

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

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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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SILVER COMMODITY TRADING IN INDIA: A CASE STUDY OF KARVY COMTRADE LTD., HYDERABAD

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ABSTRACT

Silver commonly referred as "the poor man's gold," has outperformed its pricey counterpart 'gold' in the year 2011, a trend that made silver-related equities an attractive option for investors looking to diversify their portfolios, due to ever-growing domestic demand and domestic supply meets only 30% requirements. This paper mainly focuses on silver commodity trading, various trends in silver trading, investors' perception and problems faced by the investors towards trading. The present study is based on an analysis of 100 responses taken from a total population of 205 silver traders who operate from Karvy Comtrade, Hyderabad for a period of 6 years from 2005 to 2010 selected based on convenience sampling. The data was analyzed by using statistical tools and is diagrammatically shown with the help of pie charts and bar diagrams. The paper concludes with a note on how best the silver market can be strengthened in India. Some of the suggestions given include a) introduce smaller lots for commodity trading b) introduce Exchange Trade Funds facility for silver also for smaller quantities and c) build awareness among the silver traders about the forward markets.

KEYWORDS

Silver Commodity, Investor perception, Silver demand & supply.

INTRODUCTION TO SILVER COMMODITY

Silver commonly referred to as "the poor man's gold," has outperformed its pricey counterpart 'gold' in the year 2011, a trend that made silver-related equities an attractive option for investors looking to diversify their portfolios. Silver is a metallic chemical element with the chemical symbol Ag (Latin: argentum, from the Indo-European root arg- for "white" or "shining") and atomic number 47. It is a soft & white metal and has the highest electrical conductivity, and highest thermal conductivity of any element.

IMPORTANCE OF THE STUDY

One problem which is being faced by Indian commodity market is inadequate silver production against huge requirement of silver. India is primarily silver importing country, the commodity exchanges and commodity broking companies are naturally interested to know perceptions, problems and prospects of silver investors. Only 30 % of production of silver comes from silver mines in India. Remaining silver requirement is met from imports from China and UK. Most silver produced as by-product of copper, gold, lead, and zinc refining. Therefore the present study is expected to fill research gap by covering some important aspects on silver commodity markets.

OBJECTIVES OF STUDY

The primary objective of the study is to analyze the silver commodity trading in India. Secondary objectives emanate from the main objective as stated below:

- To analyze the trends in silver commodity trading in India
- To evaluate the perceptions of investors
- To analyze the problems of commodity trading in silver.

SCOPE OF THE STUDY

There are many commodities traded in markets through many commodity exchanges. But the current research study concentrates on silver commodity trading in India. The study is conducted on trends in silver trading and the perceptions of the silver investors. The silver customer's data collected from Karvy Comtrade Ltd. Hyderabad. The study covers for a period of 6 years from 2005 to 2010 for analyzing price fluctuations, demand and supply of silver commodity in India.

REVIEW OF LITERATURE

A literature survey on silver commodity trading revealed that there are no studies on silver commodity trading, few studies on gold commodity trading in India is available. Few studies focused on gold and silver price changes together. List of works allied to present the topic are presented below.

Charles O. Treror (2001), Study on Gold Commodity Market, A research paper on examining how gold can help a central bank to meet its foreign reserve management objectives, University of Madras Indian Journal of Mgt.

Abraham. (2003) Silver price level changes between two countries a study report on silver price changes between two countries, India and Foreign countries. The study covered the investment difference between silver and gold, JNT University Hyderabad.

Nagam Raju (2004) Issues of Gold in India, A project report on History of gold and growth pattern of Indian bullion market he found that the bullion market growth pattern always depends on consumer attitude and demand and supply of gold. Article in Economic Times.

Dr. Jeffrey Lewis (2005) wrote an article in business line titled "Silver Offers the only positive return". An article on Silver returns and found that silver gives only positive returns, and it's not bubble to burst in the market with negative returns.

Julian D. W. Phillips (2006), Gold/Silver forecaster - Global Watch Article, Why is Silver rising faster than Gold? An article on why silver rising faster than gold, concluded that because of industrial usage silver prices are moving fast than gold. Silver is used in multivariate places to meet the different requirements of this business.

W. Reatures Joes (2006), Market analyst, Silver Institute Article Silver and gold trends in the world, this article focused on gold and silver trends, found that silver production is more than the gold to meet the multi-use of silvers.

Mr. Muneel Dev (2006), MCX Article-Market analyst, Silver is not a gold, Article on silver lining and found that, features of silver and gold are purely different, and silver features are very useful to industries.

RESEARCH GAP AND NEED FOR THE STUDY

India is a Commodity-based economy where two – thirds of one billion populations depend on agricultural commodities. Many Studies have been conducted on commodity market with special reference to agriculture, gold commodities to find demand and supply, and price level changes. But till now there were very few studies on silver commodity trading in India, but no study relates to present study objectives. In order to fill the research gap, an attempt is made in this study to analyze the silver commodity trading in India and to identify the problems in silver commodity trading as perceived by the silver investors.

METHODOLOGY ADOPTED FOR THE STUDY

The study uses both primary and secondary data. The primary data is collected through Questionnaires administered and distributed through online to the selected sample. A sample of 100 silver investors was selected from the available population of 205 silver commodity traders of Karvy Comtrade Ltd. through "Convenience Sampling" based on the transactions and track records. Fifty three (53) have responded by giving their opinions, problems and possible solutions. Simple tools like %ages, graphs and bar diagrams are used for obtaining the perceptions of select investors. Pie Charts and diagrams are also used for pictorial representation of the data. The secondary data collected from MCX, NCDEX, NMCE, internal records, and reports of Karvy comtrade Ltd. In addition to the above data also collected from books, journals, magazines, newspapers and some related websites.

DISCUSSION

TABLE - 3.1: SILVER PRICE TRENDS IN INDIA

Year	Silver prices per Kg in India (Rs.)
2005	13272
2006	19424(46%)
2007	19463(47%)
2008	18355(38%)
2009	26771(108%)
2010	46217(248%)
2011	51029(284%)

(Source: Un published record of karvy comtrade ltd.)

GRAPH - 3.1

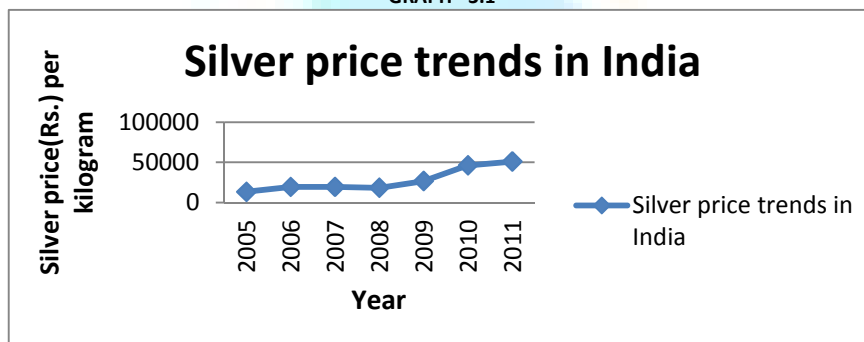


Table 3.1 highlights the highs and lows of silver price in India. The price of silver has increased by 46% in 2006 and stayed stable for two years and showed an unprecedented hike of 108% in 2009. It is mainly attributable to the sudden increase in demand from industrial applications, international buying spree during 2008 and 09 which caused hike in silver prices. Gulf unrest is yet another reason which fuelled silver prices in 2011 in which year the price has virtually doubled to Rs.46217 per Kg of silver registering an increase of 284% in just 6 years. The current global financial instability and the robust international demand are stated to be the causes which fuelled demand for silver and consequently its prices. Silver is also emerging as a good investment option due to the constant appreciation in prices. The instability in the Gulf and its impact on crude oil has also made silver a key hedge investment like gold in the past. Another interesting trend in India is the emergence of a systematic investment plan (SIP) for silver on the lines of gold, which calls for periodic investment in a particular fund for long- term gains. In spite of increase in Import duty on silver, which has tripled in the past two years from Rs 500 per kg in 2009 to Rs 1,500 in 2010, the demand for silver is not dampened.

TABLE NO – 2: SILVER DEMAND AND SUPPLY TRENDS IN INDIA

Year	Demand (MT)	Supply (MT)	Demand/supply Gap (MT)
2005	2850	1937	Deficit 913
2006	2575	4691	Surplus 2116
2007	2770	7976	Surplus 5206
2008	2868	8241	Surplus 5373
2009	3286	14349	Surplus 11063
2010	2926	14007	Surplus 11081

(Source: Un published record of Karvycomtrade ltd)

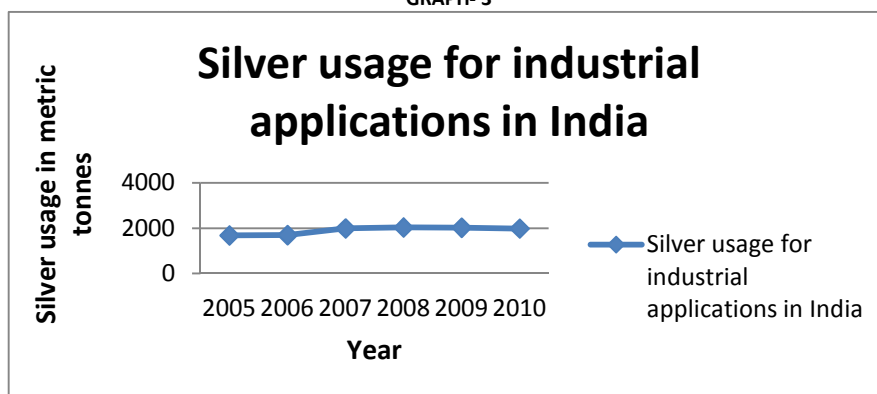
The demand for silver has remained more or less stable during the study period, surprisingly the supply of silver in India has grown and out beaten the demand. As may be seen from the table 2, the supply of silver is more than the demand in almost all the six years except in the year 2005. Ironically, the silver prices have gone up despite huge supplies of silver in India. The silver price hike has belied the natural principle of 'demand & supply'. The reasons for such hike in silver prices in India were explained by the market experts, as international scenario of less supply and more demand in the world markets. There is a steady rise in the supply of silver from 2006 to 2010 registering 5 times growth.

TABLE – 3: SILVER USAGE FOR INDUSTRIAL APPLICATIONS IN INDIA

Year	Silver usage for industrial applications (MT)
2005	1680 (59%)
2006	1697 (66%)
2007	1995 (72%)
2008	2031 (71%)
2009	2025 (62%)
2010	1987 (68%)

(Source: Un published record of karvy comtrade ltd.)

GRAPH- 3



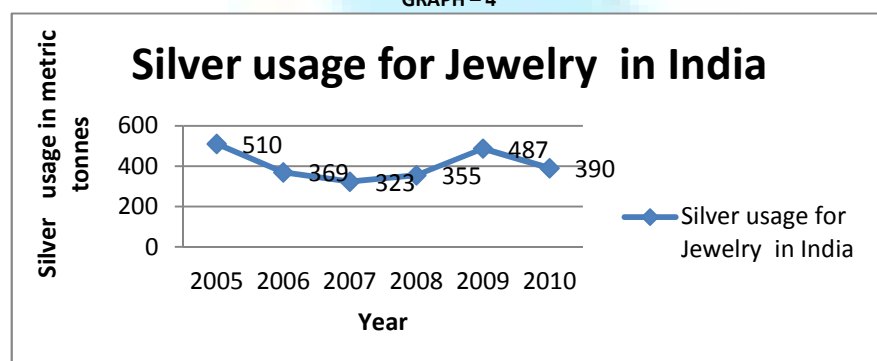
There is not much variation in silver usage for industrial applications over the years. The quantity of silver used for Industrial applications accounted for highest in 2007 (72% of the total silver available) due to industrial growth in India. But later, in a span of three years (2008-2010) the usage of silver for Industrial applications has declined and touched 68%. Enormous increase in silver prices has forced the industries to look for inexpensive alternative metals for silver.

TABLE – 4: SILVER USAGE FOR JEWELRY IN INDIA

Year	Silver usage for Jewelry (MT)
2005	510 (17.8%)
2006	369 (14.3 %)
2007	323 (11.6%)
2008	355 (12.3%)
2009	487 (14.8%)
2010	390 (13.3%)

(Source: Un published record of Karvy comtrade ltd.)

GRAPH – 4



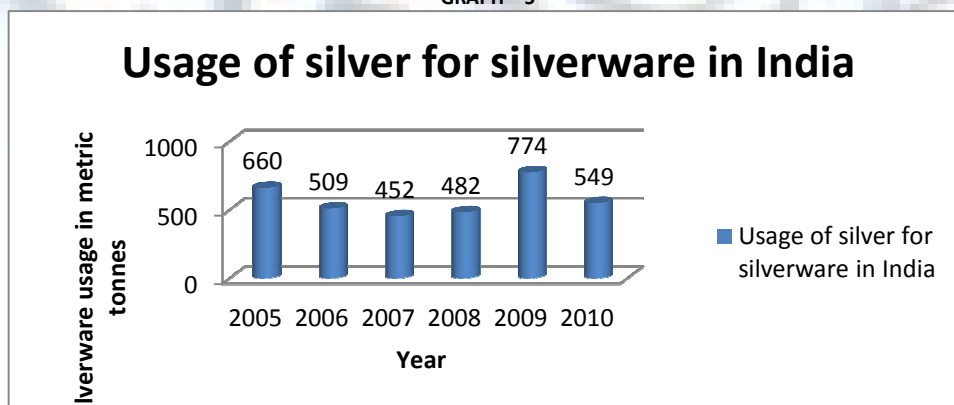
The above **graph 4** shows the fluctuations in the silver usage for jewelry. There was much demand for silver jewelry in the year 2005 due to low price. But over the years the demand for silver jewelry has come down slowly from 17.8% in 2005 to 13% in 2010 due to high prices. And in later years, the demand for silver increased but not for jewelry purpose but for investment purpose.

TABLE – 5: USAGE OF SILVER FOR SILVERWARE IN INDIA

Year	Usage of silver (MT)
2005	660 (23.15%)
2006	509 (19.76%)
2007	452 (16.31%)
2008	482 (16.81%)
2009	774 (23.55%)
2010	549 (18.76%)

(Source: Un published record of karvy comtrade ltd.)

GRAPH – 5



From the above graph it is found that due to extravagant silver prices, the usage of silver for making silverware has declined in 2007 to 16.31% from 23.15% in 2005. Later, due to awareness of useful qualities that exist in silver, many started buying and using silverware in day-to-day activities. Therefore, usage of silver in making silverware reached its peak in 2009 with 23.55%. There are many useful applications of silver in electrical and electronic applications. In comparison with other metals, silver is the best electrical and thermal conductor. It is used to make items such as contact lenses, circuit breakers, switches, fuses, and is therefore found in motors, appliances, electronics, and automobiles. Another reason for increase of silver usage was found to be change in investors' perception about silver as an investment instrument.

SILVER PRODUCTION TRENDS IN INDIA

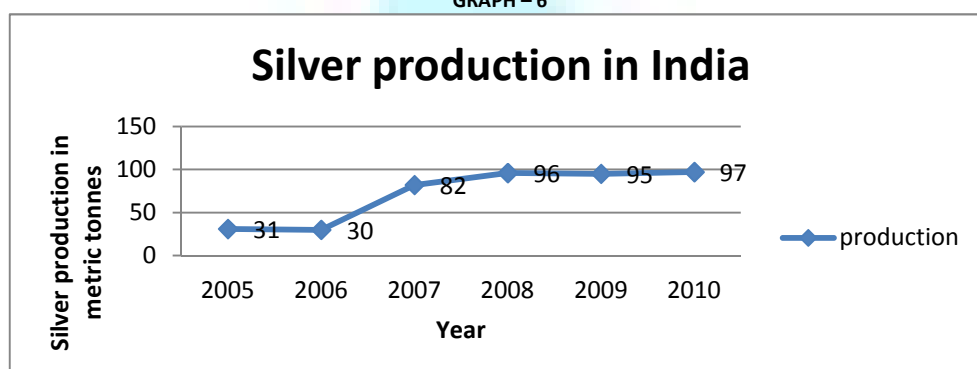
India is less production and more importing country. It holds the 15th place in silver producing countries and the total production in India in 2004, 2007, 2010 was around (15),(82), (97) metric tons. The three major silver producing states in India are Rajasthan, Gujarat, Jharkhand. Rajasthan is the leading silver producing state in India with a production of around 32 thousand tons. Gujarat follows on the second place with a production of around 20 thousand tons.

TABLE – 6: SILVER PRODUCTION IN INDIA

Year	Production (MT)
2005	31
2006	30 (-1.90%)
2007	82 (164%)
2008	96 (209%)
2009	95 (206%)
2010	97 (213%)

(Source: Un published record of karvy comtrade ltd.)

GRAPH – 6



The above graph shows a sharp rise in silver production from 31 metric tons in 2005 to 97 metric tons in 2010 registering a growth of 213%. This increase is mainly attributable to good weather conditions in India which are conducive to extraction of silver from base metals like copper.

SILVER INVESTMENT RETURNS COMPARED TO GOLD IN INDIA - (AS PER KARVY COMTRADE LTD., ANNUAL REPORT 2010)

"SILVER "the step child of precious metals surprisingly has given more returns than gold. A quick look at the table with returns calculated with yearly closings in a decade, 6 out of 10 times silver has given more returns than gold, as may be seen from the table below:

TABLE –7: SILVER INVESTMENT RETURNS COMPARED TO GOLD IN INDIA

YEAR	2005	2006	2007	2008	2009	2010
% Return on gold	18.53%	22.97%	31.39%	5.37%	24.37%	30.37%
% Return on Silver	30%	45.72%	15%	23.84%	48.72%	58.62%

(Source: Un published record of karvycomtrade ltd)

(Note: The %age return on gold and silver is calculated purely based on closing prices on year to year basis)

SILVER COMMODITY TRENDS IN THE WORLD – DEMAND AND SUPPLY

Industrial applications for silver have always been significant, but they have increased significantly in recent years. Silver is used in film, mirrors, batteries, medical devices, electrical appliances such as fridges, toasters, washing machines and uses have expanded to include cell phones, flat-screen televisions and many other modern high tech devices. Total fabrication demand grew by 12.8 % to a 10-year high of 878.8 Moz (Million Ounces) in 2010; this surge was led by the industrial demand category. Silver's use in industrial applications grew by 20.7 % to 487.4 Moz, nearly recovering all the recession-induced losses in 2009, and is seeing pronounced advances in 2011. Jewelry posted a gain of 5.1 %, the first substantial rise since 2003, primarily due to strong GDP gains in emerging markets and the industrialized world's improving. Photography fell by 6.6 Moz, realizing its smallest loss in nine years, as medical centers deferred conversion to digital systems. Silverware demand fell to 50.3 Moz from 58.2 Moz in 2009, essentially due to lower demand India.

TABLE – 8: SILVER COMMODITY DEMAND IN THE WORLD (Million Ounces)

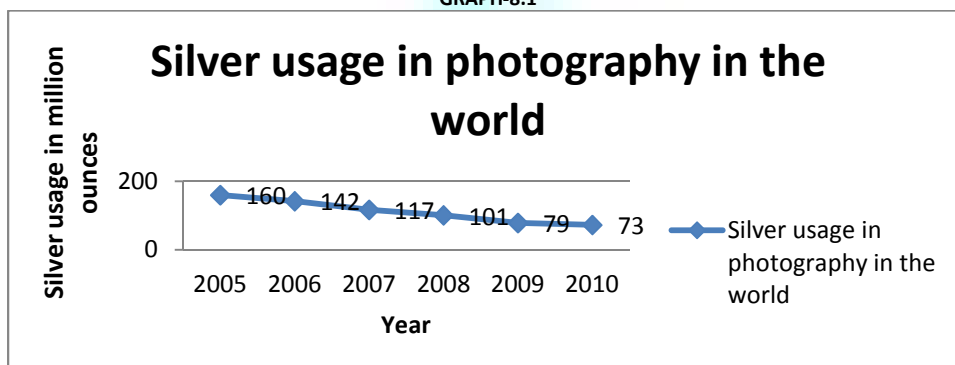
Fabrication	2005	2006	2007	2008	2009	2010
Industrial Usage	431.8	454.2	491.1	492.7	403.8	487.4
%	(49.42)	(52.59)	(56.42)	(56.32)	(51.82)	(55.46)
Photography	160.3	142.2	117.6	101.3	79.3	72.7
%	(18.34)	(16.46)	(13.51)	(11.58)	(10.17)	(8.27)
Jewelry	173.8	166.3	163.5	158.3	158.9	167.0
%	(19.89)	(19.25)	(18.78)	(18.09)	(20.39)	(19)
Silverware	67.6	61.0	58.5	57.1	58.2	50.3
%	(7.73)	(7.06)	(7.72)	(7.52)	(7.46)	(5.72)
Coins & Medals	40.0	39.8	39.7	65.4	79.0	101.3
%	(4.57)	(4.59)	(4.56)	(7.47)	(10.13)	(11.5)
Total Fabrication	873.6	863.5	870.3	874.7	779.2	878.8

(Source: silver institute.com)

GRAPH – 8



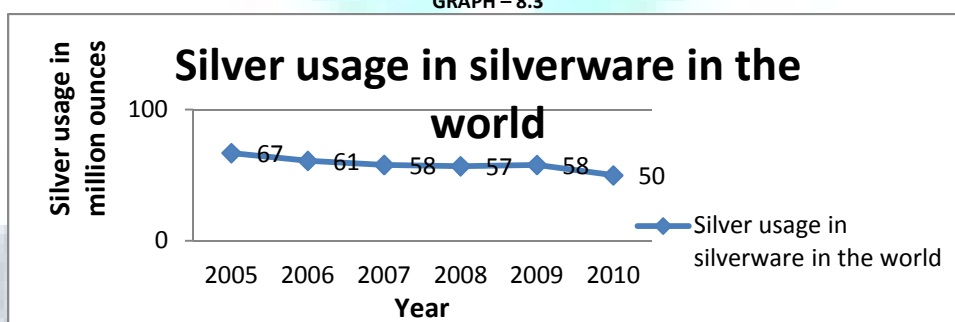
GRAPH-8.1



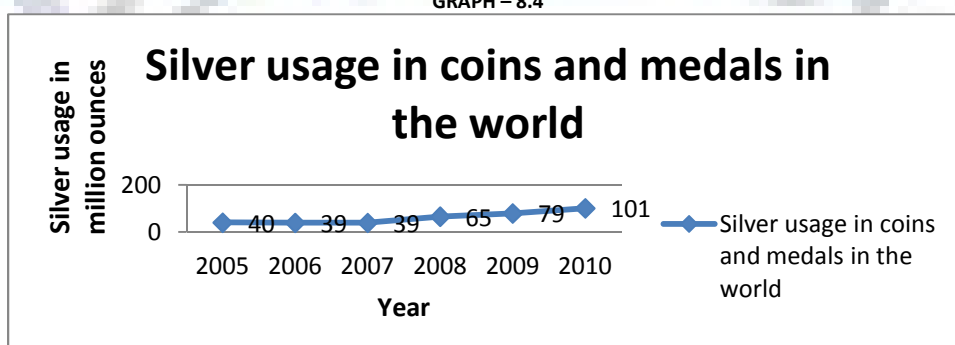
GRAPH – 8.2



GRAPH – 8.3



GRAPH – 8.4



Silver mine production rose by 2.5 % to 735.9 Moz in 2010 aided by new projects in Mexico and Argentina. Gains came from primary silver mines and as a by-product of lead/zinc mining activity, whereas silver volumes produced as a by-product of gold fell 4 % last year. Mexico eclipsed Peru as the world's largest silver producing country in 2010, and Peru is followed by China, Australia and Chile. Global primary silver supply recorded a 5 % increase to account for

TABLE – 10: TOP 20 SILVER PRODUCING COUNTRIES IN 2010 (millions of ounces)

Ranking	Country	Million ounces
1.	Mexico	128.6 (12.6%)
2.	Peru	116.1 (11%)
3.	China	99.2 (9.38%)
4.	Australia	59.9
5.	Chile	41.0
6.	Bolivia	41.0
7.	United States	38.6
8.	Poland	37.7
9.	Russia	36.8
10.	Argentina	20.6
11.	Canada	18.0
12.	Kazakhstan	17.6
13.	Turkey	12.3
14.	Morocco	9.7
15.	India	9.7 (0.91%)
16.	Sweden	9.2
17.	Indonesia	6.9

(Source: silver institute.com)

TABLE -11: WORLD'S LEADING PRIMARY SILVER MINES IN 2010 (Million ounces)

Rank	Mine/Country	Operating Company	Prod.
1.	Cannington, Australia	BHP Billiton	38.60
2.	Fresnillo, Mexico	Fresnillo plc.	35.91
3.	Gümüşköy, Turkey	EtiGümüş A.Ş.	11.46
4.	Dukat, Russia	JSC Polymetal	11.10
5.	Pallancata, Peru	Hochschild Mining / International Minerals	10.14
6.	Uchucchacua, Peru	Compañía de Minas Buenaventura	9.27
7.	Arcata, Peru	Hochschild Mining	8.10
8.	Greens Creek, U.S.	Hecla Mining	7.21
9.	Imiter, Morocco	Société Métallurgique d'Imiter	7.20
10.	San Bartolomé, Bolivia	Coeur d'Alene Mines	6.71
11.	Alamo Dorado, Mexico	Pan American Silver Corp.	6.68
12.	Pirquitas, Argentina	Silver Standard	6.30
13.	Palmarejo, Mexico	Coeur d'Alene Mines	5.89
14.	San José, Argentina	Hochschild Mining / Minera Andes	5.32
15.	Ying, China	Silvercorp Metals	4.32

(Source: silver institute.com)

INCREASING INDUSTRIAL DEMAND FOR SILVER

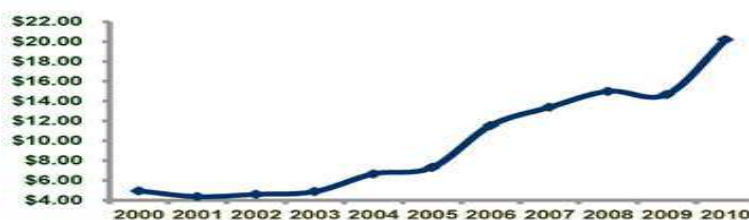
In 1900 there were 12 billion ounces of silver in the world. By 1990, it had reduced to 2.2 billion ounces. Today, it has fallen to less than 1 billion ounces. It is estimated that more than 90% of silver is being consumed by the photography, technology, medical, defence and electronics industries. Industrial demand has been outstripping for the last 20 years. Silver production has been flat in recent years while demand has been increasing. This hasn't resulted in significantly higher prices, because the world has been able to fill the gap from inventories and official government stockpiles. Silver is a by-product metal and 80% of mined silver is a by-product of base metals. Higher prices for silver will not cause copper, nickel, zinc, lead or other base metal mines to increase their production. In the event of a global stagflationary or deflationary slowdown, demand for base metals would likely fall thus further decreasing the supply of mined silver. There are only a handful of pure silver mines. This inflexible supply depresses the price after silver rises in price. It is extremely rare to find a good, service, commodity or investment that is price inelastic in both supply and demand.

INCREASING HEALTH INDUSTRY DEMAND FOR SILVER

This is another powerfully bullish aspect unique to silver. Increasing industrial demand for silver is forecast due to economic growth in China, India, Vietnam, Russia, Brazil and other emerging economies in South America, the Middle East and Asia. Growing middle class income, high standard of living demands high quality of silver. Silver is known as the 'healthy metal' increasing medical applications. Due to increase in diseases and pandemics such as swine flu, silver is being increasingly tapped for its biocidal properties. Research shows that silver and its compounds for therapeutic uses and its potential use as a disinfectant in hospitals and other medical facilities. Increasingly, silver's antimicrobial and antibacterial qualities are being used in all sorts of medical applications and it is set to become a very significant source of demand in the coming years.

INCREASING INVESTMENT DEMAND FOR SILVER

Investment demand in silver has risen in recent years as investors concerned about the value and safety of property. Equities and deposits allocated funds diversify to the finite commodities and currencies of silver and gold. More recently, there have been increasing concerns about the value of paper currencies are leading to further diversification into hard assets and precious metals. There has been a marked increase in investment demand for silver in recent years. Some of the reasons why this trend is likely to continue are - the introduction of ETFs that track the price of silver, a new global liquidity bubble, the significant growth in the global money supply, the proliferation of millionaires, ultra high net worth individuals and billionaires, the proliferation of hedge funds and the exponential growth in derivatives.

SILVER PRICE TRENDS IN THE WORLD- (Yearly average prices based on London PM)

Silver prices remained under pressure for most of 2000, averaging \$4.95 per troy ounce. The trading range managed to increase marginally year-on-year, recording a high of \$5.45 in February of 2000 and a low of \$4.57 in December. The silver price softened throughout the year, largely because of continued Chinese government sales and ongoing private disinvestment. In 2001, silver prices averaged \$4.37 per troy ounce. The metal ended the year on a much-brighter note, with silver fixing at \$4.52 on 31 December, only 7 cents down from the year's first trading day. In the face of an enduring global economic slowdown, the silver price demonstrated resilience in 2002. With an average price of \$4.60 per ounce in 2002, silver recorded a 5% year-on-year increase over 2001. The average silver price in 2003 was \$4.85 per ounce a 5.4% increase over 2002. The silver price in 2004 staged a dramatic rally, rising a robust 36% to average \$6.66 per ounce. This compared to an average price of \$4.85 in 2003. This stunning price performance reflects fundamental changes in silver's supply/demand balance. In 2005, the silver price experienced a 10% increase over the average 2004 price of \$6.65 per ounce, to an average of \$7.31 per ounce. In 2006, the silver price experienced a 58% increase over the average 2005 price of \$7.31 per ounce. The silver price reached levels not seen in 26 years and was the leader when compared with gold (36% increases) and platinum (27% increase). The primary factor driving the stronger silver price was the continued strength of investment demand, which returned in earnest in 2005, was sustained in 2006. Much of the investment demand can be attributed to the successful launch of Barclays' Global Investors iShares Silver Trust Exchange Traded Fund (ETF), which was introduced in late April 2006. The annual silver price, led by continued strong investor and industrial applications demand, averaged an impressive US\$13.38 in 2007. This result represented a 16% price increase over 2006, and on a %age basis was stronger than that enjoyed by gold, platinum and palladium last year. In the year 2007 silver price posted a very solid performance to averages not seen since 1980.

During the first half of 2008, investors drove silver price up above the US\$20/Moz. mark against a backdrop of generally firm fabrication demand. The second half of 2008 was a different story as the economic outlook deteriorated rapidly, and silver, as well as other metal prices, slumped. However, silver's price in the first third of 2009 recovered a good part of the lost ground. In 2008, a record inflow of over 93.1 Moz into the three main silver ETFs was instrumental in the high price average, as investors propelled silver to multi-decade highs, in not only daily price terms but also in the annual average. Coins and medals fabrication jumped by an astonishing 63% to a record of 64.9 Moz in 2008. The main reason for this was a surge in investment-related purchases of bullion coins, both in the United States and Europe. Notably, fabrication of the U.S. Silver Eagle bullion coin achieved a record 19.6 Moz last year, approximately double the 2007 figure, and would have been higher if the U.S. Mint had sufficient blanks to produce coins to meet demand. In 2009, physical silver investment demand has continued to increase, as the U.S. Mint has already achieved a nearly 70% year-on-year rise in the first quarter.

Silver posted an average price of \$14.67 in 2009, the second highest average since the high reached in 1980. Strong gains in investment and a recovery in demand later in the year, were the prime reasons for the 53% intra-year rise. Much of 2009's strength in investment can be attributed to soaring demand for silver exchange traded funds (ETFs) as well as physical retail investment. This occurred on the heels of 2008's previous record ETF inflow of 265.3 million ounces (Moz) of silver. Total ETF holdings rose by 132.5 Moz over the course of 2009, ending the year at an impressive 397.8 Moz as new funds entered the marketplace from Australia and the United States. In 2009, coins and medals fabrication rose by an impressive 21% to post a new record of 78.7 Moz, driven by a jump in retail demand, principally in the United States, although western European demand was also stronger in 2009. In the United States, the increase in its bullion coin sales was also accompanied by a surge in bar demand. Of note, demand for the U.S. Silver Eagle bullion coin reached record highs in 2009, with over 28 million Eagles sold. To put last year's performance into context, over the 1986-2008 periods, U.S. Eagle minting averaged 7.7 Moz-per-year. Silver posted an average price of \$20.19 in 2010, a level only surpassed in 1980, and a marked increase over the \$14.67 average price in 2009. World investment rose by an impressive 40% in 2010 to 279.3 million troy ounces (Moz), resulting in a net flow into silver of \$5.6 billion, almost doubling 2009's figure. Exchange traded funds (ETFs) registered another sterling performance in 2010, with global ETF holdings reaching an impressive 582.6 Moz, representing an increase of 114.9 Moz over the total in 2009. The iShares Silver Trust accounted for almost 40% of the increase, with other notable gains achieved by ZuercherKantonalbank, ETF Securities, and the Sprott Physical Silver.

A significant boost in retail silver investment demand paved the way for higher investment in both physical bullion bars and in coins and medals in 2010. Physical bullion bars accounted for 55.6 Moz of the world investment in 2010. Coins and medals fabrication rose by 28% to post a new record of 101.3 Moz. In the United States, over 34.6 million U.S. Silver Eagle coins were minted, smashing the previous record set in 2009 at almost 29 million. Other key silver bullion coins reaching milestones include the Australian Kookaburra, the Austrian Philharmoniker, and the Canadian Maple Leaf—all three posting record highs in 2010. 2011 April Silver jumped to its highest rise to Rs. 75,020 per kg., a rise in ETF holdings to another record and growing industrial demand, helping gold defy pressure from a firming dollar against the euro.

LIMITATIONS OF THE STUDY

- The study is limited to silver investors only from karvycomtrade ltd. As this does not represent adequately the total population, the findings of the study cannot be applied to the universe.
- As the data collected for the study is only from one broking company viz. Karvy Comtrade Ltd. out of 19 companies in the state of Andhra Pradesh, the conclusions drawn in this study cannot be generalized.

SUMMARY, SUGGESTIONS & CONCLUSIONS

- Majorities (64%) of the respondents in the age of 30-40 years are more interested and above 50 ages group (4%) are not much interested in silver trading.
- Another noteworthy point is majority of the investors in silver commodity possesses post-graduation degree.
- It was also found in the study that higher income group drawing more than ₹45000 are not much interested in silver investment.
- Another question related to trading support by KCTL the answers varied from 'excellent' to 'below average' for different services like Back Office, Research, Risk Management and Fund investment. Research department is rated "Excellent" by maximum number of respondents (68%), followed by Back office and Risk Management (45%). Fund investment department suffers low rating by majority respondents (68%). KCTL has to therefore, focus on fund management department in giving better services to the investors.
- Maintaining association with Broking Company depends on getting good services and benefits. The study reveals that 66% of the investors are associated with KCTL because of low brokerage charges.
- Only 77% respondents stated that they have not taken support of any other broking company. It represents the customers are happy, they do not contact other broking companies. It is stated that customers are getting satisfactory service from the KCTL.
- Major source of information, respondents were given three options viz. Media, Commodity Exchanges and Commodity Brokers and were asked to state the major source of information based on which they trade in silver commodity. The commodity exchanges may be patted for providing reliable information.

- ❑ Mode of investment is another point, the study found that 75% of select silver investors are trading in both the modes i.e. physical holding as well as in Futures. Out of 53 silver i respondents, only 3 (6%) are interested in trading in physical and 10 (20%) are using future trading. Majority (40) stated that they use both Physical and Future Trading as it minimizes the risk and maximizes their returns.
- ❑ Investors have an object to invest in silver for four major options viz. Capital Appreciation, Safety of Investment, Hedging, and All of them. The response given revealed that majority of them (62%) invest with all objectives put together i.e. capital appreciation, hedging and safety of investment.
- ❑ The frequency of trading in silver is yet another point which demonstrates their preference in silver commodity trading, expectation of quick profits. It was found that most of the investors' trade weekly which confirms the point that the silver prices are fluctuating quite often and unless investors are alert they may lose quick profits and liquidity.
- ❑ It is heartening to note that majority of respondents (57%) stated that they had not experienced any problems in having larger quantities of silver contracts (lots) for trading. But a sizable number of investors expressed a genuine concern about lack of small denominations in the market as a result of which the small investors are not able to trade.. Some investors suggested 1-3 Kgs of silver lots for easy handling. Similarly, Most of them felt that if the Exchange Trade Funds (ETFs) facility is made available in India it would be a great advantage to the small investors as silver trading in small quantities like 100-150gms. Absence of Exchange Trade Funds (ETFs) is causing a lot of inconvenience to the investors. ETFs do not require physical movement of silver and therefore enable trading in silver price speculation without requiring the investors to carry silver lots with them. ETFs are prevalent in developed countries and are absent in India. From this it can be stated that small problems like lack of small denominations of silver and ETFs can be addressed by policy makers so as to encourage more trading in silver.
- ❑ Another revelation is that a majority of investors (73%) are interested in trading in futures market and very negligible number of investors (4%) is into forward markets. Spot market seems to be the next best alternative for silver trading, as mentioned by the respondents. Specific reasons were not given for preferring futures market but easy speculation of rise or fall in silver prices may be presumed to be the reason for it.
- ❑ More or less equal number of investors stated that Rs.1, 00,000 is their minimum amount of investment in silver. There are no persons among the selected sample, who invest less than Rs. 50,000 in silver trading. This shows that only those who are already rich are interested in entering into silver trade. If ETFs are introduced in India, more and more persons may participate actively in silver trading.
- ❑ Concentration of imports of silver at a few centers may be reduced. Earlier, Mumbai alone was the centre for silver imports. Later, Ahmadabad and Jaipur were added. A need is felt, by many respondents in the present study, for further de-concentration. Increased measures therefore are suggested to extend the importing centers to places like Chennai, Hyderabad, Calcutta, etc. sales tax and octroi duties are comparatively low. Such steps are hoped to go a long way in expansion of the commodities market for silver in India.
- ❑ Now a days, more than 'customer - attraction', 'customer – retention' is assuming importance. In the present study, it is found that many customers are leaving Karvy comtrade Ltd. within 1-2 years. It is therefore suggested for Karvy comtrade Ltd. to look into the issue and take improved measures to retain more customers.

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A STUDY OF FLUCTUATIONS OF FORWARD TRANSACTIONS ON SELECTED COMMODITY PRICES WITH REFERENCE TO YEAR 2001-2010

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ABSTRACT

India is one of the highly potential countries in agricultural sector. The fluctuations in the prices of the agricultural products are another big challenge before the developing countries the price is constantly falling which started in 1996. The present study under the title "Study of fluctuations of forward transactions on selected commodity prices (With reference to 2001-2010)", is an exhaustive investigation to understand the variation on selected commodities i.e. Wheat, Rice and Pulses. Despite significant expansion in irrigated area, the output of a majority of agriculture commodities in India continues to remain vulnerable to weather changes. Therefore, stabilization of prices of those agricultural commodities on which average consumers spend a sizeable proportion of their per capita expenditure continues to remain an area of major concern for the policy makers. From Rational of the study Price instability affects both producers and consumers. In this study, we will examine the fluctuations in prices of the selected crops. The Objective is to know whether variability in the prices of selected commodities has intensified over time. If yes, then what are the factors for these variations in the prices of the selected commodities? The study is based on primary as well as secondary data and survey has been conducted in the Indore, which is commercial capital and major city of Madhya Pradesh. The simple random sampling method is used. In Data collection both primary and secondary information was collected. A mail survey is highly dependent on the responses. The interpretation of the results and was discussed under two major heads Users and Retailers/Wholesaler. Conclusions were drawn on the basis of statistical analysis and finding, and discussed objectives wise of the study.

KEYWORDS

Fluctuations of forward transactions, Commodity prices, Producers, Consumers.

1. INTRODUCTION

The present study under the title "Study of fluctuations of forward transactions on selected commodity prices (With reference to 2001-2010)", is an exhaustive investigation to understand the variation on selected commodities i.e. Wheat, Rice and Pulses. Despite significant expansion in irrigated area, the output of a majority of agriculture commodities in India continues to remain vulnerable to weather changes. Therefore, stabilization of prices of those agricultural commodities on which average consumers spend a sizeable proportion of their per capita expenditure continues to remain an area of major concern for the policy makers.

Price Instability imposes cost on both the producers as well as the consumers. If the price of a particular commodity falls below a certain level, Producers lose because the price may not be able to cover the actual cost of production of that commodity. However, Consumers benefits from low prices because they can buy more of the same commodity. Alternatively they have to adjust their expenditure and budget in response to change in relative prices. Apart from these microeconomic considerations there are microeconomic effects of changes in agricultural prices. While positive price incentive to farmers help the government to achieve self-sufficiency, fluctuations in agricultural prices spill over to other sectors of the economy, leading to increase in the overall rate of inflation. Sometime, a steep increase in the prices of agriculture commodities creates serious problems as happened in the case of wheat during 1996 and onions and other vegetables during 1998. Large variations in prices have serious consequences. Firstly, they provide enough room for the speculators to take advantage of the situation especially in cases where there are restrictions on the movement of commodities and external trade is not permitted.

Secondly, they lead to the formulation of flawed policy measures, which can be very costly. Therefore, the government has to balance the twin objective of self-sufficiency through the provision of remunerative prices to producers and protection to consumers by Providing them subsidized food through the Public distribution system (PDS). To achieve these objectives, government has to keep a close watch on the prices of a few essential commodities, which form quite a large proportion of an average consumer's budget.

Thus it was felt that there is a need for studying the price behavior of a few essential agricultural commodities. Researcher proposes to analyze the price behavior of two key cereals (rice and wheat) and pulses. Stabilization of prices of essential agricultural commodities continues to remain an area of major concern for policy makers. Price instability affects both producers and consumers and has microeconomics implications as well. High growth in the prices of primary commodities spills over to other sectors of the economy leading to an increase in the overall rate of inflation.

2. REVIEW OF LITERATURE

The researcher has traced some of literature related to the study, these are below:-

A paper published in Journal of International Business and amp; Economics, March 20, 2007 by Kriti Bardhan Gupta highlighted world integrated Trade Solutions (WITS) and Ministry of Agriculture, Government of India., the present study explores the structure and performance of international trade in agriculture and allied products from India over the year through estimation of some commonly used indicators such as growth and share, trade openness, trade intensity coefficient, index of intra sub-sector trade, revealed comparative advantage, measures of products and export market diversification, trade complementarity index and linkage of the agriculture and allied sector with the rest of economy.

A paper title "Instability in Indian Agriculture" presented by Dr. Ramesh Chand, ICAR national professor and Dr. S. S. Raju, senior scientists at NCAP, discover the issue of instability attracted lot of attention of researchers in the early phase of adoption of green revolution technology who concluded that adoption of new technology had increased instability in food grain and agriculture production in India. This conclusion was based on the period when improved technology had reached very small area. This study shows that when a little longer period is taken into consideration, which witnessed spread of improved technology to large area. The interference on increase in instability due to adoption of new technology gets totally refuted. Production of Food grain and total crop sector was much more stable in the recent period compared to pre green revolution in the country. This Indicates that Indian agriculture has developed a resilience to absorb various shocks in supply caused by climatic and other factors. There is large variation in stability in food grain productions across states. Very high risk is involved in food grain production in the states of Maharashtra, Tamil Nadu, Orissa, Madhya Pradesh, Rajasthan and Gujarat.

A Study under the title "Climate sensitivity of Indian agriculture" by Mr. K. S. Kavi Kumar, Madras School of Economics, Chennai, discover that, The analysis based on four decades of data suggests that the climate sensitivity of Indian agriculture is increasing overtime, particularly in the period from Mid-eighties to late nineties. This finding corroborates the growing evidence of Weakening agricultural productivity over the similar period in India. The results also show presence of significant positive spatial autocorrelation, necessitating estimation of climate sensitivity while controlling for the same. While many expectations may exist for the presence of spatial autocorrelation, this paper argued that inter-farmer communication could be one of the primary reasons for the spatial dependence. Field studies carried out in Andhra Pradesh and Tamil Nadu through focus group discussion provided limited evidences in this directions.

A Study for the planning commission under the title of "Analysis of price behavior of selected commodities" by Dr. Anil Gupta, Project director and Dr. Pramod Kumar, Junior economist, is clearly. The Analysis clearly shows actual procurement prices to be far in excess of those recommended by the commission for Agricultural Cost and Prices (CACP) during the 1990s as compared to 1980s. One of the reasons for the higher growth in the prices of the cereals, particularly rice and wheat, is the significant increase in their procurement prices, which sets the floor both farm harvest prices and wholesale prices. The analysis shows that there has been acceleration in the rate of growth of the nominal as well as real prices of the cereals. A Comparison of the variation in prices of the selected commodities shows that price fluctuations are generally higher in the case of coarse cereals, groundnut and groundnut oil as compared to rice and wheat. Among the selected commodities prices variability is the lowest in case of rice.

