INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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     REVIEW OF LITERATURE

     NEED/IMPORTANCE OF THE STUDY

     STATEMENT OF THE PROBLEM

     OBJECTIVES

     HYPOTHESES

     RESEARCH METHODOLOGY

     RESULTS & DISCUSSION

     FINDINGS

     RECOMMENDATIONS/SUGGESTIONS

     CONCLUSIONS

     SCOPE FOR FURTHER RESEARCH

     ACKNOWLEDGMENTS

     REFERENCES

     APPENDIX/ANNEXURE

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BOOKS

• Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.

• Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

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

JOURNAL AND OTHER ARTICLES

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

CONFERENCE PAPERS

• Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

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

ONLINE RESOURCES

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

WEBSITES

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

IMPACT OF ADVERTISEMENT ON CONSUMERS' BUYING BEHAVIOR: A STUDY ON FMCG PRODUCTS IN LUCKNOW CITY

ANKITA SHRIVASTAVA
RESEARCH SCHOLAR
FACULTY OF MANAGEMENT STUDIES
PACIFIC ACADEMY OF HIGHER EDUCATION & RESEARCH UNIVERSITY
UDAIPUR

DR. VIKRAM BISEN
DIRECTOR
ITM GROUP OF INSTITUTIONS
LUCKNOW

ABSTRACT

The purpose of present study is to investigate the impact of advertisement on consumer behavior on college students (N = 100). This paper aims to explore the role of advertisement on attitudes towards buying behavior. A questionnaire has prepared to evaluate the impact of advertisement. The sample data has been collected from college students, between 18-26 age group. As a whole seven brands of body and detergent soaps has been taken into consideration as FMCG's brands like Lux, Pears, Dettol, Dove, Fiama D' Wills, RIN and Surf Excel. Data collection were made in respect of their co-relations with advertisements. As a result,mean,standard deviation frequency and percentage were used and presented in tabular format. These results exposed that advertisement attracts towards the preference and choices to influence the consumer buying behavior. The model used therein influenced the consumers more as compared to traditional mode of advertisement. Results also revealed that consumers considered advertisement as a reliable source of knowledge as compared to others, (friend, neighbors, reference group) opinions. Advertisement play a very important role to affect any high or low income group, but expensive products and the repetition of advertisement did not affect the consumer buying behavior. The most preferred brand is DOVE and second preferred brand is PEARS. Further, Surf Excel's ad effects more consumers than RIN. However, consumers prefer RIN to Surf Excel due to lower price of RIN. Consumers were attracted and influenced by the flash of advertisement on the silver screen.

KEYWORDS

Consumer Buying Behavior, Impact of advertisement, College students.

INTRODUCTION

Advertising is a growing business in India today. It has been gaining importance in its economy. The significance of advertising continues to increase year by year. The host of new products marketed, the expenses and the risks involved in launching them, and the low cost of personal selling are among the conditions which have placed a heavy responsibility on the advertising industry. In India, with its growing productive capacity and output, there is a need for finding consumers for this growing output, and advertising plays an important role in the process of moving the goods from the producers to the consumers. With mass marketing to distribute the output of production, the GDP (gross national product) may increase to a considerable extent. Advertising helps to increase mass marketing while aiding the consumer to choices and preferences from amongst the variety of products offered for his selection and option. It was only in the latter half of the 19th century, that mass advertising, as we know it today, came into being. Mass production became a reality, and channels of distribution had to be developed to cope with the physical movement of goods, creating a need for mass communication to inform consumers of the choices available to them. We are all influenced with advertisements in our day to day life. Its forms and contents both are well liked amongst consumers.. In other words advertising is simply an economic movement with only one objective behind to increase the consumer demand of the product as well as to enhance the sales volumes. Many advertisers and agencies believe that advertising creates "magic in the market place" (Russell & Lane, 1996).

It is evident from definitions of advertisement that with the change in times there have been changes in the way advertising is perceived. However, in spite of all these changes advertising has always been a very strong institution, which has continued to influence our lives since the beginning of time. So advertising is a way of gaining sales effectiveness and of keeping selling expenses low. Advertiser wants to be certain that he, his store, and his product are identified in the advertisement and he is gaining benefit from it, even when he cannot be there to deliver the message in person. Advertising and other marketing expenditures incurred by a firm are expected to create a stock of goodwill which may generate profits for the firm not only in the current period but also in future. It is considered at one of the most important weapons to face and deal with competitions in the market place.

Researchers are agreed on these six fundamental principles on which advertising campaign run:

(a)   to secure attention;
(b)   to arouse interest;
(c)   to develop and sustain interest;
(d)   to create desire;
(e)   to incite action and
(f)   to create good will.

After choosing an appropriate strategy and deciding upon the advertising objectives, media selection is the next important consideration. . Some important tools of advertisement are newspapers, magazines, radio, television, direct mail and mail order, outdoor display and transportation, from which electronic media is more common to all.

Consumer buying behavior is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, anthropology and economics. It attempts to understand the buyer decision-making process, both individually and in groups. It studies features of individual consumer such as demographics, psychographics, and behavioral variables in an effort to understand people's wants. It also tries to measure influences on the consumer from groups such as family, friends, reference groups, and society in general. Developing effective advertisements represent key ingredient marketing communications efforts. The advertising team should define the objective of advertisement; the target audience, the message theme used, the type of support needed, and any constraint apply. Then a creative works within the context of key advertising theories in selecting the correct media and designing a leverage point and message appeal that work effectively. The hierarchy of effects models suggest consumer move through a series of stages as they are persuaded to make a purchase.

(a) Awareness.
(b) Knowledge
(c) Liking
(d) Preference

(e) Conviction

(f) Actual purchase.

The hierarchy of effects model can be combined with the three main elements present in attitudes; (1) cognitive, (2) affective, and (3) conative components. Advertisements are design to influence affective feelings cognitive knowledge, or conative intention to act or behave based on attitude. The process of designing ads for international markets is quite similar to that for domestic ads. The major difference is careful consideration of local attitudes with due care given to the language, custom and fashions'. (Kenneth E.Clow and Donald Baack, 2012)

RATIONALE OF THE STUDY

This research was conducted to find out the impact of advertisement on consumers' behavior with reference to their fast moving consuming goods (FMCG's) for this purpose seven soap brands was taken and advertisement effects were checked out. Advertiser and marketers are more concerned to know what are the consumer's motives and their purchasing pattern in order to use different strategies to influence their consumer behavior and FMCG's are the main focus of marketing researchers. The consumers use FMCG's in daily routine and demand uniqueness and variety among them that is why marketer's focused heavily to judge psyche of consumers; what they like, why they like and what will be appreciable in FMCG's products.

Advertisements of FMCG's are mostly concern about variety, upgrading of products, saving schemes to make it more influencing and effective for consumer's psyche, so it is important to find out the elements of good advertisements as if the consumers are prone to the advertisement effectiveness then, which element of advertisement is more effective? Does the income play a role in determining advertisement effectiveness or not?

UNDERSTANDING CONSUMER BEHAVIOR

Consumer buying behavior is the study of how people buy, what they buy, when they buy and why they buy. It blends elements from psychology, sociology, anthropology and economics. It attempts to understand the buyer decision-making process, both individually and in groups. It studies features of individual consumer such as demographics, psychographics, and behavioral variables in an effort to understand people's wants. It also tries to measure influences on the consumer from groups such as family, friends, reference groups, and society in general. The study and knowledge of consumer buying behavior helps to firms to decide their marketing strategies and product offerings.The decision to buy milk, bread, a cake, personal computer and a new car all are very different. Expensive purchases are likely to involve more buyer deliberation and more participants.

REVIEWS OF LITERATURE

Amit Kumar (2011) in his paper 'Celebrity Endorsements and its impact on consumer buying behavior' focuses on the perception of Indian consumers about celebrity endorsements, the celebrity attributes likely to influence consumer purchase intentions. The practice of celebrity endorsements has proliferated over time. Now days it has become a pervasive element of advertising industry especially in India. Celebrity endorsement business has become a multi-million industry in India. Marketers use celebrity endorsers to influence the purchase decision of consumers in order to increase their sales and extend their market shares. This made the author curious to explore the impact of celebrity endorsements on consumer buying behavior.

Aneeza Bashir and Najma Iqbal Malik (2009), concluded in their study, "Effect of advertisement on consumer behavior of university students" that advertisement persuades the consumer to at least buy the product once in a life time. Personality used in commercials influenced the consumers more as compare to keyword/caption. Results also revealed that consumers considered advertisement as a reliable source of knowledge as compare to others (friends, neighbours, reference group) opinions.

T.Mamatha (2008) in her study 'Post purchase behavior and consumerism' says that consumer behavior is a very complex phenomenon, which needs more efforts to understand, explain and predict. In order to get a clear understanding of the same, every marketer should realize that consumer behavior is, in fact, an assumption every marketing manager must make, if he plans to market on any basis other than hit-or-miss. Although some individuals find it difficult to make this assumption, one must agree that behavior is not so erratic or mysterious that it defies explanation.

Dinesh Kumar Gupta (2007), in his research 'Impact of celebrity endorsement on consumer buying behavior and brand branding' aim to describe the celebrity endorsement increase consumer attractiveness for product than non-celebrity endorsement and bring magic to brand and make them more appealing and successful but while using celebrity endorsee, marketer has to take care of all the aspect that whether the brought personality and image of celebrity matches or not, whether celebrity endorsee has deep penetration among the masses or not, whether he is considered as credible source or not etc.

Susan Chirayath (2007), says in their research 'Impact of Promotional Activities on Consumer Buying Behavior' that, FMCG Sector in India is characterized by cut throat competition, which leads to brand proliferation in various categories. In matured urban markets consumer sales promotion to differentiate one's offer is a very common practice. In fact consumers are lured by the ever increasing budget allocated to these activities. In such a scenario it is very essential to study how consumers make their choices in FMCG category where there are several brands in the consideration set of the consumer. Since the final risk being low, consumers do not mind switching from one brand to another due to sales promotion offers. Thus it becomes imperative to the marketer to learn about consumer preferences with respect to sales promotion offers, what schemes do the consumers prefer for what kinds of brands, which media they prefer to learn about the schemes, whether they prefer incentives immediately or at a later date.

Tsai, Liang, and Liu,(2007), explored out that the concept of advertising makes it possible to involve the consumers which greatly affect the buying decisions of the consumers.

J. Varaprasd Reddy,(2006), in his study 'Role of Advertising in Creating Brand Personality' says that brand personality being potent tool needs to be leveraged to achieve key objectives for existing & new brands. Consistency is also important, failing which dilution of brand personality or absence of it may occur. Other mix elements like distribution, pricing, promotion and packaging (apart from advertising) should support and strengthen brand personality.

Dr. Vijay Pithadia (2006) in his study 'Evaluating International Advertising Techniques & Opportunity' explain the public perception of advertising has become very negative. It is seen as a medium that inherently promotes a lie, based on the purpose of the advertisement - to encourage the target audience to submit to a cause or a belief, and act on it to the advertising party's benefit and consequently the target's disadvantage. They are either perceived as directly lying (stating opinions or untruths directly as facts), lying by omission (usually terms or conditions unfavorable to the customer) or portraying a product or service in a light that does not reflect reality. It is this increased awareness of the intention of advertising, as well as advertising regulations that have increased the challenges that marketer's face.

Srikant Kapoor(2006), describe in the study 'Advertising revisited-The Good, Bad, & Ugly' that difference in presentation of a Good, Bad & Ugly advertisement is mainly owing to the sponsor's view point & artists creative choices. However, someone has to be wasteful about what can be shown in public & what should remain hidden. Money making through unacceptable means may be prevented by law but awareness about what is good & what is not, is also important to discourage bad practices. If ignorance of law is not excused, ignorance about good & bad taste should not be excused. It may have far more significance for the betterment of the society, & its people.

Chen and Lee (2005), in their research say that based on the previous studies regarding the consumer behaviors, there are three influential factors that affect the consumer decision when buying. They are enumerated as external influences, internal influences and the marketing influences in which the advertising, product promotion, and pricing technique are found. Definitely, the marketing activity such as advertising affects both internal and external behavior of the consumer. Most especially, the consumers' perceptions are influence through the exposure such as seeing an advertisement; attention which means that the consumer recognizes the advertisement; awareness which is common if the advertisement involves some humor; and the retention that keeps or stays in the mind of the consumer.

Gwin & Gwin, (2003) says in their study that advertisement can change consumer's perception of a product in terms of attributes content and proportion and also influence consumer's taste for attributes.

Maldonando, Tansuhaj & Muehling,(2003); Hogg & Garrow,(2003); Putrevu, (2001) concluded that advertisers must remember that advertising messages are interpretend differently between different genders.

Pietes, Warlop and Wedel, (2002) 'Ads originality' as defined from where easier for customer to remember than ordinary ads by increasing attention to it. This thus increased attention to the brand being advertised

Wells, Burnett & Moriarty(2000), in his research made available the information that media is the vehicle that is used for the delivery of the message. Some important tools of advertisement are newspapers, magazines, radio, television, direct mail and mail order, out door display and transportation.

Shahid,(1999) in his research says that researchers are agreed on these six fundamental principles on which advertising campaign run: to scure attention; to arose interest; to develop and sustain that interest; to create desire; to incite action and to create good will. After choosing an appropriate strategy and deciding upon the advertising objectives, media selection is the next important consideration.

OBJECTIVE OF THE STUDY
-To study consumers' buying behavior in purchasing FMCG Products.
-To explore the impact of personality used in advertisements on consumer behavior.
-To find out the acceptance of advertisement due to appeal used in it.
-To determine the impact of keyword/caption/slogan of advertisement on purchasing behavior of consumers.

SCOPE OF THE STUDY
The present study helps in exploring the impact of advertisement on customer behavior, It is understood that advertisement is not only use for awareness about the product and services it also play an important role in brand emotion, selection option and preference towards the products and also sales of the products.

NEED OF THE STUDY
It is a matter of fact that all the companies spend a lot of money on advertisements to establish the product in market as well as brands. It is also important for the companies to know whether their advertisements are effective or not.

RESEARCH METHODOLOGY
RESEARCH DESIGN
Research design is a detailed blue print used to guide the research study towards its objectives. In this study the researcher will use descriptive design.The main purpose of the present study is "To know the Impact of Advertisement of consumer buying behavior" on FMCG products among college students. A survey was conducted amongst the college students and a thorough analysis was made.
SAMPLE SIZE
A sample of "100" students was taken for the purpose of study and analysis. The sample size consist age group of 18 to 26 years. They all were viewers of electronic advertising.
SAMPLING UNIT
Sampling unit consists of all consumers having interest in FMCG goods in Lucknow City, U.P.
SAMPLING TECHNIQUE
Convenience sampling technique (non probability sampling) was used for the survey. Questionnaire filled by the selected customers.
DATA COLLECTION
data was collected through primary and secondary sources.
1. Primary data: primary data was collected with the help of well structured questionnaires and schedules administered among 100 respondents.
2. Secondary data: Secondary data will be obtained from various published reports,   research studies, bulletin, Government's publications etc.
TOOLS AND TECHNIQUES
Present research is based on quantitative descriptive approach, so it requires statistical treatment of the data. Different tools and techniques will be used to analyze the data, collected through well structured questionnaire and schedule. Weighted mean, Standard Deviation will be used.

DATA ANALYSIS
FACTORS EFFECTING CONSUMERS' BUYING DECISION

TABLE 1

Factors	Mean	SD
Advertisement & sales Promotion	4.18	0.95
Price & Discount	3.89	1.12
Quality	3.77	1.17
Income	3.01	1.40
Word of Mouth	2.99	1.35
Emotional Attachment	2.91	1.12
Festival Season	2.88	1.41
Goodwill	2.72	1.14
Visual Merchandising	2.60	1.33

Table 1 is showing the particular factors which affect the consumers' buying behavior, in reference to body and detergent soaps. These factors have been ranked in the table as per their weighted mean.

FREQUENCY AND PERCENTAGES OF FACTORS INFLUENCING PURCHASE OF THE BRAND

TABLE 2

Factors	Frequency & Percentages
Family	15
Doctors	12
Advertisements	35
Self	27
Others	11
Total	100

Table 2 is exploring that the role which advertisements play can not be neglected. According to study it is found that advertisements influence the consumers a great deal in selecting a soaps. Next come self that is the consumer himself and then comes the role of family and doctor. At many times someone's reference also helps in selecting a brand.

FREQUENCY AND PERCENTAGES OF PERSUASION DUE TO ADVERTISEMENT

TABLE 3

Response category	Frequency & Percentage (%)
Mostly Persuaded	42
Sometimes Persuaded	33
Never Persuaded	25
Total	100

The three basic things in advertisement that can influence the viewers were personality, caption, and appeal. Results in table no.5 showed that almost 33-42% respondents were persuaded to purchase the product due to advertisement, whereas 25% respondents were never persuaded (see Table 3).

FREQUENCY AND PERCENTAGES OF IMPACT OF APPEAL IN ADVERTISEMENT ON CONSUMER BEHAVIOR

TABLE 4

Response category	Frequency & Percentage (%)
Mostly Persuaded	37
Sometimes Persuaded	54
Never Persuaded	07
Total	100

Table No. 4 showed that 37% of the respondents were mostly influenced by the appeal and 54% were sometime influenced by appeal in the advertisement whereas 07% of respondents were never influenced from the appeal used in advertisement, which means that advertisement did effect consumer behavior to a greater extent. But to find out weather its effectiveness motivates them to purchase the product at once or not further analyses were done.

FREQUENCY AND PERCENTAGES OF IMPACT OF PERSONALITY ON CONSUMERS' BUYING BEHAVIOR

TABLE 5

Response category	Frequency & Percentage (%)
Mostly Persuaded	37
Sometimes Persuaded	34
Never Persuaded	29
Total	100

Another most persuasive component of advertisement was personality. Impact of personality used in commercial was also explored and results in the above table revealed that 37% of the consumers were mostly influenced by the personality used in advertisement of specific brand. But 29% consumers were never influenced by personality used in commercials (see table 5).

FREQUENCY AND PERCENTAGES OF IMPACT OF KEYWORD / CAPTION OR SLOGAN ON CONSUMERS' BUYING BEHAVIOR

TABLE 6

Response category	Frequency & Percentage (%)
Mostly Persuaded	36
Sometimes Persuaded	49
Never Persuaded	15
Total	100

The results also indicated that only 36% - 49% of consumers were influenced by keyword/ caption/slogan used in advertisement of specific brand whereas 15% had no influence of keyword / caption (see Table 6).

RELATIONSHIP BETWEEN EFFECTIVENESS OF APPEAL AND PURCHASING PATTERN

TABLE 7

Appeal Immediate Purchase	Mostly	Some time	Never	Total
Yes	14	15	06	30
No	25	35	10	70
Total	39	50	16	100

Table 7 revealed that the effectiveness of appeal and the purchase of product had non significant relationship.

RELATIONSHIPS BETWEEN PERSUASION AND KEYWORD/ CAPTION OF ADVERTISEMENT

TABLE 8

Caption/word –persuasion	Mostly	Sometimes	Never	Total
Mostly	17	21	08	48
Sometimes	11	16	09	36
Never	02	03	13	16
Total	30	40	30	100

Results in the table revealed that persuasion is highly positively associated with keyword / caption used in commercial (see Table 8).

BRAND PREFERENCE OF CONSUMERS

Consumer brand preference (body soaps)

TABLE 9

Brand	Mean	SD
Dove	4.36	0.88
Pears	4.16	0.92
Dettol	3.77	1.22
Lux	3.53	1.35
Fiama D' Wills	2.71	1.42

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Consumer brand preference (detergent soaps)

TABLE 10

Brand	Mean	SD
RIN	4.50	0.74
SURF EXCEL	4.42	0.81

Table 9 shows Dove topped the preference of product in the category of body soap with 4.36 mean of the consumers expressing their preference. On the other hand, in the category of detergent soap (Table 10) RIN is preferable to Surf Excel due to price difference.

FINDINGS

1. The ads might be persuasive because firstly it had exposure to the audience; secondly once the audience had been exposed to the message, they became attentive towards it.
2. For the purpose making ads persuasive, advertisers designed intrusive ads, used loud and bold effects to attract viewers attention like "Good for health".
3. Consumers noticed something that was new, novel and surprising like Surf Excel's tagline "DAAG ACHCHE HAIN" and Rin's slogan "DUGUNI SAFEDI DUGUNI CHAMAK" while focusing on its 'whitening ability'. It can be said that in order to be more effective and persuasive, ads of specific brands carried all the characteristics of a great ad, which are strategy, creativity and execution.
4. Results also revealed that there was non-significant relationship between effective appeal and purchasing pattern of consumers. So it can be concluded that after watching the advertisement it is not necessary that people will rush to buy the product due to impact of appeal used only, unless the product seems satisfactory to them.
5. The second component of advertising is personality used in commercials. The results indicated that the personality used in commercials of particular brands of soap had the greater impact on consumers.
6. In the category of body soaps, personality used plays a very important role in persuasion of buyers atleast once to buy a product. Almost all body soaps commercial use personalities/ celebrities like Hema Malini and Madhuri Dixit endorsed Lux soap. Not only in India,but also in foreign countries film stars of that particular country endorsed for Lux. For this, Lux used Tagline "Beauty soap of film stars".
7. Detergent soaps got attention of buyers due to captions and keywords used where as body soaps captured market by having celebrities in ads.
8. Keyword / captions are used in commercials as an influential and attention gaining components. Captions like (the new); (the improved) and (better than ever) attract the attention of consumers for life long period of time.
9. It was also clear from results that there was a significant relationship between persuasion and keyword / caption of commercial. So it means that in order to fulfill the needs of innovations of consumers, advertisers repeat the same brands with these effective captions.
10. People prefer Dove and pears due to good quality first and then due to advertisement of them, then comes Dettol with its medicated characters Lux and Fiama D' Wills comes after then.
11. In the category of detergent soap Surf Excel's ad effects more consumers than RIN. However, consumers prefer RIN to Surf Excel due lower price of RIN.
12. From these results it can be argued that people also use active learning process in changing their attitudes towards particular brand.Advertisements comes first in factors effecting consumers' buying decision.

SUGGESTIONS

On the basis of the study following suggestions can be made:
1. To make advertisement further effective the companies should start or engaged such personality who is matching or truly representing to the products because most of the time, it has been observed through the study that people recall the product by personality who is engaged in that advertisement.
2. The companies should concentrate more on satellite channels for advertisement, as mostly people get attracted through television only at present.
3. The ompanies should focus on its language, presentation and value of advertisement because most of the people remember the advertisement of companies only because of these factors.
4. The companies should also use time to time some more and new attractive system of word of mouth advertisement to keep alive the general awareness in the whole market.
5. The company should always be in a position to receive continuous feedback and suggestions from its customers.
6. Companies should create those advertisements which look real and can connect to consumers directly because people do not react in favor of things that seems fake in any commercial.

CONCLUSION

Although the environmental factors are important in decision making and getting information but the most reliable and trustworthy source is the ad of particular brand. Opinion leaders (models) work as the informative agent, so advertisement becomes a reliable source. All these issues covering appeal phenomena including attractive personality, keyword / caption and source of information concluded that advertisement had a positive impact on consumers. In order to be more effective and influential in a positive manner, the ad of particular brand must have all the qualities of a good ad. In a nutshell it was concluded that advertisement appeal and its effectiveness was positively related. It was also found out that people form attitudes towards objects on the basis of their beliefs, perception and knowledge about these objects.

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KNOWLEDGE MANAGEMENT: EMERGING PERSPECTIVES

DR. P. SUCHITRA
PROFESSOR & PRINCIPAL
DR. KVSR INSTITUTE OF MCA
KURNOOL

ABSTRACT
In one form or another, knowledge management has been around for a very long time. Knowledge management is not a, "a technology thing" or a, "computer thing" knowledge management is much more than a "technology thing" and that elements of it exist in each of our jobs. To start with Knowledge, it is a set of models describing various properties and behaviors within a domain. Knowledge is the full utilization of information and data, coupled with the potential of people's skills, competencies, ideas, intuitions, commitments and motivations. In today's economy, knowledge is people, money, leverage, learning, flexibility, power, and competitive advantage. Knowledge is more relevant to sustained business than capital, labor or land. But, it remains the most neglected asset. Knowledge provides the ability to respond to novel situations. A holistic view considers knowledge to be present in ideas, judgments, talents, root causes, relationships, perspectives and concepts. Knowledge is stored in the individual brain or encoded in organizational processes, documents, products, services, facilities and systems. Knowledge is the basis for, and the driver of, our post-industrial economy. Knowledge is the result of learning which provides the only sustainable competitive advantage. Knowledge is the next paradigm shift in computing following data processing 1945-1965 and information management 1966-1995. Knowledge is action, focused innovation, pooled expertise, special relationships and alliances. Knowledge is value-added behavior and activities. For knowledge to be of value it must be focused, tested and shared.

KEYWORDS
knowledge management, organisational knowledge.

INTRODUCTION
nowledge management is the process of capturing, developing, sharing, and effectively using organisational knowledge. It refers to a multi-disciplined approach to achieving organisational objectives by making the best use of knowledge.
An established discipline since 1991KM includes courses taught in the fields of business administration, information systems, management, and library and information sciences. More recently, other fields have started contributing to KM research; these include information and media, computer science, public health, and public policy. Many large companies and non-profit organizations have resources dedicated to internal KM efforts, often as a part of their business strategy, information technology, or human resource management departments. Several consulting companies provide strategy and advice regarding KM to these organisations.

Knowledge management efforts typically focus on organisational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organization.KM efforts overlap with organizational learning and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge. It is seen as an enabler of organisational learning and a more concrete mechanism than the previous abstract research.

Components of Knowledge include

People – 70%
Process – 20% and
Technology -10%

To effectively manage Knowledge in any organization, the efforts of the Human Resource should be utilized to the maximum effect followed by the relevant process and technology.

FIG. 1

Knowledge Components

People 70%
Attitudes, Sharing, Innovation, Skills Team work, Motivation, Organisation, Vision/Objectives, Communities Standards

Technology 10%
Data stores & formats, Networks, Internet, Data Mining & Analysis, Decision toos, Automation Standards

Process 20%
KM Maps Work flows, Integration, Best Practices, Business Intelligence Standards

LEARNING

n% = effort required
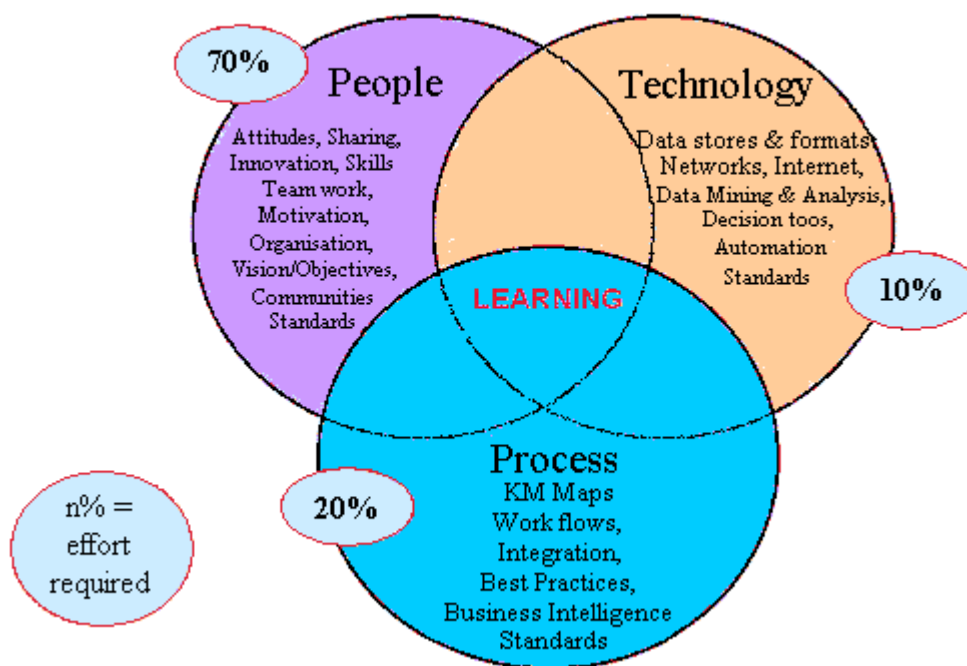
© Dilip Bhatt, 2000

The above model developed by the European Foundation for Quality Management, and using the "hybrid skills" specified in the model, Dilip Bhatt[1] has linked knowledge management strategies directly to business policies and strategies.

KNOWLEDGE MANAGEMENT

Knowledge management is an audit of "intellectual assets" that highlights unique sources, critical functions and potential bottlenecks which hinder knowledge flows to the point of use. It protects intellectual assets from decay, seeks opportunities to enhance decisions, services and products through adding intelligence, increasing value and providing flexibility.

Knowledge management is the management of the organization towards the continuous renewal of the organizational knowledge base - this means e.g. creation of supportive organizational structures, facilitation of organizational members, putting IT-instruments with emphasis on teamwork and diffusion of knowledge (as e.g. groupware) into place.[2]

Knowledge Management is the collection of processes that govern the creation, dissemination, and utilization of knowledge. when people realized that information is a resource that can and needs to be managed to be useful in an organization.[3]

On the Management of Knowledge - Position Statement by Karl M. Wiig, February 6, 1996

Knowledge -- the insights, understandings, and practical know-how that we all possess -- is the fundamental resource that allows us to function intelligently.

It does not replace one's strategy setting, but the strategy itself will be flavored differently if one adopts a KM mindset. In time KM will became simply M, a way of managing the business.

M is not a substitute for a Quality system; it does not replace TQM but helps to achieve the objectives in a smart fashion. It does this by developing a certain mindset in the organization.

As such, knowledge management, and everything else for that matter, is important only to the extent that it enhances an organization's ability and capacity to deal with, and develop in, these four dimensions

- ✓ Accomplishing Mission of the Organization.
- ✓ Gaining Advantage in cut-throst competitive situations.
- ✓ Delievering the requisite results.
- ✓ Coping up with all pervasive Change.

The value of Knowledge Management relates directly to the effectiveness with which the managed knowledge enables the members of the organization to deal with today's situations and effectively envision and create their future. Without on-demand access to managed knowledge, every situation is addressed based on what the individual or group brings to the situation with them. With on-demand access to managed knowledge, every situation is addressed with the sum total of everything anyone in the organization has ever learned about a situation of a similar nature.

Thomas Bertels provides the following definition of Knowledge Management:

Knowledge management complements and enhances other organizational initiatives such as total quality management (TQM), business process re-engineering (BPR) and organizational learning, providing a new and urgent focus to sustain competitive position[3]. The associated terminology with Knowledge management that go hand in hand are :

Knowledge Analysis (KA): In Knowledge Analysis ,a knowledge source is modelled in such a way that its usefulness, its weaknesses and its appropriateness within the organization are analyzed. Knowledge Analysis is a necessary step for the ability to manage knowledge. Within Knowledge Analysis, knowledge modeling and knowledge acquisition techniques are used.

Knowledge Planning (KP): When an organization has a grip on its knowledge (i.e. has performed Knowledge Analysis), it will be able to plan for the future. An organization will now be able to develop a multi-year knowledge plan that defines how the organization will develop its knowledge resources, either by training its human agents, or by developing knowledge-based systems to support the human agents, or by other means that allow the organization to stay competitive.

Knowledge Technology (KT): This is, the application of techniques and methods from the field of AI(Artificial Intelligence), or to be more specific, the field of knowledge-based systems. The best known methodology for building knowledge-based systems is Common KADS (formerly known as KADS).

Computer Supported Work Systems (CSWS): This is a formal and informal (human) activity system, within an organization where the (human) agents are supported by computer systems. The application of Knowledge Technology is very helpful in such work systems, although definitely not the only important factor in the analysis and design, nor in the effectiveness of the activity system.

KM is mandatorily to be applied ....

- ✓ To serve customers well and remain in business
- ✓ Companies must reduce their cycle times and
- ✓ Operate with minimum fixed assets and overhead (people, inventory and facilities)
- ✓ Shorten product development time, improve customer service, empower employees, innovate and
- ✓ Deliver high quality products, enhance flexibility and adaption, capture information, create knowledge, share and learn.

Two broad areas of Knowledge Management that are requisite for viability and success at any level include:

1. **Knowledge assets** -- to be applied or exploited -- must be nurtured, preserved, and used to the largest extent possible by both individuals and organizations.

2. **Knowledge-related processes** -- to create, build, compile, organize, transform, transfer, pool, apply, and safeguard knowledge -- must be carefully and explicitly managed in all affected areas.

Knowledge management in organizations must be considered from **three perspectives** with different horizons and purposes:

1. Business **Perspective** -- focusing on why, where, and to what extent the organization must invest in or exploit knowledge. Strategies, products and services, alliances, acquisitions, or divestments should be considered from knowledge-related points of view.

2. **Management Perspective** -- focusing on determining, organizing, directing, facilitating, and monitoring knowledge-related practices and activities required to achieve the desired business strategies and objectives.

3. **Hands-On Operational Perspective** -- focusing on applying the expertise to conduct explicit knowledge-related work and tasks.

Historically, knowledge has always been managed, at least implicitly. However, effective and active knowledge management requires new perspectives and techniques and touches on almost all facets of an organization

In the view of Karl E. Sveiby, At a meta-level, Knowledge Management has two **tracks of activities - and two levels**. They are

Track 1= Management of Information. Researchers and practitiioners in this field have their education in computer and/or information science. They are involved in construction of informatiom management systems, AI, reengineering, group ware etc. To them knowledge = Objects that can be identified and handled in information systems.

Track 2 = Management of People. Researchers and practitiioners in this field have their education in philosophy, psychology, sociology or business/management. They are primarily involved in assessing, changing and improving human individual skills and/or behaviour. To them knowledge = Processes, a complex set of dynamic skills, knowhow etc, that is constantly changing. Level: Individual Perspective. The focus in research and practise is on the individual.

Level 1: Individual Perspective. The focus in research and practise is on the individual.

Level 2: Organisational Perspective.The focus in research and practise is on the organisation.

EFQM Model

European Foundation for Quality Management (EFQM) has developed a Model (fig 2) which is being widely adopted by thousands of organizations.

FIG 2
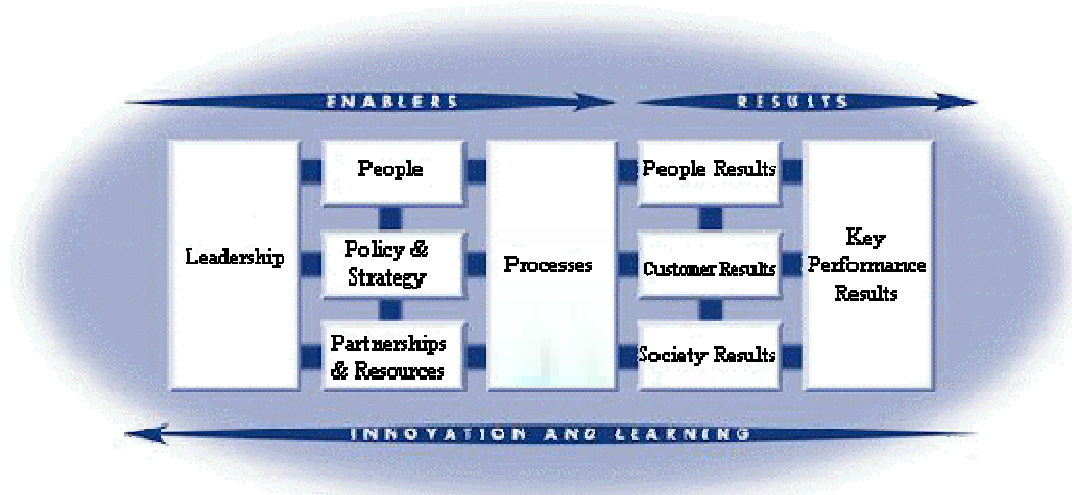
The EFQM Excellence Model is a non-prescriptive framework based on nine criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organization does. The 'Results' criteria cover what an organization achieves. 'Results' are caused by 'Enablers'.

ENABLERS - how we do things include

1.   Leadership
2.   People
3.   Policy and Strategy
4.   Partnership and Resources
5.   Processes

RESULTS – are those what we target, measure and achieve and include

1.   Customer Results
2.   People Results
3.   Society Results
4.   Key Performance Results

The Model, recognizing there are many approaches to achieving sustainable excellence in all aspects of performance, is based on the premise that:

Excellent results with respect to Performance, Customers, People and Society are achieved through Partnerships and Resources, and Processes.

The arrows emphasize the dynamic nature of the model. They show innovation and learning helping to improve enablers that in turn lead to improved results.

CONCLUSION

Cultural and process issues are critical for KM success. Implementing an Intranet, although important in itself, is not sufficient. As it was not developed in the context of business objectives or staff needs. Most likely, it does not address the way people work and/or the processes that should be implemented to support the Intranet. This may be a simplistic conclusion and the reasons for failure are probably far more complex, but the point being any implementation MUST address people, processes and technology NOT in isolation to each other but holistic.

KM by definition is complex and dynamic; it requires great attention to detail, and attention to the dynamics of change. Unexpected changes will occur, education will be slower then anticipated, new working practices will be foreign to many. KM implementation is an art form.

Holistic strategy is suggested which will embrace all aspects of the organization towards the transformation into a knowledge-centric organization. The change will be less painless if KM is inherently adopted as part of the business model. It should not be implemented in isolation or as a silo function in the company. the end, it all means one thing: arm people with the right information, so they are able to make better judgements, smarter decisions and create environments in which to encourage innovation, in order to be able to provide a high quality service to its customers. All this, by implication, means a KM-centric company is a successful company.

KM is not a fad; we have been doing it for years, but now the focus has changed. Knowledge is a valuable asset and one needs to use to gain that edge. Even if the company does a lot to change cultures and foster knowledge sharing, in the end it comes down to one thing: unless the knowledge is put into action, there is no reward, only pain.

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SECTORAL PERFORMANCE AND INVESTMENT OPPORTUNITY IN INDIAN EQUITY MARKET: A CASE ANALYSIS OF SIX MAJOR SECTORS

DR. SANJAY RASTOGI
ASSOCIATE PROFESSOR
INDUS BUSINESS ACADEMY
GREATER NOIDA

R SRINIVASAN
PROFESSOR
INDUS BUSINESS ACADEMY
GREATER NOIDA

ABSTRACT

It is said "Remember God in good times and equities in bad times." Although, each investment alternative has its own strengths and weaknesses. The investment in traditional avenues, other than equity market, fetch a return of 7-10 percent. The returns on equity has been much more high. The Indian stock market is semi-efficient by nature and, is considered as one of the most respected stock markets. The information in this market is quickly and widely disseminated, it reflecting the nearest value of investment. The Indian stock market is full of investment opportunity especially in equities segment. However this needs a careful analysis. This paper is an attempts in the same direction. The analysis has been done for six selected sectors which are Banking, IT, Energy, Auto, Pharma and Metal. The selected sector performance has been analysed and compared using particular sector Index and Nifty. To analyse the performance of selected sectors, Regression and ANOVA has been used.

KEYWORDS

Nifty, CNX Bank Index, CNX Auto Index, CNX IT Index, CNX Energy Index, CNX Pharma Index and CNX Metal Index.

1- THE BACKGROUND

Savings form an important part of the economy of any nation. Banks are considered as the safest of all options available for investments, since banks have been the roots of the financial systems in India. However, in post globalisation era the Stock markets provide an option to invest in a high risk, high return game. While the potential return is much more than 10-11 percent any of the options can generally generate, the risk is undoubtedly of the highest order.

The financial system in most western countries has undergone a remarkable transformation. One feature of this development is disintermediation. A portion of the funds involved in saving and financing flows directly to the financial markets instead of being routed via banks' traditional lending and deposit operations. The general public's heightened interest in investing in the stock market, either directly or through mutual funds, has been an important component of this process. Statistics show that in recent decades shares have made up an increasingly large proportion of households' financial assets in many countries. The major part of this adjustment in financial portfolios has gone directly to shares.

The stock market is also one of the most important sources for companies to raise money. This allows businesses to go public, or raise additional capital for expansion. The liquidity that an exchange provides affords investors the ability to quickly and easily sell securities. This is an attractive feature of investing in stocks, compared to other less liquid investments such as real estate.

