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MACRO ECONOMIC ANALYSIS OF DEMONETIZATION AND ITS ECONOMIC IMPLICATION

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ABSTRACT

The Demonetization change the buying behavior of Indian society. It captured black money market. But people faces problems in their day to day transactions monetary rattle between consumption and affordability slammed the household severely for every now and then in all spheres of life from one pole to another. This research is an encomium on the charisma of macro-economic analysis of demonetization and its economic implication, its usability and affordability while they are affecting its preference to economic conditions of country. The way consumer perceive demonetization, it affects a lot in the society, of Indian culture.

KEYWORDS

demonetization, transaction, behavior, affordability, consumer.

INTRODUCTION

Demonetization is the move for changing a currency unit of its standing as a legal tender. It occurs on which occasion there may be a change of kingdom currency the current form or sorts of money are pulled from circulate and retired, frequently to get replaced with new notes or coins. Now and again, a rustic absolutely replaces the old currency with the new currency.

The Coinage Act of 1873 demonetized silver as the legal gentle of the United States, in choose of fully adopting the gold popular. several cash, inclusive of a two-cent piece, three-cent piece, and 1/2 dime were discontinued. The withdrawal of silver from the financial system led to a contraction of the cash deliver, which subsequently brought about a five-12 months' economic despair for the duration of us of a. In response to the dire state of affairs and strain from farmers and silver miners and refiners, the Bland-Allison Act demonetized silver as prison tender in 1878.

An example of demonetization for exchange functions occurred while the international locations of the European Union formally started out to use the euro as their normal currencies in 2002. when the bodily euro bills and coins have been introduced, the antique countrywide currencies, which include the German mark, the French franc, and the Italian lira had been demonetized. but, those various currencies remained convertible into Euros at fixed trade costs for some time to guarantee a smooth transition.

In 2015, the Zimbabwean authorities demonetized its dollar as a manner to combat the country's hyperinflation, which became recorded at 231,000,000%. The 3-month procedure worried expunging the Zimbabwean dollar from the country's monetary machine and solidifying the U.S. dollar, the Botswana pula, and the South African rand because the united states' legal soft in a bid to stabilize the financial system.

INDIA'S DEMONETIZATION

Government of India, on November 8, 2016 announced the demonetization of all Rs. 500 and Rs. 1,000 banknotes of with the intention to shadow financial system and crack down on the use of illicit and counterfeit cash to fund unlawful hobby and terrorism. Though the practices of demonetization have been done has been done in the past by Indian authorities, once in 1946 and however in 1978 and in both cases, the intention become to fight tax evasion by means of "black cash" held outdoor the formal monetary system. In 1946, the pre-independence government hoped demonetization might penalize Indian organizations that were concealing the fortunes accumulated imparting the Allies in world conflict II. In 1978, the Janata party coalition government demonetized banknotes of a thousand, 5000 and 10,000 rupees, once more within the hopes of curbing counterfeit cash and black money. As per the government sources, on 28 October 2016, the entire banknotes in the stream in India turned into Rs. 17 trillion. In phrases of price, the yearly file of Reserve financial institution of India (RBI) of 31 March 2016 said that total bank notes in stream valued to Rs. 16.42 trillion of which nearly 86% around Rs. 14.18 trillion were Rs. 500 and Rs. 1,000 banknotes. In phrases of volume, the record stated that 24% of the entire 90266 million banknotes were in flow.

HISTORICAL EVIDENCES OF DEMONETIZATION

The process of demonetization has been practiced many time in the past. Tughlaq Did It Way Back in the 14th Century During his reign, Tughlaq had demonetized gold and silver cash and changed them with copper and brass ones right here is the tale of Muhammad Bin Tughlaq notorious currency trade in 14th century India. One of the maximum thrilling personalities of medieval India, Muhammad Bin Tughlaq dominated over the northern components of the Indian subcontinent and the Deccan from 1324 to 1351 ad. A learned man with an open thoughts and a unique streak of intellectual creativity, Tughlaq became properly versed in poetry, astronomy, religion and philosophy. A ruler whose real knowledge shone within the times of battle, Tughlaq took some very bold and sturdy measures to reform the management for the duration of his chequered reign because the Sultan of Delhi. In 1329 ad, he shifted his capital from Delhi to the more centrally positioned Devagiri in Maharashtra, which became renamed Daulatabad. Tughlaq found out that whilst his new capital become remote enough to be safe from Mongol invasions, it was additionally too some distance away to protect northern India. So, the mercurial ruler re-ordered his human beings to go back to Delhi. Lots died inside the punishing 1500 km return March to Delhi. at the same time as Tughlaq did attempt to make amends through abolishing multiple taxes and setting up relief measures, the economic loss become mammoth and the outcomes for Delhi grave. not most effective had the imperial city misplaced a lot of its humans, it had additionally lost its former prosperity and grandeur. The full-size public resentment towards the Sultan also caused revolts and bitterness that rankled the Sultanate for future years. although Tughlaq invited many pupils and artistes to settle inside the city, the impact of this incident had far-accomplishing outcomes; Ibn Batuta, the well-known tourist who came to Delhi in 1334 (during Tughlaq reign), wrote in his memoirs that he observed positive parts of the city nevertheless abandoned. However, Tughlaq become a ruler who overjoyed in administrative experiments. Whilst famine-like situations and frequent revolts began straining his coffers, Tughlaq located it difficult to hold the delivery of gold (dinars) and silver (adlis) cash on a huge scale. So, he introduced a token foreign money system and minted extensive quantities of new copper and brass cash (tankas) that might be exchanged for constant quantities of gold and silver. Whilst this decision helped the Sultanate budget initially, it also proved to be lucrative to forgers who began issuing a huge number of fake cash. Loopholes like a simple layout (the coins just had a few inscriptions) and no royal seals made the mission simpler for forgers. Each residence became a mint for copper cash at the same time as gold and silver coins have been zealously hoarded. Soon, the marketplace changed into awash with faux coins. As good money became pushed out of circulate, the

token coins have become practically worthless, leading to hyperinflation. Overseas traders additionally refused to accept them, paralysing trade. Realising that his scheme had failed, Tughlaq withdrew the foreign money in an attempt to stem the financial chaos. However, the variety of fakes turned into so massive that for decades, mounds of nugatory copper and brass cash, rejected by means of the authorities, remained piled out of doors the royal citadel. This economic chaos and public resentment were also one of the principal motives why, by the time Tughlaq died, his state had faded to a small area around Delhi. Muhammad Bin Tughlaq had the fine of intentions and his actions had been bold for his time but were poorly implemented. Also, in his hurry to recognize his goals, he seriously punished absolutely everyone who hostile his hasty moves. This, blended along with his dependency of appearing without assessing risks and without presenting for unexpected difficulties, resulted in his administrative gambles ending in catastrophe. I small marvel that historians consult with Tughlaq as the smart fool however, it changed into no longer the only time in ancient records that demonetization took place. There are other examples that highlight the brilliant fragility of the financial device. In 1735 ad, Nadir Shah devalued his very own currency, making the double paisa coin right into an unmarried paisa coin, and ordered cash creditors to store no extra than 50 mahmoodis (silver cash) in their stores. Unhappy with the financial results of this move, he withdrew the order later or even issued new coins, however with the aid of then the devaluation had already made common commodities extra pricey. Curiously, there are other examples of demonetization, one in 7th century China (that allowed paper notes to be exchanged for gold, silver or silk) and one inside the thirteenth century via Persian king Gaykhatu (whose test induced so much chaos that he had to backpedal within 8 days).

Demonetization in 1946 and 1978: tales from the past prior to closing week announcement by using prime Minister Narendra Modi that high denomination notes would forestall being legal tender from ninth November, there have been comparable times in India. The primary instance was in 1946 and the second in 1978 while an ordinance was promulgated to segment out notes with denomination of Rs 1,000, Rs 5,000 and Rs 10,000. The media in phrases of numbers changed into restrained in 1946 and 1978 whilst in comparison to 2016. But given the significance of the selections, it did trigger insurance. Newspaper and mag information of the 1946 choice do now not appear to be to be had on-line. Therefore, I relied on Reserve bank of India commissioned history of India relevant bank to get an concept of ways a stakeholder perceived the decision. The following extract of RBI records volume is sourced from weblog on financial traits in India. Consistent with RBI applicable quantity:

Chintaman Deshmukh (governor) felt that we may not get while a whole lot as Rs. 10 crores as additional tax revenue from tax evasion and that the contemplated degree, if designed to achieve any such motive, has no precedent or parallel anywhere. If cost goes to be paid for price (regardless of whether such fee is in decrease denomination notes), it isn't going to obliterate black markets. His recommendation is that we have to assume very significantly if for the object in view (as he deduces from the declaration shape) whether or not this is an opportune time to proceed with the scheme. Supplied authorities are glad at the factors of (i) sparing harassment to the unoffending holders and (ii) a profitable minimal of effects inside the shape of greater tax revenue, he does no longer desire to object to the scheme as drafted, if authorities wish to continue with it notwithstanding the administrative problems involved. It turned into not the primary time an RBI governor become skeptical of government flow to strip forex of criminal tender function at quick notice. In 1978, when Janata party Government proclaimed an ordinance, some of the media insurance of the development became available online.

G Patel become governor of RBI whilst the ordinance turned into promulgated in 1978. He was no longer happy about the authorities move. General Economics prices the applicable component from Patel memoirs, which can be as follows. An exercising seldom produces hanging results. Maximum people who receive illegal gratification or are in any other case the recipients of black money do now not preserve their sick-gotten earnings inside the form of currency for lengthy.

SOVIET UNION

In the 12 months 1991, Mikhail Gorbachev authorities banned the currency word of Ruble 50 and a hundred in Soviet Union to give up black money inside the country. Authorities predicted that it will lower the market of black money and supply a proper lifestyle to not unusual human beings. However, this selection of Gorbachev took a completely wrong flip and those started out doubting on government and due to this he additionally faced the problem of alternate of government.

GHANA

In 1982, government of Ghana demonetized forex notes of Cedi 50 to manipulate black cash within the country. However, after this human lost their faith from the economy policies of the country, and after few days, when term of exchanging notes ended then crores of cash had been discovered on roads.

BRITAIN

Before 1971, pond and pens currency used to be circulate in Britain however to convey uniformity in forex authorities stopped movement of vintage forex in 1971, and purchased cash of five and 10. Though, government changed into constantly telling about this big change from remaining 2 years but this policy failed in other countries besides Britain.

CONGO

Dictator Mobutu Sese made some adjustments with foreign money of Congo for the easy going for walks of economic system at some point of 90s. But, these modifications didn't deliver any higher result of it in financial system. Resultant costs of necessity items improved and share marketplace noticed a heavy downfall.

MYANMAR

Military authorities discontinued foreign money notes in Myanmar in 1987 with the identical notion of give up of black money and corruption. However, this led political dispute among government and resultant lots of human beings died due to this. And so, demonetization came to an end.

NIGERIA

In 1984, Muhammadu Buhari become the President of Nigeria, that time he started new forex notes with design and coloration to convey economic system in strong position. But it didn't offered any changes inside the economic system and resultant Buhari resigned from his position. It took long 21 years for him to grow to be President once more.

NORTH KOREA

In 2010, dictator Kim Jong-2 modified made a few adjustments with currency to lower down the marketplace of black cash and to improve the economy of the country. However, this choice of Kim Jong saw opposite face of it in economic system. Charge of necessity goods expanded and this led humans to emerge as angry on this decision and resultant Kim Jong murdered finance minister and asked for apology.

ZIMBABWE

The Zimbabwean economic system went for a toss with 1st President Robert Mugabe issued edicts to prohibit inflation through laughable value notes. After demonetization, the cost of trillion bucks dropped to \$0.50 five dollar.

AUSTRALIA

Australia became the first U.S. to launch polymer (plastic) notes to forestall great counterfeiting. Because the purpose changed into to replace paper with plastic and handiest the cloth modified, it did no longer had any aspect-results on the economic system.

REVIEW OF LITERATURE

1. **Demonetization Essay in their essay** – "India is a cash based economy and demonetization will temporarily decrease liquidity in this economy. Decreased liquidity will lead to decreased demand which will result in decreased productivity causing a slowdown in consumer market. People have panicked due to sudden demonetization. This will force them to save and store more money. Thus, a decrease in demand leading to slowdown in consumer market."
2. **Dipankar Dasgupta** in their article Theoretical Analysis of 'Demonetisation', "With the aid of simple theoretical tools used in classroom lectures, the implications of the recent "demonetisation" exercise in India are analysed. It lends support to conclusions reached by other authors on the impact of demonetisation with the aid of available data. Following Robert Lucas's Nobel lecture, the merits of economic policies that assume the form of random shocks to an economic system are questioned."
3. **GITA GOPINATH** in their article, "Demonetization Dos and Don'ts" "Demonetization is a generations' memorable experience and is going to be one of the economic events of our time. Every Indian citizen feels its impact. Demonetization affects the economy through the liquidity side. Demonetizing is Progressive

shift to a cashless economy with a greater focus on electronic transactions is being envisaged. Rising use of credit/debit cards, net banking and other online payment mechanisms will be another positive effect of demonetization, as these would not only lower transaction costs but some of these could help earn some fee income as well."

4. **Insights NOVEMBER 16, 2016** "The Big Picture- Impact of Demonetization" in their program, "It can be said that this is a historical step and should be supported by all. One should look at the bigger picture which will definitely fetch results in the long term. This is what the people have been asking for a long time which has finally happened."
5. **Manpreet Kaur** in their article, Demonetization: Impact On Cashless Payemnt System, Modi's policy intervention is bold, and the economic principles motivating it are beyond reproach. But a gradualist approach that includes the permanent withdrawal of large notes would have served the cause better, even if it did not generate the same "shock and awe" as the current policy. This will become more apparent as the large costs to the economy emerge over the next several months.
6. **Tax Research Team** (14-Nov-2016 NIPFP Working paper series) in their article, "The demonetisation undertaken by the government is a large shock to the economy. The impact of the shock in the medium term is a function of how much of the currency will be replaced at the end of the replacement process and the extent to which currency in circulation is extinguished. While it has been argued that the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy, this argument is based on impressions rather than on facts. While the facts are not available to anybody, it would be foolhardy to argue that this is the only possibility. As argued above, it is possible that these cash balances were used as a medium of exchange. In other words, while the cash was mediating in legitimate economic activity, if this currency is extinguished there would be a contraction of economic activity in the economy and that is a cost that needs to be factored in while assessing the impact of the demonetisation on the economy and its agents. It is likely that there would be a spurt in the banking deposits. While interpreting the phenomenon, however, one has to keep in mind that a large part of their deposits were earlier used for transactional purposes. For example, if a small trader deposits 2 lakh Rupees in the Jan Dhan account since the currency in which he held these balances in for transactional purposes has been scrapped, it would be incorrect to interpret this as success of the programme in bringing in people who were hiding black money. Nor can they be interpreted as additional balances that the banking sector can lend out on the same basis as earlier deposits, since the deposits now would remain in accounts for much shorter periods that deposits based on savings would be."