3. RATIONALE

Price instability affects both producers and consumers. Apart from these micro influences, there are macroeconomic effects of changes in prices of various commodities. Externally high growth in the prices of primary commodities spills over to other sectors of the economy, which leads to an increase in the overall rate of the inflation. Therefore, the Government has to balance the twin objectives of expanding output through the provision of remunerative prices to the producers and protecting the interest of consumers by making sure that prices remain within certain limits.

In this study, we will examine the fluctuations in prices of the selected crops. The Objective is to know whether variability in the prices of selected commodities has intensified over time. If yes, then what are the factors for these variations in the prices of the selected commodities?

4. OBJECTIVES OF THE STUDY

The objectives of this research are as follows:

1. The behavior of the procurement prices of the selected commodities.
2. The Variability in the prices of these commodities.
3. The relationship between procurement prices and wholesale prices.
4. The possible explanations for changes in the prices of these commodities, particularly during the year 2001 – 2010.
5. To study the various government scheme related to these commodities.

5. RESEARCH METHODOLOGY

The study is based on primary as well as secondary data and survey has been conducted in the Indore, which is commercial capital and major city of Madhya Pradesh. The simple random sampling method is used.

5.1 THE SURVEY PARTICIPANTS

This study was designed to use a mail survey and personal interaction to gather data about the, Impact of fluctuations of forward transactions on selected commodity prices. A mail survey and personal interaction provides the most appropriate method to obtain relevant, up-to-date information from a large sample of population. The survey was targeted for individuals involved with the research topic.

The survey participants were selected from the Indore Merchant Association for the traders and users from the local contacts. Targeted survey participant were selected from a random sampling method of the list. Individual questionnaire was sent to participants.

5.2 SURVEY FOCUS

In order to conduct the study on a reasonably manageable scale, the sample was targeted at approximately 350 participants in total and, in actuality, 115 individuals who associated with relevant business and users were filled and sent the survey packets.

5.3 SURVEY DEVELOPMENT

Six people were reviewed the questionnaire in detail and numerous changes were made to the wording of the questions, the format of the questionnaire and the questions, the alignment and placement of the text, and the sequential order of the individual questions. Six individuals who reviewed the preliminary survey questionnaire, 02 was from academic, 02 were associated with relevant business and 02 was users of selected commodities.

The final version of the survey is two type of questionnaire that takes approximately 10 to 15 minutes to complete. The first questionnaire is for the wholesaler and retailers, and other one for end users of selected commodities.

5.4 PRE-TESTING

While developing the survey, three on-site interviews were conducted with survey participants, one each at whole sale shop and two was at home. Each of these three experts reviewed the survey questionnaire in detail, provided comments, and asked questions about issues that needed to be clarified.

6. DATA COLLECTION

6.1 PRIMARY INFORMATION

The actual mechanics of implementing the survey primarily involved compiling a list of potential survey recipients for the mass mailing and personal interaction.

6.2 SECONDARY INFORMATION

It had been compiled from various published government and non-government documents.

7. LIMITATIONS OF THE STUDY

Most of the people are very conscious in revealing their attitude and interest this is because of fear of leak of their business data. In the beginning it took a long time to convince them about the aims and objective of the research work.

A mail survey is highly dependent on the responses. This work certainly went over budget in terms of the personal time and work commitment that I had hoped to invest.

8. FINDINGS

1. Proportion of end users to purchase commodities from retailers is significantly higher. To test uniformity in the respondents' opinion in all three categories, we first apply chi square test for goodness of fit. Calculated value of chi square is 8.905 has been found higher the tabulated value 5.991 for 2 d.f. at 5% level of significance. Thus, Null hypothesis is rejected. It is concluded that there is no uniformity in the respondents' opinions. Therefore to know which category is more appropriate we apply Z – test (normal) only in two categories of high value.
2. The recalled percentage of retailers is 49.31%. However, the calculated value of Z is greater than the tabulated value (1.645) at 5% level of significance for one sided test
3. Survey shows that fluctuations in selected commodities are significantly higher. The recalled percentage is 95.89%. The calculated value of Z is greater than the tabulated value (1.645) at 5% level of significance for one sided test.
4. On study it is found that Government policies are significantly important to control fluctuation in selected commodities. To test uniformity in the respondents' opinion in all three categories, we first apply chi square test for goodness of fit. Calculated value of chi square is 12.0869 has been found higher the tabulated value 5.991 for 2 d.f. at 5% level of significance. Thus, Null hypothesis is rejected. It is concluded that there is no uniformity in the respondents' opinions.
5. Therefore to know which category is more appropriate we apply Z – test (normal) only in two categories of high value. The recalled percentage 67.82 %. The calculated value of Z is greater than 1.645 at 5% level of significance in one sided test.
6. Survey shows that 37.68% respondents assume that climatic conditions are important for fluctuation of prices of selected commodities. However, calculated value of chi square is 1.1294 has been found less the tabulated value 5.991 for 2 d.f. at 5% level of significance. Thus, Null hypothesis is accepted. It is concluded that there is uniformity in the respondents' opinions.
7. Survey shows that inclination to cash Crop cultivation is an important factor for fluctuation in selected commodities. To test uniformity in the respondents' opinion in all three categories, we first apply chi square test for goodness of fit. Calculated value of chi square is 6.869 has been found higher than the tabulated value 5.991 for 2 d.f. at 5% level of significance. Thus, Null hypothesis is rejected. It is concluded that there is no uniformity in the respondents' opinions.
8. Therefore to know which category is more appropriate we apply Z – test (normal) only in two categories of high value. The recalled percentage 47.82 %, the calculated value of Z is greater than 1.645 at 5% level of significance in one sided test.
9. Respondents assume that transportation cost is average important factor for fluctuation in selected commodities. To test uniformity in the respondents' opinion in all three categories, we first apply chi square test for goodness of fit. Calculated value of chi square has been found higher than the tabulated value 5.991 for 2 d.f. at 5% level of significance. Thus, Null hypothesis is rejected. It is concluded that there is no uniformity in the respondents' opinions.
10. Therefore to know which category is more appropriate we apply Z – test (normal) only in two categories of high value. The recalled percentage 23.82 %, the calculated value of Z is less than 1.645 at 5% level of significance in one sided test.
11. There is very close response in all three categories. To test uniformity in the respondents' opinion in all three categories, we first apply chi square test for goodness of fit. Calculated value of chi square has been found less than the tabulated value 5.991 for 2 d.f. at 5% level of significance. Thus, Null hypothesis is accepted. It is concluded that there is uniformity in the respondents' opinions.
12. It is concluded that bank interest is average important for fluctuation of selected commodities.
13. Respondents opinion for cultivation of cash crop effect the production of these commodities is very high i.e. 33 respondents from users' category and 23 respondents from retailers and whole seller category. Hence, for testing of hypothesis responses for both were added.
14. Calculated value of Z is higher than 1.645 at 5% level of significance in one sided test. Null hypothesis is rejected. It is concluded that production of the edible
15. Commodities affected by the non edible cash crops. The recalled percentage is 51.37 %.
16. Survey shows that raise in prices of the edible commodities affect the overall economy. Both respondents opinion for Government policies are focus to the wealth maximization of the farmers very high i.e. 33 respondents from users' category and 31 respondents from retailers and whole seller category. Hence, for testing of hypothesis responses for both were added.
17. The calculated value of Z is greater than the tabulated value (1.645) at 5% level of significance for one sided test, the null hypothesis is rejected. The recalled percentage 95.89%.
18. Respondents' opinion for Government policies are focus to the wealth maximization of the farmers very high i.e. 33 respondents from users' category and 31 respondents from retailers and whole seller category. Hence, for testing of hypothesis responses for both were added.
19. The calculated value of Z is higher than 1.645 at 5% level of significance in one sided test. Null hypothesis is rejected. It is concluded that Government policies are focuses to the wealth maximization of the farmers. The recalled percentage is 58.71%
20. It is found that; coefficient of variation (C.V) of wheat during the study period was 108.25331 which is highest value in comparison of C.V of rice (42.67378) and pulses (42.02921). It concluded that price behavior of rice and pulses were more consistent during the study period, while wheat was less consistent.
21. It concluded that the prices in 2002 were 10% higher than the prices in 2001, likewise in 2003 were 11% higher than the 2002, 2004 were 8% higher than the 2003, 2005 were 8% higher than the 2004, 2006 were 8% higher than the 2005, 2007 were 12% higher than the 2006, 2008 were 10% higher than the 2007, 2009
22. Were 6% higher than the 2008, and 2010 were 7% higher than the 2009. It is concluded that variability of these commodities in 2010 is 115.42% higher than 2001.
23. The calculated value of t is higher than the tabulated value of t (2.262) at 9 d.f and $\alpha = 0.05$ in two tailed test. Value of r is significant, hence, null hypothesis rejected and alternate hypothesis accepted that there is significant correlation between procurement price and whole price of pulses.

9. SUGGESTIONS

01. The main objectives of the present study were to find out the actual causes of fluctuation of selected commodities which help to improve dealer's Performance and finally benefits to the end users
02. There must be policies of the government concentrating on rising of Investment in Indian agricultural industrial sector for and Modern infrastructure to facilitate the agricultural exports.
03. Awareness should be created among the Indian farmers regarding their right in Intellectual Properties and related laws.

10. CONCLUSIONS

Conclusions were drawn on the basis of statistical analysis and finding, and discussed objectives wise of the study.

11. RECOMMENDATIONS

1. Users' proportion of purchase of these commodities from retailers is higher than Mall.
2. There are very high fluctuations in selected commodities' price.
3. Execution of Government policies is very important to control fluctuation in selected commodities.
4. Climatic conditions are one of the factors in fluctuation of price of selected commodities. However, government policies can overcome this factor in some extent.
5. Inclination to cash crop cultivation is also one major factor for fluctuation in selected commodities.
6. Rise in fuel price effect the transportation cost is an important factor for fluctuation in selected commodities.

7. Rise in diesel price effect the irrigation, which in result farmers are moving to other crops require less irrigation.
8. Low bank interest on various scheme of loan given to farmers is one of the major factors to motivate them to cultivate these commodities.
9. Raise in prices of the edible commodities affect the overall economy. This is effecting below poverty line population.
10. Policies towards wealth maximization of farmers can stop migration.
11. Wheat price are less consistent than rice and pulses, which require attention.
12. Price variability index of these commodities shows that raise prices in 2010 is 115.42% higher than 2001.
13. There is clear cut correlation between procurement price and whole price of these commodities.
14. There is good supply chain system and product distribution system exists from farms to end users.
15. Change in eating habits like various edible items available in market and promoted by companies which badly affect the supply demand system.

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A STUDY ON ORGANIZATIONAL CULTURE WITH SPECIAL REFERENCE TO IMPETUS PRIVATE LIMITED, INDORE

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ABSTRACT

The success of any company depends in part on the match between individuals and the culture of the organization. Organizational culture is the set of operating principles that determine how people behave within the context of the company. Underlying the observable behaviors of people are the beliefs, values, and assumptions that dictate their actions. Managers need an accurate understanding of the organization's culture in order to direct activities in a productive way and to avoid the destructive influence of having employees who are not committed to the company's goals. A shared sense of purpose starts with the hiring process and continues with careful attention to how employees are motivated and rewarded for their efforts. Managers need to continually transmit the values of the culture through efforts such as story telling, rituals and firm-sponsored social events, as well as consistent positive feedback that gives each member of the organization a sense of importance. The purpose of this study was to examine its general ability in Impetus Private Limited, Indore. This research instrument was translated into questionnaires and distributed to executive and non-executive employees in the organization. Data from 100 respondents was collected and were analyzed. The result generally supports the hypothesis and shows that there is no significant difference between the perception of executive and non-executives towards OCTAPACE (Openness, confrontation, trust, autonomy, pro-action, authenticity, collaboration, experimentation) culture in Impetus Pvt. Ltd, Indore.

KEYWORDS

organizational culture, Impetus private limited.

INTRODUCTION



Organizational Culture is defined as a pattern of basic assumptions invented, discovered or developed by a given group, as it learns to cope with the problems of external adaption and internal investigation that has worked well enough to be considered valid and therefore is to be taught to the new members as the correct way to perceive, think, and feel in relation to those problems. Organizational Culture is a set of shared understandings, norms, values, attitudes and beliefs of an organization which can foster or impede change.

When people join an organization, they bring with them the values and beliefs that they have been taught. Quite often, however these values and beliefs are insufficient for helping the individual succeed in the organization. The person needs to learn how the particular enterprise does things.

A common misconception is that an organization has a uniform culture. However, at least as anthropology uses the concept; it is probably more accurate to treat organizations as if they had a uniform culture. All organizations have culture, in the sense that they are embedded in specific societal cultures and are part of them. According to this view, organization culture is a common perception held by the organization's members. Everyone in the organization would have to share this perception. However, all may not do so to the same degree. As a result, there can be a dominant culture as well as subcultures throughout a typical organization.

A dominant culture is a set of core values shared by a majority of the organization's members. The values that create dominant cultures in organizations help guide the day-to-day behavior of the employees. Important, but often overlooked, are the subcultures in an organization. A subculture is a set of values shared by a minority, usually a small minority of the organization's members. Subcultures typically are a result of problems or experiences that are shared by members of a department or unit. Subcultures can weaken and undermine an organization if they are in conflict with the dominant culture and overall objectives. Successful firms, however find that this is not the case always. Most subcultures are formed to help the members of a particular group deal with the specific day-to-day problems with which they are confronted. The members may also support many, if not all, of the core values of the dominant culture.

A FEW DIMENSIONS OF ORGANIZATIONAL CULTURE

1). VIGILANCE

Prior to pondering whether or not to communicate an ethical, compliance, or legal concern, an employee must first be in a position to detect violations. "What are the standards in this organization?" "What is my role in upholding these standards?" Accordingly, the first step in supporting employee communication and reporting behaviors is to influence a culture that promotes not only awareness of an organization's commitment to integrity, but a shared understanding of organizational standards. A look out for threats to organizational integrity also must be cultivated among organization members.

Thoughtful attention to training employees on the values and standards outlined in the organization's code of conduct will facilitate awareness building.

However, the most fundamental and powerful values of an organization are not written down and exist only in the shared norms, beliefs, and assumptions reflected in the organization's culture. These norms, beliefs, and assumptions guide how organization members think and act. The Organizational Culture informs members how to relate to each other and to outsiders, how to analyze problems, and how to respond to situations encountered in the organization. To promote a shared understanding of which "code" to follow, the formal code of conduct or the unwritten code of culture, the dynamics of Organizational Culture on an employee's ability to accurately interpret the ethical standards of the organization must be addressed.

To support a culture of vigilance, employees also must be educated on the relationship between organizational integrity and the organization's strategic positioning. Employees who observe wrongdoing may not report it because they cannot fully estimate the resulting damage. Therefore, the organization should ensure employees are in a position to identify the potential consequences of ethical, compliance, and legal breaches, including opportunity costs and harm to the organization, its reputation, and stakeholders.

2). ENGAGEMENT

The cultural dimension of engagement is multifaceted and complex. Engagement is concerned with organizational and individual factors that contribute to a personal state of authentic involvement in the organization. Organizational processes used to recruit, orient, socialize, and manage employees influence engagement. Employee's sense making, psychological contracts, and perceptions of fairness in organizational dealings influence the degree of authentic involvement by them. Managing these organizational processes and individual perceptions to facilitate high degrees of organizational commitment and identification encourages a culture of engagement that supports internal whistle blowing.

If an organization member is not committed to high ethical standards there may be a tendency to rationalize questionable behavior as a common or even necessary practice in performing job duties. On the other hand, if an employee has high ethical standards that are not supported by the organization, there is a tendency for the employee to experience internal conflict. Such conflict will arise when organizational demands on employees are inconsistent with personal or professional values. The result is decreased commitment and an unwillingness to exert effort on behalf of the organization.

Once employees enter the organization, socialization methods, including training on ethical standards can be used to deepen employee commitment to organizational values and norms.

3). CREDIBILITY

A culture of engagement that supports organizational commitment and identification, however, may not be sufficient for prompting employee disclosures. An employee will also seek to "test" the organization's commitment to integrity. Leadership behavior is a key determinant of employee perceptions and beliefs.

The most powerful strategy that can be relied upon to facilitate credibility is employee belief in espoused ethics and values including organizational expectations for employee disclosure, attending to and monitoring congruence in the Organizational Culture. The role of leadership is central to this strategy.

Aligning leadership behaviors with formal policies and consistent modeling of espoused values are important practices for fostering credibility. Demonstrating personal commitment to organizational values builds trust and creates a safe environment for employees to come forward and report concerns.

4). ACCOUNTABILITY

Accountability for communicating knowledge of wrong doing will be carefully judged by employees. "Is it my job to report?" "Isn't this someone else's responsibility?" "Why should I get involved? After all, I am not the only one aware of what is going on here." Again, values, beliefs, and norms embedded in the Organizational Culture and picked up by employees will influence employee reflections.

PROBLEMS AND FRAMEWORK

Eight percent of all comments (fully one in five of those in the organizational problem category) focused on how the culture within the organization (the unwritten rules and exceptions) worked against balance. Men, managers, employees with eldercare responsibilities and those working in the public sector were substantially more likely than respondents in the other groups to express concerns with respect to the organization's culture. What kinds of culture did Canadians talk about? From the comments, we identified the following Organizational Cultures as problematic:

- Culture of hours
- Disconnected culture: good policies, poor practice, poor role models at the top
- Culture of money: money rather than people is what is important
- Management culture
- Culture of backlash
- Culture of guilt
- Culture based on the myth of "separate worlds" (i.e. work or family)

COMPANY PROFILE**IMPETUS Pvt. Ltd:** An Introduction

The main issues that the organization deals in,

- Pioneers in Outsourced Product Engineering
- Founded 1991 in India; Incorporated in USA in 1996
- 1100+ engineers
- Innovation based differentiated services
- Profitable since the 1st year of operations
Completely self funded
- Spun off successful product companies
Servigistics, ClearTrail, Intellicus

MISSION

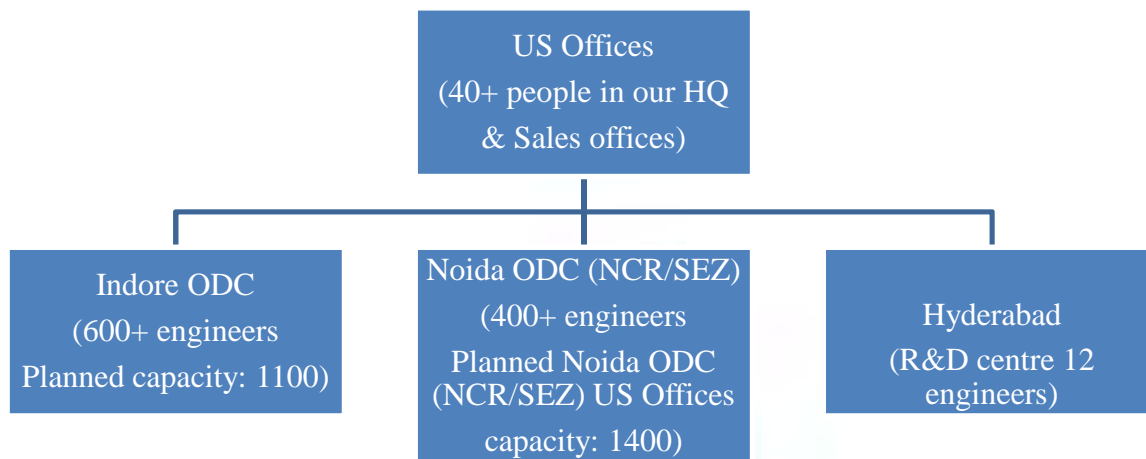
"To create asymmetric advantages for technology businesses through Software Product Engineering and Innovation Excellence."

VISION

Build Great Software, Be Known for Innovation and R&D, Be Thought Leaders in Product Engineering.

LEADERSHIP OF IMPETUS

NAME	DESIGNATION
Praveen Kankariya	Founder & CEO
Pankaj Mittal	Chief Technology Officer & Sr. Vice President
Anand Raman	Vice President Sales & Account Management
Sanjeev Agrawal	Vice President Operations & Human Empowerment
Rajeeva Gupta	Vice President Engineering
Larry Pearson	Vice President Marketing

DEVELOPMENT CENTERS**VALUE DELIVERY/INVESTMENT STRATEGY**

HIRING

- Seek Product Developers
- Mix of professional hires and campus hires
- Full time internal recruiters; hiring agencies and referrals for senior level positions
- Entry level hiring at Campuses (top 15 schools)
- Rigorous Selection Process
- Technology
- Cultural Fit

TRAINING

- Emerging trends and Technologies
- Best practices of project Management
- Communication and soft Skills
- Shadow Resource Pool
- Creates a pool of proficient experts to augment a project
- Campus hires will average 8-12 months of experience before assigned to a client
- Cross-platform training to help develop versatile skills

RETENTION

- Very high retention rate 85-90% vs. industry average of 70-75%
- Success Factors
- Intense focus and emphasis on technology & innovation
- Challenging product R&D Assignments
- Highly competitive and rewarding work culture
- Competitive and attractive compensation packages
- Work hard – Play hard

LITERATURE REVIEW

The supremacy of human element and urgency of creating a learning organization through development of organizational capabilities all the times, make out a strong case for the evaluation of HRD climate in organizations. Various studies reveal that the HRD climate contributes to the organization's overall health and self-reviewing capabilities which in turn increase the capabilities of individual, dyads, team and the entire organizations companies.

The various researches conducted in this field are as follows:-

➤ **Study of the existence of good culture in the organization, by Bhardwaj and Mishra (2002)**

They conducted a study with a sample of 107 senior, middle and lower level managers of private sector organization which is one of India's largest multi-business companies. Thus, on the whole, the existence of good HRD climate in the organization covered under study. The managers in general showed a favorable attitude towards HRD policies and practices of the organization. They were satisfied with the developmental policies of top management as well as happy with the prevailing HRD climate in the organization.

➤ **Study of HRD climate in private hospital of Hyderabad by Alphonsa, (2000)**

They conducted the study with sample of 50 supervisors from different departments participated in present study. The crux of the study highlights that the supervisors perception about the HRD climate is satisfactory and there exists reasonably, good climate with respect to top managements belief in HRD climate.

➤ **Perception of medical staff towards Organizational Culture, by Mufeed (2006)**

He conducted comprehensive study in one of the major hospitals of the Jammu and Kashmir namely Shri-Kashmir Institute of Medical Sciences (SKIMS) about perception of medical staff towards HRD climate in the said hospital. The result of the study shows the existing HRD climate in the hospitals to a large extent is significantly poor. The study also shows that HRD in organization uses various instruments like performance appraisal system, training, promotion, rewards, organizational development and counseling etc., to create a climate conducive to achieve organizational efficiency and effectiveness.

➤ **Understand relationship between value institutionalization and Organizational Culture by Sharma and Purang, (2000)**

A Survey of 27 middle level managers in engineering sector, manufacturing primarily power sector equipment with a view to understand relationship between value institutionalization and Organizational Culture. The study highlights that there exist positive relationship between value institutionalization and Organizational Culture.

RATIONALE OF THE STUDY

The term has been coined by Professor T.V. Rao of IIM-A, India. The OCTAPACE culture is characterized by the occurrence of openness, confrontation, trust, authenticity, pro-activity, autonomy, collaboration and experimentation. It deals with the extent to which these values are promoted in the organization. Empirical studies conducted by (Rohmetra 1998; Rao and Abraham 1999; Alphonsa 2000; Bhardwaj and Mishra 2002; Kumar and Patnaik 2002) indicate that the culture of the OCTAPACE values is imbibed in the culture of the many organizations to a good or moderate degree. These values help in fostering a climate of continuous development of human resources.

OPENNESS

Employees feel free to express their ideas and the organization is willing to take risks and to experiment with new ideas and new ways of doing things. Krishna and Rao (1997) surveyed the organizational climate of the BHEL which shows that the environment of openness works well among the middle and senior managers in the company. A study conducted by Rohmetra (1998) on banking sector of J & K space for determining the HRD climate showed that the environment is less open for employees.

CONFRONTATION

Employees face the problems and work jointly with others concerned to find its solution. They face the issues squarely without hiding them or avoiding them for fear of hurting each other.

TRUST

The employees department and groups trust each other and can be relied upon to 'do' whatever they say they will do. Rohmetra (1998) found that an intimate degree of trust enjoyed in the bank. Sharma and Purang (2000) showed that there exists a good degree of trust among the middle level managers in an organization in engineering sector.

AUTHENTICITY

Authenticity is the value underlying trust. It is the willingness of a person to acknowledge the feelings he/she has, and to accept him/her as well as others who relate to him/her as persons.

PRO-ACTION

Employees are action – oriented, willing to take initiative and to show a high degree of pro-activity. They anticipate the issues and act or respond to the needs of the future. Mufeed and Gurkoo (2007) in their comparative study in the universities of Jammu & Kashmir found the value of pro-activity as unfavorable.

AUTONOMY

Autonomy is the willingness to use power without fear, and helping others to do the same. Employees have some freedom to act independently within the boundaries imposed by their role/job.

COLLABORATION

Collaboration involves working together and using one another's strength for a common cause. Individuals, instead of solving their problems by themselves, share their concerns with one another and prepare strategies, work out plans of action, and implement them together.

EXPERIMENTATION

Experimentation as a value emphasizes the importance given to innovation and trying out new ways of dealing with the problems in the organization. Alphonsa (2000) in his empirical study found that the employees were not encouraged when they suggested new things or new ideas.

OBJECTIVES AND METHODOLOGY

OBJECTIVES

Organizational Culture is hypothesized to play a decisive role in the development of a unique corporate identity. This unique identity provides organizations with the opportunity to attain strategic leadership. Keeping in view the vital role that OCTAPACE culture plays in the success of any organization, the present study was undertaken with the objective of studying the Organizational Culture in Impetus Pvt. Ltd, Indore. The study is based on the concept of the OCTAPACE culture – an acronym for Openness, Confrontation, Trust, Authenticity, Pro action, Autonomy, Collaboration, and Experimentation.

1. To study the conceptual framework of Organizational Culture.
2. To study how the different groups (executives and non-executives) of the organization perceive its culture.

Thus, the study attempts to uncover the culture of the organization.

HYPOTHESIS

To study the Organizational Culture with special reference to Impetus Pvt. Ltd, Indore, to conduct this study certain hypothesis were to be framed.

On the basis of above objectives, the following hypotheses were formulated:

For objective number- 1, No hypothesis is required since it is an exploratory study. And for objective number-2, hypothesis is mentioned below:

H₀: There is no significant difference between the perception of executive and non-executives towards OCTAPACE culture in Impetus Pvt. Ltd, Indore.

RESEARCH METHODOLOGY

THE SAMPLE SIZE

The sample consists of 100 Executives and Non-Executives of Impetus Pvt. Ltd, Indore.

THE SAMPLING TECHNIQUE

Sampling is the process of systematically selecting that which will be examined during the course of a study. Use of Convenience sampling will be done to select the Sample Units.

In convenience sampling, the selection of units from the population is based on easy availability and/or accessibility. It is a sampling method in which units are selected based on easy access/availability. The disadvantage of convenience sampling is that the units that are easiest to obtain may not be representative of the population. For example products on top of a box of parts may be a different quality from those at the bottom, people who are at home when the market researcher calls may not be representative of the entire population. It is also called as Accidental Sampling.

For achieving the objectives of study, survey was conducted. For survey, questionnaires were filled from of the Management & workers in the organization. It was selected as the mode of survey to make the study more meaningful & so that maximum information could be collected. For conducting the personal interviews of the workers, a questionnaire was made. The questionnaire was structured with close ended questions.

DATA COLLECTION

Questionnaire consisting of scales on Organizational Culture were created for collecting the primary data to conduct this research.

The respondents were asked to fill some necessary personal information also and the results were obtained by using standardized scales for the measurement which have high reliability and validity.

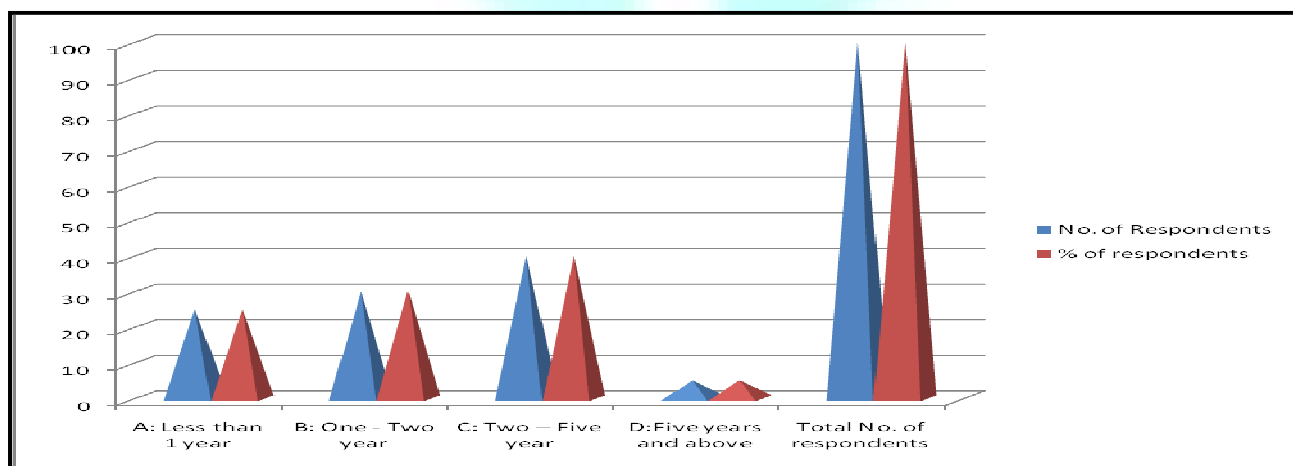
TOOLS FOR DATA ANALYSIS

Statistical Package for Social Sciences (SPSS) has been used to calculate Mean and Standard Deviation. Pyramids were used to show the analysis between one or more variables.

DATA ANALYSIS

Q No.1 How long have you been working for company?

Option	No. of Respondents	% of respondents
A: Less than 1 year	25	25
B: One - Two year	30	30
C: Two – Five year	40	40
D: Five years and above	5	5
Total No. of respondents	100	100

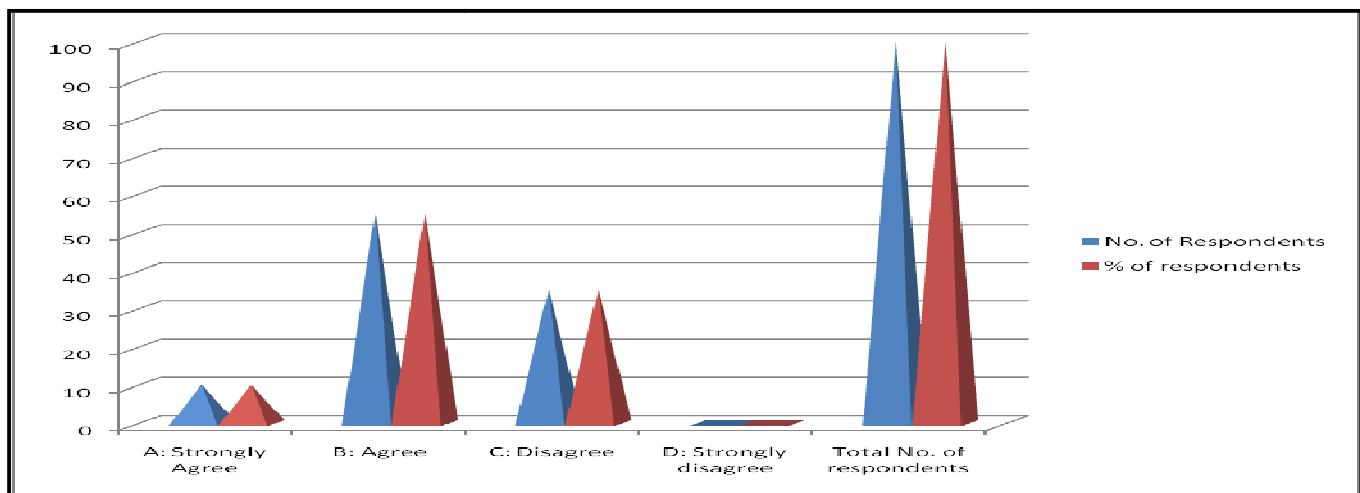


Interpretation

Majority of employees in IMPETUS Pvt. Ltd. are working from past two to five years that means they are satisfied with the company and want to stay there.

Q No. 2 Are you satisfied with the working conditions provided by the company?

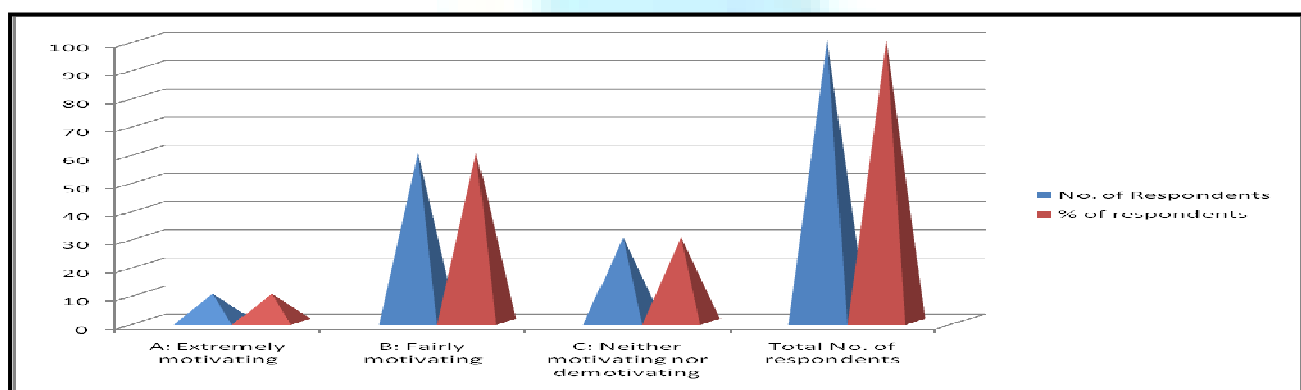
Option	No. of Respondents	% of respondents
A: Strongly Agree	10	10
B: Agree	55	55
C: Disagree	35	35
D: Strongly disagree	0	0
Total No. of respondents	100	100

**Interpretation**

More than half of the employees in the organization feel satisfied with the working conditions but they may improve this % to some more extent.

Q No.3 How motivating is the work environment?

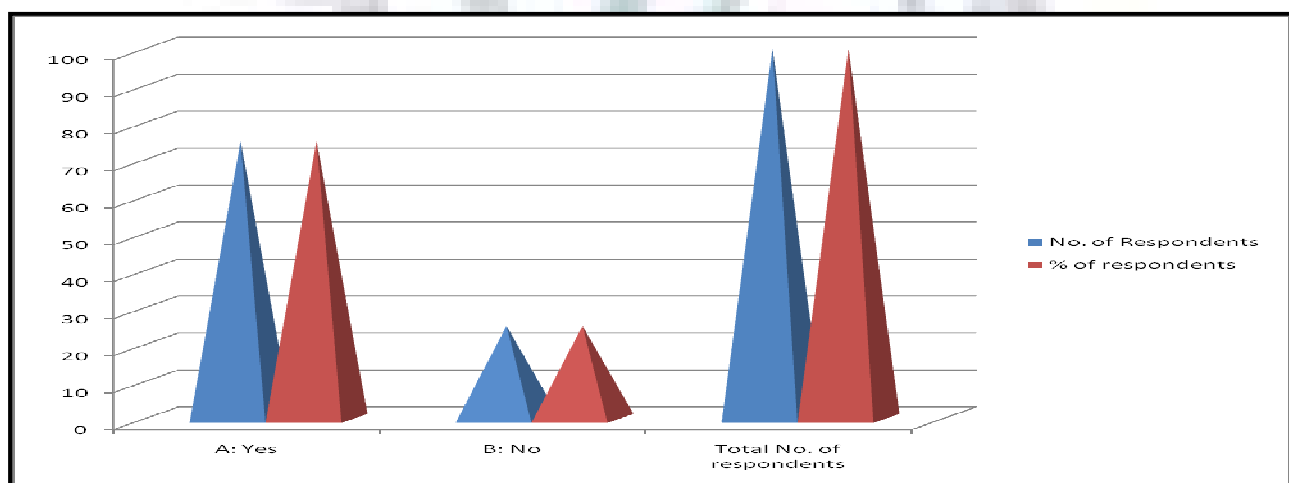
Option	No. of Respondents	% of respondents
A: Extremely motivating	10	10
B: Fairly motivating	60	60
C: Neither motivating nor demotivating	30	30
Total No. of respondents	100	100

**Interpretation**

Most of the employees feel that the environment is motivating, that means that the organization is making constant efforts to keep their employees motivated and encouraged.

Q No.4 Do all the other departments in the organization cooperate with each other?

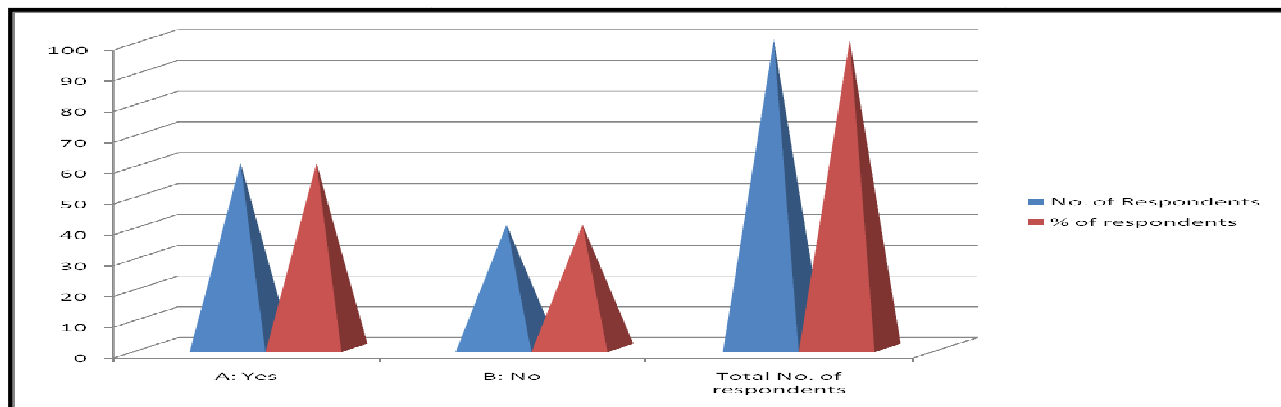
Option	No. of Respondents	% of respondents
A: Yes	75	75
B: No	25	25
Total No. of respondents	100	100

**Interpretation**

75% of the employees feel that all the departments coordinate with each other very well. That means there is a proper spirit in the organization.

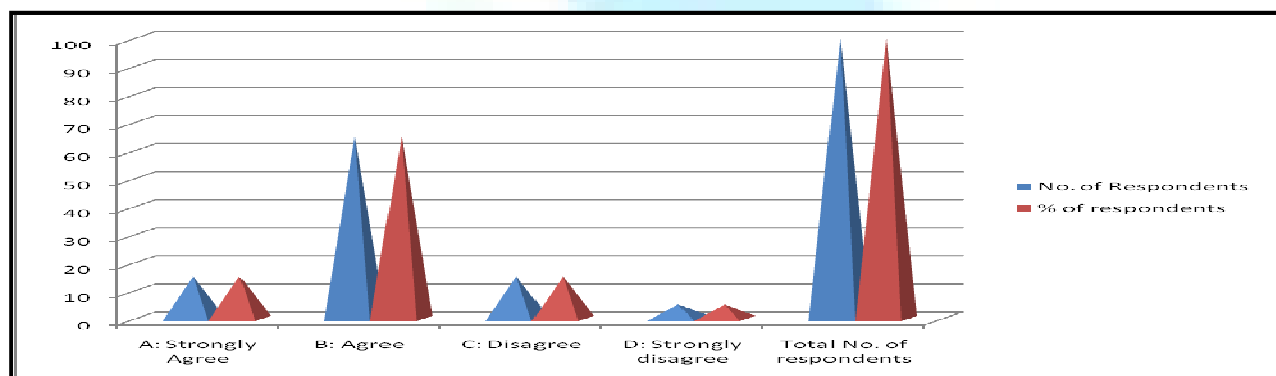
Q No.5 Do you feel free to offer comments and suggestions?

Option	No. of Respondents	% of respondents
A: Yes	60	60
B: No	40	40
Total No. of respondents	100	100

**Interpretation**

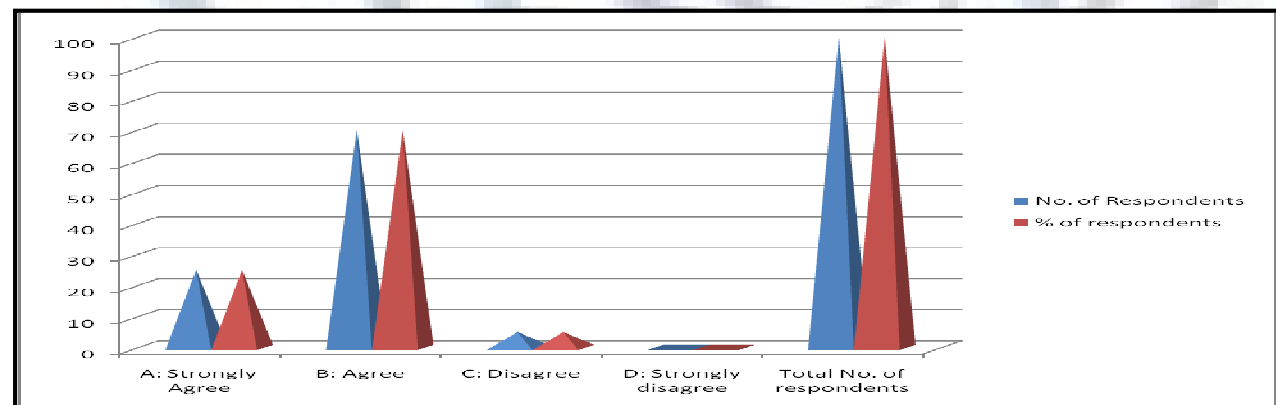
More than half of the employees feel that they can give suggestions to the organization that means they are given proper freedom to express their views.
Q No.6 is there a harmonious relationship with your colleagues in the company?

Option	No. of Respondents	% of respondents
A: Strongly Agree	15	15
B: Agree	65	65
C: Disagree	15	15
D: Strongly disagree	5	5
Total No. of respondents	100	100

**Interpretation**

60% of the employees feel that there is a harmonious environment in the organization that means there are favorable relationships between the employees.
Q No. 7 Do the sense of belongingness increases with the cooperation?

Option	No. of Respondents	% of respondents
A: Strongly Agree	25	25
B: Agree	70	70
C: Disagree	5	5
D: Strongly disagree	0	0
Total No. of respondents	100	100

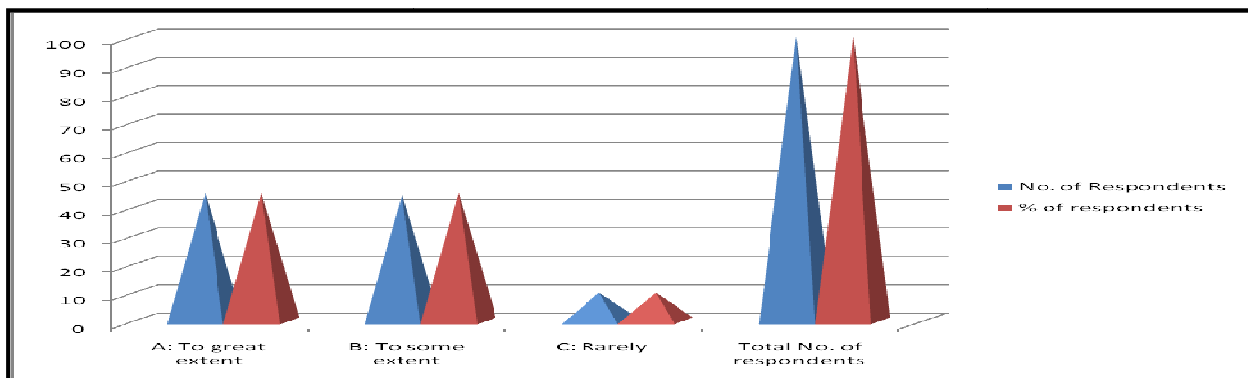


Interpretation

Almost three forth of the employees feel that belongingness and cooperation go hand in hand that means there is a positive relation between both of them.

Q No. 8 How far training programs help an employee to achieve the required skill for performing the job efficiently?

