INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

IJRCM

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications;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

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

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION**:

                                                                                                                                    DATED: _____

    THE EDITOR
    IJRCM

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

    (e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

    DEAR SIR/MADAM

    Please find my submission of manuscript entitled '_____' for possible publication in your journals.

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

    I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

    Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

    NAME OF CORRESPONDING AUTHOR:
    Designation:
    Affiliation with full address, contact numbers & Pin Code:
    Residential address with Pin Code:
    Mobile Number (s):
    Landline Number (s):
    E-mail Address:
    Alternate E-mail Address:

    NOTES:
    a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
    b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
        New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/ Engineering/Mathematics/other, please specify)
    c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
    d) The total size of the file containing the manuscript is required to be below **500 KB**.
    e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
    f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE**: The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS**: The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT**: Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5.   **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6.   **MANUSCRIPT**: Manuscript must be in **_BRITISH ENGLISH_** prepared on a standard A4 size **_PORTRAIT SETTING PAPER_**. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7.   **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8.   **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9.   **MAIN TEXT**: The main text should follow the following sequence:

INTRODUCTION

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

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed *5000 WORDS*.

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

11.   **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12.   **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s**) for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

<center>**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES**:</center>

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

CHALLENGES OF NON-TAX COMPLIANCE AMONGST THE SMALL AND MEDIUM ENTERPRISES (SMEs) IN ZIMBABWE

DR. B. NGWENYA
DEAN
FACULTY OF BUSINESS
SOLUSI UNIVERSITY
ZIMBABWE

LIONET SIBANDA
STUDENT
FACULTY OF BUSINESS
SOLUSI UNIVERSITY
ZIMBABWE

DR. T. CHITATE
DIRECTOR
MBA PROGRAMME
SOLUSI
UNIVERSITY
ZIMBABWE

ABSTRACT

Tax plays an important role in economic development and in the growth of Small and Medium Enterprises (SMEs). However, non-tax compliance among SMEs in Zimbabwe is very high. This study was conducted on SMEs in Bulawayo, Gweru and Harare Central Business Districts (CBDs) to establish and rank the factors that encourage non-compliance with tax obligation by SMEs in accordance with the Zimbabwe Tax Regime. The findings were presented in terms of factor loadings, eigenvalues and percentage variances. There were four factors that ranked high as causes for non-tax compliance of SMEs in Bulawayo, CBD are Complexity of the tax systems, norms, economic factors, deterrence to tax evasion and possibilities of tax evasion. It was found that the complexity of the tax system affect non-tax compliance of SMEs to a greater extent followed by norms and economic factors. Possibilities to tax evasion were found to affect non-tax compliance of SMEs to a lesser extent followed by deterrence to tax evasion. In conclusion, there is a great relationship between non-tax compliance of SMEs in Bulawayo and the existing tax system. Norms have a higher relationship with non-tax compliance but its lower than that of the tax system. Economic factors also possess a little higher relationship to non-tax compliance but it's lower than of norms. On the other hand deterrence to tax evasion has the second least relationship to non-tax compliance. Possibilities to tax evasion possess the least relationship to non-tax compliance as compared to the five factors causing non-tax compliance of SMEs.

KEYWORDS

Tax evasion, non-tax compliance, small and medium enterprises, tax system, economic growth.

INTRODUCTION

lbanesi, Stefania and Christopher, (2006) states that globally most of the SMEs operate in the informal sector of the economy, depriving their countries of the tax revenue which might be used for the stabilization of the economy, the redistribution of income and the provision of services in the form of public goods. On the other hand, (Goriwondo, 2012) observed that the Government of Zimbabwe is losing large sums of tax revenue through non-tax compliance of SMEs, hence this research seek to establish the factors that are causing non-tax compliance of SMEs in Bulawayo CBD, Zimbabwe so as to formalise the SMEs sector and improve the public revenue and hence improving the standards of living of every Zimbabwean citizen. According to the (OECD, 2008) report SMEs are the majority business taxpayers in most developing countries and the Reserve Bank of Zimbabwe (RBZ), (2009) also added that SMEs represent over 95% of enterprises that generate over 50% of private sector employment as such their non-tax compliance levels directly impact on government tax revenue collections. Goriwondo, (2012) States that Zimbabwe has one of the poorest public service delivery system in the African region and insufficient public revenue is one of the causes of this. Academic scholars frequently make extensive research on tax compliance or non-compliance in the field of taxation in order to assist revenue authorities to minimise public revenue lost through non-tax compliance behaviour. The problem of tax non-compliance is as old as taxes themselves (Braithwaite, 2009). It is generally accepted that tax non-compliance and tax evasion exists in every country and Zimbabwe is no exception. Tax noncompliance by Small and Medium Enterprises (SMEs) is an expensive and pervasive problem (Deloitte, 2013). In Zimbabwe, the problem of tax non-compliance became even more significant with the formation of a statutory body (Zimbabwe Revenue Authority) by the Zimbabwean government in 2001 to administer revenue collection that includes dealing with non-tax compliance issues. A review of the non-tax compliance behaviour indicated that previous researchers found broad factors such as deterrence to Tax evasion, possibilities of tax evasion, norms, economic factors and fairness of the tax systems and trust to the revenue body and the Government to be the major umbrella causes of non-tax compliance in many countries (Braithwaite, 2009). Therefore this research seeks to examine whether these factors apply to the Bulawayo Central Business District (CBD) context in Zimbabwe.

NEED FOR THE STUDY

Several developing countries such as Malaysia, Singapore have seen their economies grow in leaps and bounds because of the contribution of the small and medium enterprises (SMEs) as a result of deliberate government thrusts in that direction. Most of these governments have however failed to craft tax regimes that draw in these enterprises into the taxation regime bases in order to realise full potential for revenues collection. Therefore, this study recommends to the government of Zimbabwe through its taxes authority Zimbabwe Revenue Authority (ZIMRA) to craft a flexible tax system that would improve the tax compliance of SMEs in Zimbabwe. Particularly the tax system that incorporates the canons of taxation by Adam Smith would be most appropriate in these circumstances. Adam Smith suggested four canons of taxation that is, the canon of 'equity', 'certainty', 'convenience' and 'economy'. The government should also consider increasing tax incentives such as tax exemptions and tax holidays to encourage voluntary compliance which will encourage more tax payers to comply as findings shown that 'norms' were one of the serious causes of non-tax compliance. It is also recommended to the government to levy SMEs at lower percentages of taxes to allow enough funds for business development and better chances of survival in tough economic situation and in the competitive market such as Zimbabwe.

STATEMENT OF THE PROBLEM

The Zimbabwe Revenue Authority (ZIMRA) came up with strategies like the fiscalisation, to reduce the high rates of non-tax compliance amongst businesses and this has enabled it to meet its quarterly revenue targets though the larger part of the SMEs sector is operating informally. Despite of measures and efforts instituted to capture the revenue inflows from the informal sector, which continues to account for a significant portion of economic activity, revenue contribution to the fiscus remains insignificant due to low tax compliance, as indicated by only 2% of the SMEs registered with ZIMRA (Finscope SME Survey, 2012). It is against this background that this study seeks to find the factors causing the non-tax compliance of SMEs in Zimbabwe.

OBJECTIVES OF THE STUDY

1. To determine what factors are causing non-tax compliance by SMEs in Zimbabwe.
2. To determine the extent to which the following factors cause non-tax compliance among SMEs in Zimbabwe.
- Deterrence to Tax evasion
- Possibilities to tax evasion
- Norms
- Economic factors
- Fairness of the tax system and trust to the Revenue body and Government

METHODOLOGY

The researcher used quantitative descriptive method, based on the survey of 235 owners of randomly selected Small and Medium Enterprises from Bulawayo, Gweru and Harare. These were drawn from an approximately 1500 Small and Medium Enterprises (SMEs) in these three major towns in Zimbabwe. The survey was administered using a self-constructed questionnaire with 32 item questions. Data was analysed using the statistical package for social sciences (SPSS).

LITERATURE REVIEW

Tax laws often do not require a proper definition of the term "SME" at all. They indirectly define small businesses by defining eligibility criteria for incentives and special regimes targeted at SMEs. The Value Added Tax (VAT) threshold is a typical example of such an approach. It defines up to what level of turnover a business is not required to register for VAT without necessarily mentioning that the businesses below the registration threshold are to be qualified as SMEs. Such thresholds and eligibility criteria for special regimes may be found in several tax laws; therefore, there is no consistent approach in the tax system to determine which businesses are considered small businesses (Baurer, 2005). While definitions of SMEs vary from country to country, they can also vary within the same country depending on who is providing the definition (Bhorat, 2003). The SME Association of Zimbabwe defined small (turnover less than $ 240 000 or assets less than $ 100 000) and medium enterprises (turnover and assets above the thresholds for small enterprises but less than $ 1 million each) (www.smeaz.org). Finscope Zimbabwe SME Survey (2012) defined SMEs by the number of employees (according to the Small Enterprises Development Corporation Amendment of 2011) including individual entrepreneurs (0 employees), micro (1-5), small and medium size businesses (6-75). A review of the non-tax compliance behaviour indicated that previous researchers found broad factors such as deterrence to tax evasion, possibilities of tax evasion, norms, economic factors and fairness of the tax system and trust to the revenue body and Government to be the sole causes of non-tax compliance in many countries (Braithwaite, 2009). Adam smith stated that the principles used to assess the tax system. Other authors and books refer them as criteria, goals or objectives. Arguably, and perhaps simplistically, within any tax system there is the equivalent of a vision, mission and values. The vision constitutes the purpose of taxation. The mission identifies the forms of taxation and the methods of administration, collection and enforcement. The principles equate to the values that underlie the tax system (Baurer, 2005). Adam Smith in The Wealth of Nations published in 1776 outlined four principles of an ideal tax system. These principles are equity, certainty, convenience and economy. These principles are important to the creation of tax policy, because it is only when these principles are upheld that effective taxes are implemented in a manner which satisfies the stated purposes of a tax system (Murphy, 2004). Principles or Canons of Taxation by Adam Smith

1. CANON OF ABILITY OR EQUALITY

A good tax system should possess the quality of equality. All citizens should borne government expenditure according to ability. This does not mean that the rich and poor alike should pay tax, nor does it mean that all should pay same rate of tax. It simply means equality of sacrifice. It implies that all should pay tax according to ability. This indicates that there should be progressiveness in tax.

2. CANON OF CERTAINTY

According to Adam Smith the amount, time and method of tax should be clear and certain. This helps tax payers to make adjustment in income and expenditure. This also ensures the government about the source and amount of tax revenue. In an atmosphere of uncertainty, the tax payers become confused and the tax authorities have tendency to be corrupt.

3. CANON OF CONVENIENCE

According to Adam Smith while imposing tax, the time and method of tax payment should be convenient to the tax payers. A convenient tax system encourages tax payers to pay tax in time.

4. CANON OF ECONOMY

According to Adam Smith a good tax should possess canon of economy. This means that the amount of Tax should be minimum and its cost of collection should be lower than the revenue raised from it.

TAX ADMINISTRATION

It is one thing to make policies, rules and regulation in an attempt to attain a desired goal or objective and it is another thing to implement these policies, rules and regulation. Efficiency and effectiveness should be the watch word in designing a tax administration structure that will give the desired result (Braithwaite, 2009)

Put differently, tax administration in Nigeria is the responsibility of the various tax authorities as established by the relevant tax laws (Kiabel and Nwokah 2009). The fiscal autonomy granted the three tier of government had led to multiplicity of tax. Tax payers and corporate bodies had been subjected to multiple levies or charges of tax of same name in different form. This had increased evasion and avoidance as such payment either eat deep into the profit of business or affect negatively, the distributable income of the individual.

Modern taxation systems have the capacity to impose a heavy burden on taxpayers, and particularly on taxpayers in the small business sector. As has been noted before, that burden typically consists of three elements. In the first place there are the taxes themselves, whether they are taxes on the profits, the products or the employees. Secondly, there are the efficiency costs (variously referred to as deadweight losses or excess burden), involving tax-induced market distortions. And finally there are the operating costs of the tax system: the costs to the government (ultimately borne by taxpayers) of administering and collecting the taxes (usually referred to as administrative costs), and the costs expended by taxpayers in complying (or sometimes not complying) with their tax obligations (usually referred to as compliance costs) (Cialdini, 2001).

ANALYSIS OF THE STUDY

TABLE 1: TOTAL VARIANCE EXPLAINED

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.388	19.954	19.954	4.952	18.342	18.342
2	2.872	10.638	30.592	2.427	8.987	27.329
3	2.020	7.482	38.074	1.610	5.964	33.293
4	1.876	6.950	45.024	1.365	5.057	38.349
5	1.501	5.560	50.584	.877	3.247	41.597

Extraction Method: Principal Axis Factoring

Principle Axis Factoring was used to extract the 5 most important factors affecting Non-tax compliance amongst SMEs in the Bulawayo CBD. In this analysis, only the first five factors were retained. The table above lists the eigenvalues associated with each factor before extraction, after extraction and after rotation. The eigenvalues associated with each factor represent the variance explained by that particular factor. The five factors are (Factor 1) Complexity of the tax system, (factor 2) Norms, (factor 3) economic factors, (factor 4) deterrence to tax evasion and (factor 5) possibilities to tax evasion. According to the responses received, complexity of the tax system was rated the one with the greatest effect towards non-tax compliance of SMEs in Bulawayo, CBD. Possibilities to tax evasion was rated the one with the least effect to non-tax compliance. In the above table, we are most interested in the "Extraction Sums of Squared Loadings" which represents the "work" done by the factor analysis. As can be seen, the first eigenvalue is equal to 4.952, and corresponds to 18.342% of the variance in the original data. The second eigenvalue is equal to 2.427, corresponding to the second factor, is associated with 8.987% of the variance in the original data. The third eigenvalue is equal to 1.610, corresponding to the third factor, is associated with 5.964% of the variance in the original data. The fourth eigenvalue is equal to 1.365, corresponding to the fourth factor, is associated with 5.057% of the variance in the original data. The fifth eigenvalue is equal to 0.877, corresponding to the fifth factor, is associated with 3.247% of the variance in the original data. Together, the five factors explain 41.597% of the variance in the original data. The extent to which each factor affected the non-tax compliance of SMEs of Bulawayo CBD is derived from the percentage of variance of each factor and from the table above, the factor with the highest cause is the complexity of the tax system (% variance of 18.342%), followed by norms (% variance of 8.987%), then Economic factors (% variance of 5.964%), followed by deterrence to tax evasion (% variance of 5.057%) and the factor with the least affect is possibilities to tax evasion (% variance of 3.247%).

FIG. 1

Scree Plot
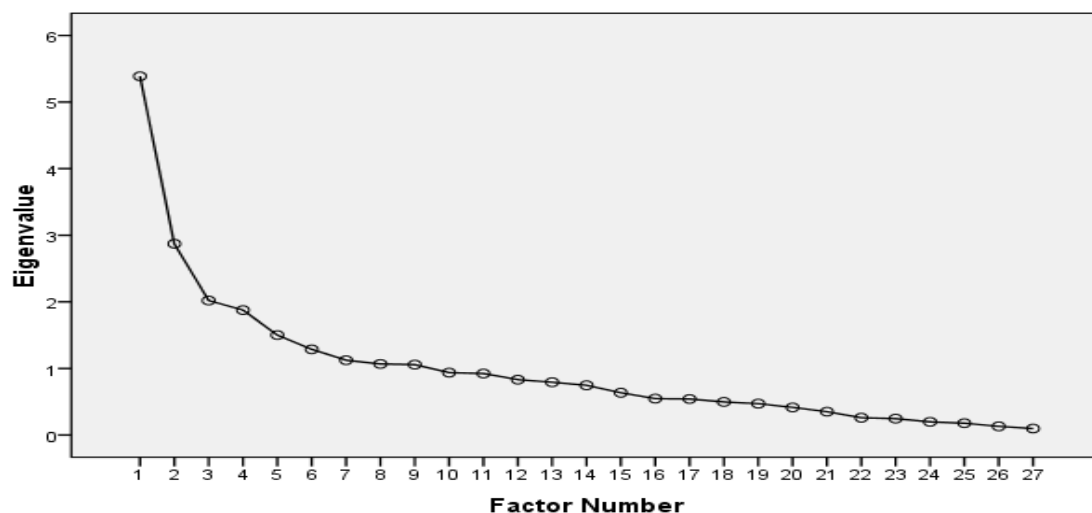
In the scree plot the eigenvalues are plotted from largest to smallest. The factor with the highest eigenvalue has the greatest cause to non-tax compliance of SMEs in Bulawayo CBD and in the scree plot it is factor 1 (Complexity of the tax system). This explains the lack of Adam smith's canons of taxation in the tax system which is canon of equality, certainty, convenient and economy. The second factor with effect close to the complexity of the tax system is factor 2 (Norms), then factor 3 (Economic factors), followed by factor 4 (Deterrence to tax evasion) and the one with least effect is factor 5 (possibilities to tax evasion). This factor is located at the bend and that is where the retention of factors stops. The rest of the factors are ignored.

FINDINGS AND SUGGESTIONS

The following were the findings of the study:
1.   Five important factors causing non-tax compliance of Bulawayo, CBD were identified and these were:
   a.   Complexity of the tax system
   b.   Norms
   c.   Economic factors
   d.   Deterrence to tax evasion
   e.   Possibilities to tax evasion
2.   Among the 5 factors causing non-tax compliance of SMEs in Bulawayo, CBD:
   a.   Complexity of the tax system was identified as the factor which has the greatest effect towards non-tax compliance than the other factors. It had a percentage variance of 18.342% and it occupied the highest point on the scree plot.

b.   Norms were found to be the second to complexity of the tax systems in terms of the effect to non-tax compliance of Bulawayo SMEs. It had a percentage variance of 8.9872% and it occupied the second highest point on the scree plot.

c.   Economic factors were identified as the third in terms of its effect to non-tax compliance of Bulawayo SMEs.

d.   Deterrence to tax evasion was rated the fourth in its effect to the non-tax compliance of Bulawayo SMEs

e.   Possibilities to tax evasion were found to be the factor with the least effect towards the non-tax compliance of SMEs in Bulawayo, CBD. It had a percentage variance of 3.247% and it found on the bend of the scree plot.

REFERENCES

1.   Albanesi, Stefania and Christopher. (2006). Dynamic Optimal Taxation with private information. Oxford University press.
2.   Baurer, T. (2005). Tax Administrations and Small and Medium Enterprises (SMEs) in Developing countries. Washington, DC: World Bank.
3.   Bhorat, H. (2003). South African Journal of Economics. "Thee october Household Survey, Unemployment and the informal sector : a note", 320-326.
4.   Brafmand, O., & Brafman, R. (2009). Sway: The irresistible pull of irrational behavior. New York: Random House.
5.   Braithwaite, V. (2009). Defiance in Taxation and Governance: Resisiting and Dismissing Authority in a Democracy. Cheltenham, UK: Edward Elgar.
6.   Brown, S., & Schackman, J. (2007). A time series study. Corruption and Socio-economic factors, 30-32.
7.   Cialdini, R. (2001). Influence: Science and Practice. Boston: Allyn and Bacon.
8.   Deloitte. (2013). Tax Highlights. Deloitte.
9.   Finscope. (2012). Zimbabwe SME Survey. ZIMSTAT.
10. Goriwondo, M. (2012). Public Revenue in Zimbabwe and its utilization. Public Revenue, 20-25.
11. Kahneman, T., & Tversky, A. (2004). Prospect Theory: Behavioural Economics, 77-79.
12. Kasipillai, J. (2001). Overview of the Ukrain Tax System. An examination of Deliberate Non-Compliance, 2-7.
13. Kirchler, E. (2007). The Economic Psychology of Tax Behavior. Cambridge: Cambridge University press.
14. Lavoie, R. (2008). Cultivating a compliance culture. An alternative approach to addressing the tax gap, 30-36.
15. Murphy, K. (2004). The role of trust in Nurturing compliance: A study of accused tax avoiders. Chicago: Yaman call.
16. OECD. (2004). Managing and imroving Tax Compliance.
17. OECD. (2008). Taxation in Developing Countries. OECD.
18. Oosterhout, J. (2009). Corporate Governance and Tax compliance. Oxford: Oxford University.
19. Reno, B., Cialdini, R., & Kallgren, R. (2003). The journal of Personality and Social Psychology. The Transsituational influence of social norms, 66-70.
20. Scholz, J. (2000). American journal of political science. Trusting and Paying: testing the heuristic approach to collective action, 44-45.
21. Smith, K. (2001). Framing Justice: Taxpayer evaluations of personal tax burdens. Law and Society Review.
22. Strumpel, B. (2002). The contribution of survey research to Public Finance, 50-53.
23. Tabachnick, B., & Fidell, L. (2001). Using Multivariate Statistics. New York: Harper Collins College Publishers.
24. Tedds, L. (2007). Keeping it off the Books: An Empirical Investigation of Firms that engage in tax evasion. Victoria: University of Victoria.
25. Torgler, B. (2005). Tax Morale and Democracy. European journal of Poltical economy, 66-72.
26. Tylor, T. (2004). Why people obey the Law: Precedural Justice, ligitimacy and compliance. New Haven: Yale University press.
27. Webley, P. (2002). Econmic Psychology. The prediction of self-reported and hypothetical tax evasion, 15-18.
28. Wenzel, M. (2004). An analysis of Norm processes in Tax compliance, 24-26.
29. Wenzel, M. (2005). Casual relations between ethics , norms and tax compliance, 20-22.
30. ZIMSTAT. (2012, November 20). Economic Growth. Growth of SMEs.

WEBSITES

31. www.smeaz.org. (n.d.). Ministry of SMEs, Zimbabwe.
32. www.zimra.co.zw. (n.d.). ZIMRA.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   4

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

http://ijrcm.org.in/

STUDY ON ATTRITION AND RETENTION FOR BUSINESS DEVELOPMENT EXECUTIVE AT PRIVATE SECTOR BANK, PUNE

SHIKHA SINDHU
ASST. PROFESSOR
INDIRA SCHOOL OF BUSINESS STUDIES
PUNE

ASHU SINDHU
DEPUTY MANAGER
VIDEOCON INDUSTRIES
AURANGABAD

ABSTRACT

The study undertaken is "Attrition and Retention" of B.D.Es. The primary objective of research is to find out causes of attrition of B.D.Es and suggesting some retention measures to the organization. The secondary objective of research is to calculate the attrition rate of B.D.Es and cost of attrition per employee. The study also involves finding out the factors of dissatisfaction among B.D.Es. The researcher has carried out a descriptive research and has used statistical methods like chi-square test to arrive at conclusions. The sample size is 4 HR and 80 B.D.Es. The sampling technique used is simple random sampling as per the convenience of researcher. As a result of informal discussion with HRs, it was understood that according to them salary is the main reason for B.D.Es attrition. The researcher then surveyed the B.D.Es and also made use of exit interviews to find out the top 5 factors for B.D.Es attrition. It was found out that contrary to HR belief salary is not the prime important reason for B.D.Es attrition. Rather, it is ranked 3rd. Top 5 reason in descending order are Opportunity for Growth & Development, Relationship with Supervisor, Salary, Location and Job Content. After collecting primary data from B.D.Es through questionnaire and applying chi-square test, it is found out that Bank B.D.Es are satisfied on salary and job content, but the organization needs to address rest three issues. The researcher has suggested some step to increase the satisfaction level of B.D.Es on three fronts i.e. Opportunity for Growth and Development, Relationship with Supervisor and Location. And thus, bring down the attrition rate. The limitation of research is that the sample size was limited to one region, thus the results cannot be generalized to other region. Also, some of the employees were not candid enough to divulge all the required information. However, the magnitude of the influence of these limiting factors can have a bearing on the report, but is too little to alter the basic objectives of the report.

KEYWORDS
employee attrition, employee retention, business development executive.

INTRODUCTION
The project undertaken is to study the attrition and retention of B.D.Es at private Bank. Attrition is defined as the rate at which work force is gradually decreasing due to employee leaving a firm through normal means such as resignation, retirement and death. While employee retention is the fraction of employees staying in the organization in a given period of time. It is very important for an organization to retain its talent in order to remain competitive in the market.

The purpose of this report is to find out the factors responsible for employee attrition at private bank and to study the various areas of dissatisfaction among B.D.Es. The scope of this report for the company is to help it bring down attrition rate by increasing the satisfaction level among B.D.Es towards the parameters most important to them.

REVIEW OF LITERATURE
Attrition, in Human Resource terminology, refers to the phenomenon of the employees leaving the company. It is usually measured with a metric called attrition rate, which simply measures the no of employees moving out of the company (voluntary resigning or laid off by the company). It is also referred as churn rate or turnover.

High attrition is a cause of concern for a company as it presents a cost to the company. The company loses on the amount it spent to recruit and select these employees and to train them for their respective jobs. The company may also have to spend additional money to fill the vacancies left open by these employees.

OBJECTIVES
PRIMAY OBJECTIVES
* To find out what according to HR is responsible for B.D.E attrition.
* To find out the causes of attrition and suggesting better retention measures.

SECONDARY OBJECTIVES:
* To calculate the Attrition rate of B.D.Es.
* To calculate the cost of attrition per B.D.E.
* To find out the various areas of dissatisfaction among B.D.Es.

RESEARCH METHODOLOGY
The research design used for the study of recruitment procedure is descriptive in nature because the study involves a combination of both secondary data in the form of induction booklet of bank, various articles on recruitment and also the primary data in the form of information collected by conducting interview with the HR executives of the bank. It is not explorative because explorative research involves the collection of data only through secondary source.

SAMPLING
POPULATION:
a)	The population includes the all the HR professionals of the bank i.e., 4 personnel.
b)	The 80 Business Development Executives (BDE).

SAMPLE SIZE
a)	4 HR professional
b)	80 BDEs

SAMPLING TECHNIQUE
The sampling technique used by researcher for the study is convenience sampling as the researcher has not used any scientific method for the purpose of sampling.

METHOD OF ANALYSIS

a)   Statistical method used was Chi-Square Test

b)   Statistical tools like charts, graphs and tables were used to represent and interpret the data.

DATA COLLECTION METHODS

Data collection is a process of obtaining valuable and reliable information for the purpose of research.

The data was collected mainly by the following methods:

1. **PRIMARY DATA**

a. Questionnaire: Questionnaire method was used to take information from the BDEs, to understand the areas of dissatisfaction and the factors for which a B.D.E would stay in an organization.

b. Interview: Informal interview with HR was conducted to understand what according to HR was responsible for B.D.E attrition.

2. **SECONDARY DATA**

Secondary data was collected through various already existing prints such as:

- Exit interview file of bank.
- Internet.
- Magazines.
- Journals.
- Various books.
- Company Website.
- Company Annual Report.

RESULT AND DISCUSSSION

SECTION 1

PART 1: CALCULATING ATTRITION RATE OF PUNE CIRCLE B.D.E

Experts said that attrition would be in double digits in all the sectors. It would be highest in the IT/ITeS sector at 31 per cent, followed by telecom (26 per cent), banking and financial services (23 per cent), aviation and hospitality (22 per cent), real estate (15 per cent), FMCG (21 per cent), automobile and manufacturing (19 per cent) for the year 2011-12.

HR consultants are of the view that employers needs to take various steps in order to retain talent like providing career opportunities and suitable work environment as high attrition impact the company's resource negatively. Hence, it is important to consistently monitor attrition rate of the organization.

TABLE: SECONDARY DATA PRESENTATION: YEAR: 2010 -2011

Year	Months	Appointments	Separation	Total Strength
	Month Wise Report of Total Strength of Employee (2010-2011)			
2009-2010	**Mar,2010**			**798**
2010-2011	Apr	9	**2**	805
	May	68	**55**	818
	Jun	90	**30**	878
	July	20	**2**	896
	Aug	9	**2**	903
	Sep	13	**2**	914
	Oct	11	**2**	923
	Nov	3	**0**	926
	Dec	28	**55**	899
	Jan,11	93	**12**	980
	Feb,11	0	**2**	978
	Mar,11	0	**2**	**976**
	Total		**166**	

Source: Information gathered from documents of Bank

CALCULATION OF ATTRITION RATE

Attrition rate= [No of resignations] / [(No of emp. at yr start +No of emp. at yr end) /2]

Year 2010-11:

= [166]/ [(798+976)/2]

=**18.7%**

Table: Year : 2011 -2012

Year	Months	Appointments	Separation	Total Strength
	Month Wise Report of Total Strength of Employee (2011-2012)			
2010-2011	**Mar,2011**			**976**
2011-2012	Apr	7	**0**	805
	May	102	**61**	818
	Jun	91	**41**	878
	July	19	**0**	896
	Aug	30	**5**	903
	Sep	37	**12**	914
	Oct	42	**17**	923
	Nov	29	**5**	926
	Dec	84	**59**	899
	Jan,12	64	**33**	980
	Feb,12	0	**1**	978
	Mar,12	0	**1**	**1250**
	Total		**235**	

Source: Information gathered from documents of Bank

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

6

CALCULATION OF ATTRITION RATE

Attrition rate= [No of resignations] / [(No of emp. at yr start +No of emp. at yr end) /2]

Year 2011-12:

= [235]/ [(976+1250)/2]

=**21.1%**

Observation: Bank is facing a high attrition rate of over 21%. . It was of high concern to the organization. It becomes a serious issue because the rate of attrition is increasing drastically which raised an alarm to the management to understand where they are going wrong. Change in policies and strategy due address attrition issue is going to benefit the company. Bank attracts good people but the only question mark is whether it will retain them.

DATA ANALYSIS

ANALYSIS

From the above graphs, it can be seen that the separation and new appointments are quiet high, specifically in the month of Dec, Jan, May and June. It gives an indication that somewhere company is not able to hire right person.

We can see that Bank is facing a high attrition rate of over 21%. It also indicates that organization retention policy is not working as effectively as it should be. Bank is a private Indian bank with great potential and talent, and it should try to improve its performance ontalent retention.

The findings raise an important question. Bank attracts good people but the question is whether it will retain them.

PART 2: CALCULATING ATTRITION COST OF B.D.E IN PUNE CIRCLE

COST OF ATTRITION

The cost of attrition is not just the cost involved in recruiting the new resource. It also involves other cost like training the new resource, productivity lost cost etc.

The researcher will try to find out the cost involved when an existing B.D.E leaves and new resource is hired.

1. RECRUITMENT COST

Calculation Model

The cost of recruitment for B.D.E is taken from another study conducted in parallel at bank by another researcher. This cost includes advertisement cost, consultant fee, online test cost, medical checkup and operation cost.

Finding: Recruitment cost for BDE hired is 4800 Rs (approx.)

2. OTHER COSTS (OF ATTRITION)

Calculation Model

After going through literature on attrition cost, online browsing and discussion with HR team, the impact factors which are significant and relevant to bank are listed. The cost is attached to these factors after finding out industry standard and in consultation with HR department.

While calculating these costs, the researcher has to take certain assumptions. It was also not possible to take into consideration all the cost, like opportunity cost etc. because it's not possible to calculate the cost of opportunity realistically. The factors and assumption associate are listed below.

Factors and Cost

FC1. Calculate the cost of the person(s) who fills in while the position is vacant. Cost increases with proportion to position and duration.

FC2. Calculate the cost of lost productivity at a minimum of 50% of the person's compensation and benefits cost for each week the position is vacant, even if there are people performing the work.

FC3. Calculate the lost productivity at 100% if the position is completely vacant for any period of time.

FC4. Calculate the cost of conducting an exit interview to include the time of the person conducting the interview, the time of the person leaving; the administrative costs of stopping payroll benefit deductions, benefit enrollments.

FC5. Calculate the cost of the manager who has to understand what work remains, and how to cover that work until a replacement is found.

FC6. Calculate the cost of training your company has invested in this employee who is leaving. Include cost of trainer & trainee for formal as well as informal trainings.

FC7. Calculate the impact on departmental productivity because the person is leaving. Who will pick up the work, whose work will suffer, what departmental deadlines will not be met or delivered late. This is difficult to calculate. When the person is leaving, who will pick the work, who will suffer, what deadline will be missed.

FC8. Calculate the cost of lost knowledge, skills and contacts that the person who is leaving is taking with them out of your door. Use a formula of 30% of the person's annual salary for one year of service, increasing each year of service by 10%.

FC9. Subtract the cost of the person who is leaving for the amount of time the position is vacant.

ATTRITION COST CALCULATION

TABLE

Impacting Factors	Avg. %	Extra Cost	Ref No.
Cost of Exiting	2.5%	287.5	FC 4
Cost of Training	115%	13225	FC 6
Cost of Backup Manager	10%	1150	FC 5
Cost of person who fills in while the post is vacant.	20%	2300	FC 1
Cost on Departmental productivity and risk	5%	575	FC7
Cost of knowledge, skill and contact lost	30%	41400	FC 8
Cost of Productivity	35%	4025	FC2& 3
Total		**62962.5**	
Subtract the cost of person who is leaving for the amount of time the position is vacant		(-)23000	FC 9
Total Other Cost incurred on replacement		**39962.5**	
Recruitment Cost		4800	Apx I
Total Cost Incurred on each replacement		**44762.5**	

YEAR WISE SEPARATION COST (IN ACTUAL)

TABLE

Year	Separation	Cost (in Lakh)
2010-11	166	**74.3**
2011-12	235	**105.19**

FINDING

1. Cost of replacing an employee is 45000 (Approx).
2. Direct recruitment cost is much less than other cost incurred due to attrition.
3. Attrition cost is quite high for years 2010-11 and 2011-12 and increase in attrition cost is high.

PRESENTATION OF DATA AND ANALYSIS
CONTRIBUTION OF "OTHER COST" IN ATTRITION COST

Interpretation:
The amount spent on hiring a new employee to replace leaving employee is just 11% of total attrition cost. Most of the cost involved is lost in productivity, loss of knowledge, skills and contacts. So, we need to consider hidden cost while understanding attrition cost.
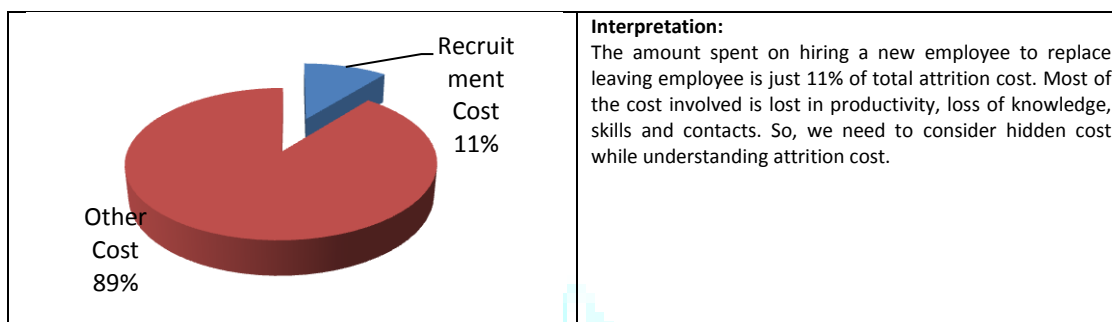
ATTRITION AND COST OF ATTRITION

Interpretation:
Number of BDEs leaving the organization has increased in 2011-12. Hence the actual cost has also increased.
The cost and no. of employee leaving organization is significant. The Attrition should thus be taken seriously and steps should be initiated to retain employees.
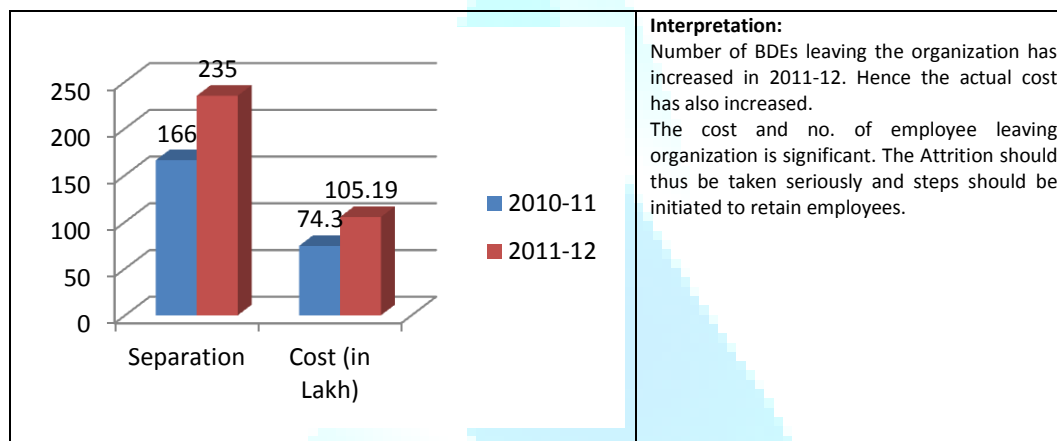
FINDING
1.   Attrition rate is high.
2.   Attrition rate is continuously increasing. Rate of increase is high.
3.   Attrition cost includes recruit cost and hidden costs. Hidden costs are much higher than recruit cost.

CONCLUSION
From the finding, the researcher concludes that there is immediate need to understand the reason behind high attrition. The high cost of attrition motivates us to address the issue to reduce the attrition which is increasing at alarming rate.

SECTION 2
From the Section 1, the researcher could conclude that attrition rate is high and to replace the leaving employee the organization has to pay a cost. The cost is not just the direct cost but also training cost, productivity cost, departmental risk, cost due to loss of knowledge and skill.
As per the above study, this cost is quiet high (105 lakh for 2011-12). Hence, Attrition reasons need to be understood and addressed. This part of the study aims at finding the attrition reasons and suggests measure;both policy and process, to decrease attrition rate and improve retention of employee.
The strategy is to first show the result of Section 1 to HR department and get feedback on retention efforts taken by them. Then the researcher will get the perspective of employee on the reason for attrition and try to understand the gap. The researcher will give suggestion on factors which the employee thinks are important to stay in organization.

PART 1: HR DEPARTMENT RESPONSE ON SECTION 1 FINDING
HR personnel appreciate the finding of the study. The HR however has an explanation for the high attrition rate. The B.D.E is an entry level post. The remuneration for such employee is competitive as per the market. However, these employees are constantly on the lookout for other opportunities and shifts even if they get meager hike of 500-1000 Rs. Sometimes the opportunity they get is entirely different, may be in different role, department or even sector. Secondly, when they B.D.E decide to leave organization, HR does not negotiate on salary.
HR Department is pretty confident that as far as B.D.E is concerned, **Salary is the primary reason for leaving organization.** Hence, it is difficult to retain such employee as policy of no negotiation of salary exists. To get the perception of employee, it was decided to conduct a survey.

PART 2
A survey was conducted with existing BDEs to understand the most important factor for which they would stay with the organization. 10 Factor were identified as important for any individual to stick with the organization. The survey result data is presented at tabular format below.

PRESENTATION/ANALYSIS OF DATA
DATA INTERPRETATION
There are couples of reasons in addition to Salary for any B.D.E to stay in an organization. Growth and development has come as the first concern followed by Relation with Supervisor and Salary. However, the surprise factor was location of job.

PRESENTATION OF SURVEY DATA
From the above survey and reviewing exit interviews:
1. Is Salary the most important factor for leaving the organization?

Source	Sample Size	Sal (Yes)	Sal (No)
Survey	50 (Existing Employees)	19	31
Exit Interview	30 (Left Employees)	14	16
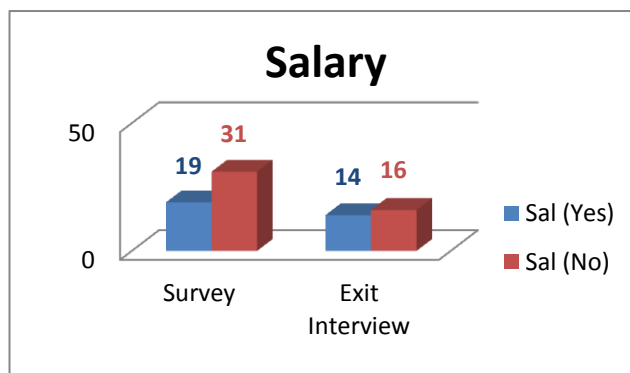
Interpretation: In above survey data, if the salary has got 10 rating, it means that for that employee salary is most important factor. So, he may leave organization if he gets better salary. However, in rest of the cases, some other factor is more important than salary.

For exit interviews, the researcher has gone through documents and if depending on the reason for leaving organization the researcher taken the data.

STEP 3: CHECKING HYPOTHESIS WITH CHI- SQUARE TEST

H0: Salary is not the most important reason why people leave the organization.

H0: Salary is the most important reason why people leave the organization.

Source	Sample Size	Sal (Yes)	Sal (No)	Row Total
Survey	50	19	31	50
Exit Interview	30	14	16	30
Col. Total		33	47	

Grand Total : 80		Calculating Expected Frequency (EF):	
		EF = (Row Total * Column Total) / Grand Total	
Ob1	19	EF1	20.625
Ob2	31	EF2	29.375
Ob3	14	EF3	12.375
Ob4	16	EF4	17.625

	Observed(O)	Expected (E)	O-E	(O-E)^2	(O-E)^2/E
	19	20.625	-1.625	2.6406	0.12803
	31	29.375	1.625	2.6406	0.089894
	14	12.375	1.625	2.6406	0.213384
	16	17.625	-1.625	2.6406	0.149823
				Total	**0.58113**

DoF   = (No. of Rows – 1) * (No. of Cols – 1)

No. of Rows   = 2

No of Cols   = 2

Therefore, DoF   = (2-1) * (2-1)

                 = 1

Level of Significance = 0.5

Chi-Square Value = 3.841

As calculated value is less table value we accept null hypothesis that salary is not the most important criterion leading to employee attrition

Conclusion: After conducting chi-square test on the survey data and information from exit interviews, we found out that **salary is not the most important criterion for leaving the organization.**

SECTION 3

From the previous section, we have definitely established that Salary is not the most important reason for leaving the job. Alternatively, there are other reason for which employee is more likely leave the job. In this section we will establish those factors, and establish them with second survey. This survey will be specific to those 5 factors which come out as important for an employee to stay in organization. Hence this section will have following parts

Part I: Identify 5 most important reasons for leaving organization from data collected first survey.

Part II: Conduct second survey to get data on these factors.

Part III Perform chi-square to establish importance of these factors.

Part 1: Identify 5 most important factors from data collected from Survey I.

Following table is formed from data collected from survey I (Table No.)

Factor	Abbreviation	Total
Opportunity for Growth and Development	OGD	395
Relation with Supervisor	RS	367
Salary	Sal	348
Location	Loc	321
Job Content	JC	314
Brand Name	BN	249
Relation with Peer	RP	223
Benefits	Ben	208
Management Policy	MP	185
Availability of Resource to do job	ARJ	160

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/   9
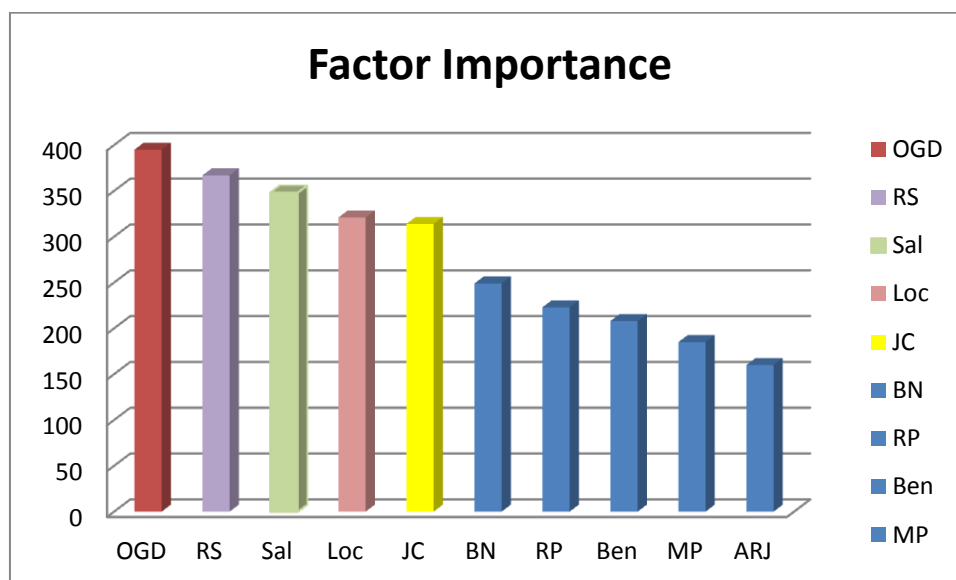
Part 2: Conduct Second Survey to get data on these 5 Factors (Data Analysis)

Does bank provide you enough opportunity for career growth and development?

Option	No. of Employees
Yes	34
No	46

Interpretation: Large number of employee feels that they do not have career growth and development opportunity with bank. This reflecets that employee does not have clarity of their future with bank. This miscommunication should be addressed to improve attrition rate

Does your supervisor provide you sufficient guidance and support?

Option	No. of Employees
Yes	36
No	44

Interpretation: Large number of employee feels that they do not have enough help and support from supervisor.This is critical issue and the senior staff should be trained if required. Regular meeting and team building exercise should be conductive to improve relation with supervisor.

Do you think your salary is competitive?

Option	No. of Employees
Yes	44
No	36

Interpretation: Contrary to HR perception, majority of employee feel that Salary is not that important factor to leave the organization. It also indicates that bank is competitive pay master.

Does bank provide you the preferred location?

Option	No. of Employees
Yes	44
No	36

Interpretation: Bank is currently does not provide prefered location to its employee. The bank should have some process of identifying employee who wants to change the location and giving them information when the situation is vacant at that area.

Do you thing job is challenging enough?

Option	No. of Employees
Yes	50
No	30

Interpretation: Employee feel that their job is challenging.

How long you are associated with Bank?

Option	No. of Employees
8-12 month	30

This information is to get additional information on data. To check how various experience group think in organization.

Data Reprentation (Survey 2)

	Factors ->	OGD	RS	Sal	Loc	JC
8-12 mon	Yes	12	11	22	14	23
	No	18	19	8	16	7
>1 year	Yes	22	25	22	19	27
	No	28	25	28	31	23

PART 3: PERFORM CHI-SQUARE TEST TO CHECK IMPORTANCE OF THESE 5 FACTORS

From the above, we have identified 5 most important factors responsible for leaving the organization. To substantiate our finding, we decided to conduct second survey. This survey will specifically ask about these 5 factors. We will then conduct chi-square test on the data.

Experience :
1.   8mnth – 1yr (30)
2.   More than 1 yrs (50)

FACTOR WISE CHI-SQUARE RESULT

The detail calculation is done in Appendix II (A, B, C, D, E). The result is shared here.

1 .OPPORTUNITY FOR GROWTH AND DEVELOPMENT

H0: bank does not provide enough opportunity for growth and development.

H1: bank does provide enough opportunity for growth and development.

CALCULATION

Experience	Sample Size	OGD (Yes)	OGD (No)	Row Total
8-12 mon	30	12	18	30
1 Yr	50	22	28	50
Col. Total		34	46	

Grand Total : 80

Calculating Expected Frequency (EF):
EF = (Row Total * Column Total) / Grand Total

Ob1	12		Ex1	12.75
Ob2	18		Ex2	17.25
Ob3	22		Ex3	21.25
Ob4	28		Ex4	28.75

Observed(O)	Expected (E)	O-E	(O-E)^2	(O-E)^2/E
12	12.75	-0.75	0.5625	0.044118
18	17.25	0.75	0.5625	0.032609
22	21.25	0.75	0.5625	0.026471
28	28.75	-0.75	0.5625	0.019565
			Total	**0.122762**

DoF   = (No. of Rows – 1) * (No. of Cols – 1)

No. of Rows   = 2

No of Cols   = 2

Therefore, DoF   = (2-1) * (2-1) = 1

Level of Significance = 0.5

Chi-Square Value = 3.841

RESULT

As calculated value is less table value we accept null hypothesis that bank does not provide enough opportunity for growth and development.

Conclusion: After conducting chi-square test on the survey data, we found out that bank does not provide enough opportunity for growth and development.

2 . RELATION WITH SUPERVISOR

H0: Supervisor does not provide sufficient guidance and support

H1: Supervisor does provide sufficient guidance and support

CALCULATION

Experience	Sample Size	RS (Yes)	RS (No)	Row Total
8-12 mon	30	11	19	30
1 Yr	50	25	25	50
Col. Total		36	44	

Grand Total : 80

Calculating Expected Frequency (EF):
EF = (Row Total * Column Total) / Grand Total

Ob1	11		Ex1	13.5
Ob2	19		Ex2	16.5
Ob3	25		Ex3	22.5
Ob4	25		Ex4	27.5

Observed(O)	Expected (E)	O-E	(O-E)^2	(O-E)^2/E
11	13.5	-2.5	6.25	0.462963
19	16.5	2.5	6.25	0.378788
25	22.5	2.5	6.25	0.277778
25	27.5	-2.5	6.25	0.227273
			Total	**1.346801**

DoF   = (No. of Rows – 1) * (No. of Cols – 1)

No. of Rows   = 2

No of Cols   = 2

Therefore, DoF   = (2-1) * (2-1) = 1

Level of Significance = 0.5

Chi-Square Value = 3.841

Result

As calculated value is less table value we accept null hypothesis that Supervisor does not provide sufficient guidance and support

Conclusion: After conducting chi-square test on the survey data, we found out that Supervisor does not provide sufficient guidance and support.

3. SALARY

H0: Salary given by Bank is not competitive.

H1: Salary given by Bank is competitive.

Calculation

Experience	Sample Size	Sal (Yes)	Sal (No)	Row Total
8-12 mon	30	22	8	30
1 Yr	50	22	28	50
Col. Total		44	36	

Grand Total : 80		Calculating Expected Frequency (EF): EF = (Row Total * Column Total) / Grand Total		
Ob1	22		Ex1	16.5
Ob2	8		Ex2	13.5
Ob3	22		Ex3	27.5
Ob4	28		Ex4	22.5

Observed(O)	Expected (E)	O-E	(O-E)^2	(O-E)^2/E
14	12.375	1.625	2.6406	0.213384
16	17.625	-1.625	2.6406	0.149823
19	20.625	-1.625	2.6406	0.12803
31	29.375	1.625	2.6406	0.089894
			Total	**0.58113**

DoF   = (No. of Rows – 1) * (No. of Cols – 1)

No. of Rows   = 2

No of Cols   = 2

Therefore, DoF   = (2-1) * (2-1) = 1

Level of Significance = 0.5

Chi-Square Value = 3.841

Result

As calculated value is more than table value we reject null hypothesis that salary given by bank is not competitive.

Conclusion: After conducting chi-square test on the survey data, we found out that salary given by bank is competitive.

4. LOCATION

H0: Location preference is not taken into consideration

H1: Location preference is taken into consideration

Calculation

Experience	Sample Size	Loc (Yes)	Loc (No)	Row Total
8-12 mon	30	14	16	30
1 Yr	50	19	31	50
Col. Total		33	47	

Grand Total : 80		Calculating Expected Frequency (EF): EF = (Row Total * Column Total) / Grand Total		
Ob1	14		Ex1	12.375
Ob2	16		Ex2	17.625
Ob3	19		Ex3	20.625
Ob4	31		Ex4	29.375

Observed(O)	Expected (E)	O-E	(O-E)^2	(O-E)^2/E
14	12.375	1.625	2.6406	0.213384
16	17.625	-1.625	2.6406	0.149823
19	20.625	-1.625	2.6406	0.12803
31	29.375	1.625	2.6406	0.089894
			Total	**0.58113**

DoF   = (No. of Rows – 1) * (No. of Cols – 1)

No. of Rows   = 2

No of Cols   = 2

Therefore, DoF   = (2-1) * (2-1) = 1

Level of Significance = 0.5

Chi-Square Value = 3.841

Result

As calculated value is less than table value we accept null hypothesis that Location preference is not taken into consideration

Conclusion: After conducting chi-square test on the survey data, we found out that Location preference is not taken into consideration

5 .JOB CONTENT

H0: Job content is not challenging

H1: Job content is challenging

Calculation

Experience	Sample Size	JC (Yes)	JC (No)	Row Total
8-12 mon	30	23	7	30
1 Yr	50	27	23	50
Col. Total		50	30	

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

12

Grand Total : 80		Calculating Expected Frequency (EF):		
		EF = (Row Total * Column Total) / Grand Total		
Ob1	23		Ex1	18.75
Ob2	7		Ex2	11.25
Ob3	27		Ex3	31.25
Ob4	23		Ex4	18.75

Observed(O)	Expected (E)	O-E	(O-E)^2	(O-E)^2/E
23	18.75	4.25	18.063	0.963333
7	11.25	-4.25	18.063	1.605556
27	31.25	-4.25	18.063	0.578
23	18.75	4.25	18.063	0.963333
			Total	**4.110222**

DoF   = (No. of Rows – 1) * (No. of Cols – 1)
No. of Rows   = 2
No of Cols   = 2
Therefore, DoF   = (2-1) * (2-1) = 1
Level of Significance = 0.5
Chi-Square Value = 3.841

Result

As calculated value is more than table value we reject null hypothesis that Job content is not competitive.

Conclusion: After conducting chi-square test on the survey data, we found out that Job content is not competitive.

FINDINGS

1. As per unstructured discussion with HR, it was found that the organization faces maximum attrition at entry level i.e. B.D.E.
2. Attrition rate calculated for year 2010-11 is 18.7% and that of 2011-12 is 21.1%. Thus the attrition rate is quiet high and it increased significantly from 2010 to 2011.
3. Attrition cost includes various hidden cost like productivity loss, loss of knowledge, skill. The Attrition cost of each B.D.E is 45000 Rs.
4. Direct recruitment cost for an employee (4800Rs) is much lower that the total cost incurred due to attrition of an employee (45000 Rs).
5. Contrary to HR belief, salary is not the most important reason for B.D.E attrition in the organization (As derived by Chi-Square test).
6. Out of ten parameters studied, Growth and Development came out as the most important reason for B.D.E to stay in the organization.
7. Relationship with Supervisor comes second, Salary third, Location fourth and Job content fifth.
8. Out of above mentioned five factor, B.D.E's at Bank were satisfied on two front:- Salary and Job Content.
9. As revealed by the survey, organization lacks in providing:-
    I.   Opportunity for Growth and Development
   II.   Good Relationship with Supervisor.
  III.   Preferred Location to Employee.

RECOMMENDATIONS

I) OPPORTUNITY FOR GROWTH AND DEVELOPMENT
1. At the time on induction, employee expectation should not be raised too high.
2. Employee performance should be constantly monitored by the supervisor.
3. Employee training needs should be identified accurately.
4. Training should be provided as and when required.
5. Mentoring programs, online personal assessment should be conducted.
6. Take frequent feedback and suggestion.
7. Provide Career Counseling.
8. Maintain communication about advancement opportunity.

II) RELATIONSHIP WITH SUPERVISOR
1. Foster open communication.
2. HR and Supervisor must create a culture where employee feel free to approach supervisor for any problem.
3. Supervisor should actively monitor and recognize employee performance.
4. Informal discussions.
5. Bi-monthly formal meeting between supervisor and sub-ordinates.
6. Implement buddy system.

III) LOCATION
Though location may not be an attrition reason for employees at higher level, but for B.D.E who has limited pay, location is an important factor to stay or leave an organization.
1. Location preference of candidate must be taken down at the time of interview.
2. If the organization has vacancy available in that region, it should be assigned to the employee
3. If no vacancy is available at preferred location, it should be communicated to the candidate at the time of interview itself.Efforts should be undertaken to assign the new recruit at the nearby location.
4. As and when the vacancy is available, employee should be transferred.

IV) GENERAL
1. Stay interviews must be conducted periodically.
2. Opinion survey, feedback forums, employee suggestion box or committee and employee satisfaction surveys must be conducted at regular intervals.

CONCLUSION

Study of HR practices and employee attrition in the organization was a great learning experience. It helped in understanding the intricacies of HR role in an organization. The study helped in finding out the most critical reasons responsible for employee attrition in the organization. It brought various concerns of the employees to the forefront. Apart from the project there was also a lot of on-the-job training which helped enhance HR skills and gain a better understanding of the functioning of HR. It was an effective learning in combining the theoretical and practical aspects relating to project.

There has been immense learning in the field of employee retention. The basics about attrition and retention, attrition calculation, cost of attrition, consequences of high attrition rate and reasons for attrition.

The study helped in understanding the relative importance of various factors responsible for employee attrition, also revealed the fact that that opportunity for development and growth is most important for the employees of the organization. There is a crisis in human capital management. We need fundamental reform in order to address this crisis and ensure long-term ability to hire and manage a high-quality, high-performing workforce. Most employees are not motivated solely by money. Historically, firms have used money and financial rewards to retain employees. High tech employees are enjoying the fastest salary progression of almost any profession, yet they are changing jobs constantly. Today's employees seek more than monetary compensation. Research conducted in the company revealed that opportunity for development, relationship with supervisor, salary, location and job content are important reasons for employee attrition. The myth that salary is the most important reason for employee attrition was clarified as employees are more concerned about opportunity for development. Salary is also important, salary needs to be competitive with the market rates otherwise there is a high risk of losing your employees to your competitors. I also learned that even though the salary might be high, an employee would be willing to change job for better development opportunity.

Bank can retain employees and reduce attrition rate by dealing with the three important factors behind attrition, Opportunity for development and growth, relationship with supervisor and taking into consideration the BDE's preference for location. Rest two things are already taken care of by the organization.. We are in a time of manpower shortages that will not abate in the near term. Employers have to work smarter and permit employees to work smarter.

LIMITATIONS OF THE STUDY

The study suffers from some limitations due to the problems encountered during the project study.

1. Sample size was limited to Pune circle, thus the results cannot be generalized to other circle.
2. The study is limited to a small time frame of 45 days and hence the results may be biased.
3. Some of the respondents were reluctant to part with certain information on the text of sensitivity of the information and also, in some case the policy of the company came in the way for a free revelation of the desired input.
4. Some of the employees were not candid enough to divulge all the required information.
5. The magnitude of the influence of these limiting factors can have a bearing on the report, but is too little to alter the basic objectives of the report.

REFERENCES

1. J Leslie Mckeown., 2002, " Retaining Top Employees", Tata McGraw-Hill;
2. Ken Dychtwald, Tamara J Erickson, Robert Morison., Workforce Crisis,2006, Harvard Business School Press.

WEBSITE

3. MARCH 2014, http://www.mbaskool.com/business-concepts/human-resources-hr-terms/1772-attrition.html

STRATEGIC ISSUES AND DIMENSIONS OF BRAND MANAGEMENT IN FINANCIAL SERVICES

DR. M.G.KRISHNAMURTHY
DIRECTOR
DEPARTMENT OF MBA
J. N. N. COLLEGE OF ENGINEERING
NAVULE

G.V.MRUTHYUNJAYA SHARMA
RESEARCH SCHOLAR, JNNCE, SHIMOGA; &
ASSOCIATE PROFESSOR
PES UNIVERSITY
BANGALORE

DR. MAHESHA KEMPEGOWDA
ASST. PROFESSOR
DEPARTMENT OF MBA
BIT
BANGALORE

ABSTRACT

Branding tangiblises the service offer and helps in formation of clear values resulting in positive perceptions of the consumers, as it provides a well defined reference point. The branding research in financial services reveals that "consumers know little about specific products, often they do not want to know and are content to assume that the best companies have the best financial products". This study focuses on strategic role of Brand Management in banking, Mutual Fund and insurance sectors and its implications on building strong brands to leave indelible mark in the minds of customer. The research in this domain offers inputs to study the competitive advantage to the companies in the form of building strong brand and considering the Brand as competitive tool. The present study covers six (6) different respondent institutions, namely, (1) Public Sector Banks (PSB), (2) Private Banks (PB), (3) Public Sector Insurance (PSI), (4) Private Insurance (PI), (5) Public Sector Mutual fund (PSMf), and (6) Private Mutual fund (PMf) companies. The final selection of respondent institutions has been made, based on certain parameters like - size, volume of transactions, customer size and profile, branch network, product profile, etc. The study covers a period of five years, i.e., from 2007 to 2011. The year 2010, the year for which the data are available, has been taken to represent the 'Current Year'. The data for the study has been gathered mainly from the primary sources. The primary data has been collected from officials of bank/FI and regulatory agencies, customers, and other stakeholders, by questionnaire method.

KEYWORDS
Branding, Financial services, Strategy, assurance.

1. INTRODUCTION
BRANDING: PRESENT SCENARIO
Kapferer (1997) mentions that before the 1980's there was a different approach towards brands. "Companies wished to buy a producer of chocolate or pasta: after 1980, they wanted to buy KitKat or Buitoni. This distinction is very important; in the first case firms wish to buy production capacity and in the second they want to buy a place in the mind of the consumer". In other words, the shift in focus towards brands began when it was understood that they were something more than mere identifiers. Brands, according to Kapferer (1997) serve eight functions shown in Table 1.1: the first two are mechanical and concern the essence of the brand: "to function as a recognized symbol in order to facilitate choice and to gain time" ; the next three are for reducing the perceived risk; and the final three concern the pleasure side of a brand. He adds that brands perform an economic function in the mind of the consumer, "the value of the brand comes from its ability to gain an exclusive, positive and prominent meaning in the minds of a large number of consumers". Therefore branding and brand building should focus on developing brand value.

TABLE 1.1: BRANDING AND CONSUMER BENEFIT

Function	Consumer Benefit
Identification	To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when you buy the product or service.

Source: Kapferer, J N (1997), Strategic Brand Management, London, Kogan Page

Kapferer's view of brand value is monetary, and includes intangible assets. "Brands fail to achieve their value-creating potential where managers pursue strategies that are not orientated to maximizing the shareholder value" (Doyle, Peter, 2001a).

1.1 FUNCTIONS OF BRAND
There are various functions brands carry for the buyer as well as for the seller. Buyers' brands can help to identify products and thus simplify their product decision by reducing search costs and assuring a certain level of quality. Consequently, the buyer perceives a lower risk in buying the product. (Dalrymple & Parsons, 2000)

Another benefit of brands to buyers is that they can obtain psychological rewards by purchasing brands, which indicate status and prestige, thus reducing their psychological risk related to buying a wrong product. (Dalrymple & Parsons, 2000) Sellers can profit from brands in so far that brands help firms to promote repeat purchases and launch new products. They simplify promotional work and promote brand loyalty across product categories. By creating a vital level of differentiation, brands facilitate premium pricing and make it possible for the seller to consistently communicate to a target group. (Dalrymple & Parsons, 2000)

According to Kotler, Armstrong, Saunders and Wong (2001) the brand can be divided into four different levels, as under:

•*Attributes:* A watch can be nice looking, have many technological features and be expensive.

•*Advantages*: An expensive watch may give the owner a certain status, or one with many features may help the owner be on time. One should look upon the advantages with the attributes in mind.

•*Values*: The buyers of a specific brand will most likely share values with the brand, i.e., the customers of BMW probably value performance, comfort and prestige.

•*Personality*: One can compare a brand with human attributes, and if the brand was actually a person, what type of person would it be?

