, relationship between FDI and Trade are contradictory one, showing complementary, substitution and mixed results. Furthermore, these effects emerge at different levels of aggregation. Swenson (2004) states that trade needs to categorize into import and export to check the relationship between FDI and Trade because FDI affect differently to import and export. This paper only try to find out relationship between FDI and export of food processing sector as the data for import of food processing product is not available.

A regression specification that evaluates the effect of total FDI inflow on export for the time period 1991-2009 (t).

$$\Delta \text{Export}_i = \beta_1 \text{ Total FDI inflow}_{t-1} + e$$

Where ΔExport and measure changes in the India's exports of food processing products. I had taken changes in India's exports of food processing products to avoid non-stationarity as it is time series data. Total FDI inflow is total FDI inflows in food processing sector in India. Whether FDI inflows effects are positive or negative with respect to export is a question to be resolved through empirical analysis.

DATA SOURCES

All data on total FDI inflow for regression is taken from SIA Newsletter, DIPP (Department of Industrial Policy and Promotion) database for the period 1991-2010. Data on export of food processing sector is taken from DGCI&S.

EMPIRICAL FINDINGS

Simple linear Regression Model is used to identify coefficients or multipliers that describe the size of the effect the independent variables on dependent variable.

Dependent Variable: TRADE

Method: Least Squares

Date: 01/30/11 Time: 18:05

Sample: 1 18

Included observations: 18

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FDI	9.831065	3.519085	2.793642	0.0130
C	2703.960	1554.394	1.739559	0.1011
R-squared	0.327856	Mean dependent var	5966.101	
Adjusted R-squared	0.285847	S.D. dependent var	5150.803	
S.E. of regression	4352.817	Akaike info criterion	19.69947	
Sum squared resid	3.03E+08	Schwarz criterion	19.79840	
Log likelihood	-175.2953	Hannan-Quinn criter.	19.71311	
F-statistic	7.804438			
Prob(F-statistic)	0.013011			

From the simple regression model of export of food processing sector on inward FDI in food processing sector, R-squared is 0.32, which shows that the model explains 32% variation in export of food processing sector in India. The F statistics is 7.08, and the probability of F statistics is 0.01 which shows that the results are statistically significant and the null hypothesis of the independent variables having no effect on Total export of food processing products from India is rejected.

The above table shows that the coefficient of inward FDI in food processing sector in India is positive which implies that the inward FDI has positive effect on total export. The probability value associated with t statistics of this coefficient is 0.01 which is less than 0.05 which shows that the estimated value of the coefficient of inward FDI in India is statistically significant. Results show that 1% increase in inward FDI in India around 9.83% export food processing products of India.

CONCLUSION

Empirical findings show that there is complementary relationship between outward FDI and export of food processing sector. Overall Results shows that inward FDI is promoting exports of food processing sector. Results show that 1% increase in inward FDI in India around 9.83% export food processing products of India.

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EMPLOYEE PERFORMANCE APPRAISAL IN CEMENT INDUSTRY: A CASE STUDY OF ACC LIMITED, WADI, GULBARGA DISTRICT

DR. A. P. HOSMANI
PROFESSOR
DEPARTMENT OF COMMERCE
GULBARGA UNIVERSITY
GULBARGA

SHAIKH TABASSUM HAMEED
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
GULBARGA UNIVERSITY
GULBARGA

ABSTRACT

Every organisation is having an objective towards optimum performance and the employees are the key in achieving that. It is necessary that the employee's performance should reach optimality for the success of the organisation. Performance appraisal is one of the most complex and controversial human resource techniques. As far as appraisal is concerned, both organisation and employees have their own viewpoint. From the employee viewpoint, he comes to know the organisation's expectations, his past performance, ways to improve the current performance and even gets reward or recognition of his good work. Looking from the organisation's side one of the most important reasons for having a system of performance appraisal is to establish and uphold the principle of accountability. The present paper focuses on importance of employee performance appraisal. An attempt has been made to study the methods of performance appraisal used in sample unit. Last part of the paper reveals the suggestions.

KEYWORDS

Performance appraisal, accountability, behaviorally anchored rating, evaluation.

INTRODUCTION

Indian Cement industry is currently ranked second in the world behind China. Cement industry in India is on a roll at the moment driven by a booming real estate sector, global demand and increased activity in infrastructure development such as state and national highways. Production capacity has gone up and top cement companies of the world are trying to enter the Indian market. As various infrastructure projects road network and housing project are coming up many of which are backed by the government. The Indian cement industry is truly big in size and hence accommodates a number of cement companies in the market.

Human Resource Development is the basis of success of any organisation. HRD helps to enhance employee's effectiveness and helps to achieve organisational goals. Performance appraisal can be defined as "the process of evaluating the performance of an employee and communicating the result of the evaluation to him for the purpose of rewarding and developing the employee". Performance appraisal in the real sense can be carried out only when the employees are provided with the required amount of training. Every organisation now-a-days is using various methods for appraising the performance of the employees, so that the real potential of the human asset can be known and utilized in proper way. Performance appraisal not only evaluates the work done by the employees but also tries to boost the morale and motivate them to do their best.

PROFILE OF ACC LIMITED

The ACC story begins in 1936, when ten existing cement companies came together under one Umbrella in a historic merger. The history of ACC spans a wide canvas beginning with the lonely struggle of its pioneer F.E. Dinshaw and other Indian entrepreneurs like him who founded the Indian Cement Industry. Their efforts to face competition for survival in a small but aggressive market mingled with the stirring of a country's nationalist pride that touched all walks of life including trade, commerce and business.

The first success came in a move towards co-operation in the country's young cement industry and culminated in the historic merger of ten companies to form a cement giant. These companies belonged to four prominent business groups – Tatas, Khataus, Killick Nixon and F.E. Dinshaw groups – ACC was formally established on August 1, 1936.

WADI CEMENT WORKS, GULBARGA, KARNATAKA

The Wadi cement works of ACC was set up in the year 1968 with an, installed capacity of 4.0 Lakhs tones per annum of ordinary Portland cement clinker, subsequently the capacity was enhanced in two phases to 20.0 lakhs tones per annum. The current capacity after the commissioning of new plant is 40.0 Lakhs tones per annum. The factory is situated at the South-central part of the country in the state of Karnataka Wadi station is about 1.0 Kilometer from the plant site.

OBJECTIVES OF THE STUDY

1. To examine the importance of performance appraisal.
2. To study the methods of performance appraisal used in sample unit.
3. To analyse and interpret data.
4. To offer suitable suggestions in the light of the findings.

METHODOLOGY

The present study is based on primary and secondary data. Primary data was collected through well structured questionnaire and secondary data was collected from company's website.

IMPORTANCE OF PERFORMANCE APPRAISAL**1) PERFORMANCE FEEDBACK**

Most employees are very interested in knowing how well they are doing at present and how they can do better in future. They want this information to improve their performance in order to get promotions and merit pay. Proper performance feedback can improve the employee's future performance. It also gives him satisfaction and motivation.

2) EMPLOYEE TRAINING AND DEVELOPMENT DECISION:

Performance appraisal information is used to find out whether an employee requires additional training and development. Deficiencies in performance may be due to inadequate knowledge or skills. If the performance appraisal results show that he can perform well in a higher position, then he is given training for the higher level position.

3) VALIDATION OF SELECTION PROCESS

Performance appraisal is a means of validating both internal (promotions and transfers) and external (hiring new employees from outside) sources.

4) PROMOTIONS

Performance appraisal is a way of finding out which employee should be given a promotion, past appraisals, together with other background data, will enable management to select proper persons for promotion.

5) TRANSFERS

Performance appraisal is also useful for taking transfer decisions. Transfers often involve changes in job responsibilities such identification of employees who can be transferred is possible through the performance appraisal.

6) COMPENSATION DECISION

Performance appraisal can be used to compensate the employees by increasing their pay and other incentives. The better performance is rewarded with merit pay.

7) LAY OFF DECISIONS

Performance appraisal is a good way of taking lay off decisions. Employees may be asked to lay off, if the need arises. The weakest performers are the first to be laid off.

8) HUMAN RESOURCE PLANNING (HRP)

The appraisal process helps in human resource planning (HRP). Accurate and current appraisal data regarding certain employees helps the management in taking decisions for future employment.

METHODS OF PERFORMANCE APPRAISAL USED

TRADITIONAL METHODS		MODERN METHODS	
1.	Performance appraisal Assessment / Self Appraisal	1.	Management by Objectives
2.	Ranking Method	2.	Behaviorally anchored Rating Scale
3.	Rating scale method		
4.	Critical incident method		
5.	Checklist method		

Source: Information collected from company's records.

Following are some of the most commonly used traditional methods:

- Performance Appraisal Assessment / Self Assessment Method:** The assessment can be accomplished by an individual or by a combination of the immediate superior, other managers acquainted with the assessee's work, a higher level manager, a personnel officer, the assessee himself, and the assessee's subordinates. Therefore, it is a regular part of the company's evaluation process.
- Ranking Method:** Ranking method which is commonly used in the unit straight ranking method. Simply ranks the person from the 'most valuable' to the 'least valuable' and is the simplest method of separating the most efficient from the least efficient.
- Rating Scale Method:** Ratings are of two types;
 - Graphic rating method aimed at evaluation of personality and qualities of an employee, those are useful for his performance at job. Qualities based on personality characteristics include leadership, industriousness, attitude, creativity, loyalty etc. Whereas other qualities include target, responsibility, quality of worklife, achievement etc.,
 - Second is the Discrete Scale which provides two or more categories in which the rater tick mark the best performer and describes the person being rated. As such scale like good, average, poor and others.
- Critical Incident Method:** With the critical incident method, the supervisor maintains a record or log of positive and negative of uncommonly incidents of an employee's work related behavior and reviewing it with the employee at predetermined times. It provides actual examples of good and poor performance of the employees.
- Checklist Method:** Under this method a list of statement describing the job related behavior of the employees is given to the evaluation by the subordinate. If the evaluation perceives that the employees possesses a particular trait, the statement is checked and hence, then submitted to the Human Resource Department, where counting of the checks is carried out and performance is assessed.

MODERN METHODS OF PERFORMANCE APPRAISAL

Modern methods are developed by Peter Drucker

- Management by Objectives:** As per George Oriorne, the author of the first book with the title management by objectives and the man who popularized MBO in USA, say's "MBO is a system, wherein the superior and the subordinate manager of an organisation jointly define its common goals, define each individual's major areas of responsibility in terms of the result expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members".
- BARs / Behaviourally Anchored Rating Scale:** This rating scale is prepared by identifying effective as well as ineffective critical area of performance behaviour for getting result and identifies such critical area in knowledge, judgement, human relation, skill organisational, skill of monetary transaction and observational ability.

DATA ANALYSIS AND INTERPRETATION

TABLE-1: THE TABLE SHOWING AGE-WISE DISTRIBUTION OF RESPONDENTS IN ACC LIMITED CEMENT UNIT

Age Group	No. of Respondents	Percentage
18-30	08	16
31-40	14	28
41-50	18	36
50 and Above	10	20
Total	50	100

Source: Field Survey

The above table highlights the different group of the sample respondents of which 16% of respondents fall in the age group of 18-30, 28% of respondents fall in the age group of 31-40, 36% of respondents fall in the age group of 41-50 and further 20% of the respondents fall in the age group of 50 and above.

TABLE-2: THE TABLE REPRESENTS THE CLASSIFICATION OF RESPONDENTS ACCORDING TO EDUCATIONAL STATUS

Educational Status	No. of Respondents	Percentage
Upto Matric	23	46
Under Graduate	12	24
Graduate	05	10
Post-Graduate	02	04
Professional	08	16
Total	50	100

Source: Field Survey

Table-2 illustrates the educational status of the sample respondents working in ACC Limited Cement Unit, out of 50 respondents, 46% of the respondents have completed matric and 24% have completed their under-graduation, 10% of respondents have completed Graduate and 04% of respondents have completed Post-graduation and rest 16% of respondents have obtained professional qualification like I.T.I., diploma and so on.

TABLE-3: TABLE SHOWING THE CLASSIFICATION OF RESPONDENTS ACCORDING TO LENGTH OF SERVICE

Service (In year)	No. of Respondents	Percentage
Below – 5	10	20
6-10	02	04
11-15	06	12
16 and Above	32	64
Total	50	100

Source: Field Survey

The above table portrays the respondents length of service 20% of respondents were having an experience below 5 years, a very least number i.e., only 4% of respondents are having a service period from 6-10 years, another 12% of respondents fall in the service of 11-15, 64% of respondents were belonging to 16 and above years of experience.

Thus, it is clear from the above table majority of respondents fall in the service of 16 and above years and they are well experienced which ultimately effects in good production.

TABLE-4: TABLE SHOWING THE NATURE OF SERVICE OF THE RESPONDENTS IN THE COMPANY

Nature of Service	No. of Respondents	Percentage
Permanent	47	94
Temporary	03	06
Total	50	100

Source: Field Survey

The above table indicates the nature of service of the respondents working in ACC Company, 94% of respondents are permanent and remaining 6% of the respondents are working as a temporary or casual labour. Thus, from the above table it is concluded that the majority of the respondents are working as a permanent employee.

TABLE-5: TABLE SHOWING PERFORMANCE APPRAISAL METHOD

Performance appraisal methods	No. of Respondents	Percentage
Self Assessment Method	12	24
Management by Objectives	06	12
Graphic Rating Scales	10	20
Ranking Method	15	30
Other	07	14
Total	50	100

Source: Field Survey

The above table shows the different performance appraisal methods used. The table clears that self assessment method and ranking method are more regularly used. Whereas, graphic rating scales and management by objectives are the methods which are less used. Hence, to look over the performance of the employees other methods are also used such as behaviourally anchored rating scale, critical incidental method etc. It means that performance appraisal done on regular basis by using different method. This helps the employees to know where they are lagging behind and the kind of knowledge they further need.

SUGGESTIONS

1. Efficient personnel should be selected to appraise performance of the employees and they should be given sufficient training in the methods of appraisal. It is therefore, suggested that the performance of the man should be appraised by two or more persons in order to have objective result.
2. The feedback must be given to the employees at the earliest possible time, so that the employees can overcome the weaknesses and grow with the strength.
3. It has been suggested that behavioural training programme should also be conducted on regular basis. Because knowledge is not enough, behaviour at the work is also a base to mark the performance of employees.
4. Methods of helping poor performers to improve upon their performance, such as counselling and change of role as well as transfer should be put in place or strengthened, if in existence already.

CONCLUSION

Performance appraisal provides opportunities to develop one's self-awareness, self-exploration and self growth. Participating performance appraisal is an essential component of a fair and ethical evaluation of an employee's performance.

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SCIENTIFIC INPUT FOR THE TRAINERS OF HRD PRACTITIONERS IN SOFTWARE INDUSTRY

P. SURJITH KUMAR
RESEARCH SCHOLAR
JAWAHARLAL NEHRU TECHNOLOGICAL UNIVERSITY
HYDERABAD

DR. N. PANCHANATHAM
PROFESSOR
DEPARTMENT OF BUSINESS ADMINISTRATION
ANNAMALAI UNIVERSITY
ANNAMALAI NAGAR


ABSTRACT

Software Organization is one of the competing Organizations in the global arena that influence the economy worldwide. There are several resources involved in this software Organization, but the vital resource is the Human Resource. Supervising the Human Resource and Developing is the major challenge for this Organization. HRD Practices followed in this organization have direct influence on their growth, so it is necessary to understand and analyze the HRD Practices involved in it. To study HRD Practices a brand new set of questionnaire designed, for that several levels of discussions were carried out among the HR Managers and Executives, then statements for HRD Practices designed based on the discussions. Then pilot study conducted among the hundred IT employees through survey methodology. Collected data was uploaded in Statistical tool (SPSS) and Factor Analysis done for the data. Then questionnaire statements were categorized into fifteen different groups, and each group have three to five statements which was identified as components of the main variable (HRD Practices). Then reliability and validity study conducted for the questionnaire. The questionnaire statements were parked in survey website and url link was sent to employees to participate the survey. Then a tested questionnaire Occupational Stress is used to study the influence of the variable on HRD Practices. Then for the collected data simple linear regression and multi-regression test performed to study the influence of Demographical Variables on HRD Practices. The result and findings narrated with suitable discussions.

KEYWORDS

Software Organization, Employee, HRD Practices, Human Resource.

INTRODUCTION

oftware Organization is one of the successfully industries across the globe. Millions of people working in this Organization, in India software development is finest across the world for lowest cost with best services. Many MNCs expanded their business in India because of the best quality services and low development cost. The contribution of IT industries plays a vital role in the Indian Economy, India's major part of the IT sector flourished in the state of the Karnataka, who gave a grand welcome for the growth of IT industries. Bangalore is an important city which is popularly known as Silicon Valley of India. This is the city where most of the largest Software Organizations was setup and operating their business. One of the Bangalore based Software Organizations is taken to study the HRD practices and its impact on the demographical variables.

REVIEW OF LITERATURE

HRD professionals also have an important opportunity to validate their role in developing human resources. HRD's traditional role in developing expertise in human and organizations is becoming ever more important (Burke, 1995; Eichinger and Ulrich, 1998) and the demand for HRD interventions that provide a consistent and increasing demonstration of return on investment can be expected to rise (Hodgets et al, 1999).

Swanson and Holton (2001) defined "HRD is a process of developing and unleashing human expertise through organization development (OD) and personnel training and development (T&D) for the purpose of improving performance" Culture is very much on the 'corporate', it focuses on the creation and maintenance of an entrepreneurial management culture that accelerates growth and enhances effectiveness and competitiveness in large organizations. (Entertainment Close - Up, 2011). Highly productive teamwork requires that team members recognize the team as a unit and as an attractive work arrangement. Fundamental assumptions of contemporary management, and management research, were challenged to integrate social identity findings (Surjith Kumar et.al,2009). The influence of work-family conflicts on distress cannot be ignored in studying the relationship between job satisfaction and work-family conflicts. This is because work-family conflicts result in distress which in turn influences job satisfaction. It is self-explanatory that job stressors influence job distress whereas family stressors affect family distress, following the logic domain specific stressors. The job involvement of an individual is another important antecedent of work interfering with family conflict. But as long as individual is engaged in task seriously this is also going to have its effect on job stress. An individual feels less distressed at job following involvement on job. At the same time, family involvement of an individual would go in favor of that individual in reducing the family distress. The negative relationship between job involvement and job distress, and family involvement and family distress is heavily based on both conceptual and empirical findings from a several researches (Satyanarayana Parayitam, 2008).

IMPORTANCE OF THE STUDY

Now a day's most of the Organizations were automated with the electronic devices that was not allowing the employees to use their skills and ability. Employees having sound knowledge in their work, when their knowledge was not fully utilized they become more restive. Employees were not really involving themselves in the work, because of this and they were losing interest in the work which leads to withdrawal. The behavior of the employees becomes essential for the efficient running of an Organization. The Organizations have developed its own HRD Practice inherited from its founders whose culture and behavior would have major impact in the organization culture. Everyone was expected to perform their duties in a particular way framed by the Organization. Many employees working imaginative and display enthusiasm when working on projects they enjoy probably outside the work. They will throw themselves into activities, which interest them and give them a level of satisfaction. There was a failure to share the same believes and ways of doing things. The response by many was reflected in the symptoms of withdrawal. These behaviors was not exhibited when they was inside the company which was interesting but an important question. This may be because of the HRD Practices inhibits and counters the initiative, which people want to disclose. This is where the importance of the study of the HRD practices becomes more important.

OBJECTIVES

1. To understand the relationship between demographical variables Home Ownership , Mobility and Performance bonus on HRD Practices
2. To study the impact of Occupational Stress on HRD practices

HYPOTHESES

1. H₁ : There is a significant relationship between Occupational Stress and HRD Practices
2. H₂: There is a significant relationship of Demographical variables Home Ownership, Mobility, Performance bonus, Skill Enhancement, Reward and Personnel Profile on HRD Practices

RESEARCH METHODOLOGY

Research methodology elaborates the research structure, research design, sampling method, data collection, and instrument and data analysis. Pilot study, reliability and validity explain and ensure the suitability of the study instrument.

RESEARCH STRUCTURE

The idea of research was to investigate the HRD Practices in Software Organization and analyze the influence of Occupational Stress and demographical variables on HRD Practices. By administering the questionnaire data were collected from Employee working with the Software Organization through survey methodology and analysis performed

RESEARCH DESIGN

Research is properly planned scientific way of inquiry for solution of a problem, through an organized method. Good research design should provides a clear description about the statement of problem, hypotheses, variables, instruments used, sampling, method of data collection and analysis. A Research design narrates the method and procedure for conducting the research work. "Research design is the plan, structure and strategy of investigation conceived so as to obtain answers to research questions and to control Variance" (Kerlinger, 1983).

POPULATION AND SAMPLE SIZE

POPULATION

A subset of a population selected to estimate the behaviour or characteristics of the population. Sample exists to represent its parent population. As per the statistical data (The Hindu, 2004-05), there was 1,584 number of IT companies operating from Bangalore, 512 were multinationals, with 66 of them being Global Fortune 500 companies. The total number of IT professionals working in Bangalore currently stood at 2, 85,000. In the year 2012, total number of IT professionals reach around 4,00,000. A random sample of Respondent selected from the 4,00,000 Employees working in the IT Industries. Yamane (1967:886) provides a simplified formula to calculate simple random sample size (n).

$$n = \frac{N}{1 + Ne^2}$$

Where, n: is the size of sample,
N: is the population of sample, and
e²: is the probability of error.

The sample size for the study has been calculated with e=5% i.e. 95% confidence level.
Therefore, the sample size for the study was computed as shown below:

$$n = \frac{N}{1 + Ne^2} = \frac{400000}{1 + 400000(0.05)^2} = 532.62 = 533 \text{ Respondents}$$

QUESTIONNAIRE ADMINISTERING

Primary data collection method opted, data were collected from the various software Professionals located in Bangalore during the year 2012. While considering the points such as response rate, non-response, incomplete survey, understanding non-verbal cues, clarification of doubts, motivating respondents to respond after thinking about the problems, issues on the available data and collection methods, the personally administered questionnaire was quiet challenging. Since the survey was confined to software Professional, it was tough for the researcher to get time to meet the respondents individually, most of the time they all busy with project deadline, to get the data collected within a short period of time was very hard. The survey questionnaires were parked in the survey website zoomerang.com then the survey website link send to HR department of the software organization then the HR Manager forwarded the link to Employees to fill the questionnaire. Prior to that Researcher got appointment with HR Manager and explained about the aim of the Research which took three rounds of discussion then Questionnaire link was forwarded. Questionnaire website link also parked in the social website, so their friends can participate in the survey.

QUESTIONNAIRES DESIGN

The main questionnaire was designed to meet with the objective of study, conceptual framework, which was given to its comprehensiveness, length, conceptual clear for questionnaire, multiple choices and Likert scale to measure respondents' evaluation. Based on the review of literature and research articles questionnaire was decided to design new questionnaire for the HRD Practices in the software organization. For designing it was essential to known the content in HRD Practices for software organization. To understand the HRD Practices Interviews were scheduled with experienced HR Manager and HR Representatives working in the software organization, which took several rounds of discussion. Then statement designed for the questionnaire and pilot study conducted among hundred employees. Based on the collected data Factor Analysis performed through Extraction Method: Principal Component Analysis and Rotation Method: Varimax with Kaiser Normalization. Then questionnaire statements were categorized into fifteen different groups and each group have three to five statements which were identified as components of the HRD Practices. The identified components was 1) Learning new Technology, 2) Transferring to other Team, 3) Competency, 4) Grooming, 5) Adaptability & Recruitment, 6) Business Development, 7) HR Planning, 8) Promotion, 9) Retention, 10) Team building, 11) Skill to crack latest Technology, 12) Project management, 13) Performance management and development, 14) Succession planning and 15) Competency development. Then for each component three to five statements was grouped, then the designed questionnaire was sent to HR managers to get their opinion on the Questionnaire. Based on their feedback questionnaire statement was modified.

To understand the impact of Occupational Stress on the HRD Practices an existing questionnaire was used. This questionnaire was sent along with the HRD Practices questionnaire for the Data collection. And reliability of this questionnaire found and mentioned below table1.

PILOT STUDY

Researcher conducted a pilot study to assess the reliability, validity, quality and content validity of the questionnaire. In emerging software organization through HR department for 150 software professionals the questionnaires was sent in the Excel sheet to each employee in email. Among the 150 samples after continues follow up on every week 100 samples was filled. Then reliability and validity study done on the samples, also feedback on the questionnaire collected from the software employees.

TABLE 1. DESCRIBES THE RESULTS OF RELIABILITY COEFFICIENTS FOR SCALES

Reliability Coefficients for scales	Alpha Value in pilot study time	Alpha Value in Survey Research time
HRD Practices	0.7587	0.7714
Occupational Stress	0.7736	0.7956

Based on the result of pre-test and survey research, it was found that the reliability value of export challenges, hardness of the exporters and characteristics of apparel exporters was higher by 0.7. The measurement of the study was sufficiently reliable both for pilot study and survey research.

SURVEY RESEARCH

After conducting the pilot study questionnaire was modified suitably, in order to provide complete, valid and reliable information from the respondents. The questionnaire was designed to suit the aim of study and nature of its respondents. Questionnaire was sent across 900 respondents. However, collected data were around 748 filled questionnaires from the respondents within the stipulated time limit. Statistical tools Used for Analysis. In order to precise results simple linear regression and multi-regression analysis opted.

RESULTS & DISCUSSION

In this study influence of Occupational Stress, Demographical variables demographical variables Home Ownership, Mobility, Performance Bonus, Skill Enhancement, Reward and Personnel Profile were studied. The simple linear regression and multi-regression was found between the HRD practices and Occupational Stress & Demographical variables and the results and discussion was depicted below with suitable citations.

Hypothesis: There is a significant relationship HRD Practices and Occupational Stress

To predict the nature and closeness of relationship between HRD Practices and Occupational Stress simple linear regression analysis was done.

TABLE 2. DESCRIBES THE RESULTS OF LINEAR REGRESSION RELATIONSHIP BETWEEN HRD PRACTICES AND OCCUPATIONAL STRESS

Sl. No	Influencers	R value	R square value	F value	Constant	Beta value	t- value	Significance
1	Occupational Stress	0.052	0.005	2.041	319.668	1.304	1.428	0.154

Note: * Significant at the 0.05 level (2-tailed) NS - Not significant at 5% level (p value >0.05)

The table depicts significant value is 0.154 which greater than significant value 0.005, which clearly indicates there is no significant relationship between Occupational Stress and HRD Practices. R value indicates that relationship between Occupational Stress HRD Practices. R Square value indicates that percentage of variation with Occupational Stress towards HRD Practices. The result indicates Occupational Stress has no significant relationship with HRD Practices, therefore the hypothesis is not accepted. Raitano (2007) mentioned, "Stress can erode employees' physical, mental, and emotional health, lowering their productivity. To reduce job turnover and boost morale, you need to know what causes stress, how to diagnosis it and prevent it." Mohan (1999) "Optimum stress is essential for performing well in one's job. It acts as a drive and can be called Eustress. But once stress exceeds a certain limit it can cause burnout and detrimentally affect work performance." Siegal (1995) quotes "role conflict and coping is integrated with more traditional lines of stress research. It is argued that, because role stress is generated by certain characteristics of a person's environment, coping with role stress is likely to be directed toward those environmental characteristics.

Hypothesis: There is a significant relationship HRD Practices and Demographical variables Home Ownership, mobility and Performance Bonus

TABLE 3. DESCRIBES THE RESULTS OF LINEAR REGRESSION RELATIONSHIP BETWEEN DEMOGRAPHICAL VARIABLES HOME OWNERSHIP, MOBILITY & PERFORMANCE BONUS

Sl. No	Influencers	R value	R square value	F value	Constant	Beta value	t- value	Significance
1	Home Ownership (X_1)	.205	.042	32.697	311.606	6.985	5.718	.000
2	Mobility (X_2)	.117	.014	10.412	328.143	1.848	3.227	.001
3	Performance Bonus (X_3)	.429	.184	168.634	360.255	13.164	12.986	.000

Note: * Significant at the 0.05 level (2-tailed) S- significant at 5 % level (p value ≤ 0.05): NS- Not significant at 5% level (p value >0.05)

The result indicates the significant value for the Demographical variables Home Ownership, Mobility and Performance Bonus was less than 0.005, which clearly depicts that Demographical variables have significant relationship with HRD Practices. R value indicates that relationship between HRD Practices and Demographical variables. R Square value indicates that percentage variation of Demographical variables towards HRD Practices.

Regression equation $Y = \text{Constant value} + X (\text{Beta value})$

Y is the dependent variable; here HRD Practices was the dependent variable

X is the independent variable; here Demographical variables were the independent variables.

Home Ownership, $Y = 311.606 + 6.985 X_1$

Mobility, $Y = 328.143 + 1.848 X_2$

Performance Bonus, $Y = 360.255 + 13.164 X_3$

The above equations describes that HRD Practices increases by 6.985 unit for every one unit increase in Home Ownership, 1.848 for every one unit increase in Mobility and 13.164 for every one unit increase in Performance Bonus. If the 'p' value was less than 0.05, then the significant relationship exists between the independent variable and dependent variable. A significant relationship exists between independent variables namely Home Ownership ($X_1 = 6.985$), Mobility ($X_2 = 1.848$) and Performance Bonus ($X_3 = 13.164$). Result clearly depicts that there was a significant relationship exist between Demographical variables and HRD Practices. HRD as a profession is passing through a critical phase since its inception and inclusion as a major discipline in management sciences. One of the biggest concerns about the HRD profession is its receptiveness and ability to adjust to changing environmental conditions in organizations. Globalization surfaced as a primary trend affecting organizations and thus HRD in realm of cross cultural communication, diverse management and competitiveness with business value propositions (Metcalf and Rees, 2005; Sklair, 2001; Sparrow et al., 2004).

Human resource development (HRD) has served the needs of organizations to provide employees with up-to-date expertise & had wide-ranging scope and included informal learning on the job, exposure to new technology, attempting computer-aided presentations, orientation courses of study and training or company-sponsored diversity training, career development or outdoor selling assignment, vocational interest inventory, reworking of organisational structure or introduction of norms for developing or changing organisational work culture, setting new targets for efficiency and achievement, redeployment of human resources for a more effective team work, a shift from individual to collective responsibility or vice-versa, and other innovations and experiments for better organisational performance and achievement (Surjith Kumar & Panchanatham, 2012).

Hypothesis: There is significant relationship between HRD Practices and demographical variables

To describe the relationship between different independent variables affecting the HRD Practices, the multiple regression analysis has been applied, results found and explained below.

TABLE 4. DESCRIBES THE RESULTS OF MULTI-REGRESSION ANALYSIS FOR DEMOGRAPHICAL VARIABLES HOME OWNERSHIP, MOBILITY & PERFORMANCE BONUS AND OCCUPATIONAL STRESS ON HRD PRACTICES

IT Employees Perception towards HRD Practices				
Sl. No.	Independent Variables	Unstandardized Coefficients	t Value	Sig
		Beta		
	(Constant)	0.123	1.603	0.109
1	Occupational Stress(X ₁)	0.212	6.236	0.008
2	Skill Enhancement (X ₂)	0.248	7.785	0.000
3	Reward (X ₃)	0.225	6.846	0.004
4	Personnel Profile (X ₄)	0.241	8.513	0.000
	R Value	0.761		
	R ² Value	0.554		
	F Value	156.620		

Note : Significant at 5 % level (p value <0.05)

$$Y^A = 0.123 + 0.212X_1 + 0.248X_2 + 0.225X_3 + 0.241X_4$$

Note: S - significant at 5 % level (p value ≤ 0.05): NS - Not significant at 5% level (p value >0.05)

Where Y^A is estimated effectiveness of demographical variables on HRD Practices.

The above mentioned equations describes Employee opinion on HRD Practices increases by 0.248 unit for every one unit increase in Skill Enhancement, 0.241 for every one unit increase in Personnel Profile and 0.225 for every one unit increase in Reward. Also, it could be inferred that Personnel Profile was best of overall demographical variable.

The multiple R is 0.761, which reveals that there exists a relationship of 75.1 percent between overall opinion on HRD Practices and Demographical variables. R² Confirmed that the variable explained 55.4 percent variations in the overall opinion on HRD Practices. The result of 'F' value revealed that the explained variation of all the independent variables were valid at 5 percent level (p value <0.05). If the 'p' value was less than 0.05, then the significant relationship exists between the independent variable and dependent variable. Thus, all the independent variables were found to be significant in determining the HRD Practices. From the analysis it describes there is significant relationship between Demographical variables and HRD Practices. So the Hypothesis is accepted. At the organizational level, a successful Human Resources Development program prepares the individual to undertake a higher level of work, "organized learning over a given period of time, to provide the possibility of performance change" (Nadler 1984).

Software and globalization provide both opportunities and challenges to developing countries. Whether these opportunities was successfully utilized depends upon the availability of infrastructure and educational skills, a conclusion arrived at by many development debates over the past few decades. In India, a number of factors have come together to contribute to the success of this industry, in spite of relatively poor infrastructure and education levels. Economy, knowledge and information have taken over from land, labour and capital as the main inputs into production (Uma, 2002). Organizations cannot depend solely on rules and standard operating procedures to ensure effective employee work behavior. There is always some need for discretionary innovative action to adapt to new situations and unusual circumstances. While taking innovative initiatives is widely claimed to contribute to organizational effectiveness, the price that an individual worker may have to pay for taking an innovative approach has hardly been examined (Janssen, 2003).

CONCLUSIONS

The simple linear regression and multi-regression analysis clearly depicts that HRD Practices in this Industry was competitively good, the demographical variables Home Ownership, Mobility, Performance Bonus, Skill Enhancement, Reward and Personnel Profile were good in the Organization. Simple linear regression analysis indicates there was no significant relationship between Occupational Stress and HRD Practices. Simple linear regression test confirm there was significant relationship exist between HRD Practices and demographical variables. Multi-Regression analysis indicates there was significant relationship between HRD Practices and demographical variables. The 'X' of the each demographical variables value shows the exact number of units it influence of the HRD Practices. It was concluded that demographical variables have significant relationship with HRD Practices, so the Hypothesis (H1) was accepted and Occupational Stress not having significant relationship with HRD Practices, so the Hypothesis (H2) was not accepted.

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TO STUDY MARKETING STRATEGIES FOR CAR LOANS CUSTOMERS: A COMPARATIVE STUDY OF PUBLIC SECTOR BANKS AND PRIVATE SECTOR BANKS WITH SPECIAL REFERENCE TO MEERUT, U. P.

ADITI SHARMA
RESEARCH SCHOLAR
NIMS UNIVERSITY
JAIPUR

DR. SUDHINDER SINGH CHOWHAN
VICE PRINCIPAL
INSTITUTE OF MANAGEMENT & COMPUTER SCIENCE
NIMS UNIVERSITY
JAIPUR

ABSTRACT

The present article is a study relating to the marketing strategies adopted by Public and private sector banks such as State Bank of India, Punjab National Bank, Bank of Baroda, Syndicate Bank, Canara Bank, ICICI Bank, HDFC Bank, Axis Bank, IDBI Bank, Nainital Bank operating in Meerut, in order to find out the needs of loan customers and the services provided by the Banks to fulfill their expectations. It is a comparative as well as an exploratory study. The data is primarily collected through questionnaire and interview method for best and authentic results. Statistical tools have been used to find out the best marketing strategy and the least preferred one used by each participating banks. The information was collected from 1000 customers, several car dealers and at least 25 banks and private lenders/NBFCs etc. as well as the RTO Meerut. The study revealed that in Meerut, a very large number of customers prefer to purchase cars on cash down basis. Private lenders also enjoy a big share in this segment leaving a huge car loan market open for the banks. The study also established that there is apathy on the part of bank officers for car loans as they feel that this is one of the most in-secured segments. However, the study proves otherwise as NPAs on this front are not very large.

KEYWORDS

Car Financing in Meerut District, Marketing strategies for Car finance, Car financing, Car Market Analysis, Customer Preferences, Comparative study of banks, Car financing by banks, Comparative study of Car financiers.

INTRODUCTION

Banking system for any nation acts as a mirror for the economy of that nation. The importance of the banking system can be accessed from the fact that in an era of globalisation, as it exists today, no one can think of any type of transactions without a banking system. Banks in any country not only form the back bone of nation's economy but also are the kingpin of the chariot of economic progress. Banking system in India, as we see it today, does not have its deep roots. In ancient times the society was primitive and the finances were mostly controlled by the King who almost enjoyed the status of God. There was a complete demarcation between the funds of the State which were generated from collection of taxes or and revenue in one form or the other as imposed by or decided by the King. The society was divided into caste system and the business or commercial activities were by and large controlled by the Vaishya community. Very little or perhaps no facility was available in the nature of banks or banking system and the people used to depend upon the Vaishya community to meet contingencies and even the day to day requirements. The subjects used to take loans from the Vaishyas at very hefty cost in the form of land pieces or mortgage of their property to the lender. There seemed to be no system of deposit of money or earning interest by surplus money for an ordinary person. During the Maurya dynasty (321 to 185 BC), an instrument called Adesha was in use, which was an order on a banker desiring him to pay the money of the note to a third person, which corresponds to the definition of a bill of exchange as we understand it today. Car loans have been generally perceived as risky or non-recoverable and non-productive loans by the bankers. During Pre- liberalization period such loan category was not recognized but it was taken up as general loan category. However, Post-liberalisation period saw the entry of Private Banks who recognized the need of car loan customers and identified the car loans category specifically. During early nineties the cars were mainly financed by private NBFCs like Tata Finance, Bajaj Finance or Citibank/ Citicorp finance etc. Later on some private Indian Banks like ICICI Bank started looking into the rapidly growing car loan segment since 1998-1999.

State Bank of India used to provide loans prior to liberalisation also but the bank was very cautious in its approach with very restrictive criteria of customer credit rating because such loans were categorised as non- productive loans. After 2000, due to rising competition from private sector banks, SBI eased its procedures.

Canara Bank, nationalised in 1969. In 2001, the Bank signed a contract with Bajaj Auto Ltd. for auto finance. In 2003, it tied up with Mahindra and Mahindra for Tractor finance. In 2009, in its run to grow with rising competition, the bank tied up with Hyundai Automobiles.

Punjab National bank, Syndicate Bank, Bank of Baroda and other public sector banks started their operations in car loans segment during the period of 2000-2001 only.

HDFC Bank launched its car loan segment in India in 2003-04 and **Axis Bank** in 2001. **IDBI Bank** categorised as other public sector bank by Ministry of Finance started its car financing operations in 2008.

IMPORTANCE OF SERVICES MARKETING

Excellent customer service — The daily, ongoing support of a company's offerings is critical in creating brand identity and ultimate success. It includes answering questions, taking orders, dealing with billing issues, handling complaints, scheduling appointments, managing finances, and other similar activities.

7Ps OF SERVICES MARKETING

TABLE 1

Product/Service	Place	Promotion	Price	Physical Evidence	Process	People
Features and specification	Channel type, exposure, intermediaries etc.	Sales promotion, advertisin, publicity, etc.	Price levels, flexibility, discounts, bonus etc.	Environment in which service is delivered and customer- employee interact, etc.	Procedur,activity, flow of activities for service delivery	Human actors who play a part in service delivery.

IMPORTANT DEFINITIONS IN CAR LOANS SEGMENT**THE BENCHMARK PRIME LENDING RATE (BPLR)**

The Benchmark Prime Lending Rate was introduced by the Reserve Bank of India in the year 2003 with the aim of introducing transparency and ensuring appropriate pricing of all type of loans including car loans, wherein the lending rates truly reflect the actual costs. It was envisaged as a reference rate and was to be computed taking into consideration

1. Cost of funds;
2. Operational expenses; and
3. A minimum margin to cover regulatory requirements of provisioning and capital charge, and profit margin.

BPLR was the interest rate that commercial banks normally charge their most credit-worthy customers.

BASE RATE

After giving a thoughtful consideration to various aspects relating to the matter the RBI introduced the Base Rate concept which replaced BPLR system since July 2010 and all loans by banks are now linked to the Base Rate fixed by each bank and its board independently. For customers whose interest rate is linked to Base Rate, any revision in the Base Rate will impact the interest rate. Thus the banks cannot allow loans below its base rate since then. There can be only one Base Rate for each bank. However, banks have the freedom to choose any benchmark to arrive at a single Base Rate but the same needs to be disclosed transparently.

CIBIL

CIBIL is India's first credit information bureau. The need of credit information system through a central agency was increasingly felt in order to enable informed credit decisions and aid fact based risk management. It was also imperative for prevention of fresh non-performing assets (NPAs) in the banking system through an efficient system of credit information on borrowers as a first step in credit risk management. In this context, the requirement of an adequate, comprehensive and reliable information system on the borrowers through an efficient database system was keenly felt by the Reserve Bank of India Government as well as credit institutions.

CREDIT RATING CHARTS

All the banks have their own credit rating system which they maintain in the form of charts either manual or system generated. The charts give the criteria which the banks feel are important to judge the credit worthiness of the customer. To these criteria, the banks provide scores. For E.g. Previous account holding of the customer at the bank is one of the criteria, for long term holding the score can be 5 and for customers not having any previous account with the bank, the score can be 0. After getting the score of the customer for each criteria, the bank officers add up the individual scores to assign a single score to the customer which is then compared with the bank standards to judge the credit worthiness of the customer.

LITERATURE REVIEW

Evaluation of marketing strategies of commercial banks; George, K M; 6-Aug-2010, The study was focused on profitability through customer satisfaction which is the ultimate aim of every marketing strategy. The review of earlier studies proved that marketing is still not fully accepted as an organisational imperative by Indian banks.

Comparison of Car loans scheme of HDFC and SBI in Indore; Mrs. Vishakha Kutumbale; 2007-2009, The researcher concludes that HDFC is more popular in segment of age group 25-34 which speaks of Young Earning Population's Inclination toward Private Sector. As the maturity factor increases i.e. age, the population is coming towards SBI, a PSU. HDFC Loans are preferred by clientele base of people who are having annual Compensation close to 3.5L and more. As SBI is the largest bank of India so it is least affected by Market fluctuations which comes as a major influencer when Floating Interest rate is taken and as Interest rate is the First major concern so maximum feedbacks are given on the basis of it.

How can one get an auto loan with zero credit history; (www.webworldarticles.com), The article says that there are millions of people affected by the recent credit crunch and the global economic recession. No wonder, there are bountiful numbers of persons who have got a staggering bad credit history because of the job loss and pay cuts. However, the world economies are gaining back their momentum sooner than expected.

How to Get Car Loan with No Down Payment; Pankaj; 2012, The researcher concludes that, With the booming economy, an individual does not have to struggle that much to get the dream car, but the thing is that there are many individuals who are still not quite able to grab the keys of the dream car mainly because they are not that financially equipped to provide the desired car loan down payment to the financial institutions or the car loan companies.

STATEMENT OF PROBLEM

The problem selected by the researcher for her research work is titled as "To Study Marketing Strategies for Car Loan Customers: (A Comparative study of Public Sector Banks and Private Sector Banks with special reference to Meerut-U.P.)"

OBJECTIVES OF STUDY

1. To understand the importance of and criteria for formulation of marketing strategies in services sector of banking industries.
2. To know about the marketing strategies in use by public sector banks and the private sector banks for car loans segment in post-liberalization era and to create qualitative awareness about the same amongst the customers of this category.

HYPOTHESIS OF STUDY IN BRIEF

The researcher proposes to study

1. Marketing Strategies adopted by Public and private sector banks such as State Bank of India, PNB, BOB, Syndicate Bank, Canara Bank, ICICI, HDFC, Axis Bank, IDBI Bank, Nainital Bank operating in Meerut to know the needs of loan customers and the services provided by them to fulfill their expectations.
2. Marketing Strategies adopted by the banks for automobile segment in post liberalization era to outdo the excellent running business of each other and how far these strategies influence the buying behavior of the customer. Comparing the different marketing Strategies in the field and finding out the most common and effective Strategy.

RESEARCH METHODOLOGY**DATA COLLECTION**

The researcher entered into extensive exercise of literature survey at various places like banks, car dealers and from different sources like Books, Journals etc. The data was collected through primary as well as secondary source. The researcher prepared 3 separate Questionnaire for customers, banks and car dealers. Along with the questionnaires, the researcher gathered lot of information through word of mouth approach by asking questions related to the subject from the customers, car dealers and bank officers. Data was collected from internet, journals, magazines, text books etc.

NATURE OF THE STUDY

Exploratory type of research followed by Descriptive Research.

SAMPLE DESIGN, SAMPLING UNITS / POPULATION

Banking industries- State Bank of India, PNB, BOB, Syndicate Bank, Canara Bank, ICICI, HDFC, Axis Bank, IDBI Bank, Nainital Bank & the customers availing car loans.

SAMPLING TYPE

Stratified random sampling.

SAMPLE SIZE

Customer sample size – 1000

Data collection from State Bank of India, PNB, BOB, Syndicate Bank, Canara Bank, ICICI, HDFC, Axis Bank, IDBI Bank, Nainital Bank operating in Meerut

RESULTS, DISCUSSIONS AND FINDINGS

The researcher tried to find out

1. Whether the age, employment status and income status of the customer for car loans influence his choice for a bank or a financial institution?
2. Does the relationship exist between the different marketing strategies employed for car loans segment in Meerut District and the preferential choices of the customer for a bank or a financial institution with respect to the particular strategy?

The value of F_o and F_e to analyse the effect of age group on the preferences of the customer is given below:**TABLE 2**

Category of Loan Seekers	AGE GROUP(Yrs.)											
	25-30		31-35		36-40		41-45		46-50		>50	
	F_o	F_e	F_o	F_e	F_o	F_e	F_o	F_e	F_o	F_e	F_o	F_e
Do not prefer to take loan	7	6.71	19	18.7	25	25.85	22	22.44	26	25.3	11	11
Took loan from other banks or financial institutions	8	7.93	23	22.1	31	30.55	26	26.52	30	29.9	12	13
SBI	17	18.239	52	50.83	71	70.265	62	61	68	68.77	29	29.9
PNB	6	5.8	18	16.32	22	22.56	20	19.58	21	22.08	9	9.6
Bank of Baroda	2	1.6	6	4.59	7	6.34	4	5.5	5	6.21	3	2.7
Canara Bank	0	1.2	4	3.4	5	4.7	4	4.08	5	4.6	2	2
Syndicate Bank	6	4.1	3	11.56	17	15.98	16	13.87	18	15.64	8	6.8
IDBI	0	0.6	3	1.7	2	2.3	2	2.04	2	2.3	1	1
ICICI	1	0.8	3	2.38	2	3.29	2	2.86	4	3.22	2	1.4
HDFC	12	12.2	35	34	48	47	41	40.8	44	46	20	20
Axis Bank	1	0.7	1	2.04	2	2.82	2	2.4	4	2.76	2	1.2
Nainital Bank	1	0.8	3	2.38	3	3.29	3	2.86	3	3.22	1	1.4

 F_o = the observed frequency i.e. the preference frequency received from the customers through questionnaire. F_e = the expected frequency

The value of χ^2 calculated for the age group data is 17.0811. The table value of χ^2 at degree of freedom of 55 [(no. of rows-1) × (no. of columns-1)] is 73.31. The calculated value of χ^2 is less than its table value, thus at 95% confidence level null hypothesis can be accepted i.e. the effect of age group on the preferences of the customer can be rejected.

Similarly, the researcher has calculated the value of χ^2 to find whether association exists between employment status, income status and the choice of the customer with respect to the bank or a financial institution. The table given below provides the calculated value of χ^2 , degree of freedom and the table value.

TABLE 3

Criteria: (Relationship of Customer' Choice with :-)	Calculated Value of χ^2	Degree of Freedom	Table value of χ^2 at 95% Confidence level
Employment Status	245.962362	121	147.674
Income Status	105.31985	33	47.40

Table: 3 shows that in both the cases, the calculated value of χ^2 is greater than its table value; this shows that the association between the employment status and the income status is significant and that the variation between the observed frequency and the calculated frequency is not just due to sampling errors. While analysing the data, the researcher realised that while government officers, traders/ businessman and doctors preferred HDFC more than SBI or any other bank; Advocates, shopkeepers preferred SBI.

The researcher tried to find out which marketing strategy outcasts other strategies in Meerut district. For this purpose, the customers were asked to rate the 14 marketing strategies on the scale of 0 -10. The data tabulated is provided in the table below:

TABLE 4

Strategy	Score obtained by each feature on a scale of Ten										
	00	1	2	3	4	5	6	7	8	9	10
Tenure of Loan								55	186	480	169
More Competitive ROI								89	161	415	225
Easy/Competitive EMI								140	201	318	231
Intt. On Reducing Bal.							67	169	281	252	121
Easy conditions in default						91	102	181	196	186	134
No Guarantor					74	69	191	211	171	84	90
Insurance Cover for Car Loan	97	11	23	47	34	177	63	163	140	74	61
Spl. Offers on new Year / Festivals	88	22	13	57	64	99	147	141	146	66	47
Prompt Service/Hassle-free Disbursal					47	61	91	105	152	213	221
Polite Staff						72	151	202	211	157	97
Acquaintance	72	21	27	29	49	150	162	176	102	72	30
Easy Paper work						105	189	172	229	127	68
Loyalty Bonus					82	71	108	270	200	130	29
Dealer Tie Up	7	6	13	17	10	112	183	160	186	120	76

Please note that the total number of respondents here is 890 instead of 1000 because out of 1000, 110 customers did not prefer taking loan. To analyse this question, the researcher has tried to take out scores of individual strategy to find out which strategy has been preferred the most.

Total score of the strategy = score on the scale of 0 to 10 obtained × number of respondents

Maximum score is taken as number of samples i.e. 890 × highest score i.e. 10 which comes out to be 8900

FIGURE 1

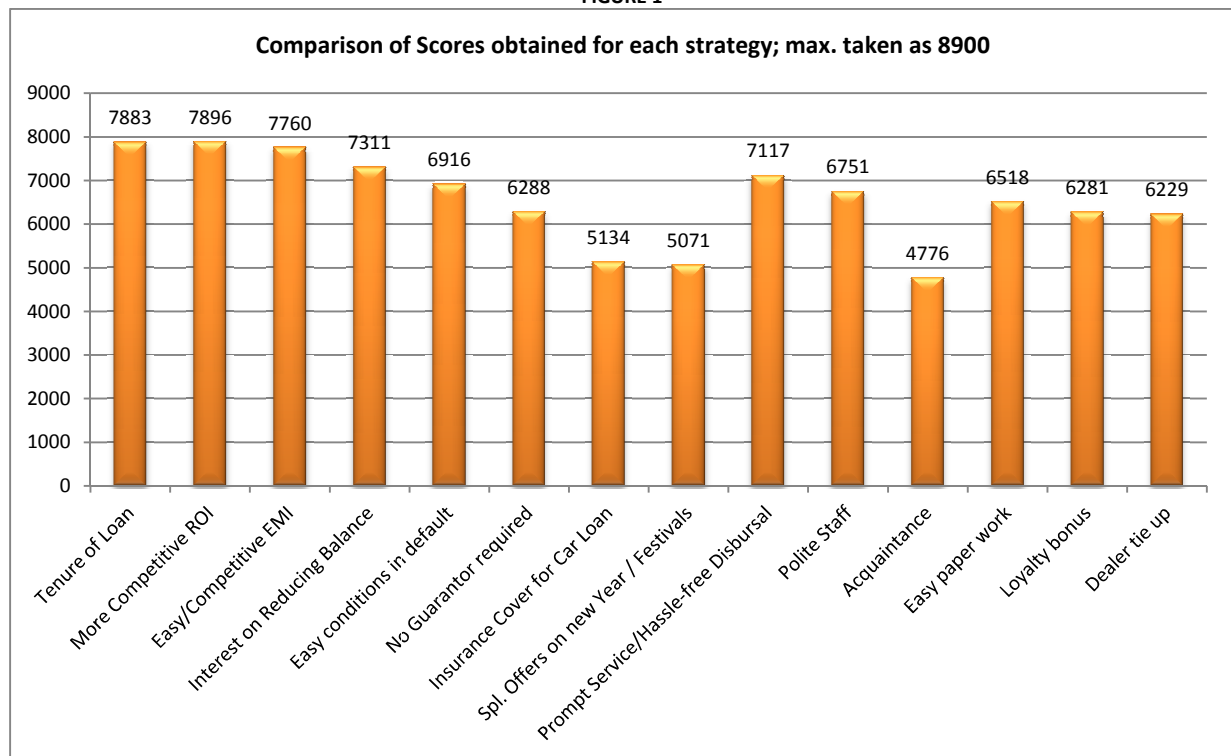


FIGURE 2

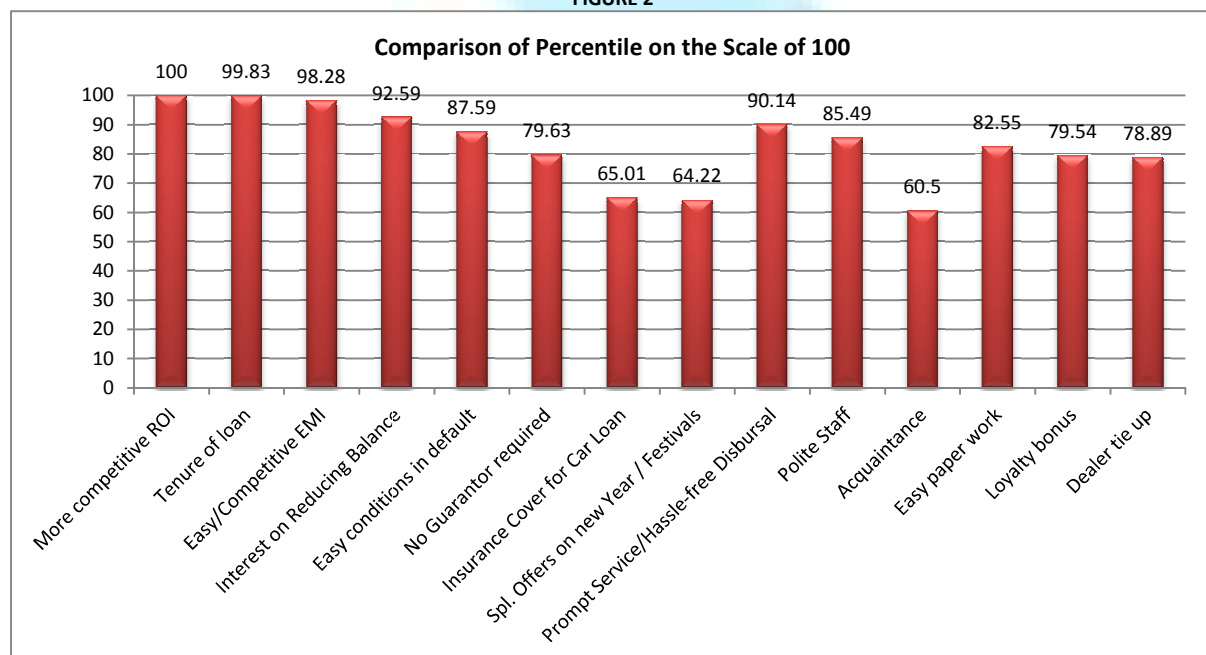


Figure 1 and 2 shows that the most preferred marketing strategy for car loans market is Competitive ROI and the least preferred strategy is Acquaintance i.e. obtaining loan through a known source. The study thus proves that the customer is more guided by his own interest on savings rather than the personal relationship with the bank officers.