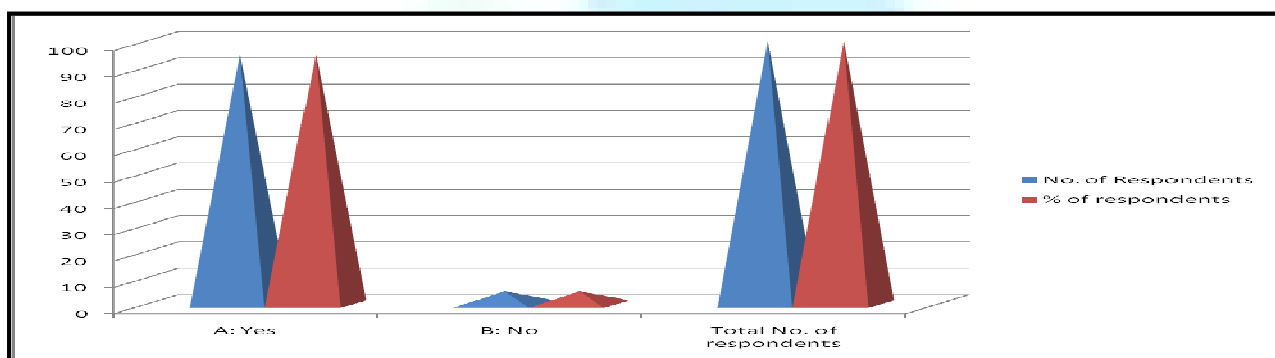
Option	No. of Respondents	% of respondents
A: To great extent	45	45
B: To some extent	45	45
C: Rarely	10	10
Total No. of respondents	100	100

**Interpretation**

Nearly all the employees feel that training program helps an employee to achieve the required skill to perform the job efficiently, that means the organization has a proper training and development programs.

Q No. 9 Do you think the training programs helps in improving relationship among employees?

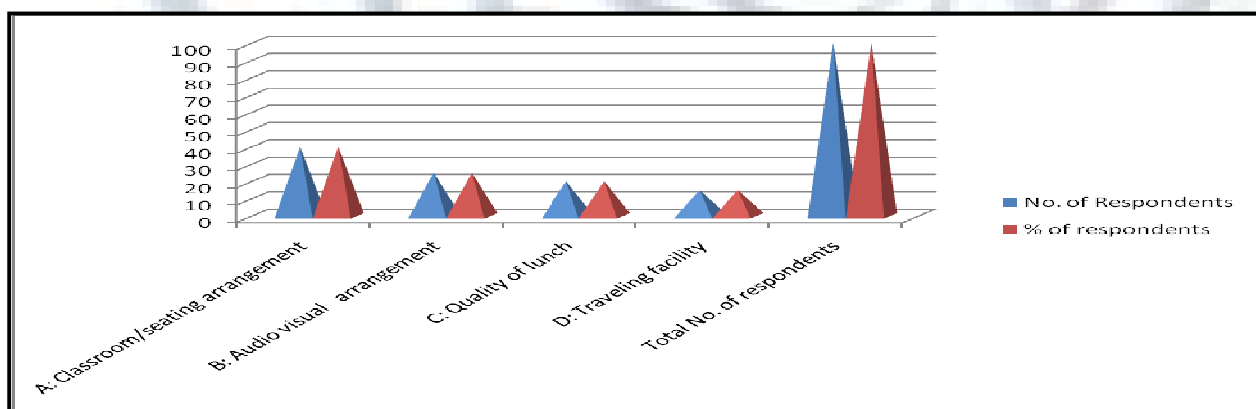
Option	No. of Respondents	% of respondents
A: Yes	95	95
B: No	5	5
Total No. of respondents	100	100

**Interpretation**

Almost all the employees feel that training helps in improving the relationship between colleagues that means it really does so.

Q No. 10 Which one of the following infrastructure Appraisal is Excellent?

Option	No. of Respondents	% of respondents
A: Classroom/seating arrangement	40	40
B: Audio visual arrangement	25	25
C: Quality of lunch	20	20
D: Traveling facility	15	15
Total No. of respondents	100	100

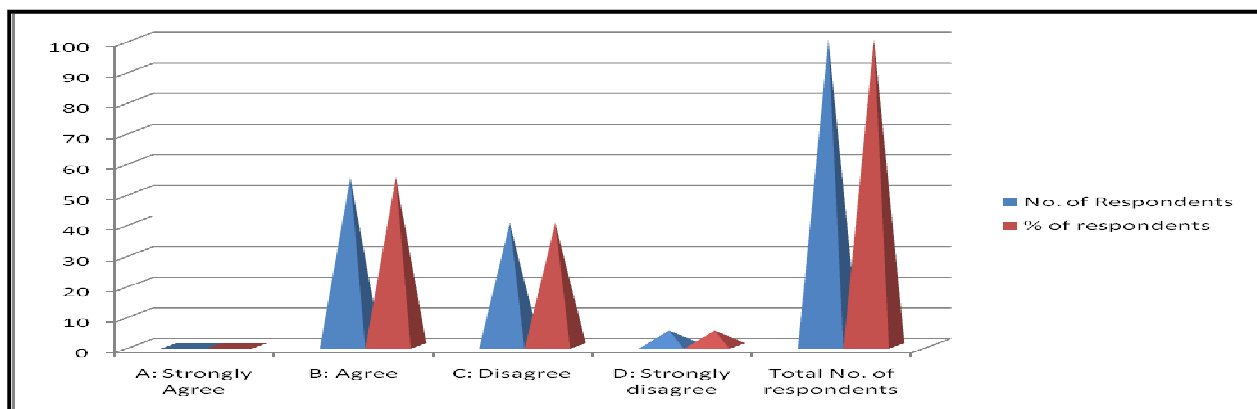


Interpretation

Most of the employees feel that the classroom and seating arrangement are the most excellent facilities provided by the organization. The company needs to improve on the other four facilities.

Q No. 11 Have you been provided with adequate and fair compensation for the work you do?

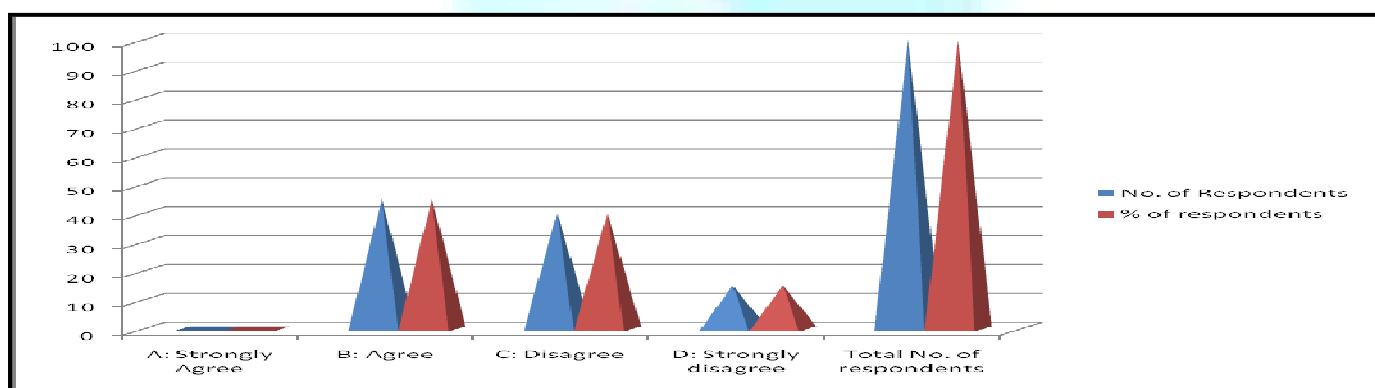
Option	No. of Respondents	% of respondents
A: Strongly Agree	0	0
B: Agree	55	55
C: Disagree	40	40
D: Strongly disagree	5	5
Total No. of respondents	100	100

**Interpretation**

More than half of the employees feel that they are given proper and adequate salary that means the organization pays according to the work given to the employees.

Q No. 12 Does your organization pay salary by considering responsibilities at work?

Option	No. of Respondents	% of respondents
A: Strongly Agree	0	0
B: Agree	45	45
C: Disagree	40	40
D: Strongly disagree	15	15
Total No. of respondents	100	100

**Interpretation**

This is the case where almost equal number of employees have responded in opposite manner that they are been according to their responsibilities and some say they are been not paid accordingly. Thus the organization needs to get the feedback of employees on this.

DISCUSSIONS

- Majority of employees in IMPETUS Pvt. Ltd, Indore are working from past two to five years that means they are satisfied with the company and want to stay there.
- More than half of the employees in the organization feel satisfied with the working conditions but they may improve this percent to some more extent.
- Most of the employees feel that the environment is motivating, that means that the organization is making constant efforts to keep their employees motivated and encouraged.
- 75% of the employees feel that all the departments coordinate with each other very well. That means there is a proper spirit in the organization.
- More than half of the employees feel that they can give suggestions to the organization that means they are given proper freedom to express their views.
- 60% of the employees feel that there is a harmonious environment in the organization that means there are favorable relationships between the employees.
- Almost three forth of the employees feel that belongingness and cooperation go hand in hand that means there is a positive relation between both of them.
- Nearly all the employees feel that training program helps an employee to achieve the required skill to perform the job efficiently, that means the organization has a proper training and development programs.
- Almost all the employees feel that training helps in improving the relationship between colleagues that means it really does so.

- Most of the employees feel that the classroom and seating arrangement are the most excellent facilities provided by the organization. The company needs to improve on the other four facilities.
- More than half of the employees feel that they are given proper and adequate salary that means the organization pays according to the work given to the employees.
- This is the case where almost equal number of employees have responded in opposite manner that they are been according to their responsibilities and some say they are been not paid accordingly. Thus the organization needs to get the feedback of employees on this.

SUMMARY AND CONCLUSION

Organizational Culture is a pattern of basic assumptions that are taught to the personnel as the correct way to perceive, think and act on a day-to-day basis. Some of the important characteristics of Organizational Culture are observed behavioral regularities, norms, values, rules, philosophy and so on. While everyone in the organization will share the organization's culture, not all may do so to the same degree. There can be a dominant culture, but also a number of subcultures. Some organizations have strong cultures and others have weak cultures. The strength of the culture will depend on trust and intensity. In some cases organizations find that they must change their culture in order to remain competitive and even survive in their environment.

With reference to the organization in this project, we had analyzed the value system of the Impetus Pvt. Ltd, Indore and found that it has built its Organizational Culture which holds its employees together in line with the vision and mission of the organization. It has also built an organization of repute - an enterprise that stands apart which even during the last economic downturn was unshaken. The organization has given its culture an innovative and futuristic approach with customer as the top priority.

- Identify the goals of the organization that are shared by all involved parties and make these central to the organization's statement of purpose. These might include ethical business practice, a secure income for all employees and seeking a certain market share within the organization's field.
- Consult with management and employees to clarify their goals for the organization. Do this privately or in larger groups, depending on the nature of the inquiries and what works best within your organization.
- Publicize these shared goals to all members of the organization and make it clear that the attainment of these goals is being sought for the benefit of everyone involved.
- Clarify any uncertainty in the minds of employees or management about who is responsible for what, who reports to whom and who sits where within the organizational structure. Find the productive window between authoritarian hierarchy on the one hand and ineffective disorganization on the other, and work to stay within that window.
- Develop working structures and subcommittees in which individuals are assigned clear individual goals to accomplish. Make it clear in a positive way that the attainment of these goals is required for the success of the group. Motivate employees to work together to attain these goals within the structure of the organization.
- Maintain work areas such as offices and factories so that they are pleasant places to work. Workplaces that are not too hot, cold, crowded, or dirty will make employees more satisfied and help to create an Organizational Culture of positivity and contribution.
- Minimize the griping and backbiting that often undermine Organizational Culture by providing legitimate channels of complaint and suggestion for dissatisfied employees. This might take the form of suggestion boxes, private and public meetings with employees and written complaint forms that are read and taken seriously by people in power.

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GREEN MARKETING: A HOLISTIC VIEW AND CASE STUDY OF ONGC

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ABSTRACT

Green marketing, also known as eco-marketing is a new age marketing approach that has further enriched the existing body of knowledge of marketing and has improved marketing practices. The present paper is descriptive in nature. Beginning with an introduction about the history of this concept and reasons for its evolution, it further explores and analyses the various aspects of green marketing. It also cites some prominent examples of successful green marketing initiatives in the corporate world. The paper also highlights the problems ahead in the mission of GO GREEN, particularly in Indian market and further discusses consumer response to Green marketing initiatives. A case study of ONGC, a leading Indian company is cited to substantiate the necessity, problems and acceptance of Green marketing and go green concepts in India.

KEYWORDS

CSR, Go Green, Green Marketing, ONGC.

INTRODUCTION

The phrase 'Time is money' finds a huge relevance even in the current scenario. Take a look around and you'd be convinced that even the present generation believes in the aforementioned popular adage. The more time an individual has, the more he can invest it in avenues that can generate greater income for him. Having realised the importance of every second, minute, day and year, the youth leaves no stone unturned to use their time effectively. However, even as they think of ways to spend, save, invest time in the most productive way, plans at times go awry. The reason? Unforeseen circumstances, familial problems and most importantly health issues.

Yes, no matter how much efforts one invests in planning his life, health issues often hinders his ability to grow and also develop his talents to their maximum potential. Yes, falling sick and facing health issues comes across as the most futile activity on which we lose our precious time. And it isn't just about wasting time, but also giving away a huge chunk from one's hard earned money. Wondering why? Well, the answer is simple. Health facilities aren't cheap in India, when compared with the pocket size of the non elite segment of the society.

Thus arises the need to have products in the market which are consumer friendly, easy to use, and effective even in terms of their quality. Hence, it's not wrong to say that "Green products" play an instrumental role in making one's life easier. As consumers express their need for green products, companies meet their demands by launch several health-friendly and non-chemical products. These Green products are made available to the public by a marketing process which is known as green marketing. However, green marketing is not just restricted to marketing of green or environment friendly products. Considering that it is relatively a newer concept, a lot needs to be done to make it appealing to masses.

RESEARCH METHODOLOGY

The paper explores the various dimensions attached to the concept of green marketing. It looks into some of initiatives taken in India, challenges ahead and takes up the case study of ONGC, a leading energy sector giant from India. This paper is a descriptive study, where examples are cited based on the references from some secondary material available and some from the personal experiences of the authors. The study goes a step ahead and suggests some measures that can help make green marketing a household concept.

RESEARCH OBJECTIVE

The primary objective of taking up this study is to analyse various aspects of green marketing in India. Analysis of the present state of affairs, its contribution to the environment and difficulties ahead.

The objective also involves putting forth some recommendations, to help spread green marketing reach every nook and corner of the country. To put forward basic recommendations and steps that makes green marketing more viable option for the masses.

CONCEPT

Green marketing does not merely imply marketing of green products; rather it is a much wider term and includes a few more things. It is believed that, green marketing is the marketing of products that are presumed to be environmentally safe. Thus this concept incorporates a wide range of activities, such as product modification, introduction of changes in the production process, and product packaging and so on.

Michael J. Polonsky defines green marketing as, "All activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that satisfying of these needs and wants occur with minimal detrimental input on the national environment."

Pride and Ferrell (1993) Green marketing also alternatively known as environmental marketing and sustainable marketing, refers to an organisation's efforts at designing, promoting, pricing and distributing products that will not harm the environment.

Elkington (1994: 93) defines green consumer as one who avoids products that are likely to endanger the health of the consumer or others; cause significant damage to the environment during manufacture, use or disposal; consume a disproportionate amount of energy; cause unnecessary waste; use materials derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries.

Considering the spurt in the number of cases of adulteration, which are put forth by media, people have a genuine reason to be worried about the health of their near and dear ones. Besides leaving people shocked, these media reports play a key role in making people aware of the adulterated food products such as

sweets, milk and other milk products and artificially injected fruits and vegetables, all to ensure they are now more aware and cautious. Hence, it is seen that there is a rise in the sale and marketing of safer food grains and food products, what we commonly call "Organic products". It is believed that these organic food products are grown without using any chemical fertilizer. Such organic products are believed to be non toxic and cause no hazard to the life of the consumer in any way. Thus, farming of organic food products is the latest change our agricultural production process has witnessed.

Besides this, another aspect of green marketing includes adopting processes that help save paper, which on a larger scale avert chopping down trees and contributing to save the environment. Some examples that we have witnessed that have started contributing to saving trees and the environment at large are as follows:-

1. The ban on use of polythene/plastic bags which came into force a couple of years back, compelled the customers to depend on bags made of jute, cloth or paper. All these products are degradable and eco friendly. The accidental consumption of polyethylene plastic which is available in the form of bags, foil wraps kills thousands of cows every year. Since the plastic accumulate in the intestines of the cows, it affects their capacity of food intake. Since the cows don't get enough nourishment, their ability to produce milk, respiratory system are badly affected. To avert such drastic consequences, most shops and even malls have shifted to the use of paper bags in a big way. All known brands have attractive and well designed paper bags in which they pack their products and hand them over to their customers.
2. Initiating the process of e passbooks or e-statements is also effective. Most banks, both from public and private sector offer their clients the option to opt for electronic statements of their bank transactions and account balance details. Since, it helps in saving paper in a big way, it proves to be an eco-friendly process.
3. The State Bank of India's green IT project is another applaudable initiative. This banking sector giant has launched eco and power friendly equipment in its 10,000 new ATMs. This has helped the bank save a lot on its power costs and earn carbon credits. It has also adopted banking processes which has helped them cut down the usage of paper, by avoiding the use of deposit and withdrawal slips. The SBI has also started taking help of wind energy to reduce its emissions. This green banking program is one of its first kind.
4. Digital booking of air and railway tickets, which has become a part of green marketing initiative, is another way of contributing to environment. Thanks to e commerce and even m commerce, air and railway tickets can now be booked without involving use of paper.
5. The first Indian company to launch environment friendly computer peripherals is Wipro Infotech. It is known that Wipro launched RoHS [Restriction of Hazardous Substances] Compliant products in Indian market. This is directed to reduce e-waste and add to another step towards green marketing.
6. Introduction of eco friendly fuel, namely Compressed Natural Gas, popularly known as CNG. It is comparatively less polluting fuel, as on combustion it creates lesser amount of undesirable gases. Under the order of Supreme Court, in 2004, the Delhi government made it mandatory for all city buses and auto rickshaws to run on CNG with the intention of reducing air pollution.
7. Indian Oil, a giant from Indian corporate sector has taken many initiatives for green marketing. The R&D Centre of the company, certified under ISO-14000:1996 for environment management systems; is engaged in the formulations of eco-friendly biodegradable lube formulations.

The benefits that green marketing has resulted in should not be viewed with a myopic sight. There cannot be and will not be any immediate visible result. It is a process that calls for time before results begin to come into sight. It took decades for a man to create a hole in the ozone layer and so it might take as much if not more time, to fix it. The benefits of shifting to green marketing can be understood only in the long term. The long term benefits of green marketing activities are certain. These initiatives will go a long way in saving the environment. The concept of green marketing paves the way for sustainable development. Natural resources that are saved today by adopting new and changed processes will help in making these resources available for many more generations to come.

CHALLENGES IN GREEN MARKETING

The concept of Green Marketing promises to create a better environment, however it faces some challenges. These challenges are :-

- 1) The GO GREEN and Green Marketing are comparatively new concepts, hence it will take some time for the masses to accept it. There is a need to create a lot of awareness about this concept. The message needs to be spread intensively among the masses to ensure every person is aware of green marketing and GO GREEN initiatives. This will make it easier for the masses to be a part of this initiative.
- 2) Lack of standards or benchmarks to measure the authenticity of messages from green campaigns, dampens the long term benefits of green marketing. An organization and a benchmark are urgently required to validate, measure and compare the claims made under green campaigns. It makes it essential to establish a regulatory body to ensure that the spirit of green products and green marketing campaigns is not spoiled by false claims.
- 3) Investing in something that can have a bearing on our health and on the environment in which we all live, should not be viewed on a short term basis. The gestation period of investing in such campaigns and creating environment friendly products is quite long. Hence, investors and business houses should accept that investing in environment will take some time before results start showing up. Hence, patience and consistency becomes imperative.
- 4) Very often firms fail to establish a clear connection between their product/ service and how it contributes to saving the environment. Hence, consumers do not relate to the claims made by such firms. This clarity is very essential to put across the message to the consumers.
- 5) Business Houses need to realize that boasting about green products and green practices will not help much. It is better to quantify the results produced by adopting such products and services. A standardized quantification methodology for measuring benefits generated by green marketing practices needs to be evolved.

ONGC's INITIATIVE

ONGC is an outcome of the vision of India's first prime minister, The foundation of ONGC was laid down in 1955 by Shri Keshav Dev Malviya as an Oil and Gas division, under Geological Survey of India, in 1955. A few months later, it was converted into an Oil and Natural Gas Directorate. In 1956, the Directorate was converted into Oil & Natural Gas Commission. In the year 1997 ONGC was named as one of the Navratnas by the Government of India and in the year 2010 it was conferred with the title of Maharatna.

Since its inception, the journey of ONGC, has been an example of conviction, courage and commitment. From a modest beginning, ONGC has grown to be one of the largest E&P companies in the world in terms of reserves and production. It has also made commitment to contributing in every possible way to save the environment.

As per ONGC's annual report 2012-13, the various steps taken by this energy sector giant, are mentioned below:-

- 1) ONGC claims that it is pursuing green energy options. They are setting up another Wind Farm (102 MW) in Rajasthan. Besides this, ONGC is also focusing on alternate sources like - Geothermal energy and Kinetic hydro power generation projects are also being pursued. Sustained growth remains the mantra of ONGC.
- 2) In an attempt to reduce the carbon foot print of the company, ONGC initiated a Green initiative and saved printing of more than 2.00 lac Annual Reports of 2011-12 consisting of 284 pages.
- 3) As another Go Green initiative, ONGC requested its investors to register their email id's. This was done to so that all future communication about Annual General Meeting and Annual Report can be sent to the investors through mails. Another measure adopted to save on consumption of paper. The Annual Report in its e-form, was made available for download on the company's website www.ongcindia.com.
- 4) ONGC was ranked at 386 by the Newsweek Green Ranking 2012 and 15 among the energy companies. It is ahead of many global energy giants like Chevron, Lukoil, ConocoPhillips, Gazprom and a few more. This acknowledges the 'Grow GREEN' motto of the company.
- 5) The company also adopted 'Green Building' initiative for its upcoming offices at Chennai, Dehradun, Delhi, Hyderabad, Kolkata and Mumbai in order to prove its honest commitment in contributing to create a cleaner tomorrow. A 'Green Building' at Dehradun has already been inaugurated.
- 6) ONGC believes that the world today has only two options, either to stop generating GHGs (Green House Gases) and put a full stop to the development process. Or synergise development with environment. ONGC, is striving to position itself as a leading organisation in sustainable management. It aims to achieve

sustainable development through a holistic approach to carbon management. Carbon Management Group synergises ONGC's all business activities in terms of sustainable development.

7) A striking CSR initiative of ONGC which also targets at contributing to environment saving is the Harit Moksha (green cremation systems to reduce wood consumption during traditional cremations).

SOME SIMPLE RECOMMENDATIONS

The adoption of green ways of lifestyle is effective only when it reflects in our every aspect of life. Thus adopting green products, a greener lifestyle happens with a change in the mindset of people. No amount of theoretical writings, discussions and displays will promote green marketing and green products, unless it is adopted consciously by every individual and by all organizations. Though this amount of widespread acceptance will take some more time, below are listed some recommendations for promoting the cause-

- 1) To replace use of polythene completely, customers must be given cloth/ jute or paper bags to carry the products they purchase from shops and malls, free of cost. The cost of these eco friendly carry bags should not be transferred to the end consumer. Big malls should bear the cost themselves or these bags must be provided at a very nominal charge.
- 2) Moreover, the bags given at malls etc, must be durable; so that they can be used repeatedly. Customers would be hesitant to pay for such onetime use bags. Paying for a durable eco friendly carry bag, will not hurt customer much.
- 3) These eco friendly bags should be produced in bulk. This provides an added opportunity for small scale industries to thrive. For example- making jute bags from locally available jute, will help jute producers earn supplementary income.
- 4) The initiative taken by Indian Railways, where tea and coffee was being served to the travelers in *kullahd*, rather than plastic cups was a commendable step. However, it was called off after some time. The same should be re-introduced pan India. This will surely help reducing plastic waste from Indian Railways.
- 5) Earthen onetime use bowls and platter can be used to serve food to travelers in trains. This again will help reduce plastic waste. This creates another opportunity to earn livelihood by *kumhars*.
- 6) Intensive campaigning needs to be done at school level, so that benefits of using eco friendly products are made known to the next generation at a tender age. Schools and colleges across nation must be motivated to minimize the use of non biodegradable products to the maximum.
- 7) Placing of separate bins for collecting degradable and non degradable waste must be made mandatory in every public sector and private sector organization. Big displays must be put up near these bins, to inform people, what type of waste material should be thrown in which type of bin.
- 8) Awareness about what is degradable and what is non degradable waste should be created right from junior classes in schools.
- 9) Terrace gardens must be made mandatory for all high rise buildings, so that it helps checking pollution to some extent in highly congested metro cities like Delhi.
- 10) Organic food products need to be advertised intensely. They must be made available at affordable prices, else the charm of using such products takes a back seat. Pricing policy must be such that it can be purchased for consumption by masses.
- 11) If possible use of refrigerators for getting chilled water during summers can be replaced by using *matkas* or *surahis*.
- 12) Recycling seems to have lost its shine. It needs to be looked at as an environment friendly option and people must be educated on how to reuse some of the common products at home and in offices.
- 13) *Goonj*, an NGO has a remarkable system of recycling some of the material they collect from general public. Demonstrations can be given to showcase how some material can be reused or recycled.
- 14) Taking steps to establish an industry dedicated to waste management and recycling, thus also helping generate employment opportunities.
- 15) One side used paper, which has other side unused, should be put into use, rather than discarding it away as a waste.
- 16) Use of energy-efficient lamps and other electrical goods that help saving electricity must be made a norm.

CONCLUSION

"Green Marketing" is slowly spreading its wings and getting noticed and accepted gradually. This understanding of importance of maintaining ecological balance and saving the environment is not limited to any particular country or geographical region. Green marketing is not just another approach of marketing, rather it is a philosophy in itself. Considering the benefits that green marketing brings with itself, it needs to be followed with much more commitment and vigour. Due to changing climatic conditions resulting from global warming and harmful effects caused by the hole in ozone layer, adopting green marketing practices becomes inevitable. Across globe, green marketing must become a mandatory norm to be adhered to both by individuals and institutions. Reuse, Recycling and Reinventing is the key to sustenance. This message must be adopted and be woven into our lifestyle to achieve faster results. In case green products cost slightly more than the non green products, consumer awareness must be created about the benefits of such products. A justification about the high price of these goods, must be given to the end consumer along with the long term benefits that use of such products create. This cost benefit analysis will help promoting the use of green products and adopting green practices becomes much easy.

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A STUDY ON PRE-PURCHASE BEHAVIOR OF PROSPECTIVE CUSTOMERS WITH RESPECT TO ENTRY LEVEL CARS OF AHMEDABAD CITY

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KADI

ABSTRACT

The present study is carried to find pre-purchase behavior of prospective customers with respect to entry level cars of Ahmadabad city. Study of the customer's behavior is the most important factor for marketing of any goods and services. The customer's behavior suggests how individuals, groups and organization select, buy, use and dispose the goods & services. It also provides clues for improving their products and services, setting price, devising channels, etc. In this research, we took 116 samples from Ahmadabad city and qualifying people who want to buy a car in future or do not have a car yet intend to buy. The current research contributes to the marketers how to understand the psyche of the consumer.

KEYWORDS

Pre-purchase behavior, Psyche.

INTRODUCTION

The present study is to know the pre-purchase behavior of prospective customers regarding entry level segment cars. To find the customer's behavior suggests how individuals, groups and organization select, buy, use and dispose the goods & services. It is very difficult to know the behavior of the person because it deals with the psychology of the person. Though human mindset changes at every second, it is probably the most important thing for the company to understand. In this research, we took 116 samples from Ahmadabad city and qualifying people who want to buy a car in future or do not have a car yet. We tried to analyze the behavior of the customers. We tried to get answers to important questions like what are the factors important when considering purchase of car, what opinion do they have at present in their mind, from where do they obtain information about the cars. Through depth analysis we found that affordability, fuel efficiency and maintenance costs still remain the major factors that customers would consider at the time of purchase of the car. The population, standard of living, competition, transportation and urbanization has made the researcher analyze the pre-purchase behavior of entry level cars in the city.

REVIEW OF LITERATURE

According to NEW CAR BUYER BEHAVIOUR, RESEARCH SURVEY REPORT, SIMON ELIAS - CARDIFF BUSINESS SCHOOL APRIL 2002, the study concluded that Brochures (1st ranked), dealer sales staff (2nd), car magazines (3rd) and friends/relatives (4th) were the most common sources of new car information sources used. The internet was used by just under one fifth and particular by those aged 25 to 35 years. The most common day for making an order was Saturday, and the most common day for collecting the new car was Friday. On average, new car buyers contacted or visited their dealer 3.5 times when purchasing their car. Younger car buyers are much more impatient than older buyers and more predisposed to changing their behavior to ensure they are 'instantly gratified'. Overall, the research suggests that order to delivery time matters to new car buyers, that consumers expectations are high in terms of a short lead time, and that there is a latent 3DayCar potential to be exploited.

According to by MS.A.JOSEPHINE STELLA & DR.K.RAJESWARI (2012), as per their study they suggested that, Consumers in this region are influence more by various fact or such as culture, family, reference group, age and life style, personality and self-concept, motivation, perception, learning, beliefs and attitudes. Majority of respondents are very much satisfied with its performance, quality dealer network and after sales service. Maruti is found to be leading players in the study area and dominates the market. Various models like Maruti 800, Alto and Wagon Rare favorites in this region. There is significant relationship between income and brand name of car. There is significant relationship between the occupation and usage of car.

According to KANWAL GURLEEN & DR. SUKHMANI (FEBRUARY 2011), they suggested that the study has been conducted to empirically investigate the buying behavior of consumers towards various brands of cars. Maruti Swift was found to be most preferred brand. There was a close competition for second place between Tata Indica Vista, Maruti Swift Desire, Volkswagen Polo and Ford Ikon. This shows the close competition in this segment. The owners who were extremely satisfied were not willing to change their cars. Results of Multi dimensional scaling showed that brand name, fuel efficiency and price are the more influencing and primary determinant for car purchase. Outlook and After Sales service were considered to be important but were determined as secondary determinants. Capacity, Dealer Networks and warranty terms were found to be less influencing factors.

IMPORTANCE OF THE STUDY

The study is very important for automobile marketers to know, how customer will behave while purchasing an entry level cars.

STATEMENT OF THE PROBLEM

After doing rigorous literature review, it is found that there are many studies which have been done on rising incomes, better financing for vehicles and improved roads are the combined drivers for the strong growth of the automobile sector in India. This is very important for the companies to understand the actual behavior of the consumer at the time of buying the entry level car.

AIM AND OBJECTIVE

The main of the study is to identify Pre-purchase behavior of prospective customers of prospective buyers with respect to entry-segment cars of Ahmadabad City. In this we tried to find the various reasons to purchase the car and also to find out which variant of the car the buyer will prefer and buyer's insight for the various brands of car.

RESEARCH METHODOLOGY

The research consists of 116 respondents from Ahmedabad city who are Car users & potential buyers and distributed the questionnaire through which we collected the Data.

FINDINGS**1. TO KNOW THE VARIOUS REASONS TO PURCHASE THE CAR**

When asked about the purpose for which they would buy car, 66 respondents indicated that they would use it personal uses. Only 16 of respondents said that they would use it for business purposes.

2. TO FIND OUT WHICH VARIANT OF THE CAR THE BUYER WILL PREFER

When asked about the kind of variant they would like to use, 30.5 % respondents that is 25 respondents said that they would prefer petrol car. 43.9 % of respondent's i.e.36 respondents would prefer diesel variants of the car.

3. TO FIND OUT THE BUYER'S INSIGHT FOR THE VARIOUS BRANDS OF CAR

In the preference of the brand, first preference to Maruti Suzuki and second preference was given to Hyundai brand. **Chevrolet, Nissan & Maruti** are jointly the third most preferred brand & Ford is the fourth most preferred brand. 74 % respondents associate low maintenance cost with Maruti brand and for safety is associated with Maruti brand, whereas 26 % of people associated safety with **Hyundai brand**. **Mileage** was associated with **Maruti brand** and Tata brand with 21% respondents choosing it. 21 % respondents associate pick up with Hyundai brand. 26 % respondents associate engine performance with Hyundai brand. 34 % of the respondents associate availability with Maruti brand. 72 % respondents associate resale value with the Maruti brand.

4. TO KNOW THE MAJOR SOURCE OF INFORMATION FOR THE CARS

When asked about the sources to collect information, 26 % respondents said that they would collect information from Advertisements. 29 % respondents said that they would collect information from dealers. 40 % respondents said that they would collect information from friends/ relatives. 16 % respondents said that they would collect information from Sales Person. 21 % respondents said that they would collect information from car shows.16 % respondents said that they would collect information from car magazines. 7 % respondents said that they had not yet collected information.

5. TO FIND OUT THE FACTORS CONSIDERED BY THE BUYERS AT THE TIME OF PURCHASING THE SMALL CAR

56% respondents believed that brand name, 48% respondents gave importance to price, and followed by 54% respondents who gave preference to fuel and 33% respondents to after sales. 9% respondents believed that a promotional scheme was extremely important, for 22% respondents delivery waiting time, 21% respondents believed that payment facility, 42% respondents believed that availability of service station was extremely unimportant. For ranking the attributes in order of preference when making a decision of buying a car respondent gave first rank to mileage, second to comfort, third rank to looks & style.

6. TO FIND OUT THE BUYER'S PERCEPTION TOWARDS ENTRY LEVEL CAR

26% respondents definitely agreed that purchasing car is one of the biggest decisions in life. 38 % respondents somewhat agreed to buying small car as their first car. 39% respondents somewhat disagreed that it is ideal to buy second-hand car as first car. 28% respondents somewhat disagreed for small car is as safe as large car. 33 % respondents definitely agreed to increasing traffic problems is one reason to buy small car, and regarding the perception related to entry level cars affect the status of a person, 35% respondents somewhat agreed. When asked whether People want to differentiate their car from their neighbor, 28% respondents somewhat agreed they were agreed on that small car means less maintenance cost, 27% respondents somewhat agreed.

CONCLUSIONS

Consumers are seeking very good overall performance cars. Consumers prefer small and mid-sized cars for better mileage, acceleration and better parking convenience. Again a good after sales service and low maintenance in a vehicle is like an icing on the cake. Safety is somewhat ignored as it is overshadowed by other aspects. One thing which is very clear from this project is that people need a car that has almost all the attributes they are looking for. Brand name matters but as the needs develop, consumers can forego that aspect. Entry Segment cars are still dominated by Maruti & Hyundai. People mostly purchase a car for family. Buyers get their required information from dealers, friends, shows and other sources. People want to have a better alternative fuel but presently it seems that they cannot find one in LPG & CNG. We can conclude that understanding this pre-purchase behavior is very much important for the company so due importance should be given to study these aspects.

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AWARENESS AND KNOWLEDGE ABOUT BANKING FUNCTIONS AND ITS SERVICES AMONG SENIOR SECONDARY SCHOOL STUDENTS: AN EMPIRICAL ANALYSIS

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ABSTRACT

This study was conducted among the higher secondary school students to evaluate the knowledge about banking functions and services rendered by banking industries. These days, banking sectors have their premises within the school campus to collect annual fees, subscriptions, donations, building funds, tuition fee, etc. The researcher has collected 300 questionnaires from higher secondary school students and the period of study was one academic year. The primary data plays vital role in this study; secondary data was collected on the website, magazine, journals, etc. The research strategy of this study will be to give more emphasis on collecting information about the research topic in a structured way by following the guidelines of an ideal research process. It includes determining the research aims and objectives of the study, research philosophy and research approach. Analytical tools such as ANOVA, chi-square, correlation, percentage analysis have been used to describe the research.

KEYWORDS

Banking awareness, banking industry.

INTRODUCTION

A bank as a matter of fact is just like a heart in the economic structure and the Capital provided by it is like blood in it. As long as blood is in circulation the organs will remain sound and healthy. If the blood is not supplied to any organ then that part would become useless, so if the finance is not provided to Agricultural sector or industrial sector, it will be destroyed. Loan facility provided by banks works as an incentive to the producer to increase the production. Many difficulties in the international payments have been overcome and volume of transactions has been increased. Cheques, drafts bills of exchange and letters of credit are very important instruments of the banks. The banks collect these instruments drawn on banks in other cities or countries and proceeds according to the accounts of the customer's concerns. In today scenario, Since There is a lot of job opportunities are there in banking industry, Students have to learn about the role of banks and the various functions and its services and products provided by banks. The Student will learn about the various channels used by banks to deliver the services and products. To enter the banking field, one needs to be aware of the knowledge and skills specific to this field.

REVIEW OF LITERATURE

Ben Bernanke (2012) vol-3, the study analysis banking services and functions about students awareness, the Federal Reserve believes economic and financial education is a critical component in helping us effectively conducts our responsibilities. Consumers who are better educated on how the economy functions and the financial tools available to them make better decisions—which benefit the economy in the long run. The Federal Reserve Bank of Kansas City is committed to promoting economic and financial literacy and greater knowledge of the Federal Reserve's role by providing free resources for teachers, students and the public to better understand important economic concepts and issues. To foster financial and economic literacy, our Bank takes advantage of the Federal Reserve's regional structure to meet unique needs in each of our seven states. We believe in equipping educators, bankers and the public with resources and tools to better understand the importance of economic and personal finance education. **“The financial preparedness of our nation's youth is essential to their well-being and of vital importance to our economic future.”** Chairman of the Federal Reserve System.

Wu, Y.-L., Tao, Y.-H., and P.-C. Yang, (2012) Internet has played a pivotal role in transforming banking services into e-services. While several studies have examined the effective measurement of e-banking service quality, their lack of a holistic view has hindered accumulation of past knowledge. To address this issue, this study first reviews and summarizes the methodology, service quality dimensions, suggestions and limitations of seven e-banking service quality studies conducted in seven countries. An empirical study is then conducted to derive a first robust and comprehensive measure of e-banking service quality in a Taiwanese context by compensating three shortcomings of a prior Taiwanese study. To improve understanding of e-banking service quality, a comprehensive scheme is proposed that has managerial implications. The primary contribution of this study is to present a holistic view of e-service quality for e-banking with embedded cultural factor and to provide a rigorous measurement scale development procedure applicable to areas other than e-banking.

Dr. (Mrs.) N. Yesodha Devi; Mrs. J. Nancy Sebastina And Dr. (Mrs.) V. S. Kanchana(2011), This study is carried on to find out the customers awareness about Mobile banking, their opinion regarding the problems faced and the reason for opting this technology in spite of other technologies. The study is based on primary data collected from 249 respondents by means of a questionnaire. Random Sampling Technique was applied and Statistical tools like Percentage Analysis, ANOVA and T-test, Kendall's Coefficient of Concordance was carried out in order to reveal the results of the study.

The various studies reviewed by the researcher, related to the Banking services, service quality; banking awareness, relationship between the customer and banker, e-banking, etc., and find the research gap to select the present study. Mostly review studies covered and focusing on Service Quality in the banking sector, Internet Banking awareness and knowledge, merits of banking system, etc. The present researcher identified the research gap in the area of “Banking functions and its services” among the senior secondary school students.

RESEARCH METHODOLOGY

The research methodology comprises of research process, design, strategy, statement of the problem, research objectives, sample size, statistical tools.

OBJECTIVES OF THE STUDY

1. To Study whether students have knowledge about the banking functions and services
2. To Study the Level of awareness about the banking among the senior secondary students.
3. To Study whether there is a difference in Awareness and Knowledge about the banking functions and services among the senior secondary students with respect

PILOT STUDY

The questionnaire was pilot-tested with school students residing in Chennai so the main survey would not be biased through pilot study. Due to time constraints the pilot-questionnaire was collected from the eleventh and twelfth standard students distributed following the same procedure as in the actual study.

RELIABILITY AND VALIDITY OF THE TOOL

Reliability Coefficients: No. of Cases = 300; No. of Items = 50; Alpha = 0.728.

Thus, Cronbach's Alpha co-efficient indicates the results is highly reliable and valid.

SAMPLE SIZE

The Researcher has chosen 300 senior secondary school students who were pursuing their education in Chennai city.

DATA COLLECTION

The study is a blend of both primary and secondary data. Primary data was collected from the senior secondary students i.e., Eleventh and Twelfth standard students. Secondary data were collected from various articles, magazines, newspapers, etc.

STATISTICAL TECHNIQUES USED

The following statistical techniques were adopted to test the hypothesis were frequency distribution, mean and Standard Deviation & Correlation.

ANALYSIS AND INTERPRETATION OF DATA**TABLE NO. 1: TABLE SHOWING ANALYSIS OF BASIC KNOWLEDGE ABOUT BANKING**

PARTICULARS	N	MEAN	S.D	't' - Test
Students Saving Account are necessary	300	1.52	0.82	32.12
Frequently visiting the bank	300	2.04	0.81	43.50
Approaching appropriate Service Desk	300	2.07	0.93	38.49
Interest yield is motivating factor	300	2.21	1.11	34.30
Term deposits yield more interest	300	1.85	0.87	36.88
Recurring Deposits used for the future commitments	300	2.01	0.78	44.55
Current accounts are operated for Trade Purpose.	300	2.06	0.94	38.05

INFERENCE

the table reveals that 194 students felt and strongly agreed that it is quintessential for them to have a savings bank account as the researcher observed that it would help them in paying schools fees without defaulting; Only 77 out of 300 students were found to visit banks frequently for various reasons such as withdrawing money to pay fees, taking demand drafts for school purpose and visited on the advice of teachers; 104 students agreed that when they enter the bank, they would get the idea of making transactions according to the instruction from their parents, teachers and bank officials also; A third of the students strongly agreed that the interest provided by the bank on their savings account were highly motivating them. Some students also that making term deposits and recurring deposits would also fetch them good amount of interest to their deposit. And it was observed that those recurring deposits had contributed the school fees of the students; 100 students knew why, how and who maintains the current account with the bank. It is observed that for all the variables enlisted to analyze the basic knowledge possessed by the students about banking were put to "t" test at 5% level of significance. In all the variables the calculated value has exceeded the tabulated value for $n_1 + n_2 - 2$ (160 + 140 - 2) = 298 degree of freedom at 5% level of significance. Hence, the null hypothesis stands rejected, and then the alternate hypothesis is accepted.

TABLE NO. 2: TABLE SHOWING ANALYSIS OF CASH DEPOSITS & WITHDRAWAL

PARTICULARS	N	MEAN	S.D.	't' - Test
Bank Transactions slips are Identifiable easily	300	1.99	0.92	37.47
Denominations are Properly done in deposit Slip.	300	2.07	0.88	40.73
Aware use of the Cheque Book / With drawl slip for cash.	300	1.99	0.89	38.86
Ensure with drawl amount properly.	300	2.03	0.89	39.67
Transfer Money from One A/c to Another A/c.	300	1.99	0.96	35.81

INFERENCE

The above analysis is done on the variables ensuring the awareness among the students in using transaction slips such as pay-in slips, cheque books, withdrawal slips, etc., "t" test is used to analyse the aforesaid variables at 5% level of significance. It is found that all the calculated values of variables when compared with tabulated values at 298 degree of freedom has exceeded. Hence, the null hypothesis is rejected. The survey says that 112 students agreed that they found it easy to identify the challans, transactions slips & other pay-in slips; It also shows that only 90 students have agreed that they were comfortable in filling the quantum of denominations properly in appropriate transaction slips; While in contrary 105 students agreed that they were aware that they can withdraw money either using withdrawal slip or through cheque slips; It is understood that only 95 students were agreeing towards withdrawing the amount properly; Whilst from the survey it is found that 115 students knew that they can transfer money from one bank account to another bank account.

TABLE NO. 3: TABLE SHOWING ANALYSIS ON ATM DEBIT CARD / CREDIT CARD

PARTICULARS	N	MEAN	S.D.	't' - Test
ATM means Automatic Teller Machine.	300	1.96	0.92	36.87
ATM is located in your Nearest Place.	300	2.18	0.89	42.29
Usage of Debit card to withdraw cash from ATM only.	300	1.98	0.89	38.43
Knowing the usage of Credit Card.	300	2.08	1.00	35.95
Reward points are gaining if purchase through credit card	300	2.04	0.97	36.29

INFERENCE

The above analysis is done on the variables ensuring the awareness among the students in using electronic cards such as ATM / Debit Card, credit card, usage of debit and credit cards, reward points, and ATM location, etc., "t" test is used to analyse the aforesaid variables at 5% level of significance. It is found that all the calculated values of variables when compared with tabulated values at 298 degree of freedom has exceeded. Hence, the null hypothesis is rejected. Maximum number of students are not even aware of the abbreviation of ATM; Almost 227 students agreed that they could not identify ATM centers nearby their place of dwelling and school; One third of the students agree that they have witnessed usage of debit card for withdrawing cash from ATMs by their parents and relatives; One third of the students agree that they have witnessed usage of credit card for withdrawing cash from ATMs by their parents and relatives. It is proven from the survey that majority of the students are not even aware about reward points and are also not aware when they are earned.

