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REVIEW OF LITERATURE

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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

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APPENDIX/ANNEXURE

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

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A REVIEW OF RESEARCH ON FACTORS INFLUENCING IMPLEMENTATION SUCCESS OF ACTIVITY BASED COSTING

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ABSTRACT

Inspite of ABC's superior over traditional costing methods, its spread has remained rather slow and it has not been as widely adopted as was expected. As a result many researchers have used empirical studies in an attempt to examine how ABC could best be implemented and to find answers to the key question: why ABC implementation is successful in certain firms and not in others? Many studies provide evidence that the reason for different degrees of ABC success is the different contextual factors faced by each firm. The objective of this paper is to review the academic researches on ABC that have examined pertinent issues related to successful implementation of ABC. Through the review it seeks to identify the most important factors that are influencing success of ABC implementation, and from the review research gaps in this field will be identified. The review reveals that a majority of research emphasizes on the association between ABC success and behavioural and organizational factors such as top management support, involvement and training. Furthermore, the different factors affecting the various stages of the implementation and the degree of importance of each factor varies according to the stage of the implementation. There are very few empirical studies that have been done to examine the roles of organizational culture/structure on ABC implementation success. Moreover, in contrast to the western countries there is a dearth of studies that examines success and success factors of the implementation of ABC in the Asian context.

KEYWORDS

Activity based costing, ABC success determinants, behavioural and organizational factors.

JEL CLASSIFICATION

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1. INTRODUCTION

In today's world of advanced manufacturing and competitive environment, more accurate cost allocations are needed. Activity based Costing (ABC) was introduced by Cooper and Kaplan in 1988 to address the limitations of the traditional costing system. ABC system is a costing method based on all activities in the Organization. The central idea of ABC is to change the way of overhead costs allocation on products/services. Instead of allocating the indirect costs as a fixed percentage of direct costs, it assigns costs with the help of activity-drivers according to the resources used for producing the products/services.

Since its origin in the late 1980s in the USA, ABC has been enjoying rapidly increasing popularity not only in the USA but also in other developed and developing countries. Early in the 1990s, academics and practitioners who observed or participated in ABC implementation, found that there were other advantages, such as the capability to better manage costs and activities than just an improved calculation of costs (Gosselin, 2007).

ABC is claimed by a large number of authors to be able to provide more accurate product costs in comparison to traditional costing system. It also possesses useful information for performance measurement, cost control and strategic decision-making. In addition, ABC can help firms in cost reduction, improved profitability and performance measurement. Despite ABC's superiority over the traditional costing methods and therefore favourable context for its adoption and implementation, many researches have shown that its diffusion has remained slow and it has not been as widely adopted as was expected (Gosselin, 2007). The proportions of ABC users have fallen and the percentage of firms rejecting it has risen slightly. Out of those firms that have adopted ABC, the majority of them are using it tentatively. In practicality, many firms are unsuccessful in attempting to implement and sustain ABC systems (Velmurugan and Nahar, 2010). As a result many researchers have used empirical studies in an attempt to examine how ABC could best be implemented. Furthermore they studied its diffusion to find answers to the key question: why is ABC implementation successful in certain firms and fails in others?

To implement an ABC system, one has to take into consideration certain determinants necessary for successfully implementation. The reason for different degrees of ABC success is the different contextual factors faced by each firm. Many previous studies (such as: Shields, 1995; Anderson, 1995; Innes and Mitchel, 1995&2000; McGowan and Klammer, 1997; Anderson and Young, 1999; Krumwiede, 1998 and Byrne, 2011) have attempted to recognize assessing factors that influence ABC implementation success.

2. OBJECTIVES OF THE RESEARCH

1. To identify the most important factors that influence the success of the implementation of ABC.
2. To identify research gaps.

3. RESEARCH METHODOLOGY

Various sources of secondary data, like for instance articles published in journals / magazines, were accessed to gather data for this research, Google search engine was extensively used locating relevant articles on line. Besides, references from various chapters of relevant accounting and financial text books were also helpful in gathering data.

4. FACTORS INFLUENCING THE SUCCESS OF ABC

A. TECHNICAL FACTORS

Many earlier studies of ABC adoption and implementation (such as are Cooper and Kaplan, 1991; Morrow and Connelly, 1994) focused on the technical factors as the major determinants for the success of ABC implementation. Example of these factors: identification of main activities, selection of cost drivers and problems in accumulating cost data. However many firms that implemented ABC were still experiencing various problems. Cooper and Kaplan (1992) argued

that the key problem during ABC implementation stage was that the companies focused on only technical factors. They suggested that to make ABC implementation more effective, non-technical factors such as involvement of non-accounting in ABC implementation process, top management championship, adequate training program to employees about the objectives and benefits of ABC should be emphasized as well (cited from Zhang and Isa, 2010a). "An important reason is that the introduction of ABC in many firms has focused on the architectural and software design of ABC, with insufficient attention being given to behavioural and organizational factors involved" (Shields, 1995, p. 148).

B. BEHAVIOURAL AND ORGANIZATIONAL FACTORS

Shields and Young (1989) developed a comprehensive theoretical model "Seven Cs model" for implementing cost management systems, including an ABC system. The main idea of this new model is to develop a strategy that focuses on behavioural issues rather than technical, mainly from recognizing the significant role human behaviour plays in cost management. The model assumes that ABC is an administrative innovation in organization. Consistent with other administrative innovations, the successful implementation of a cost management system does not depend on technical resources (Ruhanita and Daing, 2007). They argue that the adoption decision and implementation are determined more by seven behavioural and organizational factors. The seven factors as success determinants in that model are culture, controls, champion, change process, commitment, compensation and continuous education.

In eight case studies conducted to provide additional insight into why firms are having implementation problems, Cooper and Kaplan (1992) found that most of these firms had experienced delay and difficulty in getting ABC used for decisions and actions. While these firms used state-of-the-art technical approaches to ABC design (e.g., hierarchical cost driver analysis, activity mapping, canned ABC software, external consultants), Cooper et al. attribute these implementation problems to specific behavioural and organizational problems. In most of the firms, there was a lack of non-accounting ownership of ABC and the ownership remained with the accounting employees. Moreover, there was no link to performance evaluation and compensation. Cooper et al. (1992) stated that the most successful implementations occurred when specific target individuals were identified in the early stages of the ABC project, and there was a sponsor who was a member of top management. They noted further that even when these conditions are present, there still remains a large possibility of failure because employees frequently resist initiating the change implied by the ABC information. They added that a key source of resistance to the use of ABC is ABC advocates who focus on technical issues and not on the people and organizational issues involved with introducing change. They suggest that implementation of ABC will be more effective when ABC advocates begin the project by focusing on early involvement of non-accountants who will be the primary users of ABC information, the sponsor is a member of top management, and the training programs emphasize the logic, design, implementation and use of ABC. Cooper at al. conclude that success with ABC primarily depends on effectively dealing with the same behavioural and organizational variables that are in Shields and Young's (1989, 1994) model (Shields, 1995).

Cobb, Innes and Mitchell (1992) carried out a survey among 62 firms in 1990 to investigate problems they experienced with ABC. They found that the major problems experienced with ABC, or sources of ABC failure were lack of adequate internal resources, particularly employee time and computer resources.

Argyris and Kaplan (1994) sought an alternative way of explaining ABC failure by developing a behavioural model of employees who resist both the introduction of ABC and taking up the action implied by ABC information. They stated that management of the change process focuses on overcoming the barriers that oppose and obstruct change and exist at the individual, group, intergroup and organizational levels. They identified the series of initial processes necessary to introduce effectively a new technique such as ABC. These included education and training to explain the need for a new costing system and reduce fear of the unknown, sponsorship of the process by key individuals who then persuade others, and, alignment of incentives such that the systems and structures reward and reinforce effective change. Argyris and Kaplan emphasized further the importance of non-accounting managers' commitment in the implementation of ABC. Their behavioural model is consistent with Shields and Young's (1989) model.

Based on Shields and Young (1989)'s model, Shields (1995) conducted a survey among 143 manufacturing firms in the U.S.A in 1994. This study is one of the first academic studies on ABC and the first survey study that tried to identify the factors that influence the perceived success of ABC implementations (Gosselin, 2007). This study has been presented in the following order: characteristics of 143 manufacturing firms that were known to be ABC implementers, characteristics of the individuals, measures of 17 ABC implementation variables, measures of two ABC success variables (dollar improvement resulting from ABC and management evaluations of overall ABC success), and finally, statistical associations between the two ABC success variables and 17 implementation variables. Seven behavioural and organizational variables were identified as being important to the implementation of ABC: (1) top management support; (2) linkage to competitive strategies, particularly quality and speed strategies; (3) linkage to performance evaluation and compensation; (4) sufficient internal resources; (5) training in designing, implementing and using the system; (6) non-accounting ownership; and (7) consensus about and clarity of the objectives of the cost management systems. Shields (1995) claims that ABC success will be increased when these variables are used in concert, as part of an integrated implementation strategy. Furthermore the results of this study showed that successful implementation of ABC does not depend on technical resources. However, the technical resources can help increase the success of ABC if they are used in conjunction with and support the previously-identified behavioural and organizational variables. The author did not specify the ABC implementation stage and the determinants of ABC success in various stages of the implementation. Similar results were obtained by Shields and McEwen (1996) who found that a significant cause for unsuccessful implementations of ABC of several companies could be due to the emphasis of architectural and software design of the ABC system and less attention given to behavioural and organizational issues, which were identified by Shields (1995).

Another study undertaken also in the U.S.A. was by Anderson in 1995, who investigated ABC process in General Motor (GM) from a period of 1986 to 1993. The aim of the study was to examine the effects of organizational variables and contextual variables on the implementation of ABC. What distinguishes this study from the previous studies is that this study segmented ABC implementation into four major stages, namely initiation, adoption, adaptation and acceptance. The study finding reported that organizational factors, such as top management support and training for the ABC system affected different stages of ABC significantly, while contextual variables, such as competition, relevance to managers' decisions and compatibility with existing systems produced different degrees of impact on different stages of ABC.

While the research of Anderson (1995) was case study based, Krumwiede (1998) undertook a survey of 225 U.S. manufacturing firms to study how some contextual factors, such as the potential for cost distortion or size of firms influence the initiation and adoption stages of ABC. Moreover, the study aimed to investigate the effect of various contextual and organizational factors, such as top management support, training or non-accounting ownership, at each stage of ABC implementation process. The study empirically tested the model developed by Anderson (1995). The findings of the study showed that the different factors affecting the various stages of implementation of ABC and the degree of importance of each factor varies according to the stage of implementation. These different factors become important as higher stages of ABC implementation are reached. The following table outlines the stages and factors that have some significant influence.

TABLE 1: FACTORS INFLUENCING THE ATTAINMENT OF STAGES OF ABC IMPLEMENTATION (Krumwiede, 1998)

Stages	Factors
Initiation	
Adoption	Perceived degree of potential cost distortions, size
Analysis	Perceived degree of potential cost distortions, top management support, degree of decision usefulness
Acceptation	Degree of decision usefulness, information technology, number of years since ABC was adopted
Routinization	Perceived degree of potential cost distortions, top management support, number of years since ABC was adopted, number of purposes identified for ABC
Integration	Degree of decision usefulness, information technology, training, level of non-accounting ownership

Source: Gosselin (2007)

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Similar opinions were expressed by Krumwiede and Roth (1997). The authors argue that unsuccessful implementation of ABC may be due to not recognizing the unique behavioural aspects of each stage in the implementation. They stated that barriers of ABC implementation can be overcome if firms could give importance to behavioural and organizational factors at each stage of the implementation.

To understand the conditions which lead to successful ABC implementation, it is important to indicate the importance of users' perceptions in implementing successful ABC system. User satisfaction may affect behaviour and, consequently, the success of a system change (McGowan and Klammer, 1997). McGowan and Klammer (1997) extended the models developed by Shields and Young (1989) and Shields (1995) by including additional technical (quality of output) and situational variables (user involvement). The aim of this study was to examine the correlation between preparers' and users' satisfaction with ABC implementation and behavioural, technical and situational variables. The Employee' satisfaction is, according to this study, a measure of success of ABC implementation. They found that top management support, the degree to which objectives are understood, the adequacy of training, and the linkage of the ABC system to performance evaluation criteria are significant correlates of satisfaction with ABC implementation.

Another study by Foster and Swenson (1997) examined the insights gained into Shields (1995) and Shields and Young (1989) by using alternatives to a prior success measures. The results show substantive support for at least five of the seven factors included in the Seven Cs model presented by Shields and Young (1989) as success factors for ABC implementation. Consistent with the prior literature discussed above, the authors find support for success determinants such as top management support, and the use of ABC data in performance evaluation/incentive systems. Two factors not included in prior studies, namely number of applications and time-in-use of application-individually, are also significant in explaining success differences across ABC sites.

Anderson and Young (1999) used three measures to evaluate the success of ABC: perceived overall value of ABC, perceived accuracy of ABC data, perceived use of ABC data. They found that the process of implementation clearly influences the outcome of an ABC implementation. Managers and evaluators are also more likely to evaluate the ABC system positively in environment with high reward expectancy. In regard to the perceived accuracy of ABC data they found positive relationship with the adequacy of resources devoted to system development. In addition, they found that the use of ABC data is influenced by a wider array of contextual and process variables such as top management and union support of the ABC project, adequacy of project resources. Thus, these results confirmed the importance of organizational factors (top management support and adequacy resources) during the ABC implementation stage.

In the U.K., Innes and Mitchell (1995) and (2000) surveyed in 1994 and 1999 the extent of ABC adoption among the largest firms. The results of both studies showed that the support of top management has a strong impact on the success of ABC, and in this respect, the results are consistent with the findings of the prior researches reviewed above.

To the existing pool of research in this field from the perspective of a developing country, Chongruksut (2002) carried out a mail survey of 292 firms in Thailand to determine the behavioural and organisational factors influencing the success/failure of ABC. The research results indicate that the consensus and clarity of the objectives of ABC implementation among ABC designers and users had an effect on the degree of ABC success. Although other factors could not sufficiently explain the difference of the degree of ABC success, the findings suggested that they are important to the successful implementation of ABC because they all built environment and opportunity for employees to learn about ABC and motivated employees to work with it. This study indicated further that the majority of Thai firms implementing ABC (adopters) (58.4%) had reached the highest stage (routinization and infusion stages) of Krumwiede and Roth's (1997) implementation stages model, however it did not address the relationship between these factors and ABC success in various implementation stages.

Ruhanita and Daing (2006) conducted their study in Malaysia. Ruhanita and Daing sought to investigate the relationship between certain factors (Cost, Decision, IT, Top Management, Non-Accounting ownership, Training, and Performance Measurement) and the adoption stage of ABC in the manufacturing industries. The data collection methods of this study include both survey and case study. They found that the significant factors were cost distortion, decision usefulness, information technology and organizational factors. In addition, the findings showed that decision usefulness, top management support, linking ABC to performance measure and compensation influenced the ABC success adoption significantly. One year later, Ruhanita and Daing (2007) carried out a new mail survey among the manufacturing industries in Malaysia with the similar factors. The findings showed that decision usefulness, organization support, and internal measures are statistically significant in relationship between the proposed variables and the ABC adoption, while the other four variables Cost, information technology, Training, and Learning and Growth are not significant. This study didn't mention the reasons for the difference in results between the two studies. Additionally, the authors pointed out that their preliminary study indicated that ABC practices in Malaysia are still at an infancy stage and there are a small number of adopters in Malaysia and the concentration is at the early stages. Therefore, the differentiation in this study was made based on whether the organization is ABC adopter or non-adopter.

Agbejule (2006) used two business units as case studies which approached ABC implementation with different motivations in Finland. This study focused on the factors that affect different stages of the implementation process. The results of this study support Anderson's (1995) and Krumwiede's (1998) findings that factors associated with ABC implementation differ and vary in importance during the several stages of implementation. The study found that top management support, training, and level of information technology as significant factors that affect different stages of implementation. Top management support, the level of information technology, and skill become the dominant factors at the adaptation stage. However, training and commitment seem to be important at the acceptance stage. The crucial factors at routinization stage were information technology, top management support, training, and time.

Pierce and Brown (2006) carried out a survey among the largest companies in Ireland. The Findings showed major differences from the previous studies. It found that the organizational variables such as top management support and non-accounting ownership were not associated with the success of ABC. However, linking with performance evaluation and adequacy of training were found to be the variables which show a significant association with the ABC success. In addition, the study suggested a third variable which was not included in previous studies, i.e., accounting involvement, as a determinant for the success of ABC.

In the East Asian context, China, Zhang and Isa (2010b) attempted to examine whether ABC could be implemented successfully in Chinese manufacturing firms. They replicated Shields's (1995) framework to examine the effect of behavioural and organizational variables on ABC success. They indicated that only top management support was found to be associated with ABC success positively and significantly. Similarly, Byrne's (2011) agreed with this finding. She surveyed thirty Australian firms, which had adopted full ABC and was at a mature stage of use. Byrne indicate that top management support is the key determinant of ABC success. Moreover, she found that continuous training, resource adequacy, performance evaluation/reward link, and competition intensity were associated with perceived success at the early adoption stage.

Charaf and Rahmouni (2010) surveyed 66 firms through a mail survey and interviews with financial controllers in France. The study attempted to explore the impact of organizational and technical factors on the success of an ABC project. This study provided empirical evidence that only training and the complexity of the information technology are helping to improve the success of ABC project. In contrast to the results of the previous research findings this study found no support for a relationship between top management support and the success of the ABC project. The authors stated that the result can be explained by the fact that in this study, they focused on the overall success of the ABC project, and it is possible that the variables management support, consensus about objectives, and complexity of the ABC model may influence the success of only certain stages of the ABC project.

Al-Omiri (2011) conducted a survey of 75 largest Saudi Arabia manufacturing and service companies which had adopted ABC, to examine the degree of success of ABC and the determinants of that success. To explore the determinants of ABC success the survey identified 13 variables as possible explanatory variables, including Shield's success factors. The four highest correlated variables with the ABC's success were - widespread support for ABC within the company, managers understand and are knowledgeable about ABC information, managers are capable of using ABC information for decision-making and cost reduction, and non-accounting ownership interest in supporting ABC's success. The respondents that had implemented but later abandoned ABC identified inadequate training, the unclear purposes, non-linkage to competitive strategies performance, insufficient internal resources and inadequate top management support as success determinants.

C. ORGANIZATIONAL CULTURE OR STRUCTURE

Gosselin (1997) is one of the first academic studies which tried to investigate the association between ABC implementation and organizational structure. He surveyed 161 Canadian manufacturing firms to examine the effects of influencing factors, strategic posture and organizational structure, on the adoption and implementation of general forms of ABC. He segmented the ABC implementation stage into adoption and implementation. The research findings showed that vertical differentiation, the variable used to operationalize the organic and mechanistic model was significantly associated with the adoption of ABC, while

centralization, horizontal differentiation, and formalization were not associated. During the implementation stage centralization and formalization were significantly associated with ABC success implementation. If an organization is highly centralized, it will be more difficult for operating managers to revise the decision made by top management. Thus, the organization will carry on with the initially adopted innovation and will complete its implementation. Furthermore formalized organizations will also prefer to continue all the way the implementation process.

As a step in the same direction of Gosselin's (1997) study, another survey by Al Bhimani and Gosselin (2002) was conducted to examine the success of ABC implementations and their association with several Strategy and Organisational structure in seven countries: Canada, France, Germany, Italy, Japan, USA, and UK. Four hundred questionnaires were returned and analysed in this study. This study found that ABC implementations are perceived as more successful among defenders than among prospectors. The prospectors have been defined in this study as innovators that create change in their respective industries, while defenders have a strategy that is the polar opposite of the prospectors. In addition, the results emphasized that Centralisation and planning are associated with ABC success, while formalization was not associated.

Baird, Harrison and Reeve (2007) examined the relationship between success of ABC and the organizational factors and organizational culture in the Australian businesses. The research finding showed in particular that the organizational factors of top management support and training are relevant to the success of most new practices, while the link to quality initiatives is specific to other practices. In addition, the outcome orientation and attention to detail of organizational culture were associated with ABC success. Although both organizational and cultural factors were found to be associated with success of ABC, the organizational factors were found to be more important than the cultural ones, both in aggregate and at the individual factor level.

Zhang and Isa (2010c) conducted a mail survey among 106 Chinese manufacturing firms to examine the relationship between ABC success and organizational culture and structure, namely outcome orientation, innovation, team orientation, attention to details, formalization and centralization. The research findings showed that, mechanistic structure, formalization structure were significantly associated with the success of ABC, while centralization was not associated. Higher level of ABC success implementation could be achieved by adopting higher level of mechanistic structure. Moreover, the study indicated that the success of ABC implementation was significantly associated with outcome orientation and team orientation. However, attention to details and innovation were found not associated significantly with ABC success.

5. CONCLUSION

As reviewed and discussed in the previous section, a majority of studies provide evidence that the main factors influencing the success of ABC were organizational and behavioural factors that identified by Shields (1995). Almost all these studies concluded that top management support is the most crucial factor in the success of ABC implementation.

Other studies have examined the success factors of ABC implementation from the perspectives of organizational culture or structure (such as Gosselin, 1997; Al Bhimani and Gosselin, 2002; Baird et al. 2004, 2007; and Zhang and Isa, 2010c). However, they are very few, in comparison to the number of studies which support the positive relationship between ABC success and organizational and behavioural factors. The results of these studies emphasize the association between ABC success and organizational culture or structure of the firms.

A few of the studies focus on ABC implementation stages and factors influencing the success in various implementation stages such as Anderson, 1995; Krumwiede, 1998; Foster and Swenson, 1997; Al Bhimani and Gosselin, 2002; Agbejule, 2006; and Majid and Sulaiman, 2008). These studies provided evidence that different factors may impact the various stages of ABC implementation. Separating the implementation of ABC into separate stages is important.

In addition to the above the majority of prior researches were carried out in western countries. Little research has been done in the eastern context.

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DATA MINING APPLICATIONS IN BANKING AND FINANCIAL SECTORS

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ABSTRACT

This article considers building of mathematical models with financial data by using data mining techniques. In general, data mining methods such as neural networks and decision trees can be a useful addition to the techniques available to the financial analyst. It describes data mining in finance by discussing financial task and techniques in this data mining area. Currently, huge electronic data repositories are being maintained by banks and other financial institutions. Valuable bits of information are embedded in these data repositories. The huge size of these data sources make it impossible for a human analyst to come up with interesting information (or patterns) that will help in the decision making process. A number of commercial enterprises have been quick to recognize the value of this concept, as a consequence of which the software market itself for data mining is expected to be in excess of 10 billion USD. This paper is intended for those who would like to get aware of the possible applications of data mining to enhance the performance of some of their core business processes. In this paper discussion is about the broad areas of application, like risk management, portfolio management, trading, customer profiling and customer care, where data mining techniques can be used in banks and other financial institutions to enhance their business performance.

KEYWORDS

Data mining, banking, financial sector.

INTRODUCTION

Data mining involves the use of sophisticated data analysis tools to discover previously unknown, valid patterns and relationships in large data sets. These tools can include statistical models, mathematical algorithms, and machine learning methods (algorithms that improve their performance automatically through experience, such as neural networks or decision trees). Consequently, data mining consists of more than collecting and managing data, it also includes analysis and prediction.

Data mining can be performed on data represented in quantitative, textual, or multimedia forms. Data mining applications can use a variety of parameters to examine the data. They include association (patterns where one event is connected to another event, such as purchasing a pen and purchasing paper), sequence or path analysis (patterns where one event leads to another event, such as the birth of a child and purchasing diapers), classification (identification of new patterns, such as coincidences between duct tape purchases and plastic sheeting purchases), clustering (finding and visually documenting groups of previously unknown facts, such as geographic location and brand preferences), and forecasting (discovering patterns from which one can make reasonable predictions regarding future activities, such as the prediction that people who join an athletic club may take exercise classes).

As an application, compared to other data analysis applications, such as structured queries (used in many commercial databases) or statistical analysis software, data mining represents a *difference of kind rather than degree*. Many simpler analytical tools utilize a verification-based approach, where the user develops a hypothesis and then tests the data to prove or disprove the hypothesis. For example, a user might hypothesize that a customer who buys a hammer, will also buy a box of nails. The effectiveness of this approach can be limited by the creativity of the user to develop various hypotheses, as well as the structure of the software being used. In contrast, data mining utilizes a discovery approach, in which algorithms can be used to examine several multidimensional data relationships simultaneously, identifying those that are unique or frequently represented.

DATA MINING COMMONLY INVOLVES FOUR CLASSES OF TASKS

- **Classification** - Arranges the data into predefined groups. For example, an email program might attempt to classify an email as legitimate or spam. Common algorithms include decision tree learning, nearest neighbor, naïve Bayesian classification and neural networks.
- **Clustering** - Is like classification but the groups are not predefined, so the algorithm will try to group similar items together.
- **Regression** - Attempts to find a function which models the data with the least error.
- **Association rule learning** - Searches for relationships between variables. For example a supermarket might gather data on customer purchasing habits. Using association rule learning, the supermarket can determine which products are frequently bought together and use this information for marketing purposes. This is sometimes referred to as market basket analysis.

HOW DATA MINING WORKS?

1. Business Understanding: The objectives and problems of business are determined and converted to data mining problem.A preliminary plan is prepared.'

2. Understanding the data: The data is collected initially.Information in relation to structure,quality and subset of data are found out.

3. Data Preparation: Final data set is constructed.After sorting and arranging the data and removing unwanted data,the modeling tools are directly applied on final data set.

4. Modeling:There are various modeling techniques like decision trees,rule induction,case base reasoning,visualization techniques, nearest neighbor technique,clustering algorithms etc.Best suited modeling technique is selected Models are combined with different parameters They are compared and ranked for validity and accuracy.

5. Evaluation: Models and steps in modeling are verified with business goals.

6. Deployment: Depending on the assessment and process review, a report is prepared or new data mining project is again set up.

THE SCOPE OF DATA MINING

Data mining derives its name from the similarities between searching for valuable business information in a large database — for example, finding linked products in gigabytes of store scanner data — and mining a mountain for a vein of valuable ore. Both processes require either sifting through an immense amount of material, or intelligently probing it to find exactly where the value resides. Given databases of sufficient size and quality, data mining technology can generate new business opportunities by providing these capabilities:

- **Automated prediction of trends and behaviors**.
- **Automated discovery of previously unknown patterns**.

APPLICATION OF DATA MINING IN BANKING AND FINANCIAL SECTORS

1. MARKETING

Data mining carry various analysis on collected data to determine the consumer behavior with reference to product, price and distribution channel. The reaction of the customers for the existing and new products can also be known based on which banks will try to promote the product, improve quality of products and service and gain competitive advantage. Bank analysts can also analyze the past trends, determine the present demand and forecast the customer behavior of various products and services in order to grab more business opportunities and anticipate behavior patterns. Data mining technique also helps to identify profitable customers from non-profitable ones. Another major area of development in banking is Cross selling i.e. banks makes an attractive offer to its customer by asking them to buy additional product or service. For example, Home loan with insurance facilities and so on. With the help of data mining technique, banks are able to analyze which products and service are availed by most of the customers in cross selling and which type of consumers prefer to purchase cross selling of products and so on.

2. RISK MANAGEMENT

Banks provide loan to its customers by verifying the various details relating to the loan such as amount of loan, lending rate, repayment period, type of property mortgaged, demography, income and credit history of the borrower. Customers with bank for longer periods, with high income groups are likely to get loans very easily. Even though, banks are cautious while providing loan, there are chances for loan defaults by customers. Data mining technique helps to distinguish borrowers who repay loans promptly from those who don't. It also helps to predict when the borrower is at default, whether providing loan to a particular customer will result inbadloansetc. Bank executives by using Data mining technique can also analyze the behavior and reliability of the customers while selling credit cards too. It also helps to analyze whether the customer will make prompt or delay payment if the credit cards are sold to them.

3. PORTFOLIO MANAGEMENT

Risk measurement approaches on an aggregated portfolio level quantify the risk of a set of instrument or customer including diversification effects. On the other hand, forecasting models give an induction of the expected return or price of a financial instrument. Both make it possible to manage firm wide portfolio actively in a risk/return efficient manner.

The application of modern risk theory is therefore within portfolio theory, an important part of portfolio management.With the data mining and optimization techniques investors are able to allocate capital across trading activities to maximise profit or minimise risk. This feature supports the ability to generate trade recommendations and portfolio structuring from user supplied profit and risk requirement. With data mining techniques it is possible to provide extensive scenario analysis capabilities concerning expected asset prices or returns and the risk involved.With this functionality, what if simulations of varying market conditions e.g. interest rate and exchange rate changes) can be run to assess impact on the value and/or risk associated with portfolio, business unit counterparty, or trading desk. Various scenario results can be regarded by considering actual market conditions. Profit and loss analyses allow users to access an asset class, region, counterparty, or custom sub portfolio can be benchmarked against common international benchmarks.

4. FRAUD DETECTION

Nowadays terrorism is one of the biggest troubles that almost every country faces. It mainly influences the economy and the well being of the citizens and this effect is relatively larger in the developed countries. Since the financial sources of terrorist groups can be regarded as black money, the solutions against the money laundering actions can be expected to identify the transactions of the terrorists. Then, blocking their accounts could slow down their actions if cannot stop. In many countries, the financial institutions are expected to inform compliance regulation bodies about any persons or transactions that they think suspicious. Sometimes the given demographics and transaction history of the customers are likely to defraud the bank.Data mining technique helps to analyze such patterns and transactions that lead to fraud.

5. CUSTOMER RETENTION

Today in this competitive environment, customers have wide range of products and services provided by different banks. Hence, banks have to cater the needs of the customer by providing such products and services which they prefer. This will result in customer loyalty and customer retention. Data mining techniques helps to analyze the customers who are loyal from those who shift to other banks for better services. If the customer is shifting from his bank to another reasons for such shifting and the last transaction performed before shifting can be known which will help the banks to perform better and retain its customers.

6. CURRENCY EXCHANGE RATES

The stability of currency plays a very important role in the economic progress of a nation. It is of paramount importance to the investors. It will also serve as a catalyst to economies and yield positive results to support market economy in a situation where the present tsunami is expected to last for a longer time. Therefore, there has to a line of action which may serve as a cushion for the economies of all countries and allow all governments sufficient scope to handle their economic situation. Even small efforts in this regard will count a lot. The Apriori-Algorithm approach determines the selection of most frequently occurring currencies values in a year which is represented by a universal (U) set. The selection from the whole set of various currencies is represented by (S). In this set the most frequently occurring currency with specific dates are noted down and separated from the universal set to yield the result in (X) sets. Specific entries in set (S) are again considered to select more frequently occurring entries among them. This process is continued until desired results are achieved. The simulations have been carried out along with results on the algorithm.

6.1. EXCHANGE RATE

An exchange rate is the rate at which one currency can be exchanged for another. In other words, it is the value of a country's currency compared to that of the other.

6.2. FIXED RATES

There are two ways the price of a currency can be determined against another. A fixed or pegged rate is the rate which the government (central bank) sets and maintains as the official exchange rate. A set price is determined against a major world currency (it is usually the U.S. dollar, but some other major currencies such as euro, yen, pound or a basket of currencies are also considered). In order to maintain the local exchange rate, the central bank buys and sells its own currency in the foreign exchange market in return for the currency to which it is pegged (8).

6.3. FLOATING RATES

Unlike the fixed rate, a floating exchange rate is determined by the private market through supply and demand. A floating rate is often termed "self-correcting", as any differences in supply and demand will automatically be corrected in the market. To be simpler, if demand for a currency is low, its value will decrease, thus making imported goods more expensive and thus stimulating demand for local goods and services. This in return will generate more jobs, and hence an auto-correction would occur in the market. A floating exchange rate is subject to constant change.

7. TRADING

Trading is based on the idea of predicting short term movements in the price/value of a product (currency/equity/interest rate etc.). With a reasonable guesstimate in place one may trade the product if he/she thinks it is going to be overvalued or undervalued in the coming future. If he/she thinks the product is not priced properly he/she may sell/buy it. This instinct is usually based on past experience and some analysis based on market conditions. The price of a financial asset is influenced by a variety of factors which can be broadly classified as economic, political and market factors. Participants in a market observe the

relation between these factors and the price of an asset, account for the current value of these factors and predict the future values to finally arrive at the future value of the asset and trade accordingly.

Data mining techniques are used to discover hidden knowledge, unknown patterns and new rules from large data sets, which may be useful for a variety of decision making activity. Advancements made in technology have enabled to create faster and better prediction systems. These systems are based on a combination of data mining techniques and artificial intelligence methods like Case Based Reasoning (CBR) and Neural Networks (NN). A combination of such a forecasting system together with a good trading strategy offers tremendous opportunities for massive returns. CBR methods can be used in real time which makes analysis really quick and helps in real time decision making resulting in immediate profits. Thus data mining and business intelligence (CBR and NN) techniques may be used in conjunction in financial markets to predict market behavior and obtain patterned behavior to influence decision making.

DATA MINING ALGORITHMS

The most commonly used techniques in data mining are:

Data mining uses a variety of techniques to find hidden patterns and relationships in large pools of data and infer rules from them that can be used to predict future behavior and guide decision making. The *data mining algorithm* is the mechanism that creates a data mining model. To create a model, an algorithm first analyzes a set of data and looks for specific patterns and trends. The algorithm uses the results of this analysis to define the parameters of the mining model. These parameters are then applied across the entire data set to extract actionable patterns and detailed statistics.

The mining model that an algorithm creates can take various forms, including:

- A set of rules that describe how products are grouped together in a transaction.
- A decision tree that predicts whether a particular customer will buy a product.
- A mathematical model that forecasts sales.
- A set of clusters that describe how the cases in a dataset are related.

Types of Data Mining Algorithms:

1. **CLASSIFICATION ALGORITHM -** predict one or more discrete variables, based on the other attributes in the dataset. An example of a classification algorithm is the Microsoft Decision Trees Algorithm.

1.1 MICROSOFT DECISION TREES ALGORITHM

The Microsoft Decision Trees algorithm is a classification and regression algorithm used in predictive modeling of both discrete and continuous attributes.

For discrete attributes, the algorithm makes predictions based on the relationships between input columns in a dataset. It uses the values, known as states, of those columns to predict the states of a column that you designate as predictable. Specifically, the algorithm identifies the input columns that are correlated with the predictable column. For example, in a scenario to predict which customers are likely to purchase a bicycle, if nine out of ten younger customers buy a bicycle, but only two out of ten older customers do so, the algorithm infers that age is a good predictor of bicycle purchase. The decision tree makes predictions based on this tendency toward a particular outcome.

For continuous attributes, the algorithm uses linear regression to determine where a decision tree splits. If more than one column is set to predictable, or if the input data contains a nested table that is set to predictable, the algorithm builds a separate decision tree for each predictable column.

1.2 MICROSOFT NAIVE BAYES ALGORITHM

The Microsoft Naive Bayes algorithm is a classification algorithm used in predictive modeling. The name Naive Bayes derives from the fact that the algorithm uses Bayes theorem but does not take into account dependencies that may exist, and therefore its assumptions are said to be naive.

This algorithm is less computationally intense than other Microsoft algorithms, and therefore is useful for quickly generating mining models to discover relationships between input columns and predictable columns. You can use this algorithm to do initial explorations of data, and then later you can apply the results to create additional mining models with other algorithms that are more computationally intense and more accurate.

1.3 MICROSOFT NEURAL NETWORK ALGORITHM

Neural Network algorithm combines each possible state of the input attribute with each possible state of the predictable attribute, and uses the training data to calculate probabilities. You can later use these probabilities for classification or regression, and to predict an outcome of the predicted attribute, based on the input attributes.

A mining model that is constructed with the Microsoft Neural Network algorithm can contain multiple networks, depending on the number of columns that are used for both input and prediction, or that are used only for prediction. The number of networks that a single mining model contains depends on the number of states that are contained by the input columns and predictable columns that the mining model uses.

2. **REGRESSION ALGORITHM -** predict one or more continuous variables, such as profit or loss, based on other attributes in the dataset. An example of a regression algorithm is the Microsoft Time Series Algorithm.

2.1 MICROSOFT TIME SERIES ALGORITHM

The Microsoft Time Series algorithm provides regression algorithms that are optimized for the forecasting of continuous values, such as product sales, over time. Whereas other Microsoft algorithms, such as decision trees, require additional columns of new information as input to predict a trend, a time series model does not. A time series model can predict trends based only on the original dataset that is used to create the model. You can also add new data to the model when you make a prediction and automatically incorporate the new data in the trend analysis.

An important feature is that it can perform cross prediction. If you train the algorithm with two separate, but related, series, you can use the resulting model to predict the outcome of one series based on the behavior of the other series. For example, the observed sales of one product can influence the forecasted sales of another product. Cross prediction is also useful for creating a general model that can be applied to multiple series.

2.2 MICROSOFT LINEAR REGRESSION ALGORITHM

The Microsoft Linear Regression algorithm is a variation of the Microsoft Decision Trees algorithm that helps you calculate a linear relationship between a dependent and independent variable, and then use that relationship for prediction.

The relationship takes the form of an equation for a line that best represents a series of data. For example, the line in the following diagram is the best possible linear representation of the data.
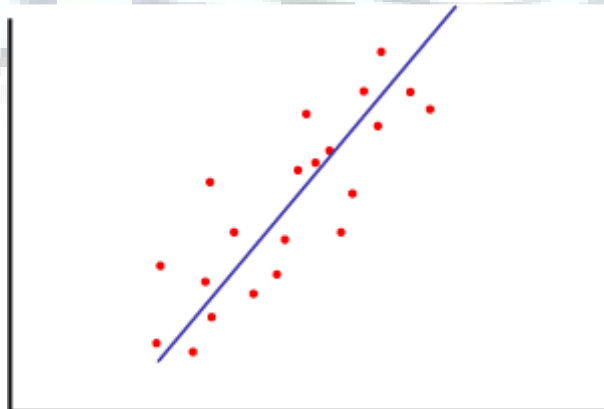
Each data point in the diagram has an error associated with its distance from the regression line. The coefficients *a* and *b* in the regression equation adjust the angle and location of the regression line. You can obtain the regression equation by adjusting *a* and *b* until the sum of the errors that are associated with all the points reaches its minimum. There are other kinds of regression that use multiple variables, and also nonlinear methods of regression. However, linear regression is a useful and well-known method for modeling a response to a change in some underlying factor.

2.3 MICRSOFT LOGISTIC REGRESSION ALGORITHM

The Microsoft Logistic Regression algorithm is a variation of the Microsoft Neural Network algorithm. Logistic regression is a well-known statistical technique that is used for modeling binary outcomes, such as a yes-No outcome.

Logistic regression is highly flexible, taking any kind of input, and supports several different analytical tasks:

- Use demographics to make predictions about outcomes, such as risk for a certain disease.

- Explore and weight the factors that contribute to a result. For example, find the factors that influence customers to make a repeat visit to a store.

- Classify documents, e-mail, or other objects that have many attributes.

3. **SEGMENTATION ALGORITHM** divide data into groups, or clusters, of items that have similar properties. An example of a segmentation algorithm is the Microsoft Clustering Algorithm.

3.1 MICROSOFT CLUSTERING ALGORITHM

The Microsoft Clustering algorithm is a segmentation algorithm. The algorithm uses iterative techniques to group cases in a dataset into clusters that contain similar characteristics. These groupings are useful for exploring data, identifying anomalies in the data, and creating predictions.

Clustering models identify relationships in a dataset that you might not logically derive through casual observation. The clustering algorithm differs from other data mining algorithms, such as the Microsoft Decision Trees algorithm, in that you do not have to designate a predictable column to be able to build a clustering model. The clustering algorithm trains the model strictly from the relationships that exist in the data and from the clusters that the algorithm identifies.

4. **ASSOCIATION ALGORITHM** - it find correlations between different attributes in a dataset. The most common application of this kind of algorithm is for creating association rules, which can be used in a market basket analysis. An example of an association algorithm is the Microsoft Association Algorithm.