The calculated value of χ^2 , degree of freedom and the table value of χ^2 obtained for various marketing strategies are given below:

TABLE 5

Strateg (relationship of Customer' Choice with)	Calculated Value of χ^2	Degree of Freedom	Table value of χ^2 at 95% Confidence level
Tenure of Loan	3.26577	30	43.773
More Competitive ROI	145.574	50	67.505
Easy/Competitive EMI	55.56549	50	67.505
Easy conditions in default	269.0523	50	67.505
No Guarantor	2.4726	60	79.082
Insurance Cover for Car Loan	93.3975	100	124.342
Spl. Offers on new Year / Festivals	80.3339	100	124.342
Prompt Service/Hassle-free Disbursal	106.93	55	79.082
Polite Staff	32.45	50	67.505
Easy Paper work	24.12	50	67.505
Dealer Tie Up	99.368	60	79.082

From table 5, it can be realised that marketing strategies which support null hypothesis include competitive Tenure of Loan, Easy EMI, No Guarantor required, Insurance cover to bring car loan into a risk free category, Special Offers provided by the banks, Polite Staff and Easy Paper work.

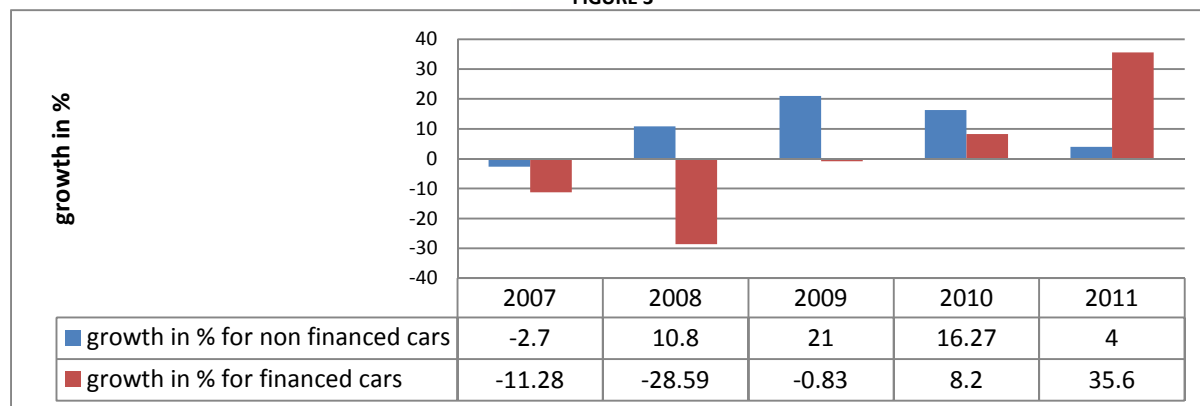
The table below shows the comparative analysis of the number of cars financed to the number of cars non- financed in Meerut Distt. of U.P. during 2006 till March, 2012.

TABLE 6

Year	2006	2007	2008	2009	2010	2011	2012 (As on 05.03.2012)
Total number of cars regd.	34,327	32,307	31,453	36,293	42,554	45,953	10,177
Number of Non-Financed cars	21,672	21,087	23,374	28,281	32,885	34,199	7,528
Number of Financed	13,655	11,220	8,079	8,012	8,669	11,754	2,649

Source: Regional Transport Office, Meerut

FIGURE 3

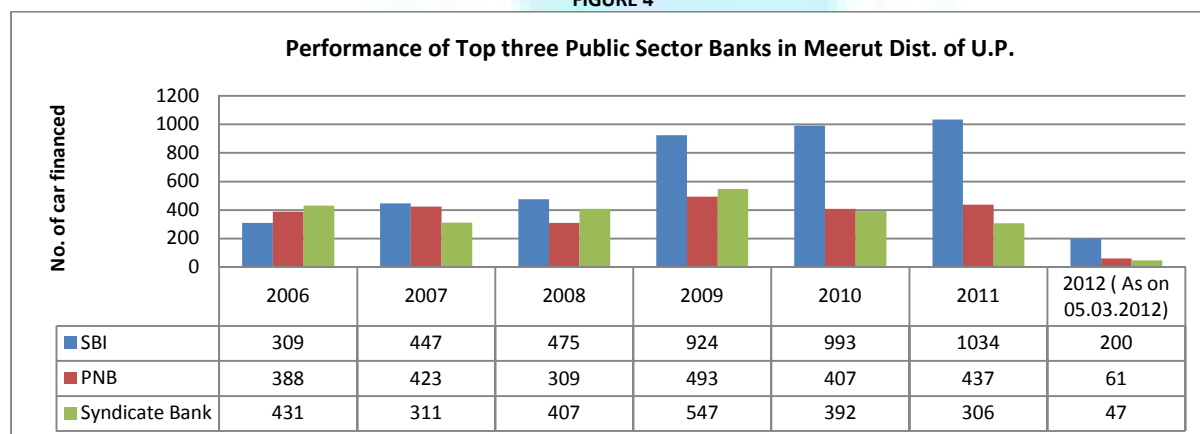


Source: Regional Transport Office, Meerut

Table: 6 and Figure: 3 show that the car market of Meerut is very un-predictable and has experienced very sudden and steep changes. It is clear that customers in Meerut prefer cash down purchase.

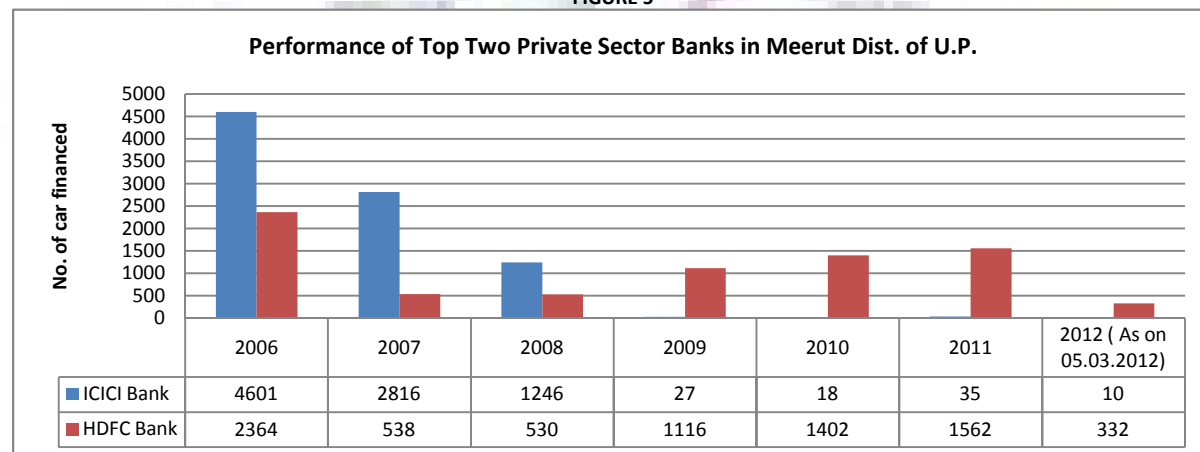
Performance Charts for 5 Major Banks under study in Car Financing in Meerut

FIGURE 4



Source: Regional Transport Office, Meerut

FIGURE 5



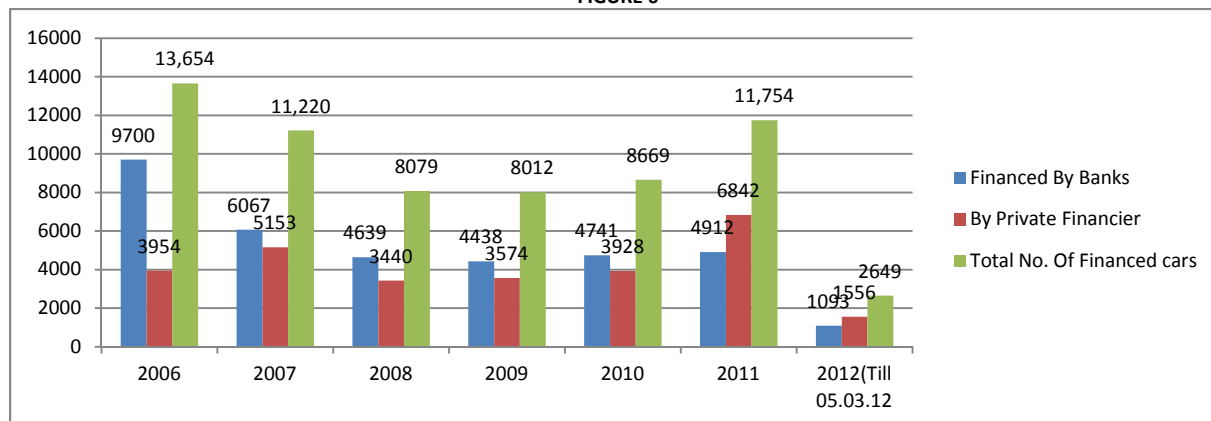
Source: Regional Transport Office, Meerut

Figures 4 and 5 show that SBI has shown consistent growth from 2006 till 2011 with outstanding results during 2009, 2010 and 2011, this can be attributed to its

1. Competitive ROI/EMI
2. Transparency in procedures
3. Maximum number of branches not just in urban as well as rural areas

4. Trained staff
5. Dealer tie ups etc.

FIGURE 6

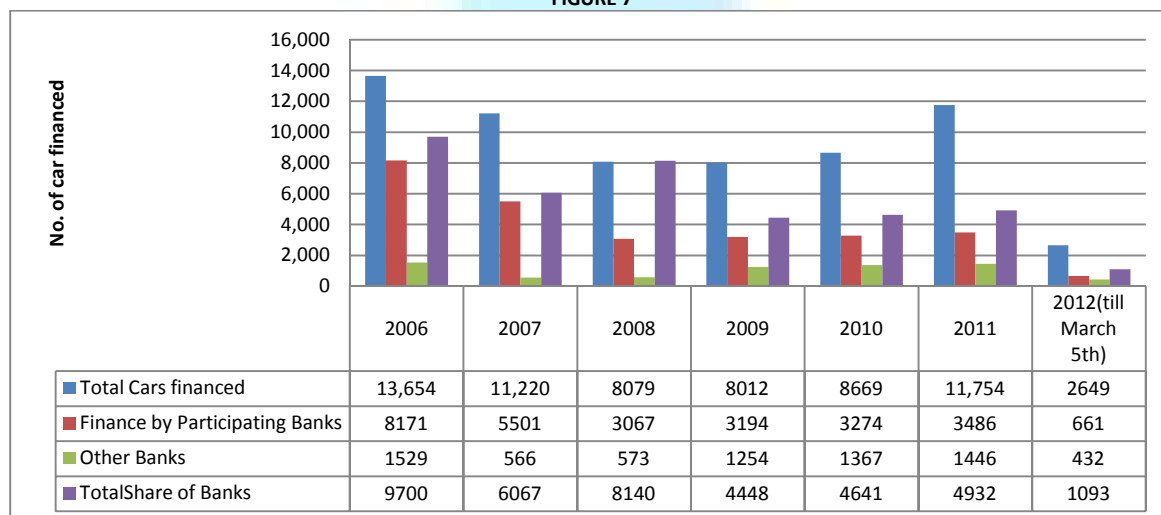


Source: Regional Transport Office, Meerut

The researcher tried to find out the share of private lenders i.e. NBFCs as well as the other lenders and a compilation of the data so collected again led to a great surprise. The details mentioned above establish that out of the total financed cars by all Banks including the Public Sector and the Private Sector Banks in Meerut in the year 2006 stood at 9700 out of 13,654 cars financed in that year. The private lenders were having a share of approximately 28.95% only at 3954 in the car finance market in Meerut in 2006.

However, the share of Private Financiers exhibited a gradual growth and consistent uptrend in their share in the coming years. They grabbed the share of 45.92% in 2007 i.e. hefty jump of approximately 16% in very next year. The private financiers maintained this share successfully with share of 42.58% in 2008, 44.6% in 2009, 45.3% in 2010 respectively. The private lenders ultimately outclassed the banks in 2011 with a market share of whopping 58.2% in 2011 and seem to be maintaining the trend with 58.7% share till 05.03.2012.

FIGURE 7



Source: Regional Transport Office, Meerut

Figure 7 shows that the participating banks financed 8171 cars in 2006 while the other banks contributed to only 1529 cases of car financing that year and their share was about 60% of the total cars financed. This gap between the other banks and the participating banks is still maintained in 2012 also but the share of the banks in total as well as the share of participating banks declined very sharply gradually the overall share is now almost at or around 41% only amongst all the cars financed in Meerut.

FINDINGS

1. Age Group of the customer does not significantly influence, While Employment Status and income status of the customer influence the preferences of the customer with respect to the selection of the bank or financial institution for taking car loan in Meerut District if U.P.
2. The most competitive marketing strategy for selling car loan of a bank is Competitive Rate of Interest as evident from the percentile chart, (figure: 2) and the least competitive strategy is providing loan through an acquaintance i.e. through a source.
3. In Meerut District, more than 40% of the customers purchasing car, prefer cash down purchase instead of getting the car financed. Thus there is a wide scope for growth of business for banks in this segment.
4. In Meerut, private financiers including Sundaram Auto Finance, Tata Finance and Mahindra and Mahindra Leasing Finance, Kotak Mahindra Prime and other local financiers also provide stiff competition to the banks.

RECOMMENDATIONS AND SUGGESTIONS

1. It is mostly realized that extreme age groups either do not prefer to take loan or their loans are not sanctioned due to various reasons. Customers under 28 years of age are very fond of buying cars, thus become potential customers. Similarly people above 60 years of age are potential customers for car loans as they mostly want to upgrade and change the car in hand.
2. Attractive offers like 'Diwali Discount offers on rate of interest', festive offers, offers for particular age, employment class etc attract more number of customers and increase purchase.
3. While attracting the customers to take loan, banks should focus more on the strategies which influence the behaviour of the customer.
4. Banks which are not performing well seemed very indifferent towards the fact that they face competition from big players like HDFC, SBI, Syndicate bank etc.
5. While formulating the marketing strategies in car loan segment, the banks cannot afford to be too aggressive in view of the judicial intervention.

CONCLUSION

The study is extremely important and beneficial for banks and its officials. It gives concrete information to the bank that still a very wide field is open for them in the car loan segment. The banks must know that large share of cars are purchased by the customers either on cash down basis or through private lenders. The banks can thus have a huge potential to capture the car loan marketing segment. The banks should therefore finalise and formulate the marketing strategies in such a way as to grab the opportunities in this segment. The bank officers, who are responsible to formulate the marketing strategy, must come out of their shell. They should know that a huge market is open for them. Therefore, the bank officers must know the car purchasing customer they must make endeavours to know the factors influencing the customers on cash down basis or after taking loan. They must know how to motivate the customers to go for their car loan schemes.

LIMITATIONS

The toughest part of the research was to motivate the customers to fill the questionnaire with precision so that authentic and valuable data can be collected from the customers who usually show disinterest in answering questions. It was tough to search 1000 customers from the population who could provide correct and authentic answers. It was difficult to get data from the Regional Transport Office, Meerut. The data received from them included the 2 wheelers information also. The statements are made keeping in mind this aspect. But, after the collection of data everything became easy, clear and fruitful. It was also experienced that the bank officers too generally avoid to divulge important information but otherwise they were quite helpful. Likewise the car dealers showed very little enthusiasm or interest in the research project.

SCOPE OF FURTHER RESEARCH

Car Loan segment is almost an unexplored field and there is tremendous scope for studies on marketing strategies in this area. The researcher notices that such comparative studies can be carried out in respect of Co-operative Banks and the other banks. Further studies can be taken up in country area also since the next phase of growth in India concentrates upon the village population. Researches may also be taken up to explore the causes of co-operative banks failing to provide car loans. Likewise, a study may be carried out to find out reasons of impressive presence of private lenders in the car loan segment.

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FINANCIAL ANALYSIS OF INDIAN OIL CORPORATION LIMITED

PAWAN KUMAR
RESEARCH SCHOLAR
MEAWAR UNIVERSITY
CHITTORGARH

DR. V. K. GUPTA
READER
DEPARTMENT OF ACCOUNT, LAW & COMMERCE
K. R. (PG) COLLEGE
MATHURA

DR. ANIL KUMAR GOYAL
ASSOCIATE PROFESSOR
RUKMINI DEVI INSTITUTE OF ADVANCED STUDIES
ROHINI

ABSTRACT

Oil & Gas is one of the most important sources of energy and is considered the lifeline of any economy. Oil and gas sector constitutes about 40% of primary energy source in India. The oil and gas is one of the six core industries in India and has very significant forward linkage with the entire economy. India is the fifth largest consumer of petroleum in the world and ninth largest crude oil importer. As per the record of Ministry of Petroleum, over the years Indian petroleum industry has played an influential part in triggering the speedy expansion of the country's economy by contributing 15% in the total GDP. So Indian oil and gas sector is of strategic importance and plays a predominantly pivotal role in influencing decisions in all other spheres of the economy. Keeping in the view the above facts and figures, the usefulness of study becomes crucial for providing better understanding to the various stakeholders for their fruitful investments. The present study will contribute to the enhancement of knowledge and ability of various stakeholders such as shareholders, investors, suppliers, creditors; government bodies, etc. analyze and understand the financial statements easily. Financial analysis is the selection, evaluation and interpretation of financial data, along with other pertinent information, to assist in investment and financial decision making. Financial analysis may be used internally to evaluate issues such as profitability, liquidity, solvency, overall performance, operational efficiency and effectiveness, credit policies and externally the potential investment as well as credit worthiness of borrowers etc. Financial analysis is essential for every firm/company to evaluate its performance in all financial aspects. It is the process of identifying the financial strength and weakness of the firm/company and a tool to compare with industry's financial health. One of the most important and powerful tool of financial analysis is ratio analysis. It indicates the effectiveness of long term as well as short-term financial policies of the firm/company. Financial analysis of Indian Oil Corporation Limited and its financial position can be well judged by profitability ratios (Gross profit ratio, Net profit ratio and Return on investment ratio), liquidity ratio (Current ratio and Quick ratio), Solvency ratio (Debt-Equity ratio, Debt to Total Assets Ratio and proprietary ratio) and Investment ratio (Earning per share and Dividend payout ratio). The study is based on secondary data collected from the Annual Reports of Indian Oil Corporation Limited, Annual Reports of the Ministry of Petroleum and other secondary sources.

KEYWORDS

Financial analysis, IOCL.

INTRODUCTION

Financial analysis is the art and science of examining and drawing inferences from the financial statements. Financial analysis is also known as analysis and interpretation of financial statements. It refers to the process of determining financial strengths and weaknesses of the firm by studying the relationship between the items of balance sheet, profit & loss account and the other operative data. Financial analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements and a study of these factors as shown in a series of statements.

The financial analyst needs certain tools to be applied on various financial aspects. One of the powerful and widely used tools is ratio. Ratios express the numerical relationship between two or more related variables/values. This relationship can be expressed as percentages, times or proportion of numbers. Accounting ratios are used to describe significant relationships, which exist between figures shown in a balance sheet, in a profit and loss account, in a budgetary control system or in any other part of the accounting organization. Ratio analysis plays an important role in determining the financial strengths and weaknesses of a company relative to that of other companies in the same industry. The analysis also reveals whether the company's financial position has been improving or deteriorating over a period of time.

CORPORATE OVERVIEW

Indian Oil Corporation limited is India's flagship national oil company with business interests across the entire hydrocarbon value chain – from refining, pipeline transportation and marketing of petroleum products to exploration & production of crude oil & gas, marketing of natural gas and petrochemicals. It is the leading Indian corporate in the Fortune 'Global 500' listing, ranked at the 83rd position in the year 2012, over 34,233-strong workforce, Indian Oil Corporation limited has been helping to meet India's energy demands for over half a century. With a corporate vision to be the Energy of India, Indian Oil Corporation limited closed the balance sheet year 2011-12 with a sales turnover of Rs. 4,09,957 crore (\$ 85,550 million) and profits of Rs.3,955 crore (\$ 825million).

At Indian Oil Corporation limited, operations are strategically structured along business verticals - Refineries, Pipelines, Marketing, R&D Centre and Business Development – E&P, Petrochemicals and Natural Gas. To achieve the next level of growth, Indian Oil Corporation limited is currently forging ahead on a well laid-out road map through vertical integration— upstream into oil exploration & production (E&P) and downstream into petrochemicals – and diversification into natural gas marketing and alternative energy, besides globalization of its downstream operations. Having set up subsidiaries in Sri Lanka, Mauritius and the United Arab Emirates (UAE), Indian Oil Corporation limited is simultaneously scouting for new business opportunities in the energy markets of Asia and Africa. Indian Oil Corporation limited and its subsidiary (CPCL) account for over 49% petroleum products market share, 31% national refining capacity and 71% downstream sector pipelines capacity in India.

The Indian Oil Group of companies owns and operates 10 out of India's 22 refineries with a combined refining capacity of 65.7 million metric tones per annum (MMTPA) i.e. 1.30 million barrels per day approx. Indian Oil's cross-country network of crude oil and product pipelines spans 11,163 km with a capacity of 77.258

MMTPA of crude oil and petroleum products and 10 MMSCMD of gas. This network is the largest in the country and meets the vital energy needs of the consumers in an efficient, economical and environment-friendly manner.

METHODOLOGY OF THE STUDY

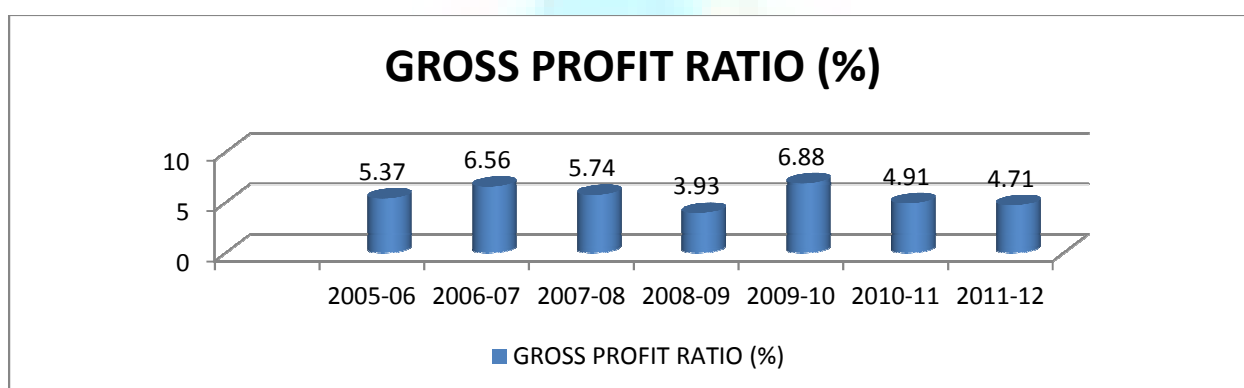
The study is based on secondary data collected for a period of last seven years from the Annual Reports (2005-06 to 2011-12) of Indian Oil Corporation Limited and Annual Reports of the Ministry of Petroleum for (2005-06 to 2011-12). The data collected has been tabulated, classified and analysed to achieve the objectives of the study using key financial ratios like profitability ratios (Gross profit ratio, Net profit ratio and Return on investment ratio), liquidity ratio (Current ratio and Quick ratio), Solvency ratio (Debt-Equity ratio, Debt to Total Assets Ratio and proprietary ratio) and Investment ratio (Earning per share and Dividend payout ratio).

ANALYSIS OF DATA

TABLE 1: GROSS PROFIT RATIO OF INDIAN OIL CORPORATION LIMITED

YEAR	GROSS PROFIT (Rs. in Crore)	NET SALES (Rs. in crore)	GROSS PROFIT RATIO (%)
2005-06	9931	184822	5.37
2006-07	14622	222826	6.56
2007-08	14339	249805	5.74
2008-09	11319	287760	3.93
2009-10	18872	274406	6.88
2010-11	16336	332898	4.91
2011-12	21600	458964	4.71

Source- Annual report of Indian Oil Corporation Limited



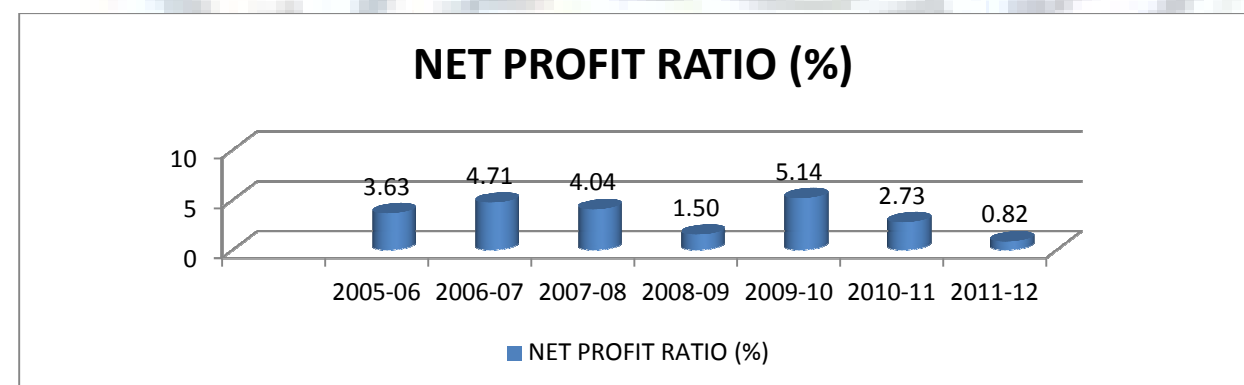
INTERPRETATION

Gross profit ratio is the key indicator of profitability of any organization. It represents the excess of what the organization is able to charge as sales price over the cost of goods sold. From the above Table-1 (Gross profit ratio of Indian oil corporation limited), it is clear that there is no stability in gross profit of the company. In 2005-06 the gross profit of company was 5.37% and increased to 6.56% in 2006-07 which can be said satisfactory position but company could not maintain its position next two years of the study and gross profit decreased to 5.74% in year 2007-08 and 3.93% in year 2008-09 which can not be said satisfactory position from the investors point of view. No doubt company improved it in year 2009-10 when gross profit reached to 6.88% which is highest in period of study but again company could not maintain its position in next two years and gross profit ratio decreased to 4.91 % in year 2010-11 and 4.71% in year 2011-12. In the year 2009-10, the gross profit ratio is the highest during the study. The ratio increased in spite of decrease in sale but gross profit increased drastically which shows the operation efficiency of the company. The company's sale is increasing every year except the year 2009-10. The gross profit could not set any trend during the period of study. The fluctuation in gross profit is because of the amount of gross profit. So it can be concluded that company has failed to stable its gross profit ratio during the period of study which is not good for the company's financial health.

TABLE 2: NET PROFIT RATIO OF INDIAN OIL CORPORATION LIMITED

YEAR	NET PROFIT (Before Tax) (Rs. in Crore)	NET SALES (Rs. in crore)	NET PROFIT RATIO (%)
2005-06	6706	184822	3.63
2006-07	10485	222826	4.71
2007-08	10080	249805	4.04
2008-09	4329	287760	1.50
2009-10	14106	274406	5.14
2010-11	9096	332898	2.73
2011-12	3754	458964	0.82

Source- Annual report of Indian Oil Corporation Limited



INTERPRETATION

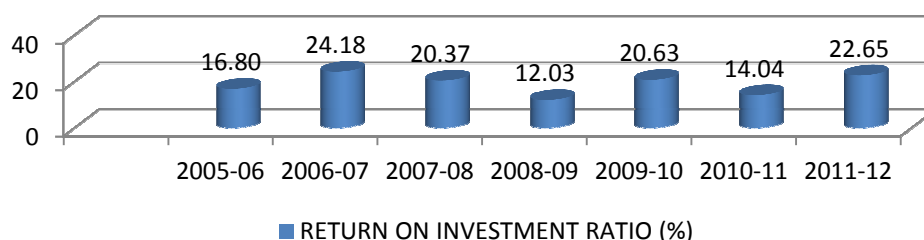
The net profit ratio establishes the relationship between net profit and sales, and indicates the overall efficiency of the management in manufacturing, selling, administrative and other activities of the firm. This ratio also gives the firm's capacity to face adverse economic conditions such as price competition, low demand etc. Obviously higher the ratio, the better is the profitability.

From the above figures it is clear that like gross profit ratio company also failed to stabilize its net profit ratio. In 2005-06 the net profit ratio was 3.63% which can not be said satisfactory but company improved ratio in 2006-07 to 4.71% but failed to maintain its position in 2007-08 and net profit ratio decreased to 4.04% and continuously decreased in 2008-09 when net profit ratio reached down to 1.5% due to inefficiency in operation as well as in management which is not a good indication to investors. In 2009-10 company recovered from this situation and net profit ratio increased to 5.14% which more than three times from the previous but company could not maintain this good position for long time and net profit ratio decreased in next two years. In 2010-11 it become 2.73% and in 2011-12 that is last year of this study was just 0.82% and lowest in the study period which is a matter of worry to the company. This trend can not be said satisfactory from the point of view of investors, creditors, lenders etc. Net profit ratio almost shows the trend of gross profit ratio.

TABLE 3: RETURN ON INVESTMENT OF INDIAN OIL CORPORATION LIMITED

YEAR	EBIT (Rs. in Crore)	CAPITAL EMPLOYED (Rs. in crore)	RETURN ON INVESTMENT (%)
2005-06	7728	46008	16.80
2006-07	11990	49581	24.18
2007-08	11631	57108	20.37
2008-09	8281	68812	12.03
2009-10	15632	75759	20.63
2010-11	11769	83804	14.04
2011-12	17058	75295	22.65

Source- Annual report of Indian Oil Corporation Limited

RETURN ON INVESTMENT RATIO (%)**INTERPRETATION**

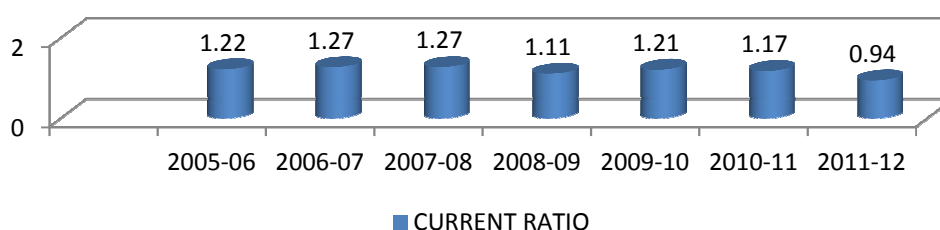
Return on investment ratio is the most widely used tool to measure company performance, managerial effectiveness, level of profitability, planning and control. Those who finance the company in the form of equity and debt measure the company's performance with this tool. This ratio links the profit and the investment required to generate the former. It also helps to assess a company's return relative to its capital investment risk, since riskier investment is expected to yield higher return.

From the above analysis it is clear that in the year 2005-06 return on investment ratio is 16.80% and improved to 24.18% in 2006-07 which is highest during the period of study. But company could not maintain it in next two years of study and ratio decreased to 12.03% in 2008-09 which is almost half from the year 2006-07 which shows the inability of company to control its operating expenditure as well as use of fund. But company recovered this situation in very next year 2009-10 when ratio increased to 20.63%. The company can not sustain the improvement and it came down to 14.04% in the next year. In 2011-12 company improved ratio by almost 55% when return on investment ratio reached to 22.65% which is second highest of the period of study. The capital employed is increasing every year except the year 2011-12, the fluctuation in Return on investment is because of the Earning before interest and tax. So the company is unable to maintain Earning before interest and tax with respect to capital employed.

TABLE 4: CURRENT RATIO OF INDIAN OIL CORPORATION LIMITED

YEAR	CURRENT ASSETS (Rs. in Crore)	CURRENT LIABILITIES (Rs. in crore)	CURRENT RATIO
2005-06	43051	35375	1.22
2006-07	53366	42064	1.27
2007-08	68691	54082	1.27
2008-09	61502	55516	1.11
2009-10	77273	64112	1.21
2010-11	98162	83576	1.17
2011-12	121727	129323	0.94

Source- Annual report of Indian Oil Corporation Limited

CURRENT RATIO

INTERPRETATION

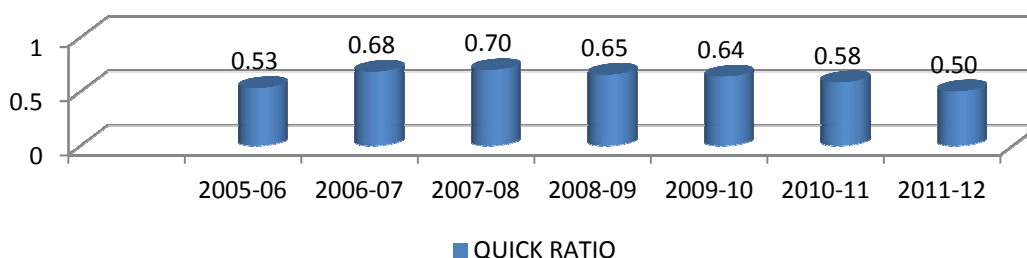
Current ratio is the most important tool to measure the short term liquidity. It indicates the firm's ability to pay its current liabilities out of its current assets. It shows the firm's commitment to meet its short term (Current Liabilities). The ideal current ratio of firm should be 2:1 however it is difficult to reach the standard for every firm.

In case of Indian Oil Corporation Limited the average current ratio of the study period is 1.17 and company could not achieved ideal ratio in any year during the study period and company is so far from standard which shows that the liquidity position of the company is not satisfactory and company could not maintain proper level of current assets to meet its current liabilities. In 2005-06 the current ratio was 1.22:1 which improved to 1.27:1 in 2006-07 and it was stable in 2007-08 but company failed to maintain it in 2008-09 when current ratio decreased to 1.11:1. During the year 2009-10 company improved it to 1.21:1 but could not sustain it in next two years and ratio decreased to 1.17:1 in 2010-11 and .94:1 in 2011-12. In the last year of the study current ratio is 0.94, it means current assets are less than current liabilities which may result in the increase of liquidity risk and a matter of worry to creditors & short term lenders.

TABLE 5: QUICK RATIO OF INDIAN OIL CORPORATION LIMITED

YEAR	QUICK ASSETS (Rs. in Crore)	CURRENT LIABILITIES (Rs. in crore)	QUICK RATIO
2005-06	18774	35375	0.53
2006-07	28663	42064	0.68
2007-08	37749	54082	0.70
2008-09	36352	55516	0.65
2009-10	40869	64112	0.64
2010-11	48877	83576	0.58
2011-12	64898	129323	0.50

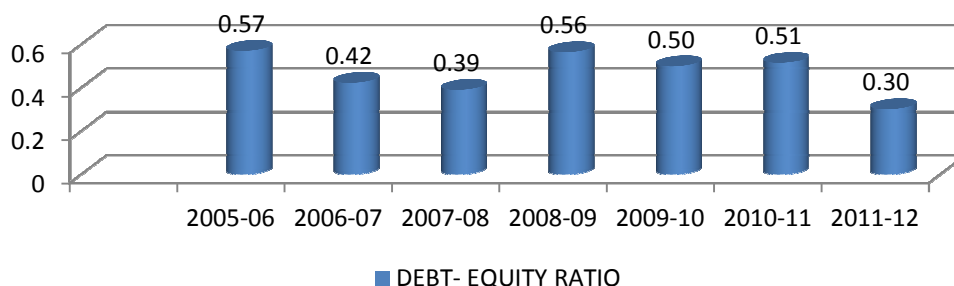
Source- Annual report of Indian Oil Corporation Limited

QUICK RATIO**INTERPRETATION**

This ratio is a supplementary to current ratio which gives double assurance to creditors as to the soundness of the current financial position of a business. This ratio is calculated by dividing the quick assets by current liabilities. It represents the number of times current liabilities are covered by quick assets and indicated the firm's ability to pay its current liabilities out of its quick assets. Quick assets are the assets which are either cash or easily convertible in to cash without any major loss in the value. The ideal quick ratio of company should be 1:1. But from the analysis of the above table the average quick ratio is 0.61:1 and company could not achieved ideal ratio in any year. During the study period quick ratio increased in first three years but decreased in next four years however both quick assets and current liabilities are increasing (except 2008-09 when quick assets decreased marginally), but ratio is fluctuating regularly due to change in proportion. it indicates that quick assets are not able to meet current liabilities and this is a matter of worry to company.

TABLE 6: DEBT- EQUITY RATIO OF INDIAN OIL CORPORATION LIMITED

YEAR	LONG TERM DEBTS (Rs. in Crore)	EQUITY (Rs. in crore)	DEBT- EQUITY RATIO
2005-06	16705	29303	0.57
2006-07	14724	34857	0.42
2007-08	16022	41086	0.39
2008-09	24814	43998	0.56
2009-10	25206	50553	0.50
2010-11	28472	55332	0.51
2011-12	17418	57877	0.30

DEBT- EQUITY RATIO

Source- Annual report of Indian Oil Corporation Limited

INTERPRETATION

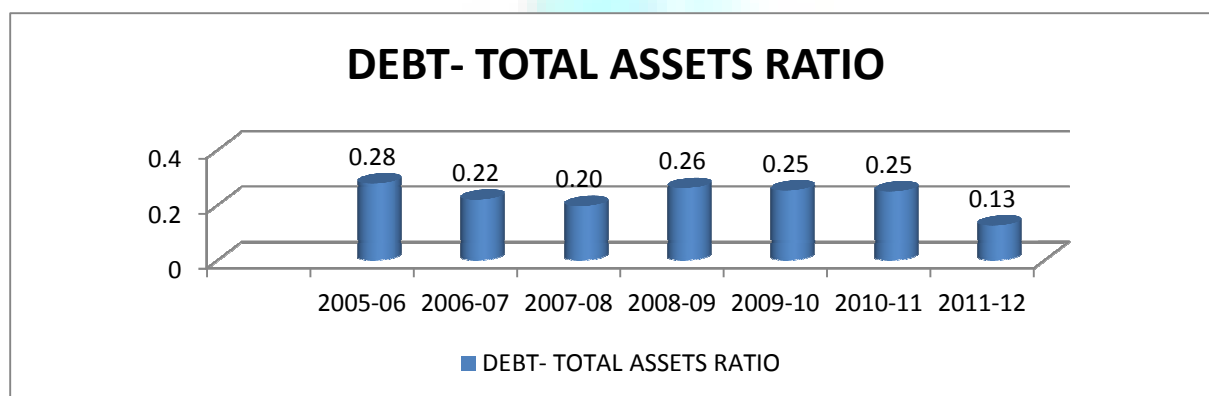
Debt – Equity ratio determines the soundness of the long-term financial policies of the company and also measures the relative investment proportion of outsider's fund and shareholder's fund in the company. High degree of debt-equity ratio indicates high degree of leverage which leads to increase earning per share because debt is assumed to be less costly source of fund but another side higher ratio also increases higher level of solvency risk.

Average Debt-Equity ratio of Indian Oil Corporation Limited is 0.46 which means company is not taking advantage of debt fund. In 2005-06 it was 0.57 but decreased in next two years as 0.42 in the year 2006-07 and 0.39 in 2007-08 and it improved in the year 2008-09 when ratio reached to 0.56 but this improvement could not seen in next three years and ratio decreased up to 0.30 which lowest in the study period. It means company is not taking advantage of debt fund which is assumed to be less costly in comparison to ownership fund and crucial to shareholders' point of view.

TABLE 7: DEBT- TOTAL ASSETS RATIO OF INDIAN OIL CORPORATIO LIMITED

YEAR	LONG TERM DEBT (Rs. in Crore)	TOTAL ASSETS (Rs. in crore)	DEBT- TOTAL ASSETS
2005-06	16705	60072	0.28
2006-07	14724	67163	0.22
2007-08	16022	81869	0.20
2008-09	24814	94911	0.26
2009-10	25206	99857	0.25
2010-11	28472	114388	0.25
2011-12	17418	138546	0.13

Source- Annual report of Indian Oil Corporation Limited

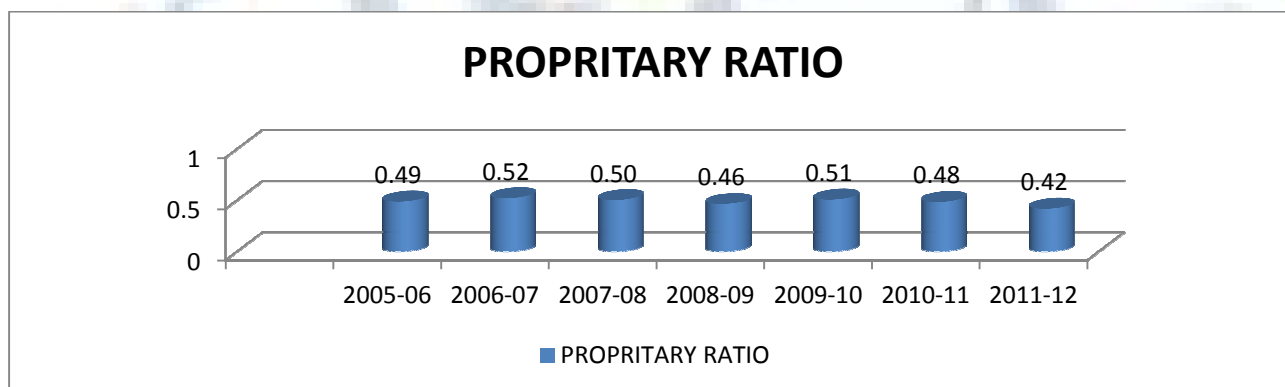
**INTERPRETATION**

Debt to total assets ratio measure the extent to which assets are financed with the long term borrowed capital (debt capital). If more assets are financed with debt capital, the difference between return on assets and cost of debt capital directly goes to equity shareholders which in turn increase the wealth of the shareholders. In the case of Indian Oil Corporation the ratio continuously decreased in the first three years of the study then increased in the year 2008-09 but could not sustained and marginally decreased in year 2009-10 than remains constant for one year. In the year 2011-12 which is the last year of study both long term debts and total assets decreased and the ratio also decreased to 0.13, lowest of the study period which is not good from the capital structure point of view. Company should use more borrowed capital to finance its long term assets.

TABLE 8: PROPRIETARY RATIO OF INDIAN OIL CORPORATIO LIMITED

YEAR	PROPRIETARY VALUE (Rs. in Crore)	TOTAL ASSETS (Rs. in crore)	PROPRITARY RATIO
2005-06	29303	60072	0.49
2006-07	34857	67163	0.52
2007-08	41086	81869	0.50
2008-09	43998	94911	0.46
2009-10	50553	99857	0.51
2010-11	55332	114388	0.48
2011-12	57877	138546	0.42

Source- Annual report of Indian Oil Corporation Limited

**INTERPRETATION**

This is a variant of the debt-to-equity ratio. It is also known as equity ratio or net worth to total assets ratio. This ratio relates the shareholder's funds to total assets. Proprietary / Equity ratio indicates the long-term or future solvency position of the business. Shareholder's funds include equity share capital plus all reserves and surpluses items. Total assets include all assets, excluding fictitious assets. In that case the total shareholder's funds are to be divided by total

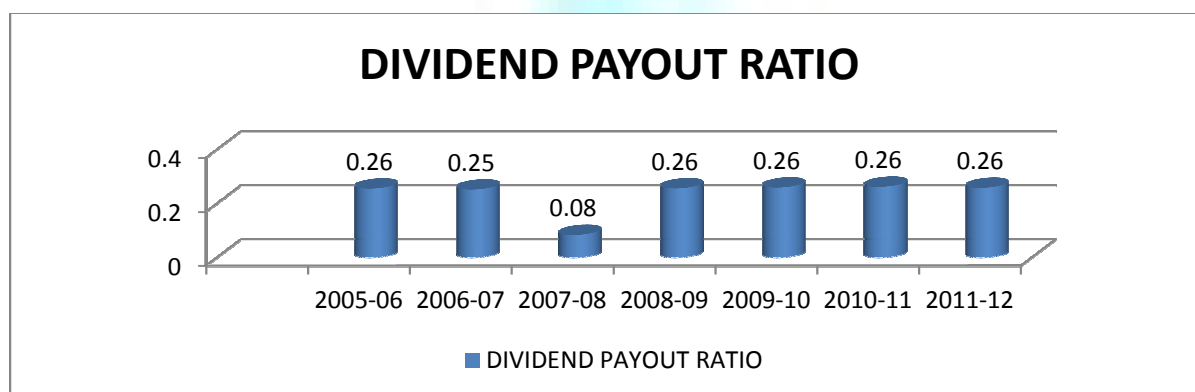
tangible assets. This ratio throws light on the general financial strength of the company. It is also regarded as a test of the soundness of the capital structure. Higher the ratio or the share of shareholders' fund in the total capital of the company better is the long-term solvency position of the company. A low proprietary ratio will include greater risk to the creditors.

In case of Indian Oil Corporation Limited, the ratio continuously increased in first two years. But this ratio decreased from the year 2007-08 to year 2008-09 and firm improved this ratio in year 2009-10 but could not maintain it in last two year of the study when ratio decreased to 0.48 in 2010-11 and 0.42 in 2011-12 which is not good for the shareholders point of view.

TABLE 9: DIVIDEND PAYOUT RATIO OF INDIAN OIL CORPORATION LIMITED

YEAR	DIVIDEND PER SHARE (Rs. Per Equity share)	EARNING PER SHARE (Rs. Per Equity share)	DIVIDEND PAYOUT RATIO
2005-06	10.74	42.08	0.26
2006-07	15.84	62.89	0.25
2007-08	4.86	58.39	0.08
2008-09	6.22	24.30	0.26
2009-10	10.90	42.10	0.26
2010-11	8.02	30.66	0.26
2011-12	4.20	16.29	0.26

Source- Annual report of Indian Oil Corporation Limited



INTERPRETATION

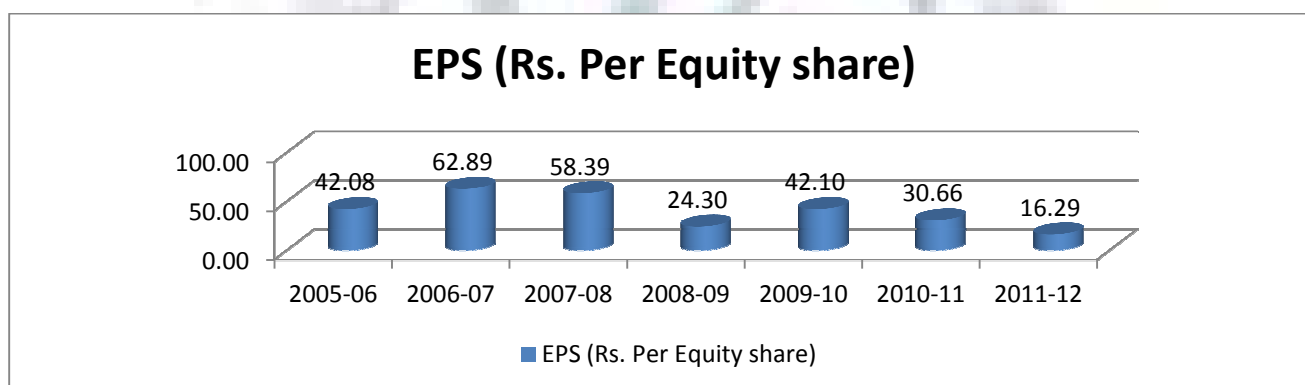
Dividend payout ratio is the fraction of net income a firm pays to its shareholders in the form of dividends. The part of the earnings not paid to investors is left for reinvestment to provide for future earnings and growth. Investors seeking high current income and limited capital growth or provide growth in future earnings, prefer companies with high Dividend payout ratio. However, investors seeking capital growth may prefer lower payout ratio because capital gains are taxed at a lower rate. High growth firms in early life generally have low or zero payout ratios. As they mature, they tend to return more of the earnings back to investors.

In Indian oil corporation limited dividend pay out ratio is almost stable as 0.26 in every excluding the year 2007-08 in which it was only 0.08. This shows company is following stable dividend policy.

TABLE 10: EARNING PER SHARE OF INDIAN OIL CORPORATION LIMITED

YEAR	PAT(Available for Equity shareholders) (Rs. in Crore)	NO. OF EQUITY SHARES(Face Value Rs. 10) (Rs. in crore)	EPS (Rs. Per Equity share)
2005-06	4915	116.8	42.08
2006-07	7499	119.24	62.89
2007-08	6963	119.24	58.39
2008-09	2950	121.4	24.30
2009-10	10221	242.8	42.10
2010-11	7445	242.8	30.66
2011-12	3955	242.8	16.29

Source- Annual report of Indian Oil Corporation Limited



INTERPRETATION

The earning per share is a good measure of the profitability. It indicates whether earning power of the company has increased over the years or not. It helps in calculating market price of the share as well as in comparison of earning power with other firms. It is used by investors to measure the operating performance and for valuation purpose either individually or together with market price.

In the year 2005-06 earning per share of Indian Oil Corporation Limited was 42.08 which increased to 62.89 in next year but it decreased in next two year to 58.39 in the year 2007-08 and 24.3 in the year 2008-09. Company recovered earning per share in 2009-10 but could not maintain this situation in next two and

last years of study period. In 2010-11 it was 30.66 and 16.29 in 2011-12 which is the lowest during the period of study which is not good from the equity shareholders' point of view. The overall position of earning per share is good and showing the ability of company to use its equity capital in efficient way.

CONCLUSION

After the study of financial analysis of Indian Oil Corporation Limited from various financial aspects like profitability, liquidity and solvency, activity and investment, it can be concluded that the profitability position of the company can not be said satisfactory because the Gross Profit Ratio varies from 3.93% to 6.88 % with the average of 5.3%. The gross profit ratio of 5.3% needs to be improved. The second ratio of profitability is net profit ratio which varies from 0.82% to 5.14% with the average of 3.22%. The net profit ratio of 3.22% is not satisfactory from any point of view so company should concentrate on minimization of the expenses. The third measure of profitability taken in the study is return on investment which varies from 12.03% to 24.18% with an average of 18.67%. The return of 18.67% on investment to the investors can be said good and it seems to be an average return on any investment. The fourth and last measure of profitability is return on equity varies from 6.70% to 21.51% with an average of 14.63% which can be said satisfactory but company need to improve the quality of financial decision so that the wealth of equity shareholder' can be maximized.