TABLE NO. 4: TABLE SHOWING ANALYSIS ON INTERNET BANKING & SERVICES

PARTICULARS	N	MEAN	S.D.	't' - Test
Aware about User ID and Password	300	2.05	0.91	38.96
Internet Banking is user-friendly	300	2.32	0.84	48.06
Usage of Mobile Banking and services	300	2.12	0.89	41.53
Aware Various function of Internet Banking.	300	2.14	0.95	38.99

INFERENCE

The above analysis is done on the variables ensuring the awareness among the students knowledge about the internet banking and service awareness. It includes user id, password, and PIN no., telephone PIN and other identification numbers. "t" test is used to analyze the aforesaid variables at 5% level of significance. It is found that all the calculated values of variables when compared with tabulated values at 298 degree of freedom has exceeded. Hence, the null hypothesis is rejected. The above table shows that the students knowledge about the internet banking and service awareness. The higher amounts of students were aware about the internet banking and service activities include user id, password, and PIN no., telephone PIN and other identification numbers. The higher secondary school students are well known and did not disclosure the password, it reveal from the first point. They did not have any idea about the internet banking is friendly user, mobile banking and other functions of internet banking services.

TABLE NO. 5: TABLE SHOWING ANALYSIS ON GENERAL INFORMATIONS ABOUT THE BANKING FUNCTIONS AND SERVICES – I:

PARTICULARS	N	MEAN	S.D.	't' - Test
Aware of using bank A/c to Pay Telephone Bill by Online	300	2.04	0.92	0.81
Aware of using Bank A/c to Pay Electricity Bill by Online	300	2.17	0.89	3.25
Aware of Using Bank A/c to Pay School fees / Examination Fees by Online	300	2.04	0.90	0.71
Various Products available in the Bank	300	1.74	0.87	-5.16
Aware of Education Loan for the higher studies.	300	2.01	0.85	0.13

INFERENCE

The above analysis is done on the research variables ensuring the awareness among the students knowledge about the general information's on internet banking and service awareness. "t" test is used to analyze the aforesaid variables at 5% level of significance. The mean shows the result is 2, it denotes the students partially agreed. It is found that all the calculated values of variables when compared with tabulated values at 298 degree of freedom has exceeded. Hence, the null hypothesis is accepted. The above table shows that general in formations about the banking functions and its services – 1. Approximately 1/3rd of the respondents are utilizing the online payment and aware about the internet banking service i.e., telephone bills, electricity bill, credit card outstanding balance, outstanding loans amount, school fee, examination fee, etc. The same numbers of respondents have knowledge and awareness about the educational loan for the higher studies, partially agreed respondents also the same and rest of them totally disagree the statement. The higher secondary school students some much have knowledge and practical experience in online payment and knew various products offered by the banking service.

TABLE NO.6: TABLE SHOWING ANALYSIS ON GENERAL INFORMATIONS ABOUT THE BANKING FUNCTIONS AND SERVICES – II

PARTICULARS	N	MEAN	S.D.	't' - Test
Class Teachers are guiding to open a Bank Account.	300	2.12	0.92	2.32
Parents' are supporting to operate the Bank Account.	300	2.25	1.03	4.47
In Saving accounts, interest gets credited 2 times in a year	300	2.29	1.04	4.79
Aware of Various forms of Bank Accounts.	300	2.25	1.01	4.21
Aware of Cash counting Machine usage.	300	2.32	0.97	5.69

INFERENCE

The above analysis is done on the research variables ensuring the awareness among the students knowledge about the general information's on internet banking and service awareness. "t" test is used to analyze the aforesaid variables at 5% level of significance. The mean shows the result is 2, it denotes the students partially agreed. It is found that all the calculated values of variables when compared with tabulated values at 298 degree of freedom has exceeded. Hence, the null hypothesis is accepted. 30% of students are agreed the statement put forth by the research, the teachers are guiding their students to open a savings account and giving the knowledge on banking functions and services. The few numbers of parents are supported to open a saving account and gave information how to operate the saving account. Saving account yield interest half yearly, it motivates the students saving habits. The students get knowledge and independent to operation the saving account.

TABLE NO. 7: THE TABLE SHOWS ANALYSIS OF KARL PEARSON CO-EFFICIENT OF CORRELATION ON DEMOGRAPHIC VARIABLES

PEARSON'S CORRELATION	D1	D2	D3	D4	D5	D6	D7	D8
D1	1.00	-0.11	0.04	0.037	0.184**	-0.148*	-0.013	0.123*
D2	-0.11*	1.00	0.30**	0.39	-0.044	0.031	0.049	0.031
D3	0.04	0.30**	1.00	0.169**	-0.003	-0.025	-0.075	0.118*
D4	0.03	0.04	0.17**	1.00	0.313**	0.042	0.092	0.219**
D5	0.18**	-0.04	-0.003	0.313**	1.00	0.028	-0.043	0.208**
D6	-0.15	0.03	-0.025	0.042	0.028	1.00	0.256	0.045
D7	-0.01	0.05	0.075	0.092	-0.043	0.256**	1.00	0.136
D8	0.12*	0.03	0.118*	0.219**	0.208**	0.045	0.136*	1.00
Significant level (two tailed)								
D1	Nil	0.050	0.456	0.518	0.001	0.010	0.818	0.033
D2	0.050	Nil	0.00	0.502	0.451	0.596	0.399	0.588
D3	0.456	0.00	Nil	0.003	0.953	0.670	0.192	0.40
D4	0.518	0.502	0.003	Nil	0.00	0.466	0.110	0.00
D5	0.001	0.451	0.953	0.00	Nil	0.630	0.458	0.00
D6	0.010	0.596	0.671	0.466	0.630	Nil	0.00	0.433
D7	0.818	0.399	0.192	0.110	0.458	0.00	Nil	0.018
D8	0.033	0.588	0.040	0.00	0.00	0.433	0.018	Nil

D1 – GENDER; D2 – PARENTAL EDUCATION; D3 – FATHER'S OCCUPATION; D4 – PARENTAL INCOME; D5 – LIVING WITH; D6 – SCHOOL CATEGORY; D7 – GROUP/STREAM; D8 – SOURCE OF INCOME; *. CORRELATION IS SIGNIFICANT AT THE 0.05 LEVEL (2-TAILED). **. CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2 – TAILED).

INFERENCE

The demographic variables are correlated with each and every Individual variable. Gender variable and parental variable are associated between them, the result is -0.11 at 1% significant level. Correlation is significant at the level at 5% are associated between the gender and residential status of the students. The

association between the Gender and the Sources of Income keenly correlated with 5% significant level is 0.12. Parental education variable and Occupation variable are correlated and the result is 0.30 at 5% level of significant. The association between the variables that is Father's Occupation with parental education, Father's Occupation with Parental Income, Father's Occupation with Source of Income is 0.30, 0.17, 0.118 respectively. At 5% level of significant associated between the demographic variables are Parental Income with Father Occupation, Parental Income with Residential Status, and Parental Income with Income Source are accepted.

FINDINGS OF THE STUDY

There is a significant relationship between awareness and knowledge about banking functions and services among the senior secondary school. The different group of senior secondary school students did not differ significantly in their knowledge and awareness in banking function and services with respect of Gender. The different group of senior secondary school students differs significantly in their awareness and knowledge in banking function and services with respect of School.

CONCLUSION

Since the present study deals with the existing condition, it is a descriptive or purposive random sampling or survey method. Survey method means "Collecting and Analyzing data, obtained from large number of respondents representing a specific population collected through highly structured and detailed questionnaire data are gathered, tabulated, classified interpreted, compared, evaluated and then generalizations are made. Everything proceeds towards understanding and solving or reducing educational problems. As the Study was concerned with comparing the effect of Awareness about banking, the investigator has chosen 300 samples of students who pursue their education as Higher Secondary level in Chennai School. This random sampling has so advantages. Free From bias and prejudice. It is minor representative of the population and Simple to use. Banking knowledge are very essential for the senior secondary school students especially Commerce students, so that they improve the basic awareness and the prospects of the banking and other functions for their future career growth and standard of living. So the creativity and practice are having major role in the senior secondary school students. The students should learn its importance in Banking. The Universities should include the banking as a part of the subject in the curriculum and make different initiatives to inculcate the knowledge about the same among the students.

SUGGESTIONS FOR THE FURTHER STUDY

The present study is limited to the students with the senior secondary school students Chennai district only. The study could also be done for a wider population. The Correlation between knowledge and awareness of banking among different degrees can be studied. The study was limited only to the Schools Students of Higher secondary. It could also extend to all students of colleges and other study groups. A larger sample size could also be considered. The study is not covered the Age of the Students in the Higher Secondary therefore the study could also be done with Age & medium of instructions. The present study has been proved that there is a remarkable relationship between Awareness and Knowledge about the banking functions and its services among the senior secondary school students. The investigation revealed that there is significant difference between awareness and knowledge of the banking functions and its services among the senior secondary school students.

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IMPACT OF WORKING CAPITAL MANAGEMENT ON FIRM'S PROFITABILITY & LIQUIDITY: AN EMPIRICAL STUDY OF ASHOK LEYLAND LTD.

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ABSTRACT

Every organization whether public or private, profit oriented or not, irrespective of its size and nature of business, needs adequate amount of working capital. The efficient working capital management is most crucial factor in maintaining survival, liquidity, solvency and profitability of the any business organization. Keeping in view the significance of working capital management as a gray area of corporate finance function, an attempt has been made to examine the working capital trends and practices of Ashok Leyland. Efficient management of working capital helps to avoid financial crisis, thereby, increasing the profitability and enhances the firms value. By observation of this it can be seen that both the liquidity position and the profitability position of Ashok Leyland is not up to the desired level. The year under review saw a slowdown in the Indian economy with a consequent adverse impact on the commercial vehicle industry. Whilst the overall volume declined by 2% year over year, the medium & heavy duty segment clocked a 25% drop. It caused a great impact on the profitability of the company during the past years. The short term solvency position of the firm must be strengthened so that it is able to meet its obligations timely.

JEL CODES

G31, G32

KEYWORDS

Current ratio, Net Working Capital, Liquidity, Profitability, Risk, ROCE, Risk-return Trade Off.

CONCEPT

The concept of working capital was first evolved by Karl Max. The capital required for a company can be classified under two main categories such as: fixed capital and working capital. Funds required to create production facilities through purchase of fixed asset is called as fixed capital whereas, Working capital refers to part of firm's capital which is required for financing short term or current assets such as cash, marketable securities, debtors and inventories. The Management of Fixed assets and Current assets has a great impact on future return and risk of the company. So it is vital ingredient to the business as the blood is to the human body.

Generally, there are two concepts of working capital i.e. balance sheet concept and operating cycle concept. Balance sheet concept can be again classified to gross concept and net concept. The former means the firm's investment in current assets and later the excess of current assets over the current liabilities. Since the elements of working capital are short term in nature constant monitoring must be done for proper management. Working capital can also be defined as the working expenses that get blocked in current assets along the productive line of an enterprise. The Net Working Capital is that liquidity which takes care of the working expenses.

The working capital requirement of a firm will depend upon its operating cycle. It is a cycle having a continuous series of steps for conversion of sales into cash. The working capital is required maintaining its liquidity in day-to-day operation to ensure it's smooth running and meets its obligation (Eljelly, 2004). Yet, this is not a simple task since managers must make sure that business operation is running in efficient and profitable manner. There are the possibilities of mismatch of current asset and current liability during this process. If this happens and firm's manager cannot manage it properly then it will affect firm's growth and profitability. This will further lead to financial distress and finally firms can go bankrupt.

WORKING CAPITAL MANAGEMENT

Efficient management of working Capital is one of the pre-conditions for the success of an enterprise. Efficient management of working capital means management of various components of working capital in such a way that an adequate amount of working capital is maintained for smooth running of a firm. An optimal working capital management is expected to contribute positively to the creation of firm value. To reach optimal working capital management firm manager should control the trade-off between profitability and liquidity accurately. The purpose of this study is to investigate the relationship between working capital management and firm's profitability.

A firm should maintain adequate level of working capital to meet the current obligations and to maintain uninterrupted business operation. Firm should always keep monitoring the liquidity position as it projects the company's credit image. Lack of liquidity can create a bad image among the parties interested in the firms functioning. Also firm must ensure that there should be a proper balance between current assets and current liabilities, as it can affect the profitability of the firm. Greater investment in idle current assets can result in decrease in profitability.

So the goal of working capital management is to ensure that the firm is able to continue its day-to-day operations and it has the sufficient ability to satisfy its present and future short term expenses. There should be proper proportion between the level of current assets and current liability. So an efficient working capital management will enable the concern to maintain a good balance between the liquidity and profitability. Ezra Solomon states that "liquidity measures a company's ability to meet expected as well as unexpected requirement of cash to expand its assets, reduce its liabilities and cover up an operating losses".

JUSTIFICATION OF THE TOPIC

Proper management of working capital is required to ensure that the firm is able to continue its day-to-day operations and it has the sufficient ability to satisfy its present and upcoming short term expenses. The working capital position helps the investors, creditors, bankers, suppliers, financial institutions, government etc. judge the stability of the enterprise. The financial institutions and individuals may be interested in investing in that company which is financial strong to meet its present and upcoming short term expenses. Well maintained working capital will help to create good creditors image, avoid unwanted borrowing, healthy government support etc. An efficient working capital management will only help a firm to compete in the present global market. Working capital is the life blood and nerve centre of business. Just as circulation of blood is essential in the human body for maintaining life, working capital is very essential to maintain the smooth running of the business. No business can run successfully without an adequate amount of working capital. Working capital plays a vital role in the impact of the business. So there exist a number of implication and gaps for enquiry into working capital management of companies; against this background a study was conducted on the Working Capital position of Ashok Leyland.

RESEARCH DESIGN & METHODOLOGY

In this study the sample company named Ashok Leyland has been taken for analysis of Working Capital position. Present study is based on secondary data i.e. published annual reports of the company. These financial data's are edited, classified and tabulated as per the requirements of the study. This study has covered 10 years data's from 2004 to 2013 for analyzing the Working Capital position of Ashok Leyland Ltd.

The Liquidity and Profitability position have been measured to analyze the Working Capital position of Ashok Leyland. The collected data have been analyzed by the various ratios for finding liquidity and profitability. For assessing the behavior of above ratios, Regression Analysis, Spearman's Rank Correlation Co-efficient and Student t-test has been used.

OBJECTIVES OF STUDY

This study has the following objectives:-

1. To analyze the Working capital position of the firm.
2. To analyze the effect of liquidity on profitability.
3. To analyze the effect of risk on profitability.
4. To give suggestions on the basis of findings of the study.

HYPOTHESES OF THE STUDY

This study is based on the following null hypotheses (H_0):

1. There is no significant difference between liquidity and profitability of Ashok Leyland during the period of study.
2. There is no significant difference between risk and profitability of Ashok Leyland during the period of study.

COMPANY PROFILE

Ashok Leyland is an Indian automobile manufacturing company founded in the year 1948. It is Second largest commercial vehicle manufacturer. The industry encompasses commercial vehicle, multi-utility vehicles, passenger cars, two wheelers, three wheelers, tractors and auto component. It sells about 60,000 vehicles and about 7,000 engines annually, with passenger transportation options ranging from 19 seaters to 80 seaters, Ashok Leyland is a market leader in the bus segment. Operating six plants, Ashok Leyland also makes spare parts and engines for industrial and marine applications.

India's first Prime Minister Nehru persuaded Raghunandan Saran, an industrialist, to enter automotive manufacture. The company began in 1948 as Ashok Motors, to assemble Austin cars. The company was renamed and started manufacturing commercial vehicles in 1955 with equity participation by Leyland Motors. Today the company is the flagship of the Hinduja Group, a British-based and Indian originated transnational conglomerate. In the journey towards global standards of quality, Ashok Leyland reached a major milestone in 1993 when it became the first in India's automobile history to win the ISO 9002 certification.

Over the years, Ashok Leyland vehicles have built a reputation for reliability and ruggedness. This was mainly due to the product design legacy carried over from British Leyland. The company has also maintained its profitable track record for 60 years. The annual turnover of the company was USD 1.4 billion in 2012-2013. Ashok Leyland is India's largest exporter of medium and heavy duty trucks. It is also one of the largest private sector employers in India - with about 12,000 employees working in 6 factories and offices spread over the length and breadth of India.

REVIEW OF LITERATURE

Although working capital is an important ingredient in the smooth working of business entities, it has not attracted much attention of scholars. Whatever studies have conducted, those have exercised profound influence on the understanding of working capital management.

Sagan in his paper (1955), perhaps the first theoretical paper on the theory of working capital management, emphasized the need for management of working capital accounts and warned that it could vitally affect the health of the company. He realized the need to build up a theory of working capital management. He discussed mainly the role and functions of money manager inefficient working capital management. Sagan pointed out the money manager's operations were primarily in the area of cash flows generated in the course of business transactions. However, money manager must be familiar with what is being done with the control of inventories, receivables and payables because all these accounts affect cash position. Thus, Sagan concentrated mainly on cash component of working capital. Sagan indicated that the task of money manager was to provide funds as and when needed and to invest temporarily surplus funds as profitably as possible in view of his particular requirements of safety and liquidity of funds by examining the risk and return of various investment opportunities. He suggested that money manager should take his decisions on the basis of cash budget and total current assets position rather than on the basis of traditional working capital ratios. This is important because efficient money manager can avoid borrowing from outside even when his net working capital position is low. The study pointed out that there was a need to improve the collection of funds but it remained silent about the method of doing it. Moreover, this study is descriptive without any empirical support.

Appavadhanulu (1971) recognizing the lack of attention being given to investment in working capital, analysed working capital management by examining the impact of method of production on investment in working capital. He emphasized that different production techniques require different amount of working capital by affecting goods-in-process because different techniques have differences in the length of production period, the rate of output flow per unit of time and time pattern of value addition. Different techniques would also affect the stock of raw materials and finished goods, by affecting lead-time, optimum lot size and marketing lag of output disposals. He, therefore, hypothesized that choice of production technique could reduce the working capital needs. He estimated the ratio of work-in-progress and working capital to gross output and net output in textile weaving done during 1960, on the basis of detailed discussions with the producers and not on the basis of balance sheets which might include speculative figures. His study could not show significant relationship between choice of technique and working capital. However, he pointed out that the idea could be tested in some other industries like machine tools, ship building etc. by taking more appropriate ratios representing production technique correctly.

The study by **R.N. Agarwal** (1982) estimated total inventory investment equation for individual firms in automobile manufacturing industry, which was divided into two sectors- car-sector and non car-sector. His study was based on the data for 1959-60 through 1978-79. Official Directory of Mumbai Stock Exchange had been the basic source of data. Analysis of two sector revealed that sales and stock-sales ratio were important explanatory variables. Cost of capital and trend were important in only car sector while fixed investment and flows of external funds were significant in non-car sector. Existing stock of inventories was statistically significant in both the sector but contrary to expectations, it possessed negative coefficient. Several other variables as dividends, capacity utilization and liquidity ratio were found to be of no importance in explaining inventory investment behavior. **Shin and Soenen** (1998) suggested that efficient working capital management was very important for creating value for the shareholders. The way working capital was managed had a significant impact on both profitability and liquidity. Using correlation and regression analysis they justified the relationship between the length of net trading cycle, corporate profitability and risk adjusted stock return. They found a strong negative relationship between lengths of the firm's net trading cycle and its profitability. In addition, they also found that shorter net trade cycles were associated with higher risk adjusted stock returns.

Extensive research works on working capital management have been done in both public and private sectors. **Sayaduzzaman** (2006) in his article on "Working Capital Management: A study on British American Tobacco Bangladesh Company Limited" mentions that the efficiency of working capital management of British American Tobacco Bangladesh Company Ltd. is highly satisfactory due to the positive cash inflows and planned approach in managing the major elements of working capital. He found that working capital management helps to maintain all around efficiency in operations. **Padachi** (2006) find in his research study that a firm is required to maintain a balance between liquidity and profitability while conducting its day to day operations. The manager of a business entity is in a dilemma of achieving desired trade-off between liquidity and profitability in order to maximize the value of a firm. **Ganesand** (2007) suggest that efficient working capital management increases firms' free cash flow, which in turn increases the firms' growth opportunities and return to shareholders.

Raheman (2007) studied the effect of different variables of working capital management including the Average Collection Period, Inventory Turnover in Days, Average Payable Period, Cash Conversion Cycle and Current Ratio on the Net Operating Profitability of Pakistani Firms. By using Pearson's correlation and regression analysis he found that there was a strong negative relationship between variables of Working Capital Management and Profitability. He also finds that

as the cash conversion cycle increases, it leads to decrease in profitability of the firm and managers can create a positive value for the shareholders by reducing the cash conversion cycle to a possible minimum level.

LIMITATION OF THE STUDY

The following are the limitation of the study:

1. The study covers only 10 years period i.e. 2003-2004 to 2012-2013 for the Working Capital analysis of CIL Ltd.
2. The secondary data's used in this study have been taken from published annual reports only.

ANALYSIS OF WORKING CAPITAL MANAGEMENT OF ASHOK LEYLAND LTD

WORKING CAPITAL POSITION

The two concept of working capital are Gross Working Capital and Net Working Capital. The former means the firm's investment in current assets and later the excess of current assets over the current liabilities. The excess of current assets over the current liabilities provides measures of safety margin available against uncertainty in realization of current assets and flow of funds.

TABLE-I: STATEMENT SHOWING NET WORKING CAPITAL POSITION (₹ in Millions)

Year	Current Assets (₹)	Current Liabilities (₹)	Net Working Capital (₹)
2003-2004	14,636.67	8,327.02	6,309.65
2004-2005	21,572.63	11,656.67	9,915.96
2005-2006	22,324.13	14,085.16	8,238.97
2006-2007	26,977.14	17,558.55	9,418.59
2007-2008	28,752.58	22,719.39	6,033.19
2008-2009	31,656.16	21,369.46	10,286.70
2009-2010	41,396.84	29,607.57	11,789.27
2010-2011	43,672.45	35,282.74	8,389.71
2011-2012	43,038.86	48,431.40	-5,392.54
2012-2013	42,965.32	52,960.98	-9,995.65
A.M. (x)	31,699.28	26,199.89	5,499.39
Avg Annual Growth Rate	19.35	53.60	-25.84
S.D (σ)	10569.71	15247.36	7248.59

Source: Annual reports of ASHOK LEYLAND (2003-2004 to 2012- 2013)

Table 1: Shows the working capital position of the concern. During the period of study working capital showed a fluctuating tendency. The highest value of working capital ₹11,789.27 million was in 2009-2010 and least of ₹ -9,995.65 million in last year 2012-2013. The net working capital had an average value of ₹54,99.38 million. The Gross Working capital of the firm had a mean value of ₹31,699.28 million. Gross Working Capital was highest in 2010-11 and least in 2003-04 with values of ₹14,636.67Crores and ₹9995.58 million respectively. The Current liability of the firm was highest in 2012-2013 with ₹52,960.98 million and least in 2003-04 with ₹8,327.02 million. The Gross working capital had an average annual growth rate of 19.35% and standard deviation of ₹10569.71 million. The Net working capital of the firm had a negative average annual growth rate of -25.84% and a standard deviation of 7248.59.

CURRENT RATIO

Current ratio is defined as the ratio of current assets to current liabilities. It is an index of technical solvency and an index of the strength of the working capital. A high current ratio is an assurance that a firm will have adequate funds to pay current liabilities and other current payments. It can be calculated as follows:

$$= \frac{\text{Current Assets}}{\text{Current liabilities}}$$

TABLE II: STATEMENT SHOWING CURRENT RATIO (₹ in Millions)

Year	Current Assets (₹)	Current Liabilities (₹)	Current Ratio
2003-2004	14,636.67	8,327.02	1.76
2004-2005	21,572.63	11,656.67	1.85
2005-2006	22,324.13	14,085.16	1.58
2006-2007	26,977.14	17,558.55	1.54
2007-2008	28,752.58	22,719.39	1.27
2008-2009	31,656.16	21,369.46	1.48
2009-2010	41,396.84	29,607.57	1.40
2010-2011	43,672.45	35,282.74	1.24
2011-2012	43,038.86	48,431.40	0.89
2012-2013	42,965.32	52,960.98	0.81
A.M. (x)	31,699.27	26,199.80	1.38
Avg Annual Growth Rate	19.35	53.60	-5.39
S.D (σ)	10569.71	15247.36	0.34

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012- 2013)

Interpretation

Table II: Shows the current ratio as a measure of liquidity position.

During the period of study it was observed that current ratio was above 1, except for the last two years. The Highest ratio 1.85 times was observed in the year 2004-2005 and the least of 0.81 in the 2012-2013. The current assets and current liabilities showed a fluctuating trend throughout the study. The Average annual Growth rate of Current assets and Current liabilities was 19.35% and -5.39% respectively. The Current Ratio showed a varying trend with an average ratio of 1.38 times with an average annual growth rate of -5.39%. The standard deviation of the ratio was low with a value of 0.34.

LIQUID RATIO OR QUICK RATIO

Liquidity ratio shows the relationship between liquid assets and current liabilities. It is the firm's capacity to pay its obligation at time of emergency situation. The ideal ratio is 1:1 Times. The ratio can be expressed as given below:

$$= \frac{\text{Liquid Assets}}{\text{Current liabilities}}$$

Where Liquid Assets= Current Assets - (Stock +Prepaid Expenses)

TABLE NO. III: STATEMENT OF LIQUID ASSETS TO CURRENT LIABILITIES (₹ in Millions)

Year	Liquid Assets (₹)	Current Liabilities (₹)	Liquid ratio
2003-2004	9,568.00	8,327.02	1.15
2004-2005	15,892.00	11,656.67	1.36
2005-2006	13,299.00	14,085.16	0.94
2006-2007	16,274.00	17,558.55	0.93
2007-2008	16,514.00	22,719.39	0.73
2008-2009	18,356.00	21,369.46	0.86
2009-2010	25,015.00	29,607.57	0.84
2010-2011	21,584.00	35,282.74	0.61
2011-2012	20,733.00	48,431.40	0.43
2012-2013	24,006.00	52,960.98	0.45
A.M. (x)	18,124.10	26,199.89	0.83
Avg Annual Growth Rate	15.08	53.60	62.17
S.D (σ)	4812.00	15247.36	0.29

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012 - 2013)

Interpretation

The Above table III shows the liquidity ratio of the firm during the period of study. The ratio had the highest value of 1.36 times in the year 2004-05 and the least of .43 times in 2011-02. During the period of study this ratio also observed a fluctuating tendency. The liquid assets of the firm were highest in 2009-2010 and least in 2003-2004 with values of ₹25,015.00 million and ₹9,568.00 million respectively. The liquid assets had an average value of ₹1,81,24.10 million with an average annual growth rate of 15.08 %. The liquidity ratio had an average value of .83 times with an average annual growth rate of 62.17%. The standard deviation of the ratio was very low with a value of 0.29.

CASH POSITION RATIO

It shows how much of total assets is kept in the form of cash is revealed through this ratio. How much per rupee of total assets is kept in the form of cash. Higher the ratio shows less risk, but lower rate of return as cash by itself does not earn profit. The ratio can be denoted as given below:

$$= \frac{\text{Cash + Cash Equivalents}}{\text{Total Assets}}$$

TABLE NO.1V: STATEMENT OF CASH TO TOTAL ASSETS (₹ in Millions)

Year	Cash & Equivalents (₹)	Total Asset (₹)	Cash position Ratio (Times)
2003-2004	3,249.74	25,313.69	0.128
2004-2005	7,966.82	33,654.54	0.237
2005-2006	6,028.76	36,852.79	0.164
2006-2007	4,349.39	44,633.32	0.097
2007-2008	4,513.70	55,399.52	0.081
2008-2009	880.84	78,265.79	0.011
2009-2010	5,189.21	92,768.68	0.056
2010-2011	1,795.27	1,05,890.00	0.017
2011-2012	325.56	1,19,157.47	0.003
2012-2013	139.42	1,30,967.02	0.001
A.M. (x)	3,443.87	72,290.28	0.080
Avg Annual Growth Rate	-9.57	41.73	-9.921
S.D (σ)	2627.15	38339.19	0.078

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012- 2013)

Interpretation

The above table 1V shows the cash generating capacity of the total assets of the firm. Cash position ratio also showed similar fluctuating tendency like the above ratios. It had a mean value of 0.08 times with an average annual growth rate of -9.92%. The highest ratio of 0.237 times was observed in 2004-2005 and least of 0.001 in 2012-2013. The firm maintained the highest cash of ₹7,966.82 million in 2004-2005 and the least of 139.42 in 2006-07. Cash had an average value of ₹3443.87 million with an average annual growth rate of -9.57%. The Total Assets of the firm had a mean value of ₹72,290.28 million with an average annual growth rate of 41.73%. Total Assets of the firm was highest in 2012-13 and least in 2003-2004 with values of ₹1,30,967.02 million and ₹25,313.69 million. The ratio had a very low degree of standard deviation with value of 0.14.

WORKING CAPITAL TURNOVER RATIO

Working capital turnover ratio reveals the overall picture of the operational capital necessary for maintaining a level of its sales. Higher ratio indicates quick conversion of working capital into sales. Also greater the ratio, shorter is the working capital cycle and better is working capital management. It can be expressed as follows:

$$= \frac{\text{Annual Sales}}{\text{Average Working Capital}}$$

TABLE NO. V: STATEMENTS OF ANNUAL SALES TO WORKING CAPITAL (₹ in Millions)

Year	Avg Annual Sales(₹)	Working Capital (₹)	Working Capital Turnover ratio (Times)
2003-2004	35,006.34	6,309.65	5.55
2004-2005	43,692.78	9,915.96	4.41
2005-2006	54,321.95	8,238.97	6.59
2006-2007	71,789.13	9,418.59	7.62
2007-2008	48,888.10	6,033.19	8.10
2008-2009	78,068.94	10,286.70	7.59
2009-2010	72,696.19	11,789.27	6.17
2010-2011	99,831.02	8,389.71	11.90
2011-2012	13,720.81	-5,392.54	-2.54
2012-2013	13,298.56	-9,995.65	-1.33
A.M. (x)	53,131.38	5,499.39	5.41
Avg Annual Growth Rate	-6.2	-25.84	-12.39
S.D (σ)	28107.94	7248.59	4.36

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012-2013)

Interpretation

The above table V shows the sales generated per amount of working capital of the firm. This Ratio also showed a fluctuating tendency during the period of study. The Ratio had an average value of 5.41 times with a negative average annual growth rate of -12.39%. Net Working Capital turnover ratio observed the highest value of 11.90 times in 2010-11 and least of -2.54 times in 2011-2012. The highest average sales of ₹99,831.02 million was in 2010-2011 and the least of ₹13,298.56 million in 2012-2013. Average annual sales had a mean value of ₹53,131.38 million with an average annual growth rate of -6.2%. The Ratio had a high standard deviation of 28107.94.

ANALYSIS OF LIQUIDITY, PROFITABILITY AND RISK USING SPEARMAN'S RANK CORRELATION AND STUDENT t-TEST

Spearman's rank correlation is the relationship between different rankings of the same set of items. A rank correlation coefficient measures the degree of similarity between two rankings, and can be used to assess its significance.

$$r = 1 - \frac{6 \sum D^2}{n(n^2-1)}$$

Where D = R1-R2, R = Rank

Student t – Distribution is a small test used for testing of hypotheses of sample size less than 30. If the calculated value of t is less than the table value. The null hypotheses will be accepted and vice-verse; for a given significance level. It can be calculated as follow:

$$t = \frac{r}{\sqrt{1-r^2}} \times \sqrt{n-2}$$

Where

r = Spearman's Rank Coefficient of Correlation

n = No. Observation

Liquidity & Profitability Analysis of CIL using Student t-test**PROFITABILITY**

It indicates the percentage of return in the business. A high Return on Investment shows the company is having a higher rate of profit as percentage of capital employed. It is calculated as follows:

$$= \frac{\text{Operating Profit}}{\text{Capital Employed}} \times 100$$

TABLE VI: STATEMENT SHOWING PROFITABILITY (₹ in Millions)

Year	Total Assets (TA)	Current Liabilities (CL)	Capital Employed (TA- CL)	Operating Profit (₹)	ROCE%
2003-2004	25,313.69	8,327.02	16,986.67	3,072.51	18.09
2004-2005	33,654.54	11,656.67	21,997.87	3,578.08	16.27
2005-2006	36,852.79	14,085.16	22,767.63	4,687.53	20.59
2006-2007	44,633.32	17,558.55	27,074.77	6,098.38	22.52
2007-2008	55,399.52	22,719.39	32,680.12	5,190.50	15.88
2008-2009	78,265.79	21,369.46	56,896.33	3,087.05	5.43
2009-2010	92,768.68	29,607.57	63,161.11	6,259.05	9.91
2010-2011	1,05,890.00	35,282.74	70,607.26	9,654.61	13.67
2011-2012	1,19,157.47	48,431.40	70,726.07	9,452.30	13.36
2012-2013	1,30,967.02	52,960.98	78,006.04	8,475.92	10.87
A.M. (x)	72,290.28	26,199.89	46,090.39	5,955.59	14.66
Avg Annual Growth Rate	41.73	53.60	35.92	17.58	-6.64
S.D (σ)	38339.20	15247.36	23915.68	2511.33	4.88

Source: Annual reports of ASHOK LEYLAND (2003-2004 to 2012- 2013)

Interpretation

Table VI: During the period of study the operating profit ratio showed a fluctuating trend. The operating profit ratio had the highest value of 22.52% in 2006-07 and the least of 5.43% in 2008-09. The operating profit ratio had a mean value of 14.66% with an average annual growth rate of 3.91%. The Standard Deviation of the ratio was moderate with a value of 4.88. The firm employed the highest amount of capital ₹78,006.04 million in 2012-13 and least of ₹16,986.67 million in 2003-04. The Capital employed of the firm had a mean value of ₹46,090.39 million with an average annual growth rate of 35.92%.

RELATION BETWEEN LIQUIDITY AND PROFITABILITY**TESTING OF 1ST NULL HYPOTHESIS****TABLE VII: STATEMENT FOR CALCULATION OF CORRELATION**

Year	Current Ratio	R1	ROCE	R2	D=(R1-R2)	D ²
2003-2004	1.75	2	18.09	3	-1	1
2004-2005	1.85	1	16.27	4	-3	9
2005-2006	1.58	3	20.59	2	1	1
2006-2007	1.53	4	22.52	1	3	9
2007-2008	1.26	7	15.88	5	2	4
2008-2009	1.48	5	5.43	10	-5	25
2009-2010	1.39	6	9.91	9	-3	9
2010-2011	1.23	8	13.67	6	2	4
2011-2012	0.88	9	13.36	7	2	4
2012-2013	0.81	10	10.87	8	2	4
						70

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012- 2013)

Interpretation

Table VII: The current ratio is used as an indicator of liquidity and ROCE as for measuring profitability. The Spearman's rank coefficient of correlation(r) between Current Ratio and ROCE has been shown for which the relevant formula has been used. The test used for determining significance of r is "t" test. The Spearman's rank coefficient of correlation (r) between ROCE & liquidity has been calculated. The "t" test is applied for determining significance of r. Then computed value of 't' has been compared with the tabulated value of 't'.

In the above table r = 0.58 and value of t = 2.03. The table value of 't' at 5% level of significance for 8 degrees of freedom (Where n=10) is equal to 2.305. Since the computed value of t is less than the table value the null hypothesis (Ho) is accepted.

PROFITABILITY & RISK ANALYSIS OF CIL

The risk associated with the concern can be calculated by the following method:

$$R_k = \frac{(E + LTL) - FA}{CA}$$

Where

R_k = risk
 E = Equity + Reserve % Surplus
 L = Long term loan
 FA = Fixed Assets
 CA = Current assets

In the aggressive approach the current assets are financed by short term sources and in case of conservative approach the current assets are financed by both long term and short term sources. The risk faced by the firm can be measured with the above formula

TABLE VIII: STATEMENT SHOWING RISK (₹ in millions)

Year	Equity + Reserve & Surplus (E)Rs	Long term Loans (L)	Fixed Assets (FA)	Current Assets (CA)	Risk (R _k) %
2003-2004	10,517.97	4,989.08	9,211.00	14,636.67	43.02
2004-2005	11,678.65	8,804.06	9,790.01	21,572.63	49.57
2005-2006	14,124.53	6,919.28	10,846.88	22,324.13	45.68
2006-2007	18,945.68	6,403.98	15,445.24	26,977.14	36.71
2007-2008	21,489.83	8,875.01	20,547.95	28,752.58	34.14
2008-2009	34,738.99	19,581.44	43,974.06	31,656.16	32.68
2009-2010	36,687.58	22,038.92	48,110.29	41,396.84	25.64
2010-2011	39,629.62	25,682.65	49,917.58	43,672.45	35.25
2011-2012	42,123.26	22,933.51	60,773.82	43,038.86	9.95
2012-2013	44,551.05	48,616.16	64,625.38	42,965.32	66.43
A.M. (x)	27,448.71	1,74,484.41	3,33,242	31,699.28	37.91
Avg Annual Growth Rate	413.57	964.45	691.61	19.35	144.41
S.D (σ)	13397.35	13462.84	22271.20	10569.71	14.97

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012-2013)

Interpretation

Table VIII shows the measure of liquidity. During the period of Study concern's highest risk of 66.43% generated a return of 10.87% and the least risk of 43.02% generated a return of 18.09%. The risk taken by the company showed a variation in its value with deviation of 144.41. The average risk taken by the company was 37.91% with a average annual growth rate of 144.41.

Testing of IInd Null Hypothesis**TABLE IX: STATEMENT FOR CALCULATION OF CORRELATION**

Year	Risk (R _k)	R3	ROCE(%)	R4	D=(R3-R4)	D ²
2003-2004	43.02	4	18.09	3	1	1
2004-2005	49.57	2	16.27	4	-2	4
2005-2006	45.68	3	20.59	2	1	1
2006-2007	36.71	5	22.52	1	4	16
2007-2008	34.14	7	15.88	5	2	4
2008-2009	32.68	8	5.43	10	-2	4
2009-2010	25.64	9	9.91	9	0	0
2010-2011	35.25	6	13.67	6	0	0
2011-2012	9.95	10	13.36	7	3	9
2012-2013	66.43	1	10.87	8	-7	49
						88

Source :Annual reports of ASHOK LEYLAND (2003-2004 to 2012-2013)

Interpretation

Table IX: The Spearman's rank coefficient of correlation (r) between ROCE & Risk Factor has been calculated. The "t" test is applied for determining significance of r. Then computed value of 't' has been compared with the tabulated value of 't'.

In the above table r= 0.47 and value of t = 4.27 The table value of 't' at 5% level of significance for 8 degrees of freedom (Where n=10) is equal to 2.305. Since the computed value of t is greater than the table value the null hypothesis (H₀) is rejected.

FINDINGS AND SUGGESTIONS

- The Net working Capital of Ashok Leyland during the period of study was not satisfactory as it showed a decreasing trend in its values. The company must try to improve this position in future. Ashok Leyland must try to keep regular check, whether its current liabilities are exceeding the gross working capital of the firm.
- Liquidity position of the firm was not adequate because the average value of this Current Ratio was 1.38 times which is not near to the ideal ratio of 2:1 times. This indicates that, it is not in a position to meet its short term obligations with the existing current assets. So the firm must stabilize the position of its current assets to maintain a current ratio of at least the ideal value.
- The cash position ratio of the firm was also satisfactory as it was able to generate adequate amount of cash from its assets. The average value of the ratio was only 0.80 times. The firm must try to keep regular check on its assets to identify whether they are staying idle or obsolete. Only the liquid cash will help the firm to face any uncertainties at the times of depressions.
- During FY 2012-13, the Indian economy experienced a low growth rate of about 5-5.5%. Industrial sectors, too, continued to reel under the severe slowdown. The financial crunch and slowdown of economy witnessed in Sri Lanka, as well as the overall global economic situation, impacted Ashok Leyland's international volumes this year. Company exported 8,778 vehicles in 2012-13, 32% lower than the previous year.
- Company's profitability remained subdued due to lower volumes. The general economic slowdown adversely impacted the volumes. In spite of lower volumes, Company produced 28,870 vehicles from Pantnagar, achieving proportionately increased benefits on account of exemptions from levy of excise duty and income tax. Company managed to contain material cost at about the previous year levels and granting increases only for unavoidable reasons like power tariff increases, etc.

- The Spearman's rank coefficient of correlation (r) between ROCE & liquidity has been calculated. The " t " test is applied for determining significance of r . Then computed value of ' t ' has been compared with the tabulated value of ' t '. Since the computed value of t is less than the table value the null hypothesis (H_0) is accepted. So there is no significant difference between liquidity and profitability of the firm during the period of study.
- The Spearman's rank coefficient of correlation (r) between ROCE & Risk Factor has been calculated. The " t " test is applied for determining significance of r . Then computed value of ' t ' has been compared with the tabulated value of ' t '. Since the computed value of t is greater than the table value the null hypothesis (H_0) is rejected. So there is significant difference between risk and profitability of the firm during the period of study.

While analyzing the company's performance it is clear that, the firm give little importance to the issues related with working capital. It may be of the reason that the amount and risk involved in capital investment decision are very high. But from the above study we can say that Ashok Leyland should give due consideration to improve the working capital management policies irrespective of the economic slow down. The company must improve its present liquidity position to remain stable at the time of discrepancies or recession. It should also try to generate higher returns from its assets. The company must keep an optimum balance between liquidity and profitability for efficient use of its working capital. At the same time it should not stop formulating certain policies to keep a well-monitored working capital for better profitability, stability, reliability, growth and consistency.

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IMPACT OF CHANGING SOCIO-ECONOMIC CONTEXT ON BUSINESS: CASE STUDY ON MARUTI SUZUKI INDIA, MANESAR

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ABSTRACT

The case highlights the social and political milieu in which Maruti Suzuki India operated for the past few decades. Political compulsions and management dictates eroded the very fabric of organizational society in which the workers were operating. The greed of the management resulted in implementation of HR policies which were diametrically opposite to conducive labour-management relations. Seven strikes in the last 16 years (1995-2011) – that is the picture we get of Maruti Suzuki India at their Manesar plant. This case study highlights the practices which were adopted by the management at the Maruti plant at Manesar and the repeated rejection of the same by the educated workers of the plant. In spite of the repeated strikes by the workers, the management was firm on implementing some of the measures, which ultimately led to serious consequences. What were the issues which made the workers disgruntled and what were the compulsions of the Maruti management which resulted in this faux pas?

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L 620

KEYWORDS

automobile manufacturing, HR policies, labour-management relations, strikes.

INTRODUCTION

Environmental scanning by strategic managers makes them aware of the many variables within a corporation's societal and task environments. In the process of necessitating changes in the production process these variables have to be taken care of. The purpose of highlighting the environmental factors namely the social and economic factors at the Maruti Suzuki factory at Manesar in Haryana with the help of this case study is to point out that these factors have made the auto giant's management falter while dealing with the militant workers. The practice that increasing the productivity of workers by fair means or foul will generate increased production is the very antithesis of the strategies a typical business firm follows namely corporate, business or functional strategy. This case study highlights how and why certain strategies to boost productivity of workers failed. It also sheds light on some of the region-specific socio-economic issues relevant to the company and why labour-management relations have to be handled with care taking into consideration the culture, region-specific features, the labour policies of the state, the education level of the workers etc.

BACKGROUND

Maruti Suzuki India Limited commonly referred to as Maruti and formerly known as Maruti Udyog Limited, is an automobile manufacturer in India. It is a subsidiary of Japanese automobile and motorcycle manufacturer Suzuki. As of November 2012, it had a market share of 37% of the Indian passenger car market. Maruti Suzuki manufactures and sells a complete range of cars for every segment of the population. Originally, 18.28% of the company was owned by the Indian government, and 54.2% by Suzuki of Japan. The BJP-led government held an initial public offering of 25% of the company in June 2003. As of May 2007, the government of India sold its complete share to Indian financial institutions and no longer has any stake in Maruti Udyog Ltd.

Maruti Udyog Limited (MUL) was established in February 1981, though the actual production commenced in 1983 with the Maruti 800, based on the Suzuki Alto kei car which at the time was the only modern car available in India, its only competitors- the Hindustan Ambassador and Premier Padmini were both around 25 years out of date at that point. The company exports more than 50,000 cars annually and has domestic sales of 730,000 cars annually. Its manufacturing facilities are located at two facilities Gurgaon and Manesar in Haryana, south of Delhi. Maruti Suzuki's Gurgaon facility has an installed capacity of 900,000 units per annum. The Manesar facilities, launched in February 2007 comprise a vehicle assembly plant with a capacity of 550,000 units per year and a Diesel Engine plant with an annual capacity of 100,000 engines and transmissions. Manesar and Gurgaon facilities have a combined capability to produce over 1,450,000 units annually. The company is 54.2% owned by the Japanese multinational Suzuki Motor Corporation per cent of Maruti Suzuki. The rest is owned by public and financial institutions. It is listed on the Bombay Stock Exchange and National Stock Exchange of India.