4.1 MICROSOFT ASSOCIATION ALGORITHM

The Microsoft Association algorithm is an association algorithm that is useful for recommendation engines. A recommendation engine recommends products to customers based on items they have already bought, or in which they have indicated an interest. Association models are built on datasets that contain identifiers both for individual cases and for the items that the cases contain. A group of items in a case is called an *itemset*. An association model consists of a series of itemsets and the rules that describe how those items are grouped together within the cases.

5. **SEQUENCE CLUSTERING ALGORITHM** - summarize frequent sequences or episodes in data, such as a Web path flow. An example of a sequence analysis algorithm is the Microsoft Sequence Clustering Algorithm.

5.1 MICROSOFT SEQUENCE CLUSTERING ALGORITHM

The Microsoft Sequence Clustering algorithm is a sequence analysis algorithm. You can use this algorithm to explore data that contains events that can be linked by following paths, or *sequences*. The algorithm finds the most common sequences by grouping, or clustering, sequences that are identical. This algorithm is similar in many ways to the Microsoft Clustering algorithm. However, instead of finding clusters of cases that contain similar attributes, the Microsoft Sequence Clustering algorithm finds clusters of cases that contain similar paths in a sequence.

APPLYING THE ALGORITHMS

Task	Microsoft algorithms to use
Predicting a discrete attribute. For example, predict whether the recipient of a targeted mailing campaign will buy a product.	Microsoft Decision Trees Algorithm Microsoft Naive Bayes Algorithm Microsoft Clustering Algorithm Microsoft Neural Network Algorithm
Predicting a continuous attribute. For example, forecast next year's sales.	Microsoft Decision Trees Algorithm Microsoft Time Series Algorithm
Predicting a sequence. For example, perform a click stream analysis of a company's Web site.	Microsoft Sequence Clustering Algorithm
Finding groups of common items in transactions. For example, use market basket analysis to suggest additional products to a customer for purchase.	Microsoft Association Algorithm Microsoft Decision Trees Algorithm
Finding groups of similar items. For example, segment demographic data into groups to better understand the relationships between attributes.	Microsoft Clustering Algorithm Microsoft Sequence Clustering Algorithm

CONCLUSION

Comprehensive data warehouses that integrate operational data with customer, supplier, and market information have resulted in an explosion of information. Competition requires timely and sophisticated analysis on an integrated view of the data. However, there is a growing gap between more powerful storage and retrieval systems and the users' ability to effectively analyze and act on the information they contain. Both relational and OLAP technologies have tremendous capabilities for navigating massive data warehouses, but brute force navigation of data is not enough. A new technological leap is needed to structure and prioritize information for specific end-user problems. The data mining tools can make this leap. Quantifiable business benefits have been proven through the integration of data mining with current information systems, and new products are on the horizon that will bring this integration to an even wider audience of users. Data mining techniques can be of immense help to the banks and financial institutions in this arena for better targeting and acquiring new customers, fraud detections in real time, providing segment based products for better targeting the customers, detection of emerging trends to take proactive stance in a highly competitive market adding a lot more value to existing products and services. To be successful a data mining project should be driven by the application needs and results should be tested quickly. Financial applications provide a unique environment where efficiency of the methods can be tested instantly, not only by using traditional training and testing data but making real stock forecast and testing it the same day. This process can be repeated daily for several months collecting quality estimates.

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EVA: ARE FIRMS WITH HIGHER EVA TRANSLATING INTO MAXIMIZING RETURNS FOR SHAREHOLDERS - A STUDY ON SELECTED INDIAN IT COMPANIES

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ABSTRACT

Today's business is about creating value for shareholders while maximizing the wealth. As more and more retail investors are investing in equity market expecting good returns on their investments, it becomes necessary for the organizations to perform effectively in diverge circumstances and enhance the quality of the expected return for the Investor. Even though there are various measures of shareholders value, such as EPS and new measures like Strategic Profit Models, PE ratio, Economic Value Added. This study which is in descriptive nature is aimed at effectiveness of EVA as a true measure of Shareholders value. For the purpose of this study, we have selected 3 listed companies from IT Sectors, which are capital oriented and needs huge influx of funds over a period of time in ever changing technology. The study is based on the publicly available data, viz. annual reports, balance sheets and stock market. Further the study also tried to assess the correlation between shareholders value with the stock market price, to check whether the higher EVA translates to the maximization of share holders value over a long period of time by testing the hypothesis. The study revealed that there is no strong pattern of EVA of selected IT companies during the period. The wealth created by most companies in year 2008 and 2012 has decreased because of higher cost of capital than that of other years

KEYWORDS
Correlation, EVA, IT Sector, Returns.

JEL CODE
G10, G11, G13.

INTRODUCTION

A company can best maximize wealth by leveraging its most distinctive and proprietary assets - the talent, ingenuity, and energy of its people". That's what EVA does, and that's what makes it so powerful.   *Joel M. Stern, CEO, Stern Stewart & Co., 1995*
The important goal of financial management is to create highest capital employees (owners & lenders) wealth and consequently enhancing the value of the firm. The question arises is, which measure valuates firms value properly. In answer to this question, it can be said, various accounting based measures like Earning Per Share (EPS), Return on Equity (ROI); Return on Capital Employed (ROCE) and growth in sales have been used to evaluated the performance of the business. But the problem with these performance measures is that they lack a proper benchmark for comparison. The shareholders require at least a minimum rate of return that the above mentioned performance measures ignore.
In order to overcome the limitations of accounting based measures of financial performance, Joel Stern, managing partner of M/s Stern Stewart & Co. introduced a modified concept of economic profit in 1990 in the name of Economic Value Added (EVA) as measure of business performance.
Market prices of the shares reflect the performance of the company. Today, wealth created by the company is more important than the profit it earns or the dividend it pays to the shareholders. Creating value for shareholder's value is the core of every business. This is natural since shareholders own the company and as rational investors expect good long-term yield on their investment. Commonly used accounting measures are Earnings per Share, Return on Investment, Net Profit Ratio etc.
Apart from this, value based metrics of performance evaluation like EVA (Economic Value Added), MVA (Market Value Added), CVA (Cash Value Added) and Cash Flow Return on Investment have come into existence. These all the performance metrics which seek to measure the periodic performance in terms of change in value.
Economic Value Added is a comprehensive measure of operating performance. It measures the change in financial worth of an enterprise from one year to the next. It is a more comprehensive financial measurement tool than net income (revenues minus expenses) alone, because it includes the cost of the capital used to generate that income.
In simple words EVA is —The monetary value of an entity at the end of a time period minus the monetary value of that same entity at the beginning of that time period.
What separates EVA from other performance metrics such as EPS, EBITDA, and ROIC is that it measures all of the costs of running a business—operating and financing.
Economic value added is the performance metric that calculates the value creation of the shareholders investment. Economic value added is the method to determine whether the firm is earning the higher rate of return on the entire funds at which the cost of funds are measured in terms of weighted average cost of capital.

RATIONALE FOR USING EVA

What an accountant calls profits in an income statement includes a charge for the debt capital employed which is commonly referred to as interest expense. However, an income statement does not include a charge for the equity capital that was employed during the accounting period. Therefore, EVA goes beyond conventional accounting standards by including a provision for the cost of equity capital. The cost of equity needs to be factored into business investment decisions in order to enhance shareholder value.

Although EVA is measured in financial analysis, its primary purpose is to shape management behavior. EVA can be used as a performance measure to evaluate an overall company, a division within a company, a location within a division, or an individual manager. By setting goals, EVA can become a motivational tool at various levels of management. EVA can also be used in downsizing decisions.

Perhaps the real key to appreciating EVA lies in its simplicity. Often time's non-financial managers are hard pressed to understand financial tools; EVA can help to facilitate communication thereby enhancing coordination within a company. Managers need to train to recognize the opportunity to strive for an increase in economic value added. Once properly trained, managers can then pinpoint key financial focal concerns germane to decisions

REVIEW OF LITERATURE

For investing in shares, it is crucial for the investors to be sure of the reasonable share price in the determined date and predicting the future changes. In this regard, literatures have produced some variables like return on assets (ROA), book value per share (BVPS), cash flow per share, firm's size, payout ratio, price-earnings (P/E) ratio, earning per share (EPS), dividend per share (DPS), return of equity (ROE) etc. EVA is one of these variables affecting market price of shares that correlates better with stock price than any other measures: by 50% compared with upto 30% for other metrics (**Stern and Shiely, 2004.**)

Pal Singh and Garg (2004) have compared some selected financial variables like ROCE, EPS, ARNW, MVA, Kp, Lp and NPV with EVA. They observed in almost all cases, the positive relationship has been established between the variables under reference. The different correlation matrix tables have approved that EVA is also giving the results in the same direction for the rationale underlying. During the multiple regression analysis in their study, it became apparent that EVA was the single largest and most consistent variable, which has a decisive role in predicting the MVA. Their study concludes that the relationship between EVA and MVA is statistically significant

Sparling and Turvey (2003) revisit the relationship between EVA and shareholder return and reexamine the evidence and issues surrounding the use of EVA as a tool for valuing investments. Using the Stern Stewart Fortune 1000 data, they examine two potential relationships for 33 food companies listed in the database. The correlations found were extremely weak in all instances tested

Loi and Liow (2002) examine the implications of economic value added (EVA) on real estate corporate strategies. The economic profit of 19 Singapore property companies is computed. Overall, according to the results, they suggest that most property companies failed to generate enough periodic income to cover their cost of capital. Hence, the companies appear to be destroying rather than creating corporate wealth. They also highlight some reasons why economic value added (EVA) tends to understate the true economic performance of real estate, both as an investment and as a business unit.

Bardia (2002) wrangled that the concept of EVA is better than the concept of accounting profit as a tool a value creation because it considers the overall cost of capital. In this paper an attempt has been made to analyze the financial performance of Infosys Technologies Ltd. On the basis of traditional parameters like ROCE, ROE, EPS, etc. and the new performance measure EVA.

Ray (2001) analyzes the efficiency of Economic Value Added, the relatively new financial-management tool. This analysis offers a new definition of value, and suggests that the missing link in the EVA process is productivity, generally found to be the engine of all economic growth

Thibadoux, Scheidt, and Jeffords (1999) believe Using economic value added (EVA) as an evaluation tool ensures that when managers make strategic decisions they will do so in their own best interests as well as those of shareholders since positive changes in EVA will be impounded in stock prices. They have recognized the value of using EVA in over 300 major corporations worldwide. They state these techniques can be adopted by any oil and gas company involved in any phase of industry activity, including exploration, supply, processing and distribution.

STATEMENT OF THE PROBLEM

There are various views with respect that whether traditional measures or value based measures influences the share prices. Considering this, it is interesting to examine which of the performance measure has the more influence on the share prices. Question is to be addressed whether there is the relationship between EVA & ROCE with respect to the share price.

OBJECTIVES OF THE STUDY

1. To measure EVA & ROCE for the selected companies.
2. To calculate the relationship between EVA with respect to the share prices movement of the selected companies.
3. To calculate the relationship between ROCE with respect to the share prices movement of the selected companies.
4. To analyze weather the company is creating wealth to shareholders

RESEARCH METHODOLOGY

TYPE OF RESEARCH

This study is a descriptive type of research

SAMPLING DESIGN

The Sampling method used here is Non-Probability Sampling. Companies listed in the stock exchange are considered for the sample because market prices and other information are available. Since BSE SENSEX is a good proxy for the whole market, so companies will be selected from the BSE Index.

Since the large number of companies available in stock market and the calculations would be at larger extent so the sample of 3 companies have been selected of only IT sector. Such a selection is undertaken as these units represented the population in a better way. The companies listed in the stock exchange, and since the financial information is easily available and the market prices are obtained easily

SAMPLE SIZE

Sample includes three IT companies in the stock market (for which relevant data is available), for a period of 5 years starting from FY 2008-09 to FY 2012-13

1. Wipro 2. Infosys. 3. TCS

SOURCES OF DATA

DATA SOURCES

Historical share prices of the sample companies and the index points for the period has been taken from the database of the Capital Market Publishers (India) Ltd, Capital line. Financial statements of the sample companies have also been taken from the same sources.

Secondary Data: This type of data is generally taken from newspapers, magazines, bulletins, reports, journals

- Historical share prices of the sample companies.
- Index values of the BSE.
- Financial Information of the Sample companies.

HYPOTHESIS TESTING

Hypothesis 1

H0: There is **no** significant relationship between EVA and Share prices.

H1: There is significant relationship between EVA and Share prices.

Hypothesis 2

H20: There is **no** significant relationship between ROCE and Share prices.

H21: There is significant relationship between ROCE and Share prices.

TESTING OF HYPOTHESIS

➢ The hypothesis is tested using multiple regression and T statistic. Regression is the process of predicting one variable from another by statistical means using previous data.

➢ T statistic is used to test the significance of the regression as a whole. If T calculated is smaller than T tabulated, then the null hypothesis is accepted.

➢ The hypothesis is tested using multiple regression tool and T statistic. Multiple regressions are a statistical process by which several independent variables to predict one dependant variable.

LIMITATIONS OF THE STUDY

1. The study is limited to three IT companies that are included in the BSE.

2. The research was carried out for only 5 years

METHOD ADOPTED TO CALCULATE EVA

EVA = NOPAT – (WACC x TC)

Where-

1. NOPAT is Net Operating Profit After Taxes

2. WACC is Weighted Average Cost Of Capital (Equity & Debt) Calculated as follows:

WACC = Kd (1-t)* WD + Ke* WE + Kp* WP

W1 is weight of Debt

W2 is weight Of Equity

W3 is weight of Preference

1. **Cost of Debt (Kd):** is the effective cost of Debt, which is calculated by dividing the total interest by the total debt.

2. **Cost of Equity (ke):** is calculated using the Capital Asset Pricing Model developed by Modigliani and Miller.

Ke=Rf+Beta (Rm-Rf)

3. **Cost of Preference (Kp):** is the effective cost of preference, which is calculated by dividing the total Dividend Preference by the total preference capital.

4. **Risk free rate of return (Rf):** is the risk free rate, i.e., the rate of interest for 1-year government securities. These rates are obtained from the website of Reserve Bank of India.

5. **Market Return (Rm):** is the return for the market. It is calculated by using the formula given below for the index values. Rm=Average of return on market for all the 4 years.

`   Return = Closing index value-opening index value / Opening index value * 100

6. **Beta values:** for all the sample companies for all the 4 years are calculated by finding the slope between log normal of share prices of all the companies and log normal of the index values. Log normal of the values is considered to remove abnormalities if any and convert them into normal distribution.

7. **MVA (Market Value Added)**: A calculation that shows the difference between the market value of a company and the capital contributed by investors (both bondholders and shareholders). In other words, it is the sum of all capital claims held against the company plus the market value of debt and equity. Calculated as: MVA = Companies Market Value – Invested Capital

8. **Return On the Capital Employed (ROCE)** - A ratio that calculates the efficiency and the profitability of the company Capital Investment. Calculated as: ROCE = EBIT / Total Assets – Current Liabilities

RESULTS AND DISCUSSIONS

TABLE – 01: EVA & MARKET PRICES OF A SAMPLE COMPANIES 2008-09 TO 2012-13

Company		2008-09	2009-10	2010-11	2011-12	2012-13
Wipro	Share Price	364.74	313.24	141.62	418.62	492.00
	EVA	6837.59	9677.33	3370.93	3086.68	3294.38
	ROC (%)	87.14	67.40	25.84	23.09	22.93
Infosys	Share price	2242.00	1758.00	1125.00	2606.00	3449.00
	EVA	3353.91	4536.29	4039.53	2472.87	-3783.99
	ROC (%)	37.42	38.65	40.25	34.10	35.74
TCS	Share Prices	625.00	532.55	242.00	750.00	1165.00
	EVA	3805.67	3611.02	4352.47	6641.99	8596.65
	ROC (%)	51.35	43.91	42.44	45.04	44.77

Source: Share price & ROCE from moneycontrol.com, EVA calculated (annexure)

TABLE 02: HYPOTHESIS TESTING – WIPRO -TESTING OF SIGNIFICANT RELATIONSHIP BETWEEN EVA & SHARE PRICES

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.112[a]	.013	-.316	3352.97661
a. Predictors: (Constant), EVA				

ANOVA[b]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	432222.131	1	432222.131	.038	.857[a]
Residual	33727356.513	3	11242452.171		
Total	34159578.644	4			
a. Predictors: (Constant), EVA					
b. Dependent Variable: share price					

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COEFFICIENTS[A]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant EVA)	6114.38	4640.8		1.318	0.279
share price	-2.489	12.692	-0.112	-0.196	0.857
a. Dependent Variable: share price					

TESTING OF SIGNIFICANT RELATIONSHIP BETWEEN ROCE & SHARE PRICES

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.053[a]	.003	-.330	34.64702
a. Predictors: (Constant), ROCE				

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.139	1	10.139	0.008	0.933[a]
	Residual	3601.248	3	1200.416		
	Total	3611.386	4			
a. Predictors: (Constant), ROCE						
b. Dependent Variable: share price						

COEFFICIENTS[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (constant roce)	49.451	47.954		1.031	.378
Share price	-.012	.131	-0.053	-0.092	.933
a. Dependent Variable: share price					

Interpretation

1. Since the R is showing the value of O.112[a] this indicates that there is low co-relation between EVA with respect to the share prices.
2. Since the Value of R square is 1.3% approximately for EVA, it shows that Share Price is affected by 1.3 per cent by EVA and remaining 98.7 per cent by some other factor.
3. Since the Value of R square is 0.03 per cent approximately for ROCE, it shows that Share Price is affected by 0.03 per cent by ROCE and remaining 99.97 per cent by some other factor.
4. Since value of share price, EVA & ROCE are greater than 5% level of significance; therefore it shows that there is no significant relationship between EVA & Share Price, MVA & Share Price and ROCE & Share Price.

Therefore, Null Hypothesis is accepted and Alternative Hypothesis is rejected.

TABLE 03: HYPOTHESIS TESTING – INFOSYS TECHNOLOGIES LTD -TESTING OF SIGNIFICANT RELATIONSHIP BETWEEN EVA & SHARE PRICES

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.866[a]	0.750	0.667	1958.65896
a. Predictors: (Constant), EVA				

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34617792.850	1	34617792.850	9.024	0.057[a]
	Residual	11509034.754	3	3836344.918		
	Total	46126827.604	4			
a. Predictors: (Constant), EVA						
b. Dependent Variable: share price						

COEFFICIENTS[a]					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1 (constant eva)	9638.850	2648.160		3.640	0.036
share price	-3.357	1.118	-0.866	-3.004	0.057
a. Dependent Variable: share price					

TESTING OF SIGNIFICANT RELATIONSHIP BETWEEN ROCE & SHARE PRICES

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.829[a]	0.688	0.584	1.55375

a. Predictors: (Constant), ROCE

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.947	1	15.947	6.606	0.082[a]
	Residual	7.242	3	2.414		
	Total	23.190	4			

a. Predictors: (Constant), ROCE
b. Dependent Variable: share price

COEFFICIENTS[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (constant roce)	42.327	2.101		20.149	0.000
share price	-0.002	0.001	-0.829	-2.570	0.082

a. Dependent Variable: share price

Interpretation

1. Since the R is more than 50 per cent for EVA, it shows that there is highly positively co –relation between the EVA with respect to the share prices.
2. Since the Value of R square is 75% approximately for EVA, it shows that Share Price is affected by 75 per cent and remaining 25 per cent by some other factor.
3. Since the Value of R square is 69 per cent approximately for ROCE, it shows that Share Price is affected by 69 per cent by EVA and remaining 31 per cent by some other factor.
4. Since value of share price, EVA & ROCE are greater than 5% level of significance; therefore it shows that there is no significant relationship between EVA & Share Price, MVA & Share Price and ROCE & Share Price.

Therefore, Null Hypothesis is accepted and Alternative Hypothesis is rejected

TABLE 04: HYPOTHESIS TESTING – TCS LTD -TESTING OF SIGNIFICANT RELATIONSHIP BETWEEN EVA & SHARE PRICES

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.842[a]	0.708	0.611	1345.16507

a. Predictors: (Constant), EVA

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13172347.709	1	13172347.709	7.280	00.074[a]
	Residual	5428407.195	3	1809469.065		
	Total	18600754.905	4			

a. Predictors: (Constant), EVA   b. Dependent Variable: share price

COEFFICIENTS[a]					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (constant eva)	1833.363	1452.886		1.262	0.296
share price	5.381	1.994	0.842	2.698	0.074

a. Dependent Variable: share price

TESTING OF SIGNIFICANT RELATIONSHIP BETWEEN ROCE & SHARE PRICES

MODEL SUMMARY				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.187[a]	0.035	-0.287	3.88218

a. Predictors: (Constant), ROCE

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.645	1	1.645	0.109	0.763[a]
	Residual	45.214	3	15.071		
	Total	46.859	4			

a. Predictors: (Constant), ROCE   b. Dependent Variable: share price

COEFFICIENTS[a]					
		Unstandardized Coefficients		Standardized Coefficients	
Model		B	Std. Error	Beta	t	Sig.
1	(constant roce)	44.241	4.193		10.551	0.002
	share price	0.002	0.006	0.187	0.330	0.763

a. Dependent Variable: share price

Interpretation
1. Since the R less than 50 per cent for EVA, it shows that there is highly low positive co –relation between the EVA with respect to the share prices.
2. Since the Value of R square is 71 per cent approximately for EVA, it shows that Share Price is affected by 71 per cent and remaining 29 per cent by some other factor.
3. Since the Value of R square is 3.5 per cent approximately for ROCE, it shows that Share Price is affected by 3.5 per cent by ROCE and remaining 96.5 per cent by some other factor.
4. Since value of share price, EVA & ROCE are greater than 5% level of significance; therefore it shows that there is no significant relationship between EVA & Share Price and ROCE & Share Price.

Therefore, Null Hypothesis is accepted and Alternative Hypothesis is rejected

RECOMMENDATIONS & SUGGESTIONS
1. As from the above analysis it is clear that EVA is performance measurement metric as it is number of factors like Capital & Debt employed, have impact on the DPS & EPS of the company. It can be understood that investor not to give importance to EVA for making investment decision.
2. It is understood that the EVA has no impact on the share price, from the investors point of view investment should not be on the basis of EVA.
3. EVA primarily reveals the Debt & Capital employed and shows the risk employed which is measured in terms of WACC at which WACC is positive then the investment decisions should be made.
4. It is also recommended that EVA is better reflecting in performance of the firm so EVA should be employed to measure the performance of the company.

CONCLUSION
The above discussion explains the importance of using EVA as a tool for measuring financial performance. The study reveals that there is no strong pattern of EVA of selected companies during the period. The wealth created by most companies in year 2008-09 and 2012-13 is decreasing because of higher cost of capital than that of other years.

The central idea of EVA is subtracting the cost of capital from the firm's profits to measure, as the term indicates, the economic additional value produced by the firm to its owners over the weighted cost of the capital employed. This raised the question of the effect of the debt and equity cost components on the behavior of EVA. It was observed that the cost of debt has little effect on the EVA's. On the other hand, as is expected, EVA behaves in a linear fashion with respect to the cost of equity. It was also observed that even EVA is much more unstable than the other performance measure.

It is also observed that there is no strong relation between EVA and market prices of the companies. Thus, it can be understood that investor do not give so importance to EVA for its investment decision. Extensive study is required to establish the influence of other factors like non-fund based income, spread, deployment of funds, market price, etc. It is also expected that the usage of EVA as a financial performance tool will also be more in India.

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A SURVEY ON DERIVATIVE AWARENESS AND USAGE BY MSMES IN LUCKNOW CHIKAN CLUSTER

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ABSTRACT

Currency fluctuations always presents a great deal of risk for businesses dealing in international export and imports. During the year 2007-08, when rupee was appreciating against US dollar and was even expected to touch Rs 35 against a dollar, many MSME (Micro Small and Medium Enterprises) exporters (and others) entered into forex derivative contracts with banks to hedge against the currency fluctuations, which ultimately turn out to be sour and in the process, SME (small and medium enterprises) lost thousands of crores in the process and many cases were filed in Indian courts in this regard. This paper ventures to find out about the derivative awareness and uses in one of India's largest artisan based cluster namely Lucknow Chikan Cluster.

KEYWORDS
MSMEs/SMEs, Financial Derivatives, Chikan.

INTRODUCTION

Micro Small and Medium Enterprises (MSMEs) constitute over 90% of total enterprises in most of the developed and developing economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports. In India too, the MSMEs play a pivotal role in the overall industrial economy of the country. Micro Small and Medium Enterprises in India accounts for 35-45% (at present it stood at 36%) of total goods and services exports. According to the 4th all India census of MSMEs, this sector provide employment for more than 5.0 crores of working force. These factors signify the undisputed role of MSMEs in Indian economy.

When derivatives are becoming a standardized tool to unbundling and managing risk in almost every market around the world, it is inevitable that they would also find their way to Indian financial market. In a globalizing world there is no other choice.

These products or contracts are like double edged sword, which if not used wisely and competitively can seriously hamper the user itself as happened in the case of MSMEs during the regime of appreciating rupee versus dollar(2007-2008) where MSMEs (especially the exporters) suffered huge losses in their currency derivative contracts . The MSME export sector which has limited knowledge of forex derivatives suffered huge losses due to volatile fluctuations in the value of currencies. With the rupee breaching the barrier of 46 to a dollar, quite a few exporters had booked their export receivables in the forward market for 42/43 to a dollar. While some exporters would gain in terms of profitability, the depreciation of the rupee vis-à-vis dollar definitely impacted the overall competitiveness of the MSME export sector.

According to the various news reports, published by reputed agencies, losses incurred by Indian exporters runs in thousands of crores resulting from the sale of derivative products by 19 bank (forein+public+private) to the exporters, by voilating RBI and FEMA regulations, while according to the Tahelka report, it amounts to a scandle much bigger than the scale of 2G, which may have caused the loss of staggering Rs 25 lakh crores to the various parties.

These loses are reported to be incurred by MSMEs in various parts of country, most notably in Tamilnadu and Panjab. Current study tries to find out whether there are similar experience felt by MSMEs of Uttar Pradesh and for its study it has picked Lucknow Chikan cluster to find out the derivatives awareness and uses in the said cluster.

ABOUT LUCKNOW CHIKAN CLUSTER

Lucknow Chikan embroidery cluster is the biggest artisan cluster of India. There are approximately 3.0 lacs artisans of hand embroidery associated with this cluster situated in Lucknow and nearby districts. Apart from this, the artisans from other fields such as Cutting, Stitching, Hand Block Textile Printing, Jali work and Washer men are also a part of this cluster. According to the estimates there are thousands of artisans associated with Chikan Embroidery Cluster, other than chikankari artisans.

The artisans of Chikan Embroidery are scattered in and around Lucknow. The districts covered are Unnao, Barabanki, Lakhimpur, Hardoi and to some aspect are in Raibareilly, Sultanpur and Faizabad.

This Chikan Embroidery is not only providing employment to lacs of artisans of different related crafts but people from non-craft base are also earning their livelihood by associating themselves with this craft in various ways. Expected number of non-artisan persons earning their bread and butter from this craft is more than million which includes contractors, manufacturers, retailers, raw material providers or employee with manufacturers.

Despite its established uniqueness, dominance and huge export potential to generate revenue for the country and state, government support for the growth of the cluster is not optimum. Around one fourth of exports are made from outside of the state, where the exporters after purchasing finished products from state rout the exports through bigger cities like Delhi, Mumbai and Chennai.

OBJECTIVES OF THE STUDY

Present paper studies the about the state of derivative awareness and their uses by MSMEs in Lucknow Chikan cluster putting special attention on the Chikan exporters in the region. Main objectives of the study are-

- To find out awareness level about derivatives among entrepreneurs and exporters in the region.
- To find out the use of derivatives in the cluster.
- To identify the factors affecting the awareness and the use of financial derivatives in the cluster.

RESEARCH METHODOLOGY

The study is mainly based on primary data collected with the help of structured questionnaire contacting directly with the respondents and with the help of personal, through internet and telephonic responses. There are around 10-12 big (approximate turnover more than 500 lakhs yearly) and 40-50 medium size

exporters (approximate turnover more than 51-500 lakhs yearly)   and hundreds of domestic suppliers in the cluster. At first list of exporters were procured through various online sources like tradeindia.com and in subsequent process with the help of respondent's references. Out of 210 entrepreneurs contacted through various means, statistical analysis was carried out based on 102 respondents.

Secondary data was collected through various online and offline sources for related study.

REVIEW OF RELATED LITERATURE

There are plenty of literatures available on the various aspects of derivatives and their uses by financial institution and by the corporates, but MSME sector till now is to some extent neglected. There are no specific and concrete studies on the use of derivatives by the Micro Small and Medium Enterprises in India. Some selected useful literature/studies are discussed here-

Marston, Richard C., discusses in their paper, *1995 Wharton survey of derivatives usage by US non-financial firms* discusses the use of derivatives by US non-financial firms in which one of the primary objectives of the survey is the development of a database on risk management practices suitable for academic research. Study touches various aspects of derivative uses which includes subjects like *Derivatives Usage by Size and Industry, Use of Derivatives in Risk Management, Objectives of Derivatives Use in Risk Management, Concerns about Derivatives Usage, Foreign Exchange Exposure Management, Impact of a Market View on Foreign Currency Derivatives Use, Market Risk Assessment, Impact of Accounting Issues on Derivatives Use, Non-Use of Derivatives* among others.

Henk Berkman, Michael E. Bradbury, 1996 in his paper *Empirical evidence on the corporate use of derivatives* studies the derivatives uses by corporates in New Zealand. According to the author, theory indicates that hedging can increase firm value by reducing expected taxes, expected costs of financial distress, and other agency costs. Prior research, based on survey data, has found only weak evidence consistent with theory. This study provides evidence on the corporate use of derivative instruments from the 1994 audited financial statements of 116 firms.

Asani Sarkar, 2006 in *Indian Derivative Markets*, talks about the rise of derivatives, definition and uses of derivatives, development of derivative markets in India, derivatives instruments traded in India and derivative users.

4th All India Census of MSMEs (2006-07) - According to the Quick results of "4th All India Census of MSMEs (2006-07)", there are a total number of 2.61 crore MSMEs in 2006-07 (as against the current projected figure of 1.3 crore). This includes 0.15 crore registered units and 2.46 crore un-registered units. Of the total, 28% are in manufacturing and 72% in services. These units are largely in Apparel (14.03 %) followed by Food Products and Beverages (13.53%) and Maintenance of Personal and Household goods (9.25%). The MSME sector accounts for employment of 5.97 crore persons, of which, 0.95 crore are in registered units and 5.03 crore in the un-registered units.

ANALYSIS AND FINDINGS

1: AWARENESS ABOUT DERIVATIVE PRODUCTS: This variable in the form of a nominal dichotomous (yes/no) variable asks about the awareness about the derivatives in any form among its respondents. Being asked about having awareness about derivatives in any form, in total, around 42.2% respondents in Lucknow accepted to have some kind of idea about these products. Explanation for the comparatively good percentage of awareness about derivative products can be attributed to the high coverage of American financial crisis in print and electronic media in India.

The graph given below is bifurcated based on the approximate turnover of the firm. It is clear from the graph that out of total seven respondents of having approximate turnover more than 500 lakhs a year, five are having some kind of knowledge about the derivative products, which is around five percent of the total respondents.

Around twelve firms, which are having the turnover in the range of 51-500 lakhs/year are having the knowledge about the derivative products, which is around 11.76% of the total firms.

Around forty four percent of the firms in the range of up to fifty lakh turnover are having some kind of knowledge about the derivative products.
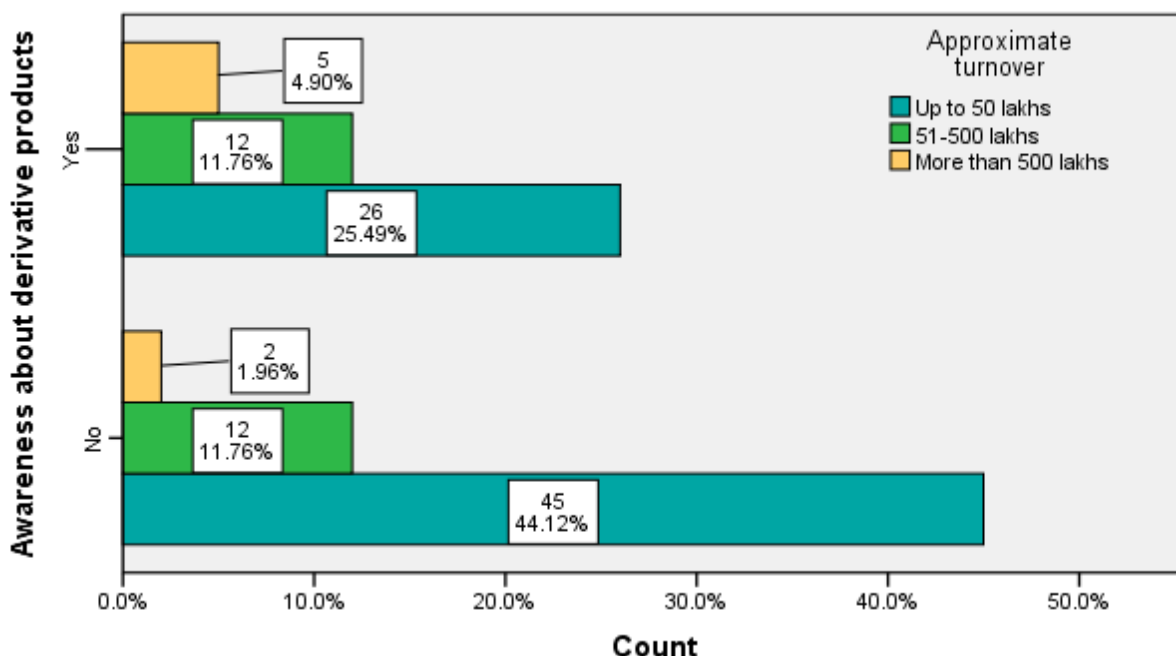
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2: USE OF DERIVATIVE PRODUCT: Being asked about whether the respondents have ever used the derivative product, fifteen respondents (14.71%) responded in affirmation. Bifurcating the responses in terms of the turnover of the firms, three firms (2.94%) having the turnover of more than 500 lakhs have used the

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derivative products, while in the range of the firms having turnover between 51-500 lakhs, four firms (3.92%) have used the derivative products, while just eight firms (7.84% of total) have used any kind of derivative products.
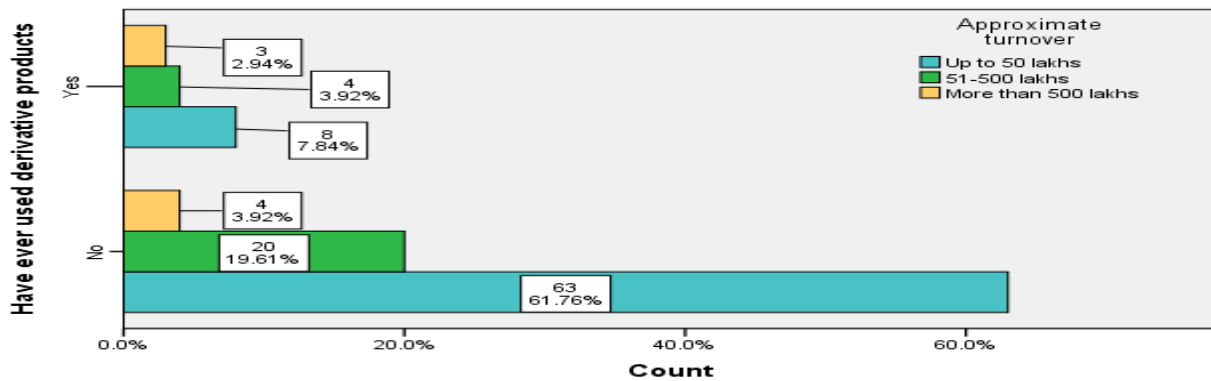
3: FOR PERSONAL OR PROFESSIONAL USE: It is clear from the given self-explanatory graph that almost all the respondents who have used any kind of derivative products have used these product for personal use say for example as investment or speculation. None of the respondents in Lucknow Chikan Cluster have used these products for professional use.
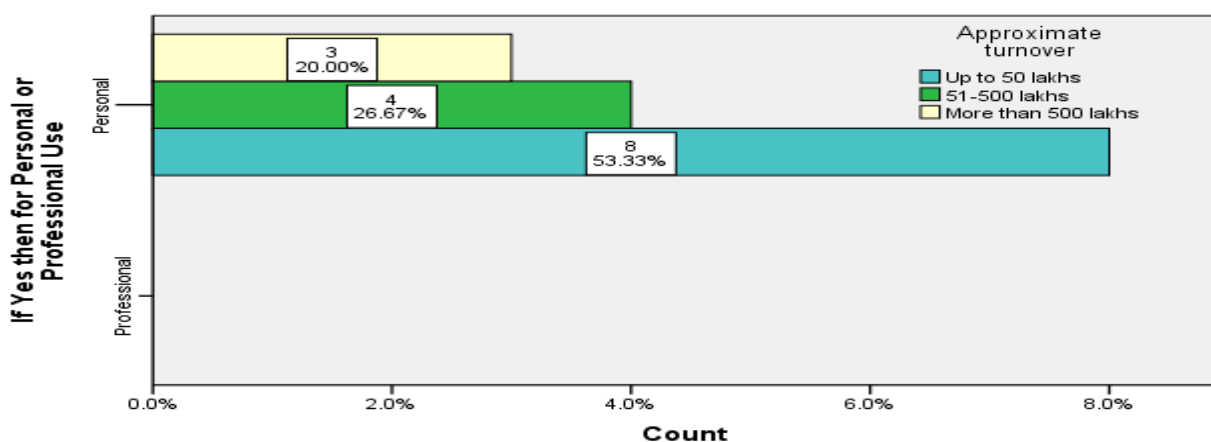
4: REASONS FOR NON-USE OF THE PRODUCTS: Given around 85.29% of the respondents have never used any kind of derivative products, when asked about the reason behind the non-use of derivatives, more than fifty percent of the respondents said it is due to the lack of awareness about the derivative product, while more than twenty five percent of the respondents consider these products too risky to use. Around eleven percent of the respondents who have the knowledge about the derivative products still have not used these products , because they do not find these products worthy to invest
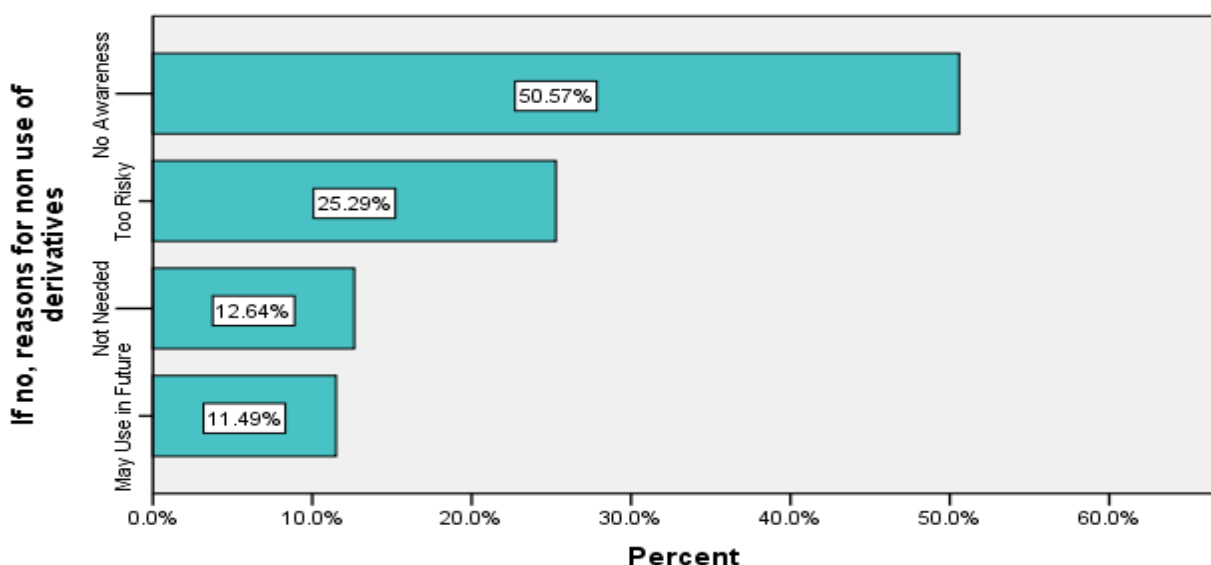
5: FACTORS AFFECTING THE AWARENESS AND THE USE OF DERIVATIVE PRODUCTS
Being the part of wider study, to identify the factors affecting the awareness and the use of derivatives in Lucknow Chikan Cluster, eight variables were identified namely- age of the firm, number of workers, approximate turnover, firm type, educational level of the entrepreneur, professional course undertaken and self-assessed financial literacy of the entrepreneur and paired t-test was used to assess the effect of independent variables on the dependent variable.
It is clear from table-1 and table-2 that out of seven variables affecting the awareness about the derivative products in cluster, the most statistically significant are- age of the firm, number of workers/craftsmen employed, approximate turnover, educational level of the entrepreneur and self-assessed financial literacy of the entrepreneur.