The purpose of a stock exchange is not only to facilitate the exchange of securities between buyers and sellers but providing a market place (virtual or real). The exchanges provide real-time trading information on the listed securities, facilitating price discovery. The years back, worldwide, buyers and sellers were individual investors, such as wealthy businessmen, with long family histories (and emotional ties) to particular corporations. Over time, markets have become more "institutionalized"; buyers and sellers are largely institutions (e.g., pension funds, insurance companies, mutual funds, hedge funds, investor groups, and banks). The rise of the institutional investor has brought with it some improvements in market operations.

Exchanges also act as the clearinghouse for each transaction, meaning that they collect and deliver the shares, and guarantee payment to the seller of a security. The smooth functioning of all these activities facilitates economic growth in that lower cost and enterprise risks promote the production of goods and services as well as employment. In this way the financial system contributes to increased prosperity.

TRADING IN INDIA

The trading on stock exchange in India used to take place through open outcry without use of information technology for immediate matching or recording of trades. This was time consuming and inefficient. This imposed limits on trading volumes and efficiency. In order to provide efficiency, liquidity and transparency, NSE introduced a nationwide online fully automated screen based trading system (SBTS) where a member can punch into the computer quantities of securities and the prices at which he likes to transact and the transaction is executed as soon as it finds matching sale or buy order from a counter party. SBTS electronically matches order on strict time/price priority and hence cuts down on time, cost and risk of error, as well as on fraud resulting in improved operational efficiency. It allows faster incorporation of price sensitive information into prevailing prices, thus increasing the information efficiency of markets. It enables market participants, irrespective of their geographical locations, to trade with one another simultaneously, improving the depth of liquidity market. It also provides a perfect audit trail, which helps to resolve disputes by logging in the trade execution process in entirety. Today India can boast that almost 100% trading take place through electronic order matching. Technology was used to carry the trading platform from the trading hall of stock exchanges to the premises of brokers. NSE carried the further platform further the PCs at the residence of Clients through the Internet for Users in geographically vast country like India.

2- LITERATURE REVIEW

Ignatius (1992) compared returns on the BSE Sensex with those on the NYSE S&P 500 Index and found no evidence of integration. *Mukherjee and Mishra (2006)* used intraday data from April to September 2004 to investigate the lead lag relationship between Nifty spot index and Nifty futures. They found that there was a strong bidirectional relationship among returns in the futures and the spot markets. The lead-lag analysis by *Thenmozhi (2002)* showed that the returns on futures lead the spot market returns. The study lent credence to the belief that the futures market tends to lead spot market and the index futures market serves as a primary market of price discovery. *Singh Saurabh (2013)* investigated the relative influence of the factors affecting NSE and thereby categorizing them. They found that dollar price or money exchange rate, IIP numbers and WPI values has a great influence on Nifty. *Maysami-Koh(2000),* examined the impacts of the interest rate and exchange rate on the stock returns and showed that the exchange rate and interest rate are the determinants in the stock prices. *Abhay Pethe and Ajit Karnik (2000)* has investigated the inter relationships between stock prices and important macroeconomic variables, viz., exchange rate of rupee vis - a -vis the dollar, prime lending rate, narrow money supply, and index of industrial production.

3-   METHODOLOGY AND RESEARCH FRAMEWORK

The study has been conducted with an objective to analyse the investment opportunities in equity market. For this purpose six major sectors from the source list of S&P CNX NIFTY, on the basis of market capitalization and their weightage have been selected. These sectors are Bank, IT, Energy, Automobile, Pharmaceuticals and Metal.

The performance of particular Index on NSE representing these sectors i.e. CNX Bank Index, CNX IT Index, CNX Energy Index, Auto Index, CNX Pharma Index, and CNX Metal Index, for the period of one financial year (July 1, 2011 to June 29, 2012) has been compared vis a vis performance of CNX NIFTY for the same period. The data for daily return of particular sector Index and CNX Nifty has been sourced form data bank of NSE.

The daily return of particular index and Nifty , for the said period, has been analyse using Regression, Co-relation, and ANOVA to find out the degree of correlation between sector index and nifty.

4-   NIFTY

S&P CNX Nifty is a well-diversified 50 stock index accounting for 23 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives, structured products, ETFs and index funds. S&P CNX Nifty stocks represent about 66.96% of the total free float market capitalization of the universe of the stocks traded on NSE. S&P CNX Nifty is computed using free float market capitalization method, wherein the level of the index reflects the total free float market value of all the stocks in the index relative to a particular base market capitalization value. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, new issue of shares etc. without affecting the index value. The base period selected for S&P CNX Nifty index is the close of prices on November 3, 1995, which marks the completion of one year of operations. The value of the index has been set at 1000 and a base capital of Rs.2.06 trillion.

TABLE 1: THE SECTOR BRAKE UP AND MARKET CAPITALIZATION WITH WEIGHTAGE FOR NIFTY

Sr. No.	Industry	Mkt. Cap. Rs. Cr	Weight (%)
1.	Banks	334035	20.26
2.	Computers – Software	218635	13.26
3.	Cigarettes	139944	8.49
4.	Refineries	133739	8.11
5.	Finance – Housing	96551	5.86
6.	Automobiles - 4 Wheelers	90722	5.50
7.	Engineering	75248	4.56
8.	Pharmaceuticals	68266	4.14
9.	Oil Exploration/Production	61757	3.75
10.	Power	60955	3.70
11.	Steel And Steel Products	52807	3.20
12.	Diversified	46625	2.83
13.	Cement And Cement Products	41747	2.53
14.	Automobiles - 2 And 3 Wheelers	41619	2.52
15.	Telecommunication – Services	36496	2.21
16.	Mining	29379	1.78
17.	Electrical Equipment	24608	1.49
18.	Paints	17609	1.07
19.	Financial Institution	16761	1.02
20.	Gas	15816	0.96
21.	Construction	15541	0.94
22.	Aluminium	15422	0.94
23.	Metal	14419	0.87
	Total	**1648700**	**100.00**

Source: www.nseindia.com

TABLE 2: THE RETURNS STATISTICS (As on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily
1 year	-6.53	1.28	-0.02
3 years	23.02	1.24	0.03
5 years	22.24	1.87	0.03
10 years	399.05	1.66	0.08

Source: www.nseindia.com

FIGURE 1: NIFTY PERFORMANCE *(01-JAN-04 TO 29-JUNE-12)*
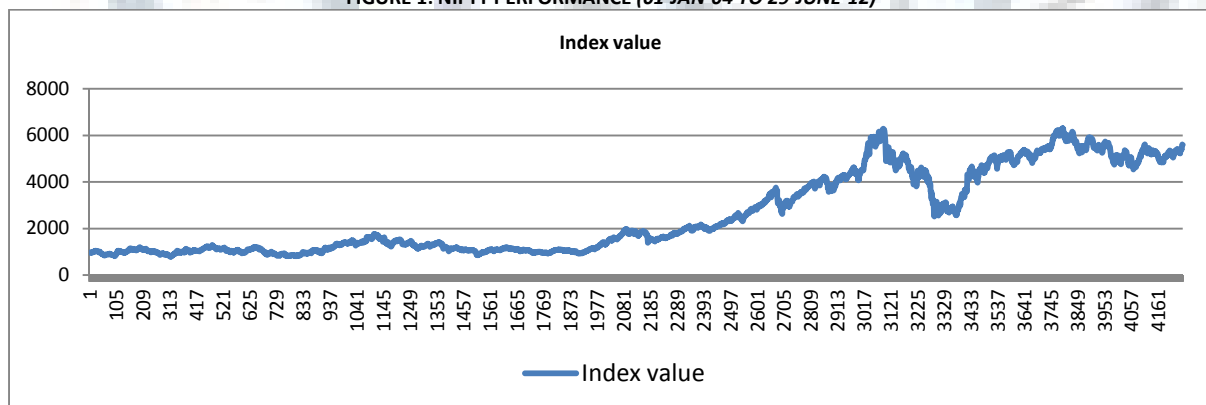
Source: www.nseindia.com

5- THE PERFORMANCE ANALYSIS OF SIX SELECTED SECTORS

5.1- BANK NIFTY

CNX Bank Index is an index comprised of the most liquid and large capitalized Indian Banking stocks.The Index has 12 stocks from the banking sector traded on the National Stock Exchange. CNX Bank Index is computed using free float market capitalization method with base date of Jan 1, 2000 indexed to base value of1000. The CNX Bank Index represents about 15.08% of the free float market capitalization of the stocks listed on the exchange and 87.63% of the free float market capitalization of the stocks forming part of the Banking sector universe as on June 29, 2012

TABLE-3: FREE FLOAT MARKET CAPITALIZATION AND WEIGHTAGE FOR BANK NIFTY (as on June 29, 2012)

Company Name	Mkt. Cap.*Rs. Cr	Weight (%)
ICICI Bank Ltd.	103679	27.93
HDFC Bank Ltd. 101805 27.42	101805	27.42
State Bank of India	55657	14.99
Axis Bank Ltd.	26322	7.09
Kotak Mahindra Bank Ltd.	22048	5.94
Bank of Baroda	13767	3.71
IndusInd Bank Ltd.	11836	3.19
Punjab National Bank	10755	2.90
Yes Bank Ltd.	8303	2.24
Bank of India	6476	1.74
Canara Bank	5901	1.59
Union Bank of India	4707	1.27
Total	**371258**	**100.00**

Source: www.nseindia.com

TABLE-4:THE RETURNS STATISTICS (As on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily Return (%)
1 year	8.04	1.78	0.01
3 years	40.90	1.82	0.10
5 years	53.42	2.39	0.07
Since Inception	934.07	2.10	0.10

Source: www.nseindia.com

FIGURE-2: INDEX PERFORMANCE *(01-Jan-04 to 29-June-12)*
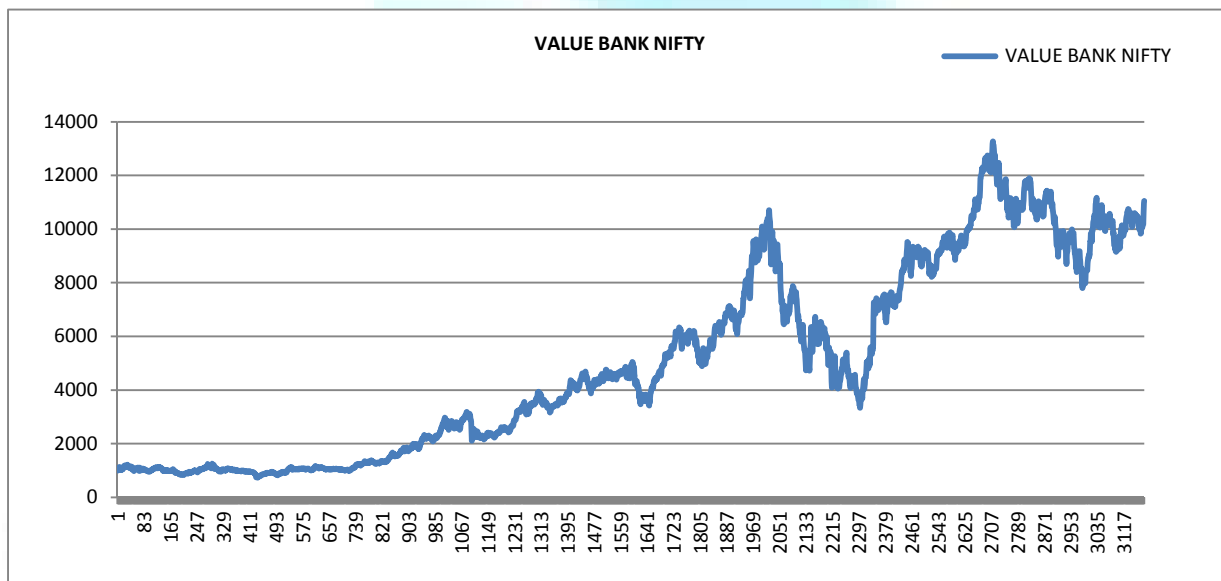
Source: www.nseindia.com

5.2- CNX IT INDEX

In order to have a good benchmark of the Indian IT sector, IISL has developed the CNX IT Sector Index. The index provides investors and market intermediaries with an appropriate benchmark that captures the performance of the Indian IT companies. The CNX IT index is computed using free float market capitalization method with a base date of Jan 1, 1996 indexed to a base value of 1000. The CNX IT Index represents about 9.86 % of the free float market capitalization of the stocks listed on NSE and 93.14 % of the free float market capitalization of the stocks forming part of the IT universe as on June 29, 2012.

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TABLE-5: FREE FLOAT MARKET CAPITALIZATION AND WEIGHTAGE FOR CNX IT INDEX (as on June 29, 2012)

| Company Name	Mkt. Cap. * Rs. Cr	Weight (%)
Infosys Ltd.	120980	49.85
Tata Consultancy Services Ltd	65058	26.81
Wipro Ltd.	20639	8.50
HCL Technologies Ltd. 11958 4.93	11958	4.93
Oracle Financial Services Software Ltd	4184	1.72
Hexaware Technologies Ltd.	2716	1.12
MphasiS Ltd.	2716	1.12
Tech Mahindra Ltd.	2636	1.09
CORE Education & Technologies Ltd.	1766	0.73
Financial Technologies (India) Ltd	1726	0.71
MindTree Ltd.	1369	0.56
CMC Ltd.	1255	0.52
Educomp Solutions Ltd	826	0.34
eClerx Services Ltd. 800 0.33	800	0.33
Rolta India Ltd.	726	0.30
Polaris Financial Technology Ltd	633	0.26
Tulip Telecom Ltd.	510	0.21
HCL Infosystems Ltd.	455	0.19
OnMobile Global Ltd.	178	0.07
Total	**242706**	**100.00**

Source: www.nseindia.com

TABLE-6:THE RETURNS STATISTICS (As on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily Return (%)
1 year	-7.25	1.66	-0.02
3 years	75.68	1.49	0.15
5 years	18.34	2.03	0.04
Since Inception	6044.60	2.54	0.13

Source: www.nseindia.com

FIGURE-3: INDEX PERFORMANCE (01-Jan-04 to 29-June-12)
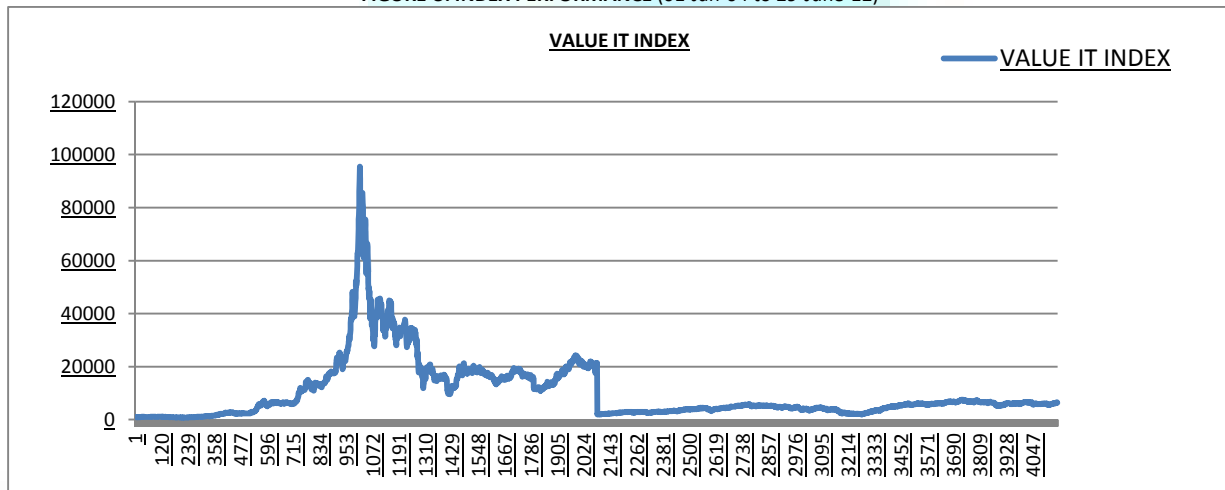
Source: www.nseindia.com

5.3- CNX ENERGY INDEX

CNX Energy sector Index includes companies belonging to Petroleum, Gas and Power sub sectors. The Index comprises of 10 listed companies. Effective from October, 11, 2010, CNX Energy Index is computed using free float market capitalization weighted method. The CNX Energy Index has a base date of Jan 1, 2001 and a base value of 1000. The CNX Energy Index represents about 11.24% of the free float market capitalization of the stocks listed on NSE and 84.22% of the free float market capitalization of the companies forming part of the energy sector universe.

TABLE-7: FREE FLOAT MARKET CAPITALIZATION AND WEIGHTAGE FOR CNX ENERGY INDEX (As on June 29, 2012)

Company Name	Mkt. Cap. Rs. Cr	Weight (%)
Reliance Industries Ltd. 124126 44.85	124126	44.85
Oil & Natural Gas Corporation Ltd	50402	18.21
NTPC Ltd. 20379 7.36	20379	7.36
Tata Power Co. Ltd.	16493	6.12
Power Grid Corporation of India Ltd	16075	5.81
GAIL (India) Ltd.	15816	5.72
Cairn India Ltd.	11355	4.10
Bharat Petroleum Corporation Ltd.	9613	3.47
Indian Oil Corporation Ltd.	6154	2.22
Reliance Power Ltd.	5869	2.12
Total	**276732**	100.00

Source: www.nseindia.com

TABLE-8: THE RETURNS STATISTICS FOR CNX ENERGY INDEX (As on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily Return (%)
1 year	-12.44	1.43	-0.04
3 years	-9.86	1.25	-0.01
5 years	11.85	1.96	0.03
Since Inception	654.35	1.81	0.03

FIGURE-4: INDEX PERFORMANCE (01-Jan-04 to 29-June-12)
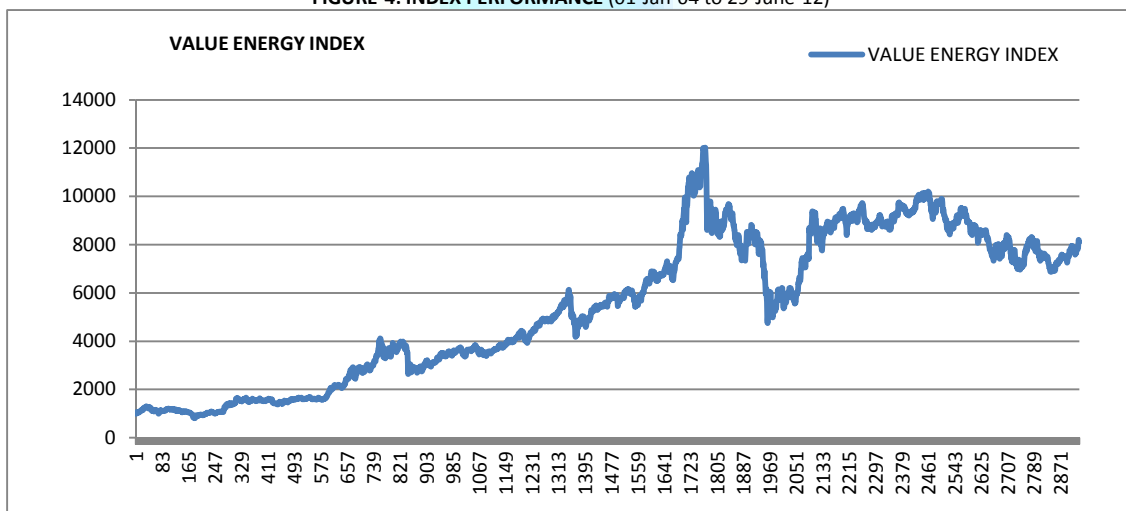
Source: www.nseindia.com

5.4- CNX AUTO INDEX

CNX Auto Index is designed to reflect the behaviour and performance of the Automobiles segment of the financial market. The CNX Auto Index comprises 15 tradable, exchange listed companies. CNX Auto Index is computed using free float market capitalization method with a base date of January 1, 2004 indexed to a base value of 100. CNX Auto Index represents about 6.70% of the free float market capitalization of the stocks listed on the exchange and 93.50 % of the free float market capitalization of the stocks forming part of the Auto universe as on June 29, 2012.

TABLE-9: FREE FLOAT MARKET CAPITALIZATION AND WEIGHTAGE FOR AUTO INDEX (as on June 29, 2012)

Company Name	Mkt. Cap.*Rs. Cr.	Weight (%)
Tata Motors Ltd.	42794	25.95
Mahindra & Mahindra Ltd	32453	19.68
Bajaj Auto Ltd.	21108	12.80
Hero MotoCorp Ltd.	20511	12.44
Maruti Suzuki India Ltd.	15475	9.38
Bosch Ltd.	8246	5.00
Exide industries Ltd.	6273	3.80
Bharat Forge Ltd.	4048	2.45
Ashok Leyland Ltd.	3248	1.97
MRF Ltd.	2471	1.50
Motherson Sumi Systems Ltd	2229	1.35
Apollo Tyres Ltd. 2113 1.28	2113	1.28
Eicher Motors Ltd. 1963 1.19		
Amtek Auto Ltd. 1302 0.79	1302	0.79
TVS Motor Company Ltd.	705	0.43
Total	**164938**	**100.00**

Source: www.nseindia.com

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TABLE-10: THE RETURNS STATISTICS FOR AUTO INDEX (As on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily
1 year	8.02	1.40	0.04
3 years	103.94	1.41	0.04
5 years	105.83	1.41	0.04
Since Inception	296.64	1.41	0.04

Source: www.nseindia.com

FIGURE-5: INDEX PERFORMANCE (01-Jan-04 to 29-June-12)
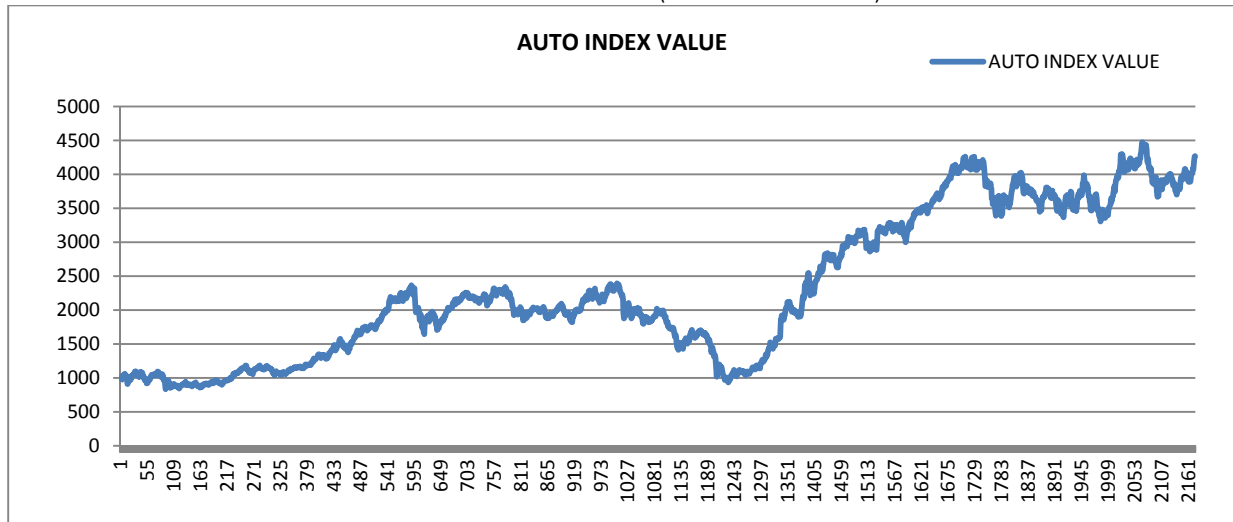
Source: www.nseindia.com

5.5- CNX PHARMA INDEX

CNX Pharma Index captures the performance of the pharmaceutical sector. The Index comprises of 10 companies listed on National Stock Exchange of India. Effective October, 11, 2010, CNX Pharma Index is computed using free float market capitalization weighted method, wherein the level of the index reflects the total free float market value of all the stocks in the index relative to a particular base period. The CNX Pharma Index represents about 4.34% of the free float market capitalization of the stocks listed on NSE and 77.31% of the free float market capitalization of the companies forming part of the pharmaceutical sector universe as on Jun. 29, 2012.

TABLE-11: FREE FLOAT MARKET CAPITALIZATION AND WEIGHTAGE FOR CNX PHARMA INDEX (as on June 29, 2012)

Company Name	Mkt. Cap. * Rs. Cr	Weight (%)
Sun Pharmaceutical Industries Ltd.	23890	22.37
Dr. Reddy's Laboratories Ltd.		
Cipla Ltd.	16063	15.04
Lupin Ltd	12737	11.93
GlaxoSmithKline Pharmaceuticals Ltd.	8438	7.90
Ranbaxy Laboratories Ltd.	7523	7.05
Divi's Laboratories Ltd.	6511	6.10
Glenmark Pharmaceuticals Ltd.	5082	4.76
Piramal Healthcare Ltd.	4064	3.81
Biocon Ltd.	1680	1.57
Total	**106778**	**100.00**

Source: www.nseindia.com

TABLE-12: THE RETURNS STATISTICS FOR CNX PHARMA INDEX (as on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily Return (%)
1 year	8.28	0.82	0.04
3 years	99.18	0.94	0.10
5 years	88.27	1.33	0.06
Since Inception	421.60	1.31	0.07

Source: www.nseindia.com

FIGURE-6: INDEX PERFORMANCE (01-JAN-04 TO 29-JUNE-12)
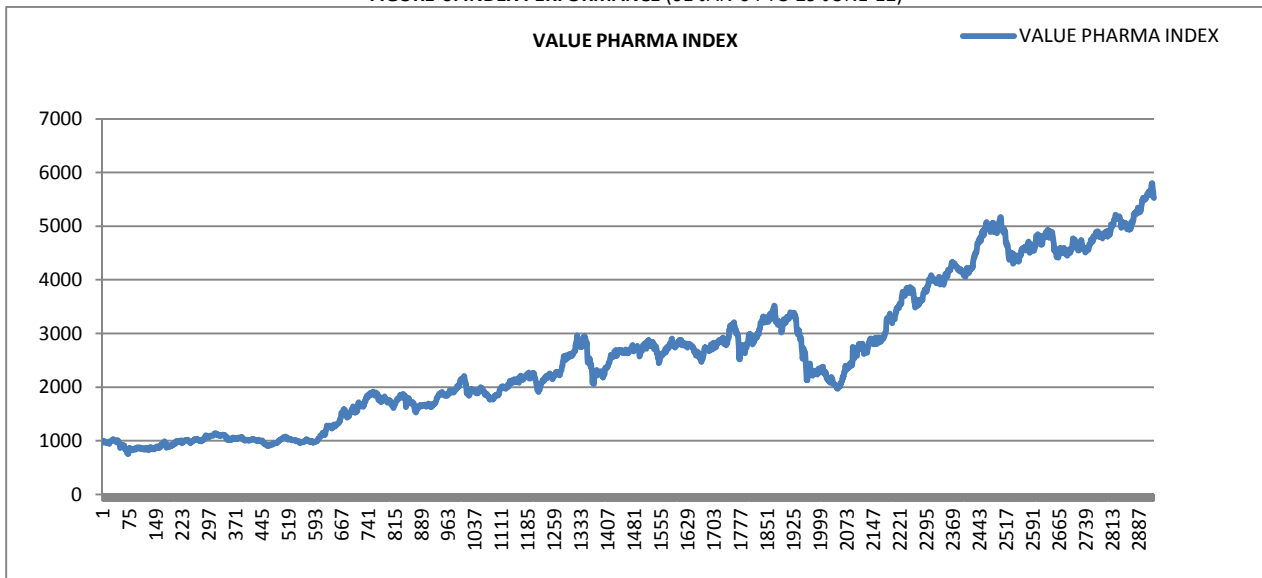
Source: www.nseindia.com

5.6- CNX METAL INDEX

The CNX Metal Index is designed to reflect the behaviour and performance of the Metals sector (including mining). The CNX Metal Index comprises of 15 stocks that are listed on the National Stock Exchange (NSE). CNX Metal Index is computed using free float market capitalization method with a base date of January 1, 2004 indexed to a base value of 1000. The CNX Metal Index represents about 5.32% of the free float market capitalization of the stocks listed on the exchange and 85.50% of the free float market capitalization of the stocks forming part of the Metals universe as on June 29, 2012.

TABLE-13: FREE FLOAT MARKET CAPITALIZATION AND WEIGHTAGE FOR CNX METALINDEX (as on June 29, 2012)

Company Name	Mkt. Cap. * Rs. Cr	Weight (%)
Tata steel Ltd.		
Coal India Ltd.	21905	16.72
Jindal Steel & Power Ltd.	18068	13.79
Hindalco Industries Ltd.	15422	11.77
Sterlite Industries (India) Ltd.	14419	11.01
Sesa Goa Ltd.	7474	5.71
JSW Steel Ltd	7144	5.45
Steel Authority of India Ltd.	5308	4.05
Bhushan Steel Ltd.	2602	1.99
Jindal Saw Ltd.	1977	1. 51
National Aluminium Co. Ltd.	1796	1.37
Welspun Corp Ltd.	1677	1.28
Gujarat Mineral Development Corporation Ltd.	1540	1.18
Monnet Ispat and Energy Ltd.	1246	0.95
Orissa Min Dev Co Ltd.	989	0.75
Total	**130996**	100.00

Source: www.nseindia.com

TABLE-14: THE RETURNS STATISTICS FOR CNX METAL INDEX (as on June 29, 2012)

Period	Returns (%)	Volatility (%)	Avg. Daily Return (%)
1 year	-27.90	1.96	-0.11
3 years	-2.16	1.87	0.01
5 years	5.47	2. 61	0.04
Since Inception	187.04	2.61	0.08

Source: www.nseindia.com

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FIGURE-6: INDEX PERFORMANCE (01-Jan-04 to 29-June-12)

Source: www.nseindia.com

6- RESULTS AND DISCUSSIONS

6.1- **RESULTS SHOWING NIFTY DAILY RETURN AND BANK DAILY INDEX** (*From July 1, 2011 to June 29, 2012*)

REGRESSION STATISTICS

Multiple R	0.910371					
R Square	0.828775					
Adjusted R Square	0.828106					
Standard Error	0.007312					
Observations	258					
ANOVA						
	Df	*SS*	*MS*	*F*	*Significance*	
Regression	1	0.066242	0.066242	1239.107	4.3E-100	
Residual	256	0.013686	5.35E-05			
Total	257	0.079927				
	Coefficients	*Standard Error*	*t Statistic*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	1.99E-05	0.000455	0.043821	0.965082	-0.00088	0.000916
X Variable 1	1.265665	0.035955	35.20096	4.3E-100	1.194859	1.336471

The R Square value is 0. 828775 that indicates BANK NIFTY return is 82% depends on Nifty Index. When Nifty indices moves up by 100 points, the BANK NIFTY INDICIES go up by 82%. The bank nifty is more depended the market broader. Some economic factors like Monetary policy, Credit rating, Inflation, RBI Intervention, NPA performance do influence the indices performance.

6.2- **RESULTS SHOWING NIFTY DAILY RETURN AND IT DAILY INDEX** (*From July 1, 2011 to June 29, 2012*)

REGRESSION STATISTICS

Multiple R	0.68795					
R Square	0.473275					
Adjusted R Square	0.471218					
Standard Error	0.012069					
Observations	258					
ANOVA						
	df	*SS*	*MS*	*F*	*Significance*	
Regression	1	0.033504	0.033504	230.0225	1.66E-37	
Residual	256	0.037288	0.000146			
Total	257	0.070791				
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-0.00011	0.000751	-0.1439	0.88569	-0.00159	0.001372
X Variable 1	0.900119	0.059349	15.16649	1.66E-37	0.783244	1.016993

The R Square value is 0.473275.This indicates 47% dependency of CNX IT return on Nifty Index. When Nifty indices moment is up by 100 points it reflects on CNX IT INDICIES by 47%. The analysis has been done considering the following independent variables like Exchange rate, Government policy, Technologies, High tax concern. It has been found that these variables have significant impact on movement of IT index.

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6.3-   **RESULTS SHOWING NIFTY DAILY RETURN AND CNX ENERGY DAILY INDEX** (F*rom July 1, 2011 to June 29, 2012*)

REGRESSION STATISTICS						
Multiple R	0.853967					
R Square	0.72926					
Adjusted R Square	0.728203					
Standard Error	0.00736					
Observations	258					
ANOVA						
	df	SS	MS	F	Significance	
Regression	1	0.037354	0.037354	689.5583	1.36E-74	
Residual	256	0.013868	5.42E-05			
Total	257	0.051221				
	Coefficients	**Standard Error**	**t Stat**	**P-value**	**Lower 95%**	**Upper 95%**
Intercept	-8.1E-05	0.000458	-0.1766	0.859962	-0.00098	0.000821
X Variable 1	0.950428	0.036194	26.25944	1.36E-74	0.879153	1.021704

The R Square value is 0.72926 indicating 73% of CNX ENERGY indices dependency on Nifty Index. When Nifty indices up by 100 points the CNX ENERGY INDICIES go up by 73%. The analysis has been done considering the following independent variables like Merger Acquisition, Demand &Supply, Governance Policy, Coal price, raw material. It has been found that these variables have significant impact on movement of energy index.

6.4-   **RESULTS SHOWING NIFTY DAILY RETURN AND CNX AUTO DAILY Index** (f*rom July 1, 2011 to June 29, 2012*)
REGRESSION STATISTICS

Multiple R	0.832458					
R Square	0.692987					
Adjusted R Square	0.691788					
Standard Error	0.007775					
Observations	258					
ANOVA						
	Df	*SS*	*MS*	*F*	*Significance*	
Regression	1	0.034932	0.034932	577.8412	1.36E-67	
Residual	256	0.015476	6.05E-05			
Total	257	0.050408				
	Coefficients	*Standard Error*	*t Stat*	*P -value*	*Lower 95%*	*Upper 95%*
Intercept	0.000389	0.000484	0.803716	0.422307	-0.00056	0.001342
X Variable 1	0.919106	0.038235	24.03833	1.36E-67	0.84381	0.994401

The R Square value is 0.692987. When Nifty indices up by 100 points the CNX AUTO INDICES go up by 69%. The analysis has been done considering the following independent variables like Interest Rate, Rise in price crude Oil price, increased cost, FDI inflow, Excise duty, import duty, Shortage of Raw material. It has been found these variables have significant impact on movement of AUTO index.

6.5-   **RESULTS SHOWING NIFTY DAILY RETURN AND CNX PHARMA DAILY INDEX**   (*From July 1, 2011 to June 29, 2012*)
REGRESSION STATISTICS

Multiple R	0.622667					
R Square	0.387714					
Adjusted R Square	0.385322					
Standard Error	0.006242					
Observations	258					
ANOVA						
	Df	*SS*	*MS*	*F*	*Significance F*	
Regression	1	0.006317	0.006317	162.1053	4.27E-29	
Residual	256	0.009975	3.9E-05			
Total	257	0.016292				
	Coefficients	*Standard Error*	*t Stat*	**P-value**	*Lower 95%*	*Upper 95%*
Intercept	0.00052	0.000389	1.336889	0.182446	-0.00025	0.001285
X Variable 1	0.390837	0.030697	12.73206	4.27E-29	0.330386	0.451287

The R Square value is 0.387714. This indicates that CNX PHARMA indices is 38% depends on Nifty Index. This sector is not much respondent to the NIFTY index. The other independent variables like Merger & Acquisition, natural resources, transfer to technology, patent policy, R&D has been found having more significant impact on movement of PHARMA INDICIES.

6.6-   **RESULTS SHOWING NIFTY DAILY RETURN AND CNX METAL DAILY INDEX** (*From July 1, 2011 to June 29, 2012*)
REGRESSION STATISTICS

Multiple R	0.872057					
R Square	0.760484					
Adjusted R Square	0.759548					
Standard Error	0.009579					
Observations	258					
ANOVA						
	Df	*SS*	*MS*	*F*	*Significance*	
Regression	1	0.074586	0.074586	812.8211	2.05E-81	
Residual	256	0.023491	9.18E-05			
Total	257	0.098077				
	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*
Intercept	-0.00079	0.000596	-1.32888	0.185069	-0.00197	0.000382
X Variable 1	1.343015	0.047107	28.51002	2.05E-81	1.250249	1.435781

The R Square value is 0.760484. Which means CNX METAL indices is 76% depends on Nifty Index. Economics factors that impact CNX METAL indices are M&A, Demand & Supply, Government Policy, Coal price, raw material.

7-   FINDINGS AND CONCLUSION

It is evident from above analysis that the performance of sector indices by and large depend upon the performance of Nifty. The independent variables for particular sector do influence the performance of sector index up to some extent. If is observed that the independent variable greatly influenced the CNX pharma index which is near to 60 percent. However in case of other indices it ranges between 15-20 percent. As far as the return is concerned the auto, pharma and bank have outperform over nifty. The performance of nifty for five year has been 22 percent. Whereas the return for bank for the same period was 53 percent, for pharma 88 percent and auto was 105 percent. The performance of the IT, Metal and Energy has not been very encouraging as compared to bank, pharma and auto sector. It was 18, 15 and 11 percent respectively. Thus there is huge investment opportunity exist in equity market. As the returns are much more huge as compared to returns on other traditional avenues. Even the least performing sector has generated the return more than on the traditional avenues. The returns on few stocks of few sectors like Bank, Pharma and Auto has given eight to ten times returns.

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CUSTOMER RELATIONSHIP MANAGEMENT AND CUSTOMER LOYALTY IN SERVICE SECTOR

MARAJ REHMAN SOFI
RESEARCH SCHOLAR
THE BUSINESS SCHOOL
UNIVERSITY OF KASHMIR
KASHMIR

DR. IQBAL AHMAD HAKIM
PROFESSOR
THE BUSINESS SCHOOL
UNIVERSITY OF KASHMIR
KASHMIR

ABSTRACT

Customer Relationship Management (CRM) practices has been growing steadily for the last few years and is now seen as the way forward for any business wishing to thrive in the 'e-future'. CRM concentrates on the retention of customers by collecting data from every interaction, every customer as 'all' access points whether it is phone, mail, web or field, provide new insights. Business organization could use this data for specific business purposes, Marketing, Service Support or Sales whilst concentrating on a customer centric approach rather than a product centric. The present paper study explores the association between CRM and customer loyalty in Indian banks (public and private sector banks) located in the Kashmir valley.The study has been undertaken in the retail banking industry, with a sample of 100 retail banking customers and 100 employees of these banks. The paper presents insights into factors influencing relationship banking, its value as a part of retail business banking proposition, as well as its impact on customer loyalty. The paper concludes that a relationship banking offering adds value with regard to customer loyalty. The results present a remarkable difference between perceived levels of customer loyalty positively. The paper of 35 CRM practices, which may be helpful to the organizations towards achieving comprehensive CRM deployment

KEYWORDS
Customer relationship management (CRM)Practices, customer loyalty, Indian banks, Private sector banks, public sector banks.