The permanent workers in Maruti have passed out of the ITI's (Industrial Training Institute) and were hired through campus interviews. However Maruti determined that Haryanvis were better workers hence most of the workers are from various places in Haryana. These workers were recruited in 2007 as trainees and became permanent in 2010. As batch after batch of trainees became permanent the demand to form a union was raised towards end of 2010 (The Telegraph, 20th October, 2011 p 01).

Since its founding in 1983, Maruti Udyog Limited experienced few problems with its labour force. The Indian labour it hired readily accepted Japanese work culture and the modern manufacturing process. In 1997, there was a change in ownership, and Maruti became predominantly government controlled. Shortly thereafter, conflict between the United Front Government and Suzuki started. Labour unrest started under management of Central government. In 2000, a major industrial relations issue began and employees of Maruti went on an indefinite strike, demanding among other things, major revisions to their wages, incentives and pensions.

Employees used slowdown in October 2000, to press for a revision to their incentive-linked pay. In parallel, after elections and a new central government led by NDA alliance, India pursued a disinvestments policy. Along with many other government owned companies, the new administration proposed to sell part of its stake in Maruti Suzuki in a public offering. The worker's union opposed this sell-off plan on the grounds that the company will lose a major business advantage of being subsidized by the Government, and the union has better protection while the company remains in control of the government.

The standoff between the union and the management continued through 2001. The management refused union demands citing increased competition and lower margins. The central government prevailed and privatized Maruti in 2002. Suzuki became the majority owner of Maruti Udyog Limited (Wikipedia- Maruti Suzuki- retrieved on 16th July, 2013).

HISTORY OF UNREST AT MANESAR

There have been 7 strikes at Maruti factories in the last 16 years. The first occurred in April, 1995 for 3 days at Gurgaon when the demand was more wages. The second was in March, 1998 at Gurgaon factory for 2 days when some local issues was the reason. The third strike impacted Maruti for 89 days, the longest ever strike at any factory of Maruti where the demand was of more wages at the Gurgaon plant. The fourth was for 13 days at Manesar plant when the management did not allow the workers to form a new, independent union. The fifth strike was again of a long duration, for 33 days at Manesar when the workers were directed by the management to sign a "good conduct bond" and they refused. This bond was to seek an assurance from the workers that they will not resort to go-slow, sabotage production or indulge in activities which would hamper the normal production in the plant. The sixth strike was for 2 days in the sister

concerns of Maruti who were supporting the Manesar workers. The seventh strike went on for 10 days at Manesar and the two sister concerns where the workers demanded restoration of the services of 1100 contract workers. The last two strikes resulted in the full closure of Suzuki Motor's Indian operations. The strikes at Manesar in 2011 portray a disturbed industrial relations scenario with demands of the workers ranging from formation of a new independent union to permanency of contract workers (*The Economic Times*, 17th October, 2011, p 04.).

FACTORS CONTRIBUTING TO THE INDUSTRIAL UNREST

The 750 acre Manesar facility of Maruti Udyog Ltd., a highly automated factory that produced 600,000 units for India's largest automaker each year was in the news for labour unrest that resulted in a number of strikes from 1995 to 2011. Maruti's record of following labour guidelines and practices has been far from remarkable. In the automotive industry, while Japanese peers like Honda and Toyota have managed to keep their workers happy, Maruti's labour trouble has been growing. Strikes and unrest have been growing with a rapid decline in workers' trust, keeping the labour situation at a low ebb. The company also failed to maintain agreements signed with workers on the creation of Works Committee and the Grievance Committee, which was part of the October, 2011 agreement and which has not yet been formed. While the formation of these committees would have increased the trust of the workers, it would have been a subtle weapon in the hands of the management while dealing with workers' grievances. The fragile industrial relations at the factory premises took a turn for the worse as an unrelenting management, a union lacking mature leadership and a dithering state government all contributed in lighting the fuse.

Since any business today is operating in a highly socio-political environment where social demands and political laws are constantly changing, management has to meet the demands of business and people by not just focusing on wealth creation but also by adding values to the system in which they are operating. Indian managers practice how good values pay better dividends, how honesty helps to grow industry and business, how cooperation and not competition are better growth strategies.

Yet these concepts were forgotten when Mr. M.M. Singh the then company's Head of Manufacturing commented, while addressing a meeting of the company's functional heads- "How did we lose the connect with our workers?", part of the answer might lie in measures he spearheaded in early 2010 when Maruti saw a spurt in demand which led to outstripping its capacity (*The Economic Times*, 17th October, 2011, p 04.). Since longer waiting periods for Maruti cars meant that rivals will step in and start eating into its market share, Singh and his team put in place a series of measures to produce more. This included more frequent maintenance of machines, reprogramming robots that control the assembly line to squeeze out efficiency and implementation of a "flexi-line" that could produce multiple models. These measures resulted in creating a capacity of 350,000 cars per year as compared to 250,000 earlier (*The Economic Times*, 17th October, 2011, p04.). Incentives of workers were aligned to production; in short life was like a machine on the shop floor with production accelerating by 40 % at Manesar. Hence life on the shop floor took a turn for the worse. The strategy which was adopted here by the Production department was meant to achieve corporate and business unit objectives through maximizing resource productivity. This consists of nurturing a distinctive business competence to provide the company with a competitive advantage. The strategic decision taken here had no precedent among other Maruti Suzuki plants in India, leading to commitment of substantial resources and demanding a great deal of commitment from the employees at all levels. In other words, this is the adaptive mode of strategic decision making as stated by Henry Mintzberg (1973), which is characterized by reactive solutions to existing problems. Strategy is adopted to move the corporation forward incrementally. The Maruti leadership took decisions in fits and starts based on the volume of cars selling instead of taking decisions based on a planning mode after gathering appropriate information, generating feasible alternative strategies and a rational selection of the most appropriate strategy. This strategy should include both the proactive search for new opportunities and the reactive solution of existing problems.

The unionization problem is predominant in the Manesar area where the Gurgaon-Manesar-Dharuhera-Rewari belt in Haryana employs about 400,000 workers in about 1000 companies. Here trade unions which are popular are the All India Trade Union Congress and the Hind Mazdoor Sabha. Since AITUC is a left leaning trade union it is thought to be prone to violence, so HMS is the lesser evil of the two. Apart from the above two unions, CITU and NTUI also enjoyed support among the workers. When workers wanted their matters to be taken up exclusively by a trade union, they first approached the Maruti Udyog Kamgar Union (MUKU), the Gurgaon based union recognized by the company as the union for all Maruti workers. However the workers demanded a separate union which the company bypassed by persuading the workers to join the Gurgaon based union. The company management also promised elections to the existing union while warning the workers not to form a second union in Manesar. Election eventually did take place in July, 2011 but the Manesar workers boycotted it. Management went so far as to force workers to sign a declaration that they were happy with the Gurgaon union and did not want a new one. The management on the other hand reiterated that they were stopping workers who were collecting signatures of all workers for the purpose of formation of an union during factory hours. This sort of faux pas by the management was further aggravated when management summarily dismissed workers for indiscipline including 4 office bearers of the new union whose application the workers had filed the day before. It seems childish on the part of the management to resort to such tactics to be one above the workers. The workers went on strike for 10 days from 10th of June, 2011 to 16th of June, 2011, at the end of which the dismissed workers were reinstated by the management. The loss of face suffered by the management was the result of indelicate handling of a volatile situation. As per the Industrial Disputes Act, 1947 the 5th Schedule deals with Unfair Labour Practices wherein it is stated that employers and employers' trade union, if they interfere, restrain, coerce workmen and do not allow them to engage in concerted activities, it will be treated as unfair labour practice. Violation of the Act will lead to penalty as specified under Section 25U, Chapter V-C of the said Act. Union leaders among them Amitabh Bhattacharya, General Secretary of Mazdoor Kranti Parishad who was a key figure in the Hindustan Motors strike in 2007 as well as in Mamata Banerjee's agitation against land acquisition at Singur for the Tata Nano factory was waiting in the sidelines ready to strike once the iron was hot. It was to the credit of the workers that they were receiving advice from all unions but they confided in none.

The societal environment in which Maruti Suzuki operated consisted of economic forces, technological forces, political-legal forces and socio-cultural forces. These forces do not generally influence the short-run activities but often influence the long-run decisions of an organization. Among these influences the impact of Generation Y boom is of importance because of the socio-cultural environment in which they have grown up. The Maruti workers are all in the age group of 18 to 30 and take decisions based on environmental factors. The changing pace and location of life results in instant contact and communication and this help take fast decisions. Efficiency is at its best today and this was taken advantage of by the Maruti management. Also, in terms of socio-cultural variables Asian cultures are less concerned with the value of human rights which was amply demonstrated by the dictates of the Maruti Suzuki management and elaborated later on in the case study.

REASONS FOR INDUSTRIAL UNREST

The Manesar plant draws its employees mostly from Haryana. The workers consist of 60% regular employees and the rest contract workers (*The Economic Times*, 17th October, 2011, p04.). Average age of the workers at Manesar is under 25. They became regular after three years of training entitling them to privileges which trainees and contract workers do not enjoy. The strategic decision to squeeze out more cars from existing plants involved adopting regressive policies which were harmful for the workers. For example, workstations have 40 seconds in which the worker has to do the job assigned to him. This duration may be compressed or expanded depending on the production target. All Maruti workers are young and able bodied. Hence in an eight hour work shift workers get a 30 minute lunch break and two 7.5 minutes tea breaks. This is easier said than done because one has to remove the safety equipment, run 500 meters to grab tea and snacks, then run to the washroom 400 meters away and come back in 7 minutes, which becomes very tight at times (*The Telegraph*, 20th October, 2011, p01). There is no scope for leaving the work station and no extra breaks are given; besides any absence from work results in a heavy pay cut. For example if an attendance reward of Rs 2000/- has accumulated in respect of a worker, he may forfeit the same if he is absent 3 days in the next month. The time for breaks may be reduced which does not give workers enough time to go to the washroom, change his clothes, run to the canteen 450 metres away and get back on the job before the belt starts running (*The Telegraph*, 20th October, 2011, p01).. These measures speak of the stringent policies being implemented as part of the performance linked pay. However these measures were not properly explained to the shop floor workers but dictated by the demands of the assembly line. If a single worker does not do his part in the specified time the production halts. As the General Secretary of the proposed Maruti Suzuki Employees' Union, Shiv Kumar says that Maruti is like a family and all workers are willing to do their bit provided the management treats them with understanding and respect.

It was issues like the aforesaid ones which prompted the Maruti workers to demand a union to negotiate with the management. The workers first approached the Maruti Udyog Kamgar Union (MUKU) the Gurgaon-based union recognized by the company as the union for all Maruti workers. This happened sometime in end 2010 or early 2011. Maruti officials were reluctant to allow formation of another union so they persuaded the workers to join the existing one and promised elections to the existing union. However when elections did occur the Manesar workers boycotted it. In June, 2011 workers called a strike which went on for 13 days. The reason stated by the workers was that they were forced to sign an affidavit stating that they were happy with the Gurgaon trade union and did not want a new one although the management denies this stating some workers were forcing other workers to sign showing their consent to form a new union. The workers had filed an application with the Haryana labour department regarding formation of a new union, Maruti Suzuki Employees Union. As a result the management dismissed some workers for indiscipline which included the office bearers of the proposed union. However the management retreated from its aggressive stand and agreed to reinstate the dismissed workers.

Here the role of corporate culture comes into focus. Corporate culture is the collection of beliefs, expectations and values learned and shared by a corporation's members and transmitted from one generation of employees to another. It often includes a number of informal work rules that employees follow without question and these become part of a company's unquestioned tradition. The rules regarding increased productivity at the Maruti factory in Manesar fall in this category. The cultural intensity is the degree to which members of a unit accept the norms, values or other culture content associated with the unit. Corporate culture has a strong and powerful influence on the behavior of people at all levels and can strongly affect a corporation's ability to shift its strategic decisions. A strong culture should not only promote survival but it should also create the basis for a superior competitive position. If such a distinctive competence is embedded in an organization's culture it will be a form of tacit knowledge. This knowledge was present to a certain extent at Maruti Suzuki, Manesar; however due to environmental factors it could not be sustained and worked upon to the benefit of the company.

ROLE OF TRADE UNIONS

About 400,000 workers are employed by about 1,000 companies in the Gurgaon-Manesar-Dharuhera-Rewari auto hub. Trade unions have had a mixed track record here. AITUC and HMS are the two most prominent trade unions operating here. AITUC is regarded as Left aligned and has a propensity for violence while HMS is more conciliatory. However in the run up to the formation of the new union the Maruti workers had grown close to the AITUC who helped them file the application for the new union. But there the role of the established union ended. A lot of unions started advising the Maruti workers. However the union leaders namely Gujjar and Kumar both remained indifferent to all the unions.

Here the issue of union leadership comes into focus. Initially the Gurgaon based union Maruti Udyog Kamgar Union (MUKU) looked after the affairs of the workers at Manesar. However the highly automated factory suffered a series of strikes in 2011 (*The Economic Times*, 14th June, 2011, p 05). When the workers were inclined to form a new union Mr. Gurudas Dasgupta of the AITUC helped them. He assumed the role of a mentor since he too had a stake in the Manesar pie. Union leaders of other unions such as CITU, NTUI etc. also started helping the young workers. The worker leaders listened to all of them but trusted no one. These young workers had managed to force the Maruti management to reinstate the sacked workers. Next they demanded a separate union, colouring their demand with aggression. The general secretary of Maruti Udyog Kamgar Union (MUKU), Kuldeep Jhangu originally organized the Manesar workers. But the workers were waylaid by other forces and demanded a separate union. However the methodologies adopted by the workers of Manesar were too violent even for MUKU. Instead of starting with a tool-down protest and slowly progressing up to a full-fledged strike, they started off with a full strike; they also wanted the Gurgaon plant to shut down and join the strike, but when the MUKU general secretary refused, he became their enemy (*The Economic Times*, 26th July, 2012, p 04.). These workers were young, impressionable and eager to fight for what they felt was their right; the leaders of these workers namely Gujjar and Kumar too were raring to go. They were young and inexperienced. They were not elected leaders since they had boycotted the election process of MUKU, but nominated. The workers were angry young men and expected a lot from the union leaders. These young workers were aware that the production in India contributed to half of Suzuki's worldwide profits. They were disgruntled with the fact that there were massive salary hikes of the top management whereas workers' pay rose by barely 5%. However, these union leaders were new to their position and had little track record in leading workers as well as little acceptance among them. Hence they were being guided by unknown external leaders of various trade unions such as Hind Mazdoor Sabha, New Trade Union Initiative etc. The new union had the support of the management since it was set up with the cooperation of the management. It was also the union recognised by the management. The workers were a little wary about this. However the union leaders promised a lot but could not deliver that much; as a result workers became disgruntled (*The Economic Times*, 26th July, 2012, p 04.). The new leaders were impatient on the negotiating table, a fact that was noticed by the Haryana labour department officials. They were not as tactful and patient as was required under the circumstances. Veteran AITUC secretary D.L. Sachdev rued the fact that the leadership lacked maturity and this may lead to ultra-left elements misleading the workers (*The Economic Times*, 6th Nov, 2012, p 03). Unionisation raised expectations of the workers sky high. They expected the new union to deliver the goods, forgetting that union leaders tend to promise more than they can get out of the management. This resulted in the union leaders coming under constant pressure to be a more effective political force. These union leaders are first-time leaders with little or no track record of sitting at a negotiating table. One cannot be impatient there as the HR managers are not authorized to take decisions on behalf of management. Hence one has to be tactful and patient. However the leaders were neither tactful nor patient and they failed to temper the expectations of the workers. These workers felt that they now had a recognized union that would represent them in the upcoming wage negotiations and they could negotiate with the management on equal terms. However the workers' unionization had exacerbated tensions on the shop floor. The worker-supervisor friction received a new twist with the union being a new variable in the checkerboard. Earlier, the relationship between the supervisors, who were more or less of the same social standing as the workers and the workers were cordial, it turned frosty with the new union being established and equations changing between the workers and the supervisors as a result.

The societal environment has some important variables which affect the industries operating in the region. For the Manesar area some of the important variables affecting the functioning of Maruti Suzuki factory operations are:

1. Economic – wage/price controls, inflation, disposable and discretionary income: they affect the availability and cost of capital, influence the cost of production, prices and consumer demand. After liberalization, the Indian economy was opened up which also paved the way for foreign investments and entry of multinationals in a big way.
2. Technological – productivity improvements through automation: strategies developed on the basis of technological developments create a competitive advantage.
3. Political-legal – special incentives, laws on hiring and promotion, attitude towards foreign companies: a few of the issues under political-legal factors are legislations regulating wages, price control, import-export policies etc. Certain policy changes such as industrial policy liberalization in India has opened up enormous opportunities to Indian companies to expand but at the same time posed a serious threat of increased competition.
4. Socio cultural – lifestyle changes, career expectations, age distribution of population, regional shifts in population, consumer activism:
5. Demographic factors – size, growth rate, age and sex composition of the population, family size, education levels: companies have to adapt to automation, rationalization, downsizing etc. to remain competitive in the market economy which are opposed by labour, socialist and political groups.
6. Global factors – India is emerging as a super economic power and is having a major influence on world markets simply because of its very large consumer base and significant purchasing power. The demand for quality goods at competitive prices has shot up.

DEPENDENCE ON CONTRACT AND CASUAL LABOUR

The central government had identified the increasing reliance on contract and casual labour to get routine operational jobs done at cheaper costs, as the primary reason for the recent increase in labour strife and violence. This was done so that gratuity and provident fund benefits can be denied to these temporary workers. In the process the workers are losing out on many social security benefits which the company is committed to provide as per the labour laws of the country. Social security benefits are not reaching out to the casual workers and as a result this is leading to labour disputes and labour violence. They are victims of the system where the company is getting work out of them for half the wages. As per the Contract Labour (Regulation and Abolition) Act, 1971 if

an organization has 100 or more permanent workers it has to seek the permission of the appropriate government in case it wishes to dismiss any permanent worker. Hence all the more it was easier to make do with contract labour where no questions would be asked if any of them were retrenched. These contract workers also have no job security and are denied benefits like gratuity, provident fund and health insurance. Necessary amendments to the Contract Labour (Regulation and Abolition) Act of 1971 where provisions for securing the rights of contract labourers have been identified have not yet seen the light of day. International Labour Office has recommended a nationally-determined social security floor for all workers, which is a comprehensive package consisting of medical aid, educational funds, old-age income security, gratuity, provident fund, etc. This has received support from India; it remains to be seen whether this can be put to practice in the form of a labour law by the Indian Parliament. The top demand of the Maruti union during this period of unrest related to contract workers. They union wanted higher wages for the contract labour and regularization of casual labour since they have strong ties of clan, caste and region with the permanent workers. A large number of them are related or have been employed through references from permanent workers to the labour contractors. But once on the shop floor they work together with very different terms and conditions and remuneration. After the violence the Chairman Maruti Suzuki said that contract labour form contractors would be phased out and Maruti's own HR department would take in contract workers and give priority to them when permanent worker vacancies arise.

FAIR IMPLEMENTATION OF LABOUR LAWS

The Gurgaon-Manesar-Dharuhera-Rewari belt in Haryana employs about 400,000 workers in about 1000 companies. Here a large number of companies have taken licences for contract labour but they are making the contract workers do work which should be done by the permanent workers. This violates provisions of the Contract Labour (Regulation and Abolition) Act, 1971. Minimum wages as per the Minimum Wages Act, 1948 are not being given, Employees State Insurance deductions and Provident Fund deductions are not being deposited – these are the grievances of the union leaders operating in the above belt. Maruti engages contractual workers and tries to ensure that they are paid at least the minimum wages by asking the contractor proof, which in turn allows the contractor to fudge. Workers' grievance is that the contractors bill the company more than what they pay the labourers and pocket the difference.

However Maruti's record of following labour guidelines and practices has been far from being remarkable. Strikes and unrest have been on the rise; the company has failed to maintain agreements signed with workers on the creation of the Works Committee and the Grievance Committee (*The Economic Times*, 6th August, 2012, p 03,). Following the strikes and unrest the management decided to introduce a 'good conduct bond' in August, 2011 wherein the workers would be promising to show good conduct during working hours.

After peace was made with reinstatement of the dismissed workers, these workers started flouting all rules of the company, appointing their own representatives in each machine area and encouraging workers to listen to only these representatives and not those of the management. Here the workers' views are different; they said that company officials started harassing and victimizing the workers through show cause notices, pay cuts, etc. (*The Economic Times*, 12th October, 2011, p05). The workers in turn resorted to go-slow policy.

There were various instances when management made a blunder in handling sensitive issues. The management of the auto giant made a major miscalculation in handling a labour incident, as a result of which violence broke out in the factory. Two office bearers of the workers' trade union were suspended following accusations of manhandling of a supervisor. They were let off after an oral apology; but in a similar incident in which an ordinary worker was involved in manhandling, the company launched disciplinary proceedings against him. This different treatment affected the morale of the workers (*The Economic Times*, 6th August, 2012, p 03,). Again there was an incident of scuffle of an ordinary worker with a supervisor and suspension and disciplinary proceedings followed, unlike what happened with the union office bearers. The case of the union office bearers were dealt with by bending some of the clauses of the Maruti's Standing Orders. Violence resulted leaving a senior company executive dead and many more injured (*The Economic Times*, 26th July, 2012, p 04,).

Punitive measures introduced by Maruti meant that the workers suffered pay cuts. For example, for each day of strike in the year 2011 two days wages were deducted from the striking workers. Again, if the workers have come to work braving the strike they are locked out of the factory if they have not yet signed the "Good Conduct Bond". According to the workers while the annual remuneration of the CEO had increased from Rs.47.3 lakhs in 2007-08 to Rs. 2.45 crores in 2010-11 an increase of 419% from 2008 to 2011(*The Telegraph*, 20th October, 2011, p 01), while that of the workers had not, what with the punitive pay cuts.

There were questionable practices regarding corporate governance issues too (*The Economic Times*, 7th Nov, 2011) at Maruti Suzuki, Manesar. It became apparent that 30 suspended workers were given a handsome package by the management in return for their exodus from Maruti Suzuki, Manesar. The package amount was from Rs 16-40 lakhs per worker and included the two union leaders Sonu Gujar and Shiv Kumar. However the management said that the 30 workers had resigned from the company. Institutional investors were seriously condemning the Maruti management for handling the issue in this suspicious manner

RESULTANT EFFECTS OF THE STRIKE

Rising inventory, underused plants, idle workforce etc gave the vendors of spare parts and components sleepless nights. These vendors had invested more than Rs. 10000/- crores in capacity expansion in 2010-11 when car sales were growing by about 30%. 14 of these are joint venture companies setup exclusively for Maruti. They were allowed to supply to other car manufacturers' during the ongoing disturbances at Maruti. However these vendors lost about 15-20% of their revenue or about Rs. 1400 crores during the ongoing dispute at Maruti Suzuki. These vendors were in a dilemma about whether to retain their temporary workforce, whether to give holidays to their permanent workers or whether to ask them to resign. Foreign car makers who source components from the Manesar auto belt were scared that the agitation could affect supplies. In order to de risk their business they were thinking of relocating to places like Gujarat, Rajasthan or even Thailand.

Scores of industries, including original equipment manufacturers (OEMs), component suppliers and other ancillary units spread out in the Gurgaon-Manesar belt are the life line of large manufacturers like Maruti Suzuki, Hero MotoCorp and Honda Motorcycles & Scooters India(HMSI).Some of these firms had called for an impartial enquiry into the recent violence at Maruti Suzuki's Manesar plant. They had the audacity to warn the law-enforcing authorities against harassing the Maruti workers. Their union leaders demanded fair implementation of labour laws by the companies operating in the region, housing facilities for workers and a rise in minimum wages of entry level workers from Rs 4850/- to Rs 15000/-. According to the General Secretary of Honda Motorcycle & Scooter India Employee Union, various companies were blatantly violating contract labour laws, not depositing provident fund and ESI of employees etc. Work done by the contract workers were actually the work assigned to the permanent workers.

The wage settlement at Maruti Suzuki, Manesar which expired in March 2012 was effective till a new settlement was put in place. The charter of demands of the Manesar union included the following (*The Economic Times*, 26th July, 2012, p 04,):

- Basic salary of at least Rs 25000/-
- All contract workers to be made permanent
- At least 20% annual hike till 2014 when the next agreement will be due
- D A of at least Rs 10000 a month
- HRA to be hiked to 60% of basic and DA
- Laundry allowance of Rs 3000 /-per month
- Child education allowance of Rs 8000/- a month
- Transport allowance of Rs 10000/-a month
- City compensatory allowance @ 40 % of basic pay etc.

However the top demand of the union related to contract workers. The workers wanted higher wages and regularization of casual workers because even though the contract workers are not part of the union they have strong ties of clan, caste and region with the permanent workers. A large number of them are related or have been employed through references from permanent workers to labour contractors. But once on the shop floor they work alongside for very different terms and remuneration.

This categorization of workers as human production machines lead us to Rene Descartes who stated that nature worked according to mechanical laws and everything in the material world could be explained in terms of the arrangement and movement of its parts. This view of the universe as a mechanical system provided scientific sanction for manipulation and exploitation of nature in a typical business scenario. The relentless search for raw materials and markets on the part of business has led to the following implications:

1. Continued notion of differentiating between brain and other motor organs like hands and feet have led to downgrading 'blue collar workers' as compared to management
2. The mechanistic model of the universe has generated a technology aimed at control, mass-production, standardization and centralized management that pursues the mirage of infinite growth

Descartes' (1637) statement "I think, therefore, I exist" led to the development of a method of analysis and derivation of conclusion totally opposed to a holistic approach which had a profound influence on business and management thinking and attitude. He tried to explain nature as a perfect machine, governed by exact mathematical laws. This mission was fulfilled by Newton who said all physical phenomena are reduced to the motion of material particles, caused by their mutual attraction, i.e. by their force of gravity. These mathematical laws guiding the activities of the material universe had a great influence on the growth and character of the world of business.

CONCLUSION

Most enterprises of today face conflicts, tensions, low efficiency and productivity, absence of motivation and lack of work culture etc. For them the underlying purpose in developing a strategy is to outperform the competitors over a sustained time period. Organizations today have realized that that they need to present a more positive image to the public and manage their human resources efficiently and carry out business so as not to harm others. Successful management means managing men, money and material in the best possible way according to circumstances and environment. In order to get an edge over their competitors Maruti Suzuki tried to enhance the productivity of its workers with Taylorian (Taylor, 1911) concepts of scientific management principles, leading to disastrous results. Such a sustainable competitive advantage cannot be achieved through operational effectiveness alone; a winning strategy considering the social and economic aspects need to be determined. Such a strategic plan requires tough managerial choices from among numerous good alternatives. The case study highlights that such decisions were taken but somewhere along the way the leadership faltered and were taken for a ride in their quest for higher productivity.

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ECONOMIC BENEFITS AND VIABILITY OF USING HEALTHY RICE SEED TECHNOLOGY OVER FARMERS: A STUDY OF SOME SELECTED AREAS OF BANGLADESH

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ABSTRACT

Lack of healthy rice seed is considered as one of the most important constraints to rice production and productivity growth in Bangladesh. This study was carried out to greater information about knowledge, adoption and economic profitability of healthy rice seeds technology. Data were collected from Gazipur district. Primary data from 60 respondents of Boro season were used. This study opted for descriptive and mathematical tools to analyze the collected data. The socioeconomic characteristics of healthy rice seed users and non healthy seed users were described using descriptive statistics. Profitability analysis was used to estimate and compare gross margin and net benefit in rice production for healthy rice seed users and non users. The results revealed that rice yield and net benefit from rice production with healthy seeds were higher than that with farmers' saved seeds. The per hectare incremental net benefit of healthy seeds was estimated at Tk.1735 for Boro, in Gazipur, respectively. Partial budget analysis showed that rice production with the healthy seeds was found to be more profitable than that with the farmers' saved seeds in Boro season. Partial budget analysis showed that healthy seed users get higher profit Tk 1653/ha respectively.

KEYWORDS

Integrated Pest Management, Healthy seeds plot, High Yielding variety, Modern Variety.

INTRODUCTION

Bangladesh is predominantly an agricultural country where agriculture sector plays a pivotal role in accelerating the economic growth. In FY2010-11, The food grains production was about 360.65 lakh metric tones (MT) according to DAE estimation (Bangladesh economic Review 2011). Rice is the livelihood for 135 million people of Bangladesh. Most of the people eat rice as their main food and main source of calories. In Bangladesh agriculture as its primary sector, contributing 20.29% to the Gross Domestic product (GDP). It provides nearly 48% of rural employment, about two-third of total calorie supply and about one-half of the total protein intake of an average person in the country. Rice sector contributes one half of the agricultural GDP and one sixth of the national income in Bangladesh (BRKB 2012). Crops agriculture covers 83% of the total cropped area [BBS 2011], and plays an important role in attaining self sufficiency in food. At present, rice alone constitutes about 96% of the total food grains produced annually in the country. At present total rice production is 33.54 million metric tons per annum. The introduction and expansion of MV rice brought a dramatic change in annual rice production from 9.77 million metric tons in 1971 to 33.54 million metric tons in 2010-2011 (Hand book of Agricultural Statistics 2011, MOA). This increased rice production has been possible largely due to the growth of the adoption of modern rice varieties on around 66% of the rice land which contributes to about 73% of the country's total rice production (BRKB, 2012). Rice supplies more than 80% of the total food requirement for the country. So to meet the great challenge of food deficit, production of rice must be increased. Modern varieties have been contributing to increase rice production. Many constraints are responsible for low level yield of rice out of which seed borne diseases, poor seed quality and poor management among others are most important. Therefore, the production should be accompanied by intensive cultivation of rice. Importance should also be given to increase production and adoption of MV rice and new technology at the farm level. Without increase of production and adoption of new technology, it will not be possible to reach the required level of self sufficient in food.

FUTURE RICE PRODUCTION SCENARIOS

To meet the future increasing demand, the possibilities for higher rice production are to be explored from sustainability point of view. Two most important determinants for higher rice production are yield and area under MV rice. The population is still growing by two million every year and may increase by 30 million over the next 20 years. Thus, Bangladesh will require about 27.26 million tons of rice for the year 2020 (BRKB, 2012). During this time total rice area will also shrink to 10.28 million hectares. Rice yield therefore, needs to be increased from the present 2.74 to 3.74 t/ha. To combat the future situation we will need to consider:

- Replacement of local varieties by modern varieties in Boro season where possible.
- Limited increase in modern variety Boro area
- Replacement to the present varieties by superior inbred, hybrid and super high yielding varieties.
- Increment of irrigation areas in both Boro and T. aman season.
- The use of quality seeds.
- Mechanization of rice cultivation particularly minimization of post harvest losses.

IMPORTANCE OF CLEAN HEALTHY SEED

Seed health condition can be assessed in terms of the proportion of normal seedlings, lethal seed infection, rice mixtures, purity, fullyfilled seeds, 100- grain weight and discoloration. The importance of quality seeds in increasing yield has been widely recognized. It is important that clean healthy seeds be used as planting materials in order to increase rice productivity for eliminating poverty and calorie deficiency of Bangladeshi people. Healthy and high quality seed is an important requirement for high crop productivity. Another important determinant of seed quality is varietal purity. Varietal purity significantly influences the crop yields besides affecting the production practices. It is therefore, important that farmers become aware of the presence of contaminants in their seeds.

OBJECTIVES OF THE STUDY

The main objectives of the study were as follows:

1. To understand socio-economic characteristics of the rice growers.
2. To find out the knowledge, attitudes, perceptions and seed management practices of the rice growers.

3. To assess economic benefits and viability of using clean healthy seed technology (CHST) over farmers traditional one.

HYPOTHESE OF THE STUDY

The following hypothesis were tested-

1. Farmers of the study area do not have awareness of rice seeds management practices.
2. There is no significant difference on yield, different agronomic, insect and disease variables between clean healthy seed plot and farmers own seed

REVIEW OF LITERATURE

Empirical studies on rice seed health in Bangladesh are few. Some of the works are reviewed below:

Nazrul and Fakrul (2010) analyzed factors demand and elasticity of substitution of healthy rice seed. Lack of healthy rice seed was considered as one of the most important constraints to rice production and productivity in Bangladesh. Data were collected from two different rice growing environments, namely Chuadanga and Gazipur. Primary data from 120 respondents were collected from Boro and T-Aman seasons. Allen Partial Elasticities were estimated for Boro and T-Aman rice for both the study areas. Healthy seed price was highly elastic and the result showed that an increase in the price of healthy seed would decrease its demand. The result also showed that if the use of land increased then use of fertilizer, animal power, seed irrigation and human labour would increase. The estimates on elasticity of substitution indicated that the best substitutes are land-seed, land-animal power plus mechanical power and land labor in the Boro season. In the T-Aman season, the best substitutes were found to be land-irrigation in Chuadanga and land animal power plus mechanical power, land seed in Gazipur.

Hossain, M et al. (2004) conducted a farmer participatory experiment, demonstrated to participating farmers as well as to the farming community substantial gains that could be reaped by carefully managing the production, cleaning and preservation of seeds. Engaging the farmers in the experiments improved their awareness about the importance of seed health in crop production and earned their trust in adopting improved technologies for seed management. The result showed that rice yield could be increased by at least 10% just from using quality seeds. More widespread dissemination of information on the seed management practices could be done through the broader media coverage and through the agricultural extension services, and by creating a cadre of seed entrepreneurs among farmers in each union. It was estimated that yield gains from using quality seeds would translate to production gains of US\$360 million a year if this practice is widely adopted by Bangladeshi farmers.

Mia et al. (2002) conducted an experiment at BRRI Gazipur on storage of rice seed. Four different containers were plastic drum, motka, metal drum and sack with polyethylene lining and tested additives were ash, chalk powder, dried neem leaves and naphthalene, respectively. Among different containers plastic drum and painted motka and some additives were reported to be effective for safe storage of rice seed.

Fakir et al. (2000) stated that rice seeds while growing, maturing and ripening in the standing plant in the field, can be infected by different seed borne diseases caused by fungal, bacterial and nematode pathogens. The dormant condition of the seed is highly favorable for the survival of these pathogens in it. Seed borne pathogens cause germination failure, rotting of seed, root and weight loss of the seed in addition to spotting and discoloration to the seed. Besides seed borne pathogens, seeds may also carry weed seeds, insect damaged seeds, other variety mixtures, inter matter, unfilled grains etc., which reduce the seed quality.

Hossain, M et al. (2000) conducted a study to understand farmers' knowledge, attitudes and practices regarding seed management in Bangladesh. During the survey period considerable geographical variation was noted in the responses on socioeconomic problems. A minority of farmers reported problems with the high cost of fertilizer. Low output price was the major problem. About 47% farmers could not identify specific insects and diseases. Others reported that the pest causing the highest yield loss were stem borers, rice bugs and rice hispa. The study also showed that seed vigor is greatly affected by improper drying of seed. They showed that many farmers harvest a selected portion of the field for seeds. Farmers are more concerned about the quality of the boro seeds, because boro is harvested during the monsoon season and hence the grain has high moisture content.

Alam, et al. (1995) carried out a farm level household survey during 1995-1996 in six different agricultural regions of Bangladesh to overview the status of MV rice seed used by the farmers and the socioeconomic constraints on the use of better seed. Tabular and descriptive statistics were used to analyze the household level information on MV rice seed utilization pattern in different regions of Bangladesh. The study showed that more than 80% of the rice seed used in farmers' fields in all the study locations was the farmers' own preserved and seed use rate was much higher than the recommended rate. The study further revealed that about 50% of farmers usually select seed from the general crop lot and collect seed after harvesting without removing the off types.

RESEARCH METHODOLOGY

The study was conducted in Gazipur district. To carry out the present study two villages of Sreepur upazila under Gazipur district were purposively selected. Data were gathered using a structured questionnaire designed for the study. Information was generated from two villages in Gazipur district through formal interview of 120 farmers in Boro season.

PROFITABILITY ANALYSIS

THEORETICAL FRAMEWORK

Cost and return analysis is the most common method of determining and comparing the profitability of different farm enterprises, cropping patterns. Net return is defined as the difference between total revenue and total cost. The net return from rice production using clean healthy seed technology is defined as:

$$\pi = TR - TC$$

$$\pi = P_y \times Y - \sum_{i=1}^n P_{xi} \times X_i$$

Where,

π = net return from healthy and farmers saved seed plot (Tk/ha)

TR = total revenue from healthy and farmers saved seed plot (Tk/ha)

TC = total cost from healthy and farmers saved seed (Tk/ha)

Y = quantity of output of healthy and farmers saved seed plot (Ton/ha)

X_i = quantity of i^{th} input (kg/ha)

P_y = price of output (Tk/ton) and

P_{xi} = price of i^{th} input (Tk/kg)

BENEFIT COST ASSESSMENT

Profitability analysis is useful in analyzing and comparing the relative benefit of a new technology. Net farm income, benefit-cost ratio, returns to labor, returns to family labor, returns to capital and returns to management were computed by utilizing the following formula-

☐ Net farm income = Gross farm income - Total farm expense (Measures of return to family labor for their labor management)

☐ Benefit cost ratio = Gross return divided by total full cost or by cash cost.

☐ Returns to labour = $\frac{\text{Gross return} - \text{Material input cost}}{\text{Total labour hours}}$

☐ Returns to total capital = Net farm income - value of family labour.

☐ Returns to management = Net farm income - value of family labour - interest on operating capital.

PARTIAL BUDGET ANALYSIS

In order to assess the breakdown of economic advantages of healthy seed method over the farmer's own seed used partial budgeting technique was employed.

SOCIO ECONOMIC PROFILE AND SEED MANAGEMENT PRACTICES**DEMOGRAPHIC CHARACTERISTICS****AGE, FAMILY SIZE AND EDUCATION**

In Bangladesh, 80% of the rice seeds planted are obtained from farmers' own harvest, 10% are exchanged or purchased from neighbors, and 10% are certified seeds supplied by government, or non-government organizations (NGOs), and private seed companies. Table1 presents the socio-economic profile of farmers of Gazipur respectively. Average age of household head was above forty in Gazipur. Average family size of Gazipur was six members per household. More than 75% of the household income was reported to be from agricultural sources. The independent samples T-test reveals no significant difference in age of both sexes, years of schooling for male and female, family size, adult male, adult female and agricultural income, except of number of children aged below 12 years.

TABLE 1: HOUSEHOLD CHARACTERISTICS AND SOCIO-ECONOMIC PROFILE

Socio-economic Demographic Indicators	Gazipur
Age of household (Avg.)	45**(29.4)
Age of spouse (Avg.)	32**(145.9)
Family size (Avg.)	5**(30.3)
Adult male > 12 (Avg.)	2**(15.4)
Adult female > 12 (Avg.)	2**(19.4)
Children < 12 (Avg.)	1**(9.4)
Agril. Income (%)	79**(36.0)
Non agril. Income (%)	21**(9.4)
Farm size (Avg. hectare)	.70**(8.1)
Education of head of house hold (Years of schooling)	6**(11.3)
Education of spouse (Years of Schooling)	6**(3.9)
No. of male workers engaged in agriculture activity.	2**(19.1)
No. of female workers engaged in agriculture activity.	2**(20.849)
No. of male workers engaged in non-agriculture activity.	1**(9.0)
No. of female workers engaged in non-agriculture activity.	.07**(2.2)
House hold head spent hours in agricultural agricultural works (hours/day)	7.54**(62.0)
Spouse spent hours in agricultural agricultural works (hours/day)	5.85**(23.7)

Source: Field Survey

Figures in the parentheses indicate the "t" value

**Significant at 1% level

*Significant at 5% level

Analysis showed that male household head were working full time (8 hours/day) in agriculture.

PROFITABILITY ANALYSIS OF HEALTHY RICE SEED**COST AND RETURN ANALYSIS FOR HEALTHY SEED**

Cost and return analysis measures the profitability of different enterprises and technologies and help the farmers to make decisions in selecting the technologies.

INPUT COST SHARE ANALYSIS OF BORO RICE

The cost share of Boro rice inputs in Gazipur are presented in Table 2. About 43% cost was shared by labour in Gazipur and the remaining (Above 50%) was shared by non-labour inputs. Among non-labour inputs, irrigation was the most important input in Boro season, sharing about 13% at Gazipur of the total cost, other cost items are fertilizer, seed and power-tiller which contributed 7.17%, 3.76% and 2.62% respectively. (Table 2).

TABLE 2: INPUT COST SHARED IN BORO RICE PRODUCTION ON A PER HECTARE BASIS AT GAZIPUR

Description	Gazipur	
	Amount (Tk)	Percent
Labour	15485	43.39
Seed	1340	3.76
Fertilizer	2558	7.17
Irrigation	4550	12.75
Green manure	815	2.28
Bullock	934	2.62
Power tiller	104	.29
Interest on operating capital	277	.78
Variable cost	26065	73.03
Fixed cost	9624	26.97
Cash cost	18769	52.59
Non-cash cost	16919	47.41
Total cost	35689	

Source: Field Survey

The profitability of Boro rice production in Gazipur for healthy seed and farmers saved seed are compared in Table 3.

TABLE 3: COSTS AND RETURN (TK/ha) OF BORO RICE CULTIVATION AT GAZIPUR

Items	Gazipur	
	Boro	
	Healthy Seed plot	Farmers Saved Seed plot
Yield(Ton/ha)	5.19	4.75
Grain	33375	30545
Straw	8592	8592
Gross return(TK/ha)	41965	39137
Paddy price(TK/ton)	6431	
Cost of production(tk/ha)		
Full cost basis	35689	34512
Cash cost basis	18769	
Cost(Tk/ton)		
Full cost basis	6876	7266
Cash cost basis	3616	3951
Cost (TK/Kg)		
Full cost basis	6.88	7.27
Cash cost basis	3.62	3.95
Net return(TK/ha)		
Full cost basis	6278	4625
Cash cost basis	23197	20368
Gross margin	15902	14250
Benefit cost ratio(BCR)		
Full cost basis	1.18	1.13
Cash cost basis	2.24	2.08

Source: Field Survey

1. Net return (TK/ha) =Gross return-Production cost
2. Net return (Tk/ton) =Net return divided by yield
3. BCR=Gross return divided by total full cost or by cash cost.

For healthy seed the total cost of rice production in 1 hectare of land was estimated Tk.35,689/ha on full cost basis. In farmers saved seed plot on full cost basis Tk.34, 512/ha. The gross return of healthy seed was Tk.41, 965/ha and for farmers saved seed was Tk.39,137/ha respectively. (Table3) . Net return (Tk/ha) for healthy seed on full cost basis was Tk.6,278/ha and on cost basis it was Tk 23,197/ha. On the other hand farmers saved seed on full cost basis was Tk.4,625/ha and for cash cost basis it was Tk.20,368/ha respectively. The gross return of Boro rice production with healthy seed was estimated as Tk. 15902/ha and farmers saved seed at Tk. 1,4250/ha (Table 3). Therefore healthy seed technology gave higher yield, gross margin and net return in Gazipur district.(Table 3).

BENEFIT COST RATIO OF BORO HEALTHY SEED TECHNOLOGY OVER FARMERS SAVED SEED ONE

On full cost basis, benefit cost ratio (BCR) for the land with healthy seed in Gazipur was 1.18 while the BCR for the land with the farmers own seed was 1.13 for farmers saved seed. On the other hand, the benefit-cost ratios for healthy seed and farmers saved seed were 2.24 and 2.08 for Gazipur respectively, in terms of cash cost basis. Therefore, higher benefit cost ratio was observed for healthy seed in Boro season (Table 3.)

EFFICIENCY MEASURE FOR BORO RICE HEALTHY SEED TECHNOLOGY

The efficiency of labour, capital and management in the Boro season of Gazipur district was calculated.

RETURNS TO LABOUR

In Gazipur the labour market was higher on full cost basis for healthy and farmers saved seed. It was Tk.119/ha and Tk.108/ha on full cost basis and on cash cost basis Tk.130/ha and Tk.120/ha respectively (Table 4).



TABLE 4: RELATIVE ECONOMIC PERFORMANCE OF BORO RICE AT GAZIPUR

Items	Gazipur	
	Boro	
	Healthy Seed plot	Farmers Saved Seed plot
A.Gross margin	15902	14250
B.Cost per kg		
Full cost basis	6.88	7.27
Cash cost basis	3.62	3.95
C.Net return per kg		
Full cost basis	1.19	0.96
Cash cost basis	4.45	4.27
D>Returns to labour		
Full cost basis	119	108
Cash cost basis	130	120
E>Returns to total capital		
Full cost basis	1968	315
Cash cost basis	18887	16058
F>Returns to management		
Full cost basis	1136	-517
Cash cost basis	18055	15226

Source: Field Survey

RETURNS TO CAPITAL

It was Tk.1,968/ha and Tk.315/ha on full cost basis in healthy seed and farmers saved seed respectively. On cash cost basis return was Tk.18,887/ha and Tk.16,058/ha. The healthy seed returns to capital was higher compared to farmers saved seeds (Table 4.)