Brands can furnish a number of benefits to a firm. A brand is believed to be a completely intangible that generates value for firms (Calderon, Cervera, & Molla, 1997). This value can be viewed as additional cash flows generated by a product identified with its brand (Doyle, 1990; Murphy, 1990). Hence, a brand is becoming increasingly important due to its core element status in firm strategy and also due to its financial contribution as an intangible asset (Aaker, 1991; Farquhar, 1989; Feldwick, 1996; Keller, 1993).

2. REVIEW OF LITERATURE

1. **Kotler (2000)** holds branding as "a major issue in product strategy", as the brand is only part of the product, the other part being the communication strategy working towards exposing the brand and creating brand image.

2. **Aaker and Joachimsthaler (2000)** state that "the brand is a sign - therefore external - whose function is to disclose the hidden qualities of the product which are inaccessible to contact". The brand serves to identify a product and to distinguish it from the competition.

3. **Aaker and Joachimsthaler (2000)** discuss the traditional branding model where a brand management team was responsible for creating and coordinating the brand's management program. In this situation, the brand manager was not high in the company's hierarchy; his focus was the short-term financial results of single brands and single products in single markets. The basic objective was the coordination with the manufacturing and sales departments in order to solve any problem concerning sales and market share. With this strategy the responsibility of the brand was solely the concern of the marketing department. In general, most companies thought that focusing on the latest and greatest advertising campaign meant focusing on the brand. The model itself was tactical and reactive rather than strategic and visionary.

4. **Aaker and Joachimsthaler (2000)** subsequently leave behind the traditional branding model and introduce the brand leadership model, "which emphasizes strategy as well as tactics". In this model, the brand management process acquires different characteristics: a strategic and visionary perspective; the brand manager is higher in the organization, has a longer time job horizon, and is a strategist as well as communications team leader.

5. According to **Davis and Dunn (2002)** a brand is always referred to as a series of tactics and never like strategy.

6. **Berry (2000), Dall'Olmo Riley and de Chernatony (2000) and Davis et al. (2000)** in their research provide valuable initial understanding of the role of the brand in a broader service setting. This involves paying more attention to integrating the role of the brand in the value-adding processes that create customer experience, dialogue and learning. Within this logic the customer-brand-relationship may be viewed as a two-way process between the customer and the firm, where the focus is on 'reciprocity, mutual exchange and fulfillment of promises'.

7. **Brodie et al. (2006)** have built on the notion of conceptualizing the brand as a set of promises or 'covenant'. This is done by adapting the framework first developed by Calonius (1986) and refined by Bitner (1995) and Grönroos (1996, 2006) about the way service value is delivered. They outlined a framework, which allows for a customer, employee and organizational perceptions of the service brand. The three types of marketing that influence these perceptions are:

- External marketing (communication between the organization and customers, making promises about the service offer).

- Interactive marketing (interactions between people working within the organization network and end-customers that create the service experience associated with delivering promises about the service offer).

- Internal marketing (the resources and processes enabling and facilitating promises about the service offer involving the organization and people working inthe organization).

2.1 STARTEGIC BRAND MANAGEMENT

As this research work deals with several major concepts and issues, including brand equity, branding strategy, services marketing & management, business strategy, and corporate reputation, the literature pertaining to these issues together with their impact on the financial performance of the firm are briefly discussed in this section.

8. **Aaker and Joachimsthaler (2000)** explore the "organizing structure of the brand portfolio that specifies the brand roles and the relationships among brand and different product-market brand contexts". Put more simply, a firm's branding strategy reflects the explicitness of the relationship between the corporate brand and the firm's product brands.

9. **Olins (2002)** delineates three types of branding strategies that fall along a continuum: monolithic, endorsed and branded. According to him, a firm that chooses to employ the corporate brand as the overarching brand is employing a monolithic branding strategy. In the middle of the continuum, employing the corporate brand alongside a product brand reflects an endorsed strategy, and at the end of the continuum is the branded strategy, using only individual brand names without reference to the corporate brand (also called the "Procter & Gamble" approach because the emphasis is on the product brands, in some cases to the total exclusion of the corporate brand). A monolithic branding strategy provides firms with the strength of consistency. A branded strategy draws attention away from the corporate brand. Thus, depending on the branding strategy of a given firm, the corporate brand can play either a major or a minor role in the face that the firm presents to the world.

3. RESEARCH DESIGN

3.1 BACKGROUND OF THE STUDY

Some of the most successful and powerful businesses in the world are in financial services. But studies have revealed that only five out of the top sixty super brands in Britain are financial services brands – and the same is true in Japan, America and other markets.

"Brand-building in the finance industry is essential to ensure survival. The successful entry of powerful non-financial brands into the market, capitalizing on their strong brand identities and deep customer relationships, is forcing financial institutions to examine the worth of their own brands and the coherence of their brand strategies. This task is made even more difficult by the rise of the Internet.

Branding in financial services is undergoing substantial changes, owing to the dramatic increase in competition following deregulation (Denby-Jones, 1995; Jones, 1999) and the threat posed by new entrants with retail branding experience (Watters and Wright, 1994; Cleaver, 1999). Success in what is fast becoming an overcrowded market will depend on effective brand differentiation, based on the identification, internalization and communication of unique brand values that are both pertinent to and desired by consumers.

3.2 NEED FOR THE STUDY

The new business and marketing orientation now seen among banks and financial institutions has been, in fact, a result of a number of factors like entry of private sector into banking, flexible rules and regulations and dynamic customer needs. These changes have forced the banks/ financial institutions to adopt such new initiatives, which would help them survive and even earn higher profits. Therefore, it has become imperative for the banks/financial institutions to develop close, co-operative relationships with the customers, as they have become more demanding than ever before (Parvatiyar & Sheth; 2004) leading to a focused shift from typical transactional marketing effort to strategic marketing.

One of the distinct aspects on the basis of which a relationship can be effectively developed is a strong brand. In case of the services also, the strong brands are required to gain sustainable competitive advantage. "A strong service brand aims to develop a high quality relationship, in which the customers feel a sense of commitment and belonging, even to the point of passion" (Chematony & McDonald, 1998). However, there is a bigger threat to services, since strong service brands depend on the people providing the brand and it is difficult to standardize the interactions.

Branding tangiblises the service offer and helps in formation of clear values resulting in positive perceptions of the consumers, as it provides a well defined reference point. The branding research in financial services reveals that "consumers know little about specific products, often they do not want to know and are content to assume that the best companies have the best financial products".

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

16

3.3 IMPORTANCE OF THE STUDY

Branding or Brand is considered important not only for companies but they carry equal importance for managerial level personnel in designing competitive brand. From managerial employees' point of view, brand becomes strategic tool for the organisation. Brand for a customer will indicate commitment towards quality from service providers there by reducing time spent in coming to a purchase decision. Brand for companies will indicate a sort of benchmark in quality as well as customer expectation, a point of differentiation from competitors and a steady stream of profit.

3.4 STATEMENT OF THE PROBLEM

The present research encompasses "A Study of Strategic Issues and Dimensions of Brand Management in Financial Services Sector" with special reference to Indian Financial Services Industry.

This study focuses on strategic role of Brand Management in banking, Mutual Fund and insurance sectors and its implications on building strong brands to leave indelible mark in the minds of customer. The research in this domain offers inputs to study the competitive advantage to the companies in the form of building strong brand and considering the Brand as competitive tool.

3.5 OBJECTIVES OF THE STUDY

1. To discuss the concept of brand management, covering the issues of brand, branding, brand management and strategic brand management process.
2. To assess the impact of behavioral dimensions in designing the strategic brand in the organizations.
3. To study the impact of assurance on brand building initiatives taken by different financial service providers.

3.6 HYPOTHESES FOR THE STUDY

"A hypothesis is a logical supposition, a reasonable guess, an educated conjecture. It provides a tentative explanation for a phenomenon under investigation." (Leedy and Ormrod, 2001).

Once the objectives of the study have been set, researchers can formulate specific, testable hypotheses that specify the relationship between programme interventions and outcomes.

However, hypotheses are not unique to research. Hypotheses are constantly generated in the human mind as one works to understand day-to-day phenomena.

Ho: There is no significant difference in impact of assurance on brand building initiatives taken by different financial service providers.

Ha: There is a significant difference in impact of assurance on brand building initiatives taken by different financial service providers.

3.7 SCOPE OF THE STUDY

The present study covers six (6) different respondent institutions, namely, (1) Public Sector Banks (PSB), (2) Private Banks (PB), (3) Public Sector Insurance (PSI), (4) Private Insurance (PI), (5) Public Sector Mutual fund (PSMf), and (6) Private Mutual fund (PMf) companies. The final selection of respondent institutions has been made, based on certain parameters like - size, volume of transactions, customer size and profile, branch network, product profile, etc.

The study covers a period of five years, i.e., from 2007 to 2011. The year 2010, the year for which the data are available, has been taken to represent the 'Current Year'.

3.8 SOURCES OF DATA

The data for the study has been gathered mainly from the primary sources. The primary data has been collected from officials of bank/FI and regulatory agencies, customers, and other stakeholders, by questionnaire method. Data has also been tapped from secondary sources such as – banks'/FIs' annual reports, publications and newsletters.

3.9 PILOT STUDY

After tentatively finalizing the title of the research study, the researcher had a detailed discussion with different persons who are involved in financial services sector to find out the feasibility of conducting the research study. The officials of the banks, mutual fund companies and insurance company at Bangalore were consulted. A pilot study was conducted in order to arrive at the right focus.

3.10 METHODS OF DATA COLLECTION

Data collection means gathering information to address those critical evaluation questions that researcher has identified earlier in the evaluation process. There are many methods available to gather information, and a wide variety of information sources. The most important issue related to data collection is selecting the most appropriate information or evidence to answer one's questions.

3.10.1 Scale Development

To record and provide for later analysis of respondents' answers to research questions, a five point Likert scale was developed as given below:

5. Strongly Agree
4. Agree
3. Neither agree nor disagree
2. Disagree
1. Strongly Disagree

3.11 DATA COLLECTION AND TIME FRAME

In contrast with interviews, where a researcher poses questions directly, questionnaires refer to forms filled in by respondents alone. Questionnaires can be handed out or sent by mail and later collected or returned by stamped addressed envelope. This method can be adopted for the entire population or sampled sectors.

Questionnaires are used to collect regular or infrequent routine data, and data for specialized studies. While the information in this section applies to questionnaires for all these uses, examples will concern only routine data, whether regular or infrequent.

A questionnaire to fill out the form themselves by respondents, and so requires a high level of knowledge and awareness.

3.12 SAMPLING

The study is based on sample survey. The total number of samples considered for this study is 600 comprising the samples have been drawn from Public Sector and Private Sector Banks, Mutual Fund Companies and Insurance Service providers, as given hereunder in Table 3.2. The samples were drawn from each area and sector using Non-probability sampling technique and Convenience sampling method was used to draw the sampling units.

TABLE 3.2: NUMBER OF SAMPLES DRAWN FOR THE SURVEY

Services	Sector	No. Available	Sample Size
Banking	Public	22	100
	Private	21	100
Mutual Fund	Public	5	100
	Private	18	100
Insurance	Public	4	100
	Private	23	100

Source: Primary data

3.13 ANALYTICAL TOOLS USED

Data analysis is the process of systematically searching and arranging the interview transcripts, field notes, and other materials that the researcher accumulates to increase his/her own understanding of them, and to enable him/her to present what he/she has discovered to others.

Analysis involves working with data, organizing them, breaking them into manageable units, synthesizing them, searching for patterns, discovering what is important and what is to be learned, and deciding what the investigator will tell others.

3.14 LIMITATIONS OF THE STUDY

a) The study was conducted among the managerial professionals of only three major financial services, namely, Banking, Mutual Funds and Insurance companies, all situated only in Bangalore city.

b) All the respondents were asked to answer all the questions and as some information had to be recalled from memory, there could be some memory bias.

c) The variables taken for the study are limited to the significant variables in the pilot study.

d) The study period was restricted for a period of Five years (i.e., from 2007 to 2011) and as such the findings may not be applicable to other periods, and other localities in India.

4. ANALYSIS AND INTERPRETATION

I. ASSURANCE

H_0: There is no significant [statistically] difference in rank orders/ preferences of respondents between five types of financial services organisation with respect Assurance.

H_1: There is a significant [statistically] difference in rank orders/ preferences of respondents of at least one of the financial service organisation to another with respect to Assurance.

$H_0 = \mu_{PSB} = \mu_{PB} = \mu_{PSI} = \mu_{PI} = \mu_{PSMF} = \mu_{PMF}$

H_1 = at least one of them not equal to another.

TABLE 4.1: MEAN, STANDARD DEVIATION AND TEST STATISTICS OF ASSURANCE

No.	Descriptive Statistics			Test Statistics[a,b]	
	Factor	Mean	SD	P' Value	Decision
A_1	Organisation instills confidence in customers	4.67	0.491	0.198**	Not Sig
A_2	Creating "feel secured" image in all transactions	4.47	0.538	0.277**	Not Sig
A_3	Consistently courteous with customers	4.58	0.526	0.14**	Not Sig
A_4	Have the knowledge to answer customers' queries	4.61	0.498	0.216**	Not Sig
Df=5	a. Kruskal Wallis Test		b. Grouping Variable: Sectorial Belonging		

INTERPRETATION

From the above table-5.3.1, the mean of A_1, A_2, A_3 and A_4 are 4.67, 4.47, 4.58 and 4.61 respectively, which indicate that the respondents are in agreeableness with the factor Assurance, as the values are almost nearer to the response 'Strongly Agree'. Moreover, the standard deviation for all the statements A_1, A_2, A_3 and A_4 are 0.491, 0.538, 0.526 and 0.498 respectively indicate that the there is not much deviation from the responses as expressed by the respondents with respect to the agreeableness of the factor 'Assurance'.

The above matrix 5.3.1, indicated (**) shows, there is no statistical evidence to say there is a significant difference in rank orders by the respondents of six types of financial service organisations with regard to factor A_1, A_2, A_3 and A_4. Hence, there is no need to go check whether they have significant difference among themselves in rank orders/preference with regard to factor A_1, A_2, A_3 and A_4.

5. SUMMARY OF FINDINGS, CONCLUSION & SUGGESTIONS

SUMMARY OF FINDINGS

In this section, the researcher presents the major findings of the research work, pertaining to the Strategic Issues and Dimensions of Brand Management in Financial Services Sector" with special reference to Indian Financial Services Industry. These findings and other relevant observations are listed according to the variables/parameters investigated and analysed, giving appropriate references to the six segments of Financial Services Segments considered in the study.

ASSURANCE

With respect to this parameter (a) Mean, SD and Test Statistics reveal that all the respondents strongly agree that organisation instills confidence in customers, Creating "feel secured" image in all transactions, consistently courteous with customers, and possess the knowledge to answer customers' queries.

SUGGESTIONS

As Keller comments: *"A brand mantra is an articulation of the "heart and soul" of the brand, a short, three- to five-word phrase that captures the irrefutable essence or spirit of the brand positioning (2008 p.122)."*

Financial services sector indispensable in the modern society. It plays a key role in the economic development, delivering value to the customers and society at large. Realizing the pivotal role of the financial services industry to the national economy, Government of India nationalized fourteen major financial institutions in July.1969 and six more in April, 1974.

CONCLUSION

To conclude, the present research work titled "A Study of Strategic Issues and Dimensions of Brand Management in Financial Services Sector" with special reference to Indian Financial Services Industry, undertaken by this researcher and the report thereon has attempted to capture the multi-dimensional domain of Strategic Brand Management in the Financial Services Sector.

The study was taken up with the objective of: discussing the concept of brand management, covering the issues of brand, branding, brand management and strategic brand management process; assessing the impact of behavioral dimensions in designing the strategic brand in the organizations; identifying the services quality dimensions in creating sustainable competitive advantage as brand management practices in financial services industry.

REFERENCES

1. Aaker, D A. & E. Joachimsthaler (2000), *Brand Leadership*, London, Free Press.
2. Aaker, D. A. (1996), Measuring brand equity across products and markets. California Management Rev. 38(Spring): 102-120, Aaker, D.A. (1991) *Managing Brand Equity*. New York: Free Press.
3. Aaker, D.A. (1991) *Managing Brand Equity*. New York: Free Press.
4. Aaker, D.A.; Keller, K.L. (1990) Consumer Evaluations of Brand Extensions, *Journal of Marketing*, Vol. 54, No. 1, pp. 27-41.
5. Aaker, David & Keller, Kevin (1993), Interpreting Cross-Cultural Replications of Brand Extension Research. *International Journal of Research in Marketing*, 1993:1, 55–59.
6. Aaker, David (1991) Managing Brand Equity. Capitalizing on the Value of a Brand Name. *Free Press*: New York.
7. Aaker, David (1991), Managing Brand Equity. Capitalizing on the Value of a Brand Name. *Free Press*: New York.
8. Carpenter, Glazer & Nakamoto (1990), Competitive Advantage for Late Entry in to the Market with Dominant Brand, *Management Science*, 36, 1268-78.
9. Chattopadhyay, T; Shivani, S & Krishnan, M (2008). "Approaches Towards Measuring Brand Equity," Oxford Business and Economics Journal, June, available at *http:// www.gcbe.us/2008_OBEC/data/confcd.html.*
10. Chaudhuri A. Holbrook M.B (2001). "The Chain of Effects from Brand Trust and Brand Affect to Brand Performance": The role of brand loyalty, *Journal of Marketing*; 65 (April): 81-93.

11. Chaudhuri A. Holbrook M.B (2001). The Chain of Effects from Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty. *Journal of Marketing,* 81-93.
12. Chaudhuri, (1995) "Brand Equity or Double Jeopardy?", *Journal of Product & Brand Management*, Vol. 4, No. 1, pp.26 – 32.
13. Costantino, M (1998), *Fashion Marketing & PR*, London :Batsford.
14. Dall'Olmo Riley, F. & L. de Chernatony (2000), "The Service Brand as Relationships Builder," *British Journal of Management*, Vol.11, pp137-150.
15. Davis and Dunn (2002) Building the Brand-Driven Business: Operationalize Your Brand to Drive Profitable Growth.
16. Davis, S. (2003): Building Brands from the inside. *Marketing Management*, May/June 2003, p. 32-37.
17. de Chernatony, L & Francesca Dall'Olmo Riley, (1998) "Modelling the components of the brand", *European Journal of Marketing*, Vol. 32 No. 11/12, pp.1074 – 1090.
18. de Chernatony, L. & Dall'Olmo Riley, F. (1998), "Defining a "brand": beyond the literature with experts' interpretations", *Journal of Marketing Management*, Vol.14, No.5, 417-443.

A STUDY ON THE IMPACT OF MICRO FINANCE IN EMPOWERMENT OF SELF HELP GROUPS' WOMEN IN NAMAKKAL DISTRICT

G. BHOOPATHY
ASSOCIATE PROFESSOR
DEPARTMENT OF COMMERCE
RVS COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)
SULUR

DR. R. MATHIVANAN
DIRECTOR
ACADEMIC STAFF COLLEGE
BHARATHIAR UNIVERSITY
COIMBATORE

ABSTRACT

Micro finance scheme has been introduced by the central government initially with the view to promote the income sources of the village people by providing financial support to the weaker section particularly in rural parts of the country. Further it was extended to support the SHGs in all parts of the country for the empowerment of the women and to improve the income level of the individual family. In some of the SHGs the financial support provided by the bank through micro finance is not utilized for the productive purpose where as it is used by the female members for the domestic expenses of the family. On the due date the repayable amount is collected by in- charge member from all the members and repaid to the bank on the due date. In some of the SHGs the funds are misused by the organizers and made little bit delay in repay the installment amount to the bank. It is reported that there is a part of political involvement in sanctioning the loan to SHGs. The members in all SHGs face similar issues in availing micro finance. In most of the SHGs the members do not know that how to market their products. Due to this reason many members do hesitate to start the production activities in the SHGs. In real sense most of the members try to engage in their village itself without extending the business. There are humpty numbers of opportunity to all SHGs to develop their business but yet they are at beginning level in all aspects of their operations. There are many women entrepreneurs who are very talent in the operations of their business and they are very popular for their administration. But in the study area the SHGs members are suffering lot to run their family even though they have plenty of opportunity in Namakkal district.

KEYWORDS
Finance, SHG, Products, Entrepreneurs, Amount.

1. INTRODUCTION

In olden days in most of the family male members were meant for earning income to the family where as the female members looked after the house works. In most of the family it was followed. After some time it was felt that if the female members are involved in some works other than the family affairs it would be the support extended by them to their spouse and family members. So in some family the female members were allowed to work in some industries and agriculture. Most of the women members supported to the family members the work or job involved by the male members of the family. Being India a country having more than 65 percent of its population are residing in rural areas. They depend only on agriculture and allied industries of agriculture. Due to the failure of rainfall and problems of insects and also the monsoon nowadays the farmer could not earn even the amount incurred by them to cultivate the produces. But the necessity of the family is going on increasing day by day. Further the prices of the domestic utilities are also increasing like anything. It is very difficult to run the family with single earning. So it is necessary for both the male and female members in the family to bring income to meet their requirements.

In urban areas there is more number of industries which provide employment opportunities to both of the gender. But if consider the position of the village women, they do not have much awareness on industrial work. Further they have only limited literacy knowledge, which paved them to engage only in agriculture labour which further made them weak in their financial position as there is only limited scope for income in the agriculture work. Hence most of the family in the rural parts of the country led a very poor life which worsens the younger generation particularly in education. To minimize the unemployment problems in the rural areas and to generate the income to the family in the rural parts, the central government introduced Micro Finance to encourage the rural public to generate income to their family by way of doing small business or involved in some self employment activities. As a part of the development of women in the rural areas self help groups were established in the year 1993-94 in Uttar Pradesh. But the evolution of SHGs commenced in 1990s. Micro finance plays vital role in the empowerment of women particularly in the village areas by providing financial assistance through self help groups in the local areas since 1990. Tamilnadu government emphasizes more on the development of women through self help groups. The banks are given direction to provide more volume loan to the self help groups. More number of self help groups was established in all villages. NGOs and government create awareness among all women in the rural areas to form self group even for each line and street in all villages of Tamilnadu. We happened to see number of SHGs is being established and functioning well. The self help group members are involved in various activities like running a canteen, manufacturing pickles and handicrafts and cloth items, etc. The local banks are adopting the particular villages for providing loan to self help groups. Though the Micro finance extends maximum support to the development of women and also the self help groups, the members in self help groups have different views about micro finance and face many issues in getting the loan and the repayment of the loan. In many occasions the members in self help groups are compelled by family members not to involve in SHGs activities because of various reasons. In some of the SHGs the income level of the members is very low when compared with the income from other SHGs.

Namakkal being one of the developed districts in Tamilnadu ensures considerable development and income to the women in various occupations and business held by them.. Namakal block consists of more number of villages where most of the depending on agricultural income. Due to the changes in climate and the natural climate they could not fetch adequate income to the family. Hence the female members of the family have become members in various SHGs and engaged in various activities related to SHGs. It is reported that the bank employees in some cases do not co-operate the members from SHGs They too also face the similar issues in the SHGs when they approach for micro finance.

2. RELATED WORK

A brief review of past literature pertaining to the empowerment of women is presented in this Chapter. In 20th century, the terms 'women empowerment', 'women is welfare' and 'gender justice' have come in to lime light in the socio-economic and political development analysis of both developed and developing nations. The 20th century's progress towards equality regardless of gender, race, religion, ethnicity or age was propelled by social movements. One of the most significant aspects has been the movement for women's rights. The issue of empowerment of women became more significant as women constitute half of the population and unfortunately they been discriminated a lot.

World Bank (1978) in its study found that volume of migration of women has been increasing more rapidly than that of males of the last several decades. It is also observed that employment among women from the lower middle class and poor socio-economic groups is more common than it is among the elite. The women labourers engaged in the unorganized segment suffer from disabilities and exploitation of much higher magnitude than those employed in organized sector.

Manimekalai and Rajendran (1993) in their study found that the DWCRA was helping and promoting self-employment among the rural women who are below the poverty line. It helped them in organizing the beneficiaries in group activities and promotes economic and social self- reliance.

Sivasankaraiah and Ramappa (1993) in their study concluded that the marketing of product made by the members of the DWCRA group is very important. The interest of women in the programme can be sustained only when a proper market is arranged for their products.

Rajakutti and Prita Sarkar (1994) in their study opined that orientation of panchayat members and bankers towards the philosophy of DWCRA and than imaginative and committed role of NGO would be a contributing factor for the success of DWCRA programme.

Hemalatha Prasad (1995) in his study identified certain common factors, for success of self-help groups, like homogeneity of the group in terms of caste occupation and locality made the group more cohesive, assured and regular income from the scheme. Effective and dynamic leadership, awareness about the repayment procedures and consequences of the non-repayment influenced their repayment behaviour the study identified that systematic planning for skill training, raw material supply, quality control and marketing support from officials were the key factors for the effective management of the programme, thus.

Usha Narayana (1996) confirms that the main position of 73rd Constitutional Amendment involves the participation of women as voters, women as members of political parties and women as candidates. Women elected members of panchayat Raj institutions. She has stressed that the provisions of resignation are a guarantee for their empowerment.

Swetha Misra (1997) examined the participation of women. Political participation of women was severely limited due to various traditional factors such as caste and religion. Feudal attitudes have brought rural women to the forefront of village politics. This research study was conducted in the states of Karnataka, Maharashtra, Orissa, West Bengal, Haryana, Punjab and Madhya Pradesh. She concludes that, women are getting more opportunities to play a vital role at all levels, including village level politics and that women have to utilize these opportunities to change the decision making process.

3. PROPOSED WORK

The purpose of the micro finance is to provide financial support to the weaker section who leads their normal life below BPL. Micro finance is provided to all unemployed to have self employment. But the bank managers provide loan to the applicants without considering the repaying capacity of the borrowers. It is reported that only in SHGs the bank managers do not face the collection of outstanding and arrears fro the borrowers. The SHGs are provided with adequate loan for the development of the SHGs in all possible ways. The members of the self help groups are given support and advice even for marketing their products. Till in many villages the numbers SHGs formed is not sufficient when we consider the number of SHGs and the total women population in the village.

The main objective of the proposed system is as follows,

1. To evaluate the role of micro finance in the empowerment of women.
2. To measure the level of satisfaction of the members in SHGs regarding the support extended by the government and banks through Micro finance.
3. To know the procedures for availing micro finance and make awareness to the members of SHGs about micro finance and its uses for the development of women.
4. To analyze the problems faced by the members in availing financial support through micro finance.
5. To find remedial measures to solve the issues in Micro finance and offer recommendations to the authorities concerned to do the needful to avail the micro finance to all the SHGs without any hurdles.

The area selected for the study is Namakkal the respondents were selected from SHGs group functioning in the study area. For this purpose a well structured questionnaire was used and data were collected systematically. The data thus collected were properly organized and suitable tabular forms were made. Multi stage sampling technique was employed to select the respondents from the study area.

3.1. PRELIMINARIES

The data collection process can be classified into following types and it can be described below.

3.1.1. PRIMARY DATA COLLECTION

In order to fulfill the objectives set, a sample study was carried out with the help of a well framed questionnaire. The questionnaire was prepared with the guidance of the experts in the relevant field. Necessary corrections will be made in the questionnaire to complete the research work successfully. A pilot will also be conducted to verify the questionnaire is useful for the successful completion of the project. The respondents for the study were selected on the basis of varying background, based on their age, gender, dwelling place, educational qualification, monthly income and so forth, from the study area of Namakkal. The questionnaire was given to the respondents to provide the required data as and when the researcher explained each and every question to the respondents.

A noteworthy feature was that all the e six hundred (700) respondents filled the questionnaire with much zeal. This was due to the high involvement the members of the SHGs showed towards micro finance and the researcher's good rapport with them.

3.1.2. SECONDARY DATA

The primary data were supplemented by a spate of secondary source of data. The secondary data pertaining to the study was obtained from the journals, magazines and the articles in the related topics published in the refereed journals and also from the library resources and net sources. A number of text books were also read to gain pertinent literature on the consumers' preferences towards shopping malls.

3.2. METHODOLOGY OF PROPOSED WORK

Given the existence of disparities in standard of living, status in the society between the workers, members in the SHGs and women in the Namakkal district and the same of others in the society in Namakkal districts, an appropriate empirical research may go a long way in explaining the presence of such disparities among the inhabitant women and floating populations of the study area in Namakkal District. Hence we feel that it is necessary to find out the satisfaction of the women in the SHGs groups in the study area. To explain the phenomenon of poverty, unemployment, inequality in income and discrimination in Indian context, it is highly essential to conduct a depth study with respective to role of micro finance in empowerment of SHGs women.

3.2.1. RESULTS & DISCUSSIONS

The data will be collected from the members of the Self Help Groups in Namakkal district. So the findings of the study may not be considered for other districts. We can expect full co-operation from the respondents at the time of questionnaire or interview schedule. So the findings may be based on the information given by the respondents. There may be possibility for bios in the information provided by the respondents.

The survey will be conducted only with female members of the Self Help Groups in Namakkal district of Coimbatore Hence the result of the study may not be considered for SHGs groups formed by men in Namakkal district.

i). AGE

TABLE 3.1: - AGE & SATISFACTION REGARDING THE FACILITIES IN THE BANK

| Age | SATISFACTION LEVEL | | | | | | Total | |
| | Low | | Medium | | High | | | |
	Count	Column %	Count	Column %	Count	Column %	Count	Column %
18-25	36	25.9	20	11.8	84	21.4	140	20.0
26-35	55	39.6	39	23.1	136	34.7	230	32.9
36-45	45	32.3	59	34.9	131	33.4	235	33.6
Above 45	03	2.2	51	30.2	41	10.5	95	13.6
Total	139	100	169	100	392	100	700	100

Respondent age is considered as the vital factor in satisfaction regarding the facilities provided by the bank. The respondent age is classified into four category namely young, middle, upper middle and old age. The young respondents are those whose age is between 18-25 years, the middle age respondents are those whose age is between 26 to 35 years and the upper middle aged respondents are those who belonged to the age group of 36 to 45 years, the persons are regarded as old aged if they are in the category of above 45 years. Sample comprises of 140 (20 %) young respondents, 230 (32.90%) middle aged respondents, 235 (33.6%) are upper middle aged respondents and 95 (13.60%) are belonged to old aged respondents.

TABLE 3.2: - AGE & SATISFACTION REGARDING THE FACILITIES IN THE BANK (TWO WAY TABLE)

Age	N	Pres	Avg	Range		S.D
				Min	Max	
18-25	140	20.00	28	7	48	6.23
26-35	230	32.90	46	19	103	11.95
36-45	235	33.60	47	18	59	9.66
Above 46	95	13.60	19	0	51	8.21

The above table clearly notes that the response regarding the satisfaction about the facilities in the bank among the middle aged respondents ranged between 19 and 103 with an average of 46. It is followed by young respondents which ranged between 7 and 48 with an average of 28 and thirdly the upper middle age respondents ranged between 18 and 59 with an average of 47..On the other hand the old aged respondents have expressed the response regarding the purchase decision ranged between 0 and 51 with an average of 19. Thus it is evident from the above table reveals that the middle aged respondents perceived more response on regarding the satisfaction about the facilities in the bank.

The above table highlights that the percentage of high response regarding the satisfaction about the facilities in the bank was opined by the respondents of middle aged category as the highest (34.7) and the same was lowest (10.5) by the old aged respondents. The percentage of medium level response on regarding the satisfaction about the facilities in the bank was opined as the highest (34.9) by the upper middle aged respondents and the lowest (11.8) by the young respondents. On the other hand the percentage of low level response regarding the satisfaction about the facilities in the bank was opined as the highest (39.6) by the middle aged respondents and the same was the lowest (2.2) among the old aged respondents.

TABLE 3.3: - ASSOCIATION BETWEEN AGE AND SATISFACTION REGARDING THE FACILITIES IN THE BANK

Factor	Calculated value χ^2	Table value	DF	Remarks
Age	66.312	12.592	6	Significant

It is obvious from the above table that the calculated chi-square value is more than the table value and the result is significant at 5% level of significance. Hence the hypothesis "age of the respondents and the response regarding the satisfaction about the facilities in the bank are associated holds good.

II). EDUCATIONAL QUALIFICATION & RESPONSE

Educated women can easily understand the attitudes of the bank and the facilities provided in the bank when they go to bank for getting loan or any other purposes, when compared with the uneducated. The education of the members in the SHGs is classified in to five categories. They are up to 8th standard, 10th standard educated, 12th Std level of education, collegiate level education and professional and others. The sample respondents consists of 140 (20%) respondents have studied up to 8th standard, 233 (33.3%) respondents studied up to 10th standard, and 12th standard level respectively, 47(6.7%) respondents studied up to degree level and other diploma courses respectively.

TABLE 3.4: - EDUCATIONAL QUALIFICATION AND SATISFACTION REGARDING THE FACILITIES IN THE BANK

Edu Qua	N	%	Avg	Range		S.D
				Min	Max	
Upto 8th std	140	20.0	28	13	69	Upto 8th std
Upto 10th std	233	33.3	46.6	2	81`	Upto 10th std
Upto 12th std	233	33.3	46.6	24	70	Upto 12th std
Degree	47	6.7	9.4	0	25	Degree

The above table limelight that the response the satisfaction about the facilities in the bank among the respondents studied up to 10th standard and 12th standard ranged between 2 and 81 with an average of 46.6 and between 24 and 70 with an average of 46.6 respectively It is followed by respondents studied up to 8th standard which ranged between 13 and 69 with an average of 28 and thirdly the respondents who studied up degree and other diploma courses ranged between 0 and 25 with an average of 9.4 and between 0 and 27 with an average of 9.4 respectively.

With a view to find the degree of association between the educational level of the respondents (members in SHGs) and the response in the regarding the satisfaction about the facilities in the bank a two way table was prepared and illustrated as below.

TABLE 3.5: - EDUCATIONAL QUALIFICATION AND SATISFACTION REGARDING THE FACILITIES IN THE BANK

SATISFACTION LEVEL						Total	
Low		Medium		High			
Count	Column %	Count	Column %	Count	Column %	Count	Column %
35	25.2	23	13.6	82	20.9	140	20.0
33	23.7	74	43.8	126	32.1	233	33.3
60	43.2	36	21.3	137	34.9	233	33.3
09	6.5	09	5.3	29	7.4	47	6.7
02	1.4	27	16.0	18	4.6	47	6.7

It is stated on the above table that the percentage of high response regarding the satisfaction about the facilities in the bank was opined by the respondents who studied up to 12th standard as the highest (34.9) and the same was lowest (4.6) by the respondents studied other diploma courses. The percentage of medium level response regarding the satisfaction about the facilities in the bank was opined as the highest (43.8) by the respondent who studied up to 10th standard and the lowest (5.3) by the respondents studied up to degree. On the other hand the percentage of low level response in regarding the satisfaction about the facilities in the bank was opined as the highest (43.2) by the respondents studied up 12th standard and the same was the lowest (1.4) among the respondents studied other diploma courses.

In order to find the relationship between education of the respondents and response in regarding the satisfaction about the facilities in the bank, a chi square test was used and the result of the test is shown in the following table,

TABLE 3.6: - ASSOCIATION BETWEEN EDUCATIONAL QUALIFICATION AND SATISFACTION REGARDING THE FACILITIES IN THE BANK

Factor	Calculated value χ^2	Table value	DF	Remarks
Edu Qua	55.486	15.507	8	Significant

It is obvious from the above table that the calculated chi-square value is more than the table value and the result is significant at 5% level of significance. Hence the hypothesis "education of the respondents and the response regarding the satisfaction about the facilities in the bank are associated holds good. From the

analysis it is concluded that there is a close relationship between the education of the respondents and their response regarding the satisfaction about the facilities in the bank.

The findings are basically classified into two major sections. The first section highlights the findings on the attitudes and satisfaction of the members in Self Help Groups about the facilities available in the banks for the empowerment of members in the Self Help Group and second section highlights the satisfaction of the respondents about their overall development after joining the Self Help Group

From the analysis it is known that the middle aged respondents perceived more response on regarding the satisfaction about the facilities available in the bank.

From the analysis it is evident that the respondents who studied degree level perceived   more response regarding the satisfaction about the facilities available in the bank. it is clearly noted that the respondents who earn Rs. Rs.6001-8000 as their monthly income perceived more response on regarding the satisfaction about the facilities in the bank. It is clearly depicted that the respondents who engaged in labour perceived more response on regarding the satisfaction about the facilities in the bank.

Thus it is clearly understood that the respondents who are from semi-urban and rural area perceived more response on regarding the satisfaction about the facilities in the bank. Thus it is evident from the analysis that the respondents who speak Tamil perceived more response on regarding the satisfaction about the facilities in the bank

The analysis highlights that the respondents married perceived more response on regarding the satisfaction about the facilities in the bank. Thus it is understood that the respondents who are involved in farming labour perceived more response on regarding the satisfaction about the facilities in the bank.

From the analysis it is concluded that there is a close relationship between the age of the respondents and their response in response regarding the satisfaction about the facilities in the bank. With the analysis it is found that there is a close relationship between the education of the respondents and their response regarding the satisfaction about the facilities in the bank

From the analysis it is inferred that there is a relationship between the monthly income of the respondents and their response in regarding the satisfaction about the facilities in the bank.

From the analysis it is evident that there is no relationship between the occupation of the respondents and their response in regarding the satisfaction about the facilities in the bank.

From the analysis it is concluded that there is no relationship between the native of the respondents and their response regarding the satisfaction about the facilities in the bank.

From the analysis it is concluded that there is a relationship between the mother tongue of the respondents and their response in regarding the satisfaction about the facilities in the bank.

From the analysis it is concluded that there is no relationship between the marital status of the respondents and their response regarding the satisfaction about the facilities in the bank.

From the analysis it is concluded that there is a relationship between the nature of work of the respondents and their response in regarding the satisfaction about the facilities in the bank.

4. CONCLUSIONS

The empirical findings of the study suggests that microfinance has a profound influence on the economic status, decision making power, knowledge and self worthiness of women participants of self help group linkage program in Namakkal. Whereas it fails to include the poorest section and in improving assets position of the participants, as loans are 'micro' in their magnitudes and duration between dosages of loans are large.

Therefore, the study enlightens the role of continuous succeeding doses of microfinance loans and ensuring its yield oriented utilization, for achieving the targeted objectives of microfinance programs Among the six factors identified (microfinance related factors, household factors, assets, marital status, personal factors and social factors) through factor analysis, microfinance related factors are found to be having more significant and positive influence on women empowerment.

5. REFERENCES

1. Borman Ratan and Chanu A. Ibemcha ,(2009)," A study on some issues of microfinance programme in India", DGCCS's Journal of Commerce, vol. VI, no. 1, pp.58-68.
2. Census data 2011 of Lakhimpur District, Country Focus: India: Assam: Lakhimpur District: District Profile, http://lakhimpur.nic.in/profile.htm , on 20th November 2011.
3. Dhar P.K.,(2005), The economy of Assam including Economy of North-East India, chapter 3, Kalyani publishers, New Delhi.
4. K. G. Karmarkar,(1999), "Rural Credit and SHGs Microfinance Needs and Concepts in India", Sage Publication, New Delhi.
5. K. Sivachithappa,(2008), "Success story of Poverty Alliviation Through Self-Help Groups", Kurukshetra, Journal on Rural Development, Ministry of Rural Development, New Delhi, vol. 57 No. 2, December, pp.35-38.
6. Kour Amarjit, (2008), " Self-Help-Group (SHG) and Rural Development," Kurukshetra, Journal on Rural Development, Vol.57, No. 2, December, pp. 25-29.
7. Muhammad Anu, (2009), "Grameen and Microcredit- a tale of Corporate Success", Economic & Political weekly, A sameeksha Trust Publication, vol. XLIV, no. 35, August, pp. 35-42.
8. NABARD (2007), Progress of SHG-Bank Linkage in India 2006-07.
9. NABARD (2010), Progress of SHG-Bank Linkage in India 2009-10.
10. NABARD (2010), Status of Micro finance in India 2009-10.
11. NABARD, (1999),"Task Force Report on Supportive Policy and Regulatory Framework for Microfinance", National Bank for Agriculture and Rural Development, Mumbai.
12. Ramachandran T. and Balakrishnan S.,(2008), "Impact of Self-Help Groups on Women's empowerment- A study in Kanyakumari District", Kurukshetra, Journal of Rural Development, Vol. 57, no. 2, pp. 31-34.
13. Rao G.V. Jagapathi., (2010)," Micro financing- a boon for the Poor", The Indian Journal of Commerce., Vol. 63, no. 1, January-March, pp. 81-88.
14. Reddy, C.S. and Manak, S.,(2005), "Self-Help-Groups: A keystone of microfinance in India-women empowerment & social security", Mahila Abhivruddhi Society, Andhra Pradesh (APMAS), Hyderabad, October, pp. 3-19.

A STUDY ON THE LEARNING STYLES OF THE EMPLOYEES OF AN IT COMPANY IN COIMBATORE

DR. G. SIVARAMAKRISHNAN
DIRECTOR
SCHOOL OF MANAGEMENT STUDIES
VELS UNIVERSITY
CHENNAI

ISWARYA.M
RESEARCH SCHOLAR
BHARATHIAR UNIVERSITY
COIMBATORE

ABSTRACT

This study aims to determine the learning styles of the software engineers working in an IT company in Coimbatore. Everybody has a preferred learning style. By knowing and understanding the learning style one will be able to capitalize on his strengths and improve the self-advocacy skills. People have preferences about how they like to learn (learning style). This learning preferences sometimes account for problems in learning. The problem may not be entirely due to their learning style but also due to their previous experience. Howard Gardner's Multiple Intelligence Theory which teaches many aspects of human intelligence, learning style, personality and behaviour - in education and industry forms the major input for the study. Multiple Intelligence questionnaire was completed by the respondents and their scores as Visual, Aural, Linguistic, Kinesthetic, Logical, Solitary and Social learners were recorded. The data collected through questionnaire was tabulated, analyzed and interpreted using Simple Percentage analysis, Mean Score Value, Correlation and Anova methods. The statistical analysis was done through SPSS 9.0 version. All the hypothesis were tested at 5% level of significance. It was found that Visual, Aural and Logical Intelligences were dominant with them. Also a high degree of correlation is found to exist between the Visual and Social intelligences. Training managers are advised to tailor training materials to their employees' learning needs.

KEYWORDS
Howard gardner ,Learning styles, Multiple Intelligences.

1.INTRODUCTION

Learning style is the method of learning, particular to an individual that is presumed to allow that individual to learn best. Learning styles are simply different approaches or ways of learning. It is commonly believed that most people favor some particular method of interacting with, taking in, and processing stimuli or information. Based on this concept, the idea of individualized "learning styles" originated in the 1970s, and has gained popularity in recent years. People differ consistently from each other in their preferences for certain ways of processing information. These individual differences are measurable. Matching or mismatching students' learning styles with instructional techniques affects learning significantly.

The study on "Learning Styles" was carried out with the software engineers of an IT company in Coimbatore. The IT industry being a knowledge based industry continuous learning and constant upgradation of knowledge becomes the need for the hour.

Multiple Intelligences Theory posits that there are seven ways people understand in the world, described by Dr.Howard Earl Gardner in 1983 as seven core *intelligences*.

FIG. 1: THE SEVEN ORIGINAL INTELLIGENCES AS PROPOSED BY GARDNER

Source: http://keep3.sjfc.edu
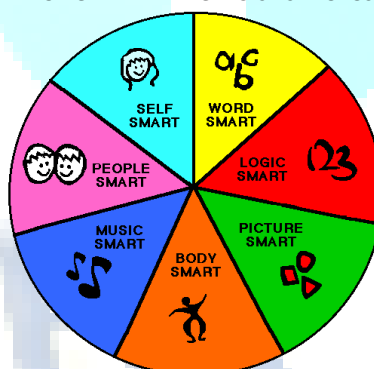
HOWARD GARDNER'S THEORY OF MULTIPLE INTELLIGENCES

Intelligence	Brief definition/Characteristics
VISUAL/SPATIAL	They learn best visually and organizing things spatially. They like to see what you are talking about in order to understand. They enjoy charts, graphs, maps, tables, illustrations, art, puzzles, costumes - anything eye catching.
AURAL/MUSICAL	They learn well through songs, patterns, rhythms, instruments and musical expression.
LINGUISTIC/VERBAL	They demonstrate strength in the language arts: speaking, writing, reading, listening. These students have always been successful in traditional classrooms because their intelligence lends itself to traditional teaching.
KINESTHETIC/BODILY	They experience learning best through activity: games, movement, hands-on tasks, building. They are often labeled "overly active" in traditional classrooms where they are told to sit and be still!
LOGICAL/ MATHEMATICAL	They display an aptitude for numbers, reasoning and problem solving. This is the other half of the children who typically do well in traditional classrooms where teaching is logically sequenced and students are asked to conform.
SOCIAL/INTERPERSONAL	They are noticeably people oriented and outgoing, and do their learning cooperatively in groups or with a partner. They are typically been identified as "talkative" or " too concerned about being social" in a traditional setting.
SOLITARY/INTRAPERSONAL	They are especially in touch with their own feelings, values and ideas. They may tend to be more reserved, but they are actually quite intuitive about what they learn and how it relates to themselves.

Multiple Intelligence theory served as a base for the development of the questionnaire on learning syles. The Questionnaire is divided into three parts namely, 'Personal variables', 'Training programs', and 'Learning Styles'. Based on the details elicited an inventory of learning styles is made. Deciding on the learning styles will provide for the proper development of the training content. This content when matched with the learning preference of the target it will contribute to the success of the training program.

2. REVIEW OF LITERATURE

Denis H. Stott(1991) has documented that gender is one of six characteristics that tends to differentiate among individuals' learning styles.

Teaching adults is different from teaching children. **Jay Cross (2004)**states that: "Informal learning accounts for over 75% of the learning taking place in organizations today".

Dorothy D. Billington says the type of learning environment, that best helps adults to grow and develop, is the environment
- where students feel safe and supported, where individual needs and uniqueness are honoured.
- which fosters intellectual freedom and encourages experimentation and creativity.
- where faculty treats adult students as peers.
- Which encourages self-directed learning, where students take responsibility for their own learning.
- Which provides intellectual challenge.
- Which allows regular feedback mechanisms.

A Research By **Dennis W. Mills on** *"Applying What We Know",2005,* tells us that we now have 100% new information every five years ie, there will be new information every 38 days. That could mean that the information one learns this month may be outdated two months from now.

Centre for Educational Research and Innovation (2008), reported that economies are experiencing the transformation from their traditional industrial base to the knowledge era in which learning and innovation are central. In the knowledge era, optimising learning is the driving aim and innovation is both the widespread catalyst of change and the defining result.

Donald Martin, determined that however what we do best can depend on our mood, the subject matter, our friends and the teacher.

Heather K. Laschinger RN, says there is no relationship between learning style and preferred subject specialisation.

In real learning organizations, one cannot distinguish between the learner and the teacher, because everyone throughout the organization is expected to teach each other and learn from each other. **Karlene Kerfoot**, (2003), accentuates, the leader as learner and the leader as teacher are very basic to the role of any leader. Hierarchies are eliminated and is replaced by the belief that all are peers in learning and teaching and we can teach and learn from each other no matter where we are positioned on the organizational chart. When this happens, synergy occurs**.**

Tichy,(2002), notes that teaching organizations are winning organizations and cites models such as GE that effectively became a great teaching organization where everybody teaches and everyone learns. Tichy believes that teaching others to grow in a context of mutual learning is the only way to insure long-term success.

Of the six potential determinants (course structure, instructor feedback, self-motivation, learning style, interaction, and instructor facilitation) that affect the perceived learning outcomes, only instructor feedback and learning styles are significant. Apart from these variables user satisfaction is also a significant predictor of learning outcomes reports **Eom, Sean B. And Wen, H. Joseph (2006).**

To enhance learning, instructors and trainers must recognize that individuals learn and teach differently, and what may be an optimal learning or training method for one may discourage another. **Serbrenia J. Sims and Ronald R. Sims** points out that all individuals are most effective when they are taught in their personal learning style. In fact, there are three major types of learners: visual, auditory, and tactile/kinesthetic and most people have one learning style for which they show a stronger affinity.

Sara J. Singer and Amy C. Edmondson(2006) says leaders must publicize the idea of learning else the costs of learning may be more visible than the benefits. Hence Leadership is essential for fostering the mindset, group behaviors, and organizational investments that promote learning now and invest in performance later.

3. NEED FOR THE STUDY

The study reminds the instructors of the need to be aware of individual learning styles and learner diversity. By understanding this and developing the skills that help the organisation learn in a variety of ways, the most of the learning potential can be tapped. And because the organisation is better able to learn and gather information, the organisation can make better decisions and choose better courses of action.

It provides a balanced learning experience to the respondents by aligning the learning preferences of both the instructor and the target. It builds a good communication process and enhances the learning effectiveness and will open up to many different ways of perceiving the world thus making learning successful.

This project report helps the management to enhance communication with team members, learn how their staff communicates, how they problem-solve, and what they value, conduct effective and productive meetings, refine conflict resolution skills, improve interviewing, hiring, and placement skills, assemble more effective teams, discover how different learning methods and strategies work for different people, understand, accept, and appreciate differences in learning styles, discover how learning styles influence relationships with employees, family members, and friends.

The study is intended to aid other researchers in identifying the most appropriate learning styles and designing a training program.

4. PROBLEM STATEMENT

It is important to understand learning styles to ensure that tutors are instructing according to the learner's style and not the tutor's. A tutor who instructs only according to his own style makes learning more difficult for the learner. Tutors should know about learning styles to be able to help learners identify their personal learning styles. This knowledge will help learners to build self-confidence and to learn to manage their own learning.

5. OBJECTIVES
- The prime objective of the Study is to develop a Learning Styles inventory for IT employees.
- To provide suggestions for effective designing of training materials accordingly.
- To find clusters of people who adopt similar patterns for perceiving and interpreting situations.

6. RESEARCH METHODOLOGY

The descriptive study was conducted with a sample of 80 employees of the company, who were actually involved in developing the financial business solution softwares. Since the entire population(census inquiry) is taken for the study the sample is absolutely representative. The sources of data were primary and secondary data**.** The researcher collected primary data from the respondents by means of questionnaire. The questionnaire is divided into three parts namely, 'Personal variables', 'Training programs', and 'Learning Styles'. Multiple Intelligence questionnaire was completed by the respondents and their scores as Visual, Aural, Linguistic, Kinesthetic, Logical, Solitary and Social learners were recorded.

The data collected through questionnaire was tabulated, analyzed and interpreted using Correlation and Anova methods. The statistical analysis was done through SPSS 9.0 version. All the hypothesis were tested at 5% level of significance.

7.RESULTS AND DISCUSSIONS

ABBREVATIONS USED

ABB.	EXPANSION
Sig	SIGNIFICANCE
NS	NOSIGNIFICANT DIFFERENCE
S.D.	STANDARD DEVIATION
Df	DEGREES OF FREEDOM

7.1. LEARNING STYLES
CORRELATION BETWEEN MULTIPLE INTELLIGENCES

	Visual intelligence score	Aural intelligence score	Linguistic intelligence score	Kinesthetic intelligence score	Logical intelligence score	Social intelligence score	Solitary intelligence score
Visual intelligence score	1.000	.643**	.584**	.581**	.695**	.744**	.498**
Aural intelligence score		1.000	.606**	.487**	.578**	.657**	.453**
Linguistic intelligence score			1.000	.556**	.636**	.619**	.602**
Kinesthetic intelligence score				1.000	.578**	.478**	.405**
Logical intelligence score					1.000	.662**	.616**
Social intelligence score						1.000	.594**
Solitary intelligence score							1.000

** Correlation is significant at the 0.01 level

The assessment criteria is as follows:

r < 0.5	Low Correlation
0.5 > r < 0.6	Moderate Correlation
r > 0.6	High Correlation

It is found that there exists a highest correlation between social intelligence and visual intelligence.

7.2. AGE AND LEARNING STYLES
One way Anova was applied to find whether there is significant difference among the age groups and the average multiple intelligence scores.

7.2.1.AGE AND VISUAL INTELLIGENCE
Hypothesis: There is no significant difference among the age groups in the average Visual Intelligence Score.

7. 2.1.1 MEAN-VISUAL INTELLIGENCE SCORE

		Visual intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	24.71	5.36	42
	26-30 yrs	24.21	4.42	28
	Above 30 yrs	24.70	3.47	10
TOTAL		24.54	4.79	80

7. 2.1.2.ANOVA - VISUAL INTELLIGENCE SCORE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	4.502	2	2.251	.096	Ns
Within Groups	1811.386	77	23.524		
Total	1815.887	79			

7.2.2. AGE AND AURAL INTELLIGENCE
Hypothesis: There is no significant difference among the age groups in the   average Aural Intelligence Score.

7. 2.2.1.MEAN-AURAL INTELLIGENCE SCORE

		Aural intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	24.76	5.06	42
	26-30 yrs	24.93	5.58	28
	Above 30 yrs	23.80	4.32	10
TOTAL		24.70	5.11	80

7.2.2.2.ANOVA FOR AURAL INTELLIGENCE SCORE

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.724	2	4.862	.182	Ns
Within Groups	2057.076	77	26.715		
Total	2066.800	79			

7.2.3.AGE AND LINGUISTIC INTELLIGENCE
Hypothesis: There is no significant difference among the age groups in the   average Linguistic Intelligence Score

7.2.3.1.MEAN-LINGUISTIC INTELLIGENCE SCORE

		Linguistic intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	23.24	4.90	42
	26-30 yrs	21.79	3.69	28
	Above 30 yrs	21.70	3.02	10
TOTAL		22.54	4.33	80

7.2.3.2.ANOVA FOR LINGUISTIC INTELLIGENCE SCORE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	43.454	2	21.727	1.166	Ns
Within Groups	1434.433	77	18.629		
Total	1477.887	79			

7.2.4. AGE AND KINESTHETIC INTELLIGENCE

Hypothesis: There is no significant difference among the age groups in the average Kinesthetic Intelligence Score.

7.2.4.1.MEAN-KINESTHETIC INTELLIGENCE SCORE

		Kinesthetic intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	23.36	5.11	42
	26-30 yrs	23.04	3.76	28
	Above 30 yrs	20.40	2.88	10
TOTAL		22.88	4.50	80

7.2.4.2.ANOVA FOR KINESTHETIC INTELLIGENCE SCORE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	71.743	2	35.871	1.809	Ns
Within Groups	1527.007	77	19.831		
Total	1598.750	79			

7.2.5. AGE AND LOGICAL INTELLIGENCE

Hypothesis: There is no significant difference among the age groups in the average Logical Intelligence Score.

7.2.5.1.MEAN-LOGICAL INTELLIGENCE SCORE

		Logical intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	25.05	5.65	42
	26-30 yrs	24.82	4.96	28
	Above 30 yrs	26.40	3.78	10
TOTAL		25.14	5.18	80

7.2.5.2.ANOVA FOR LOGICAL INTELLIGENCE SCORE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	19.076	2	9.538	.349	Ns
Within Groups	2102.412	77	27.304		
Total	2121.488	79			

7.2.6. AGE AND SOCIAL INTELLIGENCE

Hypothesis: There is no significant difference among the age groups in the average Social Intelligence Score.

7.2.6.1.MEAN-SOCIAL INTELLIGENCE SCORE

		Social intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	24.86	5.40	42
	26-30 yrs	24.71	4.89	28
	Above 30 yrs	25.90	5.47	10
TOTAL		24.94	5.18	80

7.2.6.2.ANOVA FOR SOCIAL INTELLIGENCE SCORE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	10.930	2	5.465	.199	Ns
Within Groups	2109.757	77	27.399		
Total	2120.688	79			

7.2.7.AGE AND SOLITARY INTELLIGENCE

Hypothesis: There is no significant difference among the age groups in the average Solitary Intelligence Score.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

27

7.2.7.1.MEAN-SOLITARY INTELLIGENCE SCORE

		Solitary intelligence score		
		Mean	S.D	NOR
Age	20-25 yrs	22.71	4.55	42
	26-30 yrs	22.29	4.08	28
	Above 30 yrs	22.30	3.02	10
TOTAL		22.51	4.19	80

7.2.7.2.ANOVA FOR SOLITARY INTELLIGENCE SCORE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	3.602	2	1.801	.100	Ns
Within Groups	1382.386	77	17.953		
Total	1385.988	79			

The following depicts the level of correlation in pictorial form

🟥 Very High Correlation   🟨 High Correlation

VIS / AUR	VIS / LOG	VIS / SOC	AUR / LIN	AUR / SOC	LIN / LOG	LIN / SOC	LIN / SOL	LOG / SOC	LOG / SOL

🟦 Moderate Correlation

VIS / LIN	VIS / KIN	AUR / LOG	LIN / KIN	KIN / LOG	SOC / SOL

🟪 Low Correlation

VIS / SOL	AUR / KIN	AUR / SOL	KIN / SOC	KIN / SOL
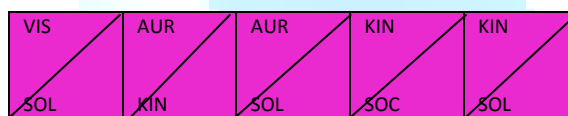
r < 0.5	- Low Correlation
0.5 > r < 0.6	- Moderate Correlation
r > 0.6	- High Correlation

8. FINDINGS

S.NO	FACTORS		MAJOR FINDINGS
I	**Personal factors**	**%**	
	☞ Age	52.5	20-25 years
	☞ Gender	63	Male
	☞ Marital status	71	Single
	☞ Educational Qualification	50	Post graduates
	☞ Experience	51	0-2 years
II	**Training Program**	**%**	
	☞ Recent Training program	70	Technical training
	☞ Benefits of Training program	31	Adapting to new technologies
III	**Learning Styles**	**MSV**	
	☞ Visual Intelligence	3.5	Agree that they like to use pictures and images while learning.
	☞ Aural Intelligence	3.5	Agree that they prefer using sound and music while learning.
	☞ Linguistic Intelligence	3.1	Neutral with reference to linguistic learning ie.they prefer words neither to speech or to
	☞ Kinesthetic Intelligence	3.2	write.
	☞ Logical Intelligence	3.5	Neutral to kinesthetic learning ie they neither prefer using body, hands or sense of touch in learning things.
	☞ Social Intelligence	3.4	Agree that they learn things by logical reasoning system.
	☞ Solitary Intelligence	3.1	Neutral to social learning ie they don't have any preference to learn with groups or with other people.
			Neutral with solitary learning. They don't prefer to work alone or to self study.
IV	**AGE AND MULTIPLE INTELLIGENCES**	**ANOVA**	
	☞ Visual Intelligence	0.096	No significant difference among the age groups in the average Visual intelligence scores.
	☞ Aural Intelligence	0.182	No significant difference among the age groups in the average Aural intelligence scores.
	☞ Linguistic Intelligence	1.166	No significant difference among the age groups in the average Linguistic intelligence scores.
	☞ Kinesthetic Intelligence	1.809	No significant difference among the age groups in the average Kinesthetic intelligence scores.
	☞ Logical Intelligence	0.349	No significant difference among the age groups in the average Logical intelligence scores.
	☞ Social Intelligence	0.199	No significant difference among the age groups in the average Social intelligence scores.
	☞ Solitary Intelligence	0.100	No significant difference among the age groups in the average Solitary intelligence scores.

9.SUGGESTIONS

After analyzing various styles related to learning, it is observed that there is scope for improving the training materials accordingly. Keeping this view in mind the Following suggestions are made for the trainers.

☞ Learners do not utilise a single style to the exclusion of others. They may have a preference for one way of learning, but can also learn via other ways. So flexible learning approaches to widen a range of teaching methods is necessary.

☞ Attempts need to be made to use a variety of materials and delivery methods to allow employees to at least have their learning style preference partly addressed. It would be impossible, in time as well as cost, to attempt to teach in a way that satisfies all learning style preferences to a full extent.

☞ When creating training programs, trainer should involve as many of the MI attributes as possible.

• Add lots of pictures, diagrams and graphs liberally before, during, and after the presentation of verbal material . Show films or use multimedia presentations, provide demonstrations and hands-on experience to the training guides.

• Make ample use of the white board or flip chart.

The trainer should get the participants doing physical activity as soon as possible. He should begin by orally introducing the main topic, and then give the class a tangible exercise within five minutes. Bang, right away, get them working on a realistic exercise. Involve the trainees in group projects. If appropriate, add a bit of competition: one side of the room against the other. But don't emphasize raw performance speed over learning and accuracy.

☞ Provide intervals in teaching-however brief-for students to think about what they have been told.

☞ Small-group brainstorming activities that take no more than five minutes are extremely effective for logical learners.

☞ Use group learning and team learning exercises to the greatest possible extent . Social learners generally learn best when they interact with others; if they are denied the opportunity to do so they are being deprived of their most effective learning tool.

☞ Male and female students have significantly different learning styles. It is the responsibility of the instructor to address this diversity of learning styles and develop appropriate learning approaches.

☞ Work areas need to be strategically designed so that employees are located near colleagues in the same technical or professional area.

☞ Instructors could choose a classroom full of people with similar learning styles and alter their training with that in mind. But good instructors will present information in a variety of ways.

☞ Benefits of having two trainers - There will be two perspectives; if one trainer cannot answer a question, the other one usually can; the trainees get a change of voice and style; one trainer may have a different learning and delivery style, so together trainers accommodate more learning styles; two trainers can spread themselves amongst trainees during the activities.

☞ Assessments for grade should include different modes of learning styles in order to fairly evaluate learning for employees who are coming from different quadrants.

☞ It is found that majority of the employees agreed that they have visual, aural and logical intelligences so teaching strategies for the intelligences are given below:

TEACHING STRATEGIES FOR THE VISUAL LEARNERS

• Provide lots of interesting visual material in a variety of formats.

• Make sure visual presentations are well-organized.

• Make handouts and all other written work as visually appealing as possible, and easily read.

• Make full use of a variety of technologies: computer, OHP, video camera, live video feeds/close circuit TV, photography, internet, etc.

TEACHING STRATEGIES FOR AURAL LEARNERS

• Re-phrase points, questions. Vary speed, volume, pitch, as appropriate, to help create interesting aural textures.

• Write down key points or key words to help avoid confusion due to pronunciation.

• During lessons, ensure auditory learners are in a position to hear well.

• Incorporate multimedia applications utilizing sounds, music, or speech (use tape recorders, computer sound cards/recording applications, musical instruments, etc.)

TEACHING STRATEGIES FOR LOGICAL LEARNERS

• Enable logical learners to perform mental arithmetic calculation.

• Create a process to measure something difficult.

• Analyse how a machine works; create a process; devise a strategy to achieve an aim; assess the value of a business or a proposition.

10. CONCLUSION

From the cohort of employees of the company it was found that Visual, Aural and Logical Intelligences were dominant with them. Also a high degree of correlation is found to exist between the Visual and Social intelligences. Hence it is suggested that the training materials emphasis on interaction coupled with pictorial and diagrammatic representations, multimedia applications utilising sounds and music and procedural flow of concepts need to be incorporated while designing the training materials to exploit the available human talent.