OBJECTIVES OF THE STUDY

The main aim of this study is to assess the behavior of consumer towards demonetization and how far they are adapted to this new world of cashless society and the specific objectives are as per following:

1. To know the importance of Demonetization as perceived by the people of India.
2. To assess the people, trust and confidence in Demonetization.
3. To assess the uses pattern and nature of transaction done by the people after Demonetization.
4. To identify the factors of Demonetization

ANALYSIS AND DISCUSSION

The day, November 8 2016, can be marked as a vital day inside the records of Indian politics and financial system due to the unanticipated decision of demonetization. The approach of banning Rs 500 and Rs 1000 paper notes, with none earlier word, has already obtained critical interest inside the instructional community. Such evaluation will maintain for some time and a big effort will be made closer to quantitative measures in this direction. However, the printing of 2000 rupee notes did not entice a great deal interest as it'd have been thought that authorities will release currency of higher denomination inside the days of inflation. This is the reason that we have become the notes of denomination 2000 to begin with in a bigger percentage. The brand new 500 rupee notes are slowly arriving after which the one thousand rupee notes will also come. We cannot deny that Narendra Modi-led BJP government have taken a bold decision. Ambitious may not be beautiful. The United States of America has to go through for this move. This is nothing however an economic emergency in practice, even though that will not be written explicitly in our charter.

GOVERNMENT OBJECTIVES OF DEMONETIZATION

• REMOVE OFF BLACK MONEY FROM COUNTRY

Modi Government accomplished a good work, as those who are having black money will now be left with nothing specially. All of the coins which is living underneath the pillow will now be vain although small amount of black money may be transformed into white, however quantity in hundreds of Crore of rupees is sort of next to impossible to make it white

• STOPPING OF CORRUPTION

By means of eliminating the foreign money notes from movement, it will have a right away impact on corruption. Human beings who have these notes will now be left with nothing.

• STOPPING TERROR PRICE RANGE

Due to Demonetization, the people or organizations who used to fund terror corporations can be now sitting with none works, they will obviously die and that too with hunger.

GOVERNMENT MOTIVE OF DEMONETARIZATION

• TO ENCOURAGE DIGITAL CASHLESS TRANSACTION

In India only as per the RBI data only 22% using cashless transaction so there is no record for that type of transaction. So to encourage the cashless transaction government move to demonetization. As we see these now peoples using the cashless system the business of paytm and other have magnificent increase an after demonetization.

• STOP THE OPERATION OF INVISIBLE PARALLEL ECONOMIES

Being conducted by fake currency and identical notes printed illegally from the government currency presses.

• TO HIT THE FAKE CURRENCY RACKETS

The fake currency racketeers have been left with trash, and with high security features in the new Indian currency notes; making a counterfeit is impossible.

ISSUES AND CHALLENGES

• EXCHANGE OF OLD NOTES

The Reserve financial institution of India stipulated a window of 50 days until 30 December 2016 to deposit the demonetized banknotes as the credit score in financial institution bills. The banknotes can also be exchanged over-the-counter of bank branches up to a restriction that numerous over the times: first of all, the limit was constant at Rs. 4000 in step with man or woman from 8 to 13 November. This limit changed into multiplied to Rs. 4,500 in step with man or woman from 14 to Revolutionary Organization 17 November. The restriction becomes reduced to Rs. 2,000 in keeping with the person from 18 November. All change of banknotes turned into unexpectedly stopped from 25 November 2016. Global airports have been additionally instructed to facilitate a change of notes amounting to a complete fee of Rs. 5,000 for foreign tourists and out certain passengers. Data up to 97% of the demonetized financial institution notes were deposited into banks that have acquired a complete of Rs.14.97 trillion as of December 30 out of the Rs.15.4 trillion that becomes demonetized. this is in opposition to the government's initial estimate that Rs.3 trillion could no longer go back to the banking device. The Rs.15.4 trillion demonetized within the form of Rs.500 and Rs. thousand bank notes of the Mahatma Gandhi series, Rs.9.2 trillion inside the form of Rs.500 and Rs.2000 financial institution notes of the Mahatma Gandhi New series has been recirculated as of 10 January 2017, two months after the demonetization.

• CASH SHORTAGE

The shortage of coins due to demonetization caused chaos, and the general public retaining vintage banknotes confronted difficulties exchanging them because of countless traces out of doors banks and ATMs across India, which became a daily habitual for hundreds of thousands of human beings ready to deposit or exchange the Rs.500 and Rs.1000 banknotes considering 9 November. ATMs had been strolling out of cash after a few hours of being functional, and around 1/2 the ATMs within us of a have been non-functional.

• JOB LOSSES

There was a loss of jobs because of demonetization, particularly within the unorganized and informal zone and in small establishments.

PROBABLE OUT COME

- All Transaction are recorded
- People Use cashless transaction
- No black money in the market
- No holding of money
- Increase digital payment
- Stop money inflation
- Bank involvement increases

CONCLUSION

The demonization stops the black money circulated in the Market, it's also stops the Anti-National activities society. However, people of India faces money problems during demonetization they suffer with no cash. The Indian market have cash based market so it was also not surviving these days. Somewhere the government policy also fails to determine the situation.

However, in the last we can say that the demonetization helps to re generate the economy. In addition, transferred people to cashless system.

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WOMEN ENTREPRENEURSHIP: PROBLEM AND PROSPECTS: A STUDY OF CHITTOOR DISTRICT**DR. A. B. SANTHI****HEAD****DEPARTMENT OF COMMERCE****SPW UG & PG COLLEGE****TIRUPATI****ABSTRACT**

The emergence of woman entrepreneurs and their contribution to the national economy is quite visible in India. The number of women entrepreneurs has grown over a period of time, especially in the 2000s. Women entrepreneurs need to be lauded for their increased utilization of modern technology, increased investment, finding a niche in the export market, creating a sizable employment for others and setting the trend for other women entrepreneurs in the organized sector. Women's entrepreneurship needs to be studied separately for three main reasons. The first reason is that the topic of women in entrepreneurship has been largely neglected both in society in general and in the social sciences. A second reason concerns the sectoral issue: not only have women lower participation rates in entrepreneurship than men, but they also generally choose to start and manage firms in different industries than men tend to do. The third reason is that women's entrepreneurship has been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organization and business problems as well as to the exploitation of entrepreneurial opportunities. However, they still represent a minority of all entrepreneurs. Thus there exists a market failure discriminating against women's possibility to become entrepreneurs and their possibility to become successful entrepreneurs. This paper aims to explore the Problems & Prospects of women entrepreneurship. The study is conducted in Tirupati city in Chittoor district by taking a sample of 100 women entrepreneurs who are independently running their enterprise.

KEYWORDS

entrepreneurship, problems and prospects, woman business.

INTRODUCTION

In this dynamic world, women entrepreneurs are an important part of the global quest for sustained economic development and social progress. In India, though women have played a key role in the society, their entrepreneurial ability has not been properly tapped due to the lower status of women in the society. Entrepreneurship can help women's economic independence and improve their social status. Automatically the women get empowered once they attain economic independence. The development of women entrepreneurship enables society to understand and appreciate their abilities. It enhances their status and leads to integration of women in nation –building and economic development. It provides them psychological satisfaction and imbues a deep sense of achievement to create their enhanced identity in society.

QUALITIES OF ENTREPRENEURS

To be successful entrepreneurs one has to acquire and develop certain qualities, namely:

- High motivation for achievement of goal,
- Insatiable drive and persistent enthusiasm,
- Ready to take risk and face challenge,
- Technical expertise
- Spirit of innovation
- Hardworking, dedication, commitment and self-confidence,
- Willingness to take advice / learn from the failure and use of feedback
- Effective management of time.

TO WOMEN ENTREPRENEURS IN CHITTOOR DISTRICT

In Chittoor district, comprise 60% of the population. Yet they have secondary position in the society. Their role is confined within the four walls of the household activities. In the male dominated society discrimination against the fair sex is still being practiced in different forms. At this juncture can we expect that a woman can act as entrepreneurs. Last decade, the life of women was like a well-defined predictable master plan. It began with a girl playing with dolls and built to the crescendo of marriage.

However, in this modern age things have been changed a lot. Spread of education coupled with a revolutionary change in the field of information and technology brings a significant change of the status of women in the society. "Women entrepreneur refers equally to someone who has started a one women business to someone who is a principal in family business or partnership or to someone who is shareholder in a public company which she runs".

The Government of India has defined a women entrepreneur is "an enterprise owned and controlled by a women having a minimum financial interest of 51% of the capital and giving at least 51% of the employment generated in the enterprise to women." the role of women in the economic activity of the nation was practically ignored. The increasing participation of women in the work-force, the multiple role of women as mothers, homemakers and paid workers and misunderstandings of the nature of unemployment among women, therefore, suggest the usefulness of redefining trends and relationships, in participation of women in corporate. The aim of the study is to attempt to identify the qualities and analyze the major challenges of women entrepreneur in Chittoor district.

Problems faced by women entrepreneurs in rural are mainly low access to credit and marketing networks, lack of access to credit and marketing networks, lack of access to land and property and reduced risk-taking capacity, lack of access to modern technology, lack of personal security and risk of sexual harassment, severe competition from organized units both in the domestic as well as the international markets, low level of self confidence, and social and cultural barriers such as exclusive responsibility for household work, restrictions on mobility. In some regions in India women entrepreneurs do not enjoy the same opportunities as men due to a number of deep-rooted discriminatory socio-cultural values and traditions

REVIEW OF LITERATURE

A comprehensive survey of the literature shows that specific studies pertaining to the problem and issues of women entrepreneurs are very few. The only available reports on the issue, which are mainly from developed nations, indicate that women entrepreneurs of these nations enjoy a comparatively good work life balance (Key R, 2013; CIBC, 2014; Carter & Eleanor, 2006; Godwyn, 2009). On the other hand, no serious efforts have been made to analyse the problems faced by women entrepreneurs of developing and underdeveloped countries where societal etiquette, male dominance and deep-rooted discriminatory socio-cultural values and traditions (UNIDO, 2001) persist. The limited studies available from India on women entrepreneurship (Khanka, 2010; Mann & Phukan, 2010; Anitha & Lakshmi, 1999) either concentrate on the reasons for female emancipation or highlight the contributions of the few successful women entrepreneurs.

Previously, the female workforce in India was mainly employed in non-managerial, subordinate or low-profile positions. Now, they occupy almost all categories of positions in the workplace. These changes in work culture have added to women's duties and responsibilities to their family as well as to society (Mathew & Panchanatham 2009a; 2009b). Despite this newfound work culture, and even though more and more women are joining the workforce, women in entrepreneurial roles are limited. The probable reason for this phenomenon are the conflicts between competing work demands and personal and family needs. According to Peeters, Montgomery, Bakker and Schaufeli (2005), pressures from the job and family domains are often incompatible, giving rise to imbalance. Therefore, the concept of problems of women, along with its implications, is a core issue that must be investigated as more women become entrepreneurs in Indian society.

RESEARCH METHODOLOGY

Inferential and descriptive research has been adopted to conduct the present research. The research was conducted on 100 women entrepreneurs in the district who are working independently. Primary data was collected with the help of structured questionnaire which had the following dimensions: Personal profile, details of enterprise and finally problems faced by women entrepreneurs.

OBJECTIVES OF THE STUDY

1. To study the position and role of Women Entrepreneurs
2. To find out the extent of support to Women Entrepreneurs.
3. To find out the problems and prospects of Women Entrepreneurs.

HYPOTHESIS

H₁: Investigating the Problems of women entrepreneurs on basis of overall women entrepreneur's problems.

DATA ANALYSIS AND INTERPRETATION

Data were subject to statistical analysis such as descriptive statistics and frequency distribution. This part presents the collected data in the form of tables to reveal the various aspects of the respondents.

Table 1 shows that 26% respondents are of the age between below 35, 55% respondents are of the age group of 36-45 and 19% respondents are of the age group of 46-55. Many women come into business after marriage and some of them often do jobs for some years and then start their venture. So, the maximum number was in the age group of 36-45.

EDUCATION OF RESPONDENTS

The respondents were categorized in three categories according to their qualification. Table 1 shows that 26% respondents are below graduate, 31% respondents are graduate and 43% respondents are post graduate. Literacy is one of the biggest obstacle in the path of women and so female education must be emphasized.

PROFESSION WISE RESPONDENTS

The women entrepreneurs were divided into four categories of professions-professional services, apparels, food & beverages and manufacturing industries. The above table shows that 18% of respondents are from professional services, 27% of respondents are apparels and accessories, 44% of respondents are from food & beverage sector and 11% of respondents are from manufacturing industry. Nearly 18 out of 100 respondents said that their businesses were in the areas of Professional Services like academics, IT, etc. 27 women were having business in Apparels, maximum 44 were engaged in food & beverages industry and only 11 are in manufacturing industry. Statistics also showed that most women entrepreneurs from this survey had small to medium sized businesses and more than 70% had less than 5 employees working for them.

TABLE 1: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS (N= 100)

S.No	Variable	Per cent	S.No	Variable	Per cent
1	Age		5.	Enterprises by size	
A	Below 35 years	26		Large	2
B	36 -45 years	55		Medium	11
C	46 -55 years	19		Small	87
2.	Qualification		6.	Type of family	
	Below Graduate	26		Nuclear	75
	Graduate	31		Joint	25
	Post Graduate	43	7.	Family support	
3.	Profession			Locating business	5
	Professional service	18		Idea of enterprise	4
	Apparels & accessories	27		Planning choice	2
	Food & beverages	44		Establishing business	16
	Manufacturing industry	11		Financial support	48
4.	Source of finance			Govt. Formalities	12
	Personal savings	53		Banking	10
	Loans from non-bankers	23		General management	3
	Loans from banks	19			
	Other sources	5			

Source: Primary data.