Similarly from table-2 and table-3 based on the significance level of paired t-test (table-3) all the seven variables have their statistically significant role regarding the outcome about derivative uses by firms.

CONCLUSION

Derivatives are increasingly becoming unavoidable tools for risk mitigation especially for the firms dealing with foreign currencies and firms have burned their fingures in their uses due to their high risk association. Even the larger firms having access to the trained manpower in finances and risk calculating tools have faced the havoc of their improper use where the risk mitigation tools have turned into the big risk in itself.

Even the indian firms including the MSMEs have lost thousands of crores of money in recent years. This aspect need proper study and consideration in this regard.

Current study is just a small contribution in this regards which needs to be carry forward in future.

LIMITATIONS OF THE STUDY

1: Study was conducted based on the snowball and convenience sampling which is not always best or optimal surveying method.

2: Representation of grouping variables like type of firms based on export (exporter, domestic supplier, and domestic supplier+ exporter) or based on turnover is not proportionate.

3: There might be the general human response errors or hesitation in the response of financial aspects like not correctly showing turnover range or other financial aspects.

4: Lack of sufficient literature regarding the uses of derivative products by MSMEs in India and elsewhere despite their growing exposure towards these products.

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TABLES

TABLE-1: PAIRED SAMPLES CORRELATIONS

		N	Correlation	Sig.
Pair 1	Awareness about derivative products & Age of the firm	102	.096	.336
Pair 2	Awareness about derivative products & No. of workers/craftmen employed	102	-.151	.131
Pair 3	Awareness about derivative products & Approximate turnover	102	-.195	.050
Pair 4	Awareness about derivative products & Type of the firm	102	-.269	.006
Pair 5	Awareness about derivative products & Educational Level of Entrepreneur	102	-.071	.477
Pair 6	Awareness about derivative products & Professional Cource Undertaken	102	.154	.121
Pair 7	Awareness about derivative products & Fin. Literacy of entrepreneur on 1-10 scale	102	-.056	.577

TABLE-2: PAIRED SAMPLES TEST-2

	t	df	Sig. (2-tailed)
Awareness about derivative products - Age of the firm	-10.263	101	.000
Awareness about derivative products - No. of workers/craftmen employed	-10.554	101	.000
Awareness about derivative products - Approximate turnover	2.418	101	.017
Awareness about derivative products - Type of the firm	-.342	101	.733
Awareness about derivative products - Educational Level of Entrepreneur	-8.116	101	.000
Awareness about derivative products - Professional Cource Undertaken	-1.412	101	.161
Awareness about derivative products - Fin. Literacy of entrepreneur on 1-10 scale	-39.542	101	.000

TABLE-3: PAIRED SAMPLES CORRELATIONS-2

		N	Correlation	Sig.
Pair 1	Have ever used derivative products & Age of the firm	102	-.003	.978
Pair 2	Have ever used derivative products & No. of workers/craftmen employed	102	-.054	.587
Pair 3	Have ever used derivative products & Approximate turnover	102	-.200	.043
Pair 4	Have ever used derivative products & Type of the firm	102	-.113	.260
Pair 5	Have ever used derivative products & Educational Level of Entrepreneur	102	.081	.421
Pair 6	Have ever used derivative products & Professional Cource Undertaken	102	.235	.017
Pair 7	Have ever used derivative products & Fin. Literacy of entrepreneur on 1-10 scale	102	-.240	.015

TABLE-4: PAIRED SAMPLES TEST-2

	t	Sig. (2-tailed)
Have ever used derivative products - Age of the firm	-10.126	.000
Have ever used derivative products - No. of workers/craftmen employed	-9.195	.000
Have ever used derivative products - Approximate turnover	6.323	.000
Have ever used derivative products - Type of the firm	2.316	.023
Have ever used derivative products - Educational Level of Entrepreneur	-6.002	.000
Have ever used derivative products - Professional Cource Undertaken	3.608	.000
Have ever used derivative products - Fin. Literacy of entrepreneur on 1-10 scale	-37.398	.000

QUALITY OF WORK LIFE AND SELF EVALUATION OF PERFORMANCE: PARAMETERS AT WORK PLACE

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ABSTRACT
QWL depends upon the favorable or unfavorable conditions and environment of a workplace that support and promote the continuous effort to bring increased labor-management cooperation through joint problem solving to improve organizational performance and employee satisfaction. A good quality of work-life supports and promotes employee performance by providing them with job satisfaction. In the present study the researcher chose the IT companies in Chennai. Based on the interview with the employees in the organization, a pilot study was conducted with the respondents in the total sample (N = 120). The factors that contribute to quality of work life includes Stress at Work, Work Life balance, Management Policies, Adequate and Fair compensation, Social Integration in the workplace and Job Security. The following themes emerged from the analysis: (1) The factors affecting the QWL of the employees in the IT companies; (2) Exploration of the relationship between the QWL and the performance of the employees; and (3) Suggestions based on the survey results.

KEYWORDS
Quality of work life (QWL), Information Technology (IT), Performance.

INTRODUCTION
Quality of Work Life (QWL) means "The degree to which members of a work organization are favorable or unfavorable to the employees at work". It is basically referential to the unfavorable conditions that impinge on the employees' work-life and the performance amidst which he works. Job performance is an important construct in industrial/organizational psychology (Arvey & Murphy, 1998; Austin & Villanova, 1992; Campbell, 1990; Murphy & Cleveland, 1995; Schmidt & Hunter, 1992). It has gained deserved prominence in the individual performance in the Organization as an indicator of the employees overall experience in the work place. The research model for this study was based on the factors affecting Quality of work life and the relationships between QWL and performance of the employees in the IT companies. It plays a key role in any organization and exerts an impact on the people, their work and self development as well as the organization's development. To summaries, QWL is viewed as a wide-ranging concept, Hence this paper pertains to the measurement of the quality of work-life of the employees in the work place through the affective factors of Stress at work, Work Life Balance, Management Policies, Adequate and Fair compensation, Social Integration in the workplace and Communication at the work place.
So keeping the above facts in view, the present study has been pursued to achieve the following objectives.

LITERATURE REVIEW
Clarke, M., Koch, L., & Hill, E, (2004), QWL has been well predicted as a multi-dimensional construct and it may not be common one. In the existing literature it include job security, better reward systems, higher pay, opportunity for growth, and participative groups, among others.
QWL emphasizes on cordial employee relations and adopts a human resource strategy that places high value on employees as organizational stakeholders. In addition, employee relations in companies will benefit with their workforce if they are highly motivated to expend their best efforts. It involves providing fair and consistent treatment to all employees. Thus, good employee relations help in developing satisfied, committed and productive work force that lead towards overall effectiveness of an organisation (Johnsrud, L. 2002).A good QWL gives high performance; high performing individuals get promoted, awarded and honored. Career opportunities for individuals who perform well are much better than those of moderate or low performing individuals (VanScotter et al., 2000).Moreover, this performance concept explicitly describes behavior which is goal-oriented, i.e. behavior which the organization hires with the employee to do well as performance (Campbell et al., 1993).Often it is not sufficient to comply with the formal job requirements, one needs to go beyond what is formally required (Parker et al., 2006; Sonnentag and Frese, 2002).QWL has also been viewed in a variety of ways such as (a) a movement; (b) a set of organizational interventions, and (c) a type of work life by employees(Carlson H .,1980).Sonnentag, S. and Frese, M. (2002) 'Performance concepts and performance theory', in S. Sonnentag(ed.), *Psychological Management* of *Individual Performance.* Chichester: Wiley, pp. 3-25.
Littler C (1999) showed that a number of contributing factors directly lead to organizational dissatisfaction with levels of low income, career prospects, stress, work and family balance and distrust in senior management. Anonymous (2005) described that some combination of benefits explicit and implied tangible and intangible that make a good place for the employees to work in the organization. Implied in the area of QWL is the notion that to be a good employer, a business or institution must recognize that employees have lives before and after work. That recognition, in turn, creates trust and loyalty among employees, everybody eventually and consequently the world becomes a better place.
A QWL survey was developed by the committee over several meetings and a day-long workshop. The following instruments were included in the survey: Warr et al. (1979) Intrinsic and Extrinsic Job Satisfaction scales; the NIOSH (1988) Job Satisfaction scale; one global question on job satisfaction; the Maslach Burnout Inventory (Maslach et al., 1996); the NIOSH (1988) Social Support scales, which included both supervisor and co-worker support; and Netemeyer and Boles' (1996) Work-Family Conflict scale. Several months after the survey was administered, the results were presented at Rounds at the centre, as well as in separate departmental meetings.

OBJECTIVES
- To examine the factors affecting Quality of work life of the employees in the information Technology companies.
- To study the nature of relationship between the affecting factors of Quality of work life with self evaluation of performance of the employees in the IT companies.
- To make suggestions based on the findings of the study.

RESEARCH METHODOLOGY
The present study was conducted in the Information Technology companies in Chennai. A total of 120 samples were collected from the IT companies and the residence of employees and those who volunteered to participate to answer the questions during their rest time in their regional language by adopting convenience sampling methods through structured questionnaire. Both Primary and secondary data have been used for the present study.

DATA ANALYSIS

DESCRIPTIVE STATISTICS FOR EVALUATION OF SELF- PERFORMANCE

TABLE 1: PERFORMANCE LEVEL [VH - Very High, H- High, M- Medium, L- Low, VL – Very Low]

Sno	Particulars	VH %	H %	M %	L %	VL %	Mean	SD
	Your effort to meet the targets	56 (37.3)	75 (50)	17 (11.3)	2 (1.3)	0 (0)	4.233	.699
	Your concern for the quality of output (as expected by the norms of the organization)	37 (24.7)	91 (60.7)	22 (14.7)	0 (0)	0 (0)	4.100	.621
	Efforts taken by you towards optimum utilization of available resources.	20 (13.3)	101 (67.3)	29 (19.3)	0 (0)	0 (0)	3.940	.570
	Motivation you are able to provide to individuals in your group.	7 (4.7)	87 (58)	52 (34.7)	2 (0)	2 (0)	3.633	.659
	Capacity/ Skill/ Knowledge you possess pertaining to your job.	6 (4)	88 (58.7)	54 (36)	2 (1.3)	0 (0)	3.653	.571
	Your contribution in managing critical situation.	11 (7.3)	96 (64)	38 (25.3)	5 (3.3)	0 (0)	3.753	.633
	Initiative in job related matters.	14 (9.3)	100 (66.7)	32 (21.3)	2 (1.3)	2 (1.3)	3.813	.609
	Level of your acceptability by the top management as a competent person.	18 (12)	77 (51.3)	38 (25.3)	17 (11.3)	0 (0)	3.640	.837

Sources : Primary Data

Based on the above Table 1, the self evaluation of Performance level of the employees in IT companies is shown. It is clear from the table that the mean values ranging above 3.813 indicating that the respondents have scored "Medium Performance" with respect of the Initiative in job related matters. The variable statement "Efforts taken by you towards optimum utilization of available resources" has the mean value ranging to 3.940 indicating that the respondents have scored "High Performance" for this statement. The variable statement "Your effort to meet the targets" has highest mean value (4.233) indicating that the respondents are giving "Very High Performance" and the variable statement "Motivation you are able to provide to individuals in your group." has the lowest mean value (3.633) indicating that the respondents have "Very Low Performance".

QUALITY OF WORK-LIFE AND PERFORMANCE LEVEL

Null Hypothesis (H0): There is no significant difference between the Quality of work-life and the performance level of the employees in the IT companies.
Alternative Hypothesis (H1): There is significant difference between the Quality of work-life and the performance level of the employees in the IT companies.

TABLE 2: MODEL SUMMARY

Model	R	R Square	Adjusted R square	Std. Error	Change statistics sig factors
1	.416	.168	.115	.4963	.002

Sources : Primary Data , sig at 5 % level

Dependent Variable : Performance level
Co-efficient

Model Constant	Unstandardized Co-efficients			
	B	Std.E	t value	sig value
STRS	-.075	.057	-1.325	.187
WLB	-.034	.058	-.586	.559
MP	-.068	.083	-.819	.414
JS	-.071	.060	-1.183	.239
ADQ&FCP	.303	.077	3.950	.000
SI	-.076	.061	-1.239	.217

Sources : Primary Data , sig at 5 % level

Predictors: STRS- Stress, WLB- Work life Balance, MP- Management Policies, ADQ&FCP – Adequate and Fair compensation, JS- job security and SI- Social Integration.
Independent Variables : Quality of work-Life

Table 2 represents the Regression Analysis between the Quality of work-life and performance level of the employees in the IT companies. The estimated regression co-efficient represents both the type of relationship and strength of the relationship between the independent and dependent variables. The co-efficient value that denotes in the independent variables are Stress (-.075), Work life Balance (-.034), Management Policies (-.068), Adequate & Fair Compensation (-.123), Job Security (-.076) and Social Integration (.303). The standardized error estimated for this co-efficient is considerably less. The t value for Social Integration at work place (3.950) is high.

It is also clear that there is no significant difference between performance and QWL factors such as stress, Work life Balance, Management Policies, Adequate and Fair Compensation and Job security. Since P value is less than 0.050, the Null Hypothesis is rejected at 5 percent level of significant in the QWL factor of Social Integration at work place. Hence it is concluded that employees performance are high in the IT companies

FINDINGS AND DISCUSSION

The researcher would like to give the following recommendations.

➢ In the table 1, the variable statement "Your effort to meet the targets" has the highest mean value (4.233) indicating that the respondents are giving "Very High Performance" and the variable statement "Motivation you are able to provide to individuals in your group." has the lowest mean value (3.633) indicating that the respondents are having "Very Low Performance". The management should allow the employees to participate in policy level decision making. This will be an effective tool for organizational culture change and for performance improvement and also can reduce the dissatisfaction and unrest of firm production.
➢ From the Table : 2 , It is clear that there is no significant difference between performance and QWL factors such as stress, Work life Balance, Management Policies, Adequate and Fair Compensation and Job security. The management should consider the legal and social compliance and correction measure to be taken from time to time.
➢ Stress can be reduced by developing the team work activities that can result in high performance and job satisfaction.
➢ Employee's satisfaction can be achieved by embracing a certain level of employment security, job safety, free from job anxiety, reasonable wage, social life enjoyment opportunity, and participation in decision making.

CONCLUSION

Several methods of assessments were proposed, evaluated, and used to develop QWL. Based on the analysis, it was found that QWL factors did have a strong effect and influence towards the performance of the employees in the IT companies. This performance will also undoubtedly determine the success of the organization and individual goals to attain. It can be adduced from the analysis that effort to meet the targets plays a very important role in determining the level of the performance. All the factors derived through this study and their regression value between the QWL and the performance play an important part in moulding the way of the manager and employees to act, react, respond and perform to improve the QWL. An organization should follow a systematic process of keeping its view and the mission for smooth flow of work life of the employees. The role of the Human Resource Manager also play a major role in evolving with the change in the competitive environment. The imperative is that Human Resource Management must play a more strategic role in the success of the individual and organization goals.

LIMITATIONS OF THE STUDY

➢   In this Pilot study the results may not represent the whole sample population, as convenient sampling and a relatively small sample size were employed.
➢   The ratio of male and female respondents in this study may not reflect the definite male and female participation in the IT companies.

SCOPE OF THE RESEARCH

Quality of work-life promotes and maintains employee satisfaction and organizational effectiveness to achieve goals. The research will, therefore, aim at examining the recreational activities and Quality of work life to improves performance and satisfaction of the employees in Information Technology companies. It is also intended that it will help to balance the employee's work and non-work life, inspire them to work enthusiastically, promote cooperation and facilitate conflict management, employee commitment, self-efficiency and organizational effectiveness. In this, Factors to be finding out on Quality of work life which affects the employees work life and give solution to reduce absenteeism, labour turn over and attrition in Information Technology companies.

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SALES PROMOTION PRACTICES IN APPAREL RETAIL SECTOR AND CHALLENGES AHEAD

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ABSTRACT

Indian apparel market is at the infant stage where extensive changes are to be evident, due to mass urbanisation and shift of population from rural to urban areas we can see rapid growth which has spawned a new class of consumers with more money to spend, and mainly a growing passion for fashion. In this new opportunistic market like India there is a high scope for apparel retailing, wherein there is significant growth opportunity for both foreign and domestic players. This research studies the industry in detail from both business point of view and customer's perspective. This research attempts to understand sales promotion practices presently implemented by organized apparel retailers, the way they evaluate these strategies and the challenges ahead. The research was divided into two parts, i.e. one from the business point of view and the other from customers' viewpoint. Hence the sample for customers consists of 200 respondents and sample of 5 multi-brand apparel retailers in Bangalore south. Primary data was collected through a structured questionnaire for customers and an interview session with the store manager of the apparel retailer on the basis of a draft questionnaire. Secondary data was collected from research reports, databases, journals, articles, previous projects etc. SPSS 17.0 and excel was used to compute the data statistically. The results of the study will help the apparel retailers plan their sales promotion strategies to reach their customers and influence them to visit their store to purchase apparel products.

KEYWORDS

apparel discounts, apparel retailer, apparel sector challenges, sales promotion.

INTRODUCTION

The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even with other companies and compete with them. The India Retail Industry is gradually inching its way towards becoming the next boom industry.

The total concept and idea of shopping has undergone a phenomenol change in terms of retail formats and consumer buying behavior, ushering in a revolution in shopping in India. Modern retailing has entered into a new phase in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.

A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing working women population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized retail sector in India. The growth pattern in organized retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the India retail industry.

In India the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the Indian retail Industry to grow faster. Indian retail is expected to grow 25 per cent annually.

According to various studies there are seven aspects of the promotional mix. In the case of sales promotions media and non-media marketing channels are employed for a fixed period of time to create demand and increase sales. Examples include contests, discounts, coupons, freebies, offers, schemes and rebates. Sales promotions can be introduced to three sets of people, namely the customers, sales staff, and distribution channels such as retailers or wholesalers.

Sales promotions activities targeted at the consumer are called 'consumer sales promotions'. Sales promotions designed to target the retailers and wholesalers are called 'trade sales promotions'. Sales promotion is basically designed in such a way that it provides value addition or benefit to customers, wholesalers and retailers to maximize the sales turnover. These strategies are mainly an attempt to create interest and a positive word of mouth to create a need and a desire to purchase.

The objectives of sales promotion include to enter new markets, to attract new customers and retain the existing ones, to clear old and non moving stocks, to meet the challenges of competition, to create awareness and a positive word of mouth in the market. Sales promotions tools include buy-one-get-one-free, loyalty card programs, free gifts, discount prices during end of season and festivals and joint promotions.

REVIEW OF LITERATURE

Several studies have been conducted on apparel retail sector worldwide including developing countries, but reports and studies on usage of promotions are majorly in context with developed markets only. A brief overview is presented below.

Dhir, Sachdeva and Jain (2011) have said that the Indian domestic market for apparels is growing very fast and only 16% is organized. They have forecasted that the growth of the domestic market is expected to be tremendous; growth drivers include increased income, high growth of Gross Domestic Product (GDP), rapid urbanization, organized retail, entry of large players, awareness & need to look fashionable. They have found that the Indian wear, especially in women segment has captured a larger market share. It also says that this area of apparels is highly unorganized with very few branded players.

Pal (2010) says that, 'The Indian retail industry undergoes major revolutions. Retailing in India is gradually becoming the next boom industry. In India, there will be the fastest growth in retailing and real estate. The consumer buying patterns and behavior are changing steadily. The growth of India's retail sector not only limited to urban areas but also growing in rural areas. In the next five years, it is expected that, India's retail industry will expand by more than 80%.'

Liu, Yuping (2007) found out the long-term impact of loyalty programs on consumer purchase behavior and loyalty. The study found out that consumers who were heavy buyers at the beginning of a loyalty program were most likely to claim their qualified rewards.

Rahil (2007) have covered the whole retail sector of India. This paper starts with the potential of this industry wherein the industry was initially overlooked by both government and business giants but today has become a major area of investments. The paper here continues to bring out the Indian retail story with the objective of highlighting some of the major concerns that organized retailers will have to consider as they venture into the Indian market. The paper outlines the transformation of the Indian consumers and highlights the characteristics of the unorganized and organized retail sectors in India. It then covers some of the ground realities of the support infrastructure that will pose major challenges to the large retail chains in India. Finally the paper ends with some lessons for both domestic and foreign organized retailers as they attempt to make entry into the largely unexplored but tremendously fertile Indian retail landscape.

Heerde, Gupta (2003) in their report the authors speak about the elasticity of promotion activities. The authors prove that approximately 74% of sale promotions help in brand switching or in other words help companies to pull in customers of their competitors, and the remaining effects the demand and sales. The authors offer a complementary decomposition measure based on unit sales. The measure shows the ratio of the current cross-brand unit sales loss to the current own-brand unit sales gain during promotion; the authors report empirical results for this measure. They also derive analytical expressions that transform the elasticity decomposition into a decomposition of unit sales effects. These expressions show the nature of the difference between the two decompositions. To gain insight into the magnitude of the difference, the authors apply these expressions to previously reported elasticity decomposition results and find that approximately 33% of the unit sales increase is attributable to losses incurred by other brands in the same category.

Dana (1998) studied consumers' attitudes towards the use of coupons (a price-oriented promotion) and sweepstakes (a non-price promotion). The models were designed specifically for developing or newly industrialized countries with collectivist cultures and were tested with consumer samples from Taiwan, Thailand, and Malaysia. The study suggested that marketing managers use price-oriented promotions such as coupons, rebates, and price discounts to increase sales and market share, entice trial, and encourage brand switching. Also the use of non-price promotions such as sweepstakes, frequent user dubs, and premiums add excitement and value to brands and encourage brand loyalty.

IMPORTANCE OF THE STUDY

The apparel retail landscape is changing phenomenally with globalisation which has led to lot of players in the apparel retail sector. All apparel retailers are vying with each other to retain existing customers and attract new customers. To achieve this objective all the apparel retailers plan sales promotion activities both short term and long term. Hence, it is important to study the various sales promotion activities implemented by the organised apparel retailers. This research attempts to understand the sales promotion practices presently implemented by organized apparel retailers, the way they evaluate these strategies and the challenges ahead for them to continue to be profitable in the competitive market.

STATEMENT OF THE PROBLEM

It is seen that many organized apparel retailers use sales promotion activities widely to promote their outlets and to make maximum sales. In spite of wide use of sales promotion activities in Bangalore there has hardly been any study on examining the sales promotion practices followed by apparel retailers in Bangalore. Apparel sector has seen rapid growth in Bangalore's organized apparel retailer market, wherein we have huge retailers fighting out to catch up their share in the market.

With such an emerging sector it is very important to understand the sales promotion practices followed by multi-brand apparel retailers, implementation and managerial challenges for future changes.

OBJECTIVES

The study is to understand the current sales promotion techniques adopted by multi-brand apparel retailers in Bangalore.
1.   To compare and understand different sales promotion practices used across multi- brand retailers.
2.   To find the evaluation criteria used by the multi-brand apparel retailers for sales promotions activities.
3.   To know the challenges ahead for the multi-brand apparel retailers.
4.   To understand the sales promotion influence on purchasing trend of customers.

HYPOTHESIS

H0: There is no significant influence of sales promotion on consumer purchase in apparel store.
H1: There is a significant influence of sales promotion on consumer purchase in apparel store.
Where H0 is Null Hypothesis and H1 is Alternate Hypothesis.

RESEARCH METHODOLOGY

Here exploratory research design has been used for good and qualitative outcome. The data collected is completely based on qualitative method for apparel retailers and quantitative method for apparel customers. The data is collected by using open-ended questionnaire presented to the store managers and department managers of apparel retailers for their opinions and the data is further interpreted. It was more of an interview based interaction wherein the questionnaire helped as a base. For getting the customers perspective, a structured questionnaire was prepared and responses.

The source of data is both primary and secondary. The secondary data was collected from company reports, industry research reports, articles and journals. Also, interaction with the marketing companies of these retailers during the course of data collection helped in knowing the market and different types of promotions as well.

Understanding of secondary data helped in interacting with the target sample and structure the questionnaire. Convenience sampling technique was used.

In the first stage the population was divided into two broad categories namely, the apparel retailers and the customers. The selection was based on a convenience basis as per personal judgment and availability.

In the second stage, to understand the buyer's behavior their data was further divided according to their shopping destination.

In the third stage, data from all the five retailers were compared on a few parameters and the findings from that data has been identified and details captured.

Sample size consisted of 5 respondents who were apparel retailers for qualitative study and 200 respondents who were apparel retail customers for quantitative study. An extensive fieldwork was conducted for a period of more than 30 days wherein the apparel retailers were interviewed on the basis of predetermined set of questions.

Then a different set of structured questionnaire was used to collect data from the direct customers.

The collected data from the apparel retailers were set in a tabular form and the findings of each of the five retailers were compared and analyzed in detail. The data collected from the customers were analyzed using SPSS 17.0 package.

RESULTS AND DISCUSSION

All the companies have a basic target audience which is mainly between 19-30 years of age. These are the target customers to rope in for the retailers. But these are again differentiated on the basis of their standard of living and preference. Each and every company has their own methods to evaluate any particular promotional campaign. Companies like planet fashion want to just clear the pending stock, megamart has sales promotion on the basis of sales generated, shoppers stop on the basis of conversions and footfalls generated. Best method was adopted by lifestyle wherein they compared revenue, sales, quantity; all three on monthly and weekly basis and then on the basis of time period, i.e. revenue, sales, quantity during promotional period compared to non promotion period. Coming to the future challenges that the companies feel and strategies they are coming out with, all are very positive and optimistic about the future competition and considering it to be an opportunity, two are entering the online sales route, one is changing its store appearance and store type and one is planning to enter the tier II markets.

FINDINGS

SPSS 17.0 was used to analyze data relating to customers responses. Table 1 shows the Anova test done for testing hypothesis. The data about sales promotions activities of multi-brand apparel retailers is qualitative in nature based on interviews with the store managers and department managers of the five stores. This data is tabulated in Table 2.

TABLE 1: ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
	Between	5.779	3	1.926	2.839	0.039
Influence of	Groups					
Sales	Within	132.976	196	0.678		
Promotion on	Groups					
Consumer	Total	138.755	199			
Purchase in apparel Store						

Interpretation

H0: There is no significant influence of sales promotion on consumer purchase in apparel store.

H1: There is a significant influence of sales promotion on consumer purchase in apparel store.

Where H0 is Null Hypothesis and H1 is Alternate Hypothesis.

From Table 1; p-value=0.039 < 0.05, hence H0 is rejected and H1 accepted.

There is a significant influence of sales promotion on consumer purchase in apparel store.

TABLE 2: SALES PROMOTIONS ACTIVITIES OF MULTI-BRAND APPAREL RETAILERS

Store name	Planet Fashion	Mega mart	Lifestyle	Reliance Trends	Shoppers Stop
1.End of Season Sale	Yes	Yes	Yes	Yes	Yes
2.Festive Promotions ((Diwali, Christmas etc)	Yes	No	Yes	Yes	Yes
Loyalty card program	No	Yes	Yes	Yes	Yes
Special Promotion Event	No	Yes	Yes (Shoe fest, Denim fest, etc) categorywise	Yes (republic day, independence day	Yes (suits mela, formal mela etc)
Joint Promotion	No	Yes (radio 94.3,sponsorships)	No	No	Yes (Citibank, Vibes, Horlicks, Movies etc)
Media used	Print, T.V	In store, Electronic, Print, radio	Hoardings, Instore promo, print, radio, pamphlets	Print, electronic, hoardings	Below the line activities
Target Population	25-40 yrs, office goers	All age groups	21-35 yrs, fashionable youth	All age group, middle class	Different categories for different age groups
Promotion Type	Flat 60%, direct clearance	Price promotion, free gifts, contests, combo offers	Gift vouchers, discounts, contests	Gift vouchers, discounts	Discounts, gift vouchers, discount promotions
Evaluation of promotion	Clear stocks and increase sales	Increase sales revenue	Comparison of sales revenue, qty on week, time period basis	Sales period & non-sales period	Conversion of footfalls generated
Future challenges & strategies	Positive, Entering of online retailers	Very positive, top level management decision	Store products based on changing choice and preferences of consumers	huge positive scope, entering tier II cities	Very optimistic, many benefits. Entering online sales.

Interpretation

The Table 2 above gives a comparative detail of five multi brand apparel stores of bangalore south and information about their sales promotion activities, evaluation methods and strategies. Below are the interpretation of the findings in detail:

- Apparel sector is a very dynamic and innovative sector where trends, tastes, and preferences of apparel customers changes very fast. Hence clearing of stock twice a year with more than 50% off on MRP is used. If the stocks are not cleared it can remain unsold adding to the inventory cost and shelf space. As a result we can observe that all the stores in this sector engage in end of season sales.
- In India purchases take place frequently due to many occasions and reasons making it a must to make purchases. Seeing this factor promotional offers are very much there during the festive period majorly on new arrivals. Wherein there are hardly any huge discounts offered but many different offers and schemes.
- Data also shows that four out of five stores use loyalty card program to motivate and encourage their customers to visit frequently and make high units of purchases. For the sake of convenience and one stop shopping experience, companies are coming out with new formats wherein variety of products, right from baby products to household requirements to personal requirements are sold.
- Looking into the rewards and benefits of the loyalty card we found many gaps, like customers are not very well versed with all the benefits. The terms and conditions differ for different periods and seasons, and the ways to redeem their points.
- Special promotion events which was initially started by pantaloons retail in the form of exchange has not yet been brought in or explored by any other company, for special promotions companies do have promotions but they are category based e.g. shoes fest, suits mela etc, wherein the offers or discounts again stand to be common like on different occasions.
- None of the companies conduct joint promotions and not many have still explored this avenue, except for megamart and shoppers stop. Both have their own respective ways to promote themselves, like mega mart collaborating with radio programs, college fests etc. In case of shoppers stop they are famous for their collaboration with citibank, horlicks and movie sponsorships.
- Joint promotions basically help with sharing promotional cost, increase visibility, increase awareness and more accessable customer base.
- In this sector companies majorly use local ways of promotion to create awareness and word of mouth. Usually companies in this sector have below the line (BTL) marketing strategies which are the current trend. In market like Bangalore media like hoardings, print, radio is majorly used.
- This helps them to get in touch with existing and new customers and enhances their current footfalls leading to higher sales based on conversions.
- All the companies have a basic target audience which is mainly between 19-30 years of age. These are the target customers to rope in for the retailers. But these are again differentiated on the basis of their standard of living and preference.
- Each and every company has their own methods to evaluate any particular promotional campaign. Companies like planet fashion want to just clear the pending stock, megamart has sales promotion on the basis of sales generated, shoppers stop on the basis of conversions and footfalls generated.
- Best method was adopted by lifestyle wherein they compared revenue, sales, quantity; all three on monthly and weekly basis and then on the basis of time period, i.e. revenue, sales, quantity during promotional period compared to non promotion period.
- Coming to the future challenges that the companies feel and strategies they are coming out with, all are very positive and optimistic about the future competition and considering it to be an opportunity, two are entering the online sales route, one is changing its store appearance and store type and one is planning to enter the tier II market.

SUGGESTIONS

Interact with the customer and make them feel special, create a friendly relation with the customers. As sales promotions influence customers to purchase from apparel stores, have sales promotions running for a fixed time period which is short term, creating a sense of urgency to shop and ensure happiness with the shopping experience. Give surprise to customers by giving them special service and offers

exclusively designed for their birthdays, anniversaries etc. Get into joint promotions especially with movies, as the Indian customers are movie freaks and would look forward to get apparel brands used in the films.

CONCLUSIONS

The information obtained from the five multi-brand apparel retailers and the direct customers revealed that sales promotions positively influence consumers to purchase from the stores. Sales promotions has become a long term affair rather than being a short term excitement and interest building activity. Today all apparel retailers have promotions for any of the occasions, festivals and seasons, to increase their sales revenue and profits. The industry has many large multi-brand retail formats with innovative promotion strategies. It was found how a store evaluates any particular promotion and according to the evaluation what action has to be taken. The study was also done to understand what future challenges or opportunities the company sees especially with many new large format experienced players entering the market. For this most of the companies without much hesitation told that competition is always a challenge but the untapped markets, hardly explored places is of huge opportunity. About the strategies for future as a business to tackle the new entrants, most of the apparel retailers are planning or have already entered the booming online sales market, others are changing themselves completely with regards to their store format, presentation, theme etc. majorly due to the changing customers taste and preferences. A few are trying to innovate in some or the other way and a few have strategized and are all ready to move into the untapped market.

LIMITATIONS OF THE STUDY

1. The study is limited to Bangalore south only.
2. There is time constraint.
3. Respondents at apparel retailers were sometimes hesitant to give out details.
4. Respondents being store managers and department managers of apparel retailers, interviewing them is subject to their availability.
5. Respondents might have interpreted the questions in a different manner, based on their mood and feelings at the time they were approached for data collection.

SCOPE FOR FURTHER RESEARCH

Further research can be done in the following ways;
• Conducting study covering retail formats of all apparel retail companies in India.
• Study comparing organised and unorganised apparel retailers.
• Impact of each sales promotion activity on increase in customer purchase.
• To analyze the return on investment of each sales promotional activity done by the apparel retailer.

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RELEVANCE OF INFORMATION SOURCE AND USE IN BUSINESS ORGANIZATION: A CASE STUDY OF SMALL SCALE TRADERS IN IBADAN SOUTH WESTERN-NIGERIA

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ABSTRACT

This study explored relevance of information source and use in Business Organization among small scale traders in Ibadan South-western Nigeria. The focus centred on the impact of relevant information source in business growth. Information utilization for business growth was treated; effect of lack of reliable information source on business was considered. Other areas covered include: information sources in business organization, information seeking behaviour of small scale traders and challenges of information sourcing and use. Research method used was survey. A structured questionnaire was used. Sample involved a total of 300 small scale traders selected from Bodija and Sango markets within Ibadan metropolitan capital city of Oyo State in south western Nigeria, using stratified and simple random sampling techniques. The result obtained revealed that Small Scale traders are aware of sources of business information, however, Business Associates and Trade associations are mostly consulted than other sources; none of the traders have consulted libraries for their business information. Challenges in information sourcing, which include: lack of time to consult information sources, non-availability of public libraries within their communities, lack of information literacy skills and poor information seeking behaviour, was identified. In general, the overall result suggested that reliable information source and use have the capacity to expand and develop business activities in Ibadan, south west Nigeria. Whereas, efforts should be made to eradicate information illiteracy, construct more public library and devise means of developing healthy information seeking behaviour among small traders. Meanwhile, recommendations were made for future study.

KEYWORDS
Business Organization, Information, Information source relevance, Information use.

INTRODUCTION

The dynamism of information makes it relevant in every sphere of human endeavours and activities. Information sourcing is paramount, especially; in finding a lasting solution to any question raised as a result man's level of uncertainties on various problems. The whole world now depends on information because this is information age. The value of information is high in decision making as well as policy planning and implementation. Information is an important commodity which has become an essential companion that cannot be compromised for anything. It answers questions of different forms which emerge as a result of plans, goals and projects as well as other required areas. It helps small scale traders to faultlessly do their business and stand out. Kokemuller (2012) posits that; a business organization is an individual or group of people that collaborate to achieve certain commercial goals. Some business organizations are formed to earn income for owners. Other business organizations, called nonprofits, are formed for public purposes. These businesses often raise money and utilize other resources to provide or support public programs.

Popoola (2002) held that ''It is incontrovertible that when vibrant business organizations are in existence, there would be increase in real Gross National Product (GNP) per head of population, and so is dependent on both consumption and investment, sustained economic growth hinges largely on adequate level of new investment'' Business organizations are economy agents, which aims at making profit through production and or sales of goods and services. Business activities in the world at large are not limited to companies alone; groups and individuals also get involved. Information sourcing and use in the economic growth and development is as important as other factors of production, because facilitates and enhances the acceleration of all other factors of production. Moreover, information sources that are available to business organizations are many and exist in different forms. The type of information upon which a business organization operates will affect its operation; it is imperative for business organizations to cultivate the right information seeking habit. Business organization and its activities is the process and state of organizing, planning, as well as the arrangement of both human and non-human resources in all system for the purpose of buying and selling of goods and services. Organizations and ministries embark on research activities, take statistics, evaluate and assess their products and services because the feedback they intend to get will serve as graphical status of the company; that feedback is information. In addition, any innovation and development that gets rooted in anyone drew its source from information; this is because information leads to development. Hence, information equips, teaches, empowers and transforms.

REVIEW OF LITERATURE
CONCEPT OF BUSINESS INFORMATION
Robert (2012) is of the opinion that Even though information and data are often used interchangeably, they are actually very different. Data is a set of unrelated information, and as such is of no use until it is properly evaluated. Upon evaluation, once there is some significant relation between data, and they show some relevance, then they are converted into information. Now this same data can be used for different purposes. Thus, till the data convey some information, they are not useful. Kauffman (2010) opines that Information… arises… as natural selection assembling the very constraints on the release of energy that then constitutes work and the propagation of organization. Popoola (2002) define information as the aggregation or processing of data to provide knowledge or intelligence, it is concerned with the ideas and the using of it is a complex process includes taking in and giving out. Information is structured data, which adds more meaning to the data and gives them greater context and significance when used to solve a problem. However, Information is indispensable for every business manager in controlling business activities; planning business development; outrun competitors; scanning the environment for competitive advantage; and making reliable decision. It could also be described as an organism with a clear life cycle which can be processed and refined into finished products; it has the capacity to increase with use; it changes the knowledge state of the recipient.

Moss (2004) defined Business Information as one of the three main segments of the information industry. The other two segments are scientific, technical and medical (STM) and educational and training content. Where much of the content industry revenues are advertising-driven, the business information segment remains largely driven by paid content, either via subscription or transaction (pay-per-view). While the Internet has made it easier for business information publishers to deliver content directly to their users, there remains a strong market for aggregators of such content which package and customize business

information. Microsoft (2010) states that ''Business information sets are customized groups of information, about either an individual or an organization that can be used to quickly fill in appropriate places in publications, such as business cards and flyers'' You can create as many different business information sets as you want'' Small scale traders rely on a broad series of information resources to stay competitive. Okello-Obura (2011) explained two of the challenges of providing quality information services to small scale traders. He said '' the issue of the skills of the people handling information. How secured is the information so that a SME manager can make reference to at any time of the business? Cases of theft of materials or unavailability of websites after sometime are common. For the case of Internet based resources, business information providers might need to have the skills of archiving business information resources. The availability of the infrastructure and facilities like computers, telephone, Internet etc is a crucial factor in contributing to quality business information access and utilisation. Okello-Obura (2008) argues that there is a need for collaboration between various industrial and trade organisations, professional bodies, private enterprises and government departments to provide SMEs with a comprehensive range of business information, advice and facilities. This implies that the issue of quality information becomes evident. However, this is dogged by numerous challenges.