11. SCOPE FOR FURTHER RESEARCH

The study stimulates further research on the nature of educational outcomes and their measurement-training effectiveness, performance measurement.

REFERENCES

BOOKS

1. A.K.Sah,(1992) Systems Approach to Training and Development,Sultan Chand And Sons , pp 135-145.
2. Ahwathappa.K.,(2002) Human Resource Management and personnel Management,pp 408-421.
3. Anthony Landale,(2004) Training and Development-A complete handbook, John Wiley & Sons Ltd, pp 47,48,67-72.
4. C.R.Kothari,(2006) Research Methodology ,New age International Publishers, pp 2 -3, 258-270.
5. E.D.Setty,(2003) A Practical handbook on Training, Himalaya Publishing House, pp 42-56,171-180.
6. John Braton,(1994),Gold Human Resource Management, MacMillan,pp 666-678.
7. Martyn Soloman,(2001), A Handbook for Training Strategy, Mohit Publications, pp 32-38.
8. P.L.Rao,(1995), HRD Through in-house Training, TATA Mc.GrawHill,pp 163-174.
9. Sumathi Reddy,(2003), Training and Development Trends and experience, Himalaya publishing House, pp 123-138.
10. T.V.Rao,(2003), Readings in HRD, Mohit Publications, pp 142-149.
11. Udai Pareek, (2003)Training Instrument in HRD and OD, New Age International Publishers,pp 351-354.
12. Vijaya Kumari kaushik, S.R.Sharma, (2004),Education and Human Resource development, Sultan Chand and Sons,pp 284-297.
13. Wendell L.French,(1990) Human resource development, Houghton Mittlin Company Boston, New Jersey, pp 326-331.

JOURNALS

14. Colleen Aalsburg Wiessner, Tim Hatcher, Diane Chapman, Julia Storberg-Walker," Creating new learning at professional conferences: an innovative approach to conference learning, knowledge construction and programme evaluation", Human Resource Development International, Volume 11, Issue 4 September 2008 , pages 367 – 383.

15. David McGuire, Thomas N. Garavan, David O'Donnell,Sudhir K. Saha, Maria Cseh,"Managers' personal values as predictors of importance attached to training and development: a cross-country exploratory study", Human Resource Development International, Volume 11, Issue 4 September 2008 , pages 335 – 350

16. Steven Eric Krauss, Khaw Ai Guat , " An exploration of factors influencing workplace learning", Human Resource Development International, Volume 11, Issue 4 September 2008 , pages 417 - 426

17. Yahn-Shir Chen, Bao-Guang Chang, Chia-Chi Lee ,"The association between continuing professional education and financial performance of firms", The International Journal of Human Resource Management, Volume 19, Issue 9 September 2008 , pages 1720 – 1737.

WEBSITES

18. AlligerandHorowitz,http://www.emeraldinsight.com/Insight/viewContentItem.do;jsessiond==8DFFF1E8B6BC38D807E124B44991B0E3?contentType=Article &contented=1546154

19. Bethany R. Hartshorn, Danté R. Hill, and Dominique F. Keaton , http://www.learning   -styles-online.com/inventory/

20. Colin P West and Tait D Shanafelt, http://www.dominican.edu/query/ncur /display_ncur .php? id=3159

21. French W. L , http://www3.interscience.wiley.com/journal/119534767

22. http://books.google.co.in/books?hl=en&lr=&id=NFYvWP5qEYoC&oi=fnd&pg=PR7&dq=importance+of+learning+styles&ots=LN91xswUjQ&sig=bO8FonzA-qAj77veh5LVFfk4fms#v=onepage&q=importance%20of%20learning%20styles&f=false

23. http://businesstoday.intoday.in/story/itindustryloggedhighgrowthin2013/1/201806.html

24. http://www.google.co.in/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCcQFjAA&url=http%3A%2F%2Fwww.gfe.de%2FPublication%2FIndian%2520Software%2520Industry.doc&ei=wJcU8SLIYSRrQeG4D4Ag&usg=AFQjCNHbD649m8shdW8jGhO5FW4c2Z2Rg&bvm=bv.64125504,d.bmk

25. http://www.saylor.org/site/wp-content/uploads/2013/02/BUS208-1.1.7.3Learning-Styles-FINAL.pdf

26. http://www.sk.literacy.ca/pdf_links/learningStyles.pdf

27. http://www.tecweb.org/styles/gardner.html

28. MargaretC.Lohman,http://books.google.co.in/books?id=FueGlAOAM9IC&pg=PA118&lpg=PA118&dq=factors+affecting+learning+styles&source=bl&ots=FJHLBiCAdd&sig=PAggcKGlja0C1NN3YYZSo1sB_o8&hl=en&sa=X&oi=book_result&resnum=7&ct=result#PPA119,M1

29. Marshall and Schriver, http://www.informaworld.com/smpp/content~content=a 903016403~db =all~order=page

30. Paulet &Moult,http://www.geocities.com/CollegePark/Square/9089/index17.htm

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   30

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

http://ijrcm.org.in/

BUILDING AND MANAGING A HIGH PERFORMING SALES FORCE

RAHUL SETH
ASST. MANAGER (HR)
ITC LIMITED
BANGALORE

NIKHIL JAIN
BUSINESS OPERATIONS ASSOCIATE
ZS ASSOCIATES
GURGAON

ABSTRACT

This paper reflects upon the different management approaches that are required in effective management of a sales force. Selling has a very different character compared to other functions in the organization in terms of relationships, competency and influence on the bottom line. We have taken an integrated view of management decisions, both operational and strategic, on motivating a sales force beyond the commonly used monetary incentives. Real-life examples are taken to explain the importance of goal setting, work culture, compensation and career opportunities for the sales professionals. The new imperative for companies is that one size does not fits all; companies need to align their selling strategy and sales force management with their business strategy, type of markets, products and also the kind of organizational systems.

KEYWORDS

Incentives, Motivation, Product Life Cycle, Recognition.

INTRODUCTION

Sales force is essentially a very different category of people as compared to the rest of the employees in the organization. These differences are summarized in table 1.

First, they are the front end revenue generating function and primarily responsible for making the products available in the market. They work aggressively to get that two feet display space on the shelf in a store, or to get their medicine prescribed by the doctors, or also to get accounts opened with their bank. In all these activities, and more, what the underlying characteristic of a salesman's job is that it is by nature close to the customers, than to their own organization. They spend most of their time in the field, travelling, and making pitches, and generating conversions. They visit their field offices less often and the primary communication with managers happen in the form of reports. Therefore, it is but natural, that their bond with their employers is less strong as compared to that for other employees. Furthermore, their bond with customers and even with the sales people from other companies may be stronger than their bond with their managers. Therefore, effective sales force management is an imperative for a motivated and committed sales force.

Second, sales force people have a more direct control over end sales and consequent revenue generation, as compared to other employees. While the efforts of a quality manager in a manufacturing unit may take months to show results in terms of consumer acceptance of the product and consequent revenue generation, or that of a brand manager may take weeks to generate trials, the efforts of the sales person lead to immediate placement of the product on the shelves, ensuring availability and visibility, and consequent sales.

Third, selling is the last stage in the value chain of an organization and therefore its importance becomes even more significant. The role of a sales person ends only when the product reaches the customer (or the retailer), and it will ensure all previous links work effectively so that it can do its own work smoothly. That is why the organization design should be such that the sales function should have considerable influence over other functions.

Fourth, studies have concluded that the role of education in deciding the success of an individual in sales function is less than 3%. Selling requires behavioral and personality traits that are different from that required by people in other organizational functions. Most successful sales people are the ones that have not been to the best schools to have the best college degrees. Therefore, people is sales are paid essentially for their results (and education is not a proxy for competence), and have a high variable pay as compared to other functions.

TABLE 1: DIFFERENCES BETWEEN SELLING AND OTHER FUNCTIONS

Parameters	Selling	Others functions
Relationships	Closer to customers and field personnel than their managers	Bond with own manager is strongest in their employment
Instrumentality	Sales force can directly affect revenue	Revenue is more or less an indirect outcome of efforts
Control	Last link in the value chain. Therefore, it is dependent on all previous links for its own job, and hence the need for higher influence	Coordination required mainly with adjacent functions on whom there is dependency
Competency	Personality and behavioral traits are large deciding factors of success in direct selling	Knowledge and other capabilities are required more for success in the role

SALES FORCE MANAGEMENT

As discussed, selling and sales force are vastly different activities and functions, respectively, from other functions in an organization. Hence their motivators, rewards and management are essentially different than those of others. In this paper, we will study the motivators and management of sales force.

SALES FORCE MOTIVATION

The most prominent theory related to sales force motivation is Vroom's Expectancy Theory (Vroom, 1964). It states that
a)   Efforts should lead to expected results
b)   Results should ensure rewards
c)   Those rewards should be of value to the individual
These rewards are basically needs that an individual tries to satisfy. A good understanding of different types of needs is given by Maslow in Hierarchy of Needs.
The lower level of needs, physiological and safety needs, pertain to basic monetary compensation for work, fringe benefits and allowances. These are the minimum essentials that are required for a sales person to be motivated to do work. Higher order needs, social and self-esteem, pertain to rewards and recognition for good performance. The highest order needs, self-actualization, is fulfilled by personal growth, career development, and autonomy.

TABLE 2: NEED HIERARCHY OF SALES FORCE IN MASLOW'S FRAMEWORK

Maslow's Need Hierarchy	Motivators
Self Actualization	Autonomy
	Special rare recognition
Self Esteem	Advanced Training
	Public Recognition
	Special incentives
	Promotion
Social	Sales Conferences
	Encouragement by superiors and peers
Physiological and Safety	Salary
	Commission
	Basic Training

WHAT TO MEASURE

A recent study conducted by Vantage Point Performance (Jason, 2014) revealed that there are about 306 metrics that sales force measure to measure their performance. But the question is that do all these metrics matter. An analysis of the sales metric reveals that they are broadly of three types.

The first of them are called Business Results. These are metrics such as market share and revenue which are dependent upon the efforts of an entire organization. These are not directly controllable by the people in the field. The targets are broken down into meaningful KRAs (Key Result Areas) and metrics for the field personnel in sales, for them to be able to directly influence what they control.

The second metric in sales is Sales Objectives. They include more direct metric like sales of a particular SKU (Stock Keeping Unit), converting particular customers, etc. They are also not something that sales force directly controls. Their success is defined by the support from other functions, type of competition, and most importantly, the behavior of customers.

The third metric that sales force can directly control is called Sales Activities. This is the task that sales people actually do, like collecting information, making reports, sales calls, demonstrations, etc. This is directly measurable, for e.g., the number of sales calls made this week.

Sales Activity is a lead indicator, i.e., its presence will be instrumental or will define later success. If the company sales force makes more sales calls (Sales Activity), it will acquire more number of customers (Sales Objectives), which in turn lead to greater revenue and market share (Business Result).

Other metrics are important too, but they are lag indicators. They measure success when it has already occurred or not occurred. Lead indicators predict successes, and they are more controllable. Therefore, it is important to measure the activities of sales people and ensure that tasks are completed rightfully, than whether things that are not in their control are achieved or not. The key is to measure what they can influence and control.

Pingali (Pingali, 2010) gives a framework for deciding what to measure depending upon the stage of product life cycle that the product is in and the attributes of the product that the customers evaluate while making a buying decision.

INTRODUCTORY PHASE

When the product is evaluated on search attributes, such as in the case of foods, the goal of the sales person should be to ensure that the product is both visible and available to the customer. For products that are assessed on experience attributes, such as in Do-It-Yourself furniture, the sales person should be targeting demonstrations that show the product's value that the customer is interested in. In products involving credence attributes, such as in insurance (LIC) and healthcare, there should be no evaluation, as it is difficult for the sales person to communicate the emotions and feelings that the product tries to cater to.

GROWTH PHASE

For products evaluated on search attributes, the focus of the company should be to increase the penetration of its product in as many stores as possible. The sales force should therefore focus on adding new dealers, getting more doctors to prescribe their medicine, etc. In case of a product evaluated on experience attributes, the focus of the company should be to minimize the post-purchase dissonance that could occur after the sales generated in the introductory phase and to increase positive 'word-of-mouth'. The sales force's new imperative should therefore be to ensure good after sales service and reduce complaints. For products evaluated on credence attributes, the company's focus at growth stage should be to build trust with buyers and therefore the sales force should focus on making calls made to prospective and current customers, and therefore building relationships.

MATURITY PHASE

In products that are evaluated on search attributes, focus of the company at this stage should be to grow its market share (in an already saturated market). For products evaluated on experience attributes, the mandate of the sales force should be to generate sales after the demand has been created through the positive 'word-of-mouth' publicity in the growth phase. In products evaluated on credence attributes, the focus of the organization should be to retain the loyal customers it has succeeded in winning. The sales force should therefore focus on repeat sales through this customer base and try to reduce customer turnover (percentage of customers leaving).

TABLE 3: SALES FORCE EVALUATION CRITERIA FOR DIFFERENT MARKET SITUATIONS

Market condition (Product Life Cycle)	Type of Product		
	Search Attributes	*Experience Attributes*	*Credence Attributes*
Introductory phase	Displays organized	Demonstration	No evaluation
Growth phase Low Competition	New retails outlets opened and Sales	New service outlets	Number of calls
Maturity phase High Competition	Market share	Sales	Customer base retention

Source: Pingali, "Managing your Sales Force, A Motivational Approach", Seventh Printing, p. 112, 2010

COMPENSATION

The compensation structure consists of two things: size and shape.

Size of compensation depends highly on the kind of industry and competition. Industries whose core competence lies in marketing and selling (where differences between products are less), will have to have a big size of pay for sales function as compared to others. It also depends upon what the competition in paying, as any business would like to have the best talent for it.

Shape of compensation is its composition. The usual split between fixed and variable ranges from 70:30 to 40:60. However, some industries (and even some companies) give 100% variable pay, which is only commission on sales, and no guaranteed pay. This actually depends upon the instrumentality between sales people's efforts and the outcomes. Where it is possible to directly impact sales (and variability is low), it makes sense to reward for higher sales, that is a higher variable pay.

Similarly, the degree of accuracy with which the contribution of people can be assessed towards results should define the form of rewards for them. Monetary rewards would be ideal in places where performance assessment systems are accurate and fair. People will acknowledge the outcomes that are based on equity rather than on subjective and opaque criteria.

TABLE 4: SHAPE OF PAY STRUCTURE OF SALES FORCE

	High Variability in Performance	**Low Variability in Performance**
Accurate performance assessment possible	High fixed pay monetary rewards	High variable pay monetary recognition
Accurate performance assessment not possible	High fixed pay non-monetary rewards	High variable pay non-monetary rewards

WORK CULTURE

As discussed earlier, the primary interaction of the sales person with the organization is limited to interaction with the immediate supervisor. As such, it is the responsibility of the supervisor to ensure that the sales person understands that the company cares for him. The supervisor has the responsibility to define the culture for the sales person. Moreover, more than 50 percent of the components that affect the sales force (autonomy, work pressure, feedback, and responsibility) are dependent on the immediate supervisor. It is therefore important for the supervisors to know how to create the right cultural environment for their people.

That is, the sales supervisors need to assist sales persons in goal setting, analyzing performance, and also give feedback. In situation of failure, supervisors could give constructive feedback rather than criticism (Johnson and Kim 1994). Thus the encouragement and contact provided by the immediate supervisor is most essential for any sales person's good performance (Monoky, 1994).

CAREER PROPOSITION

Some of the major enablers in the work of a sales person are the presence of promotion opportunities, recognition and the thrill of competitiveness.

PROMOTION OPPORTUNITIES

Making progress and winning are cited as the largest motivators for sales persons (Donal, 2013). Companies should have well defined criteria for success in the role of sales, and also clearly defined rewards and promotion opportunities available for those who outperform. The prospects of gaining career growth after success in a role increase the motivation of the sales people.

RECOGNITION

Special recognition motivates salesperson much more than ordinary rewards (Gilbert, 2003). Mahindra & Mahindra organizes Black Belt awards for the outperforming people in sales. It is a very coveted prize that is awarded once in a year in a conference. Dominos restaurants selects 'Employee of The Month' in each of its outlets and its photo is displayed prominently in the outlet. Similarly, Indigo airline, in its customer feedback form, gives the passengers an option to name a crew member who they want to be rewarded. It rewards its crew based on customer feedback, and this is an unbelievably great recognition.

ADVANCED TRAINING

Special trainings and mentoring opportunities are considered as meaningful tokens of recognition for sales persons. In HUL, over and above the one-week per year mandatory training that the sales person undergo, high performers are also given opportunities of advanced training and learning programs.

PARTICIPATIVE GOAL SETTING

Goals that are mutually defined, and are difficult but achievable and coupled with regular feedback lead to higher performance. When sales persons are allowed to participate in setting their own goals, it generates higher goal commitment and more resilience to failure (Kopf, 1989). ITC has a goal setting approach in which targets for the next month's sales are decided beginning with the sales person's estimation of demand in his own territory.

CONCLUSION

Sales force is the last step in the value chain of activities of an organization and is the most customer-facing function. It is unique and different from other functions in terms of control, relationships, instrumentality and competence requirement. Sales force management, therefore, depends largely on the kind of product that the company sells, the product life cycle stage as well as the ease with which performance can be assessed. This also entails a culture of empowerment by the immediate supervisor, recognition for outperformance and presence of good career growth opportunities. Companies need to take cognizance of the fact that there is more than incentives to motivate sales force. Companies need to have a relook at what metrics they are using to measure performance and whether their sales strategy matches up to their business strategy. One size does not fits all; this is the imperative for sales force management.

REFERENCES

1. Donal, Daly (2013), "*What Motivates Sales People, Survey Results from the TAS Group*", Salesforcework.com, April4, 2013
2. Gilbert, Jennifer, (2003) "*What Motivates Me*", Sales &Marketing Management, Vol. 155(3), pp. 30-36
3. Jason Jordan, (2014), "*In Sales, Can You Manage What You're Measuring?*", blog.hbr, January 08
4. Johnson and Kim, (1994), "*Performance, Attribution and Expectancy Linkages in Personal Selling*", Journal of Marketing Management, Vol 10, pp. 325-32
5. Kopf, Jerry M., (1989), "*Goal Setting: The Overlooked Theory in Sales Motivation*", Special Abstract Session, National Conference in Sales Management, New Orleans, LA
6. Monoky, (1994), "*Six Successful Motivators*", Industrial Distribution, Vol. 83(8), p. 41
7. Pingali, (2010), "*Managing your Sales Force, A Motivational Approach*", Seventh Printing, p. 112
8. Vroom, (1964), "*Work and Motivation*", New York: Wiley

A STUDY ON FINANCIAL MANAGEMENT PRACTICES OF POOR HOUSEHOLDS IN CHENNAI AREA

M.VALLIAMMAL
RESEARCH SCHOLAR
BHARATHIAR UNIVERSITY
COIMBATORE

DR. A. CHANDRA MOHAN
PROFESSOR
SRM SCHOOL OF MANAGEMENT
KATTANKULATHUR

ABSTRACT

This paper examines how the poor manage money and is based on livelihoods surveys and demographic material about people living on the slums, in Chennai. The slums are vulnerable locations housing very poor communities without the municipal services because they are not listed in revenue records. We used a new approach of getting the poor households maintain financial records to understand their coping strategies. Previous researches of this nature in Chennai slums have not used this approach. The study demonstrates that the poor live in a diverse economy where community spirit, family assistance and trust play roles equally important to markets, concluding with evidence-based discussion of financial inclusion for application in these types of marginalized societies for policy makers and microfinance industry.

KEYWORDS
Financial inclusion, Microfinance, Slums.

JEL CLASSIFICATION
D12, D31, D63

INTRODUCTION

Since access to money is not readily available for the poor, the concept of 'financial inclusion' was born. The exclusion from the financial sphere for poor occurs at two levels: the more vulnerable people are kept out of the payment systems; and excluded from the formal credit market itself, compelling them to access non-institutional sources. Therefore, interventions that are designed mean to connect them to mainstream banking and lending systems so that the poor can access capital from the market when they needed it. These interventions assume that the poor are not competent managers of money and finance, and all informal financial arrangements as exploitative. Financial inclusion also assumes that those who are to be brought 'within the net', that is those who live within a certain political boundary, as 'legal' citizens.

To investigate how the extreme poor make a living, we look at people living on the slums, in Chennai. We focus on six slums on the banks of the Adayar River, in Chennai, Tamilnadu. A significant number of people live on the slums, in a physically uncertain, legally unsure, and ecologically fragile environment. Their vulnerabilities arise from many factors: annual inundation; riverbank erosion; absence of municipal services such as roads and electricity, water supply and sanitation; and the illegitimacy of their existence due to lack of legal status both of their properties and themselves. To survive, people have fine-tuned sophisticated 'hand-to-mouth' survival strategies to cope with poverty (Samanta and Lahiri-Dutt 2005).

To understand how the poor people survive on low cash incomes and manage what finances they have we need to see what happens inside the household. What informal credit systems do they depend on? What roles do trust and hope play in their survival? This paper explores the multiple sources of informal credit that the poor have created, investigates how these sources are mobilized and accessed by individuals, and highlights the role of informal credit in livelihoods and the overall well-being of individuals, households and communities.

RESEARCH METHODOLOGY

This paper emerged from a broader research project on the livelihoods of people on the slums of the Adayar River in Chennai in Tamilnadu. Different phases of this self-funded intensive field-based empirical research were carried out from 2013 to 2014. The slums are located on the Adayar either within the Chennai or the Chingleput districts of Tamilnadu. We studied the slums that were more accessible from the Chennai area.

The study was undertaken at two levels: community and household. At the community level, we looked into indebtedness, sources of credit and the reasons for debt of slum dwellers in seven slums with an overall understanding of the kind of different types of dwellers and their nature of financial status by discussions with the notable leaders and opinion makers in that society. A structured questionnaire was used to understand the different sources and uses of money at the household level besides the use of a diary to note the day to day financial transaction of the households.

In an effort to understand the informal sources of credit and money circulation systems within the slums we explored the financial strategies of households to manage money. Ten households from four slums participated in this exercise, and allowed us to record and analyze their financial policies and economic behavior in detail. This was done by keeping financial diaries based on daily interviews over a one month period in both a lean season (the monsoons, when the river is in spate) and a peak season (winter, when the river is used for commercial washing). These diaries, much like household-level balance sheets and/or cash-flow statements, recorded how individual households managed their money.

A few words about the subjective nature of the research method are relevant here. To start with, the world of the *slums* was entirely different to ours, the authors, who lived in the Chinglepet district. Securing access to the slum people's homes and lives was not a straightforward and easy process. The precarious legal situation of slum dwellers also meant that we needed to exercise caution and ethical judgment. Only those who were willing to be transparent about their finances participated in the survey. Because of its personal nature, each family had the option of leaving the study at any time. We also involved school going adolecents of local communities to act as facilitators where ever needed to visit the families every evening in their homes to note down the day's activities that involved money.

LITERATURE REVIEW

In India, financial inclusion through microcredit made a start under the leadership of the National Bank for Agriculture and Rural Development (NABARD) in the 1990s in the form of the SBLP (State Bank Linkage Program) to bring the poor within the formal financial system. The strategies of financial inclusion generally expect the poor to build livelihoods to escape poverty through self-employment with the help of only a very small amount of credit. The concept of financial inclusion has easily lent itself to intervention to provide microcredit, which is claimed to be the most efficient means of poverty alleviation and the best way to make the poor self-reliant (Hulme and Mosley 1996; Morduch and Haley 2002; Zaman 2004). Microcredit has been criticized in recent years however. Scholars (Duvendack et.al. 2011) have pointed out that there is no clear cut evidence that microcredit schemes have a direct, positive impact on poverty or on livelihoods

and hence may not be useful in the long run. Although the main arguments for microcredit-based financial inclusion are poverty alleviation and empowerment of women, studies have shown that some of the interventions neither help poverty alleviation (Kabeer 1998, 2000, 2005; Hunt and Kasyanathan 2001) nor significantly empower women (Karim 2011; Burra et al. 2005; Cheston and Kuhn 2003; Kalpana 2005).

Financial inclusion, as envisaged by micro-credit programs, often does involve other aspects of human development and well-being, for instance education, access to credit, capacity-building for production, and awareness of and linkages to the market economy (as argued by Alphonso 2004, Chauhan and Rajdev 2014). Studies (Krishna 2003; Guerin and Palier 2005) have also noted that the provision of microcredit in the name of financial inclusion have actually increased the levels of indebtedness of rural poor. Despite the immense popularity of microcredit, no clear evidence yet exists that financial inclusion has positive impacts on poverty and livelihoods (de Aghion and Morduch 2010). Some civil society research initiatives for the urban poor in India (such as by Nirantar 2004) have equated microcredit with a 'band-aid' applied to a deep wound without treating it. They argue that microcredit has discouraged the exploration of other strategies to combat poverty and unemployment in India. To try to alleviate poverty and its related problems without analyzing the social and economic issues of unequal resource access and distribution is a superficial exercise.

RESEARCH GAP AND NEED FOR STUDY

In academic discourses on poverty, debate has so far been mainly about the measurement of poverty, the scales and indicators, poverty alleviation strategies, and financial help from donor agencies, governments, and non-government institutions. T Planners and policymakers, who design schemes for poverty alleviation, neglect the importance of understanding the financial practices of the poor. The broad-based economic surveys that they carry out do not cover the minute details of the income and expenditure of the poor over time. Nor do anthropological studies come up with quantitatively understandable details about the financial management by the poor. Only a radical shift in research methodology, away from the universal answers, can fill this gap in understanding and identifying viable methods of cash management. What is needed is 'thick description' (as called by Geertz 1973: 3) that will contextualize lives. Indeed, theorists are increasingly paying attention to the social economy that was largely ignored by economists trained to see only in a certain way (Murray 2009, Banerjee and Duflo 2011). Pertinent to our project is the research by a group of scholars (Collins et al. 2009) who used the technique of financial diaries of 250 poor households to understand their fiscal policies for daily maintenance in the short term as well as in the long term. Their robust analyses offer fascinating insights into the monetary lives of the poor. Our observations verify some of their findings; for instance that the poor can not necessarily always plan for the short term. The ways in which they plan for the long term and thereby save money are different, requiring a high level of inter-household cooperation and collaboration. The poor also do not consume their entire incomes immediately, but try to put their money in different places to minimize the risk of loss. In other countries, a growing body of literature shows that customary practices, state regulations, and market exchanges give rise to a hybrid economy (see Altman 2009a, 2009b for examples on traditional/aboriginal/indigenous societies). From a theoretical perspective, such diverse economies have been conceptualized by the human geographer Gibson-Graham (2006).

RESEARCH PROBLEM

Programs of poverty alleviation use the concept of 'financial inclusion' on the belief that because the poor are subject to usurer exploitation when they are excluded from financial services provided by banks and other financial institutions ((RBI 2006; 2007). Giving them access to banks is the policy measure to help the poor escape the vicious cycle of poverty. Traditional modes of usury, are widely considered as evil and exploitative, and there is no interest in understanding why people might access these 'services'. Hence the government tends to use two policy prescriptions: one is to close informal modes of credit delivery outside mainstream regulatory measures; the other is to find the means to provide 'financial inclusion', and protect poor from exploitation by moneylenders who charge exorbitant rates of interest. This is why international financial agencies such as the World Bank in their 2001 report on attacking poverty have promoted financial inclusion as a primary strategy for poverty alleviation. However the key assumption that the poor on their own do have the ability to manage financial decision making is imperative in all these policies. We had not found any study to check if this assumption is valid in the current level of economic and cultural development and this study was proposed to examine this assumption.

OBJECTIVE

Understand the financial decision making by poor households in Chennai slums.

HYPOTHESIS

The hypothesis we wanted to check was that the poor households do not have any ability to take financial decisions on their own.

FINDINGS OF THE STUDY

We found that of the households we studied two-thirds of the families are indebted, although the proportion varies significantly across the slums we studied. The remoteness of individual slums and the period of occupation by its inhabitants seem to influence the level of indebtedness. Within a given slum the amount of debt varies widely between families. Indebtedness of about 45% of them is low less than Rs. 5,000 while 40% of families have medium-level debts varying between Rs. 5,000 and 20,000. The remaining 15% of families are heavily indebted with loans of more than Rs. 20,000. If we assess the average level of debt for the indebted households across the slums, then those near Adayar town and Kotturpuram have borrowed the most.

In general, only about 10% of slum families have access to the formal credit that banks offer4. This is because many do not have ration cards or other documents to prove their citizenship. Use of banks is also low because lands slum families stay are mostly unrecorded in revenue records and thus of no value to banks as a mortgage. Lastly, the slums are physically remote; some only accessible by good road even during the dry season. Those families such as washermen with valid land titles that access the formal credit systems of banks are relatively better off. The financial situation of each household is specific to that households and can change dramatically even within a short period of time. Whilst some can overcome pressing needs in the short-run or in the long-run, there are also cases in which households have sunken deeper into poverty. Often, vulnerability to physical emergencies such as floods and riverbank erosion, as well as to financial emergencies such as medical emergencies, sudden death of the male income-earner, or social obligations such as a daughters' marriages have worsened the family's well-being by compelling the sale of house.

The 90% of slum households who cannot access banks depend on a number of informal credit sources. The availability of credit and the conditions attached to it play an important role in determining livelihood strategies of these people. Households without any savings frequently borrow from various informal credit organizations. Of the different sources of credit available locally, the most important (52%) for the slum dwellers is still the *marvadis*, or money-lenders, followed by relatives and friends (38%), then banks (10%). Reasons for taking loans vary widely; reasons can include daily consumption needs as well as building of livelihood assets like the purchase of property or to meet exigencies such as a daughter's marriage. Among house owners and laborers, loans for business are most significant, whereas small consumption needs, especially in the lean season during the monsoons, dominate among the poorer.

MONEYLENDERS AS SOURCE OF FINANCE

The most significant source of informal credit in the slums is the moneylender, locally called the marvadi. Even though people pay a high interest rate of Rs 50 to Rs 60 per Rs 1,000 each month to the marvadi, the poorer families still depend on them. The obvious reason for this is that there little or no access to formal credit from banks. The other reason is more psychological—a faith or trust in the old system and the advantages of taking out a quickly repayable loan. The moneylenders also prefer short-term loans as they believe that the poor cannot repay longer-term loans. It becomes difficult for the washermen to repay the loan if profit is low from a season due to a fall in the business or due to accidental loss of the business by drought, flood. For this reason, the moneylenders

selectively judge the repayment capacity of the borrower. Unfortunately, the poorest of the poor sometimes do not get a loan even from a moneylender. To ensure repayment from the poor, some moneylenders prefer special conditional loans called '*kandu'*.

KANDU LOANS' CONTINUING RELEVANCE

'Kandu' is a traditional advance-lending system that continues to play an important role in the subsistence economy of the slums. Here, the people borrow the total amount required to meet an expense in cash from the marvadis, who are also wholesale businessmen selling assets. The interest rate is commonly set by the marvadis depending on his personal relations with the client—his familiarity with and trust in him or her as a borrower. The essential condition of 'kandu' is that the borrower is required to settle daily income to the respective marvadi.

Some moneylenders, to make up defaults, may even buy the assets lower than the market price. In spite of these exploitative pre-conditions, for a number of reasons slum dwellers prefer kandu over the usual form of loan from moneylenders. Marvadis generally try not to lend to the people whose repayment capacity is poor, whereas a 'kandu' loan is accessible even to poor. Another reason of preferring 'kandu' is the possibility that some of the marvadis would be lenient and allow one more year for repayment if the person is in real distress. The marvadi may also waive off the additional interest. This mutual faith and trust add a positive dimension to 'kandu'.

Though 'kandu' loans are usually depicted as the villain of poor people, in the communities studied, the economic nature of people has presented a completely different aspect about this practice, and even suggests the reason for continuation of these types of loans irrespective of the popular public opinion against the same.

ROLE OF MICROFINANCE GROUPS

Informal credit groups are a relatively new addition to the sources and ways of credit mobilization in the slums of Chennai. The oldest group is the SMILE that was formed in 2005 by a voluntary group. The group now has 4000 shareholder members scattered over Chennai. Usually such societies are run by a core management committee comprising six to ten members (depending on the total number of member). The membership of the committee changes every three years. All monetary transactions (getting loans, repayments, and dispute resolution) are carried out at monthly meetings in the presence of all the members. Core members are also selected in those meetings to be the office-bearers for three years. In March 2011, this committee had a capital of Rs 14 lakh—a substantial increase over the initial capital of Rs 1.5 lakh in 1999. This capital is kept in a nearby bank in an account jointly held by two or three founding members. These informal credit groups operate much like an informal bank, and people living on the slums use them for both credit and savings. The informal credit is provided at interest rates less than those charged by local moneylenders, 5% per month, that is, 60% per annum, but still at 36% which is more than three times the rate charges by commercial banks. These groups flourish not only because slum-dwellers are unable to access the banks without citizenship papers; even those who could are reluctant to use banks and prefer to use these groups. The reluctance is rooted in the large amount of paperwork required by banks, which is conducted in English, and going to the bank is a daunting task for the illiterate poor. Others, who use credit for business, benefit from the shorter application and loan processing time of these informal institutions.

ROLE OF INFORMAL CREDIT SYSTEMS

When we asked individuals about the effectiveness of these informal credit mobilization systems, responses were varied. Families with more property usually benefit more from these credit groups: they can procure a short-term loan, especially just before a wet season more easily and can immediately repay with interest. Some relatively better off families also use credit as a way to build up savings. The poorest families prefer this source of credit as no assets are required to be mortgaged. There are also differences in reasons for taking out loans; often the poorer families borrowed to meet their consumption needs whereas the better-off families use loans for farming. Peer pressure to repay these debts is also great. Some families that are unable to repay debts experience extreme peer pressure from other villagers—as most of their money is also with this group as public shares. There are cases where extremely poor families have had to sell their cattle or part of their assets to repay the loan and accumulated interest. The positive aspects of the system of informal credit are several; the poor can access cash when needed and they can do so reasonably quickly, and no longer have to depend on local moneylenders and be subject to their exploitation. The negative aspects, however, relate to the nature of the slum communities and the purpose of the credit.

HOW POOR HOUSEHOLDS MANAGE THEIR MONEY

To understand the financial lives of the slum households, we adopted the techniques used by Collins et al. (2009), and kept financial balance sheets for 40 households. The diaries were kept for two months during the last year of our study, that is, 2014, and we took one lean season month (during the monsoons) to balance one peak season month (during the summer). This gave us a better idea of financial management at times when plenty of work was available as well as when work opportunities were limited. Due to the limited literacy of survey participants, we took local slum dwellers as research assistants to visit each household on alternate days to note the details of income and expenditure. We also tried to understand both short- and long-term financial strategies. This was done informally while discussing the day's income and expenditure with the household members. The resultant data revealed great complexity in household financial behavior.

SUMMARY

Based on the findings we can reject the hypothesis that do not have any ability to take financial decisions on their own, as we have adequate proof of their decision making skills in complex environments. We see that individuals take risks, but also work within communities to support each other. The collective strength of the community is a key pillar in maintaining live and livelihoods people can depend on others in the community to lend small amounts when faced with a major family expenditure like a daughter's wedding. The financial success of many couples lies in their ability to generate surplus and build assets gradually: sales of gold jewellery to start a business that yields some income. Families stick together in the face of adversity and support each other. In some, the husband and the wife run the household based on mutual collaboration and expenditure-sharing and have a varied basket of resources to fall back upon. People try to utilize a variety of skills to widen their income base and use different season's or household members' incomes for different purposes. Slum dwellers manage their micro incomes with extreme caution and care, and maneuver through emergencies and family crises expertly. Those who earn seasonal incomes, buy their annual supply of non-perishables when they are earning. From our interviews with individuals, we found it possible to summarize the various financial strategies of the slum poor in two headings, primary and secondary. They represent a combination of community and household level credit and money management systems. The following table presents these:

TABLE 1: STRATEGIES USED BY FAMILIES FOR MEETING FINANCIAL NEEDS

Primary Strategies
1. Seek loan from marvadis
2. Seek kandu loan
3. Invest in children's education
4. Generate surplus from minimum
Secondary Strategies
1. Join informal credit group to save and borrow
2. Save in good season
3. Earmark different incomes for different uses

(Source:Research Data)

The relationship between the two sets of strategies is not linear and there are overlaps depending on the nature of the household and contingent situation. One household, for example, lives on bare minimum and adopts none of these strategies. Even then, one might say that their strategy is to take risk and see what the future holds for them.

CONCLUSION

This paper demonstrates that unlike what is commonly expected, poor people can have significant financial skills. These skills are generally not captured by quantitative measurements of formal system parameters. The informal systems of credit and household money management systems need further investigation; for example to explore the mechanisms of capital accumulation, asset building and factors that contribute to success and failure of individual households. The poor often have more faith in moneylenders than they do in banks, especially as they need quick access to money. They also value personal relationships which often help them to survive through extreme crisis. The diversified livelihood base developed through social relationships should not be beyond the understanding of policymakers who need to think about ways a bottom up approach can be developed to understand what poor people do, what they need and when they need it to their sustain their livelihoods. Before we connect the poor to the mainstream financial systems through Bank Linkage or other policy instruments, there is a need also to look at the specific contexts in which the poor live and manage money ingenuously through informal networks. Unfortunately—but perhaps not surprisingly—the data reveal that social factors such as the need to marry off daughters comprise a significant reason for running into debt. The many household data illustrates this and suggests that just financial inclusion would not help the poor. There is an urgent need to implement pro-poor policies to provide basic services like health, education, water and sanitation rather than focusing solely on financial inclusion. The implication of the study is that policy interventions that aim to tag the poor to the bottom rung of the formal monetary system as 'micro-partners' needs re-thinking.

REFERENCES

1. Alfonso Castillo S.M. (2004) 'Limiting possibilities' in Nirantar's *Dilemmas and Questions: Micro Credit and Women's Empowerment*, World Social Forum Seminar Report, New Delhi: Nirantar.
2. Altman, Jon. (2009a) 'The hybrid economy as political project: Reflections from the indigenous estate', *Keynote address to the Indigenous Participation in Australian Economies conference*, 9 November2009, Canberra.
3. _____ (2009b.) 'The hybrid economy and anthropological engagements with policy discourses: A brief reflection', *The Australian Journal of Anthropology*, 20(3): pp.318–29.
4. Bannerjee, Abhijit and Esther Duflo (2011) *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*, New York: Public Affairs.
5. Burra, Neera, Joy Deshmukh-Ranadive and Ranjani K. Murthy (eds) (2005) *Micro-Credit, Poverty and Empowerment: Linking the Triad*, New Delhi: Sage Publications.
6. Chauhan P. and Rajdev A.A (2014), *impact of microfinance services on poor women's households in ahmedabad: an Empirical stud,y* International Journal Of Research In Commerce & Management,Vol.5 No.10, October 2014,pp.1-6.
7. Cheston, Susy and Lisa Kuhn (2003) *Empowering Women through Microfinance*, A Draft Report, UNIFEM.
8. Collins, Daryl, Jonathan Morduch, Stuart Rutherford and Orlanda Ruthven (2009) *Portfolios of the Poor: How the World's Poor Live on $2 a Day*. Princeton and Oxford: Princeton University Press.
9. de Aghion, Armendariz and Morduch, J. (2010) *The Economics of Microfinance, 2nd edition,* Cambridge: MIT Press.
10. Dewan, R. (2011) 'Twelfth Plan: Patriarchy as Macroeconomic Construct', *Economic and Political Weekly*, Vol XLVI No.42 October 15, 2011.
11. Duvendack M., Palmer-Jones R, Copestake J.G., Hooper L., Loke Y., Rao N. (2011) *What is the evidence of the impact of microfinance on the well-being of poor people?* London: EPPICentre, Social Science Research Unit, Institute of Education, University of London.
12. Geertz, Clifford. (1973) *The Interpretation of Cultures*, New York: Basic Books. Guerin, Isabelle and Jane Palier (eds) (2005) *Microfinance Challenges: Empowerment or Disempowerment of the Poor?*, French Institute of Pondicherry, Pondicherry.
13. Gibson-Graham, J.K. (2006) *A Postcapitalist politics*. Minneapolis: University of Minnesota Press
14. Harper, Malcom (2011) 'The commercialization of microfinance: Resolution or extension of poverty?' in Milford Bateman (ed.) *Confronting Microfinance: Undermining Sustainable Development*, Sterling, Va: Kumarian Press, pp. 49-59.
15. Hulme D. and P. Mosley (eds) (1996) *Finance Against Poverty*, London: Routledge.
16. Hunt, Juliet and Nalini Kasynathan (2001) 'Pathways to empowerment?: Reflections on microfinance and transformation in gender relations in South Asia', *Gender and Development* 9(1),pp. 42-52.
17. Kabeer, Naila (1998) ' "Money can't buy me love?" Re-evaluating gender, credit and empowerment in rural Bangladesh', *IDS Discussion Paper* 363, Institute of Development Studies.
18. Kabeer, Naila (2000) 'Conflicts over credit: Re-evaluating the empowerment potential of loans to women in rural Bangladesh', *World Development* 29 (1),pp.63-84.
19. Kabeer, Naila (2005) 'Is microfinance a 'magic bullet' for women's empowerment?: Analysis of findings from south Asia', *Economic and Political Weekly* 40(44&45):pp. 4709-4718.
20. Kalpana, K. (2005) 'Shifting trajectories in microfinance discourse', *Economic and Political Weekly* 40(51), pp.5400-5409.
21. Karim, Lamia (2011) *Microfinance and its Discontents: Women in Debt in Bangladesh*, Minneapolis: University of Minnesota Press.
22. Krishna, Anirudh (2003) 'Falling into poverty: Other side of poverty reduction', *Economic and Political Weekly* 38(6),pp. 533-542.
23. Lahiri-Dutt, Kuntala and Gopa Samanta (2012) *Dancing with the River: Hybrid landscapes and Livelihoods in Deltaic Bengal, India*, Canberra: ANU E Press.
24. Lahiri-Dutt and Samanta (2007) ' "Like the drifting grains of sand": Vulnerability, security and adjustment by communities in the slumlands of the Damodar river, India', *Journal of South Asian Studies*, 30(2),pp. 327-349.
25. Morduch, J. and B. Haley (2002) Analysis of the effects of microfinance on poverty reduction, *NYU Wagner Working Paper 1014*, New York: New York University.
26. Murray, Robin (2009) Danger and Opportunity: Crisis and the New Social Economy, Provocation 09, September 2009, London: National Endowment for Science, Technology and the Arts.
27. Nirantar (2004) *Dilemmas and Questions: Micro Credit and Women's Empowerment*, World Social Forum Seminar Report, New Delhi: Nirantar.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

37

28. Reserve Bank of India (2006): 'Economic growth, financial deepening and financial inclusion', Address by Rakesh Mohan, Deputy Governor of the Reserve Bank of India, Annual Bankers' Conference, 26 September 2006, Hyderabad.
29. _____ (2007) 'Financial inclusion: The Indian experience', Address by Usha Thorat, Deputy Governor of Reserve Bank of India, at the HMT-DFID Financial Inclusion Conference, 19 June 2007, London.
30. Samanta Gopa and Kuntala Lahiri-Dutt (2005) 'Marginal lives in marginal lands: Livelihood strategies of women-headed, immigrant households in the *slum*lands of the Damodar, West Bengal' in Sumi Krishna (ed.) *Women's Livelihood Rights: Recasting Citizenship for Development*, New Delhi: Sage-India Publications.
31. World Bank (2001) *World Development Report 2000-2001: Attacking Poverty*, New York: Oxford University press.
32. Zaman, H. (2004) The scaling-up of microfinance in Bangaldesh: Determinats, impacts and lessons, *World Bank Policy Research Paper 3398*, Washington DC: World Bank.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

38

A STUDY ON THE BUYING BEHAVIOUR OF GREEN PRODUCTS

RESHMI.R
ASST. PROFESSOR
DEPARTMENT OF COMMERCE & MANAGEMENT STUDIES
FAROOK COLLEGE
CALICUT

DR. B. JOHNSON
ASSOCIATE PROFESSOR
DEPARTMENT OF COMMERCE & MANAGEMENT STUDIES
UNIVERSITY OF CALICUT
CALICUT

ABSTRACT

The paper attempts to examine the buying behavior of green product among various income level groups. This study seeks to understand consumers' green purchasing intentions and compares the factors influencing the purchase decision of green products and non green products. For this purpose a sample survey was conducted on 90 respondents based in Calicut city. The respondents were divided into 3 categories, i.e., high income level group, middle income level group and low income level group. The primary data was collected with the help of an interview schedule. Results indicate that there is no significant difference between buying behaviors and income level and no significant difference between purchase decision and sector (government & private) employees. To the end, health was considered as the most important factor influencing green products and cost is the most important factor influencing the purchase of non green products.

KEYWORDS
Green Products, Green Consumers.

INTRODUCTION

Going green - is a phrase that's becoming more and more common as people start to realize the enormity of the environmental challenges we all face. Everybody knows that the earth is in trouble: every day we see new stories about global warming, acid rain, oil spills, deforestation, or nuclear waste.

Being green isn't just about helping the environment – it's also about keeping oneself healthy and happy. Green products are becoming popular as consumers become more aware of the hazards of chemicals and toxins in their food, their households and their outdoor environment. The bodies of human beings put up with a lot every day, from fast food burgers to air pollution to a poor night's sleep, and going green means ensuring that toxins don't affect our environment. This can mean doing something as simple as using a better air filter or switching to eco- friendly cleaning products, but it can also mean making more profound changes in your life. The most important thing is to educate our self not only about the impact on the environment but also about how our environment is affecting us.

Basically, going green means to live life, as an individual as well as a community, in a way that is friendly to the natural environmental and is sustainable for the earth. It means contributing towards maintaining the natural ecological balance in the environment, and preserving the planet and its natural systems and resources. It also means taking steps, whether big or small, to minimize the harm you do to the environment (including the carbon footprints you leave behind), as a result of inhabiting this planet. In practice, going green means adopting five basic principles in the daily life:

- Reduce pollution
- Conserve resources
- Conserve energy
- Reduce waste
- Protect earth's ecological resources

One type of environmentally conscious behaviour is environmental consumerism (green buying)--purchasing and consuming products that are benign towards the environment. The rising number of consumers who prefer and are willing to buy eco-friendly products are creating opportunity for businesses that are using "green products" or "environmentally friendly" as a component of their value proposition.

GREEN PRODUCTS – THE CONCEPT

Green products are those that have less of an impact on the environment or are less detrimental to human health that traditional equivalents. Green products might, typically, be formed or part-formed from recycled components, be manufactured in a more energy-conservative way, or be supplied to the market with less packaging (or all three).

Green products generally use eco-friendly materials and energy-efficient means of production, thereby causing less or no detrimental impact on the environment. Eco-friendly products do not contain harmful elements that might pollute the ecosystem and the production process of which does not result to any toxic by-products or negative externalities. Moreover, green products are usually biodegradable and made from recyclable materials. They also conserve energy by promoting renewable or natural energy sources and low-maintenance energy requirements.

Many innovative businesses have successfully introduced "green" products in recent years. While many of these products have saved money, they have also reduced impacts on human health and the environment by using recycled or recyclable material (e.g., recycled paper products), reducing their energy usage (e.g., efficient washing machines that use less water and energy) or eliminating the use of toxic chemicals during their manufacture.
Examples of Greener Products

Product Category Environmental	Traditional Product	Greener Product	Improved Performance
Lighting	Incandescent bulb	Fluorescent bulb	Less energy used
Paper tablet	100% virgin paper	50% post consumer paper	Reduces natural resource use

For instance, in the above lighting example, while fluorescent bulbs use less energy than incandescent bulbs, these bulbs contain mercury that can be released into the environment if they are not properly disposed (e.g., not recycled).)BBB

SIGNIFICANCE OF THE STUDY

As the human population continues to grow and technological advancements (e.g. mass production, transportation) help make more material goods more readily available to people all over the world, we consume more and more natural resources. This rate of consumption is especially apparent in developed countries.

More and more trees are cut down to produce more and more paper for the growing number of offices worldwide. More oil, coal and other natural fuels are extracted from the earth to drive our factory machineries, our automobiles (including our airplanes) and our homes. However, the world's supplies of oil and coal will not last forever, and our use of these fuels is contributing to polluted air, acid rain and global warming. We need to learn to consume only what we need, and be considerate in our consumption. In other words, remember that we are not the only ones that the earth has to provide for. But if we really need to make purchases, consider buying green products instead. The use of such environmentally friendly products helps you reduce your carbon footprints, and even allow you to contribute to a greener planet.

A product is considered earth-friendly if it is biodegradable, meaning that it will pose no threat to the earth and environment, when it is released to the air, water or earth while in use or when disposed of. These types of products usually decompose much quicker in a landfill, than similar items that are not biodegradable. Biodegradable household cleaners, soaps, dish and dishwasher detergents and laundry soaps are just a few examples of this type of green product.

At long last, the impulse to go green is spreading faster than a morning glory. Organizations of all types are launching green campaigns. Consumers too are getting behind the idea of being greener. Consumers are concerned about the environmental and social impacts of the products they buy. Consumers want to act green, but they expect businesses to lead the way. According to our global survey, 61 percent of consumers say that corporations should take the lead in tackling the issue of climate change. To do this, businesses need to develop more and better Earth-friendly products. Some already are, but they are not doing a good job of marketing them. To realize the true potential of the green market, businesses must help consumers change their behaviours.

REVIEW OF LITERATURE

Mangali Morel & Francis Kwakye (2012) in their article "Green Marketing: Consumers Attitute Towards Eco Friendly and Purchase Intention in the Fast Moving Consumer Goods(FMCG) Sector" aims to explore the influencing of the four traditional marketing mix elements, satisfaction and word of mouth(WOM) and purchasing intentions of consumers on eco-friendly products especially FMCG. Furthermore one prospective study was to look into the comparison of the Swedish and Non Swedish , their attitude towards green products. A quantitative research was adopted. It was founded that satisfaction goes with purchase intention. Positive attitudes concerning willingness to pay an extra price for green products are also correlated with purchase intention. The findings also demonstrated that there were differences in attitudes and purchase intention towards green products between men and women and between Swedish and Non Swedish.

Aysel Boztepe (2012) in his article "Green Marketing and Its impact on Consumer Buying Behaviour" aims to give information about the effect of green marketing on customers purchasing behaviors. According to the results of the analysis, environmental awareness, green product features, green promotion activities and green price affect green purchasing behaviors of the consumers in positive way.

Marius Christopher Carl Claudy, (2011) in his thesis "An Empirical Investigation of Consumer Resistance to Green Product Innovation", aims to advance theoretically and empirically our understanding of consumer resistance, to identify consumers' motives for resisting green innovation and to highlight strategic implications for marketers and policy makers.

Usama Awan & Muhammed Amer Raza (2011) in their article "Green Consumer Behaviour-Empirical Study of Swedish Consumer Behaviour" aims to provide better opportunity to examine how environmental issues are important in Consumer decision making process and what are the important factors affecting the consumers while taking decision towards electricity providing company. The data was collected through self administered questionnaire and quantitative research methods. The research proves that when consumer makes decision he does not consider only the product but also keep other factors in mind like price, lack of information,etc.,

Durif, Boivin and Julien (2010) in their article "In search of a green product definition" compares the definition of green product within three different perspectives (academic, industrial, consumers) based on a descriptive meta-analysis, a bibliographic approach, and a consumer survey.

Jeff.Y.Chen, (1994) in his thesis The Economic Impact in Green Product Development, intends to develop a model that measures the cost and the benefit of products. There are three objectives that this thesis tries to achieve. First objective to develop an inexpensive model that performs relatively quick environmental assessment. The second objective is to make the model flexible to the product that is, even if the product changes attributes. Third, the model one should be able to be utilized in assessing various products.

SCOPE OF THE STUDY

Nowadays consumers are very much aware of green products and thus its scope is wider. People no matters, which ever income sector they are in, are ready to buy green product. Majority of the consumers have perceived green products as healthy and environmental friendly products. Companies should make every possible effort to undertake research and development in order to come up with green products in the interest of the consumers well being. The area selected to study the consumer's buying behavior of green product is Calicut City

RESEARCH PROBLEM

On a global level, there is an increased awareness of global warming and adverse climate conditions and as a result there is a spur in interest toward environmental protection and sustainable development.

The growing social concern for the environment has recently emerged as a key issue in marketing. In recent years, this fact has led to the consumers' increased interest in making environmentally social purchases. More and more consumers have realized that their consumption activities will lead to environmental problems and have translated their environmental concern into action.

Accordingly, public opinion polls show overwhelming support for environmental concern and environmentally sound purchases. The "new millennium era" has witnessed that consumers are more aware and responsible to purchase green products- i.e. products which are environmentally-friendly - to tackle the ecological and environmental issues. The outcome of this is that, some of the consumers translated their environmental concern into actively purchasing green products commitment.

One type of environmentally conscious behaviour is environmental consumerism (green buying)--purchasing and consuming products that are benign towards the environment. The rising number of consumers who prefer and are willing to buy eco-friendly products are creating opportunity for businesses that are using "eco-friendly" or "environmentally friendly" as a component of their value proposition.

As green consumers are becoming more and more aware of green products, the researcher is making an attempt to study the buying behaviour of these products among different income level groups.

OBJECTIVES OF THE STUDY

1.   To understand the buying behaviour pattern of green products among low, middle and high income groups.
2.   To study and compare the purchase decision of green products between Government and Private sector employees.

HYPOTHESES

On the basis of the above objectives, the following hypotheses have been formulated

1. H_0 - There is no significant difference in the buying behaviour of green products on the basis of the income and employment sector.
    H_1 - There is significant difference in the buying behaviour of green products on the basis of the income and employment sector..
2. H_0 – There is no significant difference between the factors influencing the purchasing decision of green products and non green products.
    H_1- There is significant difference between the factors influencing the purchasing decision of green products and non green products

OPERATIONAL DEFINITION OF TERMS USED

GREEN PRODUCTS

Green products are those that have less impact on the environment or are less detrimental to human health than traditional equivalents. Green products might, typically, be formed or part-formed from recycled components, be manufactured in a more energy-conservative way, or be supplied to the market with less packaging (or all three). In this study, very high priced green products are not taken into consideration like solar panels.

GREEN CONSUMERS

Green Consumers are those who care about the environmental attributes, and are willing to pay a premium for products manufactured in environmental friendly production processes.

METHODOLOGY USED FOR THE STUDY

The researchers, in order to make the study, a sample size of 90 respondents are selected. A stratified random sampling method was adopted. The three strata to the sample selected are high income level people, middle income level people and low income level people. Another stratification is also made on the basis of the employment sector, 45 respondents from government sector, and 45 from private sector.

SAMPLE FRAME

NO OF RESPONDENTS

• Sector	• High income level group	• Medium income level group	• Low income level group	• Total
• Government	• 15	• 15	• 15	• 45
• Private	• 15	• 15	• 15	• 45
• Total	• 30	• 30	• 30	• 90

SOURCES OF DATA

The data was collected through primary and secondary sources. For the collection of primary data, the researchers employed Interview schedule method. The interview schedules were supplied to 90 respondents to collect data. Area of study was Calicut city. Secondary data were collected from various sources like websites, marketing journals, textbooks of marketing management, articles, etc,.

TOOLS FOR ANALYSIS

The following tools and techniques were used in the study

Percentage analysis

Fischer's Exact Test

Wilcoxon Signed Ranks Test

RESULTS AND DISCUSSION

This part of the study puts light on valuable information that is derived out of the careful analysis and interpretation of data collected through sample survey.

AWARENESS ABOUT GREEN PRODUCTS

The sample respondents were grouped under three categories, based on their income. Each category was been asked about the awareness level regarding the green products. The results of the same are tabulated in the following table.

TABLE 1: DISTRIBUTION OF AWARENESS OF GREEN PRODUCTS AMONG VARIOUS INCOME GROUPS

Income	Aware		Total
	Yes	No	
low	26	4	30
middle	29	1	30
high	30	0	30
Total	85	5	90

Source: Sample Survey

Fisher's Exact Test	
Table Probability (P)	0.0187
Pr <= P	0.122

It was found that in the case of people having an annual income of below 3lakh, 4.44% are not aware of green products between 3lakh -5 lakh 1.11% are not aware of green products while in the case of people a having an annual income of more than 5 lakhs, it was found that all are aware of green product.

As the p-value is greater than 0.05, the null hypothesis that there is no difference between the income and awareness level of the green products is accepted.

AWARENESS LEVEL OF THE EMPLOYEES ON THE BASIS OF EMPLOYMENT SECTOR

In order to examine whether there is any difference among the government and private sector employees about the awareness level of green products the results of the primary data collected are shown in Table 2

TABLE 2: DISTRIBUTION SHOWING AWARENESS OF GREEN PRODUCTS AMONG GOVERNMENT & PRIVATE EMPLOYEES

Sector	Aware		Total
	Yes	No	
Govt	41	4	45
Private	44	1	45
Total	85	5	90

Source: Sample Survey

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

41

Fisher's Exact Test	
Table Probability (P)	0.1526
Pr <= P	0.3607

As the p-value is greater than 0.05, the null hypothesis that there is no significant difference between the job sector and awareness level of the green product is accepted. In the case of people working in government and private sector, majority of the people are aware of green products

SOURCES OF AWARENESS OF GREEN PRODUCTS

The sources through which consumers are aware of green products are gathered. The consumers depended on sources like newspapers, magazines, TV, radio, through friends, relatives etc., The results of the following are tabulated and shown below:

TABLE : 3 DISTRIBUTION OF SOURCES OF AWARENESS ABOUT GREEN PRODUCTS

Sources of Data		Frequency	Percent	Cumulative Percent
Valid	friends and relatives	10	11.1	11.1
	newspaper	16	17.8	28.9
	magazine	11	12.2	41.1
	tv and radio	11	12.2	53.3
	others	6	6.7	60.0
	friends,relatives&newspapers	3	3.3	63.3
	newspapers&magazines	5	5.6	68.9
	magazines,tv & radio	1	1.1	70.0
	newspapers,tv & radio	7	7.8	77.8
	friends,tv & radio	5	5.6	83.3
	friends & magazines	3	3.3	86.7
	friends,newspaper,tv & radio	4	4.4	91.1
	newspaper,magazines,tv & radio	2	2.2	93.3
	friends,newspapers & magazines	1	1.1	94.4
	nil	5	5.6	100.0
	Total	90	100.0	

Source: Sample Survey

Regarding sources of data, it was found that majority of the people are aware of green products through newspapers which is followed by magazine, television and radio.

The graphical representation of the table is presented in Figure 1:

FIGURE 1
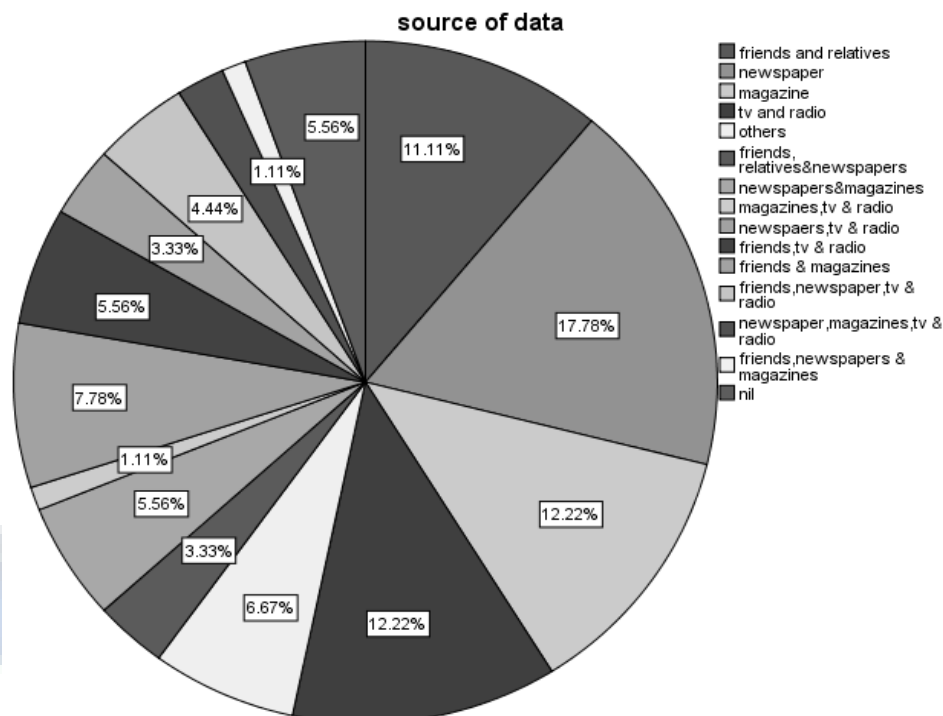
USAGE OF GREEN PRODUCTS

To know how many of the respondents are using and among the users what about the number of times of using green products. The results of the data collected are presented in Table No 4 & 5 respectively

TABLE 4: DISTRIBUTION SHOWING USAGE OF GREEN PRODUCTS

Particulars		Frequency	Percent
Valid	yes	82	91.1
	no	7	7.8
	Not aware	1	1.1
	Total	90	100.0

Source: Sample Survey

From the survey it was found that 91.11% of the people are the users of green product

TABLE 5: DISTRIBUTION SHOWING USAGE OF NUMBER OF GREEN PRODUCTS

Particulars		Frequency	Percent
Valid	none	9	10.0
	one	7	7.8
	more than1	53	58.9
	more than 3	19	21.1
	nil	2	2.2
	Total	90	100.0

Source: Sample Survey

It was found that 58.89% of the people buy and use more than one green products, while 21.11% of the people buy and use more than three green products,7.78% of the people say that they buy and use only one green product and 10% of the people say that they don t buy green products.