RETURNS TO MANAGEMENT

It was found that in Gazipur returns to management for healthy seed on full cost basis was Tk.1,136/ha and farmers saved seed was negative, on cash cost basis it was Tk.18,055/ha for healthy seed and for farmers saved seed it was Tk.15,226/ha. In the study area the returns to management was higher in healthy seed compared to farmers saved seed (Table 4).

PARTIAL BUDGET ANALYSIS BETWEEN HEALTHY AND FARMERS SAVED SEED

In order to assess the breakdown of economic advantages of healthy seed method over the

TABLE 5: PARTIAL BUDGETING OF BORO RICE CULTIVATION USING HEALTHY SEED VS FARMERS SAVED SEED AT GAZIPUR

Debit	Taka	Credit	Taka
1.Cost incurred for Boro rice cultivation using healthy seed	35689	1.Cost saved for not cultivating Boro rice using farmers own seed	34512
2.Revenue forgone for not cultivating Boro rice using farmers saved seed	39137	2.Revenue earned from Boro rice cultivation using healthy seed using	41967
3.Profit/Loss	+1653		
Total	76479		76479

Source: Field Survey

farmers saved seed method, partial budgeting technique was employed in Table 5 and analysis showed that, rice production with the healthy seed proved to be more profitable than the farmers saved seed method in Boro season at Gazipur. Farmers were able to obtain much higher profit using healthy rice seed instead of farmers own preserved seed in Boro season.

CONCLUSION

- The following socio-economic characters were found in Gazipur district.
 - Duration of working of male farmers was affected by household education, family size, number of male workers and non-farm occupation.
 - The regression results indicated that the higher education of the household head, less work was done by the household head.
- The farm specific variability in farmers knowledge, attitude, perceptions particularly in use of quality seeds and seed management practices which are highly technical to farmers were identified as the most important factors contributing more to the variation in yield, insect and pest pressure. Any effort in improving farmers' knowledge on rice production through farmers training and farmers participatory experiment and arrangement of cross site visit, field visit and demonstration could help in minimizing yield gap in between farmers own seed and healthy seed.
- Per hectare yield was higher in healthy seed plot compared to farmers' saved seed plot.
- Seed management is one of the major ways of maintaining its quality. Farmers practice different manual seed management methods. Very few farmers practice chemical treatment methods.
- About 10% to 15% yield was increased by use of healthy rice seed in different seasons.
- Input cost share in rice production showed that labor was most important in terms of cost share.
- Higher benefit cost ratio was observed for healthy seed in Boro season.
- Partial budget analysis showed that healthy seed users get higher profit TK 1653/ha in the Boro season.

RECOMMENDATION AND POLICY ACTION

Based on the findings of this study, the following recommendations would help policy makers to implement the technology:

- The importance of quality rice seeds in increasing yield has been widely recognized. Generally, farmer-to-farmer exchange is a major source of seed in Bangladesh. It has been documented that the use of healthy clean seed by farmers can raise yield. A strong policy support would be required to achieve the target of using healthy seed in Bangladesh. To promote a technology that offers great potential for increasing agricultural output, the government should closely follow an effective extension strategy in the target areas. Extension agents should be capable of making recommended technology known to all farmers, and exercising efficient supervision.

2. Farmers saved seeds should be stored properly. They should measure the moisture level of their seeds. Farmers should add different additives like neem leaves and naphthalene to save their seeds from insect damage. Government and different NGO's who are working with the farmers in the field level should inform the farmers to use additives in their seeds.
3. About 50% of farmers are using their saved seed for their rice cultivation. Government or NGO should motivate farmers that their saved seed should be replaced by healthy seed.
4. Awareness should be developed among rice farmers about seed-borne disease so as to save their seeds from seed borne diseases.
5. Training programmes should be conducted among male and female farmers for seed grading, seed production and preservation. This type of training will develop farmers' knowledge about spotted seed, deformed seeds, varietal mixture unfilled seed, germinated seed, weed seed and inert materials etc.
6. From the findings it was observed that female farmers are fully involved in seed cleaning, sorting and preservation. So all types of training on seed preservation should be given to the female farmers.

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PRODUCT POSITIONING STRATEGY CAUSING SUCCESS OR FAILURE: CASES-BASED OVERVIEW

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ABSTRACT

Last few decades have witnessed the various marketing programs and tools in cementing brand image and perception in the consumer mind space, which was championed by Ries and Trout during 1970's. The purpose of this paper is to explore how positioning plays a role in influencing the success or failure of a product in a competitive market. Methods include exploratory research containing reviews and cases. The findings strongly suggest the way positioning is used has a greater influence on the fate of a product. Limitation lies in methodology of the study, hence it does not safely merit generality and universality. The study is significant to the academia, marketing practitioners, consultants, researchers, students and others.

KEYWORDS

positioning, communication, branding, product success, and product failure.

INTRODUCTION

From classic marketing to current one across the temporal spectrum, product is conceptualized, developed, and delivered, to meet or exceed the consumer's expectation on its three pronged performance - functional, emotional, and aesthetic. Across this continuum, the marketer diligently places or positions the image of a product or brand in the consumer mind in a competitive market with a view to lucidly telling about the purpose, attributes, and benefits of the offerings in socio-commercial spectrum. The way management conceptualizes, strategizes, and practices largely determines the success or failure of a product.

The marketers used positioning strategy until 1970s, but the approach was presumably directed to the market place. But later, the term, 'positioning', was first formally tossed by Al Ries and Jack Trout in 1982, through their book, "Positioning: The Battle for Your Mind", which revolutionized its true applicable concept. According to them, positioning is to create a distinct and unique image in the consumer's mind. It is perceptual and relative to one or more competitors. It is "the process of designing the company's offering and image to occupy a distinctive place in the minds of the target market" (Kotler and Keller, 2006). The act of positioning, being strategic, is integral to the organization's purpose and promise. Nonconformance to the positioning concept and practice is detrimental to a product. New Coke in 1985, Tylenol in 1982 exemplifies this. Reliance retail recently suffered from myopic positioning. Delight, a non-vegetarian Reliance retail store was terminated as it could not strike a fine balance among availability, convenience, and community.... "Non-veg business doesn't gel well with the values of Ambani family (Pandey, 2013).

Recent time has witnessed how wise custodians of products, such as Apple, McDonald's, Zara, Hyundai, Harley-Davidson, etc., have successfully positioned their product's image, first, in the already battle-infested mind space of the consumer, and then shelf space.

The positioning is about how the consumers "perceive the quality, attributes, value, price, and image of the brand" (Keller, 2008). Right positioning is a key to brand building for any firm. Firms chart out communication and promotion strategies to make positioning and branding relevant and meaningful. The companies use repositioning mantra when the product's performance is questioned. Mahindra and Mahindra used revitalization strategy through Spark the Rise, which proved success.

PURPOSE OF THE STUDY

The purpose of this paper is to explore how positioning strategies influence the success or failure of a product or service in a competitive market.

SIGNIFICANCE OF THE STUDY

The study is significant to the academia, scholars, budding researchers, students, practitioners, consultants, and others.

SCOPES AND LIMITATIONS

Scope of the study includes product, brand, positioning, competition, and elected giant firms, while limitation are time constraints, limited resources, selected mini cases, and research methodology.

LITERATURE REVIEW

Positioning is a way of a firm's products and perception to capture a clear place in the consumer's minds (Kotler, et al, 2012). "Positioning is the act of fixing the locus of the product offer in the minds of the target consumers" (Ramaswami and Namakumari, 2009). The purpose of a product positioning is to build an image for a brand in the consumer's mind in order for it to be above the overcrowded market (Subroto Sengupta, n.d, Ramaswami and Namakumari, 2009). Brand positioning is central for the application of a brand in a cluttered market (Aaker, 1996; Hooley et al., 1998; Kotler, 2000). Aaker and Joachimsthaler (2000) viewed brand positioning as a supplement to its identity and value proposition directed to communication for the consumer. Product can be positioned on the parameters, such as usage, product class, cultural symbol, customer benefits, pricing, etc.

The basis of brand positioning is set on the various marketing programs, strategies and tactics. "Positioning entails communication plans regarding the development of images of the brands that companies offer" (Ganiyu, et al, 2013). "A positioning strategy comprises of several related decisions or activities and it is the key outcome of the strategy development phase in the strategic marketing planning process" (Ganiyu, et al, 2013). Ries and Trout (1997) viewed that positioning a brand in the consumer's mind is one of the starting points to be successful in the competitive market, which provides competitive advantage. Positioning usually refers to plain connotation a place - place of a product in the market), a comparative basis - product deliverables of the product against its competitors on certain evaluative parameters, and as a mental attitude - consumer's perception towards a product (Ganiyu, et al, 2013).

RESEARCH METHOD

The research design is exploratory and descriptive in nature using literature review and six cases of globally reputed organization experiencing positioning strategies and resultant consumer response.

CASES

Following is the list of famous successful and failed products

S. No.	Failed brands	Company	Launching Year	Main Reasons of Failure
1	Nano	Tata Motor	2009	"logical upgrade for a family of four with a two wheeler" did not work effectively, revised high price, hype
2	The Zune	Microsoft	2006	marketing strategy, less attractive than iPod, high price, and lower sales
3	Breakfast Mate	Kellogg's	1999	refrigerated milk in the pack, taste, child –unfriendly pack, wrong ads, high price, etc.
4	Arch Deluxe	McDonald's	1996	adults targeted, pricy, and sophistication
5	Persil Power	Unilever	1994	removed stains, but damaged clothes also, consequence was huge recall, lawsuits, etc.
6	Apple Newton	Apple	1993	high price and bulky
7	Premier, Smokeless Cigarettes	RJ Reynolds'	1988	"produced a smell and a flavor that left users retching.", smell like crack cocaine
8	New Coke	Coca-Cola	1985	low performance, taste, originality issue
9	Corfam, fake leather shoes	DuPont	1960s	fake leather and discomfort
10	The Edsel	Ford Motor	1958	design, mismatch between hype and delivery

List of Successful Products / Brands

S. No.	Successful Brands	Company	Launching Year	Main reasons for Product's Success
1	Galaxy S4	Samsung Electronic	2013	ad spend, technology, innovation, inspiration, futuristic, 'life companion'-slogan
2	iTune Store	Apple	2013	aesthetics, simplicity, and ease of use for songs
3	Gillette Fusion	P&G	2006	five blade technology, soothing micro-pulses, etc.
4	Nike Plus	Nike	2006	innovation, measuring pace and distance
5	Fair and handsome	Emami Group	2005	15-35 age group of Indian men for fairness tagged as, Be fair Be handsome'
6	Gmail	Google	2004	scholastic search, storage capacity, better feature, ease of use, fast, etc.
7	Zara	Inditex Group	1974	digital strategy, least turnaround time, sophistication, aspiration, key pillars: beauty, clarity, functionality, and sustainability
8	Big Mac	McDonald's	1967	access, quick service, everyday value price, secret ingredients, etc.
9	Corolla	Toyota	1966	economy, safety, reliability, and style
10	Lux	Unilever	1924	toilet soap, promoted through movie star

EMIRATES AIRLINES

The positioning statement of Emirates Airlines is "The finest in the sky". "Emirates have a new platform and direction "Hello Tomorrow" which positions itself as an enabler of global connectivity and meaningful experiences". The company has placed itself on consumer life style and not as brand of travel icon. The company has positioned itself on the high end and long haul turf (Leick, 2007). "The introduction of glitzy A380 to Los Angeles provided a logical fit as this airliner epitomizes the pompousness of the Hollywood glamour" (www.khaleejtimes.com, 2013). The company has been successful in presenting a memorable and special experience. "They provide quality service to their clients in terms of comfort, convenience, safety and onboard entertainment". "Emirates ranks first in product differentiation such as on board mobile phone usage, internet browsing and sun and moon concept". Emirates airlines close competitors are Lufthansa, Air France and Etihad (Paul, 2013).

STARBUCKS

The company has globally emerged as powerhouse of beverage brand in an incredibly short span. Part of success is attributed to its positioning strategy, which is essentially centered on experience, which is an equivalence of unique selling proposition. It has tried to create human spirit over a cup for the user and another for the neighborhood. The company plants its resounding message in the mind of young college students, social classes, and neighborhoods who do not mind paying \$3 to enjoy its holistic value. The company, being in an expansion mode, is capturing the audience of wider age band, small towns, country sides, highway rest stops, with rapid growth and expansion (Bremont, 2013). Positioning statement of Starbucks is roped in a premium beverage, which promises a unique pleasant and pristine experience to its consumer. The approach diligently creates a fine balance between its offerings and consumer's lifestyle. They want to be more than just a comfortable coffee house and be associated with high quality products and service. The ambience should be relaxing and calming. Starbucks has positioned themselves for the very busy people and those who will not compromise on taste and quality. The company thus has been phenomenally successful in its product positioning and marketing activities at large.

SOUTHWEST AIRLINES

South West Airlines as ingrained its positioning into internal branding in its promises and deliverables, which is mirrored in its mission statement as "dedication to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and the company spirit (www.southwest.com, 20132). The company hopes to see its employees spinning the same warmth, respect, and responsiveness to the customers. Such approach at Southwest Airlines is not in congruence with the conventional practice of 'customer first'. The positioning mantra includes luv, team spirit, and altruism (Milles and Mangold, 2005). The positioning through internal branding is further reinforced through "company's pledge to provide safe, affordable, reliable, timely, courteous, and efficient air transportation" (Southwest Airlines, 2005).

FAILED BRANDS**NEW COKE**

Turner (n.d) is of the view that, "many people have selective memories about the Coca-Cola Company's decision to launch the product and the initial consumer reaction". The company was experiencing a continued saturation in the market or its products for many years, while Pepsi was doing good by repositioning itself on youthfulness through Pepsi Challenger' and Pepsi Generation in 1970's and 1980 respectively. All along, Pepsi continued to claim on customer's preference of Pepsi's taste over Coke, which propelled the latter to introduce the new formula on taste in response to Pepsi. The company introduced New Coke and terminated original Coca-Cola on April 23, 1985. But consumers did not accept this newer version (Haig, 2011). "And production of the original formulation ended that same week" (Mikkelsen, 2011). This is believed to have been one of the biggest marketing blunders in its history (Haig, 2011).

ARCH DELUXE

McDonald's with famous tag line, 'I am loving it', revolves its positioning around kids, family, teens and health and wellness. It is promoting itself not only as a fast food place but also as a social space. McDonald's, based on thorough research, two years testing and huge promotional spend of \$100 million, introduced hamburger, Arch Deluxe to adults, in 1996. The company ran campaign employing 'Ronald McDonald playing adult's role such as playing golf and night club dance stating, "McDonald's is growing up". But the consumer complained about its taste, unhealthiness, high price: being at more than \$2 relative to 99 cents from Burger King, higher calories-610 (Peterson, 2013). Consumers did not count on "sophistication, tantalization, and culinary delights", rather, they were looking for "cleanliness, consistence, and convenience".... Miller opined that "McDonald's in this context was not cognitive, it was reflexive....it created a need to think" (Haig, 2011). It's been considered one of the most expensive product failures in McDonald's history (Bhasin, 2011).

HARLEY-DAVIDSON

Harley-Davidson, in excess of a 110 year market presence, created Harley Owners Group (HOG), and rose to 1.4 million members by 2010. Harley Davidson has raised its brand to have assumed cult power (casestudyinc.com, 2012). The CEO of Saatchi and Saatchi puts, this brand has built its own mythology. The brand characterizes courage, determination, boldness, ruggedness, confidence, freedom, macho connotations, rituals, raw power, among others. The owners are true to the brand and least bothered about miniscule pitfalls. This appeal is also about masculinity of the rider. The owners love to have tattoos and imageries on their bodies. The company capitalized on its consumer's strong loyalty by introducing perfume, aftershave, wine cooler, among other perfumery and fashion accessories (Haig, 2011). But, these new line extension including ties, and infant clothing went too far in the 1990s. Even the loyal customer could not resonate with the new line of products. The hard criticisms eventually forced the company to pull of several odd products (casestudyinc.com, 2012).

DISCUSSION

Based on the study coverage from literature review and mini cases on positioning strategies, Emirates has been successful in resonating with the consumers through various positioning strategies. 'Keep discovering, Fly Emirates' connected the consumer quite closely, and even 'The finest in the sky' has been contributing its part making the airliner ironically successful. Starbucks, since its inception, worked on professionals who wanted a third place, away from the office and the home. Also, the company offered a cozy environment for unwinding hem up, and even holding meetings. The company became successful in positioning its products quite sensibly. Southwest Airlines positioned its services being distinctive from its rivals in the industry. The company focused on internal branding with the expectation of passing the satisfaction to the consumers. The company did the necessary positioning strategies, which proved an enviable success. On the front of failures, Coca-Cola, sensing a continued success of Pepsi and resultant threat, hurriedly introduced New Coke, a sweeter version. The mistake lied in ignoring the long held originality of the product, eventually leading to a legendary fiasco. Arch Deluxe targeted the youth with huge ad spend and fanfare, but this segment found it unhealthy, expensive, and basically unappealing, which was a disaster. The company should have undergone a thorough research before formulation and introduction. Harley-Davidson concluded that its loyal customers would fall for anything containing its tag. But it was brand extension resulting in the failure of perfume and aftershave products.

CONCLUSION

In a highly competitive market, product positioning plays a key role in determining the product's success or failure. Company succeeds when it formulates and offers right product and is able to establish a right fit; such product, then, is set to succeed, whereas, when there is misfit between a product, communication, and consumer's learning, the product or service in question dwindles to doom. Success and failure of product should be attributed to a multitude of marketing programs, strategies, and tactics; of which positioning is one of the key constituents.

RECOMMENDATIONS

The firms must evaluate various internal and external forces and know the customers before introducing a product or service to the market. A good mix of communication, promotion, and marketing should be designed to communicate to the right customers at right time. Most importantly, positioning strategy must be holistic on paper and practice and be intended to establish competitively unique image in the consumers mind with a view to eventually create patronage from them.

FUTURE DIRECTION

The study can serve a basis for further researches on success or failure of a product because of 'positioning' separately. The nature of the study can also be taken up as an empirical one. Multi-disciplinary, comparative, and methodically various researches can be carried out for different extent.

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EVALUATION OF EQUITY FINANCING AS A CRITICAL ELEMENT IN DEVELOPING INDUSTRIES: EXPERIENCE FROM NIGERIA

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ABSTRACT

Persistent reliance on, and consequent channelization of equity funds by fund owners to virtually only the private investors in the developing countries has been quite a worrisome phenomenon, particularly as the Governments of most developing countries have continued to grapple with this cankerous octopus, and their economies have remained underdeveloped over the years. Evidenced by the perpetual stigmatization of Nigeria as a developing country since after her independence on October 1, 1960(53 years ago), and despite conventional remedial measures taken, lack of equity funds has continued to hunt development of the industrial sector, and by extension the Nigerian economy. This paper tests the hypothesis that under-development is associated with equity financing. The evidence collected from the Nigerian Breweries corroborated this hypothesis. This suggests that equity financing should be more liberally channeled so as to facilitate the Government transformation effort with a view to removing the Nigerian Government out of the developing nations' tag into a developed industrial nation. The model applied in the study was Multiple Regressions and its Coefficient. From the result, it was concluded that development is a function of equity funding of the industrial sector. The paper therefore recommended that equity financing of the industries should be accorded priority in the scheme of things if the country must developed.

KEYWORDS

equity financing, developing industry.

INTRODUCTION

An industry is a collection of different companies or entities producing a given commodity or service which is similar but may be slightly differentiated. For example, banking industry is a collection of many banks producing bank related services. Each entity making up a particular industry can only be set up and its operation maintained through one form of, or a composition of different forms of financing.

Financing therefore, means the act of making financial resources available to corporate bodies and other forms of business organizations. It involves the provision of necessary funds required for a business to get registered, get its capital and recurrent expenditures serviced, pay salaries of workers and meet its other day-to-day financial obligations as they fall due.

The various forms of financing available for a business may be:

- Equity financing
- Debt financing
- Equity derivations financing

Each of these forms of financing is a source of finance to an entity but the choice of a particular form of finance at any point in time is a function of its influence on the value indicators of a corporate body such as profit after tax, market price of its shares, shareholders' expectations, leverage ratio, etc.

However, equity financing which consist of investments made primarily or heavily on common stock is usually regarded as the most essential for any corporate entity, Rose (1997). This is probably because common stock transfers ownership rights to its investors thereby retaining membership or ownership of a given company. Hence, a new company must have equity investors who will promote the idea for the formation of the entity and take up the risk securities in order to provide the initial capital for paying up the formation expenses, acquisition of business assets among other things.

Therefore at this point, it can be gathered that any point in the life of a company and by extension a country, or industry, the need for equity financing cannot be overlooked. Equity funds transfers ownership rights, voting rights, right to sell or transfer shares to the investors. Furthermore, the amount of equity investors in a corporate body shows the extent to which investors are willing to take up ownership and risk their resources for the course to which the corporate entity is committed.

Equity funds then is seen as the primary financing base for a developing industry or new entity in order to begin or run its operations till the point where the investing public will be convinced to either invest more resources in the companies' common stock, preferred stock or debt instruments, that is, in the case of business organizations (private sector), unlike the government of Nigeria which provides essentially, social services to its citizenry.

Based on the foregoing, equity financing is viewed by many financial experts as an important and critical element to the survival of a developing industry within a country, though this view has also attracted much debate and criticisms. Hence, this research study is aimed at evaluating the place of equity financing as a critical element in a developing industry.

REVIEW OF RELATED LITERATURE

DEVELOPING INDUSTRY

The word "industry" can be used in many senses but economically speaking, industry refers to a group of firms producing similar products even though the products of each firm may be differentiated. It could also mean group of firms producing parts of a final commodity, (Udo and Agu,1989). It should however be noted that the final commodity in the definition above may be physical products or services. In other words, firms make up an industry and they produce similar goods and services for the consumer satisfaction though the products may be differentiated. Industry has been classified in the business world in relation to their level of production; which includes

- Primary or Extractive industry

- Secondary or manufacturing industry
- Tertiary or services industry
- Construction industry. Akrani (2012).

However, Global industry classification standards commonly identifies industry based on their similar functions and products, for example, education industry comprises different organizations producing educational services for consumer satisfaction. Other industries include chemical industry, electronic industry, paper industry, entertainment industry, software industry, hospitality industry, banking industry, automotive industry, food industry, etc.

Development on the other hand, refers to a positive change to any given situation. Industrial development refers therefore to continuous increase in the output or end product of an industry as well as changes in the technical and institutional arrangements by which these end products are produced. Based on the foregoing, one can say that a developing industry is an industry or group of firms involved in the production of a given type of product or services and which is yet to harness maximum utilization of manpower, technology, infrastructural facilities and ability to compete favorably with its foreign counterparts. It refers to an industry which lacks total advancement or sophistication in its output contribution as well as procedures.

FINANCE

Finance in an ordinary language, is simply money or funds channeled into a business or organization so as to enable such organization achieve its goal. According to Chilver (1990), money is at the heart of every business. Money is needed to pay wages, to acquire materials and convert them into finished goods, to advertise the goods and finally distribute them to the customers. And behind every entrepreneur's success, there is a story of someone who has been prepared to provide finance for the business. The finance may be needed at any of the following times,

- When the business is first being set up
- When expansion is being planned
- As a result of shortage of working capital i.e. when immediate income is falling short of immediate commitments.

The importance of finance in a firm cannot be over-emphasized taking into account the fact that most firms in the contemporary times resort to incorporation and as a result have their liabilities limited to the amount of shares held by their shareholders. The shareholders in question make available finances for promoting, setting up and continuous progress of the firm's activity with the expectation of continuous reward in form of dividends. This is always the case of **equity financing**. However, the fact still remains that equity fund provision may not always be enough or handy to cater for the financial needs of an organization as at when due. Hence, other sources of arranging funds for the continuous progress of a firm come into play. They include:

- Preference stock
- Debenture stock
- Retained profit
- Short-term sources of funds such as trade credits, promissory notes, bill of exchange, treasury bill, call –on-notice money, certificates of deposit, commercial papers, etc. Jhingan (2004).

In a nutshell, finance which on a broader scale is classified as either debt or equity finance, has been established as the primary resource used in the setting up of a firm and in extension of an industry; finance is necessary in acquisition of other factors of production, and sources of funds available to an organization in terms of time frame includes long-term and short-term funds. Also, among the types of finances available to a firm, equity stock and retained profit are internal to the firm, whereas all other types of finance are viewed as debt to the business.

FINANCIAL MARKET

The knowledge of sources and types of funds available to a firm raises a question on how to go about acquiring these funds. This brings us to the study of financial market. It is noteworthy however, that financial market in this regard does not point to a specific location but to an arrangement concerned with connecting or channeling units of excess funds to meet or cross the path of deficit fund.

Bhole (2004), posits that financial markets are the centers or arrangements that provide facilities for buying and selling of financial claims and services. It is also described as a channel through which moves a vast flow of funds that is continually drawn by users of funds and continually being replenished by suppliers of funds, Rose (1997).

Financial markets can be classified into:

- **Primary and Secondary markets:** under this classification, primary markets deal on new financial claims or securities; so they are known as new issues market whereas secondary markets deal on already existing securities. According to Bhole (2004), although secondary markets do not contribute directly to the supply of additional capital, they do so indirectly by rendering securities issued on the primary markets liquid.
- **Money and Capital markets:** these two markets perform the same function of transferring resources to producers, but differ on the basis of maturity period of their financial assets. Here, money market is designed for the making of short term loans (securities falling within one year or less). Capital market in contrast is designed to finance long term investments to business, households and governments (securities with maturity period of more than one year), Rose (1997). Examples of securities sold in capital markets are equity stock, preferred stock, debentures and bonds.

Keeping in view different purposes, according to Bhole (2004), financial markets have also been classified into the following categories:

- a. Organized and Unorganized markets
- b. Formal and Informal markets
- c. Domestic and Foreign markets.

EQUITY FINANCING AND DEVELOPING INDUSTRY

Equity financing which has to do with the art and science of supplying the funds needed for production of goods and services through the issue and sale of common stocks is a traditional form of capital. Its holders are the owners of the business. The right of current shareholders to maintain their fractional ownership of a company by buying a proportional number of shares of any future issue of shares is known as pre-emptive rights. It is also called subscription privilege or subscription rights. Shareholders are acclaimed to have a general pre-emptive right to anything of value that the company may wish to distribute as well as the ultimate control of the company's affairs. (Akinsulire,2003).

Having established that companies and industries by extension; need a measure of equity finance to start up their activities, however, their choices of further source of future financing options are determined by:

- **Length of the project:** the general rule is that maturity of the finance should match with the length of the project it is meant for. Short-term finance is recommended for short-term projects whereas long-term finance is recommended for long-term projects, (Akinsulire,2003).
- **Level of Risk:** Akinsulire (2003), is of the opinion that a project with a high risk will probably require some form of equity finance and that the use of debt with the burden of interest and capital repayment whatever the outcome of the project, would substantially increase the risk of insolvency.
- **Debt Capacity:** the ability to use debt finance for a new project can be valuable in terms of tax savings on the debt's interest but constant check should be made on the debt ratio because if a company is highly geared, it sends out signal of impending insolvency or liquidation to its creditors who may start pressurizing the firm for payments.
- **Control:** Existing shareholders are only able to maintain the level of control they exercise on a firm if additional needs for finance are met through retained earnings or rights issues.
- **Pattern of Cash flow:** The pattern which the cash flow of a project will form is of importance because where a company has to wait for long period during which it has to spend money without generating any revenue will present liquidity problems. The best source of finance here will be equity finance since the annual dividend can be small or even zero as it is varied according to profitability and situations.

EQUITY FINANCING VERSUS DEBT FINANCING

Equity fund is viewed as critical element in the financing of firms in a developing industry. It is viewed as a major element probably because it is the type of capital that bears the risk of the business and most times the possibility of actualizing a company's plan of debt financing lies heavily on the amount of equity

stock it has. According to Akinsulire (2003), a geared company is one that has an element of debt finance in its capital structure. And a high level of debt creates financial risk. He defined financial risk as the increased risk of equity holders due to financial gearing as opposed to operating risk which is associated with business risk.

Thus, it can be deduced that in financing companies within a developing industry, debt investors are usually interested in the gearing ratio and will be more willing to invest for a fair interest rate of returns if only the company is considerably geared. To establish the gearing level of the company, they study the capital structure. That is, the composition of equity capital and debt capital of the firm to know if the company is depending too much on debt when comparison with equity in financing its projects. The certainty of these investors in making their funds available for a business to use depends greatly on the business' ability to have accumulated equity funds as well as proper management of such funds.

However, it is important to note that the above position does not rule out the importance of debt financing. Debt financing is advantageous to a firm because:

- Its interests are tax deductible
- It boosts the earning per share provided that profit can be earned from the investment.
- It indicates the available debt capacity of the firm.

Hence Ogbada (2012), used the following examples of two situations, use of equity and debt financing to explain the importance of debt financing as exemplified by the resultant earnings to original stockholders

Afang Nig. Ltd is planning to expand its plant facilities. The project will cost N2,000,000 and is expected to provide income before taxes of N960,000 per year. The firm is on 50% income tax bracket. The fund needed for the expansion can be raised by selling debt obligations, selling common or preferred stock or any other combination. The firm has N2,000,000 worth of common stocks outstanding issued at par for N4 a share.

ANALYSIS OF THE THREE FINANCING OPTIONS

ANALYSIS OF THE THREE FINANCING OPTIONS

	Debt	Common Stock	Preferred Stock
Inflow before tax	N960,000	N960,000	N960,000
Interest	(240,000)	0	0
Income before tax	720,000	960,000	960,000
Taxes	360,000	480,000	480,000
Earnings after tax	360,000	480,000	480,000
Preferred Stock dividend	0	0	230,000
Earnings to common stockholders	360,000	480,000	250,000
Earnings to new stockholders	0	240,000	0
Earnings to original stockholders	360,000	140,000	240,000

From the analysis above, each financing option yields different amount of earnings to original stockholders. All things being equal, a profit maximizing firm will go for debt financing which yields the highest earnings to original stockholders but because of the gearing risk involved, it behooves the corporate finance manager to plan an optimum capital structure for his company. An optimum capital structure however, is obtained when the market value per share of a corporate entity is at its maximum (Aborode, 2005).

The use of equity, though very essential and important, has been critically examined by many financial analysts who believed that so many times, equity finance has received more recognition than is actually due it, leading to over-dependence on equity finance by developing industries which is termed "equity culture." According to Bhole (2004), Equity culture has to do with the practice of preferring the ownership securities more than debt securities. Bhole also sets out in detail the two implications of development of equity culture on the economy:

- An increase in households' investment in stock units as compared to bank deposits and an increase in security holdings by banks would increase the risk involved in portfolios and also increase the risk of destabilization of financial markets and the economy as a whole. The consumption spending might fluctuate more; households might behave as short-sighted novices and mutual funds may trade actively all of which can cause greater systematic instability.
- The large scale investments in equities would mean a decrease in the availability of finance to non-corporate sectors, the development of which is national commitment. He also stated that, "in view of this, it is inappropriate to aim at some interest rates or levels of tax or any other device designed to artificially jack up the demand for equities. There is no reason to press for providing funds to industry through equities. Japan has industrialized at an enviable rate in spite of the absence of equity culture there. The conventional wisdom, the tyranny of imported ideas and the emotional stance that the equity market is a barometer of the health of the economy, and that the development of equity culture is crucial for industrial development should perhaps be discarded."

The above view as held by Bhole, is however in contrast with that of John, Berk and Demarzo P. (2007), who described equity investors as "angel investors". This calls for further study and analysis of the criticality of equity financing as an important element in a developing industry.

STATEMENT OF PROBLEM

Every single firm that makes up an industry must in one way or the other make financing decisions. These financing decisions are so important to the growth and viability of an entity to the extent that some companies hire the special services of a manager whose primary function it is to make decisions of investments and how best to go about financing such investments. These managers are not in the least bothered about the mundane functions of administration but are highly committed to analysis and consequent advice for corporate financial decisions.

In deciding the best source of finance, most often managers face the problem of deciding whether to use equity finance or debt financing methods. This is probably because where equity financing checks against high gearing, debt finance has the tax savings advantage (debt interest are tax deductible).

Also, the concept of equity culture which has to do with the practice of preferring the ownership securities (that is, equity) more than debt securities has recently been criticized by some finance writers who emphasized on the need for fund users to look at the inherent problems associated with the issue and use of equity funds (Bhole, 2004). They also believed that industrial development is not a function of equity financing and that the need to access the advantages of debt financing is paramount.

Narrowing down to firms functioning in the developing industries such as brewing industry; it becomes important to know whether equity financing is critical to the growth, survival and consequent development of such firms and industry by extension. Hence, the researchers tried to assess whether there exist a relationship between the use of equity financing/capital as a financing option, the debt finance and the company profit after taxation of the entity. And if established that it exists, what type of relationship it is, that is, the significance of such relationship.

SCOPE OF THE STUDY

Due to the fact that a given researcher may not be able to work effectively with unlimited amount of data, it is important to define the delimitations of any study. Ensuring that in the process, the chosen study population is properly studied and is a good yardstick for measuring the variables in question.

The scope of this study is limited to the use of equity financing options in firms within a developing industry. The researcher chose brewing industry as a developing industry, with particular reference to experience gathered from the Guinness Nigeria Plc. Also, the variables studied were equity share capital as first the causal factor, debt funds as the second causal factor whereas profit after tax of Guinness Nigeria Plc for the periods ranging from 2003-2011 were studied as the dependent factors.

OBJECTIVES OF THE STUDY

As the topic implies, this study has the main objective of critically evaluating equity financing as a critical element in a developing industry. In order to achieve this objective, the researchers specifically intends to:

1. Establish if equity capital, debt funds have impact on the corporate profit after taxation;
2. Find out the type of effect equity capital and debt funds have on corporate profit after tax;
3. To calculate the relationship and extent of relationship that exists between equity capital, debt funds and the corporations' after taxation; and
4. Make recommendations based on the findings made.

AREA OF STUDY

The research was carried out in Nigeria. Nigeria has been classified as one the developing countries of the world. The economy which presently has optimally utilized its natural resources is constantly undergoing reforms often spearheaded by the federal government. The essence is to improve industrial development by setting up social infrastructures and amenities as well as inviting foreign investors to invest in the economy. Nigerian economy is economically classified as mixed combining the feature of both capitalist and socialist economic systems. The economy is also characterized by many industries all of which are a composition of private individuals, corporate bodies and government.

Most of the industries in the economy are still in their developing stage. These include the banking industry, hospitality industry, entertainment industry, food and beverage industry, brewing industry, education industry and many others.

The study concentrates on the brewing industry because of its popularity among the Nigerian people and hence it has enormous branch network in and around the country.

RESEARCH METHODOLOGY

SAMPLING PROCEDURE

The sampling procedure used here was judgmental sampling. The researchers judged a particular firm in the brewing industry that is, Guinness Nigeria Plc and undertake a comprehensive visit to quite a number of branches to gather required data. The firm was purposely selected as it is one that has been operating in the Nigerian economy since 1950 and uses both equity and other debt options in financing its activities. Also, the researchers studied variables from the firm's financial annual reports from the periods between 2003-2011.

DATA COLLECTION PROCEDURE

The data used for this study was obtained from both primary and secondary sources. This involved accessing and downloading Guinness Nigeria Plc's annual financial reports for the periods under study; and picking out the variables needed for the study. We also, obtain some information from key individuals in the company to further authenticate the data got from the records before use.

METHODS OF DATA ANALYSIS

The tools employed in the analysis of this study include multiple regression analytical tool which was used in testing Objective 1.

Coefficient multiple regression is another method of data analysis which was used in testing objective 2 and 3.

MODEL SPECIFICATION

Objective 3: specification of the model of factors affecting the profit after tax of Guinness Nig. Plc. $Y = F(X_1, X_2)$

Where:

Y = profit after tax

X1=equity share capital

X2= debt finance

DATA PRESENTATION AND ANALYSIS

DATA PRESENTATION

The data derived from the annual report statement of Guinness Nig Plc was as presented in the table below.

Table 1: PRESENTATION OF PROFIT AFTER TAX, EQUITY FUND AND DEBT FUND OF GUINNESS NIGERIA PLC FOR THE PERIOD 2003 – 2011.

YEARS	PROFIT AFTER TAX Y (IN MILLIONS)	EQUITY X1 ('MILLIONS)	DEBT X2('MILLIONS)
2003	6636	354	0
2004	7914	590	5000
2005	4859	590	8500
2006	7440	590	8500
2007	10691	738	3500
2008	11861	738	0
2009	13541	738	0
2010	13736	738	1299
2011	17928	738	1333

SOURCE: GUINNESS NIG. PLC ANNUAL REPORT FROM 2003 - 2011

DATA ANALYSIS 1: MULTIPLE REGRESSION ANALYSIS

The data presented in Table 1 was analyzed using multiple regression technique in Table 2 below:

YEARS	Y	X ₁	X ₂	Y	X ₁	X ₂	Y ²	X ₁ ²	X ₂ ²	X ₁ Y	X ₂ Y	X ₁ X ₂
2003	6636	354	0	-3875.8	-292	-3126	15021825.64	85264	9770625.64	1131733.6	12114975.64	912733.6
2004	7914	590	5000	-2597.8	-56	1874.2	6748564.84	3136	3512625.64	145476.8	-4868796.76	-104955.2
2005	4859	590	8500	-5652.8	-56	5374.2	31954147.84	3136	28882025.64	316556.8	-30379277.76	-300955.2
2006	7440	590	8500	-3071.8	-56	5374.2	9435955.24	3136	28882025.64	172020.8	-16508467.56	-300955.2
2007	10691	738	3500	179.2	92	374.2	32112.64	8464	140025.64	16486.4	67056.64	34426.4
2008	11861	738	0	1349.2	92	-3126	1820340.64	8464	9770625.64	124126.4	-4217329.36	-287573.6
2009	13541	738	0	3029.2	92	-3126	9176052.64	8464	9770625.64	278686.4	-9468673.36	-287573.6
2010	13736	738	1299	3224.2	92	-1827	10395465.64	8464	3337198.24	296626.4	-5889968.56	-168065.6
2011	17928	738	1333	7416.2	92	-1793	5500022.44	8464	3214131.84	682290.4	-13295763.36	-164937.6
	94606	5814	28132	-0.2	0	-0.2	139584487.6	136992	97279909.56	3164004	-72446244.44	-667856

Where Y = profit after tax

X₁ = equity finance

And X₂ = debt finance

Mean of Y (\bar{Y}) = $\sum Y/n$; where number of variables (n) = 9. Hence \bar{Y} = 94606/9 = **10,571.8**

Mean of X₁ (\bar{X}_1) = $\sum X_1/n$; \bar{X}_1 = 5814/9 = **646**

Mean of X₂ (\bar{X}_2) = $\sum X_2/n$; \bar{X}_2 = 28132/9 = **3125.8**

Therefore, $y = Y - \bar{Y}$

$x_1 = X_1 - \bar{X}_1$

$x_2 = X_2 - \bar{X}_2$

The regression line is represented as follows: $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2$

Where

$$\beta_1 = \frac{(\sum x_1 y)(\sum x_2^2) - (\sum x_2 y)(\sum x_1 x_2)}{(\sum x_1^2 \sum x_2^2) - (\sum x_1 x_2)^2}$$

$$\text{Hence, } \beta_1 = \frac{(3164004 * 97279909.56) - (-72446244.44 * -667856)}{(136992 * 97279909.56) - (-667856)^2}$$

$\beta_1 = 20.14$

$$\beta_2 = \frac{(\sum x_2 y)(\sum x_1^2) - (\sum x_1 y)(\sum x_1 x_2)}{(\sum x_1^2 \sum x_2^2) - (\sum x_1 x_2)^2}$$

$$\beta_2 = \frac{(-7244626244.44 * 136992) - (3164004 * -667856)}{(136992 * 97279909.56) - (-667856)^2}$$

$\beta_2 = -0.6065$

$$\beta_0 = \bar{Y} - \beta_1 \bar{X}_1 - \beta_2 \bar{X}_2$$

$$\beta_0 = 10511.8 - (20.14 * 646) - (-0.6065 * 3125.8)$$

$$= 10511.8 - 13010.44 + 1895.80$$

$\beta_0 = -602.84$

The Regression line is therefore expressed as follows: $Y = -602.84 + 20.14 X_1 + -0.6065 X_2$

TESTING OF OBJECTIVE 1

OBJECTIVE 1

To establish if there is a causal relationship between equity funds, debt funds and profit after tax of Guinness Nigeria Plc

From the analysis in Table 2, the regression equation derived was $Y = -602.84 + 20.14 X_1 + -0.6065 X_2$

This means that a causal relationship actually exist between equity funds, debt funds and profit after tax of Guinness Nigeria Plc.

TESTING OF OBJECTIVE 2

OBJECTIVE 2

To determine the effect that equity fund and debt fund have on profit after tax of Guinness Nigeria Plc.

From the multiple regression equation derived in analysis 1, $\beta_1 = 20.14$. This indicates a positive relationship between equity capital and profit after tax of the company. In other words, equity capital has a positive effect on the profit after tax. This is because the profit of the company increases with increase in the equity financing of the company.

On the other hand, $\beta_2 = -0.6065$, shows a negative relationship between debt finance and profit after tax of the company. This means that debt funds have a no significant effect on the profit after tax of the company.

DATA ANALYSIS 2: COEFFICIENT OF MULTIPLE REGRESSION (R^2)

$$R^2 = \frac{\beta_1 \sum x_1 y + \beta_2 \sum x_2 y}{\sum y^2}$$

$$R^2 = \frac{(20.14 * 3164004) + (-0.6065 * -72446244.44)}{139584487.6}$$

$$R^2 = \frac{107661687.8}{139584487.6}$$

$R^2 = 0.7713$

TESTING OBJECTIVE 3

Objective 3: To calculate the extent of the significant relationship between equity funds, debt funds and profit after tax of the company.

From the analysis in Data analysis 2, the coefficient of determination between the variables yielded a value of 0.7713. This shows that up to 77% changes in the profit after tax is caused by the changes in equity funds and debt funds.

We therefore say that the extent of the relationship between these variables is significantly positive.

CONCLUSION AND RECOMMENDATIONS

The study has tried to evaluate the critical nature of equity capital as a critical financing element in the developing industry.

A developing industry is usually characterized by huge expenditures of capital nature as the firms try to set proper infrastructures in place in compliance with professional codes or government directives. And most times these infrastructures being put in place may not start earning returns immediately, yet the firms involved must meet up with their day-to-day financial obligations in order to remain in business.

This probably is the reason why Akinsulire(2003), maintained that projects of long-term nature are better funded with equity capital which has the possibility of non-payment of interest (that is, the period of moratorium) or variation of interest amounts depending on the outcome of business.

From the results of this study, we therefore conclude that the use of equity finance in developing industries is a critical element and of paramount interest to the survival and growth of the developing industries. The use of equity finance gives the business a total control of the interest payments unlike debt financing in which case, interest rate is fixed and must be repaid to the investor whatever the outcome of the venture may be. However, this does not totally condemn the use of debt finance but rather it highlights the importance of equity finance to the industries that are involved in major, risky and long-term ventures as is the case with developing industries.

RECOMMENDATIONS

Based on the conclusions drawn above from this study, we therefore recommend the following:

- 1) Firms in developing industries should take the function of financing option in decision-making very serious as it is capable of making or marring the survival of the firms.
- 2) The cost, risk and implications of any debt financing option should be critically studied in the light of its equity relevance before final decision is arrived at.
- 3) Equity financing is critical to the survival and growth of developing industries; therefore it should be given due priority and disregarded only where it cannot be accessed within the required time frame or it has been properly ascertained that it would have negative effect on the activities of the firms.
- 4) Firms should however, not depend totally on equity finance because it may not be accessible as at when needed.

- 5) The importance of equity finance in the developing industries so evaluated should not discourage investors from investing in debt; as it leads to what Bhole (2004), describes as "equity culture" where he said, it discourages unincorporated firms.

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MERCHANDISE EXPORT PERFORMANCE IN ETHIOPIA FOR THE YEAR 2010 AND 2011

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ABSTRACT

Merchandise export is one of the means through which one country could attain foreign exchange. Export performance improvement has often been claimed to be a key element of development strategies for developing countries including Ethiopia. This study aimed to examine diversifications, compositions, growth, competitiveness, balance of trade and export performance with regard to GDP of merchandise export of the last 2 years (2010 and 2011) of current government. The study deals with trade policies towards export performance that has been pursued by the last past two different regimes. In addition, it also give emphasis on fluctuations of exchange rate of Ethiopian currency birr to US dollar and its implications to export performance over the last two years 2010 and 2011 has been mainly considered. Furthermore, data presentations, analysis and interpretations consider export performance of major items, balance of trades as well as export ratio to GDP and import values. Eventually, the research could suggest some ideas for policy makers so as to design balanced approach and policies. The policy implications have been drawn based on the data presentations analysis and interpretations, accordingly conclusions and findings of the study have been made. Hence, the researcher has drawn policy recommendations that have been made based on the findings of the study.