SOURCE OF FINANCE

The survey revealed source of finance was a big problem and it was generally overcome through loans from non-bankers i.e. friends, relatives, money-lenders etc. More than half of the respondents (53%) accessed funds from traditional sources, 23% started their business with personal savings, 19% approached financial institutions for loans and 5% raised finance from other indigenous sources. One of the most inspirational finding for budding young to-be entrepreneurs is the fact that 60% of these respondents started with a capital of less than 1 lac loans from friends and family, personal savings and loans from external parties emerged as the top 3 sources of funding. Not surprisingly, finance was the most important challenge and roadblock these women entrepreneurs faced.

ENTERPRISE BY SIZE

The enterprises in the sample were divided into large, medium, and small depending upon the amount of investment and number of labourers. The bulk of women enterprises were small (87 percent) while 11 percent were of medium size. The reason for this variation is the difference in risk-taking. It is quite clear that women entrepreneurs in general do not take more risks. If they had the strength to take calculated risks in business they could have graduated into at least the medium scale, which itself is quite below the family limits.

FAMILY TYPE

The respondents were identified on the basis of family i.e. nuclear or joint. The above table shows that 75% of the sampled women entrepreneurs live in nuclear families which proves that today also traditional joint families restrict women entry in the area of business.

WOMEN ENTREPRENEURS ON THEIR FAMILIES FOR SUPPORT

The type of support received by women entrepreneurs from their family in initial stage the main areas identified are financial management and adherence to government formalities. In fact, family support was resorted to by more than 75 percent of the cases in respect of all the areas of support. However, in the cases of support excessive dependence was found only in the case of financial matters i.e. 48 %. In all other matters, dependence was far less. We can see from the table that only 2% support in the form of planning choice & setup was received that clarify that the concept was their own and no support was offered in the general management of the business which proves that they are capable enough to manage the ins and outs of business enterprise.

PROBLEMS OF WOMEN ENTREPRENEURS

The problems of women entrepreneurs were examined using factor analysis based on 22 individual variables and the reliability of the subsequent factor structures was then tested for internal consistency of the grouping of the items.

The 22 statements regarding problems of women entrepreneur attributes in Table 2 were factor-analysed using principal components analysis and the varimax rotation method to determine the underlying dimensions. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity were also implemented to test the fitness of the data. Regression analysis was carried out to determine the strength of association between the respondents' overall problems of Women entrepreneur and the predictor variables.

H1: Investigating the Problems of women entrepreneurs on basis of overall women entrepreneur's problems.

In order to access the women problems of independent variables on overall women entrepreneur's problems as dependent variable, enter method of multiple regressions was applied.

The principal components factor method was used to generate the initial solution. The eigenvalues suggested that a seven- factor solution explained 93.41% of the overall variance after the rotation. The factors with eigenvalues greater than or equal to 1.0 and attributes with factor loadings greater than 0.4 were reported. Table 1 illustrates the results of the factor analysis. The seven factors were: Financial problems, marketing problems, personnel problems, social problems, facilities factor and family problems.

The overall significance of the correlation matrix was 0.000, with a Bartlett test of sphericity value of 19481.482. The statistical probability and the test indicated that there was a significant correlation between the variables, and the use of factor analysis was appropriate. The Kaiser-Meyer-Olkin overall measure of sampling adequacy was 0.782, which was meritorious (Hair, Anderson, and Black 1999).

From the varimax-rotated factor matrix, six factors with 22 variables were defined by the original 22 variables that loaded most heavily on them (loading ≥ 0.4) (see Table 4-5). No attribute was dropped due to the failure of loading on any factor at the level of 0.40 (or higher).

To test the reliability and internal consistency of each factor, the Cronbach's alpha of each was determined. The results showed that the alpha coefficients ranged from 0.758 to 0.980 for the six factors. The results were considered more than reliable, since 0.50 is the minimum value for accepting the reliability test (Nunnally, 1967).

The six factors underlying women entrepreneurs' perceptions of motivational factors attributes in the Chittoor district were as follows:

(Factor 1) contained five attributes and explained 33.219% of the variance in the data, with an eigenvalue of 7.308 and a reliability of 76 %. The attributes associated with this factor dealt with the financial problems of women items, including unawareness of borrowing money, Bad recovery of dues from buyers etc.

TABLE 2: FACTOR ANALYSIS WITH VARIMAX ROTATION AND RELIABILITY TEST FOR PROBLEMS OF WOMEN ENTREPRENEURS (N = 100)

Variables	Component						Communities
	Financial problems Factor 1	Marketing Problems Factor 2	Personal Problems Factor	Social Problems Factor	Facilities Problems Factor	Family problems Factor	
Unawareness about the sources of borrowing	.921	.104	.071	.017	.230	.177	.949
Limited working capital	.912	.092	.068	.040	.258	.225	.895
Amount is Inadequate	.911	.097	.049	.022	.263	.199	.980
Penal interest is levied for late repayment of loan	.861	.094	.030	.025	.223	.343	.951
Bad recovery of dues from buyers	.677	.486	.064	.096	.175	-.141	.967
High cost of advertising/sales promotion	.104	.981	-.011	.021	.014	.024	.975
Rivalry from competitors	.110	.974	-.019	.016	.013	.015	.934
Poor ability to fix the price	.095	.968	-.044	.013	.016	-.001	.916
Lack of information on changing market trends	.117	.941	.028	.023	.042	.042	.948
High labour absenteeism	.056	-.007	.985	-.016	.065	.043	.966
High salary/wages/bonus demands	.051	-.001	.980	-.007	.072	.052	.961
Inefficiency of workers	.061	-.011	.961	-.043	.068	.023	.863
Attitude of employees and workers are good	.041	-.014	.956	.002	.028	.020	.935
Family life adversely affected by the business	.056	.005	.002	.962	.070	.031	.963
Sexual harassment	.027	.023	-.014	.958	.081	.014	.922
Complicated legal formalities	.028	.015	-.017	.944	.044	-.031	.904
Bribe to get licenses/Approvals	.017	.042	-.033	.925	.063	-.013	.926
Costly legal assistance	.334	.030	.073	.078	.903	.165	.971
Lack of awareness regarding legal issues and formalities	.329	.035	.109	.083	.897	.180	.758
Health Problems	.312	.043	.075	.143	.880	.152	.969
The right place for women is home	.362	.029	.077	-.003	.247	.878	.919
Opposition from family	.383	.016	.067	-.008	.246	.875	.978
Eigen Values	7.308	4.030	3.616	3.245	1.293	1.058	
Variance (%)	33.219	18.318	16.437	14.75	5.877	4.811	
Cumulative Variance (%)	33.219	51.537	67.975	82.73	88.60	93.41	
Reliability of Alpha	0.761	0.720	0.817	0.796	0.714	0.710	
Number of Items	5	4	4	4	3	2	

Note: Extraction Method – Principal Component Analysis
Rotation Method – Varimax with Kaiser Normalization

KMO (Kaiser-Meyer-Olkin Measure of Sampling Adequacy) = 0.782

Bartlett's Test of Sphericity: $p = 0.000$ ($\chi^2 = 19481.482$, $df = 231$)

(Factor 2) contained four attributes and explained 18.318% of the variance in the data, with an eigenvalue of 4.030 and a reliability of 72 %. The attributes associated with this factor dealt with the marketing problems of women items including Rivalry from competitors, Lack of information on changing market trends.

(Factor 3) contained four attributes and explained 16.437% of the variance in the data, with an eigenvalue of 3.616 and a reliability of 82 %. The main attributes associated with this factor dealt with the human resource problems of women items including inefficiency of workers, Attitude of employees and workers are good.

(Factor 4) contained four attributes and explained 14.750% of the variance in the data, with an eigenvalue of 3.245 and a reliability of 79.6 %. The main attributes associated with this factor dealt with the legal problems of women items including Family life adversely affected by the business, Complicated legal formalities. (Factor 5) contained three attributes and explained 5.877% of the variance in the data, with an eigenvalue of 1.293 and a reliability of 71.4 %. The main attributes associated with this factor dealt with the facilities problems of women items including Lack of awareness regarding legal issues and formalities, Health Problems (Factor 6) contained two attributes and explained 3.815% of the variance in the data, with an eigenvalue of 1.717 and a reliability of 71. %. The main attributes associated with this factor dealt with the tuff task problems of women items including The right place for women is home, Opposition from family.

REGRESSION ANALYSIS

In table-3 the first table is summary of the model. This summary table provides the value of r, r2 and adjusted r2 for the model that has been derived. 'r' represents the value of the multiple correlation coefficients between the predictors and the outcome (Field, 2005). Here, r has a value 0.997, this value represents the simple correlation between financial problem marketing problems, personal problems, social problems facilities problems and family problems and overall women entrepreneurial problem.

'r²' is a measure of how much of the variability in the outcome is accounted for by the predictors (Field, 2005). The value of r² is 0.992 which tells us that these major seven problem variables can account for 99.2% of the variation in the overall women entrepreneurial problems. This means that 0.8% of the variation in overall women entrepreneurial problems cannot be explained by these financial problem marketing problems, personal problems, social problems facilities problems and family problems variables. So, there must be other variables too that have an influence.

TABLE 3: REGRESSION ANALYSIS

Model Summary ^b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.902 ^a	.902	.889	.02838	.904	485.822	7	1808	.000

a. Predictors: (Constant), REGR factor score 7 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 6 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 1 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 2 for analysis 1

b. Dependent Variable: Overall women entrepreneurial Problems

The adjusted 'r²' gives an idea of how well the model generalizes and ideally its value is likely to be the same or very close to, the value of r² (Field, 2005). Here, the difference between r² and adjusted r² is 0.2% (0.997 – 0.992= 0.5). This means that if the model were derived from the population rather than a sample it would account for approximately 0.5% less variance in outcome.

ANOVA TABLE ANALYSIS BETWEEN INDEPENDENT AND DEPENDENT VARIABLES

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	273.778	7	39.111	485.82**	.000 ^b
	Residual	1.457	1808	.001		
	Total	275.235	1815			

a. Dependent Variable: Overall women entrepreneurial Problem

b. Predictors: (Constant), REGR factor score 7 for analysis 1, REGR factor score 4 for analysis 1, REGR factor score 6 for analysis 1, REGR factor score 3 for analysis 1, REGR factor score 1 for analysis 1, REGR factor score 5 for analysis 1, REGR factor score 2 for analysis 1

Table 3 is the output reports of an analysis of variance (ANOVA). „F-ratio" represents the ratio of the improvement in prediction that results from fitting the model, relative to the inaccuracy still exists in the model (Field, 2005). "A large value of 'F' indicates that most of the variation in 'Y' is explained by the regression equation and that the model is valid. A small value of 'F' indicates that most of the variation in 'Y' is unexplained" (Keller, 2009, p.679). From the table we can see, F is 485.321, which is significant at p (sig.) value <.001, i.e. 0.000< 0.001. This result tells us that there is less than a 0.1% chance of F-ratio being this large. Therefore, the regression model significantly improved our ability to predict overall women entrepreneurial problem (outcome, or dependent variable).

COEFFICIENT OF THE REGRESSION MODEL

COEFFICIENTS ^a											
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	3.247	.001		4824.795	.000					
	Factor 1	.229	.001	.592	345.992	.000	.613	.993	.592	.998	1.002
	Factor 2	.161	.001	.407	237.343	.000	.420	.984	.406	.995	1.005
	Factor 3	.149	.001	.387	226.049	.000	.414	.983	.387	.999	1.001
	Factor 4	.135	.001	.354	206.669	.000	.355	.979	.354	1.000	1.000
	Factor 5	.112	.001	.279	162.650	.000	.289	.967	.278	.997	1.003
	Factor 6	.090	.001	.223	130.103	.000	.237	.951	.223	.999	1.001

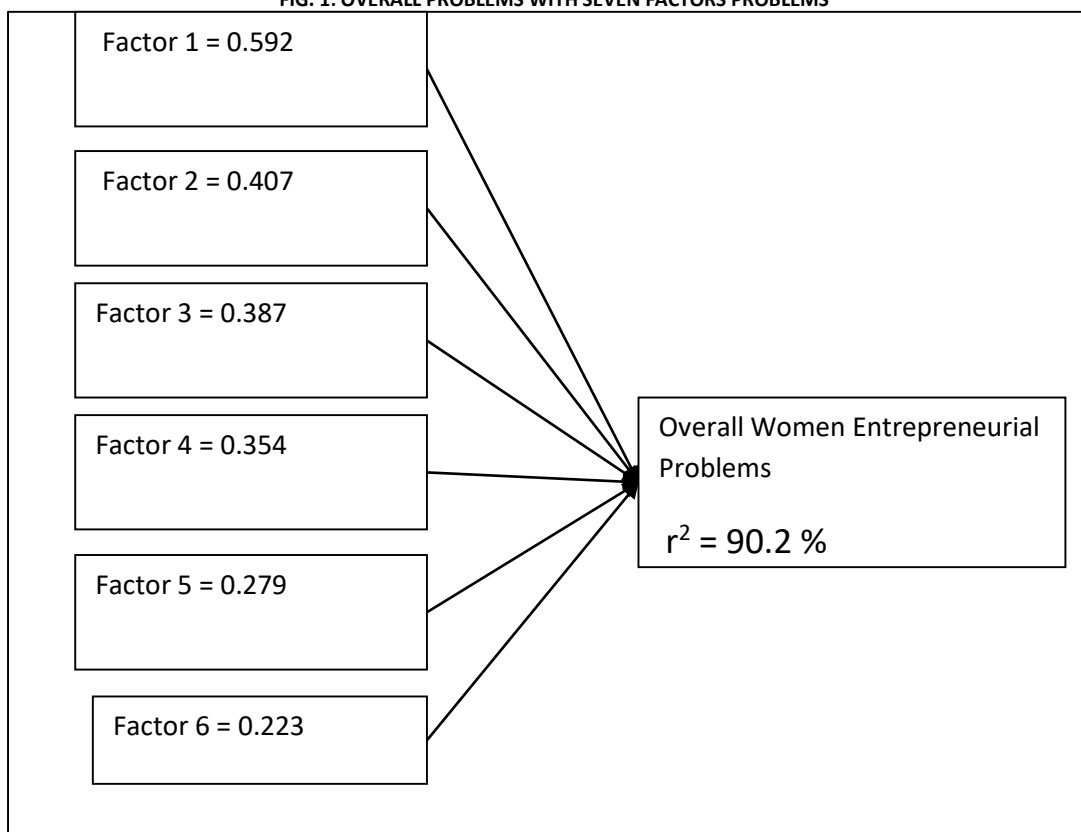
a. Dependent Variable: Overall Problems

The b-values in the table 3 represent the relationship between overall women entrepreneurial problem and each predictor (i.e. service quality variables). If the value is positive, we can tell that there is a positive relationship between the predictor and the outcome whereas negative coefficient represents a negative relationship. The b-value also tells us to what degree each independent variable affects the dependent variables if the effects of all other independent variables are held constant (Field, 2005).