INTRODUCTION

The banking industry in India is dominated both by national and foreign banks like; State Bank of India (SBI), Punjab National Bank (PNB), ICICI bank, HDFC bank, HSBC, Citi financials etc. The nature of the complicated banking products associated with risk of along-term nature, customers are in a high involvement relationship with their financial service providers (Howcroft, Hewer & Durkin, 2003; Ferreira, 2004). The operation of banks in such a dynamic environment requires them tofully understand all the factors of CRM that affect their success and market share. Levitt (1983) deemsthe most valuable asset of a company is its relationship with its customers. The focus must be on building mutually beneficial relationships between the bank and its customers (Fournier, Dobscha& Mick, 1998).One of major the challenges for banks is how to differentiate themselves from their competitors. Differentiation based on price and cost strategies is normally short-lived, and the only real way to differentiate is through relationships and service propositions (Ghemawat, 1999; Fournier et al, 1998).The challenge to the banks is to own the relationship with the client and use this as acompetitive advantage over other banks (Abratt& Russell, 1999). To establish and maintain a competitive advantage, banks need to retain customers through strong relationships (Barnes &Howlett, 1998). Feasibility and costs restrict companies from having one-to-one relationships with each and every customer (Bennett & Durkin, 2002). They need to make use of CRM at segment or market level to identify the target market they intend to pursue (Stewart, 1995). CRM has mainly focused on corporate and commercial, rather than retail, banking in the past (Howcroft et al, 2003). However, the focus has changed and the value of building closer relationships with retail banking business customers has increased in recent years. A good standard of measuring the quality of a relationship is loyalty (Reichheld, 1996; 2001). True loyalty is based on a partnership, which is based on mutual interest and shared goals. Loyalty ensures that the relationship is retained during the best of times as well as the worst. "For loyalty, it is not only how satisfied you keep your customers, but how many satisfied customers you keep" (Reichheld, 2001). One of the objectives of the CRM strategy has been to institutionalize customer loyalty. Customer loyalty results in numerous benefits, which include increased profits and customer retention (Abratt& Russell, 1999; Iniesta& Sánchez, 2002; Bennett & Durkin, 2002). Customers should be taken into cognizance so as to view as good or bad as the other (Cheese, 1994). Defection is low, but might be the result of customer inertia rather than true customer loyalty. The effort for a customer to transfer the relationship to another bank is often seen as being too cumbersome, when compared with the benefits of making a transfer. The weak relationships will always be in danger when more attractive alternatives are presented to customers. On the other hand, customers who value the banking relationship over the long term and do not seek to exploit the bank are most desirable (Gibbs, 1985). Therefore strong relationships through CRM practices shall impact on the customer loyalty in the long run.

OBJECTIVES OF THE PRESENT STUDY

Customer Relationship Management (CRM) as part of marketing strategy is an imperative in the highlycompetitive banking industry. Management needs to understand the economic valueof building long-term relationships with their customers. Customerretention of profitable customers is not negotiable, as all institutions and niche banks want this profitable share of the market. Banks need to own the relationship with theclient and use this as a competitive advantage over other banks (Abratt& Russell, 1999). The study will attempt to confirm the importance of building close relationships and measure its impact on customer loyalty. Customer loyalty is much border in scope and its implication is more than brand loyalty, loyaltyprograms and incentives. Therefore it is imperative for management needs to know the factorsor relationship activities that impact positively on customer loyalty.

The overriding and broader objective of the study is to examine the impact of the 'Customer Relationship Management on Customer Loyalty'. Specifically the following objectives were laid down for the study.
1.   To study the practices of Customer Relationship Management (CRM) in the banking sector;
2.   To investigate the effect of Customer Relationship Management implementation on customer Loyalty;
3.   To identify the critical factors of Customer Relationship Management that can influence customer loyalty.

HYPOTHESIS DEVELOPMENT

In consonance with the above set objectives, the following hypothesis had been laid down for conducting this research study.
Ho: There is no relationship between 'CRM best practice and customer loyalty'.
Ha: There is relationship between 'CRM best practice and customer loyalty'.

RESEARCH MODEL

The model focuses on the five variables that measure the extent of CRM practices in the private and public sector banks that impart customer loyalty in these banks.

Indian Banks

> Private Sector Banks
>
> Public Sector Banks

The extent of CRM best practices deployment

> Key Customer focus
>
> CRM Organization
>
> Managing Knowledge
>
> Incorporating CRM-Based Technology
>
> Customer prospecting

Customer loyalty
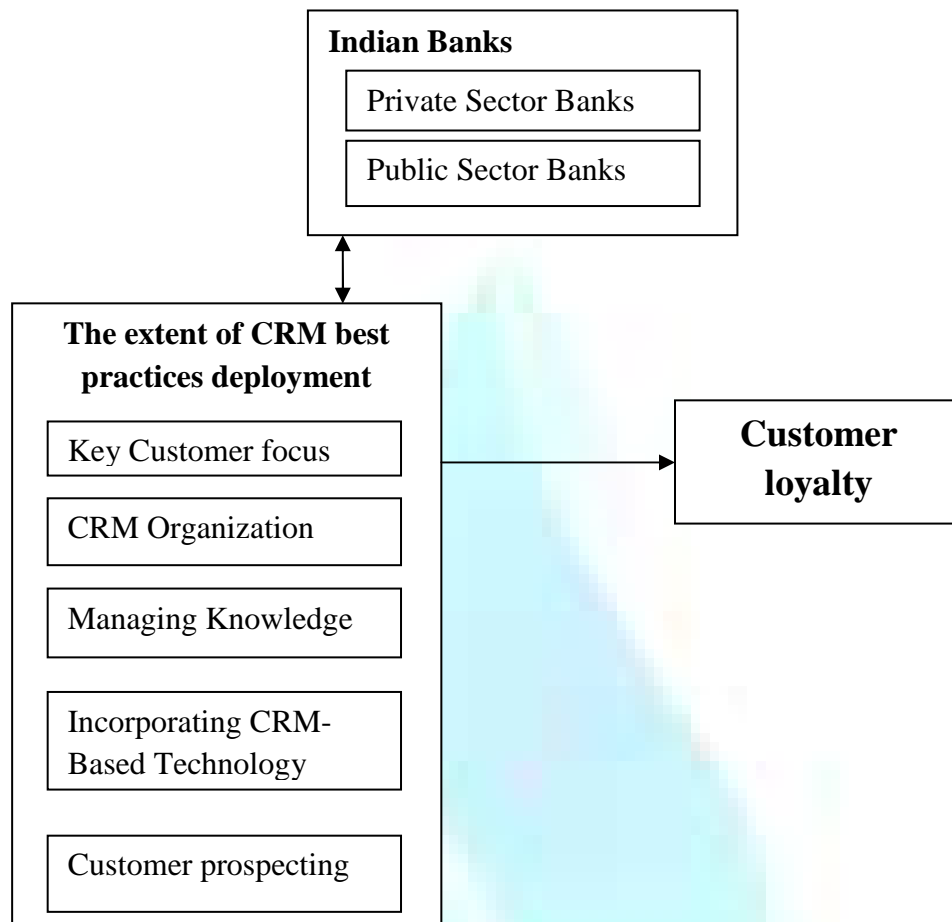
METHODOLOGY

The study has been conducted in SRINAGAR, the summer capital of Jammu and Kashmir. Srinagar is cosmopolitan in nature and has representation from urban as well as rural population of the state. The study sample chosen consists of retail banking segment of scheduled commercial banks of India. The sample study comprises of bank employees and retail bank customers. 100 Bank employees and 100 retail bank customers has been included in the present study. SBI (State Bank of India)& PNB (Punjab National Bank) were chosen from public sector banks and HDFC Bank & J&K Bank have been chosen from private sector,

Except JK bank, none of the other three banks are head quartered in Srinagar city, therefore, only Bank Managers/Deputy Managers and other executives of the business units have been best fit to comment on CRM best practices of their respective retail banks after getting proper permission for the same.

QUESTIONNAIRE DEVELOPMENT AND ADMINSTRATION

Literature reveals more than 145 statements representing various dimensions of CRM practice. Since it is not possible to cover all the statements of CRM in the present study due to time constrains, statements have been refined, trimmed and validated. Scale items have been developed based on guidelines suggested by Churchill (1979) and Gerbing and Anderson (1988). Suggestions have been sought across the academic and research circle, and statements have been refined to 35 to avoid duplication and to cover the vried dimensions of CRM peactices.

The dimensions that have been covered are,

1) Key customer focus
2) CRM Organization
3) Managing Knowledge
4) Incorporating CRM-Based Technology
5) Customer Prospecting.

However it has been ensured that the constructs are duly represented. Each scale has been measuredon a five-point rating scale anchored by "strongly disagree (1)" and "strongly agree (5)".The detailed briefing of the survey has been given to each of the respondents and the meaning of each item in the best practice questionnaire has been well explained. In addition, in order to improve the quality of response, full assurance was promised with respect to confidentiality of data.

ANALYSIS OF DATA

The data collected from various sources / quarters for the present study has been statistically analyzed. The method of summary statistics, such as' mean score and standard deviations has been arrived through the application of simple formulas. t -Test values have been applied in order to ascertain the level of significance of differences in mean score. The perceptional data thus generated has been statistically processed, tabulated and analyzed with the help of computer software packages like 'SPSS' and 'Minitab'.

To test the reliability of these scale items, Cronbach's alpha has been calculated for each of the five dimensions of the CRM orientation as Nullay(1978) suggest that relative coefficient must exceed 0.7, while the present scale fulfills all its dimensions.

FACTOR ANALYSIS

Factor analysis can be used to determine the broad underlying constructs of a scale. However, it mandates that the minimum number of observations should be five times the number of variables (Hair *et al.*, 2006). In this study, the actual number of observations (35 observations) is much less than the minimum

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requirement of 145 observations and, therefore, factor analysis is not feasible. However, the statements have been generated from an extensive review of academic and practitioner's literature, it is assumed that construct validity will hold. The technique employed has been Exploratory Factor Analysis based on Principal Components Method with Varimax Rotation. This technique allows the interpretation of the relevant factors and it is also the most used rotation technique in research (Norusis, 1993). The criterion used in the reliability assessment has beenCronbach's alpha. The results obtained from the analysis are presented in Table 1and 2.

TABLE (1) EXPLORATORY FACTOR ANALYSIS (CUSTOMER LOYALTY)

Factor: loyalty	Scale items	Loads	Cronbach's alpha
	CL1	**.770**	
	CL2	**.719**	
	CL3	**.782**	0.79
	CL4	**.756**	
	CL5	**.755**	

Extraction Method: Principal Component Analysis

TABLE 1.1

Factor: Loyalty	Scale items
	CL6
	CL7
	CL8
	CL9

The results in table 1.1 were rejected due to poor loading after reliability assessment and principal component analysis (PCA).

EXPLORATORY FACTOR ANALYSIS OF CRM BEST PRACTICES

TABLE 2: EXPLORATORYFACTOR ANALYSIS (CRM BEST PRACTICES)

The extent of CRM best practices	Factor: KCF	Factor: OCRM	Factor: ICRMT	Factor: MK	Factor: CP
KCF1	**.711**	-.006	.025	.042	-.077
KCF2	**.708**	.134	-.047	.011	.934
KCF3	**.611**	.091	.115	-.023	.045
KCF4	**.650**	.129	-.056	.009	.162
KCF5	**.690**	-.097	.086	-.033	-.226
KCF8	**.795**	.081	-.066	.022	.136
KCF9	**.687**	-.057	-.059	.010	.132
OCRM1	-.065	**.732**	-.065	.133	.132
OCRM2	.133	**.639**	.145	.161	-.228
OCRM4	.145	**.710**	.048	.103	-.068
OCRM5	.161	**.718**	.091	-.013	-.067
OCRM6	.048	**.709**	-.046	-.071	-.137
OCRM7	.103	**.691**	-.045	-.011	-.045
OCRM8	.091	**.602**	.117	.124	.216
MK1	-.011	.238	**.672**	-.177	-.019
MK2	.164	-.032	**.624**	.105	-.144
MK3	-.036	.010	**.706**	.109	.142
MK4	.115	-.045	**.655**	.041	.131
MK5	-.020	-.124	**.639**	.103	.227
MK6	.033	-.040	**.669**	.218	.007
MK7	.409	.202	**.739**	.037	-.061
ICRMT1	.095	-.004	-.068	**.724**	.090
ICRMT3	.044	-.058	-.025	**.724**	.124
ICRMT4	.112	.095	.044	**.689**	.015
ICRMT5	.117	.112	.117	**.724**	.062
CP1	-.070	.077	.019	-.008	**.642**
CP2	-.056	.025	.210	.005	**.801**
CP3	-.061	.047	.252	-.105	**.669**
CP5	.162	.082	.024	.084	**.653**
Cronbach's alpha	**0.89**	**0.87**	**0.76**	**0.77**	**0.88**

Extraction Method: Principal Component Analysis.

TABLE: 2.1

Construct	The extent of CRM
Factor: Key Customer Focus	**Scale items**
	KCF6
	KCF7
Factor: Organizing CRM	OCRM3
Factor: Incorporating Based-CRM Technology	ICRMT2
Factor: Customer Prospecting	CP2
	CP6

The results in table 2.1 were rejected due to poor loading after reliability assessment and principal component analysis (PCA).

Theresults reflected in tables (1) and (.2) reveal that CRM best practices has affected both behavioral as well as attitudinal dimension of customer loyalty in the sample study organizations.

FINDINGS

Table (3) shows overall deployment of CRM practices in private and public sector banks.

TABLE 3: CRM PRACTICES IN PUBLICVS. PRIVATE SECTOR BANKS

Banking sector	CRM practices deployment			
	Mean	SD	t-value	Sig.
Private sector banks	4.13	0.58	2.810	0.000
Public sector banks	3.94	0.63	2.737	0.004

SD= standard deviation

TABLE 4: DEPLOYMENT OF CRM BEST PRACTICES ACROSS BANKING SECTORS

CRM best practice	Banking sector	Mean	S.D	t-value	Sig.
KCF	PrB	4.25	0.56	2.801	0.004
	PuB	3.95	0.57		
OCRM	PrB	4.28	0.54	3.058	0.000
	PuB	4.00	0.62		
MK	PrB	4.14	0.61	-2.760	0.006
	PuB	3.99	0.56		
ICRMT	PrB	4.04	0.58	2.898	0.036
	PuB	4.15	0.65		
CP	PrB	3.77	0.61	2.659	0.009
	PuB	3.64	0.76		

CUSTOMER LOYALTY FINDINGS

TABLE 5: CUSTOMER LOYALTY RESULTS IN PRIVATE AND PUBLIC SECTOR BANKS

statements	Banking sector	Mean	Std. Deviation
CL1	PrB	4.18	.850
	PuB	3.64	1.120
CL2	PrB	3.92	.986
	PuB	3.62	1.008
CL3	PrB	4.08	1.016
	PuB	3.98	1.147
CL4	PrB	3.42	1.180
	PuB	3.48	1.055
CL5	PrB	4.00	.995
	PuB	4.12	1.172
*CL6**	PrB	3.55	1.214
	PuB	3.72	1.329
*CL7**	PrB	3.66	1.334
	PuB	3.28	1.196
CL8	PrB	4.10	1.182
	PuB	3.86	.990
CL9	PrB	3.62	1.067
	PuB	3.40	.948

* denotes reverse-scored items
PrB - private sector banks, PuB – public sector banks, no. of respondents =50
Theresults in table (5) reveal customer loyalty findings of both private and public sector banks. The results clearly indicates that customer have shown willingness to remain with the banks.

CRM BEST PRACTICES AND LOYALTY RELATIONSHIP VALUE

TABLE 4: CRM BEST PRACTICES AND CUSTOMER LOYALTY IN BANKS

Variables	Banking sector	CRM best practices deployment		Loyalty Relationship value	
		Mean	SD	Mean	SD
KCF	PrB	4.25	0.56	3.88	1.09
	PuB	3.95	0.57	3.64	1.10
OCRM	PrB	4.28	0.54	3.88	1.09
	PuB	4.00	0.62	3.64	1.10
MK	PrB	4.14	0.61	3.88	1.09
	PuB	3.99	0.56	3.64	1.10
ICRMT	PrB	4.04	0.58	3.88	1.09
	PuB	4.15	0.65	3.64	1.10
CP	PrB	3.97	0.61	3.88	1.09
	PuB	3.90	0.76	3.64	1.10

Table (3) presents pattern matching of each CRM best practices with loyalty levels of the retail banking customers. The result findings haves shown that there is decreasein deployment of CRM best practices from Private Sector Banks to Public Sector Banks. The CRM best practices have shown positive relationship with customer loyalty dimensions in private sector banks in comparison to public sector banks. However, 'Customer prospecting (CP)' has shown highest association with loyalty components in both private and public sector banks and 'key customer focus' has shown weakest association in private sector banks.

CONCLUSIONS

CRM has been one of the most talked subjects recently in corporate circles. It is a strategy used to learn more about customer needs and behaviors in order to develop stronger relationships with them. The concept of CRM has been a core concept which has attracted all facets of business. CRM has relevant and demanding applications in service marketing like Retail banking and financial markets.
The present study makes an effort to find out the 'Impact of CRM on Customer Loyalty in Indian banks'. The CRM best practices (key customer focusing' (KCF), 'Organizing around CRM' (OCRM), 'Incorporating IT based-CRM' (ICRMT), 'Managing knowledge' (MK) and 'Customer prospecting' (CP) haven been undertaken to reveal the willingness of customer to remain with their current banks. It is concluded that there is probability of customers to remain with their existing banksbutthere is no bank in Srinagar city of Jammu and Kashmir that has deployed all CRM best practices. Furthermore, Public Sector Bank customers have shown interest on other products/services offered by their banks.

The result depicts that customers of banks under study experiences a significant level of fulfillment of needs, therefore supports the customer relationship management offering, as its aim is to provide a higher level of services and value offerings. The results also reveal that private sector banks have been able to implement customer relationship management more effectively in comparison to public sector banks, thus indicates that private sector banks have been more innovative in understanding their customers and building good relations with them.

LIMITATIONS

The limitations identified in the present study are presented as follows,

1. The present study is limited to specific research objectives.
2. The study focuses on banking sector only.
3. The study focuses on customer loyalty and did not investigate aspects relating to employee loyalty.

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ANNEXURE –I: COMPONENT MATRIX

TABLE 2.2: COMPONENT MATRIX CRM BEST PRACTICES

	Component									
	1	2	3	4	5	6	7	8	9	10
KCF1	**.501**	-.070	-.231	-.408	.144	.236	-.112	.165	-.169	-.259
KCF2	.444	-.145	.097	-.158	.528	.106	-.093	-.003	-.315	.221
KCF3	.471	-.166	-.458	-.091	-.060	.035	.010	.139	.162	.265
KCF4	.396	-.300	.393	-.218	-.011	-.080	-.147	.395	-.049	.097
KCF5	.270	.117	.101	-.586	.127	.403	.126	.500	-.126	.124
KCF6	.454	-.365	-.083	-.208	-.008	.028	.229	-.158	-.155	-.075
KCF7	**.536**	.071	-.083	-.193	.233	.140	-.032	-.247	.466	-.046
KCF8	**.516**	-.094	-.180	.121	-.174	-.130	-.027	-.208	.132	.377
KCF9	.464	.061	.020	-.333	-.034	-.262	-.213	-.053	.004	-.104
CRMO1	.462	-.131	-.373	.070	-.150	.054	-.032	-.074	.138	.102
CRMO2	.404	.412	-.084	-.299	.070	-.002	-.088	-.249	.194	-.274
CRMO3	**.512**	-.096	.194	.102	-.127	.189	.212	.148	-.190	.017
CRMO4	.388	.477	-.171	.186	.022	-.291	-.086	-.072	-.223	-.083
CRMO5	.434	.228	-.276	.489	-.530	-.035	-.048	.012	-.339	-.068
CRMO6	.461	.122	.018	-.180	-.077	-.427	.037	.009	-.111	-.018
CRMO7	.433	-.232	-.044	.019	.213	-.170	.135	.058	.038	-.215
CRMO8	.402	.215	.026	-.068	.228	-.466	-.097	.138	.204	-.134
MK1	**.582**	-.439	.038	-.005	-.113	-.090	-.100	-.264	-.029	-.161
MK2	.451	.344	.197	.042	-.454	-.010	.034	-.130	.096	.075
MK3	.425	-.139	.029	-.012	-.419	-.095	.172	.197	.151	-.138
MK4	.437	.071	.264	.112	-.270	-.034	.111	.067	.064	.097
MK5	.454	-.196	-.147	.302	.241	-.006	-.160	.029	-.165	.036
MK6	**.588**	.007	-.024	-.136	.254	-.255	-.210	.202	-.114	.275
MK7	.479	-.087	-.276	.038	.338	.134	.511	-.141	-.058	.013
ICRMT1	.335	.488	.051	.012	.349	-.504	.372	-.232	-.087	.088
ICRMT2	.424	-.285	.187	.266	-.122	.149	.018	-.095	.127	-.349
ICRMT3	.387	.083	.287	.359	.266	.211	-.479	-.080	-.003	-.039
ICRMT4	**.560**	-.381	.282	.246	.033	.085	.011	-.171	.149	.111
ICRMT5	.217	.366	.493	.075	.308	.065	.161	.062	.288	.238
CP1	.413	-.093	.449	.285	.197	-.081	.307	.141	-.042	-.138
CP2	.361	.227	-.121	.214	.176	.381	-.289	.160	.011	.015
CP3	.350	.093	-.453	.257	.023	.222	.045	.346	.246	-.114
CP4	.428	.358	.092	-.068	-.248	.197	-.047	.390	.148	-.031
CP5	.352	.490	-.027	-.002	-.411	.181	.167	-.026	-.240	-.026
CP6	.430	.046	.251	-.150	-.187	.265	-.294	-.424	-.106	.002

Extraction Method: Principal Component Analysis.

a. 10 components extracted.

The component matrix has been done by Principal Component Analysis with ten rotations. The results findings have revealed correlation between scale items across CRM best practices as reflected in table (7). The above result shows that there is correlation between different scale items on CRM best practices (timely redress of complaints, customized products/services etc.). These scale items can be used in the further research studies pertaining to CRM best practice "Customer value".

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ANNEXURE-II

S.No	Scale Items
A. Key Customer Focus (KCF)	
KCF1	The bank provides service as per the individual requirements of customers.
KCF2	The bank strives to constantly improve on their services beyond customer expectations.
KCF 3	The bank strengthens the emotional bonds with customers by wishing them on important occasions
KCF 4	The bank charges more on low end products/services and low on high end products/services.
KCF 5	The bank employee works with individual customers.
KCF 6	The bank involves and uses customer suggestions to modify products/services.
KCF 7	The bank doesn't make efforts to find needs of customers.*
KCF 8	All the people in "The bank" treat customers with great care
B. CRM Organization (CRMO)	
CRMO1	The bank provides guidance for building and maintaining long lasting customer relationships.
CRMO2	The bank commits time and resources in managing customer relationships.
CRMO3	The bank makes it easy for me to do business with them.
CRMO4	The bank offers rewards/discounts across point of purchases
CRMO5	The bank delivers consistent customer service across all customer touch points.
CRMO6	Customer centric performance standards are established and monitored at all customer touch points
CRMO7	The bank employees clearly understands Customer Relationship Management(CRM)
CRMO8	The bank doesn't commit time and resources to manage customer relationships*
C. Managing Knowledge (MK)	
MK1	The bank doesn't take customer feedback very seriously.*
MK2	The bank has effective guarantee for service failures.
MK3	At the Bank, the customer feedback is taken through E-mails, schedule(Questionnaire) etc.
MK4	At the bank, Employee feedback is taken by both direct and Indirect measures.
MK5	The bank doesn't provide customer feedback to its employees.*
MK 6	The bank doesn't use customer information for improving products/services.
MK7	The bank has a process in place to obtain and validate customer's permission to interact with them through various channels.
D. Incorporating CRM based technology.(ICRMT)	
ICRMT1	The bank has automated marketing, sales and other departments.
ICRMT2	The bank doesn't have well developed Customer Information System.*
ICRMT3	The banks Customer Relationship Management (CRM) provide for integration of touch points to obtain a single view of customer at every point of customer contact.
ICRMT4	The bank has right infrastructure to serve customers promptly.
ICRMT5	The bank has technical staff to provide technical support to customers.
E. Customer Prospecting(CP)	
CP1	The bank tracks and prospects new customers.
CP2	The bank doesn't devote resources to help in the information of new customers.*
CP3	The bank distributes brochures, booklets, pamphlets, web pages etc to share their action plan with the customers.
CP4	The bank sales people use reference while reaching out to new customers.
CP5	The bank doesn't participate in trade shows. Conferences, expositions too often.*
CP6	The bank has presence in both press and electronic media.

*denotes reverse coded items

ANNEXURE-III CUSTOMER LOYALTY SCALE ITEMS

S.No	Scale statements
CL1	I have never seriously considered changing my bank.
CL 2	I consider myself to be a loyal customer of my bank.
CL 3	I will continue using the services offered by my bank.
CL 4	I will use other products/ services offered by my bank" in the future.
CL 5	I will recommend my bank to others.
CL 6	I will switch to a competitor bank that offers more attractive benefits/ interest rates/ service charges.*
CL 7	I will switch to a competitor bank when there are problems with the current bank's service.*
CL 8	Sometimes I get a feeling of being trapped in dealing with my bank.
CL 9	My needs are being addressed by my bank,

*denotes reverse coded items

AN ANALYSIS OF KEY INDICATORS OF SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)

DR. P. AMIRTHA GOWRI
ASSOCIATE PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
DR.SIVANTHI ADITANAR COLLEGE OF ENGINEERING
TIRUCHENDUR

T. RENUHA
ASSOCIATE PROFESSOR
DEPARTMENT OF   BUSINESS ADMINISTRATION
GOVINDAMMAL COLLEGE FOR WOMEN
TIRUCHENDUR

ABSTRACT

The Small Industries Development Bank of India being the apex bank of Micro Small and Medium Enterprises sector was established as a wholly owned subsidiary of the Industrial Development Bank of India   by a separate act of parliament in 1990.After being completed 10 years of dedicated services to small scale sectors, SIDBI was delinked from IDBI with effect from March 27, 2000 after the enforcement of SIDBI (Amendment) Act 2000. As at March 31, 2012, SIDBI has made a journey of 12 years after being delinked from IDBI. As DFIs faced competition from banks as well as capital market, they ended up financing riskier industrial projects and large-scale industrial projects carrying low returns and long gestation periods. During 1990s the share of debt decreased while equity increased. The share of DFIs in total loan finance declined during 1990s while the share of banks rose from the low level during 1985-90 by more than double during 1995-2001 thereby overtaking the position of DFIs in project finance. By 2007-08 only SIDBI was functional. This study makes an appraisal of performance of SIDBI in terms of selected physical and financial indicators with the help of year- on-year growth percentage. During the course of the 22years of its operation, the Bank has been fairly successful in facing the challenges while assisting the sector and, in the process, has emerged as a strong and vibrant institution. The sector to fully utilize its potential, it is essential that the entrepreneurs along with the Government support take necessary steps for their development.

JEL CODE
G2

KEYWORDS
MSMEs, Year-on-year, Appraisal, Performance, Indicators, spread.

1. INTRODUCTION

Development Finance Institutions (DFIs) or development banks starting with the Industrial Finance Corporation of India and the State Financial Corporation to assist the promotion and financing of fixed assets of industrial units have been in existence since 1948.Now, at the all-India level, there are three Development Banks namely Industrial Investment Bank of India,(IIBI), Industrial Development Finance Company Ltd and Small Industries Development Bank of India(SIDBI)(H.R. Machiraju 2010). Industrial Development Bank of India (IDBI) played a catalytic role in the industrialization of the country for about four decades as one of the All India development banks and also as the apex banking institution in the field of long-term industrial finance till September 2004 (Varshney P.N.and Mittal D.K. 2007).   SIDBI was set up as the subsidiary of IDBI. The setting–up of Small Industries Development Bank of India marked the fulfillment of a long felt need to have a separate institution at the national level to exclusively cater to the requirements of the small scale sector in the country. The decision to set-up SIDBI was announced by the Finance Minister while presenting the Union Budget for 1989-90 and the Bill for Setting up the Bank as a wholly – owned subsidiary of Industrial Development Bank of India was introduced in parliament in May, 1989 and passed in October 1989.SIDBI became operational on April 2, 1990 with an initial capital of 250crores and taking over the outstanding portfolio of IDBI relating to small scale sector held under the Small Industries Development Fund   and National Equity Fund as on March 31,1990, amounting to Rs.4200crores(Vasant Desai 1994). The authorised capital and paid up capital of the Bank were subsequently raised to Rs.500crores and Rs.450crores respectively. After being completed 10 years of dedicated services to small scale sectors, SIDBI was de-linked from IDBI with effect from March 27, 2000 after the enforcement of SIDBI (Amendment) Act 2000(SIDBI Annual Report 2001). The Bank continues to maintain the growth in its credit disbursement to the MSME sector. The Bank's direct finance to MSMEs is targeted at niche areas to address various financial gaps through specially designed products like risk capital, sustainable finance, factoring, invoice discounting, services sector financing, etc

2. REVIEW OF LITERATURE

A review of the previous studies on "Small Industries Development Bank of India" is essential to understand the implications of the different concepts and also to identify the areas already investigated, so that new areas so far unexploited may be studied in depth. Hence, some of the related previous works about Small Industries Development Bank of India have been studied by the researcher. Killare V.K (2012) in his article "Performance Evaluation and role of Rural Banks in rural development: special reference to SIDBI" examined the role of SIDBI in poverty alleviation and women empowerment and specified that there is a lack of synergy between technology seekers and technology developers and hence SSIs do not have the technical or financial resources to develop new technologies\products. Sudha Venkatesh and Krishnaveni Muthiah (2012) in their article, "SME in India: Importance and Contribution" focused on the supporting agencies of SMEs, contributions and problems of SMEs. They concluded that the support given by the national and state Governments to the SMEs is not adequate enough to solve their problems. However for the sector to fully utilize its potential, it is essential that the entrepreneurs along with the Government support take necessary steps for their development. M. ViJayaragunathan (2012), in his study, "Performance Evaluation of SIDBI", evaluated the lending and financial performance of SIDBI and suggested that SIDBI should be diversify its lending operations to new lines of business such as setting up of Information Technology Industry Centres. Gobinda Deka and Jatindra Nath Saika (2011) in their paper, "Green Finance Green Entrepreneurship: Role of SIDBI in NER of India", highlighted the financial and other assistances provided by SIDBI particularly in NER of India. Bisman.Jayne, Goela.Neelam(2010), in their paper, " The Small Industries Development Bank of India: a retrospective to SME financing" examined the quantum of state-wise assistance provided by SIDBI to assess the distribution of finance support to SMEs on a comparative basis, across the more developed and less developed states of India. Kh.Dhiren meetei and Somasundari oirangrhem(2012), in their paper, "Sidbi's Promotional and Developmental Activities in Northeastern Region (NER)" attempted to give a comprehensive overview of all aspects related to promotional and developmental activities provided by SIDBI in NER.

3. IMPORTANCE OF THE STUDY

MSME sector has lot of significance in the economic development of the country and SIDBI is playing a greater role in developing the MSME sector. The number of MSMEs functioning in the country as per the results of fourth All India Censes(2006-07),in the registered and unregistered categories are 1.5 million(5.94%) and 24.55 million(94.06%) respectively(Anand Chakravarthi2012).The overall economic impact of SIDBI's operations during the first 10 years has been in terms of cumulative investment catalysed of the order of Rs.34,380 crore and fresh employment opportunity about 86 lakh persons (Vasant Desai 2001). In the present globalisation era, the Bank's direct finance to MSMEs is targeted at niche areas to address various financial gaps through specially designed products like risk capital, sustainable finance, factoring, invoice discounting, services sector financing, etc. The P&D initiatives of SIDBI have so far benefitted the MSME sector through setting up of over 1 lakh enterprises, which generated employment of around 3 lakh and benefitted around 4 lakh persons. As such, there is a felt need for the study to know the growth in the operation of the Bank in terms of the selected indicators.

4. STATEMENT OF THE PROBLEM

The core activity of the DFIs was project financing and accounted for a substantial share in their total sanctions and disbursements. With the introduction of the concept of Universal Banking, banks have entered into project finance and have been competing with DFIs. The sources of funds of DFIs have been affected adversely by withdrawal of concessional sources of funds and restrictions on raising short term funds of maturities less than one year. DFIs were forced to raise high cost funds directly relatively from under developed and long-term debt market. Established companies could fund industrial projects directly from the capital market in a cost –effective manner.

As DFIs faced competition from banks as well as capital market, they ended up financing riskier industrial projects and large-scale industrial projects carrying low returns and long gestation periods. During 1990s the share of debt decreased while equity increased. The share of DFIs in total loan finance declined during 1990s while the share of banks rose from the low level during 1985-90 by more than double during 1995-2001 thereby overtaking the position of DFIs in project finance. DFIs also faced mismatch of assets and liabilities, borrowing from market for 3-4 years and lending for projects with long gestation periods.

The sanctions and disbursements from DFIs, namely IDBI, IFCI,ICICI,SIDBI and IIBI reached a peak in 2001.Sanctions of that year were Rs.97,335crore and disbursements Rs.59448crore.By 2007-08 only SIDBI was functional.   The disbursement of loans sanctioned by SIDBI in 2007-08 were Rs.16,851crore and disbursements Rs.15,073crore; and guarantees sanctioned were Rs.29.5crore and disbursements were Rs.24.9crore, and the cumulative disbursement by the bank to the MSME sector since its inception in 1990 stood at Rs.2, 44,286crore which has benefitted around 325lakh persons. SIDBI primarily a refinancing institution its outstanding under indirect operation as on March 31, 2012,registered growth of 21percent and stood at Rs.42,323crore.In the light of these distinctive progress ,it is found imperative to study the operations of SIDBI on the topic entitled , **"An analysis of key indicators of Small Industries Development Bank of India ".**

5. OBJECTIVES OF THE STUDY

1.   To evaluate the physical and financial performance of SIDBI.
2.   To make a comparative analysis of growth of SIDBI in its pre and post delink period.

6. HYPOTHESIS

The null hypothesis to be tested is that there is no significant difference among the growth rates of the indicators.

7. METHODOLOGY

The analysis of financial statements may give good account on the performance of the Bank. Its growth over the past years may be better and appear to do well on all parameters. However if the economy is at crisis it may not be prudent to take on the increasing exposure. Hence the status is carefully studied, with year-on –year growth percentage of the various indicators. Ranking Method is adopted to evaluate the yearly performance as well as the performance of the indicators over the period of 22years. FRIEDMAN'S Test is employed to test the significance of difference in the growth rates of the indicators.

8. ANALYSIS AND INTERPRETATION

To arrive at the meaningful decision with regard to the overall performance, the year on year growth percentage of various ratios related to the profits, utilization of resources and the data relating to the conduct of the banking business over the life time of the Bank are put together in Table 1. It serve as the input data for the purpose of evaluation of overall performance.

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TABLE 1: YEAR-ON-YEAR GROWTH PERCENTAGE OF PERFORMANCE INDICATORS

Year	No. of Offices	No. of staff	Reserves & Funds	N.et Worth	Gross outstanding	Income	Profit before tax	Dividend	investments	interest	Interest/ average working fund	spread	Non Interest/ average working fund	Return on investment	Profit Per employee	Return on outstanding
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	0	0.014	142.2	12.5	25.09	18.78	100	200	-3.03	18.68	5.02	76.09	133.3	79.1	100	5.71
3	7.4	11.65	79.82	13.15	12	33.39	50	67	15.63	32.47	12.19	56.79	100	26.67	35.71	3.64
4	6.7	4.5	53.57	15.06	21.34	26.22	25	20	312.4	25.26	4.79	9.45	57.14	4.61	21.05	0
5	6.45	10.15	54.49	20.34	10.23	17.37	48	80	13.11	17.41	0.3	43.17	0	21.38	26.08	26.67
6	3.03	11.09	43.87	21.28	12.07	13.5	36.65	0	0.12	13.8	2.63	42.21	-9.09	19.17	27.59	26.32
7	14.7	14.91	35.43	21.73	12.06	13.74	21.07	0	10.67	11.14	-0.89	17.31	120	11.3	5.41	8.33
8	0	5.39	89.4	62.45	5.56	9.14	28.16	25	27.36	1.85	-6.47	26.81	-18.18	17.58	20.51	23.08
9	0	4.53	19.52	16.26	10.47	12.07	11.11	0	-14.07	20.87	11.07	12.83	5.56	2.33	6.38	0
10	0	2	18.17	13.86	6.93	1.2	2	0	-10	4.33	4.41	12.42	-86.84	-6.49	0	-6.25
11	0	2.72	49.01	40.39	-18.87	0.001	3.92	0	-6.7	-0.18	7.22	-16.48	300	-1.38	10	10
12	7.69	3.02	5.84	4.77	-7.11	-3.6	-15.09	-25	148.1	-4.54	-3.84	-32.74	30	-17.96	-43.64	-36.4
13	9.52	1.41	4.13	-0.43	4.38	-9.94	-22.22	-20	7.63	-12.75	-14	-59.66	84.62	-23.18	29.03	-23.8
14	8.7	0	4.07	3.49	-23.61	-18.08	18.73	0	63.36	-19.3	-17.98	35.54	41.67	13.97	22.73	50
15	-8	-7.61	4.01	1.18	10.55	-17.64	-15.51	0	-11.58	-20.54	-37.66	-37.8	17.39	-17.16	3.7	-12.5
16	35	-4.87	4.57	3.62	29.49	1.69	19.62	50	-9.19	8.97	38.05	140.2	-61.11	19.05	17.86	-9.52
17	12.9	0	4.11	3.94	15.94	23.13	18.78	0	1.79	20.91	13.33	75.51	66.67	9.0	9.09	-2.11
18	4.29	11.1	2.54	6.24	26.05	37.99	-25.17	0	-60.89	33.78	20.65	36.28	94.29	-27.52	-38.89	-47.3
19	38.4	15.15	7.05	13.35	53.73	22.11	146.7	67	44.72	19.62	3.63	43.69	63.24	96.84	40.91	277.6
20	2.97	-0.86	5.98	5.05	21.76	22	4.34	0	-0.4	33.76	5.54	48.46	-63.06	-24.12	32.26	29.73
21	0	-0.77	7.53	6.54	28.94	52.24	0.23	0	33.13	55.17	-4.55	31.28	-39.02	-89.4	21.95	-23.1
22	-2.9	-0.48	7.84	7.02	16.79	19.13	-25.17	0	-60.89	33.78	20.65	36.28	94.29	-27.52	-38.89	-47.3

Source : Annual Reports of SIDBI from the year 1990-91 to 2011-12.

The years 1-12 refers to 1990-91 to 2011-12

The overall performance is evaluated as

- Evaluation of the yearly performance
- Evaluation of the indicators' performance

8.1. EVALUATION OF THE YEARLY PERFORMANCE

The overall performance of SIDBI over its life time is evaluated through the ranking method and the results are tabulated below as Table 2.

TABLE 2: RANKING OF YEAR-ON-YEAR GROWTH PERCENTAGE OF PERFORMANCE INDICATORS

Year	No. of Branches	No. of. staff	Reserves & Funds	N.et Worth	Gross outstanding	Income	Profit before tax	Dividend	investment	Interest income	Interest income\ Average working fund	spread	Non Interest income\ Average working fund	Return on assets	Profit per employee	Return on outstanding	Total ranking score	Rank of the year
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	14	14	1	12	5	9	2	1	7	10	9	2	2	2	1	10	101	3
3	8	3	3	11	12	3	3	3	8	4	4	4	4	3	3	11	87	2
4	9	9	5	8	7	4	7	6	1	5	10	17	9	11	11	12	131	5
5	10	6	4	6	15	10	4	2	9	11	14	7	14	4	7	4	127	4
6	12	5	7	5	10	12	6	7	13	12	13	8	15	5	6	5	141	6
7	3	2	8	4	11	11	9	7	10	13	15	13	3	9	16	9	143	7
8	14	7	2	1	17	14	5	5	6	16	18	12	16	7	10	6	1546	9
9	14	8	13	7	14	13	13	7	20	7	5	15	12	12	15	12	187	15
10	14	12	10	9	16	17	16	7	18	15	11	6	21	15	18	14	218	17
11	14	11	6	3	20	16	15	7	16	17	6	18	1	14	13	8	185	14
12	6	10	15	16	19	18	18	9	2	18	16	19	10	17	20	19	232	18
13	5	13	17	21	18	19	20	8	11	19	19	21	6	18	5	18	238	19
14	6	15	19	19	21	21	12	7	3	20	20	10	13	8	8	2	204	16
15	16	20	20	20	13	20	19	7	19	21	21	20	11	16	17	16	276	20
16	2	19	16	18	2	15	10	4	17	14	1	1	20	6	12	15	172	10
17	4	15	18	17	9	5	11	7	12	6	3	3	7	10	14	13	154	8
18	11	4	21	15	4	2	21	7	21	2	2	9	5	20	19	20	183	12
19	1	1	13	10	1	6	1	3	4	8	12	6	8	1	2	1	78	1
20	13	18	14	2	6	7	14	7	14	3	8	5	19	19	4	3	156	9
21	14	17	12	14	3	1	17	7	5	1	17	11	18	21	9	17	184	13
22	15	16	11	13	8	8	8	7	7	9	7	14	17	13	13	7	173	11

Source: Annual Reports of SIDBI from the year 1990-91 to 2011-12.