KEYWORDS

Export, foreign exchange, Import, Merchandise Performance.

INTRODUCTION

Ethiopian economy is dominated by the agricultural sector in which the country's development is determined by the performance of the sector. Even though the share of the sector to GDP reveals a continuous declining trend over the two decades, the traditional contribution of the sector to employment and foreign exchange earnings remained almost the same. The bulk of the country's merchandise export earnings are from the agriculture sector. The sector accounts about 80-90% of the total export value while the share of manufactured products was 11 %-12.5 %. This improvement is attributed to the industrial efforts (NBE: 2003). Commodity dependent economies are deemed to have lower growth prospects. This happens as a result of both the unfavourable world demand side and the low-income elasticity of demand for primary commodity. Mostly such primary agricultural commodities in the international market are price taker whatever price given by the supplier should be accepted as long as the items cannot be stored longer and perishable within short periods. On the supply side, the combined effects of lower skill and technology contents of commodity production and its negligible linkages with the rest of the economy would result in lower growth (Bonaglie and Fukasak, 2003: 12). As long as Ethiopia is heavily dependent on commodity exports and therefore vulnerable to external shocks, this might have retarded the export performance and the overall economy in general. To stabilize export earnings and foster growth, the need for accelerating export growth through diversification, improving competitiveness and growing export performance are essential. Improving its competitiveness and diversification to non-traditional manufactured product flourishes in new areas of competitive advantage and is considered as primary development strategy in many developing countries. Sustainable rapid growth in export is immediate solution to maintain GDP growth per annum. This makes the economy of the nation free from permanent dependence on large inflows of foreign aid, and helps to import industrial inputs like machinery, equipment, and consumer goods that rapid industrialization and continued agricultural expansion require (Ministry of Trade and Industry, 1998). Similarly, the current government also underlined the significance of export diversification as it is explicitly stated in its Agricultural Development Led Industrialization Strategy (ADLI) and different measures have been also taken to enhance the sector. However, the problem of dependency on agricultural products is not addressed. Here the core focus of the study is to analyse and investigate merchandise export diversifications, compositions, growth, competitiveness, balance of trade and export performance with regard to GDP of the last 2 years (2010 and 2011) of current government. The study also deals with trade policies towards export performance that has been pursued by the last past two different regimes. Newly emerging developing countries have been unable to significantly increase their export volume on their own. There are many reasons related to the level of national economic development to explain this. One main reason is the lack of knowledge about the many complex challenges involved in marketing abroad. International marketing is a much more complicated process than marketing and selling in the domestic economy.

To encourage growth of exports, governments can step in and provide business communities with needed support in various ways. Governments have many different policies, programmes and activities to help develop competitive products and increase export sales. (WWW.unescap.org/tid/publication). In contrast to inward looking development policy, outward-looking development policies "encourage not only free trade but also the free movement of capital, workers, enterprises and students..., the multinational enterprise and an open system of communication" (Todaro, 2002: 498). With the exception of petroleum and certain minerals, primary-product exports have grown more slowly, and the share of least developed countries exports has been declining over the few decades. Todaro (2000: 500) pointed out the factor that affecting demand for and supply of primary product exports of developing countries: On the demand side; the income elasticity of demand for agricultural products are low. Second, population growth rate of developed countries are low and at replacement level, so little expansion can be expected or needed from this source. Third, the price elasticity of agricultural commodities is low. Fourth and fifth factors working against the long-run expansion of least developed countries agricultural export earnings the development of synthetic substitutes and the growth of agricultural protection in developed countries are the most important.

REVIEW OF LITERATURE

Trade generates both static and dynamic gains in the country's or domestic economy. Static gains occur from the reallocation of resources between the trade and non-trade sectors following the opening up of the economy to trade. Resource reallocation enables the country to specialize in those lines of activity in which it possesses a comparative advantage and also enables it to benefit from exchange gains by trading with countries (FU X. 2004: 2). These static and dynamic gains of export trade in turn promote economic growth and these are described by export led model. In this model trade assumes as engine of growth. Some economist like Essang (1981) criticized the model for some reasons; the model assumes that, as there is perfectly elastic demand for primary (agricultural) exports, the problem of demand and market access for agricultural exports of developing countries did not consider and the protectionist policies of developed countries have been ignore. It also offers no guide for emerging economics where there is competition for agricultural raw materials between export market and domestic agro-allied industries. As a discipline economic development has been grow in connection with the debates of the time; trade specialization, and terms of trade or distribution of gains between commodity exporters and industrial countries. Prebisch (1950) and Singer (1950) . Based on the free trade theory, specialization for developing countries, implied reliance on export of agricultural commodities in exchange for consumer and investment goods. According to Prebisch and Singer this pattern had two critics. First, the long-run trend in the terms of trade for developing countries, for which the empirical evidence is still rather inconclusive, free trade, is less beneficial for them. Secondly, too much reliance on primary commodities exports results in short run export revenue volatility, which has detrimental effects on planning public and private investments, import capacity foreign exchange inflation and growth. Chanthunya and Murinde , (1998) After the WWII the three decades was devoted to find ways of escaping from the above stated short and long-run economic effects on the

basis of different development strategies. One of the dominant strategies was diversification of exports through less reliance on primary commodity exports and domestic economic diversification by adopting an Import Substitution Industrialization (ISI) strategy. This view prevailed as a development strategy in a number of developing countries from 1950's and the 1960s. By mid 1960s many of developing countries abandoned the import substitution industrialization strategy, as the strategy could not provide the promising achievement. Jayantha kumar also (2000) noted that, switching in to import substitution industrialization was the only option for developing countries to grow with the given export pessimism case and switching in to ISI was also perceived as a means of reducing the income elasticity of demand in the less developed countries (periphery) for its manufacturing imports from the developed countries. According to Khalid (2003) higher exchange rate volatility will reduce trade by creating uncertainty about future profit from export trade. By using the forward markets and by managing the timing of payments and receipts the firm can reduce the uncertainties in the short run. In the long run, exchange rate volatility may also affect trade indirectly by influencing firm's investment decision. However, the commercial investors have limited possibilities of trading claims to future operational cash flows. Thus they are forced to shift away from risky markets.

SCOPE OF THE STUDY

Ethiopia is one of the countries in horn of east Africa. Like other the least developed countries, it is facing the problem of downward trend in export earnings and terms of trade. This is due to the fact that these countries do export only primary products that market price is not stable from time to time, hence they are price taker. In fact, policy makers should expected to deal with such issues so as to bring change on balance of trade by improving export items. Therefore, the study focuses on Ethiopia's merchandise export performance evaluation for the last past two years that is for the year 2010 and 2011 by dividing in to quarter annuals for detail analysis. Data has been categorized based on export value in different months, various types of commodities and different destination countries for export. Due to absence of data for the year 2010 only three quarters has been taken while 2011 data has fully considered. The study focuses more on basic export items like coffee, pulses, oil crops, flowers, fruits, vegetables and others. Furthermore, it is also expected to propose ways of export diversification by examining the composition of exports.

OBJECTIVES OF THE STUDY

- To analyse competitiveness and diversifications of export commodities and hence, suggesting appropriate course of actions.
- To identify Impact of exchange rate fluctuation on export performance in Ethiopia for the year 2010 and 2011.
- To investigate percentage constitute of export value, out of the Gross domestic product (GDP) during the past last two regimes and past last two years of the current government.
- To draw policy recommendations based on the findings that could be done according to analysis and interpretations.

RESEARCH METHODOLOGY

The study utilized descriptive research methods whereby secondary source of data used as the tool for data source from different organizations such as ERCA (Ethiopia Customs and Revenue Authority), CSA(Central Statistics Authority of Ethiopia), NBE(National Bank of Ethiopia) ,MOFED(Ministry of Finance and Economic Development), IMF(International Monetary Fund reports) UNCTAD(United Nations Conference for Trade and development) and other relevant websites will be referred regarding data 2010 and 2011. Raw compiled statistics, Publications, Bulletins, Annual and quarter reports, newsletters, books and other relevant materials will be referred. Moreover, literatures are reviewed from various books; other related research reports and relevant websites are used. Furthermore, data tabulation, graph, pie and Bar charts and various analysis techniques will be used for the detail data presentation and analysis. Analysis and presentations of the data will be carried out by dividing annual data of 2010 and 2011 in to quarter annual category so as to enhance ease and understandably of the research. In order to investigate detail of export percentage constitutes of GDP various ratios like export to import, import to GDP and export to GDP and also growth rate of export for the year 2010-2011 has been undertaken.

RESULTS AND DISCUSSION

Under this topic the competitiveness and diversification of export items will be analysed. The major competitive advantage and their weakness in the international market could be under consideration. On the other hand whether export items are varied from time to time and if there is new export items will enter to export market of Ethiopia will be dealt based on the given data below of 2010 and 2011.

TABLE 1: EXPORT EARNING ANALYSIS BASED ON MONTHS FOR 2010 AND 2011

Period	Value in " 000" birrs	Percentage
January	1895511	8%
February	2591030	11%
March	2735287	11%
April	3274703	13%
May	2770971	11%
June	3217971	13%
July	2544602	10%
August	2862183	12%
September	2455877	10%
October	-	
November	-	
December	-	
Total	24348135	100%

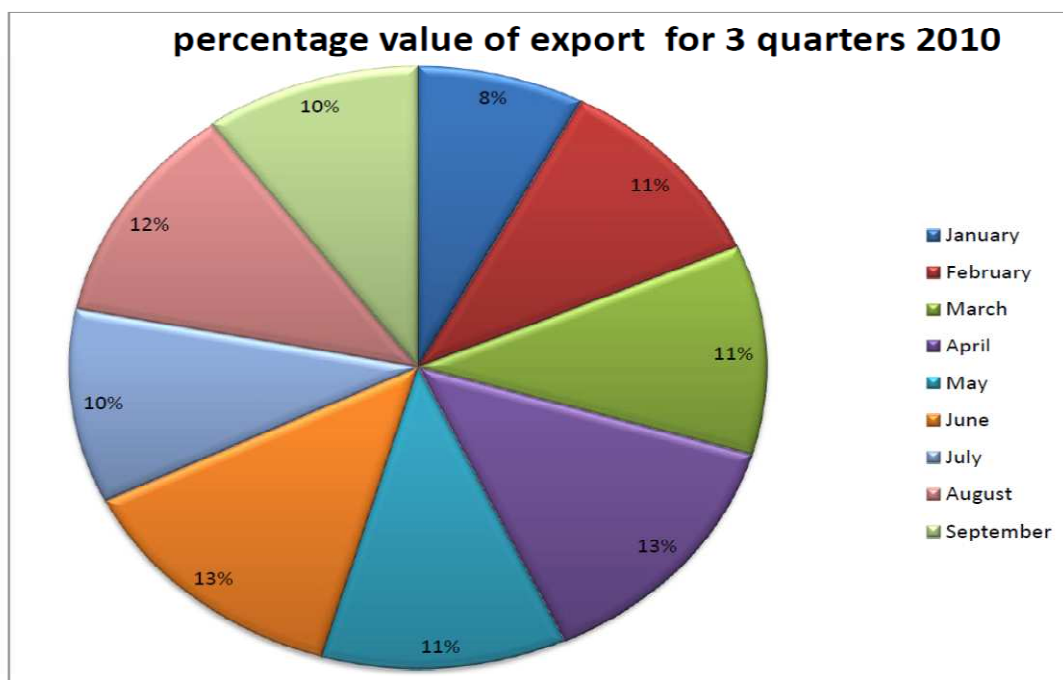
Source: Computed from CSA (Ethiopia centre of statistics authority),

External Merchandise Trade - www.csa.gov.et

The above data shows export values in birrs for three quarters of the year 2010 that is from January –September. Due to absence of the fourth quarter data, the researcher only tabulate the first three quarters. Hence the data analysis could be as follows. As we understand from the above export value in birrs 2010, in the month of June and March export earning has attained its peak at 13%. While, in the month of August it become 12%, May, February and march 11%. This implies

that the percentage of value of export is in little gap fluctuation across the months, except that of the first month January which is 8% of total export. If we consider quarterly, we observe that the 2nd quarter's export is greater as compared to the other quarters, while the first quarter is the least relative to others.

FIGURE 1: ETHIOPIAN EXPORT PERCENTAGE



Above figure shows percentage value of export in birrs for 3 quarter periods of year 2010. As the graph shows the export earnings increases at the first quarter periods, then at the middle quarter fall and again rise or some fluctuations. Therefore, we can conclude that the export earnings don't show any constant trend across months. Rather it indicates random fluctuations. This shows demand of the export commodity fluctuates randomly as far as almost all of the commodities are agricultural products. On the other hand, production of agricultural product is only once. That means it follows the summer rainy season, it doesn't follow, modern cultivation methods like irrigations. Besides, there are few small household farmers as compared to investors who engaged in export commodities production.

TABLE 2: EXPORT VALUE 2011 BY MONTHS

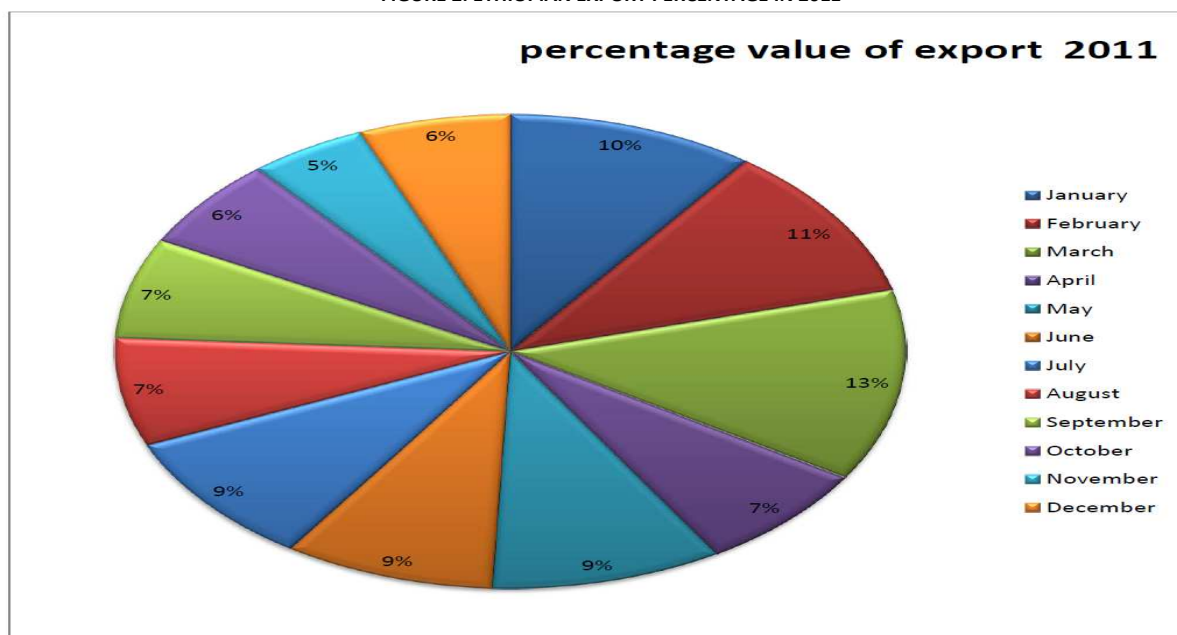
Period	Value in" 000"	Percentage
January	5032079	10%
February	5276507	11%
March	6487675	13%
April	3636175	7%
May	4694817	9%
June	4301888	9%
July	4521507	9%
August	3616894	7%
September	3389304	7%
October	3073452	6%
November	2390786	5%
December	3073310	6%
Total	49524394	100%

Source: Computed from CSA (Ethiopia centre of statistics authority),
External Merchandise Trade - www.csa.gov.et

The above table shows the 4 quarter data of export value per months of the year 2011. The most peak export earning is recorded in the month of March that is 13%, while the months of February and January are second and third rank. On the other hand, May to July 3 months export value in birrs are the same (9%) of total export of the year. In addition, the last 3 months are the least record of export value of the year. Furthermore, we can analyse by categorizing months based on quarters. Accordingly, the first quarter is the greatest export value record of the year, that is average percent export value 11.3%, while the second quarter is second rank. On the contrary, the last quarter has average export value of 5.66% which is the least quarter value of export of the year 2011. In Ethiopia the first quarter of the year is winter, which is the dry season. It is the time when most agricultural products are harvested. Hence, excess commodities, specially individual household farmers sell products such as coffee, sesame, Kidney beans and others to their local markets so that those exporting organizations export due to excess supply of the commodities during this season. Gradually, the supply decreases due to those produced agricultural products are some consumed locally while only the excess quantity of farmers' consumption will be exported.

In general, majority of export items of agricultural products are sourced from the small traditional house hold farmers, who based their production on the rain than other mechanisms like irrigation.

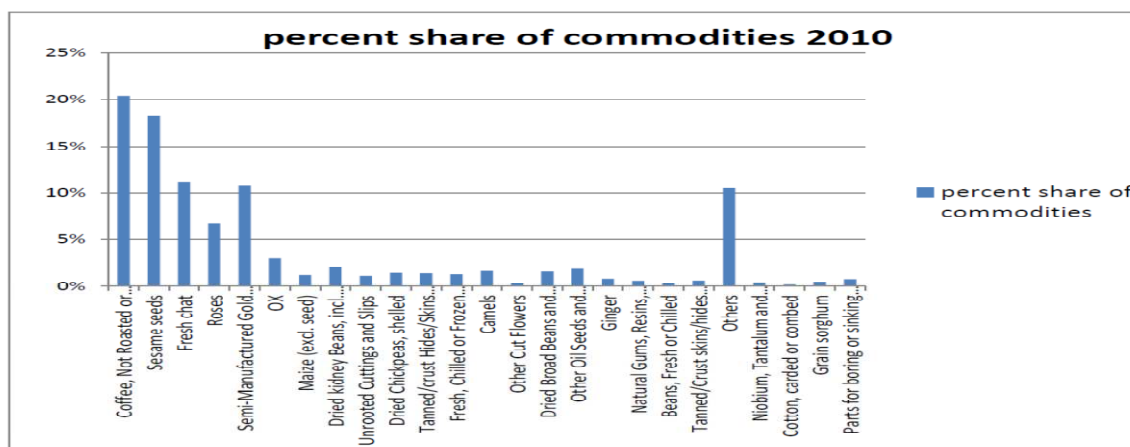
FIGURE 2: ETHIOPIAN EXPORT PERCENTAGE IN 2011



The above shows the percentage value of export trends as per the four quarters of the year 2011. We can imply from the graph above that the trend of export earnings increases for three months and later decreases, particularly the last 3 months. Accordingly, as the trend indicates Ethiopia's export decreases during the last quarters due to the following reasons. First as far as export agricultural products are supplied by small household farmers. Secondly, Ethiopia's agricultural production systems are not mechanized hence produced in small quantity. Thirdly, only few private investors engaged in the sectors, which could produce using irrigation. Fourth, infrastructure problems like transportation vehicles, roads, electrical powers and scarcity of fertilizers that could obstacles the supply on the right time to the markets.

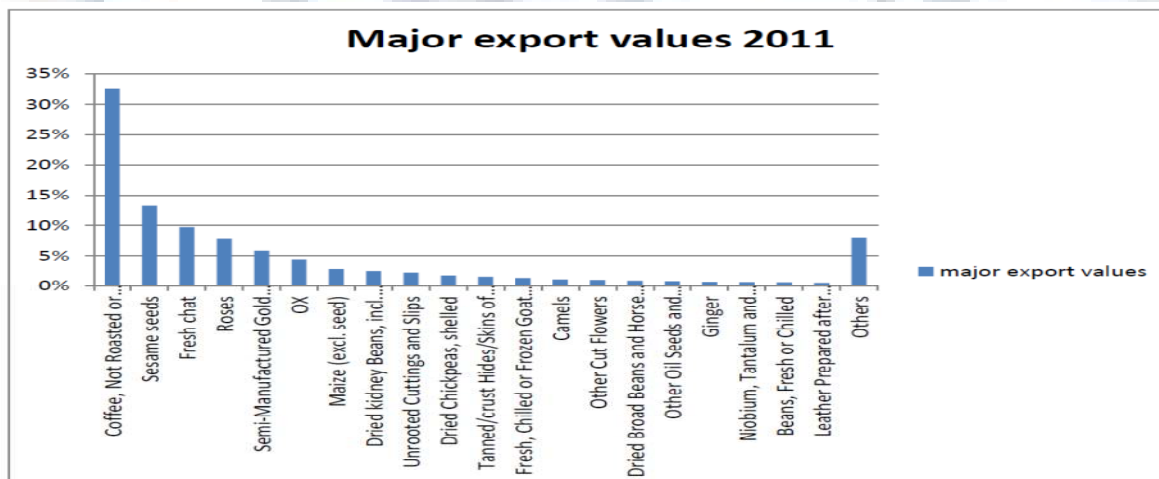
EXPORT EARNING ANALYSIS BASED ON TYPES OF COMMODITIES FOR THE YEAR 2010 AND 2011

FIGURE 3: PERCENTAGE SHARE OF COMMODITIES IN TOTAL EXPORT OF YEAR 2010



As we can see from the graph, there is no export item diversification across the quarters, it is only common items like coffee, sesame seeds and fresh chat are dominating the export earning of the country. This implies export sectors are not given due attention as far as only the same commodities, particularly primary products are exported throughout the years. On the other side, sesame seeds and Fresh chat have been declined from (18% to 13%) and (11% to 10%) respectively of the value of total export earnings.

FIGURE 4: MAJOR EXPORT COMMODITY VALUE IN 2011



Similar to the year 2010, the year 2011 data indicated in the table-4, the dominance of commodities like coffee, sesame seeds, Fresh chat and Roses have maintained, although a little bit percentage of the total export item value have been changed. From the table, coffee (33%), sesame (13%), fresh chat (10%) and Roses (8%) of the total export value of the year 2011. Hence, this shows coffee export has been a little bit grown, although in 2010 only 3 quarters considered while in 2011 all 4 quarters have been considered. Rose export shows some growth from (7%-8%) in the respective years. On the other hand, sesame seeds and fresh chat export value have declined from (18%-13%), (11%-10%) respectively for the year 2010 and 2011. From the data we can sum up that, majority of the export items are primary agricultural products. These products are completely raw and value adding activity not been carried out due to various infrastructure problems. Absence of technology for processing or value adding activities for those agricultural products results in increase of cost of quality, difficulty of transportations, little margin per quantity and others.

Moreover, Most of these items are very perishable, hence they should be handled properly and also there should be speed transportation so as to deliver them to customers on time. Primary products like hides and skin should be treated with chemical before transporting. There should also be convenient air conditioning as soon as possible and reach the target customers. Besides, products such as fresh chat and Rose should be as fresh as possible when it reaches target customer. This is because once they lose their freshness they are valueless, only incurring cost.

FINDINGS

The first quarters of both year 2010 and 2011 is the greatest export value record of the year, that is average export value is 11.3%, while the second quarter of the years has ranked next. On the contrary, the last quarter has average export value of 5.66% which is the least quarter value of export of the two years. Major export commodities such as – coffee, sesame seeds, Fresh chat, Rose, hides and skin, gold and others should be given due attention, although designing strategies of developing other commodities or diversifying is needed. This is because competition increases from time to time as far as those commodities are primary products; they can be easily copied and produced by other countries. Major export items constitute – such as coffee (20%), sesame (18%), fresh chat (11%) and roses (7%) of the total export value of the three quarters of 2010. In 2011 coffee (33%), sesame (13%), fresh chat (10%) and Roses (8%) of the total export value. Based on average export value destination, Ethiopia's strong foreign trade partners for the year 2010 and 2011 are China, Germany, Saudi Arabia, USA, India, Netherlands and others are ranked 1st, 2nd, 3rd, 4th, 5th and 6th respectively. China, Germany, Saudi Arabia, USA, India, Netherlands and other countries which are the dominant importing countries from Ethiopia, the majority of their imports are in the 1st quarter of the year 2011. Some commodities like Coffee, Cut Flowers, Beans Fresh or Chilled, Unrooted Cuttings and Slips and Maize (excl. seed) export value have grown from 2010 to 2011 more than 200% of that of 2010. Besides items like Sesame, fresh chat, tanned crust skins and hides of goats and sheep, fresh chilled goats meat and Ginger has grown ranging from 20%-97%. Meanwhile Roses, ox, dried kidney beans, dried chickpeas and natural gums export have grown more than 100%. On the contrary, commodities like camels, dried broad beans; semi manufactured gold and other oil seeds export value has declined. In general, we can conclude that the growth of total export value from 2010 to 2011 has increased by 86%. In both year 2010 and 2011 export value is less than 1/3 of import value. In the third quarter of 2010 ETB devaluates from 13.63 to 16.35 against USD. This has been done by government so as to encourage export performance. Devaluation of ETB has long term effect on the export performance which might cause cost-push inflation. The price of those inputs for the export items will rise as long as they are imported from other countries. The overall manifestation of exchange rate trend for the two years 2010 and 2011 shows that value of ETB to USD is continuously devaluating. Although the general trend in the long or medium term period shows devaluation of ETB to USD, there is short term rapid fall and rise of value of ETB to USD. Accordingly, exporters face transaction exposure for short term period. Ethiopia's exchange rate system has been operating under floating exchange rate system beginning from 1992.

CONCLUSION AND RECOMMENDATION

In order to increase local production in quality and quantity, Government should encourage development of local industries both existing and new established through building their capacity, subsidizing, tax holidays, free tariff of investment machineries and tools, smooth and ease license procedures and others mechanisms. Besides the government should also encourage domestic customer to purchase local products by promotion and levying high tariff on imported goods which will be resulted in high price. Accordingly, the local infant industries will grow and strengthen their capacity and their products become competent locally as well as in the international market. Government should create conducive environment for private investors and cooperative farmers. Besides organizing farmers' cooperatives by providing facilities they demand like finance through micro finance and other infrastructures. Farmers should be organized in cooperatives so that they can strengthen or develop their capital and mechanize their agricultural production systems. The primary agricultural products should be converted at least to semi-processed items, thereby the price charged for the items will be more or the exporter earn margins will be more.

In order to reduce balance of trade deficit the government should encourage local infant industries through different incentive mechanisms like low percentage of taxation, free tariff import of industrial machineries and tools, subsidizing medium and small scale enterprises, promotion of the locally produced products so as to enhance domestic market for local products and other various techniques. ETB to USD continuously devaluating from time to time, this resulted in cost-push inflation which in turn effect on the long term aspect of export performance as price of inputs of export items increase. Currently in Ethiopia there is high inflation in February 2012 inflation reaches to 36% source Reuters Africa, hence it is better to maintain the exchange rate managed to maintain price stability.

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ROLE OF HUMAN RESOURCE PLANNING ON EMPLOYEES PERFORMANCE: A CASE OF KENYA PORTS AUTHORITY, MOMBASA, KENYA

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ABSTRACT

The purpose of this study is to assess the role of Human Resource Planning in an organization. It was based on a case study of Kenya Ports Authority a parastatal under the ministry of Transport and its headquarters based in Kilindini District. Planning is very important to our everyday activities. Several definitions have been given by different writers what planning is all about and its importance to achieving our objectives. It is amazing that this important part of HR is mostly ignored in HR in most organizations because those at the top do not know the value of HR planning. Organizations that do not plan for the future have fewer opportunities to survive the competition ahead. This paper will discuss the importance of HR planning; the six steps of HR planning that is: Forecasting; inventory, audit, HR Resource Plan; Actioning of Plan; Monitoring and Control. Literature was reviewed from various sources on the role of the organization in the Human Resource Planning as well as the career development needs of the employees and the importance of career development and strategies the organization can adopt to facilitate it. The case study approach employed, in 7,111 employees of Kenya Ports Authority which formed the population sample. The data collection instruments were consist of the questionnaire for the employees. The employees were grouped into clusters according to departments. Random sampling of was used in selecting the sample the number selected in each department will reflect the total number of employees in that department. Data collected were analyzed using descriptive statistics (percentages, frequencies, means, standard deviations figures and tables) to describe the population. The findings indicated the extent to which the organization was involved in its human resource planning and the career development of its employees to assume the higher positions in the organization.

KEYWORDS

human resource planning, employee performance.

1. INTRODUCTION

Companies intending to gain a sustained competitive advantage should help their employees raise their skills by receiving continuous training so that they can learn new things need to ensure quality improvement of the products and services of the company.

Bratton and Gold (2007) define HR planning as 'the process of systematically forecasting the future demand and supply for employees and deployment of their skills within the strategic objectives of the organization'. According to Werner and DeSimone (2006), human resource planning helps companies predict how changes in their strategy will affect their HR needs.

Planning the workforce needs of any company is very critical and important especially in the rapid changes in external market demands. Koch and McGrath (1996) found a positive relationship between HR planning and labor productivity

Generally, organizations come in all shapes and sizes and more often exhibit differences than similarities. However, one common factor among these organizations is their "achieved success" which dependent on the skill, knowledge and experience of the employees in the organization (Development and Learning organizations, 2011).

Abundant studies exist that documented the significant relationship between HRM practices and organizational performance. For instance, Katou (2008) noted that HRM practices have a direct influence or effect on subordinate attributes such as human skills, attitudes and behaviour, the so-called HRM outcomes, which in turn enhances organizational performance. Accordingly, Pfeffer (2000) observes that human resources have been essential in sustaining organizational performance.

Experience has shown that some HRM policies and practices always do better than others, and thus all organizations or firms are implored to adopt the best practices. Although abundant studies may be claimed to exist in the HRM practices, however, a lot of these studies examining human resource practices issue only focused on certain variables. A review of literature conducted by Khan (2010) identified five key HRM practices, that is, training and development, recruitment and selection, compensation and reward, performance appraisal, and employee participation. Interestingly, these practices are part of the ten HRM practices that was utilized in this study to evaluate the impact of these HRM policies on organizational performance.

LITERATURE REVIEW

2.1. INTRODUCTION AND MEANING OF HUMAN RESOURCE PLANNING

Bratton and Gold (2007) define HR planning as 'the process of systematically forecasting the future demand and supply for employees and deployment of their skills within the strategic objectives of the organization'.

Katou (2008) noted that HRM practices have a direct influence or effect on subordinate attributes such as human skills, attitudes and behavior, the so-called HRM outcomes, which in turn enhances organizational performance.

As some HRM policies and practices always do better than others, organizations are implored to adopt the best practices. Although abundant studies may be claimed to exist in the HRM practices, a lot of these studies examining the human resource practices issue only focus on certain variables. For instance, literature by Khan (2010) identifies five of the ten HRM practices that were utilized in the study.

2.2. HUMAN RESOURCE PLANNING AND SUCCESSION PLANNING

The staffing selectivity process plays essential roles in the workforce planning process. Although, the selectivity process is one of the difficult tasks to perform, however, it has a major influence on organizational performance. The organizational performance also will depend on the right number of workers, the proper required skills and motivated workers with positive behaviour to increase organizations performance Größler and Zock, (2010). Wilk and Cappeli (2006) have noted that not all the staffing selectivity process is suitable to apply because some of the selection tools are costly and some are suitable only for certain organizations. Proper choices or selection tools in staffing selectivity process is very important in order to get correct information about candidates for correct positions within organizations. Hagan (2006) noted that staff selection depends on the understanding the job, sufficient performance and outcomes, and motivated individuals. Although, for this to be effective, the whole process of selecting candidates should also be based on the compatibility between workgroup in term of values, goals, personality, behavior and as well as skills Levesque, (2005).

Career planning is the deliberate process through which someone becomes aware of his or her personal skills, interests, knowledge, motivations, and other characteristics; acquires information about opportunities and choices; identifies career-related goals; and establishes action plans to attain specific goals (Dessler, 2008). A well-functioning career planning system may encourage employees to take more responsibility for their own development, including the development of the skills viewed as critical in the company (Doyle, 1997). A well-planned career development system along with internal advancement opportunities based on merit, results in high motivation among employees, which has an impact on firm performance (Milkovich & Boudreau, 1998).

2.3. HUMAN RESOURCE PLANNING AND RECRUITMENT DEVELOPMENT PROCESS

Training and development deals with the skills and competencies of the employees acquired through series of training and development programmes. In today's competitive environment driven by the knowledge economy, certain attributes and competencies of personnel are an integral component of organizations' competitiveness. There is no doubt that highly knowledgeable and skilled subordinates or employees will enhance productivity, improve quality of goods and services, bring positive changes in processes and help to deliver quality service to clients. In other words they enhance an organization's competitiveness and performance. In essence, training and development yields tangible outcomes such as enhanced productivity, superior quality of products and services, and resource maximization or optimization. It also generates intangible results such as: high self esteem, enhanced morale, and satisfaction of subordinates which is as a result of additional skills, knowledge and abilities gained during the training and development programmes (SKAs). Due to the importance of training and development, Kundu (2000) has advised that firms should invest heavily in training their employees for effective implementation of customer-oriented strategies. Similarly, Blair and Sisakhti (2007) established that investments on training and development produce enormous benefits. Authors like Bitner & Zeithmal (2004) have affirmed that expenditures on training and training yields strategic competitive advantage to firms and organizations. Jarventaus (2007) also affirmed that a dynamic business environment requires organizations that invest heavily on the training of their employees as this helps to develop organizational ability which enables them to positively respond to new challenges. Other studies have also found that comprehensive training and development programs are positively related to staff retention, productivity, and organizational effectiveness (Lee & Bruvold, 2003; Arago'n-Sa'ncheze (2003). Jarventaus (2007) and Delaney & Huselid (1996) have reaffirmed the presumed positive relationship between training and development, and organizational performance. Overall, training and development is significantly related to organizational performance.

Commonly, researchers and scholars have utilized both non-financial and financial metrics to measure firm or organizational performance (Dyer & Reeves, 1995; Khan, 2010). Thus, both non-financial and financial measures are most used by the researchers. Some of the financial measures are sales, profit, and market share while non-financial measures also may include the followings: efficiency, quality, productivity, and the behavioral and attitudinal measures such as satisfaction, intention to quit, and commitment.

2.4. HUMAN RESOURCES PLANNING AND TRAINING PROGRAMS

According to DuBrin, (1986), a convincing case can be made for the use of formal career development programs. Ideally, a properly planned and executed program serves the good of organizations, the individual, and society. The following are what he considers to be some of the potential benefits of an effectively conducted Career Development Program (CDP). Career development helps identify the link between attaining individual and organizational goals and Communication of concern for the welfare of individuals. An organization that helps employees plan their careers is demonstrated by its actions that it cares about its employees' welfare. The payoff to the organization is a high degree of employee loyalty and commitment. Properly executed career development programs are one way of contributing to the good of society. People with satisfying careers enjoy better mental health than their dissatisfied counterparts.

A career development program is a logical response to the charges that an organization is not fulfilling its responsibilities towards women, selected minorities, or ethnic groups. Without a solid program for career development, it is difficult for previously discriminated groups to advance into higher level positions. Several studies demonstrated that when the enterprise makes a determined effort to help its employees plan their careers, the result is lower turnover and personnel costs. (Glueck, 1978). When employees properly plan their careers, they are less likely to experience obsolescence and mid career crisis. Burnout too can sometimes be minimized. According to Glueck (1978) the broad purpose of career development is therefore to enhance each employee's current performance, enable individuals to take advantage of future job opportunities and fulfill their employer's goals for a dynamic and effective workforce.

According to Saleemi (1997), several benefits are expected to be derived from career planning by individual employees. These benefits are

- If supported by top management, career development planning would result in increased employee loyalty and commitment to the organization.
- Employees feel strongly motivated to participate in the training program and realize their greatest potential.
- Career planning and development sustain the level of employee morale at a higher level and contribute to their development and productivity to the organization.
- Career planning programs make easier for the management to appraise the performance of individuals. When promotion is linked to experience and productivity of the employees, career planning and development programs would help enterprises realize benefits.
- Self appraisal by the employees is likely to be more incisive and open minded as far as career prospects of an individual are concerned.
- Training programs would be directed to be more in coordination with the career prospects of employees.
- Saleemi (1997) point lastly that Career counseling would be helpful in moving towards the career path effectively, as far as employees are concerned, and thus paves the way for the employees to utilize the opportunities for advancement in the organization effectively.

2.4.1 HUMAN RESOURCES PLANNING AND CAREER DEVELOPMENT

Career development is an ongoing, formalized effort by an organization that focuses on developing and enriching the organizations human resources in light of both the employee and the organizations needs. The organization is the entity that has primary responsibility for instigating and ensuring that career development takes place. Specifically, the organization's responsibilities are to develop and communicate career options within the organization to the employee. The organization should carefully advise an employee concerning possible career paths to achieve that employee's career goals. Human resource personnel are generally responsible for ensuring that this information is kept current as new jobs are created and old ones are phased out. Working closely with both employees and their managers, human resource specialists should see that accurate information is conveyed and that interrelationships among different career paths are understood. Thus, rather than bearing the primary responsibility for preparing individual career plans, the organization should promote the conditions and create the environment that will facilitate the development of individual career plans by the employees (Byars et al 1997).

In (Dessler 2005), a survey was conducted to illustrate the range of career management practices employers can engage in. The researchers surveyed 524 organizations in the United Kingdom to determine how often they used 17 career management practices. Posting job openings was the most popular practice. The other top career practices, in descending order, formal education; career oriented performance appraisals; counseling by managers; lateral, developmental moves; counseling by HR; retirement preparation; and succession planning (Baruch & et al 2000). Sun Microsystems has a relatively formal and well thought out program. It maintains a career development centre staffed by certified counselors to help employees fill development gaps and choose career opportunities at Sun. The firm believes its program helps explain why its average employee tenure of four years is more than twice that estimated at other Silicon Valley firms (BNA Bulletin to management, September, 2000).

The employer's career development responsibilities depend somewhat on how long the employee has been with the firm. Before hiring, realistic job previews can help prospective employees more accurately gauge whether the job is indeed for them, and particularly whether a job's demands are a good fit with a candidate's skills and interests. Especially for recent college graduates, the first job can be crucial for building confidence and a more realistic picture of what he or she can or cannot do: Providing challenging first jobs (rather than relegating new employees to 'jobs where they cannot do any harm') and having an experienced mentor who can help the person learn the ropes, are important. Some refer to this as preventing reality shock, a phenomenon that occurs when a new employee's high expectations and enthusiasm confront the reality of an unchallenging and boring job.

After a person has been on the job for a while, an employer can take steps to contribute in a positive way to the employee's career. Career oriented appraisals in which the manager is trained not just to appraise the employees but also to match the person's strengths and weaknesses with a feasible career path and required development work – is one important step. Similarly, providing periodic, planned job rotation can help the person develop a more realistic picture of what he or she is (and is not) good at, and thus the sort of future career moves that might be best.

Firms can also provide mentoring opportunities. Mentoring may be formal or informal. Informally, mid- and senior- level managers may voluntarily help less experienced employees- for instance, by giving them career advice and helping them navigate political pitfalls. Other informal means- such as increasing the opportunities for networking and interactions among diverse employees- can also be effective (Ragins, 1997). Firms may also have formal mentoring programs. For instance, the employer may pair protégés with potential mentors. Many provide instructional manuals to help mentor and protégé better understand their respective responsibilities.

3.0. METHODOLOGY ADOPTED

3.1. RESEARCH DESIGN

The research design used was a descriptive survey that explored on the impact of strategic management practices in public sector organization in improving its performance. This was chosen because of its usefulness for trying to test theoretical models by using them in real world situations and its applicability to real-life, contemporary, human situations and its public accessibility through written reports.

3.2. TARGET POPULATION

The research put into consideration a total of 365 employees, out of the total population of 7,111 working in the chosen company. This included the heads of departments and junior staff, from all departments selected as KPA sample representation. The survey method employed was stratified random sampling technique.

3.3. DATA COLLECTION INSTRUMENTS

A. **QUESTIONNAIRE** - Semi-structured questionnaires were developed, to be administered to the respondents.

B. **INTERVIEW** - Semi-structured interviews were carried out with the heads of department.

3.4 DATA ANALYSIS & PRESENTATION

The data was presented both quantitatively and qualitatively and was analyzed using descriptive statistics such as use of frequency tabulation tables, percentiles and measures of central tendency. The data analysis procedures involved three sets of activities which include editing, coding and frequency tabulations. The data was presented using bar graphs, pie charts, tables and percentiles.

4.0. FINDINGS AND DISCUSSIONS

A vast majority of the respondents seem to concur that the Organization is not addressing their career development satisfactorily. For instance, there is almost unanimous agreement amongst the respondents that the Organization does not have an elaborate policy on employees' career development.

While most of the respondents agree that the Organization should avail information on available opportunities to employees, there is also an assertion that the Organization does not advertise available job opportunities to the employees to a large extent. Moreover, most of the respondents do not agree with the statement that promotions are tied to performance appraisal results. This of course could be due to the lack of the tool (performance appraisal) as was indicated in the past section. The general picture that comes out however is that while employees are aware that career development is necessary, the few initiatives put in place by the Organization do not seem to be effective.

An interview with the Human Resource manager shed light on the role that the Organization should play in employee career development. The department considers training and development as one of its core functions. It is indeed through this function that the issue of career development is addressed. Some of the programs put in place by the Organization to address employee career development include formal education and training programs, counseling services, workshops and seminars on career development, performance appraisal counseling, Organization career path, career progression, job rotation, career information systems, mentoring arrangements and a policy that favors internal recruitment to fill vacant slots.

According to the department, these programs are considered effective to a large extent in supporting employee career development. This differs from the general employee (read respondent) perception that they are not effective. This in addition to the indication by a large number of the respondents that some of the programs stated by the management as being present in the Organization are actually not there.

These include to a large extent, performance appraisals and counseling services. Mentoring and career information systems were also claimed by very few respondents to be present. Although the purported performance appraisal counseling is deemed to be an informal one, the respondents give little indication of any performance appraisal counseling.

The disparity between the information given by the human resource department and the data gotten from the employees' questionnaire could probably be explained partly by the fact that the employees were sampled from different departments. Some of these departments may have programs such as informal performance appraisal or informal mentoring arrangements. It goes without saying however that the absence of these programs is stated almost unanimously by the respondents, even across departments.

However, management considers career development as an important activity that it should engage in, and is aware of the role it should play. The implementation of the same across departments however seems wanting, hence the disparity in respondents' responses.

5.0. CONCLUSION

The results drawn from this study highlight the fact that no matter what the context is the understanding of the senior management about the importance of staff capacity development seems clear. This is also due to the reason that the senior management has a full overview of the business targets as well as the processes to achieve those targets and hence could judge which appropriate strategy would suit under what circumstances.

This in turn could be attributed to the role of senior management in such policy development. This role as witnessed is more dominant in the learning organizations environment and hence the senior management could effectively support the staff capacity development process in that environment.

The primary data of the study help to draw the conclusion that senior management of both the categories view that trainings are more reliable interventions to produce prominent results with respect to staff capacity development. As staff performance is the main focus of all the major strategies of the learning organizations, so their selection of the candidates is primarily based not only on academic background relevant to the job, but also motivation on part of the employees to pursue their careers in the same field. In such cases, when the staff is sent on a training that suits their jobs, it produces much stronger impact on their performance. This is because these trainings not only serve the purpose to address the current issues of the jobs but also contribute towards career development of the individuals. The staff feels motivated as they could clearly relate their benefit to those trainings and hence learning is high.

In the conventional organizations context, the interest of the individuals is least sought by the organization to express their opinion about their jobs. This may result in coerced decision leading to the fact that the individual is working there because of the need to have a job and not because of the profession. In such cases, the learning graph is low and the individuals are unable to produce the required impact. This indicates that if the staff development activities are designed in line with the individuals' career goals, then the motivation for participation increases and learning graph is high which is then reflected in their work.

The management in the learning organization is more supportive of the individuals' capacity development, so the environment is more promising for individuals' career development. This also helps us generalize that individuals' development is an imperative to attain organizational development. Based on this generalization, it can be said that once a proper match of the individuals and the jobs is achieved, then career development of those individuals becomes a shared responsibility of the organizations and the individuals.

It can be further concluded that though there is a difference of commitment level towards career development but the senior management as a whole belonging to both the categories believes that the process should be formally supported by the organization. It is further added that this commitment is higher in the learning organizations context but it does not exist in the formal form and hence they do not feel bound to the process.

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IMPACT OF TRAINING & DEVELOPMENT IN SINGARENI COLLIERIES COMPANY LIMITED: A STUDY

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ABSTRACT

An organization's development depends upon the utilization of skills and capabilities of its employees. Every human being has his own specialties and capabilities in a different manner. The Human Resource Development is only the solution to turn over and improve the capabilities of an individual into a right path, so that the organization can get benefit as well as an individual. In a recent decades, human resource management is recognized a vital role of training in overall development of organization. In a simply manner training can be defined as - "it is a learning process to improve the performance in a present job". Training to the employee can improve his/her performance to make a master for new or established technology and teaches a procedure for creating a product or a method of providing a service. Training is an investment of an organization to acquire a profit in a recurring manner. If any organization doesn't train its employees and not considered the training as a priority or not seen it as a vital part, then it is difficult to accept that such organization has effectively carried out human resource management. One of the opportunities to raise the profile development activities of the organization is provided by the training also. To increase the commitment level of employees and growth in quality movement training is very much necessary aspect. Now a days it cannot be an out of limit to say that training is important tool of human resource management to control of attrition rate by motivating the employees to achieve their professional and personal goals and increasing the job satisfaction levels. This research paper reveals the implication of training on employees' capability and overall impact of training and development on the production and productivity of the SCCL. Data were collected from among the employees of SCCL through a structured questionnaire and convenient sampling techniques were adopted for analysis.