In the table 3 all seven women entrepreneurial problem variables have positive b-values; which indicates the moderate relationships between the women entrepreneurial problem variables and overall problems. As Financial problems of women (factor 1) decreases, women problems decrease; as Marketing problems decreases, women problems decrease; likewise, as legal problems, personnel problems, etc. increases, so do the women entrepreneurial increase. Here, for e.g., if financial problems (factor 1) decreases by one unit, women problems will decrease by 0.229, other variables held constant.

The beta value tells us the number of standard deviations that the outcome will change as a result of one standard deviation change in the predictor (Field, 2005). Higher beta value signifies stronger correlation with the dependent variable. In table 3 financial problems have the highest beta (0.592), followed by factor 2 (0.407), factor 3 (0.387), factor 4 (0.354), factor 5 (0.279), and factor 6 (0.223). This represents as if the major problems are financial problems decreases by one standard deviation, overall women entrepreneurial problem standard deviation decreases by 0.592, if the factor 2 decreases by one standard deviation, overall women entrepreneurial problem standard deviation decreases by 0.407, if the factor 3 decreases by one standard deviation, overall women entrepreneurial problem standard deviation decreases by 0.387 and so on. But the interpretation is true only if the other variables are held constant while measuring the relationship between dependent variables and one of the independent variables. So, from the results of multiple regression we can infer that financial problems influences the overall women entrepreneurial problems the most followed by factor 2 factor 3 factor 4 factor 5 and factor 6.

FIG. 1: OVERALL PROBLEMS WITH SEVEN FACTORS PROBLEMS



PROBLEMS FACED BY WOMEN ENTREPRENEURS

Women entrepreneurs face a series of problems right from the foundation till the enterprise functions.

Patriarchal Society: Entrepreneurship has been traditionally seen as a male preserve field and idea of women taking up entrepreneurial activities considered as a distant dream. Women also have to face role conflict as soon as they initiate any entrepreneurial activity. The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal - male dominant social order is the building block to them in their way towards business success.

Absence of Entrepreneurial Aptitude: The male - female competition is another factor, which develop hurdles to women entrepreneurs in the business management process. They have lack of knowledge about the insights of running a business

Marketing Problems: Mobility is a big challenge as they are unable to overlook and ignore their family and social responsibilities which limits their marketing of products and services.

Financial Problems: Obtaining the support of bankers, managing the working capital, credit resources are the issues which still remain in the male's domain. Women are yet to make significant mark in quantitative terms. The financial institutions are skeptical about the entrepreneurial abilities of women. The bankers consider women loonies as higher risk than men loonies.

Family Conflicts: Women also face the conflicts between family and professional life as they are not available to spend enough time with their families.

Credit Facilities: Women in developing nations have little access to funds, due to the fact that they are concentrated in poor rural communities with few opportunities to borrow money (Starcher, 1996; UNIDO, 1995a). The women entrepreneurs are suffering from inadequate financial resources and working capital. The women entrepreneurs lack access to external funds due to their inability to provide tangible security.

Fine balance: Married women have to make a fine balance between business and home. More over the business success is depends on the support the family members extended to women in the business process and management. The interest of the family members is a determinant factor in the realization of women folk business aspirations.

Low-level management: Women entrepreneurs have low-level management skills.

Heavy Competition: Many of the women enterprises have imperfect organizational set up. But they have to face severe competition from organized industries. Knowledge of latest technological changes, know how, and education level of the person are significant factor that affect business. The literacy rate of women in India is found at low level compared to male population.

Shortage of raw-materials: Women entrepreneurs encounter the problems of shortage of raw-materials.

High Production cost: Finally, high production cost of some business operations adversely affects the development of women entrepreneurs. The installation of new machineries

PROSPECTS FOR DEVELOPMENT OF WOMEN ENTREPRENEURS

Right efforts on from all areas are required in the development of women entrepreneurs and their greater participation in the entrepreneurial activities. Following efforts can be taken into account for effective development of women entrepreneurs.

Entrepreneurship basically implies being in control of one's life and activities and women entrepreneurs need to be given confidence, independence, and mobility to come out of their paradoxes. The following measures are suggested to empower the women to seize various opportunities and face challenges in business. Women should be considered as specific target group. Regular entrepreneurship awareness programs should be conducted with the intention of creating knowledge among women about the various areas to conduct business. The standards of education of women should be enhanced and effective practical experience and personality development and training programs should be conducted to improvise their over-all personality standards.

Educational institutes should tie up with various government and non-government agencies to assist in entrepreneurship development mainly to plan business projects.

Develop professional competencies in managerial, leadership, marketing, financial, technical, production process, profit planning, etc. Training on professional competence and leadership skill to be extended to women entrepreneurs. Vocational training should be provided to women which enables them to understand the insights of production management. Women in business should be offered soft loans & subsidies for encouraging them into industrial activities. Micro credit facilities to the women entrepreneurs will overcome the financial problems to some extent.

CONCLUSION

Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. Women entrepreneurship must be molded properly with entrepreneurial traits and skills to meet the changes in trends, challenges in global markets and also to be competent enough to sustain and strive for excellence in the entrepreneurial arena. Women entrepreneurs have become a strong driving force in today's corporate world. Not only are they able to equalize their duties of both motherhood and entrepreneurship but they also comprise of almost half of all businesses owned today. Women have the potential and the determination to set up, uphold and supervise their own enterprises in a very systematic manner. Appropriate support and encouragement from the Society in general and family members in particular is required to help them scale new heights in their business ventures. The right kind of assistance from family, society and Government can make these Women Entrepreneurs a part of the mainstream of national economy and they can contribute.

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THE ROLE OF MANAGERIAL SKILLS IN SUCCESS OF AN ORGANIZATION

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ABSTRACT

Managers in today's most successful organizations recognize that internal changes must keep pace with what is happening in the external environment. Managers serve the main role models for change and provide the motivation and communication to keep change efforts moving forward. The managerial skills are vital to run an organization successfully. The skill enables a person to effectively manage resources at his disposal. And especially in today's turbulent times each of these skills become even more important in order to achieve great success. Apart from being successful in professional arena these skills make a person a better human being and in a way that is more important. He should guide the individuals under him, give them a sense of direction to achieve organizational goals successfully and should act responsibly. He should be optimistic for sure. He should be empathetic and should understand the need of the group members. An organizational leader should not only lead others individually but also manage the actions of the group. Individuals who are highly ambitious, have high energy level, an urge to lead, self-confidence, intelligence, have thorough knowledge of job, are honest and flexible are more likely to succeed as organizational leaders. Individuals who learn the organizational leadership develop abilities and skills of teamwork, effective communication, conflict resolution, and group problem solving techniques and clearly communicate organizational mission, vision and policies; build employees morale, ensure efficient business operations; help employees grow professionally and contribute positively towards organizations mission.

KEYWORDS

managerial skills, motivation, communication, organizational goals, team work.

INTRODUCTION

Managerial skills are the knowledge and ability of the individuals in a managerial position to fulfil some specific managerial tasks. This knowledge and ability can be learned and practiced. A manager is an important position for an organization. Every manager should have their own strategy of leadership style and motivation theory to effectively support and influence other employees to work hard and achieve the goal in order to gain an organization's competitive advantages in the complex market. Being a successful manager should have the leadership styles of developing a harmony and trustful relationships with employees at the position of giving appropriate direction and support others to accomplish an organizational goal. And, a manager should also have the motivation style of expectancy of equal reward to employee performance. Managerial skills have long been a subject of speculation, but scientific research on leadership did not begin until the twentieth century. The focus of much of the research has been on the determinants of leadership effectiveness. Social scientists have attempted to discover what traits, abilities, behaviours, sources of power, or aspects of the situation determine how well a leader is able to influence subordinates and accomplish task objectives. The reason why some people emerge as managers and the determinants of the way a leader acts are other important aspects that has to be investigated, but predominant concern has been leadership effectiveness. They differ in many ways, including who exerts influence, the intended purpose of the influence, the manner in which influence is exerted, and the outcome of the influence attempt.

From managerial point of view, it is an important element of the directing function of management. The manager induces confidence and passion through nurturing leadership in their subordinates to perform the work excellently. They have a sense of responsibility to direct the actions of others in carrying out the organizational purposes by being accountable for success or failure. Many large organizations have management systems intended to improve staffing and human resource planning, training and development, compensation and benefits, safety recognition and rewards, process and quality improvement, quality of work life, learning and innovation, knowledge management and employee empowerment. A variety of formal arrangement is used to facilitate control, coordination, innovation, efficiency, growth and diversification.

Managers typically engage in a variety of activities each day and many of them are brief in duration. The activities of managers tend to be fragmented as well as varied. Interruptions occur frequently, conversations are disjointed, and important activities are interspersed with trivial ones, requiring rapid shifts of mood. A manager may go from a budget meeting to decide millions of dollars in spending to a discussion about how to solve problems.

The nature of managerial activity reflects the fact that many interactions are initiated by others and much of manager's behaviour is reactive rather than proactive in nature. A common stereotype of managers is that they spend a considerable part of their time in careful analysis of business problems and development of elaborate plans to deal with them. The descriptive studies find that most managers devote little time to reflective planning. The fragmented activities and continual heavy demands characteristic of managerial work make it difficult for managers to find the long periods of uninterrupted time necessary for this type of activity. **Managers will need skills that will help them to manage people and technology to ensure an effective and efficient realization of their working tasks.**

TYPES OF MANAGERIAL SKILLS

Robert Katz identifies three types of skills that are essential for a successful management process:

- Technical,
- Conceptual and
- Interpersonal management skills.

Technical Skills: It involves specialized knowledge, analytical ability within that specialty, and facility in the use of the tools and techniques of the specific discipline. Vocational and on-the-job training programmes largely do a good job in developing this skill.

Conceptual Skills: Ability to use information to solve business problems, identification of opportunities for innovation, recognizing problem areas and implementing solutions, selecting critical information from masses of data, understanding the business use of technology, understanding the organization's business model. It involves the formulation of ideas, conceptualization about abstract and complex situations. A manager is to provide constant motivation to his team to maintain an excellence and quality in results. A good manager is always looking for ways to improve production and standards.

Interpersonal Management Skills: Coaching and mentoring, diversity; working with diverse people and culture, networking within the organization, networking outside the organization, working in teams; cooperation and commitment. These skills will enable managers to become leaders and motivate employees for better

accomplishments. They will help them to make more effective use of human potential in the company. Simply, they are the most important skills for managers. There is no doubt that skills will continue to be an important way of describing what a manager does.

EFFECTIVE MANAGERIAL SKILLS

For effective management, the managers need to have quite a few qualities and skills.

Vision: A manager is a visionary and this quality, more than any other, sets a manager apart from the followers. Followers blindly align themselves to the vision and goals of the manager and help the manager accomplish them. But without an envisioned manager, the team will be a directionless group.

Ability to Change: The external business environment is becoming more and more dynamic and a manager should be able to change with the times. He should be able to align his vision with what the market wants.

Set a Benchmark: A manager should be able to set a performance benchmark and be what he expects the employees to be. He himself should display the set of qualities which he expects from his team.

People-Skills: Whatever the monetary and non-monetary rewards, employees will only be really motivated to work if they know what it is that is motivating the manager. So a manager should be able to communicate the effective leadership strategies and his vision to the rest of the team in a way that the employees too feel comfortable with the manager.

Listening and Not Just Talking: If the manager chooses to listen to what his team has to say, they may be able make valuable suggestions to make a process more effective. Hence, listening too is one of the most important practices for effective leadership.

Problem Solving: The path to a goal is often strewn with traps and obstacles. Hence, a manager should have good problem solving and analytical skills which will help him and the team overcome any problem in the path to their goal.

Ability to Motivate Others: A manager should know how to get the work done from his team. He should be able to motivate his workers with monetary and non-monetary rewards. He should be able to make his team a part of his vision. A manager should be able to coach his team so that they can give their best performance.

Discipline: A manager should be well disciplined himself and should be able to imbibe qualities like professionalism and hard work in his team as well.

Time management: Good time management skills will increase overall productivity of a teamwork. A manager who manages his time well usually achieves his goals on time and with better success rate.

Self Confidence: With knowledge comes confidence. Self Confidence is very important in today's world of business. To believe in oneself and have an iron will makes a manager or organization successful.

Self Motivation: Managers should be a self-motivator to take initiative and encounter failure. One should be brave enough to take on challenges with a positive and optimistic outlook. Self-Motivation is very important when one is leading others and while one is failed alone.

Proactive: This is most desirable managerial skills in today's world of rapid change. Being proactive means preparing for the challenges which are not yet arrived. Being proactive means to be able to envision the future and prepare for it or rather create the future on your own terms. This quality ensures better results, higher customer satisfaction, and more customer loyalty.

Result Oriented: Everybody wants an employee or a manager who produces great results. Being result oriented means that one should always be focused and oriented to his results. One should not be distracted by external/internal factors.

Negotiation Skills: An excellent manager will need to know how to negotiate and facilitate the process if he wants to succeed an organization.

Communication Skills: The manager is responsible to enable effective communication environment in their teams, because without this, they can't manage effectively the members of the team. Today, everything is based on good communication process. Excellent communication skills will improve overall skills of a team leader.

Creativity Skills: To solve problems the manager requires high level of creativity skills. They need to use their own creativity in solving problems, but also in encouraging other members to be more creative when they work in team environment. Creativity skills are important part of an excellent team leader.