The years 1-12 refers to 1990-91 t0 2011-12.

With the results obtained as the total ranking score, mean and standard deviation, the life time period of 22 years is categorized into three namely super normal, normal and slow growth years and are shown in Table 3.

TABLE 3: OVERALL PERFORMANCE OF SIDBI

GROWTH	NUMBER OF YEARS	
	Pre Delink period	Post Delink period
SUPER NORMAL	2	1
NORMAL	7	8
SLOW	-	**3**

The two years of super normal growth of the pre delink period are 1991-92 and 1992-93.The one and only year of super normal growth in the post delink period is 2008-09 being the best year of performance over the life time of SIDBI. The three years of slow growth are 2001-01, 2002-03 and 2004-05.

8.2 EVALUATION OF THE INDICATORS' PERFORMANCE

The overall growth of the performance indicators is evaluated by ranking the growth rates of various indicators and is presented in Table 4.

TABLE 4: RANKING OF GROWTH RATES OF THE INDICATORS

Year	No. of Branches	No. of. staff	Reserves & Funds	N.et Worth	Gross outstanding	Income	Profit Before Tax'	Dividend	investment	Interest income	Interest income\ Average working fund	spread	Non Interest income\ Average working fund	Return on assets	Profit per employee	Return on outstanding
1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	2	3	14	5	8	7	12	15	1	6	4	11	13	10	15	9
3	1	2	15	5	3	9	12	13	6	8	4	14	16	7	10	11
4	5	2	14	7	10	13	11	8	16	12	4	6	15	3	9	1
5	3	4	15	9	5	7	14	16	6	8	2	13	1	10	11	12
6	5	6	16	11	7	8	14	2	3	9	4	15	1	10	13	12
7	10	11	15	14	8	9	13	2	5	6	1	12	16	7	4	3
8	3	5	16	15	6	7	14	11	13	4	2	12	1	8	9	10
9	2	4	13	12	7	10	9	2	1	14	8	11	5	3	6	2
10	5	7	13	12	10	6	7	5	2	8	9	11	1	3	5	4
11	6	8	13	12	1	7	9	6	3	5	10	2	14	4	11	11
12	14	11	13	12	7	10	6	4	16	8	9	3	15	5	1	2
13	14	10	11	9	12	8	4	5	13	7	6	1	16	3	15	2
14	9	5	7	6	2	3	11	5	15	1	4	13	8	10	12	14
15	9	10	14	12	15	4	6	11	8	3	2	1	16	5	13	7
16	13	4	7	6	12	5	11	15	3	8	14	16	1	10	9	2
17	8	2	5	4	10	13	11	2	3	12	9	15	14	6	7	1
18	8	10	7	9	12	15	5	6	1	13	11	14	16	4	3	2
19	7	4	2	3	11	6	15	13	10	5	1	9	12	14	8	16
20	6	3	10	8	11	12	7	5	4	15	9	16	1	2	14	13
21	6	5	9	8	11	14	7	6	13	15	4	12	2	1	10	3
22	6	7	10	9	11	12	5	8	1	14	13	15	16	4	3	2
Total	142	123	239	190	179	185	203	160	143	181	130	240	200	129	188	139
Rank	12	16	2	5	9	7	3	10	11	8	14	1	4	15	6	13

Source : Annual Reports of SIDBI from the year 1990-91 to 2011-12.

The years 1-12 refers to 1990-91 t0 2011-12

With the results obtained as the total ranking score with regard to the various indicators, analysis is made to test the significance of difference in the growth rates of the indicators with the help of FRIEDMAN'S Test. The null hypothesis to be tested is that there is no significant difference among the growth rates of the indicators.

The Friedman's test statistic is

$F = \frac{12}{nk(k+1)} \left[\sum_{j=1}^{k} R2_j \right] - 3n(k+1)$ Where,

K= Number of samples =20

n=Number of observations for each sample=22

R_j=Sum of ranks of jth sample (indicator)

The sampling distribution of 'F' can be approximated with X^2 distribution with k-1 degrees of freedom.

If the calculated value of F is less than or equal to the table value of X^2 at 5% level of significance, the growth rates of the indicators are considered statistically the same. In case the calculated value exceeds the table value, the difference is termed as significant.

The calculated value of F =1233.3

The Table value   = 30.144

Since the calculated value of 'F' is greater than the table value of X^2 at 5% level of significance, it is concluded that there is   significant difference in the growth rates of the indicators.

Based on the total ranking score of the indicators over the period of 22 years, overall ranks are allotted to the indicators. As such the top four ranked indicators are 'Spread', 'Reserves & Funds', 'Profit Before Tax', Non Interest income\ Average working fund   respectively. The least performed indicators are 'No. of staff' , 'Return on Assets', 'Interest income to Average working fund' , 'Return on outstanding' as they are in the last four positions.

9. FINDINGS

- SIDBI has shown a consistent growth rate in the pre delink period because of the initiation of the set of policy measures by the Government of India in August 1991.
- Its growth in the post delink period is inconsistent. This is due to the fluctuations in its performance during the economic stagnation period and recovered itself by the year 2008-09 through the implementation of the policy packages for MSMEs, announced by Government of India through the enactment of MSMEs Act 2006.
- Among the least performed financial indicators, 'Interest income to Average working fund', has performed well in the last year but conversely by Return on Assets during the last three years.

- 'No. of staff' is the physical performance indicator which has shown slow growth.
- Among the top performed indicators, 'Profit before Tax' had been showing a declining trend during the last three years.

10. RECCOMMENDATIONS AND SUGGESTIONS

- Adequate steps are to be taken by SIDBI to improve the performance of its least performed financial indicators namely 'Return on Assets', 'Interest income to Average working fund', and 'Return on outstanding'.
- Measures are to be undertaken by SIDBI to improve the performance of profit before tax which has not been doing well in the last three years. This can be done by reducing its expenditure.
- The slow growth of 'No. of staff' is a positive sign but it must be in tune with the 'No. of branches'.
- Support given by the national and state Governments to the SMEs is not adequate enough to solve their problems. However for the sector to fully utilize its potential, it is essential that the entrepreneurs along with the Government support take necessary steps for their development.

11. CONCLUSION

SIDBI, in tandem with the overall policy measures of the Government of India and keeping in view the expectations of the sector, has been refining its strategies and putting in place new policies and programs for the development of the MSME sector. During the course of the 22years of its operation, the Bank has been fairly successful in facing the challenges while assisting the sector and, in the process, has emerged as a strong and vibrant institution. The sector to fully utilize its potential, it is essential that the entrepreneurs along with the Government support take necessary steps for their development.

12. LIMITATIONS

The study is compiled of only secondary data obtained from the annual reports of SIDBI. Hence the study carries the defects of the analysis of financial statements and the change in disclosure format from time to time put constraints on ability to compare.

13. SCOPE FOR FURTHER RESEARCH

Based on the limitations of the study, further study can be undertaken to compare the performances of the Bank between the periods wherein there is deregulation, redevelopment of financial products etc. The operational performance of the Bank can be studied with the quantum of purpose wise, industry wise, state wise assistances and assistance in Backward and Non backward areas.

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MARKETING OF FOOD INDUSTRIES IN ALGERIA: ANALYTIC STUDY ON A SAMPLE OF COMPANIES

DR. SULIEMAN IBRAHEEM SHELASH AL-HAWARY
ASSOCIATE PROFESSOR
DEPARTMENT OF MARKETING
FACULTY OF BUSINESS & FINANCE
AMERICAN UNIVERSITY OF MADABA
AMMAN

ABDELHAK BENTAFAT
ASST. PROFESSOR
DEPARTMENT OF BUSINESS
FACULTY OF ECONOMIC & BUSINESS SCIENCES
UNIVERSITY OF OUARGLA
ALGERIA

ABSTRACT

Viewing the Algerian exterior commercial balance of the food products in 2008 that includes the coverage rate of exportations comparing to importations revealing the food gap of several food products like: meat, milk and derives, some legumes, coffee and tea, oil and greases, legume and fruit conserves…etc. Through the same commercial balance we observe also the efficient contribution of food product to the value of global exportations, especially speaking: the contribution of juices by a rate of 24.4 % from the global exportations. We have distributed a questionnaire on a sample of food industry companies, on a 95 companies in some of the states of the country, and we have tried through this questionnaire to know the marketing policies adoption by these companies.

KEYWORDS
Marketing of food industries, marketing decision-makers, Algeria.

1.   INTRODUCTION

The food industry is closely linked to the agricultural sector as it derives its raw materials from the agricultural sector, and the coordination between the two sectors is an effective tool in improving food security in the country. This is referred to as "strategic planning for the food industry" (Sénéchal, 2004: 4).

A lot of thinkers had expressed previously that food marketing is limited in how to best distribute the products of the farm to the wholesale markets. This evolved then and finally became a concept expressing the activities undertaken by an institution pertaining to marketing policy in order to attract the consumers purchase decision (Shanoyan, 2011: 83).

It is known that the agricultural marketing occupies extreme importance at a national level in general. Agriculture, in particular, is important as it is an industry highly vulnerable to various surrounding environmental conditions and that makes its products subject to many twists in productivity and price (Ahmed & El-Sayed, 2009). Marketing is of extreme importance to agricultural crops on the whole as well as importance for the food industry, which is closely linked to the agricultural sector.

Marketing food industry is known as the marketing activities carried out by the marketing department in the institutions of the food industry from the policies of the product and the price and distribution and communication. It is more comprehensive than is seen when the process of distribution of food products (Barrett, 1997). Marketing was previously referred to as the local distribution of food products and usually connects the government's plan in the distribution of food, but it may have taken a second definition at the end of the twentieth century (Hoke, 2009).

The marketing process for food Industries is considered a delicate process the fact that there are standards that define this activity by the authorities such as standards relating to the validity of a food product and standards that govern the policies of support for some basic food products like milk product in some countries. By increasing consumer awareness and the growing role of consumer protection associations in this sector has become important for the institutions of the food industry to follow these standards in production (Smith, 2009: 29).

Of modern concepts that took the attention of researchers are marketing junk or light food, which the consumer consumed routinely as he spends his day busy at work or at school or otherwise (Sugishita, 2011: 38). Meals and signs in the mind of the consumer such as "McDonald's (McDonalds)" and other sweets and foods and beverages that offer the consumer the cooking process in the middle of the day became customary (Mills, 2000: 9). Marketing has taken important practical considerations are in providing these food industries.

Food marketing according to the modern concept took a major consideration in a principle named "place of production". It means to ensure the production of the product to the consumer when taken as a food. It is intended to provide healthy food, containing vitamins and how natural, and the number of calories provided. We should not underestimate in the Food Marketing how quickly and easily a consumer can get a food mark when the searches for it (Robertson, 2005). If we focus more on the subject of healthy food, studies have shown many differences in morale and attitudes addressing artificial versus natural foods and their impact on consumer behavior. It would lean towards the second type of food - natural foods – which are healthier. In the case of artificial foods, chemicals are added which may be harmful to the consumer (Solano, 2008).

It is logical that some of the authors of the academic works on the of marketing in the food industry stress the need to embrace the evolution of consumption pattern through the importance of following up the development of effective marketing to this sector, where food industries are interested in marketing the following activities: (Aurier & Sirieixp, 2009: 191)

- Knowledge of consumer behavior towards food industrial
- products Implementation of a particular strategy
- Run a risk assessment of nutrition / attention to quality
- Developing a trademark
- Maximizing the communication and promotional activities
- Ensure effective communication
- The development of the international presence of the food product

We note from the above points that it did not mention the marketing pricing policies probably as a result of government intervention in this area. But despite the fact that studies indicate increased slow international prices of agricultural products such as wheat or sources of oils and fats or cane products and others through 2018, however, interest in pricing marketing policy is critical. There are many families that have great sensitivity toward the prices of food commodities due to differences with the implications on the moral in consumer trends attributable to changes in the income bracket in a given study. Also the sensitivity of

the price toward genetic changes carried out by food industry institutions which are of a greater degree in consumer trends and the ability to pay for purchase of this food product, and this is contrary to the interests shown by marketing food industries set previously.

On the other hand, the distribution did not receive appropriate attention by the authors Aurier & Sirieixp (2009). There is an approach urging the need for attention to the place of production and place of consumption of the food industry, it is the consumer who has the sensitivity in the consumption of products locally produced and products produced outside the town or area of residence; hence providing strategy and approach to avoid this sensitivity. And this of course is to achieve the desired key benefits of the distribution which is mainly the temporal, spatial, appearance and possessory benefits. Some specialists add the personal benefit of the distribution. And this study was to identify the marketing policies adopted by the institutions in the food industry in Algeria, and can achieve this goal by answering the following question: **What are the marketing policies adopted by the institutions in the food industry in Algeria?**

2. PREVIOUS STUDIES

After exploratory searching that we have done, we can say - at our discretion within the limits of the information compiled - that studies at the international level in the field of our research were many and varied between articles and forums, which focused on the marketing of food industries were very specialized. At the national level it is noted that there is a very significant lack of studies that have been flowing into the subject of our attention. There have been studies about the case of Algeria in general and less specialized, and we include here some previous studies that have direct relationship to the study involved:

- Bin Tfat (2011) study entitled: **The role of agricultural marketing in improving food security - with reference to the case of the Algerian food industries** . Researcher tried in the essay to address the theoretical side of the Agricultural Marketing amply then analyze the statistics relating to exports and imports of food industry in Algeria that shows the food gap. He has concluded after analysis of the information that the Algerian state has almost a complete dependency in most food industries such as meat, milk, coffee, tea, sugar and other products, and that it has a competitive advantage in the drinks, fruits and fish industries. Companies in Jordan,

- Al Damour and Allawi's (2008) study entitled: **The Effect of Promotional Activities of Industrial Companies on its Exporting Performance: A comparative Study Between the Food industrial Companies and the Chemical Industrial.** This study aimed to investigate the effect of promotional activities carried out by Jordanian Industrial Companies operating in the sectors of food processing and chemical industries through surveying 95 companies, including 62 food companies. The study found out that the size of promotional activities practiced by these companies is below 61%, a low rate in general: and that there is an effect of the promotional activities carried out by companies on the food industry export performance.

- Rabih's (2008) speech entitled: **The role of the food industry in achieving food security** . Researcher in his speech addressed how the theory of the contribution of the food industry helps in achieving food security through added values provided. He concluded that there is a lack acclaimed in the food industry in Algeria, especially in the field of fishing and related food industry and the weakness to take advantage of this feature in the Algerian state as an example.

- Abdul Razzaq's (2007) study entitled: **Economic and social importance of the food industry and its relationship to the agricultural sector - a case study of Algeria** . The researcher tried to study the interest of developed countries for food security, especially the amounts spent by these countries on its people and peoples of the world. Also he showed interest in studying the phenomenon in developing countries, as well as the study of the problems that hinder food security in the Arab world like the problem of water: and the study of the relationship between agriculture and the food industry, and addressed the determinants of investment in the food industry in Algeria.

- Al-Smadi's (2005) article entitled**: Evaluation of food product packaging design: An empirical study of consumer attitudes in the capital city of Amman**. The researcher was interested in studying consumer trends toward quality design of containers of food commodities in Jordan, through the distribution of a questionnaire to a sample of consumers 400 individuals withdrawn in the main shopping centers in the capital, Amman. The most important findings of the study is that consumers are quite satisfied with the quality of design containers of food commodities, as analysis revealed the existence of differences in the moral implications of consumer trends are attributable to the variables of age and income bracket.

- Afram's (2003) study titled: **The impact of the marketing mix for exports on export performance: a comparative study on the sectors of food industry and chemical industries companies in Jordan** . Where the study of a sample of 100 companies from both sectors - the food industry and the chemical industry - of the community of 200 companies that represent sample amounting to 50% of the mother community. The study concluded that there is a relationship between the extent of the application of the marketing mix on the companies in the food industries, chemical industries and their export performance, and that there is a relationship between the product promotion policy, and distribution of export companies have sectors of the food industry, chemical industry and export performance, the study found no relationship between the pricing policies of export as those of the companies sectors of the food industry, chemical industry and export performance, in addition to that The study found that the studied companies pay attention to the elements of the marketing mix according to the following priority: product, price, promotion, distribution*.*

- Allawi's (2006) study entitled: **The impact of export promotional policies on export performance in industrial companies: a comparative study between the food industry companies and chemical industry companies in Jorda**n. Researcher in the specialized study to investigated a group of 95 companies, mostly from the food industry and found the existence of impact policies promotions on export performance in the corporate food industry and chemical industry companies. It concluded that there is greater use of elements of promotional policies by the food industry when compared to the chemical industry companies, and also found that these institutions determine a modest budget to spend on research and development of policies to promote export.

- Isbetan's (1996) study entitled: **Basic food industries and their role in the Arab food security** . Researcher in the study turns to the reality of Arab food security elements and showed that the constraints that have affected the evolution of the Arab food industry was the lack of agricultural resources like vegetables, fruits and grains as raw material in many of the food industry. This led the Arab countries to be imported from abroad as local production was disrupted in many seasons, in addition to other obstacles related to transport, storage and packaging. Also the study found to be a problem in the abundance of water in the Arab world and ill- conduct considering that water is a raw material in much of the food industry.

3. STUDY HYPOTHESES

As a result of the above literature review, the research hypothesis is:
H1. decision makers in the Algerian food industry organizations interested in the marketing policies

4. METHODOLOGY OF THE STUDY

In order to achieve the goal of the study statistical analytical method was used as it is appropriate to the nature of this study. The researchers adopted the two-track path Theoretical and Applied. On theoretical track method there was access to all the literature on the subject of studies and articles in Arab and foreign countries, in order to build rich theoretical background for the theoretical side of the subject. And in the applied track the resolution to questionnaires as a means of collecting data appropriate to achieve the objectives of the research and then analyze statistically using specialized computer programs.

4.1 Population and the Study Sample

In our attempt to try to study sample of a wide range of the food industries institutions, we went in the first instance to the National Center for Trade Register actually based in Bordj El Bahri. Unfortunately they gave us a site which you can search for institutions involved in the study but does not offer their titles and therefore could not obtain a detailed list containing the name of the institution and its address so that we can go to these institutions and the distribution of questionnaires. The national Center for trade Register has a branch in Blida that we visited later and this branch is equipped with a program that can extract us the detailed list and by the states of the country which benefit us in the search. There was no possibility to provide information as it is considered confidential and that it is provided only to lawyers. The center agents can help lawyers with information on one institution only, and not the whole detailed list. We decided to return to the National Center for Trade Register in Bordj El Bahri where we were told that what we asked for is a laborious process for the center and can bill us for what we asked for, but it may be an exorbitant bill. We also came to know that resorting to the National center data can be wrong as it includes many

companies that are not active. There are a lot of people who open business records in the morning and close them in the afternoon, or open them to get visas to travel abroad, and that the center does not follow the business records. Good follow—up is made by the Chamber of Commerce and Industry. They have lists of the institutions in support of its activities. We were guided to the regional Directorate of trade - branch Blida -. After long dialogue between us and the Director we convinced him that our study is valuable but dependent on our ability to receive a list of the food industry institution, and finally he provided us with a list in the form of an electronic Excel file, which facilitated our task in sorting by state and by units (i.e. the food industry). The Regional Directorate of Trade - branch Blida -covers six (06) states, namely: Blida, Tizi Ouzou, Bouira, Medea, Ain Defla, Djelfa.

We note that the list of the questionnaire that we distributed reviewed by a group of specialized, systematic and objective professors

To calculate the minimum sample size the following law can be applied:

$$n = \frac{N\,(Z^2\delta^2)}{Ne^2 + (Z^-\delta^2)}$$

Where

n: Is the size of the sample:

Z: The limit of the standard error in light of the degree of confidence required to estimate (for example, 1.96 at the 95% confidence level ; refer to the normal distribution curve):

δ: Standard deviation of the research community

e: The amount of allowable error when doing the estimate. And is usually given at 0:05, which is the value of a very small increase in the size of the sample as it existed in the mathematical relationship denominator to calculate the size of the sample, and from the increase in the accuracy of the results obtained through a representative sample of the population of the study.

Calculated Average according to the formula:

$$\bar{y} = \frac{1}{N}\sum_{\alpha=1}^{N} Y_\alpha$$

After calculating the average of the society in the table above, we have acquired

$\bar{y} = 6.04$

The deviation of the population is calculated according to the formula:

$$\delta^2 = \frac{1}{N}\sum_{\alpha=1}^{N} (Y)_\alpha\,[-\bar{y}\,)^2$$

After the application of the data, we find:

$$\delta^2 = \frac{1}{290}(3717.91667) = 12.8204$$

The standard deviation of the population is the square root of the deviation which we calculated previously:

$$\delta = \sqrt{\delta^2} = \sqrt{12.8204} = 3.58055$$

Thus we can calculate the size of the sample according to the previous formula, and that if we consider that e is the amount of allowable error when the estimate is equal to 0.05, and this amount is very small so the results will be accurate, and Z the limits of the standard error is equal to 1.96 and in light of the degree of confidence of the estimate at 95% confidence level (refer to the normal distribution curve).

$$n = \frac{290\,[(1.96)^2(3.58055)^2]}{290(0.05)^2 + [(1.96)^2(3.58055)^2]} = 285.792 \cong 286$$

$$n = 286$$

And accordingly the sample size is 286 distributed fairly among the states, depending on each state's share of the institutions.

We tried to use the method of simple sample in the preview, but after starting the process of distribution of questionnaires we noticed that a lot of institutions did not respond to the questionnaire so we tried expanded study population to many institutions of the food industry in Algeria through the other states of the country and the table pro shows the distribution of the number of institutions interviewer by State.

TABLE I: NUMBER OF QUESTIONNAIRES DISTRIBUTED AND THE NUMBER OF QUESTIONNAIRES RECOVERED AND THE RECOVERY RATE AND QUESTIONNAIRES CANCELED

State	Questionnaires distributed	Questionnaires returned		Questionnaires cancelled		Questionnaires subject to Analysis	
	No.	No.	%age	No.	%age	No.	%age
Wahran	20	7	7,368	0	0	7	7,4
Algers	45	13	13,684	1	100	12	12,6
Blida	75	21	22,105	0	0	21	22,1
Bjaya	60	18	18,947	0	0	18	18,9
Ghardaya	30	11	11,579	0	0	11	11,6
Im Albawagi	5	1	1,053	0	0	1	1,1
Aghwat	7	5	5,263	0	0	5	5,3
Buweira	40	5	5,263	0	0	5	5,3
Batna	20	10	10,526	0	0	10	10,5
Steif	10	4	4,211	0	0	4	4,2
Skikda	8	1	1,053	0	0	1	1,1
Total	**320**	**95**	**100**	**1**	**100**	**95**	**100,0**

Source: Prepared by researchers after unloading Answers questionnaires in the program SPSS v 17

We tried to question the marketing director, commercial director, manager or administrator in each institution to extract frequencies and percentages to describe the characteristics of the study sample. Results have been summarized as follows:

TABLE II: DISTRIBUTION OF THE SAMPLE ACCORDING TO THE CHARACTERISTICS OF THE STUDY SAMPLE, FREQUENCY AND PERCENTAGE

Gender	Frequency	%age
Male	79	83,2
Female	12	12,6
No Answer	4	4,2
Total	**95**	**100**
Position	**Frequency**	**%age**
Owner	12	12,632
Director	12	12,632
Deputy Mgr	10	10,526
Marketing Mgr	7	7,368
Dept Head	22	23,158
Administrator	28	29,474
No Answer	4	4,211
Total	**95**	**100**
Educational level	**Frequency**	**%age**
Uiversity	63	66,316
Secondary	19	20,000
Primary	5	5,263
No Answer	8	8,421
Total	**95**	**100**
Market Trained	**Frequency**	**%age**
Yes	39	41,1
No	46	48,4
No Answer	10	10,5
Total	**95**	**100**
No. of Workers	**Frequency**	**%age**
Less than 10	15	15,8
10 - 50 workers	25	26,3
51 - 250 workers	31	32,6
+251 workers	18	18,9
No Answer	6	6,3
Total	**95**	**100**
Company Ownership	**Frequency**	**%age**
Public	9	9,5
Private	76	80,0
Mixed	7	7,4
No Answer	3	3,2
Total	**95**	**100**
Market Segment	**Frequency**	**%age**
Meats	2	2,1
Fishes	4	4,2
Dairy	17	17,9
Fresh and Dry Vegetables	3	3,2
Tea, Coffee, Herbs	4	4,2
Oils & Fats	4	4,2
Sugar & Sweets	8	8,4
Beverages	21	22,1
Pastries	9	9,5
Mills	14	14,7
Dairies, Oils & Fats	1	1,1
Dairies, Sugar & Sweets	1	1,1
Dairies & Beverages	3	3,2
Snaks	1	1,1
Meat, Fish & Fresh Veg.	1	1,1
No Answer	2	2,1
Total	**95**	**100**

Source: Prepared by researchers after unloading Answers questionnaires in the program SPSS v 17

Through the above table shows that the respondents were mostly males (83.2 %) were mostly administrators (29.47 %), and many of them heads of departments (23.15 %), and most of them at university level (66.31 %) had received 41.1 % of them on the composition of the Marketing which is considered high allowing access to realistic answers marketing policies produced in the institutions studied. And the institutions studied contain a considerable number of workers, the ones containing a number between 51 and 250 is 32.6 %. Most of the institutions studied are large or medium they are interested in marketing policies. Smaller institutions usually do not focus on clear marketing policies. The previous table also shows that the sample studied contain 80% of private institutions and this makes sense in Algeria, where the private sector was enriched dramatically in recent times in light of the economic transformations witnessed by the industrial sector in Algeria. The study included most types of food industries, the table shows that the share of the beverage industry has reached a rate of 22.1%, the largest proportion in comparison with the rest of the food industry, this makes sense as well, showed a further study of the researcher (Ben Tfat Abdul Haq, 2011) that the most important food products exported from the Algerian state to the rest of the countries represented in drinks. This is followed by Milk and dairy products with a sample size of 17.9%. Some institutions produce both beverages and milk and dairy products, especially that some Algerians use beverages composed of milk mixed with fruit juices.

TABLE III: CONTAINING THE SAMPLE OF THE STUDY ON THE MARKETING DEPARTMENT, FREQUENCY AND PERCENTAGE

Existence of a Marketing Department	Frequency	Percentage
Yes	44	46,32
No	43	45,26
No Answer	8	8,42
Total	**95**	**100,00**

Source: Prepared by researchers after unloading questionnaires in the program SPSS v 17

From the table above we can see that half of the sample studied contains a marketing department and this shows the degree of awareness of the marketing in the institutions studied as attention to marketing improves their business performance.

4.2   Study Method

We will identify through this study the reality of marketing in the institutions of the Algerian food industry. That means recognition of the marketing mix for these industries represented in the product, price, distribution, and promotion policies. The researcher will descriptive method to describe the variables of the study that will be tested at the level of significance ($\alpha \leq 0.05$).

We have used the four well-known marketing policies of the - product, price, distribution, communication – Also the " Likert " five grades: Strongly agree 5 points, agree 4 points, neutral 3 points, do not agree 2 points, Strongly Disagree 1 point, and this in terms of positive representation: and the opposite in negative terms.

5. TESTING THE STABILITY OF THE STUDY MEASUREMENTS

5.1 Testing of the normal distribution (Test de Kolmogorov-Smirnov)

The Kolmogorov-Smirnov test was used to test how the data follow the normal distribution. It was found that the Sig value of each variable greater significance level of 0.05, which indicates the data follow a normal distribution. Table (IV) shows the results of the test (K-S)

TABLE IV: CONTAINING THE RESULTS KOLMOGOROV-SMIRNOV TEST

Sig	Sig
Product	.670
Price	.766
Distribution	.791
Communication	.791

Source: Prepared by researchers after unloading Answers questionnaires in the program SPSS v 17

We note that the values of Sig is greater significance level of 0.05, which indicates that all the variables studied follow normal distribution, which means that the variable values are concentrated on the median value and variable intensity becomes less as we move away from the average value.

5.2 Reliability of the Instrument

This section presents the reliability of the of the marketing mix instruments of the Algerian food industry. Reliability is tested using the Cronbach coefficient alpha. A coefficient alpha higher than 0.6 is considered to be good (Sekeran, 2000). The reliability coefficient (a) of each dimension of the marketing mix are summarized in Table (IV).

5.3 Psychometric properties and dimensions of the marketing mix

Kaiser-Meyer-Olkin and Bartlett's Test of Sphericity has been used as Pre-analysis testing for the suitability of the entire sample for factor analysis as recommended by Comrey (1978), the value of The Kaiser-Meyer-Olkin measure was used to assess the suitability of the sample for each unifactorial determination. The KMO measure of sampling adequacy value for the items listed below (table V) indicating sufficient intercorrelations with the Bartlett's Test of Spehericity was also found to be significant.

TABLE V: KAISER-MEYER-OLKIN AND THE BARTLETT'S TEST OF SPHERICITY

Variables	Kaiser-Meyer-Olkin Values	Bartlett's Test of Sphericity		
		Approx.Chi-Square	df	Sig.
Product	.767	229.068	8	0.000
Price	.705	257.132	8	0.000
Distribution	.695	264.631	8	0.000
Promotion	.693	247.867	8	0.000

5.4 Factor analysis

Factor analysis was conducted to validate the underlying structure of the marketing mix. On the basis of Cattel (1966) and Hair et al. (1998) criterion, factors with eigenvalues greater than 1.0 and factor loadings that are equal to or greater than 0.50 were retained. Results of the factor analysis indicated the existence of four significant dimensions of the marketing mix, with Eigenvalues greater than one. The results of the factor analysis and eigenvalues tests are presented in Table (VI)**.**

TABLE VI: FACTOR ANALYSIS OF THE STUDY VARIABLES

Construct and item	Factor Loading	Eigenvalue	% of Variance	Reliability
Product		2.2376	54.998	.682
Institution cares for the appearance of its product	.536			
Institution has varied products in the market	.601			
Institution cares for the quality of its product	.552			
Institution performs improvements on product appearance	.648			
Institution performs improvements on product packaging	.597			
Institution provides well treated products	.561			
Institution provides health monitoring on products	.701			
Institution provides products with long shelf life	.722			
Price		2.120	43.599	.705
Institution cares for the consumer purchasing power in target markets	.716			
Institution studies competitive prices before establishing its product price	.511			
Institution establishes additional allowance to cover transport costs in products sold far from production place	.619			
Institution has unified pricing policies in all markets it covers	.520			
Institution amends it prices depending on market changes	.544			
Institution provides discounts and special prices	.656			
Institution takes into consideration production cost when pricing its products	.574			
Institution determines profit margin according to products importance.	.591			
Distribution		2.205	46.129	.613
Institution follows market entry strategy to various markets, then keeping the most profitable markets	.547			
Institution selects less dense markets, then work on expansion.	.639			
Institution establishes additional allowance to the distribution chain members in the markets	.696			
Institution sells to wholesalers.	.568			
Institution sells to retailers	.610			
Institution has warehouses in most provinces	.596			
Institution has points of sale close to consumers	.648			
Institution and agents have appropriate transportation means	.610			
Promotion		1.828	47.197	.784
Institution offers incentives like volume discounts to promote its sales.	.573			
Institution provides free samples of new products	.559			
Institution participates in exhibitions	.689			
Institution uses sales forces to promote its products	.517			
Institution uses public relations to promote its products	.673			
Institution uses advertising to promote its products	.549			
Institution does not use direct marketing to promote its products	.589			
Institution uses sports sponsorships to promote its products	.517			

5.5 Correlation analysis

A correlation matrix was constructed using the variables in the questionnaire to show the strength of relationship among the variables considered in the questionnaire. According to Kline (1998), correlation matrix is defined as "a set of correlation coefficients between a number of variables". SPSS version 7.0 was used**.**

TABLE VII: SUMMARY OF MEANS, STANDARD DEVIATIONS, AND CORRELATIONS OF THE MARKETING MIX DIMENSIONS

Variables	Mean	S.D	T value	Significance	P	Pr	D	Pro
Product	3.47	.902	12.315	*0.000	1			
Price	3.70	.703	9.231	*0.000	.638(**)	1		
Distribution	3.44	.913	10.526	*0.000	.543(**)	.350(**)	1	
Promotion	3.40	1.032	9.548	*0.000	.442(**)	.493(**)	.432(**)	1

Table (VII) shows that the correlation coefficients among the variables (marketing mix) were less than 0.9, indicating that the data was not affected by a collinearity problem (Hair et al., 1998). These correlations are also further evidence of validity and reliability of measurement scales used in this research (Barclay et al., 1995; Hair et al., 1998). There was a significant positive relationship between the four dimensions of marketing mix. The findings displayed that the respondents who perceived a greater awareness of the marketing policies

5.6 Multicolleniarity Test

Researchers used the correlation matrix between the variables of the study, reaching the highest value of the correlation between the two variables of product and price of - 0.582 using the following equation:

$$VIF = \frac{1}{1 - r^2}$$

$$VIF = \frac{1}{1 - (-0.582)^2}$$

$$VIF = 1.51$$

We note that *VIF* value is less than 5 and therefore there is no Multicolleniarity which shows the strength of the model study.

6. DESCRIPTIVE STATISTICS ANALYSIS

Table (7) indicates that respondents perceived **Price** (with the highest mean scores, i.e. M = 3.70, SD = .703) to be the most dominant of marketing mix dimension and evident to a considerable extent, followed by product (M = 3.47, SD = .902), distribution (M = 3.44, SD = .913), and promotion (M = 3.40, SD = 1.032), which was rated as least dimension of marketing policies of the Algerian food industry.

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7.   TESTS OF HYPOTHESES

Based on the T values mentioned on the tables above (table), and their significance, it is noted that all the sub hypotheses are accepted. So we can say that decision makers in the Algerian food industry organizations interested in the marketing policies (product, price, distribution, and promotion)

8.   DISCUSSION OF THE RESULTS

Through this research we notice that the institutions of the food industry in Algeria are striving to adopt marketing strategies capable of increasing their trade performance, although the concept of marketing is new. Over 48% of the decision makers of the respondents in this study are not versed on the composition of the marketing, however, their responses suggest they have marketing thought.

Through this study we notice - in addition to test hypotheses - that the majority of decision makers, business and marketing in the institutions of food industries studied at university level, as the majority of institutions, food industries studied are large institutions with the number of their workers ranging between 51 to 250 workers. That does not negate the existence of a huge number of small enterprises in the food industry because many of the institutions were in a seasonal holiday period when we gathered information. Olive oil institutions for example which are abundant in Algeria close most of the year and only open in the olive oil extraction season.

The study also showed that the most important industry for food in Algeria is that of beverages by the fact that Algeria is abundant on the cultivation of citrus fruits and the availability. This is followed by the milk industry and its derivatives, followed by millers and pastry by the fact that the Algerian people consume these products in large and unusual quantities.

It is noticeable that the food industries institutions studied do not pay much attention to the provision of the marketing department in the organization: a percentage of 45.26 % of the institutions studied do not contain a marketing department.

9.   RECOMMENDATIONS

According to the results obtained from this study, the recommendations that we propose are aimed at correcting efforts of food industries institutions in Algeria in order to adopt marketing policies that could raise trade performance of these institutions, include the following:

- Make decision-makers in the food industries institutions aware of the need to make adjustments to the shape of the product to attract consumers and their taking the decision to purchase.
- Make decision-makers in the food industry institutions be aware of the need to take care for product packaging.
- Make decision-makers in the institutions be aware of the need for the food industry organization to offer price discounts in some seasons.
- Increase the interest in these institutions in the changing market factors in the when modifying their prices.
- Measure the importance of the product when determining the price, and that is by measuring the customer's perceived value.
- Urge the food industry institutions to provide points of sale close to the consumer to save him time and effort.
- Increase the interest in the sale of food industry companies to the wholesalers because they may be an important factor in the distribution channel.
- Increase the interest of the food industry institutions in the sports sponsorship promotions.
- Increase the interest of the food industry institutions in direct marketing to promote its sales.
- The need for the food industry institutions to use public relations as a means of communication for its long term effect.

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A STUDY ON INFLUENCE OF DEMOGRAPHIC FACTORS RELATED TO RISK TOLERANCE OF INVESTORS

BHUVAN LAMBA
ASST. PROFESSOR
DOABA COLLEGE
JALANDHAR

SALONI RAHEJA
ASST. PROFESSOR
D.A.V. CENTENARY COLLEGE
PHILLAUR

ABSTRACT

Risk is an important element which is considered while making an investment decision. Today every person invests their savings for future security but they will fear from the risk taken. Investors may gain or loss by taking risk. The existence of volatility in the occurrence of an expected incident is called risk. The different investors take different type of risk. There are various factors which affect the investor towards investment but the most important factor which affects the investor was demographic factor. Risk mostly depends upon the demographic factors of the investors. So, the present study focuses on the relation between the risk and the demographic profile of the investors while making an investment. This study is based on the demographic factors of investors so that the market can know the pulse of the investor and proceed accordingly. This study will help the investment companies to design their product according to the risk taken by the different investors.

KEYWORDS
Risk, Investment, Demographic Factors.

INTRODUCTION

Risk is an important element which is considered while making an investment decision. Risk arises when the probability of actual return on investment is less than the expected return. Risk means the existence of volatility in the occurrence of an expected incident. When the unpredictability is high, the risk will also be high. Risk may or may not involve money. Lipe (1998) defined risk was a factor which influence investment decision. The risk factor differs from the features of assets, mode of investment, investment avenues and many more. Risk and return are two sides of investment coin when the risk is high the return will also be high. The different investors take different type of risk. The investors take risk while making investment. The risk depends on the various demographic factors such as gender, age, education, income, marital status and may more.

Risk is the potential of loss resulting from a given action or an activity. The probability of something happening multiplied by the resulting cost. Risk implies future uncertainty about deviation from expected earnings. Risk measures the uncertainty that an investor is willing to take to realize a gain from an investment. In finance risk means,the probability that an actual return on an investment will be lower than the expected return. In insurance risk is a situation where the probability of a variable is known but when the actual value of occurrence is not known. In securities trading, risk is the drop in value. Holton (2004) explained that there were two ingredients that needed to exist for risk one was the uncertainty about the potential outcomes from experiment and other was the matter of providing utility. Risk is a higher probability event where there is enough information to make assessment of probability and consequences.

Any risk that comes from giving money to another person or entity. The risk that a firm will be unable to meet its financial obligations. This risk is primarily a function of relative amount of debt that the firm uses to finance its assets. Higher proportion of debt increases the likelihood that at some point the firm will be unable to make the required interest and principal payment. Risk is any potential occurrence that leads to financial loss. Financial risk is the possibility of corporation or govt defaulting on its bonds, which would cause the bond holders to lose money. The possibility that the shareholders will lose money when they invest in a company that has debt, if companies cash flow proves inadequate to meet its financial requirements.

INVESTMENT AVENUES

There are various types of investment avenues available in the market such as shares, debentures, mutual funds, bank deposits, life insurance, precious metal, public provident fund, post office saving schemes and many more. Some investment avenues are risky and some are risk free. The investors prefer to invest in particular investment avenue according to their need, risk and return. When the investors want high return they have to choose the risky investment avenue. Males prefer to invest in risky investment avenues than females. The people with more income preferred to invest in risky avenues and took more risk. The people with less education preferred to invest in risk free investment avenues. The unmarried people preferred to invest in risky investment avenues.

DEMOGRAPHIC FACTORS

Demographic factors are those factors which include age, gender, income, education, occupation and many more. A demographic profile is the personal characteristics of the people. These factors help in the evaluation of a personal profile of the person and study the effect on another. These factors mostly help the researchers to find or conclude some results. In other words, we can say that the demographic factors are the statistics that characterize the human population on different basis. These demographic factors are those factors that determine the features of the certain group of people and also determine the state of the country. The behavior of the investors is also different on different demographic profile of the investors.