KEYWORDS

Training & development, HRM.

INTRODUCTION

To survive and grow against all the odds constrained to a human being towards development of the organization where he rendering the services and also his individual, he constantly strives to improve his tools and techniques through various methods. Training plays an important role in grow or development of organization and individual. Training is a learning process that involves the possession of knowledge, skills, concepts, rules, attitudes and behaviours that enhance the performance of employees. Through training, an employee can analyze himself where he is at present and where he has to be. Today's competitive environment, there are necessities for up-gradation of knowledge and skills in the existing employees, by procurement of skilled/trained employees and re-training them on a continuous basis. Broadening of skills base of employees and overcoming human resources obsolescence is the need of the hour. One of the main challenges facing the organization, especially Coal generating industries is the need to develop human resources capable of handling global operation in other words, to optimize human resources, organization have to be receptive about designing and implementing human resource training programmes.

In many organizations, especially in Coal generating industries, training is considered as an integral part of the organizational planning. Systematic and planned development of employees provides direction and purpose to effective development of employees. For effective functioning of existing managerial personal for future, training practices needs to be analyzed periodically and reoriented to cope with changing requirements. The global environment demands up-gradation of knowledge and skills in the existing employees and necessitates procurement of skilled trained employees and retraining them. The global environment demands up-gradation of knowledge and skills in the existing employees and retraining them. The Singareni Collieries Company Ltd.(SCCL) is also requires performance system with high skilled and high adoptability in human resources, constant up grading of knowledge and skill based of employees, people at workplace are to contribute creatively than just physically.

Even though the coal mining in India started during the year 1744, the mass coal production in India was laid in 1886, when the Hyderabad Deccan Company was incorporated to exploit coal in Kothagudem and Yellandu Areas in Andhra Pradesh. The Hyderabad Deccan Company Limited (SCCL) was incorporated in 1920 under the Hyderabad Companies Act, and was floated in the year 1921 as a public limited Company acquiring all the assets and liabilities of the Hyderabad (Deccan) Co, Ltd. The State of Hyderabad purchased the majority shares of the Company in 1945 and named it as Singareni Collieries Company Limited. Thus, the SCCL become a government company under the Companies Act in 1956. Large-Scale expansion of Singareni Collieries was undertaken during the initial five-year plans.

The Company's accredited function is to explore and exploit the Coal deposits in the Godavari Valley Coalfield, which is the only repository of Coal in South India. The growth of coal production since the company's inception can classified to five phases. During the primary phase (1869-1927) the first Coal Mine was opened at Yellandu and Coal Mining continued in this are till 1927. In the inaugural year 18, 89, 59,671 tonnes of coal was produced. The second phase of expansion which is called as initial expansion was noted between 1928 and 1960. During this period, apart from the Yellandu, SCCL started Coal-Mining Operations in Bellampalli and Kothagudem areas. Singareni grew from a production level of 0.70 mt. in 1928 to 2.49 mt. in 1960. A decade period i.e.1961-1971 is the third phase and witnessed a step growth in coal production as the Government of India also invested in SCCL form 1960 and the activities of SCCL were extended to other areas like Mandamarri & Ramagundam (1961) and Ramakrishnapur (1963). To meet the increasing energy requirements of the country, large scale expansion/modernization of mines was taken up by the Government during the Post-Nationalisation Era (1973 – 1992). In the year 1973 coalmines in other parts of India were nationalized and opencast mining commenced in SCCL in 1975 with the opening of Opencast-I Mine in Godavari Khani Area.

According to Mine Vocational Training Act, the management of SCCL is conducting training programmes to their employees working at various levels since 1966. The training programmes designed were traditional and were not focused light on every corner of human resource development.

Keeping in view of the losses and the performance by 1997, which push-down the company worst ever in its history of 100 years, the Singareni Collieries initiated result oriented reforms that were aimed at revamping its operations in order to put the company back on the growth track and also remedial action. The Human Resource Department of SCCL framed a Policy comprises improvement of human resources in 8 dimensions and 25 processes. As per specific needs of Indian coal mining industry, training to its employees has taken a lion share.

Training is normally viewed as a short process. It is applied to technical staff, lower, middle, senior level management. When applied to lower and middle management staff it is called as training and for senior level it is called managerial development program/executive development program/development program.

REVIEW OF LITERATURE

Mayo (1) investigated that the employees capabilities are one of the most important measures affecting organizational performance.

Doucouliaos (2) found that, investment in training was desirable both for the development of the individual and organization. Further, he added that Human capital investment is an activity which improved the quality (productivity) of the worker. Training as an important component of human capital investment increased the capability of employees.

Katou and Budhwar(3) found in their study on the effect of HRM policies on organizational performance that, HRM practices like training, appraisal, recruitment has a positive effect on the performance of the organization.

Mac.Donald and Colombo(4) argues that the importance of training in organizations which contributes to the development of Human Capital.

Paul and Anantharaman (5) tested a casual model that related Human Resource Management with organization performance and found that each and every HRM practices under the study has an indirect influence on overall organizational performance.

Kumpikaite and Ciarniene (6) through the empirical research have explored that the training and development of employees helps the organizations to meet their competitive challenges and environmental changes.

Gerhart and Milkovich (7) investigated a correlation between training programmes and financial performance. According to Bates, training was linked to the longevity of companies.

Barcala, Perez and Gutierrez (8) stated that training is considered to be the great aspect of interest for both public and the private sectors. Vasu opined that, through planned training, individual and organizations are able to adapt to the demands of rapidly changing scientific sociological and technological society.

OBJECTIVES OF THE STUDY

The following objectives are selected for the proposed study to examine the various aspects related to training programmes at Singareni Collieries Company Ltd.,

1. To examine the need of training to the employees working in the organization.
2. To examine the effectiveness of different training methods adopted in training programmes conducting at SCCL.
3. To study the impact of training to the employees on skill development at SCCL.
4. To study the impact of training on production with reference to manpower and to examine the other related factors in overall development of the organization.

RESEARCH DESIGN

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The research design is a conceptual structure within which research is conducted; it constitutes the blueprint for the collection measurement and analysis of data. As such the design includes and outlines what hypothesis and its operational implications to the final analysis of data.

Descriptive research, also known as statistical research used in this study which describes data and characteristics about the population being studied. This study covers the employees from the areas of Bhupalpally and Kothagudem which comprising the sample size of 100.

PRIMARY DATA: Structured questionnaire were designed for collecting the information from the employees regarding training needs, methods of training, impact of training on skill development and other related factors. The questionnaire supplied to the employees at their work place and collected the information from three cadres i.e. workers, supervisors and executives. The representative samples were chosen from both Bhupalpally and Kothagudem areas on random sampling method.

SECONDARY DATA: The secondary utilized were collected from the annual reports of SCCL and related sources.

THE FORMAT OF PRESENTATION OF COMPUTED RESULTS

There are cross tabulated opinions/responses of the employees working at Singareni Collieries Co., Ltd. for each opinion with regard to need for training, methods of training and skill development of training – age-wise, cadre-wise and educational qualification-wise presented in each table.

TABLE 1.1: TRAINING NEEDS PREFERENCES (AGE-WISE)

PREFERENCES	AGE			
	18 TO 35 YRS	36 TO 50YRS	51 YRS AND ABOVE	TOTAL
TO UPDATE JOB RELATED KNOWLEDGE				
1ST	3	11	18	32
	(3.0)	(11.0)	(18.0)	(32.0)
2ND	8	27	26	61
	(8.0)	(27.0)	(26.0)	(61.0)
3RD	1	2	0	3
	(1.0)	(2.0)	(0.0)	(3.0)
4TH	0	1	0	1
	(0.0)	(1.0)	(0.0)	(1.0)
5TH	2	1	0	3
	(2.0)	(1.0)	(0.0)	(3.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
TO ACQUIRE NEWER SKILLS TO PERFORM THE JOB MORE EFFECTIVELY				
1ST	7	26	24	57
	(7.0)	(26.0)	(24.0)	(57.0)
2ND	1	10	11	22
	(1.0)	(10.0)	(11.0)	(22.0)
3RD	3	4	5	12
	(3.0)	(4.0)	(5.0)	(12.0)
4TH	3	0	2	5
	(3.0)	(.0)	(2.0)	(5.0)
5TH	0	2	2	4
	(.0)	(2.0)	(2.0)	(4.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
TO ACQUIRE HIGHER LEVEL OF PRODUCTIVITY				
1ST	0	1	0	1
	(.0)	(1.0)	(.0)	(1.0)
2ND	3	1	4	8
	(3.0)	(1.0)	(4.0)	(8.0)
3RD	2	11	18	31
	(2.0)	(11.0)	(18.0)	(31.0)
4TH	4	14	13	31
	(4.0)	(14.0)	(13.0)	(31.0)
5TH	4	14	7	25
	(4.0)	(14.0)	(7.0)	(25.0)
6TH	1	1	2	4
	(1.0)	(1.0)	(2.0)	(4.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)

Table 1.3 contains the preferences of training needs according to age of sample respondents. Majority respondents of age group 36 to 50 and 51 above age group are firstly preferred that 'training needs for acquire newer skills to perform the job more effectively' followed by age group of 18 to 35 years. Further, the same tendency shown in second preference 'to update job related knowledge' and majority of all age groups are preferred 'to acquire higher level of productivity' as a fourth preference.

Overall, the above table shows that majority of the employees according to their age, preferred that training needed in the organization to acquire skills to perform the job more effectively, later to update job related knowledge and lastly to acquire higher level of productivity.

TABLE 1.2: TRAINING NEEDS PREFERENCES (CADRE-WISE)

PREFERENCES	AGE			
	EXECUTIVES	SUPERVISORS	WORKERS	TOTAL
TO UPDATE JOB RELATED KNOWLEDGE				
1ST	4	10	18	32
	(4.0)	(10.0)	(18.0)	(32.0)
2ND	9	26	26	61
	(9.0)	(26.0)	(26.0)	(61.0)
3RD	0	3	0	3
	(.0)	(3.0)	(.0)	(3.0)
4TH	1	0	0	1
	(1.0)	(.0)	(.0)	(1.0)
5TH	2	1	0	3
	(2.0)	(1.0)	(.0)	(3.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
TO ACQUIRE NEWER SKILLS TO PERFORM THE JOB MORE EFFECTIVELY				
1ST	6	25	26	57
	(6.0)	(25.0)	(26.0)	(57.0)
2ND	1	8	13	22
	(1.0)	(8.0)	(13.0)	(22.0)
3RD	5	4	3	12
	(5.0)	(4.0)	(3.0)	(12.0)
4TH	2	3	0	5
	(2.0)	(3.0)	(.0)	(5.0)
5TH	2	0	2	4
	(2.0)	(.0)	(2.0)	(4.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
TO ACQUIRE HIGHER LEVEL OF PRODUCTIVITY				
1ST	1	0	0	1
	(1.0)	(.0)	(.0)	(1.0)
2ND	3	1	4	8
	(3.0)	(1.0)	(4.0)	(8.0)
3RD	0	20	11	31
	(.0)	(20.0)	(11.0)	(31.0)
4TH	5	12	14	31
	(5.0)	(12.0)	(14.0)	(31.0)
5TH	4	6	15	25
	(4.0)	(6.0)	(15.0)	(25.0)
6TH	3	1	0	4
	(3.0)	(1.0)	(.0)	(4.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)

The cadre-wise survey responses with regard to training needs in table 1.2 shows that, 25 percent of the supervisors, 26 percent of the workers, 6 percent of the executives and overall 57 percent of the respondents are preferred firstly to acquire newer skills to perform the job more effectively. Out of 100 sample respondents, 61 of the percent respondents feel that training needs to the employees for update job related knowledge, followed by 31 percent to acquire higher level of productivity.

It is observed that irrespective of cadre, majority of respondents are primarily opined that training needs to acquire new skills to perform the job more effectively. The second opinion of the respondents is to update job related knowledge and followed by acquire higher level of productivity.

TABLE 1.3: TRAINING NEEDS PREFERENCES (EDUCATION-WISE)

PREFERENCES	EDUCATION				
	SSC	INTER	DEGREE	PG	TOTAL
TO UPDATE JOB RELATED KNOWLEDGE					
1ST	19	2	2	0	23
	(26.0)	(2.7)	(2.7)	(.0)	(31.5)
2ND	32	6	5	3	46
	(43.8)	(8.2)	(6.8)	(4.1)	(63.0)
3RD	0	1	1	0	2
	(.0)	(1.4)	(1.4)	(.0)	(2.7)
4TH	0	0	0	1	1
	(.0)	(.0)	(.0)	(1.4)	(1.4)
5TH	0	1	0	0	1
	(.0)	(1.4)	(.0)	(.0)	(1.4)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
TO ACQUIRE NEWER SKILLS TO PERFORM THE JOB MORE EFFECTIVELY					
1ST	30	7	5	3	45
	(41.1)	(9.6)	(6.8)	(4.1)	(61.6)
2ND	12	1	2	0	15
	(16.4)	(1.4)	(2.7)	(.0)	(20.5)
3RD	5	2	0	0	7
	(6.8)	(2.7)	(.0)	(.0)	(9.6)
4TH	2	0	0	0	2
	(2.7)	(.0)	(.0)	(.0)	(2.7)
5TH	2	0	1	1	4
	(2.7)	(.0)	(1.4)	(1.4)	(5.5)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
TO ACQUIRE HIGHER LEVEL OF PRODUCTIVITY					
1ST	0	0	0	1	1
	(.0)	(.0)	(.0)	(1.4)	(1.4)
2ND	3	1	1	0	5
	(4.1)	(1.4)	(1.4)	(.0)	(6.8)
3RD	16	5	3	1	25
	(21.9)	(6.8)	(4.1)	(1.4)	(34.2)
4TH	18	3	3	1	25
	(24.7)	(4.1)	(4.1)	(1.4)	(34.2)
5TH	13	1	1	1	16
	(17.8)	(1.4)	(1.4)	(1.4)	(21.9)
6TH	1	0	0	0	1
	(1.4)	(.0)	(.0)	(.0)	(1.4)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)

The results of education-wise cross tabulated responses shown in Table – 1.3. The majority of respondents studied upto SSC i.e. 41 percent have preferred firstly that training is needed to acquire new skills to perform the job more effectively, followed by Inter, degree and PG studied respondents overall of 61.6 per cent.

Similarly, 63 percent of the respondents (SSC - 43.8 per cent, Inter - 8.2 per cent, Degree - 6.8 per cent and PG - 4.1 per cent) have preferred that the training needed to update job related knowledge as secondary. Out of 100 respondents, 34.2 percent given last preference that training needed to acquire higher level of productivity.

The same tendency as observed in table 1.1 and 1.2 is followed in this table also. Top priority to acquire new skills to perform the job more effectively followed by update job related knowledge and lastly to acquire higher level of productivity is found.

TABLE – 2.1: OPINION ON METHOD OF TRAINING (AGE-WISE)

OPINION	AGE			
	18 TO 35 YRS	36 TO 50YRS	51 YRS AND ABOVE	TOTAL
LECTURES				
VERY USEFUL	6	14	20	40
	(6.0)	(14.0)	(20.0)	(40.0)
USEFUL	8	27	24	59
	(8.0)	(27.0)	(24.0)	(59.0)
SATISFACTORY	0	1	0	1
	(.0)	(1.0)	(.0)	(100.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
CONFERENCE AND SEMINARS BY TRAINEES				
VERY USEFUL	3	20	26	49
	(3.0)	(20.2)	(26.3)	(49.5)
USEFUL	10	20	14	44
	(10.1)	(20.2)	(14.1)	(44.4)
SATISFACTORY	1	1	4	6
	(1.0)	(1.0)	(4.0)	(6.1)
TOTAL	14	41	44	99
	(14.1)	(41.4)	(44.4)	(100.0)
AUDIO - VISUALS				
VERY USEFUL	8	15	22	45
	(8.0)	(15.0)	(22.0)	(45.0)
USEFUL	4	26	18	48
	(4.0)	(26.0)	(18.0)	(48.0)
SATISFACTORY	2	1	4	7
	(2.0)	(1.0)	(4.0)	(7.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
PROGRAMMED LEARNING				
VERY USEFUL	8	10	15	33
	(8.0)	(10.0)	(15.0)	(33.0)
USEFUL	4	23	27	54
	(4.0)	(23.0)	(27.0)	(54.0)
SATISFACTORY	2	9	2	13
	(2.0)	(9.0)	(2.0)	(13.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.)

The age-wise opinion by the employees working at SCCL on methods of training presented at table shows that, out of 100 respondents 27 percent employees between the age group of 36 to 50 years opined that lectures are useful followed by the age group of 51 years and above with a per cent of 24. With regard to one of the training methods i.e. conferences and seminars conducted by trainees, 27 per cent of the age group of 51 years and above are opined it as very useful. The age group of 36 to 50 years has opined at the equal ratio of 20 per cent and 20 per cent for very useful and useful respectively.

When go through the opinions of the respondents with regard to audio visual training method, 26 per cent respondents between age group of 36 to 50 years opined that it is useful. 22 per cent of sample respondents in the age group 51 years and above are in a think that it is very useful followed by 18 per cent is useful. Out of 100 respondents, 54 percent of respondents feel that programmed learning training method is useful and followed by 33 per cent very useful.

The age-wise responses on the opinion of methods of training shows that majority respondents says that conference and seminars by trainees are very useful followed by use of audio-visuals, lectures and programmed learning. With regard to usefulness of methods of training the majority opinion for lectures, Programmed Learning, Audio-visuals, followed by conferences and seminars.

TABLE – 2.2: OPINION ON METHOD OF TRAINING (CADRE-WISE)

OPINION	CADRE			
	EXECUTIVES	SUPERVISORS	WORKERS	TOTAL
LECTURES				
VERY USEFUL	7	14	19	40
	(7.0)	(14.0)	(19.0)	(40.0)
USEFUL	9	25	25	59
	(9.0)	(25.0)	(25.0)	(59.0)
SATISFACTORY	0	1	0	1
	(.0)	(1.0)	(.0)	(1.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
CONFERENCE AND SEMINARS BY TRAINEES				
VERY USEFUL	5	24	20	49
	(5.1)	(24.2)	(20.2)	(49.5)
USEFUL	8	16	20	44
	(8.1)	(16.2)	(20.2)	(44.4)
SATISFACTORY	3	0	3	6
	(3.0)	(.0)	(3.0)	(6.1)
TOTAL	16	40	43	99
	(16.2)	(40.4)	(43.4)	(100.0)
AUDIO - VISUALS				
VERY USEFUL	7	24	14	45
	(7.0)	(24.0)	(14.0)	(45.0)
USEFUL	8	13	27	48
	(8.0)	(13.0)	(27.0)	(48.0)
SATISFACTORY	1	3	3	7
	(1.0)	(3.0)	(3.0)	(7.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
PROGRAMMED LEARNING				
VERY USEFUL	5	17	11	33
	(5.0)	(17.0)	(11.0)	(33.0)
USEFUL	10	23	21	54
	(10.0)	(23.0)	(21.0)	(54.0)
SATISFACTORY	1	0	12	13
	(1.0)	(.0)	(12.0)	(13.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)

As presented in the Table 2.2 with regard to responses of cadre-wise, it is found that 25 per cent supervisors and 25 per cent workers feel that lectures are useful whereas 19 per cent of workers and 14 per cent are in view that lectures are very much useful. The 24 per cent of Supervisors from among the sample size found in an opinion that conferences and seminars by trainees are very useful in methods of training and 20 per cent of workers are also have the same opinion and the same percentage i.e. 20 per cent of the workers also opined that conference and seminars are useful in training methods.

The majority opinion of supervisors (i.e. 24 per cent) seen with regard to usage of Audio-Visuals as a training method is found very useful and it is followed by workers i.e. 14 per cent). With regard to usefulness of audio-visuals in methods of training, 27 per cent worker responded positively followed by supervisors with percentage of 13. Opinions on the programmed learning training method, it is found that 23 per cent of supervisors and 21 per cent of workers and more than half of the executives are opined that it is useful.

Opinions on induction of various training methods by cadre-wise shows that lectures, audio-visuals and programmed learning are useful to majority respondents whereas conferences and seminars by trainees are very useful to supervisor and workers cadre.

TABLE 2.3: OPINION ON METHOD OF TRAINING (EDUCATION-WISE)

OPINION	EDN-GEN-J				
	SSC	INTER	DEGREE	PG	TOTAL
LECTURES					
VERY USEFUL	23	3	2	2	30
	(31.5)	(4.1)	(2.7)	(2.7)	(41.1)
USEFUL	28	6	6	2	42
	(38.4)	(8.2)	(8.2)	(2.7)	(57.5)
SATISFACTORY	0	1	0	0	1
	(.0)	(1.4)	(.0)	(.0)	(1.4)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
CONFERENCE AND SEMINARS BY TRAINEES					
VERYUSEFUL	25	7	5	1	38
	(34.7)	(9.7)	(6.9)	(1.4)	(52.8)
USEFUL	25	1	2	2	30
	(34.7)	(1.4)	(2.8)	(2.8)	(41.7)
SATISFACTORY	1	1	1	1	4
	(1.4)	(1.4)	(1.4)	(1.4)	(5.6)
TOTAL	51	9	8	4	72
	(70.8)	(12.5)	(11.1)	(5.6)	(100.0)
AUDIO - VISUALS					
VERYUSEFUL	21	7	2	1	31
	(28.8)	(9.6)	(2.7)	(1.4)	(42.5)
USEFUL	24	3	6	3	36
	(32.9)	(4.1)	(8.2)	(4.1)	(49.3)
SATISFACTORY	6	0	0	0	6
	(8.2)	(.0)	(.0)	(.0)	(8.2)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
PROGRAMMED LEARNING					
VERYUSEFUL	15	5	3	1	24
	(20.5)	(6.8)	(4.1)	(1.4)	(32.9)
USEFUL	27	5	5	2	39
	(37.0)	(6.8)	(6.8)	(2.7)	(53.4)
SATISFACTORY	9	0	0	1	10
	(12.3)	(.0)	(.0)	(1.4)	(13.7)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)

The above Table denotes about the education-wise opinion on method of training by the respondents working at SCCL. The 39 per cent of respondents qualified SSC and 9 per cent each who qualified Intermediate and Degree have opined that Lectures are useful whereas 32 per cent of SSC qualified employees think that the lectures method is very useful.

When it is observed the responses with regard to implementation of conferences and seminars by trainees in training programmes, SSC qualified respondents equally share of 34.7 per cent are feel very useful and useful respectively, whereas most of inter qualified employees are of opinion is very useful. Opinion on training through audio-visuals at SCCL, 28.8 per cent of SSC qualified and most of the inter qualified employees recognized is very useful, and added 32.9 per cent of SSC and most of degree and PG qualified opined as useful. The Inter qualified respondents of the sample study equally opined that programmed learning during training is very useful and useful to them. But 37 per cent of overall respondents feel that is only useful.

Education-wise responses on methods of training are reveals the mixed results as much useful and normally useful. By and large it can be surmised irrespective of education, all respondents' opinion is the same.

TABLE – 3.1: OPINION ON SKILL DEVELOPMENT (AGE-WISE)

OPINION	AGE			
	18 TO 35 YRS	36 TO 50YRS	51 YRS AND ABOVE	TOTAL
REDEFINING THE JOB AND ITS RESPONSIBILITIES				
YES	12	40	44	96
	(12.0)	(40.0)	(44.0)	(96.0)
NO	2	2	0	4
	(2.0)	(2.0)	(.0)	(4.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
FIXATION WORK TARGETS AND WORK READJUSTMENT				
YES	11	38	42	91
	(11.0)	(38.0)	(42.0)	(91.0)
NO	3	4	2	9
	(3.0)	(4.0)	(2.0)	(9.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
ESTABLISHMENT OF JOB IMPROVEMENT PLANS FOR EACH INDIVIDUAL				
YES	13	39	42	94
	(13.0)	(39.0)	(42.0)	(94.0)
NO	1	3	2	6
	(1.0)	(3.0)	(2.0)	(6.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)
BETTER PERFORMANCE OF THE PRESENT JOB				
YES	12	29	30	71
	(12.0)	(29.0)	(30.0)	(71.0)
NO	2	13	14	29
	(2.0)	(13.0)	(14.0)	(29.0)
TOTAL	14	42	44	100
	(14.0)	(42.0)	(44.0)	(100.0)

The age-wise sample survey analysis with regard to skill development of respondents after obtaining training is presented in above Table. In the age group of 18 to 35 years, all the respondents are opined that during the training they came to know redefining the job and its responsibilities, almost above 90 percent of said age group respondents also got benefitted by came to know the fixation of work targets and work readjustment, establishment of job improvement plans for each individual and better performance of the present job.

From among the 100 sample respondents, 40 per cent of 36 to 50 years respondents and 44 percent of 51 years and above age group respondents feel that they got knowledge about redefining the job and its responsibilities through training. About acquiring the knowledge with regard to fixation of work targets and work readjustment through training, overall 91 per cent of all age groups and about establishment of job improvement plans for each individual through training, 94 per cent of all age groups are recognized that they benefitted. 71 percent of overall sample size respondents have opined that they came to know how better performance of the present job through training.

More than 94 percent of age-wise respondents are feel that they came to know redefining the job and its responsibilities, and establishment of job improvement for each individual. Similarly above 91 percent are recognizing the fixation of work targets and work readjustment.

TABLE 3.2: OPINION ON SKILL DEVELOPMENT (CADRE-WISE)

OPINION	CADRE			
	EXECUTIVES	SUPERVISORS	WORKERS	TOTAL
REDEFINING THE JOB AND ITS RESPONSIBILITIES				
YES	14	39	43	96
	(14.0)	(39.0)	(43.0)	(96.0)
NO	2	1	1	4
	(2.0)	(1.0)	(1.0)	(4.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
FIXATION WORK TARGETS AND WORK READJUSTMENT				
YES	13	39	39	91
	(13.0)	(39.0)	(39.0)	(91.0)
NO	3	1	5	9
	(3.0)	(1.0)	(5.0)	(9.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
ESTABLISHMENT OF JOB IMPROVEMENT PLANS FOR EACH INDIVIDUAL				
YES	14	40	40	94
	(14.0)	(40.0)	(40.0)	(94.0)
NO	2	0	4	6
	(2.0)	(.0)	(4.0)	(6.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)
BETTER PERFORMANCE OF THE PRESENT JOB				
YES	16	22	33	71
	(16.0)	(22.0)	(33.0)	(71.0)
NO	0	18	11	29
	(.0)	(18.0)	(11.0)	(29.0)
TOTAL	16	40	44	100
	(16.0)	(40.0)	(44.0)	(100.0)

Table 3.2 reveals the cadre-wise responses with regard to skill development through training. 39 per cent of Supervisors, 43 per cent of workers and majority of executives from among the sample size has opined that through training they recognize redefining the job and its responsibilities. Learning of fixation of work targets and work readjustment through training, both supervisors and workers of 39 per cent each and 13 out of 16 executives have opined that they got benefitted. Similarly the same ratio has continued with regard to establishment of job improvement plans for each individual. Whereas, knowing for better performance of the present job through training, overall 71 per cent of respondents from among the sample size responded positively. By negligible percent of negative response, majority of cadre-wise employees are positively responded on knowing the redefining the job and its responsibilities, establishment of job improvement plans for each individuals and fixation of work targets and work readjustment followed by better performance of the present job.

TABLE – 3.3: OPINION ON SKILL DEVELOPMENT (EDUCATION-WISE)

OPINION	EDN-GEN-J				
	SSC	INTER	DEGREE	PG	TOTAL
REDEFINING THE JOB AND ITS RESPONSIBILITIES					
YES	50	10	8	3	71
	(68.5)	(13.7)	(11.0)	(4.1)	(97.3)
NO	1	0	0	1	2
	(1.4)	(.0)	(.0)	(1.4)	(2.7)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
FIXATION WORK TARGETS AND WORK READJUSTMENT					
YES	46	10	8	3	67
	(63.0)	(13.7)	(11.0)	(4.1)	(91.8)
NO	5	0	0	1	6
	(6.8)	(.0)	(.0)	(1.4)	(8.2)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
ESTABLISHMENT OF JOB IMPROVEMENT PLANS FOR EACH INDIVIDUAL					
YES	48	10	8	3	69
	(65.8)	(13.7)	(11.0)	(4.1)	(94.5)
NO	3	0	0	1	4
	(4.1)	(.0)	(.0)	(1.4)	(5.5)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)
BETTER PERFORMANCE OF THE PRESENT JOB					
YES	34	5	6	3	48
	(46.6)	(6.8)	(8.2)	(4.1)	(65.8)
NO	17	5	2	1	25
	(23.3)	(6.8)	(2.7)	(1.4)	(34.2)
TOTAL	51	10	8	4	73
	(69.9)	(13.7)	(11.0)	(5.5)	(100.0)

Education-wise employees' opinion on skill development has presented in Table. When the cross tabulated data analysis presented in the above table seen, the same tendency visible as presented in the earlier tables. Irrespective of qualification, majority of 97.3 percent employees opined that they learned redefining the job and its responsibilities followed by the opinion of establishment of job improvement plans for each individual. Similarly, 92 percent of employees expressed that they recognize the fixation of work targets and work readjustment through training. With regard to knowing how to better performance of the present job, 66 per cent of the overall sample size responded positively.

When education-wise responses considered, more than 90 percent employees opined that they learned to redefine the job and its responsibilities, establishment of job improvement plans for each individual and fixation of work targets and work readjustment. More than 60 percent came to know how to perform better in present job through training.

Production Performance in SCCL

After referral to BIFR during the eighth plan period (1992-1997), the management of SCCL has thrown light on different aspects which causing for losses and concentrated on the reforms like Over Burden Removal, Outsourcing of Ancillary Activities and implementation of latest technology. Mainly, in training programmes conducting by the SCCL, the management has taken steps towards advancement by modifying, and appending the training methods, programmes wherever necessary. Due to said reforms in various areas in general and training in particular, SCCL has many marvelous results. The below table 4 shows the ratio of manpower and production, productivity for a decade.

TABLE – 4: MANPOWER AND PRODUCTION OF SCCL

Y E A R	Manpower	Production	Overall Productivity	
		(Lakh Tonnes)	Mines	Mines & Depts.
2000-01	1,05,627	302.74	1.5	1.22
2001-02	99,442	308.11	1.66	1.34
2002-03	97,053	332.36	1.88	1.51
2003-04	93,722	338.54	1.81	1.47
2004-05	91,970	353.02	1.99	1.62
2005-06	86,025	361.38	2.16	1.74
2006-07	82,224	377.07	2.39	1.91
2007-08	75,573	406.04	2.63	2.10
2008-09	70,586	445.46	3.01	2.42
2009-10	69,043	504.25	3.36	2.73
2010-11	67,615	513.33	3.58	2.90
2011-12	66,466	522.11	3.94	3.11
2012-13	64,600	531.90	3.94	3.14

Source: Corp IED

When a decade of Singareni Collieries Co. Ltd., production and manpower statistics observed, it is found that during the financial year 2000-2001 manpower is 105627 and production is 302.74 lakh tones with an overall productivity of 1.22. In the year 2001-02, the manpower decreased to 99442 and production increased to 308.11 and the same tendency has continued in the year 2002-03 with regard to manpower, but production has increased enormously to 338.54 lakh tones. Even the major improvement not shown in the subsequent years till 2006-07 there was a minimum increase of 10 Lakh tones per year and decrease of manpower minimum of 2000 to 4000 per year. During the year 2007-08 manpower decreased due to superannuation, VRS and other causes, but production

has increased from 377.07 to 406.04 with the productivity of 2.63 and the same tendency continued till 2011-12. In the financial year 2012-13 the manpower is 64,600 and production is 531.90 with a productivity of 3.94.

Overall observation of the manpower, production and productivity shows that since a last decade there is enormous growth on the production and productivity upto 57 percent, even decrease of manpower from 105627 to 64600.

CONCLUSIONS

The study conducted to review the impact of training is highlights the fundamental role of training as a powerful instrument to improve of performance of employee at working area.

From the primary data acquired, it is observed that the majority of employees according to their age, preferred that training needed in the organization to acquire skills to perform the job more effectively, later to update job related knowledge and lastly to acquire higher level of productivity. In the cadre-wise analysis, majority of respondents are primarily opined that training needs to acquire new skills to perform the job more effectively. The second opinion of the respondents is to update job related knowledge and followed by acquire higher level of productivity. The same tendency as found about age-wise and cadre-wise, is also followed in education-wise. Top priority to acquire new skills to perform the job more effectively followed by update job related knowledge and lastly to acquire higher level of productivity is found.

The age-wise responses on methods of training shows that majority respondents opined that conference and seminars by trainees are very useful followed by use of audio-visuals, lectures and programmed learning. With regard to usefulness of methods of training the majority respondents opined for lectures, Programmed Learning, Audio-visuals, followed by conferences and seminars. Opinions on induction of various training methods by cadre-wise shows that lectures, audio-visuals and programmed learning are useful to majority respondents, whereas conferences and seminars by trainees are very useful to supervisors and workers cadre. Education-wise responses on methods of training are reveals the mixed results as very useful and useful.

More than 94 percent of age-wise respondents are feel that they came to know redefining the job and its responsibilities, and establishment of job improvement for each individual through training. Similarly above 91 percent are recognized the fixation of work targets and work readjustment. By negligible percent of negative response, majority of cadre-wise employees are positively responded on knowing the redefining the job and its responsibilities, establishment of job improvement plans for each individuals and fixation of work targets and work readjustment followed by better performance of the present job. When education-wise responses considered, more than 90 percent employees opined that they learned to redefine the job and its responsibilities, establishment of job improvement plans for each individual and fixation of work targets and work readjustment. More than 60 percent came to know how to perform better in present job through training.

By and large it can be surmised that, above 90 per cent employees working at SCCL are being benefitted by inducing training programmes. They acquiring new skills to perform the job more effectively and redefining the job responsibilities. When, the production and manpower ratio observed the same is visible. Since a last decade there is enormous growth on the production and productivity upto 57 percent, even decrease of manpower from 105627 to 64600.

So it can be concluded that employee capability increases when proper training induced to him.

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WHAT INFLUENCES HARMONIOUS EMPLOYEE RELATIONS?**RAHUL SETH****STUDENT****XAVIER LABOUR RELATIONS INSTITUTE****JAMSHEDPUR****ABSTRACT**

Harmony in employee relations is influenced by the presence or absence of human values in the employment relationship which can be explained by the social exchange theory in an institutional context. Human values such as fairness, equity, trust, individualism and collectivism are experienced by the employees through elements of organizational design, such as job design, organizational structure, culture, etc. In a broader context that exists beyond individual consideration, employee relations are influenced by regulations of the State, collective bargaining scenario, changing workforce demographics, communication, employee's participation and management practices. The actual influence of these factors is shaped by the overall context of the environment that they operate in. Thus, the nature of influence is not constant but needs to be managed properly to ensure harmony in employee relations. Organizations today need to operate according to the systems approach where multiple processes and actors interact and influence employee relations.

KEYWORDS

Collective Bargaining, Employee Relations, Participation, Trust.

INTRODUCTION

Employee relations is the study of relationship between an organization and its employees. This covers the full range of interactions and communications between employers and employees, and also the processes by which they adjust to the needs and wants of each other.

There are a number of factors that influence harmonious employee relations, and they arise largely because the relationship is of social exchange.

The first among them is fairness. Social exchange theory says that the basic motivation for individuals to enter into a relationship is the rewards that they expect to obtain. However, an exchange relationship not only brings benefits to the parties; they also incur costs. Indeed, it is because both parties incur costs that they feel that the other person is under some obligation to provide benefits. In addition, because people are usually realistic enough to recognize that their benefits are the other person's costs, they feel obliged to provide some benefits in return. This means that each participant has a ratio of costs to benefits. For the relationship to come into existence both parties must see their own exchange as fair. They are likely to expect that if their own costs rise, benefits will go up to keep the balance the same. If this does not happen, the relationship becomes rather one-sided. For example, in a harsh recessionary climate, where profits are under pressure and there is a surplus of people looking for jobs, management may have a very modest idea of a 'fair' wage rise. Employees, in the absence of a rise that compensates the increase in their living costs, see the management's offer as unfair and respond accordingly.

However, because there are no absolute standards of a fair exchange, fairness is evaluated in comparison with some other individuals, i.e. equity. If employer or employee feels a sense of 'relative deprivation', it often leads to disharmony.

No employee relations can exist without trust. However, while trust is an interpersonal process, it is important that the organizational design makes a trusting relationship more likely to occur. This is called institutionalized trust. The way that jobs, and the rules that regulate jobs, are designed in organizations tends to express management's degree of faith in the workforce (Qianhong, 2004). For example, if jobs are designed to give employees very little discretion, and work rules imply supervision, the situation is often interpreted by people concerned as a signal that they are not trusted. Trust tends to beget trust in return, and mistrust begets mistrust.

The final issue is individualism versus collectivism. Our whole conception of democracy hinges on the freedom of individuals to express their feelings and thoughts in action, the idea that the individual is paramount is almost a sacred tenet of our society. However, society itself has laws which it devises for the collective well-being of all its members, and requires that individuals observe them. The very idea of a 'wider society' contains a strong recognition of collective interests. In organizations, although the contract of employment views the relationship to be an individual one, organizations are not designed in this way. They are structured into departments that have their own rules, that is, organizations are divided into collectivities. It is therefore hardly surprising that employees will act collectively to improve their lot, or defend themselves individually against unfair practices.

Such values are affected by elements of organizational design such as performance management systems, job design, reporting relationships and organizational culture, among others. These themes are broadly manifested through various factors and institutions that influence harmony in employee relations. This paper discusses such factors particularly in the Indian context.

THE STATE

India is a democracy in a developing economy. Industrial harmony is essential for economic prosperity and maintaining the social fabric of the society. State plays the dual role of containing industrial disputes and providing benefits to the workers. Post-independence, there was a large proportion of workforce that was socially and economically very weak and the constitution also, in Articles 39 to 43, inspires regulation of employee relations. The State thus enacted several regulations furthering the Directive Principles that:

- Provide benefits (e.g. Factories Act, Minimum Wages Act)
- Regulate & Resolve disputes (e.g. Industrial Disputes Act)
- Foster goodwill (e.g. Works Committee)

This resulted in a tripartite system of employee relations with the State becoming a key player in promoting industrial harmony. Decades up to liberalisation in 1990s witnessed deeply active interventions of State in employee relations. However, with the changing economic and demographic realities, the State's role has transformed from that of an interventionist to the role of developer of capabilities of employers and employees to work collaboratively (Jason Heyes, 2011). In fact, some important policies are now reformed because they are doing more bad than good in the changed context. An example is of the West Bengal and Karnataka governments bringing IT and BPO establishments under essential utilities (ICC, 2003); a move that would discourage strikes. Similarly, it has exempted such establishments from Industrial Employment (Standing Orders) Act with the objective of promoting overall progress and thus harmonious employee relations (Trilegal, 2013).

INVOLVEMENT AND PARTICIPATION

The statute provides for Worker Directors, Joint Management Councils, and worker committees. But these have remained more an object of compliance and have somewhat failed due to conflicts of interests. However, organizations are now proactively engaging the employees through quality circles, TQM, joint consultation, profits sharing and other task related methods. Not only does it increase harmony in employee relations but it also improves business effectiveness.

COLLECTIVE BARGAINING

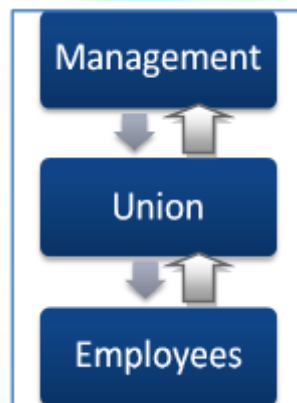
The essence of any collective organization is that, as individuals, its employees are relatively powerless vis-à-vis the employer. Thus it marshals their collective strength to redress the power disadvantage. Through collective bargaining employees relate with each other and are represented as a strong 'one voice'. This resulted in Trade Unions. Contrary to their reasons origin, the class struggle, trade unions have gone a long way and are key influencers in promotion of industrial harmony. Trade Unions use collective bargaining to reach agreement on the rules that regulate employment relationship. Employees in earlier days, had pluralistic commitment to the union and the employer. However, with the changing values and context on the workforce, employees now are moving to a unitary commitment, i.e., commitment and allegiance to the employer over the union.

COMMUNICATION

The "Union-Management" relationship has been through several phases ever since the emergence of the trade unionism movement in the country. This relationship has not only shaped the nature of communication, but also the "hierarchy" of communication in organizations. As such, organisational communication in general tends to shape the power structure in organisations.

Until a few years back the Union was seen as the primary interface between the employees and the management, as shown in fig. 1. This relationship, being the basis for industrial democracy, key industrial decisions ranging from long term settlements to other change management processes in the factories, were taken on the foundation of this relationship. The shop floor employees of the older generation, were also very comfortable in this relationship, where after having elected their representatives, key decisions ranging from their welfare, to benefits, to their working conditions, etc. were left in the trust worthy hands of the elected union representatives.

FIG. 1: TRADITIONAL COMMUNICATION HIERARCHY



This also made the task of management easier, having to deal with a fewer set of representatives, on behalf of the entire workforce. This shaped up the traditional communication hierarchy and also formed the basis of the power structure for the union representatives.

Over the last few years, the demographics of the work force in the Indian manufacturing sector, have seen a major shift (Twelfth Planning Commission). There has been an emergence of the new age workforce, a product of the demographic dividend, and a trend which will only increase with time. With rapid urbanisation, penetration of the social media and mobile telephony, this new age workforce is well educated, well informed, much younger and with high aspirations.

This shift in the communication framework and the need to establish direct connect (as shown in fig. 2) with the work force may create a potential conflict in the traditional union-management relationship. The unions could see this as a potential shift in the "power" centre and a step towards shifting the traditional bargaining process from the collective to the individual.

FIG. 2: NEW-ORDER COMMUNICATION TEMPLATE



MANAGEMENT INITIATIVES

The employer has traditionally been the stronger party in an employment contract. Therefore, it has a strong influence on employee relations. From a reactive approach to managing employee relations, managers today are turning to a proactive approach where they continuously manage employee relations with the dual objective of promoting industrial harmony and improving business effectiveness through committed employees (Lauge B.R.).

Employers are tirelessly striving to create a motivated workforce through fairness in workplace, rewards and recognition, learning and development opportunities and workers participation and involvement in the workplace. All this is inspired by the need to maintain external equity and get the best talent so that employers get a fair share of their bargain.

OTHER MACRO-ENVIRONMENTAL FACTORS

In addition to the above factors, some external factors outside the scope of employment relationship also influence harmony in employee relations. They are:

POLITICAL ENVIRONMENT

The ideology and governance mechanism of the State influences the nature of employee relations. For example, a Communist State shall promote the welfare of all the citizens and public ownership. It prevents concentration of capital and hence equality. On the contrary, a Capitalistic economy promotes the growth of wealth, even though its concentration as well (Johan N., 2013). The actual influence of the two systems on industrial harmony depends very much on its society's social fabric: the culture and values of its people.

MACRO-ECONOMIC ENVIRONMENT

Changes in variables such as inflation increase the cost of living. Pay, which forms the sine-qua-non for an employee to enter into the employment contract, must be fair enough to reflect such changes in economic environment. If this does not happen, employee feels he is disadvantaged in the bargain and this disrupts harmony in employee relations.

COMPETITION

Increase in consumerism and liberalization has increased the competition in between organizations. This has had two pronged effects.

On the one hand, employer can now fairly ask for employees to drive greater efficiencies, thereby largely benefitting the employer. This has also resulted in headcount 'rationalization' and lay-offs of regular workers and increase in **contract workers**. However, the disadvantaging conditions of a 'contract for employment' has resulted in much disharmony, as happened in the case of Maruti incident (Anuradha Shukla, 2012).

On the other hand, this has also created a war for talent, where employers are now competing for talent acquisition and retention. They are offering great Employee Value Propositions to employees in order to engage them. This has provided the employees an opportunity of a fair bargain.

CONCLUSION

It is understood that the human values such as fairness, equity, collectivism versus individualism, etc. influence employee relations. In addition to these factors, there are other factors such as the State, collective bargaining, employee involvement, communication and management practices that influence harmony in employee relations. There needs to be a balance between the benefits and costs of the two parties that enter into an employment contract. However, the nature of influence of all factors is influenced by the changing socio-economic context in which they operate. As such, there is no one stop solution for maintaining employee relations harmony. It has to be managed in the context of its environment. Organizations need to take a systems approach and manage the influence of a variety of factors on employee relations. Only then a balance between the influencers can be achieved and a harmonious industrial environment can be guaranteed.

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