Developing Organizational Skills: Developing good organizational skills and time management will definitely take some effort on the part of the person, and will not pay off unless he or she is wholly dedicated to a better and more efficient lifestyle. The amount of time in a given day can be rather limited, but with a little organizational skill, Organizational skills are not limited to time and work, as they also extend to our materials and workspace as well. Keep everything that may be needed later on within arm's reach. Especially if handling of large volumes of documents. This will help to save a great deal of time, and may actually increase the productivity. Organizing the work flow into manageable steps and procedures can indeed increase the productivity.

Apart from these skills, managers should also possess design and business skills. Although managers, irrespective of their hierarchical levels, should have all these skills, the degree of requirement of the various skills varies depending on their hierarchical levels.

ROLE OF MANAGERS

There are various roles for managerial activities. The roles are largely predetermined by the nature of the managerial position, but each manager has some flexibility in how to interpret and enact each role. Some roles of managers deal with interpersonal behaviour, some deals with information processing behaviour and others deals with decision-making behaviour.

Leader Role: Managers are responsible for making their organizational subunit function as an integrated whole in the pursuit of its basic purpose. The manager must provide guidance to subordinates, ensures that they are motivated and create favourable conditions for doing the work. The various managerial activities are expressly concerned with the leader role, including hiring, training, directing, praising, criticizing, promoting and dismissing.

Figurehead Role: Apart from manager formal authority they are also obliged to perform certain symbolic duties of a legal and social nature, such as signing documents, presiding at certain meetings and ceremonial events and receiving official visitors. The manager must participate in these activities even though they are usually of marginal relevance to the job of managing.

Examiner Role: Managers continually seek information from various sources such as reading reports and memos, attending meetings and briefings and conducting observational tours. Most of the information is analyzed to discover problems and opportunities and to develop an understanding of outside events and internal process within the manager's organizational unit.

Representative Role: managers are obliged to transmit information and express value statements to people outside their organizational unit. Middle managers and lower level managers must report to their superiors; a chief executive must report to the board of directors.

Tycoon Role: The manager of an organization acts as an initiator and designer of controlled change to exploit opportunities for improving the existing situation. Planned change takes place in the form of improvement projects such as development of new services, purchase of new equipment, reorganization of formal structure and some are delegated to subordinates.

Disturbance Handler Role: A manager deals with sudden crises that cannot be ignored, as distinguished from problems that are solved by the manager to exploit opportunities. The crises are caused by unforeseen events, such as conflict among subordinates, the loss of a key subordinate, a fire, strike and so on. A manager typically gives this role priority over all of the others.

Resource Allocator Role: Managers exercise their authority to allocate resources such as money, personnel, equipment, facilities and services. Resource allocation is involved in managerial decisions about what is to be done, in the manager's authorization of subordinate's decisions, in the preparation of budgets and in scheduling of the manager's own time. By retaining the power to allocate resources, the manager maintains control over strategy formation and acts to coordinate and integrate subordinate actions in support of strategic objectives.

Negotiator Role: Manager having the authority to make the commitment. Managers may participate in many different types of negotiations, including negotiations with unions involving grievances, employment negotiations with key personnel and other non-routine negotiations. The managerial role emphasizes the type of activities commonly expected of managers, regardless of the type of position.

THE NEXT MANAGERS

When asked to describe their principal leadership challenges, almost everyone said that the fast pace of change complicated their ability to retain and develop the best leadership talent, hire new talent with the right competencies, and understand which skills would be required of that talent. Despite the uncertainty, most managers agreed their companies needed new leaders capable of:

Fostering Growth: They need to grow managers, who can do it on a global basis – who can deal with the complexity.

Being Global: Developing and hiring managers who are credible globally has got to be core competency.

Thinking like the Customer: The customers in every industry get savvier every day. How to deal with them?

Being Complete Leaders: It requires the ability to adapt and respond to different circumstances and to connect with different kinds of employees, including employees of different ages and different cultural backgrounds. Managers will exist on the basis of their interpersonal relationships, behaviour and flexibility, as opposed to what they know. They should fit with different scenarios and organizational circumstances.

Working within Processes: Organizations need managers who define their value by working in the process, being successful in the process, rather than defining their value by being a hero. Now managers know on how we strategically, get focus on those processes and get everyone around a performance-based culture.

Being boundary-less and managing virtually: The person who think outside the building and manage the employees whom they cannot see.

Attracting and retaining the new generations: The Gen X and Y seem always ready to leave one company and move onto something better, as soon as there is an opportunity. While it is true that they usually would not stay with a job if they are unhappy – as boomers often did – this doesn't mean they aren't serious or loyal. It simply means that if we want to keep the best and brightest managers in the organization, they need to offer them an environment that is geared to their values.

CONCLUSION

Managerial skills involve all the processes and possible efforts that lead to development and achievement of organizational goals. It includes employees' involvement, genuineness, effective listening and strategic communication. Managers understand abstract relationships, develop ideas and solve problems creatively. Using these skills, managers must be able to see the organization as a whole. They have to understand the relationships among various subunits, and visualize how organization fits into its border environment. These skills are most important at the top management levels. They know how to communicate, motivate, lead, and inspire enthusiasm and trust. These skills are equally important at all levels of management.

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FACTORS AFFECTING CUSTOMER SATISFACTION: AN EMPIRICAL STUDY ON RETAIL STORES OF SHOPPING MALL, BHOPAL

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ABSTRACT

The main objective of this paper is to identify all the important factors that affect the customer satisfaction in shopping mall. This empirical research study focuses on shopping mall of Bhopal (India). The research method will help in examining the various factors those results in satisfaction in retail stores of shopping mall. Factor Analysis has been used for data analysis. In analysis part initially KMO (Kaiser-Meyer-Olkin) and Bartlett's Test was applied for sample adequacy. KMO Measure of Sampling Adequacy test shows the value of .879. The Principal Component Analysis extraction method was used with Varimax Rotation Method, the extracted communalities ranged from 0.659 to 0.892. For clear picture of the factor definitions, factor loadings of greater than 0.4 were considered. The factor analysis yielded 4 factors in all which explaining 77.70 percent of total variance. Implications of this research work will help the retail mall of medium town. Now, they can identify various important factors that can affect their customer's satisfaction most in the present competitive market. They can also use these factors to lead Customer loyalty out of customer satisfaction.

KEYWORDS

assurance, customer satisfaction, reliability, responsiveness, tangibility.

INTRODUCTION

In the era of this cutthroat competition, it is fatal for a company to be non-customer-oriented. Indeed, to survive business need to manufacture products and services of very good quality that attracts highly satisfied and loyal customers (Fecikova, 2004). For many years customer satisfaction has been a major goal of business organizations, since it has been deemed to affect customer retention and companies' market share (Hansemark and Albinsson, 2004). During the last four decades, satisfaction has been considered as one of the most important theoretical as well as practical issues for most marketers and customer researchers (Jamal, 2004). Overall "customer satisfaction is a response occurs at a particular time and its result of a series of comparison of product and service performance with expectations" (Saxena A. 2017).

LITERATURE REVIEW

After extensive review of literature on satisfaction, Giese and Cote (2000, p. 15) said that the wide variation in defining the factors of satisfaction is best reflected in their definition of Satisfaction as "A summary affective response of varying intensity with a time-specific point of determination and limited duration directed toward focal points of product acquisition and consumption." If consumer perceived that they are obtaining additional benefits from their relationship with employees, their satisfaction level will increase with service provider (Beatty et al., 1996). It means relational benefits can be considered as a significant factor for satisfaction with financial services. Therefore, relational benefits which are identified by Gwinner et al. (1998) like special treatment, confidence and social benefits must have a great influence on customer satisfaction level with their habitual establishments. Also, study by (Oliver, 1980; Swan and Trawick, 1980; Tse and Wilton, 1988), shows that customer satisfaction is related to the direction and size of disconfirmation, which is defined as the difference between the post-purchase and post-usage evaluation of the performance of the product and service and the expectations held before purchasing (Sharma and Ojha, 2004). Customer satisfaction will have an effect on repeat purchase intentions and the customers will share their favourable experiences with other consumers.

According to Parasuraman et al. (1988) reliability is the ability of a company to perform the promised service reliably and accurately, customers' past experiences are associated to the reliability of service quality (Ndubisi, 2006). Tangibles mean personal appearance, physical facilities like store interior, exhibit and equipment (Parasuraman et al., 1988). Tangibles are used by companies to communicate their image and signal quality (Zeithaml et al., 2006). Parasuraman et al. (1988) and Zeithaml et al. (2006) said that empathy is the firms' personalized attention for their all customers. This dimension is also more suitable to stores that are trying to make a relationship with customers. Empathy has quite a few ways that can be revealed to customers such as knowing the customer's name, preferences and wants. According to Parasuraman et al. (1988), responsiveness is the employees express readiness to help customers and give speedy service. This dimension is concerned with dealing with the customer's wishes, enquiries and complaints quickly and courteously. According to Parasuraman et al. (1988) assurance is the trained politeness of employees and also the capability to inspire trust and confidence in the mind of customer.

OBJECTIVE OF THE RESEARCH

The main objective of this paper is to identify all the main factors that influence customer satisfaction in shopping mall.

RESEARCH METHODOLOGY

In this study an empirical research design has been chosen to explain the determinants of Customer Satisfaction. The research method will help in examining the various factors those results in satisfaction in shopping mall. The universe of the study was all customers of DB Mall Bhopal. To meet the objective a sample of 313 customers were randomly selected. Data was collected with the help of questionnaire as a tool having 15 variables on the basis of which satisfaction of customers was calculated.

ANALYSIS

Factor Analysis is the statistical tool that has been used for data analysis. In analysis part initially. KMO (Kaiser-Meyer-Olkin) and Bartlett's Test was applied to the collected data. Kaiser-Meyer-Olkin Measure of Sampling Adequacy test shows the value of .879 and has been found significant as shown in Table 1. And it was found out after the test that Factor Analysis can be applied on the data. The KMO Test details are as follows:

TABLE 1: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.879	
Bartlett's Test of Sphericity	Approx. Chi-Square	3085.921
	df	105
	Sig.	.000

The researchers to identify significant and smaller numbers of factors as the respondents were asked for 15 observed variables related to customer satisfaction have used the factor analysis technique. The Principal Component Analysis extraction method was used to analyze the data with Varimax Rotation Method. The extracted communalities ranged from 0.659 to 0.892.

COMMUNALITIES

S. No.	Initial	Extraction
Q1	1.000	.659
Q2	1.000	.788
Q3	1.000	.791
Q4	1.000	.717
Q5	1.000	.765
Q6	1.000	.776
Q7	1.000	.815
Q8	1.000	.769
Q9	1.000	.621
Q10	1.000	.809
Q11	1.000	.892
Q12	1.000	.843
Q13	1.000	.850
Q14	1.000	.764
Q15	1.000	.797

Extraction Method: Principal Component Analysis.

For clarity of the factor definitions, factor loadings of more than 0.400 were considered. The factor analysis yielded 4 factors in all which explaining 77.70 percent of total variance as explained in Table-2. This shows that 77.70 percent of total variance is explained by information contained in the factor matrix. Analysis gives an overview of component matrix and rotated component matrix wherein Principal Component Analysis extracts the four components and the rotation method of Varimax with Kaiser Normalization.

TABLE 2: TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.322	42.144	42.144	6.322	42.144	42.144	3.684	24.559	24.559
2	2.406	16.038	58.181	2.406	16.038	58.181	3.409	22.724	47.283
3	1.622	10.813	68.994	1.622	10.813	68.994	2.990	19.934	67.217
4	1.306	8.706	77.700	1.306	8.706	77.700	1.572	10.483	77.700
5	.557	3.714	81.414						
6	.479	3.191	84.604						
7	.444	2.962	87.566						
8	.343	2.286	89.852						
9	.307	2.047	91.899						
10	.270	1.799	93.698						
11	.245	1.635	95.333						
12	.210	1.397	96.730						
13	.191	1.273	98.003						
14	.175	1.165	99.168						
15	.125	.832	100.000						

Extraction Method: Principal Component Analysis.

TABLE 3 ROTATED COMPONENT MATRIX

Rotated Component Matrix ^a					
	Factor Grouping	Component			
		1	2	3	4
Q3	Responsiveness and Assurance	.857			
Q1		.826			
Q2		.824			
Q4		.806			
Q5		.743			
Q6	Reliability		.902		
Q7			.893		
Q8			.872		
Q9			.830		
Q10	Tangibles			.878	
Q11				.856	
Q12				.819	
Q13				.758	
Q14	Empathy				.884
Q15					.822

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 5 iterations.

The four factors of Customer Satisfaction in retail mall that are identified by factor analysis are as follows: • Responsiveness and Assurance • Reliability • Tangible • Empathy

For this study, the content validity of the instrument was ensured as the factors dimensions and attributes were included from an extensive review of related literature. The selected attributes were thoroughly reviewed and approved by two professor level academicians and two professionals from the related field. This is fact that major part of customer satisfaction is assumed to be the outcome constructs of the above identified variable.

LIMITATIONS OF THE STUDY

1. Geographical limit is restricted to only Bhopal.

2. Responses could be biased because the research is conducted in mall it's an open place where various variables such as mood, emotion and crowd can affect respondents.

SUGGESTIONS

Shopping mall can focus on the factors identified in this study to improve customer satisfaction and redesign their approach to reach out to their customer and retain them, when they come to shop in their retail store.

CONCLUSIONS

This study captures the four main factors that impact customer satisfaction in shopping mall, which can help mall retailers prepare strategies and marketing actions to attract new customers and retain existing customers.

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MUTUAL FUNDS: A RIGHT SOURCE FOR SMALL INVESTORS

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ABSTRACT

The capital markets become more sophisticated and complex, investors need a financial intermediary who can provide the required knowledge and professional expertise on taking informed decisions. It has become very difficult for the small investors to invest in securities market directly due to their less investment capacity, lack of knowledge over investment avenues and high risk involved in the market. In this condition the mutual funds are playing a vital role in helping the small investors to invest their money in the securities market. The present paper enlightens the importance and benefits of the mutual fund industry for small investors.

KEYWORDS

diversification, automatic reinvestment, transparency, audited records, well regulated.

INTRODUCTION

The Indian capital market has been growing tremendously with the reforms in industrial policy, financial sector, and new economic policies of liberalization, deregulation and restructuring. The Indian economy has opened up and many developments have been taking place in the Indian capital market and money market with the help of financial system and financial institutions or intermediaries. As financial markets become more sophisticated and complex, investors need a financial intermediary who can provide the required knowledge and professional expertise on taking informed decisions. It has become very difficult for the small investors to invest in securities market directly due to their less investment capacity, not having knowledge over investment avenues and high risk involved in the market, hence, mutual fund is a right source for small investors to invest their money in small amounts with less risk.