BUSINESS ORGANIZATION

Business includes the activities of all commercial producers of goods and services. These producers range from small shops owned by one person to huge organizations owned by thousands of stakeholders who have shares in the companies. The word business may refer to producers of the same product or service, such as the clothing business or the insurance business. An individual enterprise may also be called a business. Business affects nearly every part of our lives and provides almost all the goods and services that we use daily. It also supplies most of the jobs and salaries that enable us to buy those goods and services- The World Book Encyclopedia, 2006. A business organization is a group or a unit of people working together with a common objective of profit maximization. But profit maximization is not the only objective. They also satisfy human needs and wants by producing goods and services. Business and organization are inseparable. They are simply two aspects of the one thing'' The effectiveness of a business organization often relates to the ability of leaders to get all departments and employees to work together toward company objectives. Garrison (2013) states that ''it is important that the business owner seriously considers the different forms of business organization—types such as sole proprietorship, partnership, and corporation. Which organizational form is most appropriate can be influenced by tax issues, legal issues, financial concerns, and personal concerns'' Forms of business organization are as follow: Sole proprietorship which consists of one individual doing business; Partnership which consists of two or more individuals in business together; Corporation which account for the larger employment generation in the economy.

Also, business organization may be classified as small scale business and large scale business. Small-scale businesses play significant role as a tool for economic empowerment in Nigeria but many underprivileged Nigerians' capacity for wage earning and autonomous existence are curtailed and most of them are adversely disempowered materially and otherwise. Small scale business is also referred to as Small and Medium Enterprises (MDEs). The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2001). Small-Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved. Some researches into small-business development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow, 2009) Akabueze, (2002) succinctly stated that it would seem reasonable to expect that small businesses would grow and flourish, but the rate of business failure continues to increase because of the obstacles affecting business performance which include: lack of financial resources, lack of management experience, poor location, laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. Others include: shortage of raw materials, handicap in obtaining finance, inadequate competent personnel, inability to control costs and problems of dumping of cheap foreign products and others.

INFORMATION SOURCES IN BUSINESS ORGANIZATION

Information sources available to small scale traders are in different form; an effective business owner is expected to research information from a variety of sources that can help in making decisions for business growth. Business information is one of the aspects of information industry. Leigh (2013) explained that ''Businesses need information to be successful, and that information can come from a variety of sources, both internal and external. Understanding the various sources of information and how to access them can help companies and their leaders stay on top of emerging trends and environmental factors that can affect their success. The good news: Much of it is free'' He moreover suggested the following sources of information; **Associations-**There are literally thousands of associations that cover industries, trades and professionals across the wide range of business interests. From personal avocations to professional pursuits, business people can find associations that provide access to information and resources for members--and sometimes for non-members. **The Internet**-The Internet is a significant source of information--both free and paid--to meet virtually any business needs. From websites to blogs to social media channels, businesses can find useful information and make connections. **Internal**-Businesses should not overlook internal information that can provide important insights into employee and customer issues. Turnover rates, employee satisfaction data, sales data, customer purchase histories and customer satisfaction data should be carefully catalogued and used to make sound business decisions about future actions. Jorosi (2006) argues that the main sources of business information for SMEs include competitors, customers, business associates, government officials, broadcast media, newspapers/periodicals/magazines, government publications, trade and industry associations, libraries and electronic sources.

INFORMATION USE OF SMALL SCALE TRADERS

Small scale traders want information about their product, services and customers, because information has value and capable of promoting their businesses. Decision-making is an essential part of good business development. At one point or the other, business would make decisions that range from: operational; tactical; and strategic. Privacilla Public License (2003) opine that '' There are two major uses of customer information that make information valuable. Businesses use it to learn what customers want and need. Second, they use it to more efficiently offer their products to customers. Let us take each in turn. Businesses expend a great deal of effort to learn the desires of consumers. Almost every business is in a constant competition to please and retain customers. Each vies not only with its direct competitors, but with the makers of substitute products'' Small scale traders use information to transform products and services, as well as maximize their profit and attractiveness to consumers. Information use aid decision making in business organization; decision making is imperative for business development. Bowett Richard (2012) said Decision-making increasingly happens at all levels of a business. This needs careful recruitment and selection, good training, and enlightened management. Information use is sometimes facilitated by strong information system. To be successful in today's competitive marketplace, organizations need access to a business information system that produces accurate and targeted information about customers, market intelligence and competitive intelligence. The chance of missing important information is high; the probability of getting important information to all the right people at the right time is low. Plus, finding a business information system that can be easily integrated into an existing information infrastructure or enterprise portal is complicated. (Jones Dow, 2013).

STATEMENT OF THE PROBLEM

The need to study the impact of reliable information sources on Small scale traders in Ibadan south western Nigeria is appropriate. Meanwhile, the challenge in utilizing the few sources available to them is another concern. There is need to know their knowledge state on the importance of information in their businesses; exposition to sources of business information acquisition and use is essential. In Nigeria, Small scale traders encounters several challenges in getting suitable information on their businesses which include but not limited to; lack of reliable information sources, inadequate knowledge of information medium, information illiteracy, inadequate web search skill, fund, and lackadaisical attitude. There is also need to know the importance of getting feedback from customers by these traders. Because effective management of small scale business is imperative, and knowledge of relevant information sources and use is highly needed for business growth. It is therefore necessary to research on the information sources, acquisition and utilization as well its effect on small scale business.

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OBJECTIVES

The following are the objectives of this study:

- To investigate the sources of information available to small scale traders in Oyo State.
- To examine the impact of relevant information source on the development of small scale business.
- To determine the effect of lack of reliable information on the business development of small scale traders.
- To examine the challenges faced by small scale traders while searching for business information.
- To ascertain the importance of information utilization in business organization.

RESEARCH QUESTIONS

- What are the information sources available to small scale traders in Ibadan south western Nigeria?
- What are the impacts of relevant information sources on business development?
- What the effects of availability and lack of reliable information on small scale traders' business activities?
- What are the challenges in business information sourcing and use of small scale traders?
- How regularly do small scale traders use acquired business information?

RESEARCH METHODOLOGY

Survey method was used for this study. Well-structured questionnaire titled ''Information Source Relevance and Use in Business Organization (ISRUBO)'' was designed by the researchers to collect data from the respondents. Meanwhile, the respondents were drawn from Bodija and Sango markets in Ibadan metropolitan capital city of Oyo state, South Western Nigeria. Population of the study were allowed to willingly participate in the data collection. 300 copies of the questionnaire was circulated among the respondents; they were well completed and found usable for data analysis. Stratified and simple random sampling techniques were used to select sample of 150 respondents from each of the markets, which gave total of 300 respondents. The researchers later interpret the questions in the questionnaire to those who do not understand English language. However, respondents were guaranteed the privacy of their responses. Data was analyzed using Statistical Package for the Social Sciences (SPSS).

RESULTS AND DISCUSSION

TABLE 1: GENDER DISTRIBUTION AND MARITAL STATUS OF THE RESPONDENTS

VARIABLES		FREQUENCY	PERCENTAGE%
SEX	MALE	120	40
	FEMALE	180	60
	TOTAL	**300**	**100**
MARITAL STATUS	SINGLE	72	24
	MARRIED	220	73.3
	DIVORCED	8	2.7
	TOTAL	**300**	**100**

Source: Research Field Survey, 2013

Table 1 shows that 120 (40%) respondents are males, while 180 (60%) are female. Also, 72 (24%) are singles; 220 (73.3%) are married; while there are 8 (2.7%) respondents are divorced.

FIGURE 1: AGE DISTRIBUTION OF THE RESPONDENTS
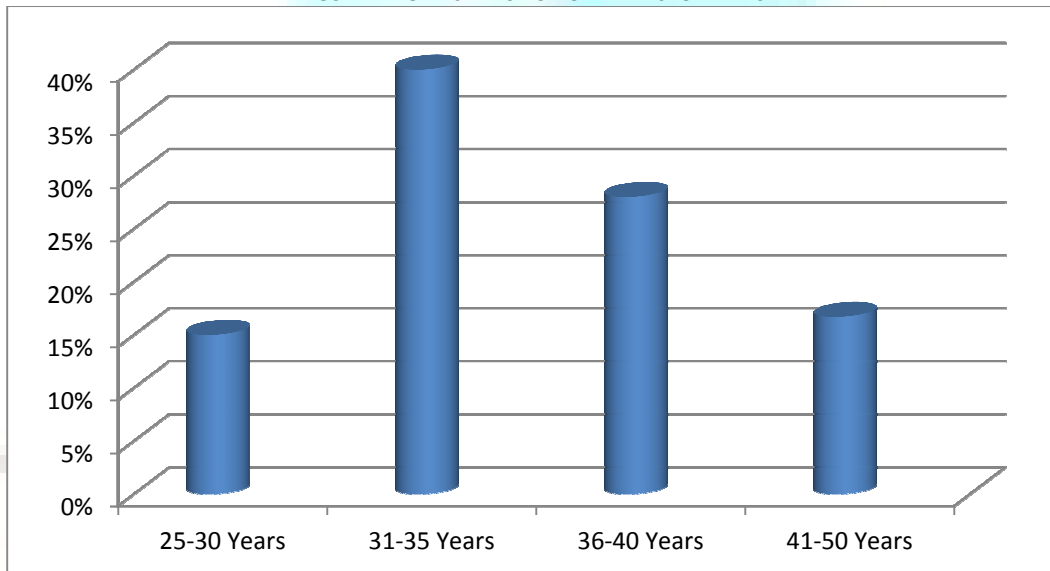
Source: Research Field Survey, 2013

Figure 1 shows the age distributions of respondents fall within 25-30 years are 45 (15%); 31-35 years are 120 (40%); 36-40 years are 85 (28.3%), while the remaining 50 (16.7%) respondents are within age 41-50 years.

FIGURE 2: EDUCATIONAL QUALIFICATION OF THE RESPONDENTS
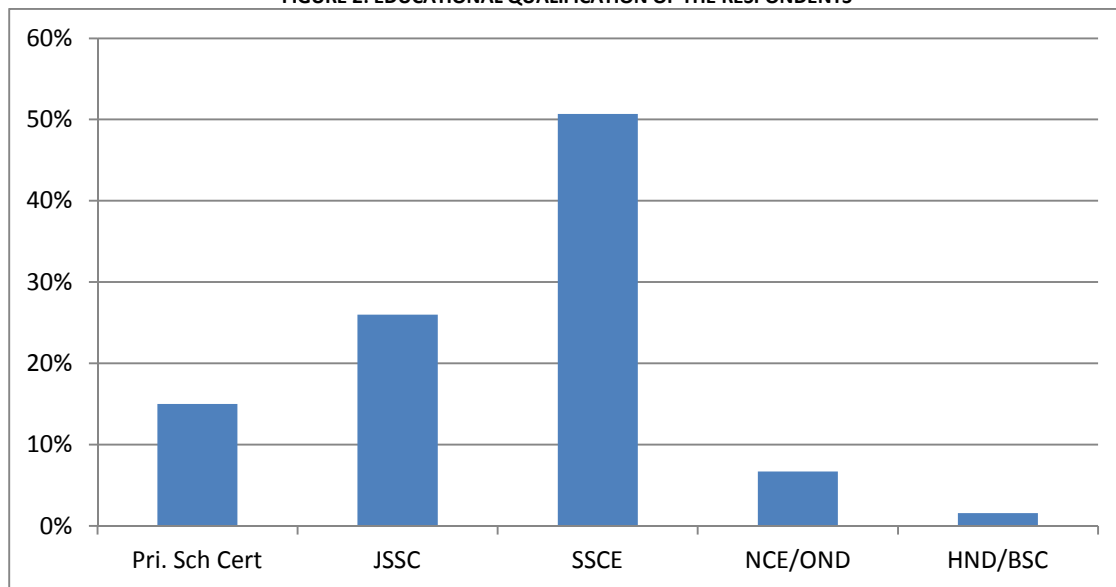
Source: Research Field Survey, 2013

Figure 2 reveals that 45 (15%) respondents had Primary Education Certificate; 78 (26%) had Junior Secondary School Certificate (JSSC); 152 (50.7%) had Senior Secondary School Certificate Examination (SSCE). 20 (6.7%) respondents had Nigeria Certificate in Education (NCE)/Ordinary National Diploma (OND)while 5 (1.6%) respondents had Higher National Diploma (HND)/Bachelor of Science (Bsc).

TABLE 2: INFORMATION SOURCES OF SMALL SCALE TRADERS IN IBADAN SOUTH WESTERN NIGERIA

Information sources	Frequency	Percentage %
Competitors	36	12
Customers	66	22
Business Associates/Trade Associations	165	55
Libraries	0	0
Electronic media resources	12	4
Newspapers	18	6
Government publications	3	1
Total	**300**	**100**

Source: Research Field Survey, 2013

From Table 2, 36 (12%) respondents indicated ''Competitors'' as their source of information; 66 (22%) pointed to ''Customers'' 165 (55%) of the respondents expressed satisfaction in ''Business associates/Trade Associations'' as their business information source. Meanwhile, 12 (4%) respondents revealed ''Electronic media resources'' as their information source; 18 (6%) indicated ''Newspaper'' While 3 (1%) picked ''Government publication''

TABLE 3: IMPACT OF RELEVANT INFORMATION SOURCE ON BUSINESS DEVELOPMENT

| Variables		Agree		Partially Agree		Disagree	
		Freq	%	Freq	%	Freq	%
Impact of relevant information source on business development	Reliable information source enhances business growth.	300	100	--	--	--	--
	Relevant information sources bring business innovation.	285	95	15	5	--	--
	Business information that is reliable is capable of equipping traders with improved management skill.	300	100	--	--	--	--
	Information received from dependable sources on business activities has positive influence on business development.	300	100	--	--	--	--

Sources: Research Field Survey, 2013

Table 3 unveils the impact of relevant information source on the development of small scale business. All the 300 (100%) respondents agreed it enhances business growth. 285 (95%) respondents indicated that it brings business innovation; 15 (5%) partially agreed. The entire respondents agreed that reliable information is capable of equipping traders with improved management skill. Also, 300 (100%) respondents agreed that right information source has positive influence on business development.

TABLE 4: EFFECT OF AVAILABILITY AND LACK OF RELIABLE INFORMATION BUSINESS ACTIVITIES

Variables		Agree		Partially Agree		Disagree	
		Freq	%	Freq	%	Freq	%
Effect of lack of reliable information on business development of small scale traders	Small scale traders need relevant information for competitive advantage.	287	95.7	9	3	4	1.3
	It is always good to welcome complaints and feedback on business activities from customers.	268	89.3	27	9	5	1.7
	To remain strong and compete well, it is good to scan the business environment for product price survey.	288	96	12	4	--	--
	Lack of reliable and timely information has negative effect on business growth.	294	98	6	2	--	--
	Having accurate information can reduce cost, minimize waste, increase profit; improve products and services of small scale traders.	278	92.7	12	4	10	3.3

Source: Research Field Survey, 2013

In table 4 287 (95.7%) respondents assent that dependable information is needed for competitive advantage; 9 (3%) respondents partially agreed, while 4 (1.3%) disagreed. 268 (89.3%) respondents agreed it is always good to welcome complaints and feedback from customers; 27 (9%) respondents partially agreed and 5 (1.7%) respondents disagreed. 288 (96%) indicated it is good to scan the business environment for price survey; 12 (4%) respondents partially agreed. Moreover, 294 (98%) respondents agreed with the statement that says ''Lack of reliable information has negative effect on business growth'' 6 (2%) respondents partially agreed. However, 278 (92.7%) respondents believed accurate information can reduce cost, minimize waste and improve products and services; 12 (4%) respondents partially agreed while 10 (3.3%) respondents disagreed. In addition

TABLE 5: CHALLENGES IN BUSINESS INFORMATION SOURCING AND USE OF SMALL SCALE TRADERS

Variables		Agree		Partially Agree		Disagree	
		Freq	%	Freq	%	Freq	%
Challenges in searching for reliable business information	I can not read, write and understand English language very well.	125	41.7	111	37	64	21.3
	I do not have time to read newspaper.	256	85.3	12	4	32	10.7
	There is no public library in my area.	288	96	10	3.3	2	0.7
	I do not have basic information literacy skills.	295	98.3	5	1.7	--	--
	I do not know how and where to get reliable information sources on business development.	286	95.3	8	2.7	6	2

Source: Research Field Survey, 2013

Table 5 centred on the challenges faced by small scale traders while searching for reliable business information. 125 (41.7%) respondents agreed they can not read and write English language; 111 (37%) partially agreed and 64 (21.3%) disagreed. 256 (85.3%) respondents indicated they do not have time to read newspaper; 12 (4%) respondents partially agreed; 32 (10.7%) respondents disagreed. However, 288 (96%) respondents agreed they do not have public library in their area; 10 (3.3%) partially agreed and 2 (0.7%) disagreed. 295 (98.3%) respondents agreed they do not have basic information literacy skills while 5 (1.7%) partially agreed. Lastly, 286 (95.3%) respondents said they do not know how and where to get reliable business information; 8 (2.7%) respondents partially agreed and 6 (2%) respondents disagreed.

FIGURE 3: FREQUENCY OF BUSINESS INFORMATION USE
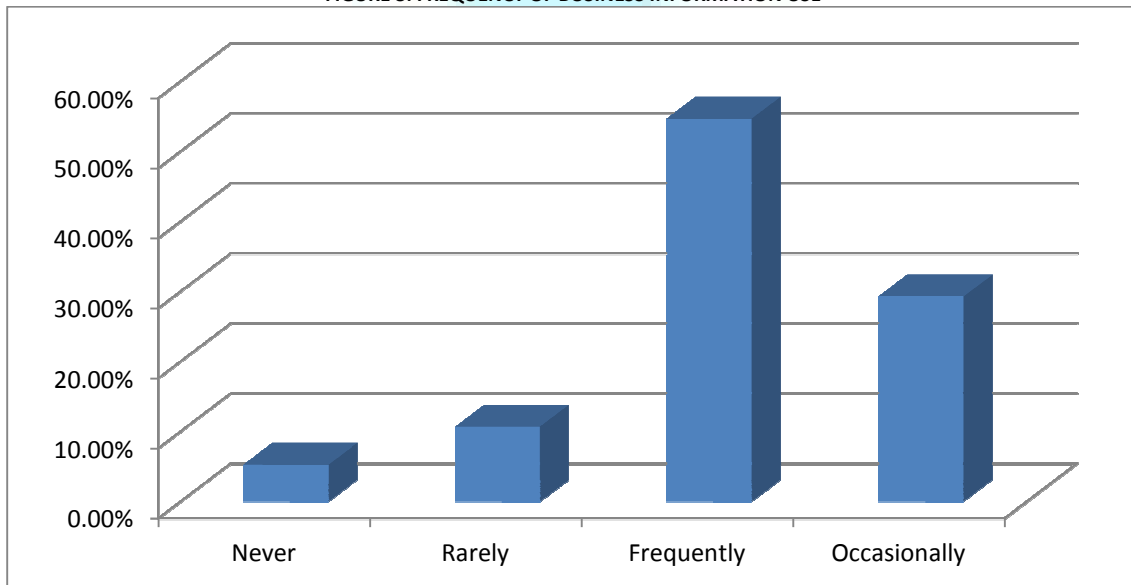
Source: Research Field Survey, 2013

Figure 3 revealed the frequency of business information use. 16 (5.3%) respondents picked ''Never'' 32 (10.7%) selected ''rarely'' 164 (54.7%) choose ''frequently'' While 88 (29.3%) respondents picked ''occasionally''

FIGURE 4: EFFECTIVENESS OF INFORMATION USE FOR BUSINESS GROWTH

Source: Research Field Survey, 2013

Figure 4 shows the impact of reliable information use on business development. None of the respondents selected ''not effective'' 24 (8%) respondents indicated ''rarely effective'' 78 (26%) said it is ''effective'' While 198 (66%) respondents picked ''very effective''
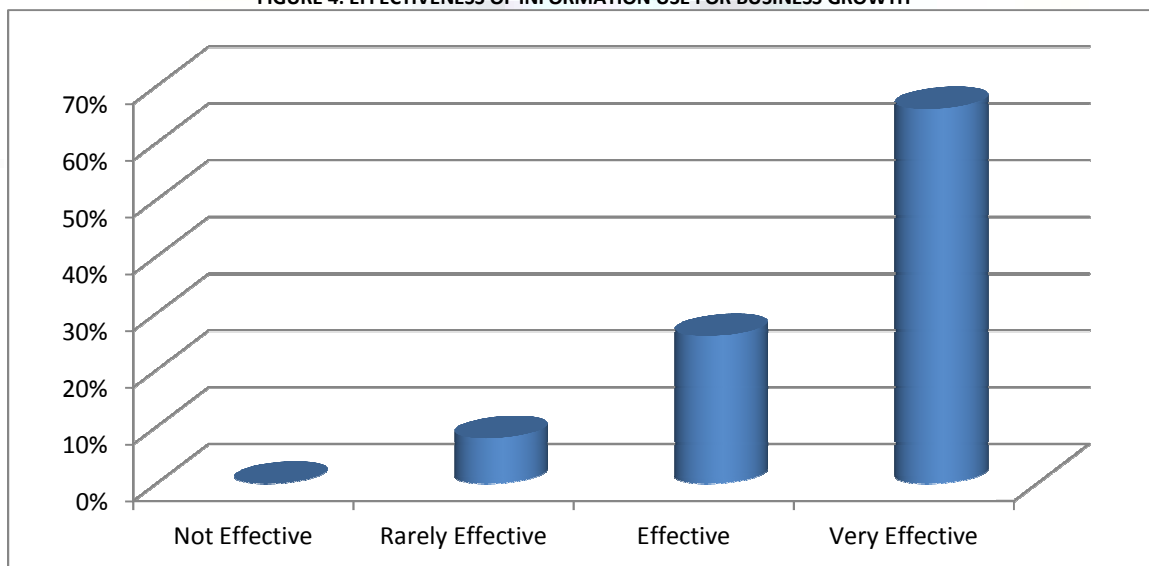
FINDINGS

This study revealed that small scale traders in Ibadan South western Nigeria are young adult with majority 40% within age range of 31-35 years. The results of this study established different information sources available to small scale traders in Ibadan Oyo State, Nigeria. They are: competitors, customers, Business Associates/Trade Associations, Libraries, Electronic media Resources, Newspapers, and Government publication. From table 2, 55% respondents indicated ''Business Association/Trade Associations'' as their most reliable information source. Information about price variation, new products, marketing, management and customer service relation are frequently discussed in trade associations. It is note-worthy that small scale traders are aware of business information sources, although none of the respondents uses The Library.

Moreover, this study discovered from table 3 that all the respondents (300 i.e. 100%) knew the positive impact of reliable information source on business development. They gave their answers to questions asked on impact of relevant sources of information on business development. This implied that they were knowledgeable of importance of information to business decision making. Also in table 4, 95.7% respondents indicated that reliable information is needed for competitive advantage. The implication of this is that any trader that will compete and be successful in any business environment must be the one with right information per time. Majority of the respondents, 98% also agreed that lack of timely and reliable information is capable of affecting business growth. It is very evident in this study that, relevant information has the capacity to reduce business cost, minimize waste and also improve products as well as services; these cuts give rise to profit making in the business.

Moreover, this study focused of on the challenges faced by the small scale traders in Ibadan south western Nigeria in their quest for reliable information sources and use. From the result obtained in Table 5, it was evident that 41.7% respondents can not read, write and understand English language. This is a great challenge especially in the process of information acquisition and use. Information comes in different format, it could be oral or reading; print or non-print; image or object. Information absorption is user-centred, and it is aided by users' ability to understand available information. Even when reliable information is made accessible, it would be worthless if those it meant to benefit do not understand it. Also, this study gathered from 96% respondents that there is no public library in their locality. Information illiteracy is another challenge of small scale traders in Ibadan, South western Nigeria. 98.3% respondents do not have basic information literacy skills. Information literacy is the ability of an information seeker to realize his information needs; develop healthy seeking behaviour; evaluate sources; access and retrieve information when found; and also to use acquired information for decision making. Therefore, information literacy is a central skill every information seeker must possess in order to determine reliable of information source and use. Besides, poor information seeking behaviour is another major challenge of small scale traders in Ibadan, South western Nigeria, and 95.3% respondents have poor information seeking behaviour. Information seeking behaviour could be defined as all the skills, means and strategies employed by a user while searching for reliable information. Information seeking behaviour determines sources to be explored; information source determines reliability of information. Hence healthy information seeking strategy should be developed in the process of searching for reliable business information.

In addition, results analyzed shows high usage of acquired business information by small scale traders in Ibadan, Nigeria. 54.7% respondents frequently use information. Though there are 5.3% respondents who never used acquired business information. Information use is application of knowledge acquired from information acquisition to the process of decision making. It is the application of information for problem solving. To this end, the reliability of any information or sources is found in its application to situations and events. It is the right application of information that removes the pains and rigor of information seeking process. Information use also aid information literacy skills of the user; it brings confidence in the person using it; it gives reliability and credibility to the source. Meanwhile, 198% respondents ascertained the importance of information utilization in business organization is very effective. This means the effectiveness and development of business activities is deep-rooted in right information utilization. It is not enough to source for and acquire information only; it is best explored for competitive advantage when utilized.

RECOMMENDATIONS

- Small scale traders should apart from business associates/trade associations, consult other sources of information like newspapers, libraries and electronic resources. Most recent and updated information from business experts on business growth are always available.
- Business/Trade associations should intensify their quest for knowledge and literacy by urging Oyo State Government to devote huge money to building more public libraries in Ibadan city and its environs, so as to facilitate information accessibility and use of citizens.
- Business/Trade associations should improve on her strategies by developing strong relationship with Oyo State Library Board by organizing; adult education or remedial studies and also organize formal classes where basic information literacy skills will be taught. These will help to eradicate illiteracy.
- Small scale traders in Ibadan Oyo state, Nigeria should ensure they utilize acquired information. This helps to determine the reliability of the source and the effectiveness of the information when used.
- Traders should develop healthy information seeking behaviour; search reliable information sources; consult information managers/experts on difficult task and also evaluate information sources very well, because not every source of information available for use is reliable.

CONCLUSION

Information source determines information reliability, credibility of information is generally known after utilization. The use of information is encouraged in business organizations, whereas, sources from which ones must be well evaluated by the user. Though small scale traders are opened to different sources of information for business development, such growth can only be attained by consulting reliable sources. Access reliable source of information is a deliberate effort of the user, promoted by good information seeking behaviour. Relevant information from a reliable source is capable of reducing cost and thus increases profit, it brings development and business growth; information source relevance leads to credibility when applied to solve a problem. Also, information utilization is imperative for business development.

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GLASS CEILING: HAS IT BEEN BROKEN OR STILL PERSISTS?

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ABSTRACT

The last decade has seen a sea change in the development of socio cultural environment and rise of corporate sector in the Indian economy. But still a lot of women are struggling and finding ways to get upto the top. Still in year 2013, we are counting firsts of women in corporate sectors, houses and boardrooms of MNCs. The barrier which is still valid and is holding women back is the Glass Ceiling. Ambition, Leadership, Rights, Power, Multiple roles, Social definitions etc. a number of factors holding women back in middle managerial levels. Glass ceiling, as can't be denied, must get the attention for its removal from the corporate culture

KEYWORDS

Glass ceiling, women, corporate, culture, barriers.

THE CONCEPT OF "GLASS CEILING"

"Women advance in the workplace but still trail men."

The JournalNews.com, March 28, 2004

Gay Brant (1984) tried to explain the reasons behind the decision of women to change jobs. She, for the first time, used the term 'Glass Ceiling' in the context of women's reactions to hit it. She stated, "Women have reached a certain point-I call it the glass ceiling. They are in the top of middle management and they are stopping and getting stuck. There isn't enough room for all those women at the top. Some are going into business for themselves. Others are going out and raising families. The term was also referred in the book 'The working woman report, succeeding in Business in the 80's."

The term was popularized by the Hymowitz, Carol and Timothy D. Schellhardt (1986) by coining it in 'The Wall Street Journal' article. U.S Department of Labor (1991) defined Glass Ceiling as "those artificial barriers based on attitudinal or organizational bias that prevent qualified individuals from advancing upward in their organization into management-level positions." The term Glass Ceiling continued to evolve. It is generally used for women in the workplace but it is applicable on other minorities as well. . If glass ceiling is intended merely as a more colorful phrase to describe what we already mean by gender bias then we are proliferating concepts that may ease our communication with the public. Four basic criterion have been defined which define the presence of Glass Ceiling.

The first one according to the **Federal Glass Ceiling Commission** (1995a:iii), the concept of glass ceiling refers to *"artificial barriers to the advancement of women and minorities."* These barriers reflect the discrimination….. a deep line of demarcation between those who prosper and those left behind". The glass ceiling is the " unseen, yet unbreachable barrier that keeps minorities and women from rising to the upper rungs of the corporate ladder, regardless of their qualifications or achievements"(Federal Glass Ceiling Commission 1995b:4; emphasis added).

The second one as mentioned by the Federal Glass Ceiling Commission and also emphasized by **Wright, Baxter and Birkelund (1995)**, argues that the *Glass Ceiling Inequality assumption is not simply a claim about the existence of discrimination within the hierarchies; it claims that the discrimination increases as one move up the hierarchy*. The last two criteria are closely related. One states that *Glass Ceiling represents a gender of racial inequality in the chances of advancement to higher level*. The promotions to higher positions and raises of income are the proper subjects of Glass Ceiling tests (**Naff & Thomas 1998; Reskin & Padavic 1994; Stroh, Brett & Riley 1996).**

Alongwith, a few studies explicitly define the Glass Ceiling as the disadvantages that grow over the career (e.g. **Morgan 1998**). Thus, *Glass Ceiling of inequality represents a gender or racial inequality that increases over the course of a career.*

Adding the perspective of Indian Constitution, women are legal citizens of the country and have equal rights with men and even the Constitution guarantees the free primary schooling for everyone (whether girl or boy) till the age of 14 years. Only 39percent of the total women population go to a primary school.

While defining The Glass Ceiling more precisely, it is not being suggested that this type of inequality is more unjust or larger than the other types of inequality nor it is believed to be more necessarily more deserving when it comes to policy intervention than other types of inequality. It is different and it requires distinction than other types of inequality.

Where does lie the roots of the glass ceiling? We suppose that the glass ceiling is the result of a vicious cycle of undervaluing the potential of women and then ultimately getting an undervalued social structure.

According to the literature review carried out by Dugan et al. (1993) there are several potential causes for the Glass Ceiling which can be categorized into three categories, like, systemic barriers, stereotypes and bias, individual factors and group differences. Systemic barriers are the practices and policies inhibiting women to be part of the career upstream. Stereotypes and bias are the underlying assumption that the women and other minorities are not sufficiently suitable for the managerial positions. Stereotypes are the products of a normal psychological process of categorization, whereby intracategory similarities and intercategory differences are accentuated (Tajfel, 1982).Bias and stereotypes often result in gender inequality and influences the performance evaluations. Individual factors and group differences include education, experience, willingness to relocate, greater role in family care etc.

FROM WHERE HAS THE GLASS CEILING BEEN BROKEN?

It is certainly a landmark in the midst of the world talking about gender equality that the Asian women have made a mark by becoming powerful women in bug corporations abroad. Cisco chief technology officer Padmasree Warrior, finance high-flyer Sheila Hooda, high-tech innovator Anita Goel and former World Bank and McKinsey & Co consultant Rohini Dey are emblematic of the plodding progress of women.

The largest number of women CEOs today in India is in the finance and banking sector where the country's second biggest bank, ICICI Bank, and its third-largest, Axis Bank are headed by women. Chanda Kochhar is the Managing Director and CEO of ICICI Bank, while ex-ICICI Prudential Chief Shikha Sharma heads Axis Bank. In addition there is Kalpana Morparia as country head of JP Morgan, Naina Lal Kidwai at HSBC and Meera Sanyal at ABN Amro. Manisha Girotra heads UBS, Ashu Suyash Fidelity International in India and half of the deputy governors at the Reserve Bank of India are women. 11% of the women CEOs are in media and

another 11% in pharmaceuticals. Kiran Mazumdar Shaw is the chairman and MD of Biocon and Preetha Reddy is MD of Apollo Hospitals Enterprise. 8% in FMCG and consumer durables like Vinita Bali of Britannia and Nadia Chauhan of Parle Argo. In manufacturing sector we have Neelam Dhawan heading the Hewlett-Packard.

Indira Nooyi, CEO of Pepsi Worldwide, is one of the most successful business women. She has been listed as one of the most influential female CEOs for the past six years in Forbes Fortune 500.

With the amendment in the HUF succession norms in 2005, which allowed girls to inherit equal shares in family businesses, India has seen the opening of doors of family businesses for women. It improved the status of daughters of business families as potential heirs and heads of family businesses, despite being seen as marriageable assets alone. Lavanya Nalli, the first woman to take over the 83 year old brand of Nalli Sarees and the only woman from the family to enter the trade, expanded the business with new ideas. Roshni Nadar, daughter of HCL Technologies founder Shiv Nadar , took over the group's holding company . Ashni Biyani, daughter of Future Group(formerly Pantaloon) chief Kishore Biyani joined the business at twenty four. Lakshmi Venu, daughter of TVS Motors chief Venu Srinivasn, is one of the only three women managers in India's automobile industry administers operations in US.Preetha Reddy ,daughter of Apollo Hospitals founder Parthap C. Reddy , was appointed as MD.

Hardwork can never be ignored in front of inheritance. Being head of an organization demands hardwork despite the factor of inheritance. According to Ms. Ameera Shah, MD and CEO of Metropolis Healthcare Ltd., a multinational chain of diagnostic centers, "there is no replacement for hardwork. It's the only way to success. It is the way to command respect and to be treated with seriousness". Ameera Shah, not being from medical profession, took over her fathers' single pathology lab and in six years transformed it to a fully integrated multinational chain of 70 diagnostic centres and 500 collection centers across South Asia, Middle East and Africa

Women CEOs in India currently head eleven percent of 240 large companies –Indian owned as well as multinational, private as well as state-owned-according to a study carried out by executive search firm EMA partners. In comparison, only three percent (i.e. 15) of the Fortune 500 companies have women CEOs and twenty eight Fortune 1000 companies have women in the top job. Although near the top there still remains slow progress in the number of female directors and highest paid. On the other hand, women receive about six in ten college degrees.

THE FLIP SIDES OF GLASS CEILING (PERCEPTIONS)

According to Sangeeta Singh, the executive director for human resources at KPMG, Women tend to be self critical of their strengths and weaknesses and have a tendency to rebound gracefully from the setbacks. They tend to manage crisis intuitively and make sound jugdements. They develop a nurturing environment for talent to grow.

Stereotypically the most important duty of a woman in her life is to raise the family and the career takes back seat in herself development and advancement. Career being thought to be men's world to play, underscores the pervasiveness of gender stereotypes. Women too believe that men are more competent and they take such stereotypes to heart while on the job. Social psychologists call this phenomenon "stereotype threat." This occurs when an individual who is a member of a group fears they will confirm a negative stereotype about their group.Spencer, Steele and Claude(1999) studied the stereotype threat and found that the women underperformed a math test when they are told that the test would reflect gender differences than vice versa. Negative stereotypes works in the opposite direction. Yeung & Von Hippel (2008) found that women who believed the stereotype of women being bad drivers were underperforming than others in a virtual driving game.

COROLLARY OF GLASS CEILING

Denial of recognition, appreciation and acknowledgment for an equally deserving work is one of the foremost ill consequences of the glass ceiling. Cecillia Payne Gaposchkin discovered that the sun is made of mostly hydrogen, but her work was rejected by Astronomer Henry Norris Russell and later on after four years he published the paper for the same claim. Even though the Payne Gaposchkin's work was sited but still it was he who got the credit with her discovery.

Even the Kiran Mazumdar Shaw, CEO of Biocon Ltd. , confirms the presence of glass ceiling in an interview with Darlington Jose Hector for The Times of India.

Gender inequality is one of the possible barrier forming the glass ceiling. According to Human Development Report, when the India's Human Development Index is adjusted for gender inequality, it makes India South Asia's worst performing country after Afghanistan.

The 'superwoman syndrome' as pointed out by Marjorie Hansen Shaevitz(1984) is a pressure on the woman to perform well in multiple roles. It is an expectation that she can and she should manage the worklife, family life and her own personal life well to justify her capability while on the other hand the counterpart males are not so stressed with multiple roles.

Michelle Ryan and Alex Haslam (2004) pointed out the next phase to Glass ceiling i.e. Glass Cliff. Glass Cliff is the phenomenon in which the women are promoted into more risky, difficult jobs in which the chances of failure are higher.

While handling the dual role of being a career woman and a family oriented woman, women often face 'mommy track' in the career graph. Mommy track refers to the diminishing opportunities in the workplace upon becoming mommy. This contributes to the generally called 'M-shaped career graph' of a woman. She joins the corporate world, rises and then takes a break owing to family responsibilities (normally due to maternity reasons) and then again starts, puts efforts to rise in the career life.

Sexism is another excuse for letting the Glass ceiling to exist. It is prejudice or discrimination based on a person's sex. Sexist attitudes result from stereotypes of gender roles. Such attitudes lead to belief that one sex is intrinsically superior to a person of the other. Normally the reflections of such attitudes are in practices of variations in treatment or unequal compensation.

MEASURING THE GLASS CEILING WITH INDEX

In 2013, 'The Economist' compiled 'The Glass Ceiling Index' to assess the chance for women to have equals with men at the workplace. The Index considers the data provided by the OECD and compares twenty six countries on five indicators i.e. the number of men and women respectively with tertiary education; female labour-force participation; the male-female wage gap; the proportion of women in senior jobs; and net child-care costs relative to the average wage. The results indicate that Finland has done best on education, Sweden has the highest female labour-force participation rate, and Spain has the smallest wage gap. NewZealand has the highest score on the Index and the ironic lowest score is of South Korea signifying the fact of few women holding down senior jobs with the new president a woman.

Giscombe & Mattis, 2013 emphasize the fact stating that it was impressive to see that a foreign-born Asian women has been able to ascend the highest level of corporate leadership.

According to the third Annual Women's Forum for the economy and society held in France, 2007, PricewaterhouseCoopers presented the results of its study of women in workplace across eight countries including several European countries, China and India according to which, women in developing countries find it easier to break through the so-called glass ceiling than their colleagues in the west and mentions few important factors which are holding women back in the West. Factors like the concept of Raven mothers or for that matter middle-class men with stay at home wives calls for long afternoon breaks and late leavings time in Spain for example. These hours are nearly impossible to reconcile with the responsibilities of childcare.(Stillman, 2007).

U.S is only amongst the handful countries which offers a paid maternity leave. If we compare U.S and European countries there is a stark contrast between them. On one hand there are companies in U.S like Yahoo and Best Buy who are banning work from-home arrangement, in EU countries have legislated that parents can request part-time, flexible or telecommuting arrangements without any kind of penalty.

In countries like Germany and Spain it is required by the companies to keep a job open for employees on parental leave for as long as three years. (Rampbell, 2013)

Blau & Khan, 2013 have suggested that this may be the reason why U.S has fallen behind in women's labour force participation rates. They have also suggested that the same policy gap could explain why, paradoxically women in U.S may seem to have more varied and ambitious career paths open to them.