The short term solvency is measured by the current ratio and quick ratio. The ideal current ratio is 2:1 but undoubtedly the ideal ratios can not be applied in each and every industry. The company never even touched the ideal current ratio. It varies from 0.94:1 to 1.27:1 with an average of 1.17:1 which is much less than the ideal ratio. Company needs to improve this ratio. The second ratio of liquidity is quick ratio; ideally it should be 1:1. In the case of the Indian oil corporation limited, it varies from 0.50:1 to 0.70:1 with an average of 0.61:1. As in the case of current ratio the company was unable to even touch the ideal quick ratio during the period of the study which may create problem to the short term liquidity.

The long term solvency is measured by Debt-Equity ratio, Debt to Total Assets ratio, Proprietary ratio and Interest coverage ratio. Debt –Equity ratio of the company varies from 0.30 to 0.57 with an average of 0.46 which is much lower and shows that the company is not taking benefit of leverage. As the debt capital is presumed to be less costly to the equity, company should get benefit by restructuring its capital structure. The second measure of long term solvency is taken Debt to Total Assets ratio, which varies from 0.13 to 0.28 with an average of 0.23 which shows the solvency position of the firm is good. The firm can finance more assets with borrowed capital to take the advantage of so-called less costly capital. The third measure of long term solvency taken is Proprietary ratio which varies from 0.42 to 0.52 with an average of 0.48, which express the less risk of insolvency of the firm. The fourth and last measure of long term solvency is interest coverage ratio which varies from 3.05 to 10.24 with an average of 6.12 which can be said satisfactory and company is able to pay charges of interest.

The efficiency in the operation of firm can be measured by Fixed Assets turnover ratio and Working capital turnover ratio. Fixed assets turnover ratio of company varies from 5.72 to 8.27 with an average of 7.14 which can be said as good and shows that company is using its fixed assets efficiently. Second and last efficiency ratio is working capital turnover ratio which varies from 0 to 48.07 times with an average of 21.81 which be said satisfactory.

The investment opportunities in equity shares can be measured by Dividend Payout ratio and Earning per share. First dividend ratio varies from 0.08 to 0.26 with an average of 0.23 which shows that company is paying good dividend and company has good opportunities to invest in new projects. The second investment ratio is earning per share which varies from 16.29 to 62.89 which is also good position and shows company is able to increase shareholders' wealth.

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PERCEIVED PERFORMANCE APPRAISAL EFFECTIVENESS AND ITS IMPACT ON ACADEMIC STAFF ORGANISATIONAL COMMITMENT TURNOVER INTENTION: A CONCEPTUAL MODEL

DR. A KUMUDHA

ASSOCIATE PROFESSOR

DEPARTMENT OF BUSINESS ADMINISTRATION

PSGR KRISHNAMMAL COLLEGE FOR WOMEN

COIMBATORE

J. BAMINI

RESEARCH SCHOLAR

PSGR KRISHNAMMAL COLLEGE FOR WOMEN

COIMBATORE

ABSTRACT

Performance appraisal is one of the major factors that often influence academic staff intention to stay. However, in the Higher Education Institutions (HEIs), there is a tendency to overlook this aspect. An employee's intention to stay or leave his employment may be dependent on the organization's commitment towards its performance appraisal obligations. Managers of academic institutions must appraise performance of their academic staff in such ways so that a positive perception is created which motivates them to stay. This paper seeks to examine the impact of perceived performance appraisal effectiveness on academic staff turnover intention. It examines whether organisational commitment plays an influential part in determining the intention to stay. This model could be used as a platform for HEIs management to focus on their efforts in retaining their academic staff through enhancing or enriching its performance appraisal practices.

KEYWORDS

academic staff, performance appraisal, turnover intention, organisational commitment.

INTRODUCTION

Turnover is defined as the 'individual movement across the membership boundary of an Organization' (Thwala et al., 2012). Unlike actual turnover, turnover intent is not explicit as intentions are a statement about a specific behaviour of interest (Berndt, 1981). Research has shown that turnover is one of the most studied phenomena in organizational behaviour (Price, 2001). The extensive nature of turnover studies indicates the significance and complexity of the subject. This phenomenon attracts the interest of researchers due to its psychological, economic dimension and its organizational significance. Thus it is important to understand that there are several factors inherent to counter staff intentions of turnover. One theory indicates that employees' decision to resign is influenced by two factors: their 'perceived ease of movement', which refers to the assessment of perceived alternatives or opportunity and 'perceived desirability of movement', which is influenced for instance by job satisfaction (Abdullah et al., 2012). At the same time, institutions should also be aware of whether or not the decision to leave could have been prevented by their own initiatives. It would be pragmatic to manage this turnover as unavoidable rather than spend on conceived preventive measures, such as increasing pay. The losses of staff thus can also be viewed as 'necessary causalities' (Morrell et al., 2004).

Attempt is made to develop propositions that highlight the role of perceived PA practices among academic staff in HEIs and its role in shaping their organisational commitment and consequently its impact on their turnover intentions. The mediation role played by organisational commitment between perceived PA practices and turnover intentions is also examined. Previously researchers have examined these elements independently but the focus primarily was on one or few of the system elements of the system and did not view the system as a whole. Current studies are more inclined toward organizational job-related and demographic variables rather than turnover intentions and they are not being used within the performance appraisal framework.

REVIEW OF LITERATURE

It is important for HEIs to overcome the problem of staff turnover intention. With the availability and attraction of younger and better educated workforce, there is also a growing concern especially in the shift of employees' negotiations from the bargaining table to more legalized setups as individuals attempt to define rights, obligations and responsibilities. Also, today's individuals are not 'detached' from this family concern and responsibility and therefore the days of an individual working for a single organization throughout his career have become rare if not extinct. Besides having a balance work and family life, they seek better career prospect and pay for themselves and their family (Ron, 1989). People are seeking many ways of live that is meaningful and less complicated and this new lifestyle actually has an impact on how an employee must be managed and motivated. HR practices have become so complex now, in contrast to the much less complicated scenario in the past when employees were primarily concerned with economical survival (Myron, 1993; Brian, 1994).

Performance dimensions for assessing the academic staff level of performance

The performance dimensions in general and the seven performance dimensions for assessing the level of performance of academic staff as posited by Robbins et al. (2007) are explained here. Performance dimensions describe the behaviour or result that staff are expected to exhibit when they are successfully performing their duties. This perspective assists HRM practitioners in the development of performance plans and is generally categorized into three types, namely universal dimensions (included in all performance plans); job content dimensions (which vary from job to job) and other performance dimensions (Anon, 2006). We will focus on universal dimensions including the seven performance dimensions for lecturers' job as suggested by the Robbins et al. (2007), namely: 1) knowledge; 2) Assessment procedures; 3) student-teacher relations; 4) organizational skills; 5) communication skills; 6) subject relevance and; 7) utility of assignments.

Performance Management

The success or failure of performance management programs of any organization depends on the philosophy that it is connected to the HEIs goals and the attitudes and skills of those responsible for its implementation. There are many methods available to gather information of an employee performance in the appraisal process. This information must be used for organizational needs and communicated to employees so that it will result in a high level performance (Chris, 1996; Abdullah et al., 2012; Thwala et al., 2012). Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product or service, as well as many other areas. It is acknowledged that a lack of performance appraisal can have adverse effect on employees' motivation and contribute to employees' turnover intentions (Laura, 1996).

Perceived effectiveness of performance appraisal

The latest components added to the performance appraisal systems have tended to move away from being primarily control and maintenance based towards an approach that is more concerned with motivational and developmental issues (Dutra, et. al, 2001). The introduction of development activities and training based on performance appraisal results is a welcome change. Hence, a favorable PA would positively affect employee attitudes, behaviors and organizational efficiency. Higher employee performance and productivity attainment is derived through the PA capability in reflecting, measuring and evaluating an individual

employee's behavior (DeVries *et al.*, 1981), collaboration, teamwork, knowledge reuse, and knowledge sharing competencies and accomplishments over a specific period of time. These positive outcomes are a function of the employees' perception on the overall PA effectiveness (Benson *et al.*, 2010). Past research has also placed large importance on the six PA components as the source of perceived PA effectiveness variation among these critical organizational stakeholders.

Organizational Commitment

Organisational commitment was first by Steers (1977) as an employee attitude and composed of a set of behavioral intentions; the willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership of the organization. Mowday, Steers and Porter (1979; 1982) further refined that organizational commitment can be characterized by three factors: (a) a strong belief in, and acceptance of, the organization's goals and values, (b) a willingness to exert considerable effort on behalf of the organization; and (c) a strong desire to remain in the organization. The researchers have also defined organizational commitment as the strength of an individual's identification with the goals of an organization's multiple constituencies and it is about positive involvement, which is integral to developing shared goals and objectives in a particular organization. Therefore organizational commitment can be considered to be affective responses or attitudes which links or attaches an employee to the organization and motivates them to work towards the accomplishment of organisational goals.

Fairness of Performance Appraisal and Organizational Commitment

The processes used in evaluating the performance of employees is one of the most important determinants of organizational justice (Greenberg, 1986; Folger *et al.*, 1992). Researchers argue about the category of fairness, but there is a general consensus that organizational justice consists of at least two components, namely distributive and procedural justice (Arif *et al.*, 2011). Procedural justice is the perception of workers indicating that procedures used to evaluate their performance is fair while distributive justice indicates that performance or rewards received from the use of these procedures is fair (Greenberg, 1990; Colquitt *et al.*, 2001). Other researches indicate that fair practices in human resource management, specifically in terms of performance appraisal plays a predictive role in determining the employee attitudes which include organizational commitment (Jehad *et al.*, 2011). Performance appraisal is viewed as an important tool for changing employees' attitude and behaviors such as affective commitment (Morrow, 2011). Moreover, a study by Tam (1996) shows that the federal government agencies that implement a fair and transparent assessment can expect a higher level of organisational commitment from its employees.

Turnover intentions and behavior

Turnover intention and turnover behavior influences the employees decision to stay or quit (Sager, Griffeth & Hom, 1998, p. 255). Turnover behaviour is a multistage process and includes basic components like attitudes, behavior and decisions. The theory of planned behaviour (Ajzen, 1991) suggests that behavioural intention is a good predictor of actual behaviour. Studies have successfully demonstrated that behavioural turnover intentions are consistently seen with moderate to strong correlations with turnover, substantiating the notion of Ajzen (1991). There is considerable support for the notion that intention to quit-stay is probably the most important and immediate individual-level antecedent and predictor of turnover decisions. Mobley (1977) has suggested that there are several other possible turnover cognition types of interest to add in the withdrawal decision (the decision to quit a job), highlighting notions such as thinking of leaving the current job, followed by the intention to search for alternatives. Many studies have been based on the belief that turnover is an individual choice behavioural pattern based on the conceptualisation that it is a psychological response (Mobley, Griffeth, Hand & Meglino, 1979; Lum, Kervin, Clark, Reid & Sirola, 1998).

DEVELOPING PROPOSITIONS IN RELATION TO PERFORMANCE APPRAISAL, ORGANIZATION COMMITMENT AND TURNOVER INTENTION

PA and intention to quit

Intention to withdraw or quit an organization simply refers to an employee's perceived probability of staying or leaving an employing organization. The turnover intention concept has appeared in literatures as the most immediate predictor to eventual turnover (Cotton and Tuttle, 1986; Allen *et al.*, 2003). This is particularly true because it highlights the various elements of behavior and the motivation to leave that covers many unavoidable reasons for actual turnover. For organizations employee turnover is costly (Booth, 1997; Mitchell *et al.*, 2001) and maybe difficult to quantify when unique knowledge assets are lost and the costs do not stop here. Each time an employee leaves the HEI, we believe that productivity drops acknowledging the fact that there is a learning curve involved in understanding the job and the principles of the organization. Additionally, research proves that, after losing key employees, organizations experienced damage to a main customer relationship, had lost best practices information and lost significant income (Warren, 1999).

Turnover intention has brought about the importance of perceived PA effectiveness. The relationship between perceived PA effectiveness and turnover intention is the most researched subject in the field of management research. The most common objectives of PA among all organizations is to retain the topmost performing employees. This is true even with the academic institutions. Hence, the intensity of PA perception is fundamental in encouraging an employee to stay with the organisation (Smith and Rupp, 2002). An employee with a low intensity of perceived PA effectiveness could oppose the best interest of other employees. The employee will feel that his or her contributions are not effectively appraised or recognized, thus will put forward a negative organizational attitude. As a consequence, the employee willingness to be in employment will weaken. Hence, we make the following proposition:

Proposition 1 (P_1): Academic staff with lower the level of PA effectiveness will have higher levels of turnover intention compared to those who experience higher levels of perceived PA effectiveness.

PA, organisation commitment and intention to quit

Since the 1960's organizational commitment is an exciting topic for managers and researchers 'Organizational Commitment is a psychological link between an employee and his of her organization that makes it less likely that the employee will voluntarily leave the organization'. (Allen & Meyer, 1996). 'Organizational commitment is increasingly valued as a predictor of work behaviours and behavioral intentions' (Jaros *et al.* 1993). Performance appraisal may be seen as a viable organizational tool that may be use to motivate, direct and develop subordinates thereby increasing the organisational commitment. According to Smith and Rupp (2004), performance-based rewards and understanding work-effects linkage would successfully engage academicians. Academic staff enjoy the most positive work environment on all measures, which include perceptions of appraisal effectiveness. High intensity of perceived PA effectiveness should result in extrinsic rewards such as higher salaries (Day and Allen, 2004) or advancement (Jones and Whitmore, 1995), along with intrinsic rewards such as self-satisfaction (Bandura, 1986; Locke and Latham, 1990b; Greenhaus and Parasuraman, 1993). These rewards and recognition motivates academic staff to direct their energies in directions appropriate to their careers. With higher levels of organisational commitment, individuals may make significant investments in their careers to pursue their high career goals, regardless of the setbacks (Colarelli and Bishop, 1990; Aryee and Tan, 1992).

On the other hand, for employees with low intensity of perceived PA effectiveness the appraisal role is merely a powerful means of managerial control (Edmonstone, 1996, Weise *et al.*, 1998). The performance appraisal systems which tend not to incorporate employees personal aspirations with their future development have been cited by several authors (Long, 1986; Segall, 1989; Randell, 1994; Wilson and Western, 2000; Seddon 2001; Freeman, 2002;). Organizational and their professional values and goals are evidenced to be dissimilar (Lee *et al.*, 2000). Owing to the differing or conflicting needs of stakeholders, the appraisal process itself becomes a source of expectations of staff being unmet (Murphy and Cleveland, 1995). Considering that perceptions of the appraisal effectiveness may contradict academic staff' beliefs about their contributions, management would expect them to exhibit lower levels of organisational commitment. Academic staff who feel their contribution is not effectively appraised and recognized have no interest to prolong their tenure and will eventually consider leaving the organization. We expect that perceived PA effectiveness has a positive impact on organisational commitment that will negatively affect turnover intention. Therefore the following propositions are made:

Proposition 2 (P_2): Low intensity of perceived PA effectiveness will tend to be associated with lower levels of organisational commitment relative to those with high intensity of perceived PA effectiveness.

Proposition 3 (P_3): Employee turnover intention level will be higher or lower as an outcome of P_1 & P_2 .

FIGURE 1: CONCEPTUAL MODEL DEPICTING THE INDIRECT (THROUGH ORGANISATIONAL COMMITMENT COMPONENTS) ASSOCIATIONS OF PA AND TURNOVER INTENTION



CONCLUSIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Generally, there have been a tremendous number of written literatures on performance appraisal, organisational commitment and turnover intention. Literature shows that the institutional environment plays a major role in the adoption of performance appraisal systems in higher education institutions. These pressures work mainly at the level of the head of department and extend up to the role of the dean. Heads of department play a major role in the implementation of performance appraisal systems, while the heads of institutions are responsible for the integration of HR practices and performance appraisal measures.

Our study takes into account the complete framework of PA, rather than each one of its components, while and tries to integrate it into organisational commitment as a detrimental component in influencing turnover intention. Evidences in the past have suggested that the intensity of perceived PA effectiveness will affect academic staff's general level of organisational commitment through expected extrinsic and intrinsic organizational rewards. Academic staffs with high intensity of perceived PA appraisal are therefore highly committed to their organisation. Improving PA practices to enhance organisational commitment should be an important objective for those responsible for reducing turnover intention. Hence, organizations should give more consideration as to how effectively performance appraisals are, and recognize their academic staff's contribution to the institutions.

Indirectly, the model also throws light on the challenges faced by organization to maintain continuous and rigorous human resource practices in managing academic staff. Hence, the organizational values, norms, culture and beliefs towards these concerns, expectations and perceptions should match the expectations of academic staff. This will then determine their turnover intention. It is therefore crucial to recognize that the ultimate success of the HEIs is dependent upon the attitudes and behavior of staff. This calls for implementing effective PA systems. Although this study makes progress to increase understanding of how perceived PA effectiveness affect directly and interactively turnover intention, future work should include other aspects like moderation effects of psychological contract and organization benefits in organisational-related research. The propositions in this study can form the starting point for developing empirical research work for further understanding of the issues. It would be a significant contribution to the field of human resource management literatures.

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A STUDY ON EMPLOYEE WELFARE ACTIVITIES IN RASHTRIYA ISPAT NIGAM LIMITED VISAKHAPATNAM STEEL PLANT

RAKHEE MAIRAL RENAPURKAR
SR. ASST PROFESSOR
DEPARTMENT OF MANAGEMENT
BADRUKA COLLEGE PG CENTRE
KACHIGUDA

ABSTRACT

The present paper focuses on the most important element of an organization, i.e., Employee and their welfare in an organization. As we know that organization can nowhere work without Human beings, it becomes an important aspect for an organization to give due importance to the welfare of their people. Welfare activities of an organization can always increase the productivity as well as the satisfaction of an individual. Employees always try and compare the benefits provided in their organization with that of their competitors. In such situation the better the organizational welfare practices the more it can retain its employees. The study focuses on all the facilities and benefits provided by the organization to their employees and its effect on their satisfaction, absenteeism, Labour turnover etc., for studying the same a sample of 300 employees were selected. Majority of the employees are happy with the facility provided by the organization but feel there should be modification in the facilities over a period of time and should be maintained timely. Some of the facilities which are to be changed or given importance on priority basis are First-aid kits, Canteen facilities and Pension plans for the employees.

KEYWORDS

Welfare Measures, Facilities, Awareness, Satisfaction.

INTRODUCTION TO EMPLOYEE WELFARE

The concept of welfare is dynamic and varies with times, region, industry, country, social values, customs, degree of industrialization, the general socio-economic development of the people and the political ideologies prevailing. It is also molded according to the age group, sex, socio-cultural level of workers in various industries. However, efforts have been made by expert bodies about the concept of welfare. R.R. Hopkins defined "Welfare is fundamentally an attitude of mind on the part of management."

The real need for welfare arises from the two basic conditions generally known as the 'long arm of job' and the 'social invasion of the factory'. The working environment of any job in a factory or mine or a workshop imposes some adverse effect on the workers because of the heat, noise, and fumes etc., involved in the manufacturing process. There are also occupational hazards and environmental problems inherent and inevitable in manufacturing process itself, which cannot be removed or reduced

Thus, the term 'Welfare' is a comprehensive term, which includes any activity connected with social, moral, economic betterment of workers provided by any agency. Such activities may differ from country to country and from region to region and from Firm to Firm.

REVIEW OF LITERATURE

K.K. Chaudhuri, in his book *"Human Resources: A Relook to the Workplace"*, states that HR policies are being made flexible. From leaves to compensations, perks to office facilities, many companies are willing to customize policies to suit different employee segments. The older employees want social security benefits, younger employees want cash in hand because they can't think of sticking to a company for many years and retire from the same company. Therefore 'one jacket fits all' will not be right to motivate the talents and retain them.

Shobha Mishra & Manju Bhagat, in their book *"Principles for Successful Implementation of Labor Welfare Activities"*, stated that labor absenteeism in Indian industries can be reduced to a great extent by provision of good housing, health and family care, canteen, educational and training facilities and provision of welfare activities. The principle for successful implementation of labour welfare activities is nothing but an extension of democratic values in an industrialized society.

P.L. Rao, in his BOOK *"Labour Legislation in the Making"*, suggested that professional bodies like National Institute of Personnel Management should constitute a standing committee to monitor the proceedings in the Parliament regarding the labour welfare measures.

NEED FOR THE STUDY

Welfare in the broader sense means "well-being of the employee". Welfare measures are the steps taken by the management to create a good environment in which the workers feel satisfied both physically and mentally and in the end, produce the best results by putting their maximum efforts. As a result, productive devices and compensatory benefits have to be provided for the welfare of the workers. This can be referred to as the 'long arm of the Job' which stretches out its adverse effect on to the workers, long after normal working hours, affecting his physical and mental well-being. Hence, the need of welfare services within the factory or work place is felt. Regarding the aspect of 'social invasion of the factory' when a worker comes to his work place, he is not an isolated individual but a member of society having family members. Hence, the imperative need to provide welfare services to satisfy his personal and family needs is felt.

OBJECTIVES

1. To understand the extent to which the welfare measures provided by organization towards their employees.
2. To know the level of awareness of employee about the various welfare measures provided to them.
3. To study how the welfare facilities provided help in increasing the productivity and job satisfaction.
4. To learn how welfare services provided to employees help organization to build up a stable work force by reducing absenteeism and labor turnover.
5. To offer useful suggestions for improving the effectiveness of welfare measures.

RESEARCH METHODOLOGY

Adequate and relevant data is essential for any meaningful research. It forms the basis of the study by supporting the analysis. The primary source of data is used for getting the required and relevant information directly from the department heads and in the course of discussion with executives. The secondary source of data was collected through records and files from the Administrative office of VSP. Rest of the data was collected from guide and Administrative staff. A sample was required for the study because the number of employees at the steel plant was over 17000. It is very difficult to consider the whole universe; therefore, a representative sample was selected. A sample of 300 employees has been selected. Although it looks to be a small sample, keeping in view the large number of employees, it was to be limited due to time constraint. Even then, the sample size is not considered to be small. It is enough to draw

conclusions. Stratified random selection technique is used. Since employees are from all the levels. Only random sampling technique provides with this opportunity. At the strata level employees have been chosen at random to avoid any similarity or bias.

LIMITATIONS OF THE STUDY

- As the managers of the organization are busy with their work schedule, so it was difficult to collect detailed data
- Time was the major constraint as the mentioned period was not enough to collect the data in detail.
- Survey was done with the sample size of 300, as the employees of the company work in shifts and as they are busy with their schedule
- Some were unable to understand the language in the questionnaire so they felt it difficult to answer.

ANALYSIS

1. Are you aware of all the welfare measures provided by VSP

TABLE-1: AWARENESS OF WELFARE MEASURES PROVIDED BY ORGANIZATION

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Yes	207	69%
No	12	4%
Partially	81	27%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis, we can know that 3/4th of them are totally aware of the welfare measures provided to employees in the VSP but, very few are not aware due to the communication gap and also few of them are not clear about what comes under welfare measures

2. How do you come to know about any new welfare measures being introduced in the organization

TABLE-2: UPDATES ON INTRODUCTION OF NEW WELFARE MEASURES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Through your superiors	33	11%
Co-workers	69	23%
Circulars	144	48%
Unions	54	18%
Total No. of Responses	300	100%

INTERPRETATION

From the above table we come to know that most of the employees come to know about the new welfare measures through circulars. The passing of circulars is followed well in the organization. It is easily accessible to majority of employees and helps them to be aware of the new measures.

STATUTORY WELFARE MEASURES

3. Canteen facilities:

TABLE-3: CANTEEN FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	6	2%
Good	163	21%
Average	114	38%
Poor	111	37%
Very poor	6	2%
Total No. of Responses	300	100%

INTERPRETATION

By analyzing the information given above, we can say that the majority of the employees responded that the facilities provided in the canteen are above satisfactory level because of the food provided for them is of good quality, the environment and hygiene are maintained with cleanliness. Lastly the timings of the canteen are comfortable with the working hours of the employees. But some of the respondents are not satisfied with the quality of food, hygiene and cleanliness. The taste of the food was not up to their expectations and facilities provided are not properly maintained. Some of the employees depend upon the food in the canteens. So the food provided should give necessary calories of energy for them to do their work properly.

4. First aid facilities:

TABLE-4: FIRST AID FACILITY

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	21	7%
Good	129	43%
Average	117	39%
Poor	27	9%
Very poor	6	2%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can say that 90% of them are above the satisfaction level regarding the First – aid facilities provided in the VSP for employees. Because the accessibility of the first aid kit including the plaster, small basin, scissors, cotton roll, tincture iodine, eye & ear drops, paracetamol tablets, antiseptic cream and medicines are maintained in each shop floor. But 11% of them are not satisfied because of unavailability of first aid kit in adequate number whenever necessary. The management should have an everyday checkup and should see there must be availability of all the necessary items in the first aid medical kit.

5. Safety provisions:

TABLE-5: SAFETY PROVISION

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	36	12%
Good	156	52%
Average	90	30%
Poor	15	5%
Very poor	3	1%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can know that most of them are totally satisfied with the safety provisions provided for employees in VSP

6. Leave facilities:

TABLE-6: LEAVE FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	40	14%
Good	126	41%
Average	114	38%
Poor	12	4%
Very poor	8	3%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can say that the overall respondents are above the satisfaction level regarding the leaves because RINL leave rules provide 10 days bonus EL, over and above the maximum ceiling prescribed under the Factories Act subject to the employee qualifying to earn the leave. Apart from earned leave, the company provides casual Leave; half pay Leave/ Computed Leave, Special Class Leave and quarantine leave. As the employees are having adequate number of leaves they are totally satisfied in the welfare measures.

7. Contributory Provident Fund:

TABLE-7: CONTRIBUTION OF PF

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	45	15%
Good	156	52%
Average	90	30%
Poor	6	2%
Very poor	3	1%
Total No. of Responses	300	100%

INTERPRETATION

By analyzing the above data we can surely say that majority of the respondents are satisfied with the scheme about the contributory provident fund. But negligible numbers of employees are not satisfied.

8. Pension scheme:

TABLE-8: PENSION SCHEMES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	60	20%
Good	111	38%
Average	97	33%
Poor	18	6%
Very poor	9	3%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can say that most of the employees are satisfied. But only some percentages of them are not satisfied because the Government follows the old rules and regulations, among other things.

9. Workmen's compensation:

TABLE 9: PROVISIONS ARE LAID UNDER WORKMEN'S COMPENSATION ACT

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Yes	219	73%
No	18	6%
Partially	63	21%
Total No. of Responses	300	100%

INTERPRETATION

Once if we see the analysis, most of the employees responded positively. But only some percentages of them are not.

10. Payment of bonus

TABLE 10: PAYMENT OF BONUS

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	24	8%
Good	156	52%
Average	99	33%
Poor	15	5%
Very poor	6	2%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can say that most of the employees are satisfied. But only a few of them are not satisfied because of no increase in the percentage of bonus.

11. Medical facilities:

TABLE 11: MEDICAL FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	69	23%
Good	111	37%
Average	99	33%
Poor	18	6%
Very poor	3	1%
Total No. of Responses	300	100%

INTERPRETATION

As a major portion of the employees are satisfied with the medical facilities due to free treatment, good doctors and excellent facilities. But if we observe the facilities provided for their employees and dependents it was excellent. The company also extends medical facilities and specialized treatment, if required at reputed corporate hospitals. Better services are required rather than free treatment.

12. Educational facilities:

TABLE 12: EDUCATIONAL FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	30	10%
Good	99	33%
Average	147	49%
Poor	15	5%
Very poor	9	3%
Total No. of Responses	300	100%

INTERPRETATION

Majority of the employees are satisfied with the educational facilities. This shows that organization is doing a good work for education and providing standard education at all levels. There are 11 schools in Ukkunagaram providing CBSE, ICSE and state level syllabus. As far as unsatisfied employees are concerned the reason that can be associated with their dissatisfaction is that management of some schools is not in the hands of VSP and so it is not being regulated according to their terms and conditions.

13. Housing facilities:

TABLE 13: HOUSING FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	21	7%
Good	127	39%
Average	138	46%
Poor	15	5%
Very poor	9	3%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can conclude that most of them are above the satisfaction level regarding the facilities at quarters. The condition of the quarters, water supply, electricity supply and maintenance are good. There will be 24 hours uninterrupted power and water supply for the houses.

14. Co-operative societies:

TABLE 14: CO-OPERATIVE SOCIETIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	30	10%
Good	123	41%
Average	126	42%
Poor	18	6%
Very poor	3	1%
Total No. of Responses	300	100%

INTERPRETATION

This figure suggests that 93% of total employees are satisfied with the cooperative societies as large numbers of items are available at a discounted price compared to other shops around city. Each sector in Ukkunagaram has a co-operative store. So it is very near to all the residents.

15. Advance sanctioned: (House building and vehicle)

TABLE 15: ADVANCES SANCTIONED FOR HOUSE BUILDING AND VEHICLE

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	9	3%
Good	87	29%
Average	123	41%
Poor	69	23%
Very poor	12	4%
Total No. of Responses	300	100%

INTERPRETATION

By analysis of the information given above we can say that majority of the employees responded that the schemes providing in Advance Sanctioned are above the satisfaction level because of the quick sanctions. 27% of the respondents are not satisfactory because advances were not given for many years.

16. Motivational schemes:

TABLE – 16: MOTIVATIONAL SCHEMES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	30	10%
Good	129	43%
Average	126	42%
Poor	9	3%
Very poor	6	2%
Total No. of Responses	300	100%

INTERPRETATION

The response of the employees about the motivational schemes is, by and large, good. Jawaharlal Nehru awards scheme aims at creating a climate in the organization where in Executives would be encouraged to understand practice and enforce the essential of a productive work culture, and achieve consistently good performance levels in VSP. All regular executives of VSP, including those working in mines and out station officers, who have put in a minimum of three years service, will be covered under the scheme.

17. Recreational facilities:

TABLE 17: RECREATIONAL FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	84	28%
Good	72	24%
Average	126	42%
Poor	12	4%
Very poor	6	2%
Total No. of Responses	300	100%

INTERPRETATION:

From the above analysis we can say that VSP is providing well-maintained CWCs, clubs, parks and playgrounds.

18. Sports facilities:

TABLE 18: SPORTS FACILITIES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	12	4%
Good	63	21%
Average	129	43%
Poor	81	27%
Very poor	15	5%
Total No. of Responses	300	100%

INTERPRETATION

From the above analysis we can say that most of the employees are satisfied with the sports facilities provided for them at near place. Sports are regular activity and healthy to all the people. It gives good fitness to the body. But a few employees are dissatisfied about non-availability of proper sports facilities to them.

19. Employees family benefit scheme:

TABLE 19: FAMILY BENEFIT SCHEMES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	24	8%
Good	141	47%
Average	126	42%
Poor	6	2%
Very poor	3	1%
Total No. of Responses	300	100%

INTERPRETATION

Almost all employees are highly satisfied as no other organization provides so many benefits like VSP provides BASIC + DA till superannuation of employee's job if the employee expires while on duty. This is the company giving this type of scheme for those families who lost their family member while on duty. This simply shows how VSP is taking care of those families who lost their family member who was an employee of VSP.

20. Group personnel accidents scheme:

TABLE 20: PERSONAL ACCIDENT SCHEMES

RESPONSES	NO. OF RESPONSES	% OF RESPONSES
Excellent	51	17%
Good	141	47%
Average	102	34%
Poor	3	1%
Very poor	3	1%
Total No. of Responses	300	100%

INTERPRETATION

Group Personnel Insurance Scheme is a welfare measure scheme maintained by insurance claims section of financial accounting department. The scheme was introduced from 1995 onwards. As per general insurance regulations the intentions of the accident either death or disablement is to be intimated to the insurance company concerned immediately.

21. Do you expect any new welfare measures for VSP? Suggestions (if any)

The following are the responses:

- There should be permanent display of welfare measures at main departments so that each employee will know about the welfare measures.
- The quality of the food should be maintained and the environment should be kept clean.
- First Aid facilities should be made available round the clock at each shop floor.
- Ozone purifier should be kept at each and every department.
- Higher education should be made available for our (VSP employees) children.
- Medical facilities should be improved. The treatment and service have to be improved.
- Satellite Township.
- Maintenance of quarters should be improved.
- Separate pension scheme for VSP employees as a third retirement benefit instead of ESP-95.
- Internal transport within the sectors to be provided.
- Railway reservation counters in town ship to be made available.

MANAGEMENT VIEW

Visakhapatnam Steel Plant is one of the best among the steel manufacturing industries in our country. In the present scenario, the Human Resource Management has got very much importance. For any organization, the employees are the key holders who do the work for the industry with greater responsibility. So HR department should look after the employee's needs and try to get them fulfilled when they seem to be important.

The term 'welfare measures' refers to the facilities provided for the employees at the working environment called Statutory welfare measures and the facilities for them and to their family members called Non-Statutory measures. The main aim of providing welfare measures is to achieve the organization's objectives and targets. By receiving these measures, the employees feel responsible towards the organization and do to their best. Employees are getting more than they need. Here, the employees are treated with respect and care.

The measures provided by VSP are second to none. Welfare has been given thrust and emphasis in the overall policy of Human Resource Management of the company. Pursuant to this policy, VSP has taken several initiatives for introducing and implementation of Non-Statutory welfare which imparts and propagates the feeling that the "Company cares for its employees".

The company has a well laid township – Ukkunagaram, consisting of 8696 quarters with all modern amenities like water supply, underground sewerage, schooling, recreation facilities, parks, shopping complexes, temples, ATMs etc, for its employees. Apart from this; there are 386 quarters at our Captive Mine.

WORKERS VIEW

Here, the employees are treated with respect and good care. But, when it came to application some of the measures were not up to the mark in implementation. But no doubt the measures provided by VSP are the best and we cannot find these welfare measures in many other organizations.

If the organization can really consider the suggestions given by the employees and implement some best ideas, the dissatisfaction level in the employees can be reduced. The organization should take more initiatives regarding the employees' welfare and suggestions given by them. There should be periodical checkup in implementing the welfare measures provided in the organization.

Canteen facilities should be improved. The quality of the food and the cleanliness in the canteen should be maintained, because food is the main source for the employees to do their work. Here the canteens are run by contractors. The workers here are permanent but the contractors are not permanent. Due to this the workers do not listen to the contractor. For this reason the contractors are not coming forward to run these canteens. Mainly for this reason maintenance of the canteens is not good. The management should look about the canteens and make these workers to cooperate with the contractor in doing the work and give the best quality.

CONCLUSION

After the survey was completed it was clear that some percentages of the employees are not satisfied with the facilities provided for them. The reason appears to be that employees have been enjoying all the facilities for the past 15 years. According to Maslow theory, the psychology of the people change from time to time in fulfilling their wishes and needs. They are never satisfied with the facilities provided for them. They still want more and more facilities.

If the organization can really consider the suggestions given by the employees and implement some best ideas, the dissatisfaction levels in the employees can be reduced. The organization should take more initiatives regarding the employees' welfare and suggestions tendered by them. There should be periodical checkup in implementing the welfare measures existing in the organization.

The First-Aid kits in some of the shop floors do not have all the essential items at the time of usage. There should be a thorough check regularly for ensuring the well framed facilities. The management should provide water purifier at each shop floor and better higher education facilities for the employee's children. If VSP develops Satellite Township and provide houses to its employees, it will facilitate employees in improving their living standards.

Canteen facilities should be improved. The quality of the food and the cleanliness in the canteen should be maintained, because food is main source for the employees to do their work. Here the canteens are run by contractors. The workers here are permanent but contractors are not permanent.

Better pension scheme may be designed and should stop taking 8% of P.F for unorganized sector. Separate pension scheme should be evolved for VSP employees as a third retirement benefit instead of EPS-95. More details regarding the pension scheme to be made available for all the employees. Internal transport within the sectors of the township is to be arranged. Executive establishment section should be shifted inside the Plant. Railway reservation counters are to be made available in the sectors of Ukkunagaram.

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A STUDY ON AWARENESS OF MOBILE MARKETING IN VELLORE DISTRICT

DR. M. RAGURAMAN
ASST. PROFESSOR
DEPARTMENT OF COMMERCE
SACRED HEART COLLEGE (AUTONOMOUS)
TIRUPATTUR

R. VEERAPPAN
ASST. PROFESSOR
DEPARTMENT OF BUSINESS ADMINISTRATION
SACRED HEART COLLEGE (AUTONOMOUS)
TIRUPATTUR

ANGELO JOSEPH
ASST. PROFESSOR
DEPARTMENT OF BUSINESS ADMINISTRATION
SACRED HEART COLLEGE (AUTONOMOUS)
TIRUPATTUR

ABSTRACT

Mobile marketing is defined as the use of the mobile medium as a means of marketing communications. It has gained momentum over the last several years. Its special features made it lucrative to various business concerns. Technological growth and increasing awareness amongst the consumers persuaded the Indian companies to evolve new strategies to reach the target audiences. Under these circumstances, a study has been conducted to identify the various segments of markets where the mobile marketing is in vogue and its acceptance by the consumers. Data was collected from consumers in Vellore District and later factor analysis and cluster analysis were conducted to segment Vellore District consumers. Demographic and technological variables were taken as criteria to segment the market. The revealed that certain variables distinguish market segments from each other. For the purpose of this study Vellore District consumers were classified into three different segments, namely knowingly nonuser, the real acceptor and the uninterested.

KEYWORDS

Mobile marketing, Knowingly Non-user, Real acceptor, Uninterested.

INTRODUCTION

Due to technological growth Internet has occupied predominant position in furnishing information to the consumers; Television is the second importance source in providing information about product and services. The evolution of e-commerce has brought with it a new marketing channel known as mobile marketing (marketing), as a third source of communication (Tanakinjal, Deans, & Gray, 2010). Since on-the-go lifestyles of today's consumers make them harder than ever to reach, new ways to reach target audiences are evolving to stand up to the challenge and mobile marketing is one of them (Leek & Christodoulides, 2009). Mobile marketing is defined as the use of the mobile medium (e.g. mobile phones) as a means of marketing communications (Leppaniemi, Sinisalo, & Karjaluo, 2006). New business models for mobile marketing are turning the mobile phone into a marketer-exclusive platform. Marketers can create mobile portals dedicated to their business or brand (giving their message exclusive airtime with their best customers), a choice of tailored handsets (to match the brand), preloaded applications that drive further contact with the brand, and any number of other developing technologies that drive home the exclusivity of the message (Friedrich et.al., 2009).

Atkinson (2006) suggested that 90% of well-known U.S. brands were planning to initiate mobile marketing practices by 2008 and that more than half of them plan to devote as much as 25% of their total marketing budget toward the mobile platform. The high penetration rate of mobile devices among consumers also provides an opportunity for companies to utilize this means to convey advertising messages to consumers. This makes various companies to use mobile as marketing device (Ma, Suntorpithug, & Karaatli, 2009). For example, Adidas introduced a mobile marketing campaign, The Missy Elliott campaign, to strengthen its position in the U.S. market within the 12-17 year old market segment and to compete with its major competitor, Nike. Another company, Greystripe, an ad-supported mobile game and application distributor, launched a mobile advertising campaign for the movie "The Golden Compass" in 2007. This campaign offered downloadable games, playing full screen ads to the audience waiting for their games to load. The campaign increased movie awareness from 42 percent to 61 percent (Interactive Advertising Bureau, 2008). Since teenagers and young adults are faster adopting mobile platform, mobile marketing seems have a bright future, but the extent of acceptance by consumer still remain unclear due to various hurdles, including feelings of intrusiveness and privacy concerns (Sultan & Rohm, 2008). In spite of the growing number of companies investing in mobile marketing campaigns, there still are several issues that remain to be addressed. The objective of this paper is to identify distinct market segments based on consumers accepting mobile marketing. The paper begins by presenting the concept of mobile marketing and its importance. Then the criteria for segmenting the consumers in terms of their mobile acceptance behaviour are discussed. The third section discusses the research methodology and then results are presented. The last section discusses managerial implications and conclusion.

CONCEPT OF MOBILE MARKETING

The penetration of the mobile phone market led to an increased number of applications for mobile marketing. Leppaniemi and Karjaluo (2005) discussed about various definitions of mobile marketing present in literature and pointed out that terms like mobile advertising, wireless marketing, wireless advertising and mobile marketing were the terms used interchangeably in the literature. Since mobile marketing is part of the Web.2 technology the future growth is phenomenal. Since mobile devices are personal marketers can directly engage customer by replying to the message content. So customers are active here, rather than passive in traditional medias (Bauer et al., 2005). The main characteristics of mobile marketing strategies are personalization, localization, uniqueness, ubiquity and interactivity (Bauer et al., 2005). It also has high retention rate, high reach, high response rate and low cost (Pearse, 2005). Mobile Marketing Association (MMA) defined mobile marketing as "the use of wireless media as an integrated content delivery and direct response vehicle within a cross media or standalone marketing communications program". Whereas, Wireless Advertising Association (WAA) defines mobile marketing as releasing advertising messages to mobile phones or PDAs through the wireless network (Xu, 2007). It has been suggested that in the mobile marketing network, firms can

get customers engaged through a call-to-action which is not possible via other media channels and make customers respond via text messaging, multimedia messaging, picture messaging, Bluetooth alerts, or voice channels on their mobile (Carter, 2008).

Marketers reduced their spending on traditional media: 61 % on TV, radio and magazines, 52% on direct mail, 11% on e-mail, but increasing spending on social media (Trends E-Magazine, 2009). It was predicted that online search, e-mail, social media, Web display ads, and mobile marketing combined will represent 21 percent of marketing budgets, or about \$55 billion, by 2014. Starting in the '90s, Web 1.0 broke down geographic and psychological barriers to selling products and services. With the Internet, any business could more easily reach global markets and quickly create the impression of an established, credible business. Now, Web 2.0 is creating communities online that allow buyers to connect with others and follow experts on whatever their interests might be. These connections allow buyers to effortlessly learn about new solutions that they might want to purchase. They don't need to weed through the information overload themselves; they benefit from others who do so. Because Web 2.0 has changed the way people buy, it requires a change in the way businesses sell (Trends E-Magazine, 2009). Jong and Sangmi (2007) found that mobility, convenience and multimedia service were positively related to attitudes toward mobile advertising, which in turn lead to favourable behavioral intentions. Godin (1999) pointed out that consumers who subscribed to a particular company were usually interested in that company's services and products, and hence, when consumers received SMS advertising messages, they were more likely to pay more attention and read the message compared to consumers who receive messages from companies which they are not subscribed with. Leek and Christodoulides (2009) discussed about Bluetooth technology present in mobile, which is a location-based advertising technology (Bruner and Kumar, 2007). It can be used to enable location-specific targeting that allows advertisers to target their audience based on specific venues (for example, in a supermarket) and deliver relevant and real time promotions. The downside of Bluetooth, however, is that—unlike SMS and MMS—it only can operate within a limited range. But some other negative aspects are there related to mobile marketing. Whitaker (2001) reported that many consumers considered mobile phones as a very private and personal item and were more reluctant to share information with unknown companies. Heun (2005) found only 12% of consumers were willing to receive any forms of wireless advertisements, even if they could control what to receive. There are many factors that affect mobile marketing. Consumer trust, privacy issue (Al-alak & Alnawas, 2010), knowledge, interest in technology etc. affect its acceptance of mobile marketing. Recently the rapid development of technology leads to acceptance of mobile by consumers and this made companies to make mobile as a growing and contemporary medium for marketing.

SEGMENTATION OF CONSUMERS ACCEPTING MOBILE MARKETING

For the purpose of this study Vellore District consumers were classified into three different segments, namely knowingly nonuser, the real acceptor and the uninterested. The knowingly nonuser segment have technological knowledge about mobile, but privacy issue and non-innovativeness keep them away from accepting mobile marketing. The real acceptors have less technological knowledge and interest in mobile and they are the real consumer segment accepting mobile marketing. The uninterested segment does not have any interest or knowledge about mobile marketing and are not at all interested in it.

DEMOGRAPHIC CRITERIA

The variable Age has been used by many marketing researchers to segment the market (Jain & Kaur, 2006; D'Souza et al., 2007). Technology was mostly accepted by youngsters faster than older generations. But Skog (2002) reported that teenagers are not homogeneous audiences for mobile phones as their usage patterns and attitudes varied widely depending on their social background, technological literacy and urban/rural lifestyles. Sultan and Rohm (2008) discussed about the study where nearly 70 % of U.S. and 94% of Pakistani respondents use mobile phone or do other activities in mobile. Gender is another variable that can be used to segment the market. Male and female are differently affected by technology and the acceptance rate might be different. Individuals with higher Education level will have more interest in technology and hence, accept mobile marketing faster. Income is generally believed to be positively correlated with accepting new technology. Because people with higher income will easily bear the marginal increase in cost, while purchasing high technology products, like mobile (Straughan & Roberts, 1999).

TECHNOLOGICAL CRITERIA

Technological interest may be defined as an attitude to try and use new technological products. This attitude is influenced by direct personal experience, past reaction and trust (Al-alak & Alnawas, 2010). It is also affected by experience of other individuals and communication by media. Sultan and Rohm (2008) pointed out that usage characteristics affect consumer acceptance of mobile marketing. Since consumers get utility, content, enjoyment and experience from mobile (by browsing, chatting, and developing social network), these aspects affects the youth. Since mobile is a personal device, responding to SMS as using sending, receiving or deleting made consumer to interact with the message (Zang & Mao, 2008). If consumers agree to receive SMS messages from advertisers, they tend to react positively to them (Barwise & Strong, 2002). Consumers' attitudes toward products, brands and advertising are linked to behavioral intent, and people with positive attitudes toward mobile services have greater intent to use them. Knowledge about mobile phone also affects purchase of mobile and acceptance of mobile marketing.

Cell phone is an integral part of many customers i.e. more than just a communications device. The extent of people's personal attachments to their phones could be a factor in their willingness to engage in mobile marketing activities. Consumer innovativeness (the degree to which they are open to new experiences, information and technology) also affects the acceptance of mobile marketing (Bauer et al., 2005). Youngsters use mobile phone as their social symbol and social pressure play a major role to accept the new technological product (Nysveen et al., 2005).

Privacy concern of consumers negatively affects the acceptance of mobile marketing (Sultan & Rohm, 2008). McKnight et al. (2002) found in their study about Ecommerce that trust was an important factor which had a significant influence on consumers' intention to make online transactions. Therefore, it is expected that in mobile marketing, where the perceived risk and uncertainty is high, trust will influence consumers' intention to participate in permission based advertising programs. So many times companies obtain consumers' permission through opt-in programs to increase their acceptance of mobile advertising (Barwise & Strong, 2002).

RESEARCH METHODOLOGY

The literature revealed the fact that the consumers have different concerns and emotional attachments towards the mobile marketing, different technological knowledge and different behaviours. As pointed out in the beginning, this paper is an attempt to identify different segments of consumers accepting mobile marketing.

An attempt is made to answer the following research issues:

- Is it possible to identify, a consumer segment based on acceptance of mobile marketing?
- In what way How different are these segments from each other?

The data used in this study were collected through a survey of Vellore District consumers. The model of data collection was a survey method. The final sample was composed of 132 individuals.

After collection, the data were statistically analysed and interpreted using the statistical software SPSS 16.0 (Statistical Package for Social Sciences). The data obtained were submitted to a Multivariate Statistical Analysis, which included factor analysis and cluster analysis. After this, characteristics of different segments are found.

RESULTS

As the number of variables used in this research is quite extensive, an exploratory factor analysis was used to simplify the interpretation of the variables. Each of the factors was depicted by means of several items used in the questionnaire. Factor analysis used principal component analysis method and eigen value of greater than 1.0 as the criteria to select factors. The variables were grouped into seven factors and together they account for 77.75% of the total variance. To check the internal validity, the reliability analysis was performed using cronbach's alpha coefficient. For the seven factors the levels of alphas were more than 0.6 and it showed internal consistency in the research (Nunnally, 1987). Cronbach's alpha was again calculated for new group of factors and it was 0.921. The factors found are described below:

1. Mobile usage Characteristics (F1): The first factor reflects consumers' usage characteristics or the reason why he uses mobile phone. It affects the mobile marketing acceptance.
2. Technological knowledge (F2): The amount of knowledge consumer has about the mobile and its technology affect usage of mobile and its acceptance.
3. Consumer innovativeness (F3): The third factor is related to readiness of the consumer to accept new technology like mobile marketing.
4. Privacy issue/Trust (F4): The variables present in this factor represent a combination of issue related to privacy and trust of consumer. This may negatively affect the mobile marketing acceptance.
5. Economic factor (F5): The price a person pays to accept the new and contemporary technology plays a major role in mobile marketing acceptance.
6. Social influence (F6): Social groups to which consumer belong, friends, family affect the mobile marketing acceptance of a consumer and made him to accept/reject the new marketing media i.e. mobile.
7. Attitude to mobile marketing (F7): The factor represent consumers liking, desirability and interest in accepting the mobile marketing. The results obtained from factor analysis and reliability coefficients are shown in Table 1. The seven factors were then used as inputs in later analysis (cluster). Hierarchical clustering was used to analyse the data. Agglomerative method is used in analysis, as it gradually build the clusters i.e. clusters formed by adding to existing cluster. Between group linkage and squared Euclidean distance is used to find number of clusters. Each variable is standardized using Z-scores to eliminate effect of scale difference.

DISCUSSION

The clusters are named and differentiated based on their characteristics. They are:

SEGMENT-1: THE KNOWINGLY NONUSER (36%)

This segment mainly consists of both young and old consumers with high education level (graduation, post-graduation). They are working professionals, businessmen, and students. They have technological knowledge related to mobile, but price sensitive and have privacy issue. They are sceptical about mobile marketing and do not trust such mobile marketing schemes. They only use mobile for calling or messaging purpose and do not as a media device. They are less innovative and privacy plays a major role in their life. Apart from students, the working professionals and servicemen have moderate (Rs 10-20,000/month) to high income level (Rs 40,000 and above), but do not want to spent on purchase mobiles with hi-tech features. So they are aware of technology and mobile marketing, but are not using it.

SEGMENT-2: THE REAL ACCEPTER (37%)

This segment composed of relatively younger consumers and very few middle-aged consumers. They have relatively higher education level than segment 1 and working in more qualified jobs (specialists in own field, middle and senior manager) and earn relatively higher. Only students belonging to this category have no income. This segment has higher technological interest and innovativeness. They want to try new products and services and are able and interested to spend for it. They know multiple use of mobile and go for it. Social group and peers influence affect them more, especially the younger customers. They have positive attitude to mobile marketing and family members also play major role to teach them many functions of mobile. So they are the real accepters of mobile marketing.

SEGMENT-3: THE UNINTERESTED (27%)

This segment includes individuals of higher age group (41 years and more) with marginal to higher educational level. This segment does not have much interest and attitude for mobile marketing. They are not only sceptical about privacy issue but the whole new technology of today. They act as per their own interest and do not have much technological know-how. Their knowledge about the mobile marketing is low to moderate level. These are the consumers who were not at all interested in mobile marketing.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

The study is only based on 132 consumers of Vellore District. This segmentation can be conducted by taking more consumers from various parts of Vellore District. Since the study has taken place in one district, it limits the generalization of the finding. In future a cross-cultural study can be done to know the segments related to mobile marketing in other parts of the world. The study has taken only two criteria for segmenting the market: demographic and technological. More criteria can be taken into consideration, like psychological, behavioural etc. broaden the research. So the limitations of this study gave a lot of scope for working further and new areas of research can be explored.

CONCLUSION AND MANAGERIAL IMPLICATIONS

The results of this study show who are the consumers using the mobile marketing and accept it and how certain variables differentiate one segment from other. In spite of the fact that Vellore District is a developing district, it has a lot of consumers accepting the mobile marketing. Since many consumers accept mobile marketing in India, it showed a technological acceptance by the mass. Advertisers can plan their ad budget accordingly and can focus on mobile advertising. Since the segments differ significantly, firms can target a particular segment differently than other. "The real accepters" like mobile marketing, so the current strategy should be followed by firms to retain them and they should be given some incentives if possible. Companies can attract "The knowingly nonuser" segment by permission based marketing (Barwise & Strong, 2002). If the consumer will permit/opt-in, firm will send SMS, MMS about present offerings etc. As far as "The uninterested" segment is concerned, firms should let them go. Because, it is really difficult to change the stubborn minds of consumers belonging this segment. So firms should act accordingly to target right customer in right place and in right way to gain more profit.

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ROLE OF SELF-HELP GROUPS IN MOVEMENT OF SOCIO-ECONOMIC AND POLITICAL TRANSFORMATION: A CASE STUDY IN PURBA MEDINIPUR DISTRICT

SIDDHARTHA CHATTERJEE
ASST. PROFESSOR
MUGBERIA GANGADHAR MAHAVIDYALAYA
PURBA (EAST) MEDINIPUR

ABSTRACT

A self-help group (SHG) is a village-based financial intermediary usually composed of 10–20 local women. Self help groups (SHGs) have appeared as popular method of working in the company of people in recent years. This movement comes from the people's desires to meet their needs and determine their own destinies through the principle "by the people, for the people and of the people". This article is a descriptive study of the SHGs promoted by Primary Agricultural Credit Societies (PACS) under Mugberia Central Co-Operative Bank Ltd., working for promotion of SHGs in block- Bhagwanpur-II block, Purba (East) Medinipur, West Bengal, India. A sample of 10 SHGs consisting of 100 members have been taken to study the various aspects of the SHGs viz. educational profile, economic status and occupational pattern etc. pre and post SHG formation. It is found that most of the members of SHGs are economically weak. The overall findings of the study suggest that SHG – Bank Linkage through PACS has significantly improved the access to financial services for the rural poor and has considerable positive impact on the socioeconomic conditions and the reduction of poverty of SHG members and their households. It has also empowered women members substantially and contributed to increased self confidence and positive behavioral changes in the post-SHG period as compared to the pre-SHG period.