MEANING OF MUTUAL FUNDS

Mutual funds are the most popular, very simple to understand and they are easy to use. Furthermore, the simplicity of investing in mutual funds is not just an attractive feature for beginning investors but also the accessibility, versatility and easy-to-understand structure of mutual funds make the powerful investing vehicles for all kinds of investors. It is an appropriate instrument for a variety of savings and investing objectives.

A mutual fund is an investment vehicle, which pools money from investors with common investment objectives. It then invests the money in multiple assets such as stocks, bonds, money market instruments, government securities in accordance with the stated objective of the scheme. The investments are made by an 'Asset Management Company' (AMC).

HISTORY OF MUTUAL FUNDS

The concept of Mutual Fund was first introduced in the year 1822 in Belgium. Later it rooted to Great Britain and France. Mutual funds became popular in the U.S in 1920s and continued to be popular since 1930s mainly open ended funds.

The mutual fund industry was started 1963 with the formation of Unit Trust of India. For many years, it was the sole organisation providing opportunity to investors to investment in funds. However, the real growth of the industry started in 1992 where formal regulation was formed. Considering this, one may say that Mutual fund industry in India is less than 25 years old. By the end of 1988, UTI had total assets worth Rs. 6,700 crores. Soon after, eight funds were established by banks, LIC and GIC between 1987 and 1993. In 1993, private and foreign players entered the industry, marking the third phase. The first entrant was Kothari Pioneer Mutual fund, which launched in association with a foreign fund.

The Securities and Exchange Board of India (SEBI) formulated the Mutual Fund Regulation in 1996, which, for the first time, established a comprehensive regulatory framework for the mutual fund industry. Since then, several mutual funds have been set up by the private and joint sectors.

Today, the Indian mutual fund industry has opened up many exciting investment opportunities for investors. As a result, it has started witnessing the phenomenon of savings now being entrusted to the funds rather than in banks alone. Mutual Funds are now perhaps one of the most sought-after investment options for most investors. Currently there are around 41 mutual fund organizations in India offering 11288 schemes. There is an impressive growth in the assets under management of mutual funds. According to Association of Mutual Funds in India (AMFI) the assets under management of mutual fund industry has touched an all time high of Rs. 18.29 trillion in March 2017. It is expected to cross Rs. 20 trillion by the end of this year. The robust performance of the industry comes on the back of growing investor's awareness and increased investments in systematic investment plans.

OBJECTIVE OF THE STUDY

The objective of the study is to provide information about the importance and benefits of investment in mutual funds by the investors when compared with other investment avenues.

BENEFITS OF MUTUAL FUNDS

The following are the multitude of benefits offered to the mutual fund investors.

1. BUILT-IN DIVERSIFICATION

The beauty of a mutual fund is that it diversifies the portfolio across a large number of securities so as to mitigate the risk. It can be taken place by spreading the money over numerous securities. Asset management companies provide investors with more diversification and investing options than they would have by themselves. There is no need to worry about the fluctuations of the individual securities in the fund's portfolio. Thus, by investing in mutual funds, the investor can avail the benefits of diversification and asset allocation without investing a large amount of money that would be required to create an individual portfolio.

2. PROFESSIONAL MANAGEMENT

The retail investors may not have the know-how to trade in the markets. The funds are managed by fund managers appointed by Asset Management Company (AMC) who are experienced and skilled professionals and they are responsible for investing the money into various securities and oversight by the Trustees. They

make research on investment and analyze the performance and prospects of various instruments before selecting a particular investment. The professionals will have real time access to crucial market information and can trade on the large and the most cost effective scale.

3. WIDE RANGE OF OFFERINGS

A mutual fund company can offer many varieties of schemes. According to AMFI there are around 41 companies offering 11288 schemes in India. The schemes consist of stock funds, bond funds, sector funds, target-date mutual funds, money market mutual funds and balanced funds. The availability of different types of mutual funds allows the investor to build a diversified portfolio at low cost and without much difficulty. The investors can choose from various kinds of scheme available to them. The risk-seeker investors can go for more aggressive schemes while risk-averse investors can go for income scheme funds.

4. VERY SMALL AMOUNT OF INVESTMENT

A mutual fund enables an investor to participate in a diversified portfolio with very small amounts. There is no other way to invest with reasonable diversification with an amount as low as Rs 500. SIP (Systematic Investment Plans) of a lot of mutual funds allow minimum investment with just Rs 500.

5. AUTOMATIC REINVESTMENT OPPORTUNITY

The investors can easily and automatically reinvest their capital gains and dividends into their mutual fund without a sales load or extra fees. This will take advantage of compounding interest, which essentially means that the interest, dividends, and gains will go to buy more units of mutual funds, rather than the cash coming out and being deposited into a separate account.

6. TRANSPARENCY

Mutual fund holdings are publicly available, which ensures that investors are getting what they pay for. Investors can also see the underlying securities (stocks, bonds, cash, or a combination of those) that the mutual fund portfolio holds. All of the information need to know can easily be found on the mutual fund company's website, through fact sheets, offer documents, annual reports, newspapers and promotional materials help investors gather knowledge about their investments.

7. LIQUIDITY

The investors can get cash from most mutual funds within a few days. The investors can sell their mutual fund units as and when they need money. The sale proceeds will be available as soon as the day after the sale of mutual fund. Some mutual funds have a "settlement" period of up to three days. This level of liquidity is much better than some investment assets, such as real estate. The unit holders can sell their open-ended scheme units at their fund house at any time. Even the close-ended schemes, the unit holder can sell the units on a stock exchange at the prevailing market price. Besides, some close-ended and interval schemes allow direct repurchase of units at NAV related prices from time to time. Thus investors do not have to worry about finding buyers for their investments.

8. AUDITED RECORDS

A mutual fund company has to maintain performance track records for each mutual fund and audited them for accuracy, which ensures that investors can trust the mutual fund's stated returns. The audit involves the examination of fund accounting systems for calculation of net asset values, financial accounting and reporting system for the AMC, unit-holder administration and servicing systems for customer service, funds flow process, system processes for meeting regulatory requirements, prudential investment limits and access rights to systems interface. Accordingly, these systems audits will be conducted once in every two years. A systems audit report and compliance status will be presented before the trustees of the mutual fund. The systems audit report/findings, along with trustee comments, are to be communicated to SEBI. Mutual fund companies also offer a prospectus for each fund, as well as semi-annual or annual reports.

9. CONVENIENCE

An investor can place an order with the broker or can go online to buy mutual fund. The investor can move funds easily from one fund to another, within a mutual fund family, which allows investor to easily rebalance the portfolio to respond to significant fund management and economic changes.

10. WELL REGULATED

Mutual funds in India are regulated and monitored by the Securities and Exchange Board of India (SEBI). In 1996, SEBI formulated the Mutual Fund Regulation. Along with SEBI, mutual funds are regulated by RBI, Companies Act, Stock exchange, Indian Trust Act and Ministry of Finance. The SEBI strives to protect the interests of mutual fund investors. RBI acts as a regulator of Sponsors of bank-sponsored mutual funds, especially in case of funds offering guaranteed returns. Mutual funds provide up to date information to the investors about their investments in addition to other disclosures like specific investments made by the scheme and the proportion of investment in each asset classes.

11. ECONOMIES OF SCALE

Large number of investors and huge amount of investments will result in minimizing the fund's transaction costs, commissions and other fees to a considerable extent. Thus, mutual funds are comparatively less expensive than direct investment in the capital markets.

12. TAX BENEFITS

The investments in Equity Linked Saving Schemes (ELSS) offer tax rebates to investors Under Section 80C of the Indian Income Tax Act 1961. The Capital gains from the above Mutual Funds are tax-free in the hands of the investor.

CONCLUSION

The mutual fund is the smart investment choice for the investor depending on the investment objective and strategy. Built-in diversification, professional management, wide range of offerings, automatic reinvestment opportunity, transparency, well regulated, economies of scale are some of the clear reasons for investment in mutual funds.

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AN ANALYTICAL STUDY OF FACTORS AFFECTING EMPLOYEES' PERFORMANCE IN SARVA HARYANA GRAMIN BANK

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ABSTRACT

Employees are the most important resources for any organization. The success of an organization depends on the effective and efficient functioning of its employees. There are many factors which influence the performance of employees. The present study has been undertaken to explore the factors which have an impact on the performance of employees of Sarva Haryana Gramin Bank (SHGB) and to examine the impact of demographic variables viz. age, gender, qualification, job position and experience with respect to these factors. The data of 200 employees of SHGB has been collected with the help of a structured questionnaire. For the analysis of data, the technique of Factor Analysis and one-way ANOVA has been applied. The study found that employee development, work culture, benefits and future Prospects, and employee engagement are the factors which affect the performance of employees in SHGB. It has been observed that employee development, work culture, and benefits and future prospects are significantly affected by the age, job position and experience of employees.

KEYWORDS

Regional Rural Banks (RRBs), Sarva Haryana Gramin Bank (SHGB), employees' performance, employee development, work culture, benefits and future prospects, employee engagement.

INTRODUCTION

Human resources of an organization play an important role in its success story. If the employees are not performing well, an organization will not function properly. Employee's performance is defined as whether employees working in an organization fulfil their job duties and responsibilities well. The performance of employees depends on many factors at work place such as work environment (Sandhu and Prabhakar, 2012), training and development (Athar and Shah, 2015), motivation and recognition (Aryan and Singh, 2015), job Stress and financial Rewards (Thiyakesh and Julius, 2016), spirit at work and employee engagement, (Danish et al., 2014) etc. Employees' performance is an indicator of the effectiveness of particular actions of employees that will lead to achieving organizational objectives.

Banking sector is the backbone of Indian economy. It provides employment to a large number of people. Therefore, for the success of banking sector the employees recruited in banks should work efficiently. Also, the growth and development of rural sector is very essential for the economic development. Therefore, Regional Rural Banks (RRBs) were established under the provisions of an ordinance propagated on the 26th September 1975 and the Regional Rural Banks (RRB) Act, 1976. RRBs were formed "with a view to developing the rural economy by providing credit and other facilities, particularly to small and marginal farmers, agricultural labourers, artisans and small entrepreneurs, and for matters connected therewith and incidental thereto" (GOI, 2006). The present study has been undertaken to explore the factors which affect the performance of employees working in Sarva Haryana Gramin Bank (SHGB). Sarva Haryana Gramin Bank (SHGB) came into existence after amalgamation of two Regional Rural Banks (RRBs) namely Haryana Gramin Bank (HGB) and Gurgaon Gramin Bank (GGB) with the issue of a notification on 29 November 2013. SHGB operates in all 22 districts of Haryana state. The bank has a network of 610 branches comprising of 473 Rural, 90 Semi-urban and 47 urban branches. The head office of the bank is in Rohtak. The authorised share capital of the bank is ₹2000 crore. Its paid-up capital is ₹46.28 crore, contributed by Central government, Sponsor Bank and State Government in the ratio of 50 per cent, 35 per cent and 15 per cent respectively. SHGB is sponsored by Punjab National Bank. The total employees working in Sarva Haryana Gramin Bank as on 31st March 2016 is 2667.

LITERATURE REVIEW

Sandhu and Prabhakar (2012) explored the various factors with the help of Factor Analysis which influence the quality of work life in Indian banking industry. The study extracted five factors viz. remuneration, opportunities for personal Growth, supportive leadership and structures, work environment and work life balance. It suggested that while framing retention policies a bank's management should always keep these five factors in mind. **Aktar et al. (2012)** examined the relationship between rewards and employee performance in commercial banks of Bangladesh. The study considered basic pay and performance bonus as extrinsic rewards and recognition, learning opportunity, challenging work and career advancement as intrinsic rewards. It found that there is a positive relationship among extrinsic rewards, intrinsic rewards and employees' performance. The study also revealed that basic pay as extrinsic factor and challenging work as intrinsic factor has a highly significant impact on the performance of employees. The study concluded that both types of rewards are important in order to enhance the performance of employees. **Saeed et al. (2013)** analysed the impact of various factors on performance of employees of banking sector in Pakistan. It used the tools of Factor Analysis, Correlation and Regression for analysing data collected from 200 employees. It considered five factors which are manager's attitude, organizational culture, personal problems, and job content and financial rewards. The study found that there is positive impact of manager's attitude, organizational culture, and job content and financial rewards on employees' performance. It also revealed that there is negative relationship between personal problems and employees' performance. **Kazan and Gumus (2013)** used the Factor Analysis approach to extract the factors which have an impact on the performance of employees working in a public sector bank. The study found that factors viz. institutional commitment and motivation, physical working environment, budget and administration have a significant impact on employees' performance. It also revealed that salary, employee relations, promotion and title and job satisfaction are the factors which do not have a significant impact on performance of employees. **Danish et al. (2014)** investigated the relationship between spirit at work and employee engagement in the banking sector of Pakistan. The study found that proper reward management system leads to enhancement in the performance of employees. It also observed that spirit at work has a positive relationship with employee engagement. The study recommended that the managers should introduce a proper reward and bonus system in order to boost up the spirit of employees. It is argued that all those factors which lower the commitment level of employees should be removed. **Muda, Rafiki and Harahap (2014)** analysed the determinants viz. job stress, motivation and communication which are associated with employees' performance in Islamic banks. The study found that these three variables have a significant impact on performance of employees of Islamic banks. It suggested banks to create policies for monitoring and assessing performance of employees and to support such programmes which will boost employees' performance.