The pictorial representation of no of green products used by the consumers are shown in Figure 2

FIGURE 2
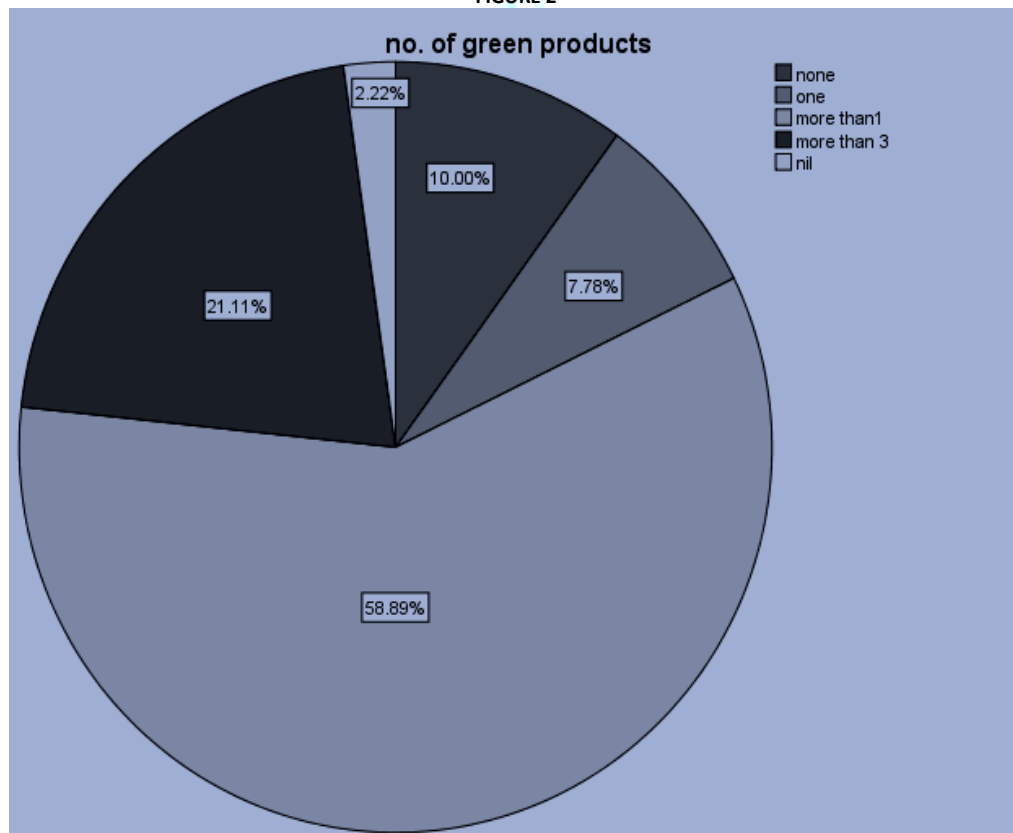
TABLE 6: TABLE SHOWING SIGNIFICANCE DIFFERENCE BETWEEN GREEN PRODUCTS AND NON GREEN PRODUCTS

Factors	Mean of green products	Mean of Non green products	P value =0.05
Cost	6.39	8.03	.000*
Durability	6.56	7.18	.042*
Comfort	6.80	6.62	.248
Healthy	8.81	5.38	.000*
Sales Service	4.14	5.41	.001*
Quality	7.87	6.43	.000*
Attractive	4.36	5.90	.001*
Ads	3.14	5.21	.000*
Environment Concern	6.82	3.06	.000*
Promoted by Government	3.66	2.07	.000*

Source: Sample Survey

The second hypothesis developed that – There is no significant difference between the factors influencing the purchasing decision of green products and non green products.

There is significant difference between the factors influencing the purchasing decision of green products and non green products From the above it is found that the p value of all the factors influencing purchase decision except comfort is less than 0.05 i.e. the null hypothesis that there is significant difference in the mean ranks of these factors among green products and non green products is rejected while the p value of the factor comfort is more than 0.05, the null hypothesis that there is no significant difference in the mean ranks of green and non green products is accepted.

The graphical representation is shown below in Figure 3

FIGURE 3
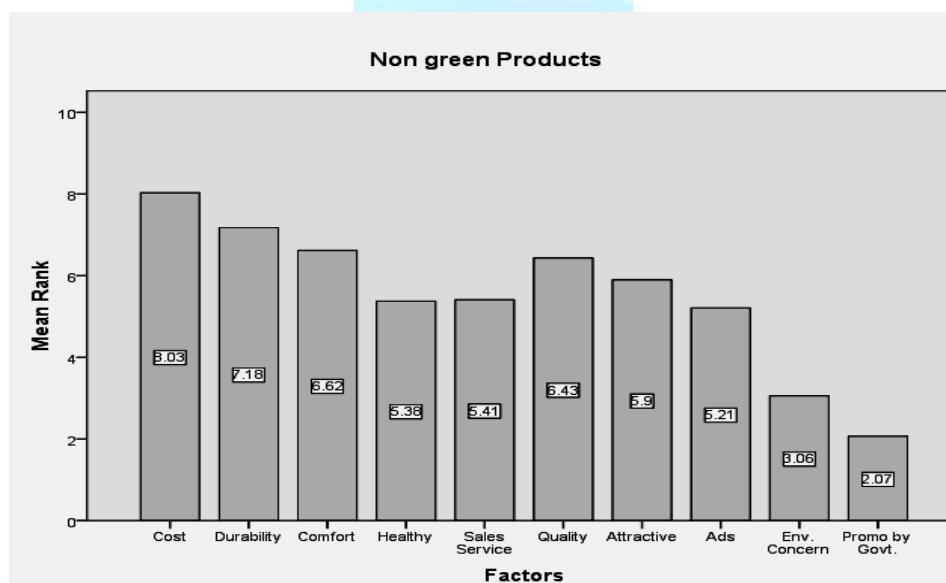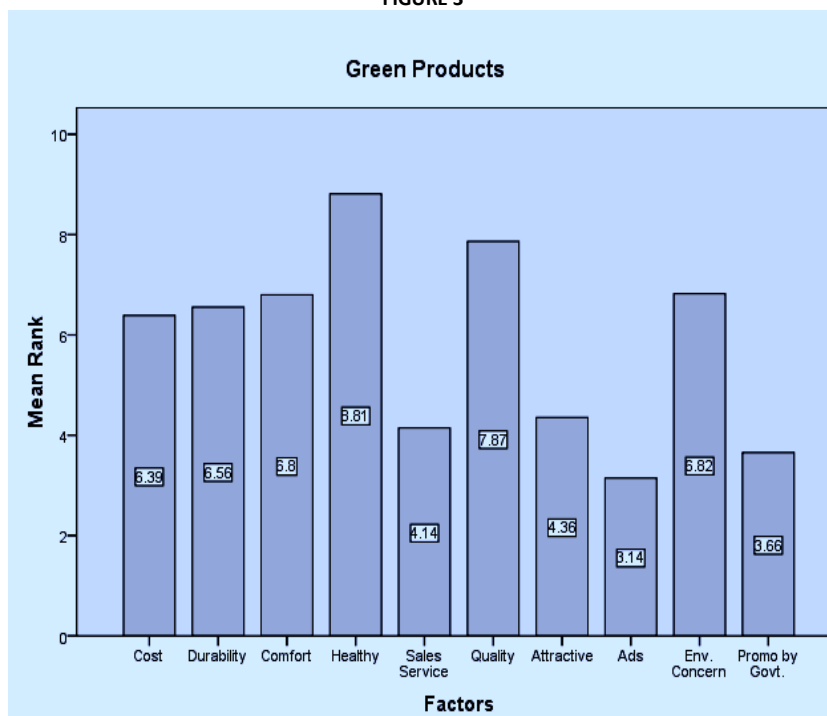
From the above analysis, it was also found that in the case of green products the most important factor that influences the purchase decision is that health followed by quality, concern for environment, cost, durability, comfort, attractiveness, promoted by Government, sales service and the least important factor which influences the purchase decision is advertisement. In the case of purchase of non green products, whether government or private, high, middle or low level income, the major factor which influenced their purchase decision is cost which is followed by durability, comfort, quality, attractiveness, sales service, healthiness, advertisement and the least considered factors are concern for environment and promoted by the government.

Thus by comparing the factors influencing the purchase decision of green products and non green products, it was found that the most influencing factor while purchasing green product is health and quality, while in the case of non green products the most influencing factor is cost and durability. From this we can conclude that people purchased green product even though the cost is high i.e. people are more concerned about their health. In the case of non green products the main emphasis was given to cost and durability while health and quality was not given much importance.

FINDINGS

➢ It was observed that in the case of low level income people, 4.44% of the people are not aware of green products, while in the case of middle income level people only 1.11% are not aware while high income group are all aware of the term green products. So it can be concluded that there is no significant difference between income and awareness level of the green products.

➢ In the case of awareness of green products among government and private sector, there is no significant difference between job sector and awareness level.

➢ It was disclosed from the study that majority of the people are aware of green products through newspapers which is followed by magazines, television and radio.

➢ From the study, it was found that majority of the people i.e. 91.11%of the people are the users of green products.

➢ It was found that 58.89% of the people buy and use more than one green product while 21.11% of the people buy and use more than three green products and 7.78%of the people say that they buy and used only one green product and 10% of the people say they don't buy and use green products.

➢ It was clear that the most important factor that influences the purchase decision of green products is that people give primary important to health, which is followed by quality, concern for environment, cost, durability, comfort, attractiveness, promoted by government, sales service and the least important factor that influences the purchase decision is advertisement

➢ It was understood from the study that in the case of purchase of non green products whether government or private employees, high, middle or high income level group people, the major factor influenced their purchase decision is cost followed by durability, comfort, quality, attractiveness, sales service, healthiness, advertisement and the least considered factors are concern for environment and promoted by government.

SUGGESTIONS

➢ Government should take proper awareness programme by providing subsidies or by providing discounts on green products in order to attract the people to purchase green products and green products must be readily made available to green consumers.

➢ Even though people of all income level groups are aware of green products, they are not properly informed about various green products available around them. So proper measures should be taken by the government or producers to give proper propaganda to them. People must be educated to understand the difference between green product and non green product.

➢ Young entrepreneurs must be made aware of the benefits of green product and must be motivated to start the production of green products of good quality.

➢ Marketers of green products need to be more creative, dynamic and innovative to compete with the changing buying behavior among customers.

➢ Selecting the right name for the green product is very important to differentiate between non green products and green products.

➢ Companies should make every possible effort to undertake research and development in order to come up with green products in the interest of the consumers well being and society in general.

REFERENCES

1. Aysel Boztepe.2012 "Green Marketing and Its Impact on Consumer Buying Behaviour". European Journal of Economic and Political Studies.ejeps-5(1)
2. Bonini,S. and J. Oppenheim(2008),"Cultivating the green consumer," Stanford Social Innovation Review, 6, 56-61.
3. Darren George and Paul Mallery, SPSS for Windows Step by Step,Pub: Dorling Kinderslely (India)Pvt. Ltd., 2013
4. Durif, Bovin & Julien.2010 "In search of a green product definition". Innovative Marketing, volume 6, Issue I.
5. Jeff Yen – Chou Chen.1991 "The Economic Impact of Green Product Development", University of California, Berkeley.
6. Mangali Morel & Francis Kwakye.2012 "Green Marketing: Consumers Attitude Towards Eco Friendly Products and Purchase Intention in the Fast Moving Consumer Goods(FMCG) sector", UMEA School of Business.
7. Mariun claudy.2011 "An Empirical Investigation of Consumer Resistance to Green Product Innovation", Dublin Institute of Technology.
8. Usama & Muhammed Amer Raza.2011 "Green Consumer Behaviour Empirical study of Swedish Consumer Behaviour",Recent Researches in Economics, 89-104.

WEBSITE
9. www. greenmarketing.com

MORALE OF WOMEN WORKERS IN UNORGANISED SECTOR: A STUDY WITH SPECIAL REFERENCE TO MADURAI CITY

DR. I. NAGARAJAN
ASSOCIATE PROFESSOR
THIAGARAJAR COLLEGE
MADURAI

DR. S. MEENAKUMARI
ASST. PROFESSOR
THIAGARAJAR COLLEGE
MADURAI

ABSTRACT

The growth of formal employment in the country has always been less than that of total employment, indicating a faster growth of employment in the informal sector. Available data suggests that within the formal sector also the proportion of unorganized workers is on the increase. While the sector contributes around half of the GDP of the county, its dominance in the employment front is such that more than 90% of the total workforce has been engaged in the informal economy. It is widely acknowledged that the informal sector in India suffers from a low productivity syndrome, compared to the formal sector. The prominent features of the sector are lower level wages, poor working and living conditions. The National Commission on Self-Employed Women in the Informal Sector which submitted its report a few years ago recommended the setting up of a separate wing in the union labour department to deal with the problems of unorganised labour.   Still, there is no remarkable improvement in the working conditions of women workers in unorganized sector. This prevailing condition made the researchers to study "the morale of women workers in unorganized sector in Madurai city".

KEYWORDS
Unorganised sector, construction workers, sales girls, Domestic helpers.

INTRODUCTION
Although most women in India work and contribute to the economy in one form or another, much of their work is not documented or accounted for in official statistics. Women plough fields and harvest crops while working on farm; they weave and make handicrafts while working in household industries; they sell food and gather wood while working in the informal sector. From time immemorial women in the name of tradition, is forced to shoulder the responsibility of taking care of the family by discharging the duties like cooking, keeping the house clean tidy, bearing and breeding the children since Indian culture hinders women's access to jobs in stores, factories and the public sector, the informal sector is particularly important for women. It is estimated that over 90 percent of working women are in the informal sector.

The informal sector includes jobs such as domestic servant, small trader, artisan, or field laborer on a family farm. Most of these jobs are unskilled and low paying and do not provide benefits to the worker.

STATEMENT OF THE PROBLEM
Compared to other countries in India from the traditional period to till date women are treated with much respect and now a days they equip themselves fully well for the challenging role in National Aeronautics and Space Administration (NASA), ruling the country and empowerment. But such women are negligibly had in numbers. Though majority of the women work under unorganised sector, major studies are focused on organized sector only. Hence the researcher makes an attempt to examine the women's role in unorganized sector. As the women employees in unorganised sector are highly influenced by their work, salary and monetary benefits, inter-personal relationship and family, an attempt is made to assess the impact of such factors on the morale of women employees.

OBJECTIVES
This paper highlights the following objectives
- To study the role of women in unorganised sectors
- To study the socio-economic profile and morale of the women workers in selected unorganised sectors.
- To present findings, suggestions and conclusion based on the result of the study for the betterment of women workers.

REVIEW OF LITERATURE
Appadorai, D.A. (2001) in his study on sanitary workers found that majority of the respondents are illiterate. It is also found that there is a relationship between education and employment.

Jagadish (2001) in has study on job involvement of first level supervisors found that the least educated group showed high job involvement whereas the highly educated group lowest job involvement.

C.MuthuVelayutham, (2003) in his study "A study on employee morale in mku," identified the determinants of morale in terms of the job variables and the employee's socio-economic background. Further a comparison of the different morale groups is made with the university culture contracts. The findings showedthat different levels of management have different level of morale but there is no significant relationship between the two.

Nagarajan (2005) in his study on boss and employee morale." Examined the role played by immediate boss in boosting the morale of his subordinates. Nine out of ten persons expressed displeasure with the treatment given by their immediate boss and reasons like insufficient monetary incentives, poor working conditions,unfavourable organizational climate and other such factors have been cited only as complementary factors.

Chellapandian.K (2006) in his study "Employees morale in soundarajaMills Ltd. Dindigul." A study designed to throw light on the various aspects of employee opinion on the jobs. The findings showed that morale is influenced by sex, age, qualification, marital status, employment status, size of the family, income and membership in trade unions but morale is not influenced by skill and level experience.

PERIOD OF THE STUDY
The primary data was collected from December 2012 to January 2013. The period covered inthe academic year 2012 -2013.

HYPOTHESIS
HO1: To find out whether there is any relationship between age of the respondents and level of attitude.

HO2: To find out whether there is any relationship between education of the respondents and level of attitude.

HO3: To find out whether there is any relationship between marital status of the respondents and level of attitude.

HO4: To find out whether there is any relationship between occupation of the respondents and level of attitude.

HO5: To find out whether there is any relationship between monthly income of the respondents and level of attitude.

HO6: To find out whether there is any relationship between working hours of the respondents and level of attitude.

METHODOLOGY & DATA COLLECTION

This study consists of both the primary data and secondary data

SECONDARY DATA

Besides online sources, the secondary data are collected through journals, books, magazines and past studies about this topic.

PRIMARY DATA

Primary data is collected through a well structured interview schedule. After pilot study was undertaken the interview schedule was finalized. Based on the experience gained in the pilot study and discussion with researchers and academicians the interview schedule was thoroughly revised. It was well suited to collect the primary data from the respondents.

SAMPLE DESIGN

To collect primary data, 100 respondents were selected based on proportional random sampling method from the three unorganised sectors and within the groups convenient sampling method was used to select the respondents for collection of data. The number of collected samples are depicted below:

NUMBER OF SAMPLE RESPONDENTS

Unorganised sector	Number of sample
Building construction labours	35
Sales girls	40
Domestic helpers	25

TOOLS FOR ANALYSIS

The collected data is analysied with the help of chi-square test. The results are given below:

ANALYSIS AND INTERPRETATION

LEVEL OF ATTITUDE AND AGE AND AGE

To find out whether there is any significant relationship between Age and level of attitude a null hypothesis framed. The frequency of cell value is less than 10. Hence Yates correction is applied in chi-square test. The result is shown in the following table 4.23.

CHI-SQUARE TEST AND AGE

TABLE 4.23

O	E	O-E	(O-E)-0.5	[(O-E)-0.5]2	[(O-E)-0.5]2/E
4	7.82	-3.82	-4.32	18.66	2.386
5	5.29	-0.29	-0.79	0.624	0.118
10	5.29	4.71	4.21	17.72	3.350
4	4.6	-0.6	-1.1	1.21	0.263
16	19.72	-3.72	-4.22	17.81	0.903
15	13.34	1.66	1.16	1.35	0.101
12	13.34	-1.34	-1.84	3.38	0.253
15	11.6	3.4	2.9	8.41	0.725
14	6.46	7.54	7.04	49.56	7.672
3	4.37	-1.37	-1.87	3.50	0.785
1	4.37	3.37	2.87	8.24	1.885
1	3.8	-2.8	3.3	10.89	2.866
Total					**21.307**

Source: Primary Data

NULL HYPOTHESIS (HO)

There is no significant relationship between the age of the respondents and their view on work in Madurai city.

Degree of Freedom (r-1) (c-1) = (4-1) (3-1) =3*2=6

The Table value of χ2 for degree of freedom 6 at 5% level of significance is 12.6

The calculated value of χ2 is 21.307 is greater than the table value. Therefore Null hypothesis is rejected. Hence it is concluded that there is a significant relationship between age and level of attitude.

LEVEL OF ATTITUDE AND EDUCATIONAL QUALIFICATION

The Educational Qualification of the respondent has been compared with level of satisfaction of respondents view on work.

LEVEL OF ATTITUDE AND EDUCATIONAL QUALIFICATION

TABLE 4.24

Educational qualification	Level of Attitude			Total
	High	Medium	Low	
Illiterate	4(10)	26(62)	12(28)	42
Up to SSLC	11(25)	23(52)	10(23)	44
Higher Secondary	1(12)	6(76)	1(12)	8
Graduate	3(50)	3(50)	-	6
Total	19	58	23	100

Source: Primary Data

(Figure in brackets denotes percentage)

From table 4.24 it is inferred that most of the respondents have a medium level of satisfaction irrespective of level of education. Thus it is found that 62%, 52%, 76% and 50% of the total respondents who have a medium level of satisfaction are illiterates, SSLC, HSC and graduates respectively.

LEVEL OF ATTITUDE AND EDUCATIONAL QUALIFICATION

To find out whether there is any significant relationship between Educational qualification and level of attitude a null hypothesis framed. The frequency of cell value is less than 10. Hence Yates correction is applied in chi-square test. The result is shown in the following table 4.25.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

47

CHI-SQUARE TEST AND EDUCATIONAL QUALIFICATION

TABLE 4.25

O	E	O-E	[(O-E)-0.5]	[(O-E)-0.5]2	[(O-E)-0.5]2/E
12	9.66	2.34	1.84	3.387	0.351
10	10.12	-0.12	0.62	0.384	0.038
1	1.84	-0.84	-1.34	1.796	0.976
0	1.38	-1.38	-1.88	3.534	2.561
26	24.36	1.64	1.14	1.3	0.053
23	25.52	-2.52	-3.02	9.120	0.357
6	4.64	1.36	0.86	0.74	0.159
3	3.84	-0.84	-1.34	1.8	0.159
4	7.98	-3.98	-4.48	20.07	2.515
11	8.36	2.64	2.14	4.58	0.548
1	1.52	-0.52	-1.02	1.04	0.684
3	1.14	1.86	1.36	1.85	1.623
Total					10.334

Source: Primary Data

NULL HYPOTHESIS (HO)

There is no significant relationship between the education qualification of the respondents and their view on work in Madurai city.

Degree of Freedom (r-1) (c-1) = (4-1) (3-1) =3*2=6

The Table value of χ2 for degree of freedom 6 at 5% level of significance is 12.6

The calculated value of χ2 is 10.334 is less than the table value. Therefore Null hypothesis is accepted. Hence it is concluded that there is no significant relationship between educational qualificationand level of attitude.

LEVEL OF ATTITUDE AND MARITAL STATUS

Marital Status of the respondent is analysed to assess the level of satisfaction of respondents on their work and the results are presented in the following table 4.26.

LEVEL OF ATTITUDE AND MARITAL STATUS

TABLE 4.26

Marital Status	Level of Attitude			Total
	High	Medium	Low	
Spinster	13(43)	14(47)	3(10)	30
Married	4(10)	29(69)	9(21)	42
Widow	2(7)	15(54)	11(39)	28
Total	19	58	23	100

Source: Primary Data

(Figure in brackets denotes percentage)

From table 4.26 it is clear that majority of the respondents have medium level of satisfaction in work irrespective of the marital status.

CHI-SQUARE TEST FOR LEVEL OF ATTITUDE AND MARITAL STATUS

To find out whether there is any significant relationship between marital status and level of attitude a null hypothesis framed. The frequency of cell value is less than 10. Hence Yates correction is applied in chi-square test. The result is shown in the following table 4.27.

CHI-SQUARE TEST AND MARTIAL STATUS

TABLE 4.27

O	E	O-E	[(O-E)-0.5]	[(O-E)-0.5]2	[(O-E)-0.5]2/E
3	6.9	-3.9	-4.4	19.36	2.806
9	9.89	-0.89	-1.39	1.932	0.195
11	6.44	4.56	4.06	16.48	2.559
14	17.4	-3.4	-3.9	15.21	0.874
29	24.94	4.06	3.56	12.67	0.508
15	16.24	-1.24	-1.74	3.02	0.186
13	5.7	7.3	6.8	46.24	8.112
4	8.17	-4.17	-4.67	21.81	2.67
2	5.32	-3.32	-3.82	14.59	2.742
Total					20.649

Source: Primary Data

NULL HYPOTHESIS (HO)

There is no significant relationship between the marital status of the respondents and their view on work in Madurai city.

Degree of Freedom (r-1) (c-1) = (3-1) (3-1) =2*2=4

The Table value of χ2 for degree of freedom 4 at 5% level of significance is 9.49

The calculated value of χ2 is 20.649 is greater than the table value. Therefore Null hypothesis is rejected. Hence it is concluded that there is significant relationship between marital statusand level of attitude.

LEVEL OF ATTITUDE AND OCCUPATION

The Occupation of the respondents is analysed to assess the level of satisfaction of the respondents on Work and the results are presented in the following table 4.28

LEVEL OF ATTITUDE AND OCCUPATION

TABLE 4.28

Occupation	Level of Attitude			Total
	High	Medium	Low	
Building Construction	_	19(54)	16(46)	35
Domestic helpers	4(16)	20(80)	1(4)	25
Sales Girls	15(37)	19(48)	6(15)	40
Total	19	58	23	100

Source: Primary Data

(Figure in brackets denotes percentage)

From table4.28 it is crystal clear that most of the respondents have a medium level of satisfaction irrespective of the field they work in.Thus it is found that 54%, 80% and 48% of total respondents with medium level of satisfaction work in different fields of building construction, domestic helps and sales girls.

CHI-SQUARE TEST FOR LEVEL OF ATTITUDE AND OCCUPATION:

To find out whether there is any significant relationship between occupation and level of attitude a null hypothesis framed. The frequency of cell value is less than 10. Hence Yates correction is applied in chi-square test. The result is shown in the following table 4.29.

CHI-SQUARE TEST AND OCCUPATION

TABLE 4.29

O	E	O-E	[(O-E)-0.5]	[(O-E)-0.5]2	[(O-E)-0.5]2/E
16	8.05	7.95	7.45	55.50	6.8944
1	5.75	-4.75	-5.25	27.56	4.7930
6	9.2	-3.2	-3.7	13.69	1.4880
19	20.3	-1.3	-1.8	3.24	0.1596
20	14.5	5.5	5	25	1.7241
19	23.2	-4.2	-4.7	22.09	0.9522
0	6.65	-6.65	-7.15	51.123	7.6877
4	4.75	-0.75	-1.25	1.5625	0.3289
15	7.6	7.4	6.9	47.61	6.2645
Total					30.290

Source: Primary Data

NULL HYPOTHESIS (HO)

There is no significant relationship between the occupation of the respondents and their view on work in Madurai city.

Degree of Freedom (r-1) (c-1) = (3-1) (3-1) =2*2=4

The Table value of χ2 for degree of freedom 4 at 5% level of significant is 9.49

The calculated value of χ2 is 30.290 is greater than the table value. Therefore Null hypothesis is rejected. Hence it is concluded that there isa significant relationship between occupation and level of attitude.

LEVEL OF ATTITUDE AND MONTHLY INCOME

The Monthly Income of the respondents is analyses to assess the level of satisfaction of the respondents on their Work as the results are shown in the following table 4.3

LEVEL OF ATTITUDE AND MONTHLY INCOME

TABLE 4.30

Monthly Income	Level of Attitude			Total
	High	Medium	Low	
Below 3,000	2(14)	11(79)	1(7)	14
3,000-5,000	11(25)	27(63)	5(12)	43
5,000-10,000	6(16)	17(45)	15(39)	38
Above 10,000	-	3(60)	2(40)	5
Total	19	58	23	100

Source: Primary Data

(Figure in brackets denotes percentage)

Table4.30. shows that majority of employees have a medium level of satisfaction irrespective of level of monthly income. Thus it is found that 79%, 63%, 45% and 60% of the total respondents who have a medium level of satisfaction are earningbelow 3,000, between 3000-5000; 5000-10000; and above 10,000 respectively.

4.26.1 CHI-SQUARE TEST FOR LEVEL OF ATTITUDE AND MONTHLY INCOME

To find out whether there is any significant relationship between monthly Income and level of attitude a null hypothesis framed. The frequency of cell value is less than 10. Hence Yates correction is applied in chi-square test. The result is shown in the following table 4.31.

CHI-SQUARE TEST AND MONTHLY INCOME

TABLE 4.31

O	E	O-E	[(O-E)-0.5]	[(O-E)-0.5]2	[(O-E)-0.5]2/E
1	3.22	-2.22	-2.72	7.398	2.2975
5	9.89	-4.89	-5.39	29.52	2.2985
15	8.74	6.26	5.76	33.178	3.796
2	1.15	0.85	0.35	0.1225	0.1065
11	8.12	2.88	2.38	5.664	0.698
27	24.94	2.06	1.56	2.434	0.0975
17	22.04	-5.04	-5.54	30.69	1.392
3	2.9	0.1	0.4	0.16	0.0552
2	2.66	-0.66	0.16	0.026	0.0098
11	8.17	2.83	2.33	5.429	0.665
6	7.22	-1.22	-1.72	2.958	0.4097
0	0.95	-0.95	-1.45	2.103	2.22
Total					14.729

Source: Primary Data

NULL HYPOTHESIS (HO)

There is no significant relationship between the monthly income of the respondents and their view on work in Madurai city.

Degree of Freedom (r-1) (c-1) = (4-1) (3-1) =3*2=6

The Table value of χ2 for degree of freedom 6 at 5% level of significance is 12.6

The calculated value of χ2 is 14.729 is greater than the table value. Therefore Null hypothesis is rejected. Hence it is concluded that there is a significant relationship between monthly income and level of attitude.

4.27. LEVEL OF ATTITUDE AND WORKING HOURS

The Working hours of the respondents has been compared with the level of satisfaction of the respondents on their view on Work in the following table 4.32.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

49

LEVEL OF ATTITUDE AND WORKING HOURS

TABLE 4.32

Working hours	Level of Attitude			Total
	High	Medium	Low	
4-6hours	3(43)	4(57)	-	7
6-8hours	4(14)	22(79)	2(7)	28
8-10hours	2(5)	23(56)	16(39)	41
Above 10 hours	10(42)	9(38)	5(21)	24
Total	19	58	23	100

Source: Primary Data

(Figure in brackets denotes percentage)

From table4.32 it is inferred that majority of the respondents have medium level of satisfaction irrespective of working time 57%, of those working for 4-6 hours, 79% working for 6-8hours and 56% working for 8-10hours but the remaining category of above 10hours of 42% have high level of satisfaction on their work.

4.27.1. CHI-SQUARE TEST FOR LEVEL OF ATTITUDE AND WORKING HOURS

To find out whether there is any significant relationship between working hours and level of attitude a null hypothesis framed. The frequency of cell value is less than 10. Hence Yates correction is applied in chi-square test. The result is shown in the following table 4.33.

CHI-SQUARE TEST AND WORKING HOURS

TABLE 4.33

O	E	O-E	[(O-E)-0.5]	[(O-E)-0.5]2	[(O-E)-0.5]2/E
0	1.61	-1.61	-2.11	4.452	2.765
2	6.44	-4.44	-4.94	24.404	3.789
16	9.43	6.57	6.07	36.845	3.907
5	5.52	-0.52	-1.02	1.040	0.188
4	4.06	-0.06	0.56	0.314	0.077
22	16.24	5.76	5.26	27.68	1.704
23	23.78	-0.78	-1.28	1.638	0.069
9	13.92	-4.92	-5.42	29.38	2.111
3	1.33	1.67	1.17	1.369	1.029
4	5.32	-1.32	-1.82	3.312	0.623
2	7.79	-5.79	-6.29	39.56	5.078
10	4.56	5.44	4.94	24.40	5.351
Total					26.691

Source: Primary Data

NULL HYPOTHESIS (HO)

There is no significant relationship between the working hours of the respondents and their view on work in Madurai city.

Degree of Freedom (r-1) (c-1) = (4-1) (3-1) =3*2=6

The Table value of χ2 for degree of freedom 2 at 5% level of significance is 12.6

The calculated value of χ2 is 26.691 is greater than the table value. Therefore Null hypothesis is rejected. Hence it is concluded that there isa significant relationship between working hours and level of attitude.

The results of the chi squre tests are listed below

Variable	Calculated Value	Table Value	Result
1. Age and level of attitude.	12.6	21.307	Ho: Rejected
2. Educational qualification and level of Attitude	12.6	10.334	Ho: Accepted
3. Marital status and level of attitude.	9.49	20.649	Ho: Rejected
4. Occupation and level of attitude.	9.49	30.290	Ho: Rejected
5. Monthly income and level of attitude	12.6	14.729	Ho: Rejected
6. Working hours and level of attitude	12.6	26.69	Ho: Rejected

FINDINGS

- In the age wise classification, it is found that most of the respondents are in the age group of 20-30 years.
- It is found that most of the respondents in the unorganized sector are illiterates.
- It is inferred that 42% of the respondents are married.
- 47% of the respondents who earn 3000-5000 per month are in the age group of 20-30years.
- It is found that most of the respondents have medium level satisfaction in work, salary and monetary benefits, inter-personal relationship and work influence family so on irrespective of age, education and marital status and so on.
- Age of the respondent has a significant relationship with the respondents work
- There is a significant relationship between the marital status of the respondents and their work
- It is found that occupation of the respondents influence their particular work.
- Monthly incomes have a significant relationship with their work.
- It is clear that occupation of the respondents influence the significant relationship with their salary and monetary benefits.
- It is found that there is a significant relationship between working hours and salary and monetary benefits of the respondents.
- It is crystal clear that educational levels of the respondents influence the inter-personal relationship.
- Occupations of the respondents have a significant relationship between the respondents work influence the family.
- It is found that there is a significant relationship between monthly income of the respondents and their work influence family.

SUGGESTIONS

- In the unorganized sector building construction workers alone has got an association. Other occupations such as sales girls and domestic helpers do not have any association. Majority of the workers expressed the need for an association for themselves, so that they can express their problems and settle the disputes with the employers.
- Though there is an association for building construction workers, only handful of workers are members in the association. Most of them are unaware of the benefits of becoming the members in the association. Hence the office bearers of the association should take members to make awareness among the workers on the advantages of becoming members in the associations.

- Most of the workers of the unorganized sectors are working in private undertakings and there is no uniform wage policy. The wages of the workers are determined by the supply of workers. The workers of all the three unorganised sectors are not fully satisfied with their wages hence the government can take steps to fix minimum wages for various occupations to avoid disparity in wages.
- The workers of the unorganised sectors are not covered under ESI scheme. Hence the unorganised sector particularly the building construction workers may be brought under the purview of ESI.
- In the case of building construction workers there is no guarantee for the minimum number of days of work. Some workers are engaged in the work throughout the year. Some of them do not get the work regularly. Almost all the building construction workers are working on daily wages. Hence the workers association can regulate the allotment of work so that there will be guaranteed with minimum number of days of work in a year.
- The main problem put forth by the sales girls is their working hours. Normally they work for 10 -12 hours a day without overtime wages which is against the Factories Act. It is suggested that the employers shall either reduce the working hours or pay over time wage for the workers who work more than 8 hours per day.
- The service of the domestic helpers is not properly recognised by the employers. The domestic helpers are working alone in the house whereas the sales girls and building construction workers, work as a group. Naturally they can share their joys and sorrows. Hence the domestic helpers have to be treated by the employers sympathetically. If they are given such type of treatment their morale can be kept high.
- The women workers of the unorganized sectors were mostly frustrated because of their low earning, heavy work load and very low social status. Hence the social service organisations like Lions club, Rotary club, Women's club can organize health camps and workshops to boost up the morale of the workers.
- The labour welfare department of both central government and state government look after the welfare of the workers of the organized sectors only. The departments can concentrate on the well being of the workers of unorganized sectors also.
- Most of the workers in the unorganised sectors are only the school drop outs. The education department of the state government can take effective steps to minimize the dropout rates.

CONCLUSION

From the close study, it can be easily estimated that the women working in unorganised sector are living a life far below from satisfaction. The low earning of these women cannot meet with their daily needs. They do marry, bear children, and get old but under these phases of life they live the same life. They live under unhygienic environment which results dangerous diseases. They work more than men as they have to play a dual role working both in and outside the home. They have no medical benefits even at the critical moment of giving birth to children. It is the need of the hour that the Government and NGOs must come forward to improve the working conditions of these women. The Trade Union and Voluntary Organisations can play a vital role in making the women workers conscious of cleanliness, health, education and their rights.

There is lot of scope for further research in the same area such as comparative study of morale of women workers with men workers, Job satisfaction of women workers in specific unorganised sectors and so on.

REFERENCES

1. Dr. C.B. Gupta, Human Resource Managment, Sultan chand and Sons Limited, New delhi, 2000.
2. Gupta S.P. Statistical Methods, Sultan chand and sons Limited, New Delhi, 1993.
3. K.AshwathapaOrganisationalBehaviour, Sultan chand and Sons Limited, New Delhi, 2005.
4. Kothari C.R. Research Methodology, Second Edition, New Age International (p) Limited publishers, New delhi, Banglore, Chennai, Cochin 1985.
5. L.M. Prasad OrganisationalBehaviour, Sultan chand and Sons Limited, New Delhi, 1993.
6. Shashi K. Guptha Rosy Joshi, Kalyani publishers, New Delhi, second revised edition 2006

WEBSITES

7. en.wikipedia.org/wik/Gender-discrimination-in-india.
8. fedina.org/777/2011/10.unorganised-sector-IN-INDIA-Doc.
9. http://en.Wikipedia.org/Wiki/Morale.
10. http://WWW.calvin.edu/acadmic/cas/gpa/goeb3.8.html.
11. http://WWW.ehow.com/facts-5474415-importance-morale.
12. india. maps of india. com/india-forum/womens-in-india.html.

SAVING BEHAVIOUR AMONG UNORGANIZED SECTOR WORKERS IN COIMBATORE DISTRICT

J.THIRAVIA MARY GLORIA
ASST. PROFESSOR
DEPARTMENT OF CORPORATE SECRETARYSHIP
BISHOP ABROSE COLLEGE
COIMBATORE

DR. P. SANTHI
ASSOCIATE PROFESSOR
DEPARTMENT OF COMMERCE
AVINASHILINGAM INSTITUTE FOR HOMESCIENCE & HIGHER EDUCATION FOR WOMEN
COIMBATORE

ABSTRACT

Saving is an important macroeconomic variable to be studied under the purview of the economic arena on an individual as well as household basis. In a country like India, the income standard is almost uncertain and leads to more consumption rather than saving which has now been a central problem. If the saving is low, then the investment will also be low leading to low capital formation. The present study analyzes the determinants and patterns of saving behavior in rural and urban unorganized workers of Coimbatore district, Tamil Nadu. The determinants and patterns of saving differ from rural to urban region. The study is conducted through primary survey with 600 households drawing a sample from both rural and urban unorganized worker in Coimbatore district. The respondents were selected by judgment sampling technique. The relevant data on the factors influencing amount socio-economic status, money management, saving behavior, significance between mode of saving and socioeconomic status and money management. Average propensity to save in rural areas is more rather than urban. Inflation is main obstacle of saving both rural and urban. Rural workers more aware of formal saving than urban workers. In urban situation, modes of savings were significantly associated with those variables, such as educational attainment, income of the respondents and presence of dependents were highly significant. With regard to rural sample respondents, monthly income contributed by family members, family system, household size, number of earning members, family status, role in financial decision making and types of house were highly significant.

KEYWORDS
saving behaviour, worker savings.

INTRODUCTION
India is a developing country where, there has been a consistent increase in the national saving rate after the independence period, though with considerable fluctuations from year to year. In international standpoint of view, India has had a high saving rate compared to other developing countries, except those in East Asia (Subashree Nayak,2013). The contribution of households sector saving to GDP was decreased from 22.8 percent in 2011-12 to 21.9 percent in 2012-13. Household saving is important for several reasons (Shyamal Banerjee, 2014). At the national level, household savings provide the main source of investment financing both for Government and the corporate sector. The individual household saving is done in order to achieve specific short term and long term goals, notably financial security (Geetha and Vimal, 2014). To achieve higher rate of growth with relative price stability, the propensity to save should be raised by appropriate incentives and policies (Montek Singh Ahluwalia, 2008).

WORKERS IN UNORGANIZED SECTOR
The unorganised sector is a critical part of the Indian economy. The unorganised sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers. Unorganised workers consist of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment and social security benefits provided by the employers.[Arjun K. senguptha, 2008]]It is characterised by lack of social sector benefits. The total employment in the unorganised sector is expected to be about 420 million (92%) out of a total workforce of 450 million in 2008. The extent of informal employment is estimated to be at about 92%-93% between 2008 and 2012. In the year 2013, informal sector employment is estimated to be 422.6 million(92.37%) out of total work force. As is obvious, this not only indicates the importance of informal sectors but also indicates the importance of informal employment, and the need for skill building therein. The National Commission for Enterprises in the Unorganised Sector (NCEUS) has extensively profiled the unorganised sector and unorganised employment in its report, 'The Challenge of Employment in India – An Informal Economy Perspective' (Sairam, 2009).

REVIEW OF LITERATURE
Jame Ang (2009)"the determinants of household saving in China and India" over the last few decades using the life cycle model, higher income growth promotes more household saving, and higher age dependency does the opposite. An increase in the inflation rate appears to encourage household saving. Rehman et al. (2010) investigated the determinants of households saving in Multan district of Pakistan. Age has positive relationship and square of age is negatively related to household savings. Education of household head, children's educational expenditures, family size, liabilities, marital status and value of house are significantly and inversely affecting household savings. Surya Prabakaran(2012) "Determinants of saving behavior among rural and tribals households in Visakhapatnam" tribals maintained less saving propensity than rural. Subashree Nayak(2013) "Determinants and pattern of saving behavior in rural households in Western Odisha" The study finds that most of the rural households have low educational status which is resulting in less awareness of the people towards the benefits of saving. Unny C.J. (2002) examined the "Determinants of Saving of Rural Households in Kerala." This study identified the negative and positive influences on saving behaviour of rural households.

IMPORTANCE OF THE STUDY
Apart from being a major source of employment, the informal economy also contributes significantly to the output of developing countries. According to the World Bank estimates, the informal economy accounts for 40 percent of Gross National Product (GNP) of low-income countries. To illustrate, the 'unorganised sector' in India accounts for 62 percent of Gross Domestic Product (GDP), 50 percent of gross national savings and 40 percent of national exports. In addition, the informal workforce is estimated to make up about 93 percent of total workforce and 83 percent of non-agricultural employment in India(Neru Yadav, 2009). The saving among organised worker is increasing but unorganished workers are left behind without knowing awareness of saving due to fluctuation of income

and illiterate. So that the study focus the savings potential of urban and rural unorganished workers in coimbatore District and in the process determine the possible savings and consumption functions separately for urban and rural unorganished workers.

STATEMENT OF PROBLEM

Saving is an important determinant of economic growth". Saving components can be based on an individual or on household basis which proves to be the well being. As for an individual saving becomes the cushion for the future's intercourse of the unforeseen and upcoming as well as the uncertain circumstances of life. Saving is the part of the income earned by the individuals. The GDP growth rate dropped to 6.2 per cent in 2011-12 and is estimated to be at just 5.0 per cent in 2012-13. For the higher economic growth for the country, marginal propensity to save should be higher but it helps to the multiplier process. The determinants and patterns of saving differ from rural to urban region. In rural areas, the marginal propensity to consume is more rather than the marginal propensity to save which seems to be vice-versa in urban areas where the marginal propensity to save is more than that of the marginal propensity to Consume. The saving among organized worker is increasing but the unorganized worker are left behind without knowing awareness of mode of saving. Hence this research is under taken to bring out the need for importing saving behavior and propensity to save among rural and urban unorganized workers.

HYPOTHESIS

H_0: There is no significant association between the socio-economic and demographic profile of the respondents and their mode of savings.

H_1: There is significant association between the socio-economic and demographic profile of the respondents and their mode of savings.

OBJECTIVES OF THE STUDY

The following are the objectives of the study

- To understand the socioeconomic status of the unorganized workers.
- To understand the money management practices of the sample respondents
- To assess the saving practices of unorganised sector workers.
- To analyse the socioeconomic status and mode of saving among unorganised workers.
- To study on average propensity to save among unorganised workers.

RESEARCH METHODOLOGY

SOURCES OF DATA

The primary data for purpose of the study has been collected through a well structured interview schedule. Secondary datahas been collected from journals, Government reports and publication.

LOCALE OF THE STUDY

Coimbatore district was selected as the locale of the study owing to the reason that it is one among the industrially developed and commercially vibrant districts of Tamil Nadu. The district administration consists of eight taluks, being urban areas namely, Avinashi, Coimbatore South, Mettupalayam, Pollachi, Udumalpet and Valparai and consists of eight taluks, being rural area namely Annur, Coimbatore North, Coimbatore South, Kinathukadavu, Mettupalayam, Pollachi, Sulur and Valparai. The urban agglomeration namely Coimbatore Corporation was selected in the study area. Annur having 30 revenue villages, out of which only five villages were selected.

SAMPLING

The method of sampling considered in this study was judgment sampling. 318 from urban area and 282 from rural area(Annur block) in Coimbatore District, Tamil Nadu. The data has collected well structured interview schedule from unorganized worker like Constructed worker, Milkwala, Vegetable vendor and Petty shop owners.

TOOLS FOR ANALYSIS

The tools were applied to analyses the data collected were descriptive statistics and Chi-square test.

RESULTS AND DISCUSSION

The result of the data analysis are presented as below

DISTRIBUTION OF RESPONDENTS BASED ON SOCIO ECONOMIC AND DEMOGRAPHIC PROFILE

An attempt is made to understand the socio-economic profile of the sample respondents drawn from urban and rural low income households in Coimbatore district with view to analyze the influences and impact of various socio economic factors such as age, gender, marital status, family system and status, role of financial decision, education qualification, occupation, housing tenure, house type, number of earning members and family size (Ramakrishna Reddy, 2007) on saving behavior.

Table 1 indicates the distribution of respondents based on social-economic variables, age of the head of the household is one of the crucial factors in determining the rate of savings. The age wise classification of the respondent show that, Majority of the urban respondents (58.80percent) belong to the age group of 30 to 40 years, 25.20 percent were below 29 years and rest 16 percent were above 50 years. Majority of the rural respondents (74.50 percent) were in the age group of 30 to 50 years, 17.70 percent were in the age of 18 to 29 years and rest 7.80 percent were above 50 years.

The gender-wise classification shows that, in both the urban (66.70 percent) and rural (75.20 percent) respondents male were the head of the household. The female headed households constituted only 33.30 percent in urban and 24.80 percent in rural samples. Married respondents constitute majority among urban (87.20 percent) and rural (86.90 percent) sample.

Educational status of the respondents determines their financial literacy to a great extent. The educational qualification shows that, of the respondents from urban agglomeration, majority of the respondents had school education, 10.40 percent were graduates, 5.70 percent were post graduates, 2.20 percent were vocational trained and rest 1.30 percent have no formal education. Among the rural respondents, 67.40 percent studied up to school level, 9.60 percent were post graduates, 8.90 percent were graduates, meager percent were vocational trained and rest 13.80 percent have no formal education.

Among both the urban (74.20 percent) and rural (91.10 percent) respondents, male were employed in unorganized sector. The respondents employed in unorganized sector were 25.80 percent among urban respondents and 8.90 percent among rural respondents. Both in urban (76.40 percent) and in rural (74.80 percent) samples, nuclear families were predominant

The family size gives an indication of how many people made up a typical family. In India, a relationship between income, poverty and household size does exist (Ray, 2000). Of the respondents from urban area, majority of respondents (31.40 percent) have three members in the family, 30.20 percent have four members in the family,19.80 percent have above four members in the family and rest 18.90 percent have two members in the family. Of the respondents from rural area, majority of respondents (34.80 percent) have three members in their family, 31.60 percent have four members, 19.50 percent have two members in the family and rest 14.20 percent have above four members in the family.

Of the respondents from urban area, 36.50 percent have only one dependent, 35.80 percent have two dependents, 14.20 percent have three dependents, and remaining 13.50 percent have four or more dependents. Of the respondents from rural area, 34 percent have two and above four dependents respectively, 20.20 percent have only one dependent and rest 11.30 percent have three dependents in the households.

The earnings of the respondents are complemented by the members of the household. The family members contribution to the total income help to respondents to save. Among the respondents in urban area, majority of the respondents (46.90 percent) have two earning members and 40.30 percent have

only one earning member in the family, In rural sample, majority of the respondents (57.80 percent) have two earning members in the households and 35.10 percent have only one earning members.

The status of the respondents in their family shows, the head of the family forms the majority of the respondents both in urban (73 percent) and in rural (74.80 percent).

Of the urban respondents, financial decision were taken in consultation with family members (46.20 percent) and 43.10 per cent of the respondents had take their own decision. Among rural respondents majority (51.40 per cent) of them took financial decision in consultation with family members, 35.80 per cent of the respondents had taken decision by own and elders in the family were involved in financial decision making among 7.40 percent of the respondents.

Housing tenure are important because they deal with housing security and affect the decision a family makes about spending on their income. If tenure's insecure and facilities could be forces out unexpectedly, one is unlikely to spend money to make an acceptable living place (Benjamin Staniwix, 2009). Among respondents from urban samples, 56.30 percent live in their own house and 27.70 percent live in either rental or leased house, In rural samples, 54.60 percent of respondents live in their own house and 35.10 percent live in either rental or leased house, five percent were live with their own house with mortgage and live with their parents.

The type of the house respondents live in shows that, of the respondents from urban area, majority of the respondents (64.20 percent) live in semi-pucca house, 27.40 percent live in pucca house and rest nine percent live in kuchha house. In rural area, majority of the respondents (53.50 percent) live in semi-pucca house, 37.60 percent live in pucca house and rest 8.90 percent live in kuccha house. The type of housing used by slum dweller is an initial indicator of the living conditions of the residents. The house is possibly the most important asset for the poor and can be used to access other funds and opportunities (SEWA Academy 2002 and Chen, 2000).

Preparation of household monthly budget control the financial future and reduce unnecessary borrowing (Dalbay, 2008). 13.20 percent of urban respondents, only seven percent of rural respondents have financial budget. Receipt of welfare benefit show that, received both rural (86.17 percent) received from the Government, and rest 13.83 percent of the respondents received from private institutions.

It is inferred that, majority of the male respondents were the head of households, belong to the age between 30 to 50 years, studied up to school level and the employment unorganized sector was predominant among rural sample respondents and one third of urban sample respondents were employed in organized sector. Majority of them were married, live in nuclear families with average family size of three members with at least two earning members, live in own house which is a semi-pucca house. Financial decisions were taken by the head of the households and also all in consultation with their spouses. There is no habit of preparing monthly financial budget and majority of them were the recipient of welfare benefits from the Government.

MONEY MANAGEMENT

Money management is otherwise a cash flow statement that summarizes receipts and payment for a given period (personal income and expenditure statement) and also day-today financial activities to manage current personal economic resources while working towards long term financial security (Jack et al., 2008). Efficient money management can be achieved through financial planning. Money is managed efficiently by financial planning. As a first step of financial planning, one should maintain a Financial Diary to keep accounts of his or her income and expenses for a given period, say a week or a month (Chakrabarty, 2007). Money management practices of the sample households were presented in table 2.

Cash inflow means take home salary or net pay. This amount plus returns from savings and investments, is the income that is available for use during current month (Hughes et al., 2008). Household cash inflow for the study consists of the income earned by the respondents and contribution by the family members. Among urban respondents, 50 percent up to had income `5,000 per month and 43.10 per cent of the respondents earned between `5,001 and `7,500 per month. The monthly income of the rural sample households shows that, majority of the respondents (44.30 percent) of the respondents earned between `5,001 and `7,500 per month, 32.60 per cent of the respondents earned up to `5,000 per month and rest 23 per cent of the respondents earned above `7,500 per month.

The sample respondents were supported financially through income contributed by their family members. In case of urban sample respondents, 68.90 percent did not make any contribution of their income towards household income. Among rural respondents, 40.10 percent did not make any contribution towards total household income.

Total monthly income of the urban respondents reveal that 66.35 per cent had household income between `5,000 and `7,500 per month, 24.21 per cent of the respondents had income between `7,501 and `10,000 per month. Among rural respondents, 47.87 of the respondents had household income between `7,501 and `10,000 per month, 35.82 percent of the respondents had income between `7,500 and `10,000 per month and rest 16.31 percent of the respondents had income above `10,000 per month.

Total monthly expenditure of the urban respondents shows that 48.74 percent spent expenditure between `5,000 and `7,500 per month,28.62 percent of the respondents spent upto`5,000 per month and rest 22.64 percent of the respondents spent `7,500 and above per month. Among rural Respondents 51.77 percent of the respondents spent between `5,000 and `7,500 per month, 42.20 percent of the respondents spent `7,501 and above per month and very megre percent spent Upto `5,000

Amount of saving is cash inflow minus cash outflow (Robert, 2008). Among urban respondents,66.04 percent saved upto `1,000 and 31.13 percent of the respondents saved Above `1,000. Among rural respondents 44.68 percent saved upto `1,000 and 35.32percent of the respondents saved Above `1,000.

SAVING PRACTICE OF THE SAMPLE RESPONDENTS

Saving is income minus consumption expenditure. Saving can be used either to reduce debt or increase assets (Zvibodie, 2009). According to Keynesian economics, the amount left over is when the cost of a person's consumer's expenditure is subtracted from the amount of disposal income that he or she earns in a given period of time (Investment Dictionary, 2012). In this section, saving practice of the respondents covers the channels of saving, regularity of saving, frequency of saving, motivation to save, attitude to save and obstacles to save.

The formal financial channels include the central bank, banking and non-banking financial intermediaries. It provides safety and security and also getting loan at low rate of interest than informal source of saving. The informal saving includes moneylenders, groups of mutually organized individuals, and partnership firms. It provides an extremely easy and accessible way of saving and giving immediate access to the money as and when it was needed (Whyley and Kempson, 2000). The saving practices of the respondents were analyzed and presented in table 3.

Among urban sample respondents, majority of them saved through informal channels, only seven percent of the respondents saved through formal channel and very few of them could not save at all for it was difficult to maintain surplus money due to inflation.

In rural sample households, 50.40 percent of the respondents saved through formal channels, 30.10 percent of the respondents saved through informal channels and rest 19.50 percent of the respondents could not save at all.

Regularity of saving is contributing at several levels. Of course, it's good to have an emergency fund available for any of the countless situations or save for planned major expenses for which one would need extra cash (Robin Bal, 2007). Regularity in saving indicated that, 64.50 percent of urban and 77 percent of rural households saved occasionally and rest of them saved regularly.

Frequency of saving among urban households' shows that, majority of them saved monthly and 26.40 percent saved weekly. Among rural households, 35.50 percent saved daily, 33.30 percent of the respondents saved quarterly and 13.10 percent of the respondents saved monthly.

The respondents had varied motivation to save their hard earned money. Among urban respondents, 31.45 percent of the respondents saved to meet their future requirements, 16.67 percent of the respondents saved for getting loan at lower rate of interest and 14.47 percent of the respondents saved for raising their standard of living. Among rural respondents, 29.79 percent saved to meet their future requirements, 19.50 percent of the respondents saved to spend, 17.38 percent of the respondents were saved for getting loan at lower rate of interest and 15.25 percent of the respondents were saved for raising their standard of living.

Ease of saving indicates ability to set aside money for saving after meeting all the expenses out of their earnings (Jack, 2008). The respondents answered how easy it was to save. Among urban respondents, 46.20 percent of the sample respondents could not say anything about saving and 29.20 percent of the respondents experienced the difficulty to save. Among rural respondents, 39 percent of the respondents experienced the difficulty to save and 24.80 percent of the respondents found it sometimes difficult to save and 19.50 percent of the respondents found it was usually easy.

The respondents faced various obstacles to save their money. Inflation was felt as the main obstacles to save for majority of the respondents. In India, Food Inflation rates for rural and urban in January 2014 were 9.35 percent and 8.09 percent respectively (Ministry of Statistics and Program, Government of India, 2014). The other reason were low interest rate, social barrier, for place of living from the bank or post office, lack of knowledge, procedure related to saving, no surplus money, heavy spending of discretionary, health problem and income fluctuation were felt as the obstacles of savings.

It was inferred that, among respondents, main source of attending saving was through informal channel. Contrarily, the rural respondents mainly saved through formal channel and also most of them were occasional savers, saved money to meet their future commitment and felt difficult to save. Majority of the respondents felt inflation as the main obstacles to save. According to Tshuma (2013) the respondents of the households engaged in un-organized sector saved informally. The rural households saved informally (Subhashree Nayak, 2013).

ASSOCIATION BETWEEN THE SOCIO-ECONOMIC PROFILE OF THE RESPONDENTS AND MODE SAVING

Following are the result for chi-square test to find out the association between socio-economic and demographic profile of the respondents and their mode of savings among the respondents belonging to low income households. The following hypotheses were framed and tested. The results were presented in table 4 Mode of saving of the respondents with respect to age of the respondents brought out difference in association. The respondents were found to have no statistically significant association between their age and their mode of saving as indicated by insignificant value for urban (0.114) at five percent level. In contrary to this result, the chi-square value computed for rural respondents (11.472) was found to be statistically significant at five percent level, it was found to be significant at one percent level and null hypotheses were rejected.

As the null hypotheses were accepted, there is no significant association found with the gender of the respondents and their mode of saving. Association between marital status of the respondents and mode of saving was established through acceptance of the null hypotheses for urban respondents (0.609), whereas for rural respondents (0.028) at five percent level. The hypotheses were rejected implying that there is significant association with respect to marital status of the respondents and their mode of saving. Similarly result found among rural households there is significant difference between mode of saving and marital status of the rural households (Subhashree Nayak, 2013).

The education attainment of head of the household is thus considered to be an important social variable as it would influence his or her ability to make right financial decision. Association between education attainment of the respondents and their mode of saving was established through accepted the null hypotheses for rural respondents (0.073) whereas for urban respondents (0.000), the hypotheses was rejected implying that there is association with respect to educational qualification of the respondents and their mode of saving. According to Subhashree Nayak (2013), the educational qualification and saving behaviour were significant at five percent level at rural households

The education attainment of head of the household is thus considered to be an important social variable as it would influence his or her ability to make right financial decision. Association between education attainment of the respondents and their mode of saving was established through accepted the null hypotheses for rural respondents (0.073) whereas for urban respondents (0.000), the hypotheses was rejected implying that there is association with respect to educational qualification of the respondents and their mode of saving. According to Subhashree Nayak (2013), the educational qualification and saving behaviour were significant at five percent level at rural households.

Existence association between occupation of the total respondents and their mode of saving were proved. Income constitutes the most important factor influencing the mode of saving. Mode of saving with respect to monthly income earned by the respondents brought out difference in association. The null hypotheses were accepted for rural respondents (0.137). In case for urban respondents (0.000), hypotheses was rejected implying that there is significant association with respect to income earned by the respondents and their mode of saving. The income contributed by the family members resulted with the type of saving preferred significant association.

Household income is the main factor affecting the knowledge of mode of saving. Association between total monthly income of the household and mode of saving for urban respondents and for total respondents were prevailing.

The association between family system and the mode of saving was tested the urban respondents were found to have no statistically significant association as indicated by insignificant chi square value (p-0.723) at five percent level of significance. In contrary to this result, the chi-square value computed for rural respondents (27.691) was found to be significant at one percent level and null hypotheses were rejected. Thus, there is statically significant association between the family system of rural respondents and also for total respondents which have no association with their mode of saving (Subhashree Nayak, 2013).

With regard to association between household size and their mode of saving. The urban respondents were found to have no statistically significant association. But, the rural respondents and the total respondents have highly significant association between household size with their mode of saving. Household size and saving were highly significant among both rural and urban respondents (Saleem Abid and Ghulam Sadiq Afridi, 2010).

Association between number of earning member of the households and their mode of saving were tested. The urban respondents were found to have no statistically significant association. Statistically highly significant association resulted for rural respondents (39.725). Number of earning members and saving behavior among rural respondents were highly significant (Subhashree Nayak, 2013).

In case of rural respondents (0.000) there is significant association found with the respondents status as head of the family with their mode of saving and it was found to be significant at one percent level and null hypotheses were rejected.

With regard to association between respondents' role in financial decision making in their household and mode of saving, the rural respondents and total respondents were found to have statistically significant association.

For association between tenure of housing and their mode of saving for urban respondents, the null hypotheses were accepted hence there is no significant association found with tenure of housing and their mode of saving where as for rural respondents it was found to be five percent level it was found highly significant, the hypotheses were rejected implying that there is association with respect to tenure housing and their mode of saving.

Types of house they live were another factor affecting mode of saving. For rural respondents it was significant at one percent level was significant at five percent level, but not for urban respondents.

It is understood that, in urban situation, modes of savings were significantly associated with those variables, such as educational attainment, income of the respondents and presence of dependents were highly significant. Income contributed by the family members and monthly total income were significant towards mode of saving by respondents.

With regard to rural sample respondents, monthly income contributed by family members, family system, household size, number of earning members, family status, role in financial decision making and types of house were highly significant. Age of the head of the household, marital status of the respondents, presence of dependent, and tenure of housing were significant. In order to mobilize the savings of the respondents, their socio-economic status condition need to be improved unless all the effort made to provide financial education shall go in vain (Doyo Philip Ade, 2013).

AVERAGE PROPENSITY TO SAVE (APS)

The average propensity to save is the ratio of the saving on income has been analysed on the basis of region where the households were situated i.e. the urban and rural areas and It was indicates table 4.9. Mathematically, the term average propensity to save can be expressed as follows:

$$APS = \frac{Savings}{Income}$$

TABLE 5: AVERAGE PROPENSITY TO SAVE BY THE SAMPLE HOUSEHOLDS

Region	Total income(₹)	Saving(₹)	Average propensity to Save
Urban	2263500	265480	0.1172874
Rural	2389700	660200	0.276269

Source: Primary data

As indicated in table 5, among low income households, the average propensity to save was that for every Rupee1 earned, the urban sample households were able to save `0.12, the rural sample households were able to save `0.27. A study on tribal households revealed that average propensity to save was `0.56 among tribal households; `0.98 in rural households and `0.85 in total sample households (Surya Prakasa Rao Gerdela, 2012).

The very lower average propensity to save existing among low income households were not due to lower income. Majority of the households have considerable income of minimum `5,000 to `10,000 per month. Still, these households were not able to save atleast 25 percent of their income due to heavy expenditure on discretionary purpose.

FINDINGS
SAVING PRACTICE
- The average propensity to save for urban sample household was 0.16 and the rural household was 0.01.
- With regard to Channels of saving, 89.90 percent of the urban respondents saved money through informal sources of savings and saved regularly. The purpose of saving was to spend later and to get small loans with low rate of interest. Whereas among rural respondents, 50.40 percent saved money through informal mode and rest 30.10 percent of the respondents saved in formal channel and were also occasional savers who saved for purpose of spending later.Regarding main obstacles for saving, 83 percent of urban respondents,58.90 percent of rural respondents and 71.70 percent of total respondents felt that inflation is main obstacle of save.

MODE OF SAVING AND SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILE OF THE RESPONDENTS.
Majority of the urban respondents saved through informal channel across all level of socio-economic status because formal institutions are still neglected for the affordability challenges that formal accounts present (fees, minimum balances and costs of transport) (Johannesburg, 2014). Whereas the rural sample respondents saved through formal channel because of providing saving opportunity through direct correspondents who disseminate information about saving schemes.

ASSOCIATION BETWEEN MODE OF SAVING AND SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILE OF THE RESPONDENTS
- With regard to urban sample respondents, modes of savings were significantly associated with those variables, such as educational attainment, income of the respondents and presences of dependents were highly significant. Income contributed by the family members and monthly total income were significant.
- With regard to rural sample respondents, monthly income contributed by family members, family system, household size, number of earning members, family status, respondents role of financial decision making and types of house were highly significant. Age of the head of the household, marital status of the respondents, presence of dependent, and tenure of housing were significant.
- In case of the urban respondents and the rural respondents, the modes of saving were associated with number of dependents, resulted as the highly significant variables.

SUGGESTION AND RECOMMENDATION
- Awareness campaigns would be useful in promoting savings. Banks should be promote the poor with highlight on formal banking but not as institution for borrowing only.
- To increase usage, products must designed with add-on features such as reminders, and basic literacy about the products features.
- Know Your Customer (KYC) guidelines might accommodate larger section of the population who do not have the required documents.
- The savings device to be flexible enough to accommodate the unsteady and varied savings preferences.
- Providing flexible formal savings products with use of technology can help increase take-up and usage of these products.
- Since all the respondents own mobile phones linking the recent banking transactions with the mobile phone, they own would expand the usage of banking system by Unorganised workers
- Need for educating low income households about the importance of precautionary saving and retirement saving through formal channels.
- The incentives under section 80c of the Income tax Act on saving and deduction applicable on repayment of housing loan are unfortunately not utilized by an un-orgasnised workers. The Government machinery shall incorporate such issues advice appropriate incentives applicable to un-organised workers.

CONCLUSION
Unorganized worker saving is an important factor for the economic growth of the country. In India, the urban and rural population is very high and the contribution of these particular population is very much need for economic development. The estimated two models of saving behavior in the urban and rural unorganized workers in Coimbatore district in the state of Tamil Nadu. Both urban and rural unorganized workers need to be educated for numeracy, compound interest, effect on inflation and time value of money and money illusion, as these knowledge would be of more help to improve their standard of living and saving habit, reduce informal way of lending and to promote long term bank deposit. For effective financial inclusion, the Government, NGOs and other financial institution need to pay special attention in imparting and improving basic financial literacy knowledge as it is stepping stone for improving advance literacy knowledge. The idea of promoting short term saving into long term saving among low income households for effective financial inclusion and sustainable development is possible. The two sphere of policy interest existing today are the main stream finance for upper income population and personal finance for low income population shall be brought together by improving financial capabilities of low income households through steady inflow of income, financial education and financial discipline.