CONCLUSION

As rightly quoted by Dugan et al(1993) that since organizations are reflections of the society in which they exist, changing employment policies and practices cannot totally solve the problems discussed in this report until society as a whole resolves some of the issues of disparate treatment. As a result, the impact of even the most promising solutions may be limited by outside forces. However, changes in organizations to eliminate barriers to advancement may well be a first step towards breaking down these barriers on a societal level. Glass ceiling, further, leads to spiral effects such as sticky floor, glass cliff etc. Glass Ceiling is implicitly woven into the social structure and often showcases itself in the workplace. The inhibitions are supposed to be broken down to make the glass ceiling vanish altogether.

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TO STUDY THE FACTOR AFFECTING THE PURCHASE DECISIONS OF CUSTOMERS TOWARDS THE PURCHASE OF CONSUMER GOODS: A STUDY CARRIED OUT AT BHIWANI DISTRICT

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ABSTRACT

Consumer is the central point of every business. Now a days, attracting and satisfying customers is more difficult than producing the goods. For any product, many brands are available in the market. Every company wants to increase its market share. But, buyers dominate the market. Therefore, seller has to make a lot of efforts to attract and to persuade the persons to purchase his products and services. Indian consumers are seemingly more and more doctored and enlightened about products; media channels that provide companies to convey with consumers are adopting in diversity and reach. Consumers are getting richer, leading to competition in the market place for consumer products. The result is that consumer companies are increasingly pertained with marketing issues, as they seek to tell apart their products and communicate their appraisals to potential customers. Various consumer companies are mad about Indian sheer market size. The companies say the growth in media channels brought about by economic liberalization has made people increasingly aware of brand values. A smaller number of companies believe that India offers significant opportunities on selective brands, which provide higher margins. Companies also say that groundbreaking marketing can be the solution to tackling the fragmentation and relative poverty of much of the Indian market. A senior manager at a consumer goods company points out the recent success of very small packages or sachets of personal care products, "The sachet phenomenon is an example of accomplishing to the bottom of the pyramid. It was identification that a lot of people in India are just not willing to buy a whole bottle of shampoo. That doesn't mean they won't buy shampoo" KPMG. So, the present research tries to find out those factors affecting the purchase decisions of customers towards the purchase of FMCGs.

KEYWORDS

Purchase decisions, consumer goods.

INTRODUCTION

After the introduction of New-Economic Policy in 1991 by the then Finance minister Dr. Man Mohan Singh, the total scenario of Indian economy has undergone a significant change. The new economic policy has given greater priority to liberalization and globalization. With the advent of these two concepts a number of MNCs have entered the Indian market in various economic activities and as a result a battle has started for greater market in various economic activities and battle started for greater market coverage as Indian market is constituted of both rural and urban sections. To carve their market share, these MNCs have to understand and change the mindset of consumers and their perception which will bring about a total change in their buying behaviour. These changes can be possible only with the help of effective advertising as it is a significant tool which can bring about the required kind of change in perception, attitude and buying behaviour of consumers. The more effective is the advertisement, the greater impact there will be on the buying behaviour of consumers.

The Indian Fast Moving Consumer Goods (FMCG) industry began to shape during the last fifty odd years. The FMCG sector is a corner stone of the Indian economy. This sector touches every aspect of human life. Indian FMCG market has been divided for a long time between the organized sector and the unorganized sector. Unlike the US market for FMCG which is dominated by a handful of global players, India's Rs. 460 billion FMCG market remains highly fragmented with roughly half the market going to unbranded, unpackaged home-made products. This presents a tremendous opportunity for makers of branded products who can persuade consumers to buy branded products. Globally, the FMCG sector has been successful in selling products to the lower and middle income groups, and the same is true in India. Over 70 percent of sales are made to middle class households today and over 50 percent is in rural India. The sector is excited about a burgeoning rural population whose income is rising and which is willing to spend on goods designed to improve lifestyle. Also with a near saturation and cut throat competition in urban India, many producers of FMCGs are driven to chalk out bold new strategies for targeting the rural consumer in a big way. Moreover, the arrival or existence of these goods must be known to consumer so that they can take interest and if found suitable to their needs and wants, they may go for ultimate purchase. The only way to reach this objective advertising is the dire need because; advertising is a mirror of society, reflecting people tastes habits and desires. Companies ranging from large multinational corporations to small retailers increasingly rely on advertising to sell their products and services. Moreover, customers have also started giving due importance to advertising while making purchase decisions. Advertising influences consumer attitudes and buying behaviour. Advertising is used for communicating business information to the present and prospective customers. It provides information about advertising firm, features off its products, qualities, place of availability of its products, different schemes offered, benefits of using its product, etc

REVIEW OF LITERATURE

The ensuing text seeks to review the existing literature for the purpose to define the problem precisely and crystallise its objectives. This not only helps in setting the direction for the research but also broadens the mental horizon and the vision of its implications.

Robertson observed that (i) the consumer may make decisions in a "non-rational" manner. Because, he/she may not secure, process or carefully evaluate all the available information; (ii) there is not a specified sequence of stages which must occur as in Lavidge and Steiner's view. Any such model must make allowances for consumers to "skip" stages; and (iii) the model must also provide feedback loops because such a process will not necessarily be linear and one-dimensional.

Cotton B.C. reported results of a study which measured the response of consumers to promotional deals for dairy products. The objectives were to determine the extent to which consumption of various dairy products was influenced by deals; to analyze response of households with various demographic characteristics; and to determine relative response for different types of promotional deals. Consumer panel data were used to analyze household purchases over time, during periods when purchases were made on promotional deals viz. in store specials, coupons, multiple item discounts and free gifts and when they were not. It was found that promotional deals resulted in substantial increase in the level of purchase, especially during the period when the deal was effective.

Krishna proposed that perception of deal frequency may affect consumer price perceptions and deal response much more strongly than the actual deal frequency. The author determined how consumer perception of deal frequency for a brand may be influenced by the dealing pattern of that brand and of other brands. It was found that the price consumers were willing to pay for a brand that was correlated more highly with perceived deal frequency than with actual deal frequency.

Erdem Tulin provided a model by outlining the process by which past purchases affects current choices, in a framework which captured both consumer habit persistence and variety seeking behavior. More specifically, consumer preferences for brand attributes were modeled to depend on the attributes of brands bought on the previous purchase occasion. The results indicated that the average consumer was habit persistent in all the product categories studied. The proposed models were estimated on Nielsen scanner panel data for margarine, peanut butter, yogurt, and liquid detergent using simulated maximum likelihood techniques.

Quester designed a conjoint analysis study to understand consumers' choice of a popular product based on consumption situation and involvement. How both these variables influence the importance allocated by consumers to a number of key attributes which were determined by a sample of experts and product users. A large sample drawn from diverse wine retail outlets was asked to rank ten hypothetical wine products, the purchase of which related to three different consumption situations. While price remained the most important factor overall, all three other attributes were ranked differently depending upon the intended usage situation and the level of product involvement exhibited by respondents.

OBJECTIVES OF THE STUDY

The present study attempts to:

(i)   know the awareness level among the customers towards brands of consumer goods;

(ii)   recognize the factor affecting the purchase decisions of customers towards the purchase of consumer goods.

HYPOTHESES OF THE STUDY

H_1: There is a significant difference among the respondents towards brand awareness level with reference to consumer goods;

H_2: There is a significant difference among the respondents towards the factors affecting purchasing behaviour with reference to consumer goods.

RESEARCH METHODOLOGY

UNIVERSE OF THE STUDY AND SURVEY POPULATION

In the present study, the existing and potential customers of consumer goods or FMCGs in the district Bhiwani of Haryana are considered as a unit of analysis. Further, it is restricted to four FMCGs like Toothpaste, Shampoo, Detergent Powder and Soaps, which are treated as consumer goods as a whole.

RESEARCH DESIGN

Initially, study used exploratory design to get the objectives clearly defined and to formulate the hypotheses. Afterwards, the research used descriptive design by forming a structured questionnaire and surveying 300 respondents from the locale of Bhiwani in Haryana.

SAMPLING PLAN

The sampling was done on the random basis. For selecting the sample convenience sampling was used. Key informants included the users of FMCGs. Questionnaires were filled by personal interviews from each respondent.

DATA COLLECTION

An extensive literature review facilitated theory development and item generation. The literature search includes several journals, articles, books, newspapers and business magazines. So the principal data collection methods used were combination of the analysis of the literature, statistical data from secondary sources, questionnaire survey and the content analysis. The term 'content analysis' means information analysis of the key events of an industry recorded in reports, research papers, compendium, and handbook of statistics, business magazines, newspapers and Internet.

To answer the research questions (objectives of the study) and to verify/test the tentative answers (hypotheses of the study), the required information is identified. Then, questionnaire was developed, which was the main instrument used to collect the required information. The qualitative data was collected using scaling techniques on a 5-point Likert scale. The values on the scale signify a continuum from '1 to 5' as anyone of the below mentioned rows:

1............................ Strongly Agree,

2...Agree,

3......................................Indifferent,

4... ....Disagree,

5.................................Strongly Disagree.

A total of 300 respondents (sample using convenience sampling) were contacted personally during survey in the Bhiwani district of Haryana state; out of which 227 respondents responded positively and provided the required information and gathered 227 filled up questionnaires from them. Secondary data was collected from different previous research studies, including several journals, compendium, and handbook of statistics, articles, books, newspapers and business magazines. Furthermore, Internet is also used for gathering worldwide information. During the course of editing of the questionnaires, the number 227 in terms of questionnaires was further reduced by 29, when it was discovered that the information recorded in the questionnaires was incomplete and highly inconsistent on one or the other count. Therefore, 198 questionnaires were finally considered for further processing of the data and final analysis.

ANALYSES PATTERN: DEPENDENT AND INDEPENDENT VARIABLES

There are five independent variables like gender, age, income, occupation and education. The dependent variables used to operationalise advertising effectiveness are: (a) Attitude towards the ad; (b) Attitude towards the brand.

After collection of data through various sources, different techniques have been used for the analysis of data. A set of simple techniques of statistical analysis such as average, weighted mean, percentage, cumulative percentage, ranking and standard deviation, has been used. Wherever appropriate and to test the hypotheses, Chi-square, Correlation and ANOVA have been used. Furthermore, graphical presentation is also done for its easy grasping. Most of them are obtained with the help of the computerized packages SPSS (16.0 version); and Microsoft Office Excel 2007. Interpretation of data is based on rigorous exercise aiming at the achievement of the objectives of the study and findings of the existing studies.

ANALYSIS OF DATA

TABLE 1.1: AWARENESS ABOUT BRANDS OF FMCGS-TOOTHPASTES AND SHAMPOOS

Brands of Toothpaste	Mean	Std. Deviation	Brands of Shampoo	Mean	Std. Deviation
Colgate	1.37	0.692	Sun Silk	1.49	.611
Pepsodent	2.08	0.821	Clinic Plus	2.05	.804
Close-up	2.34	0.769	Head & Shoulder	2.47	1.016
Anchor White	2.94	1.123	Organics	3.02	1.090
Babool	3.52	1.225	GarnierFruitic	3.41	1.348

Source: Survey

Table 1 is prepared on the basis of responses collected from the respondents using five-point Likert scale (1 for Strongly Agree and 5 for Strongly Disagree). It depicts that the respondents are more aware about Colgate brand of toothpaste and low awareness about the brands of toothpaste like Anchor White and

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Babool with mean value$\bar{x}$=1.37, $\bar{x}$=3.52 respectively. In case brands of shampoos the respondents are more aware about Sun Silk brand of shampoo and low awareness among the respondents regarding the brands of shampoo like Organics and GarnierFruitic with mean value$\bar{x}$=1.49,$\bar{x}$=3.41 respectively.

TABLE 1.2: ANOVA VALUES FOR BRANDS OF TOOTHPASTES

Brands of Toothpaste	Gender (df=1,196)	Age (df=3,194)	Income (df=6,191)	Occupation (df=4, 193)	Education (df=4,193)
Colgate	.010*	.008*	.000*	.001*	.005*
Pepsodent	.094	.159	.003*	.000*	.521
Close-up	.004*	.003*	.000*	.003*	.001*
Anchor White	.505	.004*	.004*	.683	.077**
Babool	.162	.115	.008*	.000*	.414

Note: * significant at 1 percent significance level, ** significant at 5 percent significance level.

Source: Survey

On the application of ANOVA (Table 1.2) it is analysed that respondents significantly differ towards the awareness level of brands of toothpaste gender-wise, age-wise, income-wise, occupation-wise and educationally.

TABLE 1.3: ANOVA VALUES FOR BRANDS OF SHAMPOOS

Brands of Shampoo	Gender (df=1,196)	Age (df=3,194)	Income (df=6,191)	Occupation (df=4, 193)	Education (df=4,193)
Sun Silk	.555	.470	.000*	.096	.066
Clinic Plus	.622	.263	.012**	.013**	.000*
Head & Shoulder	.024**	.317	.002*	.001*	.082
Organics	.196	.030**	.000*	.005*	.001*
GarnierFruitic	.380	.126	.027**	.009*	.014**

Note: * significant at 1 percent significance level, ** significant at 5 percent significance level.

Source: Survey

On the application of ANOVA (Table 1.3) it is analysed that respondents significantly differ towards the awareness level of brands of shampoos gender-wise, age-wise, income-wise, occupation-wise and educationally.

TABLE 1.4: AWARENESS ABOUT BRANDS OF FMCGS-DETERGENT POWDERS AND SOAPS

Brands of Detergent Powder	Mean	Std. Deviation	Brands of Soaps	Mean	Std. Deviation
Ariel	1.52	0.991	Lux	1.54	0.695
Surf Excel	1.99	0.870	Liril	2.15	0.802
Wheel	2.51	0.949	Cinthol	2.63	0.993
Rin	2.75	1.001	Lifebuoy	2.73	1.426
Mr. White	3.31	1.372	Dettol	2.94	1.241

Source: Survey

Table 1.4 depicts that the respondents are more aware about Ariel brand of detergent powder and low awareness among the respondents regarding the brands of detergent powder like Mr. White with mean value$\bar{x}$=1.52,$\bar{x}$=3.31 respectively.

In case of brands of soaps the respondents are more aware about Lux and low awareness among the respondents regarding the brands of soap like Dettol and Lifebuoy with mean value$\bar{x}$=1.54, $\bar{x}$=2.94 respectively.

TABLE 1.5: ANOVA VALUES FOR BRANDS OF DETERGENT POWDER

Brands of Detergent Powder	Gender (df=1,196)	Age (df=3,194)	Income (df=6,191)	Occupation (df=4, 193)	Education (df=4,193)
Ariel	.002*	.397	.000*	.000*	.054
Surf Excel	.027**	.044**	.057	.000*	.169
Wheel	.003*	.000*	.053	.005*	.065
Rin	.322	.002*	.147	.392	.114
Mr. White	.453	.202	.001*	.794	.128

Note: * significant at 1 percent significance level, ** significant at 5 percent significance level.

Source: Survey

Table 1.5 depicts through ANOVA values that respondents significantly differ towards the awareness level of brands of detergent powders gender-wise, age-wise, income-wise and occupationally at 1 percent and 5 percent levels of significance.

TABLE 1.6: ANOVA VALUES FOR BRANDS OF SOAPS

Brands of Soaps	Gender (df=1,196)	Age (df=3,194)	Income (df=6,191)	Occupation (df=4, 193)	Education (df=4,193)
Lux	.248	.309	.001*	.699	.409
Liril	.872	.713	.000*	.010*	.000*
Cinthol	.045**	.357	.000*	.309	.022**
Lifebuoy	.978	.077	.239	.043**	.041**
Dettol	.064	.287	.207	.001*	.167

Note: * significant at 1 percent significance level, ** significant at 5 percent significance level.

Source: Survey

On the application of ANOVA (Table 1.6) it is analysed that respondents significantly differ towards the awareness level of brands of soaps gender-wise, age-wise, income-wise, occupation-wise and educationally.

In total, it may be concluded that all the demographic factors influence the awareness levels of respondents towards the brands of FMCGs. Further, they are significantly differing in the opinions towards the knowledge of brands of FMCGs..........................**H₁.**

TABLE 1.7: DESCRIPTIVE STATISTICS ABOUT THE PREFERENCE OF VARIOUS BRANDS OF CONSUMER GOODS

Consumer Goods→	Toothpastes		Shampoos		Detergent Powders		Soaps	
Factor	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
Influence of Advertisement	1.50(1)	0.894	1.58(3)	0.890	1.57(2)	0.874	1.63(4)	.868
Use of Product	2.24(3)	0.740	2.19(1)	0.967	2.30(4)	0.785	2.18(2)	.798
Price of the Product	2.51(2)	0.981	2.37(1)	0.879	2.53(3)	1.121	2.64(4)	1.066
Quality of the Product	2.77(1)	1.161	3.05(4)	1.091	2.89(2)	1.236	2.91(3)	1.125
Brand Popularity	3.44(2)	1.338	3.52(3)	1.410	3.33(1)	1.471	3.57(1)	1.379
Average of Ranks→	1.8		2.4		2.4		2.8	

Note: Rank in parenthesis.

Source: Survey.

The table depicts that advertisement is the most influential factor that may affect the preference or selection of various brands of different consumer goods having the mean values: 1.50, 1.57, 1.58 and 1.63 for toothpaste, shampoo, detergent powder and soaps, respectively; whereas, the use, price and quality are less preferable in comparison of advertisement of product. The mean values are based on the agreement and disagreement of respondents towards the factors affecting preference towards the selection of brands of different goods. Further, it is found that consumer decisions for the purchase of toothpaste followed by shampoo and detergent powder are least influenced by the factor brand popularity.

In total, these all factors or attributes like advertisement, use, price, quality and brand popularity influence on the choice of the various brands of toothpastes, shampoos, detergent powders and soaps.

TABLE 1.8: ATTRIBUTES OF CONSUMER GOODS AFFECT PURCHASING DECISION

Consumer Goods→	Toothpastes		Shampoos		Detergent Powders		Soaps	
Attribute	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
Price	3.05(2)	2.102	3.13(3)	1.852	3.25(4)	2.024	2.89(1)	2.012
Medically Proved	3.47(4)	2.012	3.22(1)	2.137	3.27(3)	1.826	3.23(2)	1.963
Brand name	3.69(2)	1.947	3.93(3)	2.182	3.98(4)	2.105	3.57(1)	2.006
Ingredients	4.04(1)	1.856	4.29(4)	1.908	4.11(2)	1.772	4.24(3)	1.786
Packaging proved	4.17(1)	1.773	4.30(3)	1.621	4.25(2)	1.824	4.39(4)	1.648
Fragrance	4.71(3)	1.902	4.44(1)	1.939	4.60(2)	1.999	4.76(4)	1.800
Colour	4.97(3)	1.744	4.66(2)	1.845	4.63(1)	1.975	4.98(4)	1.780
Average of Ranks→	2.57		2.71		2.85		2.99	

Note: Rank in parenthesis.

Source: Survey.

The above text has clarified that advertising is an important tool or factor that may affect the consumer behaviour regarding the purchase of consumer goods. In corollary, Table 4.14 depicts that price is also the most influential factor that may affect the choice of various consumer goods having the mean values: 2.89, 3.05, 3.13 and 3.25 for soaps, toothpaste shampoo and detergent powder respectively; whereas, the medically proved, brand name, ingredients, packaging, fragrance and colour less preferable attributes in comparison of price of the product. But, one thing may be noted here that all of the attributes of these consumer goods affect at maximum to toothpastes, shampoos, detergent powders and soaps.

Further, on the basis of high degree of variations among the opinions of respondents from scattered fields of education, age, gender, occupation and income it may be evidenced that they are influenced in very elaborative manner by these factor at the time of purchasing decision. Consequently, the hypothesis may be rejected...**H₂**.

CONCLUSION

1. The respondents are aware maximum about the brands of toothpaste and shampoos like Colgate and Sun Silk, respectively.
2. It is concluded that the maximum respondents are aware about the brands of detergent powders and soaps like Ariel and Lux, respectively.
3. Advertisement is the most influential factor that may affect the preference or selection of various brands of different consumer goods having the mean values: 1.50, 1.57, 1.58 and 1.63 for toothpaste, shampoo, detergent powder and soaps, respectively; whereas, the use, price and quality are less preferable in comparison of advertisement of product. The mean values are based on the agreement and disagreement of respondents towards the factors affecting preference towards the selection of brands of different goods. Further, it is found that consumer decisions for the purchase of toothpaste followed by shampoo and detergent powder are least influenced by the factor brand popularity.
4. Price is also the most influential factor that may affect the choice of various consumer goods having the mean values: 2.89, 3.05, 3.13 and 3.25 for soaps, toothpaste shampoo and detergent powder respectively; whereas, the medically proved, brand name, ingredients, packaging, fragrance and colour less preferable attributes in comparison of price of the product. But, one thing may be noted here that all of the attributes of these consumer goods affect at maximum to toothpastes, shampoos, detergent powders and soaps.

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PEOPLES PARTICIPATION IN GRAM SABHA AND RURAL DEVELOPMENT: A STUDY

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ABSTRACT

Gandhiji's political philosophy which paved penchants prime position in building a new India based on gramswaraj paved the way for making panchayats effective instrument of grass root governance and participatory development. It is an undisputable part that decentralization is key to both healthy democracies for the socio-economic development of Indian society. This article seek to present the findings of an empirical study of people participation in gramsabha of Harugeri village a biggest panchayat of Karnataka state, for exploring the extent of peoples participation in gramsabha as a result of an implementation of section of 2 Karnataka state ZP, TP, GP and NP Act – 1993. This made provision for the people's participation at grass root level for village development it also aims at making some suggestions for making participation of people affective in this institution of decentralize of rural governance. The study is an attempt to understand people participation in gramsabha for rural development and empowerment in all the villages of Gram Panchayat Harugeri.

KEYWORDS
Democratic decentralization, people participation, Panchayat raj institution, gramsabha.

INTRODUCTION

Democratic decentralization in terms of Panchayat raj institutions was a post independence phenomenon; there has been legacy and tradition of village Panchayats since time immemorial in India. These bodies could survive even during drastic change and upheavals that took place in the country. Lord ripen who took the initiative in establishing self government in India. The involvement of the people in their development through grassroots democratic institutions like PRIs was completed in the five year plan itself. But instead of establishing panchayats, community development and necessary proramme was launched which could not bring about people's participation. This drew the attention of the second plan which said that democratic institution within the district should be created where the entire community, particularly the weaker sections might get involved in developmental activities. for this purpose, the Balwant Rai Mehta team was appointed to study and present report on the community developmental project and national extension service . the Ashok Mehta committee, while reviewing and evaluating the Panchayat raj observed politically speaking, it became a process of democratic seed drilling in the Indian soil, making an average citizen more conscious of his rights than before.

The team was broadly suggested two directions for inducting peoples participation in local decision making. First, administrative decentralization and second, bringing it under the control of elected bodies for effective implementation of developmental programme. The team was recommended three tire system for decentralization.

OBJECTIVES
- To find out awareness among peoples about gramsabha
- To explore participation of people in decision making process in gramsabha and rural development.

METHODOLOGY
The study covered one of the biggest Panchayat namely Harugeri in Karnataka state, which includes 3 villages like Harugeri, Harugeri-cross and Bykod. The selection of Panchayat by purposeful sampling method and selection of respondent made by stratified and random sampling method for insuring that the unit selected for study becomes as far possible people of Harugeri Panchayat as whole. The entire 170 respondents including male female from various socioeconomic and political background were interviewed. The questionnaire was administrated to them during November December 2011 for this purpose.

73RD AMENDMENT
The idea that produced the 73rd Amendment was not a response to pressure from the grassroots, but to an increasing recognition that the institutional initiatives of the preceding decade had not delivered, that the extent of rural poverty was still much too large and thus the existing structure of government needed to be reformed. The Constitutional (73rd Amendment) Act, passed in 1992 by the Narasinha rao government, came into force on April 24, 1993. It was meant to provide constitutional sanction to establish "democracy at the grassroots level as it is at the state level or national level".

GRAMA SABHA
The Gram Sabha or village assembly as a deliberative body to decentralised governance has been envisaged as the foundation of the Panchayati Raj System. A uniform three-tier structure of panchayats at village (Gram Panchayat — GP), intermediate (Panchayat Samiti — PS) and district (Zilla Parishad — ZP) levels. The gramsabha is important tire in three tire system of panchayati raj. Peoples participation of in decision making process for rural development it is power of people.

(1) The Grama Sabha shall meet at least once in six months:

Provided that a Special meeting of the Grama Sabha shall be convened if a request is made by not less than ten percent of the members of the Grama Sabha with items of agenda specified in such request and there shall be a minimum three months period between two special meetings of the Grama Sabha.

(2) The quorum for the meeting of a Grama Sabha shall be not less than one tenth of the total number of members of the Grama Sabha, or hundred members, whichever is less. As far as may be, at least ten members from each Ward Sabha within the Panchayat area shall attend the meeting and not less than thirty percent of the members attending the Grama Sabha shall be women. As far as may be the persons belonging to the Scheduled Caste and Scheduled Tribes shall be represented in proportion to their population in the Grama Sabha.

(3) Subject to such rules as may be prescribed, the Grama Sabha, shall exercise powers and discharge functions as hereinafter provided, namely:-

(a) to consider and approve the annual plan prepared by the Grama Panchayat;

(b) to generate proposals and determine the priority of all schemes and development programmes to be implemented in the Panchayat area by the Zilla Panchayat or Taluk Panchayat after considering the recommendations and suggestions of the Ward Sabhas through the Grama Panchayat;

(c) to identify and select the most eligible persons from the Panchayat area for beneficiary oriented schemes on the basis of criteria fixed by the Grama Panchayat, Taluk Panchayat, Zilla Panchayat or the Government and to prepare list of beneficiaries in the order of priority after considering the priority lists of individual beneficiaries sent by the Ward Sabhas. Such list shall be binding on the concerned Grama Panchayat, Taluk Panchayat, Zilla Panchayat or the Government, as the case may be;

(d) to disseminate information on development and welfare programmes and to render assistance in effective implementation of development schemes by providing facilities locally available and to provide feed back on the performance of the same;

(e) to render assistance to the Grama Panchayat in collection and compilation of details required, formulation of development plans, collection of essential socio-economic data and canvassing participation in health, literacy and similar development compaigns;

(f) to get information from the officers of the Grama Panchayat as to the services they will render and the works they propose to do in the succeeding period of six months after the meeting of the Grama Sabha;

(g) to get information from the Grama Panchayat on the rational of every decision of the Grama Panchayat concerning the Panchayat area;

(h) to get information from the Grama Panchayat on the follow up action taken on the decisions of the Gramasabha; 25

(i) to provide and mobilize voluntary labour and contributions in cash and kind for development works and to supervise such development works through volunteer teams;

(j) to resort to persuasion of Grama Sabha members to pay taxes and repay loans to the Grama panchayat;

(k) to decide, after considering the suggestions of the ward sabhas the location of street lights, street or community water taps, Public wells, Public sanitation units, irrigation facilities and such other Public amenity schemes and to identify the defiencies in them and after considering the suggestions of the ward sabhas to suggest the remedial measures and to report the satisfactory completion of the works;

(l) to impart awareness on matters of public interest such as cleanliness, preservation of environment and prevention of pollution;

(m) to assist employees of the Grama panchayat in sanitation arrangements in the panchayat area and to render voluntary service in the removal of garbage;

(n) to promote the programme of adult education within the Panchayat area;

(o) to assist the activities of school betterment sanghas, Anganawadi, Mahilasamaja, Youth associations, self help groups, women activities in the Panchayat area;

(p) to assist the activities of public health centres in the panchayat area, especially in disease prevention and family welfare population control and control of cattle diseases and create arrangement to quickly report the incidence of epidemics and natural calamities;

(q) to promote communal harmony and unity among various groups of people in the Panchayat area and to arrange cultural festivals literary activities and sports meets to give expression to the talents of the people of the locality; and

(r) to conserve and maintain public properties such as Gomala, tanks, tank beds, ground water, grazing grounds of the cattle, mines etc., within the limits of the Gram Panchayats;

(s) to take action to prevent discrimination on the basis of caste, religion and sex etc., and to direct the Gram Panchayaths to not to grant license to shops vending liquor or narcotic drugs or place of gambling or any other activities prejudicial to public interest;

(t) to identity the child labourers if any, present within the limits of the Grama Panchayaths and to take action to rehablitate them and to assist in implementation of the legal action specified by the Central and State Governments;

(u) to exercise such other powers or discharge such other functions as may be prescribed.

(4) The Grama Sabha shall in its ordinary meeting or a special meeting convened for the purpose, discuss the budgetary provisions, the details of plan outlay and the subject wise allocation of funds and also the details of the estimate and cost of materials of the works executed or proposed to be executed in the Panchayat area.

(5) The annual statement of accounts of the preceeding financial year, the last audit note and replies thereto and the panchayat jamabandi report and action taken thereto shall be placed by the Grama Panchayat for the consideration of the Grama Sabha in its meeting. The views, recommendations or suggestions of the Grama Sabha shall be communicated to the Grama Panchayat. The Grama Panchayat shall give due consideration to the views, recommendations and suggestions of the Grama Sabha.

(6) The procedure for convening and conducting the meeting of the Grama Sabha shall be such as may be prescribed. 26

(7) Every meeting of a Grama Sabha shall be presided over by the Adhyaksha of the concerned Grama Panchayat and in his absence by the Upadhyaksha and in the absence of both Adhyaksha and Upadhyaksha,by any member of the Grama Panchayat nominated by it.

(8) The officers of the Grama Panchayat shall attend the meetings of the Grama Sabha as may be required by the Adhyaksha and an officer specifically nominated by the Grama Panchayat as convener of the Grama Sabha meeting shall assist in convening and conducting its meetings and recording its decisions in a minute book and also in taking follow up action thereon.

(9) The Grama Sabha may constitute sub-committees consisting of not less than ten members of whom not less than half shall be women, for in-depth discussion on issues and programmes for effective implementation of decisions of the Grama Sabha and in furtherance of exercise of powers and discharge of functions of Grama Sabha.

(10) All resolutions in respect of any issue in the meetings of the Grama Sabha shall be passed by the majority of the members present and voting.][1]

FINDINGS

1. Out of 170 respondents, all of them are found to have clear idea on functioning of Gram panchayats. They also know about developmental programmes implemented in the respective village since past two years
2. 83.55% of the respondents are aware about rural development schemes such as; NREGP, GANGA KALYAN YOJANA, and ASHRAYA YOJANA etc, higher level of education, good economic background and interest of people appear to be the causes of their high level of awareness.
3. 62.35% respondents content with the panchayat activities
4. 90.36% of respondents were aware of gramsabha concept it shows that there is good sign of people's participation in discussing about rural development activities.
5. 7.64% respondents have don't know anything about Grama Sabha, this is very important finding of the study.
6. 2% of respondents not opined anything pertaining to Grama Sabha.
7. 46.5% respondents know about the minimum eligibility to attain grama sabha
8. 66% of respondents aware with the proceedings of grama sabha
9. 67% respondents Clare with the corume for Grama sabha meet
10. 92.45 of respondents prepare panchayat premises for conduct grama sabha
11. 84.70% respondents opined that gram sabha is the best platform to discus about rural development activities
12. Only 7.65% of respondents not happy with the grama sabha concept.
13. 75.29% respondents opined that castism, partiality, and nepotism are common in selecting beneficiary.
14. Majority respondents opined that the decisions of grama sabha implementing not fully but implementing partially even they are happy with it.
15. 55.88% of tells that grama sabha is not holding systematically.
16. The reservation had laid only to formal and not real empowerment of women by panchayat. It has also been found that the participation of women in meetings is not satisfactory comparing to male. However they did not get cooperation not only from the family members but also from other males who are in meeting. Participation of women in preparing budget and annual plan was also not to the desired extent in gramsabha SC, ST and women proved there good number of participation comparing to high socio economic background, social restriction over elite women causes for lower level of participation.

SUGGESTIONS

1. Certainly provide an opportunity to people possessing better educational attainment leadership qualities and past experiences in caring out effective gramsabha.
2. All members of village allow attaining the meet even though their involvement not confirmed in the list of voters.

3. Women should also be the encourage to organize themselves. The mahila mandal in the villages effectively used any instrument to mobilize them for this purpose and also take the participation of youth clubs to share their idea for rural development.

4. There should be increased emphasis on ensuring the participation of schedule caste and tribes in the meetings of panchayats at the all level. This is needed to promote and enhance their leadership qualities and self confidence. It will help them to perform in the panchayats to ensure their participation in meetings. Attendance of all SC, ST and women must be compulsory with higher reservation right from gramsabha to zilla panchayat.

5. Gramsabha must be processed on the base of government guidelines with this quite we can stop political partiality and nepotism.

CONCLUSION

Gramsabha is basic unit of local self government. We are practicing three tire panchayat raj institution. The democratic practices ensure representative participation of the people in decision making at micro level. Where the votes not only elect their representative but also participating in the conception, formulation, implementation of socio economic development schemes for the village development.

However, gramsabha has not yet become an operational entity in the most of the state. To provide dynamism to gramsabha and improve its vibrancy and efficacy, appropriate measure to build its capacity will have to be adopted. There is need to spell out powers and functions defining its role as a planner, decision maker and auditor, grampanchayat can efficiently serve rural people only If the gramsabha become vibrating solution and all its member take active participation in its meeting. For its, there is strong needs to evolves academicians, NGO,CBO's social worker and retired person for organizing awareness camps for them.

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EMPIRICAL STUDY ON OUTBOUND LOGISTICS OF FERTILIZERS IN NFCL

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ABSTRACT

"Jai Kisson (the farmer)", the slogan was meant for praising the farmer who produces food grains sufficient to the Indians, and encouraging the farmers to continue in this field. But today the farmer refuses to do the agriculture; the primary sector of India as he is facing many problems including the shortage in the availability of fertilizers. Nagarjuna Fertilizers and Chemicals Limited is major urea producer for the Andhra Pradesh and plays a vital role in the fertilizer industry. Hence the present study focused on the outbound logistics of Nagarjuna Fertilizers and Chemicals Limited, Kakinada. For this study the methodology includes collection of secondary and primary data, sampling design, classification and tabulation of data and diagrammatic and graphical representation of data. Finally the above data is analyzed and reported to conclude that the company is facing outbound logistics problems that can be solved by effective implementation of the suggestions made in this study.

KEYWORDS

fertilizers, outbound logistics, supply chain management.

INTRODUCTION

The fertilizer is defined as any material which is natural or artificial, organic or inorganic, supplies one or more of the chemical elements necessary for plant growth. Carbon dioxide, oxygen and hydrogen are directly supplied by air and water and therefore not treated as nutrients by the fertilizer industry. Nagarjuna is an integrated Agriculture group with core competencies in the fields of plant nutrition, protection, irrigation, farm services and food processing. NFCL products and services are designed to provide consumers access to safe, nutritious and tasty food and growers with maximum economic returns. NFCL is one of the most recognized agricultural brands in India. Unlike many industries NFCL's strength is its ability to serve the large base of customers through a wide spread dealer network. NFCL sales operations are managed by the latest SAP system installed in all the marketing offices while NFCL sales personnel maintain direct and continuous contact with the vast dealer network to serve them efficiently.

REVIEW OF LITERATURE

According to SathyaRao & Sandhya (1994) in their research paper the distribution system of fertilizers in Andhra Pradesh based on secondary data of pertaining to 30 fertilizer plants, located in different states, supplying various fertilizer products such as Urea, Ammonium Sulphate, CAN, SSP, DAP, Complex fertilizers to 22 districts of Andhra Pradesh. A distribution model based on L.P. has been adopted for identifying the districts and the plants on a least transportation cost by rail. A saving of 18% has been arrived at based on this model. A study conducted by H.K.LakshmanRao at Madras Fertilizers Ltd. (1986) Public Distribution System in fertilizer adversely affected an orderly development of consumption. Small to Medium sized holdings farmers were unable to adopt a consistent approach with regard to usage of fertilizer products due to uncertainty of the availability of the products of their choice. According to the Sivaraman committee, appointed by Government of India (GOI) for studying the marketing aspects reported in the mid 70s that the marketing and distribution of fertilizers were not up to the expectations and the cooperatives which play a major role in the distribution lacked marketing approach. According to Saleem Ahmed, Chowdhury and others (1992) Fertilizer demand projections and also the agricultural productions based on time series data on past consumption trends of fertilizer consumption and food production estimates for south eastern countries. They contend that time series analysis is best suited for short term forecasting in fertilizers. According to them "To meet the year 2000 projected agricultural production targets would grow by 45% in case of India, and would double in respect of Bangladesh & Nepal and would grow about 77% in case of Pakistan." In his study Rama Swamy (1985) covers major fertilizer marketing functions. It describes the process of fertilizer marketing in India as existed prior to 80s. It has brought out the Strengths, Weakness, Opportunities and the Threats (SWOT) of the fertilizer marketing system. It also brings out the need and feasibility of containing the marketing costs in the fertilizer industry. Gupta (1984) has made a detailed study of the problems and issues relating to marketing of fertilizers According to his analysis; the cooperatives cover 97% of the six lakh villages and the membership accounts for 45% of the rural population. He contends that even though in absolute terms the quantum of fertilizers marketed by the cooperatives has increased, their share has come down from 70 to 45% partly because of internal problems and partly external. The need to step up the share of cooperatives to 55% has been emphasized. Vittal (1984) has brought out the strategies of cost reduction in logistics of fertilizer distribution in a lucid way. He contends that production and distribution of fertilizers in the most efficient manner is an issue of prime national importance. While evolving strategies for cost reduction, the skewed distribution of fertilizers (which has led to skewed consumption) has to be taken in to consideration. According to Lambert and Cooper (2008) operating an integrated supply chain requires a continuous information flow. However, in many companies, management has reached the conclusion that optimizing the product flows cannot be accomplished without implementing a process approach to the business. Bowersox and Closs (1996) states that the emphasis on cooperation represents the synergism leading to the highest level of joint achievement. A primary level channel participant is a business that is willing to participate in the inventory ownership responsibility or assume other aspects of financial risk, thus including primary level components

NEED/IMPORTANCE OF THE STUDY

The specific need for the study of outbound logistics of fertilizers with special reference to NFCL is to study outbound logistics and sales and services as the agriculture accounts for 14.6 per cent of the country's gross domestic product (GDP) in 2009-10, and 10.23 per cent (provisional) of the total exports and is one of the strongholds of the Indian economy. Furthermore, the sector provides employment to 55 per cent of the work force The Government of India from time to time has taken considerable steps for the development of Agriculture Sector. Fertilizer in the agricultural process is an important vicinity of concern. Fertilizer industry in India has succeeded in meeting the requirements of all kinds of chemical fertilizers in the current years.

STATEMENT OF THE PROBLEM

Today the farmer refuses to do the agriculture; the primary sector of India as he is facing many problems including the shortage in the availability of fertilizers. NFCL is major urea producer for the Andhra Pradesh and plays a vital role in the fertilizer industry. Hence the present study focused on to find out and analyzes the bottlenecks in SCM of NFCL and Fertilizer industry.

OBJECTIVES

1. To study the supply chain of the Nagarjuna Fertilizers and Chemicals Limited
2. To study and analyze the various outbound logistics of NFCL
3. To make suggestions for improvement.

HYPOTHESES

1. Null hypothesis (H_0): There is no capacity underutilized in the industry
Alternative hypothesis (H_a): There is 17.12 % of capacity is underutilized in the industry
2. Null hypothesis (H_0): The Company is not trying to offer the consistent product mix by sourcing traded product from other firms
Alternative hypothesis (H_a): The Company is trying to offer the consistent product mix by sourcing traded product from other firms
3. Null hypothesis (H_0): More production of Urea is not possible than its installed capacity
Alternative hypothesis (H_a): More production of Urea is possible than its installed capacity

RESEARCH METHODOLOGY

The analysis may be possible by studying the data available in the company. The methodology includes collection of secondary and primary data, sampling design, classification and tabulation of data and diagrammatic and graphical representation of data. Finally the above data is analyzed and reported

The secondary data was collected from organization records, management reports, the department of fertilizers and the Fertilizer Association of India and the special project reports to understand the present state of supply chain management primary activities.