KEYWORDS

Self help groups, Income generating activities, credit, savings, socio-economic development, rural development.

INTRODUCTION

Since the independence of India, the government has been making a concerted effort for decades to ensure economic and social empowerment of the marginalized and underprivileged section of the rural milieu, especially women of poor families. Poverty is not purely about material and monetary condition of living. It also refers to other forms of deprivation. Access to social opportunities helps to increase quality of life, self-esteem and confidence. Contrary to popular belief, the poor households are engaged in myriad types of micro enterprises which are linked to their livelihood. As a source of employment, the micro enterprise has a lot of potential because of its ease of entry and low start up capital. It also plays a significant role in self-employment when employment in organized sector or even wage employment is scarce. The micro-credit support extended to the self help groups together with other extension support such as skill up gradation, enhancing entrepreneurial abilities along with providing necessary infrastructures and marketing support helps the SHGs to cross the barriers that keep them below the poverty line. A number of poor households are ignorant of basic services and programme benefits to which they were entitled. It was felt that with adequate capacity building and proper institutional linkages with the services delivery institutions and Panchayat bodies, the SHGs can play a very major role in making some of these services and programmes accessible to the rural poor. This realization has led to the launching of Community Health Care Management Initiative in which the Self- help group, the Gram Panchayats, the Health and Family welfare Department and the Women and Child Development and Social Welfare department have come together to improve the quality of public health including reproductive and child health in the rural areas.

INTERDISCIPLINARY RELEVANCE

A self-help group (SHG) is a village-based financial intermediary usually composed of 10–20 local women. Most self-help groups are located in India, though SHGs can also be found in other countries, especially in South Asia and Southeast Asia.

Members make small regular savings contributions over a few months until there is enough capital in the group to begin lending. Funds may then be lent back to the members or to others in the village for any purpose. In India, many SHGs are 'linked' to banks for the delivery of micro credit.

NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date. This does not include SHGs that have not borrowed. "The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern region – Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. These states accounted for 57 % of the SHG credits linked during the financial year 2005-2006.

The research project aims at evaluating the effectiveness of the Accounting disclosure, human resource and problems encountered by Self-Help groups as well as the potential of socio-economic and political development of the marginalized and underprivileged section of the rural milieu, especially women of poor families of the society. The study requires the expertise of Political Science, Sociology, Commerce, and Economics.

LITERATURE SURVEY

The existing literature surveys made are as under:

Stuart Rutherford (1999), in his article, "Self-Help Groups as Microfinance Providers", has described the strengths of self-help groups which motivates the people to run the self-help groups for the betterment of life.

Robert Peck Christen, N. Srinivasan and Rodger Voorhies (2005), in their article, "Savings Services for the Poor: An Operational Guide", describes the philosophy of the self-help groups and draws an analogy with a system. Non-Exploitative, Non-Profit motive and Ideas of Democracy and Equality are the values of self-help groups. The authors analysed the self-help groups in system procedure consisting inputs: includes tangible resources like men, money and material; transformation process: helps in achievement of objectives and output and environment: is the objective to be achieved. Author suggests for new methods to be adopted, to widen the area of activity in order to foster appropriate values compatible to cooperative philosophy.

Fouillet C. and Augsburg B. (2007), in their article, "Spread of the Self-Help Groups Banking Linkage Programme in India", has described about the linkages between bank and self-help groups. Self-Groups with the help of this linkage they can provide loan to their members for their economical improvement.

Kavaljit Singh (2005), in his article "Sector Liberalization in India: Some Distributing Trends", discuss about the relation of banks with self-help groups.

Daman Prakash (1991) in his article entitled "Strength of a Cooperative Institution", described the strengths of cooperative institutions which motivates the people to run the cooperatives for the betterment of life. The major strengths of cooperative banks are i) active participation of the members knowing the objectives of cooperative banking; ii) Promotion of Self Help Group schemes through state Cooperation and members cooperation.

OBJECTIVES

- To examine the needs of SHGs in the present liberal economic scenario.
- To evaluate the progress made by the Self Help Group in West Bengal with special reference to Purba Medinipur district.
- To evaluate the role of the Self Help Groups in the socio-economic development of the society.

iv. The research project aim was to evaluate the effectiveness of the Accounting disclosure, human resource and problems encountered by SHGs as well as the potential of socio-economic development of the marginalized and proletariat of the society.

v. To recommend appropriate measures for better functioning of the Self Help Group.

METHODOLOGY

The research project includes the study with the help of both secondary data and primary data. The secondary data have been collected from "Statistical Statements Relating to The Cooperative Movement in India – Part I" from NABARD and State wise Basic Data of Primary Agricultural Credit Societies" from National Federation of State Cooperative Bank (NAFSCOB). There are three Central Cooperative Banks operating in the district of Purba Medinipur namely Balageria, Mugberia and Tamluk-Ghatal Central Cooperative Banks. The PACS are operating under these Central Cooperative Banks. The primary data on the performance and role of SHGs plays in the socio-economic and political upliftment of the society has been done through field work throughout the block – Bahgawanpur II of district of Purba Medinipur. Ratio Analysis and Trend Analysis of the financial data will be conducted to study the financial position of the SHGs.

Structure and functions of SHGs: - Here with some different types of diagrams, it will be tried to discuss about the structure and functions of SHGs. A self-help group (SHG) is a village-based financial intermediary usually composed of 10–20 local women. SHGs are member-based micro finance intermediaries inspired by external technical support that lie between informal financial market actors like moneylenders, collectors, on one hand, and formal actors like micro finance institutions and banks on the other. Self-Help Group may be registered or unregistered. It typically comprises a group of micro entrepreneurs having homogenous social and economic backgrounds; all voluntarily coming together to save regular small sums of money, mutually agreeing to contribute to a common fund and to meet their emergency needs on the basis of mutual help. They pool their resources to become financially stable, taking loans from the money collected by that group and by making everybody in that group self-employed. The group members use collective wisdom and peer pressure to ensure proper end-use of credit and timely repayment. This system eliminates the need for collateral and is closely related to that of solidarity lending, widely used by micro finance institutions. To make the book-keeping simple enough to be handled by the members, flat interest rates are used for most loan calculations.

FIGURE 1: GROUP DYNAMICS



Source: - Annual administrative report of the West Bengal State Cooperative Bank Ltd. (2009-2010)

FIGURE 2: FUNCTIONS



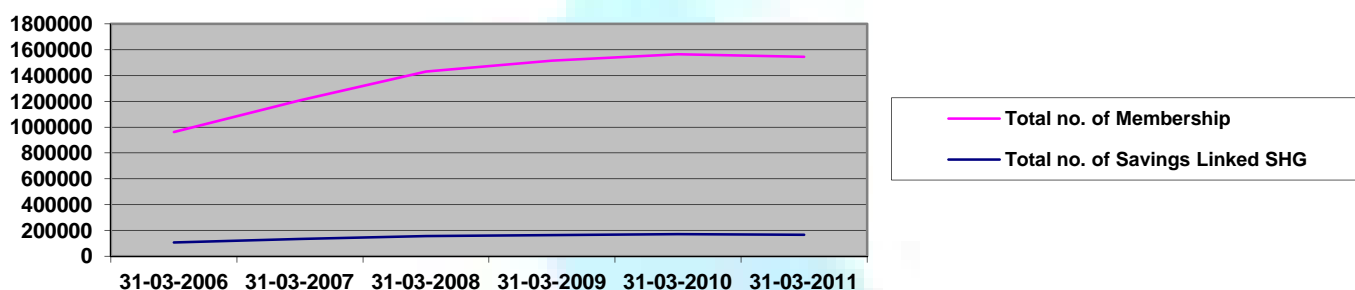
Source: - Annual administrative report of the West Bengal State Cooperative Bank Ltd. (2009-2010)

Growth of Self-Help Groups in West Bengal: - The growth of Self-Help groups in West Bengal has been discussed here with help of a table and chart.

TABLE 1:- GROWTH OF SELF-HELP GROUPS IN WEST BENGAL

As on	No. of SHG Saving Linked	No. of Members (Total)	No. of Female Members	No. of SC/ST Members	Deposits Mobilised	Loans Issued
31/03/06 %	105493	857097	760116	339521	45.61	103.40
growth	(+)47.24	(+)46.10	(+)49.08	(+)44.86	(61.19)	(+)87.75
31/03/07 %	132292	1075251	956178	413130	76.50	152.15
growth	(+)25.40	(+)25.45	(+)25.49	(+)21.68	(+)67.73	(+)47
31/03/08 %	156033	1275112	1099486	463531	94.50	210.58
growth	(+)17.95	(+)18.59	(+)14.99	(+)12.20	23.53	38.40
31/03/09 %	162235	1353025	1206171	531818	120.14	306.62
growth	(+)3.97	(+)6.11	(+)9.70	(+)14.73	(+)27.13	(+)45.61
31/03/10 %	170497	1394057	1224833	556916	143.85	371.85
growth	(+)8.76	(+)6.29	(+)1.55	(+)4.72	(+)19.76	(+)21.27
31/03/11	165700	1379050	1244458	522682	162.19	521.70

Source: - Annual administrative report of the West Bengal State Cooperative Bank Ltd. (2009-2010)

CHART 1:- GROWTH OF SELF-HELP GROUPS IN WEST BENGAL

From the above table and chart it is clear that savings, members, deposits, loans etc are growing very quick and smoothly.

Growth of SHG under Mugberia Central Co-operative Bank Ltd.:- In this section the growth rate of SHG under Mugberia Central Co-operative Bank Ltd, district: - Purba (East) Medinipur, in different sections has been discussed through some tables and charts.

TABLE 2: GROWTH OF SHG UNDER MUGBERIA CENTRAL CO-OPERATIVE BANK LTD, BHAGAWANPUR-II BLOCK, PURBA (EAST) MEDINIPUR, WEST BENGAL

YEAR	NO.OF SHG
1999-2000	201
2000-2001	444
2001-2002	1076
2002-2003	3279
2003-2004	4631
2004-2005	5929
2005-2006	6985
2006-2007	6319
2007-2008	6970
2008-2009	7164
2009-2010	6747
2010-2011	6754

Source: - Annual administrative report of the Mugberia Central Co-operative Bank Ltd.

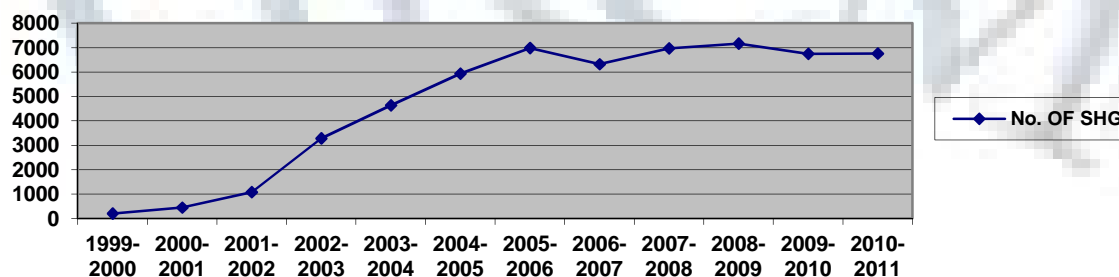
CHART 2: GROWTH OF SHG UNDER MUGBERIA CENTRAL CO-OPERATIVE BANK LTD, PURBA (EAST) MEDINIPUR

TABLE 3: GROWTH OF MEMBER OF SHG

YEAR	Group Member
1999-2000	2307
2000-2001	4523
2001-2002	10070
2002-2003	26519
2003-2004	36546
2004-2005	45711
2005-2006	53152
2006-2007	45508
2007-2008	50648
2008-2009	51732
2009-2010	47380
2010-2011	47814

Source: - Annual administrative report of the Mugberia Central Co-operative Bank Ltd.

CHART 3:- GROWTH OF MEMBER OF SHG

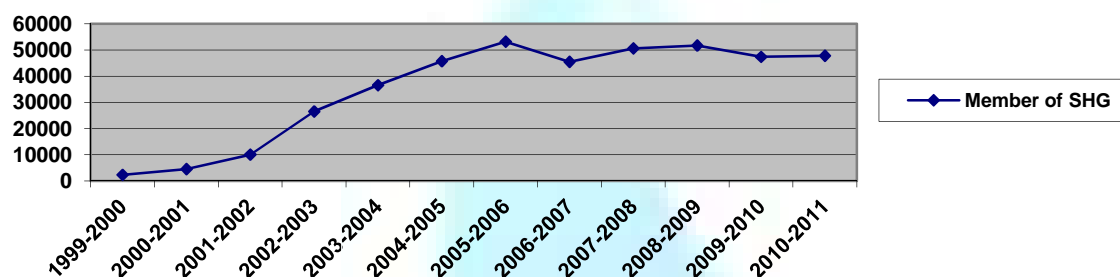


TABLE 4:- SHG DEPOSIT AND LOAN

Year	Deposit (Rs. In Lakh)	Loan (Rs. In Lakh)
1999-2000	4.76	3.84
2000-2001	11.93	13.72
2001-2002	25.13	23.59
2002-2003	55.63	67.44
2003-2004	109.51	116.35
2004-2005	155.07	181.05
2005-2006	215.13	186.21
2006-2007	285.16	338.02
2007-2008	385.91	431.23
2008-2009	465.54	527.63
2009-2010	531.38	670.36
2010-2011	655.28	976.08

Source: - Annual administrative report of the Mugberia Central Co-operative Bank Ltd.

CHART 4:- SHG DEPOSIT AND LOAN

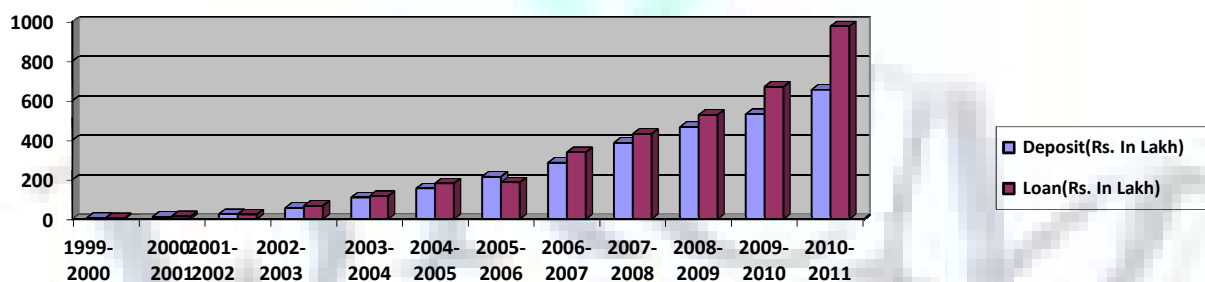
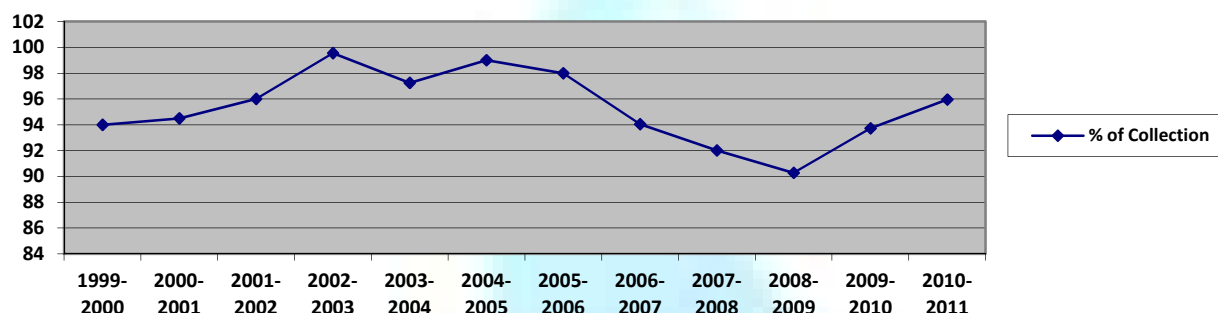


TABLE 5: % OF COLLECTION OF SHG LOAN

Year	% of Collection
1999-2000	94.00
2000-2001	94.50
2001-2002	96.00
2002-2003	99.55
2003-2004	97.25
2004-2005	99.00
2005-2006	98.00
2006-2007	94.04
2007-2008	92.01
2008-2009	90.27
2009-2010	93.73
2010-2011	95.96

Source: - Annual administrative report of the Mugheria Central Co-operative Bank Ltd.

CHART 5: % OF COLLECTION OF SHG LOAN



CASE STUDY

Purba (East) Midnapore district has four subdivisions:- Tamluk, Contai, Egra, and Haldia. Bhagwanpur II is one of the block of Contai Subdivision of Purba Midnapore district of West Bengal. Bhagwanpur II block has its own historic, religious, social, educational, political, cultural, and economic significance though economically the block is considered as a backward block.

There are some NGOs which are working for the upliftment of rural poor in the Bhagwanpur II block. There are many small scale industries in this locality like Brick field, Handloom, Prawn Culture, Betel Leaf Cultivation, Farming and many others. But unfortunately the "processing" in many of these sectors are not of market standard resulting in selling the produce relatively at lower rate. In this block SHGs help the rural poor to taking up income generation activities. More than 500 women are engaged in production activities producing more than 50 items like Food Products, Handloom, pickle, Squashes, Vermi Compost etc. In the field study data pertaining to 100 sample units were collected. Of the total sample units selected, 95% of them are women beneficiaries. Study revealed that the PACS working in the block are very successfully in nurturing the SHGs to make up firming and non-firming activities for rural development.

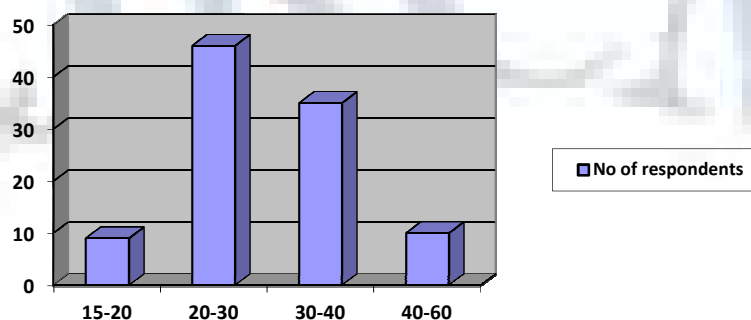
Age Composition: - Sample respondents were selected from different age groups. Of the total beneficiaries selected 9% belongs to the age group 15 years to 20 years. About 46% of the beneficiaries belong to the category of 20-30 years. 35% of the beneficiaries belong to the age group 30 to 40 years. Remaining 10% of the respondents fall under the category of 40 to 60 years age.

TABLE 1: AGE COMPOSITION OF THE RESPONDENTS

Age	Number of respondents	Percentage
15-20	9	9
20-30	46	46
30-40	35	35
40-60	10	10
Total	100	100

Source: Primary Data

GRAPH 1: AGE COMPOSITION OF THE RESPONDENTS



The above graphs depicts that the majority of the SHG members taking SHG activities belongs to the age group of 20-30 years and 30-40 years. Middle aged and married members are highly involved in SHG activities and they are more responsible in contributing the income to their family income.

Educational Background: - Educational backgrounds of the respondents are very low as indicated by the table.

TABLE 2: EDUCATIONAL BACKGROUND

Education	Number of respondents	Percentage
Primary (Class 1 to class 4)	60	60
Below Secondary Level (Class 5 to Class 9)	35	35
Secondary to Higher Secondary (Class 10 to Class12)	5	5
Degree	00	00
Total	100	100

Source: Primary Data

A large number of beneficiaries are having educational background of primary level. About 60% beneficiaries have education only up to 4th standard or primary level, 35% of the beneficiaries obtained with education up to 9th standard and remaining 5% of beneficiary groups have the education up to 12th standard. No beneficiaries have the education above the pre-university level. Educational background of the respondent has proved to be one of the reasons for the poor economic organization. Poor quality of life is mainly due to the lack of better education facilities to the rural poor.

PIE CHART 1: EDUCATIONAL BACKGROUND



The sample respondents of the study indicated that, by forming SHGs under the guidance of PACS as well as constant motivation, training and supported by the PACS has induced a large number of rural women with a very meager educational background could take up farming and non-farming group activities.

Occupational background of respondents before joining SHGs: - The study of the occupational background of the respondents revealed a progressive change in the occupation. Before joining SHGs they were engaged in small scale industries as well as wage employment like maid servant etc.

TABLE 3: OCCUPATIONAL BACKGROUND

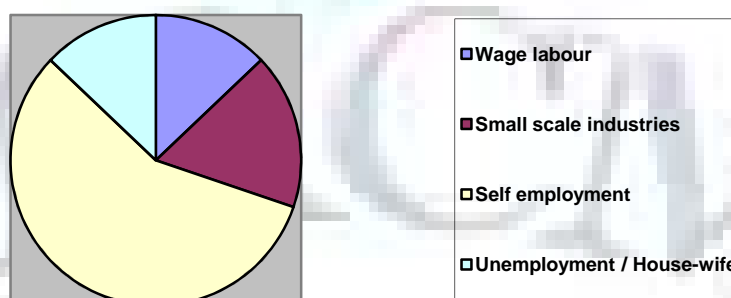
Source of income	Number of respondents	Percentage
Wage labour	20	20
Small scale industries	15	15
Self employment	12	12
Unemployment / House-wife	53	53
Total	100	100

Source: - Primary Data

The respondents who were engaged in wage employment constitute a 20%. Since their employment was seasonal and paid low wages and a major portion of the respondents which was 53%, were un-employed or house-wife, they moved into the SHGs for the income generating activities. It has provided them more working opportunities. About 12% beneficiaries were engaged in self employment activity and remaining 15% were engaged in small scale industries.

Thus SHGs have helped them either to move into the self employment activities or to move from health hazardous occupation into the healthy occupation. The earning from the small scale industries was highly irregular, work for wage labour was seasonal and the income of the self employed was scanty as revealed by the respondents at the time of interaction by the group of SHGs.

PIE CHART 2: OCCUPATIONAL BACKGROUND



Income from the earlier occupations of the respondents was irregular and it was not enough to lead minimum satisfactory of life. Standard of living was much below. Hence they prefer to join SHGs and start working in group, which made them economically self sufficient and to lead better economic life.

Motivational factor for joining SHGs for income generating activities: - Majority of respondents are motivated by the PACS. Primary Agricultural Credit Societies are playing a very significant role in organizing SHGs and motivating them to take up farming and non-farming income generating activities. Majority of the respondents are motivated by the PACS to join the SHGs.

Almost all respondents revealed that their participation in the SHG has facilitated to take part in farming and non-farming income generating activities.

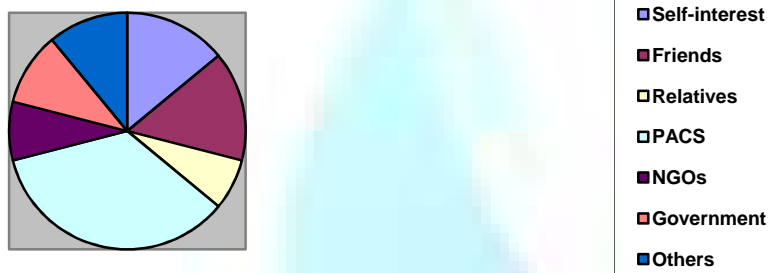
TABLE 4: MOTIVATIONAL FACTOR FOR JOINING SHGs FOR INCOME GENERATING ACTIVITIES

Motivation	Number of respondents	Percentage
Self-interest	14	14
Friends	15	15
Relatives	07	07
PACS	35	35
NGOs	08	08
Government	10	10
Others	11	11
Total	100	100

Source: - Primary Data

The available data reveals that the PACS working in this block play a crucial role in organizing SHGs of people with low economic and educational background in the rural areas. SHGs help the rural poor in capacity building, training and financial support necessary in taking income generating activities.

PIE CHART 3:- MOTIVATIONAL FACTOR FOR JOINING SHGs FOR INCOME GENERATING ACTIVITIES



It is clear from the above table and graph that majority of respondents are inspired by the PACS to join SHGs and take up farming and non-farming income generating activities. PACS are source of inspiration for about 35% of the respondents. 15% of the respondents joined the SHGs due to the influence from their friends. 14% of the respondents are self-interested to join self-help groups. Influence of the government and NGOs through different programmes are about 10% and 8% respectively. Relatives and others were able to influence the respondents 7% and 11% respectively.

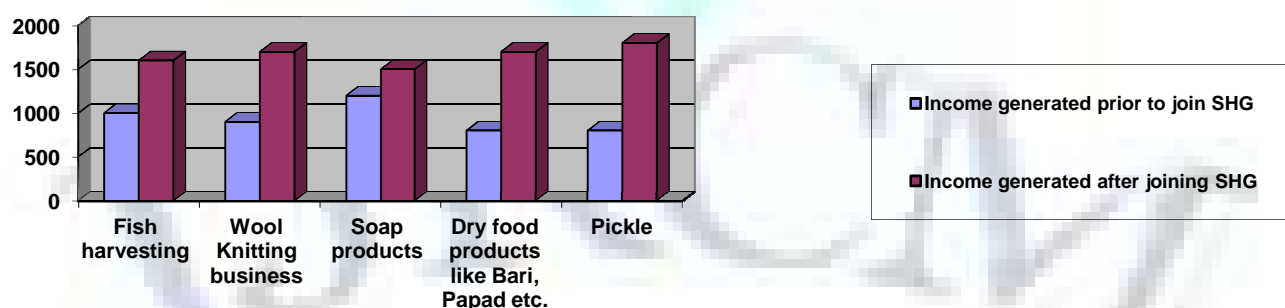
LEVEL OF INCOME OF THE RESPONDENTS BEFORE AND AFTER JOINING SHGs

TABLE 5

Activity	Income generated prior to join SHG	Income generated after joining SHG
Fish harvesting	900-1000	1500-1600
Wool Knitting business	800-900	1550-1700
Soap products	1000-1200	1350-1500
Dry food products like Bari, Papad etc.	700-800	1500-1700
Pickle	750-800	1600-1800

Source: Primary Data

GRAPH 2: LEVEL OF INCOME OF THE RESPONDENTS BEFORE AND AFTER JOINING SHGs



It is clear from the above table that the level of income of individuals after joining Self Help Groups for income generating activities has steadily increased. It proves that Self Help Groups have strengthened the economic position of the Self Help Groups. SHGs have contributed directly for the economic empowerment of rural poor. Better quality of life, better standard of living is possible through the SHGs and their income generating farming and non-farm activities. Before

joining Self Help Groups, they mainly depend upon agricultural/farm activities and some of them were unemployed. Agriculture is seasonal in nature. Hence farming and non-farm activities through Self Help Groups helped them to become more Self sufficient and to improve standard of living.

Source of Capital: - Source of capital available to the Self Help Groups for starting income generating activities include Self Help Group savings, financial assistance through Government Schemes, Capital received from the friends, relatives, cooperative banks, commercial banks and money lenders. Capital information is regarded as one of the important and principal factors in economic development. According to Ragner Nurkse, the vicious circles of poverty in underdeveloped countries can be broken through capital formation.

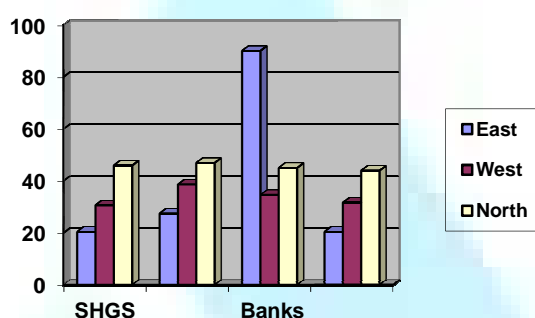
Generally in the rural economy money lenders play a very vital role. The inadequate finance at reasonable rate is the main cause of entrepreneurial backwardness. The formation of SHGs has facilitated pooling of resources, enabled the members to raise funds for productive purpose. This fact is revealed in this study.

TABLE 6: SOURCE OF CAPITAL

Source	Share in percentage
1) SHGS	30
2) Government	32
3) Banks	18
4) Relatives	3
5) Money lenders	5
6) Others	12
Total	100

Source: Primary Data

PIE CHART 4: SOURCE OF CAPITAL



The study of the source of capital to the respondent has indicated that a major share of capital is mobilized by the group through the small savings. 30% of the capital was mobilized through the savings of the SHGs themselves. This indicates that that SHGs have succeeded in mobilizing their own resources for taking up farming and non-farming income generating activities and the share of the bank i.e., commercial banks and co-operative banks also has increased to the level of 32%. The various government employment generation schemes such as SGSY, NREGS etc are implemented through the commercial, co-operative banks and the Panchayats.

The importance of the money lenders, relatives etc have decreased rapidly in recent years due to the increased importance of the rural banking schemes and micro credit programmes. The role of commercial banks in rural development has been increased rapidly in the modern society.

Government to help the destitute women population has come out with the SHG scheme.

OBJECTIVES OF THE SCHEME

- 1) To improve in the total quality of life of the rural poor women
- 2) To reduce the poverty level of rural poor
- 3) To increase the employment and income level of the destitute women
- 4) To develop entrepreneurial culture among women
- 5) To create employment potential by encouraging self employed concept
- 6) To tap and exhibit the technical and managerial skills of the women entrepreneurs
- 7) To increase the supply of the products at a lower cost to the consumers of the local area by minimizing the overhead cost and distribution cost which is very high with MNC's
- 8) To utilise the available resources more efficiently with out wasting in transportation and storage
- 9) To increase social and political awareness among rural poor women

The supports given by Government agencies to the SHGs are:

1. Formation of group from the members identified
2. Project identification for the selected group
3. Conducting Entrepreneurship Development Programs
4. Helping the groups in developing infra structure, organization, etc
5. Loan syndication with banks for term loan / working capital loan
6. Marketing assistance to market the products produced by the SHGs

The problems faced by the SHGs are:

- 1) Non- availability of adequate training centre
- 2) Limited financial strength hence limited borrowing capacity
- 3) Lack professionalism because the members are less qualified
- 4) Marketing of production poses a major challenge for the SHGs
- 5) Consumers reluctance to buy the products when the products produced by the MNCs are available in the market

The suggestions to SHGs:

- 1) increase the educational level of the respondents
- 2) selecting right products
- 3) include qualified persons in the management
- 4) undergoing proper training in the business management
- 5) integrating all the SHGs

CONCLUSION

The detailed paper will cover the areas mentioned more systematically highlighting the relevance of SHGs in the present scenario. The rural farming and non farming income generating activities through Self Help Groups play a vital role in rural development. The SHG should prepare plans for the future so that each member can collectively work for the achievement of the same. It should plan to get financial support from Government, Bank and NGO for its sustainability. It can take up some development programmes in the locality and all the members should involve themselves in implementation and monitoring of the programmes.

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WOMEN EMPOWERMENT THROUGH SELF HELP GROUP: A STUDY**PREETI SONI****ASST. PROFESSOR****SWAMI VIVEKANAND NIGHT COLLEGE OF ARTS & COMMERCE****DOMBIVLI (EAST)****ABSTRACT**

Women are generally worse off economically than men and the consequences of their poverty are more serious for future generations. Women experience greater poverty and transmit their disadvantages more readily to their children, thus carry on the cycle of poverty. In India after Independence the policy makers focused on rural development in five year plans and growing inequality between the rich and poor in rural area has brought urgency to development. To achieve the objectives of rural development, to curb inequality among rich and poor and women empowerment various schemes have been formulated time to time by the policy makers. It is the matter of concern that most of the poverty alleviation programmes could not reduce the incidence of poverty. There are various reasons found for the failure of these programmes. The key reason for failure are wrong selection of beneficiaries, leakages, corruption and malpractices, absence of backward and forward linkage in the project and inadequacy in delivery and monitoring of credit (agricultural credit review committee 1988) Hence the scheme like Integrated Rural Development Program (IRDP), Ganga Kalyan Yojana (GKY) were amalgamated by the Govt. of India and merged into single new scheme called "Swarnajayanti Gram Swarozgar Yojana" (SGSY) in April 1999. It has been considered as a holistic programme of self employment of rural poor by organization of poor into SHGs and their capacity building, training, selection of key activity, infrastructure build up, technology and marketing support. The present study attempts to focus on performance of SHGs in Ambernath Taluka under SGSY scheme.

KEYWORDS

Empowerment, Self Help Group, Swarnajayanti Gram Swarozgar Yojana.

INTRODUCTION

In most of the developing countries greater emphasis is being given on empowering rural women and their active involvement in the development process. In India, the central and state governments are taking efforts to improve status of rural women, especially those below poverty line through different schemes. In India major obstacle to growth are high rate of illiteracy and corruption. There is dire need to implement the schemes to achieve inclusive growth. Women are not physically fit to undertake all the jobs. They have no occupation, property, education or skill. Therefore to bring women in mainstream of development process government of India has declared the year 2001 as "the year of women's empowerment". The empowerment of women can be measure through a) taking part in decision making b) freedom of movement and c) access to money. Women as an individual is weaker than men, but if they function collectively rather than individual manner they can overcome the weakness through support and assistance of each other. Therefore SHG movement is considered as an effective strategy for the empowerment of women. The concept of SHGs gained significance especially after 1976 when Prof. Mohammed Yunus of Bangladesh began experimenting with micro-credit and women SHGs. The strategy was quite successful in poverty eradication by empowering poor women.

CONCEPT OF SHG

A SHG is a group of 10 to 20 members having homogenous social and economical background who voluntarily coming together to save small amounts regularly, to contribute to common fund and to meet their emergency needs on mutual help basis. The members of group use peer pressure to ensure proper end use of credit and timely repayment of credit.

SWARNJAYANTI GRAM SWARAJ YOJNA (SGSY)

Government of India also recognized that SHGs can be used as tool to eradicate poverty in rural India. All the development programs were merged in to one program i.e. "Swarn Jayanti Gram Swaraj Yojna" in April 1999. It has been considered as a holistic programme of self employment of rural poor by organization of poor into SHGs and their capacity building, training, selection of key activity, infrastructure build up, technology and marketing support. This is a credit –cum subsidy scheme in which bankers have a significant role to play. DRDA, NGOs, Banks play a very important role in the formation of SHGs under SGSY.

REVIEW OF LITERATURE

Several researches have been conducted to evaluate the performance of SHGs. A brief review of few significant works is done in this section.

According to Jaysheela (2009) there is positive correlation between credit availability and the level of women's empowerment. Indian Banking sector has been handicapped by high incidence of overdue. Microfinance institutions provide credit to poor who have no access to institutional credit. MFIs use innovative and unconventional methods to reduce lending costs. She suggested that the SHGs have to take up economically viable projects. There is need to include more NGO's for proper working of SHGs

Anita P. (2008) conducted research in Madurai District found that SGSY scheme have helped in assisting the families of women beneficiaries below poverty line. The scheme has enhanced income, Confidence level, employment generation of the respondent. Coverage of scheme of SGSY needed to be enhanced.

A.V.V.S Subbalakshmi (2005) Conducted research in Kancheepurem reveals that there is need to appoint block level monitors with exclusive responsibility to monitor the progress of the group formed earlier. The help of NGOs and College students along with the govt. agencies to study backward areas, so that the benefits of microfinance can be made available to such areas.

E.A. Parmeshwara et. al. (2006) opined that there is need for combined efforts of both Commercial banks and specialized MFIs. Both can supplement in increasing the outreach. NABARD should show interest to motivate the bank people to co-operate and supply microfinance to the SHGs. According to him there is need to check subsidy oriented SHGs particularly in SGSY.

Satpal, Sunil Phougat and Silender Hooda (2005) conducted study on Swarnjayanti Gram Swarozgar Yojana (SGSY) in Haryana found that there is lack of diversities in the SHG activities in the state. Highest amount is spent on primary activities and less attention has been given in other areas. Non –cooperation by bank officers was found which resulted in delay of sectioning credit.

According to D'silva (2001) though women are organized into SHGs possessing huge corpus contributing to socio-economic development of the district is very low hence unable to take up production activities on large scale.

According to B. Suguna (2006) there is necessity to impart skill among women by providing regular training and education. The self help group should prepare their annual plans which will help to plan their activities. Minimum support price should be fixed for the product of SHGs so that they can compete effectively in the open market.

TABLE NO. 1: GROWTH OF SHGs & LOAN DISBURSED

Year	No of SHGs	Loan Disbursed (Rs. Crore)
1992-93	255	0.29
1993-94	365	0.36
1994-95	1502	1.79
1995-96	2635	3.62
1996-97	3841	5.78
1997-1998	5719	11.92
1998-1999	18678	33.31
1999-2000	81780	135.91
2000-2001	149050	287.89
2001-2002	197653	545.47
2002-2003	255882	1022.33
2003-2004	361731	1855.53
2004-2005	539365	2994.26
2005-2006	620109	4499.09

Source -NABARD Annual report

NEED OF THE STUDY

The present scenario of SHGs in the Ambarnath Taluka clearly shows the increasing financial support for women. It is however essential to study and analyze the functioning and effectiveness of SHGs in the study area. It can also provide us an insight towards better understanding of the role of SHGs in the socio – economic development of women. The present study focuses on the problems and prospects of SHGs in the study area which further may useful for the planners and financial institutions for framing their policies to get maximum output. The present study will guide to the SHGs and affiliated organizations to minimize their constraints and to reach to the ultimate goal of self reliance.

OBJECTIVES OF THE STUDY

The present study focuses on the following objectives: -

1. To study the impact of SHGs on individual income generation capacity.
2. To examine the problems faced by SHGs while functioning.
3. To recommend suggestion for improvement of SHGs.

METHODOLOGY

The present study was under taken in Ambarnath Taluka of Thane District, Maharashtra State. There are 72 villages come under taluka with 36 Gram panchayats. The present study under taken in the month of April 2010. There are 251 SHGs registered under SGSY for the year 2009 -10. From entire taluka 10 villages were selected randomly and from each village two SHGs were selected and from each SHG four members were selected as respondent. Thus 80 respondents were selected for present study. The primary data was collected through personal interview and observation method. A well structured questionnaire was prepared to collect information. The secondary data was collected from Panchyat Samiti, Ambarnath. Their published report for the year 2009-2010 was used for the study. Various journals and books were also studied to get acquainted with related concepts and methodologies used for analysis.

OBSERVATIONS AND DISCUSSION

As mentioned earlier NGOs play vital role in formation of the SHGs, the name of NGOs operating in study area are Karunya, Akar and Maharashtra Mahila Pragati Mandal. NGOs appoint animators who work in the village for formation of groups, providing basic training and skill, Banking function like opening of Saving bank a/c of SHGs and get the loan sanction from bank manager for the group to undertake economic activity

1. After formation of group each group member has to pay premium monthly Rs 50 to 100 to build corpus fund initially.
2. Group has to save for six month, after that it is eligible for revolving fund Rs. 5000 to 10000 under SGSY. If they repay the loan in time then they are eligible to get higher amount of loan with 50 % subsidy of the cost of the project or Rs. 1.25 lakh which ever is lower.
3. Once the group get the loan then next stage is to choose the income generating activities which is suitable for them. The business activities undertaken by SHG can seen from following table :

TABLE NO. 2: BUSINESS ACTIVITIES UNDERTAKEN BY SHGs

Business Activity	Number of SHGs	Percentage
1. Goat Rearing	14	17.50
2. Dairy	4	5.00
3. Growing Vegetables	15	18.75
4. Ready made garment	8	10.00
5. Petty trade	21	26.25
6. Others	18	22.50
total	80	100.00

Source: Primary Data

4. The business activities taken up by members on their own interest and they prefer traditional activities in which they are well –versed than new activities.
5. The improvement in standard of living of poor people through generation of women employment is an ultimate goal of SGSY. It therefore becomes necessary to assess the share of income earned by women through SHG activities. Following table shows monthly income of women working in different SHGs that supports their family.

TABLE NO 3: IMPACT OF SGSY ON AVERAGE INCOME OF BORROWERS PER ANNUM

Income Rs./Month	Before joining the group		After joining the group	
	Frequency	Percentage	Frequency	Percentage
Nil	58	72.5	8	10
0-1000	12	15	15	18.75
1000-2000	8	10	54	67.5
2000-3000	2	2.5	2	2.5
Above 3000	Nil	Nil	1	1.25
Total	80	100	80	100

Source: Primary Data

Around 72.5% of the women respondent contributes nothing before joining the group as against 10% after joining SHG. Moreover, it has been observed that more than 72% of the women are earning more than Rs.1000 per month after joining the group. This clearly depicts that SGSY is improving income level of the family. Few women might use financial support from SHGs to clear their debts, as a result of which they could not use fund for any productive purpose.

6. The SHG movement under SGSY focuses attention on empowerment of rural women and making them financially, socially and politically capable. Following table analyses the empowerment of women in study area during survey period.

TABLE NO. 4: EMPOWERMENT THROUGH SHGs

Indicator of Empowerment	Opinion			
	Agree	No Opinion	Disagree	Total
Contribution to family income	71 (88.75)	9 (11.25)	-	80 (100)
Development of Saving habit	68 (85)	12 (15)	-	80 (100)
Skill up gradation	33 (41.25)	15 (18.75)	32 (40)	80 (100)
Ability to undertake banking	57 (71.25)	10 (12.5)	13 (16.25)	80 (100)
Leadership skill & communication	43 (53.75)	13 (16.25)	24 (30)	80 (100)
Awareness of health education	51 (63.75)	5 (6.25)	24 (30)	80 (100)
Decision making at household, community, village	42 (52.50)	19 (23.75)	19 (23.75)	80 (100)

Source: Primary Data

The above table reveals that (89%) of respondent feels that their main achievement through SHGs is contribution to family income; 85% of the respondents are of the opinion that they have developed saving habit; 71% respondent expressed their happiness on ability to understand banking operations; 71% agree that SHG enable them to become health conscious; 41% says that skill up gradation being possible only because of SHG membership; 53% respondent agree that their decision making power has improved due to joining of SHG. Analysis infers that majority of women joined SHGs to support in their family income.

SUGGESTIONS

- Credit should not be made available before group matures as an entity. It is wiser to hasten slowly and increase the supply of credit to the poor at the rate that they can handle.
- Constant encouragement by government officials followed by regular monitoring of the functions of SHGs can help in improving the present situation.
- Continuing education programme can be conducted for illiterate members along with the basic training of banking. The bank officials can do much in this context.
- The members may be given training on managerial and leadership skills and may be motivated to present themselves in *Panchayat Elections*.
- Simplification in the loaning procedure and documentation.
- Federation can play vital role in group maintenance and empowerment. Federation is best suited to provide services such as accounting, auditing, capacity-building, literacy, business development.
- More NGOs need to be involved to give training to the members to SHGs. NGOs can impart skill of leadership and give suggestions to take up new economic activity which will improve the earning. NGOs may help them by identifying marketing sources.
- Delay in sanctioning loans and also redtapism in the banks must be curbed by proper supervision by the sincere and honest officers.

CONCLUSION

Provision of financial support through easy access to bank loans and subsidy is vital for development of poor women. It is evident from the study conducted in Ambarnath taluka that SHGs have been playing a key role in the empowerment of women. Many SHG women use the financial resources to avail income generating asset. SHGs help poor women to improve standard of living. Many women inclined towards SHG which implies that these women want equality and self respect. NGOs role is appreciable as they work in rural area to train poor women to undertake different income generating activities like candle making, tailoring, agarbati making which make them economically independent and develop self confidence. Thus SHG is one of the tools to empower women in rural area.

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IMPACT OF OUT OF BOX ADVERTISING IN INTERNET ON ATTENTION, RETENTION AND PURCHASE INTENTIONS

S N KUMAR
STUDENT

JSS CENTRE FOR MANAGEMENT STUDIES
SRI JAYACHAMARAJENDRA COLLEGE OF ENGINEERING
JSS TECHNICAL INSTITUTION CAMPUS
MYSORE

ANUPAMA SUNDAR
ASST. PROFESSOR

JSS CENTRE FOR MANAGEMENT STUDIES
SRI JAYACHAMARAJENDRA COLLEGE OF ENGINEERING
JSS TECHNICAL INSTITUTION CAMPUS
MYSORE

ABSTRACT

Marketing Communications is one of the effective tools in establishing Brand, Product Awareness and Equity among companies. This research aims to investigate the Effect of out of Box Advertisement in Attention, Retention and Purchase Intention. The statistical population consists of students of JSSCMS in Mysore. The research sample involves 130 students between the age of 20 to 25 years were selected by Convenience Sampling Method of JSSCMS in Mysore among the research population. The data were collected by the author made structured questionnaire. According to the research conceptual model, the relationship between Out of Box Advertisement as independent and others as dependent variables was investigated by using Correlation Analysis and Relative Tests. The results show that positive and significant relationship between Attention and Retention. There is a negative relationship with Purchase Intention.

KEYWORDS

Out of Box Advertising, Attention, Retention and Purchase Intentions.

1. INTRODUCTION

Advertisement of marketing activities using especially digital electronic technologies and channels to reach markets in a timely, relevant, personal, interactive and cost-effective manner is referred as online advertising. Or A form of marketing communications that uses the internet for the purpose of 'advertising'-delivering marketing messages to increase website traffic and encourage product trial, purchase, and repeat purchase activity. But one of the major challenges for advertising is to attract and retain the attention of consumers. One of the most commonly used ways to create attention-getting ads is to develop ads that are Out of box advertisement format with consumers' expectations. Out of box advertisement is a deviation from advertising consistency. Other words a disparity between the self-concept and reality. Such advertisements are thought to be more extensively processed, high effective, high recall, high retrieval and more evaluated.

2. LITERATURE REVIEW

Fredrik Torn & Micael Dahlen examines whether brand-incongruent advertising can break through the competitive advertising clutter. The study contributes to research on competitive advertising and information incongruity, in addition to having practical implications for advertising well-established brands. Sherrif T. K. Lukl Wesley P. S. Chan, and Esther L. Y. Li study investigates the characteristics of manufacturers' Internet advertising behaviour, including the reasons of using Internet advertising, the factors that determine the firm's commitment to Internet advertising projects, and types of information provided in an Internet advertising message. The findings show that Internet advertising can facilitate selling activities, though the impact is not as strong as expected. Micael Dahlen & Sara Roengren paper hypothesized that placing ads in thematically incongruent media could enhance ad processing. Furthermore, employing theory on information incongruence it is observed that thematic incongruence could enhance advertising evaluations & produce stronger perceptions of existing brand association. Theodore J. Noseworthy & Remi Trudel authors find that positioning plays an important role in how consumers evaluate incongruent form. The results demonstrate that when a product is positioned on functional dimensions, consumers show preferential evaluations for moderately incongruent form relative to congruent form. However, when a product is positioned on experiential dimensions, consumers show preferential evaluations for congruent form relative to moderately incongruent form.

3. SCOPE OF THE STUDY AND RESEARCH OBJECTIVES

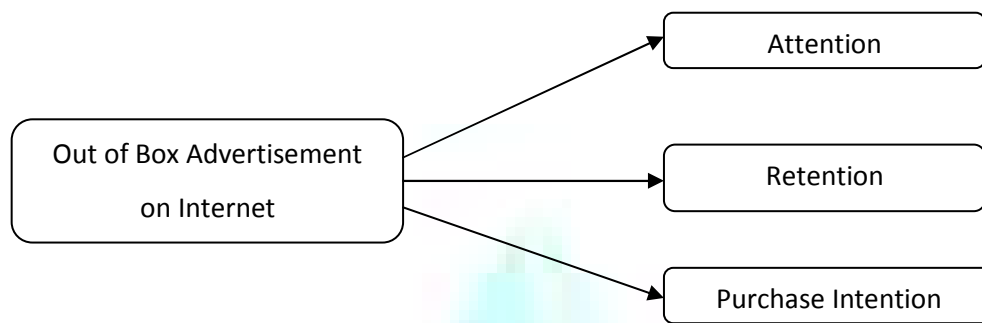
This study tries to examine and find how advertisers on online advertisement should concentrate on achieving specific advertising objectives such as Attention, Retention and Purchase Intentions through "Out of Box" advertisement concept of advertisements in online/internet. Therefore research objectives are as follows;

1. To examine whether out of box advertisement in online has the potential to grab, recall the surfers, bloggers, and online gamers.
2. To identify whether there is relationship between Out of box advertisements and viewer's attention and retention elements.
3. To determine whether Out of box advertisements can influence purchase intentions.

4. CONCEPTUAL MODEL AND HYPOTHESES

The following Conceptual Model is proposed for the study of relationship between Out of Box Advertising and Attention, Retention and Purchase Intentions.

FIGURE 1: RESEARCH CONCEPTUAL MODEL.



4.1 Hypotheses

- H1: H0 Out of box Advertising doesn't have relationship with Attention
 H1 Out of box Advertising has a relationship with Attention.
 H2: H0 Out of box Advertising doesn't have a relationship with Retention.
 H1 Out of box Advertising has a relationship with Retention.
 H3: H0 Out of box doesn't have a significant relationship with Purchase Intention.
 H1 Out of box has a relationship with Purchase Intention.

5. RESEARCH DESIGN AND METHODOLOGY

This research is Empirical and Correlation. The statistical population consists of MBA students in Mysore. The research sample involves 130 MBA students between the ages of 20 to 25 years were selected by Convenience Sampling Method among the research population. The study uses Primary Data. The data were collected by the author made Structured Questionnaire and analyzed using Five-Point Likert Scale. To evaluate the reliability of the questionnaire the factorial analysis was employed. The results of Kayerz-Mayer and Bartelt tests showed that the factorial analysis is justifiable. In this analysis the questions by less factorial components were omitted and the final questionnaire consisting of 23 questions was analyzed. For survey on validity the Cronbach's alpha was calculated for each question.

TABLE 1: THE RESULTS OF KMO, VARIABLES FACTORIAL ANALYSIS AND ALPHA COEFFICIENT

Variables	KMO measure of Sampling Adequacy	Cumulative Extraction Sums of Squared Loadings (%)	Cronbach's Alpha
1.Out of Box Advertisements	0.731	79.480	0.871
2.Attention	0.752	80.301	0.895
3.Retention	0.768	77.340	0.823
4.Purchase Intentions	0.749	78.146	0.856

6. ANALYSIS AND DATA INTERPRETATION

Hypotheses were tested in order to analysis of data. In this model Attention, Retention, purchase intentions are considered as dependent variables and Out of box advertising as independent variable. The theoretical model and the data collected by questionnaire were tested by SPSS Software in order to evaluate the level of support of the proposed model. The conceptual model was evaluated according to the research data first 2 hypotheses were accepted and 3rd hypotheses is rejected. The results are summarized in the following table. Correlation coefficient is positive among two dimensions, thus there is a positive relationship among Out of Box Advertisement in online, Attention, Retention. And negative relationship for Purchase Intention.

TABLE 2: CORRELATION ANALYSIS

	Mean	S.D	VAR 1	VAR 2	VAR 3	VAR 4
VAR 1	3.7817	1.05237	1			
VAR 2	3.7226	1.01460	0.748**	1		
VAR 3	3.0076	1.12010	0.779**	0.695**	1	
VAR 4	3.6254	0.99632	-0.474*	0.404**	0.460**	1

** Correlation is significant at the 0.01 level (2-tailed).

TABLE 3: IMPLICATIONS OF CORRELATION ANALYSIS

	Description	Correlation Coefficient	Sig. (2-tailed)	Acceptance/ Rejection
H1	Out box Advertisement → Attention	0.748	0.000	Accepted
H2	Out box Advertisement → Retention	0.779	0.000	Accepted
H3	Out box Advertisement → Purchase Intention	-0.474	0.000	Rejected

7. FINDINGS

The Correlation Analysis is criterion of acceptance and rejection of the relationship between independent and dependent variables in hypotheses. Thus the key findings of the research are summarized below.

- Correlation coefficients of Out of Box Advertisement, Attention, and Retention were positive indicating the positive relationship among attention, retention.
- Two hypotheses were accepted, one is rejected. And there exists significant correlation between Out of Box Advertisement, Attention, and Retention.
- Correlation coefficients of Out of box Advertisement and Purchase Intention is negative and found that sometimes significantly effect on Purchase Intention.