LIMITATION OF THE STUDY
- The results of the study are location specific and the conclusions drawn may not be applicable to a different district having different Socio-economic conditions.
- Lack of adequate knowledge among the under-banked population in the study area may prevent from supply of adequate data

SCOPE FOR FUTURE RESEARCH
- Financial Capability and adequacy among unorganised workers.
- Access to financial instrument among unorganised workers
- Technology adoption by unorganised workers in utilization of financial services.
- Mobile Technology for financial service to unorganised workers

- Evaluating scope for incorporate mandatory financial education courses into public programs.

REFERENCES

BOOK
1. Jack R.Kapoor, Les R, Dlabay, Robert J.Hughes (2008), "Personal finance" Tata McGraw-Hill companies, New York.

WORKING PAPER
2. Lewis, S. and F. Messy (2012), "Financial Education, Savings and Investments: An Overview", OECD WorkingPapers on Finance, Insurance and Private Pensions, No. 22, OECD Publishing.

JOURNAL
3. Surya Prakasa Rao Gerdela (2012), 'Determinants of Saving Behaviour in rural and tribal households (An Empirical Analysis of Visakapatnam District' International Journal of Research in Social Sciences. Vol. 2 issue 3 ISSN: 2249-2496. Pp108-128.
4. Saleem Abid and Ghulam Sadiq Afridi (2010), Assessing the household saving pattern of urban and rural households in district Muzaffarabad" The Pakistan Journal of Life and Social Science. Vol. 8(2) Pp.137-141.
5. Tshuma, M.C* and Jari, B (2013) "The informal sector as a source of household income: The case of Alice town in the Eastern Cape Province of South Africa". Journal of African Studies and Development. Vol. 5 (8), pp. 250-260.
6. Ray, R (2000) , Poverty, Household Size and Child Welfare in India, Economic and Political Weekly, Vol. 35, No. 39 (Sep. 23-29, 2000) , pp. 3511-3520 Published by: Economic and Political Weekly
7. Ramakrishna Reddy (2007) 'Investment Behavior of Rural Investors'. Finance India, Indian Institute of Finance: Vol XXIII No.4 Pages-1281-1294.
8. Surya Prakasa Rao Gerdela (2012), 'Determinants of Saving Behaviour in rural and tribal households (An Empirical Analysis of Visakapatnam District' International Journal of Research in Social Sciences. Vol. 2 issue 3 ISSN: 2249-2496. Pp108-128.
9. Geetha and Vimal(2014) "Perception of Household Individual Investors towards Selected Financial Investment Avenues (With Reference to Investors in Chennai City)"Procedia Economic and Finance.Vol.11 Pp.360 to 374.
10. Arjun K. senguptha(2008)" Report on condition of work and promotion of livelihoods in the unorganized sector" Government of India Report. Academic foundation, New Delhi.Pp.1771-1772.

WEBSITES
11. Robin Bal (2007), "The Importance of Regular Savings: Financial Planning, Savings." http://www.fortunewatch.com/the-importance-of-regular-savings
12. Zvi Bodie (2009) "Teaching Financial Literacy: What the Retail Investor Needs to Know". www.collegesavings.com/program.html.
13. Benjamin stanwix (2009) 'Urban Slums in Gujarat and Rajasthan' Bijal Bhatt(ed.,) Mahial Housing SEWA Trust, Ahmedabad, India. www.sewahousing.org
14. Chen, Martha (2000). Women in the Informal Sector: A Global Picture, the Global Movement. Washington DC: World Bank.
15. Doyo Philip Ade (2013). "The effect of financial literacy on pension preparedness among members of the informal sector in Kenya". http://erepository.uonbi.ac.ke/bitstream/handle/11295/60520.
16. Roger Thomas and Crispin Jenkinson (1999) , 'Measuring Health Status and Quality of Life' 1998, Question Bank Topic Commentary on Health, [The Question Bank is an ESRC funded Internet social survey resource based in the Department of Sociology, University of Surry. http://qb.soc.surrey.ac.uk/topics/health/jenkinson.htm
17. SEWA Academy (2002) , Parivartan and its Impact: A Partnership Programme of Infrastructure Development in Slums of Ahmadabad City, SEWA Academy.
18. Shyamal Banerjee (2014), " Improving India's savings rate" Retrieved from 12.8.2013. http://www.livemint.com/Opinion/ZDgCdU87oxU6cPnClpc2yN/Improving-Indias-savings-rate.html.
19. Neru Yadav (2009) "Informal Sector:Definitions and its Implications for Growth"CUTS Centre for International Trade, Economics &Environment (CUTS CITEE), Jaipur, India.

THESIS
20. Subhashree Nayak (2013), "Determinants and Pattern of Saving behaviour in Rural Households of Western Odisha" http://ethesis. nitrkl.ac.in/4839/1/411 HS1004.pdf.Pp.51.

APPENDIXES

TABLE 1: DISTRIBUTION OF RESPONDENTS BASED ON SOCIO- ECONOMIC AND DEMOGRAPHIC PROFILE

Variables	Classification	Urban		Rural	
		N (n=318)	%	N (n=282)	%
Age (in years)	18 to 29	51	16.00	50	17.70
	30 to 50	187	58.80	210	74.50
	Above 50	80	25.20	22	7.80
Gender	Male	212	66.70	212	75.20
	Female	106	33.30	70	24.80
Marital Status	Married	277	87.20	245	86.90
	Unmarried	31	9.70	32	11.30
	Separated / Widowed	10	3.10	5	1.80
Educational attainment	No formal education	4	1.30	39	13.80
	Up to School	256	80.50	190	67.40
	Graduate	33	10.40	25	8.90
	Post graduate	18	5.70	27	9.60
	Vocational Trainees	7	2.20	1	0.40
Occupation	Unorganized sector	236	74.20	257	91.10
	Organized sector	82	25.80	25	8.90
Family system	Nuclear	243	76.40	211	74.80
	Joint families	75	23.60	71	25.20
Household Size (number of members)	Two	59	18.90	55	19.50
	Three	100	31.40	98	34.80
	Four	96	30.20	89	31.60
	Above four	63	19.80	40	14.20
Number of Dependents	One	116	36.50	57	20.20
	Two	114	35.80	97	34.40
	Three	45	14.20	32	11.30
	Four	43	13.50	96	34.00
Number of Earning Members	One	128	40.30	99	35.10
	Two	149	46.90	163	57.80
	Three	31	9.70	19	6.70
	All	10	3.10	1	0.40
Status in the family	Head	232	73.00	211	74.80
	Member	86	27.00	71	25.20
Role in Financial Decisions' making	Own	137	43.10	101	35.80
	Spouse	27	8.50	15	5.40
	Both	147	46.20	145	51.40
	Others (Friends & Relatives)	7	2.20	21	7.40
Tenure of Housing	Own outright	179	56.30	154	54.60
	Own with mortgage	28	8.80	14	5.00
	Rental / Leased	88	27.70	99	35.10
	Live with parent	23	7.23	15	5.32
Types of House	Pucca	87	27.40	106	37.60
	Semi-pucca	207	64.20	151	53.50
	Kuccha	27	8.50	25	8.90
Preparation of financial budget	Yes	42	13.20	20	7.09
	No	276	86.79	262	92.91
Welfare benefits received from	Government	274	86.16	243	86.17
	Private	44	13.84	39	13.83

Source: Primary data ; N = Number of respondents; % = Percentage

TABLE 2: MONEY MANAGEMENT

Variables	Classification	Urban		Rural	
		N (n=318)	%	N (n=282)	%
Monthly Income of the respondents (in `)	Up to5000	159	50.00	92	32.60
	5001 to 7,500	137	43.10	125	44.30
	Above 7,500	22	6.90	65	23.00
Monthly income contributed by family Members (in `)	No contribution	219	68.90	113	40.10
	Up to 2,000	66	20.80	48	17.00
	Above 2,000	33	10.40	121	42.90
Total monthly Income (in `)	5,000 to 7,500	211	66.35	101	35.82
	7501 to 10,000	77	24.21	135	47.87
	Above 10,000	30	9.43	46	16.31
Total expenditure (in ` per month)	Up to 5,000	91	28.62	17	6.03
	5,000 to7,500	155	48.74	146	51.77
	Above 7,500	72	22.64	119	42.20
Amount of Saving (in ` per month)	Up to 1,000	210	66.04	126	44.68
	Above 1,000	99	31.13	101	35.82

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

58

TABLE 3: SAVING PRACTICE OF THE SAMPLE RESPONDENTS

Variables	Classification	Urban Respondents (n=318)		Rural Respondents (n=282)	
		N	%	N	%
Channels of Saving	Formal	23	7.20	142	50.40
	Informal	286	89.90	85	30.10
	Not at all	9	2.80	55	19.50
Regularity of saving	Regular	29	9.10	45	16.00
	Occasional	280	88.10	182	64.50
	Not at all saving	9	2.80	55	19.50
Frequency of saving	Daily	38	11.90	100	35.50
	Weekly	16	5.00	26	9.20
	Monthly	84	26.40	37	13.10
	Quarterly	162	50.90	94	33.30
	Half yearly	4	1.30	15	5.30
	Annually	14	4.40	10	3.50
Motivation of saving	Save to spend	9	2.83	55	19.50
	Future need	100	31.45	84	29.79
	Raise the standard of living	46	14.47	43	15.25
	Loan at low rate of interest	53	16.67	49	17.38
	Generate further income	3	0.94	10	3.55
	Advise to Save	30	9.43	14	4.96
	Personal needs	27	8.49	8	2.84
	Children education	26	8.18	9	3.19
	Son/Daughter's marriage	24	7.55	10	3.55
How easy to save	Usually easy	9	2.80	55	19.50
	Sometime easy	31	9.70	15	5.30
	Sometime difficult	38	11.90	70	24.80
	Usually difficult	93	29.20	110	39.00
	Can't say	147	46.20	32	11.30
Obstacles to save	Low rate of interest	6	1.90	11	3.90
	Social barrier	6	1.90	40	14.20
	Inflation	264	83.00	166	58.90
	Lack of knowledge	11	3.50	12	4.30
	Bank procedure	4	1.30	13	4.60
	No surplus income	6	1.90	12	4.30
	Discretionary Spending	1	0.30	3	1.10
	Health problem	14	4.40	13	4.60
	Income fluctuation	6	1.90	12	4.30

Source: Primary data; N = Number of respondents; % = Percentage

TABLE 4: ASSOCIATION BETWEEN SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILE OF THE RESPONDENTS AND MODE OF SAVING

Variable	Urban respondents (n-318)			Rural Respondents (n-282)		
	Chi Square Value	Significance	Null Hypothesis	Chi Square Value	Significance	Null Hypothesis
Age (in years)	7.459	0.114[NS]	Accepted	11.472	0.022*	Rejected
Gender	0.550	0.760[NS]	Accepted	0.628	0.731[NS]	Accepted
Marital Status	2.701	0.609[NS]	Accepted	10.855	0.028*	Rejected
Educational qualification	36.680	0.000**	Rejected	14.337	0.073[NS]	Accepted
Occupation	4.304	0.116[NS]	Accepted	2.347	0.309[NS]	Accepted
Monthly Income of the respondent (in `)	23.012	0.000**	Rejected	6.979	0.137[NS]	Accepted
Monthly Income contributed by family members (in `)	10.904	0.028*	Rejected	15.674	0.003**	Rejected
Monthly total Income (in `)	13.156	0.011*	Rejected	5.769	0.217[NS]	Accepted
Family System	0.649	0.723[NS]	Accepted	27.691	0.000**	Rejected
Household size (number of members)	4.568	0.600[NS]	Accepted	37.161	0.000**	Rejected
Number of Dependents	17.669	0.007**	Rejected	15.991	0.014*	Rejected
Number of earning members	7.911	0.245[NS]	Accepted	39.725	0.000**	Rejected
Status in the family	1.613	0.446[NS]	Accepted	39.725	0.000**	Rejected
Role on Financial decision	10.371	0.110[NS]	Accepted	54.457	0.000**	Rejected
Tenure of housing	5.838	0.665[NS]	Accepted	18.235	0.020*	Rejected
Types of house	6.932	0.140[NS]	Accepted	37.161	0.000**	Rejected

NS-Not significant; ***** Significant at 5 percent level; ****** Significant at 1 percent level

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

59

FACTORS INFLUENCING CUSTOMERS' ADOPTION OF MOBILE BANKING SERVICES: AN EXPLORATORY STUDY

K. PADMANABAN
RESEARCH SCHOLAR
R & D CENTRE, BHARATHIAR UNIVERSITY
COIMBATORE

DR. T. JOSEPH
ASSOCIATE PROFESSOR
PG & RESEARCH DEPT OF COMMERCE
LOYOLA COLLEGE
CHENNAI

ABSTRACT

Mobile Banking is transforming the banking industry and showing a drastic effect on the banking relationship. Mobile Banking involves use of internet for delivering the banking products and services. In this research, a survey was made to find out customers who adopt mobile banking services. A well structured questionnaire was designed to collect information about the adoption of mobile banking services by customers in southern part of India using their mobile phone. The survey was made by circulating the questionnaire to 150 respondents out of which 125 respondents returned the duly filled in questionnaire. A simple percentage analysis, Correlation analysis, factor analysis were used to tabulate and analyze the collected information with the help of Statistical Package for Social Sciences. A precise interpretation, findings, conclusion and suggestion were carefully drawn out of the research made.

KEYWORDS

Mobile Banking, Adoption, Banking services, Customers Influence.

INTRODUCTION

Mobile banking is a service rendered by bank to the customers. The advent & adoption of mobile banking by the banking industries has removed the removed the hindrance of cost, time, mobility and communication. Mobile banking allows the customer to use the banking services from anywhere at any time but within the constraint of time. Mobile banking involves non-human interaction between the customer and online banking information system. Mobile banking services are used to view various banking transactions and activities viz., viewing bank account information, credit card information, fund transfer (NEFT, RTGS, Inter-Bank and Intra Bank), utility bill payments, mobile recharges, instant shopping and avail of other facilities. The Government of India enacted the Information Technology Act, 2000 to provide legal recognition to electronic transactions and other means of electronic communication. In the present day scenario, it is found that 60% of the general public is using android, windows and IOS based mobile phones. Wherein, the remaining 40% of them are using ordinary featureless CDMA / GSM Mobile phones. All banking companies have established a mobile banking software application which can be easily downloaded by the customers at free of cost. Mobile banking in India is currently at an incipient stage. One of the leading players in the banking industry (ICICI BANK) is the first bank that introduced Mobile banking services in India. 45% out of the 60% of general public were found to be using mobile banking services/application.

ADVANTAGES OF MOBILE BANKING SERVICES

- **Convenient to Use** – Mobile banking application is user friendly, simple to understand and to operate.
- **Accessibility** – Easy to access the banking services at home/any place.
- **Mobility** – To reduce visit the branch banking frequently.
- **Less Time Consumption** – Avail mobile banking services easily at the time of demand.
- **Cost Effective** – Mobile banking transactions are relatively cheaper than branch banking transaction.
- **Educator** – Customers can easily learn the information about the mobile banking service through the use of software application.
- **Record history** – Transactions done through mobile application are recorded in order to be viewed, downloaded for future reference.
- **Upliftment** – The banks have a continuous and cordial relationship with the customers and attract to get the new prospective customers. Continuous feedback appraises the mobile banking services for future growth. It enhances the life style of customers too.

RESEARCH OBJECTIVES

i.   To examine the effectiveness of mobile banking services using demographic factors;
ii.   To analyse the factors influencing customers' adoption of mobile banking by users;
iii.   To find and draw conclusion on adoption of mobile banking services.

SCOPE OF THIS STUDY

This research is confined to the factors considered by the customer in selecting mobile banking services for various transactions. This study is done on a selective basis for collection of data. Mobile Banking Services are restricted for people below 18 years of age by banks and by the Law as well.

REVIEW OF LITERATURE

Peer-reviewed articles and journals were searched from the different databases of the Walden Library website. A total of 133 references were used in this study. One hundred and eleven of the 133 references (83.5%) were published within the past 5 years. Approximately 80% of the references were peer-reviewed journals.

"Mobile Banking: Where's the Business Case?" done by Hoffman, Karen Epper (2007), At mid-2007, at least nine U.S. banks had begun to develop or had rolled out a mobile banking service to their customers, either through a proprietary mobile Internet banking site or via an application embedded into the handset. Proponents believe cell phone banking will grow quickly based on ubiquitous cell phone usage and consumers' growing expectation of anywhere/anytime access. Yet, with banks providing the service to customers for free and carriers clamoring for a piece of the action, a business case remains elusive. Banks say they will justify the investment based on strengthening customer relationships, lowering delivery channel costs and paving the way for more sophisticated mobile financial services in future years.

"Measuring the Post- Adoption customer perception of Mobile banking services" done by Tai-Kuei Yu and Kwoting Fang(2009). With liberalization and internationalization in the financial market and progress in information technology, banks face dual competitive pressures to provide service quality and administrative efficiency. That these recent developments are fueled by technology might misleadingly suggest that the adoption of mobile banking is largely based on technological criteria. The purpose of this study is to establish a better measurement model for post adoption user perception of mobile banking services. Based on 458 valid responses of mobile banking users, the result shows that the instrument, consisting of 21 items and 6 factors, is a reliable, valid and useful measurement for assessing the post adoption perception of mobile banking.

"Stimulators of Mobile banking adoption in India" done by Hundal .B.S & Abhay Jain (2005), analyzed the forces that stimulate mobile banking service adoption in Northern India. The study made an attempt to identify various stimulators, viz exhilarator, ease and inquisitiveness, development pace, compatibility and perceived risk regarding the adoption of mobile banking services. The study found that the customers feel more comfortable with mobile banking and are likely to adopt it because mobile banking service facilitate customers to access their bank accounts from any location, at anytime of the day and it provide tremendous advantage, comfort and convenience to users. The author concluded that despite all the possibilities offered by the new electronic channels for banking services, there are various psychological and behavioral issues which appear to influence the acceptance of mobile banking and these need to be understood.

A review on Mobile banking users and non-users behavior study (2008) done by Piya Baptista. This study involves a comparative study of m-banking user's and non users behaviors in five countries, with particular focus on the BOP market, in order to draw general conclusions that will benefit a broad m-banking audience globally. The study will work with both MNOs and FIs to reach users and non-users. Simply put, users are expected to be individuals who are currently availing of m-banking services, mainly under additive models, while non-users are individuals who own a mobile phone but do not have bank account.

The literature retrieved provided a comprehensive bibliography on mbanking literature used in this study. The literature revealed that different scholars used various theories and models to conduct empirical studies on m-banking adoption. In many studies on m-banking adoption conducted worldwide including Koenig-Lewis et al. (2010), researchers used theoretical frameworks' constructs to analyze to what extent they affected the m-banking adoption. There was a multitude of theoretical foundations used in m-banking adoption empirical studies. Theoretical frameworks included different theories and analytic models that scholars used to conduct empirical investigations. Theoretical foundations are the basis of empirical researches in any area. Researchers use theoretical foundations as a general rule or principle to answer research questions with predictive explanatory power (Creswell, 2009). Some scholars such as Ndlovu (2012) and Yang (2009) combined two or more theories and models under a single theoretical framework to make the model more comprehensive. Following, are examples of several theories and analytical models used as theoretical foundations in m-banking studies.

METHODOLOGY

The method in which the variables are investigated or surveyed is referred as methodology. The matter of the research objective, research design, variables under study, detailed description and construction of tools used, sample selection, method of data collection, hypothesis and details of the data analysis are outlined herewith.

RESEARCH DESIGN

The type of research carried out for this research article is Correlational Design and Semi-Experimental Design. In order to carry out the research all kinds of variables (dependant and independent) were chosen with great care and diligence. The variable were mainly focused on getting the reliable information regarding adoption of mobile banking services

QUESTIONNAIRE DESIGN

A well structured questionnaire was formulated keeping in mind the general rules that can be applied for preparing a questionnaire. The questionnaire contained 7 independent variables and 12 dependent variables taking Likert Scale as a base.

DATA COLLECTION METHOD

The data for this research is mainly collected using primary data collection method. The data was collected by the researcher by having a direct conversation with the customer visiting the banks. This helps the researcher to observe how the customers think in adopting the mobile banking services.

DATA ANALYSIS RESULT & INFERENCES

This section of research contains tabulation, analytical results and based on them inferences or interpretations are drawn out using primary data collected as such. Finally, the results of data analysis are given in a categorical manner namely Findings, Conclusion and suggestion for further study.

TABLE NO. 1: TABLE SHOWING SAMPLING DISTRIBUTION

Demographic Variable	No. of Respondents			In %		
	Men	Women	Total	Men	Women	Total
Gender	**83**	**42**	**125**	**66**	**34**	**100**
Age Group:-						
18 years to 28 years	18	16	34	14	13	27
29 years to 39 years	36	19	55	29	15	44
40 years to 50 years	19	7	26	15	06	21
Above 50 years	10	0	10	08	00	08
	83	**42**	**125**	**66**	**34**	**100**
Income Level:-						
Upto INR 2,50,000	6	8	14	05	06	11
INR 2,50,001 – INR 5,00,000	53	27	80	42	22	64
INR 5,00,001 – INR 10,00,000	21	7	28	17	06	23
Above INR 10,00,001	3	0	3	2	0	02
	83	**42**	**125**	**66**	**34**	**100**
Level Of Education:-						
School Level	19	2	21	15	02	17
College Level	33	22	55	26	18	44
Technical Level	12	9	21	10	07	17
Professional Level / Course	16	6	22	13	05	18
Others	3	3	6	02	02	04
	83	**42**	**125**	**66**	**34**	**100**
Occupation:-						
Govt. Employee	3	0	3	02	00	02
Private Sector Employee	45	24	69	36	20	56
Professional	3	0	3	02	00	02
Self Employed / Business	20	8	28	16	06	22
Others	12	10	22	10	08	18
	83	**42**	**125**	**66**	**34**	**100**
Type of Customer:-						
Non-Privilege Banking Customer	66	13	79	52	11	63
Privilege Banking Customer	17	29	46	14	23	37
	83	**42**	**125**	**66**	**34**	**100**
Type of Mobile Phone Users:-						
Smart Phone Users (Android/windows/IOS)	69	36	105	55	29	84
Normal Mobile Phone users						
	14	06	20	11	05	16
	83	**42**	**125**	**66**	**34**	**100**

INFERENCES

The above table gives clear picture about the demographic variables. The proportion of gender who answered the questionnaire is 66% in male respondents and 34% in female respondents. Age group is categorized into four excluding people under 18 years of age. Majority of respondents fall in the first two categories. As such it was observed that these peoples found that mobile banking services as a necessity for people between 25 to 40 years of age as they showed boldness in adopting the mobile banking services. People in the remaining age group showed a sign of reluctance in adopting mobile banking services. Even as there are both types of customers, non-privilege banking customers and privilege banking customers found to have adopted mobile banking services except in few cases where some illiterate people could not adopt mobile banking services. It is observed that respondents having smart phones only found to adopt mobile banking services wherein other mobile phone users used the services using text message services.

TABLE NO. 2: KAISER-MEYER-OLKIN MEASURE OF SAMPLING ADEQUACY AND BARTLETT'S TEST OF SPHERICITY

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.769	
Bartlett's Test of Sphericity	Approx. Chi-Square	452.232
	d.f.	140
	Sig.	.000

INFERENCE

The significance (0.000) is less than assumed value (0.05). This means that the factor analysis is valid. Inferring the Kaiser-Meyer-Olkin (KMO) coefficient (0.769) the value is more than 0.5. So, this implies that the factor analysis for data reduction is effective. Bartlett's test of sphericity is used to examine the hypothesis that the variables are correlated. This result, < 0.001 is good, and is an indication can continue with the factor analysis. It is based on chi-square transformation of the determinant of correlation matrix. Bartlett's test of sphericity chi-square statistics is 452, which show the 12 statements are correlated.

TABLE NO.3: COMMUNALITIES FOR FACTORS INFLUENCING THE CUSTOMERS TO ADOPT MOBILE BANKING SERVICES

Factors Influencing Adoption of Mobile Banking Services:-		Initial	Extraction
RV 1	Banking Hours	1.000	0.669
RV 2	Cost Effectiveness	1.000	0.716
RV 3	Convenience	1.000	0.644
RV 4	Fund Transfers	1.000	0.647
RV 5	Credibility	1.000	0.778
RV 6	Viewing Transaction History	1.000	0.670
RV 7	Brand Image	1.000	0.624
RV 8	Accessibility	1.000	0.566
RV 9	Standard of Living	1.000	0.676
RV 10	Mobility	1.000	0.514
RV 11	Utility Bill Payment	1.000	0.796
RV 12	Convenient Shopping	1.000	0.489

Source:- Computed Data from SPSS

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

62

Extraction Method:- Principal Component Analysis. It is observed from the above table that the variance ranges from 0.489 to 0.796. It is implied from the above analysis that 12 variables exhibited the variations from 48.9% to 79.6%. This is statistically significant for derivation of factors influencing the customers to adopt mobile banking services.

TABLE NO. 4: SHOWING VARIABLES EXPLAINED FOR FACTORS INFLUENCING CUSTOMERS' ADOPTION OF MOBILE BANKING SERVICES

	Total Variance Explained					
Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.566	19.479	19.479	3.176	18.121	18.121
2	3.219	17.889	37.368	3.012	17.991	36.112
3	1.888	15.821	53.189	2.754	16.213	52.325
4	1.223	13.475	66.664	2.023	14.339	66.664
5	0.916	7.723	74.387			
6	0.828	6.611	80.998			
7	0.748	5.005	86.003			
8	0.655	4.598	90.601			
9	0.583	3.641	94.242			
10	0.426	2.367	96.609			
11	0.357	1.983	98.592			
12	0.253	1.408	100			

Extraction Method:- Principle Component Analysis.

INFERENCE

The above table highlights the total variance explained for 12 factors influencing the customers' adoption of mobile banking services in Chennai city. There are 12 variables which were reduced into 4 predominant factors with individual variable (18.121, 17.991, 16.213 & 14.339). These four factors are responded by the considerable number of underlying variables. These are the four most significant factors that are highly influencing the customers adopting mobile banking services.

TABLE NO. 5:- ROTATED COMPONENT MATRIX FOR FACTORS INFLUENCING CUSTOMERS' ADOPTION OF MOBILE BANKING SERVICES

	Component			
	1	2	3	4
RV 08	0.915			
RV 05	0.863			
RV 12	0.811			
RV 03	0.759			
RV 01		0.809		
RV 07		0.727		
RV 06		0.688		
RV 04			0.769	
RV 11			0.722	
RV 02			0.616	
RV 10				0.689
RV 09				0.547

Source:- Computed Data from SPSS

Extraction Method:- Principal Component Analysis
Rotation Method:- Varimax with Kaiser Normalisation.

INFERENCE

The above table indicates the prime 4 components which played a very significant role among the factors influencing the customers' adoption of mobile banking services in Chennai city. The rotated component matrix helps in making a broad interpretation of 4 parameters that are identified. The first factor is the most vital factors explaining 19.479% out of total variance. In total, four statements loaded on this factor, the highest loading is "Accessibility" (0.915), followed by Credibility (0.863), Convenient Shopping (0.811) and Convenience (0.759). The second factor explains 17.889% out of total variance which comprises of three factors which is shown in the above table. The third factor explains 15.821% out of the total variance which consist of three factors (i.e.,) RV 04, RV 11 & RV 02 from the values determined above. The fourth factor explains 13.475% out of the total variance which includes two factors viz., RV 10 & RV 09.

FINDINGS

1. Out of the total number of 125 respondents from whom the survey made, it was found that 2/3rd of them are men. It is observed that majority of the men respondents are ready and willing to answer and spend their precious time for the survey.
2. The survey found that there were two types of customers (i.e.,) privilege banking customers and non-privilege banking customers. Privilege banking is available only to people having higher amount of deposits and to senior citizens. And, hence the demographic table shows a larger group of people constitute non-privilege banking customer.
3. The type of mobile used by customers is according to their lifestyle. 84% of the respondents are using smart phones having android or windows or IOS software. It helps in using for mobile banking services.
4. The measure of sampling adequacy shows Kaiser-Mayer-Olkin is more than 0.5. This depicts that the variable are adequate for carrying out further research. Bartlett's Test of Sphericity is based on chi-square transformation of the determinant of correlation matrix. Bartlett's test of Sphericity chi-square statistics is 452, which show the 12 statements are correlated.
5. It is found that out of 12 variables, four variables have high level of significance. From the Rotated Matrix result, 4 variables are explained in the Table No.5.

CONCLUSION

This research aimed at finding out the factors that influence customers' adoption of mobile banking services. A well structured questionnaire was designed keeping in mind the most predominant factors that would influence customers' adoption of mobile banking services. Analyzing the first objective, the demographic factors were examined using percentage analysis. Seven vital variables were taken in to consideration which is explained in Table No.1. The second objective of this research was analyzed using factor analysis. Twelve factors were associated with each other variables were examined using Communalities, Principal Component Analysis and Extraction Method and Rotated Matrix Component. The third and the final objective were to draw fruitful and meaningful conclusion taking Data Analysis and Interpretation as a whole. The useful findings were put into five significant points. 'Adoption of mobile banking among the customers is easy to access, handle, reduces mobility, time constraint & convenient'.

SUGGESTIONS

1. Only Smart phone users find it easy to access and to use. The banks should take the initiative of creating information that can be easily used by other type of mobile phone users.
2. Some old aged people among the privilege banking customers hesitate in using mobile banking services, and hence it has be more user friendly for such group of people.
3. Grievance redressal mechanism should be improvised so that the grievance to be addressed and remedial measures can be taken appropriately.
4. Awareness about the availability of bank staff personnel should clearly reach the senior citizen and illiterate so that they can use the mobile banking services effectively and efficiently.

REFERENCES

1. Angur, M.G., Natarajan, R., & Jahera Jr., J.S. (1999). Service quality in the banking industry: an assessment in a developing economy. *International Journal of Bank Marketing, 17*(3), 116-123.
2. Avkiran, N.K. (1999). Quality customer service demands human contact. *International Journal of Bank Marketing, 17* (2), 61-71.
3. Cronin, J.J., & Taylor, S.A. (1992 July). Measuring service quality: A re-examination and extension. *Journal of Marketing, 56* , 55–68.
4. Deputy Governor, RBI, potential of mobile banking in India, Edited excepts of speech delivered at India telecom 2009, conference at New Delhi on dec 4, published in business line, dec 19, 2009, vol.16, No.349.
5. "Measuring the Post- Adoption customer perception of Mobile banking services" done by Tai-Kuei Yu and Kwoting Fang (Cyber Psycology & Behaviour), Vol.12 Issue.1,(2009).
6. Mobile banking users and non-users behaviour study",by Piya Baptista, May 28,2008.
7. "Mobile Banking: Where's the Business Case?" done by Hoffman, Karen Epper (2007), Banking Strategies; Sep/Oct2007, Vol. 83 Issue 5, p40-47.
8. MonaDave(2006), mobile banking, retrieved on jan 12, 2010 web: http://indianmba.com
9. "Stimulators of Mobile banking adoption in India" done by Hundal .B.S & Abhay Jain(2005), ICFAI journal of service marketing, vol.3,no.4, dec,pp.44
10. The Mobile Commerce Prospects : A Strategic Analysis of Opportunities in the German Banking Sectors "(2006) by Dr.Stephan Buse and Rajnish Tiwari.
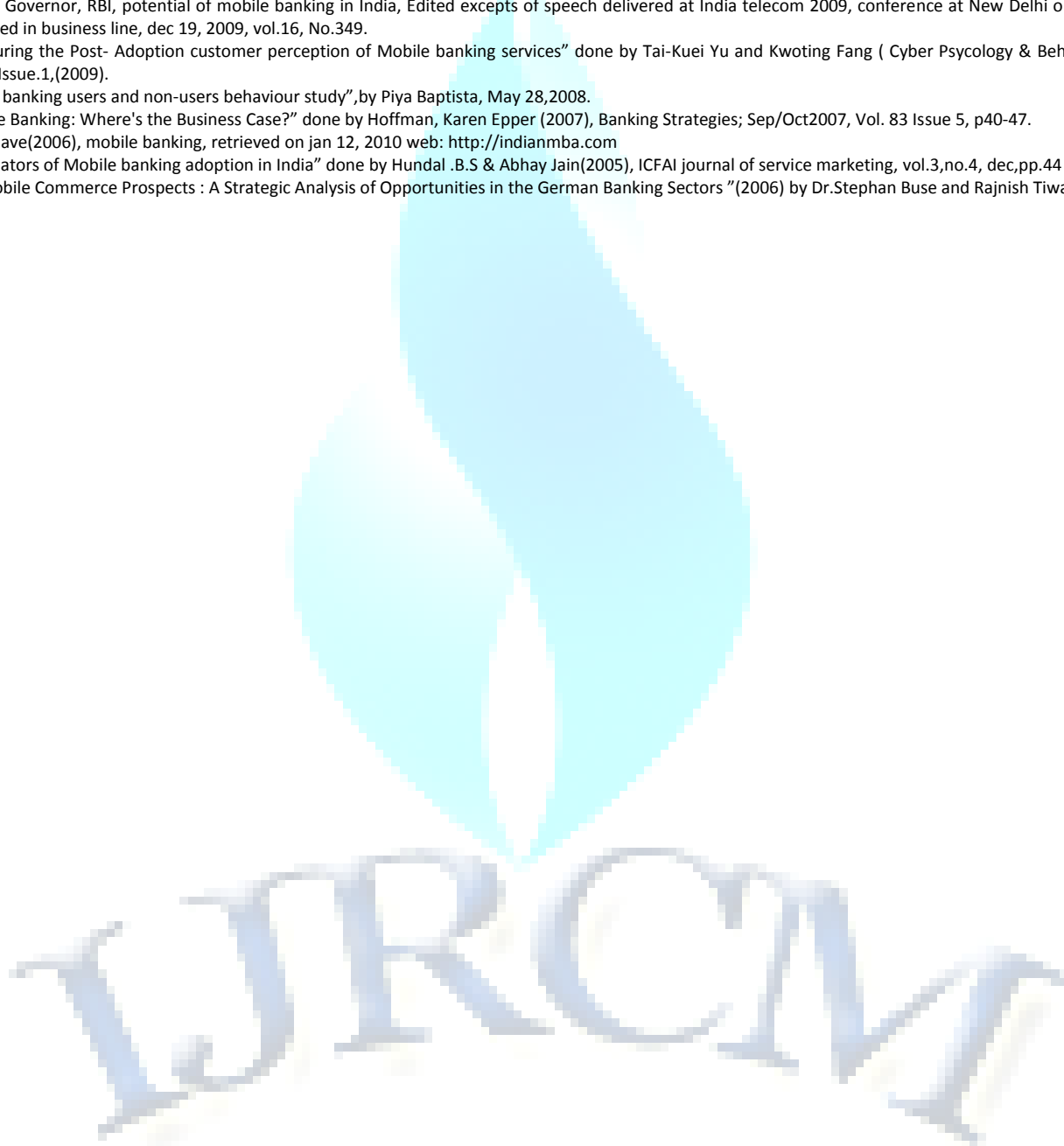
A STUDY ON IMPACT OF MERGER AND ACQUISITION ON GROWTH PERFORMANCE OF SELECTED ACQUIRER BANKS IN INDIA

DR. G. MANOKARAN
ASST. PROFESSOR
SREE SARASWATHI THYAGARAJA COLLEGE
POLLACHI

R.RADHARUKKUMANI
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
RATHINAM COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)
EACHENARI

ABSTRACT
In present era, Merger and Acquisitions act as an important tool for the growth and expansion of the economy. The main motive behind the Merger and acquisitions is to create synergy, that is one plus one is more than two and this rationale beguiles the companies for merger at the tough times. This research paper is to explore various motivations of Merger and Acquisitions in the Indian banking sector. This includes the various aspects of banking Industry's Merger and Acquisitions. It also compares pre and post merger financial performance of merged banks with the help of financial parameters like Interest Income, Non-Interest Income, Total income, Non-interest expenses, Operating expenses, Non-performing assets, Working funds. Through literature review it comes to know that most of the work done high lightened the impact of Merger and Acquisitions on different aspects of the companies. The data of Merger and Acquisitions since economic liberalization are collected for a set of various financial parameters. This study also examines the changes occurring in the acquiring firms on the basis of financial ground and also the overall impact of Merger and acquisitions on acquiring banks. Here growth performance is being tested on the basis of two grounds i.e. Pre merger and Post merger and used growth performance measurement tools like that mean, standard deviation, Co-efficiency of variation, Annual growth rate. The result of the study indicates that the banks have been positively affected by the event of Merger and acquisitions. These results suggest that merged banks can obtain efficiency and gains through Merger and Acquisitions.

KEYWORDS
Merger & Acquisitions, Financial parameters, Growth Performance, Indian Banks.

INTRODUCTION
India has a long history of both public and private banking. Modern banking in India began in the 18th century, with the founding of the English Agency House in Calcutta and Bombay. The first half of the 19th century, three Presidency banks were founded. After the 1860 introduction of limited liability, private banks began to appear, and foreign banks entered the market.

The beginning of the 20th century saw the introduction of joint stock banks. In 1935, the presidency banks were merged together to form the Imperial Bank of India, which was subsequently renamed the State Bank of India. Also that year, India's central bank, the Reserve Bank of India (RBI), began operation. Following independence, the RBI was given broad regulatory authority over commercial banks in India. In 1959, the State Bank of India acquired the state-owned banks of eight former princely states. Thus, by July 1969, approximately 31 percent of scheduled bank branches throughout India were government controlled, as part of the State Bank of India.

The post-war development strategy was in many ways a socialist one, and the Indian government felt that banks in private hands did not lend enough to those who needed it most. In July 1969, the government nationalized all banks whose nationwide deposits were greater than Rs. 500 million, resulting in the nationalization of 54 percent more of the branches in India, and bringing the total number of branches under government control to 84 percent.

Without a sound and effective banking system in India it cannot have a healthy economy. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors. For the past three decades India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process. The government's regular policy for Indian bank since 1969 has paid rich dividends with the nationalization of 14 major private banks of India. Not long ago, an account holder had to wait for hours at the bank counters for getting a draft or for withdrawing his own money. Today, he has a choice. Gone are days when the most efficient bank transferred money from one branch to other in two days. Now it is simple as instant messaging or dials a pizza. Money has become the order of the day.

The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases. They are as mentioned below:

- Early Phase from 1786 to 1969 of Indian Banks
- Nationalisation of Indian Banks and up to 1991 prior to Indian banking sector Reforms.
- New phase of Indian Banking System with the advent of Indian Financial & Banking Sector Reforms after 1991.

REVIEW OF LITERATURE
Under this study the researcher reviewed research papers for the purpose of providing an insight into the work related to Merger and Acquisitions. After going through the available relevant literature on M&As and it comes to know that most of the work done high lightened the impact of M&As on different aspects of the companies. A firm can achieve growth both internally and externally. Internal growth may be achieved by expanding its operation or by establishing new units, and external growth may be in the form of Merger and Acquisitions, Takeover, Joint venture, Amalgamation etc. Many studies have investigated the various reasons for Merger and Acquisitions to take place, Just to look the effects of Merger and Acquisitions on Indian financial services sector.

Zollo & Singh (2004) studied the knowledge-based view of corporate acquisitions and tested the post-acquisition consequences on performance of integration decisions and capability-building mechanisms. They used a sample of 228 acquisitions in the U.S. banking industry and found that knowledge codification strongly and positively influences acquisition performance, while experience accumulation does not.

Murthy (2007) studied the case of five bank mergers in India viz. Punjab National Bank and New Bank of India, ICICI Bank and Bank of Madura, ICICI Ltd. and ICICI Bank, Global Trust Bank and Oriental Bank of Commerce and Centurion Bank with Bank of Punjab.

Goyal K.A. & Joshi Vijay (2011) in their paper, gave an overview on Indian banking industryand highlighted the changes occurred in the banking sector after post liberalization and defined the Merger and Acquisitions as per AS-14.

Murthy (2007) studied thecase of five bank mergers in India viz. Punjab National Bank and New Bank of India, ICICI Bank and Bank of Madura, ICICI Ltd. and ICICI Bank, Global Trust Bank and Oriental Bank of Commerce and Centurion Bank with Bank of Punjab.

Duttaand Dawn(2012), in a paper "Merger and acquisitions in Indian banks after liberalization: An analysis "investigates the performance of merged banks in terms of its growth of total assets, profits, revenue, deposits, and number of employees.

IMPORTANCE OF MERGER AND ACQUISITION IN BANKING SECTOR

In the globalized economy, Merger and Acquisitions acts as an important tool for the growth and expansion of the economy. The main motive behind the Merger and acquisitions is to create synergy, that is one plus one is more than two and this rationale beguiles the companies for merger at the tough times. Merger and Acquisitions help the companies in getting the benefits of greater market share and cost efficiency. Companies are confronted with the facts that the only big players can survive as there is a cut throat competition in the market and the success of the merger depends on how well the two companies integrate themselves in carrying out day to day operations.

One size does not fit for all, therefore many companies finds the best way to go ahead like to expand ownership precincts through Merger and acquisitions. Merger creates synergy and economies of scale. For expanding the operations and cutting costs, Business entrepreneur and Banking Sector are using Merger and Acquisitions world wide as a strategy for achieving larger size, increased market share, faster growth, and synergy for becoming more competitive through economies of scale. A merger is a combination of two or more companies into one company or it may be in the form of one or more companies being merged into existing companies or a new company may be formed to merge two or more existing companies. On the other hand, when one company takes over another company and clearly well-known itself as the new owner, this is called Acquisition. The companies must follow legal procedure of Merger and Acquisitions which has given by RBI, SEBI, Companies' Act 1956 and Banking Regulation Act 1949.

Growth is always the priority of all companies and confers serious concern to expand the business activities. Companies go for Merger and Acquisitions for achieving higher profit and expanding market share. Merger and Acquisitions is the need of business enterprises for achieving the economies of scale, growth, diversification, synergy, financial planning, Globalization of economy, and monopolistic approach also creates interest amongst companies for Merger and Acquisitions in order to increase the market power. Merger and Acquisitions is not a single day process, it takes time and decisions are to be taken after examining all the aspects.

Indian companies were having stringent control before economic liberalization; therefore they led to the messy growth of the Indian corporate sector during that period. The government initiated the reform after 1991 and which resulted in the adaptation of different growth and expansion strategies by the companies.

The Banking system of India was started in 1770 and the first Bank was the Indian Bank known as the Bank of Hindustan. Later on some more banks like the Bank of Bombay-1840, the Bank of Madras-1843 and the Bank of Calcutta-1840 were established under the charter of British East India Company. These Banks were merged in 1921 and took the form of a new bank known as the Imperial Bank of India. For the development of banking facilities in the rural areas the Imperial Bank of India partially nationalized on 1 July 1955, and named as the State Bank of India along with its 8 associate banks. Later on, the State Bank of Bikaner and the State Bank of Jaipur merged and formed the State Bank of Bikaner and Jaipur.

The Indian banking sector can be divided into two eras, the pre liberalization era and the post liberalization era. In pre liberalization era government of India nationalized 14 Banks on 19 July 1969 and later on 6 more commercial Banks were nationalized on 15 April 1980. In the year 1993 government merged The New Bank of India and The Punjab National Bank and this was the only merger between nationalized Banks, after that the numbers of nationalized Banks reduced from 20 to 19. In post liberalization regime, government had initiated the policy of liberalization and licenses were issued to the private banks which lead to the growth of Indian Banking sector.

The Indian Banking Industry shows a sign of improvement in performance and efficiency after the global crisis in 2008-09. The Indian Banking Industry is having far better position than it was at the time of crisis. Government has taken various initiatives to strengthen the financial system. The economic recovery gained strength on the back of a variety of monetary policy initiatives taken by the Reserve Bank of India.

STATEMENT OF THE PROBLEM

Indian economy is currently witnessing a change from the controlled to the market driven environment. Merger and acquisition activity have become a part and parcel of the banking sector. Merger and acquisition is a sporadic event and there is very little scope to banking companies to learn from their past experience.

Therefore to determine the success of a merger it has to be ascertained there will be any economic gain from merger. Post merger economic gain will be generated only if the two banking companies are worth more together than apart.

Therefore there is a need to study performance of pre and post merger which will be helpful in assessing the scope and degree of their financial success. Many research have been conducted in USA and UK in this regard, a comprehensive empirical study is lacking in India this study attempts to fill the gap in the research in Indian contest.

OBJECTIVE OF THE STUDY

1. To analyze the impact of merger on the growth performance of acquiring bank
2. To study the operating performance of the banks in the pre and post Merger and Acquisition.
3. To study the effect of Merger on efficiency of Bank.

RESEARCH METHODOLOGY

Among the various merger deals in Indian Banking sector a sample of three merged banks viz Bank of IDBI, Indian Overseas Bank, and HDFC bank, are selected. The research has depended heavily on secondary data. Data has been gathered from the annual report of IDBI Bank, Indian Overseas Bank and HDFC Bank. The whole evaluation is based on the principle that if one plus one gives a figure greater than two then the variable under study has resulted in a synergy. In other words, the study adopts a before and after approach for evaluating the merger's impact. Since interpretations drawn from actual figures may be leading AGR has been employed as a principal tool. Accordingly an attempt has been made to analyses the profitability, interest income Non- interest income, operating expenses and working fund have been looking in to.

SOURCES OF DATA

Data core also obtained from the publications of the reserve bank of India relating to banking business in its monthly bulletins, annual reports, reports on currency and finance, CMIE publications and various business newspapers have also been used. Finally the various internet website have been comprehensively referred for the information.

PERIOD OF THE STUDY

Empirical analysis of all samples merged banks has been conduced, from 2001 to 2012 pre-merge and post-merger years, from banks like that United Western Bank merged with IDBI bank in 2006, Bharat Overseas bank merger with Indian Overseas Bank in 2007 and Centurion Bank of Punjab merged with HDFC Bank in 2008.

The year of merger has been left out from analysis to have consistency in evaluating post merger performance of this selected bank because the data of merger and acquisition is different for all banks.

SAMPLE DESIGN

In this Study Simple Random sampling technique was adopted. Each element in the population an equal chance of being included in the sample and all choices are independent of each other is called simple random sampling.

SAMPLE SELECTION

These are:-

1. Merger between United Western Bank Ltd and Bank of IDBI in 2006.
2. Merger between Bharat Overseas Bank Ltd and Indian Overseas Bank Ltd in 2007.
3. Acquisition of Centurion Bank of Punjab by HDFC bank in 2008.

GROWTH PERFORMANCE RATIO

For the purpose of the study evaluation of merger is undertaken with samples units. In other words, this chapter evaluates the growth performance of mergers and acquisitions in the banking Industry the study analysis the growth of merger from the financial point of view and hence quantitative in approach, ratios like that

1. Interest Income
2. Non-Interest Income
3. Total Income
4. Non-interest expenses
5. Operating expenses
6. Non-performing assets
7. Working funds

INTEREST INCOME

Interest income is income earned in the form of interest which accumulates, Savings accounts, dividend and shares in credit unions can also generate interest income. The interest income of the select acquirer banks during pre and post merger period in presented in table 4.1

TABLE 4.1: INTEREST INCOME

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	7028.26	6345.42	2793.42	7738.77	1259.46	16332.26
2	6679.4	8040.88	3170.69	9641.4	1702.99	16172.72
3	5769.46	11545.12	3485.91	10245.77	2013.61	19928.21
4	6842.97	15261.32	3754.1	12101.47	2548.93	27874.19
5	2655.72	18541.24	3951.05	17889.11	3093.49	
6		23369.93	4406.28		4475.34	
7					6647.93	
MEAN	5795.16	13850.65	3593.58	11523.30	3105.96	20076.85
SD	1820.51	6480.83	573.54	3884.40	1884.25	5479.81
CV%	31.41	46.79	15.96	33.71	60.67	27.29
AGR%	7.56	61.38	26.29	46.23	75.41	42.67

Source: computed from the annual report of the banks

Table 4.1 portrays interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher interest income during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the interest income during post merger was greater in case of all the selected merged banks.

The analysis of 'CV' reveals that there is a higher fluctuation during the post merger period that of the pre merger Period except HDFC bank.

The annual growth rate signifies that the growth performance in terms of interest income is improved in post merger period than that of pre-merger period in case of IDBI and IOB banks, where as it is declined to HDFC bank during the post merger period.

NON-INTEREST INCOME

Bank and creditors income derived primarily from fees institutions charges fees that provide non-interest income as way of generating revenue and ensuring liquidity in the event of increased default rates. Examples of non-interest income include deposit and transaction fees, insufficient funds fees, annual fees, monthly account service charges etc.

The non-interest income of the select acquirer banks during pre and post merger period is presented in table 4.2.

TABLE 4.2: NON-INTEREST INCOME

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	807.66	1058.14	302.42	1075.46	186.87	3470.64
2	509.61	1759.42	531.26	1713.07	334.06	3983.11
3	601.8	1562.22	543.45	1143.26	467.68	4335.15
4	1385.68	2301.73	824.5	1225.1	491.39	5783.63
5	673.23	2143.23	799.55	1681.04	731.08	
6		2112.18	728.21		1213.64	
7					1594.59	
MEAN	795.60	1822.82	621.57	1367.59	717.04	4393.13
SD	347.37	463.12	200.17	305.60	509.53	992.63
CV%	43.66	25.41	32.20	22.35	71.06	22.60
AGR%	16.67	33.27	40.13	31.26	121.90	41.66

Source: computed from the annual report of the banks

Table 4.2 portrays Non-interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher Non- interest income during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Non-interest income during post merger was greater in case of all the selected merged banks.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post merger period that of the pre merger Period in all the sample banks.

The annual growth rate signifies that the growth performance in terms of Non-interest income is improved in post merger period than that of pre-merger period in case of IDBI bank, where as it is declined to IOB and HDFC banks during the post merger period.

TOTAL INCOME

Total Income is a sum of all income from all sources. It includes all income, even income that is not taxable. The total income of the select acquirer banks during the pre and post merger period is discussed in the following table 4.3

TABLE NO 4.3: TOTAL INCOME

YEAR	IDBI		IOB		HDFC	
	Pre-merger	Post-merger	Pre-merger	Post-merger	Pre-merger	Post-merger
1	7835.92	7403.56	3095.84	8814.23	1446.33	19802.9
2	7189.01	9800.3	3701.95	11354.5	2037.05	20155.8
3	6371.26	13107.3	4029.36	11389	2481.29	24155.8
4	8228.65	17563.1	4578.6	13326.6	3040.32	33657.8
5	3328.95	20684.5	4750.6	19570.2	3824.57	
6		25482.1	5134.49		5688.98	
7					8242.52	
MEAN	6590.76	15673.47	4215.14	12890.89	3823.01	24443.10
SD	1954.39	6846.32	750.30	4063.18	2389.74	6452.54
CV%	29.65	43.68	17.80	31.52	62.51	26.40
AGR%	8.50	57.36	27.64	44.41	81.41	42.49

Source: computed from the annual report of the banks

Table 4.3 portrays Total income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher Total income during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Total income during post merger was greater in case of all the selected merged banks.

It could be noted from the result of Co-efficiency of variation that there is shows higher fluctuation the banks of IDBI and IOB, where as it is declined to HDFC bank during the post merger period.

The annual growth rate signifies that the growth performance in terms of Total income is improved in post merger period than that of pre-merger period in case of IDBI and IOB banks, where as it is declined to HDFC bank during post merger period.

NON-INTEREST EXPENSES

Fixed operating cost that financial institutions must incur such as anticipated bad depts, Provision .Non-interest expenses can include employee's salaries and benefits, equipments and properly leases, taxes ect.

TABLE NO 4.4: NON-INTEREST EXPENSES

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	155.15	429.05	251.25	541.53	97.59	3414.2
2	141.12	881.54	406.17	867.35	184.8	3613.59
3	129.66	802.23	461.78	1067.52	227.52	3677.71
4	184.61	2099.36	712.13	1533.83	444.59	4863.57
5	247.27	2303.6	634.67	2604.63	677.41	
6		1884.52	662.51		1090.37	
7					1571.6	
MEAN	171.56	1400.05	521.42	1322.97	613.41	3892.27
SD	47.05	788.57	178.29	801.66	544.20	657.18
CV%	27.42	56.32	34.19	60.60	88.72	16.88
AGR%	31.87	73.21	43.95	96.20	230.06	35.61

Table 4.4 portrays Non-interest expenses of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks spend higher Non-interest expenses during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Non-interest expenses during post merger was greater in case of all the selected merged banks.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post merger period that of the pre merger Period in case of IDBI and IOB banks.

The annual growth rate signifies that the growth performance in terms of Non interest expenses is reduced in post merger period than that of pre-merger period in case of HDFC bank during the post merger period expects IDBI and IOB banks.

OPERATING EXPENSES

The expenses which are incurred in performing its normal business. Operations are known as operating expenses. It includes the payment of employee's wages and funds allocated towards research and development.

TABLE NO 4.5: OPERATING EXPENSES

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	37.8	199.78	99.2	304.19	147.99	1580.24
2	43.34	266.01	105.8	388.23	174.87	1783.23
3	58.58	392.06	108.09	418.14	232.87	2048.46
4	78.16	565.79	126.91	460.94	335.91	2349.08
5	83.76	674.41	158.38	600.84	431.92	
6		824.97	198.35		750.19	
7					856.26	
MEAN	60.33	487.17	132.79	434.47	418.57	1940.25
SD	20.41	243.27	38.61	109.27	281.56	333.22
CV%	33.83	49.94	29.08	25.15	67.27	17.17
AGR%	44.32	68.82	33.32	39.50	82.66	37.16

Table 4.5 portrays Operating expenses of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks spend higher Operating expenses during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Operating expenses during post merger was greater in case of all the selected merged banks it shows that negative impact during the post merger period.

It could be noted from the result of Co-efficiency of variation that there is shows less fluctuation in all the selected acquirer banks excepts IDBI bank.

The annual growth rate signifies that the growth performance in terms of operating expenses is increased in post merger period than that of pre-merger period in case of in case of IDBI and IOB banks, where as it is declined to HDFC bank during the post merger period.

NON-PERFORMING ASSEST

The Non-performing assets in nothing but not yielding any income to the lender in the form of principal and interest payments. The non-performing assets to select acquirer banks during pre and post merger periods is discussed in the following table.

TABLE 4.6: NON-PERFORMING ASSEST

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	PreMe rger	Post Merger	Pre Merger	Post Merger
1	8370.58	721.93	917.58	363.2	20.7	627.62
2	6500.18	1082.91	957.51	999.14	34.36	392.05
3	7329.94	948.96	912.21	1994.97	42.92	296.41
4	881.89	1406.32	577.52	1328.42	27.95	352.33
5	847.49	1677.91	319.2	1907.44	60.63	
6		2910.93	224.33		155.18	
7					202.89	
MEAN	4786.02	1458.16	651.39	1318.63	77.80	417.10
SD	3640.51	787.86	325.82	674.38	71.62	145.73
CV%	76.07	54.03	50.02	51.14	92.06	34.94
AGR%	2.02	67.20	4.07	105.04	140.02	14.03

Table 4.6 explain the Non-performing assets of sample merged bank period. It could be noted from the analysis of average all the sample banks have higher level of Non-performing assets during post merger period, than that of pre-merger period except IDBI bank.

The standard deviation unfolds the facts the variation in the Non-performing assets during post merger was greater in case of IOB and HDFC all the selected merged banks it shows that negative impact during the post merger period, but in case of IDBI bank reduced the Non-performing assets level it shows that positive impact in post merger period.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post period than that of the premerger period in case of IDBI and HDFC banks, but in case of IOB bank less fluctuation during the post merger period.

The annual growth rate signifies that the growth performance in terms of Non-performing assets increased in post merger period than that of pre-merger period in case of in case of IDBI and IOB banks, where as it is declined to HDFC bank during the post merger period.

WORKING FUND

The total resources which may either the total liabilities (or) total assets of bank as on a particular data is said to be working fund. Total resources include capital, reserve and surplus, deposit, borrowing and other liabilities and provisions. A high working fund shows bank total resources strength. The working fund of the select acquirer banks during pre and post merger period is presented in following table.

TABLE 4.7: WORKING FUND

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	71783.4	103965.9	30294.48	186163.3	15617.33	182952.3
2	66642.64	130867.5	35441.12	121073.4	23819.11	222554
3	63145.25	1725553	41154.72	131091.6	30482.45	277425.9
4	63865.28	233767.6	47322.02	178784.3	42379.98	337971.2
5	81430.29	253612.8	50815.05	219637.1	51505.98	
6		290361.9	59357.81		73586.87	
7					91319.29	
MEAN	69373.37	456354.70	44064.20	167349.90	46958.72	255225.90
SD	7545.91	625969.00	10606.69	40849.78	27409.71	67405.62
CV%	10.88	137.17	24.07	24.41	58.37	26.41
AGR%	22.69	46.55	32.66	23.60	83.53	46.18

Source: computed from the annual report of the banks

The Working fund of sample merged banks is provided in table 4.7 from the analysis it is interesting to note that the average amount of working fund by all the sample banks taken for this study was greater during post merger period. It is a clear proof that all sample banks after merger initiated expansion or modernization through increased investment in fixed assets. Further sample banks after merger attempted to turn around positively.

The standard deviation shows that the variation in the working fund during post merger period was greater in all sample merger banks.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post period than that of the premerger period in case of IDBI bank, where as it is declined in case of HDFC bank and it shows balance fluctuation in bank of IOB.

The annual growth rate signifies that the growth performance in terms of working fund is improved during post merger period in case of bank of Indian Overseas Bank , where as it is declined in case of HDFC bank and Industrial Development Bank of India.

SUMMARY OF FINDINGS

❖ Interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher interest income during post merger period, than that of pre-merger period. This indicates the fact that there was positive impact of all selected sample banks during the post merger period.

❖ Non-interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher Non- interest income during post merger period, than that of pre-merger period

❖ The standard deviation unfolds the facts the variation in the Total income during post merger was greater in case of all the selected merged banks.

❖ The analysis all the sample banks spend higher Non-interest expenses during post merger period, than that of pre-merger period.

❖ The analysis all the sample banks spend higher Operating expenses during post merger period, than that of pre-merger period

❖ The variation in the Non-performing assets during post merger was greater in case of IOB and HDFC all the selected merged banks it shows that negative impact during the post merger period, but in case of IDBI bank reduced the Non-performing assets level it shows that positive impact in post merger period.

❖ The average amount of working fund by all the sample banks taken for this study was greater during post merger period. It is a clear proof that all sample banks after merger initiated expansion or modernization through increased investment in fixed assets. Further sample banks after merger attempted to turn around positively.

❖ This growth performance analysis revealed that the Interest Income, Non-Interest Income and Total Income also statistically increased; it shows positive impact after merger and acquisition. Non-interest expenses, Operating expenses had less variance in after merger. The analysis of Non-performing assets it could be noted that increased all the sample acquirer banks except HDFC bank and the average amount of working fund by all the sample banks taken for this study was greater during post merger period.

SUGGESTIONS

- The banks are suggested to concentrate on utilization of funds to improve operational efficiency. They should try to maintain international standards of capital adequacy.
- The analysis of performance of acquirer banks in terms of growth in deposits was not satisfactory significant, so need for concentration to achieved the expected growth.
- This research revealed that some banks were not achieved growth due the lack of creative knowledge in merger and acquisition activities; so that they can avoid common mistakes associated with merger and acquisition activities. Further they may develop appropriate measures to improve their post merger performance.
- The diversions of short term funds for long term needs should be avoided in and around merger and acquisition event.

CONCLUSION

This chapter provides the information about the analysis of growth performance of selected acquirer banks. The analysis revealed that the Interest Income, Non-Interest Income and Total Income also statistically increased; it shows positive impact after merger and acquisition. Non-interest expenses, Operating expenses had less variance in after merger. The analysis of Non-performing assets it could be noted that increased all the sample acquirer banks except HDFC bank and the average amount of working fund by all the sample banks taken for this study was greater during post merger period.

LIMITATION OF THE STUDY

This study is a descriptive analysis of financial performance of sample banks such as IDBI, IOB and HDFC banks.
The following are some of the limitations of the study.
1. The study is based on the published data of banks. Hence the study carries all limitations inherent in the secondary data.
2. The study limited to three merger cases.
3. Effect of merger on share price has been excluded from the study.
4. The cost of acquisition for mergers will not consider in the methodology.
5. However, all these limitations do not in any way affect the worth of this research work.

REFERENCES

BOOKS AND JOURNALS
1. Bryson, J. (2003). Anatomy of a merger: behaviour of organizational factors and processes throughout the pre- during- post-stages (part 1). Management Decision, Managing HRM risk in a merger. Employee Relations.
2. Cartwright, S. and Cooper, C. L. (1990). The Impact of Mergers and Acquisitions on People at Work: Existing Research and Issues. British Journal of Management.
3. Cartwright.S. and Schoenberg, R. (2006). The Psychological Impact of Merger and Acquisition on the Individual: A Study of Building Society Managers. Human Relations, 46(3), 327-347.
4. Goyal Dr. K.A. & Joshi Vijay (2011), "Mergers in Banking Industry of India: Some Emerging Issues", Asian Journal of Business and Management Sciences, Issn: 2047-2528,
5. Lehto Eero & Bockerman Petri (2008), "Analyzing The Employment Effects Of Mergers and Acquisitions", Journal Of Economic Behavior & Organization.
6. S. H., Gandell, J., Yortis, H., Proper, S. and Jobin, F. (2000). An Organizational Culture Perspective. Management Decision, 41(5), 511-522

WEBSITES
7. http://en.wikipedia.org/wiki/Herfindahl index
8. http://planningcommission.nic.in/reports/genrep/report fr.htm
9. http://www.msmementor.in/SIDBI Publications/Narsimham%20Committee.pdf
10. http://www.stern.nyu.edu/networks/94-24.pdf

GREEN MARKETING IN INDIA AND ITS IMPACT ON CONSUMER BEHAVIOUR

DR. SANJAY KESHAORAO KATAIT
ASST. PROFESSOR
DEPARTMENT OF COMMERCE
SHRI SHIVAJI COLLEGE OF ARTS & COMMERCE
AMRAVATI

ABSTRACT

To gain a competitive advantage in the changing world, firms are following the demand trend of customers and make improvements of this development over time. On one hand, marketing and marketers have come to understand the importance of valuing and maintain a long term relationships with stakeholders who are rejoining reciprocal trust and loyalty. On the other hand, environmental management as a strategic tool not only improves control and reduces environmental impact but also develops business opportunities for company.

KEYWORDS

Green Marketing, Consumer Behaviour, Environment, Global Concern.