The Primary data was collected from the truck drivers of in and around the organization as they are key actors in outbound logistics of NFCL with the help of questionnaire.

The questionnaire consists of close ended questions of both multiple – choice questions and checklist questions. The questionnaire has two parts. The first part of the questionnaire was relating to social aspects of truck drivers and the second part consisted of economic aspects of truck drivers and a total of 14 questions relating to age, educational qualification, Experience, Income, House details, Own house details, Rent details, marital status, No of children, Education of children, Spouse's education, Amenities in house, and the problem creators on the road. The sample is selected based on random sampling. The Survey conducted in the city of Kakinada and its surrounding villages through questionnaires to 200 drivers.

TOOLS FOR DATA ANALYSIS

The processing and analysis of data was done with the help of the computer software StatistiXL (Statistical Package for Social Sciences) and STATISTICS XL software. Mean and other calculations and drawing of tables, charts and the figures are done by using MS Excel.

Testing of Hypothesis:

Chi – square (χ^2) test is used to test the 'goodness of fit' as it is the very powerful test for testing the significance of the discrepancy between theory and experiment was given by Prof. Karl Pearson. It enabled to find if the deviation of the experiment from theory is just by chance or is it really due to the inadequacy of the theory to fit the observed data.

FORMULA USED

$$x^2 = \sum \frac{(\text{observed} - \text{expected})^2}{\text{expected}}$$

MEAN

The mean (the expected frequencies) in each group or condition is calculated by adding up all the scores in a given condition (for 10years), and then dividing by the number of years (10) in that condition.

DECISION RULE

At 5% level of significance and at the degrees of freedom 9 if calculated value of χ^2 is less than the tabulated value accept Null hypothesis and if calculated value of χ^2 is greater than the tabulated value reject Null hypothesis.

THE CORRELATION COEFFICIENT: it is to determine the relationship between two properties

The equation for the correlation coefficient is:

$$Correl(X,Y) = \frac{\sum (x-\bar{x})(y-\bar{v})}{\sqrt{\sum (x-\bar{x})^2 \sum (y-\bar{y})^2}}$$

Where x and y are the sample means AVERAGE (array1) and AVERAGE (array2).

RESULTS & DISCUSSION

TABLE 5.1: SECTOR -WISE TARGET AND ACTUAL PRODUCTION (MTS) OVER 10 YEARS

Financial Year	Public sector			Cooperative sector			Private sector			NFCL		
	Target	Actual	% Gap	Target	Actual	% Gap	Target	Actual	% Gap	Target	Actual	% Gap
2001 - 02	8643.2	7396.9	-14	7266.2	7651.2	5.3	20757.9	16951.5	-18.3	1195.0	1186.2	-0.7
2002 - 03	8224.0	7509.3	-8.7	7266.2	7651.2	5.3	20757.9	16951.5	-18.3	1195.0	1186.2	-0.7
2003 - 04	8224.0	7509.3	-8.7	7208.0	7473.9	3.69	19491.6	16720.3	-14.2	1194.6	1193.8	-0.1
2004 - 05	8212.7	7715.7	-6.1	7639.6	7959.7	4.19	19755.0	17936.2	-9.21	1194.6	1392.3	16.5
2005 - 06	8062.9	7502.6	-6.9	7692.4	8209.4	6.72	18821.5	17956.7	-4.59	1194.6	1379.3	15.5
2006 - 07	8202.7	7557.4	-7.9	9471.0	8721.5	-7.91	18597.6	19938.0	7.207	1194.6	1324.0	10.8
2007 - 08	7729.5	6918.6	-10	9976.9	8538.8	-14.4	19725.7	17786.8	-9.83	1194.6	1354.2	13.4
2008 - 09	7625.7	7137.7	-6.4	9390.9	8911.0	-5.11	19819.0	17099.4	-13.7	1429.5	1378.0	-3.6
2009 - 10	7440.9	7686.6	3.3	9430.0	9978.4	5.82	20125.6	19157.2	-4.81	1484.9	1480.1	-0.3
2010 – 11*	3071.0	3042.4	-0.9	4081.9	4460.0	9.26	8904.5	7803.0	-12.4	686.0	695.4	1.37
Total	75436.6	69976.5	-7.2	79423.1	79555.1	0.17	186756.3	168300.6	-9.88	11963.4	12569.5	5.07
* Apr2010-August2010												

Source: Department of Fertilizers, New Delhi

Table 5.1 shows Sector -Wise Target and actual Production for 10 Years. The actual performance of co operative sector for 10 years is 79555.1 MTs which is 132 MTs more than its intended production i.e. 79423.1 MTs this is better than the remaining two sector. The 2nd best is the performance of Public sector as its target performance is 75436.6 MTs and its actual performance is 69976.5 MTs. The least of all is the performance of private sector its actual performance is 168300.6 MTs against to its intended performance 186756.3 MTs.

From this study it can be said that over 17.12 % of capacity is underutilized. It can be improved when the policies of the govt. are implemented effectively. For the government intention is to go ahead with a new investment strategy for the fertilizer sector, especially for urea. This policy seeks to create a 1.5 million-tons capacity for the production of urea over a five year-period. The new policy may provide gas linkage for up to 75 per cent of new capacity created from domestic gas resources, while the rest will have to be met through imports. The Government may provide a subsidy for the price differential between domestic and imported gas.

The proposed policy is for both Greenfield (new plants) and brown field plants, i.e. capacity addition to existing plants or revival of old or closed plants. The proposed policy is based on the current availability of gas within the country and rising trend in global gas prices. The new policy is expected to be announced in the Budget for 2012-13 and then the issue will be placed before the Cabinet for a final decision.

HYPOTHESIS - 1

Null hypothesis (H$_0$): There is no capacity underutilized in the industry

Alternative hypothesis (H$_a$): There is 17.12 % of capacity is underutilized in the industry

Level of significance: 5%

Degrees of freedom (DF): 3

Calculated value: 178349.1

Table value: 7.82

Decision: Reject null hypothesis

Conclusion: It's very significant that there is 17.12 % of capacity underutilized in the industry.

The correlation coefficient result: between the target and actual capacity utilization is 0.928743 shows positive correlation.

HYPOTHESIS - 2:

Null hypothesis (H$_0$): The Company is not trying to offer the consistent product mix by sourcing traded product from other firms

Alternative hypothesis (H$_a$): The Company is trying to offer the consistent product mix by sourcing traded product from other firms

Level of significance: 5%

Degrees of freedom (DF): 9

Calculated value: 364340.6

Table value: 16.92

Decision: Reject null hypothesis

Conclusion: It's very significant that the Company is trying to offer the consistent product mix by sourcing traded product from other firms

HYPOTHESIS - 3:

TABLE 7.2: INSTALLED CAPACITIES & QUANTITY OF UREA PRODUCED FOR 10 YEARS

Financial Year	Installed capacity MT/Day	% Change	Quantity produced (MT)	Quantity produced MT/Day	% Change	% increase	% Change
2001 - 02	3000		1221944	3347.792		12	
2002 - 03	3000	0	1187259	3252.764	-3	8	-33
2003 - 04	3000	0	1193960	3271.123	1	9	13
2004 - 05	3000	0	1392538	3815.173	17	27	200
2005 - 06	3000	0	1379220	3778.685	-1	26	-4
2006 - 07	3000	0	1324054	3627.545	-4	21	-19
2007 - 08	3000	0	1354490	3710.932	2	24	14
2008 - 09	3000	0	1378162	3775.786	2	26	8.3
2009 - 10	3620	20.7	1505484.65	4124.615	9	14	-46
2010 - 11	3620	0	1647766.15	4514.428	9	25	79
Average	3124		1358488	3721.884		19.2	

Source: NFCL Annual Reports 2002 to 2011

INTERPRETATION

Table 7.2 shows the Installed capacity & Quantity of Urea produced for 10Years. It shows that the installed capacity for Urea is 3000 MT/Day from the year 2001 to 2009 and in the year 2009 to 2011 the installed capacity is 3620 MT/Day with an increase of 20.7%. Whereas the actual quantity of Urea produced per day is an average of 19.2% more than its installed capacity. From the year 2004 – 05 to 2010 – 11 the Urea produced per day is an average of 19% more than its installed capacity i.e. in 2004 - 05 it is 27%, in 2005 - 06 it is 26%, in 2006 - 07 it is 21%, in 2007 - 08 it is 24%, in 2008 - 09 it is 26%, in 2009 - 10 it is 14% and in 2010 - 11 it is 25% more production per day. Where as in 2005 – 06, -1% change is there from the previous year and in 2006 – 07, -4% change from the previous year. This lower production was on account of lower allocation received by the Company from the Government of India. The supply of natural gas and Naphtha was satisfactory throughout the year.

From this study it is clear that more production of Urea is possible than its installed capacity and the company is performing well in conversion of ammonia to Urea. So it is suggested that the govt. should allocate more than the current allocations to the existing firms so that the industry will gain its self sufficiency for Urea.

Null hypothesis (H$_0$): More production of Urea is not possible than its installed capacity

Alternative hypothesis (H$_a$): More production of Urea is possible than its installed capacity

Level of significance: 5%

Degrees of freedom (DF): 9

Calculated value: 135077.3

Table value:

Decision: Reject null hypothesis

Conclusion: it's very significant that More production of Urea is possible than its installed capacity and the company is performing well in conversion of ammonia to Urea

The correlation coefficient result: Between the installed capacity and quantity of urea produced is 0.805158609 shows positive correlation.

FINDINGS

1. It is found that in the fertilizer industry over 17.12 % of installed capacity is underutilized.
2. It tells that only in the years 2001 – 02, 2002 - 03, 2003 – 04 and 2008 - 09, 2009 – 10 the company's performance is less against to its intended performance (output) but over a period of 10 years the company gained 5.07 % more production than its intended output.
3. It's found that, in NFCL there is 5.07% increase in utilization of installed capacity is due to the company's advanced technology from Kellogg Brown and Root Process, HaldorTopsoe.
4. The company is trying to offer the consistent product mix by sourcing traded product from other firms.
5. More production of Urea is possible than its installed capacity and the company is performing well in conversion of ammonia to Urea.

RECOMMENDATIONS

1. The output can be improved when the policies of the govt. are implemented effectively. For the government intention is to go ahead with a new investment strategy for the fertilizer sector, especially for urea. This policy seeks to create a 1.5 million-tons capacity for the production of urea over a five year-period.

2. The govt. should make more Natural gas allocations to fertilizer industry so that the industry can increase its production.
3. The govt. should keep higher targets and make more allocations to the company so that the company can meet its targets at an ease.
4. The govt. should pursue the demand and supply very keenly so that it can fill the gap.
5. If the company wants to offer the complete product mix to its end users at affordable price the company should go by manufacturing rather than sourcing from others.
6. If the company can maintain its own logistics and its operations it will gain more advantages in reducing the value of distribution expenses to considerable extent.
7. The Company should concentrate on more movements through road than the present mode of transportation.

CONCLUSIONS

The whole study was based on the secondary data as there is less scope of primary data. Hence the chi square test has been used to test its significance and it was concluded that though there was surplus in the supply of fertilizers from both the company and the industry at large there is supply chain outbound logistics problems which resulted in the shortage of availability of the fertilizers to the end user the farmer.

SCOPE FOR FURTHER RESEARCH

The recommended future study may be on the use of I.T and technology like vacuum loaders, flexible closed conveyer belts which are used in bagging plants for bulk urea loading for imports, flexible transport vehicles and multipurpose warehousing system.

ACKNOWLEDGMENTS

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AN EMPIRICAL ANALYSIS OF THE OPERATING PERFORMANCE OF CROSS-BORDER ACQUISITIONS BY INDIAN MULTINATIONALS

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ABSTRACT

The aim of this study is to assess the performance of cross-border acquisitions and their impact on the acquirer firms especially when the target belongs to a developed nation like United States, Italy, Germany, France etc. and the acquirer is from a developing nation like India. Usually its captivating to hear the news of acquisition being announced by an Indian company to acquire ,a US based company because of the esteem attached to the big name of US. This study aims to analyse whether this delight is enjoyed only by the general public or is shared by the owners of the acquiring firms as well in the form of abnormal returns. The study examines whether there is an improvement in the overall financial health of the company after acquisition. Different ratios, growth rates and averages have been used to evaluate financial performance of the sample firms before and after the acquisition. For the said purpose, the Pre and post acquisition financial analysis of 24 sample companies who has done acquisitions during the period of 2000-2005 has been considered.

KEYWORDS

Cross border Acquisitions, Growth analysis, Key ratios, Operating performance.

INTRODUCTION

Until the 1990s, not many Indian companies had contemplated spreading their wings abroad. But after the advent of the Globalization in the early nineties, improved market access, the adoption of the policy of liberalization by countries such as India and the enforcement of some much desired statutes e.g. the Competition Act of India in 2002, Sarbanes Oxley Act in USA etc global mergers and takeovers have become a common visible feature. Across the world low interest rates, pressure of competition and the advent of ever bigger private equity funds have spurred a huge number of mergers and takeovers. In combination with other trends, such as increased deregulation, privatization, and corporate restructuring, globalization has spurred an unprecedented surge in cross-border merger and acquisition activity. With businesses going global, companies in search for a worldwide competitive edge have followed their customers worldwide by way of cross border acquisitions.

OBJECTIVE OF THE STUDY

The aim of this study is to assess the performance of cross-border acquisitions and their impact on the acquirer firms especially when the target belongs to a developed nation like United States, Italy, Germany, France etc. and the acquirer is from a developing nation like India.

HYPOTHESIS OF THE STUDY

For accomplishing the abovesaid purposes the following hypotheses have been formulated.
The null hypothesis : Ho: Pre Acquisition Average and Post Acquisition Average of growth ratios of Indian firms are not significantly different from each other i.e. the growth of acquiring firms have not improved / deteriorated significantly because of the acquisition.

DATA AND METHODOLOGY

The acquisitions during the period 2000-2008 were identified from Thomson ONE Bankers database. A total sample size of 1180 acquisitions were initially accredited with the acquirers being Indian firms and the target nation is a cross-border country. In addition, information about announcement or completion dates and which companies were involved in an acquisition is obtained.

Other criteria used to select the sample are given below:

The deals considered are the ones which were announced, completed and unconditional. Only those acquisitions are analysed in which the target nation is a developed nation. The acquisition deals that lead to effective control of the target company are selected, i.e. this includes 100% acquisitions, majority acquisitions and minority acquisitions in which the bidder previously already acquired part of the target company and with the additions of the latest acquisition the ownership of the target by the bidder is over 50%, resulting in effective control. Sample selected includes only those transactions for which the deal size is at least $10 million. The target and bidders are not participating in more acquisition deals within the estimation period and testing period. All bidder companies have a BSE (Bombay Stock Exchange) listing.

The data considered for testing the operating performance is for a period of 2000-2005. The data has been restricted till 2005 because we are required to compute three years post acquisition ratios to compare the performance of the acquiring firm with that of the three years pre acquisition ratios. The annual statements for the bidders are collected from the CMIE (Centre for Monitoring Indian Economy) Prowess Database. Finally, the sample size was reduced to 24 Indian acquisition announcements meeting all the above mentioned criteria for the empirical analysis based on financial statements i.e. accounting study.

The method used to assess the impact of acquisition on the acquiring firm in terms of its profitability is measured by calculating the difference in the accounting ratios based on the data extracted from the audited financial statements of the sample firms for pre and post acquisition period of three years each.

According to Grant, Jammine & Thomas (1988) the use of accounting study is justified because:

Managers and external analysts often use return on assets as a measure of the effectiveness and efficiency of top management

The impact of corporate strategy on a firm's performance is more directly reflected in accounting profit than in stock price, which measures investors expectations about future profits.

STEPS FOLLOWED

Firstly, several parameters/ratios for assessing the growth of the sample firms were identified.

These ratios were then calculated by using the data extracted from the CMIE Prowess Database from the financial statements of the selected firms for a period of six years i.e. 3 years pre acquisition and 3 years post acquisition, excluding the year of acquisition. The ratios selected for the study and the formulae used for the computation has been given in the next section.

The acquisition completion year was denoted as year 0. Year 0, the year of the acquisition, is excluded from the analysis for two reasons. First, many of the acquiring firms use the purchase accounting method, implying that in the year of the acquisition the two firms are consolidated for financial reporting purposes from only the date of the acquisition. Results for this year are therefore not comparable across firms or for industry comparisons. Second, year 0 figures are affected by one-time acquisition costs incurred during that year, making it difficult to compare them with results for other years.

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These ratios were then averaged for a set of key financial ratios for a period of three years pre and post acquisition and named as pre acquisition average and post acquisition average for the entire set of sample firms, which have done acquisitions during the period 2000 to 2005. The averages computed were the simple arithmetic mean. For all the parameters, for all the sample firms, for a period of 3 years pre and 3 years post acquisition these ratios were computed and then averaged.

Average pre merger and post merger financial performance ratios were then compared to see if there was an increase or decrease in the ratios so computed post acquisition. The companies reporting an increase were assigned a plus sign whereas a minus sign was assigned for a decline.

These differences were then put to test for analyzing any statistically significant change in operating performance due to acquisitions, using "Wilcoxon Signed Ranks Test" i.e. a non-parametric test which does not require any assumption about the distribution of the data used. The analysis has been supplemented by the "T-Test: Paired Two Sample for Means", which is a parametric test just to check the robustness of the results.

GROWTH ANALYSIS

A. Rate of growth-Sales = $\dfrac{Current\,years'\,sales - Last\,years'\,sales}{Last\,years'\,sales} * 100$

B. Rate of growth-Total Assets = $\dfrac{Current\,years'\,assets - Last\,years'\,assets}{Last\,years'\,assets} * 100$

C. Rate of growth-PAT = $\dfrac{Current\,years'\,PAT - Last\,years'\,PAT}{Last\,years'\,PAT} * 100$

D. Rate of growth-Net Worth = $\dfrac{Current\,years'\,networth - Last\,years'\,networth}{Last\,years'\,networth} * 100$

E. Rate of growth-Capital Employed = $\dfrac{Current\,years'\,capital\,employed - Last\,years'\,capital\,employed}{Last\,years'\,capital\,employed} * 100$

EMPIRICAL FINDINGS

One of the important objectives behind an acquisition is inorganic growth. The strategic decision like acquisition is usually intended to give a boost to the normal growth figures. The growth analysis for the purpose of the study has been undertaken by calculating growth patterns in several financial variables such as sales, total assets, PAT, networth and capital employed. As earlier stated the study aims at analyzing the impact of acquisition on the operating performance of the business firm particularly for the firms which have acquired the firms from developed nations. With a view to attain the aforesaid objective, it is being tested that whether these acquisitions have resulted in rise in growth rates for the acquirers.

Growth ratios are calculated overtime and they try to capture the relative increase in a particular variable over the prior period. Then these growth rates for the three years prior to acquisition were averaged and compared with the post acquisition average growth rate for the three year post acquisition window.
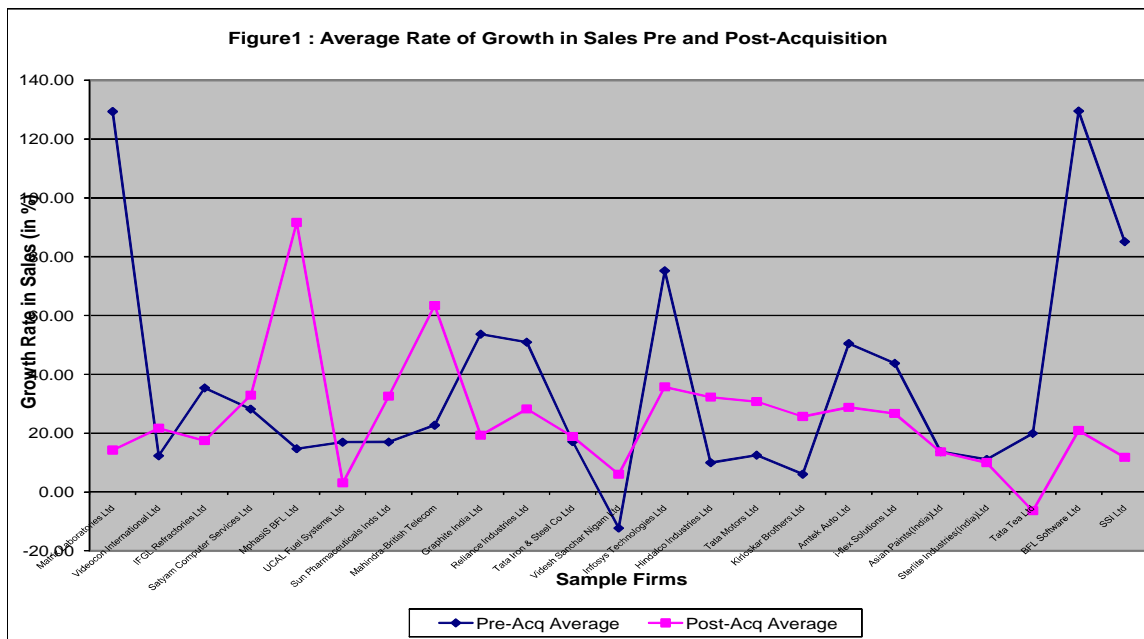
The following reports the summary findings regarding what percentage of companies have reported a decline or an improvement in the average ratios or the financial variables post acquisition. The Table shows the summary results obtained from the application of both the tests carried out on the sample firms i.e. the wilcoxon test and the t-test.

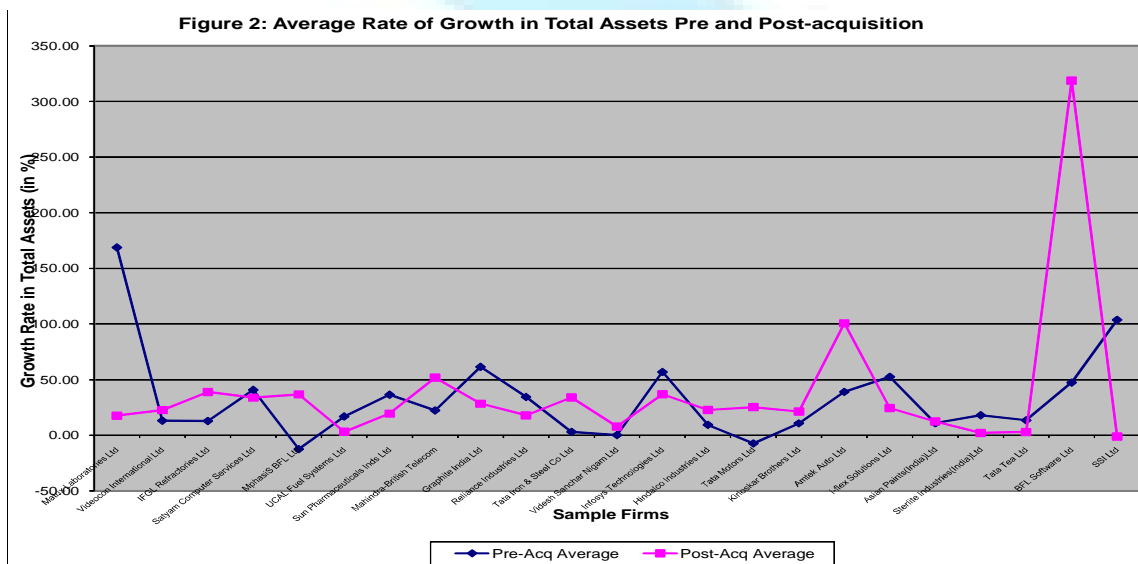|	Table: Performance Evaluation:								
	PRE AND POST-ACQUISITION PERIOD OF THE SAMPLE COMPANIES,GROWTH PARAMETERS								
						increased after the acquisition		decreased after the acquisition	
S No.	Parameters of Financial Performance	Z-stats (wilcoxon rank test)	p-value	t-stats (paired two sample for means)	p-value	No.of firms	percent (%)	No.of firms	percent (%)
1	**Rate of growth-Sales**	-0.973	0.330	1.257	0.222	10	43.48	13	56.52
2	**Rate of growth-Total Assets**	-0.152	0.879	-0.351	0.729	12	52.17	11	47.83
3	**Rate of growth-PAT (Profit After Tax)**	-0.081	0.935	0.491	0.629	12	54.55	10	45.45
4	**Rate of growth-Net Worth**	-0.091	0.927	0.113	0.911	12	52.17	11	47.83
5	**Rate of growth-Capital Employed**	-0.091	0.927	-0.166	0.870	12	52.17	11	47.83

note: 1. # indicates missing value
2. * significant at 10% Level, ** Significant at 5% Level, *** Significant at 1% Level
3. figures in parantheses indicates negative values

It can be seen from the table that most firms i.e. more than 50% of the firms have experienced an improvement in the rate of growth in assets, PAT networth, capital employed. On the other hand for parameters like, rate of growth in sales, most of the firms have observed a decline.

As far as growth analysis is concerned not many companies have shown a significant advancement over a period of three years post acquisition as can be seen from the Figures1 to Figure 5.

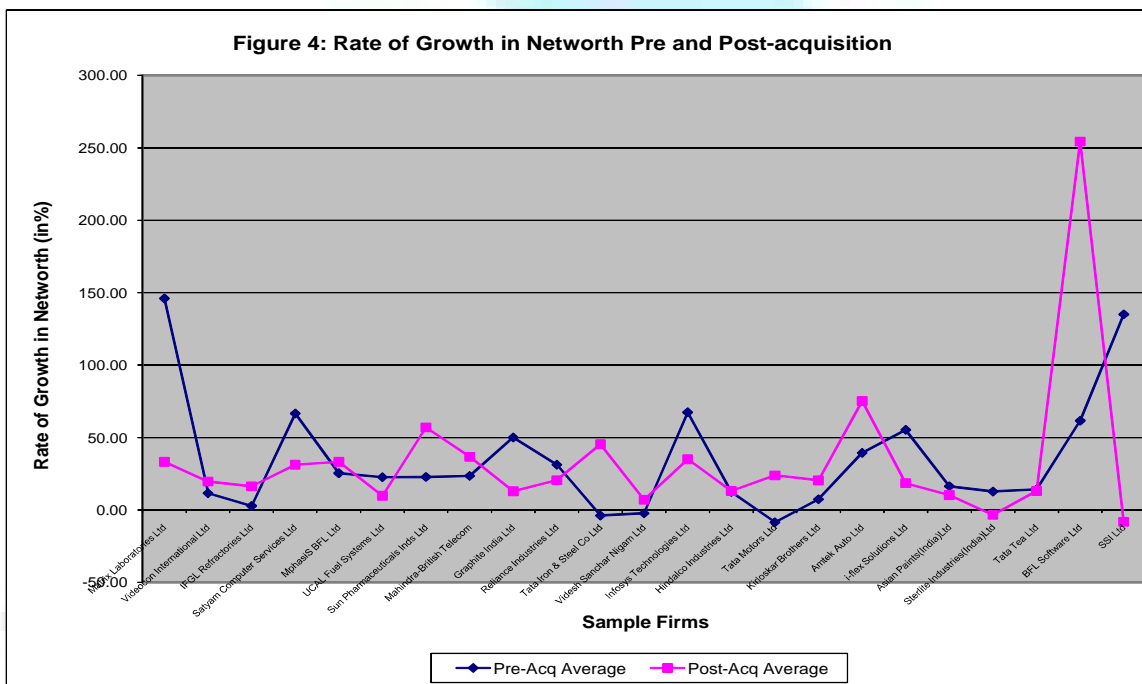**INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT**   52

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Figure1 : Average Rate of Growth in Sales Pre and Post-Acquisition

Z-stats (wilcoxon rank test)	-0.973	t-stats (paired two sample for means)	1.257
p-value	0.330	p-value	0.222
No.of firms which has shown an increase	10	No.of firms which has shown decrease	13
percent (%)	43.48	percent (%)	56.52

Figure 2: Average Rate of Growth in Total Assets Pre and Post-acquisition

Z-stats (wilcoxon rank test)	-0.152	t-stats (paired two sample for means)	-0.351
p-value	0.879	p-value	0.729
No.of firms which has shown an increase	12	No.of firms which has shown decrease	11
percent (%)	52.17	percent (%)	47.83

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Figure 3: Rate of Growth in PAT Pre and Post- Acquisition
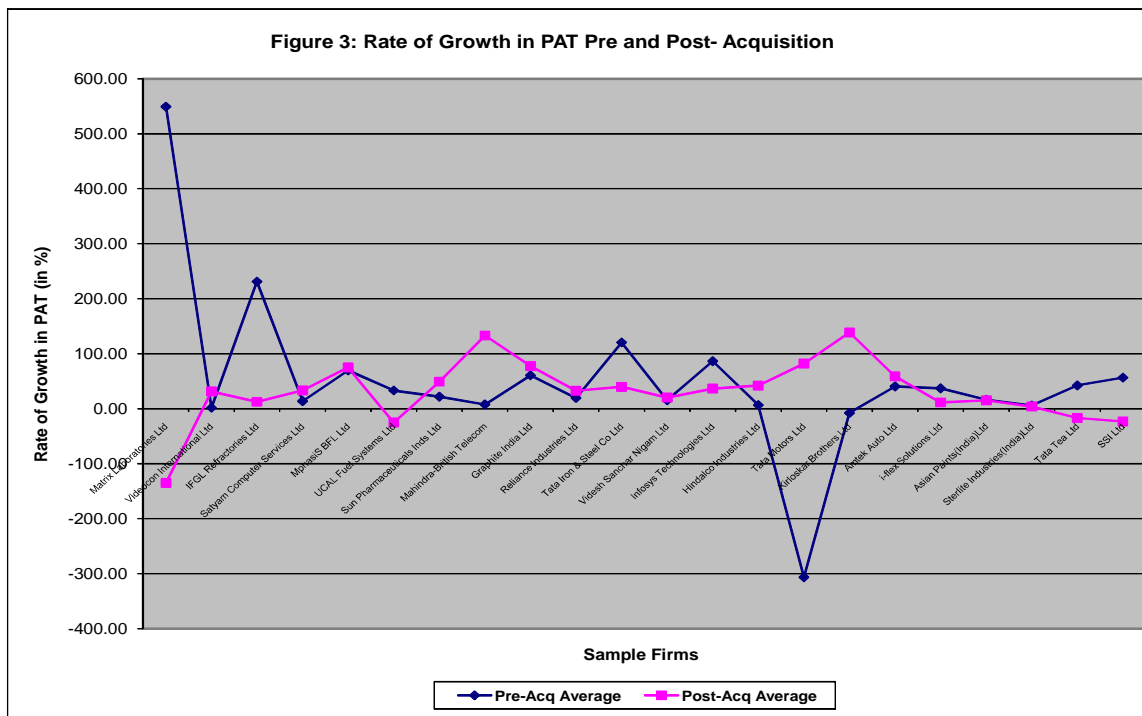
Z-stats (wilcoxon rank test)	-0.081	t-stats (paired two sample for means)	0.490774
p-value	0.935	p-value	0.628676
No.of firms which has shown an increase	12	No.of firms which has shown decrease	10
percent (%)	54.55	percent (%)	45.45

Figure 4: Rate of Growth in Networth Pre and Post-acquisition

Z-stats (wilcoxon rank test)	-0.091	t-stats (paired two sample for means)	0.113
p-value	0.927	p-value	0.911
No.of firms which has shown an increase	12	No.of firms which has shown decrease	11
percent (%)	52.17	percent (%)	47.83

Figure 5: Average Rate of Growth in Capital Employed Pre and Post-acquisition
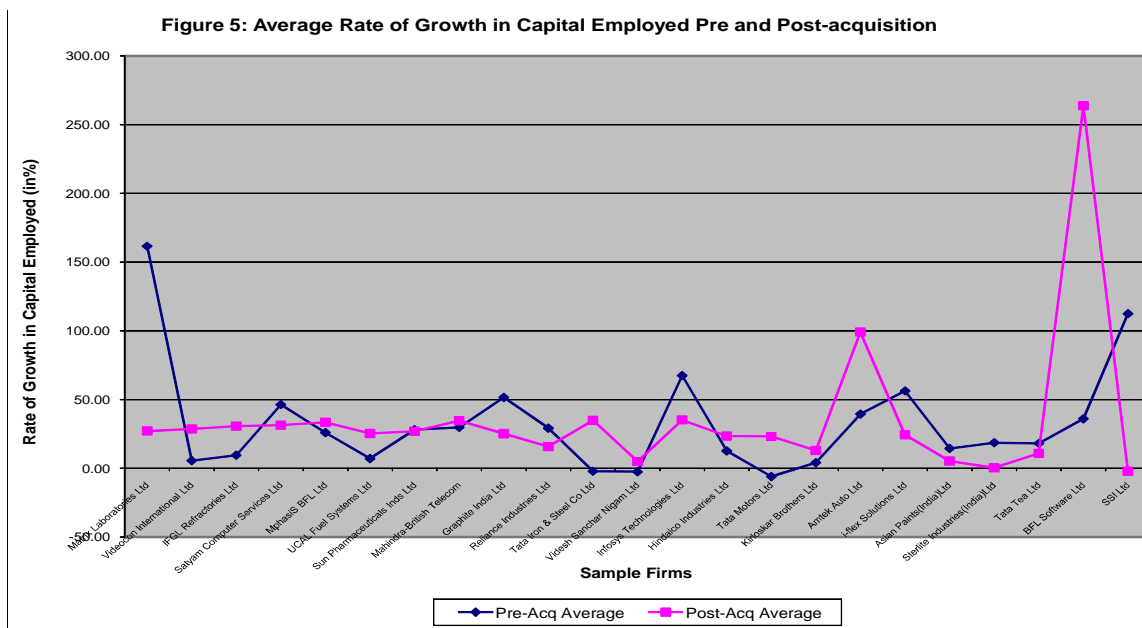
Z-stats (wilcoxon rank test)	-0.091	t-stats (paired two sample for means)	-0.166
p-value	0.927	p-value	0.870
No.of firms which has shown an increase	12	No.of firms which has shown decrease	11
percent (%)	52.17	percent (%)	47.83

Hindalco Industreis ltd. was the only company out of the sample firms reporting a significant ascend in the rate of growth in PAT. On the other hand, IFGL Refractories witnessed a significant descend.

Tata Motors Ltd. was the firm confronting a significant rise if we talk about rate of growth in capital employed, but if we see the trend of growth in networth in sample companies then we could have a few firms depicting a significant uptrend. IFGL Refractories Ltd, Sun Pharmaceuticals Inds Ltd, Tata Iron & Steel Co Ltd, Tata Motors Ltd were amongst them.

If we take a look at Figure 2, Average growth rate in total assets have plummeted for almost 48% firms. From figure1 one can see that Hindalco Industries Ltd and Tata Motors Ltd were amongst the few companies had been able to take their growth rate of sales at a higher level. On the other side, UCAL Fuel Systems Ltd. and i-flex Solutions Ltd accounted a significant plunge.

It was surprising to see from figure1 that none of the companies has stated a significant mount in the rate of growth in sales out of the sample firms. Although, there were around 44% firms showing an increase in the said ratio (see Figure 1) but none of them had shown a significant rise. UCAL Fuel Systems Ltd, Amtek Auto Ltd, and i-flex Solutions Ltd were amongst the firms whose rate of growth in sales has plummeted significantly.

CONCLUSION

Given the fact that only limited research has been done previously, despite the fact that India is one of the most active economy of the world in the world of mergers and acquisitions, this study sheds light on the recent abnormal returns of acquisition activity by Indian bidders. The main criterion of the current research was to assess the performance of the acquisition and their impacts on the return to the acquirer firms. The study investigated the Indian market and analyzed the performance of the acquirers between the period January 2000 and December 2008. Some of the financial indicators used in the research were the growth in sales, growth in total assets, growth in capital employed etc. In order to reach a conclusion on the acquisition performance, a comparison of the three year pre- acquisition performance was made with that of the three year post- acquisition performance. As far as growth analysis is considered, the sample firms' growth has not been very promising. Although, the growth for most of the firms has risen but it was not significant. On the whole, on the basis of the sample chosen it would be wrong to articulate that the acquisitions have proven to be a drain on the wealth of acquirers. The measurement of performance in the long run on the basis of the accounting study approach has revealed that neither the announcement returns nor the accounting returns have shown a significant downfall due to the acquisition.

LIMITATIONS OF THE STUDY

The purpose of this section is to be self-critical. The present study has focused on testing the impact on acquirers for indulging into cross border acquisitions in the developed nations by assessing the impact on the accounting figures reported by the firms. However, there are some limitations associated with this study. They are as follows:

The information regarding the target firms in respect of their share prices, financial statements etc. could not be obtained because these belong to several different nations and have their listing in the distinct stock exchanges, this obstructs research to target and combined returns.

Further, as can be observed from the results it becomes clear that the sample is skewed through time in favor of the end of the sample (the later it becomes in time, the more events there are), which raises the question whether this could have influenced the results. Previous literature indicates that the fact that the sample is skewed will not influence the results regarding abnormal returns as Brown and Warner provide evidence in their 1985 paper that clustering of data does not alter the results (Brown and Warner, 1985). Therefore, the results regarding this issue should be robust.

Regarding the control factors different questions can be raised. Not all the control factors mentioned in the literature could be tested in this study because of the lack of data in different cases and time constraints. Control factors that were not included that possibly are of great importance are competition and interlinked with this, bargaining power, the method of payment, relative size of the target, industry relativeness and government influences etc.

DIRECTIONS FOR FUTURE RESEARCH

Generally speaking, more research regarding the merger and acquisition activity in one of the most participating economy of the world, India, is warranted. There are some areas which are suggested for future research which are as follows:

More research is warranted regarding several control factors of abnormal returns that were not incorporated in this research, as data availability was a limiting factor on the side of some control factors in this study. Interesting would be to research whether competition, method of payment, government influence etc. are a factor of influence and what factor of influence (positive or negative) the control variables are regarding to abnormal returns. The selection of the control factors and additional research from this point of view should therefore be an important focal point in future research.

This paper has a focus on the bidder abnormal returns when an acquisition is announced and as a result excludes the possibility to have a closer look at target abnormal returns and combined abnormal returns. In addition, a large portion of target companies are private and therefore no public data is available.

A comparison of the returns earned by the Indian acquirers when they indulge into domestic acquisitions as against the returns being made available to the Indian acquirers if they opt for cross-border acquisition could be investigated. With future research that focuses on the difference between Indian domestic acquisitions compared to Indian acquisitions abroad.

In future research, a comparison could be made between the Indian market and for example the United States market on how quick the announcement effect of an acquisition is incorporated in stock data. Moreover, a research should be performed whether there are differences in abnormal returns between different kind of acquisitions, as the literature regarding research in the United States, for example, tends to yield results that give different results regarding tender offers compared to other forms of acquisitions.

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STUDYING THE RELATIONSHIP BETWEEN ISSUING ACCEPTABLE AUDITING REPORT WITH A CORPORATE GOVERNANCE SYSTEM AND BOARD OF DIRECTORS' CHARACTERISTICS IN ELECTRICITY DISTRIBUTION COMPANIES IN IRAN

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ABSTRACT

In this research the relationship between issuing acceptable reports of auditing with a corporate governance system and the characteristics of board of directors in electricity distribution companies in Iran (depending on the base company of Tavanir) was investigated. To do so, active companies in electricity distribution industry were studied for the period between 2008 and 2012. Independent variables of this research included: 1- educational degrees of board of directors' members, 2- educational majors of board members, 3- accounting conservatism, 4- employers' rank, and 5- size of board of directors. The dependent variable for this research was acceptable auditing report. Our statistical sample included 34 companies from among those electricity distributing companies and the data gathered to study the research hypotheses were analyzed by Eviews software and in the form of logistic regression. Results of investigations showed that 3 elements mentioned (educational majors of board members, employers' rank, and size of board of directors) have had a meaningful relationship with acceptable auditing reports. But the constituents of: educational degrees of board of directors' members, and accounting conservatism did not have any meaningful relationship with acceptable auditing reports.

KEYWORDS
corporate governance system, board of directors' characteristics, acceptable auditing reports.