8. CONCLUSION AND SCOPE FOR FURTHER STUDIES

The results of this study contribute to research on competitive advertising and information of Out of box advertising. This study contributed to competitive interference literature by providing support for the idea. I noticed that out of box advertisement was more attended to and better remembered than the regular ad clutter. In addition, consumers more strongly elaborated on, and more finely processed, after having been exposed to an out of box ad. Such an effect should be desirable for mature brands since advertising for mature brands are seldom thoroughly processed. My research also showed that there may be boundary conditions to the positive effects of Out of box advertisement. This study shows that employing Out of box ad may not be the guaranteed success in purchase intention. This research is limited to students as they use online media extensively, the research should be extended to other populations. As task orientation was manipulated and conveniently assigned in the experiment, future research should be conducted with persons with different pre-existing levels of enduring involvement to ensure these effects occur in a real-world context. Future research examining the role of involvement on the effects of brand communications as the present study did not consider this important factor.

In this study, although the proposed scale has high reliability, only the intrusiveness dimension of advertisement clutter was retained because measures of the quantity dimension did not exhibit desirable measurement properties. This indicates further work is necessary to determine whether clutter can be reliably treated as consisting of the three sub-dimensions of competitiveness, quantity, and intrusiveness, or whether they should be treated as distinct concepts. Finally, e-ads are increasing in number therefore, the study of digital marketing is timely and valuable. Research extending our findings to other online areas such as retail Web sites would be worthwhile.

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THE EFFECT OF DISCLOSURE QUALITY ON STOCK TURNOVERS OF ACCEPTED COMPANIES IN TEHRAN STOCK EXCHANGE

AKRAM DAVOODI FAROKHAD
LECTURER
DEPARTMENT OF ACCOUNTING
TECHNICAL & VOCATIONAL UNIVERSITY
SHAHROOD BRANCH
IRAN

SAYED NAJIB ALLAH SHANAEI
FINANCIAL EXPERT
BANK OF INDUSTRY & MINE
SHAHROOD BRANCH
IRAN

ABSTRACT

In present research, the effect of financial information disclosure on turnovers of listed companies in Tehran stock exchange is studied. The components of disclosure quality rank and announced informing of Tehran stock exchange organization and timeliness of financial statements are chosen as quality criterions of financial information disclosure, and stock circulation rate is also selected as a criterion to evaluate firms' stock turnovers. The statistical population under study consists of 130 corporations among the companies registered in Iran-Tehran Stock Exchange during the period 2005-2011, other than investment and financial intermediation companies. To test the research hypothesis, multi-variable regression methods were applied. Research results indicate a direct linear significant relation between disclosure quality rank and stock turnovers, as well as a significant inverse relation between financial information disclosure timeliness variable and stock turnovers.

KEYWORDS

Disclosure Quality, Timeliness, Stock Circulation Rate, Stock Turnovers.

INTRODUCTION

The main role of financial reporting is effective transferring of information to extra-organizational individuals in a valid and timely manner. Managers can utilize their knowledge about company's commercial activities, to improve financial statements effectiveness, as a tool for transferring the information to investors and potential creditors. However, if managers have motivations to mislead financial statements users through their powers in accounting selections at financial reporting, then it is likely to occur profit management.

According to agency theory, managers as shareholders agents may operate in such way or make decisions which are not necessarily in line with maximizing shareholders wealth. Based on this theory, there must exist sufficient controlling or monitoring mechanisms to protect the shareholders against conflict of interests. Transparency of financial statements and quality of presented information disclosure is considered as a practical strategy. Transparent and qualitative flow of information leads to reduce information asymmetry [9].

PROBLEM STATEMENT

Importance and reliability of financial information for interest groups' decision-making in today's world is clear to all. The significant point is that information needs of users about financial statements are different. Presenting the information through appropriate disclosure in financial statements will be useful in users' decision-making process to the extent that provides prediction of profit trend, profitability continuation, management performance and so on.

Disclosure is an accounting principle which affects all aspects of financial reporting. Disclosure principle demands that all important facts related to financial activities and events of commercial unit must be reported completely. According to this principle, basic financial statement should include all important, relevant and timely information, and this kind of, and this kind of information must be perfect and intelligible to provide a wisely decision-making for users. On the other hand, presented information should not mislead users of financial statements in terms of quantity and quality [2].

On the other hand, stock's liquidity is an important topic in stock dealings at capital markets as well. For investors of an assured liquidity level, it is necessary to be traded in desired volume without any prices reduce. Liquidity role in stock pricing is also significant, since shareholders consider this fact that if they want to sell their stock is there any suitable market for them or not [8].

Whatever stock's liquidity is less, then that stock will be less attractive for investors [8]. Empirical evidences indicate the factor of liquidity can play an important role in stock dealings at capital market. Some investors may need their financial investment resources immediately, which in such cases, stock liquidity power can have a notable role in stock dealings.

Proper decision-making for investment in financial agencies and optimum allocation of rare resources in society requires financial information which is clear and comparable. Existence of clear and comparable information is key element for answering and wisely economic decision-making, and is one unique requirement of economic growth in private and public sectors. Lack of information or existence of misleading information, will cause backwardness and economic poverty and public welfare reduce. Financial information users, especially investors, need financial information to make decisions about stock's buying and selling, managers' performance evaluation and other important economic decisions, and investors will invest in a capital economic unit, if they have enough information about them [10].

In this study, the main purpose is to investigate the effect of financial statements disclosure quality on stock turnovers of companies listed in Tehran stock exchange, and it is important, since shows this fact to managers, investors and other decision-makers that conservatism or non-conservatism of managers in important information disclosure, must be considered in financial and investment decisions.

LITERATURE REVIEW AND EXTRACTION OF HYPOTHESES

Information asymmetry due to agencies relations necessitates information disclosure demand. According to asymmetry economic theory, information disclosure will reduce both asymmetry and capital cost. Since information disclosure mostly leads to more liquidity, less trades' cost and eventually more stock demand [3]. Based on studies of Leuz and Wysocky in 2000, more information disclosure reduces information asymmetry and makes more liquidity [11].

Benston and Hojerman (1974), have performed a research entitled as "Determination of buying and selling's offered price difference of stock in market". They have examined price difference of month's end related to 314 companies. They specified their model in a logarithmic form. Absolute price difference was

inserted to model as dependent variable. Shareholders, price of each stock, special deviation and quantity of dealers were considered as independent variables. They have reached to this result that all determiner factors of price difference will enter the regression with expected sign and they all are statistically significant [5].

Chong et al. (2008) investigated the relationship between corporate governance and market liquidity using the index of financial and operational transparency. Mentioned index is based on 24 selected governance standards among standards of shareholders services institute, and is an institution which has more connection with financial and operational disclosure of company. They also utilized standards such as price gap, price effect and dealings probabilities based on information (final) to evaluate liquidity, and they found out that the companies with better governance, narrower price gap and greater market quality index will have the least price effect of turnovers and dealings probability reduce on basis of final information [6].

Bani mahd et al. (1389), timely presentation of information to stock exchange organization was considered as main factor of companies rankings by stock exchange in this research, therefore, time period between date of financial statements provision and date of audit was considered as dependent variable. Results of research indicated that disclosure rank has a positive and significant relation with company size and type of industry. But it has a negative significant relation with auditor's report and stock ownership percentage. No relation was seen between assets yield, financial leverage, auditors' type and commercial unit type with disclosure rank [4].

Fakhari et al. (1388) have performed a research entitled as "study of information disclosure effect on stock liquidity of listed companies in Tehran stock exchange". In this research, difference between the average of sell offered price and the average of purchase offered price was used as liquidity standard. Companies' disclosure quality rank based on accounting standards was also considered as independent variable. Results indicated that there is a reverse significant relation between information disclosure and liquidity index [8].

Ahmadpour and Rasaeian (1385) have studied the relation between financial information and stock's buying and selling offered prices difference in Tehran stock exchange in their research entitled as "study the difference of stock's buying and selling offered price in Tehran stock exchange". Results indicated that independent variables of this research including: daily frequency of dealing, trade days' percentage, volume of stock daily dealings in term of Rials (monetary unit in Iran), daily circulation of company's stock, stock price, company's market value, market beta and price changeability will measure more than 51 percent of variations in difference of stock's buying and selling offered price [1].

RESEARCH QUESTIONS AND HYPOTHESES

In this study, we are seeking to answer the following question:

Do the Disclosure Quality affect the Stock Turnovers?

In order to conduct this investigation and to answer the proposed question and considering the results achieved by the previous studies, the following hypotheses are formulated:

H1: hypothesis: the Disclosure quality rank of the companies is significantly effective on the Stock circulation rate.

H2: hypothesis: the Timeliness of financial information disclosure of the companies is significantly effective on the Stock circulation rate.

RESEARCH METHODOLOGY

The research method is deductive and inductive and the correlation is cross-sectional in terms of test statistical method.

In order to study hypotheses, multi-variable regression method has been used. Equations used in this research are as follows:

$$CS = \beta_0 + \beta_1 DQ + \beta_2 TIMELINESS + \beta_3 FL + \beta_4 T + \beta_5 SIZE + \epsilon_t$$

DQ: Disclosure quality rank

TIMELINESS: Timeliness of financial information disclosure

FL: Financial Leverage

T: Turnovers

SIZE: Company size

ϵ : Residual error

POPULATION AND SAMPLE

The sample of this study includes 130 companies among all the companies registered in Tehran Stock Exchange which have been randomly selected with respect to the following conditions:

They should be registered in TSE within the period of research.

Its fiscal year shall be finished before 20th March (end of Esfand in Georgian Calendar).

It shall not be of the investment and dealer companies.

VARIABLES

In present research, two independent variables of disclosure quality rank and financial information timeliness, and one dependent variable of stock liquidity, and three control variables of financial leverage, turnovers and company are considered which will be discussed in following.

INDEPENDENT VARIABLE

DISCLOSURE QUALITY RANK

Considering importance of disclosure quality and companies' managers' responsibility in informing, Tehran stock exchange decided to reflect to market the rank of all exchange accepted companies from aspect of "disclosure quality and appropriate informing". Then companies will be aware of their own positions and will try to promote their positions. Disclosure quality points of accepted companies for 3, 6, 9 and 12 months periods are calculated and published by stock exchange organization for the years of after 2003. These points will reflect exchange evaluation about awareness of company's disclosure. Mentioned points, will be calculated based on weight average of the standards of timeliness and exposed information reliability. Evaluated information, are based on information disclosure regulations in exchange including annual financial statements, 3, 6 months midterm (audited) financial statements, 9 months midterm financial statements and predicted income of each stock in time periods of 3, 6, 9, 12 months [13].

In this research, annual points of disclosure quality and informing are utilized, which were calculated for accepted companies of Tehran stock exchange through years of 2005-2011 by Tehran stock exchange organization.

TIMELINESS OF FINANCIAL INFORMATION DISCLOSURE

Timeliness is one important qualitative index of financial information. Timeliness means information must be received by users in shortest time and in a fastest way. Whatever time period between financial year end and date of commercial units' financial statements' publication is shorter, then obtained profitability of audited financial statements will be more [12]. If this time period increases, the probability of information disclosure increases, in favor of one group of users and against others. In this research, the difference between company's financial year end and date of financial statements approve by auditor, is used as information timeliness index.

Timeliness = presentation date of financial statements – financial year's end date

DEPENDENT VARIABLE

STOCK CIRCULATION RATE

Dealings volume on stock in a specific time period is a criterion to show this stock's liquidity. Liquidity means market ability in attracting great volume of dealings without high vibrations of price. In general, liquidity depends on deepness, width, flexibility and also dealings' speed in market. Lots of substitute variables are introduced for liquidity such as traded stock value, traded stock quantity, traded stock volume, stock circulation rate and difference of stock's buying and selling offered price. One important criterion of a stock's liquidity value is stock circulation rate which is obtained from dividing traded stock volume in a time period by quantity of published stock. Advantages of using stock circulation rate as liquidity criterion are as follow [7]:

1. This criterion has strong and powerful theoretical foundations.
 2. It is easy to find data related to circulation rates of turnover, and provides possibility to calculate assets liquidity month by month.
- Therefore, stock circulation rate in this research, is the criterion to evaluate dealings amount and stock liquidity which is obtained by following relation:

$$\text{Stock circulation rate} = \frac{\text{Traded stock volume through the year}}{\text{Quantity of published stock through the year}}$$

CONTROL VARIABLES

FINANCIAL LEVERAGE

Accounting method are related to financial leverage, since an important criterion for creditors (In Iran, Banks), is companies' liability rate. Therefore, whatever companies' liability rate is higher, companies' tendency to use conservative methods will be less. Thus, it is expected that managers be less conservative in their financial statements to reduce probability of load demand rejection and to prevent higher interest costs. Financial leverage is also one of those rates that shows company's risk, and can affect stock liquidity. Therefore, this variable is determined as control variable. In present research, financial leverage is defined as follow:

$$\text{Financial leverage} = \frac{\text{Total debts}}{\text{Total assets}}$$

TURNOVERS

Dealings volume (turnovers) is on important indicator of boom and stagnation and also liquidity in stock market. Therefore, change of this index, which is mostly affected by economic macro-factors such as financial policies, inflation and so on, is always attractive for researchers. Barckley and Kandle and Marks (1998) have stated that liquidity is influenced by turnovers and stock dealings frequency. In present research, turnovers mean average monetary unit value of performed dealings on a stock in research time period.

COMPANY SIZE

Since company size, can affect their information disclosure or non-disclosure by their management or shareholders, then this criterion is considered as on control variables of this research. In this research, common logarithm of company's assets is considered as index of this criterion, which is defined as follow:

$$\text{SIZE} = \text{LN} (\text{Total Assets})$$

RESULTS

Considering table 1 which shows descriptive statistics of the study, it is found that skewness coefficients of variables of Stock Circulation Rate, Disclosure Quality Rank, Timeliness, Financial Leverage, Turnovers and Company Size which are 2.039, -0.220, 0.361, 0.6454, 10.228 and 0.723 respectively show that because all variables except Turnovers is close to 0.5 (symmetry proportion), their skewness is low. Kurtosis coefficients of these six variables are 5.591, -0.940, -1.148, 57.700, 134.774 and 2.316 respectively and show that because variables of Stock Circulation Rate, Disclosure Quality Rank, Timeliness, Financial Leverage, and Company Size are close to 0.5 (Kurtosis proportion), they show lower dispersion and are closer to normal and Turnovers variable are longer than normal distribution.

TABLE 1: DESCRIPTIVE STATISTICS

Variables	Maximum	Minimum	Median	Variance	Skewness	Kurtosis
Stock Circulation Rate	524.17	33338.63	4460.75	1.715E7	2.039	5.591
Disclosure Quality Rank	-16	99	54.47	667.995	-0.220	-.940
Timeliness	-69	366	162.49	9074.979	0.361	-1.148
Financial Leverage	35	16.16	0.9674	1.573	0.6454	57.700
Turnovers	60	2.19E9	3.1939E7	1.783E16	10.228	134.774
Company Size	8.76	18.30	12.4272	1.831	0.723	2.316

Statistical Results of Hypotheses: In order to test hypotheses, Pearson correlation coefficient and, multi-variable linear regression have been used. In order to ensure reliability of the results, presupposition tests of using regression model have been used.

Residuals Normalization Test: Statistic of this test is calculated in picture 2 and its value is equal to 1.832 while statistic of this test between 1.5 and 2.5 is suitable. It can be concluded that errors are independent of each other and regression model can be used for testing hypotheses.

TABLE 2: RESIDUALS NORMALIZATION TEST

Normality test data	Standardized Residual - Sig	Results
Durbin-Watson	1.832	Normal
One-Sample Kolmogorov-Smirnov Test	0.561	Test distribution is Normal

Kolmogorov-Smirnov Test: It is a nonparametric test which is formulated through the following hypotheses.

H_0 : Data are normal.

H_1 : Data are not normal.

In case statistic value is $\text{Sig} > 5\%$, statistical hypothesis of normal distribution of the studied variable is accepted with confidence of 95%. Statistic of this test is calculated in table 2 because $\text{Sig} > 5\%$, and is equal to 0.561. Therefore, null hypothesis is accepted and as a result, data follow normal distribution.

THE STATISTICAL RESULTS OF FIRST HYPOTHESIS

The Disclosure quality rank of the companies is significantly effective on the Stock circulation rate.

Considering the relationships so resulted, it was demonstrated that the correlation between The Disclosure quality rank and the Stock circulation rate. Correlation coefficient of this variable is 0.245 and its coefficient of determination is 0.088; it means that about 8.8% of the Disclosure quality rank changes are explained by the Stock circulation rate.

TABLE 3: STATISTICAL RESULTS SUMMARY OF HYPOTHESES

Dependence Variable		Dependence Variable	
Model Enter		1	2
Stock circulation rate		Disclosure Quality Rank	Timeliness
Correlations	Sig	0.000	0.022
	Pearson	0.245	-0.079
Model Summary	R	0.297	0.221
	R Squared	0.088	0.049
	Adjusted R Squared	0.083	0.043
ANOVA	F	15.583	8.147
	Sig	0.000	0.000
Coefficients	Beta	0.229	-0.108
	t	5.912	-2.756
	Sig	0.000	0.006
Hypothesis Rejection or Confirmation		Confirmation	Confirmation

Significance Test of Coefficients: This test, in addition to determining the significance of coefficients, specifies their impact direction of those coefficients on dependent variable. The statistic related to the significance of coefficients is the t statistic, instead of which the Sig column can be used. After confirmation of coefficients significance, both direction and amount of each independent variable effect on the dependent variable can be determined using the calculated coefficients in Beta column.

$H_0: \beta = 0$

Disclosure quality rank has no effect on Stock circulation rate.

$H_1: \beta \neq 0$

Disclosure quality rank has effect on Stock circulation rate.

The Sig column of the table 3 shows that Sig statistic rate for the Disclosure quality rank variable is equal to 0.000 Since the error level for this study has been considered as 5%, then the $Sig < 0.05$ and $t > 2$; thus this variable is significant and the first research hypothesis is confirmed and it may be said that the Disclosure quality rank variable has been directly and significantly effective on the Stock circulation rate.

STATISTICAL RESULTS OF SECOND HYPOTHESIS

The Timeliness of financial information disclosure of the companies is significantly effective on the Stock circulation rate.

Considering the relationships so resulted, it was demonstrated that the correlation between the Timeliness and the Stock circulation rate. Correlation coefficient of this variable is -0.079 and its coefficient of determination is 0.049; it means that about 4.9% of the Stock circulation rate changes are explained by the Timeliness of financial information disclosure.

SIGNIFICANCE TEST OF COEFFICIENTS

$H_0: \beta = 0$

Timeliness of financial information disclosure has no effect on Stock circulation rate.

$H_1: \beta \neq 0$

Timeliness of financial information disclosure has effect on Stock circulation rate.

The Sig column of the table 3 shows that Sig statistic rate for Timeliness of financial information disclosure variable is equal to 0.000 Since the error level for this study has been considered as 5%, then the $Sig < 0.05$ and $t > 2$; thus this variable is significant and the first research hypothesis is confirmed and it may be said that the Timeliness of financial information disclosure variable has been inversely and significantly effective on the Stock circulation rate.

ANALYSIS AND INTERPRETATION OF THE RESULTS

In present study this question is discussed that does financial statements provision in such way that is first timely and reliable in term of reporting aims, and second, is comparable and intelligible and helps financial statements users in wisely decision-makings, affect market liquidity and tendency to buy company's stock?

Based on research results we have following conclusions:

- Results of first assumption test indicated that quality rank which is annually announced by Tehran stock exchange organization, can have a significant effect on shareholders tendency to buy or not-buying of their stocks. Existence of positive relation means managers decisions to observe disclosure cases of operational instructions of stock exchange accepted companies, can have straight significant effect on stock market turnovers. Thus, attaining a higher rank of transparency ranking and Tehran stock exchange informing, can directly affect stock turnovers. Therefore, shareholders must consider transparency rank and companies' informing in their stock buying so they can attain more value by investing in high-ranked companies. Company managers can also affect stock turnovers well by their decision-makings in special conditions.
- In second assumption which the relation between criterion of financial information disclosure timeliness and market liquidity is examined, results indicated that timeliness criterion of financial statements presentation has inverse significant effect on market liquidity. This means that by increasing days between date of financial year date and date of audited financial statements presentation, stock's dealings volume will decrease, and shareholders less tend to purchase these companies' stock. In other words, shareholders prefer that these companies deliver their financial statements of year's end in shortest possible time. This has an important role in stock' buying and selling.

FURTHER SUGGESTIONS TO THE RESULTS OF THE STUDY

Considering result and achievements of research, one can specify the following cases regarding the applied fields:

- Shareholders which follow achieving more value from their investment must consider companies' disclosure rank announced by Tehran stock exchange in their investment choices, and should invest in companies which have higher ranks. Since on one hand, price of these kinds of stocks which have an appropriate information disclosure, is valued more close to real prices at any possible time, and on the other hand, if there is any need of liquidity, it can sell its stock faster.
- It is expected that shareholders, while decision-making, consider companies financial reports and financial statements timely disclosure. This can be important for shareholders in value incensement, since based on present research's results, the companies which present their financial statements in a time period longer than financial year's end, will decrease capital market and shareholders tendency to buy their stock. So these companies are not appropriate choices for investing.
- Companies' managers are suggested to present their reports and financial statements in shortest time as much as possible, therefore capital market attracts to by their companies' stock and their annual stock dealings will increase.

FURTHER SUGGESTIONS FOR FUTURE STUDIES

1. In this research, stock circulation rate is utilized as liquidity criterion of market. It is possible to use other liquidity models such as traded stock value, traded stock quantity, traded stock volume, stock circulation rate and difference of stock's buying and selling offered price, and compare their results with this research's results.
2. It is possible to divide companies in term of ownership type (external ownership, shared ownership, management ownership, governmental ownership, real ownership and institutional ownership), and to study their effects on information disclosure.
3. It is possible to re-perform this research by using time delays and study the effect of delay increment on improving model's predictability.
4. Since validity and reliability of a research are higher when a research time interval is longer and its results are generalized more reliably, it is advisable to perform the research again for longer time interval, which can provide more accurate results for the research.

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EFFICIENT COMMUNICATION FOR EFFECTIVE SUPERVISORS

DR. VIDHU GAUR
ASST. PROFESSOR
ALLIANCE UNIVERSITY
BANGALORE

ABSTRACT

This paper emphasizes to the practice of good management at the first-line level. Too often such jobs have been given to those who are technically or professionally competent but who lack interest in people or skills in dealing with them. Are leaders born or made? There is no doubt that – given a certain basic potential – leadership can be developed. Communication is inseparable from leadership. The paper looks at the relevant systems of communication, especially team briefing. This is a system that ensures that each supervisor will get his team together on a regular basis to brief them on progress and policy as well as matters which affect their welfare or development as employees. As the effective supervisor has a stake in good organizational communication, the paper briefly surveys other methods or forms of communication which ought to be of use in an organization.

KEYWORDS

Face-to-face Communication, Mass Methods, Effective communication, Team- Briefing, Walking the job.

INTRODUCTION

A supervisor is a member of the first line of management responsible for a work group to a higher level of management. Their task is to get things done through the correct management of the people for whom they are responsible. Supervisors and Foremen are by definition leaders, set apart from and above other employees. It is a strange position in which in your own time you socialize with your colleagues and share their interests and problems, but in company time you are expected to become their 'judge' and 'arbiter.' As soon as you put on the white coat of office you are letting yourself in for a fairly tough ride. As a leader, you will find that much of your time is spent facing the music – dealing with complaints, suggestions, grievances and other enquires. That is exactly why you are there: your employees have a right to complain and enquire, and it is your job to explain and justify to them any decisions which you might make. Should the still continue to carp and criticize, it is probably not you personally or your job that they are unhappy about: it is almost certainly the way in which you are managing your team.

The Success of Supervisors depends, primarily, on their ability to communicate to all the people for whom they are responsible first what they need to do and second the importance of doing it. If you are to be a successful supervisor, you must also encourage communication in the opposite direction, so that you can harness the ideas, views and experiences of the people who are actually carrying out the job.

WHY DOES COMMUNICATION MATTER?

Communication matters for a plethora of reasons:

1. Communication failures are costly. For example, in one large organization it was discovered that, out of thirty-five stoppages, no fewer than eighteen were due to failures in communication. The cost of these stoppages could not be measured merely in terms of the hours lost: they upset the whole rhythm of production, lessened cooperation between employees and their supervisors, and created ill- feeling, which always reduces productivity.
2. During times of change within an organization, the full benefits of the change can be achieved only where there is an adequate communication system for explaining directly, preferable face-to-face, to the employees what is required of them and why.
3. Adequate communication results in greater productivity, because employees direct their work more effectively and cooperate more with their leaders. One city organization has actually monitored staff productivity and found that there is a significant upsurge after each monthly briefing by management or supervisors.
4. You may find that people of good potential are leaving your organization simply because they are unaware of their prospects. Finding and training someone from outside the organization is a costly matter, and it lowers morale among colleagues. In order to avoid such situations, you need to communicate to you subordinates what you think of them and what their futures within the organization are likely to be.
5. People will give of their best to their work only if they fully understand the decisions that affect them and the reasons behind those decisions. Your subordinates need to understand what they have to do and why, how they are performing against the budgets and the targets they have been set, and what their conditions of employment are. Given this understanding, they can become involved in what they are doing, so that you enjoy greater efficiency, higher morale, and improved cooperation.
6. Would you be happy working if you did not know why you were doing your work? No, obviously not. So clearly you owe it to your staff to make sure that they are not in that situation.

WHAT SHOULD I COMMUNICATE?

The first thing to decide is: what are your priorities? The system of communication you use will depend on your answer to this question. Clearly you cannot tell everybody everything, or consult everybody about everything, because if you did you'd never get any work done. The old idea was that you told your subordinates what you thought would interest them, skipping all the boring stuff. But this is not really good enough. If you operate this principle, you find that you are not only missing out many things which it is important that your subordinates understand, you are also telling them a lot of things which, while perhaps interesting, are of little relevance. Of course, it is more difficult to get across things to employees who they find essentially uninteresting, but nevertheless you should persevere, and make sure the points are fully understood.

This matter of understanding is important. It is the vital first step in ensuring that any consultations you have with your employees are successful. Too often, supervisors seek ideas and opinions in formal consultation structures without having first given their subordinates sufficient understanding of their work for realistic ideas and opinions to be generated. Moreover, people will go along with a decision with which they profoundly disagree just so long as they understand why it has been taken. If they do not, you are very likely to find yourself with a revolt on your hands.

The primary things that need to be communicated to people come under two headings: things that affect their job, and things that affect their employment. Under the first heading come all the things that will enable them to do their job better; under the second come all the things concerning their rewards for having done the job. It is vital – as much for the good of the organization as for the good of the individual employee – that such matters be communicated effectively. And doing so is an important part of your job.

WHICH METHOD DO I CHOOSE?

The worst communication method you can use is the grapevine. To be true, the grapevine can be useful, but you use it at your peril. Facts can be communicated accurately through the grapevine – and very swiftly: sometimes, for example, the news about a forthcoming appointment can be communicated before the formal decision has been made! The great disadvantage is that the grapevine always gives an uncharitable reason for any decision, and that is bad for employee cooperation. The grapevine will say that someone has been promoted because she is about to marry the boss's son, not because she is good at her job; and all

the people who are not being promoted will feel (quite naturally) resentful. So you own it to yourself, your organizations and your staff to make sure that there is some systematic way whereby they can learn about the things that matter. There are three main ways in which you can communicate effectively:

1. Through face-to-face communication
2. Through discussing matters with staff representatives
3. Through 'mass methods', such as a house journal or the notice boards – although the former will probably be outside your control

You have to decide which method to use, and to be clear about what can be communicated through each of them and what the limitations of each of them are. All too often, communication breakdowns occur because managers and supervisors are using the wrong methods or because they are trying to communicate the wrong type of information through a particular system.

Face-to-face communication between supervisors and their subordinates is good in many ways. Part of the job of being a leader is to be the person to whom people look for explanations about the things that matter to them, and so, by becoming the direct communicator, you become a more effective leader. Moreover, you are in fact the best person to act as communicator, because you know – or should know – exactly why something is being done, and your subordinates will benefit from getting the news straight from the horse's mouth. You can tailor your explanation according to the interests of the particular group you are addressing, and then you can answer any questions that are forthcoming – something that is vital if your employees are to understand what is going on. Finally, face-to-face communication can save a lot of management time, ensures common understanding, and is the most powerful method of 'selling' ideas and building group commitment.

All of which might make you wonder why we bother even considering the other techniques of communication. However, the face-to-face approach has some weakness. For example, it can be very expensive in terms of the supervisor's time and, if there are more than two levels to communication between senior management and the front line, can be a total fiasco unless properly organized – which means that you or the management have to spend time and effort doing the organizing. Another consequence of there being several levels of communication is that the hierarchy of leadership cannot by itself adequately cope with upward communication: senior management is often quite unaware of the vividness of attitudes at the bottom, because what has been reported to them has been diluted by passing through the various levels. Of course, you might think you are in an ideal position to prevent this happening, but however hard you try it is almost certain that, somewhere along the line the attitudes of the workforce will be understated.

Communication through representatives has many advantages, because you can explain a policy directly to a few of the employees concerned, and discuss it with them; clearly this is more economical of your time and effort than setting up a system whereby policy is explained directly to every single employee. Also, representatives will tell you in forthright fashion exactly what the feelings are on the shop floor or in the typing pool; and the formal contracts made through meetings with representatives lead to more informal contacts, something which cannot help but be good for efficiency. However, although the representatives will usually understand you message completely, they will very often fail to pass it on accurately to those they represent – particularly in the case of unpleasant decisions. This is because the representatives are being put in the invidious position of being management mouthpieces: this is not their job, and if you force them to do it you are making both yourself and them look shoddy.

What, then, of mass methods? Notice-boards, house journals and so on offer the cheapest ways of giving information to large numbers of people, and they allow it to be done quickly. But, like the other techniques of communication, they have their problems. For example, while one of the strengths of a notice on the board is that you can ensure that the information you are transmitting is absolutely accurate, you have no way of knowing that it is being received accurately. Your employees cannot ask a notice-board a question, and so they may completely misunderstand what you are trying to communicate (a factor exacerbated by the grapevine). Likewise, although in theory people can ask questions at mass meetings, in practice most people are too shy to do so at any meeting where there are more than twenty present. Another important point is that mass means of communication can, by their very nature, cover only general aspects: what people really want to know is how they or their immediate working group are likely to be affected.

This matter of allowing for questions should be stressed. It is the only way in which you can ensure that everybody understands what is going on. There is a colossal difference between providing accurate information and getting people truly to understand that information. Experience has shown that, whatever other communication system you use, face-to-face encounters are vital, so that people can ask questions. Interestingly, explanation to a small group is better (as well as less time-consuming!) than to individuals: in a group, people benefit from hearing the answers to other people's questions and, of course, timid people profit through the fact that other people will ask the questions that they are too shy to ask.

Whatever technique of communication you choose for a specific situation bear in mind that any systematic method is better than none at all. Obviously, the mass methods are easiest to use, and the face-to-face ones the most difficult. But, especially in a large organization, communication both upward and downward will be unsuccessful unless you make judicious use of each of these three of technique.

EFFECTIVE COMMUNICATION THROUGH MANAGERS AND SUPERVISORS

The busier the working life, the more important it is that you have mastered a systematic communication drill. You cannot afford to hope that communication will simply 'happen' in some kind of casual fashion. For example, you might explain some change with brilliant lucidity to your immediate subordinates but then, by the time the information has passed down to the other members of your team, find that the message has become utterly garbled. Even if it has not, what almost certainly has happened is that the people in the front line have concluded that the change will come about solely because 'they' have decided that it will or that it was all a 'management decision'. You could hardly concoct a better way of ensuring that your subordinates are disgruntled.

Of course, because 'they' have ordained it, your team will almost certainly do what is required...but they will not actively cooperate. And the difference between sullen obedience and constructive cooperation is very often the difference between loss and profit. If all you can get is obedience, then you are not doing your job properly.

If downward communication is to be effective then it has to be systematic. The object is to ensure that all employees have the decisions that affect their jobs or their conditions of employment fully spelled out to them, face-to-face, by their immediate boss. Two things are important if this is to come about: there must be a team-briefing drill that ensures communication, via supervisors, right down the line to the work group; and all the necessary information must be known to subordinate managers and supervisors.

MASS METHODS

Of all the mass methods of communication, the most noteworthy for the supervisor are the following: the notice-board, house journals, managers' newsletters, employee handbooks, loudspeaker systems and mass meetings. Although some of these may be beyond your jurisdiction, let us look at each of them in turn.

First: notice-boards. The siting of these is important: not only should they be where people will see them, they should also be positioned such that people can actually stop to look at them. At each site there should either be two notice-boards or one notice-board overtly divided into two parts: one sections can be used for new and/or urgent notices and the other for less urgent (but nevertheless important) matters. Once a notice has been in the 'urgent' sections for forty-eight hours it should either be moved over, if it is important, or thrown away, if it is not. All notices on the board should be signed by an individual – otherwise the employees are likely to feel that they are part of nothing more than an impersonal web – and a particular individual (preferably the departmental supervisor) should be put in charge of each notice-board. A final point to note is that, when you are composing a notice for the board, you should think about how you would express the information were you actually speaking to the people, face-to-face. Write down what you would say rather than mess around with literary elegance. People respond far more readily if, as they read the message, they can 'hear your voice.'

The main purposes of house journals should be to provide a mass means of explaining the organization's activities and policies to the employees, to help the employees feel that they are involved in the organization, and to create an atmosphere in which change is accepted. The people responsible for budgeting and planning a house journal should be thinking in terms of frequency and flexibility. A journal may not look like much, but it is far more topical than a glossy magazine that is always a couple of months out-of-date because of printing schedules. The contents of a house journal should be regarded as being in three thirds: one third should be devoted to product and other news that affects employees' jobs; one third to developments or changes in conditions of employment;

and one third to social events and ephemera. Of course, news that might affect jobs should already have been communicated, via managers and supervisors, to those directly concerned; but repetition here is useful to inform those who less directly concerned. The ephemera should not be regarded as an optional extra. One publishing company discovered that very few employees ever read its weekly newsletter until it began to contain jokey reports of the antics of the company cricket team: suddenly everybody; whether interested in cricket or not, turned to the column hoping for a good joke, and ended up reading the rest of the newsletter. As a supervisor, you are well placed to contribute "fun" ephemera like this – better placed, in fact, than anyone in senior management.

Also, we can note here the manager's or supervisor's newsletter. This can be regarded as a company newsletter that applies to, and is distributed to, the employees of only a single part of the organization; it is, of course, prepared by the relevant manager or supervisor. Such newsletters should appear at least monthly and preferable more frequently than that: whenever there is something important to be communicated, an issue of the newsletter should appear – especially if there is any possibility that employees might misunderstand what is going on. And do not try to economize by running off too few copies: unless every employee has his or her own copy, the whole exercise is a waste of your time.

Each of your subordinates should have an employee handbook setting out the main rules and arrangements that apply to them. The handbook should be as brief as possible. If need be, it can be supplemented by booklets dealing with specific subjects – e.g., disputes procedures. The best ways of presenting the information in employee handbooks is usually in question and answer form, explaining specific aspects of conditions of employment. For example, it may be obligatory to provide employees with the rules of the pension fund in their full legal rigor; however, the resulting document will be comprehensible only to a fully fledged lawyer, and so it makes a lot of sense to give employees a question-and-answer version, written without jargon, which they can actually understand.

Loudspeaker systems tend to be used too frequently. They are unsatisfactory for putting over a policy, as the listener often cannot even see the person speaking – let alone ask a question. So, unless you feel you really need it, drop the loudspeaker in bucket of water at the earliest possible opportunity. Likewise, while mass meetings have a certain value, they are a poor means of ensuring that employees gain any understanding of what is going on because questions are impossible. Team briefing, working down the line, is a much more effective alternative.

CUSTOMER COMPLAINTS

So far we have talked only about communication within the organization. However, you may very well have to communicate regularly with people outside the organization, and in no field can this be a thornier problem than of customer complaints. Ideally, such complaints should be fielded by senior managers. The most difficult situation in the field of customer relations is when something has gone wrong – the product has failed, promises have not been kept, deadlines have not been met... Whatever the reason, the customer is quite rightly displeased, and it is up to you to deal with their displeasure.

It is quite understandable to want to go on the defensive – but it is also a big mistake. There is no surer way of losing a customer forever than to respond with something like: 'Well, no one's ever complained before.' You are implying that the customer is a pest and a fool, and, curious as it may seem, customers are not generally thrilled by this. Oddly enough, it is actually more efficient to encourage customer complaints. They are a marvelous tool, providing more useful information about our products, services or performances than any number of surveys or praise-packed letters. If you use them correctly, complaints can work for you. Some researchers have shown that companies which encourage complaints – for example, by having an accessible and publicized customer-relations or complaints department – can increase customer-retention by as much as 10 per cent. If you go one stage further, and are seen actually to do something about the complaints you receive – following them up and reporting back to the customer – your rate of customer-retention increases by a staggering 70 per cent, but if you pursue the complaints and come to a happy compromise.

By contrast, discouraging or rejecting complaints is bad policy. The same researches showed that, when customers found that their complaints were discouraged or that nothing was done about them, they told between 9 and 13 other people about the bad experience they had had; it is, after all, a natural human activity to gossip about the appalling treatment we have had at the hands of one company or another. This means that, by failing to communicate with customers who have complaints, you are not only losing those customers forever, you are ensuring that many potential clients would not touch your company or its products with a bargepole. But there is more to it than that. Not only do dissatisfied customers tell the world about your organization's shortcomings, they fail to tell you the reasons for their dissatisfaction. Unless you know why they are unhappy, you will never find out why it is that your organization is losing customers – those customers who for one reason or another do not make a formal complaint, but simply cease trading with you.

It is therefore a vital aspect of communication to make sure that you listen to complaints and that you work to make sure that something is done about them. Of course, you may well be unlucky enough to be in an organization in which the managers above you block all your best efforts to keep the customers satisfied. In this case, it is your duty to appeal as high up the management ladder as you can go. If you are still thwarted, you might consider looking for another job: organizations whose senior managers have no interest in customer satisfaction are unlikely to thrive.

IS COMMUNICATION WORKING?

In these participative days, a key factor in effective leadership is the extent to which you pay serious attention to communication, both upward and downward. The more trouble you take over communication, the better your people will work for you and the better you will be able to work for those above you – not to mention the fact that all concerned will enjoy their jobs more. If you take action to improve communication, you will find that efficiency increases, 'as if by magic.' Except that there is no magic involved: all you have done is allowing your subordinates and your superiors to get more out of their jobs – and hence more out of life. As with all other aspects of leadership, it is necessary to check that your communication is actually working.

'Walking the job' is an effective technique. Every now and then, simply walk around the place, chatting with the employees about their work, the weather, or anything else, and above all listening to what they have to say. You may be surprised by what you hear. If someone does not know why they are doing a particular job, or why a change has been made, then that means your communication system has broken down, somewhere along the line. For the short term, you should investigate the individual matter concerned, obviously; but for the longer term you should take a pretty close look at your own and your organization's systems of communication.

Another, more formal, means of checking things out is through the use of questionnaires. There are two main types. In one, employees are simply asked how they heard about certain changes or decisions; their responses tell you how much you are communicating yourself and how much is being bruited about via the grapevine. The other useful type of questionnaire is the 'attitude survey', in which employees are asked – with guaranteed anonymity! – what they know about various organizational policies, what their attitudes are to the organization and their bosses, what they think about their employment conditions, and so on. If you feel that such a survey would be of value, you might find it worth suggesting to your company's management that they employ an outside organization to carry it out, as your subordinates may be reluctant to say what they really think if they feel there is a chance their remarks might be traced back to them. Both types of survey can supply you with invaluable information about communication failures, but be warned: you may not like a lot of what you discover.

Of course, there are many aspects of communication both within and outside your company over which you have no control – for example, you do not have the power to instigate a glossy monthly house journal – but nevertheless you should do everything you can to make sure that you are communicating management decisions effectively to your subordinates and that you are communicating upwards to management accurately, fully and forcefully. If your subordinates are unhappy about something and there is nothing you, yourself, can do about it, do not just shrug your shoulders and say: 'Well that's the way it is.' Communicate the dissatisfaction up the ladder so that either (a) the problem is solved or (b) at least you get an explanation, so that you in turn can tell your subordinates exactly why the circumstance to which they object cannot be changed. Likewise, if one of your subordinates comes up with a good idea, make sure it is passed on upwards and that the person concerned is properly credited.

CONCLUSION

Of all managers, the supervisor is closest to the people who actually do the work – more often than not – closest to the customer. Therefore the development of effective supervision is a matter of paramount importance. A company that is aiming for excellence can do better by investing time and money in training its

supervisors. In various aspects of effective supervision, however, it cannot be stressed too strongly that, unless you make sure that you are communicating effectively, all of your other efforts are wasted. You may not enjoy communicating – you may be timid or you may simply dislike most of the people with whom you work – but nevertheless you must force yourself into the task and force yourself at least to look as if you are enjoying it – which usually means, after a while, that you find to your surprise that you actually are. If you are a good communicator you improve the position of your own section of the organization – in other words, of the organization as a whole. You are therefore extremely likely to find yourself being promoted up the management ladder. It will then become your duty to pass your communication skills on to the supervisor working beneath you, as well as to deal with intra organizational communications on a much broader scale. Make sure, then, that you develop your communication skills now.

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THE IMPACT OF CAPITAL STRUCTURE ON MICRO FINANCE INSTITUTION PERFORMANCE: EVIDENCE FROM ETHIOPIA

GEMECHU FEYISSA GUDU

LECTURER

DEPARTMENT OF ACCOUNTING AND FINANCE

COLLEGE OF BUSINESS & ECONOMICS

WOLLEGA UNIVERSITY

NEKEMTE

ABSTRACT

This paper examined the impact of capital structure on MFIs performance, using ROA and ROE as a proxy to measure financial performance. The study used a panel data of 16 sampled MFIs for the period 2003 to 2009 and a random effect GLS regression is employed as a method of data analysis. The study finds that a negative and significant relation between total debt and both ROA and ROE. The result also shows that a negative and significant relationship between capital adequacy, portfolio quality and ROA in similar manner, a negative and significant relationship between asset tangibility, liquidity and ROE are observed. However, firm age, ownership and both ROA and ROE are identified to have a significant positive impact on performance. Whereas, firm size measured by log of total asset has inconclusive result because of the complex objectives of the firm's. The study contributes to the relationship between capital structure and performance of MFIs, which has been, less explored in prior studies.

KEYWORDS

capital structure, Ethiopia, financial performance, microfinance institutions.

INTRODUCTION

Microfinance institutions (MFIs) are relatively small financial institutions that have traditionally provided small loans to low income citizens with the objective of helping them to engage in productive activities. The formal microfinance industry began in Ethiopia in 1994/1995 with the government, Proclamation No 40/1996 designed to encourage Microfinance Institutions to extend credit to both the rural and urban poor dwellers of the country. Since, the poverty reduction strategy, become the operational framework to translate the global Millennium Development Goals targeting to national action (UNDP, 2005). Ethiopian MFIs have made remarkable progress over the past decade, reaching almost two million clients in a country of 77 million people (Letenah 2009). It has made a positive impact on the quality of poor people by providing greater access to credit, savings, insurance, transfer, remittances and other financial services, which would otherwise, are unreachable by other formal institution. Currently, by shifting from their status as non-profit organizations to commercial enterprises, MFIs are evolving into organizations that acquire complex business structures like those found in any traditional bank. since, the donor agencies and loan providers want the MFIs to become independent of their help as they mature (World Bank, 2010). Therefore, it is not surprising that finding a new way to access capital by MFIs has become the trend in the industry as the lack of access to capital causes slower than optimal growth and large operational deficit. The purpose of almost all of the micro finance institutions in Ethiopia are poverty alleviation. To achieve these objectives micro-finance institutions should be financially viable and sustainable. Despite the increasing reliance on micro finance to reduce poverty in Ethiopia there has been surprisingly little work under taken to evaluate their performance. This may be due to a fear among interested parties in the industry that MFIs could not stay in the market to serve the poor without the immense support of government, donors and others (Alemayehu, 2008). Given the contribution of MFIs in the development process, factors that affect their performance have been overlooked by different empirical studies. Regardless of, the theoretical application of capital structure, a specific methodology has not been realized yet, which managers can use in order to determine an optimal debt level to achieve their goals. This may be due to the fact that theories concerning capital structure differ in their relative emphasis; for instance, the trade-off theory emphasizes taxes, the pecking order theory emphasizes differences in information, and the free cash flow theory emphasizes agency costs. The Performance of MFIs can be affected by several factors, among the factors capital structure is the most prominent one Abor, (2007); Colman, (2005); Ebaid (2009) and among others. The capital structure of a firm is basically a mix of debt and equity which a firm deems as appropriate to enhance its operations.

LITERATURE REVIEW

The impacts of capital structure on firm's value are among the most debatable issue in the area of corporate finance literature. Modigliani and Miller, (1958) argued that a change in capital structure has no longer effect on the value of the firm and the value of the firm is independent of its bond or stock market financing mix, The value of the firm will be the same, regardless of the type of capital structure that chosen.

Finally, MM preposition are no longer controversial as matter of two capital structure theory such as trade off theory and pecking order theory. Too much theoretical works have been done, since Modigliani and Miller, (1958), however, no consistent predictions have been reached on the relationship between firm value and capital structure. Since tax-based models suggest that profitable firms should borrow more at ceteris paribus, as they have greater needs to shield income from corporate tax, pecking order theory suggests firms will use retained earnings first as investment funds and then move to bonds and new equity only if necessary, and. Agency-based models also give us conflicting predictions.

In contrast to theoretical studies, Different empirical Studies showed contradictory results regarding the relationship between increased use of capital structure and firms performance. Most empirical studies shows, the negative relationship between leverage and profitability. Friend and Lang, (1988) and Titman and Wessels, (1989) obtain such findings from US firms. Kester, (1986) finds that, leverage is negatively related to profitability in both the US and Japan. Other studies using international data also confirm this finding Rajan and Zingales, (1995) and Wald, (1999) for developed countries. However, in contrast, Taub, (1975); Roden and Lewellen, (1995); Champion, (1999); Ghosh *et al*, (2000) and Coleman, (2007) found leverage as, a positively related to profitability, but the relationship is not statistically significant. As Results, based on the above contradict idea Myers, (2001) and Eldomiaty, (2007) argued that capital structure is not the only way to explain financial decisions. But, it also explains the contradictory results of different studies that empirically tested the predictions of relationship between leverage and firm's performance. There are vast literatures that examine the relationship between capital structure and firm performance in developed nations. However, very less empirical tested in emerging economy as compared to the developed markets like, Europe, America etc. A study by Ebaid, (2009) based on a sample of non-financial Egyptian listed firms from 1997 to 2005 reveals that capital structure decision, in general terms, has a weak-to-no impact on firm's performance. On the other hand, Coleman, (2007) on the impact of capital structure on performance of micro finance institution in Ghana showed that, leverage affect positively outreach. Hence, this is another study that contributes to the debate on capital structure and its application to a sector that has not been visited. Since, research on the impact of capital structure on firm performance have been few and in most of the cases have been carried out in developed economies on large and listed firms. However, there is no research done in Ethiopian on micro finance industry regarding the impact of capital structure and performance to the best of researcher knowledge. this paper seeks to fill the gap in the literature because of limited studies have been conducted so far, in performance of MFIs using only Cross sectional data. An attempt was made, by Befkadu, (2007) looked at the outreach and financial performance in six MFIs, Letenah, (2009) looked at performance analysis of a sample of MFIs, and Hailesele, (2009) looked at financing performance of micro and small enterprise

owners in Tigray. However, some of them are weak in terms of statistical analyses and methodology as compared to this paper. Hence, Indicators of capital structure and no regression or any form of econometric exercise was carried out.

NEED OF THE STUDY

This study play an important role to contribution to the literature of the relationship between capital structure and performance of MFIs. Because it is significance for all MFIs in order to make informed judgments whether they have to apply decision regarding the proportion of debt to equity as they are or not, for the purpose of maximizing their financial performance. This study can also significantly contribute to other studies to be made in different financial sectors by providing image on the relationship between impact of capital structure and MFIs performance.

STATEMENT OF THE PROBLEM

As per the Basle Convention (the international capital adequacy standard for regulated financial institutions), the MFI has the potential to browe up to 11 times of its equity. But, the performance report of the Ethiopia industry analysis indicates on average, microfinance institution are obtained debt financing only equivalent to 0.95 times of their equity (AEMFI, 2010) This is one of the severe problem which lower down the performance of Ethiopia MFIs and the contributing factors should be studied.. This implies Ethiopian MFIs is totally under levered, which is much less than prescribed by Basle accord set for financial institution. This is due to the solution taken by the institution is still not based on appropriate study. Therefore, this paper tried to answer whether the leverage (debt-equity ratio) affect the performance of MFIs. As per the researcher knowledge, studying the effect of capital structure on MFIs performance in developing countries like Ethiopia remained an ignored area. Thus, with these serious shortcomings of literature, this study contributes to literature by studying the issue of MFIs in Ethiopia.

OBJECTIVES OF THE STUDY

The General objective of this study is to analyze the impact of capital structure on MFIs performance.

SPECIFICALLY

- ❖ To evaluate the interrelationship between capital structure and performance and
- ❖ to assess the impact of firms specific factors on performance.

RESEARCH HYPOTHESES

The following Research hypotheses are formulated for the study

- H₁ There is a significant negative relationship between performance and capital structure.
- H₂ There is a significant positive relationship between performance and size.
- H₃ There a significant positive relationship between performance and, age
- H₄ There is a significant negative relationship between performance and asset tangibility.
- H₅ There is a significant negative relationship between performance and portfolio quality.
- H₆ There is a significant positive relationship between performance and capital adequacy.
- H₇ There is a significant negative relationship between performance and liquidity.
- H₈ There is a significant positive relationship between performance and growth.
- H₉ There is a significant positive relationship between performance and ownership structure

RESEARCH METHODOLOGY

The populations from which the sample size drawn for this study includes all Ethiopian MFIs (30 as of 2011) operating in the country with seven years data starting from 2003 to 2009. The reason, why the study focused on the impact of capital structure on a single industry rather than comprehensive industries was that, the objective of MFIs are strictly different from other firms while MFIs maximize social objective the other financial institution focused on wealth maximization. I exclude other financial institution like insurance and Banks because their operating system and source of financing procedure is different from MFIs. To comply the objective of the research, the study was primarily based on quantitative research, which is constructed an econometric model to identify and measure the impact of capital structure on MFIs performance. The major data that was used in the empirical analysis is retrieved from www.mixmarket.org. Additionally, secondary data was also gathered from published bulletin, and reports of various governmental and nongovernmental organizations such as AEMFI (Association of Ethiopian Micro Finance Institutions) and National Bank of Ethiopia. Where missing values are filled to increase the quality of the data. As the MFIs with the required data are limited in number, the researcher selected MFIs that have seven years financial data and excluded MFIs with less than seven years operating life. Specifically, 16 MFIs were selected based on purposive sampling.

MODEL SPECIFICATION

This Regression Model employed following the previous capital structure and firm performance in banking and other non-financial firm's literatures, the study also used Panel Data Multiple Regression with generalized random effect model to investigate the relationship between the explanatory variables and performance. Panel data can also control for individual heterogeneity due to the hidden factors, which, if neglected in time-series or cross-section estimations leads to biased results (Baltagi, 2005)

ANALYTICAL FRAME WORK

$$Y_{it} = \alpha + \beta X_{it} + \mu_{it} \quad \text{-----1}$$

Where, i denoted the individual micro finance institution and t denoting time. In this case, i represents the cross section and t represents the time serious component α constant term, β is coefficient of variables and X_{it} is the i th observation on X explanatory variable.

μ_{it} represents the unobservable individual specific effect and V_{it} denotes the reminders of disturbance. Under this subsection, the researcher attempted to clearly select multiple regression models and discussed measures of variables. The model identified based on its potential measurement of MFIs performance as suggested in literature. Multiple regression analysis was adopted to measure the effect of capital structure on MFIs performance. Since the use of multiple regressions considers the simultaneous relationships (Cooper, 2005) amongst the multiple numbers of independent and dependant variables found across the regression model, therefore it is suited to the nature of the study. Following the econometric model by Miyajima et al. (2003) the researcher used the following specific multiple regression model:

$$\text{Performance}_{it} = \alpha_i + \beta \text{TTD}_{it} + \text{Control}_{it} + u_{it} \quad \text{-----3}$$

Where TTD_{it} represents the debt ratio of firm i in time t , and Control_{it} represents the control variables of firm i in time t .