INTRODUCTION

Population Growth, Global Warming, exhaustion of Natural Resources are threatening the future of human beings, develops and revealed the concept of "Green Marketing". With the 'triple bottom line' or the three pillars of business - People, Planet and Profit; gaining more attention day by day, and green is becoming the new mantra of success in any business. On the other side, a new trend of Green Consumerism is also emerging, in which consumers are becoming more aware and concerned about the environment and looking for environment friendly products and companies are also doing their best by adopting Green Production Process.

1980s was said to be the mark of the *first stage* of Green Marketing. In this stage, the industry was first introduced to the concept of "Ecological Green Marketing" The 1990s decade, which was the *second stage*, began with very high and hopeful forecasts about the emergence of an "Environmental Green Tide" of consumers and new products. The *third stage* of Sustainable Green Marketing has started since 2000. More advanced technology has been implemented, deceptive claims are taking at stricter enforcement, new regulations from the government and a thorough and detailed inspection from various environmental organizations and the media, consumer's confident has been greatly improved and many high quality green products has been made during this period. In addition to the global concern of environmental quality that is steadily rising, green marketing now has picked up its momentum again.

According to the American Marketing Association, **Green marketing** is the marketing of products that are presumed to be environmentally safe.

Green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising.

Green marketing refers to the process of selling products and services based on their environmental benefits. Such a product or service may be environmentally friendly. It is produced and packaged in an environmentally friendly manner.

REVIEW OF LITERATURE

All over the world, the demand in *Green Products* is growing and as such there is a concern for understanding how green is a green product. One of the most important restrains to the development of green products is the lack of consumer trust and the lack of information (Yiridoe et al., 2005).

Regarding both interest in *Green Products* and green certifications, demographics tend to play an important role (D"Souza et al., 2007). Yet, results seem rather inconsistent in profiling the green consumer. For instance (18-25 years) are particularly positive toward organic products. A decade earlier, Byrne et al. (1990) had also found that young females with a high school degree and above average income were most likely interested in purchasing more expensive organic products.

Attitudes are sets of beliefs about a certain object or an act, which may translate into intention to carry out the act. Attitudes are the favourable or unfavourable evaluation an individual forms of a specified behaviour. Attitudes impact the intentions held and the more favourable the attitude, the bigger the intention to perform the behaviour will be. In addition, attitudes are predictors of purchase intentions and consequently purchase behaviour. Moreover, attitudes are necessary, as consumers require an understanding of their attitudes and motivations in order to overcome the perceived purchase barriers they face. (Smith & Paladino, 2010).

Recognizing the seriousness of environmental problems possibly caused by excessive use of energy and non-renewable natural resources, copious supplies of foods and products, environmentally unfriendly production processes, and environmental disasters, increasing numbers of individuals are aware of environmental issues and feel our natural resources are limited and the environment is more fragile than we once believed. Such environmental awareness instils in the public a positive attitude toward eco-friendly activities, and encourages people to more frequently engage in ecological behaviours in their everyday lives (Han & Hsu, 2011).

From the reviewed literature and information cited it is observed that there is a lot of scope for development in this subject. At present this subject *Green Marketing* is in infant stage and gaining popularity and demand in the Indian scenario too. The recent development in the subject advocates that frequent Eco-friendly awareness product campaign at national level should be incorporated, followed by frequent Green Products Advertisement and incorporation of the subject in the study curricula.

BENEFITS OF GREEN MARFKETING

Companies that develop new improved products and services with environmental inputs in mind give themselves access to new markets, increase their profit sustainability, and enjoy a competitive advantage over the companies which are not concerned for the environment and consumer also benefited by application and use of Eco- friendly product.

ADOPTION OF GREEN MARKETING

There are basically five reasons for which a marketer should go for the adoption of *Green Marketing* they are -

- Opportunities or competitive advantage
- Corporate social responsibilities (CSR)
- Government pressure
- Competitive pressure
- Cost or profit issues

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

71

THE GREEN MARKETING MIX

PRODUCT

Product should offer ecological products which not only must not contaminate the environment but should protect it and even liquidate existing environmental damages.

PRICE

Price for such products may be a little higher than conventional alternatives. But target groups who know the importance of green products are willing to pay extra for green products.

PLACE

A distribution logistics is of crucial importance with main focus on packaging, marketing of local and seasonal products.

PROMOTION

A communication with the market should put stress on environmental aspects because ecological products will probably require special sales promotions.

THE 4 P'S TRANSFORMED IN 4 C's

CUSTOMER SOLUTIONS

These solutions go beyond selling physical products and present solution to customer's problems. They imply knowing customers and their needs well and offering products and services that satisfy customer needs and that take into account social as well as environmental aspects.

CUSTOMER COST

Customer cost does not only include the financial price a buyer has to pay for a product or a service, it also considers the psychological, social and environmental costs of obtaining, using and disposing of a product.

COMMUNICATIONS

"Green" communication goes beyond promotion, which is a form of persuasion and a one-way communication from seller to buyer. Communication is a process of interactive dialog within which it is essential to build trust and credibility.

CONVENIENCE

Means those customers want to use products and services that meet their needs and that are easy and convenient to access and use.

FACTORS INFLUENCING GREEN PURCHASING BEHAVIOUR

1. Social Influence
2. Environmental Attitude
3. Environmental Concern
4. Perceived seriousness of environmental problems
5. Perceived environmental responsibility
6. Perceived seriousness of environmental behaviour
7. Concern for self image in environmental protection

SOCIAL INFOUENCE

The social dynamic in which individual associate with other people by presenting similar qualities is identified as homophile (Ryan, 2001). It also can be known as situations that a person shares the same thoughts, beliefs and values as the person that he/she are communicating with. For purchasing certain clothing among adolescents, conformity by peers is a very important factor (Chen-Yu & Seock, 2002). Also Lee (2008) found out that peer influence was the most important factor for Hong Kongs adolescents green purchasing behaviour compare to other factors.

ENVIRONMENTAL ATTITUDE

A positive relationship between environmental attitude and environmental behaviour has been discovered in some studies (Kotchen & Railing, 2008). Environmental attitude refers to the individuals value judgment and it taps the individuals cognitive Assessment of the value of environmental protection (Lee, 2008). Most recently, it is found that Egyptian consumer's attitude towards green purchase can influence their green purchase intention and affecting their green purchase behavior in a direct manner (Mostafa, 2007)

ENVIRONMENTAL CONCERN

One of the most essential factors for marketers as they can easily target environmentally conscious consumers is environmental concern (Mostafa, 2007). Environmental concern can be known as affective traits that can signify an individual worries, consideration, likings and dislikes about the environment (Yeung, 2004).

PERCEIVED SERIOUSNESS OF ENVIRONMENTAL PROBLEMS

According to Lee (2008) teenagers in Hong Kong perceived the seriousness of environmental problems as the least important factor in influencing the green purchasing behaviour. The reason behind this was known due to repetitive exposures, which makes them react negatively. However, it is found that Asian people rate environmental problems as more severe than those who live in western countries (Lee, 2009).

PERCEIVED ENVIRONMENTAL RESPONSIBILITY

Citizens of Hong Kong have a high awareness of environmental problems, because they have attained more environmental knowledge, but their perceived environmental responsibility is weak (Lai, 2000). Among adolescents of Hong Kong, perceived environmental responsibility is one of the important factors that affect their green purchasing behaviour (Lee, 2008).

PERCEIVED EFFECTIVENESS OF ENVIRONMENTAL BEHAVIOR

This is related to one's perception to contribute good things to the environment by involving him/her-self in pro-environmental behaviour or movement. Perceived effectiveness of environmental behaviour is the fifth predictor of green purchasing behaviour among adolescents in Hong Kong (Lee, 2008)

CONCERN OF SELFIMAGE IN ENVIRONMENTAL PROTECTION

Identity formation, the most important factors when studying adolescents, they are most likely to do activities that portray their identity (Sinnappan and Rahman 2011). Further, Martinson *et al.*(1997) found out that supporters of environmental protection tend to be younger. Concern of Self-image in Environmental protection was the third predictor of green purchasing behaviour among adolescents in Hong Kong (Lee, 2008).

IMPORTANCE OF STUDY

Public concern for environmental issues has gradually but steadily increased over the past three decades since the inception of *Earth Day* appealing to preserve nature and biodiversity. Linking to consumer behaviour, over 70 percent of Americans reported that they were in support of environmental protection, and 49 percent said that they would avoid purchasing products that are potentially harmful to the environment. Indian perspectives regarding Green Products are also heading towards the same direction. As a consequence, Indian marketers have reacted quickly to consumers Eco- friendly' shifting behaviour.

INTERNATIONAL STATUS

The subject *Green Marketing* certainly possesses international status because it is not restricted to geographical boundaries of one country. Green Marketing provides solution to the unforeseen problems arises due to unlimited wants. On a global level, there is an increased awareness of global warming and adverse climate conditions and as a result there is a spur in interest towards environmental protection and sustainable development. One type of environmentally conscious behaviour is environmental consumerism green buying, purchasing and consuming products that are benign towards the environment. The rising number of consumers who prefer and are willing to buy eco-friendly products are creating opportunity for businesses that are using "Eco-friendly" or "Environmentally friendly" as a component of their value proposition.

NATIONAL STATUS

The force of "Going Green" is now extending to the Asian region, where environmental threats are alarming local governments and citizens. The fast-growing economy in Asia has led to a vigorous rise of financially empowered consumers across Asia who is willing to spend more than previous generations. .A progressive degradation of nature, air and water pollution, and ineffectiveness of technical solution to cope with environmental problems are often more severe in developing countries like India. It is found that 30-40% of natural degradation has been caused by the consumption activities of private households. Responding to the Indian environmental concern, one must focuses on adoption of waste management system i.e. application of 3R (Reduce, Reuse, and Recycle).

STATEMENT OF PROBLEM

As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objective. So *Green Marketing* is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned more about the environment and are changing their behaviour accordingly. As a result of this, *Green Marketing* has emerged which speaks for growing market for sustainable and socially responsible products and services which obviously is the origin of the research problem.

OBJECTIVES

1. To Study the attitude of consumers towards green marketing.
2. To establish a relationship between consumer purchasing decision and green marketing.
3. To identify if education level affect the buying behaviour on consumers for eco-friendly products.
4. To identify if consumers are willing to pay more for eco-friendly products.
5. To identify consumers behaviour towards Quality of product, Green advertising, and green labelling.
6. To highlight the opportunities challenges being faced by consumer & companies.

HYPOTHESIS

The purchase behavior of consumers is not influenced by green marketing practices of organizations.

SCOPE OF STUDY

The scope of the study revolves around two prime focuses i.e. one from consumer point of view and other from organisation point of view.
From consumer perspective – qualitative Eco-friendly product at a lesser price
From organisation Perspective – Customer satisfaction, brand loyalty, & profit maximisation.

RESEARCH METHODOLOGY

DATA COLLECTION

Primary data is collected through structured questionnaires. The questionnaire contained various aspects of *Green Marketing* and its impact consumer behaviour. Secondary Data collected through Annual Report of Companies, Books, Journals, Magazines and other related literature.

SAMPLING METHOD

For reasons of convenience, simple random sampling method (SRSM) is selected for research purpose. Sample Data has been collected from randomly selected buyers from markets / retail outlet of the green products.

SAMPLE SIZE

A Random sampling strategy would be carried out. A survey of about 100 consumers belonging to Amravati district of Maharashtra would be taken. They are familiar with the purchase of these products and also responsible for the purchase decisions.

FINDINGS

1. 80% of respondents are aware of green products
2. 40% can pay more for eco friendly products
3. 80% have agreed that there is enough information about the products while 20% not.
4. 80% of the population in the sample agrees or strongly agrees that the organizations should practice green marketing.
5. Majority of the people are concerned about organizations polluting environment as very few are neutral regarding the issue.
6. 80% buyers prefer to repurchase such products which are green and 20% are not.

In short Green marketing encourages consumers to use eco-friendly products and manufacturers to develop more. The Awareness about the products should be done through advertising so that individual buying behavior can be changed which can have an impact on the welfare of the environment. It is also important that companies aiming at developing new eco-friendly products should ensure that products perform competitively.

CHALLENGES OF GREEN MARKETING

Green products require renewable and recyclable material, which is costly, requires a technology, which requires huge investment in **R & D** Water treatment technology, which is too costly.

CONCLUSION

The effective green marketing requires vigorous application of good marketing principles to make green product desirable for consumer. Green marketing is still in its infancy and lot of reformation is to be done with a view to explore its full potentials. Green product requires renewable and recyclable material, which is costlier and some time not affordable. Green marketing should never be considered as just one more addition to approach to marketing, but it has to be pursued with much great vigour, as it both in terms of environmental and social dimensions. Consumer awareness must be created by corporate by transmitting the messaged among consumer about the benefits of environmental friendly product and services. In green marketing consumer are even willing to pay more to maintain cleaner and greener environment. Finally consumer, industrial buyers and suppliers needs to emphasise on minimizing the negative effect on the environment.

LIMITATIONS

1. A study is restricted only to 100 consumers belonging to Amravati district of Maharashtra state only.
2. The study comprises of consumer behaviour towards green product related only to consumer durables.
3. The result arises may or may not be applicable to other parts of the state, or country.

REFERENCES

1. Charter, Martin (ed). 1992. Greener Marketing. Sheffield, England: Greenleaf Publishing.
2. Coddington, Walter. 1993. Environmental Marketing: Positive Strategies for Reaching the Green Consumer. New York: McGraw-Hill Inc.
3. Consumer Behaviour- M. Khan and www.google.com
4. D. Leonard-Barton, Voluntary simplicity lifestyles and energy conservation, Journal of Consumer Research. 8 (1981) 243–252.
5. Davis, Joel J. 1992. "Ethics and Green Marketing." Journal of Business Ethics 11 (2): 81-87.
6. Davis, Joel J. 1993. "Strategies for Environmental Advertising." Journal of Consumer Marketing 10 (2): 19-36.
7. E. Olli, D. Grendstad, D. Wollebark, Correlates of environmental behaviors: bringing back social context, Environment and Behavior 33 (2001) 181–208.
8. Kinnear, J. Taylor, S. Ahmed, Ecologically concerned consumers: who are they? Journal of Marketing 38 (1974) 20–24.
9. Peter Kangis, (1992) "Concerns about Green Marketing" For research methodology C R Kothari.
10. R. Dunlap, K. Van Liere, A. Mertig, R. Jones, Measuring endorsement of the new ecological paradigm: a revised NEP scale, Journal of Social Issues 56 (2000) 425–442. T.
11. R. Dunlap, K. Van Liere, The new environmental paradigm, Journal of Environmental Education 9 (1978) 10–19.
12. T. Mainerie, E. Barnett, T. Valdero, J. Unipan, S. Oskamp, Green buying: the influence of environmental concern on consumer behaviour, Journal of Social Psychology 137 (1997) 189–204.
13. Yogita Sharma, Changing consumer behaviour with respect to Green marketing- A case study of consumer durables and retailing , Zenith international journal of multidisciplinary research , Vol. 1, Issue 4, August 2011

CHALLENGES BEFORE INDIAN FINANCIAL SECTOR IN INFORMATION AGE

POOJA BHUTANI
ASST. PROFESSOR
D. A. V. (PG) COLLEGE
KARNAL

ABSTRACT

The reforms in the financial sector have changed the shape of Indian banking industry into a much regulated and organized industry. The market developments with liberalization and globalization have resulted in transformation of banks in a much higher pace with technology. The Indian financial system is a group of various players like PSU'S , private banks, regional rural banks, foreign banks, cooperative banks and many more .Today the customers need not to stand in long queues for making transactions in the commercial banks in Indian. Now with the proliferation of internet, banking transactions have become much more convenient. Though the banking sector in India has adjusted quite fairly with the emerging environment and is trying to extend its reach and diversity, yet greater challenges lie ahead. Banks will have to prepare themselves for the greater challenges lying ahead in future. Some of these are to minimize the fiscal deficit, to improve system for dealing with weak banks, and develop the capital market, to improve financial services for the welfare of customers and to improve the legal, regulatory and supervisory frameworks or banking sector.

KEYWORDS

financial sector, information age.

INTRODUCTION

The economic development of a nation is reflected by the progress of the various economic units, broadly classified into corporate sector, government and household sector. While performing their activities these units will be placed in a surplus/deficit/balanced budgetary situations.

There are areas or people with surplus funds and there are those with a deficit. A financial system or financial sector functions as an intermediary and facilitates the flow of funds from the areas of surplus to the areas of deficit. A Financial System is a composition of various institutions, markets, regulations and laws, practices, money manager, analysts, transactions and claims and liabilities.

REVIEW OF LITERATURE

A review of the literature is an essential part of our academic research project. The review is a careful examination of a body of literature pointing toward the answer to our research question.

Literature reviewed typically includes scholarly journals, scholarly books, authoritative databases and primary sources. Sometimes it includes newspapers, magazines, other books, films, and audio and video tapes, and other secondary sources.

Primary sources are the origin of information under study, fundamental documents relating to a particular subject or idea. Often they are firsthand accounts written by a witness or researcher at the time of an event or discovery. These may be accessible as physical publications, as publications in electronic databases, or on the Internet.

Secondary sources are documents or recordings that relate to or discuss information originally presented elsewhere. These, too, may be accessible as physical objects or electronically in databases or on the Internet.

Literature reviews that Indian banking system consist of a larger structure on of financial institutions, Commercial banks, foreign financial institutions. The Reserve bank of India, performed role as a supervisor and controller of finance system. RBI, dominated over all the forms of finance controls in India. RBI, worked on financial stability, credit control, and regulation of interest rates and formation banking structure.

The main aims of financial liberalization program is to regulate the rates of interest, cash reserves and performance financial system consist of financial institute stocks exchanges and banks. It makes liberalization program enhance the importance of banking sector and make it more efficient and competitive.

The paper starts with a review of the literature on the design of the financial system and the existence of banks. It proceeds with a presentation of the market failures that justify banking regulation and an analysis of the mechanisms that have been suggested to deal with these failures. The paper then reviews the theoretical literature on bank capital regulation.

IMPORTANCE OF THE STUDY

The purpose of research is to inform action. Thus, our study should seek to contextualize its findings within the larger body of research. Research must always be high quality in order to produce knowledge that is applicable outside of the research setting with implications that go beyond the group that has participated in the research. Furthermore, the results of our study should have implications for policy and project implementation.

Well-conducted research is vital to the success of global heath endeavors. Not only does research form the foundation of program development and policies all over the world, but it can also be translated into effective global health programs. Research draws its power from the fact that it is empirical: rather than merely theorizing about what might be effective or what could work, researchers go out into the field and design studies that give policymakers hard data on which they can base their decisions. Furthermore, good research produces results that are examinable by peers, methodologies that can be replicated, and knowledge that can be applied to real-world situations. Researchers work as a team to enhance our knowledge of how to best address the world's problems.

RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information.

SOURCES OF DATA

PRIMARY DATA-Theprimary data are those data which are collected a fresh and for the first time.

SECONDARY DATA-are those data which have already been collected from someone else and which have already been passed through statistical process.

In this project, I have used secondary data which have been collected from following sources-

Books

Internet

Others

ROLE/FUNCTIONS OF FINANCIAL SYSTEM

A financial system performs the following functions:

- It serves as a link between savers and investors. It helps in utilizing the mobilized savings of scattered savers in more efficient and effective manner. It channelizes flow of saving into productive investment.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

75

- It assists in the selection of the projects to be financed and also reviews the performance of such projects periodically.
- It provides payment mechanism for exchange of goods and services.
- It provides a mechanism for the transfer of resources across geographic boundaries.
- It provides a mechanism for managing and controlling the risk involved in mobilizing savings and allocating credit.
- It promotes the process of capital formation by bringing together the supply of saving and the demand for investible funds.
- It helps in lowering the cost of transaction and increase returns. Reduce cost motives people to save more.
- It provides you detailed information to the operators/ players in the market such as individuals, business houses, Governments etc.

COMPONENTS OF INDIAN FINANCIAL SYSTEM

The following are the four main components of Indian Financial system
1. Financial institutions
2. Financial Markets
3. Financial Instruments/Assets/Securities
4. Financial Services

FIG. 1
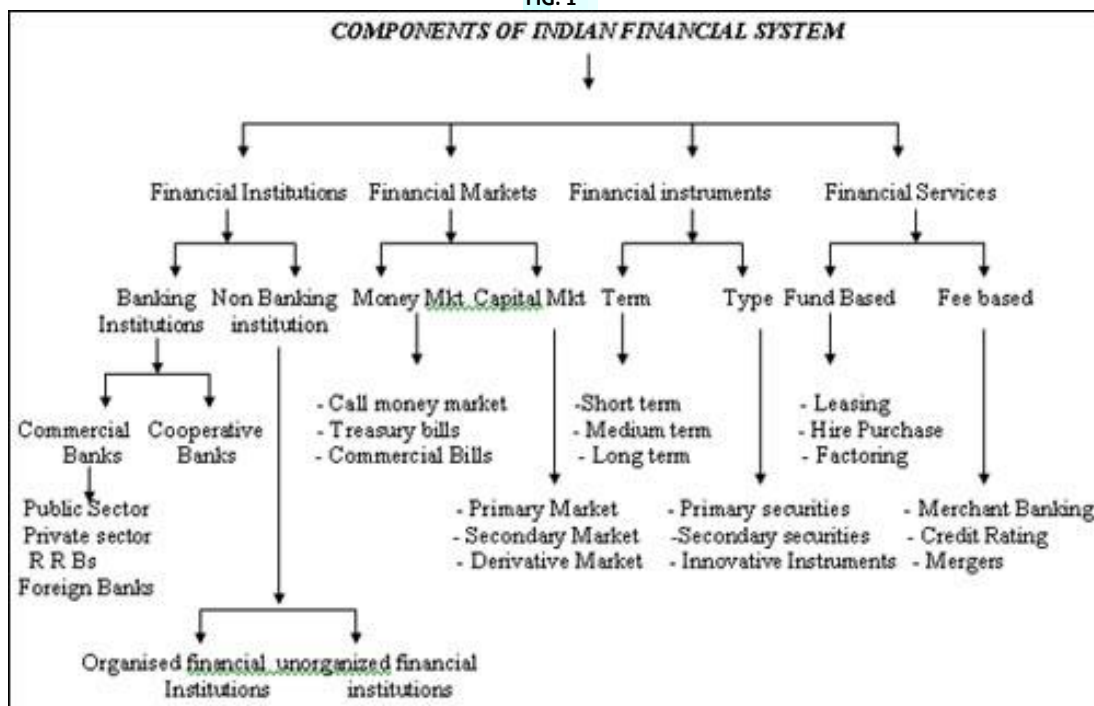
FINANCIAL INSTITUTION

Financial institutions are the intermediaries who facilitate smooth functioning of the financial system by making investors and borrowers meet. They mobilize savings of the surplus units and allocate them in productive activities promising a better rate of return. Financial institutions also provide services to entities seeking advice on various issues ranging from restructuring to diversification plans. They provide whole range of services to the entities who want to raise funds from the markets elsewhere. Financial institutions act as financial intermediaries because they act as middlemen between savers and borrowers.

Intermediary	Market	Role
Stock Exchange	Capital Market	Secondary Market to securities
Investment Bankers	Capital Market, Credit Market	Corporate advisory services, Issue of securities
Underwriters	Capital Market, Money Market	Subscribe to unsubscribed portion of securities
Registrars, Depositories, Custodians	Capital Market	Issue securities to the investors on behalf of the company and handle share transfer activity
Primary Dealers Satellite Dealers	Money Market	Market making in government securities
Forex Dealers	Forex Market	Ensure exchange ink currencies

FINANCIAL MARKETS

A Financial Market can be defined as the market in which financial assets are created or transferred. As against a real transaction that involves exchange of money for real goods or services, a financial transaction involves creation or transfer of a financial asset. Financial Assets or Financial Instruments represents a claim to the payment of a sum of money sometime in the future and /or periodic payment in the form of interest or dividend
The main functions of financial markets are:
1. to facilitate creation and allocation of credit and liquidity;
2. to serve as intermediaries for mobilization of savings;
3. to assist process of balanced economic growth;
4. to provide financial convenience
1. **MONEY MARKET**- The money market ifs a wholesale debt market for low-risk, highly-liquid, short-term instrument. Funds are available in this market for periods ranging from a single day up to a year. This market is dominated mostly by government, banks and financial institutions.
Some of the important money market instruments are briefly discussed below;
1. Call/Notice Money
2. Treasury Bills
3. Term Money
4. Certificate of Deposit
5. Commercial Papers

2. **CAPITAL MARKET** - The capital market is designed to finance the long-term investments. The transactions taking place in this market will be for periods over a year. The capital market generally consists of the following long term period i.e., more than one year period, financial instruments; In the equity segment Equity shares, preference shares, convertible preference shares, non-convertible preference shares etc and in the debt segment debentures, zero coupon bonds, deep discount bonds etc.

FINANCIAL INSTRUMENTS

The another important constituent of financial system is financial instruments. They represent a claim against the future income and wealth of others. It will be a claim against a person or institutions, for the payment of the some of the money at a specified future date. The different types of securities are-

DEBENTURES- A debenture is a type of loan acknowledgement which is taken by the company from the public. Debenture holders are entitled to get interest at a specified rate on the face value of debenture.

SHARES-The capital of the company can be divided in several parts with a definite value. Each part is called a share. There are two types of shares-

i) **PREFERNCES SHARES**-These are those shares on which shareholders enjoy two preferences

Payment of dividend out of profits

Repayment of capital in case of liquidation.

ii) **EQUITY SHARES**-Equity shareholders are the real owners of the company. These shareholders are having residual claims on the income and assets of the company. Such shareholders may go without dividend if no profit us made by the company.

INNOVATIVE INSTRUMENTS-These are the new instruments issued by companies and financial institutions. These are as follows-

Participating debentures

Convertible debentures

Zero coupon convertible notes

Warrants

Retirement bonds

FINANCIAL SERVICES

Efficiency of emerging financial system largely depends upon the quality and variety of financial services provided by financial intermediaries. The term financial services can be defined as "activities, benefits and satisfaction connected with sale of money that offers to users and customers, financial related value".

FUND BASED SERVICES

Major part of the income is earned through fund-based activities. At the same time, it involves a large share of expenditure. Fund based income comes mainly from interest spread (the difference between the interest earned and interest paid), lease rentals, income from investments in capital market and real estate) Involve provision of funds against assets, bank deposits, etc.

HIRE PURCHASE ◦ Hire purchase is a mode of financing the price of the goods to be sold on a future date. In a hire purchase transaction, the goods are let on hire, the purchase price is to be paid in installments and hirer is allowed an option to purchase the goods by paying all the installments.

EQUIPMENT LEASING◦ A lease is an agreement under which a company or a firm acquires a right to make use of a capital asset like machinery, on payment of a prescribed fee called „rental charges".

ACCOUNTS RECEIVABLES FINANCING/FACTORING◦ A type of asset-financing arrangement in which a company uses its receivables - which is money owed by customers - as collateral in a financing agreement. The company receives an amount that is equal to a reduced value of the receivables pledged. ◦ Factoring is similar to the above with the only difference that the factoring firms purchase the receivables outright taking ownership of the receivables.

BILL DISCOUNTING ◦ Bill discounting is a short tenure financing instrument for companies willing to discount their purchase / sales bills to get funds for the short run and as for the investors in them, it is a good instrument to park their spare funds for a very short duration

HOUSING FINANCE ◦ Housing finance refers to providing finance to an individual or a group of individuals for purchase, construction or related activities of house/flat etc. ◦ Housing loan is extended by way of term loans; for a number of years (5-20) at a certain rate of interest.

VENTURE CAPITAL ◦ Venture capital (VC) is financial capital provided to early- stage, high-potential, high risk, growth startup companies ◦ The venture capital fund makes money by owning equity in the companies it invests in, which usually have a novel technology or business model in high technology industries, such as biotechnology, IT, software, etc.

MUTUAL FUNDS ◦ A mutual fund refers to a fund raised by a financial service company by pooling the savings of the public. It is invested in a diversified portfolio with a view to spreading and minimizing the risk.

FEE BASED SERVICES

Fee based income does not involve much risk. But, it requires a lot of expertise on the part of a financial company to offer such fee-based services.

MERCHANT BANKING-◦ A merchant banker is a financial intermediary who helps to transfer capital from those who possess it to those who need it. ◦ Merchant banking includes a wide range of activities such as management of customer securities, portfolio management, project counseling and appraisal, underwriting of shares and debentures, loan syndication, acting as banker for the refund orders, handling interest and dividend warrants etc.

LOAN SYNDICATION-◦ Similar to consortium financing. ◦ Taken up by the merchant banker as a lead manage. ◦ It refers to a loan arranged by a bank called lead manager for a borrower who is usually a large corporate customer or a government department. ◦ It also enables the members of the syndicate to share the credit risk associated with a particular loan among themselves.

CREDIT RATING◦- Evaluates the credit worthiness of a debtor, especially a business (company) or a government ◦ It is an evaluation made by a credit rating agency of the debtors ability to pay back the debt and the likelihood of default ◦ Some credit rating agencies; ICRA, CRISIL.

ROLE OF FINANCIAL SECTOR IN ECONOMIC DEVELOPMENT

The economic development of any country is dependent on its financial system -- its banks, stock markets, insurance sector, pension funds and a government-run central bank with authority -- or at least influence -- over currency and interest rates. In developed countries, these two sides of the economic coin work together to promote growth and avoid runaway price inflation. When a country is still in a developing stage, the lack of a strong, sound financial system generally works against the national economy.

BANKING SECTOR

Banks are the cornerstone of a national financial system. Their key services are to provide a safe haven for the earnings of individuals and loans to companies in need of capital, either to start operating or to stay in business. Without this source of available capital, businesses would be hard-pressed to continue growing and returning a profit to their owners and outside investors. By channeling savings into the business sector through loans -- and also offering loans to individuals to buy cars and homes -- banks boost overall economic growth and development.

FINANCIAL MARKETS

Stock markets provide an opportunity for individuals to invest in companies. By issuing shares, public companies pay off debt or raise capital for their operations. The bond market provides another means to raise money. When an individual or an investment company buys a bond, it receives a steady stream of interest payments over a set period. The bond market is accessible to companies as well as governments, which also need a reliable stream of funds to operate. Without the bond market, a government could only raise money by levying taxes, an action that tends to dampen business activity and investments.

ISSUES AND CHALLENGES

Over the past decade the banking industry has witnessed many positive developments. The banking industry in India compares quite well with many of its international counterparts on metrics such as growth, NPAs, ROA, etc. Although the Indian banking industry has witnessed significant growth in last few years, comparatively lower levels of financial inclusion remains a concern. A large proportion of the population is still financially excluded, with the number of bank branches per one lakh (hundred thousand) adults being low (by global standards) at 9.4 branches. Further, the progress made during past decade is limited to a small part of the industry. While the onus for tackling the emerging challenges lie mainly with bank managements, a facilitating policy and regulatory framework will be critical for the further development of the banking industry. The following are some of the challenges faced by the Indian banking sector.

INCREASE PENETRATION OF INDIA-TACKLE DEMAND SUPPLY MISMATCH

Primarily supply side constraints are responsible for the high levels of financial exclusion in the country, as they have a causal effect in keeping demand low from certain factions of the population. The demand supply mismatch, which is reflected in measures of financial exclusion, shows the limitations on the banks' ability to supply products and services.

A large proportion of the population in India, largely concentrated in rural areas is believed to be financially excluded from formalized credit markets (implies having access to bank credit) and payments systems (implies not having access to bank accounts). Inaccessible institutional credit drives these people to use the services of unorganized credit markets which charge interest at rates in the range of 35-60%. According to the Report of the Committee on Financial Inclusion (NABARD, 2008) and NSSO, 45.9 million farmer households in India do not have access to credit, even from noninstitutional sources. Only 27% of farmer households have loans from institutionalized sources, two-thirds of which also borrow from the unorganized sector. Among the urban poor class, financial exclusion level is not determined with certainty, since this population group is highly migratory. But, clearly, north eastern, eastern and central regions suffer more from financial exclusion than other regions of the country.

Many initiatives are being taken by the RBI and other banks in the country, notably public sector banks, to increase supply of financial services to the unbanked areas. Introduction of 'no frills' account (2005) and utilizing services of NGOs and other civil organizations for providing financial services (2006) are some steps in that direction. The ability of banks to supply products and services is clearly reflected in the population being served by them per branch, or their physical presence geographically.

Table 7.1: Population Served per Bank Branch ('000)

Year	1969*	FY81	FY91	FY01	FY07	FY08	FY09
Population per Bank Branch	63	19	14	16	16	15	15

*: as at end June

Source: Annual Report, RBI, various issues

Foreign banks committed to making a play in India will need to adopt alternative approaches to win the "race for the customer" and build a value-creating customer franchise in advance of regulations potentially opening up post 2009. At the same time, they should stay in the game for potential acquisition opportunities as and when they appear in the near term. Maintaining a fundamentally long-term value-creation mindset will be their greatest challenge.

CREDIT DISBURSEMENT TO PRIORITY SECTORS

One of the major challenges faced by the banking system in India is to provide timely and cost effective credit to the priority sectors especially the agriculture and Small scale industries, which are critical in generating employment and support the growth momentum of the economy. After witnessing robust growth between FY05-FY07, the growth in agriculture credit witnessed some moderation in FY08. Thus banks are required to ensure availability of credit to the agriculture sector, which forms the backbone of the Indian economy. With significant slowdown in economic activity and exports during the latter part of FY09, the credit growth to the micro and small experienced some moderation. While it is important for the banks to maintain the asset quality, they also need to direct the credit flow towards small and medium enterprises which play a critical role in India's economic development.

MAINTAIN ASSET QUALITY

The secured advances made by banks have shown a mild decline in FY09. The unsecured advances of banks particularly of credit card receivables have increased substantially. In FY09, the quality of assets of banks has come under scrutiny, as the rising interest rates started putting pressure on the repayment by borrowers in the H1 FY09. While the interest rates began to soften in the latter part of the fiscal, the risk of default persisted mainly due to slowdown in economic activity. Thus a major challenge in the current economic scenario for the Indian banks is to maintain the gains made with respect to asset quality over the past few years. In such situations, unsecured advances possess greater risk to business. The sensitive sector advances is an important indicator towards the quality of assets held by banks. Though this does not in itself indicate a high risk, the higher exposure signals a greater need for monitoring by the banks as the susceptibility increases. This is of even greater importance in the current scenario when capital markets and real estate are extremely risky sectors. The exposures of SCBs to sensitive sectors have increased inexplicably from less than 3.5% to over 20% within a span of two years. New private sector banks have the highest exposure to sensitive sectors, largely due to the exposure in real estate.

IMPROVE RISK MANAGEMENT MECHANISM

Strategies to combat the problem of high risk perception must be taken up by banks on priority basis. Increased usage of rating services must be employed to reduce risk. Besides, SME specific risk management procedures must be setup to make the business more viable, as the risk perception associated with lending to small enterprises is generally very high. Further, the banks would also be required to acquire skill for managing emerging risks resulting from innovations in financial products as well as technological advancements.

The availability and ease access to reliable data/information to both banks and regulators/supervisors of the banking system is a key for prudent risk management. Hence, strengthen the existing system would be another challenge for the banking industry. More over the recent global financial market turmoil has accentuated the need for further improvement in the transparency and disclosure standards.

TECHNOLOGY ADOPTION

The problem of resistance from workforce has largely been neutralized over the years, but the primary issue involved with the adoption and rapid integration of technological processes within banks still related to human resources- the availability of technically skilled resources is scarce. Technology is not among the core competencies of financial institutions, which necessitates outsourcing. Banks in India are different from banks in many other countries, in ways that they have a very large branch network and varied needs specific to regions and customers. Most off the shelf solutions are not exactly in conformity to the needs of the banks, which makes room for large customizations.

Besides, a serious concern in implementing complex technologies is protection against frauds and hackings. Security concern slows down technology adoption significantly for the banking industry. A fast pace of development of security systems is imperative to the adoption of large scale innovations in the industry. Another issue is that of business process reengineering, which is required after computerization. Failure to successfully carry out BPR neutralizes the benefits that an institution wishes to accomplish via adoption of a technological process.

TOP CHALLENGES FACING FINANCIAL SERVICES

The financial services industry is facing challenges on several fronts, many of them intertwined, as we enter the new year-

At this time of year, when the perennial lists of "top issues for the new year" appear, it will be useful to remember that the financial services industry is challenged on many fronts, all of them to some degree intertwined, and all of them critical to restoring the health and sustainable growth of the industry. Financial institutions of all shapes and sizes are in a period of strategic transformation, and must necessarily attend to a wide range of issues simultaneously -- some more visible and fast-moving, others more fundamental and long-term -- in their recovery from the crisis of the past five years.

The first and most visible dimension (though not necessarily the most important) includes the "current" or "hot" issues in the industry media and conferences. They typically revolve around the latest technology or political/regulatory trend, and while often urgent, is not always strategic. They tend to be the relatively fast-moving issues that change from year to year. The list for 2013 will include:

-- Incorporating mobile banking as a regular delivery channel

-- developing a strategy around social media

-- coming to permanent resolution with the regulatory issues of 2012, such as Dodd-Frank, Basel and the CFPB -- dealing with the economic aftermath of the "fiscal cliff," whichever way it turns out

A second dimension of issues is more complex and more regular, involving those recurring financial and competitive industry issues that financial institutions deal with every year. Now, however, they are in a new economic context as the industry emerges from the financial crisis:

-- How to come to a new level of growth and sustainable profitability in an environment of low interest rates

-- rebuilding asset quality and strengthening their capital adequacy

-- Where to develop new and reliable sources of revenue

-- enriching and increasing the business value of customer relationships, at a time when customer behaviors and expectations are more demanding

-- Restoring public confidence in the industry

-- How to deal with aggressive and innovative non-bank competitors

-- embedding a risk management culture into the fabric and habit of daily operations

A third dimension concerns the ever more critical need for financial institutions to transition their technology architectures to next-generation capabilities, putting in place the enablers for all the issues listed above. Banks, thrifts and credit unions now need to approach technology no longer as an expense to be managed down, but more as an investment for future growth. By focusing less on specific systems and applications, and more on enterprise-wide capabilities, they need to address such challenges such as:

-- implementing fully digital banking

-- Filling manual gaps and delivering straight-through, efficient business processes

-- Enterprise-level integration and management of data -- interactive customization of products and services to meet customer demands

-- Transparency in costs, compliance and prices.

CONCLUSION

It may be concluded that Indian financial system has been gone through a variety of changes. To cope up with the fast expanding industrial demand for funds, Indian financial system is passing through the re-emergence of private financial institutions and strong structure of Indian financial institutions. Since the inception of the liberalization and globalization, Indianfinancial system is undergoing major transformation. A noticeable development has been the introduction of innovation in financial products. The corporate sector and financial institutions have offered variety of financial instruments or securities to cater to the increasing demand of bonds.

REFERENCES

1. Bhole L M, "Financial Institutions and markets", Tata McGraw-Hall, New Delhi, 1999.
2. Khan M Y, "Indian Financial System, Tata McGraw-Hill, New Delhi, 2001.
3. Mishra R K, "Development of financial services in India some perspectives", Financial services in India Delta, Hyderabad, 1998.
4. Mishra R K, "Global financial services Industry and the specialized financial services institutions in India, Utkal University, 1997.
5. Mishra R K, An Overview of financial services, financial services, emerging trends, Delta, Hyderabad, 1997.
6. Pandey I M, Financial Management, Vikas Publications, New Delhi, 2000.
7. S. Gurus my, Financial markets and Institutions, Thomson publications, First Edition, 2004.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

79

UNIVERSAL BANKING: FINANCIAL MALL BY BANKS

NIKETAN SHET
ASST. PROFESSOR
MODERN COLLEGE OF ARTS, SCIENCE & COMMERCE
SHIVAJINAGAR

ABSTRACT
A banking system in which bank provides wide variety of financial services including both commercial and investment activities subject to compliance of statutory and other requirements prescribed by respective authorities. Universal Banking can be compared with the concept of Library where the target is reader instead of books of library. If one is comparing Universal Banking activities of Indian Banks with Foreign Banks, one can find out whether Universal Banking is helping to increase the profitability of these banks. The Universal Banking was implemented in the year 2001 in India on the recommendation of R H Khan Committee. Notable examples of Universal banking include BNP Paribus of France, HSBC, Standard Chartered and RBS of United Kingdom, Deutsche Bank of Germany, ING Bank of Netherland, Bank of America, Citigroup, JM Morgan Chase and Wells Fargo of the United States, and Credit Suisse of Switzerland. The present study will be useful to the bankers as well as customers; Bankers will be in a position to earn more profits by diversifying their risk and optimum utilisation of resources. This study will be suggesting a banker how a Universal Banking can be a tool to earn a profit. Universal Banking is beneficial to the customers as they need not go to other places to search for financial products. It will be available from their bankers so it will be helpful in saving of time as well as some costs. Universal Banking can also be known as Financial Mall owned by a Bank.

KEYWORDS
Financial mall, R H Khan Committee, Universal banking.

INTRODUCTION
A banking system in which bank provides wide variety of financial services including both commercial and investment activities subject to compliance of statutory and other requirements prescribed by respective authorities. Universal Banking can be referred as the banking in which present customers of the banks are being covered as a target market for earning non-fund based income. The Banker tries to provide all services related to financial products under one roof. Universal Banking is a phenomenon which serves as Win Win Situation for both the parties i.e. Bankers and Customers. Universal Banking can be compared with the concept of Library where the target is reader instead of books of library. Likewise, in Universal Banking more preference is given to customer's needs. If one is comparing Universal Banking activities of Indian Banks with Foreign Banks, one can find out whether Universal Banking is helping to increase the profitability of these banks.

The Universal Banking was implemented in India on the recommendation of R H Khan Committee. RBI has issued certain guidelines for Universal Banking in the year 2001.

The concept of Universal Banking has proved to be successful in western countries. Notable examples of Universal banking include BNP Paribus of France, HSBC, Standard Chartered and RBS of United Kingdom, Deutsche Bank of Germany, ING Bank of Netherland, Bank of America, Citigroup, JM Morgan Chase and Wells Fargo of the United States, and Credit Suisse of Switzerland.

REVIEW OF LITERATURE
The Researcher has referred Handbooks on Banking as well as various websites from the internet. There is no enough study material available on this topic. Therefore, the researcher has analysed research papers written by various authors. It is observed that many authors have contributed towards Universal Banking. But still there is scope for study of this concept with reference to India. India is having complex banking structure. Reserve Bank of India has issued guidelines in the year 2001 related to Universal Banking. If banks are performing Universal banking functions then it may help to increase their profitability.

Generally speaking, Universal Banking is misinterpreted by the people with international banking, multinational banking or global banking. In reality, the concept of Universal Banking is having wide variety of scope. First time ICICI Bank introduced Universal banking in India.

NEED AND IMPORTANCE OF THE STUDY
The present study is important because Universal Banking concentrates on investment banking, merchant banking, insurance, mutual funds to earn more amount of profit. It is beneficial to both banker as well as customer. Without hampering main business of banking, banker can focus on investment activities. Banks are an appropriate platform to discuss financial products. Bankers develop rapo with the customers which ultimately effects in Creation of Goodwill. Customers stand with good relationship with banker because of this this rapo building. Therefore banker can sell financial products to its own customers.

STATEMENT OF THE PROBLEM
Foreign Banks are earning more profits than Indian Banks if they are implementing Universal Banking activities.

OBJECTIVES OF THE STUDY
The objectives of the study can be listed down as follows:
- To study and understand Universal Banking
- To compare implication of Universal banking in In Indian Banks with Foreign Banks
- To measure and analyse the impact of Universal Banking on profitability of the these selected banks

HYPOTHESES OF THE STUDY
- Implementation of Universal Banking has improved profitability of these banks.
- Foreign Banks in India have succeeded to improve their performance as compared to their counterpart i.e. Indian Banks due to application of Universal Banking.
- There is wide scope in improvement in Universal Banking.

RESEARCH METHODOLOGY
Researcher will be collecting Primary and Secondary data in following ways:
PRIMARY DATA
Primary Data means first hand data. It is original in nature. It will be collected by the researcher from the following sources:
- *Interviews* of Officers of and Representative of employees
- *Observations*

SECONDARY DATA

Secondary data means data collected from various other sources. It is data collected by someone else. It can be in printed form or it can be collected from internet. Secondary Data will be collected by the researcher from the following sources:

- Books: Handbook of Banking by N S Toor
- Articles of Newspaper, Magazines, EPW etc.
- Annual reports of these banks
- Publication of RBI, World Bank, IBA etc.
- Websites of respective banks and apex institutions

RESULT AND DISCUSSION

MEANING OF UNIVERSAL BANKING

Universal Bank means those banks which are participating in many kinds of banking activities and is both a commercial banks and investment bank as well as providing various kinds of services as insurance.

Universal Banking need not be confused with International or Global Banking.

Researcher has selected few banks for the purpose of study which can be understood with the help of following table:

Indian Banks		Foreign Banks
Public Sector Banks	Private Sector Banks	
State Bank of India	ICICI Bank	AB Bank Ltd
Punjab National Bank	HDFC Bank	Bank of Bahrain & Kuwait B.S.C.
Bank of India	Kotak Mahindra Bank	Barclays Bank
Bank of Baroda	Yes Bank Ltd	BNP Paribus
Bank of Maharashtra	Axis Banks Ltd	CITI Bank N A

ACTIVITIES INVOLVED IN UNIVERSAL BANKING

At present University Banking involves various activities which can be listed as follows:

- Merchant Banking
- Mutual Funds (SIP's)
- Insurance
- Factoring
- Credit Card
- Investment Banking
- Retail Loans
- Auto Loans
- Housing Finance etc.

ADVANTAGES OF UNIVERSAL BANKING

The advantages of Universal banking can be listed down as follows:

✓ Diversification of Activities
✓ Diversification of Risks
✓ Economies of Scale
✓ Adoption of Technology
✓ Innovative ways to market the product
✓ Systematically developed banks
✓ International Exposure to Banks
✓ Generation of Loyal Customers
✓ Serving as a Financial Mall
✓ In tune with Narasimhan Committee Report

LIMITATIONS OF UNIVERSAL BANKING

The limitations of Universal banking can be listed down as follows:

× Concentration of all activities in the hands of few
× Possibility of Failure
× Threat to local banks
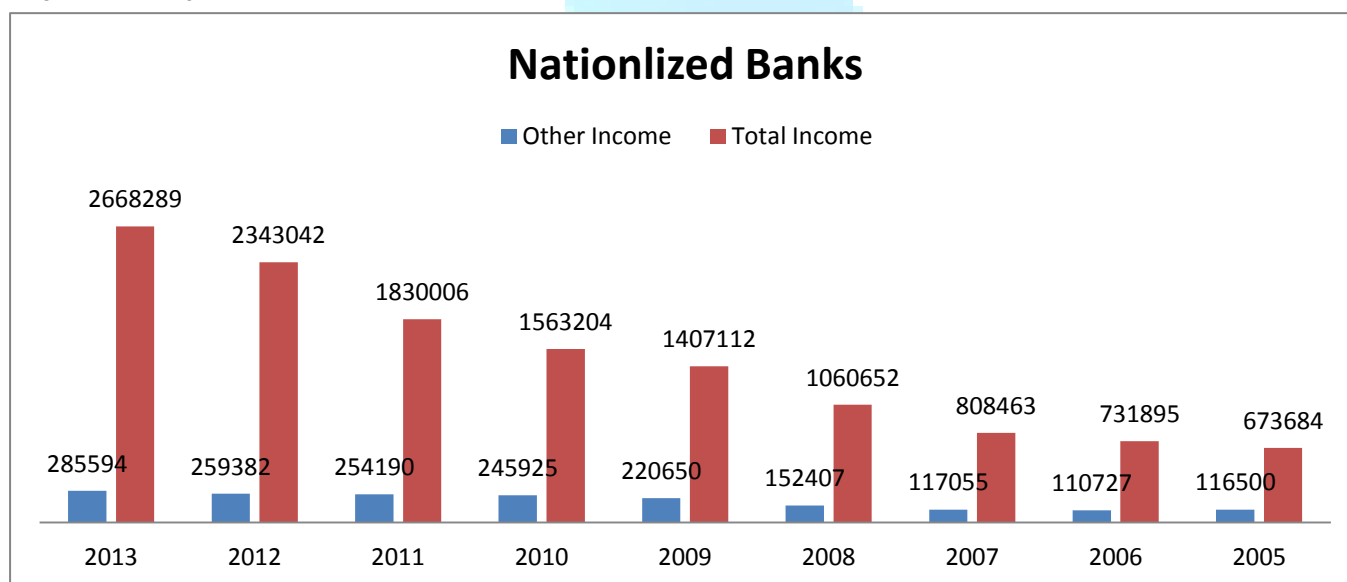× Low focus on Primary Sector
× Responsibility of Financial Inclusion

ANALYSIS OF DATA

TABLE 1.1: NON FUND BASED INCOME OF NATIONALISED BANKS (Rs in crores)

Bank	Items	2013	2012	2011	2010	2009	2008	2007	2006	2005
STATE BANK OF INDIA	Interest income	1196571	1065215	813944	709939	637884	489503	372423	359796	324280
STATE BANK OF INDIA	Other income	160348	143514	158246	149682	126908	86949	67653	74352	71199
	Total Income	1356919	1208729	972190	859621	764792	576452	440076	434148	395479
	% of	12	12	16	17	17	15	15	17	18
PUNJAB NATIONAL BANK	Interest income	418933	364761	269865	214221	191272	142650	112361	95842	84599
PUNJAB NATIONAL BANK	Other income	42159	42026	36126	36101	30647	19976	17304	12735	16757
	Total Income	461093	406787	305991	250322	221919	162626	129665	108577	101355
	% of	9	10	12	14	14	12	13	12	17
BANK OF INDIA	Interest income	319089	284807	217517	178780	163474	123552	89363	70287	60315
BANK OF INDIA	Other income	37660	33212	26418	26166	30519	21169	15630	11844	11558
	Total Income	356750	318018	243935	204946	193992	144721	104992	82131	71873
	% of	11	10	11	13	16	15	15	14	16
BANK OF BARODA	Interest income	351967	296737	218859	166983	150916	118135	90041	70500	64314
BANK OF BARODA	Other income	36306	34223	28092	28064	27577	20510	13818	11274	13133
	Total Income	388273	330961	246951	195047	178492	138645	103859	81773	77448
	% of	9	10	11	14	15	15	13	14	17
BANK OF MAHARASHTRA	Interest income	96134	72140	55631	47356	42916	34405	27220	24744	23677
BANK OF MAHARASHTRA	Other income	9120	6407	5309	5912	5000	3803	2651	522	3852
	Total Income	105254	78546	60939	53268	47916	38208	29871	25267	27529
	% of	9	8	9	11	10	10	9	2	14
Total	Other Income	285594	259382	254190	245925	220650	152407	117055	110727	116500
	Total Income	2668289	2343042	1830006	1563204	1407112	1060652	808463	731895	673684
	%	11	11	14	16	16	14	14	15	17

Source: Database of Indian Economy: RBI

NATIONALIZED BANKS

Nationlized Banks

Items	Amount
Other Income	1762430
Total Income	13086347
% Other Income to Total Income	13

Nationalised Banks

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

82
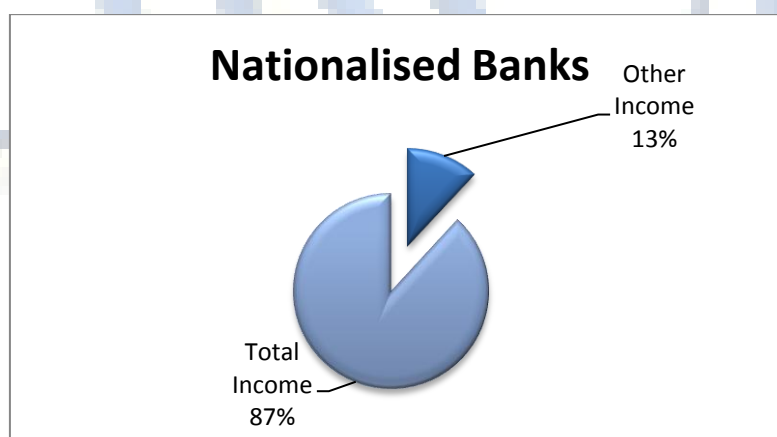
TABLE 1.2 NON FUND BASED INCOME OF PRIVATE SECTOR BANKS (Rs in crores)

Bank	Items	2013	2012	2011	2010	2009	2008	2007	2006	2005
ICICI BANK LIMITED	Interest income	400756	335427	259741	257069	310925	307883	219956	143061	94099
ICICI BANK LIMITED	Other income	83457	75028	66479	74777	76037	88108	69279	41809	34161
	Total Income	484213	410454	326219	331846	386963	395991	289235	184870	128260
	% of	17	18	20	23	20	22	24	23	27
HDFC BANK LTD.	Interest income	350649	278742	199282	161727	163323	101150	66479	44753	30935
HDFC BANK LTD.	Other income	68526	57836	43352	39831	32906	22831	15162	11240	6513
	Total Income	419175	336578	242634	201558	196229	123982	81642	55993	37448
	% of	16	17	18	20	17	18	19	20	17
KOTAK MAHINDRA BANK LTD.	Interest income	80425	61802	41898	32556	30651	25354	13191	7189	4203
KOTAK MAHINDRA BANK LTD.	Other income	11607	9773	7805	6282	2736	4635	3187	2181	1324
	Total Income	92032	71576	49703	38839	33388	29988	16378	9370	5527
	% of	13	14	16	16	8	15	19	23	24
YES BANK LTD.	Interest income	82940	63074	40417	23697	20014	13047	5876	1928	300
YES BANK LTD.	Other income	12574	8571	6233	5755	4369	3607	1946	971	182
	Total Income	95514	71645	46650	29452	24383	16654	7822	2899	481
	% of	13	12	13	20	18	22	25	33	38
AXIS BANK LIMITED	Interest income	271826	219946	151548	116380	108355	70053	44617	28888	19242
AXIS BANK LIMITED	Other income	65511	54202	46321	39458	28969	17955	10101	7296	4158
	Total Income	337337	274149	197869	155838	137324	88008	54718	36184	23400
	% of	19	20	23	25	21	20	18	20	18
Total	Other Income	241675	205411	170190	166103	145017	137135	99674	63497	46339
	Total Income	1428271	1164402	863076	757533	778286	654622	449793	289316	195117
	%	17	18	20	22	19	21	22	22	24

Source: Database of Indian Economy: RBI
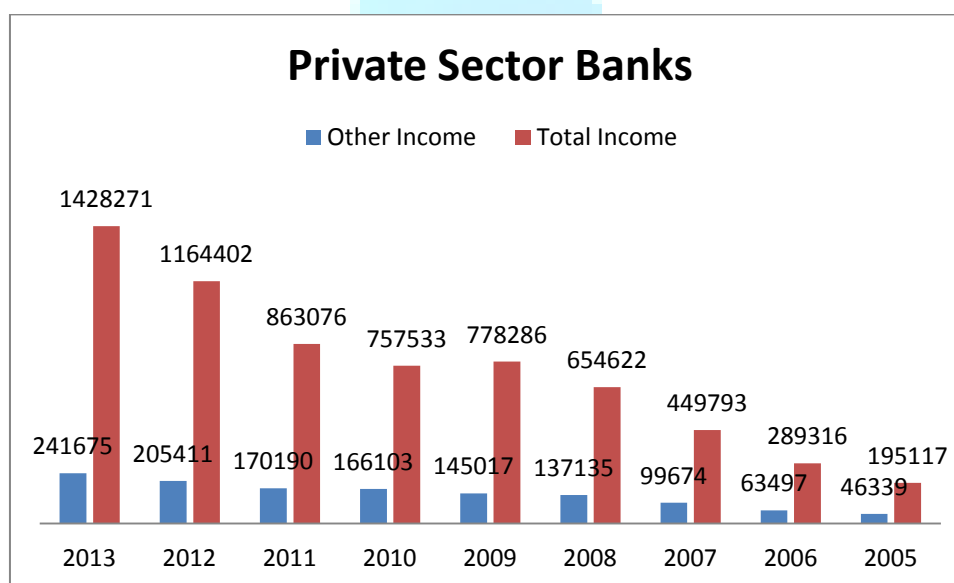
PRIVATE SECTOR BANKS

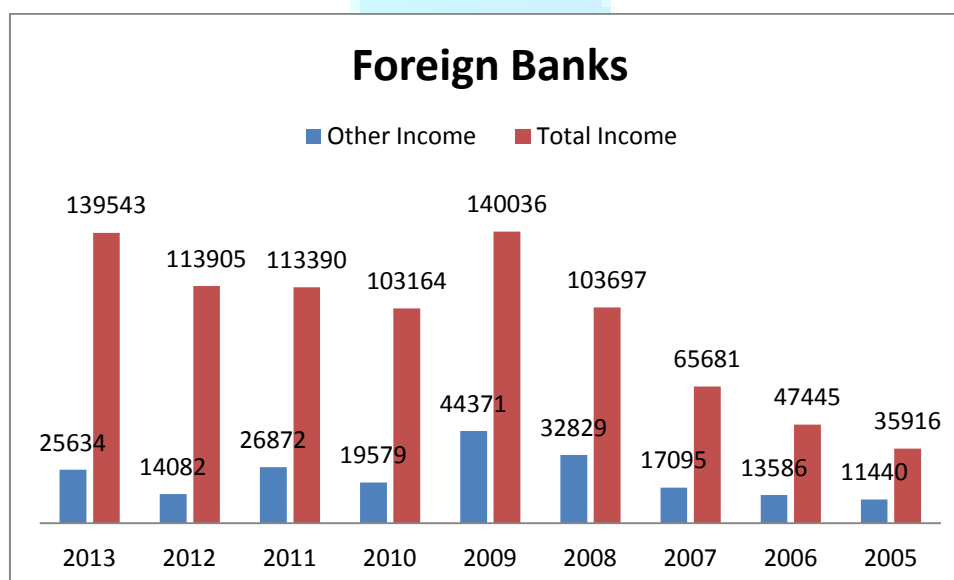| Items	Amount
Other Income	1275042
Total Income	6580416
% Other Income to Total Income	19
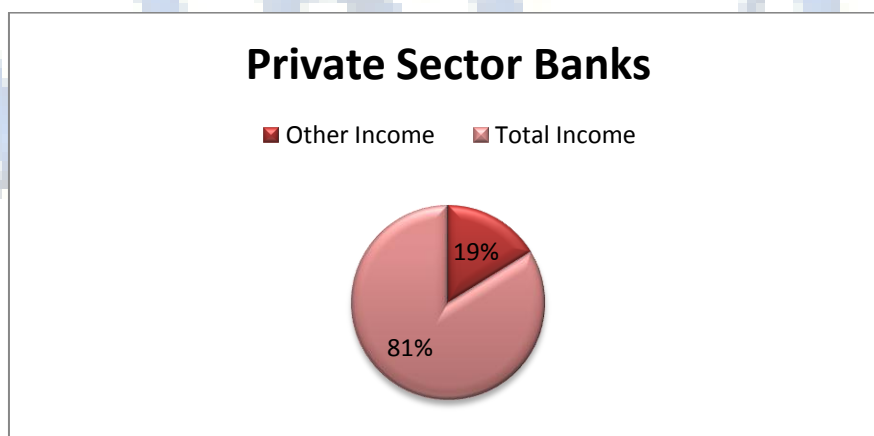
1.3: NON FUND BASED INCOME OF FOREIGN BANKS (Rs. in crores)

Bank	Items	2013	2012	2011	2010	2009	2008	2007	2006	2005
AB BANK LIMITED	Interest income	69	51	40	33	45	45	45	37	30
AB BANK LIMITED	Other income	183	187	160	125	76	45	49	41	37
	Total Income	252	238	200	158	121	89	94	78	67
	% of	73	79	80	79	63	50	52	52	55
BANK OF BAHRAIN & KUWAIT B.S.C.	Interest income	947	760	520	405	486	350	299	289	343
BANK OF BAHRAIN & KUWAIT B.S.C.	Other income	105	107	96	102	148	87	46	46	25
	Total Income	1051	866	616	507	634	437	345	336	368
	% of	10	12	16	20	23	20	13	14	7
BARCLAYS BANK PLC	Interest income	15086	12913	16804	16593	20365	6238	1376	656	313
BARCLAYS BANK PLC	Other income	2554	-875	4563	1492	5892	5675	2172	2339	1265
	Total Income	17640	12038	21367	18085	26257	11913	3548	2996	1578
	% of	14	-7	21	8	22	48	61	78	80
BNP PARIBAS	Interest income	8646	8424	6461	5850	6366	4595	3030	2232	1762
BNP PARIBAS	Other income	2820	730	2581	1947	2432	2562	1370	729	676
	Total Income	11466	9154	9042	7797	8798	7156	4400	2961	2438
	% of	25	8	29	25	28	36	31	25	28
CITIBANK N.A	Interest income	89161	77676	62693	60705	68402	59640	43836	30644	22027
CITIBANK N.A	Other income	19972	13933	19472	15913	35823	24461	13458	10431	9438
	Total Income	109134	91609	82165	76618	104225	84101	57295	41075	31465
	% of	18	15	24	21	34	29	23	25	30
Total	Other Income	25634	14082	26872	19579	44371	32829	17095	13586	11440
	Total Income	139543	113905	113390	103164	140036	103697	65681	47445	35916
	%	18	12	24	19	32	32	26	29	32

Source: Database of Indian Economy: RBI

Foreign Banks

■ Other Income ■ Total Income

FOREIGN BANKS

Items	Amount
Other Income	205488
Total Income	862777
% Other Income to Total Income	24

Foreign Banks

■ Other Income ■ Total Income

24%

76%
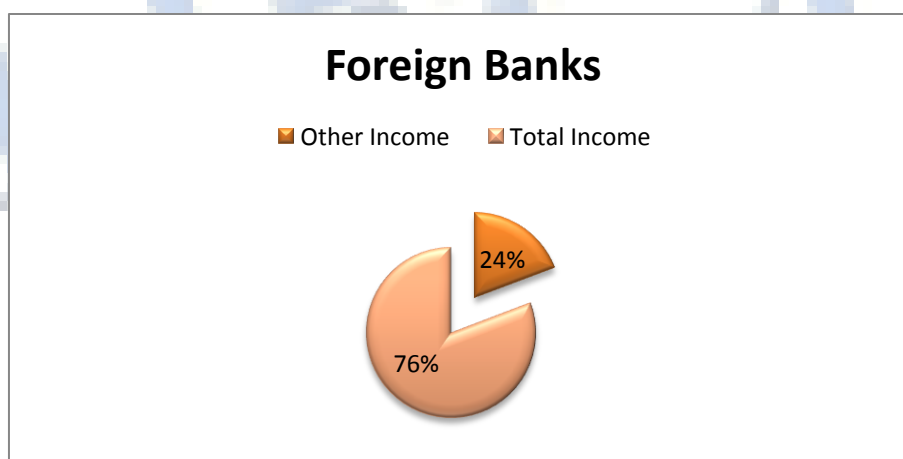
FINDINGS

The Researcher has analysed ratio of other income to total income of banks and banks from which following inferences can be drawn:

Researcher has studied three types of banks for last nine years viz. Public Sector and Private Sector Banks in India and these banks are compared with Foreign Banks operating in India.