CAUSES OF RISK
- Wrong method of investment
- Wrong quantity of investment
- Wrong timing of investment
- Term of investment
- Creditworthiness of investor
- Maturity period of investment
- Natural calamities
- Nature of investment avenues
- Interest rate
- National and International factors

CLASSIFICATION OF RISK

- ### SYSTEMATIC RISK

The systematic risk is that risk which is caused by external factors. These types of risk cannot be avoided. This type of risk affects the price of all the securities. These are macro in nature. This risk cannot be eliminated by diversification of the investments. Market risk includes when there are changes in the prices of securities due to the social, economic and political events. Interest rate risk arises when there are variations in the interest rate. Purchasing power risk is an inflation risk.

- ### UNSYSTEMATIC RISK

This type of risk arises due to the internal factors which are within the organization. This is the specific risk and it is controlled when proper measures are taken. It is micro in nature. Business risk can be internal and external.

Internal risk such as non availability of raw material, absence of strategic management and many more.

External risk such as changes in business laws, business cycles and many more. Financial risk is related with the capital structure of the company and can be controlled. Credit risk is when the borrower will not pay the amount.

RISK TOLERANCE AND DEMOGRAPHIC PROFILE OF INVESTORS

Risk tolerance represents one person's attitude towards taking risk. The higher your risk tolerance, the more risk you are willing to take. Risk tolerance also increases with the investment experience. The individual investors with different risk tolerance make their investment choice and demographic factors may make their choice different. The demographic factors include gender, age, education, income, marital status and many more. Wang and Hanna (1997) found that when there was increase in age of the investors they took more risk. Harris et al (2006) found that women took less part in risky activities. Ajmi (2008) concluded that women had less risk tolerance than the men and investors who had high education and wealth were more likely to seek risk than the less educated one. Eckel (2008) concluded that the married people and women were involved in less risky investments. Tenglin (2009) concluded that the individuals who had less income and the males were less risk averse. Wang (2009) concluded that women took less risk than men. Kasilingam and Jayabal (2009) concluded that women preferred to invest in less risky investment avenues. Anbar and Eker (2010) found that the gender, personal income, family income and total net assets had a significant effect on risk tolerance but age, number of children and marital status had no effect on risk tolerance. Chou et al (2010) found that there was a negative correlation between investor risk propensity and perception. Married people had high risk perception than unmarried. Ahmad et al (2011) concluded that males took more risk than females, unmarried investor took more risk than the married investors and educated people took more risk than the less educated one. Wong (2011) conducted that when there was increase in education and income, risk tolerance also increased and married people took less risk. Gaur et al (2011) concluded that the male investors had high level of awareness than the female investors and they took more risk than females. Murphy and Gerrans (2011) examined that the women who were single and at younger age preferred less risky investments. Suhari et al (2011) examines that males preferred to invest in high risk investment avenues. Sultana and Pardhasaradhi (2011) concluded that there was direct relationship between risk tolerance and earnings, number of dependents, marital status and occupation. There was indirect relation between risk tolerance and the basis of investment decision and education.

From the above discussion, we try to understand the relation between risk and the demographic profile of the investors. The risk tolerance depends on the demographic factors such as age, income, gender, education, marital status and many more. There was positive relation between demographic factors and risk tolerance. Males took more risk than females. The unmarried investor took more risk than the married investors. The educated people took more risk than the less educated one. The investors with more wealth took more risk than investors with less wealth. There was positive relation between risk and age, income and education of investors. There was indirect relation between risk and marital status of investors. The investors will choose that investment avenue which has potential risk and return. The determinants of risk attitude of individual investors are of great interest in a growing area of finance known as behavioral finance. The rational investor will accept only that risk which he can compensate.

FINDINGS

From this study, the researchers found that there is a direct relation between the demographic factors of investors and risk tolerance. We study the previous studies on risk tolerance and demographic factors individually and collectively and conclude that the various demographic factors like age, gender, education, income, affect the risk tolerance capacity of investors. The risk factor is the most ineffectual factor which influence the investors while selection of suitable securities from various available investment securities. In Today's world, saving is the most essential for every person. The need of investment is fully dependent on the need of the investor like for future security, child education, child marriage, starting of new business, world tour, and security in old age, etc. So, the power of risk tolerance is also affected by the mode of investment and purpose of investment. But the greater influence on risk tolerance is influenced by demographic factors. Normally, we see that the male person takes greater risk compare to the female person. The unmarried persons take larger risk than the married persons. The young investors take bigger risk compare to aged investor. The educated person takes more risk from the less educated persons.

SUGGESTIONS

- The finance companies should design the investment avenues according to the risk factor taken by the investors.
- The finance companies must provide value added services to investors. It is essential for the companies to guide the investors to take right decisions regarding investment.
- The investors should have been full knowledge of the investment avenues. So, the companies should provide full awareness to the investors which help them to choose the right investment at the right time.
- The portfolio of the investors of young age group should focus on those avenues which can give them regular income as men are aggressive in nature.
- The young women are conservative in nature should focus on those avenues which can give them future security.
- The aged investors also conservative in nature so they also want secured future. They specially focus on those avenues which are secured in nature.
- The mostly customers invest in the insurance schemes for getting the double benefits of life securing and gain maximum return. So, the companies dealing with insurance avenues should introduce new schemes of insurance cum investment which help us to attract the more and more customers towards their various insurance schemes.
- The companies should also focus on family insurance plans and national saving certificate so that they can focus majority of the investors towards investment.
- The companies should focus on those avenues for which the term period of investment is between one-three years. Because mostly customers expected high return in less investment period.
- The companies should also focus on the link between the investor and company which is very important for investment.
- The companies should provide more information on the internet about the investment avenues. So that the investors should get all recent information about the investment avenues.
- The companies also use the platform of social networking sites on social media which helps them a lot comparing to another source of media of advertisement.
- The individual investor should not always follow the majority of investors. The investors should not invest in a particular stock solely on the basis of advice or past performance of the stock. They should try to research about his investments before the investing in market. So, companies need to focus on this individual investor for capturing the market.

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CONCLUSION

From this study, we can conclude that the investment industry have big scope in the market. The habits of saving of people increasing day by day that's why companies should not treat investors as homogeneous group. The investors with different demographic profile invest in different avenues according to their need. The companies should focus on the different class of investors to link between the investor and investment because the need of investment is changing with the different income group, different gender, different age groups, and different marital status. The risk tolerance of investors totally depends upon the various demographic factors of the investors. There is direct relation between risk and age, income and education of investors. So, the investment companies should design their investment products according to the risk taking capacity of the investors.

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WHISTLE BLOWING IN INDIA

POONAM
ASST. PROFESSOR
SHYAM LAL COLLEGE (M)
UNIVERSITY OF DELHI
DELHI

ARUSHI MALHOTRA
ASST. PROFESSOR
SHRI RAM COLLEGE OF COMMERCE
UNIVERSITY OF DELHI
DELHI

ABSTRACT

The whistle blowing has occupied a prominent position in the corporate governance; it refers to the act of exposing misconduct and malpractice within an organisation. Lot of cases of whistle scams have been registered in India and abroad like world.com,apple,Microsoft,google,united state army, Olympus corporation, national highway authority of india,Indian oil,Ranbaxy,maharastra irrigation scam etc. In the present study we are analysing the conceptual framework of whistle blowing, legal provision and few Indian cases of success and failure of whistle blowing.

KEYWORDS
whistle blowing, illegal, protection, public disclosure.

INTRODUCTION
MEANING OF WHISTLE BLOWING

Whistle blowing refers to the act of exposing misconduct and malpractice within an organisation. A whistleblower is a person who exposes misconduct, alleged dishonest or illegal activity occurring in an organization. The alleged misconduct may be classified in many ways; for example, a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health and safety violations, and corruption, Whistleblowers may make their allegations internally (for example, to other people within the accused organization) or externally (to regulators, law enforcement agencies, to the media or to groups concerned with the issue).

A person who informs on a person or organization engaged in an illicit activity is known as whistle blower or Anyone who has and reports insider knowledge of illegal activities occurring in an organization. Whistleblowers can be employees, suppliers, contractors, clients or any individual who somehow becomes aware of illegal activities taking place in a business either through witnessing the behaviour or being told about it. Whistle blowing in its most general form involves calling (public) attention to wrong doing, typically in order to avert harm. It is an attempt by a member or former member of an organization to disclose wrong doing in or by the organization. The essential feature of whistle blowing is the 'disclosure by organisation members (former or current) of illegal, immoral or illegitimate practices under the control of their employers, to persons or organisations that may be able to effect action. Whistle blower may be defined as:

- One who reveals wrong-doing within an organization to the public or to those in positions of authority.
- One who discloses information about misconduct in their workplace that they feel violates the law or endangers the welfare of others.
- One who speaks out, typically to expose corruption or dangers to the public or environment.

POINTS TO BE CONSIDERED BEFORE BLOWING THE WHISTLE
Before blowing the whistle, the individual who perceives an instance of moral or legal wrongdoing in his/her organization should consider the following**:**
1. Are the reasons valid for claiming that an alleged offense constitutes a serious and persistent wrong? How reliable is your information?
2. To what extent does this wrong cause harm?
3. Have you identified what the wrong and harm are?
4. Have you identified who is responsible for the wrong?
5. Is the wrongdoing of sufficient gravity to make it worth incurring unpleasant personal, professional, or organizational repercussions? Is the wrong continuing to cause harm?
6. If you plan to blow the whistle, first try to exhaust all reasonable channels within the organization before going outside of the organization. The goal is to minimize the harm from the infraction and the time it takes to correct the problem. But, in rare instances, reporting outside the organization may actually be the best option for minimizing the harm to those put at risk by the wrong.
7. Many professional groups have phone numbers you can call for guidance when you are confronted with a difficult issue like whistle blowing.

Types of whistle blowing
Internal whistle blowing -When an individual advocates beliefs or revelations within the organization.
External whistle blowing-When and individual advocates beliefs or revelations outside the organization.

OBJECTIVES OF THE STUDY
- To understand the concept of whistle blowing
- To analyse cases of success and failure of whistle blowing in India
- To examine the legal provisions on whistle blowing in India.

RESEARCH METHODOLOGY
To have insight of the topic whistle blowing secondary sources have been adopted for study. Various newspapers, Journals, Articles ,websites and books have been accessed to collect the information for study.
MAJOR FINDINGS: There is strong desire to change the current state of policy with regard to the whistle blowing. And it should be made mandatory for all sector government as well as private.

LEADING CASES OF WHISTLE BLOWING IN INDIA (SUCCESS AND FAILURES)

NATIONAL HIGHWAY AUTHORITY OF INDIA

WHISTLE BLOWER- Satyendra Dubey (1973–2003)-Project engineer at National Highways Authority of India

Satyendra Dubey was born in1973 at the village of Sahpur in the Siwan district of Bihar, India. he did his basic studies from Gang Baksh Kanodiya High School in Sahpur.he has done civil engineering from IIT KANPUR in 1994 and did his M.TECH from IIT VARANASI IN 1996.After completing his studies in2002 he joined Indian engineering service and he became project director in National Highway Authority of India and he was responsible for managing a part of the Aurangabad-BarachattI section of National Highway. This highway was part of the Golden Quadrilateral Corridor Project, the Prime Minister's initiative, which aimed to connect many of the country major cities by four-lane limited-access highways totalling 14,000 km, at an overall cost more than USD 10 billion.

EXPOSED CORRUPTION

He had written a letter to the then Prime Minister Shri Atal Vajpayee complaining of the corruption which was going on in a particular project. The letter said the NHAI officials showed a great hurry in giving mobilisation advance to selected contractors for financial consideration. "In some cases the contractors have been given mobilisation advance just a day after signing the contract agreement."

"The entire mobilisation advance of 10 per cent of contract value, which goes up to Rs 400 million (USD 10 million) in certain cases, are paid to contractors within a few weeks of award of work but there is little follow up to ensure that they are actually mobilised at the site with the same pace, and the result is that the advance remains lying with contractors or gets diverted to their other activities," it said.

TRUTH SILENCED

He could have continued doing his job as a deputy general manager in the Centre's National Highway Authority of India (NHAI) and shut his eyes to the variegated ways in which a prestigious project - Instead Dubey opted to do the right thing by alerting the PMO to these developments because he believed the project was of "unparalleled importance to the nation". **He paid with his life for having done so**"

Awards and recognition to SK DUBEY

- Whistleblower of the year award from the London-based Index on Censorship The Transparency International's Annual integrity award. The Service Excellence award from the All India Management Association. He was nominated for the Padma shree awards in 2011.
- S. K. Dubey Foundation: S. K. Dubey Foundation for Fight Against Corruption was founded in the US by Ashutosh Aman (IIT Kanpur, Satyendra's batchmate) and Atal Bansal (IIT Kanpur) to systematically fight against corruption.
- IIT Kanpur instituted an annual award in his name, Satyendra K Dubey Memorial Award, to be given to an IIT alumnus for displaying highest professional integrity in upholding human values.
- Institute for Research and Documentation in Social Sciences (IRDS) has been awarding the Satyendra Dubey award for civil services in reverence to his contributions to the cause of fighting corruption. The Indian Express also announced a fellowship in the name of Dubey

INDIAN OIL CORPORATION

WHISTLE BLOWER-Shanmughan manjunath (1978-2005) Marketing manager at Indian Oil Corporation

Shanmughan Manjunath (1978-2005) was an engineer the Indian Oil Corporation (IOC) who was murdered for opposing corruption in the erstwhile government firm's petrol pumps.he has done his schooling from kendriya vidyalay Karnataka. He Later on he did his Computer Science Engineering degree from Sri Jayachamarajendra College of Engineering, Mysore, and completed his MBA from the prestigious institute the Indian Institute of Management Lucknow.He started working in Indian oil corporation as senior marketing manager While working for the Indian Oil Corporation (IOC) in Lucknow, he had ordered two petrol pumps at Lakhimpur Kheri sealed for selling adulterated fuel for three months. When the pump started operating again a month later, Manjunath decided to conduct a surprise raid around 19 November 2005. during his inspection, Manjunath had been shot dead in Gola Gokarannath town of Lakhimpur Kheri. His body, riddled with at least six bullets, was found in the backseat of his own car, which was being driven by two employees of the petrol pump. Both were arrested and the main accused, pump-owner Pawan Kumar Mittal, was held on 23 November along with seven others. Indian Oil Corporation paid 2.6 million compensation to the family.

Awards and recognition to manjunath:

The Manjunath Shanmugam Trust was registered on Feb 23rd, 2006. It is an international IIM alumni initiative; and works to improve governance in Indian public life.

STATES COOPERATIVE DEPARTMENT

WHISTLE BLOWER- SP Mahantesh

He was working as deputy director of the audit wing in the states cooperative department .he had reported irregularities in different societies including some officials and public figures. He was murdered in may 2012.

RANABAXY

WHISTLE BLOWER- DINESH THAKUR

Former Ranbaxy executive Dinesh Thakur got about $49 million from the $500 million penalty slapped on the drug manufacturer for selling adulterated drugs and lying to federal regulators in a case relating to substandard quality durgs.thakur had notified the company of the problems and when they failed to correct the problems he had blown the whistle by filling a federal lawsuit accusing the company of knowingly submitting false information to the food and drug administration

KANDLA PORT TRUST (KPT)

WHISTLE BLOWER- MANORANJAN KUMAR

In 2006, IES officer Manoranjan Kumar was appointed KPT vice-chairman. In December 2007, he submitted a report to the Shipping Ministry about a land scam of over 1,000 acres.In January 2008, he was asked to proceed on three months leave, along with then chairman Janardan Roa, who was reportedly one of the accused in the report filed by Kumar.With the Shipping Ministry not taking any action against his report, Kumar moved the CVC and sent a copy of the report to CBI.

While the CBI took up the inquiry, the CVC did not act.Kumar moved the central administrative tribunal (CAT) in August 2008. The Shipping Ministry did not act on CAT's order dated August 2008 for Kumar's repatriation. Kumar, who again moved the CAT, won the case in February 2009. This time the CAT slammed CVC in strong words for failing to protect the officer and asked the Shipping Ministry to send him back to KPT and pay compensation of Rs 25,000. Kumar finally won the case on March 18 2009 in the High Court, moved by the shipping ministry seeking a stay on the CAT order.

MAHARASHTRA IRRIGATION SCAM

WHISTLE BLOWER- VIJAY PANDHARE

The Maharashtra Irrigation Scam was an alleged government scam which involved financial irregularities of US$5.6 billion in the Indian state of Maharashtra during 1999-2009. The Nationalist Congress Party (NCP) leader Ajit Pawar was the irrigation minister of Maharashtra during 1999-2009. In February 2012, the Chief Engineer Vijay Pandhare, wrote a letter to the state's Governor, the Chief Minister and the Irrigation Department's principal secretary, complaining about rampant corruption in the department., he alleged that more than half the amount spent on the irrigation projects between 1999-2009 had been pocketed by the corrupt politicians and contractors. He highlighted specific instances of corruption including cost escalations, unnecessary additions to the

project scope and poor-quality construction. Pandhare accused Ajit Pawar of being directly involved in the scam. He also accused the corrupt leaders of "playing with citizens' lives", saying that the construction quality had been compromised in the dam projects . As a precautionary measure, Pandhare was accorded police security in view of threat perceptions.

LEGAL PROVISIONS REGULATING THE WHISTLE BLOWING POLICY IN INDIA

Protection of Whistleblowers was first initiated in 1993 by Mr. N. Vittal . In December 2001, Law Commission recommended that in order to eliminate corruption, a law to protect whistleblowers was essential and submitted its report on 'Public Interest Disclosure Bill' to Mr. Arun Jaitley (then Minister of Law, Justice and Public Affairs) along with the draft bill.In January 2003, the draft of Public Interest Disclosure (Protection of Informers) Bill, 2002 was circulatedin 2004, the Supreme Court directed that machinery be put in place for acting on complaints from whistleblowers till a law is enacted. Government of India notified a resolution to enable Central Vigilance Commission to receive complaints of corruption for Central Authorities in May 2004. Right to Information Act was notified in October, 2005. In 2006, The Public Services Bill 2006 (Draft) stated that within six months of the commencement of the act, the government must put into place mechanisms to provide protection to whistleblowers. In 2007, the report of the Second Administrative Reforms Commission also recommended that a specific law be enacted to protect whistleblowers.

On August 26, 2010 Union Minister of State for Personnel, Public Grievances and Pensions Prithviraj Chavan introduced the Public Interest Disclosure and Protection to Persons Making the Disclosure Bill, 2010, or the Whistle-blower Bill, in the Lok Sabha. Since 2010,The Whistleblowers' Protection Bill, 2011 was passed by the Lok Sabha on 28 December 2011 and by the Rajyasabha on 21 February 2014. The Bill is pending for assent of the President of India and further notification of its commencement.

CLAUSE 49

Clause 49 of the Listing Agreement of Stock Exchanges places a non-mandatory requirement for listed companies in India to adopt a Whistle-Blower Policy. The specific recommendation, placed in Annexure I D to Clause 49 specifies that :

(i) The company will establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

(ii) The mechanism must provide for adequate safeguards against victimisation of employees who avail of the mechanism.

(iii) The mechanism must also provide, where senior management is involved, direct access to the Chairman of the Audit Committee.

(iv) The existence of the mechanism must be appropriately communicated within the organisation.

(v) The Audit Committee must periodically review the existence and functioning of the mechanism.

SARBANES OXLEY ACT 2002

A similar provision for protection of whistle- blowers is found in the **Sarbanes-Oxley Act** of 2002, which forms part of the United States Federal Law. S. 806 of this Act protects employees who provide information or assist in an investigation from discharge, demotion, suspension, threats, harassment or any form of discrimination. The Sarbanes-Oxley Act has now increased the protection provided to whistle-blowers. The provisions have made it clear that retaliation against whistle-blowers will not be tolerated. It is now a criminal offence to retaliate against whistle-blowers, carrying penalties from a large fine to 10 years in prison.

CONCLUSION

There is no doubt that in today's fast-paced world and mega corporations, institution of a whistle-blower policy is not a corporate luxury, but an organisational necessity. Whistle blowing should be made mandatory for all type of sector whether it is government or private ,penalty should be impose for having any kind of illegal activity. This policy will help in Fostering good governance by encouraging employees to escalate deceitful actions by colleagues/ seniors/third parties, Promotion of the organisational values thus nurturing a culture of openness in workplace, Sending a clear message that severe action will be taken against unethical and fraudulent acts, Dissuading employees from committing fraud by instilling fear of unfavourable consequences when caught.

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MANAGEMENT OF FUND SOURCES FOR DEVELOPMENT BANK OF CITIES AND THEIR REFLECTIONS ON THE CREDIT FACILITIES FOR THE LOCAL COMMITTEES (2000-2013)

DR. GHAZI ABDUL MAJEED ALRGAIBAT
ASST. PROFESSOR
DEPARTMENT OF BANKING & FINANCE
FACULTY OF BUSINESS & FINANCIAL ADMINISTRATION
AL AL-BAYT UNIVERSITY
JORDAN

ABSTRACT
This study is aimed to determine the impact of the financial resources available to the Development Bank of City and villages on size of credit facilities granted for the period (2000-2012) .Which represented in the financial resources available by both customer deposits, secretariats of the local Committees, loans and capital on volume of credit facilities by using unit root test to identify the stability of the data in the time series, and test the method of least squares regression analysis (OLS) to test the hypotheses .The results indicated no statistically significant impact for each of Capital and its equivalents, the volume of loans, and the secretariats of the local Committees on the average size of credit facilities. While showing a statistically significant impact on the size of customer's deposits on the average credit facilities for the development bank of cities and villages .The study recommended that the Development Bank of cities and villages has to issue bonds with expanding the size of investment projects, also to increase the return through using of short-term investment projects with a higher return .

KEYWORDS
Development Bank of City , financial resources, credit facilities.

INTRODUCTION

Commercial banks play a major and an important role in all areas of the economy, business and money in all countries of the world, for its business brokerage and other financial transactions, which indispensable the economy for any country , that we can know the bank as a facility financial trading money and have a purpose to work intermediary between the capital, which seeks to find the areas of investment and investment between the areas that seek to search for capital. The universal banks lead the traditional functions of banks as well as non-traditional jobs such as those relating to invest any of those banks that perform the functions of commercial banks , investment banks and businesses, which known to others as the financial institutions that do business brokerage and direction of credit, that play the role of regulator in establishing and managing projects . In general banks that no longer adhere to specialize Limited, which is confined to the banking business in many countries , it has become extends for its activities to all regions and areas to get money from multiple sources and its orientation to the various activities in order to achieve economic and social development , also seeking always the diversification sources of funding and mobilize the greatest possible savings from all the various services and renewable which may be based on the bank balance, so we found the combination for functions of traditional commercial banks , the specialized banks and investment banks, and business, in addition to the direction and keen to diversify its sources for obtaining funds , bank's revenue or materials that come from multiple sectors through liability management and development of the Bank's financial materials

PROBLEM OF THE STUDY   .

The Development Bank of towns and villages supported loans to local authorities in order to establish service projects and productivity in all cities and villages of the Kingdom , which makes it unable to meet all requests for loans that provided by bank, so that the grouping based on several criteria, including geographical distribution , significant of the project and the service desired , so the above problem can be formulated the following questions:
1. What is the effect of customer deposits with development Bank of towns and villages on size of the credit facilities granted to local authorities?
2. What is the effect of borrowing by the Development Bank of towns and villages on size of the credit facilities granted to local authorities?
 3. What is the effect of local authorities Deposit with the Development Bank of towns and villages on size of the credit facilities granted to local authorities?
4. What is the effect of capital for Development Bank of towns and villages on size of the credit facilities granted to local authorities?

IMPORTANCE OF THE STUDY   .

Contribute to knowledge of the amount of resources available to the Development Bank of towns and villages in evaluating the performance of the bank and determine its financial position , its ability to finance the projects submitted to the bank and through the bank which can discover the strengths and weaknesses, that helped to improve financial performance also increased its ability to grant credit facilities, which leads to raising the level of economic and social development for the local authorities in all cities and villages of the Kingdom to improve its services rendered

OBJECTIVES OF THE STUDY

This study aims to achieve the following goals:
1. Identify the impact of customer deposits at the Development Bank towns and villages on size of the credit facilities granted.
2. Identify the impact of loans for Development Bank Cities and villages on size of the credit facilities granted.
3. Identify the impact of Deposit local authorities with Development Bank towns and villages on size of the credit facilities granted to the local authorities.
4. Identify the impact of capital to the Development Bank towns and villages on size of the credit facilities granted.

PREVIOUS STUDIES

Study Essam Abdel Hadi (2012), entitled : " An analytical study problems of the credit decisions in commercial banks from the perspective of the accounting comparative study between Egyptian banks and the European ". The study aimed to achieve a set of objectives : clear and precise nature of credit in commercial banks with a statement, stages , and the foundations of his success , study and analysis of the practical problems which faced by the industry , credit decisions in commercial banks with an indication of these problems on banks , economic units and the national economy , finally to offer a range of accounting methods and integrated , which contribute rationalization of industry decisions of credit in commercial banks , and specify their negative effects with raise the level of quality for loan portfolio , also help the formulation of credit policy rational , in the study the problems of credit decisions in a commercial bank in Egypt and the European study and analysis a proposal to a range of courses and accounting methods to reduce risks , negative effects of these decisions that concluded from results such as the following : First, governing the granting of credit in commercial banks, a set of principles and technical controls , like: keen student funding to repay, its ability to manage its business efficiently , the adequacy of its capital , the availability of adequate safeguards and economic conditions appropriate for the project as well as the relevance between size and type of credit program repaid and need of the customer financing , accurate and realistic study of the feasibility of the project. Secondly, related to the most serious problems decisions of credit with banks , while some related units borrowed and economic

circumstances surrounding nor it's different in European banks than in Egyptian banks , also because different importance Relative to all , particularly with respect to economic conditions . Thirdly, in spite of the multiplicity of problems and risks for credit decisions in commercial banks, but they are more or less to banks through competition between each other , dropped some talent bank in which it operates . Fourth, can be reduced the risks and problems of credit decisions through a variety of means , accounting tools including: increasing the effectiveness of Statutory control and internal audit departments of credit , the rationalization of methods for measuring the cost of loans granted to customers , usages of indicators for financial analysis in assessing financial risk for credit decisions , usages of curriculum classification and analysis of debt provisions loans , in addition to the necessity of activating, the supervisory role of both the Central Bank and auditors in decisions for Basel Committee of international control: there needs to be concerted , coordinated and integrated between the tools and methods of accounting , administrative and legal working to reduce the risks and problems of the decisions for bank's credit .

In a study of Khalidi (2011) entitled: "The Impact of internal factors yield of a portfolio for loans and credit facilities of commercial banks - An Empirical Study in a sample of the Iraqi private banks for the period 2000-2008." The aim of this study is to determine the internal factors affecting the return on a portfolio of loans and credit facilities to the private banks in order to promote their positive impact and minimize its negative impact , to achieve the goal of the study was to collect data on a sample of private banks from the annual reports issued , citing reports and the study results showed the existence of a positive relationship with a statistically significant correlation between the return portfolio of loans and credit facilities as the dependent variable, a set of independent variables represented by size of the bank, the capital adequacy ratio, cash flow present , the rate of spending on advertising and the age of the bank, on the other hand showed a study, the presence of significant negative relationship between the moral and the rate of return on the portfolio employ deposits in loans and credit facilities, while there were not statistically significant relationship with a variable number of bank branches to return the loan portfolio.

In a study of omar (2007) entitled: "The determinants of the faltering banking facilities in Palestinian banks." This study identified the most important reasons for the faltering debt in Palestinian banks, as well as to determine the relative importance of these reasons to enable banks to focus on ways of dealing with this study used the descriptive data were collected through a questionnaire distributed to a group of officials for the Department of the facilities in the banks operating in the Palestine, a group of customers who are facing a tried to answer the question of reasons that defaulting were divided reasons stumble into three main areas: credit policy of the bank, market conditions and customer behavior, which highlighted the study, the most important causes within each group, where The results of the study. The lack of results study for credit , lack of their information, and low follow-up customers after the granting of such facilities are the main reasons for tripping policy credit either with respect to market conditions were the most important factors causing the tumble: the closure policy and military checkpoints, loss of markets as a result of economic with lawlessness and the weakness of the judiciary, either in respect to factors related to the behavior of customers, the study found that the loan for purpose was granted and expansion for studied in investment, increased indebtedness and changes in behavior credibility of the customers were the most important reasons for defaulting. The study found a difference statistically in the answers of respondents about the importance of factors related to policy and credit behavior customers depending on,   while there was no difference statistically regarding the importance of market conditions in the incidence of tripping, gave researchers the recommendations that the most important call of banks operating in the territory of the Palestinian Authority to increase interest in credit studies and rely on accurate information .

In a study of Abdel-Aziz and others (2006), entitled: "Credit Analysis and its role in rationalizing the operations of bank lending application at the Industrial Bank of Syria," in bank's credit the effective is very important, because the revenue generated by the axis represents the main income of any bank, no matter how many and diversified sources of revenue, without losing bank and its function as a financial intermediary in the economy and being at the same time invest surrounded by risks due loans and non-performing has become the subject of "credit analysis" of topics occupant of banking activity, that is an important tool to reach accuracy in decision-making credit and thus reduce the losses that may be exposed to banks and from the importance of the subject was Take it study : the process of granting credit and procedures performed on the requests for credit facilities in the Industrial Bank, compared with the basic pillars of the analysis of credit, in order to identify the positive aspects as well as the deficiencies , provide suggestions and recommendations to work to avoid them , thus contributing to the rationalization of bank lending. In study Faris Abu Muammar and Basil (2008) entitled: "The role of banks operating in Palestine in support of various sectors of the economy." the aim of this study is to identify what are the most important obstacles that stand to support banks in various economic sectors, determine what percentage of the credit facilities provided by banks operating in Palestine (Gaza Strip and the West Bank) to support various economic sectors since year (2000) and even the public (2003), with an attempt to provide some suggestions that reduce the severity of these difficulties before the departments of banks , they had been using descriptive analytical method to get some results in this area, that conducting some interviews with D behind these banks and with an official from the Palestinian Monetary Authority, in addition to distribution questionnaire to some directors institutions operating in various economic sectors to identify the obstacles they find when they go to the banks for a loan to support economic activities to allow the study reached several conclusions, including: banks operating in Palestine that had desired to expand supporting of various economic sectors in Palestine, but there are some difficulties encountered such as : weakness of guarantees offered by entrepreneurs working in various sectors of the economy to banks when they want to get a loan to support sectors of the economy, where the limit minimum 40% but the banks reached in 2003 to only 29%, and it became clear that banks prefer to deal with the commercial sector, compared with the jealousy of other economic sectors where banks supported this sector about 25% of the total loans provided to all sectors of the economy, which means that the highest rate of progress with any other economic sector. In a study of Ahudaban (2005), entitled: "The impact of good governance and decentralization on the efficiency of local Committees, a case study of municipalities Sudia Arabia. This study seeks to examine the impact of policy and institutional reforms on the response of local authorities and their effectiveness in the management of local affairs and services, particularly in light of the municipal elections for 2005 and the new structure of municipal councils . This study focused on the practice of local elections and their impact on local government decentralization with citizen participation; to achieve the interaction between local authorities and citizens, through responding to the authorities and the newly local councils , the results indicate that the presence of a large gap between the large municipalities and small municipalities , by terms of citizen financial capacity, participation and cooperation with the private sector, as well as in terms of administrative capacity , also the gap stretches to reach the performance of the capital 'institutional and results, particularly in terms of municipal work, construction, municipal areas remote, roads The study results confirm that demographics, social and economic diversities play a vital role in determining the capacity of local authorities to fulfill their responsibilities cost.

In a study of Worms (2001) , entitled: "The impact of monetary policy on size of loans ." Where this study expanded to know the effect of monetary policy on size of loans through the provision of evidence applied , rely on the study information monthly contained balance sheet for all German banks from the period of the year (1992-1998) . To measure the impact of monitory policies on volume of loans, the researcher used some statistical technique. By applying this model and the adoption of a researcher on a set of standards descriptive statistical , researcher concluded in his study a group of results , mainly that the volume of loans affected negatively where shrinking quantity of loans granted as a result of the central bank to a contractionary fiscal policy , as a result of it also decreased the size of short-term deposits relative to the total asset

WHAT DISTINGUISH THIS STUDY FROM OTHER STUDIES?   .

This study was an attempt to address the impact of the financial resources available to Development Bank Cities and villages on the size of the credit facilities also to contribute this study providing results of a recent view for period that covered by the data (2000-2012) , but previous studies did not address the study of the financial resources available, it only addresses the unique Development Bank towns and villages precisely .

HYPOTHESES OF THE STUDY

HO: No statistically significant effect on size of deposits available to the Development Bank Cities and villages on size of the credit facilities granted to the local committees*.*

H1: There is a statistically significant effect on size of deposits available to the Development Bank Cities and villages on the size of the credit facilities granted to the local committees*.*

HO: No statistically significant effect on size of loans available to the Development Bank Cities and villages on size of the credit facilities granted to the local committees*.*

H2: There is a statistically significant effect on size of loans available to the Development Bank Cities and villages on size of the credit facilities granted to the local committees.

HO: No statistically significant effect on size of the capital with the Development Bank Cities and villages on size of the credit facilities granted to the local bodies.

H3: There is a statistically significant effect on size of the capital with the Development Bank Cities and villages on size of the credit facilities granted to the local committees.

HO: No statistically significant effect on size of Deposit local bodies and institutions with the Development Bank Cities and villages on size of the credit facilities granted to the local committees.

H4: There is a statistically significant effect on size of Deposit local bodies and institutions with the Development Bank Cities and villages on size of the credit facilities granted to the local committees.

METHODOLOGY OF THE STUDY
SOCIETY AND THE STUDY SAMPLE
The study population consists of Jordanian commercial banks while the sample of the study include the resources available and size of the credit facilities granted to the Development Bank towns and villages during the period 2000-2012

METHODS OF DATA COLLECTION
It consist of Secondary sources : that concerning or coverage of the theoretical framework for the study included : books , periodicals and scientific journals , thesis on the study subject .Also Primary sources : Which related data that is obtained from the annual reports issued by the Development Bank towns and villages and the website of the Bank during the study period 2000-2012.
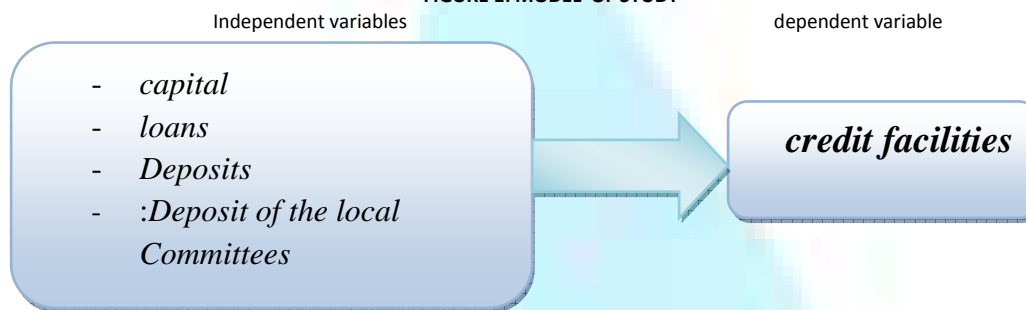
VARIABLES OF THE STUDY
The variables of the study, including

The Independent variables: The capital, the volume of loans available, customer deposits and Deposit local Committees .

The dependent variable: Size of the credit facilities granted .

FIGURE 1: MODEL OF STUDY

Model study. To achieve the goal of the study was to build a model of multiple linear regression shows the relationship between the variables of the study are as follows:

C.F. = α + β1Dep. + β2 Lo + β3 Cash+ β4 Sec. + εi

C.F .:*The size of the credit facilities granted to the local bodies (Credit Facilitation)*

Dep.: *Size customer deposits (Deposits).*

Loans: *the volume of loans available .*

Cap: *the size of the capital .*

Sec :*Deposit of the local Committees .*

εi: *total residues*

FINANCIAL ANALYSIS AND HYPOTHESIS TESTING
Initial tests: was performed a group of tests before the initial estimate model study.   Test of unit root (Unit Root Test): studies that deal with time-series used method of least squares without test stillness variables were used over time, which leads to misleading results due to the breach of assumptions form; also leads to the emergence a lot of statistical problems, stillness time series (Yt) means that this series of time characterized by the following characteristics:

the expected value of the time series fixed : $E(Y_t) = m$

Contrast fixed :

s^2 $m -)^2 Y_t (E) = Y_t (VAR$

•Covariance period when the slowdown (k) is linked only to slow down time or gap (k) between the two time periods, rather than the current period, which calculated as follows:

$)/$ $m -_{k+}Y_t)/(m - Y_t g_k = E[($

Dickey - Fuller test (DICKEY-FULLER): This test found to test the hypothesis of a unit root in the time series (Yt), and can be illustrated by the following equation:

Y_t $=rY_{t-1}+u_t \geq 1.$ $r \geq 1$

And this equation can be formulated so as to be as follows:

$U_t - \neq Y_{t-1} \quad Y_t = {}_1.Y_{t-1} - Y_t$

$Y_t = Y_{t-1} \neq U_t$ ...

It also tested the presence of asymptomatic hypothesis which states that the presence of unit root, It means lack of silence during the time series of test (t), It can be formulated hypothesis (H0) and its replacement (H1) as follows:

H*0*: :*0* =*1*

H*1*: :*0* =*1*

The equation one of the three cases that test the stillness of time series, with the following formulas of three cases:

U_t .... $t \neq Y_{t-1} = \neq Y_t$

$U_t \neq$ .... $Y_{t-1} = \neq Y_t$

$U_t \neq$ .... $Y_{t-1} = Y_t$

Test of Dickey Fuller for Unit Root (Augmented Dickey-Fuller): If the time series are interdependent self to a high degree of slowdown schedule, it will be a violation hypothesis jamming White for errors-White noise disturbances-and thus test Dickey Fuller normal is no longer feasible, it becomes a test expanded Dickey Fuller (ADF) to solve the problem by building a model of a corrective the highest degree of correlation, assuming that the time series (Yt) are subject to the self-regression model (Arp).

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$$Y_t + = Y_{t-1} + \sum_{i=1}^{m} {}_i Y_{t-i} + {}_t$$

Test Phillips - Perron (Phillips-Perron): Test Phillips - Perron (PP) test similar to Dickey - Fuller cares of test the hypothesis of a unit root in the time series (Yt), and it can be illustrated by the following equation.:

$$U_t + Y_{t-1} = Y_t$$

This test does investigated the Zero hypothesis (the presence of unit root) through using of test (t); However, this test does not address the problem of bonding chain errors in the same test method Dickey Fuller, any way parametric but it dealt with non- parametric , which estimated by two tests for unit root (Dickey Fuller test expanded and Phillip Peron test) using the statistical Package (E-Views-7), and accordance with the previously mentioned cases : the case of categorical and direction, and the case cutter, the latter case without cutter and direction. The results of tests are shown in the following tables , so the hypothesis is rejected Zero if the absolute value of the calculated value is greater than the absolute critical in both tests.

$DF_{Cal} \leq DF_{Cri}$ if   Refuse) H._(0)

$PP_{Cal} \geq PP_{Cri}$ if   Refuse) H._(0)

TABLE 2: DICKEY FULLER

Variable	The calculated value	The critical value at 1%	The critical value at 5%	The critical value at 10%	Decision
Dep.	-*5*.0459	-4.5743	-3.6920	-3.2856	**Reject H0**
Loans	-*5*.2689	-4.6193	-3.7119	-3.2964	**Reject H0**
Cap.	- *5*.4854	4.5743	-3.6920	-3.2856	**Reject H0**
Sec	-*4*.9025	-4.5743	-3.6920	-3.2856	**Reject H0**

Prepared by the researcher depending on the Statistical Package Eviews7 .

shows (2) values (t) calculated to test Dickey - Fuller expanded stillness with the trend and cutter which was less than the critical negative values , for all variables, the values are statistically significant at levels (10% 0.5% 0.1%), this means reject the zero hypothesis, which confirms the presence of a single root in the time series (Yt).