Following from equation 3, the following equations model for the empirical investigation is listed as follows:

$$\text{Perf} = \beta_0 + \beta_1 \text{TTD}_{it} + \beta_2 \text{Size}_{it} + \beta_3 \text{Age}_{it} + \beta_4 \text{Atgit} + \beta_5 \text{Cdqit} + \beta_6 \text{PQit} + \beta_7 \text{grwit} + \text{liq}\beta_8 + \beta_9 \text{Own}_{it} + \mu_{it} \quad \text{---4}$$

$$\text{Perf} = \beta_0 + \beta_1 \text{TTD}_{it} + \beta_2 \text{Size}_{it} + \beta_3 \text{Age}_{it} + \beta_4 \text{Atgit} + \beta_5 \text{Cdqit} + \beta_6 \text{PQit} + \beta_7 \text{grwit} + \text{liq}\beta_8 + \beta_9 \text{Own}_{it} + \mu_{it} \quad \text{---5}$$

Where

Perf = performance measured by ROA and ROE

TTD_{it} total debt/total capital for firm i in time t ;

Size_{it} = firm size (log of total assets) for firm i in time t ;

Age_{it} = measured as the natural logarithm of each year since inception to the date of observation,

Atg_{it} = asset tangibility measured by net fixed asset divided by total asset

PQ_{it} = *portfolio quality* is measured as portfolio at risk over 30 days (PAR >30 days).

liq_{it} = liquidity is measured by total current asset divided by total asset

$Cdqt_{it}$ = capital adequacy is measured by equity to total assets

grw_{it} = rate of growth which is the change in total asset scaled by the base year total asset of each MFI over their period.

$Owns$ = ownership as a measure of dummy variable 1 for gov't block and 0 other wise

RESULT AND DISCUSSION

Table 1 presents a summary of descriptive statistics of the dependent and independent variables used in the study. The mean profitability ROA of MFI is 1.89%, which indicates the average return on asset of one birr investment in total asset the institutions are averagely getting 1.89% cents net income. The standard deviation of the ROA of the industry shows more variation (3.95%) among the firms in generating profit. The minimum and maximum value of profitability is -6.91% and 9.85% respectively. Alternatively, ROE measures the contribution of net income invested by firms stock holder i.e. a measure of efficiency of the owners invested capital has the mean value 6.61% with standard deviation, minimum and maximum value of 15.98%, -101% and 36.45% respectively.

TABLE 1

Variable	Obs	Mean	Std. Dev	Min	Max
Roa	112	.0189012	.0395306	-.0691	.0985
Roe	112	.0661562	.1598345	-1.0102	.3645
De	112	1.862866	1.623764	.01	8.56
Lnfsz	112	7.66464	.7907944	6.05	9.95
Firmage	112	.8378903	.1722099	.047712	1.079181
Atangib	112	.040335	.0372653	.003045	.196394
Catadq	112	.4199313	.195918	.1046	.9943
Liq	112	.1969813	.1113556	.0142	.6349
Pq	112	.1236571	.1492419	.0014	.7462
Grw	112	.3492058	.8863378	-.99689	6.58619
Own	112	.25	.4349588	0	1

Source: Author's Own computation using Stata package 11

On the other hand, Leverage, measured as the ratio of debt-equity of each MFI over time, indicates how well the micro finance institution is able to levered its equity to increase asset through borrowing have a mean value of 186% the minimum, maximum and standard deviation is 1%, 856% and 162% respectively. The average value of size of MFI is 7.66 (46, 269798.22) after total asset figure transformed in to ln (natural logarithm). Age is measured as the natural logarithm of number of years the institution is established as MFI. The average value of total current asset to total asset (liquidity) is 19.69%. The average value of portfolio quality, measured as portfolio at risk over 30 days (PAR > 30 days) of MFI is 12.36%.

CORRELATION ANALYSIS

Table 2 shows, the Pearson product moment coefficient of correlation (also called the correlation coefficient or correlation) for pairs of variables. The correlation coefficient is a measure of the degree of linear relationship between two or more variables. The diagonal of the matrix has values of 1.00 because a variable always has a perfect correlation with itself. The matrix is symmetric about the diagonal because X correlated with Y is the same as Y correlated with X (Gujarati, 2001). This analysis was performed to investigate the possible degree of colinearity among the variables. Correlation explains the dependence of one variable to other. When one variable are highly correlated they both express the same information.

TABLE 2: OPEARSON CORRELATION MATRIX COEFFICIENTS FOR ROA AND ROE

Variables	1	2	3	4	5	6	7	8	9	10
1.	1.0000									
2.	0.0789 0.4085	1.0000								
3.	0.2683* 0.0042	0.2506* 0.0077	1.0000							
4.	0.2050* 0.0301	0.2521* 0.0073	0.2933* 0.0017	1.0000						
5.	-0.2821* 0.0026	-0.2572* 0.0062	-0.5057* 0.0000	-0.2707* 0.0039	1.0000					
6.	-0.3248* 0.0005	-0.7108* 0.0000	-0.4710* 0.0000	-0.3824* 0.0000	0.5433* 0.0000	1.0000				
7.	-0.2588* 0.0059	-0.1704 0.0724	-0.1217 0.2012	-0.4362* 0.0000	0.1833 0.0530	0.3700* 0.0001	1.0000			
8.	-0.3104* 0.0009	0.0450 0.6377	-0.0078 0.9351	0.0415 0.6643	-0.0518 0.5876	-0.0044 0.9630	0.1465 0.1232	1.0000		
9.	0.1142 0.2307	-0.0176 0.8541	-0.0024 0.9801	0.1898* 0.0450	-0.1438 0.1304	-0.0285 0.7656	-0.1481 0.1191	-0.0381 0.6901	1.0000	
10.	0.2008* 0.0337	-0.0119 0.9013	0.3858* 0.0000	0.1140 0.2313	-0.0135 0.8879	0.1246 0.1905	0.0037 0.9689	0.0423 0.6581	0.2733* 0.0036	1.0000

Source: Author's Own computation using Stata package 11

Note: asterisk (*) denote significant at 1% level

TABLE 3: REGRESSION RESULT USING GLS (CLUSTER ROBUST)

Independent Variables	The impact of debt and other explanatory variables on performance of MFI			
	Model 1 Return on asset(dependent variable)		Model 2 Return on equity (Dependent Variable)	
	Coefficients (Robust. std err)	z-value (p-value)	Coefficients (Robust. std err)	z-value (p-value)
De	-.00779 (.003)	-2.47 (0.014) **	-.0264 (.013)	-1.918 (0.050)**
Infsize	-.0046 (.005)	-0.78 (0.430)	.0250 (.022)	1.13 (0.259)
Firmage	.0082 (.022)	1.86 (0.063)***	0.1698 (.0857)	1.98 (0.048)**
Atangib	-.0969 (0.11)	-0.87 (0.38)	-.8179 (.4205)	-1.95 (0.052) ***
Catadq	-.1064 (.0337)	-3.15 (0.002)*	-0.0322 (.145)	-0.22 (0.825)
Liq	-.0242 (0.034)	-0.71 (0.476)	-.4149 (.128)	-3.22 (0.001)*
pq.	-0.0747 (0.022)	-3.32 (0.001)*	-.0625 (.091)	-0.68 (0.449)
Grw	0.001 (0.003)	0.28 (0.781)	.0120 (.013)	0.5897 (0.376)
Own	0.0283 (0.010)	2.74 (0.006)*	.0192 (.056)	2.33 (0.020)**
Numb ob	112	112	112	112
Wald chi2(6)	41.68		53.23	
R-square	33.41		28	
Firms	16		16	
Sig.	Level of significance *refers statistically significant at 1% , ** statistically significant at 5% and *** statistically significant at 10%			

As per the regression result, the effect of firm size on performance showed an inconclusive result. This implies that, because of the complex nature of the organization with a multi dimensional objective to pursue at different times. In one breadth, they target outreach to reach the poor and in other breadth, they targeting profit for institutional sustainability. This issue has always been seemingly conflicting idea regarding social, institutional, and profitability objectives to enhance the MFIs outlook. The firms age has a positive and significant effect on performance measured by ROA and ROE. This implies that the longer the age of MFIs operating in the country the higher the performance. As per descriptive statics, the average value of capital adequacy is very high. However, the high the capital ratio is not surprising because the sampled Ethiopian micro finance institution hold three times more than the minimum statutory ratio i.e 12% set by national bank of Ethiopia (2011). This result affects significantly and negatively performance of firms measured by return on asset and return on equity. In general, this implies that Ethiopian MFIs on average operated above minimum statutory level. The relation between portfolio quality (credit risk) and return on asset is negative and significant at 1% level. However, the relationship between portfolio quality and return on equity is negative but not significant. This also reveals that an increase credit risk result decrease in ROE. The relationship between liquidity and ROE is negative and statically significant. This implies that, most of MFIs in Ethiopia maintained excess liquid which is non earning (idle cash) that is bad as luck of cash to advance loan, therefore, management should monitor cash flow closely and ensure fund that left to lie idle. The ownership structures are also the most important factors for Ethiopian MFI performance. As per regression result, MFIs that are government backed are positively related with performance of the institution, since they are well guaranteed by accessing the commercial loans provision from the providers of capital to serve as a guarantee than the others.

RECOMMENDATION

Even though, the institutions debt equity ratio is under levered, as prescribed by Basle accord (the international capital adequacy standard for regulated financial institutions) and the institutional report benchmark, the existing debt-equity ratio negatively affects the performance of the firms. This may be due to in proper use of debt such as, poor management, reckless lending particularly to the poor without collateral and others. Therefore, the, policy makers, regulators and the concerned parties should consider the MFIs governing rules and regulations of debt so as to, make them profitable.

The capital adequacy ratio of most MFIs in Ethiopia are more than the statutory requirement set by regulatory requirement i.e. 12% and affected negatively the firm performance. This may be due to the more the equity providers to Ethiopian MFIs, the higher the claim from the institutions retained earnings in the form of dividends. These may leads to less retained funds to the institution and erode the profit. Therefore, the high officials of the Ethiopian MFIs should set a clear rules and regulations when and what amount of percent of dividends should go to the equity providers of the MFIs and the MFIs also, should use the capital adequacy up to the requirements.

The relationship between liquidity and performance of Ethiopian MFIs is negative and statically significant. This implies that, most of Ethiopian MFIs maintained excess liquid which is none earning (idle cash), that is bad as luck of cash to advance loan. Therefore, management of the MFIs should monitor cash flow closely and ensure fund that left to lie idle and invest as per the regulation of the institutions.

CONCLUSION

This study examined the impact of capital structure on micro finance institutions performance, as measured by return on assets and equity. A vast literature investigates the effect of capital structure on firm's financial performance since the seminal work of Modigliani and miller (1958). Most of these studies cared out in developed countries and documented that, a positive or negative relation between capital structure and firms performance (Abor, 2005; Berger and Dipatti, 2002; Akintoye, 2008). However, almost all of these studies conducted on large firms operating within well organized capital in developed economy. From such findings, it is difficult to generalize the same result on the effect of capital structure on firms' financial performance for relatively small size MFIs in Ethiopia.

Therefore, to fill the gap the researcher used only secondary data obtained from mix market and audited annual financial reports over the period of 2003-2009 (seven years financial data) of 16, sampled MFI

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SCOPE FOR FURTHER RESEARCH

Performance can be, affected by micro and macro economic factors that can easily manageable and/or unmanageable factors such as inflation, interest rate, GDP, market power, exchange rate and others. The researcher only used some of the micro factors that can easily be manageable. However, Future research could incorporate macro economic variables and other regulatory indicators so as, to make MFIs profitable and effective.

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A STUDY ON PUBLIC BUDGET MANAGEMENT OF HIV/AIDS INTERVENTION

NURUL DWI PURWANTI
LECTURER
PUBLIC POLICY & MANAGEMENT
FACULTY OF SOCIAL & POLITICAL SCIENCE
UNVIERSITAS GADJAH MADA
YOGYAKARTA

ABSTRACT

Prevention and intervention of Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome (HIV/AIDS) become one of world concerns and Indonesia government as well. In Indonesia, a few decades ago, HIV/AIDS is still taboo for public talk. Even for today, people still had negative stigma for ODHA (people who infected by HIV/AIDS). HIV/AIDS intervention, as national government program, was inversely proportional to negative stigma for ODHA. Government Data (including data from the Ministry of Health) describe that total numbers of Non Government Organization (NGO) that are concerned with HIV/AIDS show significant increases over the years. As an iceberg phenomenon, the HIV/AIDS growth rate is due to the increased. This research use qualitative methods with in-depth interview, observation and documentation studies for collecting data. Locus research is Province of Yogyakarta Special Region (Provinsi DIY) as a miniature of Indonesia. As an "education city", with a large of educational institutions Provinsi DIY attracted many students from various regions in Indonesia. Further this paper will discuss on the urgency of HIV/AIDS, the role of Yogyakarta Provincial Aids Committee (KPAP DIY), budget allocation management, budget conditions and problems, existence of Non Government organization (NGO foreigners) as HIV/AIDS program funding and political will of local government.

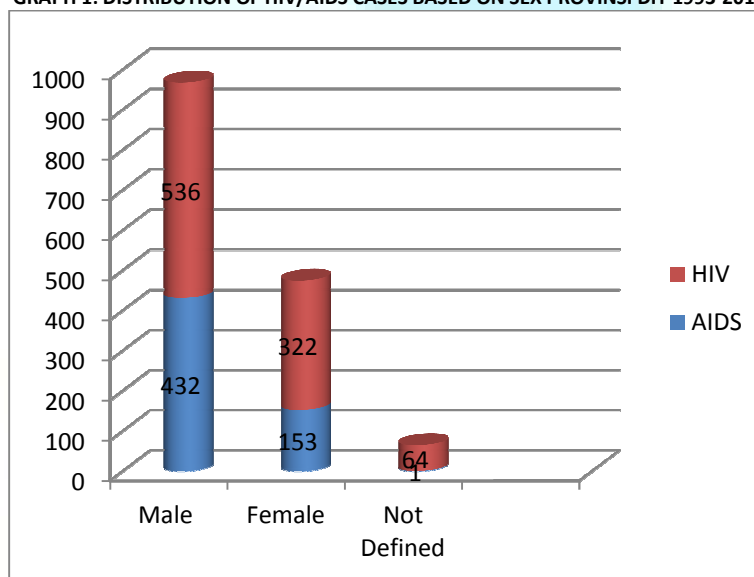
KEYWORDS

Public Budget Management, HIV/AIDS Intervention.

THE URGENCY OF HIV/AIDS INTERVENTION

HIV is a retrovirus attacked cells the human immune system and destroy or disturbing its function. A viral infection caused by the decreasing immune systems constantly, resulting in a immune deficiency¹. Whereas the AIDS (Acquired Immunodeficiency syndrome) and describes the various symptoms and infections associated with decreased immune system². The level of HIV in human body and variety of specific infections is an indicator that HIV infection has progressed to AIDS. During this program related to mitigation of HIV/AIDS undertaken tends to be on target groups, i.e. ODHA and high-risk groups. These groups are likely being marginal so that HIV/AIDS intervention program aims to give them strength to fight negative stigma and discrimination. On the other hand, society who give stigma still untouched, program share information about AIDS only. Number of HIV/AIDS cases in the province of DIY was high enough as shown on the graph 1 below:

GRAPH 1: DISTRIBUTION OF HIV/AIDS CASES BASED ON SEX PROVINSI DIY 1993-2011



Source : Dinas Kesehatan Provinsi DIY in www.aidsyogya.or.id, Purwanti, 2012.

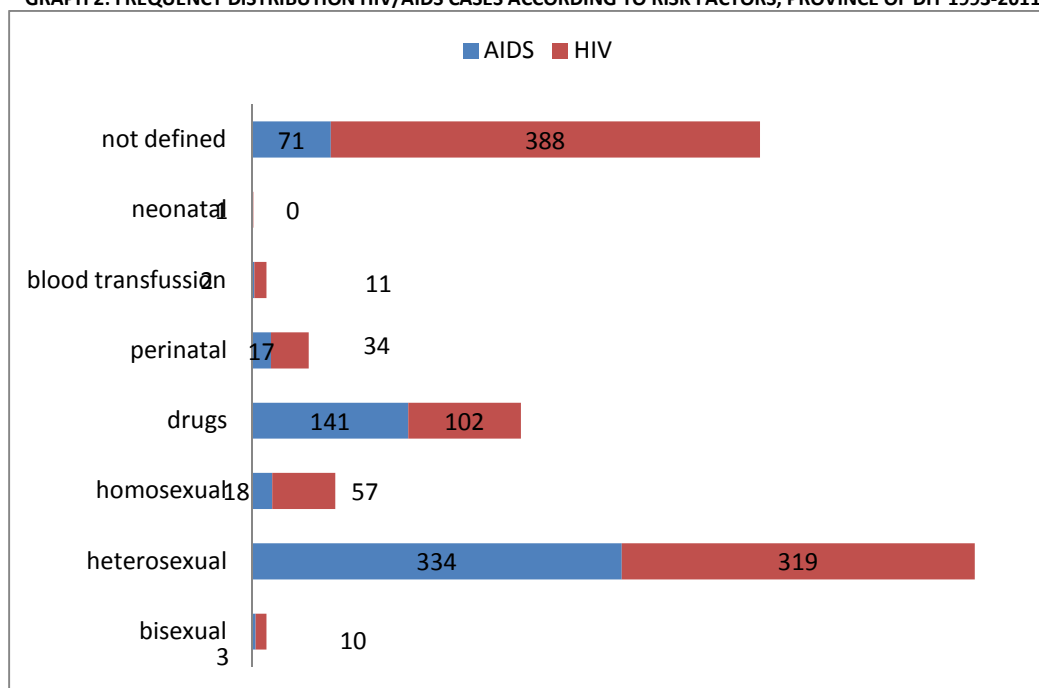
As a basic consideration in the Province of DIY Regulatory Region Number 12/2010 (Perda Provinsi DIY Nomor 12 tahun 2012) about HIV and AIDS Intervention, Provinsi DIY has HIV and AIDS epidemic category and level growth can become a generic epidemic level. According to that government, especially Province of DIY, must give more concern for HIV/AIDS intervention government. In addition, Commission for AIDS intervention was establish as regulated in Minister of Home Affair Regulation Number 20/2007 (Peraturan Menteri No. 20/2007) should be able to be government front guard of the HIV/AIDS intervention. However, lack of allocation and government fund delays became a classic problem in nearly all government agencies in Indonesia and Yogyakarta Provincial Aids Committee (KPAP DIY).

Meanwhile, the stigma that develops that HIV/AIDS merely identical with the a homosexual, or transgender, turns unquestionable back if looking from the data. HIV transmission aids this spread, even highest main precisely to risk factors heterosexual, is also which is one reason urgency HIV/AIDS intervention because the number of pairs heterosexual is the highest in society. As shown by a graph 2. A frequency distribution HIV/AIDS cases according to risk factors DIY Province 1993-2011 as following:

¹ www.aidsyogya.or.id

² www.aidsyogya.or.id

GRAPH 2: FREQUENCY DISTRIBUTION HIV/AIDS CASES ACCORDING TO RISK FACTORS, PROVINCE OF DIY 1993-2011



Source: Dinas kesehatan provinsi DIY in www.aidsyogya.or.id, Purwanti, 2012

The consciousness of doing safety sex for a much needed to suppress HIV/AIDS spread. For example, users of the services are reluctant to use condoms PSK (commercial sex workers) which increases the risk of transmission and when returning home had a chance to pass their partner. That phenomenon eventually gave rise of HIV AIDS high rates transmission in heterosexual.

The high growth of HIV/AIDS cannot be directly defined deployment that the height is only within that area. The emergence of high numbers could be caused also by the awareness to do Voluntary, Counseling and Testing (VCT) that are known to anyone who has HIV or AIDS either. Different access for VCT is ranging from each region socio economic condition. This awareness is also not in spite of the many NGOs which actively promotes on the dangers of the spread of HIV/AIDS and raise awareness for the saw itself as one way of preventing transmission. On the other hand, a group of high risk high in accordance with population includes couples of fertile age, PSK (commercial sex workers), transgender, and drug users.

The importance of HIV/AIDS intervention is also strengthened by Sontag:

*"AIDS has become a new 'universe of fear' (Sontag, 1988, p. 73) in our time, posing a remarkable challenge to the achievement of rapport and trust in the fieldworker's situation. Rapport in face-to-face relationships is never easy."*³

It means that aids also be "fear of universe" needed concern, both of community (civil society) and government to perform HIV/AIDS intervention including reduction stigma of ODHA discrimination.

THE ROLE OF KPAP DIY

The establishment of the National Commission on AIDS (KPAN) through the Presidential Decree (keppres) No. 36 1994 then updated through the Presidential Regulation No. 75 (Perpres) in 2006. Both the regulation states that the Commission of AIDS Intervention (KPA) established at the national level, provincial, and district/city. A final decision on the formation of the KPA in the level to clarify the province and district/city is Permendagri number 20/2007 which sets out clear tasks of KPA areas, membership, including sources of financing activities. For the areas that already had AIDS then formation of Perda KPA should be mandated in the change. This is what being a legal formation of KPAP DIY (currently renamed KPAP DIY, which became the Coordinator of the KPA Kabupaten/Kota).

Various parties must implement efforts to HIV AIDS intervention under sekretariat KPA coordination. Head of KPA in the region must be able to equalize vision with all SKPD (institution of local Government) members of planning and then all do together in a regional strategy plan (renstrada) of HIV AIDS intervention. The programs become work plan 2010 owned KPAP DIY e.g :review vision and mission 2005-2010 and set 2011-2015 KPAP DIY vision, drafting workshop, FGD for management strategic discussion, team ad hoc meeting, socialization, communication systems and coordination meeting, preparation of standard competence, conducted instrument appraisal performance and a system of rewards and punishment, program of capacity building for sekretariat, and monitoring evaluation workshop. Those activities divided into sub-sub the event is a form of being adjusted to funding requirements, as described by management program KPAP DIY. According to that, in HIV/AIDS intervention programs, KPA Province DIY as legal institutional must be strengthening not only through coordination with District (Kabupaten) and city (Kota), but also with internal (which consists of Field Service and rehabilitation, Harm Reduction and Field Staff), as well as areas of promotion and stakeholder involvement in Prevention. HIV/AIDS intervention still has lack of coordination with the Health Service and Social Service/BKKBN. KPAP DIY is need to conduct coordination also with another stakeholder such as Ministry of women's empowerment, Ministry of Community Service of Transportation, Communication and Informatics, Ministry of religious affairs, Ministry of Law and human rights.

BUDGET MANAGEMENT

HIV/AIDS Intervention cannot separate from the budget allocation as implentation support of various programs. In addition, budget defined by Suharyanto⁴ define as a plan drawn up systematically, covering all the activities of the Agency, which is used in the unit (Unity) and monetary policies for a period (period) certain to come. Budget is also intended as a statement regarding the estimation of performance to be achieved during the period of time stated in size financially.

Not much different, Hariadi Restianto and defining budgets as Bawono⁵ statement about estimation of performance will be achieved during a certain period stated in size financially. The process of preparation of the budget is called with the process of budgeting. The Government budget has several main functions, e.g. planning, fiscal policy, political communication and coordination tools, assessment tools, as well as motivation tools create public spaces.

³ Gilbert Herdt and Andrew M. Boxer, Ethnographic Issues in the Study of AIDS, *The Journal of Sex Research*, Vol. 28, No. 2, Anthropology, Sexuality and AIDS (May, 1991), pp. 171-187, Penerbit: Taylor & Francis, Ltd. Page. 174

⁴ H. Suharyanto, *Anggaran Berbasis Kinerja –konsep dan aplikasinya-*, Editor: Wahyudi Kumorotomo dan Erwan Agus purwanto, MAP UGM bekerjasama dengan Asosiasi DPRD Kota Seluruh Indonesia (ADEKSI), 2005. Page 2

⁵ Pramono Hariadi, Y.E Restianto & Ickur R Bawono, *Pengelolaan Keuangan Daerah*, Salemba Empat, Jakarta, 2010. Page.7

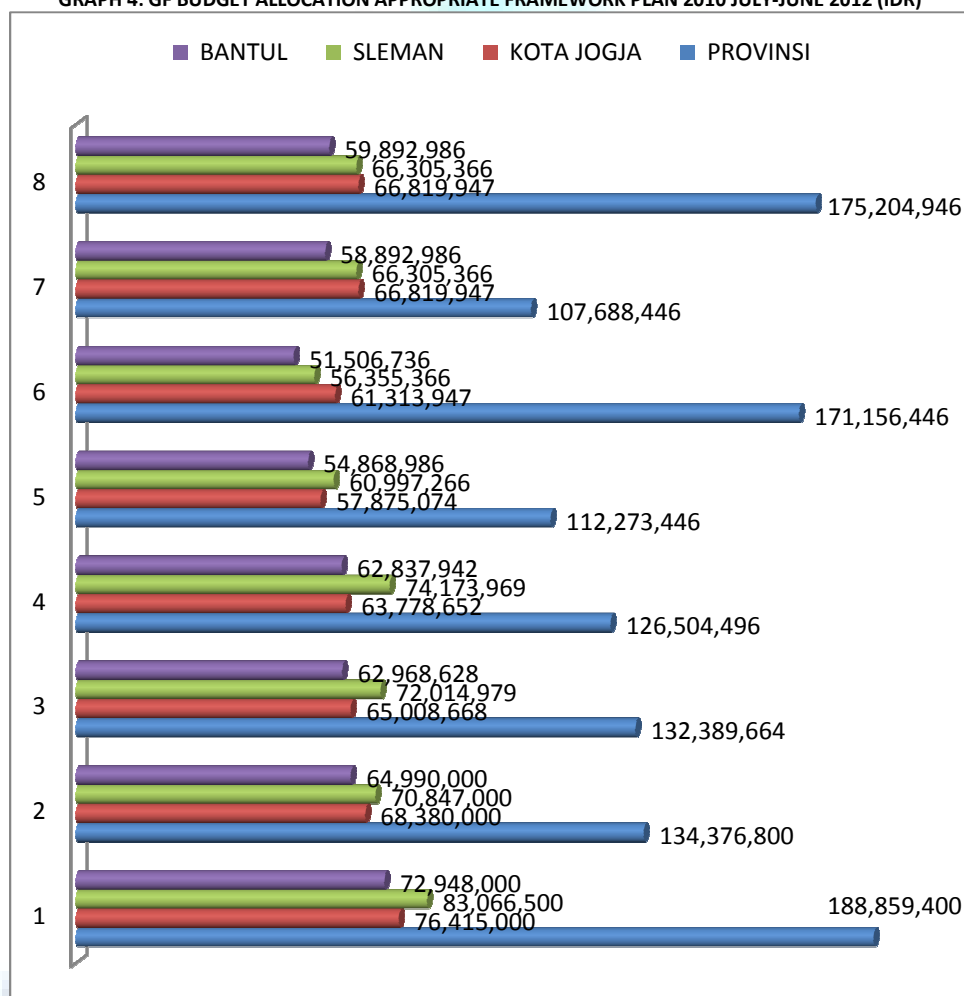
While Azwar⁶ said that health sector in Indonesia is still has problems of them are : 1 . The lack of the available budget 2 . The spread of the budget not according to needs 3 . The use of the budget not exactly 4 . The management of the budget perfect yet 5 . Increasing the cost of health care. According to that, authors can conclude that the allocation of HIV/AIDS intervention budget at least should be able to overcome that fifth problems. The proper management of the budget that is able to deal with conditions of limited funds, health costs are high, as well as being able to focus on the distribution of the budget according to the needs of the recipients of the program.

BUDGET PROBLEMS IN HIV/AIDS INTERVENTION

APBD as local Government annual financial plan is discussed and approved by the local government and legislative (DPRD) and then set out in Regulation (PERDA) is also an instrument in order to embody service and an increase in welfare of society to achieve the goal of State including HIV/AIDS intervention. The high growth figures for the spread of HIV/AIDS have been duly received more attention from all parties, including the Governments of both the Central Government and Governments in the region are reflected in regional financial instrument, namely the APBD.

Based on the interview to the management of KPA DIY, can be concluded that first, the fund source different namely of regional and funding. The APBD very minimal and most but used only to employee expenditure was still hampered by thawing the new funds disbursed after the middle of the fiscal year run. Second, even the activities of existing in KPAP DIY established in accordance with funding requirements. Third, the commitment of leaders and regional legislation determines HIV/AIDS budget allocation but with a required funding of Government concern (which is indicated by the presence of the budget appropriations, the funds companion) after the year 2011 are expected to be able to deal government concern. Here are budget allocation appropriate framework plan KPA of Kabupaten Bantul, Sleman, Kota Yogyakarta dan Province of DIY :

GRAPH 4: GF BUDGET ALLOCATION APPROPRIATE FRAMEWORK PLAN 2010 JULY-JUNE 2012 (IDR)



Source: Purwanti 2012

Other barrier faced is the implications of fund delay from APBD allocation. A decrease in the number of budget allocations that are visible on the conditions of the budget plan. Political Will shown by the Government's commitment to allocate a budget for activities in HIV/AIDS intervention also gained a concern of the United Nations General Assembly Special Session (UNGASS). UNGASS is board of United Nation that creates measurement of Government's commitment and community partners in AIDS intervention. The measurement of this Government's commitment carried out using instruments of National AIDS Spending Assessment (NASA). NASA made only to gauge spending APBD, as a tool to take the Government source, whereas the allocation of the funding comes from, regardless of the cost was coordinated KPAN (e.g. from GF).

THEORY DEVELOPMENT: BUDGET MANAGEMENT OF HIV/AIDS INTERVENTION

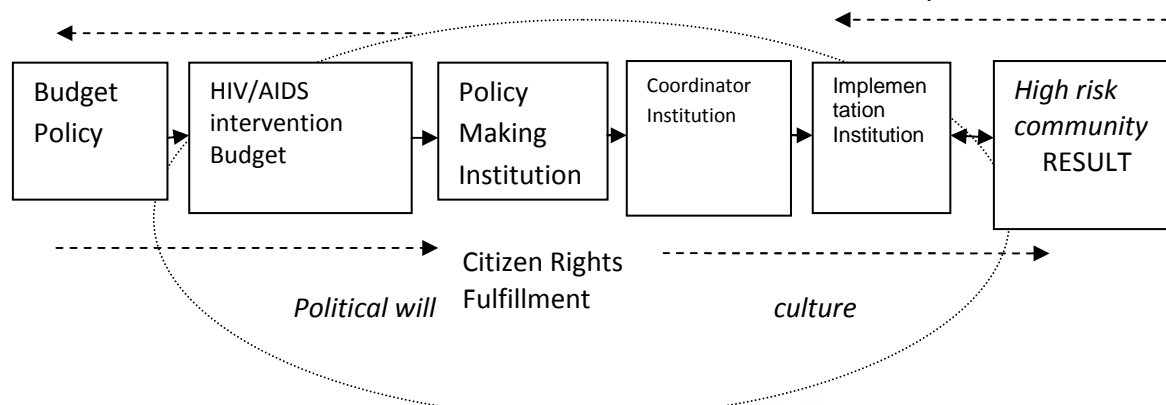
The budget can be used as an instrument of coordination for all parts that are in the Organization, because of all the interrelated activities between one part with another part is set up properly. Coordination of functions P DIY-owned KPA is a synergy of activity demanding SKPD, KPA Kab/city and KPA P DIY. Coordination is necessary in order to create a right planning, which can show synergy of plan between them.

The budget for HIV/AIDS intervention that serves as the planning should be able to adjust the plans made for the various sections within the Organization, so plan an activity that one would be in synergy with the others. All budgetary policy processes are not only based on the process of current policy making, however there is a process of policy shaping also gave influence on overall budget cycle.

⁶ Azwar, Azrul, M.P.H., 1996, Pengantar Administrasi Kesehatan, Binarupa Aksara, Jakarta.

On the process of policymaking, political will was very important, negotiations conducted within the authority of the legislative to determine budget amount for HIV/AIDS intervention. Here is a model theory of policy shaping in KPAP DIYS's budget management of HIV/AIDS intervention:

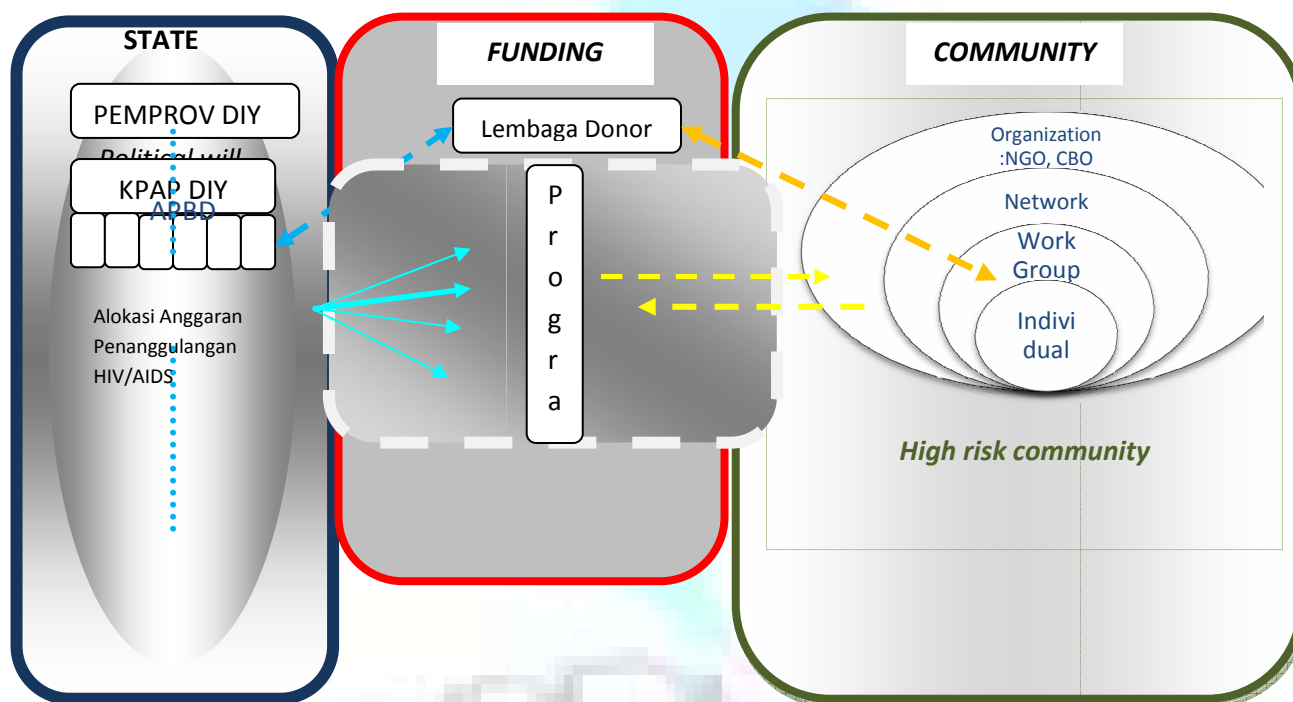
FIGURE 1: THEORY MODEL OF POLICY SHAPING IN KPAP DIYS'S BUDGET MANAGEMENT OF HIV/AIDS INTERVENTION



Source: Purwanti, 2012

The model was explained that the process of shaping policy occurring concurrently with policy making process in HIV/AIDS budget management. Process policy shaping conducted by practitioners, community and NGO participation. More open access to do policy shaping, more current policy derived from processes and action policy society. More closed access to do policy shaping, more current policy derived from process policy making derived from the domain of government. Based on the analysis of data there are 3 domain in the management of the budget for HIV/AIDS intervention KPAP DIY: Government, funding and community.

FIGURE 2: DOMAIN OF BUDGET MANAGEMENT FOR HIV/AIDS INTERVENTIONS



Source: from konsep Nirinberg 1993 and Purwanti's Primer and Secondary research data 2012 in Purwanti, 2012

CLOSING REMARKS

HIV/AIDS intervention is cannot be separated from government and founding institutions budget allocation. On one side of HIV/AIDS committee has function as coordinator that manages and coordinates HIV/AIDS intervention activities. Strengthening of three main domain synergies, which is the domain of the state/government, funding and community. In the government domain, lack of budget is given, then an alternative reform a strategic position for HIV/AIDS Intervention Committee. It means that KPAP DIY must has independent budget allocation not inherent with another SKPD (Department of Health). If the strategic position is owned, although still in a number of budget allocation of limited but the coordination function is owned by the committee. Hence, budget for HIV/AIDS intervention would be able to run optimal.

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A STUDY OF POVERTY ERADICATION IN INDIA: NATIONAL POLICIES, PLANS AND PROGRAMS

DR. SANJAY KUMAR CHOURASIYA
FECULTY
DEPARTMENT OF COMMERCE
DR .H. S. GOUR CENTRAL UNIVERCITY
SAGAR

ABSTRACT

Poverty is defined in terms of income, expenditure and nutritional value (calorie intake). Social dimension of poverty is a neglected area of study. Poverty is more of social marginalization of an individual, household or group in the community/society rather than inadequacy of income to fulfill the basic needs. Indeed, inadequate income is therefore one of the factors of marginalization but not the sole factor. The goal of poverty alleviation programme should aim merely increasing the income level of individual, household or group but mainstreaming marginalized in the development process of the country. The country cannot claim economic growth when sections of the people are marginalized to the periphery of the society. The rapid economic growth process should accelerate the access to services like education and health services for all, especially the marginalized citizens.

KEYWORDS

Proverty eradication, India.

INTRODUCTION

Poverty is about denial of opportunities and fulfillment of human potential. Poverty and inequality are closely related, and inequality appears to have been on the rise worldwide in recent decades at both national and international levels. More than 80 percent of the world's population lives in countries where income differentials are widening. The poorest 40 percent of the world's population account for only 5 percent of global income. On the other hand, the richest 20 percent account for 75 percent of world income, according to the United Nations Development Programme. Poverty is the principal cause of hunger and under nourishment. According to most recent estimates of the Food & Agriculture Organization of the United Nations (FAO, 2009), the number of hungry people world wide has reached 963 million, or roughly 15 percent of the estimated world population. This represents an increase of 142 million over the figure for 1990-92. Poverty essentially consists of two elements, narrowly-defined "income" poverty and a broader concept of "human" poverty. Income poverty is defined as the lack of necessities for minimum material wellbeing determined by the national poverty line. Human poverty means the denial of choices and opportunities for a tolerable life in all economic and social aspects recognizing the problem, the Millennium Development Goals of the United Nations also contain a commitment to halve the proportion of the world's population living in extreme poverty by 2015. Poverty is widespread in India, with the nation estimated to have a third of the world's poor. The World Bank (2005) estimated that 41.6 percent of the total Indian population lived under the international poverty line of US \$1.25 per day (PPP), reduced from 60 percent in 1981. Humanity faces pains and miseries if it does not attain a subsistence level of such needs. It is generally agreed in this country that only they who fail to reach a certain minimum consumption standard should be regards as poor. "No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable" (Adam Smith, 1776). Major determinants of poverty are lack of income and purchasing power attributable to lack of productive employment and considerable underemployment, inadequacy of infrastructure, affecting the quality of life and employability, etc.

LITERATURE REVIEW

India is a haven to 22% of the world's poor. Self-employment programmes like microcredit is successful because of people's participation in the form of SHGs. The government has taken a major step in this direction in the form of 73rd and 74th amendment to the constitution to give more powers to PRI. Poverty eradication is considered integral to humanity's mission for sustainable development. Thus, reduction of poverty in India is vital for the attainment of international goals. At the macro-level, there is a need to co-ordinate a myriad of poverty alleviation programmes of the central government and the State governments. Although concerned efforts have been initiated by the Government of India through several plans and measures to alleviate poverty in rural India, there still remains much more to be done to bring prosperity in the lives of the people in rural areas .

METHODOLOGY

Economic survey, books and journals. This research paper tries to summaries the current state of knowledge about poverty, problems created by poverty and to study national policies, plans and programs for poverty eradication in India. The relevant secondary data is collected through various sources such as websites,

MEASUREMENT OF POVERTY: POVERTY LINE

According to Planning Commission of India, "Poverty line is drawn on the basis of barest minimum desirable nutritional standards of 2400 calories per person per day in rural areas and 2100 calories for urban areas. Cut off level of income or expenditure is determined differently in different countries and regions.

ESTIMATION OF POVERTY IN INDIA

In 1973-74, estimation of poverty was made on the basis of consumption expenditure through sample method. In India poverty is estimated on the basis of 'Head Count Ratio' or on the basis of minimum consumption expenditure. Estimation of poverty on the basis of trend and extent can be made in following manner. Planning commission has prepared several estimates through several basis.

TRENDS IN POVERTY IN INDIA

During five-year plans, several programmes has been introduced to alleviate poverty in India, yet there has been an increase in the number of poor persons in the country. By the end of 11th plan number of poor persons are expected to come down to 10 crore. A brief analysis showing absolute trend in poverty in india is shown through following table:

TABLE 1: HEAD COUNT ESTIMATES OF POVERTY (in Crore)

Trends in poverty in India (Crore)			
Year	Rural	urban	India
1973-74	26.1	6.0	32.1
1977-78	26.4	6.5	32.9
1983-84	25.2	7.1	32.3
1987-88	23.2	7.5	30.0
1993-94	24.4	7.6	32.0
1999-2000	19.3	6.7	26.0
2007	17.0	3.0	20.0
2011	—	—	10.0

Source: *Economic Survey 2002-3 & 2010-11, Eleventh Five-Year Plan.*

TRENDS OF STATE LEVEL POVERTY OF INDIA

In India, different states have different number of poor persons. Uttar Pradesh, Bihar, Rajasthan, Uttarakhand, Madhya Pradesh etc. In percentage form Orissa has the highest % of persons living below poverty line i.e., 43% and Punjab has lowest i.e., 6%. A comparative study of rich and poor states is shown below:

TABLE 2: TRENDS IN POVERTY AMONG DIFFERENT STATES (ON THE BASIS OF URP)

States with higher %age of Poverty	%age	States with lower %age of Poverty	%age
Orissa	46.4	Punjab	8.4
Bihar	41.4	Himachal Pradesh	10
Chhattisgarh	40.9	Haryana	14
Jharkhand	40.3	Kerala	15
Madhya Pradesh	38.3		
Uttar Pradesh	32.8		

Source: *Economic Survey, Govt. of India 2008-09*

EXTENT OF POVERTY

The poverty in 1973-74 was 54.9%. For this purpose recall, heavy expenditure was made during each plan. In actual fact, percentage On the basis of 30 days in 1999-2000, 26% of Indian population remained below poverty line. In actual fact, percentage of poverty in 1973-74 was 54.9%. It came down to 22% in 2004-05. Main reasons behind it are a fall in percentage of poverty in both rural and urban sectors. During these years, poverty percentage has come to a less than half. In 2010, 37% of population Was below poverty line. It is clear in the table 3 below.

TABLE 4: PERCENTAGE OF PEOPLE LIVING BELOW POVERTY LINE

Year	1973-74	1977-78	1983-84	1987-88	1993-94	1999-00	2004-05	2010
Rural	56.4	53.1	45.7	39.1	37.1	27.1	21.8	—
Urban	49.0	45.2	40.8	38.2	32.4	23.6	21.7	37
Total	54.9	51.3	44.5	38.9	38.9	26.1	21.8	37

Source: *Economy of India, From Wikipedia, the free encyclopedia*

POVERTY ALLEVIATION PROGRAMMES OF GOVERNMENT

Indian economy is growing at a faster rate of nearly 10 per cent per annum¹. In the process, India has become the fourth largest economy in the world. In the last two decades, a significant proportion of the population across the country has reaped the benefits of this economic growth. Apart from this burgeoning middle class in the country, the economic growth seemed to have touched the lives of the poor also. According to the National Sample Survey results, people living below poverty line have dramatically come down during the post economic reform era. Inclusive growth also focuses on productive employment for the excluded groups. Poverty alleviation programmes have been designed from time to time to enlarge the income-earning opportunities for the poor. The programmes' and schemes have been modified, consolidated, expanded and improved over time. Following programmes' have been introduced by the Govt. of India for solving the problems.

PRIME MINISTER'S ROZGAR YOJANA (PMRY)

PMRY started in 1993 with the objective of making available self-employment opportunities to the educated unemployed youth by assisting them in setting up any economically viable activity. The targets for additional employment opportunities under the Tenth Plan and in 2004-05 are 16.50 lakh and 3.75 lakh, respectively. PMRY is meant for educated unemployed youth with family income of up to Rs.40, 000 per annum, in both urban and rural areas.

NATIONAL SOCIAL ASSISTANCE PROGRAMME (NSAP)

This programme was launched in during 1995-96. It provides three types of services to poor people. (a) National Family Benefit Scheme (b) National Old Age Pension Scheme (c) National Maternity Benefit Scheme. Whole of expenditure on this scheme is spent by central government but since April 2001, NMBS has been handed over to ministry of health and family welfare.

SWARAN JAYANTI GRAM SWAROZGAR YOJANA (SGSY)

SGSY, launched in April 1999, aims at bringing the assisted poor families (Swarozgaris) above the poverty line by organizing them into Self Help Groups (SHGs) through a mix of Bank credit and Government subsidy. In this scheme IRDP and other programmes have been included. Under this scheme, poor are granted bank loans and subsidies to establish small enterprises.

ANTYODAYA ANNA YOJANA (AAY)

AAY launched in December 2000 provides foodgrains at a highly subsidized rate of Rs.2.00 per kg for wheat and Rs.3.00 per kg for rice to the poor families under the Targeted Public Distribution System (TPDS). The scale of issue, which was initially 25 kg per family per month, was increased to 35 kg per family per month from April 1, 2002. The scheme initially for one crore families was expanded in June 2003 by adding another 50 lakh BPL families.

PRADHAN MANTRI GRAM SADAK YOJANA (PMGSY)

The PMGSY, launched in December 2000 as a 100 per cent Centrally Sponsored Scheme, aims at providing rural connectivity to unconnected habitations with population of 500 persons or more in the rural areas by the end of the Tenth Plan period. Up to October, 2004, with an expenditure of Rs 7,866 crore, total length of 60,024 km. of road works has been completed. The National Rural Roads Development Agency (NRRDA), an agency of the Ministry of Rural

Development registered under the Societies Registration Act, provides operational and technical support for the programme. In 2008-09, Rs. 46807 crores were spent on this plan. About 2.14 Lakh kms road length was completed. According to this scheme, Rs. 60000 crores are to be spent in seven years.

ANNPURNA YOJANA

This scheme was initiated on 1st April, 2000. It is 100% centrally sponsored plan. It provides foodgrains to senior citizens. It involves those citizens who come under old age pension scheme, yet do not get any pension and 10 kgs of foodgrains, free of cost is given to each individual. Since 2002-03, this scheme has been handed over to states.

PRADHAN MANTRI GRAMODAYA YOJANA (PMGY)

PMGY launched in 2000-01 envisages allocation of Additional Central Assistance (ACA) to the States and UTs for selected basic services such as primary health, primary education, rural shelter, rural drinking water, nutrition and rural electrification. For 2003-04 as well as 2004-05, the annual allocation of ACA for PMGY was Rs.2, 800 crore.

NATIONAL FOOD FOR WORK PROGRAMME

The programme is open to all rural poor who are in need of wage employment and desire to do manual unskilled work. In line with the NCMP, National Food for Work Programme was launched on November 14, 2004 in 150 most backward districts of the country with the objective to intensify the generation of supplementary wage employment.

NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (NREGS)

This scheme was introduced on february 2, 2006. for this scheme national rural employment guarantee act was passed on 7th September, 2005. This NREGS scheme was started in 200 districts in the beginning. It will be launched in all the districts throughout the country within periods of 5 years. The main objective is to provide at least 100 days employment to every family in a year. under this scheme 56 Lakh people got employment in 2006-07. this scheme will be expanded from 200 in 2006-07 to 596 districts in 2008-09. in the budget of 2009-10 Rs. 30,100 crore has been fixed. According to the need budget can be exceeded

PRIME MINISTER EMPLOYMENT GENERATION PROGRAMME (PMEGP)

This programme was introduced by the govt. in 15th August 2008. In it two employment programmes have been merged. (i) Prime Ministert Rozgar Yojana (ii) Rural Employment Generation Programme. The main objective of this programmes is to generate new employment oppertunities through micro enterprises. About 37 Lake oppertunities would be generated. For this purpose Rs. 740 crore would be spent in 2008-09 and Rs. 4485 crore during next four years

SMALL AND COTTAGE INDUSTRIES

This sector is already providing employment to 238 Lakh people. It encourages self employment schemes by spending heavy expenditure on it. In 2006-07, business limit for small entrepreneurs has been raised from Rs. 3 crore to Rs. 4 crore. In the budget of 2007-08 excise duty exemption has been raised from Rs. 1 crore to 1.5 crore. It will help in raising employment oppertunities in small scale industries.

INTEGRATED CHILD DEVELOPMENT SCHEME (ICDS)

Under this scheme mothers and children below 6 years have got some financial aid. Govt. has approved 5959 (ICDS) projects in 2007-08. For this purpose Rs. 6300 crore has been allocated in 2008-09 and 6705 crore in 2009-10.

MID DAY MEALS SCHEME (MDMS)

The children in primary classes have been covered under this scheme. Under this scheme, 2.5 crore additional children got benefit it. Children in primary classes and upper primary classes have been coveredin 2008-09 (Verma and Pardeep, 2010). For thispurpose Amount of rs. 8000 crore was spent in 2009-10.

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE ACT (MGNREGA)

It has also successfully raised the negotiating power of agricultural labour, resulting in higher agricultural wages, improved economic outcomes leading to reduction in distress migration. With a peoplecentred, demand-driven architecture, completely different from the earlier rural employment programmes, MGNREGA has directly led to the creation of 987 crore person-days of work since its inception in 2006-07.

POVERTY ALLEVIATION PROGRAMMES IN ELEVENTH PLAN

A review of different poverty alleviation programmes shows that there has been erosion in the programmes in terms of resource allocation, implementation, bureaucratic controls, noninvolvement of local communities, etc. NABARD has also been contributing in Rural Poverty Allevaition through its various initiatives/ schemes like SHG Bank Linkage Programme, watershed development, tribal development, CDP, REDP, ARWIND, MAHIMA, support to weavers, RIDF, R&D Fund, etc. The Eleventh Plan gave a special impetus to several programmes aimed at building rural and urban infrastructure and providing basic services with the objective of increasing inclusiveness and reducing poverty.

TABLE 5: THE ELEVENTH PLAN (XITH) PLAN ALLOCATION UNDER VARIOUS SCHEMES/PROGRAMMES

S. No.	Scheme/Programme	Proposed out lay Xlth Five Year (2007-2012) (Lakh Rs.)
1	SGSY	29656.12
2	SGRY	18016.64
3	DPIP9SS (EAP) / EAPII Phase	23158.72
4	Rural roads	50000.00
5	Indira Avas Yojana	27766.71
6	IWDP	10598.56
7	DRDA	6012.36
8	DPAP	21294.84
9	Gramin Aajivika Pariyojna	22480.00
10	National Rural Rojgar Gurantee Scheme	199881.85
11	MP Rojgar Gurantee Council	3800.00
12	Mid day meal	69.462.00
13	BRGF	225695.00
14	Community Development	29265.20
15	Walmi	1250.00
16	Road maintenance	2030.00
17	State rural road Connectivity	8647.60
18	CM Awas Yojana (Apna Ghar)	6200.00
19	State SGSY	1800.00
20	Training	50.00
21	Master Plan	1363.00
22	Sutradhar scheme	50.00
23	Gokul Gram adhosanrachan	5000.00
24	Godan Yojana	1000.00
	Grand Total	7,64,478.50

Source: Ministry of Rural Development.

TABLE 6: SCHEME-WISE PHYSICAL TARGETS PROPOSED FOR ELEVENTH PLAN (XITH) FIVE YEAR PLAN

Sl. No.	Scheme/Programme	Unit	Proposed target Xlth Five Year (2007-2012)
1	SGSY	No. of beneficiaries in lakhs	4.52
2	SGRY	Lakhs employment	900
3	DPIP(SS with WB support)	No. of groups in lakhs	2.05
4	Rural roads (PMGSY)	Kms.	20000
5	Indira Avas Yojana	No. of houses in lakhs	4.44
6	Gramin Aajivika Pariyojna	No. of household in lakhs	3.20
7	National Rural Rojgar Gurantee Scheme	Lakhs mandays	17300
8	Mid day meal	Students in lakhs	466.35
9	BRGF	No. of workers	20000
10	Road maintenance	Kms.	20000
11	M.P. Rural Livelihood Project	No. of families	320000

Source: Ministry of Rural Development

POLICY PLAN REQUIRED FOR POVERTY ALLEVIATION IN INDIA

1. To promote growth in agricultural productivity and non-farm rural activities.
2. Public investment in rural infrastructure and agricultural research. Agricultural research benefits the poor directly through an increase in farm production, greater employment opportunities and growth in the rural non-farm economy.
3. Credit policies to promote farm investment and rural micro enterprises Policies to promote human capital to expand the capabilities of the poor Development of rural financial markets.
4. Self-Help Group Approach to be strengthened as it is a proven method of empowerment of the poor.
5. Involvement of local communities and people's participation in NRLM and MGNREGS.
6. Decentralization of the programmes by strengthening the panchayati raj institutions.
7. Public Distribution System (PDS) needs to be reformed and better targeted.
8. Provision of safety nets like targeted food subsidies, nutrition programmes and health.
9. Targeted poverty alleviation programmes to continue as the poor of the developing world may not have the

CONCLUSION

Poverty is a socio-economic phenomenon that is intimately associated with inequality. It adversely affects human health, efficiency and productivity which in turn affect their income. Poverty is more of social marginalization of an individual, household or group in the community/society rather than inadequacy of income to fulfill the basic needs. The goal of poverty alleviation programme should aim merely increasing the income level of individual, household or group but mainstreaming marginalized in the development process of the country. The country cannot claim economic growth when sections of the people are marginalized to the periphery of the society. The rapid economic growth process should accelerate the access to services like education and health services for all, especially the marginalised citizens. The link between ignorance and poverty and ill health and poverty are well-established. Poverty alleviation programmes should also address the issue of poverty from broader social and economic perspectives.