INTRODUCTION

Without any doubts auditing is an assuring process about reliability and relatedness of information in financial statements. The existence of controversy between the benefits of stockholders and managers renders a specific importance to an audit to remove this controversy. Auditing, as an efficient mechanism, assures the stockholders that whether managers have acted to the benefit of stockholders' or not. Thus, the use of auditing is to assure stockholders and other beneficiaries who have contracts with the company (Walker, 2003). Since reports of auditors are considered as useful information in the process of making decisions by financial statements' users, the goal of this research is first to recognize and investigate effective factors in issuing acceptable auditing reports in electricity distributing firms during a 5 years time period and then to devise and suggest a pattern to identify it. The importance of this research is due to the fact that it tries to show experimentally to formal auditors' assembly, financial analysts, investors, and other users of accounting information that managers in business units permanently try to show their performance to be positive through the receipt of acceptable auditing reports. Electricity industry is a dynamic and effective one due to its fundamental role and its relations with all factors affecting economic growth. Due to the broad spread of electricity energy we can consider it as one of the main factors setting the backgrounds for economic development in the country. Electricity industry is divided into three main parts of: production, distribution, and transfer and each of them is important in its own place. Regarding accounting approaches electricity companies need audited financial statements to collect their claims in time because they have a key role in optimal energy use and are among some limited resources and the audited financial statements of these companies are left to users (especially contractors) who get the responsibility of administrative equipments of electricity in planning and to absorb their trust. Also this issue is fundamentally important due to the future plans to cede stocks of electricity distributing companies. Also different strategies have been posed in financial literature to reduce agency problem and one of the most important issues in this regard is firm's corporate governance system. Firm's corporate governance system is the process of supervising and controlling firm's management to get confidence about the convergence of their performances with stockholders' benefits and the most important elements related to it are: stockholders and their ownership type, members of board of directors and its composition, and … .

RESEARCH LITERATURE
RESEARCH CARRIED OYT IN IRAN
Vahidi & et al (2009) found out in their studies about withdrawals of internal and independent auditors and the efficiency of alarm signs in discovering fraudulent financial reporting that there is not a main difference between withdrawal of internal and independent auditors. Also they showed that experience amount and job rank are effective in withdrawals of internal auditors regarding the efficiency of alarms. However, these two variables were not effective regarding independent auditors.

Abbaszadeh & Manzarzadeh (2011) showed that there is a negative and meaningful relationship between increasing the members of board of directors and acceptable auditing reports and there is a positive and meaningful relationship between increasing ownership ratio and acceptable auditing reports. Lack of changes in members of board of directors in current year compared to the previous year affects acceptable auditing reports negatively and meaningfully. There is a positive and meaningful relationship between increasing the ratio of market value to book value of owners' equity and acceptable auditing reports.There is a negative and meaningful relationship between changing audits in current year compared to the previous year and acceptable auditing reports. Also there is a positive and meaningful relationship between increasing assets' return rate and acceptable auditing reports.

Bahman Banimahd (2012) showed in his research that the probability of issuing an acceptable auditing report varies affected by: ownership change, auditing privatization, opinion expression phenomenon, changing audit from one private auditing entity into another private auditing entity, and firm size, respectively. From among the variables mentioned above, all variables except firm size audited by an auditor have a direct relationship with the probability of issuing an independent acceptable auditing report.

FOREIGEN RESEARCHES

Pivot & Missioner (2007) studied the relationship between corporate governance, auditing quality, and financing cost through debt in France. They claimed that financing system in France enforces the use of debt approach and banks and other financial institutions have little direct effects on corporate governance system and thus they tend to have a better supervision system and financial reporting quality. They used aggregate data of French companies between 1999 and 2001 and concluded that corporate governance quality has an important regressive effect on debt cost but auditing quality does not have this regressive relationship.

Chen & et al (2010) found out in a study in China that by merging a Chinese auditing company with one of big auditing entities (Ernest Wiong's institution) 30 employers out of 46 employers of this Chinese auditing entity changed their auditor and selected smaller auditing entities as their auditors. They showed that the incentive of 30 companies in changing auditors was to receive acceptable auditing report against low quality of auditing. Based on the results gained competition in auditing can reduce auditing quality.

Fafatas (2010) studied audit's conservatism after bankruptcy of auditing entities in his research. He found out that after the rule Sarbenz-Axely was approved, the conservatism of auditors after bankruptcy of some auditing entitles has increased. His research findings approved that using conservative accounting approaches has increased among the employers of these entities and in other words, auditors have enforced the use of these approaches for their employers.

RESEARCHE GOALS

The main goal of this research is to study the relationship between issuing acceptable auditing report and characteristics of board of directors in electricity distribution companies in Iran (depending on base professional company of Tavanir) through hypotheses utilized in the research. Also the ideal goal of this research is to step forwards to reduce information asymmetry and try to present transparent, related, and reliable information for the users on the part of suppliers to let investors and creditors to be able to analyze financial reports of companies in a more conscious way in order to make decisions. In this way they can analyze financial statements that have had acceptable auditing reports with a broader outlook (regarding the consideration of independent research variables here) and make more appropriate decisions.

RESEARCHES METHODOLOGY

The present research is post incidental regarding time which deals with financial data of the company in the past and studies hypotheses. Also it is applied regarding the nature of its goal and the results gained could be used directly in decision makings by the users. Research data are of aggregate data and in order to discover the relationship between two variables we have used a correlation method by using logistic regression model. Information in this research include data gained from financial reports and data and information about electricity distributing companies which have been estimated based on research models to devise a base for testing hypotheses. Raw data needed about companies in order to study research hypotheses were collected directly and face to face through studying financial statements of electricity distributing companies and after comparing and removing lack of frequent harmonies and transferring into Excel broadsheet were transmitted into Eviews7 software for final analysis.

The statistical population for this research includes all electricity distributing companies during the time period between 2008 and 2012. Of course, the following limitations were observed in order to collect data through the statistical society to form our research sample:

1- Financial information needed and audited financial statements of firms should be complete and accessible.
2- Auditing report of companies should be acceptable or conditioned. We should have chosen two report types from among four ones as: acceptable, conditioned, lack of opinion expression, and rejection. This was due to the selection of binary logistic regression model to analyze data.

Regarding the limitations above, our research sample entailed 34 electricity distributing companies (depending on base professional company of Tavanir).

RESEARCHES HYPOTHESIS

H1: There is a meaningful relationship between educational levels of board of directors and acceptable auditing reports.
H2: There is a meaningful relationship between study majors of board of directors and acceptable auditing reports.
H3: There is a meaningful relationship between accounting conservatism and acceptable auditing reports.
H4: There is a meaningful relationship between employer's rank and acceptable auditing reports.
H5: There is a meaningful relationship between size of board of directors and acceptable auditing reports.

INDEPENDENT VARIABLE

Independent variables in this research include: 1- knowledge of board of directors, 2- educational majors of board of directors, 3- accounting conservatism, 4- employer's rank, and 5- size of board of directors. The methods to calculate each of these variables are described below:

1- **Knowledge of board of directors:** if at least two of the members of board of directors have got MA or higher educational degrees number 1 will be attributed and if not 0 will be attributed.
2- **Educational majors of board of directors:** if at least two of the members of board of directors have got educational degrees in financial and accounting fields, number 1 will be attributed and if not 0 will be attributed.
3- **Accounting conservatism:** to measure conservatism index we have used operational accruals' ratio to total assets of start of the period multiplied by -1 (Giluli & et al's model).
4- **Employer's rank:** employer's rank was measured by numbers (1, 2, 3, 4) and this ranking was carried out by Tavanir professional base company. In this ranking method 4 was the lowest rank while 1 was the highest.
5- **Size of board of directors:** number of members of board of directors at the end of fiscal year represents the size.

DEPENDENT RESEARCH VARIABLE

The dependent research variable here is acceptable auditing report. This variable is a virtual variable which was shown with 1 or 0. 1 represented acceptable auditing report while 0 was considered to show conditioned auditing report.

RESEARCHE FINDINGS

In this part and in order to enter information analysis stage, the descriptive statistics of data including central indexes, dispersion indexes, and deviation from symmetry and also Jarque-Bera test which approve normal distribution of leftovers were calculated and results were represented in table 1.

TESTING DEPENDENT VARIABLE' NORMALITY

Since normality of data distribution was one of the presuppositions in regression model, first normality of the distribution of research variables was investigated and Jarque-Bera's test was utilized to do so. In order to test normality of dependent variable we also used a test. If the probability of statistics was less than %5 (prob. < 0.05), H_0 claiming that error sentence and dependent variable is normal will be rejected. Based on calculations estimated by Eviews7 software represented in table 1, all probabilities are equal to 0. Thus, null hypothesis is rejected and it was found that the distribution of data in variables were not normal. To normalize the dependent variable we use Johnson's transformation in Minitab software and the transformation function of dependent variables has been presented in figure (1). As it can be seen in figure (1), the probability of statistics of initial data was less than 0.005 (prob. < 0.05) and this showed that dependent variable was not normal. By normalizing data using Minitab software the probability of statistics increased to 0.864 for UAR variable. Thus, in this case H_0 regarding the normality of error sentence and dependent variable is approved.

FIGURE 1 - TEST NORMALIZE JOHNSON TRANSFORMATION FOR THE DEPENDENT VARIABLE UAR
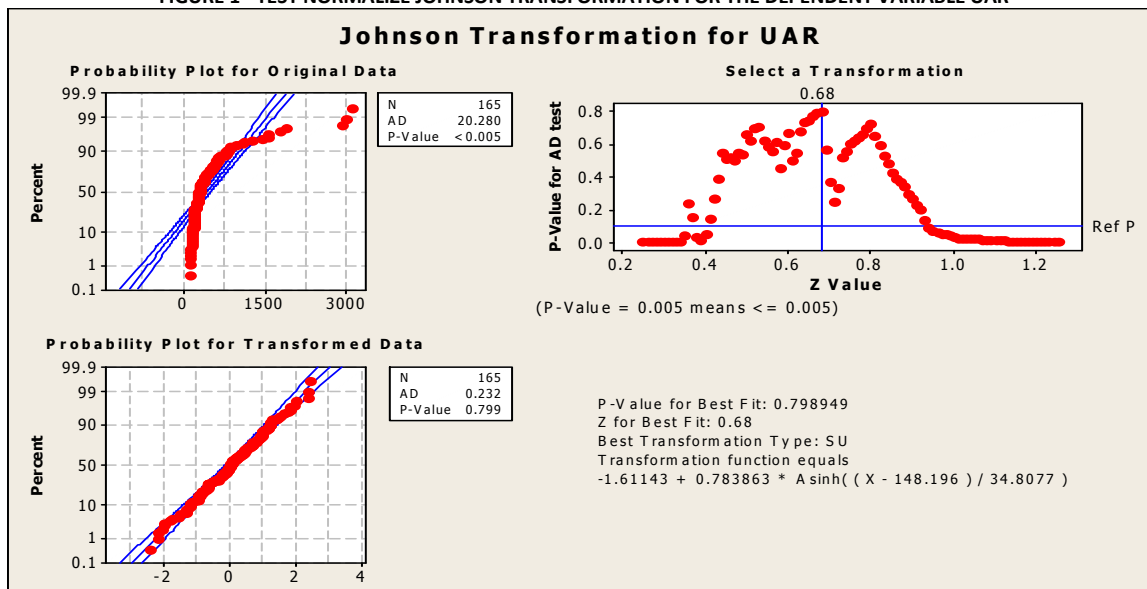
Then we will try to describe tests carried out by Eviews software version 7.01.

CHOW TEST OR TEST OF STRUCTURAL CHANGES RELATED TO HYPOTHESES

In order to test research hypotheses first time fixed effects model was estimated and then to study about the meaningfulness difference we used structural changes test. This test is hypothesized in the following way to investigate about the existence of fixed effects:

H_0: lack of existence of fixed effects ---- pooled model

H_1: existence of fixed effects ---- fixed effects model

TABLE (1): RESULTS OF CHOW TEST RELATED TO RESEARCH HYPOTHESES

RESULTS OF CHOW				
Assumptions	Cross-sections	Statistics	Degrees of freedom	P-VALUE
first hypothesis	F-statistic	0.710254	(32,131)	0.8693
	Kai-do	26.398089	32	0.7457
second hypothesis	F-statistic	0.719784	(32,131)	0.8596
	Kai-do	26.725064	32	0.7307
third hypothesis	F-statistic	0.738162	(32,131)	0.8400
	Kai-do	27.353848	32	0.7009
fourth hypothesis	F-statistic	0.723131	(32,131)	0.8562
	Kai-do	26.839771	32	0.7253
fifth hypothesis	F-statistic	0.717293	(32,131)	0.8622
	Kai-do	26.639669	32	0.7346

As it can be seen, regarding the meaningfulness level gained in the hypothesis, latitudes from base are rejected. In this stage pooled model is selected as the preferred model for these hypotheses. The statistical method used in this research was binary logistic regression and we also used Logit method.

First hypothesis: There is a meaningful relationship between educational degrees of board of directors and acceptable auditing report.

$UAR = \beta_0 + \beta_1 BE$

TABLE (2): RESULTS OF ESTIMATION GAINED FROM TESTING THE HYPOTHESIS USING LOGIT METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
Fixed number	-0.287682	0.230283	-1.249254	0.2116
Educational degrees of board of directors	0.424258	0.314161	1.350446	0.1769
McFadden identification coefficient	0.008026	Average of dependent variable		0.484848
Criterion deviation of dependent variable	0.501292	Standard error of regression		0.500030
Akikeh index	1.398499	The amount of residuals		40.75487
Shwarts index	1.436147	Likelihood of interruption		-113.3762
Hannan-Queen index	1.413782	Deviation		226.7523
Limited deviation	228.5870	Limited likelihood of interruption		-114.2935
LR statistics	1.834688	Average likelihood of interruption		-0.687128
LR statistics probability	0.175575			

Coefficients of regression model in figure 4-4 shows that in Logit method there is a positive relationship between educational degrees of board of directors and acceptable auditing report. This is not meaningful statistically and regarding McFadden identification coefficient (0.008), this relationship is weak. Also likelihood of interruption statistics shows that model is not meaningful on the whole. The positive relationship between these two variables showed that the educational degrees of board of directors affects acceptable auditing report but the weakness of this relationship showed that there are numerous factors other than educational degrees of board of directors which affect acceptable auditing report. It should be noted that McFadden identification coefficient is similar to ordinary regression identification coefficient.

Second hypothesis: There is a meaningful relationship between study majors of board of directors (accounting, financial management) and acceptable auditing report.

$UAR = \beta_0 + \beta_1 BF$

TABLE (3): RESULTS OF ESTIMATION GAINED FROM TESTING THE HYPOTHESIS USING LOGIT METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
Fixed number	-0.552069	0.287984	-1.917013	0.0552
Educational majors of board of directors	0.711699	0.344324	2.066947	0.0387
McFadden identification coefficient	0.019171	Average of dependent variable		0.484848
Criterion deviation of dependent variable	0.501292	Standard error of regression		0.496172
Akikeh index	1.383060	The amount of residuals		40.12849
Shwarts index	1.420708	Likelihood of interruption		-112.1024
Hannan-Queen index	1.398342	Deviation		224.2049
Limited deviation	228.5870	Limited likelihood of interruption		-114.2935
LR statistics	4.382176	Average likelihood of interruption		-0.679409
LR statistics probability	0.036317			

Coefficients of regression model in figure 4-5 shows that in Logit method there is a positive relationship between study majors of board of directors (accounting, financial management) and acceptable auditing report. This is not meaningful statistically and regarding McFadden identification coefficient (0.01), this relationship is weak. Also likelihood of interruption statistics shows that model is meaningful as a whole. The positive relationship between these two variables showed that study majors of board of directors (accounting, financial management) have a direct relationship with acceptable auditing report. This means that by increasing study majors of board of directors (accounting, financial management), acceptable auditing report will also increase and vice versa.

Third hypothesis: There is a meaningful relationship between accounting conservatism and acceptable auditing report.

UAR = $\beta_0 + \beta_1 AC$

TABLE (4): RESULTS OF ESTIMATION GAINED FROM TESTING THE HYPOTHESIS USING LOGIT METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
Fixed number	-0.0648822	0.157447	-0.411704	0.6806
Accounting conservatism	-0.010756	0.058776	-0.182993	0.8548
McFadden identification coefficient	0.000148	Average of dependent variable		0.484848
Criterion deviation of dependent variable	0.501292	Standard error of regression		0.502777
Akikeh index	1.409414	The amount of residuals		41.20398
Shwarts index	1.447062	Likelihood of interruption		-114.2766
Hannan-Queen index	1.424696	Deviation		228.5533
Limited deviation	228.5870	Limited likelihood of interruption		-114.2935
LR statistics	0.033751	Average likelihood of interruption		-0.692586
LR statistics probability	0.854237			

Coefficients of regression model in figure 4-8, shows that in Logit method there is a negative relationship between accounting conservatism and acceptable auditing report. This is not meaningful statistically and regarding McFadden identification coefficient (0.0001), this relationship is very weak. Also likelihood of interruption statistics shows that model is not meaningful on the whole. The negative relationship between these two variables showed that accounting conservatism affects acceptable auditing report but the weakness of this relationship showed that there are numerous factors other than accounting conservatism which affect acceptable auditing report.

Fourth hypothesis: There is a meaningful relationship between employer's rank and acceptable auditing report.

UAR = $\beta_0 + \beta_1 RE$

TABLE (5): RESULTS OF ESTIMATION GAINED FROM TESTING THE HYPOTHESIS USING LOGIT METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
Fixed number	0.559616	0.361873	1.546441	0.1220
Employer's rank	-0.772538	0.401995	-1.921759	0.0446
McFadden identification coefficient	0.016720	Average of dependent variable		0.484848
Criterion deviation of dependent variable	0.501292	Standard error of regression		0.500030
Akikeh index	1.386455	The amount of residuals		40.75487
Shwarts index	1.424102	Likelihood of interruption		-113.3762
Hannan-Queen index	1.401737	Deviation		226.7523
Limited deviation	228.5870	Limited likelihood of interruption		-114.2935
LR statistics	3.822023	Average likelihood of interruption		-0.687128
LR statistics probability	0.050583			

Coefficients of regression model in figure 4-12, shows that in Logit method there is a negative relationship between employer's rank and acceptable auditing report. This is not meaningful statistically and regarding McFadden identification coefficient (0.01). Also likelihood of interruption statistics shows that model is meaningful on the whole. The negative relationship between these two variables showed that employer's rank has a reverse relationship with acceptable auditing report. This means that by increasing employer's rank, acceptable auditing report reduces and vice versa.

Fifth hypothesis: There is a meaningful relationship between size of board of directors and acceptable auditing report.

UAR = $\beta_0 + \beta_1 BS$

TABLE (6): RESULTS OF ESTIMATION GAINED FROM TESTING THE HYPOTHESIS USING LOGIT METHOD

Variables	Coefficient	Criterion deviation	t statistics	Meaningfulness
Fixed number	-0.510826	0.210818	-2.423059	0.0154
Size of board of directors	1.076139	0.327371	3.287218	0.0010
McFadden identification coefficient	0.049052	Average of dependent variable		0.484848
Criterion deviation of dependent variable	0.501292	Standard error of regression		0.500030
Akikeh index	1.341663	The amount of residuals		40.75487
Shwarts index	1.379311	Likelihood of interruption		-113.3762
Hannan-Queen index	1.356945	Deviation		226.7523
Limited deviation	228.5870	Limited likelihood of interruption		-114.2935
LR statistics	11.21267	Average likelihood of interruption		-0.687128
LR statistics probability	0.000812			

Coefficients of regression model in figure 4-13, shows that in Logit method there is a positive relationship between size of board of directors and acceptable auditing report. This is meaningful statistically regarding McFadden identification coefficient (0.01). Also likelihood of interruption statistics shows that model is meaningful on the whole. The positive relationship between these two variables showed that size of board of directors has a direct relationship with acceptable auditing report. This means that by increasing size of board of directors, acceptable auditing report will also increase and vice versa.

RESEARCHE LIMITATIONS

Like most developing countries, one of the limitations in the present research was lack of a complete access to financial statements through different ways while the information should be completely accessible for the users. The most important limitation was due to corporate governance information collection where there is a need to have access to articles of association but there hasn't been an appropriate strategy to present corporate governance information in notes accompanying financial statements and companies did not present the information precisely or repetitively every year.

SUGGESTIONS RESULTED FROM THE PRESENT RESEARCH

1- Companies should use people having higher educational degrees in financial and accounting fields to supply a mechanism to reduce professional doubts of auditors towards information prepared to increase correctness and reliance of auditors towards such information and following that to have more expectations about acceptable auditing reports by auditors.
2- Considering the employers we can suggest two things to users of financial statements (managers in electricity distribution companies and other users of financial statements especially investors). Companies can try to create some changes in fundamental systems of the company to reach grade 1 from among 4 ranks (1 to 4) in order to get more confidence to get acceptable opinions on the part of auditors to give a higher level of assurance regarding the presentation of acceptable reports on the part of auditors by having a higher validity. But it is also suggested to investors to act on financial statements of such companies and make decisions by being more conscious and having more professional precision.
3- Also companies should increase the number of members of board of directors as much as they can and create a self-control mechanism because evidences showed a positive relationship between auditor's report and size of board of directors. This is contrary to some of current researches through which the smaller board of directors has been shown to be more appropriate.

SUGGESTIONS FOR FUTURE RESEARCHES

1- Doing the research in another range such as Tehran Stock Exchange
2- Using other corporate governance indexes such as indexes G and E
3- Since there hasn't been any similar Iranian research found, carrying out similar researches during different time ranges , in isolated industries or each of corporate governance indexes (E and G) can describe this relationship better.
4- Using other elements of corporate governance (ownership of institutional stockholders, external stockholders with higher than %5 ownership, the percentage of independence of board of directors, …) and studying their relationship with acceptable auditing reports

RESEARCHE RESULTS

- Results gained from first hypothesis showed that there is not a meaningful relationship between educational degrees of board of directors and acceptable auditing report. In this way the amount of dependence of the dependent and independent variables were (0.008026) and this showed that dependence amount and the strength of being affected are different for both of these variables.
- Results gained from second hypothesis showed that there is a meaningful relationship between study majors of board of directors (accounting financial management) and acceptable auditing report. The amount of dependence between dependent and independent variables was (0.019171) and it showed that the amount of dependence and the intensity of being affected was weak regarding these two variables compared with each other.
- Results gained from third hypothesis showed that there is not a meaningful relationship between accounting conservatism and acceptable auditing report. The amount of dependence between dependent and independent variables was (0.000148) and it showed that the amount of dependence and the intensity of being affected between these two variables compared with each other.
- Results gained from fourth hypothesis showed that there is a meaningful relationship between employer's rank and acceptable auditing report. The amount of dependence between dependent and independent variables was (0.016720) and it showed that the amount of dependence and the intensity of being affected was almost weak regarding these two variables compared with each other.
- Results gained from fifth hypothesis showed that there is a meaningful relationship between size of board of directors and acceptable auditing report. The amount of dependence between dependent and independent variables was (0.049052) and it showed that the amount of dependence and the intensity of being affected was good regarding these two variables compared with each other.

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TRANSFER OF TRAINING AMONG THE PARTICIPANTS ATTENDING MULTIPLE SKILLS FOR ADMINISTRATIVE SUPPORT STAFF

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ABSTRACT

The transfer of training (the application of training in the workplace) is a critical issue faced by all organizations. This issue is concerned with the impact of training on employees and organization. Trainee's characteristics and training design are identified in many studies as the two major factors affecting the transfer of training. This study is aimed at investigating the transfer of training among the administrative support staff that attending multiple skills course organized by Institute of Continuing Education. The objective of the study were; (1) determine the level of learning and transfer of training among the course participants; (2) to determine the relationship between the transfer of training and trainees characteristic and training design. One hundred thirty six (136) participants who attended the training programs were asked to rate 10 questions regarding trainee characteristics, twenty questions each regarding training transfer, and training design through a set of questionnaires. The two relationships were tested by using Pearson correlation. The findings from the study showed that there were changes in the level of knowledge, and level of skills among the participants after attending training program. The study also found that the score on trainees characteristic and training design were high. The findings indicated a positive and significant correlation between (1) transfer of training and trainees characteristics, (2) transfer of training and training design. Appropriate suggestions are offered to enhance transfer of training for future. Accordingly, suggestions for further research are also provided.

KEYWORDS
Transfer of Training, Human Resource Development, and Continuing Education.

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

In the age of turbulence and pressures of continuing change, today's organizations are facing severe competition from around the world. Some of the influences affecting today's organizations includes increasing global competition, escalating technological change, emphasis on becoming knowledge organizations, transformation of the traditional workplace, and a growing community concept (Broad, 1992). As organizations continue to evolve to meet global demands, they are forced to constantly evaluate their place and performance within this goal landscape. Proprietary information, changing demographics and values, and external regulations, as well as changing corporate policy, are all information producers. As long as new ideas, new materials, new equipment, and new ways of adapting come about, there will be a continuing need for training. The life-long learning movement has come about partly because the information explosion confronts us with increasingly frequent intellectual, emotional and technical adjustments to the world around us (Hawthorn. 1987). In order to survive in this competitive and rapidly changing environment, organizations must improve employee and organizational performance. Human resource development (HRD) is one of many organizational efforts design to meet the requirement of effective employee performance. Within HRD, training is the most frequently used method to improve employee and organizational performance. Training is one of the ways that can be taken to solve some of the organizational problems (Goldsteins, 1990, Federiksen, 1982). Training is most commonly recognised HRD strategy to improve performance for which most organization do make investment in training (Broad & Newstrom, 1992). Organizations must move from unstructured on-the-job training systems to more formal, structured training program (Rosow & Zager, 1988). This continual need for training affects organizations of all sizes, and with that, the price of training. Organizations spend billion of dollars every year training employees (Industry Report, 1996) hoping to improve effectiveness, efficiency, and competitiveness. Unfortunately, the money and effort spent on training for such improvements often fails to deliver the desired end results (Broad & Newstrom, 1992; Harp, 1995). A vital aspect of any training program involves determining how effectively skills and knowledge learned in training are transferred to on-the-job performance (Machin & Fogarty, 1997). In other word, the focus of training is not only to enhance trainees' skill and knowledge, but to produce tangible performance outcomes as a satisfactory return on the time and resources invested by the organization (Lewis, 1996). A recurring theme in recent training research is the change in the paradigm from investigating the effectiveness of a particular type of training to why, when, and for whom a particular type of training is effective (Tannenbaum & Yukl, 1992). Training managers of organizations are encountering the issue of a accountability to show results of training for the organizational performance improvement.

1.2 THE PROBLEM STATEMENT

A critical issue with any training program is the successful transfer of the trained task to the job (Ford, Quinones, Sego, Sorra, 1992). The transfer of trained task is more than a function of the quality of the training program (camphell, 1988). Most investigations of training success have measured the amount of learning that has occurred by the end of a training program rather than on the job performance (Baldwin & Ford, 1988). Most evaluation efforts have concentrated on reaction and learning measures, two criteria that are collected within the training context (Alliger, Janak, 1989). One of key criteria for evaluating the effectiveness of any formal training program is the transfer of training to the job (Kirkpatrick, 1967). Therefore, its is critical that both researchers and trainers understand the factors that are associated with training transfer and the obstacles that get in the way.

1.3 OBJECTIVE OF THE STUDY

The general objective of this study is to see the extent to which subject matter learnt throughout the program is being used by the participants in the workplace. The study is also aimed to see the relationship between training transfer with the trainee's characteristic and training design.

LITERATURE REVIEW

2.1 TRANSFER OF TRAINING

The ultimate interest of any training program. And especially formalised training programs, is not the trainee's performance at the end of the training, but whether what was has been learned in the training program transfer to the context of which it is to be used (Deckers and Nathan; 1985 ; Slaven and Totterdell, 1993). Training is defined as a "planned learning experience designed to bring about permanent change in an individual's knowledge, skills, or attitude" (Campbell, Dunnette, Lawler, & Weick, 1970). "Transfer of training" focuses on the permanent change aspect of the training definition. In early studies on instructional theory, transfer was defined as the ability to use knowledge gained in instances that exactly reflected the original application (Thorndike & Woodworth, 1901). Decker and nathan (1985), observed that transfer of training is the process of using what was learned during a formalised training program in the intended situation.

As a definition evolved, transfer broadened to include more criteria. Baldwin and Ford (1988) defined transfer of training in terms of two conditions: (a) Maintenance of learned material over time, and (b) the generalization of learned material in form of knowledge and skills being applied to different tasks beyond training. Georgenson (1982) says that transfer is the degree to which an individual uses the knowledge and skills learned in the classroom on the job regularly and accurately. Brinkerhoff and Gill (1992) state that learning is not the goal of the training. Training is intended to add value through transformational of learning into job performance. According to Broad and Newstrom (1992), transfer of training is define as the effective and continuing

application by trainees to their jobs, of the knowledge and skills gained in training –both on and off the job. This reflects that trainees should apply all they learned in training to their jobs, at least as well as they could demonstrate those skills at the end of the training programs, which would indicate a level of maximum transfer of training. Maximum transfer of training also explains that with practice on the job, the level of skill with which learning is applied will increase beyond the level demonstrated at the end of the training period.

According to Zemke and Gunkler (1985) training transfer is the effect of training on work performance in a particular work situation or setting. Wexly and Yukl (1984) stated that training transfer is whether learning gained in training could improve trainee work performance in the work situation. Wexly and Latham (1981) define positive transfer as learning that results in better job performance, while negative transfer and zero transfer have a detrimental or neutral value to the organization. For conclusion, transfer of training was defined as learning that results in better job performance.

2.2 TRAINEE CHARACTERISTICS

Trainee characteristics on transfer of training are numerous. Empirical research has suggested that ability, personality, and motivation of learners likely affect transfer of training in general. Among those trainee characteristics, Miles (1975) found that personality factors had no direct on transfer of training. For motivational factors on transfer, several research studies indicate that there is a significant relationship between motivation and training performance (Noe & Schmitt,1986). Baumgartel, Raynolds, and Pathan (1984) showed that trainees who believed in the value of training were more likely transferring the learning back on the jobs. Self-efficacy can defined as an individual's judgement of how well one can execute courses of action required to deal with prospective situations (Bandura, 1982), includes an estimate of ability, adaptability, creativity, and capacity to perform in a given situational context. Self-efficacy has an impact on the trainees motivation to transfer behaviour. Ford, Quinones, Sego, & Sorra, (1992) state that individuals with high self efficacy are more likely to performed the task they were trained for and perform the more difficult and complex tasks on the job thanindividual with low self efficacy.   In review of the research of self efficacy, Bandura (1986) concludes that people who have high self efficacy for a specific task typically outperformed those who have low self efficacy.   Self efficacy often predicts future performance better than does past performance; and self- efficacy accounts for a significant portion of the variance in performance after controlling for ability. Based on Bandura (1982), self-efficacy determinations rely on four sources of information: the determination of an individual's ability to complete a job task based on past success or past failure; the observation of another person performing the job task; verbal persuasion from others that the task is achievable; and physiological arousal during task performance. According to Hasting (1994), because self-efficacy develops as a result of multiple person and environmental interactions, efficacy perceptions evolve gradually as employees obtain new knowledge, skills, and abilities. Hasting posits that each person and environmental interaction supports or contradicts previous self- efficacy determinations and impacts future performance. For this reason, an individual's job performance is influenced by the interactions of an individual's evolving cognitions and the environment stimuli.

2.3 TRAINING DESIGN

The effect of training design on transfer of training has been studied by multitude of researchers because this construct is believe to be one of the most important construct impacting in training transfer among the three constructs (Brinkerhoff & Gill, 1992). In fact, most trainers in organizations have invested their time and resources to enhance the effectiveness of training design. Baldwin and Ford (1988) explain four basic principles for instructional design. Among them, three principles are related to training content that impacts training transfer: identical elements, stimulus variability and general principles. Building on this concept, Baldwin and Ford (1988) establish a concept of conditions for similarity in transfer environments: physical fidelity (the degree to which the actual conditions of the training program match the work environment; and psychological fidelity (the degree to which trainees attach similar meanings in the training and organizational variability). McGehee and Thayer (1961) suggest that transfer is facilitated when trainees are taught, not just applicable skill, but also the general rules and theoretical principles that underlie the training content. Garavalia (1993) suggests several instructional methods for effective training transfer: (a) use of many different examples in various contexts, (b) use of analogies, (c) use of computer simulation, and (d) use of advance organizers. Use of advance organizers is teaching relevant concepts to trainees before they learned the actual training material. Comier (1984) supports the concepts of advance organizers through a different term, redintegration, which refers to the capacity of one part of a stimulus complex to cue the entire complex. Other research studies show several instructional methods for effective transfer. Broad and Newstrom (1992) claim that the time period during training provides a great opportunity for focusing on actions to support transfer of learning to the job. Transfer strategies for supervisors during training recommended by Broad and Newstrom include:prevent interruptions, transfer work assignments to others, communicate supervisory support for the program, monitor attendance and attention to training, participate in transfer action planning, plan assessment of transfer of new skills to the job. Broad and Newstrom (1992) also believe that follow up activities after training can produce incremental or significant payoffs after the training session is over. The post-training transfer strategies recommended by Broad and Newstrom include:communicate support for transfer, provide opportunities to practice new skills, reduce job pressures initially, give positive reinforcement, provide role models, provide and support the use of job aids, publicize successes. Training design is clearly viewed as an important element in the ultimate retention and application of training.

METHODOLOGY

3.1 DATA COLLECTION

The research populations were all the participant who attended the multiple skills for administrative support staff organized by Institute for Continuing Education. The data for this research were collected through survey using the questionnaires. In order to measure the variables, the Likert scales have been used. Every variable was measured with score based on twenty statements related to the variable. The score for trainee's characteristic is based on thee scale given by the respondent on ten statements related to the characteristic of the students. A set of questionnaire which consisted 104 questions was design for the purpose of data collection.

3.2 DATA ANALYSIS

A correlation analysis was carried out to see whether there is a relationship between the dependent (training transfer) and independent variables (trainee's and training design characteristics). Correlation is statistical procedures that make use of bivariate data, that is, pairs of measurements. According to Gibbon (1987), interpretation of the correlation coefficient varies between 0 and +/-1.00: (<.2=no relationship, >.2 - <.4 =positive but weak relationship, >.4 - <.6 = positive but average relationship, >,6 - <.8 =positive and strong relationship, >.8 - <1.0 = perfect relationship)

RESULT AND DISCUSSION

4.1 DEMOGRAFIC

Most of the participant who attended the training programs were female (60%) and male (40%). Half of the workers (50%) was between 31-40 years old, 46.8% below 30 years old and 3.2% above 40's.

4.2 LEVEL OF KNOWLEDGE AND SKILLS

From the difference in the mean, it can be concluded that the level of knowledge has increased. The mean of the level of knowledge is 3.021 is above the median (3.00) This shows that training brought changes to trainees and they do learn something after attending the course. 88.3% who had improved in the level of knowledge, most of them 77.7% believed that their level of changes is low.10.6% at the medium level. The average point for the changes is 1.12. 11.7% did not feel that they benefited from the traning program. Although 77.7% obtained only low level of changes, we can still say that from the aspect of knowledge, there is an improvement after attending the training. The mean of level of skills (3.011) which is slighty higher than the median (3.00), shows that training program brought changes in the level of skills. 86.2% of the trainees believed that they have improved in their level of skills.12.8% showed that their improvement is medium and only 1% believed that his improvement in skill is high. 13.8% believed that their level of skills still remain unchanged.

4.3 LEVEL OF TRANSFER OF LEARNING

In order to measure the level of transfer of learning, 20 questions have asked to the participants. The likert scale was used to measure the answers. The value of the score for every question is between 1 and 5. The range of score is between 20 to 100 with a median of 60. The transfer of training is regarded as low if the score is below 60 and vice versa. From the study, we found the trainees did transfer what they learned in their workplace. However only 11% achieved the

score more than 60. This is to say the rest did not transfer what they have learned to the expected level. The ability of trainees to learn effectively throughout a particular training program is very important in enhancing transfer of training. In order to measure the level of learning , 20 questions on the aspect as the transfer of training has also asked. The study found out that less than half of the trainees (34%) achieved the score more than 60 points. 27.7% achieved a score between 56 to 60 points and 28.7% achieved a score of between 41 to 50 points. This mean for the learning level is 57.79 and std is 6.34. less than 50% of the trainees achieved scores that more than the median. Thus the learning level among the trainees is not very high. This phenomenon answers, only 34% of the trainees achieved the level of learning of more than 60 point, how can we expect a high level of training transfer. This might be one of the reasons why transfer of training fails in some organization.

4.4 TRAINEE'S CHARACTERISTIC
In order to measure the characteristics of the trainees, we have asked 10 questions. With Likert Scale, minimum score is 10 and maximum score is 50, while the median is 30. 34% achieved score between 30 to 35. 49% achived score between 36 to 40 and 17% achieved a score of 41 and above. No trainees achived score below 30. This finding show that the score on trainees characteristic is high. All the scores are above the median. This shows that the characteristics of the trainees are positive when they comes to attending the program.

4.5 TRAINING DESIGN CHARACTERISTIC
Twenty questions had also been asked to see the trainees perception on training design. The likert scale consist of five alternatives of agreement favorable and unfavorable statements. The value of every statement is among 1 to 5 score and the total is between 20 to 100 with a median of 60. Almost trainees (97.9%) had a score of more than 60 and above. The mean of 73.92 on training design is very high. This might indicate that the programs have properly designed and efficiently conducted by the trainers.

4.6 CORRELATION ANALYSIS
The dependent variable is training transfer and the independent variable are trainees characteristics and training design characteristics. There is positive relationship between transfer of training and training design. The correlation coefficient shows that there is a significantly positive relationship (r = 0.2039, p = 0.049). It shows that the better the training design, the more will be the level of transfer of training. There are also a positive relationship between trainees characteristic and the transfer of training (r = 0.2616, p = 0.011). This indicates that the characteristics of the trainees are positive when it comes to attending training program. Positive characteristics of trainees can enhance the transfer of training in the workplace.

CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSION
The study found that the score of the respondents on trainees characteristics is high. It mean that trainees characteristics were good and this is one of the criteria needed for transfer of training to happen. However, the level of learning is not very high and a low level of training transfer. There was evidence that they have transferred their newly aquired knowledge and skills but the level of transfer did not happen at the expected level. It was found that transfer of training is related to many factors in training especially trainees characteristic and training design. The study indicated a significant and positive relationship between this two independent variable with training transfer.

5.2 RECOMMENDATIONS
Transfer of training is not a natural outcomes of training. It needs to be nurtured and considerable effort must be put into making it happen. It requires the priority even though it is complex and difficult to happen. The recommendations below should be taken into considerations to make sure that transfer of training can happen.

5.2.1 All the supportive staff deserve to be sent to training program. Most of them have positive characteristic and potential learners who might apply their newly aquired knowledge and skills in their workplace.

5.2.2 Effort must be done to improve the level of learning of the supportive staff attending the training program. No transfer can occur unless the staff develop the learning in first place. The level of learning during and after the training can enhance the transfer of training.

5.2.3 The relevant parties must give emphasis on training design before embarking on any training programs. The relevants parties must design a program that is consistent with the need of the staff and the workplace. Good training designs are significant and related in enhancing the transfer of training.

5.2.4 All training program conducted by the relevant parties be evaluated from the transfer of training aspect. This provide the subject with more facts and findings on transfer of training.

5.2.5 It is recommended that a study to develop and validate an instrument for measuring transfer of training be conducted. This will allow more realiable statistics on the transfer of training.