After comparing income of these banks it is observed that other interest income is an income which is generated due to other banking functions.

The foreign banks are earning 24% other income which is greater than Private Sector Banks's i.e.19% of total income which is again greater than Public Sector Banks i.e.13% of total income. If one is willing to establish in order the following order can be established as per highest ranking in other income:

Foreign Banks 24%

Private Banks 19%

Public Banks 13%

CONCLUSIONS

After studying research findings researcher can conclude that Foreign Banks are concentrating on Universal Banking compared to Indian public and private sector banks.

If Indian banks go for Universal Banking, it will help them to achieve greater amount of profit. Inspite of various limitations of Universal Banking, it is more beneficial to adopt universal banking in India. By adopting Universal banking, banks will be in tune with Narasimhan Committee Report of Merging Banks. By adopting, Universal Banking Indian Banks will be tuning with RBI's policy reducing number of banks. Researcher will be suggesting banks in India to adopt universal banking as it help in increasing their income and ability to adjust with shock from global crises. Universal Banking will help in improving Competitiveness, Risk Bearing Capacity. It will help country for economic development by adopting maximum utilisation of resources. It will help to establish strong banking channels in developing county like India. Universal Banking will also help customers as most of the customers of these banks will be getting goods under one roof. It will help to increase the confidence about customers about banking system. At the end, Researcher will conclude Universal Banking in one word as "Financial Mall".

REFERENCES

1. Handbooks of Banking: N S Toor
2. "Universal Banking, Conflicts of Interest and Firm Growth" by Lili Xie
3. "The Development of Universal Banking in Lithuania" by Sarunas KRAUJALIS

WEBSITES

4. www.bankingindiaupdate.com accessed on 13th Sept, 2014 @ 6.30pm
5. www.iba.org.in accessed on 10th Sept, 2014 @ 10.45pm
6. www.rbi.org.in accessed on 10th Sept, 2014 @ 10.30pm

THE ATTITUDE OF INVESTORS TOWARDS MUTUAL FUNDS IN INDIA

J.KANNAN
ASST. PROFESSOR
VIVEKANANDHA COLLEGE OF ARTS & SCIENCES FOR WOMEN
ELAYAMPALAYAM

R.JAYA
RESEARCH SCHOLAR
VIVEKANANDHA COLLEGE OF ARTS & SCIENCES FOR WOMEN
ELAYAMPALAYAM

ABSTRACT

In this paper it was seen that the primary perceptions and expectations of the investors who join the mutual fund are high returns and tax deduction. The discernment of the investors about the mutual fund investments are analyzed in this chapter. The attitude of investors had been divided into three categories. viz., fund related qualities, fund sponsored qualities and investor related services. For analyzing each type of quality, the opinions of the investors on five given statements had been elicited on a five-point scale. It was inferred from the analysis that the investor's primary concern was making minimum initial investment. It was concluded that a brand name achieving recognition was an arduous task and once it is achieved the durability of the recognition is guaranteed. The investors preferred problem free investments along with fringe benefits. Sex, age, the qualification, and the marital factors influenced the attitude score of investment of mutual fund. The occupational pattern was related with the overall scores due to the influence of the fund qualities. The annual income had influenced the attitude scores of mutual funds. It was found that most of the investors saw a negligible difference between these three factors and the difference between each attitude was less than one.

KEYWORDS
investor attitude, mutual funds.

1.1 INTRODUCTION

The mutual fund investment aims at providing returns, tax benefits and related services to the investors besides focusing on the development of financial system. However, the primary perceptions and expectations of the investors who join the mutual fund are high returns and tax deduction. The discernment of the investors about the mutual fund investment is analyzed in this chapter. The attitude of investors had been divided into three categories. The first was fund related qualities like fund performance record, innovativeness of the scheme, product with tax benefits, scheme's portfolio of investment and others. The second was, fund sponsored qualities like a well-developed agency and networks, investor's grievance redressal machinery, recognized brand name, reputation of the sponsoring firm and others. The third one was investor related services like investors grievance redressal machinery, fringe benefits like free Insurance, credit cards, loans on collateral, tax benefits and others the like. Similarly the attitudes of investors towards mutual funds are discussed in this paper.

1.2 OBJECTIVE OF THE STUDY
In this paper analysis about the attitude of investors related mutual funds in India
1)   It deal with investors attitude towards mutual funds
2)   It discuss about the fund related qualities, fund sponsored qualities & investor related services in mutual funds

1.3 ASSESSMENT OF INVESTOR ATTITUDE TOWARDS MUTUAL FUNDS
For analyzing each type of quality, the attitude of the investors on five given statements had been elicited on a five-point scale. By consolidating the scores obtained by every sample member for each statement with the help of the five point scale viz., SA – Strongly Agree (5), A – Agree (4), NO- No opinion (3), D.A., Disagree (2) and S.D.A. – Strongly Disagree (1), the total scores had been computed. The total scores secured by a sample of 490 members showed the significance of each statement used to measure the fund related qualities, fund sponsored qualities, and investor related services. The total scores for the three categories of qualities showed the level of the significance of each category of qualities from the standpoint of the sample respondents. Besides the total scores, their mean, median, quartiles and standard deviation also showed the level of attitude of the investors on various categories of the qualities of the mutual funds.

The attitude of sample members on the three categories have been evaluated with the help of scores allotted to five statements related to three categories. The detailed analyses of the statement, individual scores and total scores have been elucidated below.

1.3.1. ATTITUDE OF INVESTOR FUND RELATED QUALITIES
Positive fund related quality is a vital aspect of a fund development. The mutual funds help their investors to improve their fund performance conditions and rating agency. The improvement in fund related qualities is seen through fund performance record, scheme's reduced expense ratio, favorable rating by rating agency and tax benefits.

The attitude of the investors of the fund related qualities had been ascertained by taking into account the attitude of investors with eleven statements like the fund performance record, fund reputation or brand name, scheme's expense ratio, scheme's portfolio of investment, reputation of the fund manager/ scheme, withdrawal facilities and favorable rating by a rating agency and others. .

Table 1.1 shows the attitude of sample investors on fund related qualities.

TABLE 1.1: INVESTOR ATTITUDE TOWARDS FUND RELATED QUALITIES

Sl. No.	Statements	S.A.	A	N O	D.A.	S.D.A.	Total Scores
1.	Fund keeps performance record	0	39 (7.9%)	79 (16.1%)	275 (56.1%)	97 (19.8%)	1900
2.	Agreeability of the Fund or brand name	20 (4.1%)	19 (3.9%)	39 (7.9%)	294 (60.0%)	118 (24.1%)	1941
3.	Schemes show expense ratio	0	40 (8.2%)	273 (55.7%)	158 (32.2%)	19 (3.9%)	1626
4.	Schemes present portfolio of investment	0	19 (3.9%)	80 (16.3%)	294 (60.0%)	97 (19.8%)	1939
5.	Reputation of the fund manager/ scheme is good	58 (11.8%)	98 (20.0%)	59 (12.0%)	255 (52.0%)	20 (4.1%)	1551
6.	Withdrawal facilities are convenient	20 (4.1%)	98 (20.0%)	118 (24.1%)	234 (47.7%)	20 (4.1%)	1606
7.	Favorable rating by a rating agency is comfortable	0	99 (20.2%)	118 (24.1%)	234 (47.7%)	39 (7.9%)	1683
8.	Innovativeness of the scheme is good	0	0	59 (12.0%)	256 (52.2%)	175 (35.7%)	2076
9.	Products with tax benefits are good	0	0	20 (4.1%)	216 (44.1%)	254 (51.8%)	2194
10	Entry and exit load is easy	20 (4.1%)	99 (20.2%)	136 (27.8%)	176 (35.9%)	59 (12.0%)	1625
11	Minimum initial investment is low	0	0	79 (16.1%)	97 (19.7%)	314 (64.1%)	2195

Source: Primary Data

It is observed from Table 1.1 that the attitude of investors on the statement that the fund related qualities facilitating minimum initial investment got the maximum scores(2195) followed by the statement that fund related qualities helping out products with tax benefits followed by other statements. The reputation of the fund manager/ scheme was considered last of the statements. It is inferred that the investor's primary concern was minimum initial investment was almost on par with the with the statement like the good tax benefits.

1.3.2 ATTITUDE ON INVESTOR FUND SPONSORED QUALITIES

Fund sponsored qualities create awareness of selection of mutual funds among the investors. These qualities were evaluated with the help of six statements that are mentioned vide Table 1.2 below.

Table 1.2 shows the investor attitude of fund sponsor qualities of mutual funds.

TABLE 1.2: ATTITUDES OF INVESTOR FUND SPONSOR QUALITIES

Sl. No.	Statements	S.A.	A	N O	D.A.	S.D.A.	Total Scores
1	Reputation of sponsoring firm is high	0	0	177 (36.1%)	293 (59.8%)	20 (4.1%)	1803
2	Sponsor has a recognized brand name	0	0	58 (11.8%)	295 (60.2%)	137 (27.9%)	2039
3	Sponsor has a well-trained and experienced team of workers.	0	39 (7.9%)	137 (27.9%)	235 (47.9%)	79 (16.1%)	1824
4	Sponsor's is specialized in managing money matters	0	0	118 (24.1%)	353 (72.0%)	19 (3.9%)	1861
5	Sponsor has a well-developed research and infrastructure unit	20 (4.1%)	20 (4.1%)	157 (32.0%)	254 (51.8%)	39 (7.9%)	1742
6	Sponsor's past performance in terms of risk and return is good	0	19 (3.9%)	78 (15.9%)	373 (76.1%)	20 (4.1%)	1864

Source: primary data

It is seen from Table 1.2 that the statement "sponsor has a recognized brand name" occupied the first place scoring the intensity value of 2039 followed by other statements. The last place was scored by the statement that the sponsor has a well-developed research & infrastructure. It is concluded that a brand name achieving recognition was an arduous task and once it is achieved the durability of the recognition is guaranteed which is reflected in the table above.

1.3.3 ATTITUDE OF INVESTOR RELATED SERVICES.

The attitude of investor related services is estimated with the help of eight factors mentioned vide Table 1.3 below.

TABLE 1.3: ATTITUDE OF INVESTOR RELATED SERVICES

Sl. No.	Statements	S.A.	A	N O	D.A.	S.D.A.	Total Scores
1	Disclosure of investment objective in the advertisement is good	0	20 (4.1%)	59 (12.0%)	373 (76.1%)	38 (7.7%)	1899
2	Disclosure of periodicity of valuation in the advertisement is appreciable	0	39 (7.9%)	97 (19.8%)	316 (64.5%)	38 (7.7%)	1823
3	Disclosure of the method and the periodicity of the scheme sales and repurchase in the offer documents is good	0	19 (3.9%)	196 (40.0%)	196 (40.0%)	79 (16.1%)	1805
4	Disclosure of NAV on every trading day is welcome	19 (3.9%)	197 (40.2%)	117 (23.9%)	117 (23.9%)	40 (8.2%)	1432
5	Disclosure of deviation of investments from the original pattern is true	0	20 (4.1%)	118 (24.1%)	274 (55.9%)	78 (15.9%)	1880
6	Grievance redressal machinery is available	0	19 (3.9%)	156 (31.8%)	217 (44.3%)	98 (20.0%)	1864
7	Fringe benefits i.e., free insurance, credit cards, tax benefit etc. are available	0	19 (3.9%)	59 (12.0%)	334 (68.2%)	78 (15.9%)	1941
8	Preferred MF to avoid problems, i.e., bad deliveries, and unnecessary follow up with brokers and companies.	0	19 (3.9%)	39 (7.9%)	296 (60.4%)	136 (27.7%)	2019

Source: Primary Data

It could be observed from Table 1.3 that the attitude of the investors of the statement "that investor related services creates preferred mutual fund to avoid problems, that is bad deliveries, and unnecessary follow up with brokers and companies" occupies the first place with a score of intensity value of 2019 followed by the statement "Fringe benefits that is free insurance, credit cards, tax benefit and the like (1941).Other statements follow these statements. The statement that disclosure of NAV on every trading day" occupied the last position. This shows that investors preferred problem- free investments along with fringe benefits.

1.3.4 LEVEL OF INVESTOR ATTITUDE TOWARDS MUTUAL FUNDS

With a view to find out the level of the attitude of the investors for "fund related qualities, fund sponsored qualities, investor related services and overall qualities", the average scores and standard deviation had been computed.

The overview of the respondents' attitude scores impact is presented in Table 1.4.

TABLE 1.4: OVERVIEW OF INVESTORS' ATTITUDE SCORES FOR DIFFERENT QUALITIES

Sl.No.	Impact	Mean	Std Deviations	C.V
1.	Fund Related Qualities	75.46	7.850	10.40
2.	Fund Sponsored Qualities	75.73	7.839	10.35
3.	Investor Related Services	74.81	8.542	11.42
4.	Overall Impact	226.00	20.649	9.14

Source: Primary Data

It is noticed that the "fund sponsored qualities" achieved the highest mean of 75.73 the next being "fund related qualities" with 75.46 and lowest being investor related services with a score of 74.81. Hence it is observed that the quality of the fund when it is sponsored is valued more than qualities that are related with the fund afterwards. Investors related services closely follow the fund related qualities. Hence it could be seen that a fund occupier value on its sponsorship was considered crucial.

1.4 PERSONAL VARIABLES AND ATTITUDE OF INVESTORS

To explore the relationship between personal variables and the attitude towards mutual funds on dimensions, the Kruskal Wallis one way ANOVA test had been applied.

1.4.1 RELATIONSHIP BETWEEN GENDER AND INVESTORS ATTITUDE SCORE

The Kruskal Wallis test was administered to verify the null hypothesis that there is no significant difference in the attitude scores of dimensions among different groups of investors classified according to gender. The results of the test are presented vide table 1.5.

TABLE 1.5: GENDER AND INVESTORS ATTITUDE SCORE

Sl. No	Various Dimensions	Critical value	Level of Significance	Result
1.	Fund Related Qualities	60.070	0.000	Significant
2.	Fund Sponsored Qualities	57.849	0.000	Significant
3.	Investor Related Services	10.981	0.000	Significant
4.	Overall Impact	59.456	0.000	Significant

Source: Primary Data

Degree of freedom: 1,

From the Table 1.5 it is observed that there was an overall significance between the gender and attitude of various dimensions of investment of mutual fund. The attitude and gender considered every aspect of the investment to be significant.

With regard to the overall score, the value of the level of significance was less than 0.05 (5 per cent level), and hence the null hypothesis is rejected. It is seen that sex factor influences the attitude score of investment of mutual fund.

1.4.2 AGE AND INVESTORS ATTITUDE SCORE

To test the null hypothesis that there is no significant difference in the attitude scores of investment in mutual funds among different groups of investors classified according to age, the Kruskal Wallis Test had been applied. The result of the test is illustrated in Table 1.6.

TABLE 1.6: AGE AND INVESTORS ATTITUDE SCORE

Sl. No	Various Dimensions	Critical Value	Level of Significance	Result
1.	Fund Related Qualities	80.651	0.000	Significant at 5 per cent level
2.	Fund Sponsors Qualities	68.701	0.000	Significant at 5 per cent level
3.	Investor Related Services	106.034	0.000	Significant at 5 per cent level
4.	Overall Qualities	95.031	0.000	Significant at 5 per cent level

Source: Primary Data

Degree of freedom: 3,

It could be observed from Table 1.6 that there is significant difference in the attitude scores of the sample investors in respect of fund related qualities, fund sponsored qualities, and investor related services. It indicates that age influenced the fund related qualities, fund sponsored qualities and investor related services. With regard to the overall score, the value of the level of significance was less than 0.05 (5 per cent level) and hence the null hypothesis was rejected. It is seen that age factor influenced the attitude score of investment in mutual funds.

1.4.3 EDUCATIONAL QUALIFICATION AND INVESTORS ATTITUDE SCORES

In order to test whether there is any relationship between the qualification and the attitude scores of the respondents the Kruskal-Wallis test has been applied to examine the following null hypothesis. The hypothesis states that there is no significant difference in the attitude scores of investment in mutual funds among different groups of investors based on qualification. The results are shown in Table 1.7

TABLE 1.7: EDUCATIONAL QUALIFICATION AND INVESTORS ATTITUDE SCORES

Sl. No	Various Dimensions	Critical Value	Level of Significance	Result
1.	Fund related qualities	71.739	0.000	Significant
2.	Fund sponsored qualities	48.197	0.000	Significant
3.	Investor related services	90.693	0.000	Significant
4.	Overall qualities	64.304	0.000	Significant

Source: Primary Data

Degree of freedom: 3,

It could be observed from the Table- 1.7 that there was a significant difference in the attitude scores of the investors on all the dimensions of investment of mutual funds. It indicates that qualification factor influences the dimensions in investment of mutual funds.

With regard to the overall score, the value of the level of significance was less than 0.05 (5 per cent level) and hence the null hypothesis is rejected. It is seen that qualification factor influenced the attitude score of investment in mutual funds.

1.4.4 MARTIAL STATUS AND INVESTORS ATTITUDE SCORES

In order to test the null hypothesis that there is no significant difference in the attitude scores of investment in mutual funds among different groups based on marital status, the Kruskal – Wallis test has been used and the results are shown in Table 1.8.

TABLE 1.8: MARITAL STATUS AND INVESTORS ATTITUDE SCORE

Sl. No	Various Dimensions	Critical Value	Level of Significance	Result
1.	fund related qualities	21.087	0.000	Significant at 5 per cent level
2.	fund sponsors qualities	16.252	0.000	Significant at 5 per cent level
3.	investor related services	10.540	0.001	Significant at 5 per cent level
4.	Overall qualities	29.072	0.000	Significant at 5 per cent level

Source: Primary Data

Degree of freedom: 1,

It could be inferred from Table 1.8 that there was a significant difference in the attitude scores of the investors on all the dimensions of investment of mutual funds. It indicates that qualification factor influenced the dimensions in investment of mutual funds.

With regard to the overall score, the value of the level of significance was less than 0.05 (5 per cent level), and hence the null hypothesis is rejected. It is seen that marital factor influenced the attitude score of investment of mutual fund.

1.4.5 OCCUPATIONAL PATTERN AND INVESTORS ATTITUDE SCORES

In order to test whether there was any relationship between the occupational pattern and the attitude scores of qualities the following null hypothesis had been framed. "There is no significant difference in attitude scores among different groups of investors based on the occupational pattern". The results of the Kruskal – Wallis test are presented in Table 1.9.

TABLE 1.9: OCCUPATIONAL PATTERN AND INVESTORS ATTITUDE SCORES

Sl. No	Various Dimensions	Critical Value	Level of Significance	Result
1.	Fund related qualities	92.506	0.000	Significant
2.	Fund sponsors qualities	12.614	0.006	Significant
3.	Investor related services	79.531	0.000	Significant
4.	Overall qualities	38.698	0.000	Significant

Source: Primary Data

Degree of freedom: 3,

It could be inferred from Table 1.9 that there was a significant difference in the attitude scores of all categories of fund qualities. It also shows that there was a significant difference in the attitude scores of the overall impact among the groups of investors according to their occupational pattern as the value of level of significance was 0.05(5 percent level).It indicated that the occupational pattern was related with the overall scores due to the influence of the fund qualities.

1.4.6 ANNUAL INCOME AND INVESTORS ATTITUDE SCORES

In order to test whether there is any relationship between annual income and attitude scores the following hypothesis has been framed. "There is no significant difference in the attitude scores among the different groups based on the annual income".

To test this null hypothesis, the Kruskal-Wallis test had been applied and the results are shown in Table 1.10

TABLE 1.10: ANNUAL INCOME AND INVESTORS ATTITUDE SCORES

Sl. No	Various Dimensions	Critical Value	Level of Significance	Result
1.	Fund Related Qualities	133.751	0.000	Significant
2.	Fund Sponsors Qualities	40.621	0.000	Significant
3.	Investor Related Services	8.768	0.033	Significant
4.	Overall Qualities	59.888	0.000	Significant

Source: Primary Data

Degree of freedom: 3

It could be seen from Table 1.10 that, there was a significant difference between annual income and the attitude scores in all dimensions. It indicates that the factor annual income influences the attitude regarding fund related qualities and fund sponsors qualities It also shows that the overall attitude score, the value of the level of significance was more than the 0.05 (5 per cent level) and hence the null hypothesis is accepted. Hence it is concluded that the annual income had influenced the attitude scores of mutual funds.

1.5. CONCLUSION

Having a thorough analysis of the qualities and services of the mutual funds, it is seen that investors prefer minimum initial investments with an eye on tax benefits. A recognized brand name plays a crucial role in the choice of mutual funds which also needs to have "sponsor's past performance in terms of risk and return". The fund should also be problem free and possess fringe benefits to the investors. It was found that most of the investors saw a negligible difference between these three factors-- the difference between each attitude was less than one.

REFERENCES

1. Mutual Fund Fact Book 1995.35[th] Ed, (Washington: Investment Company Institute, 1995),
2. Perritt, Gerald W., "The mutual fund Encyclopedia" 1992-93 Dearbarn, Financial Publishing Inc, 1993

ASSESSMENT OF SATISFACTION LEVEL AMONG GUESTS OF WOLAITA SODO CITY

TEMESGEN TESHOME
LECTURER
DEPARTMENT OF MANAGEMENT
WACHEMO UNIVERSITY
ETHIOPIA

YITBAREK SEYOUM
LECTURER
DEPARTMENT OF MANAGEMENT
WOLAITA SODO UNIVERSITY
ETHIOPIA

ABSTRACT

Effective management of the diverse business establishments in tourism and hospitality sector require clear understanding of the environment in which they operate. In particular, customer satisfaction is a critical goal that should be pursued by all businesses in this sector. This study has the main objective of investigating satisfaction level among guests who use the goods and services of hotels, restaurants, and pensions in Wolaita Sodo City. By using a combination of purposive, stratified, and then convenience sampling techniques, the survey involved 250 foreign and local guests who stayed at and used the selected hotels, restaurants, and pensions from March 1- July 6, 2013. A questionnaire derived from SERVQUAL model that involving tangibility, reliability, responsiveness, assurance, and empathy dimensions was used as a data collection instrument. The survey data was analyzed using an SPSS (version 20). The overall mean score for guest expectations and perceptions on five dimensions of SERVQUAL model are ranked at a high level with 3.82 and 3.71, respectively. The overall negative value of SERVQUAL gap analysis (-0.11) indicated that the guests were not fully satisfied with the overall service of the organizations under study. With respect to gender of guests, the t-test finding points out no significant differences of perceptions towards all dimensions of SERVQUAL with an exception to Responsiveness dimension.

KEYWORDS

Guest satisfaction, Service quality, SERVQUAL, SERVQUAL dimensions.

INTRODUCTION

Wolaita Sodo City, the capital of Wolayta Zone, is found in the Southern Nations Nationalities and People's Region (SNNPR). It is also a residence for tourists that travel from different directions (Addis Ababa, Hossana, Shashemene, Hawassa) to/from the tribes of Omo Valley, Arba Minch, Dorze and Konso. The city is located 385kms from Addis Ababa via Shashemene whereas 330kms from Addis Ababa via Hossana as well as 155km from Hawassa to the south-west. A guests' visit to Wolaita Sodo city is perfectly fit with both the modality of traveling on 'long/short' type of tours to southern Ethiopia and tribes of Omo Valley as well as attending seminars or trainings organized by government or NGOs.

Nowadays, the management of the hotel industry which comprises a major field of the growing hospitality and tourism sector has got better attention. According to Kandampully et al. (2001), the major contributors for the growth of hospitality and tourism sector are: the tourists, the businesses providing the goods and services that the tourist market demands, the government of the host community, and the host community. The tourism and hospitality sector consists of different industries such as travel, hotels and restaurants and employs millions of people. Effective management of the diverse business establishments in this sector require clear understanding of the environment in which they operate. In particular, customer satisfaction is a critical goal that should be pursued by all businesses in the hospitality and tourism sector.

Like all service businesses do, hotel and restaurant operators continuously strive to improve the quality of their services in order to fulfill or exceed customer expectations. Workforces of hospitality establishments are ready to anticipate and achieve their customers' needs and wants as soon as customer requirements are clearly identified and understood (Juwaheer, 2004). Also Choi and Chu (2001) stated that if customers are more satisfied at the first hand service delivered to them, they are more likely to return or prolong their hotel stay.

In hospitality business, most scholars are interested in maximizing customer satisfaction as satisfied customers incline to generate return for the hotel which helps provide increased profits to it (Liu, 2000; Hernon & Whitwan, 2001). Accordingly, understanding how customer expectation formed is significant in in to order to identify the aspects of service satisfaction. Therefore, this paper sought to explore and assess level of satisfaction among guests of selected hotels, restaurants, and pensions in the city of Wolaita Sodo.

The general objective of this study was to assess the satisfaction level of guests who used the goods and services of hotels, restaurants, and pensions in Wolaita Sodo City. To achieve this aim, the specific objectives of the study are: to assess guests' satisfaction towards services of Hotels, Restaurants, and Pensions; to analyze the perceptions-expectations gap regarding the quality of services, and to examine significant differences in quality perceptions between male and female guests.

REVIEW OF LITERATURE

In recent years of business environment, various topics have been raised but many have to serve for satisfying customers in the business organizations. Many scholar reached in consensus that a satisfied customer will give more value continuously for the specified goods and services. Contrary, an unsatisfied customer will go to another business organization in order to get satisfaction, thus causing a decrease to sales revenue the business organization that does not satisfy the customer (Zeithaml *et al.*, 2006). Meanwhile, related literature reviews on relevant concepts are discussed in the following manner in order to develop the research theoretical framework.

QUALITY AND SATISFACTION IN SERVICES

As defined by Zeithaml *et al.* (2006), service quality in the management and marketing literature is the extent to which customers' perceptions of service meet or exceed their expectations. They argued that measuring service quality as the difference between perceived and expected service was a valid way and could make management to identify gaps to what they offer as services. Thus, service quality can intend to be the way in which customers are served in an organization which could be good or poor.

Getz et al. (2001) discuss the role of service quality and its applicability on events, wherein they scrutinize if the main core of service quality is similar to that of standard services. The question concerns whether the service quality perceived by customers at an event is the most important determinant of customer satisfaction. Indeed the authors classify events as a complex, time-limited experiential service package, but with some tangible elements (i.e. toilets, food etc.) making the evaluation process of this heterogeneous product, very complicated.

But the discussion of service quality, or more precisely on antecedents to customer satisfaction, has been extensive so far and can be seen as a forerunner to the development of service quality research followed through by Parasuraman et al. (1988). Oliver (1980) considers the relation between expectations and customer satisfaction, which in turn leads to studies on how the purchase intentions of customers are influenced through customer satisfaction. In the model proposed by Oliver (1980) discrepancies between expectations and perceptions of experience, so called disconfirmation, have indirect and direct influence on the customer's satisfaction and his/her intentions to further purchases.

Revising research concerning the constructs of quality and satisfaction in the tourism and recreational field, Baker and Crompton (2000) discuss the distinction between the *quality of the performance*, including features that the organizer of an event or supplier of a service within the tourism sector can control (the output of the tourism supplier) and *satisfaction* or *quality of experience,* containing social-psychological and extraneous events influencing the satisfactory level of the attendant to tourist attractions, festivals, and events. The latter is moreover influenced by the programming, setting, and staffing which is the part that organizers or responsible body at tourism attractions can control as opposed to social psychological and extraneous events. The controllable factors mentioned have been picked up by Getz (2004) and used to illustrate aspects influencing the festival and special events experience altogether.

Closely related to service quality is also the concept of customer satisfaction (Getz et. al. 2001). It is necessary to look back on research conducted earlier to understand the impacts of service quality and customer satisfaction. Churchill and Suprenaut (1982) stated that customer satisfaction is reached through a confirmation of the customer's expectations. The concept they used is called disconfirmation paradigm and was elaborated in later research by Parasuraman et al. (1985) to become the GAP model. Oliver (1980) was an even earlier adapter of the disconfirmation paradigm. The paradigm defines the perception of the performance quality/level of satisfaction in terms of the magnitude of the individual's disconfirmation. In that way both performance quality and degree of satisfaction can be assessed by relating an experience to initial expectations.

According to Lewis and Booms (1983), the main function a hospitality organization's members must perform is the delivery of quality service to its customers. Service quality has been defined as how well a customer's needs are met, and how well the service delivered meets the customer's expectations. Gronoos (1990) indicated that the perceived quality of service is dependent on a comparison between expected and perceived service, and is thus the outcome of a comparative evaluation process.

The aim of managing satisfaction is to obtain a higher rate of customer retention and to improve a company's market share and profits (Hessamaldin, 2008). In a nutshell, customer satisfaction could be the pleasure obtained from consuming an offer. Measuring customer satisfaction could be very difficult at times because it is an attempt to measure human feelings. It was for this reason that some existing researcher presented that "the simplest way to know how customers feel, and what they want is to ask them" this applied to the informal measures (*Ibid*).

FACTORS INFLUENCING SERVICE QUALITY PERCEPTIONS

Managers of customer base service providing public and private organizations must understand that their organization's viability and sustainability depends upon the quality of service that they provide. In his book, "Leadership in Public Organizations", Montgomery Van Wart (2008) writes that "exceptional performance is necessary for organizational success, whether that entails higher productivity levels, greater contribution in adaptation and innovation, or effective organizational transformation". The SERVQUAL developers argue that it is also important for leaders to put into place a process to continually monitor customer's perceptions of service quality, identify the causes of service quality shortfalls and take appropriate action to improve the quality of the service provided (Zeithaml *et al.*, 1990). Whereas the previous chapter illustrated a process for monitoring customer perceptions as well as an application of SERVQUAL, this section entails a discussion about the factors that influence customer perceptions of service quality.

Much like the exploratory study conducted with customers of service industries described in the previous chapter, the SERVQUAL developers conducted a similar study with the executives from "marketing, operations, customer relations, and senior management – areas in which executives should have a keen interest in service quality" (Zeithaml et al., 1990).

Again, similar study conducted with the service industry customers, the discussions with the executives revealed consistent patterns; many of which cut across all areas of the service industry. The SERVQUAL developers found that the one who offers critical clues for achieving effective service quality control can be cast in the form of four key discrepancies or gaps pertaining to executive perceptions of service quality and the tasks associated with service delivery to customers (*Ibid*). The four themes that were identified by the SERVQUAL developers were labeled as: Gap 1: Customer Expectation – Management Perception; Gap 2: Management's Perception – Service Quality Specification; Gap 3: Service Quality Specification – Service Delivery and; Gap 4: Service Delivery – External Communication.

As a result of additional research, these four gaps were found to be the major contributors to the gap(s) between customer expectation and customer perception, which the SERVQUAL customer perception tool was designed to measure. In this analysis, the gap between customer expectation and customer perception was labeled Gap 5 (*Ibid*).
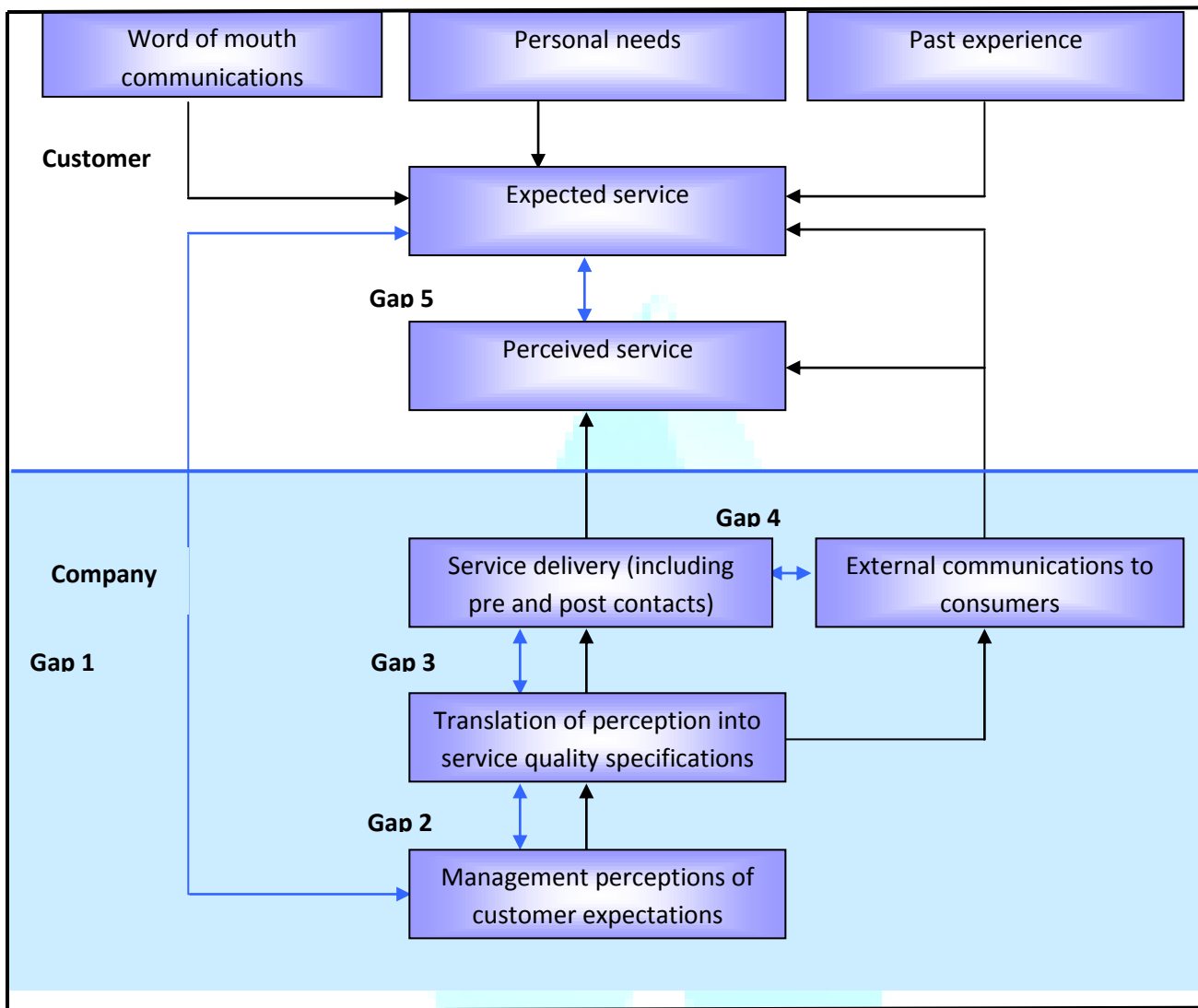
DEVELOPMENT OF MODELS FOR MEASURING SERVICE QUALITY

When the researchers like Parasuraman *et al.*, 1985 and Grönroos, 1978 started to harmonize that service quality to the customer is the comparison of the customers' expectations and the perceived performance, the GAP model idea was developed. Parasuraman *et al.* (1985) emanated with new explanations about the relationship between expectations and perception through applying an exploratory research to find more fundamental insights about service quality. All the identified and put together gaps to a model are with the potential of unequal expectations compared to perceived performance. But Gap 5 is determined to be special in being a function of the four antecedent gaps.

A gap is existed between expected and perceived service quality. In an attempt to explain such gap, Parasuraman *et al* (1985) tried to explain such gap with a gap model which is intended to be used for investigating quality problems sources and aid managers understand how service quality can be improved. When there is smaller gap, the service quality will be better and customer satisfaction increases. The model is illustrated in figure 2.1 below.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   91

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

http://ijrcm.org.in/

FIGURE 2.1: THE GAPS MODEL

(Source: Parasuraman et al, 1988)

The service arise is revealed at the beginning of the model. Phenomena related to customers is included at `the upper portion of the model, whereas phenomena related to the service provider is at the lower portion. The model depicted that customer's *past experience, personal needs* and of *word of mouth communication* are main influencers of *expected service*. Furthermore, *market communication* activities of the firm affects it. Subsequent internal decisions and activities of the firm results in to *perceived service*. The service delivery process could be experienced by customers as a process-based quality component whereas the technical solution received by the process as an outcome-based quality component. As shown in the model, both the expected and perceived service can be influenced by *marketing communication*.

The gap model exhibits the steps that the service providers have to consider service quality identification and planning. Discrepancies in the quality management process caused the five discrepancies (so-called *quality gaps*) between the various elements of the structure. The *Gap 5* (ultimate gap) is a function of other gaps that possibly occurred in the service operation process.

SERVQUAL MODEL AND ITS DIMENSIONS

In addition to afore mentioned components, the basis for the SERVQUAL theory is constituted in the GAP theory. Hence the difference between customer expectations and perceived service performance, i.e., service quality is represented by the 'GAP' model. When the customer's perception of service performance equals or exceeds the expected service level, the GAP model indicates that the service quality is adequate and the customer is satisfied (Brady *et al*, 2002).

Parasuraman, et al. (1988) has proven the SERVQUAL scale, which is similar to the gap model, to be one of the best ways to measure the quality of services provided to customers. The consistency and reliability of this method has also been confirmed by Brown et al. (1993). Many researchers reached in to consensus that as perceived service is less than the expected service, it is less than satisfactory and vice versa (Jain *et al*., 2004).

For many related researches, the dimensions from the SERVQUAL model has been considered as one of the most useful measurements of service quality. In first SERVQUAL model that came had 22 pairs of Likert-type items, where one part measured perceived level of service provided by a particular organization and the other part measured expected level of service quality by respondent (Kuo.YF, 2003). Zeithaml *et al* (2006) mentioned the ten service dimensions that were initially identified and labeled as: "tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer".

After refinement of some correlated ones, the above ten dimensions were later reduced to five generic dimensions of service quality as follows: **Tangibility** - the appearance of physical facilities, equipment, personnel and communication materials. **Reliability** - the ability to perform the promised services dependably and accurately. **Responsiveness** - the willingness to help customers and provide prompt service. **Assurance** - the knowledge and courtesy of employees as well as their ability to convey trust and confidence, and **Empathy** - the provision of caring, individualized attention to customers. In other words, staff have to make customers feel like they belong (Parasuraman *et al.*, 1988).

As some of the researches on the service quality indicates, most researchers modify the SERVQUAL model and adapt it to the characteristics of services in the tourism and hospitality industry. The study by Saleh and Ryan (1991) in the hotel industry used five determinants such as transparency, tangible elements, trust, avoiding sarcasm and empathy. In their study, they included a total of 33 questions compared to the original 22 questions used in the SERVQUAL survey. Ramsaran-Fowdar (2007) used seven determinants of service quality to investigate satisfaction of tourists for two month in Mauritius. According to the studies revealed herein indicate that the SERVQUAL model does not cover all the determinants of service quality that are important for hospitality guests.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/   **92**

HOSPITALITY GUEST SATISFACTION AND SERVICE QUALITY

Gunderson *et al*. (1996) defines customer satisfaction as, ''a guest's post consumption judgment of a product or service that can, in turn, be measured by assessing guest's evaluation of a performance on specific attributes.'' The authors' research revealed that the business travelers were most concerned with the tangible aspects of housekeeping (e.g. room amenities) and the intangible aspects of the front desk (e.g. receptionists' willingness to provide service). Providing services which customers prefer is obviously a starting point for providing customer satisfaction. A relatively easy way to determine what services customers prefer is simply to ask them.

Politis *et al.* (2009) demonstrate enablers that drive hotel guest satisfaction including ability of hotel to determine requirements; expectations; preferences of its current and potential customers, to build relationships with customers and to identify customers' preferences for the quality of the provided services and products so as to satisfy the particular requirements of the different categories of customers. Meanwhile the study identified certain elements that are building block of development and maintaining hotel guest satisfaction including: Customer and market knowledge, customer relationship management, product and service design, and customer satisfaction determination.

Pizam & Ellis (1999) also indicated the gap that may exist between customers' expectation and perceived service as an influence on measurement of the quality of the service. Meanwhile, this study indicated connection between satisfaction with individual attributes of guest's service experience and overall satisfaction of service encounter. Service customers may make trade-offs of one attribute for another in order to make decision in which weakness in one attribute of service encounter is compensated by strength in another. For example, if the hotel is old but the service is good, the guest overall satisfaction with hotel service is high.

IMPORTANCE OF THE STUDY

Firstly**,** this study addressed the overall satisfaction level of guests of hotels, bar & restaurants, and pensions at Wolaita Sodo City because this particular type of study had not been previously conducted in these organizations. The outcome of this study contributes to improving the service quality of the aforementioned organizations since it identified service quality gaps as perceived by the customers. For the result that shows guests satisfaction, the owners would be happy with their service and try to maintain it whereas for the opposite results, they should take recommended improvements.

Secondly, the findings of this study add to the wealth of knowledge in customers' satisfaction research. It would also be helpful for individuals who want to conduct further studies in related topics and other similar organizations those face related problems.

STATEMENT OF THE PROBLEM

The hotel industry today has been recognized as a global industry, with producers and consumers spread around the world. The use of hotel facilities such as: room, restaurant, bar, nightclub or health club; are no longer considered a luxury. For many people these services have become an integral component of lifestyle. Moreover, in the last two decades, demand for and supply of hospitality services beyond that of the traditional services intended for travelers have escalated the growth of the hospitality industry globally, leading to intense competition in the market-place. One of the greatest challenges facing hotel organizations today is the ever-growing volume and pace of competition. Competition has had major implications for the customer, providing increased choice, greater value for money and augmented levels of service.

In the hospitality and tourism business, most researchers are interested in maximizing customer satisfaction; satisfied customers tend to generate return business for the hotel which helps provide increased profits to hotel. Hernon & Whitwan (2001) defined customer satisfaction as a measure of how the customer perceives service delivery. Liu (2000) stated that customer satisfaction is a function of service performance relative to customer expectations. For this reason, it is important to understand how customer expectation is formed in order to identify the factors of service satisfaction. Therefore, this paper sought to investigate and evaluate level of satisfaction among guests of selected hotels, restaurants, and pensions in the city of Wolaita Sodo.

OBJECTIVES OF THE STUDY

The general objective of this study was to assess the satisfaction level of guests who use the goods and services of hotels, restaurants, and pensions in Wolaita Sodo City. More specifically, this study sought to achieve the following specific objectives:

- ✓ To assess guests' satisfaction towards services/facilities/products of Hotels, Restaurants, and Pensions selected for the study.
- ✓ To analyze the perceptions-expectations gap regarding the quality of services and its facilities.
- ✓ To examine significant differences in quality perceptions between male and female guests of that Hotels, Restaurants, and Pensions.

RESEARCH QUESTIONS

In view of the above objectives, the following questions are expected to be answered in this study:

- ➢ What is the overall satisfaction level of guests with the services offered by Hotels, Restaurants, and Pension in Wolaita Sodo city?
- ➢ What does the perceptions-expectations gap value refers regarding the quality of services and its facilities?
- ➢ With respect to gender of guests, is there any significant difference of perceptions towards service and prices that Hotels, Restaurants, and Pension of W/Sodo city offer?

RESEARCH METHODOLOGY

The study was designed as the *cross - sectional* survey for the quantitative study which was used to gather the relevant and pertinent information with regard to satisfaction level of guests. Thus, this study is classified as survey research. A three step sampling technique such as purposive, stratified, and then convenience sampling was used to select samples. The survey involved 250 foreign and local guests who stayed at and used the selected hotels, restaurants, and pensions from March 1- July 6, 2013.

Selection of relevant days on which guests are available was based on both week days and weekends in consideration of service demand peaks and downs in those days. Basically these respondents were asked to complete a questionnaire regarding the current status of services and goods offered by hotels, restaurants, and pensions as well as their personal views about goods and service satisfaction. A questionnaire derived from SERVQUAL model that consisting of five dimensions: tangibility, reliability, responsiveness, assurance, and empathy was used as a data collection instrument.

The survey data was analyzed using an SPSS (version 20). The frequencies and percentages are used for calculating and analyzing the demographic data. Besides using descriptive statistics of means and standard deviations, gap analysis was used in comparing means between expectation score and perception score of the respondents. T-test is also used to examine significant differences in quality perceptions with respect to gender of guests.

RESULTS AND DISCUSSION

Table 4.1 presented the summary of the guests' demographic data results. As it is presented in the above table, seventy five percent of the customers were male. Majority of the customers were from 25-35 years of age (50%). However, there were only 6 % of customers above the age of 57 years. Among the customers, the highest proportion of customers (88.8%) was from Ethiopia whereas the least (0.8%) is from Scandinavian countries.

The main purpose of guests' visits included vacation (11.6%), honeymoon (0.8%), seminar/conference (12.8%), training (30.8%), business (26.4%), and others (17.6%). When we see the number of previous visits, 37.6% of the guests had visited/stayed at the same hotel/pension more than 4 times followed by 28.8% who had visited/stayed for the first time, whereas only 10.4% had visited/stayed there 4 times.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   93

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

http://ijrcm.org.in/

TABLE 4.1: GUESTS' PROFILE SUMMARY

	Variables	Frequency	Percent
Sex	Female	62	24.8
	Male	188	75.2
Age	Below 25 years old	23	9.2
	25-35 years old	125	50
	36-46 years old	58	23.2
	47-57 years old	29	11.6
	Over 57 years old	15	6
Nationality/Region	Ethiopian	222	88.8
	Asian	8	3.2
	European	9	3.6
	American	5	2.0
	Scandinavian	2	0.8
	Others	4	1.6
Occupation	Government official	52	20.8
	Employee	97	38.8
	Owner / Private business	57	22.8
	Student	15	6
	Others	29	11.6
Purpose of trip/coming to this city	Vacation	29	11.6
	Honeymoon	2	0.8
	Seminar	32	12.8
	Training	77	30.8
	Business	66	26.4
	Others	44	17.6
Number of previous visits	1 time	72	28.8
	2 times	30	12.0
	3 times	28	11.2
	4 times	26	10.4
	more than 4 times	94	37.6

Source: Primary data through Questionnaire, 2012

Table 4.2 below contains descriptive data (mean and standard deviations) for the five dimensions of SERVQUAL model as indicated by the respondents. In all cases, the distribution of scores for the sample contained reasonable variance and normality for use in subsequent analyses. The overall mean scores as well as levels of expectations and perceptions of services based on the five dimensions of SERVQUAL model are summarized in the table.

TABLE 4.2: OVERALL MEAN SCORE AND LEVEL OF GUEST SATISFACTION TOWARDS SERVICE QUALITY

Dimensions	Customers' expectation			Customers' perception		
	Mean	**S.D.**	**Level**	**Mean**	**S.D.**	**Level**
Tangibility	3.80	.81	High	3.77	.73	High
Reliability	3.73	.73	High	3.59	.68	High
Responsiveness	<u>**3.94**</u>	.88	High	<u>**3.96**</u>	.76	High
Assurance	<u>**3.94**</u>	.76	High	3.78	.70	High
Empathy	3.68	.91	High	3.46	.78	High
Overall mean score (OMS)	**3.82**	**.69**	**High**	**3.71**	**.60**	**High**

Source: Primary data through Questionnaire, 2012

Note: N=250

Each dimension of SERVQUAL has 5, 8, 2, 7, and 4 items respectively.

As presented in the table 4.2 above, all dimensions of SERVQUAL model for the expectations of guests' satisfaction are at a rank of high level. As the result shows us, responsiveness and assurance dimensions are getting most important rank for guests' expectation at 3.94 followed by tangibility, reliability and empathy respectively. When looking at guests' perceptions for each dimensions, all are at a rank of high level. But most guests perceived Responsiveness as most important by providing ranking level at 3.96 followed by Assurance, Tangibility, Reliability, and Empathy respectively.

OVERALL SATISFACTION BASED ON SERVQUAL GAP ANALYSIS RESULTS

The summary of the SERVQUAL gap analysis results of hotels, restaurants and pensions at Wolaita Sodo for five dimensions are presented in the table that appear below. The gap is calculated between the mean score of expectation and perception to determine overall guests' satisfaction based on the results of their difference.

TABLE 4.3: SUMMARY OF THE SERVQUAL GAP ANALYSIS FOR GUESTS' EXPECTATIONS AND PERCEPTIONS BASED ON THE FIVE DIMENSIONS

Five Dimensions	OMS of Guests' Expectations (E)	OMS of Guests' Perceptions (P)	Guests' Satisfaction/ SERVQUAL Gap (P-E)
Tangibility	3.80	3.77	-0.03
Reliability	3.73	3.59	-0.14
Responsiveness	3.94	3.96	0.02
Assurance	3.94	3.78	-0.16
Empathy	3.68	3.46	-0.22
Overall mean score (OMS)	**3.82**	**3.71**	**-0.11**

Source: Primary data through Questionnaire, 2012

As shown in Table 4.3, the negative sign of SERVQUAL gap for mean scores between the perceptions and expectations of the guests indicated a negative difference in all dimensions except Responsiveness. Accordingly, many of the organizations under study had not been capable of fulfilling the guests' satisfaction in these four dimensions. Only Responsiveness dimension of SERVQUAL model recorded the high level of satisfaction with a positive mean score of +0.02 between the perceptions and expectations of the guests.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

94

COMPARISONS BETWEEN MALE AND FEMALE RESPONSES TO SERVQUAL DIMENSIONS

T-test is used to compare the means with respect to gender (two independent samples). In this case, the significant differences on the SERVQUAL dimensions are determined. In this test two critical assumptions regarding data distribution are considered such as the values in the data set are independent (measured on randomly selected units from the study area) and the data to be normally distributed. However normal distribution of the data could not be sensitive to violations of the normality assumption unless the data is extremely non-normal.

TABLE 4.4: T-TEST RESULTS FOR EQUALITY OF MEAN SCORES BY THE TWO SAMPLES ON SERVQUAL PERCEPTION

		t-test for Equality of Means		
		t	df	Sig. (2-tailed)
Tangibility dimension	Equal variances assumed	-1.495	248	.136
	Equal variances not assumed	-1.507	105.596	.135
Reliability dimension	Equal variances assumed	-1.413	248	.159
	Equal variances not assumed	-1.507	117.077	.135
Responsiveness dimension	Equal variances assumed	-2.665	248	.008
	Equal variances not assumed	-2.804	114.031	.006
Assurance dimension	Equal variances assumed	-.283	248	.778
	Equal variances not assumed	-.322	134.608	.748
Empathy dimension	Equal variances assumed	-.895	248	.372
	Equal variances not assumed	-1.025	136.119	.307

Source: Primary data through Questionnaire, 2012

FINDINGS

Overall mean score for guest expectations and perceptions on five dimensions of SERVQUAL model are ranked at a high level with 3.82 and 3.71, respectively. This indicates us that guests' expectations based on all dimensions had not been met.

The result of some dimensions is consistent with the study of Lam and Zhang (1999), who explored service quality factors on overall customer satisfaction in Thailand hotels. Their findings revealed that "reliability", "responsiveness" and "assurance" factors had the largest scores for customers' expectations and perceptions.

As per the five dimensions of SERVQUAL model, the overall negative value of gap analysis (-0.11) indicated that the guests were not fully satisfied with the overall service of the organizations under study. This result coincides to the explanation of Oliver (1980) and Jain et al., (2004) who proved that if the outcome matches the expectations, confirmation (satisfaction) occurs and vice versa.

When we see overall satisfaction of guests based on SERVQUAL gap analysis results, it is inconsistent to findings of Tse & Wilton (1988) who claimed that customer satisfaction can be said to be in existence when the expectations of the customers are met or surpassed by the services or products of a business organization.

The t-test finding points out no significant differences of perceptions towards all dimensions of SERVQUAL with an exception to Responsiveness dimension. These absence of significant differences implies as there are no major differences between male and female perception about the service quality of the organizations.

RECOMMENDATIONS

Since the SERVQUAL gap (the difference between guests' perceptions and expectations) has a negative value (-0.11) for overall mean score of the five dimensions, these organizations should define their services according to the wants or needs of the guests to overcome such problem. The respondents claimed that the organizations should improve their receptionists/waiters language skill and should have more knowledge about the types of room and hotel facilities available.

As the guests' complaint mainly stressed, the owners of most hotels/restaurants should take care of food and water hygienic issues, improve poor room, bed, and equipment facilities as well as try to have regular water supply for shower and related services. Moreover, they should set up TV, ICT support and internet access (either broadband or wireless) in almost all hotels and pensions.

CONCLUSIONS

From the main purpose of guests' visits to Wolaita Sodo, training (30.8%) has major share followed by business (26.4%). When we see the number of previous visits, 37.6% of the guests had visited/stayed at the same hotel/pension more than 4 times.

All dimensions of SERVQUAL model for the expectations of guests' satisfaction are at a rank of high level with responsiveness and assurance dimensions getting most important rank for guests' expectation at 3.94 followed by tangibility, reliability and empathy respectively. When looking at guests' perceptions for each dimension, all are at a rank of high level with Responsiveness considered most important by providing ranking level at 3.96.

As per the five dimensions of SERVQUAL model, the overall negative value of gap analysis (-0.11) indicated that the guests were not fully satisfied with the overall service of the organizations under study. This indicates that most guests felt dissatisfied with the service quality of the hotels/restaurants and pensions at Wolaita Sodo City.

With respect to gender of guests, the t-test finding points out no significant differences of perceptions towards all dimensions of SERVQUAL with an exception to Responsiveness dimension.

LIMITATIONS

The shortage of up to date reference materials and research works, specifically to the Ethiopian context, narrowed the content of the study. Lack of sufficient fund hindered the need to include a large sample size that could nearly represent the total population of the study.

Another barrier we came across in the process of data collection was refusal by owners of some hotels and pensions to formally permit the distribution of the questionnaire for unconvincing reasons such as lack of time for guests to fill the questionnaire, fear of sensitivity of the questionnaire contents if its results present to public, etc. Although we have a great group of participants who were willing to fill the questionnaire, there were some guests who would not volunteer to be part of the study for unknown reasons.

SCOPE FOR FURTHER RESEARCH

Since this study did not consider employees who provide the services to customers, it would be interesting to study relationship among service quality, customer satisfaction and job satisfaction to see if satisfaction level of employees is related to their services and customer satisfaction.

Furthermore, future researchers could test among the dimensions with the use of another statistical method to see which of them will be more important to service quality and customer satisfaction. As well these same variables could be tested in a manufacturing sector.

REFERENCES

1. Baker, D. A., & Crompton, J. L. (2000), "Quality, Satisfaction and Behavioral Intentions," Annals of Tourism Research, Vol. 27, No. 3, pp.785-804.
2. Brady, M. K., Cronin, J. J., & Brand, R. R. (2002), "Performance-only Measurements of Service Quality: A Replication and Extension," Journal of Business Research, Vol.55, No.1, pp.17-31.
3. Brown, T.J., Churchill, G.A. and Peter, J.P. (1993), "Research note: Improving the measurement of service quality," Journal of retailing, Vol.69, No.1, pp.126-139
4. Choi T. Y., & Chu R. (2001), "Determinants of hotel guests' satisfaction and repeat patronage in Hong Kong hotel industry," International Journal of Hospitality Management, Vol.20, pp.277-297.
5. Churchill Jr., G. & Suprenaut, C. (1982), "An Investigation into the Determinants of Customer Satisfaction," Journal of Marketing Research, Vol.19, No.4, pp.491-504.
6. Getz, D., O'Neill, M., & Carlsen, J. (2001), "Service Quality Evaluation at Events through Service Mapping," Journal of Travel Research, Vol.39, No.4, pp.380-390.
7. Gronoos, C., (1990), "Service management and marketing: managing the moments of truth in service competition." Lexington Books, USA.
8. Hernon P. & Whitwan, J.R. (2001), "Understanding Customer Satisfaction, Delivering satisfaction and service quality: A customer-based approach for libraries." American Library Association.
9. Hessamaldin, M.S. (2008): "Customer Satisfaction in Four Star Isfahan Hotels, an Application of SERVQUAL Model," Thesis, Lulea University of Technology, Iran.
10. Jain, Sanjay K. and Gupta, Garima. (2004), "Measuring Service Quality: SERVQUAL Vs SERVPERF scales," The journal for decision makers, Vol.29, No.2, pp.25-37
11. Juwaheer, T. D. (2004), "Exploring international tourists' perceptions of hotel operations by using a modified SERVQUAL approach – a case study of Mauritius," Managing Service Quality, Vol.14, No.5, pp.350-364.
12. Kandampully, J, Mok, C & Sparks, B. (2001), "Service Quality Management in Hospitality, Tourism and Leisure." The Haworth Press, Inc., New York.
13. Kuo. YF. (2003), "A study on service quality of virtual community websites," Total Quality Management & Business Excellence, Vol.13, No.4, pp.461-473.
14. Lam, T. & Zhang, H. (1999), "Service quality of travel agents: the case of travel agents in Hong Kong," Tourism Management, Vol.20, pp.341-349.
15. Lewis, R.C., & Booms, B. (1983): "The Marketing Aspects of Service Quality." In AMA Proceedings, American Marketing Association, Chicago.
16. Liu, Chang-Yung. (2000), "Customer satisfaction in the service sector." Asian Productivity Organization, Tokyo.
17. Oliver, R.L. (1980), "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," Journal of Marketing Research, Vol.17, pp.460-469.
18. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985), "A Conceptual Model of Service Quality and Its Implications for Future Research," Journal of Marketing, Vol.49, No.4, pp.41-50.
19. Parasuraman, A., Zeithaml, V.A, & Berry, L.L. (1988), "SERVQUAL: A multiple item scale for measuring consumer perceptions of service quality," Journal of Retailing, Vol.64, No.1, pp.12-43.
20. Ramasaran-Fowdar, R.R. (2007), "Developing a service quality questionnaire for the hotel industry in Mauritius," J. Vac. Mark., Vol.13, No.1, pp.19-27.
21. Saleh, F. & Ryan, C. (1991), "Analysing Service Quality in the Hospitality Industry Using the SERVQUAL Model," Serv. Ind. J., Vol.11, No.3, pp.324-343.
22. Tse, David K. & Peter, C. Wilton. (1988), "Models of Consumer Satisfaction: An Extension," Journal of Marketing Research, Vol.25, pp.204-212.
23. Zeithaml V. A., Bitner M. J., Gremler D. D. (2006), "Services marketing, 4th ed." McGraw-Hill.
24. Zeithaml, V. A., Parasuraman, A., & Berry, L. L. (1990), "Delivering Quality Service - Balancing Customer Perceptions and Expectations." New York, NY: The Free Press.

APPENDICES

APPENDIX A: MEAN AND STANDARD DEVIATION COMPUTED- EXPECTATION

	N	Minimum	Maximum	Mean	Std. Deviation
Tangibility dimension	250	1.00	5.00	3.8024	.81285
Reliability dimension	250	1.00	5.00	3.7260	.72994
Responsiveness dimension	250	1.00	5.00	3.9420	.88019
Assurance dimension	250	1.00	5.00	3.9406	.76105
Empathy dimension	250	1.00	5.00	3.6770	.91035
Overall dimensions	250	1.00	5.00	3.8182	.68534
Valid N (listwise)	250				

APPENDIX B: MEAN AND STANDARD DEVIATION COMPUTED- PERCEPTION

	N	Minimum	Maximum	Mean	Std. Deviation
Tangibility dimension	250	2.20	5.00	3.7656	.73333
Reliability dimension	250	2.13	5.00	3.5850	.67721
Responsiveness dimension	250	2.50	5.00	3.9620	.75885
Assurance dimension	250	1.86	5.00	3.7823	.70280
Empathy dimension	250	1.75	5.00	3.4600	.78060
Overall dimensions	250	2.09	5.00	3.7115	.60391
Valid N (listwise)	250				

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

96

APPENDIX C: INDEPENDENT SAMPLES T-TEST (GENDER PERCEPTION)

		t-test for Equality of Means					
		t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
							Lower	Upper
Tangibility dimension	Equal variances assumed	-1.495	248	.136	-.16016	.10713	-.37116	.05085
	Equal variances not assumed	-1.507	105.596	.135	-.16016	.10628	-.37088	.05057
Reliability dimension	Equal variances assumed	-1.413	248	.159	-.13984	.09898	-.33479	.05511
	Equal variances not assumed	-1.507	117.077	.135	-.13984	.09281	-.32365	.04397
Responsiveness dimension	Equal variances assumed	-2.665	248	.008	-.29264	.10980	-.50889	-.07638
	Equal variances not assumed	-2.804	114.031	.006	-.29264	.10438	-.49942	-.08586
Assurance dimension	Equal variances assumed	-.283	248	.778	-.02915	.10312	-.23224	.17395
	Equal variances not assumed	-.322	134.608	.748	-.02915	.09042	-.20797	.14968
Empathy dimension	Equal variances assumed	-.895	248	.372	-.10231	.11437	-.32756	.12295
	Equal variances not assumed	-1.025	136.119	.307	-.10231	.09978	-.29963	.09502

EFFECTIVENESS OF GREEN BANKING TECHNOLOGY OF THE COMMERCIAL BANKS IN INDIA

DR. AR.ANNADURAI
LECTURER
DEPARTMENT OF COMMERCE
ALAGAPPA UNIVERSITY EVENING COLLEGE
THONDI

ABSTRACT

In India, the green banking concept is catching up and banks are actively looking for ways to expose themselves as Green Bank. Banking sector plays an important role in the economic growth of a nation. As the banks are one among the major sources of financing instrument for commercial projects, they can play a major role in promoting environmental sustainability by funding the socially and environmentally responsible investment projects. The concept of 'Green Banking' will be beneficial to the general public, customers, bank employees, banking industries as well as economy and it will not ensure the greening of industries only but also facilitates the improving in asset quality in the future. Considering the benefit of going green the Indian banks have also adopted the 'Green Banking' approach in the past few years and taking various green initiatives on all possible scales to be more environmentally responsible. However the 'Green Banking' approach of Indian banks differs from each other as they are in different phases of green marketing on the basis of their approach towards saves cost, minimizes the risk, enhance banks reputations and contribute to the customary good of environmental sustainability. So it serves both the commercial objective of the bank as well as its social responsibility.

KEYWORDS

Green Banking, Commercial Banks, Green Products & Services, Bank customers and employees.

INTRODUCTION

In India, the green banking concept is catching up and banks are actively looking for ways to expose themselves as Green Bank. Banking sector plays an important role in the economic growth of a nation. Green banking technology of commercial banks have been identified as great instruments that channelize funds to the beneficiaries in rural as well as urban areas. Green banking is like a normal bank, which considers all the social and environmental factors with an aim to provide better service to the banking beneficiaries and society. As far as green banking is concerned, Indian banks are far behind their counterparts from developed countries. If Indian banks desire to enter global markets, it is highly important that they recognize their services and its safety. Green banking requires a paradigmatic change in thinking about economic, business and finance. There is an urgent need to create awareness, implement and follow green banking as far as possible in today's competitive world. In addition to mitigating risks, green banking opens up new markets and avenues for product differentiation.

Indian commercial banks are successfully implementing the green banking technology for the purpose of rendering timely and valuable services to the banking beneficiaries. Commercial banks are also rendering innovative services like core banking, re-engineering and reverse engineering schemes which shed light on the efficiency of the bank. To-day the segments of the green banking technology consists of ATM services, Net Banking facilities and so on.