Jagannathan (2014) identified the key determinants of employee engagement and examined the impact of employee engagement on employee performance. The study found the variables viz. working environment and team and co-worker relationship have a major impact on employee performance. It also revealed that there is significant impact of employee engagement on the performance of employees. The study recommended that organizations should emphasize on providing a good environment for employees to work and encourage programmes that would improve peer relationships. **Aryan and Singh (2015)** examined the impact of motivation and recognition on employees' performance in public and private sector banks of Punjab and Haryana. It applied the tools of Factor Analysis, Correlation and Regression on the data collected from 100 employees. The study found that performance of employees is more significantly affected by salary and other monetary benefits. It is also highlighted that in order to bring more efficiency non-monetary rewards are also essential. **Challa (2015)** investigated the factors which affect the performance of employees of banks in Andhra Pradesh by collecting data from 226 employees and using Factor Analysis. The study found that the factors which have apposite impact on employees' performance are compensation, manager's attitude, organizational culture, encouragement, training and job content. It also exhibited that personal problems hinder employees' performance. **Kaur (2015)** evaluated the job satisfaction level of universal bank employees in India. It focussed on identifying the factors of job satisfaction and their influence on the overall job satisfaction of universal bank employees. It considered a sample of 380 bank employees using technique of convenience sampling. The study revealed through Factor Analysis that eight factors extracted i.e. workplace environment, supervision, co-operation from peers; work discrimination, employee acceptance, work allocation, job security and remuneration are key determinants of job satisfaction. **Kumar (2015)** studied employee engagement in private sector banks. The study collected the data of 172 bank employees with the help of a questionnaire. It found that employee engagement level in private sector banks is not satisfactory. The study also revealed that the employees are not satisfied with the working environment in these banks. It recommended that the management of private sector banks should work on increasing the existing level of employee engagement prevalent in these banks. **Thiyakesh and Julius (2016)** examined the impact of organizational factors on the employees' performance in the banking sector of Nagapattinam town. The study found that job stress and financial rewards have a high influence on the performance of employees. It also exhibited that factors viz. leadership style; organizational culture, organizational structure and workplace environment have an indirect effect on employees' performance.

RESEARCH PROBLEM

From various studies on employees' performance, it has been observed that there are many factors such as work environment (Sandhu and Prabhakar, 2012), motivation and recognition (Aryan and Singh, 2015), manager's attitude, organizational culture, encouragement, training and job content (Challa, 2015), leadership style and organizational structure (Thiyakesh and Julius, 2016) and employee engagement in achieving objectives (Jagannathan, 2014) which have an impact on the performance of employees working in banking sector. It has been viewed that the previous studies on employees' performance in banking sector are related to employees of public and private sector banks only. There are a very few studies on employees of Regional Rural Banks. Therefore, the present study has been undertaken to examine the impact of factors which affect the performance of employees of Sarva Haryana Gramin Bank and to analyse the impact of demographic variables viz. age, gender, qualification, job position and experience with respect to these factors.

OBJECTIVES

1. To explore the factors affecting performance of employees of Sarva Haryana Gramin Bank.
2. To examine the effect of demographic variables on the factors affecting employees' performance.

METHODOLOGY

The scope of the study is limited to Sarva Haryana Gramin Bank (SHGB) in Haryana. The proposed study is analytical in nature. It is based on primary data. The data was collected with the help of a self-structured questionnaire. It considered a sample of 200 employees of SHGB working at managerial as well as non-managerial level. The study covered all 10 regional offices of SHGB in Haryana and selected one urban and one rural branch under each regional office. The statistical techniques of Factor Analysis have been used to explore the factors which have an impact on employees' performance and one-way ANOVA to examine the effect of demographic variables viz. age, gender, qualification, job position and experience on the factors affecting employees' performance. It also used Cronbach Alpha reliability test in order to assess the reliability and internal consistency. The value of Cronbach Alpha came out to be 0.828 which shows high reliability and internal consistency.

ANALYSIS AND INTERPRETATION

Table 1 shows the results of KMO and Bartlett's test.

TABLE 1: KMO AND BARTLETT'S TEST

Kaiser-Meyer Olkin Measure of Sampling Adequacy	0.828
Bartlett's Test of Sphericity (Sig)	.000

The above table shows that the value of KMO measure of sampling adequacy is 0.828 which reveals that the sample taken for the study is adequate and we can proceed with the Factor Analysis. Any value of KMO measure which is closer to 1 is considered better and value of 0.60 is considered to be the minimum. The results of Bartlett's Test of Sphericity reveal that (p value < 0.05) there is a statistically significant interrelationship between the variables which affect the performance of employees. Both these tests have been used to examine the appropriateness of Factor Analysis. Principal Component Method of Factor Analysis has been applied on 15 variables and the four factors have been extracted which have eigenvalues > 1 . Among these four factors first factor explained the maximum i.e. 33.97 per cent of the total variance followed by second (10.24 per cent), third (9.34 per cent) and fourth factor (7.11 per cent). Therefore, 60.66 per cent of the total variance is explained by the four factors.

TABLE 2: EIGENVALUES WITH CUMULATIVE % OF VARIANCE

Variable	Eigenvalues	% of Variance	Cumulative % of Variance
1	5.096	33.971	33.971
2	1.537	10.245	44.216
3	1.401	9.343	53.559
4	1.066	7.107	60.666
5	0.843	5.620	66.286
6	0.799	5.330	71.616
7	0.701	4.670	76.286
8	0.596	3.971	80.257
9	0.542	3.616	83.873
10	0.514	3.429	87.302
11	0.480	3.199	90.501
12	0.461	3.074	93.575
13	0.434	2.892	96.467
14	0.337	2.246	98.713
15	0.193	1.288	100.00

The study has used the Varimax rotation method of Factor Analysis. Factor Loadings of 15 variables under the four factors with the names of the variables have been shown in Table 3. The highest factor loading is selected from values given in rows of each variable. The values of communalities of each variable have also been displayed in the above table which varies from 0.43 to 0.83. Communalities in Factor Analysis are the sum of the squared Factor Loadings for all factors for a given variable which shows the variance in that variable accounted by all the factors. It measures the per cent variance in a given variable explained by all the factors jointly and may be interpreted as the reliability of the indicator.

TABLE 3: ROTATED COMPONENT MATRIX WITH COMMUNALITIES

Variables/Factors	Factor 1	Factor 2	Factor 3	Factor 4	Communalities (h ²)
Var1-Performance Appraisal system	0.20	0.29	0.69	0.20	0.64
Var2-Promotion Opportunities	0.25	-0.06	0.80	0.05	0.70
Var3-Employees' Motivation	0.58	0.39	0.22	0.13	0.56
Var4-Management Behaviour	0.59	0.29	0.35	0.16	0.58
Var5-Training and Development	0.60	0.17	0.40	0.08	0.56
Var6-Salary and other benefits	-0.09	0.06	0.73	0.28	0.62
Var7-Working Environment	0.40	0.58	0.02	-0.01	0.50
Var8-Knowledge and Expertise of employees	0.31	0.53	0.11	0.47	0.61
Var9-Leadership	0.46	0.31	-0.02	0.35	0.43
Var10-Employees' Assessment	-0.06	0.73	0.26	0.03	0.61
Var11-Employees' contribution in business growth and success of the bank	0.21	0.25	0.26	0.81	0.83
Var12-Dealing with Customers	0.03	0.75	-0.05	0.14	0.58
Var13-Employer-Employee Relationship	0.73	-0.06	0.00	0.03	0.54
Var14-Productivity of Employees	0.69	-0.02	0.03	0.22	0.52
Var15-Employees' involvement in achieving objectives of bank	0.13	-0.02	0.24	0.86	0.82

TABLE 4: EXTRACTED FACTORS WITH FACTOR LOADINGS

Factors	Factor Loadings
Factor 1: Employee Development	
Employer-Employee Relationship	0.73
Productivity of Employees	0.69
Training and Development	0.60
Management Behaviour	0.59
Employees' Motivation	0.58
Leadership	0.46
Factor 2: Work Culture	
Dealing with Customers	0.75
Employees' Assessment	0.73
Working Environment	0.58
Knowledge and Expertise of employees	0.53
Factor 3: Benefits and Future Prospects	
Promotion Opportunities	0.80
Salary and other benefits	0.73
Performance Appraisal system	0.69
Factor 4: Employee Engagement	
Employees' involvement in achieving objectives of bank	0.86
Employees' contribution in business growth and success of bank	0.81

The four factors that have been extracted are employee development, work culture, benefits and future prospects and employee engagement. These factors are explained below:

EMPLOYEE DEVELOPMENT

Table 4 reveal that all the variables loaded on the first factor has positive loadings indicating thereby that all the variables share their variances and hence co-vary with each other. The basic structure of the first factor exhibits that development of employees is the key to success for an organization. It means that if there is good employer-employee relationship it will lead to an increase in the productivity of employees. Training and development programs are required for the development of employees so that they can learn techniques of good management behaviour. Employees can also be motivated in different ways such as monetary and non-monetary benefits in order to get more output from them. Inculcating good leadership qualities in employees will contribute in their development as well as in the development of SHGB.

WORK CULTURE

Work culture of an organization plays a significant role in the working of employees. The ability of dealing with customers can be learnt effectively if the employees' assessment is done from time to time. They should be provided with a good working environment so that they can enhance their knowledge and expertise. It will certainly enhance the productivity in SHGB.

BENEFITS & FUTURE PROSPECTS

The third factor reveals that future prospects such as promotion opportunities are vital in order to motivate the employees to get work done effectively. Employees should also be provided with proper salary and some additional benefits such as allowances well in time. An effective performance appraisal system can provide great opportunities to employees to strengthen their position and to exploit the opportunities.

EMPLOYEE ENGAGEMENT

There are only two variables in fourth factor with very high positive loadings. This factor reveals that there is greater involvement of employees in achieving the objectives of the bank. Employee's contribution in growth of business of the bank will ultimately lead to success of SHGB. Therefore, employees should be engaged in all the activities of the bank which will lead to improvement in their performance as well as in the overall performance of the bank.

DEMOGRAPHIC VARIABLES & FACTORS AFFECTING PERFORMANCE

After Factor Analysis, the study examined whether the four factors are affected or influenced by the demographic variables viz. age, gender, qualification, job position and experience. For this purpose one-way ANOVA (Analysis of Variance) has been applied. One-way ANOVA is used to determine whether the mean of a dependent variable is the same in two or more unrelated or independent groups. The results of one-way ANOVA have been discussed in the following tables.

EFFECT OF AGE

TABLE 5: ONE-WAY ANOVA (BASED ON AGE)

Factors	Age Group (in Years)	Mean	S.D.	F-Value	P-Value
Employee Development	Up to 35	3.82	0.45	13.470	.000*
	Above 35	4.08	0.55		
Work Culture	Up to 35	3.62	0.63	11.243	.001*
	Above 35	3.91	0.59		
Benefits and Future Prospects	Up to 35	4.03	0.56	10.939	.001*
	Above 35	4.30	0.57		
Employee Engagement	Up to 35	4.33	0.55	0.470	0.494
	Above 35	4.39	0.57		

*5% level of significance

The study examines with the help of one-way ANOVA that whether there is a significant difference between the four factors affecting the performance of employees with respect to age group of employees i.e. up to 35 and above 35 years. Table 5 reveals that the p value with regard to employee development (.000), work culture (.001) and benefits and future prospects (.001) is significant. It indicates that there is significant difference between these three factors with respect to age. In case of fourth factor since p value > 0.05 (0.494), hence there is no significant difference in employee engagement on the basis of age. It is also clear that the first three factors are significantly influenced by the age group of above 35 years as reflected by the mean values which are higher in this case. Therefore, it can be said that the employees of age group of above 35 years has a significant impact on employee development, work culture, and benefits and future prospects of employees as compared to age group of up to 35 years.

EFFECT OF GENDER

TABLE 6: ONE-WAY ANOVA (BASED ON GENDER)

Factors	Gender	Mean	S.D.	F-Value	P-Value
Employee Development	Male	3.95	0.50	1.068	0.303
	Female	3.87	0.51		
Work Culture	Male	3.73	0.64	0.173	0.678
	Female	3.77	0.62		
Benefits and Future Prospects	Male	4.20	0.62	0.347	0.064
	Female	4.03	0.48		
Employee Engagement	Male	4.35	0.59	0.044	0.833
	Female	4.37	0.52		

Table 6 shows the results of one-way ANOVA which has been applied to investigate whether there is significant difference between the four factors on the basis of Gender i.e. Male and Female. The results reveal that p value (> 0.05) in case of all the four factors is insignificant indicating thereby that there is no significant difference between these factors with respect to gender of an employee. Thus, all the employees are performing well irrespective of gender.

EFFECT OF QUALIFICATION

TABLE 7: ONE-WAY ANOVA (BASED ON QUALIFICATION)

Factors	Qualification	Mean	S.D.	F-Value	P-Value
Employee Development	Graduate	3.86	0.49	3.414	0.066
	Post Graduate	3.99	0.52		
Work Culture	Graduate	3.70	0.62	0.797	0.373
	Post Graduate	3.78	0.64		
Benefits and Future Prospects	Graduate	4.04	0.60	8.137	0.005*
	Post Graduate	4.27	0.55		
Employee Engagement	Graduate	4.30	0.54	1.990	0.160
	Post Graduate	4.41	0.58		

*5% level of significance

The study has divided the employees of SHGB into two categories on the basis of their qualification viz. graduate and post graduate as shown in Table 7. It has been observed that the difference is statistically significant in case of third factor only since p value (< 0.05) is significant at 5% level of significance. In case of all the other three factors, there is no significant difference with respect to qualification (p value > 0.05). Thus, qualification is not going to make any difference in employee development, work culture and employee engagement. The results clearly indicate that employees who are post graduate have a more significant influence on benefits and future prospects than the graduate employees as higher qualification may open opportunities for promotion and other benefits.

EFFECT OF JOB POSITION

TABLE 8: ONE-WAY ANOVA (BASED ON JOB POSITION)

Factors	Job Position	Mean	S.D.	F-Value	P-Value
Employee Development	Managerial	4.03	0.56	8.415	.004*
	Non-Managerial	3.82	0.43		
Work Culture	Managerial	3.90	0.59	12.813	.000*
	Non-Managerial	3.59	0.63		
Benefits and Future Prospects	Managerial	4.27	0.66	8.679	.004*
	Non-Managerial	4.03	0.48		
Employee Engagement	Managerial	4.41	0.52	2.204	0.139
	Non-Managerial	4.29	0.59		

*5% level of significance

In the present study on the basis of Job Position, the employees have been divided into two categories i.e. managerial and non-managerial. The above table shows that p value (< 0.05) in case of first three factors is significant which means that there is significant difference between these factors with respect to job position. In case of fourth factor the difference is not statistically significant as reflected by non-significant p value (> 0.05). It has been observed from the results that the employees working at managerial position have a more significant impact on employee development, work culture, and benefits and future prospects.