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GROWTH AND PATTERN OF PUBLIC EXPENDITURE IN HARYANA

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ABSTRACT

Fiscal performance of national and sub-national governments, both in developed and developing economies is an important measure to assess the macro-economic stability. Decentralisation has given significant spending and taxation responsibilities to subnational governments in developing countries. The performance of the subnational governments has a direct effect on the fiscal performance of the national government. In India, states have been given an important role in human and economic development. Growing responsibilities of the state governments has resulted in huge revenue and fiscal deficits of the state governments. Increasing public expenditure of the state governments has also resulted in wasteful and inefficient utilization of resources. Therefore it is necessary to analyse the trends and pattern of public expenditure of the state governments. In this context present study analyse the pattern of public expenditure in Haryana since 1997-98.

KEYWORDS

Public Expenditure, Subnational Finances, Pattern of Expenditure.

INTRODUCTION

A growing trend worldwide is towards decentralised delivery of government services. The need to improve the quality and efficiency of government spending has placed subnational governments at the forefront of service delivery, particularly in the social sectors. In many countries, it has been recognized that subnational governments have an important role to play in the implementation of public policies aimed at fostering social and human development. The key argument for reliance on subnational governments for service delivery is that they are closer to the intended beneficiaries of public programs (de Mello, 2003). Consequently, the expenditure obligations of sub-national tiers of governments have risen without commensurate growth in their own and devolved sources from the central government.

India is a classical federation with the constitutional division of powers. The Constitution of India specifies the distribution of powers between the Centre and the states in the Seventh Schedule of the constitution. The Seventh Schedule provides three lists, i.e. Union List, State List and Concurrent List, which clearly states the exclusive powers and functions of the central and state governments and those falling under their joint jurisdiction are specified in the Concurrent list. All residuary powers are assigned to the centre. In this division of power, the major subjects assigned to the states include police, public health, agriculture, irrigation, fisheries and industries and minor minerals. The states also have an important role regarding the subjects falling under concurrent list such as education, social security and social insurances, transportation etc. In this scheme, the states have been entrusted with a crucial role in the growth process and most of the developmental functions have been assigned to them. Both the centre and the state governments exercise their powers to raise revenues and determine the expenditure pattern based on the constitutional classification but it has been observed that the Constitutional assignment of expenditure responsibilities and taxation powers to the states does not give them resources sufficient to meet the responsibilities bestowed upon them (Bagchi, 1992).

There was a paradigm shift in the economic policy and role of the central and the state governments in 1991, with the introduction of the New Economic Policy (NEP). The current fiscal challenges facing the states are closely tied to the process of economic reform that began (or accelerated, depending on the particular analysis) in 1991 (Singh, 2006). This was because of increasing responsibilities of the state governments. "Transition from plan to market based development since 1991 has envisaged greater role for sub national governments in providing physical and social infrastructure and creating accommodating investment climate" (Rao, 2002). After the introduction of the NEP in India, the powers of the state governments also expanded as Bagchi (2003) pointed out that "With liberalization of the economy in the 1990s came delicensing of industries and the restoration of the powers of the states over industrial policy. They also gained more room to pursue their own social and economic priorities."

While the role of states are thus seen to be growing over the years, the deterioration in the fiscal position of the states in terms of rising debt and persistent revenue-expenditure imbalances have been causes of concern. Large and increasing fiscal imbalances at the state level, besides their adverse consequences for macro-economic stability, raise major concerns about resource allocation and inter-generational equity. Unsustainable fiscal policy at the subnational level jeopardises service delivery, the safety of the national financial system, and macroeconomic stability (Ianchovichina, Liu, Nagarajan, 2006). The fiscal situation of the state governments became worrisome by the mid-1990s. Observing this worsening trend in state finances, the report of 12th Finance Commission stated, "… the six years from 1997-98 to 2002-03 have been the worst in the history of State Finances". In this context, the present study will examine the trends and pattern of public expenditure in Haryana from the period 1997-98 to 2011-12.

REVIEW OF LITERATURE

The increasing trend of decentralization and rising importance of subnational finances has attracted a lot of attention during last two decades. In this line, some prominent works have been reviewed.

Mundle and Rao (1991) estimated the volume of subsidies provided by the centre and the states, after leaving out cost of transfer payment and general services, these being pure public goods in nature, and netting out revenue in the form of user charges from various social and economic services and other receipts from the total cost of all the services.

Rao (1992) highlighted in his study that there was a continuous 44 of the growth of revenue expenditures by that of revenues, both in 1970s and 1980s and it has led to serious deterioration in the state's budgetary position. The huge burden of subsidies on the state government was clearly shown by

Shankar (1998) observed trends similar to those noted for Indian states in general by Rao (1992) and other studies for the individual state of U.P during 1993-94 to 1998-99. The government financed the revenue deficit by borrowings and curtailing capital expenditure. Therefore annual borrowings doubled and share of capital outlays in total disbursement declined continuously from 37 percent to 33 percent during last two years of the study period.

Saumitra Chaudhuri (2000) examined the changes in the finances of the state governments in India, at the aggregate level, during 1980-2000. He concluded that implementation of Fifth Central Pay Commission, and cost of debt servicing (both non-developmental expenditures) were major factors in revenue expenditure increasing very fast and occupying an increasing share in total expenditure.

Khan and Hasan (2006) in their paper analysed the fiscal reforms initiated at the state level for the period 1990-91 to 2001-02. They find that the financial position of the state governments continues to show sharp deterioration since 1998-99. The strain on state finances is largely the outcome of significant growth in committed expenditures. The revenue expenditure mismatches and the consequential rise in the borrowings by the states added further stress to the state finances and fiscal sustainability.

Bhargava (2006) in his paper analysed the fiscal position of state governments from 1991-92 to 2000-01. He observed that state governments are discharging more functions and their expenditure has increased several times, leading to increasing stress for the states. This situation has called for reforms measures at subnational level to sustain the fiscal position of state governments.

Chakraborty, Mukherjee and Amarnath (2009) in their paper found that in the post-economic liberalisation era, financial sector and fiscal sector reforms by the central government have adversely affected sub-national finances. The study uses panel dataset for a period of 23 years from 1980-81 to 2002-03, for 14 major states. The fiscal space has been defined in two ways – total expenditure and primary expenditure, both taken as a percentage of the respective states' GSDP. The study found that impact of own revenue, transfers and cost of debt on total expenditure were unambiguously expansionary.

IMPORTANCE OF THE STUDY

A growing trend worldwide is towards decentralised delivery of government services which has resulted in increasing expenditure responsibilities of the subnational entities. With the introduction of New Economic Policy in India, states have been given more responsibility in the development of the basic infrastructure, providing better environment for investors apart from providing good quality basic necessities for the well-being of the residents. This has increased the sub-national expenditure to manifold which in some cases has resulted in huge debt accumulation & unsustainable fiscal situations. In this context, the present study will analyse the growth and pattern of this increasing public expenditure trend of the State Government of Haryana.

OBJECTIVES

The present study has the following objectives:
1. To analyse the growth of the public expenditure of the State Government of Haryana.
2. To examine the trend of development expenditure of the State.
3. To scrutinize the pattern of social service expenditure of the State.
4. To analyse the burden of the committed expenditure of the State.

CLASSIFICATION OF EXPENDITURE

Total expenditure of the State can be classified as revenue expenditure and capital expenditure, both containing plan and non-plan heads. All the expenditure under the non-plan head is the one which is incurred to maintain the facilities created during the previous plans. Plan expenditure accordingly is taken as the expenditure required for creating new assets or facilities during the current plan. For the present study only capital outlay has been taken into account instead of total capital expenditure.

TABLE 1 HARYANA: CLASSIFICATION OF EXPENDITURE (Rs. Crores)

Year	Plan Expenditure			Non-Plan Expenditure			Total Expenditure (Total Revenue Expenditure + Capital Outlay) 7 (3+6)
	Plan Revenue 1	Plan Capital Outlay 2	Total Plan Expenditure 3 (1+2)	Non-Plan Revenue 4	Non-Plan Capital Outlay 5	Total Non-Plan Expenditure 6 (4+5)	
1997-98	645.00 (9.07)	481.12 (6.77)	1126.12 (15.84)	5972.17 (84.00)	11.09 (0.16)	5983.26 (84.16)	7109.38 (100)
1998-99	768.63 (9.55)	866.30 (10.77)	1634.93 (20.32)	6250.26 (77.69)	159.46 (1.98)	6409.72 (79.68)	8044.65 (100)
1999-00	901.35 (11.49)	886.01 (11.29)	1787.36 (22.78)	6050.70 (77.12)	8.08 (0.10)	6058.78 (77.22)	7846.14 (100)
2000-01	991.69 (11.50)	913.90 (10.59)	1905.59 (22.09)	6189.68 (71.75)	531.26 (6.16)	6720.94 (77.91)	8626.53 (100)
2001-02	1197.57 (11.83)	901.97 (8.91)	2099.54 (20.74)	7458.92 (73.68)	565.15 (5.58)	8024.07 (79.26)	10123.61 (100)
2002-03	1049.18 (10.73)	846.28 (8.65)	1895.46 (19.39)	8292.97 (84.81)	-410.47 (-4.20)	7882.50 (80.61)	9777.96 (100)
2003-04	1124.38 (10.71)	1053.67 (10.03)	2178.05 (20.74)	8992.81 (85.62)	-668.00 (-6.36)	8324.81 (79.26)	10502.86 (100)
2004-05	1452.70 (11.81)	1141.90 (9.28)	2594.60 (21.09)	9954.40 (80.90)	-244.97 (-1.99)	9709.43 (78.91)	12304.03 (100)
2005-06	2014.80 (14.14)	1651.86 (11.59)	3666.66 (25.73)	10625.09 (74.55)	-39.55 (-0.28)	10585.54 (74.27)	14252.20 (100)
2006-07	2454.12 (13.06)	2486.21 (13.23)	4940.33 (26.29)	13908.04 (74.02)	-58.61 (-0.31)	13849.43 (73.71)	18789.76 (100)
2007-08	3175.51 (15.16)	3410.72 (16.28)	6586.23 (31.43)	14351.36 (68.49)	15.43 (0.07)	14366.79 (68.57)	20953.02 (100)
2008-09	3917.91 (15.65)	3989.85 (15.94)	7907.76 (31.59)	16616.81 (66.37)	511.81 (2.04)	17128.62 (68.41)	25036.38 (100)
2009-10	5714.77 (18.75)	4203.29 (13.79)	9918.06 (32.54)	19542.62 (64.12)	1015.19 (3.33)	20557.81 (67.46)	30475.87 (100)
2010-11	6251.50 (19.33)	3845.04 (11.89)	10096.54 (31.22)	22058.68 (68.21)	186.07 (0.58)	22244.75 (68.78)	32341.29 (100)
2011-12	7791.99 (20.84)	4354.17 (11.65)	12146.16 (32.49)	24222.90 (64.79)	1018.17 (2.72)	25241.07 (67.51)	37387.23 (100)
CAGR	19.48	17.23	18.53	11.40	-	11.51	13.20

Note: Figure in parenthesis is per cent to total.

Source: RBI State Finances: A Study of State Budgets, various issues

Table 1 show that out of total expenditure (Revenue expenditure and capital outlay) share of plan expenditure is very low. Although total plan expenditure has shown improvement during the study period and its share doubled from 15.84 per cent in 1997-98 to 32.49 per cent in 2011-12 in total expenditure but still it is less than half to the total non-plan expenditure. Within the total plan expenditure, share of plan revenue expenditure remained slightly more than the plan capital outlay, for most of the years. However the difference between the plan revenue and capital expenditure is not very high but this gap started increasing since 2009-10. Both plan revenue expenditure and plan capital outlay registered a very high compound annual growth rate (CAGR) of 19.48 per cent and 17.23 per cent respectively. Total plan expenditure increased at a CAGR of 18.53 per cent during the study period.

Non-plan expenditure dominated the major portion of the total expenditure and grew at a CAGR of 11.51 per cent. The share of non-plan expenditure in total expenditure reduced from 84.16 per cent in 1997-98 to 67.51 per cent in 2011-12. The composition of total non-plan expenditure shows that share of non-plan capital outlay is negligible throughout the study period and it was also negative from 2002-03 to 2006-07. It is non-plan revenue expenditure that constituted

the major portion of the total non-plan expenditure and during 2002-03 to 2006-07 share of non-plan revenue expenditure was more than 100 per cent in total non-plan expenditure.

This analysis indicates that it is the non-plan revenue expenditure that constituted the major part of the total expenditure of the State. Although State has shown some improvements by increasing the share of plan expenditure but for last five years this increase has almost stagnated and share of plan expenditure is moving around 32 per cent

ANALYSIS OF REVENUE EXPENDITURE

Revenue expenditure includes all current expenditure of the government and it is met out of current revenues. Total revenue expenditure of Haryana exhibited a continuously increasing trend during the study period. It can be seen in table 2 that revenue expenditure has increased from Rs. 6617.17 crores in 1997-98 to Rs. 32014.89 crores by the end of 2011-12 with a compound annual growth rate (CAGR) of 15.25 per cent per annum. Composition of Total revenue expenditure is given into table 2.

Social service expenditure on revenue account includes expenditure on education, sports, health and medical facilities, water and sanitation services, welfare of depressed classes, labour welfare, expenditure on social security services and other such services for social welfare. In absolute terms, expenditure on social services had doubled from Rs. 1576.68 crores in 1997-98 to Rs. 3218.22 crores in 2004-05 and further increased to Rs. 12641.67 crores by the end of 2011-12. Share of social services in total revenue expenditure increased from 23.83 per cent in 1997-98 to 39.49 per cent in 2011-12. This increase indicates a positive development in terms of allocation of resources on the revenue account.

Economic services expenditure comprises expenditure on general economic services, agriculture, industry, water and power development and transport. Share of expenditure on economic services in total revenue expenditure fell from 30.71 per cent in 1998-99 to 21.48 per cent in 2000-01 and started increasing thereafter and in 2006-07 this share reached to 40.50 per cent. However in absolute terms revenue expenditure on economic services increased continuously till 2011-12 but its relative share in total revenue expenditure started falling and declined to 28.28 per cent in 2011-12.

TABLE 2 HARYANA: COMPOSITION OF REVENUE EXPENDITURE (Rs. Crores)

Year	Social Services	Economic Services	General Services	Grants-in-Aid	Total
1997-98	1576.68 (23.83)	1779.30 (26.89)	3260.69 (49.28)	0.50 (0.01)	6617.17 (100)
1998-99	2084.76 (29.70)	2155.19 (30.71)	2778.45 (39.59)	0.49 (0.01)	7018.89 (100)
1999-00	2257.19 (32.47)	1791.48 (25.77)	2902.92 (41.76)	0.46 (0.01)	6952.05 (100)
2000-01	2506.30 (34.90)	1542.81 (21.48)	3117.33 (43.41)	14.93 (0.21)	7181.37 (100)
2001-02	2724.78 (31.48)	2414.82 (27.90)	3486.19 (40.27)	30.70 (0.35)	8656.49 (100)
2002-03	2808.72 (30.07)	2532.49 (27.11)	3995.31 (42.77)	5.63 (0.06)	9342.15 (100)
2003-04	2995.71 (29.61)	2706.05 (26.75)	4367.72 (43.17)	47.71 (0.47)	10117.19 (100)
2004-05	3218.22 (28.21)	3199.07 (28.04)	4898.10 (42.94)	91.71 (0.80)	11407.10 (100)
2005-06	3995.60 (31.61)	3814.77 (30.18)	4579.67 (36.23)	249.86 (1.98)	12639.90 (100)
2006-07	4615.40 (28.21)	6626.89 (40.50)	4845.05 (29.61)	274.81 (1.68)	16362.15 (100)
2007-08	5738.67 (32.74)	6221.88 (35.50)	5229.68 (29.84)	336.65 (1.92)	17526.88 (100)
2008-09	7258.73 (35.35)	7035.75 (34.26)	6024.47 (29.34)	215.78 (1.05)	20534.73 (100)
2009-10	9902.22 (39.21)	7529.91 (29.81)	7755.35 (30.71)	69.91 (0.28)	25257.39 (100)
2010-11	10904.08 (38.52)	7996.73 (28.25)	9328.14 (32.95)	81.24 (0.29)	28310.19 (100)
2011-12	12641.67 (39.49)	9053.97 (28.28)	10219.83 (31.92)	99.42 (0.31)	32014.89 (100)

Note: Figure in parenthesis is per cent to total.

Source: RBI State Finances: A Study of State Budgets, various issues

General Services include expenditure on different organs of state, interest payments, administrative services, fiscal services and payment of pensions. In general services expenditure the most significant constituents are Interest Payments, Administrative Services, Pensions and Miscellaneous General Services and these four heads constitutes almost all the expenditure on general services. In 1997-98 expenditure on general services was Rs. 3260.69 crores and its share stood at 49.28 per cent in total revenue expenditure. In the next year this expenditure declined to Rs. 2155.19 crores and its relative share in total revenue expenditure fell sharply to 39.59 per cent. However, later this expenditure increased in absolute terms but its share declined to 31.92 per cent by the end of the financial year 2011-12.

The share of grants-in-aid constitutes a very small proportion of total revenue expenditure and this whole sum goes as Compensation and Assignments to Local Bodies (LBs) and Panchayati Raj Institutions (PRIs) during the study period.

The above analysis shows that composition of social and economic services, which together constitutes the development expenditure, has shown a progressive trend during the study period. Growth of expenditure on social services has increased faster than the expenditure on economic services signifying a positive trend of revenue expenditure. However, social and economic services are complimentary but expenditure on social services helps more directly in developing human resources and benefitting the weaker sections of the society. Faster growth and increasing share of developmental expenditure in total revenue expenditure indicates that revenue expenditure of the State government of Haryana is heading towards right direction.

Share of general services and grants-in-aid constitutes the non-development expenditure of the State. Non-developmental revenue expenditure increased in absolute terms but its share in total revenue expenditure declined from significantly from 49.29 per cent to 32.23 during the study period.

Capital Expenditure of the State

Expenditure on capital account largely affects the State's capacity to generate resources though its affects are felt after a comparatively long period. Capital expenditure by the State involves the creation of assets by the State Government. These investments augment the productive capacity of the economy through

provision of the infrastructure and capital goods. The real effect of these investments on the growth process is expanded by the "crowding-in" impact on private investment.

Although capital outlay of Haryana increased from Rs. 492.21 crores in 1997-98 to Rs. 5372.34 crores by the end of 2011-12 but the pattern of capital outlay is very inconsistent. Capital outlay increased from Rs. 492.21 crores in 1997-98 to Rs. 1025.76 crores in 1998-99, decreased to Rs. 894.09 crores in 1999-00 and again increased to Rs. 1467.12 crores in 2001-02. However it declined sharply to Rs. 385.67 crores in 2003-04 but from 2004-05 total capital outlay started increasing and it reached to Rs. 5372.34 crores in 2011-12.

TABLE 3 HARYANA: TOTAL CAPITAL OUTLAY AND ITS COMPOSITION (Rs. Crores)

Year	Social Services	Economic Services	Non-Developmental	Total Capital Outlay
1997-98	129.74 (26.36)	339.47 (68.97)	23.00 (4.67)	492.21 (100)
1998-99	148.84 (14.51)	848.97 (82.76)	27.95 (2.72)	1025.76 (100)
1999-00	164.49 (18.40)	702.34 (78.55)	27.26 (3.05)	894.09 (100)
2000-01	142.68 (9.87)	1272.40 (88.05)	30.08 (2.08)	1445.16 (100)
2001-02	191.19 (13.03)	1225.26 (83.51)	50.67 (3.45)	1467.12 (100)
2002-03	214.29 (49.17)	176.16 (40.42)	45.36 (10.41)	435.81 (100)
2003-04	293.68 (76.15)	25.53 (6.62)	66.46 (17.23)	385.67 (100)
2004-05	286.96 (31.99)	551.84 (61.53)	58.13 (6.48)	896.93 (100)
2005-06	439.11 (27.23)	1091.03 (67.67)	82.17 (5.10)	1612.31 (100)
2006-07	649.35 (26.75)	1688.35 (69.55)	89.90 (3.70)	2427.60 (100)
2007-08	922.16 (26.92)	2333.22 (68.10)	170.77 (4.98)	3426.15 (100)
2008-09	1109.28 (24.64)	3197.58 (71.03)	194.81 (4.33)	4501.67 (100)
2009-10	1070.00 (20.50)	3961.11 (75.91)	187.37 (3.59)	5218.48 (100)
2010-11	1229.71 (30.51)	2602.46 (64.56)	198.94 (4.94)	4031.11 (100)
2011-12	1367.41 (25.45)	3769.61 (70.17)	235.32 (4.38)	5372.34 (100)

Note: Figure in parenthesis is per cent to total.

Source: RBI State Finances: A Study of State Budgets, various issues

Total capital outlay and its composition shows that State government of Haryana is not incurring any significant amount as capital outlay. Composition of capital outlay indicates that share of economic services dominated the total capital outlay except for the years 2002-03 and 2003-04 and non-development expenditure constituted very small proportion of total capital outlay.

Although capital outlay during last four-five years has increased significantly but this smaller amount of capital outlay indicates the trend of compressing the capital outlay as a measure of fiscal consolidation.

Trends in Development Expenditure

In view of the significance of public expenditure on developmental activities from the point of view of social and economic development, it is essential for the government to take suitable expenditure rationalisation measures and lay stress on provision of core public and merit goods. Development expenditure consists of items such as education, public health, agriculture, industries and miscellaneous items, where development revenue expenditure finances the current expenditure needs and development capital expenditure is productive in nature.

**TABLE 4 HARYANA: TRENDS IN DEVELOPMENT EXPENDITURE** (Rs. Crores)

Year	Development Capital Expenditure	Development Revenue Expenditure	Total Development Expenditure
1997-98	469.21	3355.98	3825.19
1998-99	997.81	4239.95	5237.76
1999-00	866.83	4048.67	4915.50
2000-01	1415.08	4049.11	5464.19
2001-02	1416.45	5139.60	6556.05
2002-03	390.45	5341.21	5731.66
2003-04	319.21	5701.76	6020.97
2004-05	838.80	6417.29	7256.09
2005-06	1530.14	7810.37	9340.51
2006-07	2337.70	11242.29	13579.99
2007-08	3255.38	11960.55	15215.93
2008-09	4501.66	14294.48	18796.14
2009-10	5031.11	17432.13	22463.24
2010-11	3832.16	18900.81	22732.97
2011-12	5137.02	21695.64	26832.66
CAGR	17.82	14.80	15.26

Source: RBI State Finances: A Study of State Budgets, various issues

Table 4 shows that total development expenditure of the state has been continuously increasing since last one and half decade. However development expenditure did not increase at a high rate during the first half of the study period but since 2003-04 it registered a massive increase and this increase is mainly attributed to the revenue expenditure. Total development expenditure nearly doubled from Rs. 3825.19 crores in 1997-98 to Rs. 7256.09 crores in 2007-08 and

further increased to Rs. 26832.66 crores in 2011-12 registering a very high compound annual growth rate (CAGR) of 15.26 per cent. The share of development revenue expenditure increased from Rs. 3355.98 crores in 1997-98 to Rs. 21695.64 crores in 2011-12 with CAGR of 14.80 per cent.

FIGURE 1 HARYANA: DEVELOPMENT EXPENDITURE OF THE STATE (Rs. Crores)
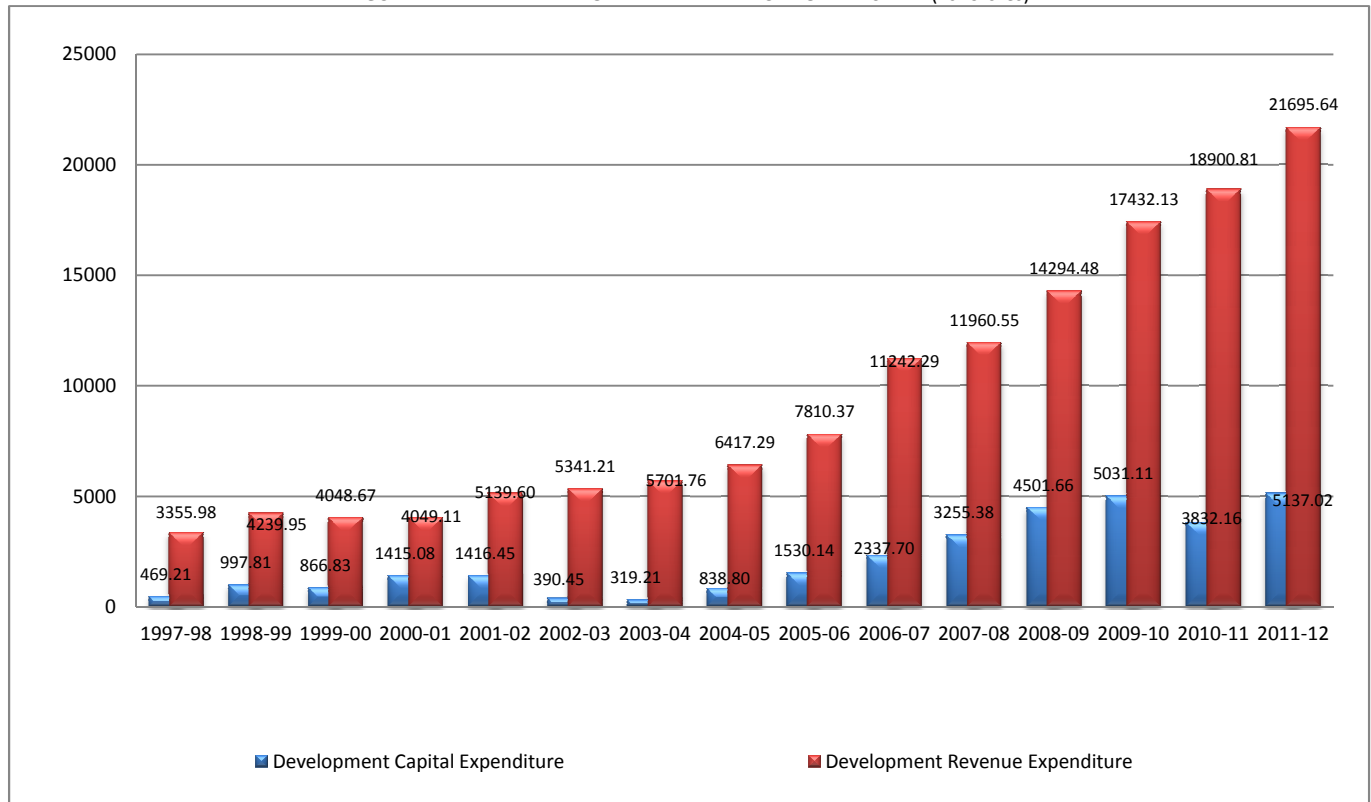
Source: RBI State Finances: A Study of State Budgets, various issues

This is clear from the figure 1 that share of revenue development expenditure is comparatively very large to capital outlay. Capital development expenditure of the State fluctuated till 2004-05 and experienced a sharp decline during 2002-04 period. Since 2005-06 it has been continuously increasing at a very fast rate and by the year 2011-12 it increased more than three times to Rs. 5137.02 crores in 2011-12 from Rs. 1530.14 crores in 2005-06.

Committed Liabilities

Committed liabilities of the governments are that part of the non-plan expenditure which government has to pay without an option of avoidance. Such expenditure includes pension liabilities, interest payments and expenditure incurred on the administrative services. This amount of expenditure is non-developmental in nature and due to its rigid nature it drains a major share of government revenues.

Table 5 shows that expenditure on interest payment was Rs. 820.33 crores in 1997-98 which doubled within a period of five years and became Rs. 1624.47 crores in 2001-02. However later State government controlled the rapid growth of interest payments and from 2002-03 to 2009-10 it increased from Rs. 1945.97 crores to Rs. 2736.53 crores only. This was the result of Debt Swap Scheme (DSS) and Debt Consolidation and Relief Facility (DCRF) which were in operation from 2002-03 to 2004-05 and from 2005-06 to 2009-10 respectively. These schemes helped to reduce the debt burden of the State government thereby controlling the growth of interest payments. However, after 2009-10 the interest payments registered a high growth and reached to Rs. 4000.81 crores in 2011-12.

**TABLE 5 HARYANA: COMMITTED LIABILITIES OF THE STATE** (Rs. Crores)

Year	Interest Payment	Administrative Services	Pension	Total Committed Expenditure	Committed/RR (Per Cent)	Committed/RE (Per Cent)
1997-98	820.33	402.46	257.55	1480.34	25.10	22.37
1998-99	996.99	532.92	530.71	2060.62	37.61	29.36
1999-00	1357.41	516.53	587.36	2461.30	42.68	35.40
2000-01	1491.91	587.86	570.84	2650.61	40.32	36.91
2001-02	1624.47	628.06	657.05	2909.58	38.28	33.61
2002-03	1945.97	688.88	745.91	3380.76	39.05	36.19
2003-04	2112.65	716.71	765.70	3595.06	36.52	35.53
2004-05	2234.50	800.73	901.93	3937.16	35.31	34.51
2005-06	2099.83	948.62	1033.13	4081.58	29.46	32.29
2006-07	2265.06	1076.59	1173.33	4514.98	25.15	27.59
2007-08	2345.77	1226.46	1297.51	4869.74	24.66	27.78
2008-09	2338.91	1599.62	1614.17	5552.70	30.09	27.04
2009-10	2736.53	2026.86	2390.37	7153.76	34.08	28.32
2010-11	3318.56	2191.18	3094.27	8604.01	33.66	30.39
2011-12	4000.81	2176.56	3204.16	9381.53	30.70	29.30

Source: RBI State Finances: A Study of State Budgets, various issues

Expenditure on administrative services also increased consistently and it increased from Rs. 402.46 crores in 1997-98 to Rs. 1226.46 crores in 2007-08. However this pace of growth in administrative services enhanced after the awards of the Sixth Pay Commission and by the year 2011-12 it increased to Rs 2176.56 crores. Expenditure on Pension is also a major burden on the economy of state government. With the implementation of the recommendations of the Sixth Pay Commission the burden of pensions got further amplified. This can be seen in the table that in 1997-98 expenditure on pensions was Rs. 275.55 crores and within a period of ten years it registered a five-fold increase and in 2007-08 it increased to Rs. 1297.51 crores in 2007-08. This trend continued with the implementation of the Sixth Pay Commission awards and expenditure on pensions reached to Rs. 3204.16 crores by the end of financial year 2011-12.

Figure 2 shows that share of committed expenditure in total revenue expenditure is very large and from 1999-00 to 2004-05 it remained around 35 per cent of the total revenue expenditure.

FIGURE 2 HARYANA: BURDEN OF COMMITTED EXPENDITURE OF THE STATE (Per Cent)
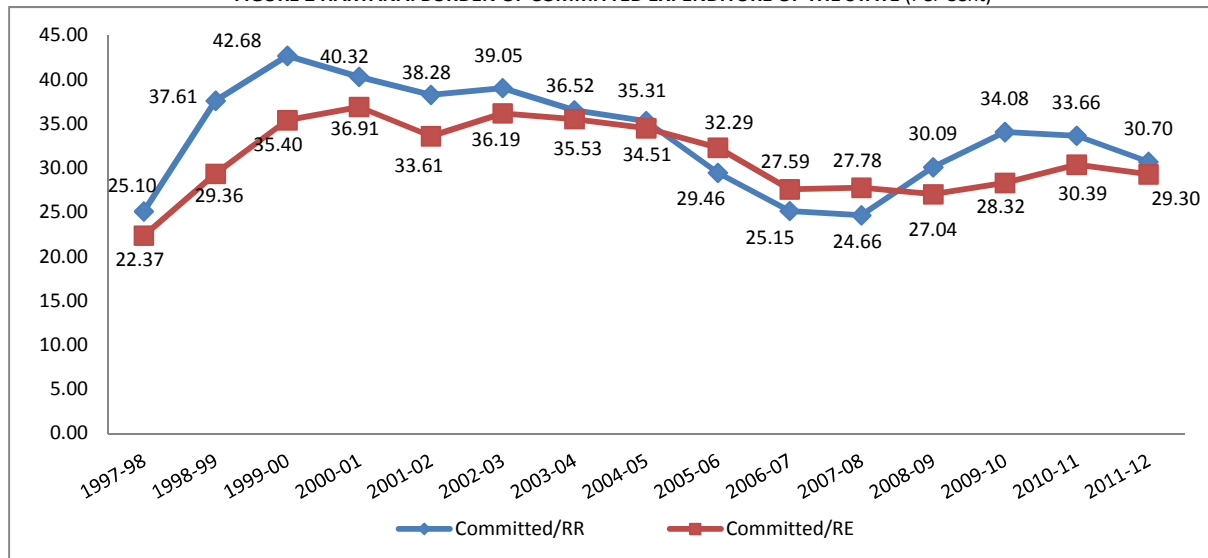
Source: RBI State Finances: A Study of State Budgets, various issues

In 2006-07 this ratio declined steeply to 27.59 per cent from 32.29 per cent in 2005-06 and further declined to 27.04 per cent in 2008-09. This implies that in the second half of the study period there are some positive developments in terms of committed liabilities. However, this ratio slightly increased to 29.30 per cent by the end of 2011-12. Ratio of total committed expenditure to revenue receipts shows that from 1998-99 to 2004-05 committed expenditure consumes more than 35 per cent of the total revenue receipts of the State. However, from 2005-06 to 2007-08 this ratio of committed expenditure to revenue receipts declined below 30 per cent before it started rising again in 2008-09 and remained more than 30 per cent by the end of 2011-12.

The major cause of increasing burden of committed liabilities after 2007-08 is the implementation of recommendations given by the Sixth Pay Commission.

The analysis of total committed liabilities shows that around one-third of the revenues of the State are consumed by this committed expenditure, indicating increasing reliance of the State on the borrowed funds and central transfers to finance other developmental and non-developmental activities of the State.

Subsidies

Expenditure on subsidies is a crucial element of government expenditure particularly in the light of targeting poverty alleviation and the growing need to rationalise expenses for fiscal consolidation. However while allocating funds for subsidies the government should focus on specific key areas of utmost public importance. During the first half of the study, though the finances of the State were under strain but government was paying subsidies to the various Nigams, Corporations, etc. In 1998-99, the total amount of subsidy was Rs. 891 crores which declined to Rs. 226 crores in 2000-01. In the next five years, from 2001-02 to 2005-06, the subsidies paid by the State Government registered a six fold increase and amounted to Rs. 1466 crores in 2005-06.

TABLE 6 HARYANA: EXPENDITURE ON SUBSIDIES (Rs. Crores)

| Year	Subsidies	Power Subsidies	Subsidy/RR (Per Cent)	Subsidy/RE (Per Cent)	Subsidy/GSDP (Per Cent)
1998-99	891	846 (94.95)	16.26	12.69	2.04
1999-00	469	412 (87.85)	8.13	6.75	0.96
2000-01	226	138 (61.06)	3.44	3.15	0.41
2001-02	860	764 (88.84)	11.31	9.93	1.42
2002-03	884	829 (93.78)	10.21	9.46	1.26
2003-04	957	924 (96.55)	9.72	9.46	1.16
2004-05	1157	1102 (95.25)	10.38	10.14	1.23
2005-06	1466	1392 (94.95)	10.58	11.60	1.39
2006-07	3852	3759 (97.59)	21.46	23.54	2.96
2007-08	3057	2568 (84.00)	15.48	17.44	2.02
2008-09	3190	2997 (93.95)	17.29	15.53	1.75
2009-10	3089	2780 (90.00)	14.71	12.23	1.39
2010-11	3285	2949 (89.77)	12.85	11.60	1.24
2011-12	3853	3585 (93.04)	12.61	12.04	1.25

Note: Figure in parenthesis is per cent to total.

Source: RBI State Finances: A Study of State Budgets, various issues

Trends in table 6 indicate a steep rise in the payment of subsidies during 2006-07 over the previous year and constituted around one fifth portion of the total revenue expenditure. Out of total subsidies of Rs 3,852.45 crore in 2006-07, Rs 3,759.34 crore were for power and energy Sector, majority of which was for rural electrification (Rs 1,544.37 crore), fuel surcharge adjustment (Rs 2,022.29 crore) and electricity arrear waiver scheme (Rs 188.76 crore). During 2006-07 it was noticed that the actual expenditure on subsidy to power and energy sector was more than 2.5 times as against the projection of Rs 1,464.80 crore in State's own Fiscal Correction Path (FCP).

However total amount to subsidies declined in 2007-08 and changed slightly thereafter but by the end of 2011-12 total subsidies amounted to the same level (Rs. 3853 crores) as it was in 2006-07. Out of total subsidies of Rs. 3853 crores, Rs. 3585 crores was for the power and energy sector. This actual amount was higher than the projections of Rs. 3321 crores in FCP.

FIGURE 3 HARYANA: MEASURING BURDEN OF SUBSIDIES (Per Cent)
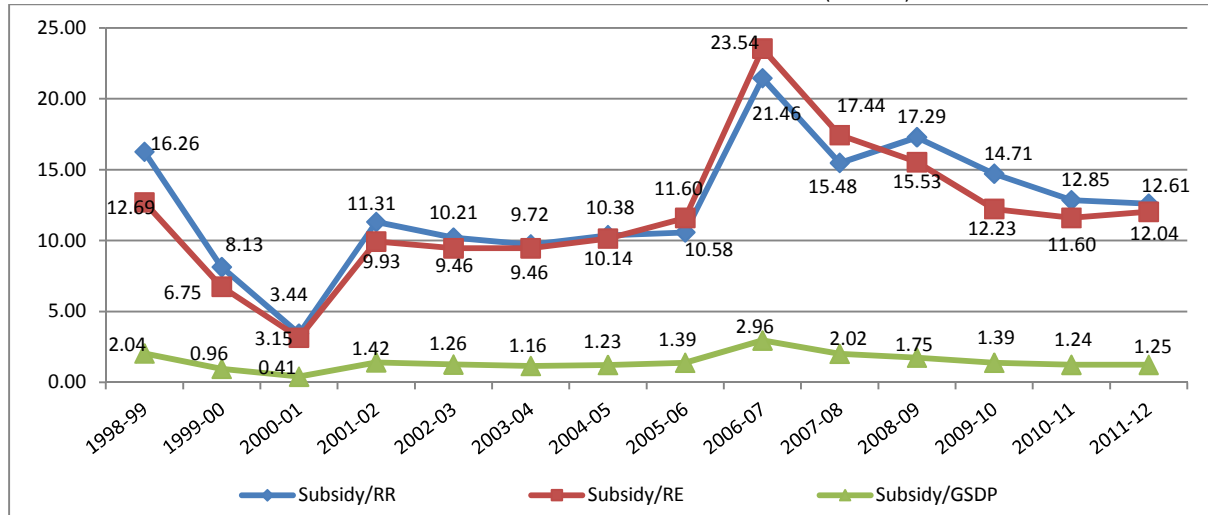
Source: CAG Reports, various issues

Figure 3 represents the burden of subsidies on the finances of the State government. Share of subsidies as per cent to revenue receipts and revenue expenditure declined steeply from 1998-99 and reduced to 3.44 per cent and 3.15 per cent respectively from 16.26 per cent and 12.69 per cent in 1997-98. This ratio of subsidies to revenue receipts and revenue expenditure again jumped in the year 2001-02 to 11.31 per cent and 9.93 per cent respectively. After showing a constant trend this ratio again shot up in 2006-07. This high growth was mainly on account of subsidies for rural electrification. Since 2007-08 this ratio has been continuously declining and this decline is because of continuous increase in revenue receipts and revenue expenditure and not because of declining expenditure on subsidies.

CONCLUSION

The economic performance of Haryana has enabled it to significantly increase public expenditure without affecting the future sustainability of the State. In terms of overall performance it is worth noting that State is performing well in terms of increasing development expenditure, decreasing the burden of committed liabilities and subsidies. However vary low share of plan expenditure indicates the lack of long term planning perspectives. Very low level of capital expenditure is a cause of concern because for improving the quality of education, health and other social services it is very necessary to build a wide infrastructure for providing these services and allocating funds for maintain the existing capital base. Apart from this keeping a check on the quality of services provided by this expenditure is also necessary.

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