State Bank of India (SBI), India's largest commercial bank, has taken the lead in setting high sustainability standards and completed the first step in its 'Green Banking' initiative with Shri O.P.Bhatt, Chairman, SBI, inaugurating the bank's first wind farm project in Coimbatore. Recent Green Bank initiatives include a push for solar powered ATMs, paperless banking for customers, clean energy projects and the building of windmills in rural India. Now the green banking concepts are in conflict with the banking beneficiaries as well as banking employees, educated and uneducated peoples in rural and urban areas. Hence, the study has been made to analyze the effectiveness of green banking technology of the commercial banks in India.

GROWTH OF GREEN BANKING

The most important themes of twenty first century are the Environmental protection and sustainable ecological balance and it become a important issue that must be considered by al functional areas including banking. Green banking involves environmental and social responsibility. This word is new in Indian banking and it appeared in 209 when there were concern on environment conservation and it was realized that banks can play a big role in this movement. Green Banking encompasses a wide variety of banking services. The banks are providing finance to primary metallurgical industries, paper and pulp, pesticides / Insecticides, fertilizers, chemical / pharmaceuticals and textiles etc.

GREEN PRODUCTS AND SERVICES

Banks are developing new products and services that respond to consumer demand for sustainable choices. Following are some of the options that banks should offer to their customers, if they are not offering already:

- Electronic and telephone banking, facilitating customers to perform most of their banking needs anytime, anywhere
- Automatic payments reduce the need to write and send cheques by mail
- Electronic (paperless) statements, product information, guides and annual reports to customers and stakeholders
- Offering and promoting mutual funds that focus investment in 'green' companies
- Offering a special line of credit to help homeowners invest in energy-efficiency upgrades for their home
- Offering credit cards co - branded with environmental charities.

GREEN BANKING FOR INDIAN BANKING SECTOR

- Implement energy audits and appraise equipments purchases and disposal policies and practices. Evaluate IT's environmental and cost impact and identify areas to be "greened"
- Place SMART (Precise, Quantifiable, Achievable, Pragmatic, and Sensible) green goals as the internal targets to reduce your carbon footprint along with timelines. Develop criteria for measuring progress towards the goals
- Widen and implement a green strategy that aims to achieve higher exploitation of systems   while reducing energy use and shrinking their environmental impact
- Inspire, motivate, and energize the workforce to follow the green path and to come up with and implement their own ideas. In addition, also encourage clients, suppliers, and outsourcers to adopt green practices
- Observe the progress regularly; watch industry trends and new developments. Revise the green policy as required
- Broadcast your environmental policy, actions, and achievements and thereby get credits and accolades from customers, peers, industry groups, environmental advocates, government agencies, and society at large.

The following data shows that Banking Infrastructure and its growth in India

BANKING INFRASTRUCTURE AND GROWTH IN INDIA AS ON 2012

TABLE 1

Banking Infrastructure and Growth	
Total number of brick and mortar branches	1,03,000 plus
Total number of brick and mortar branches across 6,00,000 villages in India	39,000 plus
Number of ATMs	98,785
Number of BCs empanelled by Banks	1,67,136 (June, 2013)
Number of PoS machines installed	6,53,653
Number of Mobile Phones	953 Million (323 in rural areas)

Source: RBI Report, 2013

GREEN BANKING INITIATIVES BY COMMERCIAL BANKS IN INDIA

- Green Checking
- Green Loans
- Green Mortgages
- Green CDs
- Cash Deposit System
- Online Bill Payment
- E – Investment Services
- Bank Environmental Policy
- Controlled use of energy
- Use of Solar powered ATMs
- Energy – efficient branches and loans
- Providing recyclable debit cards and credit cards
- High- efficiency lighting
- Conducting Workshops and Seminars to know about Green banking

GREEN BANKING: THE SUBSEQUENT PHASE

Banks can do much more to help the environment than just promote online banking. A truly green bank will reduce their carbon footprint by building more efficient branches, implementing energy-efficient operational procedures, offering transportation services for their employees, promoting sustainable banking and increasing their lending in environment-sensitive industries. Banks can also support eco-friendly groups and raise money for local environment initiatives. Bank products and services can also replicate a green banking commitment:

- **Green deposits:** Banks can offer higher rates on CDs, money market accounts, checking accounts and savings account if customers opt to conduct their banking activities online.
- **Green mortgage and loan:** A bank can offer green mortgage with better rates or terms for buyers of energy-efficient houses. Some green mortgages allow homebuyers to add as much as an additional 15 percent of the price of their house into loans for upgrades including energy-efficient windows, solar panels, geothermal heating or water heaters. The savings in monthly energy bills can offset the higher monthly mortgage payments and save money in the long run. An Energy Efficient Mortgage (EEM) is a type of HUD-approved green mortgage that will credit you for your home's energy efficiency in the mortgage itself. Many home improvements also qualify for the energy tax credit. Anyone undertaking an energy-saving house project should shop around for a bank that offers a special rate for a green mortgage or loan.
- **Green credit cards:** A green credit card allows cardholders to earn rewards or points which can be redeemed for contributions to eco-friendly charitable organizations. These cards offer an excellent incentive for consumers to use their green card for their expensive purchases. Imagine the millions of dollars that could be raised for worthwhile environmental groups if green credit cards really took off.
- **Green rewards checking accounts -** May pay a bonus rate for customers who go green. Customers can earn higher checking account rates if they meet monthly requirements that might include receiving electronic statements, paying bill online or using a debit or check card. With this type of banking product, higher rates and eco-friendly living goes hand-in-hand.

SUGGESTIONS TO BRING AROUND GREEN BANKING

- Instruct through the Bank's Intranet and Public Website.
- Contribute in proceedings.
- Set up outlets to promote green business.
- Communicate through the Press.
- Disseminate info through Leaflets.
- Social Responsibility services done by banks.
- Convey education through E-learning Programmes.

CONCLUSION

Green banking technology is still a foremost issue and can take a significant for progress of our nation in India. The Indian banks are still taking toddler steps into a much evolved form of banking. There is a lot of scope for all the banks but only few have initiated towards green banking. The banking sector too has adopted sustainable practices in all spheres of life. As bank and financial institution of India has started taking initiative but not at high level. To sustain the development of the Indian economy bank and financial institution have to work more hard as compare to big foreign banks as they are playing important role in maintaining the sustainability of their country economy.

The green banking initiatives like Communication through Press, Bank environmental policy, Concession on energy savings, Solar ATMs, Green CDs is not familiar in Green initiatives by the bank as per the customers and general public. The Government should formulate a green banking policy guidelines and financial incentives. Enlightening more than enough about this outward appearance of banking will be improved way of approach to establish.

REFERENCES

1. DR. Bahl Sarita, (2012) "The role of green banking in sustainable growth", international journal of marketing, financial services & management research, Vol.1 No. 2, February 2012, ISSN 2277 3622
2. Jinwala A. (2013). Green banking in India. International Multidisciplinary Journal of Applied Research. Volume 1, Issue 7issn 2320 – 7620
3. Laxmi Mehar (2014) "Green Banking in India"International Journal of Applied Research and Studies (IJARS) ISSN: 2278-9480 Volume 3, Issue 7
4. Mukesh Kumar Verma, Gren Banking: A Unique Corporate Social Responsibility of Indian Banks, (2012)

5. Neetu Sharma, (2013) "A study on customer's awareness on Green Banking initiatives in selected public and private sector banks with special reference to Mumbai", IOSR Journal of Economics and Finance, PP 28- 35.
6. Nigamananda Biswas (2011) "Sustainable Green Banking Approach: The need of the Hour", Volume – I, No-1, January-June.
7. RBI Notification, CSR in Indian Banks

WEBSITE
8. http:/grenbankreport.com.

BRICS EQUITY MARKETS LINKAGES: EVIDENCE FROM PRE- AND POST- GLOBAL FINANCIAL CRISIS

PAYAL JAIN
RESEARCH SCHOLAR
DEPARTMENT OF FINANCIAL STUDIES
SOUTH CAMPUS
DELHI UNIVERSITY
DELHI

ABSTRACT

This study investigates both the static and dynamic interdependence among the stock markets of BRICS countries, that of Brazil, Russia, India, China, and South Africa, with the global financial crisis of 2007-09 as the focal point. Using data from 2003 to 2014, the study employs correlation and co-integration analysis to describe the behavior of the above markets, both before and after the global financial crisis. The study finds that there is no significant increase in integration of the markets, implying potential for diversification for investors.

KEYWORDS
BRICS Equity Markets, Global Financial Crisis.

INTRODUCTION
Global financial markets have increasingly become more integrated with the floating of exchange rates, and lifting of barriers to the flow of capital across countries. Advances in technology, which have increased both the accessibility to world news and the speed of information transmission, have also helped to accelerate financial market integration. Stock markets are no exception, with stock composite indices across countries becoming increasingly correlated with each other over time.

Stronger co-movement between the markets implies enhanced information flows, and hence greater market efficiency and reduction in diversification opportunities, which is a concern for investors. The issue of stock market linkages is also relevant from a policy perspective in an environment where moves towards greater regional economic integration are being promoted. Increased linkages between stock markets is a component of regional or international capital market convergence, which is in itself important for the integration of the goods and services markets to be effective.

Most of the research on international stock market linkages has been concentrated on the major world stock markets (US, Japan, UK and Germany), although there has also been some work on the smaller developed country markets and Asian markets (Hong Kong, Singapore, etc.).

The purpose of this study is to examine stock market linkages in the BRICS emerging economies, over a period from 2003 to 2014, with the global financial crisis as the focal point. We choose these countries because they represent fast developing economies that are linked by some common business conditions. Brazil, Russia, India, China, and South Africa represent the BRICS nations. These markets are usually classified as emerging markets because they are, relatively, small in size and young in age. The economies of these countries are considered to be developing rather than developed.

The time frame of the study is divided into two sub-periods, covering the pre- and post- Global Financial Crisis (GFC) period ranging from 2007 to 2009. The main question this study attempts to answer pertains to the likely effects of the GFC on the BRICS equity markets and the linkages between them.

BACKGROUND
The British Broadcasting Corporation (BBC) has documented the GFC in detail on its website[1], which is alternatively referred to as a credit crunch, or subprime crisis - "Between 2004 and 2006 US interest rates rose from 1% to 5.35%, triggering a slowdown in the US housing market. Homeowners, many of whom could only barely afford their mortgage payments when interest rates were low, began to default on their mortgages. Default rates on sub-prime loans - high risk loans to clients with poor or no credit histories - rose to record levels. The impact of these defaults were felt across the financial system as many of the mortgages had been bundled up and sold on to banks and investors".

The scale of the crisis emerged on August 9 2007, when France's largest bank BNP Paribas told investors they will not be able to take money out of two of its funds because it cannot value the assets in them known as collateralised debt obligations (CDOs), or packages of sub-prime loans, owing to a "complete evaporation of liquidity" in the market.

By the next month the rate at which banks lent to each other had risen to its highest level since December 1998. Several banks across the world which were exposed to the subprime loans either announced losses or started to crumble. Northern Rock, RBS and Lloyds TSB (England), UBS (Switzerland), Bear Stearns, Citigroup and Merrill Lynch (USA), etc. leading up to September 15, 2008, when Lehman Brothers filed for Chapter 11 bankruptcy protection, becoming the first major bank to collapse since the start of the credit crisis.

The US economy officially declared a recession on December 1, 2008. UK and other European and Asian economies followed and it had become a global recession which, in this study, has been marked as ending on October 18, 2009 (the European Debt Crisis started on October 19, 2009).

The remainder of this article is organized as follows: Section 2 provides the review of the literature on stock market linkages. Section 3 presents the data and methodology of the study. The empirical results and discussion are provided in Section 4, and Section 5 presents concluding remarks.

REVIEW OF LITERATURE
Arshanapalli and Doukas (1993) study the linkages among stock prices in major world stock exchanges such as Germany, the United Kingdom, France, Japan and the United States, using daily closing data from January 1980 through May 1990. They also examine the relationship of stock price indices before and after the October crash and find significant interdependence among the countries post-crash.

Allen and MacDonald (1995) analyse the benefits available from international equity diversification to Australian investors for the period 1970–92 using monthly index data for 16 countries. The co-integration framework is utilized and results from the standard Engle—Granger two-step ordinary least squares procedure are compared with those from the Johansen (1988) maximum likelihood procedure. It is found that the two techniques lead to different conclusions in certain cases, and there is evidence of co-integration among a subset of the indices considered.

Roca, Selvanathan, and Shepherd (1998) investigated the extent and structure of price linkages among five ASEAN markets (Malaysia, Singapore, Philippines, Indonesia and Thailand), both in the long run and in the short run using co-integration based on the Johansen (1988) procedure, Granger causality and variance decomposition and impulse response analyses. The authors found no long term linkages among the markets. However, in the short term, with the exception of Indonesia, all the ASEAN markets had significant linkages with each other.

Chen, Firth, and Rui (2002) investigated the interdependence of the major stock markets in Latin America over the period 1995-2000, employing co-integration analysis. Their results suggested limited potential for risk diversification, by investing in different Latin American markets.

---

[1] http://news.bbc.co.uk/2/hi/business/7521250.stm, "Timeline: Credit crunch to downturn".

Daly (2003) employed correlation and co-integration analysis to investigate interdependence of the stock markets of Indonesia, Malaysia, the Philippines, Singapore, Thailand, and the advanced stock markets of Australia, Germany, and the United States. Although there is evidence of integration between the Southeast Asian stock markets, overall the results suggested no significant increase in the integration between the Southeast Asian stock markets over the pre- and post- October 1997 Asian financial crisis period.

DATA AND METHODOLOGY

The data-set in this study consists of daily stock price indexes in US dollars for the sample countries from January 1, 2003 to June 30, 2014. All data are daily closing prices, obtained from Bloomberg. The precise indices used are the Ibovespa (Brazil), MICEX (Russia), CNX Nifty (India), SSE50 (China), and the JSE Top40 (South Africa). Some information about each of these indices is given in the box as an Appendix.

In the case of China, the series were backward spliced for upto a year because the SSE50 index series began from January 2004, while our series were starting a year prior to that. We spliced SSE50 and SSE180 together to get prices comparable to SSE50 for the period January 2003-December 2003.

The dataset has been divided into two sub-periods. The pre-crisis period ranges from January 1, 2003 to August 8, 2007; and the post crisis period from October 19, 2009 to June 30, 2014. We use correlation analysis and Johansen's co-integration test, to investigate dependencies in stock returns of the emerging economies. The correlation analysis is performed to ascertain the degree of association among the emerging stock markets, and co-integration test to verify whether long-term relationship exists.

EMPIRICAL RESULTS

We begin by examining summary statistics for daily percentage returns of the country market indices over the sample period, for both the pre- and post-crisis periods. Table 1a shows the summary statistics of the sample countries for the pre-crisis period, and table 1b shows the summary statistics for the sample markets for the post-crisis period.

In the pre-crisis period, the highest mean daily return is observed in the case of Brazil (0.00184%) with the lowest being observed for South Africa (0.00107%). As far as volatility is concerned, again Brazil has the highest volatility (0.02447%), closely followed by Russia (0.01979%). The lowest volatility is observed in the case of China (0.01465%).

All the sample countries have negative skewness, and exhibit leptokurtosis. The Jarque-Bera (JB) test indicates that all stock market returns are non-normal as attested by the significant p-values.

We also report the Ljung-Box (LB) statistic up to ten orders in levels and squared of returns for the sample markets. The results clearly indicate that there is serial correlation in levels with the exception of Brazil, China, and South Africa. All the sample markets exhibit serial correlation in squared terms suggesting the existence of volatility clustering.

TABLE 1A: SUMMARY STATISTICS OF THE RETURNS SERIES – PRE CRISIS

	BRAZIL	CHINA	INDIA	RUSSIA	S.AFRICA
Mean	0.00184	0.00123	0.00133	0.00161	0.00107
Std. Dev.	0.02115	0.01465	0.01513	0.01979	0.01484
Skewness	-0.37222	-0.03231	-1.02964	-0.61966	-0.43469
Kurtosis	4.09944	7.74145	10.44855	7.11545	4.59889
Jarque-Bera	87.1934	1112.0950	2953.7280	913.6369	163.8191
Prob.	[0.000]**	[0.000]**	[0.000]**	[0.000]**	[0.000]**
Q	15.546	17.264	27.193	19.528	12.297
Prob.	[0.113]	[0.069]	[0.002]**	[0.034]**	[0.266]
Q2	115.310	64.269	553.490	215.860	178.670
Prob.	[0.000]**	[0.000]**	[0.000]**	[0.000]**	[0.000]**
ARCH test	10.050	5.445	492.969	39.598	14.521
Prob.	[0.000]**	[0.020]**	[0.000]**	[0.000]**	[0.000]**
Obs	1187	1187	1187	1187	1187

In the post-crisis period, the highest mean daily return is observed in the case of Brazil (10.34357%) with the lowest being observed for Russia (3.85472%). Brazil also has the highest volatility (0.22807%), with the lowest volatility observed in the case of South Africa (0.08893%).

Brazil and South Africa's returns are skewed negatively and the three other countries have positive skewness in their stock returns. Only Russia's stock returns exhibit leptokurtosis. The Jarque-Bera (JB) test indicates that all stock market returns are non-normal as attested by the significant p-values. The LB statistics clearly indicate that there is no serial correlation in levels with the exception of China. All the sample markets, except China, exhibit serial correlation in squared terms suggesting the existence of volatility clustering.

Figure 1 shows the time series plots of the returns for the five national stock markets across the entire sample period. All the graphs show high volatility, especially on and/or around October 2008 (referenced by point 1500 on the horizontal axis) which pertains to period during the global financial crisis. However, as seen in the graph, South Africa's returns are more negative than the other markets. Volatility clustering is also evident from the graphs. The graphs add to the summary statistics and confirm the quite common characteristics of financial time series – asymmetries, fat tail, and non-normality.

TABLE 1B: SUMMARY STATISTICS OF THE RETURNS SERIES – POST CRISIS

	BRAZIL	CHINA	INDIA	RUSSIA	S.AFRICA
Mean	10.34357	5.65168	4.68618	3.85472	8.23105
Std. Dev.	0.22807	0.11209	0.11277	0.12431	0.08893
Skewness	-0.390883	0.392928	0.120711	0.555182	-0.511134
Kurtosis	1.938457	2.635202	2.589527	3.154980	2.600031
Jarque-Bera	87.771	37.908	11.452	63.475	60.853
Prob.	[0.000]**	[0.000]**	[0.003]**	[0.000]**	[0.000]**
Q	6.232	21.065	5.665	7.101	12.979
Prob.	[0.795]	[0.021]**	[0.843]	[0.716]	[0.225]
Q2	167.960	14.118	247.930	98.600	240.910
Prob.	[0.000]**	[0.168]	[0.000]**	[0.000]**	[0.000]**
ARCH test	33.509	0.247	6.419	36.652	11.385
Prob.	[0.000]**	[0.000]**	[0.000]**	[0.000]**	[0.000]**
Obs	1212	1212	1212	1212	1212

Correlation and Co-integration

A simple test for integration is to look at correlation coefficients across daily returns of the national stock market indices. By comparing pre- and post-crisis periods, it can be determined whether the stock markets have become increasingly integrated. Table 2 reports the correlation coefficients for the pre- and post-crisis periods. The top diagonal displays the correlation coefficients for the pre-crisis period, with the lower panel displaying the corresponding correlations for the post-crisis period. A comparison of the average (mean) correlation coefficients across the pre- and post-crisis periods reveals that the average correlation

coefficients for each market with the rest of the combined market indices increased significantly in the post-crisis period, as compared to the pre-crisis values. This indicates that the BRICS markets have become more integrated since the global financial crisis. This is, however, a static test, revealing only short term integration, if any, between the stock markets.

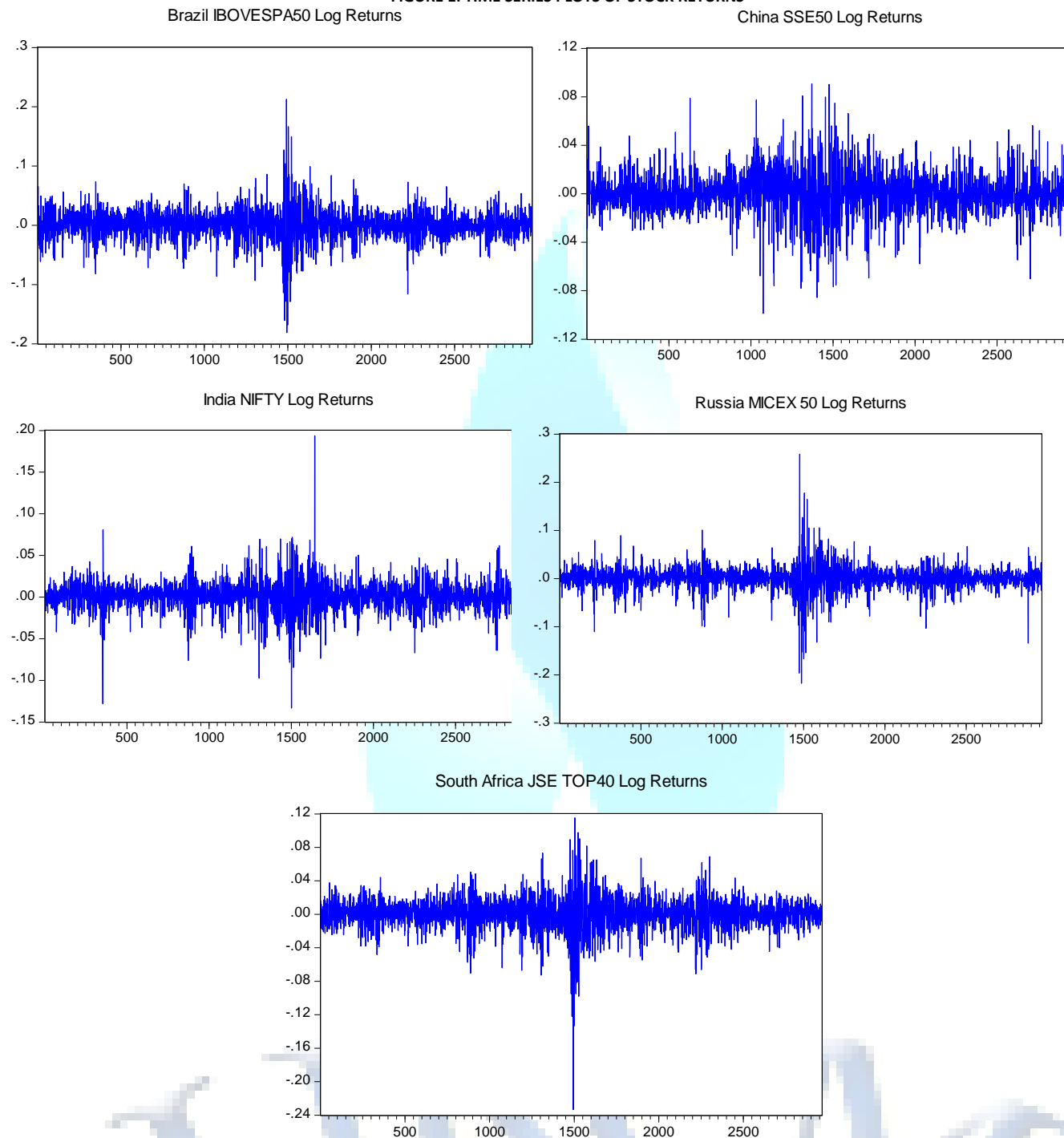**FIGURE 1: TIME SERIES PLOTS OF STOCK RETURNS**

Brazil IBOVESPA50 Log Returns

China SSE50 Log Returns

India NIFTY Log Returns

Russia MICEX 50 Log Returns

South Africa JSE TOP40 Log Returns

TABLE 2: CORRELATION MATRIX, PRE- AND POST GLOBAL FINANCIAL CRISIS

	Brazil	China	India	Russia	S. Africa	Mean (pre-crisis)
Brazil	1	0.09	0.16	0.23	0.40	0.22
China	**0.18**	1	0.08	0.05	0.09	0.08
India	**0.29**	**0.26**	1	0.27	0.27	0.19
Russia	**0.46**	**0.25**	**0.43**	1	0.37	0.23
S. Africa	**0.65**	**0.24**	**0.43**	**0.66**	1	0.28
Mean (Post-crisis)	0.40	0.24	0.35	0.45	0.50	

Note: The top diagonal displays the correlation coefficients for the stock market indices over the pre-crisis period, while the bottom diagonal (in bold) represents the corresponding post-crisis correlations

In order to gain more insight into the integration of the above markets, we apply co-integration techniques to determine the presence of any long-run relationships that may exist over the sample period. First, we test whether the variables are stationary. We use the Augmented Dickey-Fuller (ADF) test, and the Phillips-Perron (PP) test to check for stationarity. The results are given in Table 3.

TABLE 3: UNIT ROOT TEST RESULTS

Market	ADF test results*		PP test results**	
	Level	First Difference	Level	First Difference
Brazil	-2.74	-55.32	-2.81	-55.46
China	-1.40	-55.28	-1.39	-55.28
India	-2.23	-50.91	-2.22	-50.91
Russia	-2.61	-53.00	-2.61	-53.00
S. Africa	-2.12	-54.18	-2.10	-54.47
* Critical Value (5% level): -2.86				
(H$_0$: unit root vs H$_A$: no unit root)				

As can be seen in Table 3, for each market, the null hypothesis of the existence of unit roots was not rejected at the level form of the data but was accepted at the first-differenced form, by both the ADF and PP tests. Hence, it may be concluded that each data series is stationary and integrated of order 1 or I(1).

The second stage in the co-integration analysis is to decide on the order of the underlying vector autoregression (VAR) model. The order of the VAR is determined by an inspection of the Schwarz information criterion (SC). We selected the order of the VAR by choosing in each case the lowest SC coefficients.

Since the unit root test results show that each of the data series is I(1), pairwise co-integration test based on the Johansen procedure is conducted on Eviews software. Table 4 displays the bivariate co-integration test results between various stock market indices. The table shows the maximum eigenvalue tests and trace tests for bivariate co-integration over the full sample period, and pre and post crisis periods. The tables are used to determine (r), the number of co-integrating vectors for each pair of stock market indices; in other words, the results inform us whether there exists a long-run equilibrium relationship between the two stock market indices. For each test, we compare the null hypothesis of no co-integration against the alternative of co-integration.

TABLE 4: BIVARIATE CO-INTEGRATION TEST RESULTS

Countries	Null	Alternative	Full Sample		Pre Crisis		Post Crisis	
			Eigenvalue	Trace	Eigenvalue	Trace	Eigenvalue	Trace
Brazil	r = 0	r = 1	8.446	10.648	17.6099*	18.4838*	11.312	13.438
China	r ≤ 1	r = 2	2.202	2.202	0.874	0.874	2.126	2.126
Brazil	r = 0	r = 1	11.231	18.034*	21.3459*	21.6967*	4.8728	5.3807
India	r ≤ 1	r = 2	6.803	6.803	0.350828	0.35083	0.508	0.508
Brazil	r = 0	r = 1	7.4874	11.5751	5.525	5.956	12.2119	14.4395
Russia	r ≤ 1	r = 2	4.088	4.088	0.4313	0.4313	2.228	2.228
Brazil	r = 0	r = 1	7.07805	9.48115	13.542	13.903	12.713	12.992
S.Africa	r ≤ 1	r = 2	2.4031	2.4031	0.3610	0.3610	0.2794	0.2794
China	r = 0	r = 1	5.65355	8.6762	19.125*	19.173*	6.6065	11.5133
India	r ≤ 1	r = 2	3.02264	3.02264	0.0481	0.0481	4.907	4.907
China	r = 0	r = 1	8.1562	11.8529	19.964*	19.966*	10.702	15.378
Russia	r ≤ 1	r = 2	3.6967	3.6967	0.0024	0.0024	4.676	4.676
China	r = 0	r = 1	4.6561	7.3409	19.805*	19.805*	14.589*	18.755*
S.Africa	r ≤ 1	r = 2	2.685	2.685	0.00	0.00	4.166	4.166
India	r = 0	r = 1	7.5425	12.9614	7.7032	8.1622	9.3906	14.2153
Russia	r ≤ 1	r = 2	5.419	5.419	0.4589	0.4589	4.8247	4.8247
India	r = 0	r = 1	14.381*	19.102*	11.6224	11.9098	10.566	14.232
S.Africa	r ≤ 1	r = 2	4.7204	4.7204	0.2874	0.2874	3.667	3.667
Russia	r = 0	r = 1	7.617	10.355	4.6142	5.0763	13.082*	15.743*
S.Africa	r ≤ 1	r = 2	2.739	2.739	0.4621	0.4621	2.661	2.661

* Significant at 95% level

Looking at the results in Table 4, we can see that in the pre-crisis period, we can reject the null hypothesis of no co-integration between the stock indices of China with the other indices, at the 95 percent critical value since the trace statistics are greater than their respective critical values, but in the post-crisis period, the null is rejected only in case of China-South Africa. There is a long run co-integrating relationship between Brazil, China and India in the pre-crisis period, but not so in the post-crisis period. Russia and South Africa do not share a long-run relationship in the pre-crisis period but the results suggest these two markets became more integrated post-crisis. Overall, there is no significant increase in integration between the BRICS markets post-crisis, except for China-South Africa, and Russia-South Africa.

Multivariate co-integration tests

The results from the multivariate co-integration tests are displayed in Tables 5a, 5b, and 5c. Table 5a displays the results of the stock markets of the sample countries in combinations of threes. In the full sample, the null hypothesis of no co-integration is rejected in two cases, that of, Brazil-India-South Africa, and China-India-South Africa, since both the maximum eigenvalue statistics and trace statistics are greater than their respective critical values at 95 percent level for these combinations hence there exists a long run relationship between these markets. The null of no co-integration is not rejected for the remaining multivariate market combinations.

TABLE 5A: MULTIVARIATE CO-INTEGRATION TEST RESULTS

Countries	Null	Alternative	Full Sample		Pre Crisis		Post Crisis	
			Eigenvalue	Trace	Eigenvalue	Trace	Eigenvalue	Trace
Brazil	r = 0	r = 1	14.187	25.399	34.900*	49.290*	11.541	17.072
China	r ≤ 1	r = 2	8.318	11.212	13.833	14.390	4.988	5.532
India	r ≤ 2	r = 3	2.894	2.894	0.557	0.557	0.544	0.544
Brazil	r = 0	r = 1	9.760	21.338	23.939*	28.270*	13.912	26.816
China	r ≤ 1	r = 2	7.967	11.578	4.271	4.331	10.650	12.904
Russia	r ≤ 2	r = 3	3.611	3.611	0.059	0.059	2.254	2.254
Brazil	r = 0	r = 1	9.592	16.390	25.672*	38.848*	15.47979	27.364
China	r ≤ 1	r = 2	4.122	6.799	12.988	13.176	11.59091	11.884
S.Africa	r ≤ 2	r = 3	2.677	2.677	0.188	0.188	0.293218	0.293
Brazil	r = 0	r = 1	11.804	23.078	21.563*	26.563*	13.772	19.466
India	r ≤ 1	r = 2	7.077	11.275	4.551	5.000	5.116	5.694
Russia	r ≤ 2	r = 3	4.197	4.197	0.449	0.449	0.578	0.578
Brazil	r = 0	r = 1	28.862*	38.529*	21.383*	31.991*	14.743	19.054
India	r ≤ 1	r = 2	7.188	9.668	10.259	10.608	4.168	4.311
S.Africa	r ≤ 2	r = 3	2.479	2.479	0.350	0.350	0.143	0.143
Brazil	r = 0	r = 1	7.863	15.104	14.180	18.866	19.529*	32.021*
Russia	r ≤ 1	r = 2	5.288	7.241	4.306	4.686	12.106	12.492
S.Africa	r ≤ 2	r = 3	1.952	1.952	0.380	0.380	0.386	0.386
China	r = 0	r = 1	9.19	18.047	20.043	27.897	11.470	22.706
India	r ≤ 1	r = 2	5.684	8.857	7.835	7.854	6.760	11.236
Russia	r ≤ 2	r = 3	3.173	3.173	0.019	0.019	4.476	4.476
China	r = 0	r = 1	23.203*	30.766*	24.270*	39.166*	15.784	24.407
India	r ≤ 1	r = 2	4.710	7.563	14.893	14.896	4.991	8.622
S.Africa	r ≤ 2	r = 3	2.853	2.853	0.003	0.003	3.631	3.631
China	r = 0	r = 1	9.995	16.758	20.990	26.496	16.760*	29.822*
Russia	r ≤ 1	r = 2	3.960	6.763	5.475	5.506	11.001	13.062
S.Africa	r ≤ 2	r = 3	2.803	2.803	0.032	0.032	2.061	2.061
India	r = 0	r = 1	14.960	25.108	13.281	18.243	13.736	23.132
Russia	r ≤ 1	r = 2	7.518	10.148	4.532	4.962	4.878	9.396
S.Africa	r ≤ 2	r = 3	2.630	2.630	0.430	0.430	4.518	4.518

*Significant at 95% level

Further testing for evidence of multivariate co-integration, we see evidence of co-integration between Brazil and almost all the other market combinations in the pre-crisis period, but not so in the post-crisis period. Brazil-Russia-South Africa, and China-Russia-South Africs were not co-integrated in the pre-crisis period but the results show that the null of no co-integration is rejected in the post-crisis period indicating that these markets became more integrated after the crisis. Overall, the results are mixed with no clear increase in integration among the markets.

TABLE 5B: MULTIVARIATE CO-INTEGRATION TEST RESULTS

Countries	Null	Alternative	Full Sample		Pre Crisis		Post Crisis	
			Eigenvalue	Trace	Eigenvalue	Trace	Eigenvalue	Trace
Brazil	r = 0	r = 1	14.637	34.736	35.935*	55.674*	15.744	32.067
China	r ≤ 1	r = 2	9.783	20.099	15.051	19.738	10.663	16.323
India	r ≤ 2	r = 3	6.618	10.316	4.549	4.687	5.095	5.660
Russia	r ≤ 3	r = 4	3.698	3.698	0.138	0.138	0.565	0.565
Brazil	r = 0	r = 1	32.996*	49.702*	35.355*	62.884*	17.105	33.227
China	r ≤ 1	r = 2	9.542	16.706	14.372	27.529	12.223	16.122
India	r ≤ 2	r = 3	4.161	7.165	12.981	13.157	3.739	3.899
S.Africa	r ≤ 3	r = 4	3.003	3.003	0.176	0.176	0.160	0.160
Brazil	r = 0	r = 1	10.236	26.422	27.876	45.346	20.970	46.153
China	r ≤ 1	r = 2	9.180	16.186	13.920	17.469	13.710	25.183
Russia	r ≤ 2	r = 3	3.834	7.006	3.524	3.549	11.082	11.472
S.Africa	r ≤ 3	r = 4	3.172	3.172	0.026	0.026	0.390	0.390
Brazil	r = 0	r = 1	25.036	39.786	21.643	37.357	27.130	45.365
India	r ≤ 1	r = 2	7.957	14.750	11.111	15.715	13.523	18.235
Russia	r ≤ 2	r = 3	5.101	6.793	4.177	4.604	4.550	4.712
S.Africa	r ≤ 3	r = 4	1.692	1.692	0.427	0.427	0.163	0.163
China	r = 0	r = 1	23.401	38.909	24.857	45.656	17.377	39.049
India	r ≤ 1	r = 2	9.319	15.508	15.554	20.799	12.780	21.672
Russia	r ≤ 2	r = 3	4.048	6.189	5.209	5.245	4.879	8.892
S.Africa	r ≤ 3	r = 4	2.141	2.141	0.036	0.036	4.013	4.013

*Significant at 95%t level

Lastly, testing for co-integration among all the five markets taken together, the null hypothesis of zero co-integrating vectors is rejected at 95 percent level in the pre-crisis period, thereby implying no long-run relationship among all the five markets taken together, but this long run relationship is not evident in the post-crisis period.

TABLE 5C: MULTIVARIATE CO-INTEGRATION TEST RESULTS

Countries	Null	Alternative	Full Sample		Pre Crisis		Post Crisis	
			Eigenvalue	Trace	Eigenvalue	Trace	Eigenvalue	Trace
Brazil	r = 0	r = 1	33.686	58.560	37.575*	74.033*	28.104	59.475
China	r ≤ 1	r = 2	10.096	24.874	17.523	36.458	15.561	31.371
India	r ≤ 2	r = 3	8.340	14.778	14.957	18.935	11.150	15.810
Russia	r ≤ 3	r = 4	3.750	6.438	3.925	3.978	4.485	4.660
	r ≤ 4	r = 5	2.689	2.689	0.053	0.053	0.175	0.175

Significant at 95%t level

To test the robustness of the results, the Johansen procedure was tested using multiple VAR lags. The results indicated that the finding of no co-integration was not altered when different lag lengths were used in the estimation procedure.

Overall, the results of bivariate and multivariate co-integration testing tell us that the results are mixed with no significant increase in integration of the BRICS markets after the global financial crisis.

SUMMARY AND CONCLUSION

In this study, the Johansen methodology is used to test for co-integrating relationships between the national stock market indices of the BRICS (Brazil, Russia, India, China, and South Africa) countries, with the global financial crisis of 2007-09 as the focal point. Both multivariate and bivariate co-integration tests are employed.

As was revealed in Figure 1, all stock market series have high volatility around the period marked by the global financial crisis (October 2008) and the summary statistics in Tables 1a and 1b show that the series are characterized by asymmetries, fat tails, and non-normality. The mean returns and volatility have increased significantly post-crisis. The correlation coefficients in Table 2 indicate an increase in relationship among the BRICS countries post-crisis as the average coefficients increased significantly from their pre-crisis values.

In order to get more insight into the relationships between these markets, co-integration techniques were applied. The results have been mixed with no significant integration among the markets after the crisis.

Overall, the stock markets of the BRICS countries seem to have no significant long-term price linkages. Hence, it can be concluded that there is long-term portfolio diversification potential among the BRICS markets.

REFERENCES

1. Allen, D.E., and MacDonald, G., (1995), "*The long-run gains from international equity diversification: Australian evidence from cointegration tests*", Journal of Applied Financial Economics 5 (1), pp 33-42.
2. Arshanapalli, B., and Doukas, J., (1993), "*International stock market linkages: Evidence from the pre- and post-October 1987 period*", Journal of Banking and Finance 17, pp l93--208.
3. Chen, G.C., Firth, M., and Rui, O.M., (2002), "*Stock market linkages: Evidence from Latin America*", Journal of Banking & Finance 26, pp 1113–1141.
4. Daly, K.J., (2003), "*Southeast Asian Stock Market Linkages: Evidence from Pre- and Post-October 1997*", ASEAN Economic Bulletin, Vol. 20, No. 1, pp. 73-85.
5. Johansen, S. (1988), "*Statistical Analysis of Cointegration Vectors*", Journal of Economic Dynamics and Control 12 pp 231-54
6. Roca, E.D., Selvanathan, E.A., and Shepherd, W.F., (1998), "*Are the ASEAN Equity Markets Interdependent*?", ASEAN Economic Bulletin, Vol. 15, No. 2, pp. 109-120.

APPENDIX

> Information about the Indices used in this study:
> - The Ibovespa Index is =a gross total return index weighted by traded volume & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.
> - MICEX Index is cap-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and dynamically developing Russian issuers presented on the Moscow Exchange.
> - The CNX Nifty, a free float market capitalization index, is the leading index for large companies on the National Stock Exchange of India. It consists of 50 companies representing 24 sectors of the economy.
> - SSE 50 Index includes 50 of the largest, highly liquid and most representative SSE-listed stocks and reflects the performance of a number of leading and most influential enterprises in Shanghai securities market.
> - The FTSE/JSE Top40 Index is a capitalization weighted index. Companies included in this index are the 40 largest companies by market capitalization included in the FTSE/JSE All Shares Index.
>
> *Source: Bloomberg*

STAGES IN CONSUMPTION AND ACCEPTANCE OF DIETARY SUPPLEMENTS IN PUNE

DR. SUPRIYA PATIL
ASSOCIATE PROFESSOR
DEPARTMENT OF MANAGEMENT STUDIES
SAVITRIBAI PHULE PUNE UNIVERSITY
GANESHKHIND

RACHITA BHATTACHARYA
RESEARCH SCHOLAR
DEPARTMENT OF MANAGEMENT STUDIES
SAVITRIBAI PHULE PUNE UNIVERSITY
GANESHKHIND

ABSTRACT

With changing lifestyles and increasingly busy daily schedules, it is becoming difficult to maintain a healthy diet. Although, there is a tremendous increase in diet-health relationship awareness among people the instances of lifestyle diseases are also on the rise. With traditional pharmaceutical companies now turning their attention towards dietary supplements, the need to study the market in terms of consumer psychology is necessitated. Individuals today are highly opinionated and well equipped to make decisions and justify their actions. They are proactively looking for preventive healthcare. Thus they constitute a major target for dietary supplement sellers. This paper aims to identify the stages in acceptance of dietary supplements. The outcome of this paper is better understanding of the entire process of acceptance of dietary supplements and hence identifying the major stages where influencers play a role to facilitate acceptance.

KEYWORDS

dietary supplements, young adults, stages of acceptance.

INTRODUCTION

As defined by Food and Drug Administration (FDA) a Dietary Supplement is a product taken by mouth that contains a "dietary ingredient", which can be vitamin, mineral, herb, amino acid, enzyme or metabolite. It therefore lies on the border of medicines and food ingredients. A 2011 report by Frost and Sullivan revealed that dietary supplements are the largest category accounting for 64% of the $ 149.5 billion nutraceuticals market, driven primarily by vitamin and mineral supplements.

The government is also chipping in by funding vitamin fortification initiatives due to increasing food security concerns in India and need for additional nutrition. The Indian nutraceutical market is dominated by Pharmaceutical companies like Novartis, GlaxoSmithKline and Cadila healthcare which have diversified into the production of nutraceuticals (like dietary supplements and vitamin supplements) and FMCG companies like Cadbury's India and Dabur who have their presence in the market with supplements and additives. Also included in this spectrum of players are ayurvedic care/ herbal care companies like Himalaya Drug company and pure-play nutraceutical companies like Amway and Herbalife. Almost all of these food supplements are available OTC. Also with growth in retail and the establishment of mall culture, these dietary supplements are now visible and within reach of every shopper.

With changing lifestyle there has been a growth in lifestyle diseases. On the other hand increased awareness due to proliferation of media via internet is making people more accepting of preventive healthcare. People have begun to self diagnose and self medicate. Dietary supplements are generally offered both to prevent and to support people with lifestyle diseases. A study in US revealed that of the dietary supplement purchase transactions almost 40% transactions were online. Thus, the role of e-shopping in the same cannot be neglected. However, such self medication when not done under observation and guidance of a medical practitioner can also be harmful to health. Therefore, there is a need to study the process of an individual's acceptance and consumption of dietary supplements. .

LITERATURE REVIEW

A lot of research has been done in the field of dietary supplements with relation to consumer research in U.s. AND Europe. Some of the highlights of these can be traced through the following literature review.

The idea that food habits have a direct influence on one's health is certainly not new, yet, as a result of two factors (ongoing research yielding new insights and increased attention to health-diet interaction as a result of unhealthy food and lifestyle habits), the attention paid to this relation is increasing. (Meijboom, 2007). In future, as the awareness of diet-health relationship increases further, dieting for weight loss will be replaced by dieting for health. Until the present era, special diets were restricted to several clearly defined categories. The medical categories were for such conditions as high blood pressure, diabetes, allergy and food intolerance. Personal dieting was confined to body building or weight loss. Now, we have special diets that restrict proteins or fats, keep categories of food separate, or allocate "points" for each meal. (Ford, 2000)

Personalized nutrition advice is getting delivered today through several channels, the most notable being specific dietary advice through the medical and paramedical professions (dieticians) and through a range of "weight loss clinics" that provide individual dietary advice with a varying degree of underpinning science and clinical analysis. These channels tend to focus on balance of macronutrient type and quantity, and energy intake, supported by limited health data. Increasing attention is being paid to nutraceuticals in this regard. (Boland, 2008). Humans don't have an internal value meter that tells us how much things are worth. Rather, we focus on the relative advantage of one thing over another, and estimate value accordingly. Again, although initial psychological perceptions (e.g. prices) are 'arbitrary,' once those perceptions are established in our minds they will shape not only present perceptions but also future perceptions (this makes them 'coherent'). (Ariely, 2010). This is very true in terms of belief in the health benefits claimed by supplements and advocates of supplements (physicians/dieticians). We compare these benefits with the risk of living and unhealthy life and base the decision to accept supplements in our diet.

A factor that can help explain why people do things, which again runs counter to our preferred view of ourselves as independent-thinking entities, is our striking propensity for copying what other people do. When people see others doing something, at the very least they tend to form a view about it, and in many cases will go ahead and copy it. An intriguing aspect of our willingness to follow the flock is that we don't actually need to see the flock ourselves: it is enough for someone to tell us what the flock is doing. It is no surprise then that consumer fads are so commonplace. Products come along and seem almost essential, so compelling is our desire to buy them, and yet within a matter of months the excitement passes. (Graves, 2009). Healthcare fads like fad-diets, weight management therapies, socializing in gyms etc can be studied to check their role in shaping consumer opinions. The new patient has changed from being a patient to being a consumer and advocate. With the advent of the internet, this new advocate is knowledgeable and is demanding control in terms of early diagnostics and high quality personalized medicines. The consumers demands are making both, the pharmaceutical industry and the healthcare services reassess their strategies. (Loffler, 2002)

For centuries man has self-medicated for common ailments, and continues to use them alongside modern medicines. The use of nutraceuticals is believed as a cure for various medical conditions. (Khan, 2011). People are creatures of habit. Perhaps because of natural cycles of life on an orbiting planet, our lives are divided into neat sections of hours within days within seasons, within years, compounded by the semi-fixed physiological requirements for food and sleep. Our days become routine filled, and most people can, for any point in the near future predict with reasonable accuracy where they will be and what broadly they will be doing. (Graves, 2009). Therefore using supplements just as a habit can also be studied in this regard.

Trust in food and health products is often based upon a long history of clear patterns and routines. (Meijboom, 2007). Most of the times, we base our decisions on just trust. When we make new decisions – real decisions with consequences – we experience anxiety. Our unconscious mind makes us aware of the potential risks of whatever we're considering. Once the new decision is made and repeated, and no bad benefits befall us because of it, we develop a sense of faith about our choice. (Graves, 2009). Trust is relational; it is often focused on specific agents and is indexed to certain situations or to a certain object of trust. We do not trust everybody with everything. Normally we entrust something to others when we consider it valuable and important but beyond our control. (Meijboom, 2007) With regard to health humans have a very long tradition of relying on experts like physicians and pharmacists. We value food and health highly. (Meijboom, 2007). The most trusted sources of advice on nutrition and diet-health relationships are doctors, dieticians, educational institutions and family members. The most of individual's basic knowledge on diet and healthy eating comes from their mothers and from school. (Bhaskaran, Hardley, 2002). Mass media may be effective in creating awareness, knowledge gain, belief change, attitude change and sometimes behavioural intentions with regard to health-related issues. The potential of mass media to directly modify actual behavior is modest. The chances of effectively changing complex health behaviours like lifestyle are slim. (Fennis, 2002) This too can be attributed to the trust placed in mass media. On the other hand, consumers who faithfully defend vitamin supplements generally believe in the scientific information widely disseminated by mass media. (Kimey, 1997)In congruence with this notion is a research that, people with no health problems depend on newspapers and television as their primary sources of knowledge on health and well-being. (Bhaskaran, Hardley, 2002). Consumers do not trust manufacturer's claims (health claim's). Their purchase decision for foods with therapeutic claims is based on the hope that the product has a therapeutic attribute but they did not necessarily believe that it would help with an existing health problem. (Bhaskaran, Hardley, 2002). Consumer attitude towards OTC drug advertising is unfavourable. (DeLorme, 2010).

In future, the use of food related technologies such as biotech and irradiation will come down to a matter of need. If these methods successfully fulfill a need for the consumer, they will be utilized and accepted. (Wolf, 1994). People tend to be more accepting of emerging technologies that are applied in the pharmacology and medical sectors than in the food sector. Majority of the people in Malaysia, believe that nutraceuticals are safe to use for general well being. (Khan, 2011). This is another evidence to believe that people will trust dietary supplements more than functional foods.

Thus the major outcomes from the literature review are as follows:

a)   Individuals will accept dietary supplements if it promises to solve a situation or make their health relatively better.
b)   Individuals look for opinion and acceptability by other individuals before they can accept D.S. themselves.
c)   When assured by a person who an individual trusts e.g. a doctor, the acceptability comes more readily.

NEED FOR STUDY

Every individual is unique and has different dietary requirements. Consumers want control of healthcare. As society moves toward more self-administered healthcare and alternative medicine, the door is open wide for health quackery and the sale of dietary supplements that may be useless, at best, and dangerous, at worst. Also with the proliferation of companies using multi-level marketing strategies, the risk of consumers falling prey to attractive incentive systems is high. This misdirects consumers from making a right choice. The current research will help consumers identify their own purchase behavior and motivate them to make an informed decision and not an emotional one.

As consumers are becoming increasingly aware of the benefits of nutraceuticals in preventative healthcare, the number of people doing active research to make an informed decision will increase. Multi-national companies that already have a strong base in the international market are slowly entering the Indian Market recognizing its high potential. Another factor boosting this phenomenon is the ease of reaching out geographically distant markets with the help of e-commerce and high technology, faster logistics. Therefore, companies will need to make offerings that are relevant and a timely solution for consumers. This research will help companies to understand at what stage the companies need to influence the consumers.

RESEARCH METHODOLOGY

The following research has been undertaken as a mini-study to understand the process through which an individual consumer passes before becoming a consumer of a dietary supplement.

RESEARCH PROBLEM

To identify the major stages through which an individual becomes a dietary supplement consumer.

Test time: August to October 2014.

Sample size : 20 respondents

Sample composition: consumers, non-consumers and Doctors

Sampling Technique: Convenience sampling

Place: Pune City

RESEARCH TOOL

In-depth interviews – this method was chosen as the thought process behind the respondents opinions were to be mapped. The respondents were met at a place convenient to them to stimulate unbiased and open discussions.

OBSERVATIONS

OBSERVATIONS FROM NON-CONSUMERS

i.   Most non-consumers are aware but misinformed about D.S.
ii.   Non-consumers who are weak in accepting D.S. have come across instances of wrong usage and problems arising thereof.
iii.   Most people have no opinion formed on the positive or negative effects of D.S. usage.
iv.   Most non consumers have other non consumers in their close circle and within the family.
v.   Non-consumers have low to no instances of lifestyle disease occurrence in the family.

OBSERVATIONS FROM CONSUMERS

i.   Almost all consumers have had instances of lifestyle disease occurrence in self or within the family.
ii.   Consumers proactively search for information related to health and diet.
iii.   Consumers are almost all recommended the use of D.S. by a trusted physician or have started using the same after encountering a certain health problem (like diabetes, skin or hair problem, etc.)
iv.   Consumers are relatively more rightly informed about D.S. than non-consumers.
v.   Most consumers remember or have a before and after story to tell regarding the effects of their D.S. usage.
vi.   Consumers do not necessarily see D.S. usage as a lifelong solution, rather as a temporary solution to be replaced later by healthy diet consumption.
vii.   Consumers are positively inclined to acceptance of dietary supplements.

OBSERVATIONS FROM DOCTORS

i.   Most patients are now-a-days aware of D.S. especially due to increased promotion of functional foods.
ii.   Patients proactively ask for D.S. for quick results in treatment as they believe D.S. to be more effective due to ingestion mode of consumption.

iii.   Some patients who are hesitant to use D.S. get definitely converted after counselling by doctor as they place high trust in doctor's opinion.

iv.   Very rarely do people ask for food options instead of dietary supplements.

v.   In case of D.S. with non-vegetarian extracts to be consumed by vegetarian patients almost 50% patients ask for replacement with vegetarian supplements.

ANALYSIS AND INTERPRETATION

From the observations a rough chart can be chalked out of the stages in acceptance and usage of D.S.

STAGE 1: IGNORANCE

In this stage the individual is unaware of D.S. and almost unaware of health and diet relations and the problems arising out of dietary deficiencies. All D.S. in this stage individuals are treated as medicines.

STAGE 2: CONSCIOUSNESS

In this stage the individual due to instances in environment becomes conscious of the existence of D.S. as separate entity from medicines. These environmental encounters include but are not exclusive to advertisements, interactions with users, discussions on social level, information on internet or magazines regarding health-diet relation and role of D.S. However, it needs to be noted that at this stage individual may also be misinformed of D.S. also the level of trust on the sources of information is low and hence individual's acceptance is also low to moderate.

STAGE 3: INFORMATION SEEKING

This is the stage where an individual (self or within family) encounters a health related problem and seeks for a solution. The health problem may be lifestyle diseases like diabetes, skin problems, hair problems, obesity, stress or cosmetic issues like weight gain/loss etc. He looks for information proactively and seeks the opinion of most trusted source of information. For some individuals this source is the elders in the family, for some a physician or specialist, for some a dietician and for others it is the internet.

STAGE 4: D.S. FOR PROBLEM-SOLVING

At this stage rather than looking at D.S. as a preventive healthcare it is considered as a curative. Through recommendation of most trusted source and willingness to overcome health issues, D.S. are consumed along with other treatment modes. Here although individuals may not be fully aware of D.S. they have good acceptance of the same. This is the most important stage in an individual's acceptance of D.S. as his experience with the effects of D.S. consumed will define his acceptance of the same in the future.

STAGE 5: D.S. FOR PREVENTIVE HEALTHCARE

A positive experience with D.S. consumption in previous stage brings individuals to this last and final stage where individual accepts D.S. as a preventive healthcare system and uses the same with vigilance and under rightful guidance. In case the experience was bad this individual moves back to stage 2 of the process where he tends to be misinformed.

The above stages can be explained with the following cases:

INDIVIDUAL A

STAGE 1: IGNORANCE

Upto the age of 12 this individual had not heard about D.S.

STAGE 2: CONSCIOUSNESS

This individual had started noticing her mother to be consuming certain syrups and capsules that were not medicines but available easily.

STAGE 3: INFORMATION SEEKING

Individual A started facing problems like lack of energy and dizziness and exertion in around the age of 15.

STAGE 4: D.S. FOR PROBLEM-SOLVING

Individual A was counselled and prescribed iron and vitamin supplements by her physician as she showed signs of anaemia

STAGE 5: D.S. FOR PREVENTIVE HEALTHCARE

Today, individual A is 22 years old and not suffering from anaemia. Her experience with D.S. has made her a proactive information seeker on the same. Even though she is not a permanent user of D.S. she is aware of the health-diet relationship and is high on acceptance and consumption of D.S. in future.

INDIVIDUAL B

STAGE 1: IGNORANCE

Upto the age of 16 this individual had not heard about D.S.

STAGE 2: CONSCIOUSNESS

At 16 years of age individual B joined a gym for maintaining health. Here, he became aware of others using protein supplements for muscle building.

STAGE 3: INFORMATION SEEKING

Although this individual did not face any health issues he started looking towards protein supplements as a way to enhance looks (i.e. cosmetic use). He searched for information on the same through internet. Here he researched and became aware of the good and bad effects of the use of the same.

STAGE 4: D.S. FOR PROBLEM-SOLVING

Individual B was counselled by his gym instructor to use supplements in moderate quantities for fitness and energy reasons.

STAGE 5: D.S. FOR PREVENTIVE HEALTHCARE

Today, individual B is 27 years old and is a moderate user of D.S. (protein supplements). He however uses the same under the guidance of his gym trainer and is high on acceptance of D.S.

INDIVIDUAL C

STAGE 1: IGNORANCE

Upto the age of 15 this individual had not heard about D.S.

STAGE 2: CONSCIOUSNESS

He slowly became aware of supplements in the form of protein supplements used by people for building muscles.

STAGE 3: INFORMATION SEEKING

Although this individual never proactively searched for information he has vaguely heard about his parents and grandparents using calcium supplements to keep bones supple.

Today, this individual is 28 years of has not encountered D.S. for problem solving. His acceptance of the same is very low. He believes that D.S. have no benefits in prevention as well as cure.

CONCLUSION

Every individual passes through the above stages in acceptance of D.S. There are exceptions to the above too. However, it must be noted that this is a general sketch of stages in D.S. acceptance. The important outcome of the above research is as follows:

i.   Experience plays a major role in acceptance of D.S.

ii.   The level of trust placed on the source of information is also a major factor bringing about positive acceptance of D.S.

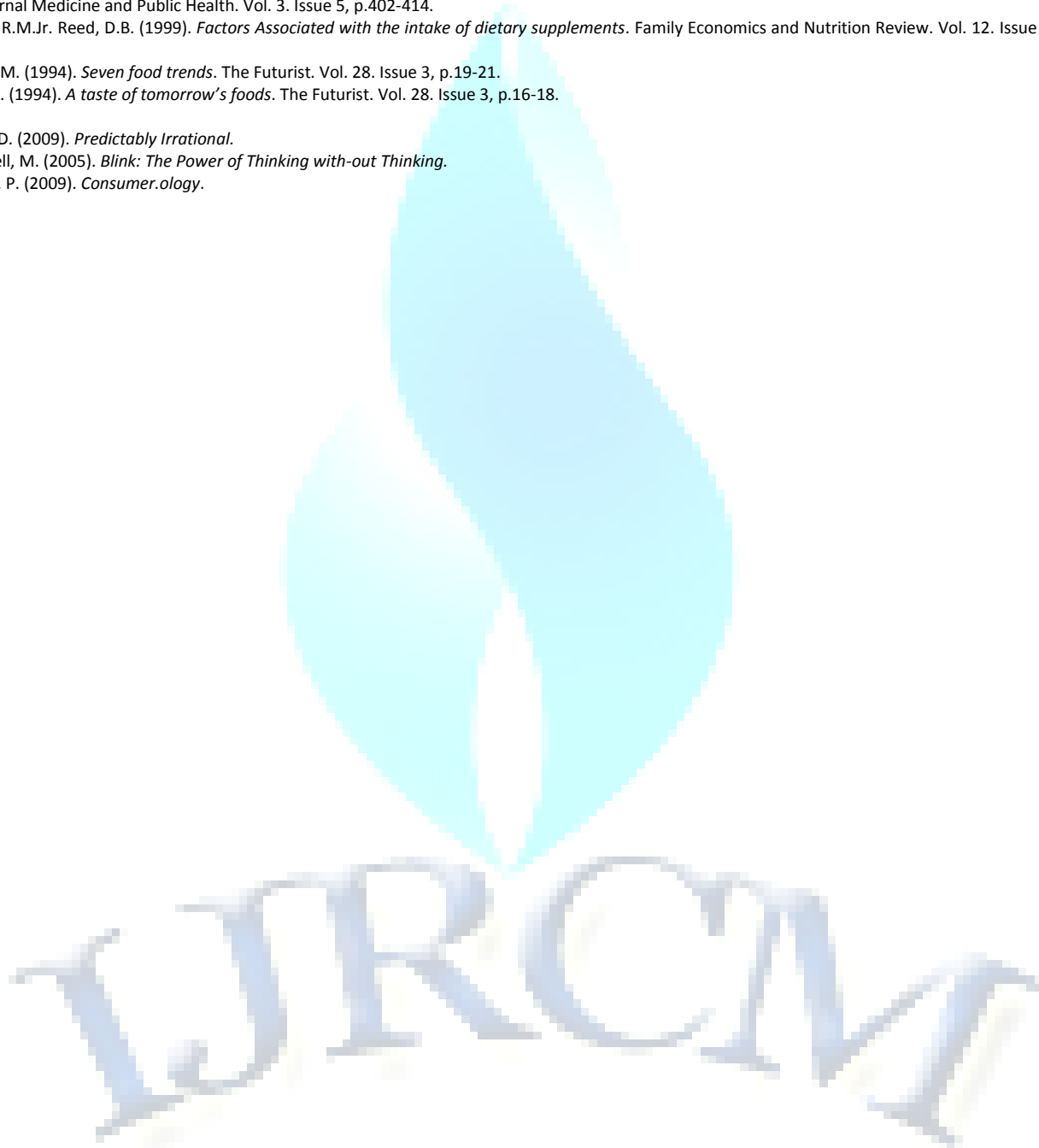iii.   Individuals who have not encountered diet related health problems are the least prone to accept D.S.

This research builds the basis and gives further scope for studying the factors that influence acceptance of dietary supplements.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

109

REFERENCES

JOURNAL ARTICLES

1. Ashman, H. Rabino, S. Minkus-McKenna, D. Moskowitz, H. (2007). *Consumer choice for over-the-counter drugs and supplements in the healthcare arena*. Journal of Medical Marketing. Vol. 8. Issue 1, p.49-67.
2. Bhaskaran, S. Hardley, F. (2002). *Buyer beliefs, attitudes and behaviors: foods with therapeutic claims*. The Journal of Consumer Marketing. Vol. 19. Issue 7, p.591-606.
3. Dixon, J. (2009). *From imperial to empty calorie: how nutrition relations underpin food regime transitions*. Agric Hum Values. Vol. 26. p.321-333
4. Fennis, B.M. (2003) *Advertising, consumer behavior and health: Exploring possibilities for health promotion*. International Journal of Medical Marketing. Vol. 3. Issue 4, p.316-326.
5. German BJ. (2008). *Looking into the future of Foods and Health*. Innovation Management Policy & Practise. Vol. 10. p.109-120
6. Girois, S. B. Kumanyika, S. K. Morabia, A. Mauger, E. (2001). *A comparison of knowledge and attitudes about diet and health among 35 to 75 year olds adults in US, Geneva and Switzerland.* American Journal of Public Health. Vol. 91. Issue 3, p.418-424.
7. Khan, TM. Hassali, MA. Al-Haddad, MSM. (2011). *Nutraceutical use among inhabitants of Penang: Malaysia*. International Journal on Collaborative research on Internal Medicine and Public Health. Vol. 3. Issue 5, p.402-414.
8. Nayga, R.M.Jr. Reed, D.B. (1999). *Factors Associated with the intake of dietary supplements*. Family Economics and Nutrition Review. Vol. 12. Issue 1, p.43-48.
9. Quinn, M. (1994). *Seven food trends*. The Futurist. Vol. 28. Issue 3, p.19-21.
10. Wolf, C. (1994). *A taste of tomorrow's foods*. The Futurist. Vol. 28. Issue 3, p.16-18.

BOOKS

11. Ariely, D. (2009). *Predictably Irrational.*
12. Gladwell, M. (2005). *Blink: The Power of Thinking with-out Thinking.*
13. Graves, P. (2009). *Consumer.ology*.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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

http://ijrcm.org.in/

110

REQUEST FOR FEEDBACK

Dear Readers

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

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

If youhave any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

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

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-
Co-ordinator

DISCLAIMER

ABOUT THE JOURNAL

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

Our Other Journals