TABLE 3: DICKEY FULLER TEST EXTENDER (ADF)

Variable	The calculated value	The critical value at 1%	The critical value at 5%	The critical value at 10%	Decision
Dep.	*-4.2540*	*3.8572-*	*3.0400-*	*2.6608-*	Reject H0
Loans	*-4.2506*	*3.8877-*	*3.0521-*	*2.6672-*	Reject H0
Cap.	*-4.6069*	*3.8572-*	*3.0400-*	*2.6608-*	Reject H0
Sec	*-4.3823*	*3.8877-*	*3.0521-*	*2.6672-*	Reject H0

Prepared by the researcher depending on the Statistical Package Eviews7

Table (3) shows values (t) calculated to test Dickey - Fuller expanded stillness with cutter which was less than the critical negative values , for all variables, the values are statistically significant at levels (10% 0.5% 0.1%), this means rejecting imposition of zero, which confirms the presence of a single root in the time series (Yt.(

TABLE 4: DICKEY FULLER TEST EXTENDER (ADF) OF STILLNESS

Variable	The calculated value	The critical value at 1%	The critical value at 5%	The critical value at 10%	Decision
Dep.	-*2*.9250	-2.7057	-1.9614	-1.6257	Reject H0
Loans	-4.3906	-2.7158	-1.9627	-1.6262	Reject H0
Cap.	-*3*.2752	-2.7057	-1.9614	-1.6257	Reject H0
Sec	-*3*.0727	-2.7057	-1.9614	-1.6257	Reject H0

Prepared by the researcher depending on the Statistical Package Eviews7

Table (4) shows values (t) calculated of test Dickey - Fuller expanded stillness without cutter and the trend was less than the critical negative values , for all variables, the values are statistically significant at levels (10% 0.5% 0.1%), and this means reject the zero hypothesis, which confirms the presence of a single root in the time series (Yt)

TABLE 5: TEST PHILLIPS (PHILIPS PERRON)

Variable	The calculated value	The critical value at 1%	The critical value at 5%	The critical value at 10%	Decision
Dep.	-*5*.7843	-4.5348	-3.6746	-3.2762	Reject H0
Loans	-*5*.2689	-4.6193	-3.7119	-3.2964	Reject H0
Cap.	-*5*.4854	-4.5348	-3.6746	-3.2762	Reject H0
Sec	-5.0846	-4.5348	-3.7119	-3.2964	Reject H0

Prepared by the researcher depending on the Statistical Package Eviews7   .

Table (5) shows values (t) calculated to test Phillips - Byron with the trend and cutter was less than the critical negative values , for all variables, the values are statistically significant at levels (10% 0.5% 0.1%), and this means rejecting the zero hypothesis, which confirms the presence of a single root in the time series (Yt).

TABLE 6: TEST PHILLIPS (PHILIPS PERRON) WITH CUTTER

Variable	The calculated value	The critical value at 1%	The critical value at 5%	The critical value at 10%	Decision
Dep.	-*4*.4357	-3.8304	-3.0294	-2.6552	Reject H0
Loans	-6.3871	-3.8372	-3.04	-2.6608	Reject H0
Cap.	-5.0892	-3.8372	-3.04	-2.6608	Reject H0
Sec	-3.9150	-3.8304	-3.0294	-2.6552	Reject H0

Prepared by the researcher depending on the Statistical Package Eviews7   .

Table (6) shows values (t) calculated to test Phillips - Byron with the trend and cutter was less than the critical negative values , for all variables, the values are statistically significant at levels (10% 0.5% 0.1%), and this means rejecting the zero hypothesis, which confirms the presence of a single root in the time series (Yt).

TABLE 7: TEST PHILLIPS (PHILIPS PERRON)

Variable	The calculated value	The critical value at 1%	The critical value at 5%	The critical value at 10%	Decision
Dep.	-4.1231	-2.7057	-1.9614	-1.6257	Reject H0
Loans	-2.7930	-2.6968	-1.9602	-1.6251	Reject H0
Cap.	-3.3779	-2.6968	-1.9602	-1.6217	Reject H0
Sec	-2.9623	-2.6968	-1.9602	-1.6251	Reject H0

Prepared by the researcher depending on the Statistical Package Eviews7   .

Table (7) shows values (t) calculated to test Phillips - Byron with the trend and cutter was less than the critical negative values , for all variables, the values are statistically significant at levels (10% 0.5% 0.1%), and this means rejecting the zero hypothesis, which confirms the presence of a single root in the time series (Yt).

TABLE 8: THE FINAL RESULTS OF UNIT ROOT TESTS

Variable	Test with	Levels of dormancy	
		Phillips-Perron Test	Dicky-Fuller Test
Dep.	With the cutter.	*(1)	*(1)
	With direction and cutter.	*(1)	*(1)
	Without direction and cutter.	*(1)	*(1)
Loans	With the cutter.	*(1)	*(1)
	With direction and cutter.	*(1)	*(1)
	Without direction and cutter.	*(1)	*(1)
Cap	With the cutter.	*(1)	*(1)
	With direction and cutter.	*(1)	*(1)
	Without direction and cutter.	*(1)	*(1)
Sec	With the cutter.	*(1)	*(1)
	With direction and cutter.	*(1)	*(1)
	Without direction and cutter.		*(1)

Prepared by the researcher depending on the Statistical Package Eviews7.
Where   is   :
Dep.: Size available and customer deposits (Deposits)   .
Loans: the volume of loans available   .
Cap: the size of capital   .
Sec :Deposit size of local Committees and institutions   .
(*) Rejected at the rate of significant (0.05).

Through previous results, can be judged on the level of stillness time series, Comparing results of test Dickey Fuller expanded and Phillips Peron, pointed both tests to silence all of the volume for customer deposits that are available, the volume of loans available, the size of capital, and size of Deposit for local Committees and institutions, it is stable when moral level (0.05).

RESULTS DISPLAYING

The study relied on the analytical method (ISO) and the researcher based on the Cobb Douglas production (Cobb-Douglass Production Function)after adjusted to fit objectives of the variables for the study, were presented the results according to the study hypothesis , which stipulates that "no statistically significant effect of the financial indicators for Development Bank of towns and villages the size of the credit facilities granted to local authorities "with four hypotheses.

ANALYSIS OF THE STANDARD MODEL

The researcher developed a standard model in this study based on the production function of Cobb Douglas (Cobb-Douglass Production Function), according to the standard model by the following economic indicators:

$Y_i = b_o + b_1X_1 + \mu_i$ .... (1)
$Y_i = b_o + b_2X_2 + \mu_i$ .... (2)
$Y_i = b_o + b_{3s}X_3 + \mu_i$ .... (3)
$Y_i = b_o + b_4X_4 + \mu_i$ .... (4)
$Y_i = b_o + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \mu_i$ .... (5)

Where is
Yi: size of credit facilities granted to the local Committees.
X1: customer deposits that are available.
X2: loans available.
X3: capital.
X4: Deposit for local Committees.
bo: represents the model parameters to be estimated.
μi: represents the limit of error in the model.

The researcher calculated measures of central tendency and measures of dispersion standard deviations with (the lowest value and the highest value) for the variables of the study,it had been using the method of least squares (OLS) to estimate the parameters of a function the average size of the credit facilities granted to local authorities through data Time Series (Time Series Data) to estimate model parameters, and presented according to the study hypotheses.

First. **results of the first hypothesis**: first hypothesis said that: "There is a statistically significant effect on size of customer deposits available to the Development Bank towns and villages on size of the credit facilities granted to the local bodies," To investigate this hypothesis, was calculated averages and standard deviations for size customer deposits available at the Development Bank of towns and villages, and size of the credit facilities granted to local authorities, see table (9) shows that.

TABLE 9: AVERAGES AND STANDARD DEVIATIONS FOR SIZE AND CUSTOMER DEPOSITS

Vriables	Standard deviation	Mean
Credit Facilities	27.703008	55608346
Deposite	88.14131	19182103

The table shows (9) that the arithmetic average of the credit facilities granted to the local Committees was (55,608,346) JD standard deviation (27.703008), while the arithmetic mean of the average customer deposits (19,182,103) and standard deviation (88.14131) .We calculated the correlation coefficient, and value of square for correlation coefficient, and value of square for correlation coefficient amended, between size of customer deposits available to the Development Bank towns and villages, and size of the credit facilities granted to local authorities, see table (10) shows that

TABLE 10: THE CORRELATION COEFFICIENT

The estimated value of the standard error	Value of the square of the correlation coefficient modified	Value of the square of the correlation coefficient	The correlation coefficient
19.365970	.511	.560	.748

Notes from Table (10) that there is a strong positive correlation between volume of customer deposits available to the Development Bank towns and villages, and size of the credit facilities granted to the local Committees. It has also been testing the regression analysis (Enter Regression Analysis), where the results were as described in table (11).

TABLE 11: THE RESULTS OF THE REGRESSION ANALYSIS

R^2	Sig.	T	Beta	Variable
%12.81	.489	.721	==	The constant term
	.008*	3.386	2.352	Deposits

Statistically significant at the significance level (µ = 0.05).

AS Seen from table (11) a statistically significant effect when (µ = 0.05) for the effect of variables (size and customer deposits) are available at the average credit facilities granted to the local Committees , where the value of the beta (2.352), and in terms of the statistical (0.008). The value of unexplained variation of impact for size and customer deposits are available on the average credit facilities granted to the local Committees (12.81%), which is statistically significant at the significance level (µ = 0.05).

Second, the results related to hypothesis II: Under the second hypothesis on: "There is a statistically significant effect on the size of loans available to the Development Bank towns and villages on the size of the credit facilities granted to the local bodies," To investigate this hypothesis, was calculated averages and standard deviations for the volume of loans available to the Development Bank towns and villages, and the size of the credit facilities granted to local authorities, and the table (12) shows that.

TABLE 12: AVERAGES AND STANDARD DEVIATIONS

Variable	Standard deviation	Mean
Credit	27.703008	55608346
Borrowing	16.18562	2016018

Table (12) Shows us the arithmetic average of credit facilities granted to the local towns was (55,608,346) JD standard deviation (27.703008), while the arithmetic average of loans (2,016,018) and standard deviation (16.18562).

Also we calculated the correlation coefficient, the square of the correlation coefficient, value of the correlation coefficient amended, and the value of the standard error of the capabilities, the volume of loans available to the Development Bank towns and villages, the size of credit facilities granted to local authorities, table (13) illustrates:

TABLE 13: THE CORRELATION COEFFICIENT

The estimated value of the standard error	Value of the square of the correlation coefficient modified	Value of the square of the correlation coefficient	The correlation coefficient
28.971916	-.094	.016	.125

Notes from Table (13) that there is a weak positive correlation between the size of loans available to the Development Bank of towns and villages, the size of credit facilities granted to local authorities, the test was performed regression analysis (Enter Regression Analysis), where the results were shown in Table No. (14).

TABLE (14) THE RESULTS OF THE REGRESSION ANALYSIS

R^2	Sig.	T.test	Beta	Variable
%2.24	.002	4.170	==	The constant term
	.714	-.378	-2.142	Credit

* Statistically significant at the significance level (µ = 0.05).

Table (14) Shows lack of a statistically significant effect (µ = 0.05) of size for the average loan credit facilities granted to the local towns, where the value of beta (2.142 -) , and the statistical (0.714) . The value of unexplained variation of impact for size and customer deposits are available at credit facilities granted to local towns (2.24 %), which is not statistically significant at the significance level (µ = 0.05).

Third, the results related to hypothesis III: Under the third hypothesis: "There is a statistically significant effect on size of capital with the Development Bank towns and villages on size of credit facilities granted to the local towns," To investigate this hypothesis , It was calculated averages and standard deviations for amount of capital at Development Bank towns and villages , the size of the credit facilities granted to local authorities , and the table (15) shows that.

TABLE 15: MEANS AND STANDARD DEVIATIONS

Stand. Deviation	Mean	Variable
27.703008	55608346	The volume of credit facilities
69.99942	23649229	Capital

The table (15) Shows the arithmetic average of credit facilities granted to the local towns was (55,608,346) JD standard deviation (27.703008), while the arithmetic mean size of capital (23,649,229) and standard deviation (69.99942). It Was calculated the correlation coefficient , square of the correlation coefficient amended, between size of capital with the Development Bank towns and villages, and the size of credit facilities granted to local authorities, table (16) illustrates this.

TABLE (16) THE CORRELATION COEFFICIENT

the standard error of the ability of	the square of the correlation coefficient modified	square of the correlation coefficient	correlation coefficient
26.933004	.055	.149	.386

Table (16) Shows that there is a medium positive correlation between size of capital with the Development Bank towns and villages, and size of credit facilities granted to local authorities, as the test was performed regression analysis (Enter Regression Analysis), where the results were as shown in Table No. (17).

TABLE 17: THE RESULTS OF THE REGRESSION ANALYSIS

R^2	Sig.	T.test	Beta	Variable
%3.07	.013	3.070	==	The constant term
	.240	-1.257	-1.529	Capital

* Statistically significant at the significance level (µ = 0.05).

Table (17) Shows the lack of a statistically significant effect (µ = 0.05) for effect of average capital on credit facilities granted to the local towns, where value of beta (1.529-), and in terms of the statistical (0.240). The value of unexplained variation of the average capital on credit facilities granted to the local bodies (3.07%), which is not statistically significant at the significance level (µ = 0.05).

Fourth, the results related to hypothesis IV: Under the hypothesis fourth: "There is a statistically significant effect on size of local deposit with the Development Bank towns and villages on size of credit facilities granted to local towns ", to verify this hypothesis, was calculated averages and standard deviations for size of local Deposit with Development Bank towns and villages, and size for credit facilities granted to local authorities, the table (17) shows:

TABLE 18: MEANS AND STANDARD DEVIATIONS

Stand. Deviation	Mean	Variable
27.703008	55608346	The volume of credit facilities
69.99942	23649229	Deposit local Committee

Table (18) Shows the arithmetic average of volume for credit facilities granted to the local towns was (55,608,346) JD standard deviation (27.703008), while the arithmetic mean of towns deposit (23,649,229) and standard deviation (69.99942), also it was calculated the correlation coefficient, and value of square for correlation coefficient amended, size Deposit between local towns with Development Bank of towns and villages, size of credit facilities granted to local authorities, the table (19) illustrates :

TABLE 19: THE RESULTS OF THE REGRESSION ANALYSIS

R^2	Sig.	T.test	*Beta*	Variable
%**32.55**	.072	-2.034	==	**The constant term**
	.003*	3.974	10.170	**Deposit local Committee**

* Statistically significant at the significance level (μ = 0.05).

Table (**19**) showed lack effect when statistically significant (μ = 0.05) for effect of size Deposit to local bodies and institutions on the average credit facilities granted to the local authorities, where value of beta (10.170), and the statistical (0.003). The size Deposit authorities on credit facilities granted (32.55%), which is statistically significant at significance level (μ = 0.05), It was calculated averages and deviations for credit facilities, and table (**20**) shows :

TABLE 20: MEANS AND STANDARD DEVIATIONS

Stand. Deviation	Mean	Variable
27.703008	55608346	**credit facilities**
88.14131	19182103	**Deposits**
16.18562	2016018	**Loans**
69.99942	23649229	**Capital**
21.74053	11395744	**Deposit local Committee**

The correlation coefficient was calculated, and square of the correlation coefficient, value of square for correlation coefficient amended, between the study variables credit facilities granted to the local authorities, and Table (**21**) illustrates:

TABLE 21: PEARSON CORRELATION COEFFICIENT

the standard error of the ability of	the square of the correlation coefficient modified	square of the correlation coefficient	correlation coefficient
19365970.	.511	.560	.748*

* Statistically significant at the significance level (μ = 0.05).

Notes from Table (**21**) that there is a strong positive correlation between the study variables combined of credit facilities granted to local authorities, and it has also been testing the regression analysis of the variables of the study (Enter Regression Analysis), where the results were as shown in the table (**22**) .

TABLE 22: THE RESULTS OF THE REGRESSION ANALYSIS

The level of significance	T.test	Value (beta)	Variable
.979	.027	1424808	The constant term
.016*	2.879	2.489	The volume of deposits
.456	.797	5.184	The volume of loans
.506	-.708	-.974	Capital
.595	.561	1.809	Deposit local bodies

* Statistically significant at the significance level (μ = 0.05).

Table (**22**) shows with statistically significant (μ = 0.05) lack of effect for the variables of the study, except amount of deposits on the price of credit facilities to the local authorities, where the value of the beta (2.879), and in terms of the statistical (0.016) .

Results: Analysis of financial and statistical hypothesis testing found the following results:

1 - Development Bankof towns and villages dramatically depends on the granting of credit facilities mainly on customer deposits because customer deposits ranked the fourth in terms of the sources of funds for bank where is the center of the funds deposit, especially those funds that it collects on behalf of its by government agencies which given the Bank by Act, also from any other entity approved by the central bank.In adition to the all amounts collected on behalf of local committees monthly , which applies the provisions of the Bank Act of fees and flammable materials, fuel and road transport , tax buildings , land within the areas of local committees, the taxes and fees that get to the expense of those committees including the secretariats in the possession of any of the entities on behalf of local bodies.

2 - Size of the loans does not pose a significant proportion of the resources for bank so the bank does not depend upon the granting of credit facilities in spite of the borrowing tributary of the resources for bank. The bank began relying on borrowing from the central bank, at the same time that it happened on foreign loans and in 1988 began to borrow from the Public Institution for Social Security.

3 - The size of the credit facilities to unimpaired capital, that is any credit facilities do not rely on Capital) ,when you relize development Bank of towns and villages is an official public institution enjoying legal personality independent administratively and financially.

4 - The Deposit local bodies does not affect on size of credit facilities granted, The bank began to accept deposits from local towns ,because it was only accepted deposits under demand also pulls them according to their need. In 1984, the bank began to accept deposits and the depositors Greater Amman Municipality and insurance companies in 1985 amended the Bank Act to allow acceptance of deposits from other destinations .

RECOMMENDATIONS

According to the conclusions that have been reached through a theoretical framework for the study and previous studies , also reached the reality of statistical analysis to the following recommendations:

1 - the researcher recommends action to encourage the various sources of deposits (local towns, banks) to increase the size of their deposits with bank in order to increase the volume of credit facilities and to enable the largest possible number of local towns to take advantage of the loans.

2 - the researcher recommends a policy to encourage local authorities to increase the size of their secretariats with bank in order to be able to increase the size of bank credit facilities in future. .

3 - the researcher recommends increasing the volume of loans granted to the Bank by private sector within and outside the Kingdom in order to increase the size of credit facilities granted.

4 - the researcher recommends reconsideration of the exploitation of capital invested with the bank . Also Government has to allow bank to issue debt securities whenever needed.

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IMPACT OF GLOBAL CRISIS IN INDIAN BUSINESS

GIRISHA H.J.
ASST. PROFESSOR
DEPARTMENT OF COMMERCE & MANAGEMENT
N.D.R.K FIRST GRADE COLLEGE
HASSAN

ABSTRACT

The Indian economy is experiencing a downturn after a long spell of growth. Industrial growth is faltering, the current account deficit is widening, foreign exchange reserves are depleting, and the rupee is depreciating. The crisis originated in the United States but in Indian government had reasons to worry because there was a potential adverse impact of the crisis on the Indian banks. Lehman brothers and Merrill lynch had invested a substantial amount in Indian banks, who in turn had invested the money in derivatives, leading to exposure of even the derivatives market to these investment bankers. Public sector unit (PUC) banks of India like bank of Baroda had significant exposure towards derivative. ICICI faced the worst hit with Lehman brothers having filed for bankruptcy in the US, ICICI (India's largest private bank), survived a rumor during the crisis which argued that the giant bank was slated to lose $80million (Rs.375 cores), invested in Lehman's bonds through the bank's UK subsidiary. Even axis bank was affected by the meltdown.

KEYWORDS

global crisis, Indian Business.

INTRODUCTION

The Indian economy is experiencing a downturn after a long spell of growth. Industrial growth is faltering, the current account deficit is widening, foreign exchange reserves are depleting, and the rupee is depreciating.

The crisis originated in the united states but in Indian government had reasons to worry because there was a potential adverse impact of the crisis on the Indian banks. Lehman brothers and Merrill lynch had invested a substantial amount in Indian banks, who in turn had invested the money in derivatives, leading to exposure of even the derivatives market to these investment bankers.

Public sector unit (PUC) banks of India like bank of Baroda had significant exposure towards derivative. ICICI faced the worst hit with Lehman brothers having filed for bankruptcy in the US, ICICI (India's largest private bank), survived a rumor during the crisis which argued that the giant bank was slated to lose $80million (Rs.375 cores), invested in Lehman's bonds through the bank's UK subsidiary. Even axis bank was affected by the meltdown.

The impact of the crisis on the Indian economy has been studied here forth and the study is chiefly focused on 4 major factors which affect the Indian economy as a whole. These are as per following:

1. Availability of global liquidity
2. Decreased consumer demand affecting exports
3. The financial crisis and the Indian IT industry
4. The financial crisis and India's financial markets

AVAILABILITY OF GLOBAL LIQUIDITY FOR INDIA IN TIMES OF FINANCIAL CRISIS

The main source of Indian prosperity had been foreign direct investment (FDI). American and European companies were bringing in truck-loads of dollars and Euros to get a piece of pie of Indian prosperity. Less inflow of foreign investment will lead to a dilution of the element of GDP driven growth. India is in no position to ever return this money because it has used the same in subsidizing the petroleum products and building low quality infrastructure.

Liquidity is the major driving force of the stock market performances observed in emerging markets. Markets such as those of India are especially dependent on global liquidity and international risk appetite. The initial stage of the crisis witnessed rising interest rates across global economies. Rising interest rates tend to have a negative impact on global liquidity, and subsequently equity prices, as funds may move into bonds or other money market instruments.

Even though there are threats for the Indian economy due to the global liquidity crunch, they are all oriented for the long term. Any short term liquidity concern will be taken care of by the high rate of household and corporate savings in the country. The Indian economy can certainly rely on its 'piggy bank' to address its short-term liquidity demands as the government is taking measures to channelize large sums of household savings lying unused in physical assets into the more productive financial sector. Thus, the Indian economy will be relatively unaffected by the global liquidity crunch.

Indian companies which had access to foreign for financing their trading activities are the worst hit. Foreign funds will be available at huge premiums but will be limited to the blue-chip companies, thus leading to

- Reduced capacity of expansion leading to supply pressure.
- Increased interest rates which will affect corporate profitability
- Increased demand for domestic liquidity which will put interest rates under pressure

DECREASED CONSUMER DEMAND AFFECTING EXPORTS

Consumer demand has plummeted drastically in developed economies, leading to a reduced demand for Indian goods and services, thus affecting Indian exports.

- Exports oriented units are the worst hit; thus impacting employment
- Trade gap has been widening due to the reduced exports, leading to pressure on the rupee exchange rate.
- In India, It companies with nearly half of their revenues coming from financial and banking service segment, are close monitors of the financial crisis across the world. The IT giants who had Lehman brothers and Merrill lynch (ML) as their clients are Tata consultancy services (TCS), Wipro, Satyam, and Infosys Technologies. HCL escaped the loss to a great extent because neither Lehman brothers nor ML was its client.

IMPACT ON FINANCIAL MARKETS

The outflow of foreign institutional investment from the equity market has been the most immediate effect of the crisis on India. Foreign institutional investors (FIIs) have been major sellers in Indian markets as they need to retrench asset in order to cover losses in their home countries, thus being forced to seek havens of safety in an uncertain environment.

The financial crisis has reinstated the notion that in the globalised world, no county can exist as an island, insulated from the twists and turns of the global economy; growth prospects of emerging economies have been undermined by the cascading financial crisis, though there certainly exist significant variations across the countries.

BACKGROUND OF THE CRISIS

A disorderly contraction in wealth and money supply in the market is the basic cause of a financial crisis, also known as a credit crunch. The participants in an economy lose confidence in having loans repaid by debtors, leading them to limit further loans as well as recall existing loans.

Credit creation is the lifeblood of the financial/banking system. Credit is created when debtors spend the money and which in turn is 'banded' and loan to other debtors. Due to this, a small contraction in lending can lead to a dramatic contraction in money supply.

The present global meltdown is s culmination of several factors, the most important being irrational and unsustainable consumption in the west particularly in united states disproportionate to its income by consistent borrowings fueled by savings and surpluses of the east particularly china and Japan.

The second important factor is the greed of the investment bankers who induced housing loans by uncontrolled leveraging on an optical illusion of increasing prices in the housing sector.

The third important factor is the failure of the regulating agencies who ignored the warning signals arising out of the ballooning debts, derivatives and financial innovation on the assumption that the Collateral Debt Obligation(CDO), the Credit Default Swapping(CDS) and Mortgaged Backed Securities(MBS) would continue to remain safe with the mortgage guarantees provided by Government Sponsored Enterprises(GSEs) namely Fannie Mae and Freddie Mac which had enjoyed the political patronage since inception.

There are other several factors including shadow banking system, financial leveraging by the investment bankers and lack of adequate disclosure in the financial statements leading to fallacious rating by the rating agencies.

CAUSE OF THE CRISIS

The current crisis has been linked to the sub-prime mortgage business, in which US banks give high-risk loans to people with poor credit histories.

These and other loans, bonds, or assets are bundles into portfolios or Collateralized Debt Obligations(CDOs) and sold to investors across the globe.

Falling housing price and rising interest rates led to high numbers of people who could not repay their mortgages. Investors suffered losses and hence became reluctant to take on more CDOs. Credit markets froze and banks became reluctant to lend to each other, not knowing how many bad loans and non-performing asset could be on their rival's books.

The crisis began with the bursting of the United States housing bubble and high default rates on sub- prime mortgages and adjustable rate mortgages (ARM). The foreclosures exceeded 1.3 million during 2007 up 79% for 2006 which increased to 2.3 million in 2008, an 81% increase over 2007.

EFFECT THE FINANCIAL CRISIS IN INDIA

The global financial crisis has not left India unscathed. Over the last seven months, growth has slipped dramatically – to 5.3% in the last quarter of calendar year 2008- from over 9% in the previous four years. The contagion of the crisis has spread to India through all the channels- the financial channel, the real channel, and importantly, as happens in all financial crises, the confidence channel.

The slowdown is likely to have a large and immediate impact on employment and poverty informal surveys suggest significant job losses. Job creation is likely to remain a key concern as new entrants to the labor force- relatively better educated and with higher aspirations- continue to put pressure on the job market.

The country has the option of turning the crisis into an opportunity. The most binding constraints to growth and inclusion will need to be addressed: improving infrastructure, developing the small and medium enterprises sector, building skills, and targeting social spending at the poor. Systemic improvement in the design and governance of the public programs are crucial to get result from public spending.

GLOBAL LIQUIDITY CRUNCH AND THE INIDAN ECONOMY

The Indian banking system was gauged as being relatively immune to the factors that have lead to the turmoil in the global banking industry. The problems of the global banks arose mainly due to the sub-prime mortgage lending and investments in complex collateralized debt obligations (CDOs) whose values were sharply eroded. Confidence- related issues had also affected banks across the globe due to the freeze in the inter-bank market. Indian banks had limited vulnerability on both counts.

The reasons for tight liquidity conditions in the Indian markets during the earlier stages of the crisis were quite different from the factors driving the global liquidity crisis. Large selling by foreign institutional investors (FIIs) and the subsequent interventions by the Reserve Bank of India (RBI) in the foreign currency market, continuing growth in advances, and earlier increases in the cash reserve ratio (CRR) to contain inflation are some of the reasons that accelerated the Indian liquidity crunch.

Thousands of investors, big and small, have been hurt by the downward plunge of the Indian stock market. It will also have broader implication for India's financial system and the future savings and investment patterns.

Cautious investors had started to diversify away from bank deposits and cash over the past few years, and had moved to equities, mutual funds and insurance products. The financial crisis also struck the company at a time when there were growing suspicions related to the Maytas issue.

CONCLUSION

As the contagion of the financial system collapse across the world spread towards India, and into it, the government and the Reserve Bank of India (RBI) responded to the challenge in close coordination and consultation. The main plank of the government's response was fiscal stimulus while the RBI's action comprised monetary accommodation and counter cyclical regulatory forbearance.

The RBI policy response was to keep the domestic money and credit markets functioning normally and see that the liquidity stress did not trigger solvency cascades. RBI targets can be classified into two prime directions:

- To maintain a comfortable rupee liquidity position
- To augment foreign exchange liquidity

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EVALUATING THE STOCK SELECTION SKILLS AND MARKET TIMING ABILITIES OF INDIAN MUTUAL FUND MANAGERS

DIVYA MEHTA
ASST. PROFESSOR
DYAL SINGH COLLEGE
DELHI UNIVERSITY
DELHI

ABSTRACT

Mutual funds are dynamic financial institutions, which play a key role in an economy by mobilizing savings and investing them in the capital markets. The present study proposes to examine the stock selection abilities and market timing abilities of Fund Managers in India by evaluating the performance of 23 growth mutual funds ranging over the period January 2007 to December 2011. The models used to judge stock selection skills are Jensen (Single Factor) and Carhart (4 Factor). Market timing ability is evaluated using the Augmented Treynor Mauzey Model. The study presents evidence that stock selection skills of the Indian mutual fund managers on an average are poor. Also they exhibit negative skills in timing the market. Majority of the sample mutual fund schemes' managers did not possess skills of stock selectivity and were not correct market timers. However, the study found that few sample schemes' managers performed with correct market timing skills. On comparison of the three models used in the study, it is inferred that the market return is the most important factor in explaining returns on the portfolios. It is determined that the Indian mutual fund managers must improve their skills relating to internal activities as well as external market related information so as to promote the confidence among small investors who prefer to invest their savings in mutual funds.

KEYWORDS
Market timing, Selectivity skills, Alpha, Managed portfolios, Net asset value.

JEL CLASSIFICATION CODES
G11, C12.

INTRODUCTION

Mutual funds are the dynamic financial institutions, which play a key role in an economy by mobilizing savings and investing them in the capital markets. Thus, the activities of Mutual funds have both short and long term impact on the savings, capital markets and national economy. They organize funds in the savings market and act as complementary to banking at the same time they also compete banks and other financial institutions. In this course, stock market activities are also significantly influenced by Mutual funds.

The Indian mutual fund industry is currently in its growth stage. MFs first arrived in India with the formation of the Unit Trust of India in 1963. Gradually, public and private sector funds also entered the industry with LIC, GIC, SBI, Templeton, Reliance etc. setting up or consolidating Mutual Funds. The Indian mutual fund industry is valued at Rs. 7 lakh crores as per the latest data available with the industry association, Association of Mutual Funds in India (AMFI). The top five fund houses own assets worth nearly Rs 4 lakh crore, about 55 per cent of the average AUM of all the fund houses put together. New players are entering the mutual fund field each year. Recently, capital market regulator SEBI gave its green signal to different financial houses to operate mutual fund business.

Total assets under management (AUM) of 41 fund houses in the country rose to Rs. 7,00,538 crore during 2011-2012, as per AMFI data. During end of March 2011, the AUM of the largest mutual fund in India, Reliance Mutual Fund stood at Rs. 1,01,576.60 crore. HDFC Mutual Fund, whose average assets under management were Rs. 86,282.24 crore, followed this. ICICI Prudential Mutual Fund followed with an AUM of Rs. 73,466.10 crore. Besides, UTI Mutual Fund's assets stood at Rs. 67,188.82 crore, followed by Birla Sun Life at Rs. 63,696.2 crore at the end of March 2011.

On an industry-wide basis, the AAUM during the July-September 2012 period grew by close to 8%, or from Rs. 54,500 crore, to approximately Rs 7.5 lakh crore from Rs 6.9 lakh crore at the end of June, as per the AMFI data. The recent change in the stock market after the change of guard at the finance ministry is one of the reasons for this smart rise in assets, some of the fund houses also indicated above average performance because of superior performance by the fund managers and also greater investor acceptance. The above statistics illustrate the impressive growth of Indian mutual funds which has attracted the attention of researchers, individuals and institutional investors.

NEED FOR THE STUDY

It is a known fact that Mutual Fund Institutions in India have grown significantly during the last decade. These institutions certainly play a crucial role in the Indian economy. The rapid growth of Mutual Funds has compelled us to take a deeper look into the performance of mutual funds. Taking in account the hope of investors, skill of fund managers and market timing of the portfolio managers. This would help investors to assess how much returns has been generated by Portfolio Managers and what risk level was assumed in generating such funds. The study on performance evaluation also provides a mechanism for identifying strengths and weaknesses of Fund Managers in the investment process in different market conditions, which help them to take corrective actions. Many studies have been conducted to analyse the performance of Mutual Funds using different models and variables. Only few studies have evaluated the performance of Mutual Funds by using more variables for the purpose of predicting accurate result. Hence the present study is an attempt to analyse performance analysis taking into consideration the market timing ability and stock selection ability of Managers of Mutual Fund.

SCOPE

Mutual Funds have provided investors with alternative opportunities with benefits of diversification and professional research. Once the objectives of the investment and associated constraints have been identified, mutual fund managers could select an efficient portfolio. Mutual fund managers must also consider the suitable market timing and develop an appropriate fund management style. The skill of mutual fund managers depends on the final performance of the funds. However, different factors like nature of portfolio, classes of assets, the timing of market entry and exit and portfolio switching also determine the performance of Mutual Funds. The present study proposes to assess the stock selection abilities and market timing abilities of Indian mutual fund managers by using variables like 91 days Treasury Bills Returns and 23 growth mutual fund schemes in India ranging over the period January 2007 to December 2011 are to be analysed.

REVIEW OF LITERATURE

A huge quantity of academic literature addresses the topic of mutual fund performance in India. The focus of the research is centered on examining the stock picking skills or market timing ability of the fund managers of mutual funds in India.

A series of experiential studies also deal with the market timing skills of mutual fund managers. Most of the previous work finds little evidence that fund managers possess market timing ability. Treynor and Mazuy (1966) developed a test of market timing and found significant timing ability in only one out of 67 funds in their sample. Henriksson (1984) uses the test of Henriksson and Merton (1981), finds that only 3 out of 116 funds exhibit significant positive timing ability.

However, Bollen and Busse (2001) point out that statistical tests used in previous studies were weak as they were based on monthly data. Using daily data, they found evidence of market timing ability in a significant number of funds in their sample. Chance and Hemler (2001) used daily data to track the allocation strategies of 30 fund market timers. They also found significant number of market timers.

Ferson and Schadt (1996) stated that the standard measures of performance designated to detect security selectivity and market timing ability suffered from a number of biases. Most previous works employed traditional performance measures that used unconditional expected returns as a baseline. If expected returns and risks vary over time such an unconditional approach is not desirable. Common time variations in returns and risk premia will be puzzled with average performance.

Previous studies show that returns and risk on stocks are predictable over time using different variables. Carhart (1997) developed a four-factor model, containing the market factor of Sharpe's (1964) CAPM, the size and book to market factors given by Fama and French (1993) and a momentum factor to explain for continuation patterns in stock returns analysed by Jegadeesh and Titman (1993). A developing body of empirical literature shows that the four-factor model captures the major irregularities of Sharpe's one-factor CAPM. The three extra risk factors may also capture a part of time-varying nature of returns and risk premia, as suggested by Ferson and Schadt.

Notwithstanding the use of high-frequency data as well as a more comprehensive benchmark, the performance results, especially those of market timing, may still suffer from bias provided the fund returns are more option like compared to the market returns. The correction mechanism involves comparing the timing measures of actual funds with those of synthetic funds where the second should have no explicit timing ability by construction.

"**Performance of Growth Oriented Mutual Funds: An Evaluation**" by **Mohinder N. Kaura and Jayadev.M (1995),**They have studied the mutual fund performance of five growth oriented mutual funds during the accounting period 1993 to 1994. This paper used the methodology, which was derived by Jensen, Treynor, Sharpe and Fama. The paper concluded that growth oriented Mutual Funds possibly outperformed the market with respect to systematic risk and exceptionally demonstrate the superior performance in terms of total risk.

"**The Performance of Actively Managed International Mutual Funds**", **Miranda Lam Detzler and James B. Wiggins (1997)**, this paper, examined the role of international funds in our country. Their study found that there was no evidence of security selectivity ability using a 12-country benchmark. However, those active international funds provided global diversification benefits.

According to a study by **Ramachandran.G (1997)**, "**Irrelevance of CAPM and Problems with Fund Performance Metrics**", the relationship between returns, and risk was inversed during the study period from 1994 to 1997. The study rejected CAPM results under predictive and non predictive forms during the study period.

Yuxing Yan (1999), in his article, discussed the ARCH effect on the Treynor – Mazuy Index (TM) which is used to overcome the shortcomings of other indices to measure the timing ability of Mutual Fund Managers. The article found that for majority of Mutual Funds, the assumption of constant variance was not correct in majority of cases. The article has directed the researchers to approximate the TM Index when the time dependent variances of Portfolio and the Market Index are estimated.

A paper entitled, **Market Timing Abilities of Indian Mutual Fund Manager: An Empirical Study**, by **Amitabh Gupta (2000)**, examined the market timing abilities of Indian Fund Managers in terms of two models, one proposed by Treynor and Mazuy and the other by Henriksson and Merton. The empirical results reported have not provided evidence to the market timing abilities of the Indian Fund Managers.

Ramesh Chander (2000), in his doctoral dissertation, "**Performance Appraisal of Mutual Funds in India**", studied the investment performance of selected Mutual Funds in terms of risk and returns across the fund characteristics. Besides, the study examined the portfolio management practices of mutual fund managers with respect to portfolio construction, portfolio management, portfolio evaluation, disclosure practices and investors services. The researcher concluded that in terms of average returns, majority of the sample mutual fund schemes have recorded superior performance compared to benchmark portfolio.

A joint paper entitled, **Performance Analysis of Mutual Funds in India**, by **Narasimhan.M.S and Vijayalakshmi.S (2001)**, evaluated the performance of the Mutual Funds in terms of achieving diversification benefit and fund manager's timing ability. The study found that there was a general shift in the investment strategy of holding a diversified portfolio and in optimizing the risk-returns of investments to invest in predictive winners of the period.

Maria Doceu Cortez and Florinda Silva (2002), in their study on Conditioning Information on **Portfolio Performance Evaluation: A Re-examination of Performance Persistence in the Portuguese Mutual Fund Market**, analysed the performance of sample of Portuguese stock funds using both unconditional and conditional measures. They found that the incorporation of public information variables were an important contribution to the process of evaluating fund performance. The authors concluded that time varying betas might allow for a better assessment of performance. However, they emphasized that further research was needed on conditional models.

"**Competitive Advantage for Players in Mutual Funds Industry: A Study Based on the Perceptions of Mutual Funds**", a paper by **Thenmozhi.M and Fareed Jama.J (2002)**, made an attempt to examine the competitive advantage for players in Mutual Funds based on the perception of Mutual Funds. The study analysed the key competitive advantage factors, namely, brand name, risk management ability, customer service, expertise in portfolio management and strong research base.

"**Market Timing and Stock Selection Ability of Mutual Funds in India: An Empirical Investigation**" by **Soumya Guha Deb, Ashok Banerjee,** and **Chakrabarti B.B (2007)**, examined the market timing and stock selection ability of the Indian Mutual Funds managers with a sample of 96 Indian equity Mutual Funds schemes. The study used unconditional and conditional measures. The results of the study indicated that the Indian mutual fund managers had a lack of market timing ability and presence of stock selection ability in both models during the study period.

A joint paper by **Sehgal. S and M. Jhanwar 2008**, "**On Stock Selection Skills and Market Timing Abilities of Mutual Fund Managers in India**" evaluated the stock selectivity and timing ability of 60 equity based growth mutual funds in India. On daily basis, about 28% of the sample funds exhibit significantly positive alpha (selectivity coefficient) based on Jenson's four factor versions, which controls for style characteristics such as size, value and momentum. The timing ability seemed to be multi-dimensional as about 10% of the fund managers timed the momentum factor besides the market factor.