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A STUDY ON UNDERSTANDING OF RURAL CONSUMER BEHAVIOUR IN INDIA

SUCHI K. PATEL
ASST. PROFESSOR
ANAND INSTITUTE OF MANAGEMENT
ANAND

ZARNA M. PATEL
ASST. PROFESSOR
ANAND INSTITUTE OF MANAGEMENT
ANAND

ABSTRACT

The paper describes the buying behaviour of rural consumer in India. The Indian rural market with its vast size offers a huge opportunity with 128 million households and the rural population is nearly three times the urban. India today has about 6.4 lakh villages. All except about 15,000, have a population below 5000. Looking at marketer defined classification, most companies in the FMCG sector would define any area with primarily agriculture based occupation and with a population of less than 20,000 as rural. Rural areas exhibit several distinctive characteristics that are different from the urban areas. Literacy levels, family structure, occupational patterns, social customs and norms, and several other features are unique to rural India. A complex set of factors influence rural consumer's behavior. Social norms, traditions, castes, and social customs have greater influence on the consumer behavior in rural areas than in urban areas. The seasonality of agricultural production influences the seasonality of rural consumers' demand. Although rural areas offer attractive opportunities to marketers at an aggregate level, about 68 percent of these markets remain untapped mainly due to inaccessibility. Thus, the absolute size of rural India is expected to be double that of urban India.

KEYWORDS

buying behaviour, consumer behaviour, rural consumer.

INTRODUCTION

Rural market is dynamic and has stood for centuries on its own. Nobody can ignore rural India which comprises one tenth of the world population. A revolution is sweeping the Indian countryside which has compelled companies to go rural. The rural consumer is discerning and rural markets are vibrant. The Indian rural market with its vast size offers a huge opportunity with 128 million households and the rural population is nearly three times the urban. Rural India has a large consuming class with 41 percent of India's middle-class and 58 percent of the total disposable income. According to a study by Chennai based Francis Kanai Marketing Planning Services Pvt. Ltd. the rural market for FMCG is Rs 65000 crore, for durable Rs 5000 crore, for tractors and agri-inputs Rs 45000 crore and two and four – wheelers Rs 8000 crore. In total a whopping Rs. 123000 crore.

DEFINITION

There is no official definition of what constitutes a rural area. However, an urban area is defined as per the census of India as "all places with a municipality, corporation, cantonment or a notified town area" and "all other places satisfying the following criteria:

1. Minimum population of 5000,
2. At least 75 percent of male working population in non-agricultural pursuit, and
3. Density of population of at least 400 persons per square kilometer. Therefore, an area that does not satisfy the criteria specified above can be considered a rural area.

Taking on from the above, a habitation is defined as rural if

- It has a population density of less than 400 per sq. Km.
- At least 75 percent of male working population is engaged in agriculture related activities, and
- There is, in the location, no municipality or municipal board.

CHARACTERISTICS OF THE RURAL CONSUMER

- Rural areas generally have less pollution, less crime, and less stress than urban areas.
- People in rural areas have poor job opportunities than urban.
- Rural life is generally less exciting than urban life.
- The rural consumer is very conscious about getting value for money.
- He understands symbols and colours better, and looks for endorsement by local leaders or icons.
- He doesn't like to pay extra for frills he cannot use.
- He has his daily routine, and there is no sense of urgency in his lifestyle.
- He has a very high involvement in any product purchased.
- Divisions based on caste, community and other hierarchical factors exist in rural areas.
- The rural market of India is a geographically scattered market.
- Rural consumers continue to be marked by low purchasing power.
- Rural market is culturally a diverse and Heterogeneous
- There is also a great deal of difference between different states in extent of development.
- The rural consumers are marked by a conservative and tradition-bound lifestyle.
- The lifestyle of a sizeable segment of rural is currently going through the process of change.

BUYING BEHAVIOR OF RURAL CONSUMERS

To understand the buying behavior of rural consumers, we must go to the factors that influence their buying behavior. The factors include:

1. **Influence of culture:** Culture and tradition influence perception and buying behavior. For example, the preference in respect of color, size and shape is often the result of cultural factors. Rural consumers perception of products is strongly influenced by cultural factors.
2. **Geographic locations:** Rural consumer behavior is also influenced by the geographic location of the consumers. For example, nearness to feeder towns and industrial projects influence the buying behavior of consumers in the respective clusters of villages.

3. **Exposure to urban lifestyles:** Extent of exposure of rural consumers to urban lifestyles also influences their buying behavior. An increased exposure and interaction with urban communities has been the trend in recent years.
4. **The way the consumer uses the products:** The situation in which the consumers utilize the product also influences their buying. The example of lack of electricity affecting buying behavior illustrates this point as well. Lack of electricity automatically increases the purchase of batteries by rural consumers.
5. **Places of purchase:** Buying behavior of rural consumer also varies depending on the place of purchase. Different segments of rural buyers buy their requirements from different places/outlets. Some buy from the village shopkeepers; some from village markets/fairs; others buy from the town that serves as the feeder to the rural area.
6. **Involvement of others in the purchase** In the past, the head of the family used to make the purchase decision all by himself. In contrast, the involvement of the other members of the family in the purchase decision has been growing in recent years. An increase in literacy coupled with greater access to information has resulted in this development. The marketer has to reckon the role of the influencers while sizing up the buying behavior of rural consumers.

All the above factors influence the buying behavior of rural consumer and hence their responses to the marketing mix variables, and the reference points they use for purchase decisions.

HOW TO COMMUNICATE WITH THE RURAL?

The first step in the development of any communication package is the in-depth study of the mindset of consumers of each region for each product category.

- A rural consumer is not in a hurry and you can take your time to communicate a message.
- The importance of simple analogies that can help in understanding the brand promise better.
- The communication must address the specific problems, needs, aspirations and hopes of rural folks in each region.
- The total understanding of the main message was only 30-60 per cent among the rural audience.
- Rural folks do not understand clever, gimmicky, quick, suggestive and hi-tech films.

CONCLUSION

Economic reforms in India have brought about major changes in the whole market environment. With those changes rural marketing has become an important concern to marketers. Successful rural marketing calls for review of rural marketing. Environment, proper understanding of the nature and profile of the rural consumers, designing the right products to appeal to them, and suitable media for communication and distribution. The Indian marketers, therefore, needs to change their traditional view about the rural India's rural consumer that settles for less.

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ENVIRONMENT FOR WOMEN ENTREPRENEURS IN INDIA

JAINENDRA KUMAR VERMA
RAJIV GANDHI NATIONAL FELLOW
DEPARTMENT OF APPLIED ECONOMICS
UNIVERSITY OF LUCKNOW
LUCKNOW

ABSTRACT

The educated Indian women have to go a long way to achieve equal rights and position because traditions are deep rooted in Indian society where the sociological set up has been a male dominated one. Despite of all the social hurdles, Indian women stand tall from the rest of the crowd and are applauded for their achievements in their respective field. The transformation of social fabric of the Indian society, in terms of increased educational status of women and varied aspirations for better living, necessitated a change in the life style of Indian women. She has competed with man and successfully stood up with him in every walk of life and business is no exception for this. These women leaders are assertive, persuasive and willing to take risks. The present paper is study the concept of women entrepreneur—Reasons women become entrepreneurs -Reasons for slow progress of women entrepreneurs in India - suggestions for the growth of women entrepreneurs in Uttar Pradesh

KEYWORDS

Status, Women Entrepreneurs, Tackling Aspect, Reason of Slow Progress, Suggestions for Growth, MoMSME.

INTRODUCTION

The educated women do not want to limit their lives in the four walls of the house. They demand equal respect from their partners. However, Indian women have to go a long way to achieve equal rights and position because traditions are deep rooted in Indian society where the sociological set up has been a male dominated one. Women are considered as weaker sex and always made to depend on men folk in their family and outside, throughout their life.

Despite all the social hurdles, India is brimming with the success stories of women. They stand tall from the rest of the crowd and are applauded for their achievements in their respective field. These women leaders are assertive, persuasive and willing to take risks. Ability to learn quickly from her abilities, her persuasiveness, open style of problem solving, willingness to take risks and chances, ability to motivate people, knowing how to win and lose gracefully are the strengths of the Indian women entrepreneurs.

OBJECTIVES OF THE STUDY

The objectives of the papers are as follows:

- To explore the concept of women entrepreneur
- To describe present status of women entrepreneurs
- To give brief profile of some selected women entrepreneurs
- To explore tackling aspect of women entrepreneurs
- To describe reasons of slow progress of women entrepreneurs in India
- To give suggestions for growth of women entrepreneurs
- To brief up the endeavor of MoMSME

METHODOLOGY

The paper attempt to explore the concepts, obviously it's an exploratory research where earlier studies on the subject matter has been readdressed to give insight to phenomenon.

CONCEPT OF WOMEN ENTREPRENEURS

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as an enterprise owned and controlled by women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of the employment generated in the enterprise to women.

Technically, a "women entrepreneur" is any women who organizes and manages any enterprise, esp. a business, usually with considerable initiative and risk.

PRESENT STATUS OF WOMEN ENTREPRENEURS

Women have owned and operated businesses for decades, but they were not always recognized or given credit for their efforts. Often women entrepreneurs were "invisible" as they worked side by side with their husbands, and many only stepped into visible leadership positions when their husbands died.

Although the small businesses owned by women have traditionally been in the service sector, in recent years women entrepreneurs have been moving rapidly into manufacturing, construction, and other industrial fields.

Women sector today occupies 45% of Indian population. The literary and educational status of women has improved considerably in last few decades. At this juncture, effective steps are needed to harness the economic potential of enterprising women in strengthening our economy.

MOST 5 ADMIRED WOMEN ENTREPRENEURS

- Indra Nooyi - Strong-willed, with an acute acumen for financial strategizing, Nooyi is the CFO and President of PepsiCo.
- Naina Lal Kidwai - From being Head of Investment Banking at ANZ Grindlays during 1982-1994 to Vice Chairman JM Morgan Stanley, Naina Lal Kidwai is one of the most successful and famous Indian businesswomen of today.
- Simone Tata - Holding the coveted title of being the 'cosmetics czarina of India' Simone Tata has been instrumental in changing a small subsidiary of Tata Oil Mills.
- Ekta Kapoor - made Balaji Telefilms the household name it is today.
- Mallika Srinivasan - Mallika Srinivasan, currently the Director TAFE India

TACKLING ASPECT OF WOMEN ENTREPRENEURS

1. Financial aspects: Studies have shown that women in general request smaller loans from the bank than men when creating an enterprise. Those small loans are usually not attractive to banks, given that they are linked to high administrative costs and low profits for the bank. Special schemes should be

- implemented whereby women can get bank loans at decent conditions. A guarantee mechanism should be foreseen in these schemes whereby extended credit terms are offered in case the business takes longer than foreseen to take off or unforeseen events lead to financial pressure.
2. Childcare: More childcare facilities should be provided to fit women entrepreneurs' needs. This would entail extended opening hours or flexible opening hours according to the woman entrepreneur's needs. Alternatively, measures should be taken for fathers to be in the position to take parental leave, and men should be encouraged to take the leave
 3. Household: It should be made easier for women entrepreneurs to get help for their households, and initiatives like the "cheque services" implemented by the Belgian government should be copied. This system would alleviate the work load of the female entrepreneurs and at the same time decrease the number of unemployed persons.
 4. Working time: self-employed women should be encouraged to employ on a part-time or full-time basis at least one person so that they have more time for their family and can take interest in other occupations, actively participate in decision-making bodies.

REASON OF SLOW PROGRESS OF WOMEN ENTREPRENEURS IN INDIA

The problems and constraints experienced by women entrepreneurs have resulted in restricting the expansion of women entrepreneurship. The major barriers encountered by women entrepreneurs are:

- The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal- male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women.
- Male chauvinism is still prevalent in many parts of the country yet. Women are looked upon as "abla" i.e. weak in all respects. In a male dominated society, women are not treated equal to men that act as a barrier to woman's entry into business.
- Women entrepreneurs have to face a stiff competition with the men entrepreneurs who easily involve in the promotion and development area and carry out easy marketing of their products with both the organized sector and their male counterparts. Such a competition ultimately results in the liquidation.

SUGGESTIONS FOR GROWTH OF WOMEN ENTREPRENEURS

- Women in India lead a protected life. They are less educated, economically not stable not self-dependent which reduce their ability to bear risks and uncertainties involved in a business unit.
- An Awareness programmes should be conducted on a mass scale with the intention of creating awareness among women about the various areas to conduct business.
- Attempts should be there to enhance the standards of education of women in general as well making effective provisions for their training, practical experience and personality development programmes, to improve their over-all personality standards.
- Organize training programmes to develop professional competencies in managerial, leadership, marketing, financial, production process, profit planning, maintaining books of accounts and other skills. This will encourage women to undertake business.
- Vocational training to be extended to women community that enables them to understand the production process and production management.
- Skill development to be done in women's polytechnics and industrial training institutes. Skills are put to work in training-cum-production workshops.

MoMSME COMMITTED TO GROW WOMEN ENTREPRENEUR

Ministry for Micro, Small and Medium Enterprise (MoMSME) is committed to grow women entrepreneurs in MSME sector, which share only 13.72 percent in organised sector.

The MSME sector contributes to about 45 percent of the total manufactured output and nearly 40 percent to India's exports. There are about 26 million MSMEs in the country, providing employment to more than 60 million persons. Out of total 15.64 lakh registered enterprises 2.15 lakh (13.72 percent) are women entrepreneurs.

Uttar Pradesh, the largest state in the country has only 8,000 women-owned MSMEs.

CONCLUSION

"Women entrepreneur" is any women who organizes and manages any enterprise, esp. a business, usually with considerable initiative and risk. Ability to learn quickly from her abilities, her persuasiveness, open style of problem solving, willingness to take risks and chances, ability to motivate people, knowing how to win and lose gracefully are the strengths of the Indian women entrepreneurs. More women entrepreneurs have becoming inspiration source for potential women entrepreneurs. Women face so many problems especially financial, childcare, household and Work time related. Multifaceted women specific problems for women entrepreneurs cause low growth and slow development for women entrepreneurs in India. EDP, awareness programme, awareness and training can improve the status of women entrepreneurs in India. MoMSME has women supportive endeavor which is really a good cause for women entrepreneurs in India.

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WATER RESOURCES AND TOURISM PROMOTION: A CASE STUDY OF HYDERABAD

JAYAPRAKASH NARAYANA G
RESEARCH SCHOLAR
DEPARTMENT OF HISTORY & TOURISM MANAGEMENT
KAKATIYA UNIVERSITY
WARANGAL

ABSTRACT

Tourism is one of the fastest growing industries in the world. The dynamic growth of this industry is evident from the fact that globally tourism accounts for more than 11% of the global GDP and 8% of the world trade employment. Water resources have a great role in promotion of tourism. Tourism is linked with the availability of water resources and in the modern world many manmade water based tourism destinations are coming up in order to attract the tourists from all over world. Not only private players in the tourism industry are looking for the better usage of these water resources for their income generation, but also the public sector players like local bodies are now concentrating on these water resources to make money out of it by creating facilities and converting these water resources spots as tourism destinations.

KEYWORDS

water resources, tourism promotion, Hyderabad.

INTRODUCTION

Tourism has been an important socio-economic activity in India since ancient days. Among the natural elements important for tourists, water resource places like rivers and lakes are the most salient recreation resources in India. One of the most popular natural settings for the rest and recreation is water. Spending short periods near water are claimed to have a beneficial soothing effect on most people. This is why tourists' destinations promote water features in various forms including rivers, lakes, waterfalls, hot springs and beaches. When water is not available in a natural state, manmade landscaping including fountains, ponds, swimming pools and artificial waterfalls are created to attract the tourists. The potential attractiveness of water resources is even greater, a consequence of changing scenery and the potential for natural and urban settings along the riverbanks.

Tourism and water resources are interlinked with each other, especially in case of pilgrimage tourism water has significant role in promoting tourists destinations. In the modern world the usage of water resources in creating the tourists attractions centers is growing at a rapid pace. Today many water based tourism centers are manmade and are able to drag the attention of the tourists. Recognizing the growing demand of water based tourism, the local bodies are concentrating on the usage of the natural water resources like lakes, tanks and river banks in creating the facilities and promoting these places for revenue generation.

OBJECTIVES OF THE STUDY

The basic objective the present study is to focus on the importance of water resources in promotion of tourism. However, the objectives are further classified into the following:

- To analyze the importance of lakes and tanks in promotion of tourism in Hyderabad
- To identify the difference between nature based water tourism and manmade water based tourism in Hyderabad
- To analyze the tourists' satisfaction levels at selected water based tourists centers in Hyderabad, and
- To identify the factors which are prominent for promoting the water based tourism destinations.

RESEARCH METHODOLOGY

For the purpose of the present study both primary and secondary data is collected from different sources. Six water based tourism centers from in and around Hyderabad are selected, which includes both nature based water resource tourism centers which includes Hussain Sagar, Durgam Cheruvu (Secret Lake) and Gandipet lake, and manmade water based tourism centers which includes Ocean Park, Jalavihar and Lotus Pond. Data are collected through a questionnaire from tourists at the selected six tourists' places. For the purpose of analyzing the data percentages are calculated and presented in the tabular form.

SPENDING PATTERN OF TOURISTS AT DIFFERENT TOURISTS PLACES

In order to identify the different income groups visiting the tourists' places the data is collected from the tourists in the selected six water based tourism centers. The data relating to the spending pattern of the tourists is presented in the table I.

TABLE I: AMOUNT SPENT ON RECREATION

Amount (Rs.)	Hussain Sagar Lake	Gandipet Lake	Durgam cheruvu	Ocean park	Jalavihar	Lotus pond
0-500	80	33.3	40	—	—	—
500-1000	20	50	40	20	20	25
1000-2000	—	16.6	20	40	60	37.5
>than2000	—	—	—	40	20	37.5

Source: Data compiled from the questionnaire

It is evident from the table that all three natural water based tourism spots i.e., Hussain Sagar, Gandipet and Durgam Cheruvu attracts people who can afford up to 1,000 rupees. This implies that these centers are able to create and facilitate the services for low spending tourists. Whereas, the other three man-made water based tourism spots are visited by majority tourists who can spend more than 1,000 rupees. However, the selected six spots are able to attract the tourists from different income groups.

FREQUENCY OF TOURISTS' VISITS TO WATER BASED TOURISM DESTINATIONS

The demand for the tourism destination is based on the frequency with which the tourists visits that place. In order to know the preference of tourists in visiting the water based tourism centers and to identify the difference in the frequency of visits of nature based water tourism centers and manmade water based tourism centers the data is collected from the tourists and is presented in the table II given below.

TABLE II: FREQUENCY OF VISIT TO PLACES

Frequency	Hussain sagar Lake	Gandipet Lake	Durgam Cheruvu	Ocean Park	Jalavihar	Lotus Pond
Once in a week	100	66.6	60	20	40	25
Once in a fortnight	—	—	20	20	40	25
Once in a month	—	33.3	20	40	20	50
On special occasions	—	—	—	20	—	—

Source: Data compiled from the questionnaire

Table II presents the frequency of visits to the selected six water based tourism spots. From the table it is clear that the spots like Hussain Sagar, Gandipet and Durgam Cheruvu are visited by tourists very often i.e., once in a week, which indicates that as the amount spent on recreation at these spots is very low, the visitors tend to visit regularly, whereas, the other three spots i.e., Ocean Park, Jalavihar and Lotus Pond are visited by the tourists once in a fortnight and in a month.

INFORMATION SOURCE ABOUT THE TOURISM DESTINATION

Many factors are responsible for the promotion of tourism destination and source of information is the major one among them. In order to identify the major source of information in promoting the selected places and to differentiate the information sources which are playing major role in promotion of both nature based water resource tourism places and manmade water based tourism places, the information is presented in the table III given below:

TABLE III: SOURCE OF INFORMATION ABOUT THE PLACE

Source	Hussain Sagar Lake	Gandipet Lake	Durgam Cheruvu	Ocean Park	Jalavihar	Lotus Pond
Friends	80	83.3	80	60	70	50
Relatives	20	16.6	—	—	—	—
Colleagues	—	—	20	20	20	25
Advertisements	—	—	—	20	10	25

Source: Data compiled from the questionnaire

The source of information about the tourism spots is presented in table III. The major source for popularizing all the spots is through friends and relatives, who place a vital role in promotion of these spots. In case of Durgam cheruvu, Ocean Park, Jalavihar and Lotus Pond colleagues too have significant role in popularizing the spots. In case of man-made water tourism spots advertisement is also a source in promoting these places.

ANALYSIS OF TOURISTS SATISFACTION AT WATER BASED TOURISM PLACES

Customer satisfaction is the key element for the success of any product/service. An attempt is made to know the tourists satisfaction levels at the selected six tourism destinations. The data are collected and presented in five point scale in the table IV (a) and IV (b). Though there are several factors which influence the satisfaction of the tourists, some important factors are selected and the preference of the tourists is drawn with the help of a questionnaire. For the purpose of differentiating the tourists satisfaction levels of both nature based water tourism places and manmade water based tourism places the data is segregated and presented in two different tables.

TABLE IV (a): RATING OF TOURISTS EXPERIENCES AT NATURE BASED WATER TOURISM PLACES

Place	Variables	Highly satisfied	Satisfied	Neither Satisfied nor dissatisfied	Unsatisfied	Highly unsatisfied
Hussain Sagar Lake	Service	—	20	40	40	—
	Range of products	—	20	60	20	—
	Availability	—	20	80	20	—
	Location	—	100	—	—	—
	Quality of product	—	—	100	—	—
	Price	—	—	60	40	—
Gandipet Lake	Service	—	—	33.3	16.6	50
	Range of products	—	—	33.3	33.3	33.3
	Availability	—	—	66.6	16.6	16.6
	Location	—	100	—	—	—
	Quality of product	—	16.6	—	33.3	50
	Price	—	—	33.3	16.6	50
Durgam Cheruvu	Service	—	—	80	20	—
	Range of products	20	—	—	60	20
	Availability	—	40	—	60	—
	Location	—	60	40	—	—
	Quality of product	—	40	40	20	—
	Price	—	—	40	40	20

Source: Data compiled from the questionnaire

From the above table it is noted that majority of the tourists are satisfied with the facilities that are available at the three water based tourism destinations. But the satisfaction level is low and in case of Gandipet Lake and Durgam Cheruvu the satisfaction level is too low and many tourists are highly dissatisfied with the services rendered, quality of products and range of products that are available. It is interesting to see that the location of the spot has got cent per cent satisfaction from the tourists, it will be a added advantage if the facilities are improved for attracting more and more tourist to this places.

TABLE IV (b): RATING OF EXPERIENCES AT MAN-MADE WATER TOURISM PLACES

Place	Variables	High	Satisfaction	Neither Satisfied nor dissatisfied	Unsatisfied	Highly unsatisfied
Ocean Park	Service	—	60	40	—	—
	Range of products	—	40	60	—	—
	Availability	—	60	40	—	—
	Location	20	60	20	—	—
	Quality of products	—	80	20	—	—
	Price	—	40	20	20	20
Jalavihar	Service	—	60	40	—	—
	Range of a products	—	40	40	20	—
	Availability	—	80	20	—	—
	Location	40	40	20	—	—
	Quality of product	—	60	40	—	—
	Price	—	20	20	40	20
Lotus Pond	Service	—	—	—	12.5	87.5
	Range of a products	—	—	—	—	100
	Availability	—	—	—	—	100
	Location	—	25	25	37.5	12.5
	Quality of product	—	—	—	—	100
	Price	—	—	—	—	100

Source: Data compiled from the questionnaire

In case of manmade water based tourism destinations the tourists' satisfaction levels are average but in case of Lotus Pond the tourists have rated almost all the variables at highly dissatisfied. It is quite interesting to note that though these centers are manmade and majority of the water lovers tend to visit these places, they are not happy with the range of products, price and other services rendered at these places.

RATING OF OVERALL TRIP EXPERIENCE AT WATER BASED TOURISM DESTINATIONS

The overall trip experiences of tourists at six water based tourism destinations is presented in the table V.

TABLE V: RATING OF OVERALL TRIP EXPERIENCE AT PLACES

Place	Highly satisfied	Satisfied	Neither Satisfied nor dissatisfied	Unsatisfied	Highly unsatisfied
Hussain Sagar Lake	—	80	20	—	—
Gandipet Lake	—	33.3	50	—	16.6
Dhurgam Cheruvu	—	60	40	—	—
Ocean Park	—	80	20	—	—
Jalavihar	—	80	20	—	—
Lotuspond	—	25	—	25	50

Source: Data compiled from the questionnaire

The above table reveals that among the three nature based water resource tourism destinations Hussain Sagar Lake and Dhurgam Cheruvu is rated satisfied and in case of Gandipet Lake some of the tourists are unhappy with the trip. In case of manmade water based tourism destinations Ocean Park and Jalavihar are rated as satisfied, whereas in case of Lotus Pond the majority of the tourists are highly unsatisfied with the trip.

CONCLUSION

Tourism industry is growing with a rapid pace and water resources have a significant role in promoting this industry. There is a direct relationship between the promotions of tourism destination with the water resources availability. The modern tourism products are very much linked with water resources and in order to utilize this resource both private and local bodies are concentrating on promotion of water based tourism destinations. It is found that the majority of the tourists visiting the nature based water resource tourism places are low income and they visit these places very often, whereas the manmade water based tourism places are visited by high income group and these places are visited occasionally. There is no difference in the satisfaction levels of the tourists at nature based water resource tourism places and manmade water based tourism places. There is a need to improve the services and facilities at these destinations in order to attract more tourists and see that there is an increasing demand for the water based tourism spots.

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A STUDY ON EMPLOYEES' ATTRITION IN BPO SECTOR WITH SPECIAL REFERENCE TO CHENNAI CITY

B.LATHA
RESEARCH SCHOLAR
SCSVMV UNIVERSITY
ENATHUR

ABSTRACT

Businesses in India are now suffering high attrition which is reflecting a company's strength, weaknesses and company's ability. BPO sector is one among the indication of attrition. This study is conducted to find out the reasons behind the increase in attrition rate in BPO sector and to find out the ways of retention strategies. Research design is in descriptive nature. This study was carried out in BPO sector in Chennai. In this study opinion of 130 employees was taken for the analysis. Primary data & secondary data are used for the study. From the analysis and discussions, suggestions were given.

KEYWORDS

Attrition, Retention, Strength, Weakness, Ability.

1. INTRODUCTION

Organizations must have the employees in order to succeed in the hectic competitive and complex global economy. Organizations need to understand the importance of hiring, developing and retaining employees with in the organization. In India, upheaval in the growth and development which was accompanied by the revolution in the technological front and a radical change in the way businesses were done. Instead of being the jack of all trades, the smart organizations have now redefined the way of working and now aim at being the master of their core business. Among those BPO sector has become the obvious strategic choice of the companies looking at the visible profits of cost reduction while improving the quality of service, increasing shareholder value and so on. Indian IT-BPO grew by 12 per cent in FY2009 to reach USD 71.7 billion in aggregate revenue. Software and services exports (includes exports of IT services, BPO, Engineering Services and R&D and Software products) reached USD 47 billion, contributing nearly 66 per cent to the overall IT-BPO revenue aggregate. IT-BPO exports (including hardware exports) reached USD 47.3 billion in FY2009 as against USD 40.9 billion in FY2008, a growth of 16 per cent¹. Contrary present employees' retention becomes a challenging for BPO sector in India as the attrition rate has been significantly increased in recent years. The downside of this increased competition is a rising rate of attrition, particularly in India. Fiscal first-quarter 2011 results filed by Infosys, Wipro and TCS listed attrition rates between 7.6 percent -17.7 percent². In this aspect the present study has been designed to identify the reasons behind the employee attrition in the title of "A study on employees' attrition in BPO sector with special reference to Chennai city."

2. REVIEW OF LITERATURE

Maran (2011) stated that in Chennai chemicals, attrition is quite high in domestic formulation. In his study it was found that most of the employees were interested in the organization, and they felt that they were not comfortable with the salary package offered in Chennai. However, there are a few responses that are dissatisfied with their immediate Boss. Most of the respondents were not aware about the policies and performance appraisal. Vidya Sunil Kadam (2012) viewed that the voluntary attrition rate is high between the ages of 24-28 years. By getting 2-4 years experience IT professionals going for better opportunity. So the growth opportunity is the main reason for the voluntary attrition. Naga Sumalath (2012) highlights about individual factors are significant in attrition intention in software industry employees in Bangalore city, India. Organization should consider the individual problems of their employees to reduce attrition of their good employees.

3. STATEMENT OF THE PROBLEM

Business Process Outsourcing (BPO) is a developing industry that is receiving significant attention from all other sectors such as government, business, as well as from the academe. BPO is basically formulated to outsource processes to a third party that are not core to a company but are necessary in its everyday operations. India has the most number of BPO companies in the world. With the sustained growth of this industry, BPOs are now receiving considerable academic attention dealing with multiple aspects. When they are concentrating on multiple aspects there are overlook about the employee interests. With this employees are taking the decision of leaving the organization. As a result attrition rate among BPO employees is high. In order to understand the reasons behind the employees' attrition the present study has been carried out.

4. OBJECTIVES OF THE STUDY

- To identified the reasons for employees' attrition in BPO sector in Chennai city
- To study the level of opinion for the factors affecting employee attrition in BPO sector.
- To know the factors for leaving the organization towards employees attrition in BPO sector.

5. SCOPE OF THE STUDY

The study entitles as "A study on employee attrition in BPO Industry with special reference at Chennai city" aims to identify the reasons for employee attrition. It covers the level of opinion for the factors affecting employees' attrition in BPO sector in Chennai city. It also covers the factors for leaving the organization towards employees' attrition in BPO sector with respect to Chennai city.

6. RESEARCH METHODOLOGY

Item	Description
Research Design	Descriptive in nature
Type of Population	Employees working in BPO Sector
Population Source List	Obtained from the BPO companies in Chennai city
Sampling Unit	Employees working in available departments in BPO companies
Sampling Methods	Stratified random sampling
Sample Size	130
Sources of Data	Both Primary and Secondary Data
Sources of Primary Data	Obtained from the employees in BPO Sector through unstructured questionnaire, focus group interview and informal depth interview
Sources of Secondary Data	Gathered from the previous studies and periodicals
Analytical Tools Used	Percentage analysis, Cross tables, Analysis of variance, Weighted average method and Garrett ranking

7. LIMITATIONS OF THE STUDY

- The study was carried out only at Chennai city
- The population source list was constructed based on the information gathered from the concern source list
- The information given by respondents based on their opinion during the time of study and that may not be generalized as the base for future study relevant to this topic

8. RESULTS AND DISCUSSION

TABLE 8.1: PROFILE OF EMPLOYEES IN BPO SECTOR

S.No	Socio – Economic Profile	Attributes	Number of Respondents	Percentage to Total
1	Gender	Male	83	63.8
		Female	47	36.2
2	Age	Below 25	50	38.5
		26-30	43	33.1
		31-35	21	16.2
		36-40	7	5.4
		Above 40	9	6.9
3	Marital Status	Unmarried	57	43.8
		Married	73	56.2
4	Education	Below Graduate	27	20.8
		Graduate	55	42.3
		Post Graduate	36	27.7
		Others	12	9.2
5	Experience	Less than 1 Year	62	47.7
		2-4 years	40	30.8
		More than 5 years	28	21.5
6	Monthly Income	Less than Rs.10000	4	3.1
		Rs.10000- Rs.20000	53	40.8
		More than Rs.20000	73	56.2
7	Mode of work	General	37	28.5
		Shift	66	50.8
		Both	27	20.8
8	Designation	Top	9	6.9
		Middle	62	47.7
		Low	59	45.4
9	Nature of residence	Urban	38	29.2
		Semi Urban	63	48.5
		Rural	29	22.3

Source: Primary Data

Table 8.1 highlights the profile of employees in IT sector. Regarding the gender 63.8 percent are male, age composition reveals that 38.5 percent are below 25 years. Regarding the marital status 56.2 percent of respondents are married. 42.3 percent of employees in BPO sector have graduate qualification. 47.7 percent of employee in BPO sector have less than one year experience. 56.2 percent of employees get monthly income of more than Rs.20000. 50.8 percent of employees work in shift basis. 47.7 percent of employee is in middle level cadre. 48.5 percent of employees are in semi urban area.

TABLE 8.2: RESPONDENTS' OPINION REGARDING THE FACTORS INFLUENCING TOWARDS ATTRITION

Sl.No.	Factor	Sum	Score	Average	Rank
1	Higher salary expectation	417	4627.778	35.5982	9
2	Lack of security	740	8216.667	63.2051	1
3	Lack of social interaction	685	7605.556	58.5042	3
4	Monotonous work	640	7105.556	54.6581	6
5	Unusual working hours	735	8161.111	62.7777	2
6	Treasure to perform on metrics	627	6961.111	53.5470	7
7	Low perceived value	608	6750	51.9230	8
8	Stress and burnout	665	7383.333	56.7948	5
9	Lack of motivation	682	7572.222	58.2478	4

Sources: Primary Data

The table shows the respondents' opinion about the factors influencing towards attrition. By applying Garrett Ranking, the mean values are obtained for every factor where in which the respondents opinion about the attributes influencing towards attrition. From the obtained mean values, the highest mean value obtained factor has been given the rank of 1 and the lowest rank is 9. In order to apply Garrett ranking each factor has been ranked by the respondents between the ordinal values of 1 and 9. From the obtained mean values, it is displayed that lack of security, unusual working hours, lack of social interaction, lack of motivation, stress and burnout have been much considered by the respondents in BPO sector.

TABLE 8.3: RESPONDENTS' OPINION ABOUT THE FACTORS AFFECTING ATTRITION

S.No.	Factors	Mean Score	Percentage	Rank
1	Lack of equality	2.1	70	6
2	Lack of advanced opportunities	1.9	63	8
3	Incompatible policies	2.5	83	1
4	Dissatisfied with working conditions	1.7	57	9
5	Power and policies	2.0	67	7
6	Dissatisfied with co workers	2.2	73	5
7	Lack of team work	2.33	78	3
8	Absence of challenge	2.36	79	4
9	Irregular working hours	2.4	80	2

Sources: Primary Data

The table shows the respondents opinion about the factors affecting attrition. The opinion of respondents in banking BPO sector prioritizes the impact of attrition factors as incompatible policies, irregular working hours, lack of team work and absence of challenge and dissatisfied with co workers.

TABLE: 8.4 RESPONDENTS' OPINION ABOUT THE FACTORS LEADING TO RETENTION

MO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.713
Bartlett's Test of Sphericity	Approx. Chi-Square	47.434
	df	15
	Sig.	.000

By testing the significant by KM Blot test the value obtained was 0.71 or 71% show the correlation was found between the selected variables. Through rotated component matrix the factors were categorized into

Prospect factors:- Opportunities for personal growth & development, vision to move ahead in life and opportunities for job position were identified factors leads to retention among the employees working in BPO sector

Amenities factors:- housing conveyance, medical benefits were identified factors leads to retention among the employees working in BPO sector

8.1 RESPONDENTS' OPINION ABOUT THE REASONS FOR EMPLOYEE ATTRITION BASED ON THEIR DESIGNATION

Null Hypothesis (H₀): There is no significant difference exists among the opinion of the respondents about the reasons for employee attrition based on their designation at 5% level of significance

Alternative Hypothesis (H₁): There is significant difference exists among the opinion of the respondents about the reasons for employee attrition based on their designation at 5% level of significance.

TABLE 8.5: RESPONDENTS 'OPINION ABOUT THE REASONS FOR EMPLOYEE ATTRITION BASED ON THEIR DESIGNATION

Sl.No.	Factors		Sum of Squares	Df	Mean Square	F	Sig.	Remarks
1	Dissatisfaction with administrative performance	Between Groups	4.946	2	2.473	1.834	.164	Not Significant
		Within Groups	171.277	127	1.349			
		Total	176.223	129				
2	Language and communication problem	Between Groups	30.788	2	15.394	8.703	.000	Significant
		Within Groups	224.635	127	1.769			
		Total	255.423	129				
3	Dissatisfaction with working environments	Between Groups	6.644	2	3.322	1.817	.167	Not Significant
		Within Groups	232.156	127	1.828			
		Total	238.800	129				
4	Inadequate administrative support	Between Groups	10.805	2	5.402	2.710	.070	Not Significant
		Within Groups	253.203	127	1.994			
		Total	264.008	129				
5	Felt over whelmed by demands	Between Groups	1.604	2	.802	.515	.599	Not Significant
		Within Groups	197.696	127	1.557			
		Total	199.300	129				
6	Unsure of academic goals	Between Groups	18.467	2	9.233	4.599	.012	Significant
		Within Groups	254.957	127	2.008			
		Total	273.423	129				
7	Did not have enough salary	Between Groups	6.353	2	3.177	1.996	.140	Not Significant
		Within Groups	202.078	127	1.591			
		Total	208.431	129				
8	Could not obtain sufficient financial aid	Between Groups	2.304	2	1.152	.963	.385	Not Significant
		Within Groups	151.973	127	1.197			
		Total	154.277	129				
9	Delayed notification of financial aid	Between Groups	16.118	2	8.059	5.050	.008	Significant
		Within Groups	202.690	127	1.596			
		Total	218.808	129				
10	Changes in personal circumstances	Between Groups	9.110	2	4.555	2.879	.060	Not Significant
		Within Groups	200.959	127	1.582			
		Total	210.069	129				
11	Dissatisfied with working life	Between Groups	3.462	2	1.731	1.264	.286	Not Significant
		Within Groups	173.930	127	1.370			
		Total	177.392	129				
12	Dissatisfied with family life	Between Groups	.858	2	.429	.161	.851	Not Significant
		Within Groups	338.035	127	2.662			
		Total	338.892	129				
13	Unable to balance work & life	Between Groups	74.698	2	37.349	51.330	.000	Significant
		Within Groups	92.409	127	.728			
		Total	167.108	129				
14	Less experience	Between Groups	14.383	2	7.192	5.219	.007	Significant
		Within Groups	175.009	127	1.378			
		To Total	189.392	129				

Source: Primary Data

The ANOVA test is applied to test the significant difference exists among the respondents opinion about the employee attrition based on their designation. The significant different exists among the opinion of the respondents about language and communication problem, unsure of academic goals, delayed notifications of financial aid, unable to balance work & life and having less experience, since the obtained values is less than 0.05.

8.2 RESPONDENTS' OPINION ABOUT THE FACTORS FOR LEAVING THE ORGANIZATION BASED ON THEIR GENDER

Null Hypothesis (H_0): there is no significant difference exists in the opinion of respondents about the factors for leaving the organization based on their gender at 5% level of significance.

Alternative Hypothesis (H_1): there is significant difference exists in the opinion of respondents about the factors for leaving the organization based on their gender at 5% level of significance.

TABLE 8.6: RESPONDENTS' OPINION ABOUT THE FACTORS FOR LEAVING THE ORGANIZATION BASED ON THEIR GENDER

Sl.No.	Factors		Sum of Squares	df	Mean Square	F	Sig.	Remarks
1	Salary and benefits	Between Groups	9.107	1	9.107	9.000	.003	Significant
		Within Groups	129.517	128	1.012			
		Total	138.623	129				
2	Issues with colleagues with co workers	Between Groups	1.212	1	1.212	.813	.369	Not Significant
		Within Groups	190.911	128	1.491			
		Total	192.123	129				
3	Organization strategy and practices	Between Groups	2.178	1	2.178	1.158	.284	Not Significant
		Within Groups	240.753	128	1.881			
		Total	242.931	129				
4	Job security	Between Groups	.689	1	.689	.377	.541	Not Significant
		Within Groups	234.088	128	1.829			
		Total	234.777	129				
5	Opportunity for personal and career development	Between Groups	6.446	1	6.446	3.048	.083	Not Significant
		Within Groups	270.662	128	2.115			
		Total	277.108	129				
6	Issues within working experiences	Between Groups	9.683	1	9.683	6.369	.013	Significant
		Within Groups	194.594	128	1.520			
		Total	204.277	129				

Source: Primary Data

The ANOVA test is applied to test the significant difference exist in the opinion or respondent about the factors for leaving the organization based on their gender. The significant different exists among the opinion of employees about, salary and benefit and issues within working experiences since the obtained values is less than 0.05 and there is no significant difference exist about opportunities for personal and career development, job security, organizational strategies and policies, issues with colleagues and co-workers since the obtained values is greater than 0.05

9. FINDINGS

- Regarding socio-economic profile of the employees working in BPO sector in Chennai, it is found that 38.5 percent are below 25 years. 42.3 percent of the employees have graduate qualification. 47.7 percent of employees in BPO sector have less than one year experience. 50.8 percent of employees work in shift basis. 47.7 percent of employee is in middle level cadre.
- It is found from Garrett ranking about opinion about the factors influencing towards attrition is lack of security.
- It is found from weighted average about opinion about the factors affecting towards attrition is incompatible policies and irregular working hours.
- It is found from the factor analysis that the attributes related to retention among the employees in BPO sector were categorized into prospect factors and amenities factor.
- It is found that the significant different exists among the opinion of the respondents about language and communication problem, unsure of academic goals, delayed notifications of financial aid, unable to balance work & life and having less experience.
- It is found that the significant different exists among opinion of the respondents about the factors for leaving the organization based on their gender is about the salary and benefit and issues within working experience.

10. SUGGESTIONS

- Improving job security policies
- Providing more amenities regarding retention of the employees
- Organizing work-life balance programmes
- Increasing the efficiency and effectiveness in their jobs to gain experiences
- Giving more opportunities to develop in their career
- Encouraging flexi-hours

11. CONCLUSION

Employees' retention becomes a challenging for BPO sector in India as the attrition rate has been significantly increased in recent years. In this study it is found that the most of the employees working BPO sectors are expecting better salaries, job security, flexi working hours and compatible policies. So organizations should concentrate on these matters to retain the employees.

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ANALYSIS OF GROWTH & CHALLENGES FACED BY MANAGEMENT EDUCATION IN INDIA: A CRITICAL REVIEW OF LITERATURE

HIMANI RAVAL
RESEARCH SCHOLAR
SCHOOL OF MANAGEMENT
R. K. UNIVERSITY
RAJKOT

ABSTRACT

Globalization has placed management education into an increasingly central role. The increasing number of MBA institutes, increase in the number of vacant seats, the entry pattern of students for enrolling the course, the skills gap at the end of two years programme, government's role for reviving policies and steps taken by such other governing bodies, embarks an alarming situation. The basic aim of this paper is to bring out ways for quality improvements in the present management education system by analyzing the views of different management professionals and industrialists who deal with management graduates on day-to-day basis. A system for monitoring all the management institutes is perhaps long overdue. Therefore, an effort has been made here to analyze the current education system with special reference to business management education so that the business schools may respond to the current paradigms.

KEYWORDS

Management education, India.

1. INTRODUCTION

Management education in India commenced in the 19th century. With the establishment of 4 premier Institutes namely Indian Institute of Management (IIM) at Calcutta (1961), Ahmedabad (1962), Bangalore (1973), Lucknow (1984). The programme guaranteed good placements and handsome salaries during its introduction stage and thereby it became more desirable for the graduates to enroll for the MBA programme considering good placement opportunities. Gradually State Universities and private sector also offered the programme in different functional areas of management. The Apex body AICTE (All India Council for Technical Education) is entrusted with the responsibility of regulating, controlling and ensuring the quality of management education in the country. The purview of AICTE (Statutory:12th May, 1987) covers programs of technical education including training and research in Engineering, Technology, Management, Pharmacy, Hotel Management etc.

AICTE is vested with statutory authority for planning, formulation and maintenance of norms and standards, quality assurance through school accreditation, funding in priority areas, monitoring and evaluation, maintaining parity of certification and awards and ensuring coordinated and integrated development and management of technical education in the country as part of the AICTE Act No. 52 of 1987.

The admission to this programme until now was through GCET but now students willing to enroll need to appear for CMAT (Central Management Aptitude Test). Today MBA programme can be pursued through part time, full time, executive as well as through distance learning. The analysis made here is in the reference of Regular fulltime MBA programme run by varied State Technological Universities under AICTE; since a private/deemed university operates discretely. The issues and scenario discussed here are observed with the university model where the number of trainees enrolling is very high alongwith the number of affiliated institutes, programs, faculties, etc. Also the administration of the State Universities becomes complicated because its range in terms of geography and demography is huge.

Today there are approximately 4000 MBA Institutes in India. The entry to this program has become quite very easy, given the number of institutes providing this curriculum and the number of seats offered so far. Besides it offers the pursuer the freedom of choice in which the course can be learnt depending upon time and effort to be put in. In the light of recent developments in management education, it can be predicted that the future not only holds exciting opportunities, but also poses serious challenges for business schools. This paper leaves little doubt that the demand for management education will continue to grow. But it also shows that, in some ways, the governing bodies will have to bring in the change keeping in view what the industry demands from management graduates.

2. LITERATURE REVIEW

According to B Bowonder & S L Rao, current management education system is not sufficiently visionary to understand what ought to be the content of the course for the future development of India. The hordes of companies flocking to management schools and offering high salaries are not conveying their faith in the quality of the education. They only confirm the lemming-like behavior of companies as they follow one another in recruiting management graduates.

Jayanthi Ranjan & Saani Khalil identified that the new breed of management professionals need to be efficient to tackle problems from cross functional, cultural and ethical perspectives and should be equipped with skills to benchmark for global leadership positions. There has been a crying need to usher in a quality movement and to benchmark the same with world standards.

In the year 2010 Srikant Datar, David A Garvin and Patrick G Cullen stated in the article 'Rethinking the MBA' for MBA aspirants to make an informed choice prior to jumping into the gizmos and gimmicks of management. They added that the academics in business schools could learn why and how it needs to renew their course-curricula periodically or regular intervals, pedagogy and research programmes. Tim Westerbeck in his article 'India: The future of Management Education' observed that the business schools around the world are rethinking leadership and how to train the next generation of managers in the midst of unprecedented challenges. He also stated that it is not the time to tweak what had been done previously instead it is the time for reinvention of management education.

In the year 2012, Ashish Gupta stated that India has had a well developed educational set up in terms of range of programs and their acceptability in local industry, but it lacked in terms of international quality standards. Higher education institutions managed by private sector emphasized more on commercial aspects than on creation of knowledge which led to deterioration of quality of education. The councils and government bodies that have been responsible for quality assurance did not have internationally match-able quality norms on one hand and an effective system to monitor and control violation of the existing norms by the institutions on the other.

Kushankur Dey observed that management institutions have mushroomed in India, but the quality remained elusive. Management education had become a fad in a virtually connected universe. Post 2000, the acclaimed MBA programme had witnessed unprecedented heights. Necessity of this kind of education had been primarily relied upon derived demand from industries. However, quality imparted by the institutes had become the focus of investigation/critique in academia-industry parlance. He posed a question to the governing bodies and to the management of B-schools whether it was the time to rethink or reform the agenda a more reasonable immediate goal for management education in India. He also questioned the regulators' approval being used as a mere official fig-leaf by fly-by-night educational bigwigs making a fast buck. Critical assessment of 'quality management education' would definitely provide some checks and balances on the part of management institutes/universities to upgrade the standard of the programme. He added that the role of the regulator to preserve or to enhance quality cannot be wished away and that the regulator must be fully aware about the approach of a programme.

Professor C.M. Thyagaraja, quoted in 'Management Education in crisis' that it had grown quantitatively, but not qualitatively, and it contributed too little to the labour-rich but skill-poor economy. Management education is passing through a critical phase. There is a crisis of identity, character and quality.

In the last five years, the AICTE, by granting permission to more institutions, also allowed increase in the intake of students by more than 300 per cent. Thus, these figures reveal that the AICTE adopted a quantitative expansion strategy but paid inadequate attention to quality of management education. Experts feel that AICTE's policy is liberal in according permission to start institutions and increase intake. Secondly, institutions enter the management education scenario with the intention of making quick profits as against contributing their bit to the field with some genuine concern. Thirdly, institutions imparting management education negated quality and concentrated on quantity. Fourthly, lapses in curriculum upgradation and banking on some core subjects and niche electives added to the problems. The element of 'skill quotient' is not appropriately addressed to add value to the education. Faculty members with industrial experience are less in numbers to share their expertise.

3. GROWTH OF MANAGEMENT EDUCATION IN INDIA

Glancing at the education system in India and the literacy rates the following figures come to picture:

- 25% of its population is still illiterate; only 15% of Indian students reach high school, and just 7%, out of the 15%, graduate (India still Asia's reluctant Tiger).
- The 2011 survey holds the National Literacy Rate to be around 74.07% (India 2009).
- The number of graduates coming out of technical colleges increased to over 700,000 in 2011 from 550,000 in FY 2010 (The Economic Times).
- However, 75% of technical graduates and more than 85% of general graduates are unemployable by India's high-growth global industries, including information technology (The Wall Street Journal).
- In the year 2005-06 there were 1, 22,663 seats available for management programme which rose to 3, 78,907 in the year 2010-11. The Table 1 below highlights the increasing number of approved institutions by AICTE.

Accreditation is a major tool for quality control. Today some institutes have closed down, a few have merged or restructured and also a few premier institutes which are running successfully. The question is can the AICTE in all honesty, claim that their approvals have resulted in improving the quality of management education. Or the curriculum lastly updated can match upto the needs of the industry or of the global standards at large?

TABLE 1: GROWTH OF SEATS IN DIFFERENT PROGRAMS IN TECHNICAL INSTITUTIONS

Year	Eng.	Mgt.	MCA	Pharm.	Archi.	HMCT	Total
2010-11	1324246	378907	135173	103867	4933	7061	1954482
2009-10	1071896	273732	121123	72836	4133	6387	1550107
2008-09	841018	227989	82578	64211	4543	5794	1226133
2007-08	653290	185780	78692	52334	4543	5275	979914
2006-07	550986	144372	63394	39517	4543	4242	807054
2005-06	499697	122663	61991	32708	4379	4435	725873

In the year 2009, the Union Minister of Education, Kapil Sibal had formally communicated his intentions of closing down AICTE and the related body, the University Grants Commission (UGC). This was due to many reasons such as massive increase in the approvals of institutions, educational malpractices, getting approvals through manipulative data of faculties and infrastructure. After the closure of AICTE and UGC, it was planned to establish the National Board of Accreditation (NBA) as an independent body of national importance. This was proposed to improve current higher education and research work, validating certain degrees to be treated on a par with US degrees, introducing grievance redressal mechanism online and last but not the least to make Institutions more accountable and transparent for securing students future.

There are also problems with the approach of management institutes, the faculties hired and pedagogy adopted. The importance given to produce original work through research is almost negligible by some management institutes. Weightage on faculty training and interaction with the industry is also trifling. The course curriculum also needs reformation with the changing industry demands. More practical exposure and less class-room teaching can save thousands of rupees per employee hired.