STATEMENT OF PROBLEM

The Mutual Funds Industry is one of the fast growing sectors in India since the initiation of economic reforms in 1991. However, growth of Mutual Funds has posed difficulties to investors in making a selection of suitable schemes. The issues related to the choice of schemes among the public and private sector funds on the one hand and high risk associated schemes such as equity funds on the other, have become highly important for every investor. It is relevant that even a single wrong decision of Fund Manager may put the investors in financial crisis, sometimes leading to their bankruptcy. Therefore a proper performance evaluation measure is required as it will remove confusion and help the small investors in selecting suitable Mutual Funds Schemes for investment. The performance evaluation of Mutual Funds and the identification of successful Fund Managers are of great interest to investors, general public and academicians. Numeral of studies have been conducted across the world, including India, to find out the performance of Mutual Funds by using different performance measures. Researchers have tried different tools like Treynor, Sharpe and Jenson Models and Treynor and Mazuy (TM) and Henriksson and Merton (HM) under both conditional and unconditional Models. The present study has been made to analyse the market timing and stock selection ability.

OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:
1. To outline the growth and development of Mutual Fund Industry in India,
2. To evaluate the market timing abilities of Mutual Fund Managers by using unconditional and conditional models,
3. To appraise the stock selection abilities of Mutual Fund Managers by using unconditional and conditional models,
4. To summarize the findings and give suggestions on the study.

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HYPOTHESIS

The present study is undertaken to test the following hypotheses:

HO: The Indian Mutual Fund Managers don't possess stock selection skills and are not successful market timers.

H1: The Indian Mutual Fund Managers possess stock selection skills and are successful market timers.

ASSUMPTIONS

Market Beta is constant.

RESEARCH METHODOLOGY

METHOD OF DATA COLLECTION

Data is to be collected from the following sources:

- Net Asset Values of Mutual fund schemes collected from *smartinvestor.business-standard.com*
- 91 day Treasury bill rate compiled from the *RBI website.*
- BSE 500 Index values and prices, market capitalisation, and Price to book ratios for BSE 500 securities collected from the CMIE maintained Database *"Prowess".*
- Software used: *E-views 7.*

SAMPLE SIZE

The sample size for the study is 23 Growth Mutual funds.

MODELS USED

FOR STOCK SELECTION SKILLS

A traditional approach to measure stock selectivity is by regressing the excess returns of a portfolio on the market factor. Assuming that market beta (or slope coefficient) is constant, the unconditional alpha (or intercept) is a measure of average performance, as in Jensen (1968).

- **SINGLE FACTOR MODEL (JENSEN'S MEASURE)**

$$R_{pt} - R_{ft} = \alpha + \beta_1 (R_{mt} - R_{ft}) + e_t$$

R_{pt} = Return on Portfolio

R_{ft} = Risk Free Return

R_{mt} = Market Return

$R_{pt}-R_{ft}$ = Excess return on the portfolio at time t

$R_{mt} -R_{ft}$ = Excess return on market Index at time t

α = intercept measuring the stock selectivity of the fund manager.

β = slope coefficient measuring the systematic risk of the portfolio.

e_t = an error term.

We can also measure stock selectivity using the Carhart (1997) four-factor model.

- **4-FACTOR CARHART MODEL**

$$R_{pt} - R_{ft} = \alpha + \beta_1 (R_{mt} - R_{ft}) + \beta_2 (SMB_t) + \beta_3 (LMH_t) + \beta_4 (WML_t) + e_t$$

R_{pt} = Return on Portfolio

R_{ft} = Risk Free Return

R_{mt} = Market Return

$R_{pt}-R_{ft}$ = Excess return on the portfolio at time t

$R_{mt} -R_{ft}$ = Excess return on market Index at time t

α = intercept measuring the stock selectivity of the fund manager.

β = slope coefficient measuring the systematic risk of the portfolio.

e_t = an error term.

SMB_t = Mimicking portfolios for size factor in asset returns.

LMH_t = Mimicking portfolios for price-to-book equity in asset returns.

WML_t = Mimicking portfolios for one-year momentum in stock returns.

Betas = Sensitivity coefficients

FOR MARKET TIMING ABILITY:

Market timing refers to the dynamic allocation of capital between broad asset classes by the fund manager.

- **AUGMENTED TREYNOR MAZUY MODEL**

$$R_{Pt} - R_{Ft} = \alpha + \sum_{K=1}^{4} \beta_k F_{Kt} + \sum_{K=1}^{4} r_{Kt} F^2_{Kt} + e_t$$

R_{pt} = Return on Portfolio

R_{ft} = Risk Free Return

R_{mt} = Market Return

α = intercept measuring the stock selectivity of the fund manager.

β = slope coefficient measuring the systematic risk of the portfolio.

e_t = an error term.

F_{Kt} = the returns of four factors, including the excess return of the market portfolio, the Fama and French (1993) size [Small cap stock returns Minus Big cap stock returns (SMB)] and market-to-book factors [Low Minus High (LMH)] and Carhart's momentum factor [Winners Minus Losers].

ESTIMATION PROCEDURE

- ❖ Firstly, Monthly percentage returns computed for constructing R_{pt} and R_{mt} series.
- ❖ Monthly versions of the size, value and momentum factors are constructed.

SIZE AND VALUE FACTOR

- Using the market capitalisation at the end of calendar year t-1, we sort the 405 sample stocks that form part of the BSE-500 index into three groups **Small or S** (bottom 33.3%) , **Medium or M** (between 33.3% - 66.6%) and **Big or B** (top 33.3%).
- Re-rank the stocks on the basis of Price to book (P/B) ratio observed in December t-1 and form three groups: **Low or L** (bottom 33.3%), **Medium or M** (between 33.3% - 66.6%) and **High or H** (above 66.6%).
- Combining the three size and three P/B groups, Nine portfolios, i.e.,
- ➢ S/L, S/M, S/H,
- ➢ M/L, M/M, M/H
- ➢ B/L, B/M and B/H.
- While S/L represents small cap and low P/B stocks, B/H comprises of big cap high P/B firms.
- The equally-weighted monthly returns are calculated on each of the nine portfolios for the year t. The portfolios are rebalanced at the end of t based on fresh information on company size and P/B for the sample stocks.

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- The construction procedure ensures that the size factor is neutral of value effect. The value effect is free of size effect by construction.
- SMB: a difference between the average monthly returns on the small stock portfolios and the average returns on the big stock portfolios

= (S/L+S/M+S/H)-(B/L+B/M+B/H)

       3

- LMH: the monthly difference in the average returns on low P/B portfolios and the average returns on high P/B portfolios

= (S/L+M/L+B/L)-(S/H+M/H+B/H)

       3

MOMENTUM FACTOR

- Select Stocks on the basis of returns over the past J months and hold them for K months (J-month/K-month strategy).
- Used 6/6 strategies to construct momentum factor.
- The securities are ranked in ascending order on the basis of the average returns of past six months.
- Based on these rankings, five portfolios were constructed for the Test or Holding period, Subsequent 6 months.
- WML: The bottom 20% based on past six months returns are referred to as loser's portfolio, while top 20% past performers form the winner's portfolio constructed. Momentum factor is defined as the difference between the returns on equally-weighted winners and losers portfolios
- WML = Winners (P5) – Losers (P1)
- The process is repeated till we reach the end of our study period.

RESULTS
SINGLE FACTOR JENSEN'S MEASURE

S. No.	Mutual Fund Scheme	Alpha	P-Value	Significant/Non Significant	
1	AIG	-2.454147	0.0319	Significant	Negative
2	Axis	-2.978542	0.0004	Significant	Negative
3	BNP Paribas Equity Fund (G)	-0.312503	0.2808	Non Significant	
4	Baroda Pioneer Growth (G)	-1.151645	0.0012	Significant	Negative
5	Bharti AXA	-0.395244	0.0998	Non Significant	
6	Birla sun life	-3.963922	0.0019	Significant	Negative
7	Canara Robeco Equity Diversified	0.107244	0.7075	Non Significant	
8	DSP BR Equity Fund	-0.430735	0.1503	Non Significant	
9	Daiwa	-3.397324	0.0001	Significant	Negative
10	DWS	-1.044951	0.0005	Significant	Negative
11	Edelwiess	-3.281341	0	Significant	Negative
12	Escorts Growth Plan	-0.502097	0.5427	Non Significant	
13	Fidelity	-0.796	0.0001	Significant	Negative
14	Franklin India Bluechip Fund	-0.713321	0.0009	Significant	Negative
15	Goldman Sachs S&P CNX 500 Fund	-2.325344	0.0538	Non Significant	
c16	HDFC Equity Fund	0.051829	0.8595	Non Significant	
17	HSBC	-4.997908	0.0001	Significant	Negative
18	ICICI	-4.338163	0.0006	Significant	Negative
19	IDBI	-2.149686	0.0105	Significant	Negative
20	IDFC	-0.562229	0.1595	Non Significant	
21	ING	-0.646575	0.004	Significant	Negative
22	JM Equity Fund	-0.530569	0.0852	Non Significant	
23	JPMorgan India Equity Fund	-0.665001	0.0023	Significant	Negative
		1.629485826			

4 FACTOR CARHART MODEL

S. No	Mutual Fund Scheme	Alpha	P-Value	Significant/Non Significant	
1	AIG	-2.381925	0.055	Non Significant	
2	Axis	-2.571842	0.0025	Significant	Negative
3	BNP Paribas Equity Fund (G)	-0.998745	0.0013	Significant	Negative
4	Baroda Pioneer Growth (G)	-0.31035	0.335	Non Significant	
5	Bharti AXA	-3.943719	0.0041	Significant	Negative
6	Birla Sun Life	-0.650412	0.011	Significant	Negative
7	Canara Robeco Equity Diversified	0.027817	0.93	Non Significant	
8	DSP BR Equity Fund	-0.806461	0.0096	Significant	Negative
9	Daiwa	-2.982463	0.0012	Significant	Negative
10	DWS	-0.810888	0.0014	Significant	Negative
11	Edelwiess	-3.083767	0	Significant	Negative
12	Escorts Growth Plan	-1.80066	0.0266	Significant	Negative
13	Fidelity	-0.799657	0.0005	Significant	Negative
14	Franklin India Bluechip Fund	-0.523075	0.0203	Significant	Negative
15	Goldman Sachs S&P CNX 500 Fund	-1.805141	0.1431	Non Significant	
16	HDFC Equity Fund	-0.036771	0.9074	Non Significant	
17	HSBC	-4.697668	0.0007	Significant	Negative
18	ICICI	-4.001452	0.0028	Significant	Negative
19	IDBI	-2.470891	0.0053	Significant	Negative
20	IDFC	-0.071753	0.8594	Non Significant	
21	ING	-0.499433	0.0145	Significant	Negative
22	JM Equity Fund	-0.560542	0.0866	Non Significant	
23	JPMorgan India Equity Fund	-0.391479	0.0339	Significant	Negative
		1.572664217			

AUGMENTED TREYNOR MAZUY MODEL

S. No.	Mutual Fund Scheme	Coefficient	P-Value	Significant/Non Significant	
1	AIG	0.008624	0.4302	Non Significant	
		0.018345	0.6543	Non Significant	
		0.056382	0.2435	Non Significant	
		-0.032999	0.1063	Non Significant	
2	Axis	-0.013516	0.0436	Significant	Negative
		0.009251	0.7067	Non Significant	
		0.043543	0.1661	Non Significant	
		-0.00528	0.671	Non Significant	
3	BNP Paribas Equity Fund (G)	0.000889	0.744	Non Significant	
		0.009035	0.3786	Non Significant	
		-0.001289	0.9206	Non Significant	
		-0.000343	0.947	Non Significant	
4	Baroda Pioneer Growth (G)	0.001882	0.5203	Non Significant	
		0.000592	0.957	Non Significant	
		-0.01264	0.3648	Non Significant	
		0.000286	0.9589	Non Significant	
5	Bharti AXA	0.00241	0.8318	Non Significant	
		0.080212	0.0648	Non Significant	
		0.110858	0.0446	Significant	Positive
		-0.029837	0.1704	Non Significant	
6	Birla Sun Life	0.001511	0.503	Non Significant	
		0.004704	0.5783	Non Significant	
		0.004944	0.6443	Non Significant	
		-0.000781	0.855	Non Significant	
7	Canara Robeco Equity Diversified	-0.002369	0.3615	Non Significant	
		0.002846	0.7693	Non Significant	
		-0.033161	0.0094	Significant	Negative
		0.01413	0.0058	Significant	Positive
8	DSP BR Equity Fund	-0.001192	0.6621	Non Significant	
		0.010028	0.3297	Non Significant	
		0.011134	0.392	Non Significant	
		-0.002397	0.6434	Non Significant	
9	Daiwa	-0.023401	0.0013	Significant	Negative
		-0.030959	0.2317	Non Significant	
		0.01878	0.5642	Non Significant	
		0.015923	0.2238	Non Significant	
10	DWS	-0.001082	0.6051	Non Significant	
		-0.004672	0.5523	Non Significant	
		-0.019067	0.06	Non Significant	
		0.003158	0.4276	Non Significant	
11	Edelwiess	-0.011601	0.0246	Significant	Negative
		-0.007085	0.7069	Non Significant	
		-0.022157	0.3548	Non Significant	
		0.016227	0.0934	Non Significant	
12	Escorts Growth Plan	-0.009154	0.1722	Non Significant	
		0.000346	0.9889	Non Significant	
		0.008551	0.7863	Non Significant	
		0.020367	0.1109	Non Significant	
13	Fidelity	-0.00034	0.8612	Non Significant	
		-0.00216	0.7676	Non Significant	
		0.003705	0.689	Non Significant	
		-0.002189	0.5542	Non Significant	
14	Franklin India Bluechip Fund	-0.000604	0.7653	Non Significant	
		-0.00371	0.6256	Non Significant	
		-0.004863	0.6134	Non Significant	
		0.000727	0.8499	Non Significant	
15	Goldman Sachs S&P CNX 500 Fund	-0.004604	0.6664	Non Significant	
		0.02319	0.5633	Non Significant	
		-0.019816	0.6962	Non Significant	
		0.025815	0.2065	Non Significant	
16	HDFC Equity Fund	-0.001114	0.7015	Non Significant	
		-0.000226	0.9835	Non Significant	
		-0.015896	0.2531	Non Significant	
		0.005301	0.3388	Non Significant	
17	HSBC	-0.001556	0.8953	Non Significant	
		0.06925	0.1238	Non Significant	
		0.009999	0.8588	Non Significant	
		-0.000971	0.9655	Non Significant	
18	ICICI	-0.003633	0.748	Non Significant	

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		0.070987	0.0994	Non Significant	
		-0.008055	0.8808	Non Significant	
		-0.007012	0.7438	Non Significant	
19	IDBI	0.005173	0.513	Non Significant	
		-0.002508	0.9325	Non Significant	
		0.01643	0.6615	Non Significant	
		-0.007101	0.6357	Non Significant	
20	IDFC	-0.004558	0.1953	Non Significant	
		0.000198	0.9879	Non Significant	
		-0.034624	0.0413	Significant	Negative
		0.00827	0.2153	Non Significant	
21	ING	-0.001464	0.4153	Non Significant	
		-0.003798	0.5725	Non Significant	
		-0.010731	0.2112	Non Significant	
		0.002699	0.4286	Non Significant	
22	JM Equity Fund	-0.005648	0.0485	Significant	Negative
		0.012018	0.2563	Non Significant	
		-1.93E-05	0.9988	Non Significant	
		0.006501	0.225	Non Significant	
23	JPMorgan India Equity Fund	-0.002741	0.0859	Non Significant	
		-0.010325	0.0848	Non Significant	
		-0.012904	0.0887	Non Significant	
		0.005595	0.0654	Non Significant	

Mutual Fund Scheme	y1	y2	y3	y4
AIG	0.008624	0.018345	0.056382	-0.032999
Axis	-0.013516	0.009251	0.043543	-0.00528
BNP Paribas Equity Fund (G)	0.000889	0.009035	-0.001289	-0.000343
Baroda Pioneer Growth (G)	0.001882	0.000592	-0.01264	0.000286
Bharti AXA	0.00241	0.080212	0.110858	-0.029837
Birla sun life	0.001511	0.004704	0.004944	-0.000781
Canara Robeco Equity Diversified	-0.002369	0.002846	-0.033161	0.01413
DSP BR Equity Fund	-0.001192	0.010028	0.011134	-0.002397
Daiwa	-0.023401	-0.030959	0.01878	0.015923
DWS	-0.001082	-0.004672	-0.019067	0.003158
Edelwiess	-0.011601	-0.007085	-0.022157	0.016227
Escorts Growth Plan	-0.009154	0.000346	0.008551	0.020367
Fidelity	-0.00034	-0.00216	0.003705	-0.002189
Franklin India Bluechip Fund	-0.000604	-0.00371	-0.004863	0.000727
Goldman Sachs S&P CNX 500 Fund	-0.004604	0.02319	-0.019816	0.025815
HDFC Equity Fund	-0.001114	-0.000226	-0.015896	0.005301
HSBC	-0.001556	0.06925	0.009999	-0.000971
ICICI	-0.003633	0.070987	-0.008055	-0.007012
IDBI	0.005173	-0.002508	0.01643	-0.007101
IDFC	-0.004558	0.000198	-0.034624	0.00827
ING	-0.001464	-0.003798	-0.010731	0.002699
JM Equity Fund	-0.005648	0.012018	-0.0000193	0.006501
JPMorgan India Equity Fund	-0.002741	-0.010325	-0.012904	0.005595
	0.002960348	0.010676478	0.003874074	0.001569087

SUMMARY

Tests of stock selection skills based on Jensen Model	
Mean α	-1.629485826
No. of funds having +ve values	0
No. of funds having -ve values	14
Tests of stock selection skills based on Carhart Model	
Mean α	-1.572664217
No. of funds having +ve values	0
No. of funds having -ve values	16

Tests of market timing based on Augmented Treynor Mazuy Model				
	y1	y2	y3	y4
Mean (%)	-0.0029603	0.0106764	0.003874	0.001569
No. of funds having +ve values	0	0	1	1
No. of funds having -ve values	4	0	2	0

FINDINGS

STOCK SELECTION SKILLS

- Stock selection skills of the Indian mutual fund managers on an average are poor. (Mean Alpha being negative).
- As per Jensen Model, 61% of the sample fund schemes have shown significant negative alpha values. It is 70% as computed by Carhart Model.

- The mean alpha decline marginally from -1.629% to -1.572 once one accounts for investment style characteristics by shifting from one-factor to four-factor model

MARKET TIMING ABILITY

- Indian Mutual fund managers exhibit negative skills in timing the market.
- Around 17% of the sample fund schemes have significant negative gamma 1 values stating that 4 out of 23 funds have negative ability to time the market factor.
- Only one fund has significant positive value for timing the Value and momentum factor.

On comparison of the three models used in the study, we infer that the market return is the most important factor in explaining returns on the portfolios.

- Momentum factor seems to be the additional factor, which explains the returns on the portfolios.
- Size and Value factor seem to be absent in the Indian Market.

CONCLUSION

Indian Mutual Funds have emerged as strong financial intermediaries and they play a significant role in bringing stability into the financial system and efficiency in resource allocation. The present study encompasses an analysis of the performance of selected growth mutual fund schemes, evaluating the stock selection skills and market timing ability of mutual fund managers in India. The techniques used by the Indian mutual fund managers exhibit negative stock selection and market timing when tested on the monthly percentage returns.

The present study presented empirical results pertaining to the market timing and stock selection abilities of Fund Managers under three models proposed by Jenson, Carhart and Augmented Treynor and Mazuy. Majority of the sample mutual fund schemes' managers did not possess skills of stock selectivity and were not correct market timers. However, the study found that few sample schemes' managers performed with correct market timing skills.

Since, most of the probability values of the mutual fund schemes' are less than 0.05, we accept the null hypothesis, and The Indian Mutual Fund Managers don't possess stock selection skills and are not successful market timers.

Hence, it is concluded that the Indian mutual fund managers must improve their skills relating to internal activities as well as external market related information so as to promote the confidence among small investors who prefer to invest their savings in mutual funds. The evolution of Indian mutual fund industry mainly depends on mutual fund managers whose skills in market timing and stock selection would improve the confidence of the investing public in mutual funds schemes.

SCOPE FOR FURTHER RESEARCH

- Sample size can be extended to more number of mutual fund schemes l - only 23 mutual fund schemes. (Only growth schemes)
- The study uses Monthly data. The work can be extended to daily data
- The study spans over 5 years: A larger duration can give more generalized results.

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CONSUMERS PERCEPTION & ATTITUDES TOWARDS FOREIGN AUTOMOBILE BRANDS IN INDIA

DR. SATYA PRASAD VK
ASST. PROFESSOR
ICFAI BUSINESS SCHOOL
DONTHANAPALLI

ABSTRACT

Post-Liberalization, there has been a spurt in number of foreign automobile brands in India. Consumers have umpteen numbers of foreign brands to choose from. This study aims to understand the consumer attitudes and perceptions about foreign automobile brands in India. Both qualitative and quantitative approaches are followed in this study. In-Depth interview technique is used to understand the qualitative aspects of perception and attitude of consumers towards foreign automobile brands, to identify the quantitative aspects of the study, primary data is collected from respondents by administering questionnaire The data collected after conducting the quantitative research was then run through SPSS and analyzed by using Factor Analysis. The study revealed that the consumers have positive attitude towards foreign brands. However, they also perceived Indian brands to be as good as foreign automobile brands. The consumers perceive foreign brands to be more expensive and more stylish compared to Indian brands. However, the performance of both is rated almost equal.

KEYWORDS

Consumer, Perception, Foreign, Automobile Brand, India.

INTRODUCTION

Post Liberalization, there has been a spurt in number of foreign automobile brands entering the Indian Auto market. Almost all the major Global Brands are available in India, to name a few, Suzuki, Hyundai, Ford, Volkswagen, Benz, Mitsubishi, Toyota, Renault, Yamaha, Harley Davidson, etc. These have provided many choices to Indian Consumers in terms of choosing Automobiles.

Many consumers use brand names as decision indicators to indicate product performances, instead of engaging themselves in lengthy search for information. During the recent years, there has been an increasing shift from local brands to global brands. In view of this, this study proposes to analyse the perception and attitude of Indian Consumers towards the Foreign Automobile Brands. Why they buy these brands? What do they think about these brands? How do they compare Local Brands with Foreign Brands?

LITERATURE REVIEW

Many researchers have worked on related topics and few of the key ones are presented below.

Bearden and Etzel, (1982) stated that the reason for global brands having higher prestige is due to relative scarcity and higher price as compared to local brands. In this study, it was pointed out the major factors which may be responsible for the consumers' perception is availability and its value in terms of its price. Levitt (1983) defines global brands as the brands that use the same marketing strategy and mix in all the markets. Local brands are defined by Wolfe (1991) as brands that exist in one country or in a limited geographical area. The researcher has included the geographical factor for differentiating the two types of brands. Shocker et al (1994), found that perceived brand globalness for global brands could create consumer perceptions of brand superiority. International and global brands have been linked with high status or prestige in addition to quality Batra et al, (2000). Steencam (2003), said that consumers become perceptive to global brands when believe the brand is marketed in multiple countries and is recognized as global in these countries

OBJECTIVE OF THE STUDY

The main objective of this study is as per following:

To understand consumer perceptions & attitude towards foreign automobile brands vis-a-vis. local automobile brands in India.

The perceptions and attitudes of consumers are very important tools in marketing. The main objective of the study is to understand which attributes of foreign automobile brands are rated as important and which attributes are rated as not so important. The consumer perception about foreign automobiles can be based on their personal set of values and attitudes.

METHODOLOGY

Data: This study is based on primary data gathered from respondents. Two types of Data was collected

(1) The qualitative research was conducted using in-depth interview technique. The questionnaire was a semi-structured questionnaire which included the basic themes and questions on consumer perceptions about foreign automobile brands. The questions were semi structured because every respondent had a different response to every question, thus, each respondent had to be probed based on his/her response to a particular question. The qualitative research was conducted on 10 respondents. The responses of these respondents were then analyzed and the basic variables common to all the responses were used in the quantitative questionnaire.

(2) Based on the inputs from the In-depth Interview, a questionnaire was prepared which consisted of questions based on consumers' current automobile brands, their personal details etc. Then, the respondents were asked to rate the variables (shortlisted by the quantitative research) on a scale of 1 to 5. (Likert Scale, where 1 stands for Strongly Agree, 2 stands for Agree, 3 stands for Neither Agree nor disagree, 4 stands for Disagree and 5 stands for Strongly Disagree).

SAMPLE

Using purposive sampling, a group of 50 respondents were selected, based on criteria of having either two-wheeler vehicles or cars .The questionnaire was sent via Google forms.

The responses were recorded in an excel sheet and the data was further analyzed using SPSS.

ANALYTICAL TOOLS

The data collected after conducting the quantitative research was processed using SPSS. The statistical method used to analyze this data was Factor Analysis. This technique is used when there are large numbers of variables and one needs to reduce the number of variables into a few Factors.

DATA ANALYSIS

FACTOR ANALYSIS OUTPUT

TABLE 1: KMO AND BARTLETT'S TEST		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.600
Bartlett's Test of Sphericity	Approx. Chi-Square	167.709
	Df	55
	Sig.	.000

The KMO test is used to confirm whether Factor Analysis is applicable on the set of data or not. The KMO test is used to test the adequacy of the sample size. The sample size in this case is 50. For KMO test to be significant, the KMO value should be 0.5 or above. Since in the table above we can see that the value is 0.6, we can conclude that the sample size is adequate to carry out factor analysis on it.

The Bartlett's Test of Sphericity is a test used to test the hypothesis that the correlation matrix is an identity matrix (where the diagonal values are one and the non-diagonal values are zero). In order to apply factor analysis on the data, the bartlett's test should be insignificant or below 0.05. In this case, the value is 0.00. Thus we can conclude that the correlation matrix is not an identity matrix and there does exist some correlation between the variables. Hence, factor analysis is applicable.

TABLE 2: COMMUNALITIES		
	Initial	Extraction
Feel_different_from_others	1.000	.629
Good_quality	1.000	.749
More_expensive	1.000	.608
More_stylish	1.000	.700
Better_engineered	1.000	.829
More_features	1.000	.638
Better_mileage	1.000	.650
as_good_as_indian_brands	1.000	.782
Depends_on_type_of_vehice	1.000	.707
Always_purchase_indian_brands	1.000	.657
Status_symbol	1.000	.705

TABLE 3: TOTAL VARIANCE EXPLAINED									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.462	31.473	31.473	3.462	31.473	31.473	2.824	25.674	25.674
2	1.694	15.396	46.869	1.694	15.396	46.869	1.670	15.183	40.857
3	1.392	12.658	59.527	1.392	12.658	59.527	1.649	14.990	55.847
4	1.106	10.058	69.585	1.106	10.058	69.585	1.511	13.738	69.585
5	.820	7.458	77.043						
6	.719	6.533	83.577						
7	.583	5.304	88.880						
8	.451	4.101	92.981						
9	.357	3.245	96.226						
10	.235	2.140	98.366						
11	.180	1.634	100.000						

In this table above, we can see that the first four components have eigen values of above 1. This means that majority of the variance is explained by the first four components. Component 1 explains 31.4% of variance, component 2 explains 15.3% of variance, component 3 explains 12.6% variance and component 4 explains 10.0% of variance. Together, these four components explain 69.5% of the total variance in the entire set of data.

FIG. 1
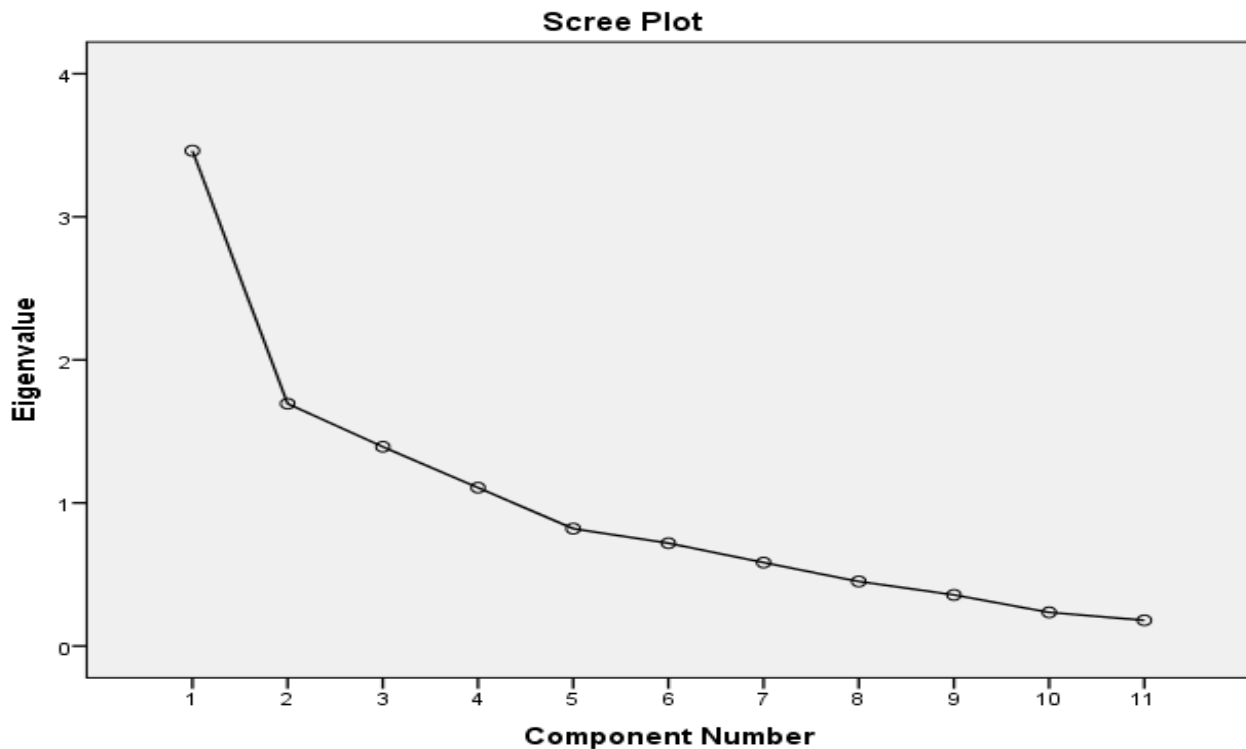
Scree Plot

Since the variance explained by the first component is 31.4%, we can see a break after component 1 in the above scree plot. The next break is after component 4 which means the components 2,3 and 4 are the next set of components contributing to the variation. The plot after component 4 is flat, this means the other components are not significant.

TABLE 4: COMPONENT MATRIX[a]	Component			
	1	2	3	4
More_stylish	.805			
Better_mileage	.704			
More_features	.656	.326		
Status_symbol	.608	.517		
Feel_different_from_others	.605			.430
Better_engineered	.594	-.441	.449	
as_good_as_indian_brands	-.559	.377	.530	
Always_purchase_indian_brands		.673		.329
Good_quality	.397	-.551	.358	.401
Depends_on_type_of_vehice			.708	
More_expensive	.453		.311	.539

The values above 0.30 means that the variables correlate strongly with the components. Hence, the table above shows that the components correlate strongly with the variables since all the values are above 0.30. The negative sign indicates there is an opposite relationship. Since there are many variables that correlate with the factors, it is important to rotate the matrix and get the minimum number of variables which have high correlation with the factors. Varimax rotation is used in this case. It is used when any given variable has a high loading on a single factor.

TABLE 5: ROTATED COMPONENT MATRIX[a]	Component			
	1	2	3	4
More_features	.786			
Better_mileage	.780			
More_stylish	.763		.313	
Status_symbol	.741			-.327
Always_purchase_indian_brands		.782		
Better_engineered	.357	-.669	.423	
as_good_as_indian_brands		.592		.590
Good_quality		-.309	.807	
More_expensive			.751	
Depends_on_type_of_vehice				.826
Feel_different_from_others	.465		.382	-.477

The rotated matrix shows that less number of variables are now correlated with the components. Hence, this gives a better picture.

FINDINGS

From the above analysis, we find that there are four factors that can be used to define the consumer attitudes and perceptions towards foreign automobile brands. The table (6) shows that:

- The first component or factor has high factor loadings with the variables "more features", "better mileage", "more stylish", "status symbol". Since these variables have high factor loading with the factor no. 1, we can call this factor as "Better overall package".
- For the second factor, the variables which have high loadings are, "Always purchase Indian brands", "better engineered", "as good as Indian brands". The variable "better engineered" has negative factor loadings, thus, it can be said that consumers perceive Indian brands better than foreign automobile brands. Thus, this factor can be called, "Indian brands are as good as foreign brands in terms of performance".
- The variables "good quality" and "more expensive" have high loadings for the third factor. Thus, the third factor can be interpreted as "Perceived to be more expensive and good in quality".
- The last factor, has high loadings with variables "as good as Indian brands" and "depends on the type of vehicle". The consumers perceive the Indian brands to be as good as foreign brands. Their opinion is also based on the fact that the type of vehicle plays an important role in deciding whether Indian brands are better or foreign brands are better. For eg., the consumers may think that foreign automobile brands may be better in case of four wheeler automobiles or cars, whereas, they may think that Indian brands are better in the two-wheeler segment and vice-versa. Thus, factor 4 can be interpreted as "Foreign automobile brands may or may not be better than Indian brands depending on the type of vehicle."

CONCLUSION

From the above analysis, we can conclude that the Indian brands are perceived to be better in terms of value for money. The consumers perceive foreign brands to be more expensive and more stylish compared to Indian brands. However, the performance of both is rated almost equal. Indian brands are perceived better because the consumers' attitude towards foreign brands is that the foreign brands are more expensive. Also, consumers choose the type of brands (foreign or Indian) depending on the type of vehicle they are purchasing.

The four factors that are used to define consumers' attitudes towards foreign brands are:

- Better overall package
- Indian brands are as good as foreign brands in terms of performance
- Foreign brands are Perceived to be more expensive and good in quality
- Foreign automobile brands may or may not be better than Indian brands depending on the type of vehicle.

Thus, we can conclude that the consumers have positive attitude towards foreign brands. However, they also perceive Indian brands to be as good as foreign automobile brands.

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AN EMPIRICAL INVESTIGATION OF ORGANISATION BASED SELF-ESTEEM AND IN-ROLE PERFORMANCE ACROSS DIVERSE OCCUPATIONS

HAZRIL IZWAR IBRAHIM
SR. LECTURER
SCHOOL OF MANAGEMENT
UNIVERSITI SAINS MALAYSIA
PENANG

ABDUL HADI ZULKAFLI
SR. LECTURER
SCHOOL OF MANAGEMENT
UNIVERSITI SAINS MALAYSIA
PENANG

KHAIRUL ANUAR MOHAMMAD SHAH
SR. LECTURER
SCHOOL OF MANAGEMENT
UNIVERSITI SAINS MALAYSIA
PENANG

ABSTRACT

The aim of the present study was to examine the relationship between organization based self-esteem (OBSE) and in-role performance. Co-worker support is included as a moderator. The independent variable is OBSE and in-role performance is the dependent variable. A survey was conducted on 190 respondents randomly selected from diverse occupational background. The results indicate that there is a significant direct relationship between OBSE and in-role performance. The interaction between OBSE and co-worker support also revealed that it has a significant impact on in-role performance. Thus, the study has proven that OBSE with reinforcement from co-worker support plays an important role in influencing in-role performance.

KEYWORDS
Co-worker support, In-Role Performance, OBSE.

INTRODUCTION

Job performance can be defined in terms of whether employee behaviours contribute to organizational goals. In-role performance is the behaviours necessary for a person to fulfil their formal organizational role, usually as implied in a job description (Daniels & Harris, 2000). Organizations and individuals, as stakeholders, require efficient and high level of individual performance for growth and to remain competitive. Demonstrating high performance when accomplishing tasks results in satisfaction, feelings of self-efficacy and mastery (Bandura, 1997; Kanfer & Ackerman, 2005). Employees, who are reliable in their in-role performance, regularly exceed role requirements, and engage in creative or innovative activities which are necessary for the continued vitality of organizations (Katz, 1964).

Within the motivational domain, one perspective that has been advanced is that self -esteem level, or one's overall positive or negative evaluation of oneself (Brown, 1993), should be related to job performance (Pierce & Gardner, 2004). Typically such opinions evoke the notion that individuals with high self-esteem are motivated to do well on the job to maintain cognitive consistency with their high self-evaluations (Brockner, 1988), which provides a buffer against role stressors that would otherwise impede workplace motivation and performance belief in the positive power of high self-esteem, empirical research on high self-esteem's beneficial effects has been decidedly mixed. For example, a narrative review suggests main and moderating effects of self-esteem level are weak to non-existent (Baumeister, Campbell, Krueger, & Vohs, 2003); a meta-analysis of the main effect of self-esteem level on job performance similarly noted the relation was highly variable (Judge & Bono, 2001). Such findings have led to suggestions self-esteem deserves to be further researched (Baumeister, Smart, & Boden, 1996).

In the fields of human resources and organization development, in-role job performance is one of the most frequently used variables along with satisfaction, performance, change and innovation (Zafar, 2013). Thus, the purpose of this study is to examine the influence of the organization based self-esteem and co-worker support as the moderator, on employee job performance. Employee performance is undoubtedly the most researched criterion variable in OB and HRM literatures (Bommer et al., 1995). Research has also consistently and persistently tried to explain employee performance by establishing a direct or indirect link between various organizational variables and performance (Gooty et al., 2009; Rego et al., 2012; Walumbwa et al., 2011a; Walumbwa et al., 2011b). This forms the basis for the inclusion of co-worker support as the moderator between OBSE and in-role performance.

LITERATURE REVIEW

IN-ROLE PERFORMANCE

In-role performance refers to the "officially required outcomes and behaviours that directly serve the goals of the organization" (Taris, 2006, p. 323), or as defined by Turnley, Bolino, Lester & Bloodgood (2003, p.189) "the formally prescribed job responsibilities". According to Borman and Motowidlo (1997) in- role job performance refers to activities that are related to employees' formal role requirements and these behaviours are also related to the core-task behaviour. The concept of in-role job performance was proposed by Katz and Kahn (1966) as part of the organizational role theory. Katz et al. define the in-role behavior as a kind of behaviour that was described and defined as one part of employees' work and reflected in the official salary system in the organization. According to Williams and Anderson (1991) the in-role behaviour are necessary for the completion of the responsible work. The standards used to evaluate the employee performance of the in-role behaviours are usually divided into four categories, i.e. the rating, the quality evaluation, the quantity standard, and the document data record, such as the record on the work safety, the record of absence, and the record for the delay of work (Zhu, 2013).

Traditionally, many researchers operationalized the term 'performance' by explicitly categorizing how performance is to be measured. The most commonly used categories of performance measures are subjective versus objective measures (Baker, Gibbons, & Murphy, 1994; Bommer et al., 1995; Hoffman, Nathan, & Holden, 1991). While objective performance measures are more straightforward such as "production or quality indices" (Hoffman et al., 1991), the subjective measures are not as forthright, they are rather, as the name suggests, subjectively evaluated during performance appraisals and are behavioural in nature.

Another important and even better utilized categorization of performance is given in terms of in-role versus extra-role behaviours (Katz, 1964, as cited in Williams & Anderson, 1991). While in-role behaviour are the job duties an employee is required to perform, in contrary, extra-role behaviours are more subjective in nature and mostly refer to the extra efforts made by employees that improve the overall work environment. In summary, in-role performance is related to the tasks and duties assigned by the organizations to their employees. It is a formal and structured behaviour required from the employee, which is relevant for the organization to achieve its objectives.

ORGANISATION BASED SELF-ESTEEM (OBSE)

The word 'self' is complex and multidimensional because it reveals diverse attributes and abilities, some of which are manifested in external objects such as the body and others are internal consisting of perception and beliefs. Organization based self-esteem determine the self-perceived value that an employee has for himself as organization member acting within an organizational context (Shahbaz & Shakeel, 2012).According to self-verification theory (e.g. Swann, 1983), self-esteem – and, by extension, OBSE – basically serves a self-regulatory function. This theory states that 'people are motivated to verify, validate and sustain their existing self-concepts' (Leary, 2007: 324). La Pointe, Vanderberghe and Panaccio (2011) citing Stinson et al. (2010) as an example of the operation of self-verification theory, where, Stinson et al. (2010) demonstrated that when the environment's feedback (e.g. feedback concerning one's relational value to others) is consistent with one's self-esteem, people experience feelings of authenticity, control and certainty. In contrast, when the feedback is inconsistent, feelings of discomfort are generated, resulting in efforts to solve the discrepancy between feedback and self-esteem. Over time, these efforts ultimately draw on one's emotional resources. Furthermore, self-verification has been shown to operate the same way with OBSE as with generalized self-esteem (Wiesenfeld et al., 2007). The sociometer theory considers self-esteem to be essentially a psychological meter, or a gauge that monitors the quality of people's relationship with others (Leary, 1999). Researchers regard the maintenance and enhancement of self-esteem as a primary motive of human behaviour (Brown and Dutton, 1995). Building upon the notion that self-esteem is a hierarchical and multifaceted phenomenon, and Coopersmith's (1967) observation that self-esteem indicates the extent to which the individual believes him/herself to be capable, significant, and worthy; Pierce, Gardner, Cummings and Dunham (1989) introduced the concept of organization-based self-esteem. OBSE is defined as the degree to which an individual believes him/herself to be capable, significant, and worthy as an organizational member (Pierce & Gardner, 2004). Dyne et al. (2000) argues that OBSE is the self-perceived value that individuals have of themselves within a specific organizational context. It reveals people's sense of their own value and how they view themselves in the organizational settings and how their level of self-esteem changes while working for the said organization. The employees with high self-esteem think of themselves as 'valuable' for the organization (Alam, 2009).

According to Qureshi et al. (2011) self-esteem is the basic appraisal one makes of oneself, as it concerns the overall value that one places on oneself, as a person. Creed et al. (2001) argues that belief in one's capacity to change one's own situation is a major determining factor in the level of self-esteem. The basic underlying theoretical tenet is that individuals will develop attitudes and behave in ways that will maintain their level of self-esteem. Moreover, self-esteem can also be defined as 'a construct expressing the global relations toward the self' (Classen et al., 2007)

Korman's (1970) view that an individual's self-esteem is shaped by ones experiences, it can be hypothesized that the experiences one has within the organization will consequently have an impact on one's level of OBSE and the attitudes that are developed as a result of how they perceive they are treated by the organization. Studies have indicated that the organizational context as a whole influence OBSE (Pierce et al, 1989, 1993). This conclusion seems to reinforce Korman"s view (1970) that the environment in which an individual works in does in fact influence the beliefs that an individual has about his or her value and worth in the organization (Elloy & Patil,2012).

The construct holds considerable importance in an organizational context. At the individual level, research has shown that persons high in OBSE have greater work motivation and intrinsic motivation (Hui & Lee, 2000), and achieve higher performance ratings (Van Dyne & Pierce, 2004; Pierce et al., 1993; Gardner, Pierce, Van Dyne, & Cummings, 2000; 1992; Marion-Landais, 2000) than do persons low in OBSE. Concerning the organizational level, scholars have also discovered that OBSE correlates negatively with turnover intentions and with turnover (Gardner & Pierce, 2001). Some studies have examined the relationship between OBSE and stress and found a negative relationship (Tang and Ibrahim, 1998). Jex and Elacqua (1999) in their study found that OBSE was negatively related to frustration and depression and physical strain.

According to Kanning and Hill (2012) OBSE is an important psychological construct as shown in various studies. For instance, positive correlations were proven between self-esteem and intrinsic performance motivation, performance at the workplace, general job satisfaction as well as identification with and commitment to one's own organization (Gardner & Pierce, 1998; Kanning & Schnitker, 2004; Tang & Gilbert, 1994). Persons with high organization based self-esteem show a stronger career orientation or are less interested in slowing down on the job than people with low self-esteem (Carson, Carson, Lanford & Roe, 1997).

CO-WORKER SUPPORT

Kwok and Wai (2005) state that the literature on social support that has accumulated over the past two decades suggests that social support can have a direct impact on psychological well-being (e.g. Billings and Moos, 1984; Holahan and Moos, 1981). Beehr and McGrath (1992) define co-worker's social support as co-workers willingness to help one another (e.g., caring, friendly, warm relation, empathy, cooperation, no back biting and gossiping, appreciation, respect and support) in performing daily tasks and handling of upsetting and threatening situations to create healthy environments in the workplace (Frone *et al.*, 1997; Mansor *et al.*, 2003). As Hodson (1997) convincingly argued, the social relations of the workplace may make a key contribution to employees' job satisfaction, productivity and well-being.

The current study emphasis on co-worker support refers to co-workers assisting one another in their tasks when needed by sharing knowledge and expertise as well as providing encouragement and support (Zhou & George, 2001). In an environment where co-worker support is high, employees are able to discuss ideas more openly and honestly and there is a positive relationship to job satisfaction (Bateman, 2009).

However, there are contradictory views regarding to the positive effects of co-worker support on employees, where, co-workers behaviours may be viewed as political or self-enhancing and therefore it may not always be associated with constructive work attitudes. Accepting support from co-workers may also suggest incompetence on behalf of the person accepting the support (Bateman, 2009).According to Ng and Sorenson (2008) the negative views regarding co-worker support stems from the perception that, because peers are usually regarded as equal, support from co-workers may suggest a lack of ability or independence. Despite this, there is overwhelming evidence that co-worker support has many positive effects in the work place (Babins & Boles, 1996).

Social relationships are important in maintaining an individual's self-esteem, as it fosters a sense of social support. According to House, Umberson and Landis (1988) social support is the quality of social relationships as perceived by an individual and it is distinct from concepts such as social integration, social network structure and social regulation. Functional social support refers to behaviours, such as emotional and instrumental support, that are exchanged between individuals. Emotional support conveys such as caring and empathy, while instrumental support is concerned with providing assistance with problem solving or information exchange (Semmer, Elfering, Jaconshagen, Perrot, Beehr & Boos, 2008). Both types of support are equally important, as they form the dimensions in co-worker support.

A study in Malaysia by Teoh and Afiqah (2010) using 200 university students, through a questionnaire survey, examined whether personality traits and social support are associated with self-esteem. Their findings revealed that all the personality and social support factors were associated with the level of self-esteem.

HYPOTHESES DEVELOPMENT

Based on the on the above literature review, relationships between innovative behaviour and job satisfaction has been established. Previous studies revealed that organizational culture plays a role in influencing innovative behaviour in the organizations, for e.g. Brown (1993) and Pierce & Gardner (2004). Thus, these hypotheses are proposed:

H1: OBSE is significantly related to in-role performance.

H2: Co-worker support moderates the relationship between OBSE and in-role performance.

METHODOLOGY

This paper outlines research into the experience of OBSE, co-worker support and in-role performance within a diverse set of occupations. OBSE is the independent variable and in-role performance is the dependent variable in this study. The moderation effect of co-worker support is tested by analysing the effect of the interaction between OBSE and co-worker support on in-role performance. Data for the survey was collected from a random sample of 190 individuals. Data was analysed using the hierarchical regression properties of the SPSS version 20. The population of our study consists of 190 employees working in private enterprises and public organisations in Penang, Malaysia. A summary of this information is presented in Table 1. The entire population was used in order for the sample to be representative, random and as large as possible. Respondents were chosen randomly and the survey was conducted to collect primary data using self-administered questionnaire.

QUESTIONNAIRE SCALES

Organization Based Self Esteem: Pierce et al. (1989)'s measurement of organizational-based self-esteem contained ten items and displayed a good reliability (α = .91), was used for the purpose of data collection. Respondents were asked to indicate from 1 (strongly disagree) to 5 (strongly agree) for the items about organizational-based self-esteem. An example item of Pierce et al. (1989)'s ten-item instrument using a seven point Likert scale includes "I count around here".

In-role job performance: The self-rated in-role job performance was measured by thefive-item scale developed by Podsakoff and MacKenzie (1989) (e.g. "I fulfil all responsibilities required by my job"). All the five items were rated by the respondents on a seven-point scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Co-worker support: The Social Support scale designed by O'Driscoll (2000) was used to measure co-worker support. This scale has a reliability of 0.89 (O'Driscoll, Brough & Kalliath, 2004). An example of an item is, "indicate how often your co-workers provide you with clear and helpful feedback". Respondents were asked to indicate from 1 (never) to 5 (always). This scale consists of four items. A higher score indicates higher levels of co-worker support.

RESULTS

TABLE 1: FREQUENCY OF RESPONDENTS

Occupation	Frequency	Percentage
Bank Officers	16	8.4
Teachers	79	41.6
Engineers (Manufacturing)	75	39.5
Nurses	17	8.9
Supervisors (Manufacturing)	1	0.5
Technician	1	0.5
Sales Executive	1	0.5
Total	190	100

Table 1 shows that 41.6% of the respondents are teachers, 39.5% respondents are engineers in the manufacturing sector, 8.9% respondents are nurses, 8.4% respondents are bank officers, 0.5% respondents are supervisors, 0.5% respondents are technicians and 0.5 % of the respondents are sales executives.

TABLE 2: DESCRIPTIVE STATISTICS ACCORDING TO OCCUPATIONS

	Minimum	Maximum	Mean	Std. Deviation
In-Role Performance	2.29	5.00	3.9421	0.4609
OBSE	2.30	5.00	3.728	0.4419
Co-worker Support	1.50	5.00	4.0289	0.6422

Table 2 indicates that the minimum value for in-role performance is 2.29 and the maximum is 5.00, with mean of 3.9421 with a standard deviation of 0.4609. The minimum value for OBSE is 2.30 and the maximum is 5.00, with mean for OBSE are 3.728 with a standard deviation of 0.4419. The minimum value for co-worker support is 1.50 and the maximum is 5.00 and the mean for co-worker support is 4.0289 with a standard deviation of 0.6422. By comparing the mean value this signifies that the vale for Co-worker support is the highest among the three variables.

TABLE 3: RESULTS OF REGRESSION

Variables	B	Std. Error	Beta	t	ANOVA Sig.
OBSE	.443	.069	.425	6.437	.000*
OBSE* Co-worker Support	.017	.013	.121	1.286	.000*

Dependent variable: In-Role Performance, R^2:.181; $R^2\Delta$:.179

Table 3 presents the result of the direct relationship and the moderated relationship between the variables. The result of the regression between OBSE and in-role performance shows that the R^2 for the above regression is .181; meaning OBSE explained18.1% of the variance in in-role performance. The ANOVA column indicated statistical significance (p value: .000, $p < 0.05$). This is further supported by Beta= .425, t value= 6.437. The result indicates that OBSE is significantly related to in-role performance. Thus, Hypothesis 1 is accepted.

As seen from table 3, the result of the hierarchical regressions between OBSE and in-role performance with co-worker support included as the moderator shows that the R^2 change is .179 meaning the interaction has added an additional 17.9% of the variance in in-role performance. The ANOVA column indicated statistical significance (p value: .000, $p < 0.05$). This is further supported by Beta= .121, t value= 1.286. The result indicated that the interaction between OBSE and co-worker support has significantly impacted in-role performance. Thus, Hypothesis 2 is accepted.

DISCUSSION AND CONCLUSION

The result clearly indicates that OBSE has a positive and significant impact on in-role performance. Therefore, it can be stipulated from the results of the study that individuals who experience higher levels of self-esteem; who perceived themselves to be a valued member of the organization will be much more positive and more willing to carry out the roles and responsibilities assigned to them by their respective organizations. When OBSE is combined with co-worker support, it also brings in elements such as caring, empathy and instrumental support such as, assistance in problem solving or information exchange. Thus, this consequently leads to employees having higher level of positivity and self-esteem and these impacts positively on their job performance. The result is a clear indication of the importance of OBSE in influencing job performance of employees.

This study provides evidence that variables such as OBSE, co-worker support and in-role performance are a global phenomenon. It also highlights that employees whether in Malaysia or in the Western hemisphere share similarities. This study indicates that Malaysian employees have similar understanding and perception of OBSE, co-worker support and in-role performance as in the West. This could be an indication the co-worker support enhances the effect of OBSE on the employees' performance. Clearly, this study has provided evidence that where co-worker support creates an environment where one's self-esteem is favourably impacted; hence, the employees will develop positive attitudes and engage in behaviours which are favourable to the organizations.

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INNOVATIVE HR PRACTICES IN EMPLOYEE ENGAGEMENT

M.THAMIZHSELVI
RESEARCH SCHOLAR
BHARATHIAR UNIVERSITY
BANGALORE

ABSTRACT

Employee engagement, also called as worker engagement can be referred to as the binding of organizational members' selves to their job roles. In todays, globalized economy organizations had become more dependent on technologies. The concentration of organizations on employees is becoming less. This arises a greater need to connect and engage employees with the work and to provide them organizational identity. Employee engagement plays a major role in the present era, where each and every contribution of employees is counted. Employee engagement programs will be yet another stepping-stone of success for the organizations. Employee engagement is all about creating a positive feel among employees towards organizational goals. Employees should feel satisfied and also proud to work in such an organization. The engagement programs will abet the organization to align the human activities to the organizations strategy. It is not just a process of engaging the employees productively. It also floors the way to ensure that the employees are motivated to put in their best efforts in achieving the organizational goals. The objective behind the current study is to explore and analyze the various employee engagement policies implemented by top companies around the world. The research also aims to give factors measuring employee engagement and suggestions to make an effective employment engagement programs.

KEYWORDS

HR practices, employee engagement.

INTRODUCTION

In todays, globalized economy organizations had become more dependent on technologies. The concentration of organizations on employees is becoming less. This arises a greater need to connect and engage employees with the work and to provide them organizational identity. Employee engagement, also called as worker engagement can be referred to as the binding of organizational members' selves to their job roles.

According to Scarlett, " Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization that profoundly influences their willingness to learn and perform at work". Therefore, employee engagement is different from job satisfaction, motivation and organizational culture. Employee engagement plays a major role in the present era, where each and every contribution of employees is counted. The engagement programs will be yet another stepping-stone of success for the organizations. According to Schmidt's influential definition of engagement was " an employee's involvement with commitment to, and satisfaction with work. Employee engagement is a part of employee retention". For an organization hiring an effective employee is important, but retaining the employee with organization is very important. Employee engagement is a part of employee retention. This will integrate the job satisfaction and organizational commitment (meyer & Allen, 1991). Harter and schmidt's (2003) had done a meta analysis to understand the effect of the employee engagement. Disengaged employees can be called as zombie employees (Tolan josh (2011). The disengaged employees will have a low morale and interest towards the organization.

OBJECTIVES

Employee engagement is all about creating a positive feel among employees towards organizational goals. Employees should feel satisfied and also proud to work in such an organization. Employee engagement programs will abet the organization to align the human activities to the organizations strategy. It is not just a process of engaging the employees productively. It also floors the way to ensure that the employees are motivated to put in their best efforts in achieving the organizational goals. The objective behind the current study is

- To explore and analyze the various employee engagement policies implemented by top companies around the world.
- The research also aims to give factors measuring employee engagement and suggestions to make an effective employment engagement programs.

RESEARCH METHODOLOGY

This study will be partly descriptive and partly diagnostic in nature. The research relies upon the secondary source of information such as books periodicals and web source for the purpose of understanding the key concepts relating to the current field of study and also to explore the various innovative Human resource practices followed by top companies around the world.

SIGNIFICANCE OF THE STUDY

Employee engagement is one of the most effective tools for achieving long-term success and shared value. The employee engagement has profound impact on the work performance. Work performance will have a direct impact on success of the organization. The study un-ravels the prevailing innovative practices for employee engagement followed by the companies. Also the analysis will bring out the best practices and the areas of improvement. By implementing the best policies, the companies can reduce the rate of employee turnover, absenteeism and can increase the job performance of the employees. Hence, this complete study will enable the companies to formulate policies that can improve the quality of work life balance of employees.

EMPLOYEE ENGAGEMENT PROGRAMS ORGANISED BY VARIOUS TOP COMPANIES AROUND THE WORLD

Companies are trying hard to encourage their employees to be zealous about what they do and focused on achieving organization's mission and ambitions. This can be achieved by positive employee engagement with the organization. Employee engagement can be described as the level of brainy and sensitive commitment an employee has for completing the work, mission and vision of the organization. Positive employee engagements will lead to success of the organization, whereas disengagements may lead to failure of the organization. Hence, all the companies were striving hard to implement various strategies to keep the employees engaged with the organization.

BOSTON CONSULTING GROUP

Fortune had published an annual ranking of the top 100 Best companies to work for. Boston consulting group is one of best among top fortune's 2011 best companies. The top list had established that the companies had equally concentration on employees and what a company can do for such employee's success. These companies have found that organizations get benefited only when employer and employee are engaged. Boston consulting group comprehends that; employees are their greatest assets. As a commitment to their employees, the firm had employed extensive efforts to retain and add employees with the organization. BCG apart from generous compensation and benefit system, paid sabbaticals and unprecedented flexibility to facilitate work life balance, is striving hard for the commitment to its employees and improving top talented engaged employees.

The top companies in the list according to Fortune were following the bellow practices for an effective employee engagement.

- Fitness promotion. The corporate companies had offered a subsidized gym facility to its employees. This is on an assumption that healthy employees are happy employees.

- Telecommuting. The companies were offering telecommuting option to the employees. The study had found that 72 percent of employees are making choice of job based on the flexibility available. This option of work from home will definitely induce employee to be loyal and committed towards the organization.
- Paid sabbaticals. This is common practice, which many companies have. Paying for employee sabbaticals will give an opportunity to employees to recharge themselves, develop creative ideas, skills etc. BCG is one of the best companies, which offers sabbaticals at best possible moment.
- Creative bonuses. The incentive programs offered by the company will also keeps the employees engaged with company. The periodical bonuses given to employees either on yearly of five year once etc., will retain the employee with organization for a long period.
- Support for diversity. An overwhelming majority of theses Best Companies offer healthcare benefits for their employees and their families.

These do not encompass some of the areas most critical to employee engagement, but the list provides some interesting insights into common best-practice threads in some of these great organizations.

WIPRO

Wipro Ltd is a global information technology, consulting and outsourcing company with 140,000 employees serving over 900 clients in 57 countries. Wipro is well positioned to be a partner and co-innovator to businesses in their transformation journey, identify new growth opportunities and facilitate their incursion into new sectors and markets. Spirit of Wipro Run is the largest employee engagement activity run universally at Wipro involves a massive interaction in terms of online applications, which test fitness levels to lung power and encourages people to share updates before and on the day of the run.

Wipro Cares engages with communities in nearby locations. The primary objectives of Wipro Cares are to support the developmental needs of marginalized communities in cities and towns where Wipro has a large presence. Employee engagement is an integral part of Wipro Cares where it encourage employees to acquaint with our partners, acting thus as catalysts in bringing about positive change.

Music directly touches the souls and keeps the mind engaged and this is core reason why, music can be the best option for employee engagement. Many companies have music tutorial sessions for the employees to keep the employees engaged. Wipro also does that. Not only Wipro, HSBC, Just dial, L&T insurance, M Phasis, Reliance etc, were also engaged in same kind of employee engagement program.

SOUTHWEST AIRLINES

Southwest Airlines to empower their employees had framed rigid work rules and job descriptions so that their employees could assume ownership to get the job done. This will enable the employees to get their planes go on time. The southwest Airlines also gives employees the flexibility to bend company policy according to the interest of the customer. This kind of flexibility gives a sense of empowerment to the employees and allows them to go above and beyond their ability. This will also create a challenging environment where employees are allowed to make decisions. It is all about training, trusting and empowering the employees.

INTEL CORPORATION

Intel, an innovative high-tech company, undertook a comprehensive review of its engagement programs to understand the company's strengths and opportunities to improve the employee engagement. Intel hired BSR to do a benchmarking of leading engagement practices. Several new initiatives were propelled based on the following three primary strategies.

- Raising awareness. Intel believed that awareness among employees about company's CSR practices would increase the employees' pride and loyalty. Hence Intel decided to develop a platform to support communications from CSR to employees and to inform them about the company's strategies and activities.
- Expanding opportunities for involvement. Intel established several programs to engage employees in meeting the company's CSR goals. The teams give employees from all parts of the business a chance to learn about environmental issues, keep current on Intel's practices, and identify opportunities to support the company's goals.
- Setting goal and aligning incentives. Intel believed that setting goals for engagement and giving incentives to the employees could provide motivation for engagement. Another strategy implemented by Intel is calculating employees' annual bonus according to the sustainability results.

ALSTOM INDIA PVT LTD.

Alstom India private Ltd had introduced many new activities to promote employee engagement in the company. Like, Sports and cultural events to reduce the stress level of the employees, annual family day out for the employees, sponsoring for higher education of employees, half yearly performance appraisal of employees. Apart from these things, the company is also concentrating to frame improvement plans for employees who perform less, overall employee development and career planning.

GMR HYDRO INDIA PVT LTD.

GMR Hydro India private ltd is also working lot to engage employee effectively with the organization. To make the employees involved and engaged with the company, the company will organize various cultural and sports events. As a part of engagement programs, the company used to celebrate the birthdays of employees, provides free lunch and breakfast coupons also. The employees are given with various awards for best performance like, Employer of mouth and outstanding employees etc. The company also provides balance scorecards to the employees, help employees to know what exactly the job expects from him or her. Job satisfaction survey is also done annually to know the needs of the employees and satisfy them in best possible manner.

TECH MAHINDRA LTD.

Tech Mahindra limited encourages the employees by taking them for team outings, like trips, CSR activities etc. The company also celebrates various festivals inside the organization like Diwali, Christmas, and Dandiya once in a year. It also celebrates employee's birthday, family day etc. To encourage employees, quarterly and annual rewards and recognitions are given to the employees. Some awards given by the company are Best support group of the year, five year association award, Ten year fellowship award, star performer, rising star, best manager, best team award, pat on back, valuable team player, cookies (spot award for small and significant contribution by the employees).

LARSEN AND TURBO LTD.

The employee engagement practice followed by the Larsen and turbo ltd is different. The company believes on flexible timings, career planning employee development plan, out door training for understanding the management practices etc. To reduce the workplace stress among employees the company is organizing the out door training. Additional incentive, sponsor for higher education, training for corporate ethics, personality development are some additional programs on employee engagement. One Friday of the month employee related program is conducted to award the high performer in the company. This company also celebrates the employee's birthday, family day, will hold cultural and sports activities to encourage employees. Employee satisfaction survey is conducted to measure the needs and satisfaction of the employees and to take necessary step to improve.

GOOGLE

Google is also one of best company among top ten fortune's 2011 best companies. To encourage employee involvement, programs should be portioned into easy step that will let employees to participate. For effective employee engagement, Google established a "people analytics team" to figure out what makes

their employees happy now and tomorrow. The answer from the employees may change according to the business environment, the economy and according to the employees in the organization. It is a program and not an event. Later they will create the programs according to the needs of the employees. NY Times had published an article on Google' s OXYGEN project, which explains how managers play a key role in employee engagement. It had found eight top behaviors of managers in order to enhance employee engagement. Like,

- Being a good coach
- Should avoid micromanage
- Express interest on team member's success
- Should be a good communicator
- Should help employees with career development
- Should be productive and result oriented
- Should poses key technical skill so as to advice and help the team
- Should have clear vision and strategy for the team.

EFFECTS OF EMPLOYEE DISENGAGEMENT

The engaged employees feels not only supported through his or her position and salary, but also with the company's way thinking and acting. If an employee is engaged he or she will feel sense of belonging with the company, feel proud about the company, morale and loyalty towards the company will increase. All these facts will help the company to retain the employees with the company for a long time. But in case if the employees are disengaged their it will lead to lot of adverse effect towards the company.

- A disengaged employee may take more leave and go late for work.
- The production from disengaged employees will be less.
- The employees will start complaining about other engaged employees.
- Such employees may loose the interest on company and miss deadlines.
- A talented employee but disengaged may even quit the company and join any other company.

To avoid all the above said consequences, companies has to take necessary step to improve employee engagement programs in the organization.

RECENT TECHNIQUES USED BY THE CORPORATE ORGANIZATIONS FOR EMPLOYEE ENGAGEMENT

- Arranging CSR activities
- Organizing music classes for the employees.
- Organizing team outs and family day outs.
- Sabbatical arrangement.
- Providing medical and children's educational benefits.
- Giving Annual Bonus according to the term of completion of service.
- Fitness programs- Gym facilities
- Sports day and cultural day at inter corporate level
- Giving best employee award based on the achievements of the employee.
- Opportunity to grow and establish – chance to attend conferences at national and international level
- Celebrating employee birthdays, family day, festivals like Diwali, Dhandia, and Christmas etc.
- Conducting job satisfaction survey.
- Bus facilities & Cab facilities at late hours.
- Training & Development- Professional training & training on soft skills.
- Work from home.
- Meals coupon.
- Gift vouchers.
- Joining Bonus for talented employees.

CONCLUSION

Employee engagement concept is a measurable construct. There are various employee engagement surveys that are used currently by the HR departments of organization to measure the engagement levels of employees in the companies. Many consultancy organizations are also conducting various surveys to measure the employee engagement level. Many top companies in India are following different strategies to engage the employees. The strategies used by various companies may be same, but the instruments used to measure will differ according to the nature and behavior of the employees in the organizations. Generally, an organization can measure the employee engagement by preparing a questionnaire covering various aspects like, employee's expectation from the work, the basic requirements to accomplish the work, opinions of employees, quality of work life, employer and employee relationship, opportunity to grow and learn, recognition for the progress at work place, optimum utilization of talents in the organization, motivational force at work, commitment of employees towards the organizations goal and mission etc. To conclude, the level of trust within the organization, honesty of the superiors with the employees, clear communication of vision to the employees, strong motivation will raise the employee engagement. It will directly increase the productivity and profitability of the organization regardless of the size of your business.

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CUSTOMER PREFERENCE AND SATISFACTION TOWARDS RETAIL STORES & SHOPPING MALLS IN CHENNAI CITY

L.JENIFER
RESEARCH SCHOLAR
BHARATHIAR UNIVERSITY
COIMBATORE

ABSTRACT

Liberalization of the economy, rise in per capita income and growing consumerism have encouraged larger business houses and manufacturers to set up retail formats; real estate companies and venture capitalist are investing in retail infrastructure. Added to this customer satisfaction, is widely recognized as a key pressure in the formation of consumers' future purchase intentions. Satisfied customers are also likely to tell others of their favorable experiences and thus engage in positive word of mouth advertising. The present study is undertaken to understand the customer preference and satisfaction towards retail stores & shopping malls in Chennai city.

KEYWORDS
Customer preference, retail stores, shopping malls.

INTRODUCTION
Retail store shopping is often categorized as a self-service retail environment. The aim of retailers is primarily to build relationships with their customers, being able to track their levels of satisfaction with the key elements of retail store environment. Secondly the retailer's aim is to minimize the reasons for complaints and dissatisfaction and the cost of a service recovery plan and also to establish direct feedback from customers about their reactions to key elements. Interestingly, for many years retailers have been administering surveys to their customers to measure both their overall levels of satisfaction and their opinion of various details of their store experiences, service and merchandise provided at organized retail outlets but they are not able to retain all their customers by providing solutions to them. Businesses recognize that retaining the existing customers is more profitable than having to win the new ones to replace those lost.

Customer satisfaction is the key factor in knowing the success of any retail store or retail stores & shopping malls ; therefore it is very important to measure it and to find the factors that affect customer satisfaction. Customers will appreciate goods and services they buy, provided if they are made to feel special. This feeling is derived when they feel that the goods and services that they buy have been specially produced for them or for people like them.

REVIEW OF LITERATURE
Today's customers have too little time to spend but more intelligent than ever before. This has boosted the pace of competition for the retail stores to think about innovative and user friendly driven spaces to attract customers and also to retain them. The top tier retail store chains & shopping malls that have increased their size of their store base are highly competing against the low-cost operators to reinvest themselves and to find a sustainable stand in today's market.

Iacobucci et al (1994, 1995) provides precise definitions of service quality versus customer satisfaction. They contend that service quality should not be confused with customer satisfaction but that satisfaction is positive outcome of providing good service. Ittner and Larker (1998) concluded that at the customer business unit and firm-level that various measures of financial performance (including revenue, revenue change, margins, return on sales, market value of equity and current earnings) are positively associated with customer satisfaction and also added – that in the retail industry they found a inverse relationship between satisfaction and profitability due to the benefits from increased satisfaction can be exceeded by the incremental cost in retail.

Clark & Hwang (2000) conducted a study to compare satisfaction between American & Korean discount stores. Twenty items were used to measure customer's satisfaction with retail outlets in each country helpfulness of sales person, friendliness, number of sales people, ease in finding things, politeness, store layout, cleanliness, quality level, merchandise selection, fashionableness, willing to exchange, credit charge account, value of money, special sales advertising, location, other store customer loyalty programs.

Kaul (2005) concluded that consumers satisfied with the stores' service quality tend to remain loyal. Service quality is being increasingly perceived as a tool to increase value for the customer as a means of positioning in a competitive environment to ensure consumer satisfaction, retention and patronage.

Ilter (2006) focused on the expectations, experiences & perceptions of high school girls to see what attracts them to the malls. Six factors were identified. They were merchandising, entertainment, atmosphere, locations and accessibility, security and personal service.

OBJECTIVES OF THE STUDY
1.   To identify the attitude and behavior of customer in retail stores & shopping malls malls.
2.   To study the customer awareness and preference towards retail stores & shopping malls.
3.   To study the satisfaction level of the respondent's towards retail stores & shopping malls.
4.   To study the relationship between price factors on customer satisfaction retail stores & shopping malls.
5.   To study the relationship between product characteristics and customer satisfaction retail stores & shopping malls.

SCOPE OF THE STUDY
The focus of this study deals with customer satisfaction towards retail stores & shopping malls . It tries to discover various other problems associated with retaining customers in present retail stores & shopping malls .

RESEARCH METHODOLOGY
Exploratory research is being adopted to find out the customer satisfaction and characteristics of customers in retail stores & shopping malls.

AREA OF THE STUDY
Survey is conducted among three classes of customers namely regular, occasional and frequent customers in the retail stores & shopping malls of Chennai city.
Primary data is collected through questionnaire containing open ended and close ended questions.
SAMPLE SIZE
The sample size taken up for this study is 200.
PERIOD OF STUDY
The study was conducted during the period Nov 2013 to Jan 2014.

TYPE OF SAMPLING
Convenience sampling is adopted for this study.
TOOLS USED
Chi-square test, correlation analysis method is used.

ANALYSIS & INTERPRETATION

TABLE 1: GENERAL PROFILE OF THE RESPONDENTS

PARTICULARS	CLASSIFICATION	NO. OF RESPONDENTS	%
AGE	Below 20 years	65	33
	21 years to 35 years	45	23
	36 years to 45 years	54	27
	Above 45 years	36	18
	TOTAL	**200**	**100**
GENDER	Male	98	49
	Female	102	51
	TOTAL	**200**	**100**
EDUCATIONAL QUALIFICATION	School Level	10	5
	College Level	90	45
	Doctors	30	15
	Engineers	70	35
	TOTAL	**200**	**100**
TOTAL MEMBERS IN FAMILY	Two	54	27
	Three	52	26
	Four	68	34
	Five & Above	26	13
	TOTAL	**200**	**100**
MONTHLY INCOME	Below Rs.15,000	22	11
	Rs.15,001 – Rs.20,000	92	46
	Rs.20,001 – Rs.25,000	42	21
	Above Rs.25,000	44	22
	TOTAL	**200**	**100**
MONTHLY PURCHASE AT SHOPPING MALLS	Rs.2,000 – Rs.3,000	42	21
	Rs.3,001 – Rs.4,000	82	41
	Rs.4,001 – Rs.5,000	58	29
	Above Rs.5,000	18	9
	TOTAL	**200**	**100**

INTERPRETATION
From the above table, it is clear that the general profile of the respondents shows that:
1. 49% of the respondents are male and 51% of the respondents are female.
2. 33% of the respondents are of 20 years, 23% are of 35 years, 27% are of 45 years and 18% are above 45 years.
3. 5% of the respondents are at the school level, 45% of the respondents are at the college level, 15% are Doctors and 35% are Engineers.
4. 27% of the respondents have a total of two members in family, 26% of the respondents have a total of three members, 34% of the respondents have 4 members and 3% of the respondents have a total of 5 members and above.
5. 11% of the respondents have a monthly income of below Rs.15,000, 46% of the respondents between Rs.15,001 to Rs.20,000, 21% of the respondents between Rs.20,001 to Rs.25,000 and 22% of the respondents have a monthly income of above Rs.25,000.
6. 21% of the respondents do a monthly purchase ranging from Rs.2,000 to Rs.3,000, 41% of the respondents do between Rs.3,001 to Rs.4,000, 29% of the respondents do between Rs.4,001 to Rs.5,000 and 9% of the respondents above Rs.5,000.

TABLE 2: RANKING FOR PREFERENCE OF RETAIL STORES

S.NO	NAME OF RETAIL STORE	NO. OF RESPONDENTS	%	RANK
1	More	20	10	V
2	Big Bazaar	20	10	V
3	Reliance Fresh	32	16	III
4	Nilgris	40	20	II
5	Spencers Daily	28	14	IV
6	Ponnu Super Market	60	30	I
	TOTAL	**200**	**100**	

INTERPRETATION
From the above table it is clear that Ponnu Super Market occupies I rank, followed by Nilgris in II place, Reliance Fresh in the III place, Spencer's Daily in IV place, More and Big Bazaar in V place in the order of preference of Retail Stores.

TABLE 3: RANKING FOR PREFERENCE OF SHOPPING MALLS

| S.NO	NAME OF SHOPPING MALL	NO. OF RESPONDENTS	%	RANK
1	Express Avenue Mall	72	36	I
2	Spencer Mall	58	29	II
3	Phoenix Mall	46	23	III
4	The Grand Mall	24	12	IV
	TOTAL	**200**	**100**	

INTERPRETATION
From the above table it is observed that Express Avenue Mall in I place of 36%, Spencer Mall in II place of 29%, Phoenix Mall in III place of 23% and The Grand Mall in IV place of 12% in the order of preference of Shopping Malls.

TABLE 4: SATISFACTION LEVEL TOWARDS SERVICE PROVIDED AT SHOPPING MALLS

PRODUCT	LEVEL OF SATISFACTION %				
	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Product Price	53	32	16	0	0
Fast Checkout	28	46	16	7	4
Trolley Facilities	16	28	48	4	10
Home Delivery Facilities	18	61	16	6	0
Store Entrance & Walkways	19	33	32	16	7
Sales Promotion	28	36	38	16	5
Quality of Service	53	36	14	2	0
Modes of payment (variety)	12	22	15	25	25
Time Saving	23	52	14	16	4
Accessibility to various outlets	22	38	20	10	7
Parking Facilities	9	23	26	36	17

FIG.1
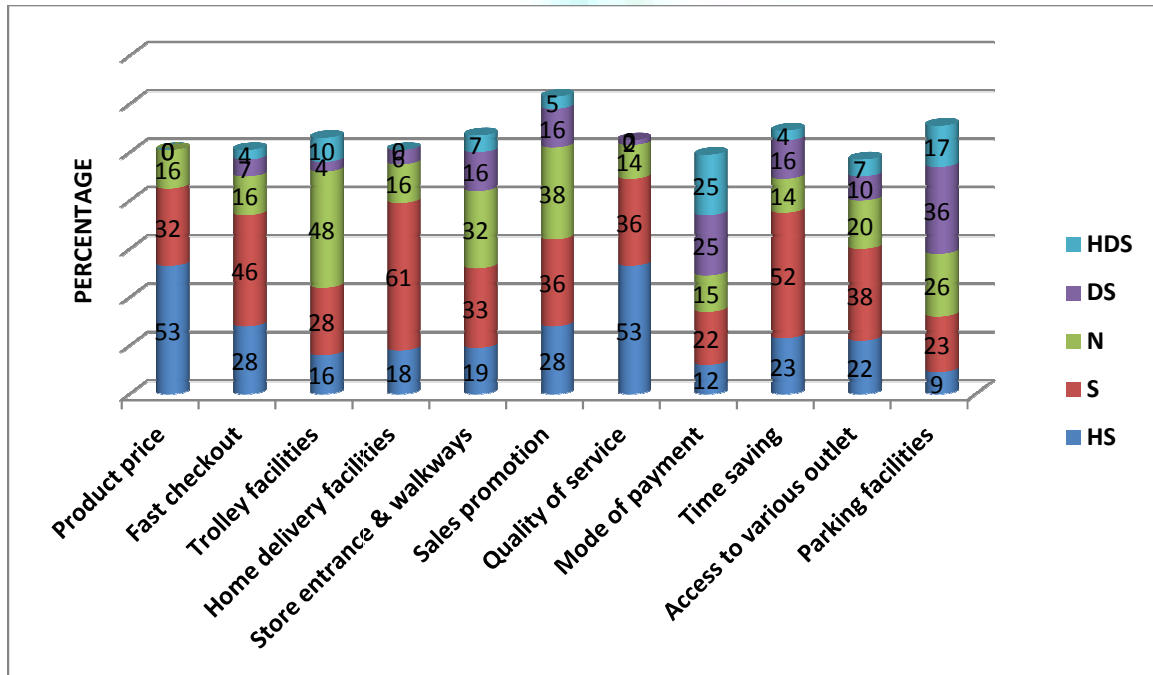
CHI-SQUARE TEST

1. Table showing the relationship between Monthly Income and Average amount spent on purchase

H_0: There is no significant relationship between monthly income and average amount spent on purchase.

H_1: There is significant relationship between monthly income and average amount spent on purchase.

Calculated Chi square Value	Degree of Freedom	Table Value	Conclusion
31.677	9	16.919	Rejected

Since the calculated Chi-square value (31.677) is greater than table value (16.919), Null hypothesis is rejected at 5% level of significance.

INFERENCE

There exists significant relationship between monthly income and average amount spent on purchase.

2. Chi-square analysis for the type of family and Frequency of purchase

Calculated Chi square Value	Degree of Freedom	Table Value	Conclusion
46.239	5	11.070	Rejected

Calculated value of Chi-square (46.239) is greater than table value (11.070).

Null hypothesis is rejected at 5% level of significance.

INFERENCE

There is a significant relationship between type of family and frequency of purchase.

3. Chi-square analysis for age of respondents and buying behavior

Calculated Chi square Value	Degree of Freedom	Table Value	Conclusion
60.59	9	18.2	Rejected

Since the calculated Chi-square value (60.59) is greater than table value (18.2), Null hypothesis is rejected at 5% level of significance.

INFERENCE

There exists a significant relationship between age of the respondents and buying behavior of customers

FINDINGS

1. Majority of respondents prefer Retail Store for purchasing more goods.
2. Majority of respondents prefer Shopping Malls for entertainment and purchase of quality goods.
3. There is no significant relationship between sex and satisfaction level of customers.

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4.   There is a significant relationship between age group and buying behavior of customers.
5.   There is a significant relationship between monthly income and amount of purchase of customers.
6.   There is a significant relationship between type of family and frequency of purchase.
7.   The variety of products offered in Shopping Malls is the first preference for shopping in Shopping Malls.
8.   Majority of the customers visited the Shopping Malls because it was close to their residence & workplace.
9.   Majority of the customers were satisfied with the quality of goods, good value for money and trendy products in Shopping Malls.

RECOMMENDATIONS

1.   Shopping Malls should adopt new technologies like self checkout lane, Computer gadgets to handle their billing automatically to reduce the rush in billing counter.
2.   It should also concentrate on customer loyalty programs and introduce many membership cards for bulk purchases.
3.   The sales person must be well trained to be patient, helpful, informative and courteous in answering to the customers which will motivate them to retain in the store to buy more.
4.   More a customer spends time in store; the more likely he is to make purchases. So to increase revenue, the retailers should pay more attention towards physical aspects, entertainment, and sell variety of products at reasonable prices.
5.   Care should be taken to promote sales activities on week days in order to minimize rush on weekends.

CONCLUSION

Understanding the growing needs, aspirations and global life style is the dictating key factor for success of any retailer. To be a successful retailer and to gain the customer satisfaction level at the maximum, quality, variety of products, sufficient physical ambience, parking facility, fast access & billing system, proper crowd management should be continuously improved at all levels. This will shape or structure the Retail Stores / Malls to blend the expertise of the world to turn into best customer satisfiers in all spheres of their needs.

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