4. CONTEMPORARY ISSUES IN MANAGEMENT EDUCATION IN INDIA

- **Student entry pattern:** The entry in the MBA full time program is done through entrance examinations such as CMAT, CAT, MAT, etc. Previously there was one window entry pattern, which is now replaced with online admissions. Also the (GD & PI) Group Discussion and Personal Interview that used to be a road-block for screening the candidate's communication skills, leadership skills, general knowledge about current affairs and far more to analyse his/her mindset for studying management and their attitude towards the program has been removed from the admission process which has proven a major blunder. Because the students that are not very keen on learning management may also enroll into the course, those that cannot read or write correctly in English may as well enroll into it. This ultimately results in widening the skills gap from that demanded from the industry. Not only the student suffers, but the faculties, institute and the industry suffers. Ultimately devaluation of the course takes place.
- **Skills-gap:** There is a wide skills-gap between the demand and supply of MBAs at the entry level jobs in varied sectors. Lack of communication skills, market knowledge and industry awareness is observed in management graduates. The 2-year program should be led with the motto of developing the student as a professional in the respective field but it is widely observed that the trainees are hardly able to qualify for the course. This ultimately leads to unemployable management graduates.
- **Pedagogy:** The management course has been designed keeping in view the traditional mode of teaching, where the weightage is given more on grades and ranking rather than training and experience. The course curriculum is quite lengthy and not very productive as a trainee is far more burdened to mug-up the books' contents and pass out rather than take up practical projects.
- **Industrial Exposure:** The live projects such as Summer Internship and Comprehensive Research driven projects have duration of hardly 1.5 to 2 months. A trainee should be spending atleast 6-8 months in a company to learn the applicability of the theories learnt in 2-year program. Rather the agenda of learning should be such that a trainee earn and learn together. Even the projects undertaken by students result mostly in plagiarism rather than appropriate method of learning. The governing bodies should jointly take an initiative of Earn & Learn concept which motivates the trainee to undergo training, ultimately resulting in developing him/her as a professional.
- **Attitude towards career building:** Little attention is paid to career management and career counseling to the students. A teacher-student relationship that existed earlier is hardly knowledgeable today. A faculty should be motivated for properly mentoring a trainee. Moreover it so happens that the trainees due to lack of knowledge and proper guidance select the inappropriate career paths. From the day of student's entry in the program, career counseling process should begin so that at the end of the program, the trainee does not end up with inapt specialization or unsuitable industry.
- **Quality of faculty:** Shortage of quality faculty arises due to the limited space provided for industrialists and subject specific academicians to be involved on day to day basis. There are faculties that are not effective communicators and lack fluency in English and yet they teach management trainees. A faculty should be such that has current knowledge of the industry as well. Besides the norms of the governing bodies are such that limits the institutes to hire better mentors. For instance, a master in commerce, graduated in accounting or statistics can teach better than an MBA in Finance when it comes to teaching subjects like Accounting or Quantitative Analysis.
- **AICTE:** There are specially formed separate Apex Bodies each for CA, CS and other professional courses that hold all the powers for accreditation to certification of students. Management, as we all know is also a professional course. But it is governed by the AICTE, which brings management under the purview of technical education which it is not. Besides AICTE has been again and again proved inefficient in creating value on the management front. Thereby an Apex Body especially for Management Education should be formed that could focus its functioning on the development of the course curriculum and its value addition apart from Technical education.

5. CONCLUSION

Management is more of art than science. The case study pattern is good to learn business situations but the application in the real market is quite a different story. Thereby just having the knowledge of the local/global market does not serve the purpose of making a management trainee employable. Thence only by putting theory into practice, one can learn the ways, methods and strategies that are workable in the respective situations. So instead of focusing on theories and dim-witted project work, methods should be inculcated to empower management trainees with business experience which shall actually help in building their knowledge and developing their skills. Also the existing system of accreditation is insufficient to make the B-Schools respond to the new trends of market. Easy entry to management education for graduates and granting permissions to a large number of institutes to launch MBA programme has further more led to re-thinking and re-forming of AICTE norms.

Jeremy B. Williams in the year 2006 stated that the MBA program experienced a dramatic increase in popularity during the 1990s before peaking in the early 2000s. The consequences of these changing dynamics within the industry are still being felt as some schools have closed, merged, or restructured, and others have sought to reinvent themselves by catering for a niche market.

Reorientation is the most primary step to survive this critical phase of management education programme. In this era the universities and management institutes need to be more entrepreneurial and produce such managers that are capable to perform locally as well globally. The demand for MBAs is no less but the training and developing costs done to meet job demands are higher. If this is implemented employability in MBAs can be increased through skill building and practical exposure.

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LEARNING AND DEVELOPMENT IN INFORMATION TECHNOLOGY (IT) COMPANIES**SIRISHA DAMARAJU****RESEARCH SCHOLAR****JAWAHARLAL NEHRU INSTITUTE OF ADVANCED STUDIES****SECUNDERABAD****ABSTRACT**

Learning and development are an integral part of employee satisfaction, meeting the standards of client specifications about human resources and overall success of implementation and delivery of the project. It is an attempt to improve and update capabilities and skills of employees so that they can perform well in their current and future projects. Imparting training, internal and external assessment of skills and performance after training is an efficient process to meet the project goals and Industry standards. Learning is an effort made by the employee to acquire skills and knowledge through experience, instruction, study and training. Whereas training is an organized effort by the employer designed at imparting information and instructions to improve the employee's performance by attaining a required level of knowledge or skill. Development is a framework for both organizations and individuals to achieve performance improvement and measurable effectiveness. Development is not just imparting skills and information, but also providing attitudes to approach challenging situations positively. This research paper is an effort made to understand the existing training, learning and development programs in IT companies and their impact on efficiency of the employee skills and motivation levels.

KEYWORDS

Development, Employees, Information Technology companies, Learning, and Training.

INTRODUCTION

Information Technology Industry is emerging every day in order to meet the growing demand of businesses across all sectors. Trends and developments in IT industry (be it software, hardware, Semi-conductor, Networking, Data storage, Internet etc.), which have the potential to transform the way businesses are currently operating will have repercussions across the spectrum of industries. Requirements by business to meet the ever growing challenges have enabled the IT industry to continue to innovate and produce the next generation technologies. In order to be innovative and maintain the quality requires skillful manpower. Therefore all Major IT Companies provide training, learning and development programs to their employees to impart necessary skills and knowledge.

Global economy is emerging from the recent economic downtrend & recession and is getting ready to face the challenges. IT industry also evolved and emerged with newer technologies, software, applications and hardware. The cost that occurs for implementing newer technologies is quite low when compared to the value addition they bring in to the companies. Therefore the orders for IT products and services have increased considerably in the last few years.

These days, Information technology industry is no longer just a conventional service industry, because many small and medium companies have incorporated and providing the best of technologies and services cost effectively. Unlike other manufacturing industries, IT industry is purely a knowledge-based. With tremendous growth and competition in IT industry, it calls for efficient and well trained engineers to meet the client requirements. Efficient use of these skilled engineers not only transforms IT sector but also helps global economy to the path of recovery and growth.

New age IT companies are becoming more people centric and have taken various measures focusing on strengthening core competencies. These measures includes structural changes in their induction and training programs, sponsoring for certifications and further education, implementation of technology in education, integration of web-based and Technology based learning and streamlining companies procedurals, approval and budgeting for learning and development activities.

55 technology companies are listed in the fortune 500 companies list for the year 2012. According to NASSCOM Indian IT-BPO industry report 2012, Indian companies are having a major share within the total IT outsourcing industry. In last few years they improved their total market share from 51% in 2009 to 58% in 2011. The IT industry remains to be one of the largest employers. It is clear that global IT companies are playing an important role in world economy and Indian IT companies are one of the major contributors. It's clearly evident that efficient engineers and well trained work force played a major role in the achievements of IT companies.

OBJECTIVES

1. To study whether adequate training is given to the employees to do their job effectively.
2. To study the various methods of training followed in their organization.
3. To measure effectiveness of Learning and development programs for employees to perform in their projects.
4. To study whether respondents did certifications or pursued & sponsored higher education while doing the job as part of updating their current skills & learning and development program.
5. To study whether employees are trained with competent faculty & utilized the skills received.

RESEARCH METHODOLOGY

1. Primary data includes data collected from online questionnaire filled by the employees of Information Technology companies. We asked IT employees from different companies to give us their point of view and experience on various aspects of Learning and development. Questionnaire consists of multiple choice questions and open ended questions. It covered employee perspective of training programs within their organization, their plans to improve skills, what motivates them towards improvement and demographics of respondents.
2. Secondary data includes reference books, journals, research papers, company reports and Internet.
3. We take the sample of 100 questionnaires for our study. This survey was conducted in the months of March & April of 2013. The respondents of the questionnaire are employees of various IT companies, mostly working in Hi-tech city of Hyderabad. We selected all types of Technology companies ranging from MNC's to Startups, Software service companies to application development and testing companies.

ANALYSIS AND FINDINGS

Analysis of Learning and development taken place during Training programs:

TABLE 1.1

Sl.No	Particulars	Yes		No		Planning to	
		No.	%	No.	%	No.	%
1	Employees receive enough training to do their job effectively.	74	74%	26	26%	-	-
2	Employees did/planning to do certifications in the last one year.	24	24%	16	16%	60	60%
3	Employees pursued /planning for higher education while doing the job.	36	36%	26	26%	38	38%
4	Average time spent to update skills & knowledge which leads to implement L&D Programs.	26	26%	30	30%	54	54%
5	Training received from competent faculty /Instructor.	75	75%	25	25%	-	-
6	Utilization of skills in work during training.	96	96%	4	4%	-	-

From the table it is assumed that over 74% of employees received enough training to do their job effectively, whereas 26% of employees couldn't receive good training in their organization to do their job effectively. 24% of employees have done some certifications needed to perform well in their job, whereas 16% of employees couldn't do any certifications throughout the year and 60% of employees are planning to do certifications to update their skills in order increase their performance. 36% of employees already pursued higher education whereas 26% couldn't pursue any higher education and 38% are planning to pursue higher education in order to increase their career credentials. 26% of employees spend 6hrs per week to update skills and knowledge which leads to implement learning and development programs whereas 30% of employees won't spend any time for learning and 54% are planning to spend time for learning on weekly basis. 75% of employees receive training from competent faculty and 25% of employees are not trained from competent faculty /Instructor in their organization. 96% of employees utilize skills learnt in while working and 4% of employees couldn't utilize the skills learnt. Majority of employees believe that Training, Learning and development sessions should be conducted more often to update their skills and implement them in their work projects.

RECOMMENDATIONS

1. Training and Development programs should be conducted on a regular basis not only to impart technical knowledge but also to develop leadership, management and Team building skills.
2. Induction program should be conducted not only to freshers but also newly joined experienced employees to make them familiarize with the work culture and environment of their company.
3. Line managers should provide the right kind of climate to implement new ideas and methods acquired by their juniors during training.
4. Time should be provided atleast 2-4 hours per week for employees during their work hours to update their knowledge and skills. Skill clubs should be encouraged; people interested in a specific skill will meet once or twice in a week and exchange their views and ideas.

CONCLUSIONS

1. Information Technology companies provide learning and development programs for their employees in order to increase their performance and efficiency.
2. Development and success of IT companies is a consequence of efficient engineers which is the result of learning and development programs.
3. Training programs improves motivation levels and reduces attrition levels among employees.
4. Learning and development programs boost the morale of IT employees who work under extreme stress, deadlines and odd working hours.

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WOMEN ENTREPRENEURS' DEVELOPMENT THROUGH TRAINING AND EDUCATION IN INDIA

JAINENDRA KUMAR VERMA
RAJIV GANDHI NATIONAL FELLOW
DEPARTMENT OF APPLIED ECONOMICS
UNIVERSITY OF LUCKNOW
LUCKNOW

ABSTRACT

The training and education plays vital role in building entrepreneurs especially women due to low women literacy rate in the country. This paper tries to explore the status of women self-employed / entrepreneurs, role of polytechnics in building women entrepreneurs, women entrepreneurship and government policies, two specific points need to be stressed in the interest of women entrepreneurs and internal and external aspects of women entrepreneurs.

KEYWORDS

Women entrepreneurs, Status, Polytechnics, Government policies, Internal and external aspects.

INTRODUCTION

Modern World of science and technology warrants us to develop entrepreneurship sense among women. Women are the main portion of the human resource which remains un-exploited unutilized for the betterment of their individual self and society. From the dawn of human civilization women have worked as subservient to man and a mere tool in the hands of man. However after and world war this has also undergone reaching structural changes within the developed countries like Australia, U.S.A. In India France and Sweden the participation ratio of women has increased more than thirty three percent. The position of the third world countries is not satisfactory. The major characteristics of women in third world countries are their pre dominant rate in agriculture. More than 65% of women in these countries are engaged in agriculture and only 16 % to 17 % in industry or services. This shows that women's work is invisible and severally developed. In the analysis of role of the Indian society on historical development of women, we may observe that women enjoyed higher status in ancient India compared to contemporary Greek and Roman civilization.

OBJECTIVES OF THE STUDY

The objectives of the study are:

- To explore status of women self-employed / entrepreneurs
- To explore role of polytechnics
- To explore women entrepreneurship and government policies
- To explore two specific points need to be stressed
- To explore internal and external aspects

METHODOLOGY

The paper attempt to explore the concepts, obviously it's an exploratory research where earlier studies on the subject matter has been readdressed to give insight to phenomenon.

STATUS OF WOMEN SELF-EMPLOYED / ENTREPRENEURS

The women form almost half of the Indian population. Expansion of women employment is essential for acceleration economic growth. But the employment outlook unemployment in India is 40% which is higher than their share in the labour. To contribute to economic development women must engage them-self in what is called economic or gainful activity as distinct from household or non-market activity. In other words, for a full integration of economy in economic development women must enter the labour force on equal footing with man. Women as a part of human resource must come out with an attitude of readiness.

ROLE OF POLYTECHNICS

Polytechnics in this regard develop of sense of entrepreneurship among women. Women can perform a significant role and can be means to an end. The technical and management education for entrepreneurs is of high importance. The goal of imbibing the sense of entrepreneurship is to include all round awareness, self confidence and self esteem among women which enhance the status of women. Major emphasis will be laid upon women participation in technical and professional education at different level. Women polytechnic will function for the removal of women illiteracy and obstacles inhibiting their access to technical training. Existing and emerging technologies and entrepreneurship polytechnics can mobilize community support at the gross root level.

WOMEN ENTREPRENEURSHIP AND GOVERNMENT POLICIES

The industrial enterprises play a vital role in fulfilling of women needs. The prevalent social structures of today, because of historical reasons have prevented the balanced development of women along with men. What, is to be sought for as a remedy, is to provide positively discriminatory opportunities for women along with men. We are not in a position to understand the productive rate of women in the economic in its full sense. The productive rate of women means their contribution to the productive system in various ways. It can mean the employment of women as workers as well as their rate as entrepreneurs is 16.5 % of the total work force. It comprises much too low by various to the data available from the census of India.

The second stream of thought relates to the argument for autonomy of women. The argument is that, women entrepreneurs be treated with and assumed equal status with men is society. These should be strong efforts to develop women entrepreneurship on for with those of men.

DEFINITION OF THE TERMS**ENTREPRENEURSHIP**

A person who undertakes on enterprise or business with the choice of profit or loss: the person having effective control over a commercial undertaking.

POLYTECHNICS

An institution of higher education offering many courses dealing with or develop to various technical and vocational subjects.

DISCUSSION

Women entrepreneurship and its development is the call of the time. It is a known fact that women are part of the factor of production. Women have equal capacity of adding to the national income and hence contributing to the economic development.

Around 30% what is worse the proportion of education and skilled women in total unemployment is increasing, representing tremendous waste of total human resources.

The number of women enrolling for high education has gone up. The accent therefore has to be on increasing self-employment opportunities for women. Further promoting of self-employment of educated women has the additional advantage of creating more jobs for poor and uneducated women.

TWO SPECIFIC POINTS NEED TO BE STRESSED

When one talk of credit needs and special consideration of self employed women, it is not easier for low income women to cope up with challenges in their tasks.

Therefore, special measures are necessary to promote entrepreneurship among educated women. Awareness for women development has led many organisation towards women entrepreneurship activity. Where growth and employment generation are eminent like Gujarat, Tamil Nadu, Kerala and Delhi are the states where women are developed as entrepreneurs in their considerable number.

The content of the schemes meant for promotion of women entrepreneurship often fail to capture these specification. Therefore, we may propose that the small enterprise development policy for women should be suitable in forms of the environment for the small scale enterprises that are planned for.

ASPECTS

INTERNAL

To start with the motion of women industry itself has to be defined and sub divided. It is not functionally enough to state that means all enterprises run by women and are having more than 80 % women employs more important aspects are the background of the entrepreneur as well as the question who the entrepreneur and his/her works are.

EXTERNAL

The external factors that are important for the planning of women industry are the backward and forward linkages as well as the government policy and regulation that play an important role in determining the positive impact of these enterprises on the economic structure.

CONCLUSION

Women entrepreneurship should be boosted up to some human resource and energy through polytechnics, community polytechnics and other institutions. It is to assist national economic development and follow constitutional commitment like equal opportunities and follow end of man to man exploitation.

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INTEREST RATE FLUCTUATIONS AND FINANCIAL OUTCOMES OF BANKING SECTOR: A CASE STUDY OF PAKISTAN

ASAD ZAMAN
STUDENT
GC UNIVERSITY
FAISALABAD

AMMAR ALI GULL
STUDENT
GC UNIVERSITY
FAISALABAD

REHAN NASIR
STUDENT
GC UNIVERSITY
FAISALABAD

MUHAMMAD BILAL
STUDENT
GC UNIVERSITY
FAISALABAD

YASIR PERVAIZ
STUDENT
GC UNIVERSITY
FAISALABAD

MUHAMMAD ASIM RIAZ
STUDENT
GC UNIVERSITY
FAISALABAD

MUBASHER ASHRAF
STUDENT
GC UNIVERSITY
FAISALABAD

ABSTRACT

The main idea behind this study was to evaluate the impact of interest rate variations on profitability of Pakistani banks. Financial performance is measured by return on assets, return on equity, earnings per share and independent variables include Interest rate, loans or advances, investment and deposits with other banks. A sample of top 20 banks operating in country from 2007 to 2011 was selected for analysis and data were collected from primary sources. Descriptive, correlation and regression analysis were used as statistical techniques. Outcomes of analysis suggested that interest rate have a great impact on financial results of commercial banks working in Pakistan.

KEYWORDS

Interest rate, Karachi stock exchange, Return on Assets and Return on equity.

INTRODUCTION

In previous decade enormous growth and potential has been seen in the banking sector of Pakistan. It shows the stability and development of banking system. The financial institutions are operating in a very competitive market where they have to offer attractive rates to borrowers and lenders. The main issue for banks is to avoid their liquidity and solvency related problems. This mean they always have to maintain a good portion of cash to meet their liquidity issues. The impact of change in cash reserve requirement by the state bank of Pakistan has also affected the lending power of banks. Government is empowered to borrow from these financial institutions but too much borrowing of state from these banks also limits their profitability because these institutions have to maintain a large amount as reserve and provisions against non-performing loans (NPL). The role of state bank of Pakistan (SBP) cannot be ignored in the stability and growth of banking sector because it provides guidelines for efficient and effective working of banks. The effective monetary and transparent fiscal policies are the measures which provide support and stability to the smooth running of banking system. If the banking system of the country is stable it means the overall economy of country is also stable. Stable economic condition leads towards saving and investment decision trend, all these measure are vital for the successful operations of the banks. Now a day's ability of banks to forecast and avoid risk contributes in their success; through this they can cover the risk of losses. Profit is the most vital thing and also necessity for growth of banking system in financial market. These important facts are leading toward key issues about profitability of banks. Banks have spread their portfolio assets & liabilities in a manner that influence its profitability, where is room to increase the profit

bank definitely go to that area for increasing their profit, it shows the importance of financial outcomes for banks. Assets of bank are grouped into two categories earning assets and non-earning assets: earning assets means on which the banks earn some sort of profit and these are the major source of income for the bank. Other includes those assets which are used for the reserve requirements. The earning assets have main influence on the profitability of bank so these are consider in our research paper. The efficiency of banking operations contributes in economic growth of country because banks play a vital role as financial intermediaries. Banks provide the financial services and demand interest as reward for these services; funds of bank come through deposits and bank pay interest on these deposits to its customers. Banks profit margin is the difference between the amount earned through earning assets and amounts paid to depositors. These interest rate or bank margin varies with the state bank of Pakistan monetary policies as recently state bank of Pakistan announced the decrease in interest rate from 10.5 to 10 percent which also affect the KIBOR, which is base for charging interest.

LITERATURE REVIEW

The study of Maisal and Jacobson (1978) showed that in an efficient market there is no need to consider the institutional forces of market. Financial institution can easily get the result from available information to predict the future actions and reactions. Financial institutions always find new ways to equalize their cost and return. Analysts assumes that, in an efficient market complete information is available and no information cost because the lending, hedging, borrowing and arbitrage are conducted on risk free rate of return. They believed that through an efficient financial market they predict their asset management results very efficiently and rapidly like cost and return, assets, liabilities without wasting their funds on information cost or on institutional forces which reduce the efficiency and increase the cost. Authors conducted this study on the base of cross section banks cost and revenue from the period 1962-1975. Their estimate was based on cost of book value of assets and the net rate of income which shows the result of the net return of assets differ from if computed on the basis of average. The results also showed the major shifting occurred during period of 1970-1975.

The study of Demirguc-kunt and Huizinga (1999) studied the determinants of the bank profitability and interest rate are: macroeconomic conditions, regulations, organization financial structure, implicit and explicit bank taxation, deposit insurance regulations, bank characteristics and several legal underlying institutional indicators. Study also clarified that foreign banks had higher profit margin in developing countries as compared to domestic banks and a reverse situation is entailing in industrial countries. Another evidenced came from this study is that in developing countries there is a direct impact of the corporate taxes on the consumer because the banks shifts it toward consumer while no high reserve restriction had to maintain with central bank. The regression technique was used on the data to find out the results of determinants on profit and interest rates which were collected from banking institutions of 80 countries from 1988-1995. The economic conditions, size, composition and structure were different in various countries so the impact of above mentioned determinants was also mixed. Data of several countries had been used to analyze the conditions and various characteristics of the banks which affect the interest rates and margin of profit, results showed that some variables had negative relations while some had positive relations with each other.

The paper of Davies and Vaught (2010) described "the impact of interest rate on the profitability of banks in south specific". Findings show that the profit margin of this region banks is in accordance with the line or criteria mentioned by the central banks of all the countries in that specific region. The lending rate to the customer is stable or related to the interest rates spread of these banks, this evidence showed the stability within the region commercial bank profit and restriction of inappropriate fluctuations in both profit and interest rates. The data was gathered through the region's central banks prudential, the income was also more as compare to other region's due to too much income from the operations of foreign exchange. Economic and country risk relatively high in this region, the cost of compliance with prudential regulations also effect the interest rates, the banks profit remain was high because the ROA is 4.8% since 2001, which comes mostly through the foreign exchange dealings of goods and services.

This paper of Kedar and Leong (2009) discussed the impact of interest rates changes on Islamic banks related with the Malaysian market of Islamic finance, which shows great development during the short period of time. Here the results showed that Malaysians customers consider profit motives and their decisions is based on the movement in Base Lending Rate (BLR) in case of Babbitt amin Ajil (BBA) financing or deferred payment sale financing, during the period of high interest rate customers preferred Islamic bank financing and in case of low rate their decision shifted toward conventional banking which was cheaper to them at that situation. At the time of conducting this research the BLR in Malaysia was falling down, this simply implies that the Islamic banking was costly than the conventional banking system and growth rate was also slow in case of Islamic banking. The data were used for the period of 1999-2007, results showed that appreciation in the BLR induce the customer to move from Islamic banks to conventional banks and vice versa.

Research paper of Tamoorepour and Ardekani (2012) investigated the impact of interest rate on the bank return and size of the bank. For the purpose of study researchers considered different financial ratios and bank return as variables. The analysis indicates the different positive and negative results due to fluctuations of interest rate. This is due to difference in market size, macro economic conditions, monetary policy and difference among countries. The data is taken from 14 different markets from the period 2001 to 2010. Most countries banks showed positive relationships with return and interest rate variance but few countries like India, Japan, Denmark, and Switzerland were not in line with it. Hence, it's not possible practically to demonstrate comprehended conclusions of all markets because the each ratio affects the size and return differently in accordance to that market. Only possibility was to give the specific conclusion regarding to that particular market which is different in economic determinants, characteristics and national monetary policy.

The study of Kassim, Majid and Yusof (2009) investigated the impact of monetary policy shocks on the Islamic and conventional banks in a dual banking system economy. According to study reactions and response of the conventional banks were different from Islamic banking due to monetary policy shocks because Islamic banking is based on interest free concepts. The study investigated the impact of interest rates changes on deposits and financings. To get meaningful result same test also applied on the conventional banks. The research based on the vector-auto-regression (VAR) method. Result showed that monetary policy shocked merely Islamic banks than conventional banks because changes in monetary policy destabilize the balance sheet items of Islamic banks.

The study of Bakeel and Alrashidi (2012) investigated the impact of interest rate on the profit margin of the SME companies of UAE, by using the qualitative technique. Interest rate considered as an important factor that had positive relationship with savings level of economy, but apart from the good impact on the savings, the results indicate that the interest rate had an adverse impact on the profit SME companies of the UAE which differ through various variables.

The research of Ahamd and Nafees (2010) investigate the impact of few internal factors on profitability of Pakistani commercial banks. The results were based on the random effect data regression model. ROA was used as dependent variable and four costs, LOSRES, LIQ, and EQAS as independent variables. Bank tries to manage the cost of its operations effectively because its effect the bank's return negatively. EQAS also effected the return, reason behind was that the bank strength as bank didn't hold great volume of capital. Banks will invest in that area where the cost of project is low and recovery policy had to be effective, easy, less risky and ultimately produce a high return.

The findings of Guru, Staunton and Shanmugam (1990) about determinants of conventional banks profitability in Malaysian market also paved a way to our research material. Their findings suggested that determinants only provide the significant profit by managing the expense efficiently. The focus of bank was on controlling the cost of operations. In recent years saving accounts were not the only tool to increase profitability, but banks also had improved the services of current account by maintaining less cost on the account in efficient way. These tools and demand deposits both lead toward the attraction of the customer that improved the profitability of bank as compared to other non-banking financial institutions. In their portfolios banks should focus on safe and productive sectors by keeping sound monitoring system. Base lending rate was the main tool used in the measurement of capital scarcity. The difference between interest paid and interest received showed the profit capacity.

Another research was conducted by Bennaceur and Goaid (2008) the determinants of conventional bank interest margins and profitability evidence from Tunisia. The study investigated those characteristics of a bank which explain the variability in bank interest margins and its profit within the country. Large amount of capital leads toward high profit and interest margins. The negative impact on profit comes through bank size which showed Tunisian banks were operating above the level. Macroeconomics variable had no impact but financial structure had significant impact on profit and interest margins. Stock market reflected the common growth characteristics between banks and stock market. Complete liberalizations rate of interest had positive effect on net margin of interest but partial liberalization had adverse effects. Ownership size also had a great deal of influence on the profitability of banks in Tunisian economy.

PROBLEM STATEMENT

In today's environment interest rate fluctuation is a hot topic in many decision making areas. Too much fluctuation in interest rate has a great impact on the economy as well as individual and corporate level decision making. The variation of interest rate has immense influence on savings and investments decisions.

OBJECTIVE OF STUDY

The purpose of this paper is to calculate and investigate the impact of interest rate fluctuations on profitability of the banks on the base of following variables

- Interest rate
- Investment
- Advances or loans
- Deposits with other bank

RESEARCH METHODOLOGY

This section provides information about Population and sample selected for the study. Furthermore it discusses the type of current study, the strength of the research and data collection & analysis techniques used in current study.

SAMPLE SELECTION

Sample of this study is made of 20 banks out of 33 banks operating in country and listed at Karachi stock exchange from 2007-2011. This five years period was selected due to two reasons. First during this period of time too much fluctuation was observed in the interest rates and profit margin of banks. The second reason is that before 2003 banking sector was using PKRV rate as benchmark rate after that KIBOR rate was introduced as benchmark in banking sector. Twenty leading banks of Pakistan have been selected for this purpose from the banking sector. These twenty banks were selected on the basis of high market share and return.

TYPE OF STUDY

The type of current study was cross-sectional. Banks listed at Karachi Stock exchange KSE- 100 indexed were selected on the basis of high return and market share from 2007 to 2011.

DATA SOURCES

- Audited annual reports of sample banks
- Websites of concerned banks
- Website of Karachi Stock Exchange
- Publications of State bank of Pakistan
- Press Publications and media reports.

DEPENDENT VARIABLES

RETURN ON ASSETS

ROA measures how effectively bank is utilizing its assets to generate return. It is calculated by dividing the profit after taxation available to shareholders' by the simple average total assets at end and beginning of the period.

$$\text{Return on Asset} = \frac{\text{Net Income}}{\text{Average Assets}}$$

RETURN ON EQUITY

ROE measures how well the bank using shareholders invested money. It is calculated by dividing the profit after taxation available to shareholders by average shareholder equity.

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Shareholder Equity}}$$

EARNINGS PER SHARE

EPS reflect the profit after taxation generated per share. It is calculated by dividing the profit after taxation available to shareholders by the average number of shares outstanding during the year.

$$\text{Earning per Share} = \frac{\text{Profit after Taxation}}{\text{Weighter Average Common Share}}$$

INDEPENDENT VARIABLES

INTEREST RATE

It means borrowing cost earned by bank and KIBOR rate is taken as benchmark during this period.

DEPOSITS WITH OTHER BANKS

The banks kept their liquidity reserve with other banks for different periods and earn a return.

LOANS OR ADVANCES

These consist of the amount of money borrowed to customers to fulfill their need, expenditure or obligations.

INVESTMENTS

These include the certificates purchased by the banks from different borrower and at maturity banks will sell back these certificates to the borrower.

EMPIRICAL MODELS

$$\text{ROA} = \beta_0 + \beta_1 \text{INT}_1 + \beta_2 \text{DWOB}_2 + \beta_3 \text{ADV}_3 + \beta_4 \text{INV}_4 + \mu$$

$$\text{ROE} = \beta_0 + \beta_1 \text{INT}_1 + \beta_2 \text{DWOB}_2 + \beta_3 \text{ADV}_3 + \beta_4 \text{INV}_4 + \mu$$

$$\text{EPS} = \beta_0 + \beta_1 \text{INT}_1 + \beta_2 \text{DWOB}_2 + \beta_3 \text{ADV}_3 + \beta_4 \text{INV}_4 + \mu$$

Here,

ROA represents the Return on Assets

ROE represent the Return on Equity

EPS represents the Earnings per Share

INT represents the Interest

DWOB represent the Deposits with other Banks

ADV represents the Advances and

INV represents the Investment.

RESULTS AND DISCUSSIONS

Table 1, 2 & 3 are used to elaborate the outcomes of descriptive, correlation and regression analysis. Table- 1 shows the five year summary of mean, median and standard deviation of variables for a sample of 20 banks listed at Karachi stock exchange from 2007 – 2011.

Table- 2 exhibits the results of correlation analysis. Correlation is known as interdependence of variables. For the purpose of this study researchers have checked the correlation of independent variables with themselves to find out multicollinearity among variables. The advances or loans (ADV) are positively associated with DWOB, INT and INV. Deposits with other banks are also having positive relationship with interest rates and investment of banks. Investment is found to have a direct relationship with interest rate. The main diagonal value of correlation coefficient is 1 which shows the perfect and strong positive correlation among each other.

Table- 3 demonstrates the regression results for dependent variables ROA, ROE, EPS with respect to independent variables. The first column represents the coefficient for each independent variable which is showing the strength of influence between the determinants and the profitability measures. Second column represents the T-Statistics values which are showing the significance of the regression results. R-Square for ROA is 0.43754 which means that of 43% samples describes ROA. This means that 43% variation in dependent variable is explained by the independent variables of the model. The remaining 57% variation in ROA is unexplained by the independent variable. It also has F-Statistics 8.75164 which show its significance. ROA is having a positive relationship with advances and investment while negatively related to interest rate and deposits with other banks. R-Square for ROE is 0.30059 which is less significant than ROA and it means that of 30% samples describes ROA. Its F-Statistics is 4.835153. Return on equity is found to have an insignificant relationship with all independent variables. It is negatively associated with INT & DWOB but positively connected with INV and ADV. R-Square for EPS is 0.71794 which is more significant than both models discussed above. In this model 71% changes in dependent variable is due to independent variable of the model. The remaining 29% variation in EPS is not caused by independent variable. It has F-Statistics 28.63514 which is highest from both ROA & ROE. As per regression results advances and investment have strong favorable impact on earnings per share. On the other hand deposits with other banks and interest rate are having an inverse but significant impact on EPS.

CONCLUSION

The main motive behind this research was to evaluate the impact of interest rate on profitability of banks. The results made it clear that the profitability is significantly affected by the interest rate, advance or loans, investment and deposits with other banks. It means profitability of banks depend upon interest rate which is main tool of monetary policy. When interest rate will rise then lending rate will increase more as compare to deposit rate, which means banks profit is going up because it will results in a high bank spread. In an opposite scenario where interest rate is low, In this case of increase in interest rates the lending rates tend to move faster than the deposit rates. While in case of decrease in interest rate the deposit rates tend to change or move faster than the lending rates. But a point that must be kept in mind is that a further increase in lending rates will slow the growth of advances and increase the ratio of bad debts. The paid-up capital requirement of Rs. 15 billion by state bank of Pakistan until 31-12-2011 also encourages the further consolidation of banking sector. It was used to decrease the impact of risk, conservative growth in advances and deposits, bringing downward advances to deposits ratio. But the major concern is the interest rate movement which is damaging up to great extent. It will be very difficult for individuals to save money and made investment in economy due to fluctuations of interest rate.

RECOMMENDATIONS

- Banks in Pakistan are not following the international level of interest rate due to this they are enjoying healthy profit which is the difference between the lending and deposit rate.
- These interest margins are high in the world which shows the monopoly of commercial banks and also pointing out the poor governance of the Central bank of Pakistan.
- The banking quality of services should create the profitability by giving more benefits or margin to depositors and charging less from the borrower.
- The banks should also have to maintain a decent capital adequacy ratio and adopt some required measures on too much changes or fluctuation in the interest rates.
- The banks can minimize their risk associated without involvement of funds by producing or developing their more focus on non- interest income.

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ANNEXURE TABLES

TABLE 1: DESCRIPTIVE STATISTICS

	ROE	ADV	DWOB	INT	INV	ROA	EPS
Mean	0.040682	1.702308	8749050	1.234966	8.665677	0.457238	5.450465
Median	0.089464	1.364083	3696117	1.458312	7.618450	0.665693	1.594761
Std. Dev.	0.275239	1.320849	11630990	1.590071	2.966235	1.989601	8.196682
Observations	100	100	100	100	100	100	100

TABLE 2: CORRELATION MATRIX

	ADV	DWOB	INT	INV
ADV	1	-	-	-
DWOB	0.821849	1	-	-
INT	0.064083	0.12250	1	-
INV	0.818911	0.70107	0.279948	1

TABLE 3: REGRESSION ANALYSIS

Variables	ROA		ROE		EPS	
	Coefficient	t-Statistic	Coefficient	t-Statistic	Coefficient	t-Statistic
C	0.46011	1.25163	0.33816	1.11527	0.08598	1.49795
INT	-0.29702	-1.93541	-0.03929	-1.65954	-0.99052	-2.21323*
ADV	0.95037	2.45518*	0.67093	1.78109	0.04738	3.95398*
INV	0.85097	1.82799	0.76361	1.05463	0.02548	3.82717*
DWOB	-0.80728	-2.38413*	-0.64569	-1.23437	-0.03807	-3.92139*

R-Square 0.43754

0.30059

0.71794

F-Statistics 8.75164

4.83515

28.6351

Observations 100

100

100

*t-Statistics is Significant at Level of 5%

PEOPLE MANAGEMENT PRACTICES: A POTENTIAL TOOL FOR ORGANIZATIONAL PERFORMANCE**SANTOSH V BILGUNDI****STUDENT****JSS CENTRE FOR MANAGEMENT STUDIES****MYSORE****KIRAN KUMAR M****STUDENT****JSS CENTRE FOR MANAGEMENT STUDIES****MYSORE****AKSHAY PAI R****STUDENT****JSS CENTRE FOR MANAGEMENT STUDIES****MYSORE****ABSTRACT**

The People Management Practices acts as the main tool in establishing the performance of an organization for any firm. This research work aims to investigate the impact of the People Management Practices on the Organizational Performance at TOYOTA Motor Corporations Factory. The statistical population consists of the shop floor workers at the Toyota Motor Corporation Factory, Bidadi, Bangalore. This research sample involves the 120 shop floor workers between the age group from 21 years to 50 years and above, these 120 shop floor workers are selected based on Convenience Sampling Method at the Toyota Motor Corporations Factory, Bidadi, Bangalore. The data was collected by the author made structured questionnaire method. According to the research conceptual model the relationship between the People Management Practices practiced by the organizations and the Organizational Performance was investigated by using the Correlation Analysis and relative tests, this results show the positive and a significant relationship between the People Management Practices on the Organizational Performance.

KEYWORDS

People Management Practises, Organization Performance, Employee Satisfaction and Human Resource Management.

1. INTRODUCTION

Empirical research studies have found a significant relationship between People Management Practices and Organizational Outcomes such as Employee Turnover, Productivity, Quality, Sales, Profits, Return on Investment and Market Value. Direct linkage between HRM practices and organizational financial performance has always been a matter of concern in HRM research. Critics in Strategic HRM are of the view that the causal linkage has to be established between HRM practices and more proximal HR outcomes rather than operational and financial performance states that higher-level outcomes, viz. operational performance and financial performance, are influenced by the increasing complexity of factors. While attempting to establish a direct relationship between HRM practices and Organizational Performance parameters, there could be a possibility of ignoring all practices that did not have a direct connection with Organizational Performance. Even in the absence of direct relationship, there might be some practices that significantly contribute to organizational success through the intervening process. This demands the identification of the intervening process that links HRM Practices with Organizational Performance.

2. LITERATURE REVIEW

Christopher. J. Collins, Kevin. D. Clark, has developed a model on Strategic HR Practices, Top Management Teams Social Networks and Firm Performance, To explore the black box between human resources (HR) practices and firm performance. Specifically, we examine the relationships between a set of network-building HR practices, aspects of the external and internal social networks of top management teams, and firm performance, and by using Means, SD, Correlation and Regression. It suggests that specific and general HR practices affect firm performance in different ways-specific practices seem to affect performance by building and reinforcing a specific employee-based capability, whereas general practices may affect performance more broadly through other factors such as employee skills or motivation also provides evidence that both external and internal networks serve as important informational resources for high-technology firms. A.K. Paul and R.N. Anantharaman, has developed a model on Impact of people management practices on organizational performance: analysis of a causal model, Indian software companies, is an attempt to develop and test a causal model linking HRM with organizational performance through an intervening process. To sum up, although there are forty paths, originating from HR practices, to organizational financial performance, no single HR practice directly affects financial performance, but every HRM practice influences financial outcomes indirectly through one or more intervening variables and operational performance dimensions. This calls for an integrated approach to linking HRM practices with organizational performance. Mere focus on direct HRM-performance linkage may not reveal the mechanism through which HRM system operates. It calls forth a wider vision to see the big picture and the interdependence and interrelationship among HRM practices, intervening variables, operational performance parameters and financial performance. Sandeep Krishnan and Manjari Singh, has developed a model on strategic human resource management: three-stage Process and influencing organisational factors, A three-stage model for the process of strategic human resource management is developed in this paper. The three stages cover strategy formulation, implementation and evaluation. The inter-linkages in this dynamic model have been explored. The organisational factors that have enabling or deterring influence on the success of each of these three stages have been discussed. The paper highlights the key role played by HR professionals in these three stages. The model provides all the interactive linkages present in the process of SHRM, thus giving a comprehensive picture of this complex and dynamic process. The effectiveness of the process lies in giving due importance not only to each stage but also to each linkage. The process of SHRM cannot be implemented in a piecemeal manner. Anything less than the complete process described in the model increases the possibility of failure. Organisations can no longer ignore the necessity of an integrated three-stage process for SHRM that should at least include: Efficient and inter-linked HRM systems linked to business strategy and Monitoring mechanisms to identify and correct any sort of misalignment. Richard W, Beatty and Craig Eric Schneier, has developed a model on the New HR roles to impact organizational performance from "PARTNERS" to "PLAYERS" To critically examine the New HR roles that would make HR managers from partners to players. HR's Cultural and Transformational Role New HR roles are A high leverage play for HR, Merger and Acquisitions, M&A failures: Inadequate HR Due Diligence, The role of Intellectual capital assessments in M&A Work, HR's Role in Preacquisition, HR's Role in Proacquisition. Edward e. Lawler iii susan a. Mohrman, has developed a model on hr as a strategic partner: what does it take to make it happen? Advanced IT-based systems can off-load transactional tasks, freeing up HR professionals for more value-adding roles. More importantly, they offer the potential for HR to collect and analyze data to yield knowledge about

the effectiveness of various HR approaches and about the feasibility of various strategic paths given the human capital of the firm. Rūta Kazlauskait, Ilona Bučiūnien, has developed a model on The Role of Human Resources and Their Management in the Establishment of Sustainable Competitive Advantage of Human resources and human resource management, as well as their role in the creation and sustainability of competitive advantage. It can be said that both human resources and their management, especially when used in combination, may be viewed as value adding to the organisation in its attempts to meet the challenges of highly volatile global business environment, and also the source of organisational competitiveness resides within the firm.

3. SCOPE OF THE STUDY AND RESEARCH OBJECTIVES

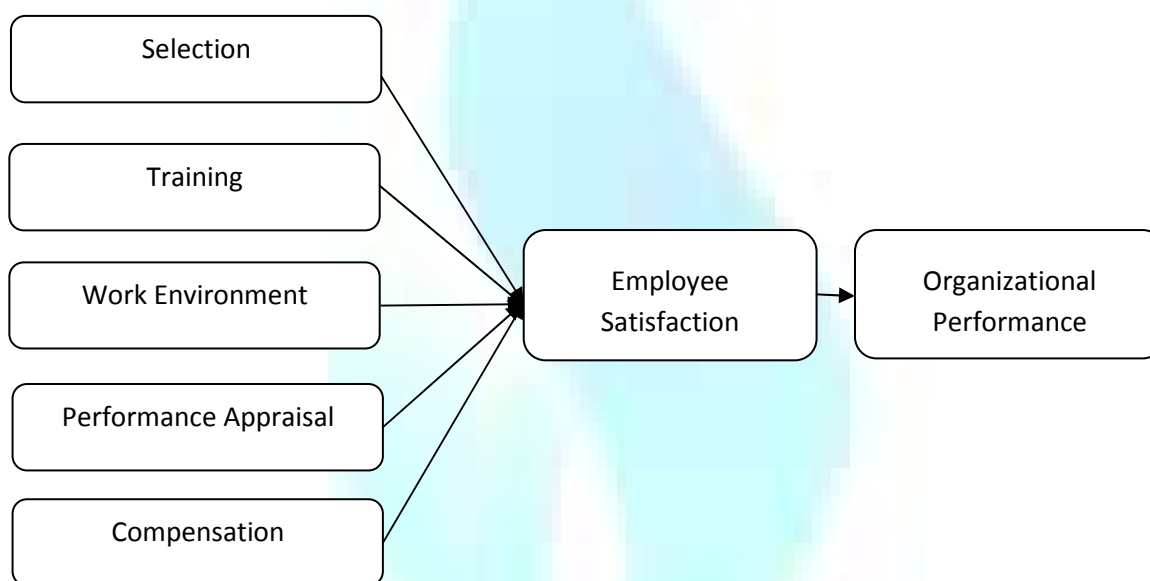
The impact of Human Resource Management (HRM) practices popularly known as HR practices on Organizational Performance and Employee Attitudes has been a leading area of research in the developed world for years. But surprisingly, very limited number of studies has been conducted on HR practices in the context of developing countries in general. This study has been conducted to fill the existing research gap and to explore the relationship between HR practices and Organizational Performance in the context of manufacturing firm. Academicians, researchers, policy-makers, practitioners, students, local and foreign entrepreneurs of India and other developing countries could benefit from this study by exploring the association between HR practices and Organizational Performance. This study would augment the contemporary research and practice of Human Resource Management. Furthermore, it would also be useful for the developed countries as they find developing countries as attractive places for investment due to their large markets, and cheap and skilled workforces. The research objectives are as follows;

1. To address the association between HR practices and Organizational Performance.
2. To identify the impact of HR practices on Organizational Performance.
3. To suggest some measures in order to enhance the HR practices of the selected industrial enterprises.

4. CONCEPTUAL MODEL AND HYPOTHESES

The following Conceptual Model is proposed for the study of relationship between HR Practises and Organizational Performance.

FIGURE 1: RESEARCH CONCEPTUAL MODEL



4.1 HYPOTHESES

- H1 Recruitment and Selection positively influences Employee Satisfaction.
 H2 Training and Development positively influences Employee Satisfaction.
 H3 Performance Appraisal positively influences Employee Satisfaction.
 H4 Compensation positively influences Job Satisfaction.
 H5 Work Environment positively influences Employee Satisfaction.
 H6 Employee Satisfaction positively influences Organizational Performance.

5. RESEARCH DESIGN AND METHODOLOGY

This research is Empirical and Correlation. Human Resource Practices are Independent Variables and Organizational Performance is Dependent Variable. The authoritative articles were used for preparation and offering theoretical principles and research records and field method was employed for data collection and test of hypotheses. In a pilot study the questionnaires were distributed among 30 employees and the variance estimated and the sample was calculated which is 120. The statistical population consists of employees working in Toyota Manufacturing Plant in Bidadi, Bangalore. The study uses Primary Data. The data were collected by the author made Structured Questionnaire and analyzed using Five-Point Likert Scale. To examine the relationship between HR Practices and Organizational Performance, this study analyzed the chosen variables using the SPSS software package. To evaluate the reliability of the questionnaire the factorial analysis was employed as main components. At first, the reliability tests of using factorial analysis were investigated for each variable. The results of Kayerz-Mayer and Bartelt tests showed that the factorial analysis is justifiable. In this analysis the questions by less factorial components were omitted and the final questionnaire consisting of 40 questions was analyzed. For survey on validity the Cronbach's alpha was calculated for each question.

TABLE 1: THE RESULTS OF KMO, VARIABLES FACTORIAL ANALYSIS AND ALPHA COEFFICIENT

Variables	KMO measure of Sampling Adequacy	Cumulative Extraction Sums of Squared Loadings (%)	Cronbach's Alpha
Recruitment and Selection	0.851	78.300	0.941
Training	0.846	80.276	0.945
Work Environment	0.888	79.130	0.932
Performance Appraisal	0.851	80.301	0.936
Compensation	0.834	76.587	0.912
Employee Satisfaction	0.900	78.760	0.931
Organization Performance	0.816	83.276	0.955

6. ANALYSIS AND DATA INTERPRETATION

Hypotheses were tested in order to analysis of data. Correlation analysis is the best and powerful analysis method in behavioral and social sciences. Concurrent analysis of dependent and independent variables is the characteristics of multivariable analysis. The research conceptual model was proposed as theoretical model. In this model Organization Performance is dependent variable and HR Practices are independent variables. The theoretical model and the data collected by questionnaire were tested by SPSS Software in order to evaluate the level of support of the proposed model. The Correlation Analysis is criterion of acceptance and rejection of the relationship between independent and dependent variables in hypotheses. As a result the hypotheses with negative correlation co-efficient were non-significant and they were rejected. The conceptual model was evaluated according to the research data and all 6 hypotheses were accepted. The results are summarized in the following table. Correlation coefficient is positive among all dimensions, thus there is a positive relationship among HR Practices, Employee Satisfaction and Organization Performance.

TABLE 2: CORRELATION ANALYSIS

Variables	VAR 1	VAR 2	VAR 3	VAR 4	VAR 5	VAR 6	VAR 7
1. Recruitment and Selection	1	0.767**	0.813**	0.507**	0.804**	0.802**	0.802**
2. Training	0.767**	1	0.874**	0.790**	0.880**	0.861**	0.884**
3. Work Environment	0.813**	0.874**	1	0.724**	0.752**	0.987**	0.813**
4. Performance Appraisal	0.507**	0.790**	0.724**	1	0.779**	0.711**	0.885**
5. Compensation	0.804**	0.880**	0.752**	0.779**	1	0.740**	0.871**
6. Employee Satisfaction	0.802**	0.861**	0.987**	0.711**	0.740**	1	0.976**
7. Organization Performance	0.802**	0.884**	0.813**	0.885**	0.871**	0.976**	1

** Correlation is significant at the 0.01 level (2-tailed).

TABLE 3: IMPLICATIONS OF CORRELATION ANALYSIS

Hypothesis	Description	Correlation Coefficient	Sig. (2-tailed)	Acceptance/ Rejection
H1	Selection → Employee Satisfaction	0.802	0.00	Accepted
H2	Training → Employee Satisfaction	0.861	0.00	Accepted
H3	Performance Appraisal → Employee Satisfaction	0.711	0.00	Accepted
H4	Compensation → Employee Satisfaction	0.740	0.00	Accepted
H5	Work Environment → Employee Satisfaction	0.987	0.00	Accepted
H6	Employee Satisfaction → Organization Performance	0.976	0.00	Accepted

7. FINDINGS AND CONCLUSION

The Correlation Analysis is criterion of acceptance and rejection of the relationship between independent and dependent variables in hypotheses. Hypothesis 1 is proved with correlation coefficient 0.802. Hence it can be said that Selection process has significant influence on Employee Satisfaction. Rigorous selection process through written tests, programming tests and interviews help the recruiter to identify talented candidates and this process makes sure that only competent people get into the organization. The focus in the selection process is the critical dimension of learn-ability, a candidate's ability and willingness to learn. Induction into the company, in the form of an initiation or socialization program, can sow the seed of teamwork and customer orientation that has to be matured in the continued interaction with organizational members and events. A value-based induction process touches upon the organization's mission, values, business details, customers, the expectations of the employees from the company and this in turn helps to build up an emotional bond with the company and members.

Hypothesis 2 is proved with the correlation coefficient 0.861. Hence there is significant relationship between Training and Employee Satisfaction. It might look paradoxical to find that Training does not add to the Employee Satisfaction, but enhances employee productivity. Training programs, in general, did not add much to the Employee Satisfaction of the employee because they were more task or project-based rather than being focused on employee development. Since the focus is on project completion and delivery, enhancing employee satisfaction takes a back seat. The fact that training enhances employee productivity is consistent with prior studies. It is true that project-based coaching helps the employee complete the project in hand faster and this adds to the average employee productivity level of the organization.

Hypothesis 3 is also proved with the correlation coefficient 0.711. Hence Performance appraisal has a significant relation to Employee Satisfaction. Performance appraisal also influences the employee satisfaction, organizational commitment and customer orientation of employees. Their technical skill is evaluated in the appraisal process through the results attained. Organizational commitment arises out of the way appraisal is done. If appraisal is just to make sure that company objectives are met, it may not add to organizational commitment. Employee participation in the appraisal process, equity, fairness and justice will add to organizational commitment. Customer orientation enhancement arises out of the product development phase. Performance appraisal is an opportunity for both the organization and the individual employee to review his current level of knowledge, identify the gaps and take necessary steps to enhance his competence. Performance appraisal, which is again linked to the rewards and other benefits, motivates the employee to update his knowledge and skills. The appraisal system that balances the growth interests of both the employees and organization will result in higher commitment by the employee, which might result in achieving organizational goals. Career development, which shows company's interest in the growth of the employee, has a direct influence on an employee's commitment to the organization, which in turn affects employee retention and employee productivity and finally results in increased Employee satisfaction.

Hypothesis 4 is also proved and hence Compensation is the factor which significantly influences the Employee Satisfaction. Although compensation is a major cost in the many companies, compensation practices have a significant effect on employee satisfaction. This reveals that a well-designed compensation system can enhance employee satisfaction. It might be through enhancing the commitment of employees to contribute more to the organization. Compensation which involves both quantity and quality dimensions in the framing of the compensation package, communicating to employees and the way compensation is disbursed, affects the organizational commitment. Many previous studies found compensation and rewards to be the major factor deciding the organizational commitment of employees. Compensation might be a major criterion for choosing an organization, but, once they are part of the organization, employees look for vertical and horizontal growth in the organization.

Hypothesis 5 is proved with the correlation coefficient 0.987. Hence Work Environment has significant influence on Employee Satisfaction. Work Environment significantly influence employee satisfaction. Work environment is also an important factor that enhances the competence of the employee. A social environment with an informal culture and a strong bond among members through knowledge sharing enhances the satisfaction of the employees in the organization. A social environment that promotes the free flow of information and informal culture builds up strong teams and attachment among team members. Social environment dimensions such as flexible timing, encouraging employee feedback and suggestions, open information sharing about company's performance and future plans create a sense of attachment and synergistic working relationship among workers. An environment that promotes constant interaction with the customers of the organization helps enhance customer orientation. The physical infrastructure and support services, along with an informal

culture and communication, bind the members into an organizational family. Such a strong bond might keep members attached to the organization and working for its success. As all the dimensions of the HR Practices have significant influence on Employee Satisfaction it can be said that HR Practices have significant influence on Employee Satisfaction. Among all the Practices of HR, Compensation and Performance Appraisal have significant influence on Employee Satisfaction. As the correlation coefficient between Employee Satisfaction and Organizational Performance is high with 0.976, it can be concluded that HR Practices in an organization have significant influence on Employee Satisfaction, which in turn enhances Organizational Performance.

8. SCOPE FOR FURTHER STUDIES

Future research should focus on generating and testing new models to arrive at more reliable causal linkages in various industry settings. Even though there might not be a direct causal relation with employee satisfaction, different HR practices might indirectly influence employee satisfaction. If we ignore the process on our way to establish relationship between HRM practices and satisfaction parameters, we may arrive at false conclusions. Many such relations need not be causal, but spurious or unexplained. Hence it is high time that we tested relevant models of HRM–performance linkage to identify the value-adding process in the HRM system in the context of satisfaction outcomes.

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