TABLE 9: ONE-WAY ANOVA (BASED ON EXPERIENCE)

Factors	Experience (in Years)	Mean	S.D.	F-Value	P-Value
Employee Development	Up to 10	3.85	0.46	6.933	.009*
	Above 10	4.05	0.56		
Work Culture	Up to 10	3.66	0.63	5.546	.020*
	Above 10	3.87	0.61		
Benefits and Future Prospects	Up to 10	4.06	0.56	6.869	.009*
	Above 10	4.28	0.60		
Employee Engagement	Up to 10	4.33	0.55	0.429	0.513
	Above 10	4.39	0.57		

*5% level of significance

The study also reviewed that whether the difference between the factors is statistically significant with respect to experience of employees i.e. up to 10 and above 10 years. Since p value is < 0.05 in case of employee development, work culture, and benefits and future prospects indicating thereby that these factors are significantly affected by the experience of employees. Table 9 also shows that the employees having an experience of above 10 years more significantly affects the first three factors as the mean values are higher in case of these factors. Therefore, employee development, work culture, and benefits and future prospects of employees are highly influenced by experience of employees. However, Employee engagement is not significantly affected by the experience (p value > 0.05). Thus, all employees of SHGB are significantly engaged in achieving the objectives of the bank whether they are new or old.

DISCUSSION

The present study explored with the technique of Factor Analysis, the factors which have an impact on the performance of employees working in Sarva Haryana Gramin Bank (SHGB). The four factors that have been extracted are employee development, work culture, benefits and future prospects and employee engagement. After Factor Analysis, the study examined with the help of one-way ANOVA that whether the four factors are being affected or influenced by the demographic variables viz. age, gender, qualification, job position and experience. The results revealed that employee development, work culture, and benefits and future prospects are significantly affected by the age, job position and experience of employees. On the other hand, there is no significant difference between the four factors with respect to gender which indicates that all the employees are performing well irrespective of gender. The study also indicated that qualification of employees makes a significant difference only in case of benefits and future prospects. It also exhibited that employee engagement is not significantly affected by the experience. Thus, all the employees are engaged significantly in achieving the objectives of the bank whether they are new or old. The findings which have been discussed are supporting the previous studies in terms of factors such as Organizational work culture (Challa, 2015), financial rewards and benefits (Saeed et al., 2013), employees' motivation (Aryan and Singh, 2015), training and development (Athar and Shah, 2015), contribution and commitment of employees (Dajani, 2015), promotion opportunities and employer-employee relations (Kazan and Gumus, 2013) and employee engagement (Jagannathan, 2014).

CONCLUSION

Employee development, work culture, benefits and future prospects and employee engagement are the key factors having an impact on the performance of employees of a bank. An employee should be highly qualified in order to get more benefits and to gain advantage of more opportunities in future. The involvement of all the employees is very important in achievement of their individual targets as well as overall objectives of a bank. Therefore, by incorporating new development techniques, refining the working environment, providing more benefits and growth opportunities for employees and by involvement of employees in decision-making improvement can be seen in the performance of employees as well as in the overall performance of a bank.

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ESTIMATING INDIA'S AGGREGATE IMPORT DEMAND FUNCTION

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ABSTRACT

The present paper investigates the determinants of India's import demand within the framework of an advanced co-integration technique. The ADF statistics shows that all the variables are non-stationary in level, but stationary in first difference. Pesaran recommended bound test shows that India's import demand and its determinants are co-integrated in the long run. Income is the major determinant of India's import demand. Further, the response of import demand to change in exchange rate is more sensitive than to change in relative import price. The model has been checked in terms of diagnostic test and the structural stability. The results reveal that the import demand model performs very well. The ex-post forecasting exercise shows that the ARDL method has performed better than the OLS method.

KEYWORDS

ADF, ARDL, cointegration, exchange rate, error correction model.

JEL CLASSIFICATION CODES

C22, C32, F14.

INTRODUCTION

In the present global economic scenario, the role of trade in economic growth and development of a country is increasing over time. After independence, India's trade policy was relatively liberal. However, there was the foreign exchange crisis in 1956-1957. As a result, the restriction was imposed on India's import till 1966. Indian currency was devaluated from 4.7 to 7.5 rupees per dollar in 1966. Some liberalisation efforts were made on trade in terms of relaxation on import licences and tariff rates. However, the liberalisation initiatives were reversed in 1968. After 1985, a new era of trade liberalisation was started. The rupee was allowed to depreciate in response to market situation. The significant trade liberalisation measures were taken in 1991 under the policy of economic reform. However, India's trade deficit is widening in absolute term over time. In this background, the present paper has made an attempt to measure the determinants of import demand which are crucial for policy decision makings. In Section II, a brief review has been made on existing literature while in Section III, the research methodology in terms of database and the model specification has been discussed. The results and finding from this paper have been analysed in Section IV. The final section makes some summary and conclusions.

REVIEW OF LITERATURE

Khan (1974) had estimated the import demand function for 15 developing countries including India. He expressed the demand for imports as a function of real income and relative import price. He employed the OLS method using annual data ranging from 1951-1969. According to his study, the relative price did not play an important role in the determination of imports of developing countries. Melo and Vogt (1984) estimated the import demand function for Venezuela using sample period from 1962-1979. Import demand was specified as a function of income and relative import price using disaggregated model. The total imports demand was elastic with respect to both income and relative import price.

Sinha (2001) has made an attempt to measure the price and income elasticities of trade equations for five countries including India. Using the sample period 1950-1996, the method of Cochrane-Orcutt was applied for estimation of import demand for India. The income elasticity of import demand had negative sign, and was not statistically significant. But, the relative import price bears expected negative sign and statistically significant. The determinants of India's import demand have been studied by Tang (2002). Using annual data (1970-1999), he applied Johansen-Juselius method (1990) in order to establish the co-integration relation between import demand and income, relative import price. The import demand was found to be elastic with respect to income, but inelastic with respect to relative import price. Dutt and Ahmed (2004) have studied the aggregate import demand for India using GDP and relative import price as explanatory variables. Using sample period 1971-1995, they applied the Johansen-Juselius (JJ) co-integration technique to determine the long-run relationship. Import demand was found to be inelastic with respect to income and price. It should be noted here that the conventional cointegration like Johansen-Juselius method is not reliable for small sample (Mah, 2000).

The import demand equation for Thailand was estimated by Sinha (1997) using the co-integration approach. The import demand function was specified as a function of income, absolute import price and the domestic price. The result shows that the import demand was inelastic with respect to import price and domestic price. However, it was elastic with respect to domestic income in the long run. Using the sample period from 1968-1997, the similar model has been estimated for Nepalese import demand by Rijal et.al.(2000). The import function has been specified in terms of income, absolute import and domestic prices. In both long run and short run, Nepalese import demand was elastic with respect to income but inelastic with respect to import price and substitute price. The method chosen for estimation was Johansen-Juselius co-integration technique (1990).

Warner and Kreinin (1983) have estimated the import equations for industrial countries using quarterly data for the sub-samples 1957-1970 under the fixed exchange rate regime; and 1972-1990 under the floating exchange rate regime separately. The exchange rate variable was introduced in the model under the floating exchange rate regime. From the OLS estimates, the study reveals that the volume of imports was sensitive to the change in exchange rate in the majority of countries. Bahmani-Oskooee (1986) has estimated the determinant of import demand for seven developing countries including India. The import equation has been specified as a function of income, the relative import price and the nominal effective exchange rate. He applied first order autoregressive method using quarterly data ranging from 1973 to 1980. In case of India, the import demand was inelastic in respect of relative price. Further, the income variable was not significant statistically in explaining import demand.

NEED OF THE STUDY

There are lot of study estimating import demand function for industrial countries. In the standard import demand model, income and the relative price are most important factors to judge the behaviour of import flows (Houthakker and Magee, 1969). One need of such study is to find the determinants of import demand in order to measure the elasticities of the demand for imports with respect to its determinants.

STATEMENT OF THE PROBLEM

As the time series data suffers from the problem of non-stationarity, the application of OLS method of estimation will lead the spurious relation among variables with a high value of R^2 and a low value of Durbin-Watson statistics (Granger and Newbold, 1974). The estimated parameters are inconsistent and less efficient (Engle-Granger, 1987). The two econometric techniques like Engle-Granger two steps procedure (1987), Johansen-Juselius (JJ) multivariate method (1990) are mostly used in applied economics in the cases of non-stationarity time series data. However, the above mentioned two techniques suffer from small sample bias (Mah, 2000). Recently developed the ARDL based bound test procedure overcomes this problem (Pesaran *etal*, 1999).

OBJECTIVES

The objectives of the present studies are:

1. To examine the existence of long-run equilibrium relationship between India’s import demand and its determinants. The existence of a cointegration is tested using the recently developed bound test approach.
2. To estimate an error correction model to integrate the short-run dynamics with the long-run through the inclusion of lagged level of error term.
3. To estimate the elasticities of India’s import demands using the advanced econometric method.
4. To examine the structural stability of India’s import demand function for the sample period.
5. To measure the effect of depreciation of the India’s rupees on the imports demand.

RESEARCH METHODOLOGY

It has been assumed that India is a small buyer in the world import market. This implies that the import price is exogenous in the model. This assumption allows us to specify only the demand equation for India’s imports. It has been specified as a function of domestic economy activity, the relative import prices and the exchange rate. In the present study, the economic activity has been measured in terms of real GDP. The import price is expressed in relative term using implicit assumption of imperfect substitution between imported goods and domestically produced substitute goods. For the present purpose, the import demand function has been mentioned in the following manner:

$$M_t = f(Y, PM, ER) \text{ -----Equation (1)}$$

Where, M= Real quantity of India’s import; Y =Real gross domestic product, PM=Relative import price; ER= Nominal exchange rate (rupees per US dollars).

The above functional form has been expressed in log linear form in order to obtain the direct measures of import demand elasticities in the following way:

$$M_t = \alpha_0 + \alpha_1 Y_t + \alpha_2 PM_t + \alpha_3 ER_t + U_t \text{-----Equation (2)}$$

where, the expected sign of $\alpha_1 > 0$; $\alpha_2 < 0$ and $\alpha_3 < 0$.

For the bound test procedure, the following unrestricted error correction model (UECM) model has been formulated:

$$DM_t = \beta_0 + \beta_1 M_{t-1} + \beta_2 Y_{t-1} + \beta_3 PM_{t-1} + \beta_4 ER_{t-1} + \gamma_1 DM_{t-1} + \gamma_2 Y_{t-1} + \gamma_3 PM_{t-1} + \gamma_4 ER_{t-1} + u_t \text{-Equation (3)}$$

Where, D represents the variables in first difference form. In the above equation, the coefficients ‘ γ ’ represent the short-term dynamism while the coefficients ‘ β ’ represent the long-term mechanism. In the bound testing approach to co-integration, at first, the null hypothesis of zero restriction is imposed on all lagged variables in equation 3 using F-statistics. Under the null hypothesis, there does not exist any long-run equilibrium relation among the variables in the model as mentioned in equation 2. The F-statistics has the asymptotic distribution which is non-standard. Pesaran et al (2001) have tabulated the critical values of F-statistics for lower as well as upper bounds

In the second step, the long-run equation is derived from the restricted version of ARDL model. A conditional ARDL long-run model for import demand can be specified in the following manner:

$$M_t = \beta_0 + \beta_1 M_{t-1} + \beta_2 Y_{t-1} + \beta_3 PM_{t-1} + \beta_4 ER_{t-1} + \zeta_t \text{--- (4)}$$

Where, all variables are as previously defined.

For the policy purpose, it is important to know the short-run adjustment of import demand to the changes in its determinants. The error correction representation is expressed using the regression of variables in the difference form with the lagged error term (ECM-1). The coefficient of one period lagged term reveals the speed of adjustment towards the long-run equilibrium when a shock affects the existing equilibrium situation (equation-5).

$$DM_t = \alpha_2 + \gamma_1 DM_{t-1} + \gamma_2 Y_{t-1} + \gamma_3 PM_{t-1} + \gamma_4 ER_{t-1} + \mu ECM_{t-1} + \epsilon_t \text{--- (5)}$$

DATA ANALYSIS

All the data series have been collected from IMF’s International Financial Statistics. The value of India’s imports is available in US dollars. It has been converted in real term by deflating unit value index of import with base year 2010. The relative import price has been derived deflating unit value of imports by the GDP deflator. The overall sample period ranges from 1970- 2013.

As we deal with time series data on the variables of the import demand model, there is the chance of non-stationarity implying the spurious relationship among the variables from the OLS estimates. The issue of non-stationarity has been dealt with the augmented dickey-fuller (ADF) test for unit root. The ADF test has been performed both with intercept and no trend, and with an intercept and trend. This test assumes the null hypothesis of non-stationarity of the time series against the alternative hypothesis of stationarity. Table1 shows that the estimated value of ADF-statistics with, and without trend in absolute terms does not exceed the critical value for all variables. Therefore, the hypothesis of non-stationarity in data series have been accepted for all variables in level form. In such situation, the application of OLS method to the model will result the spurious relation between import demand, and its determinants. However, when the ADF test is applied for all the variables in first difference form, the hypothesis of non-stationarity in data series have been rejected.

TABLE 1: ADF-STATISTICS UNIT ROOT TEST FOR VARIABLES IN IMPORT DEMAND

Variables	Level/First Difference	Without Trend	I (r)	With Trend	I (r)
M _t	Level	0.146	I (1)	-2.254	I (1)
	First Difference	-4.356	I (0)	-4.290	I (0)
Y _t	Level	2.820	I (1)	-1.602	I(1)
	First Difference	-4.049	I (0)	-5.308	I (0)
PM _t	Level	0.793	I (1)	-1.929	I (1)
	First Difference	-4.974	I (0)	-4.905	I (0)
ER _t	Level	-0.453	I (1)	-1.517	I (1)
	First Difference	-3.084	I (0)	-3.042	I (0)

Note: (1). 95% Critical value for ADF statistics without trend = -2.932; (2). 95% Critical value for ADF statistics with trend = -3.518; and (3). I(r): r is the order of integration.

RESULTS AND FINDINGS

BOUND TEST

The bound test implies the test for zero restrictions on the coefficients of all lagged variables in the following form as per Equation 3.

Null Hypothesis H₀: $\beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$

Alternative Hypothesis H₁: $\beta_1 = \beta_2 = \beta_3 = \beta_4 \neq 0$

However, the F statistics in such case is non-standard. Therefore, the critical value of standard F statistics is not applicable in order to test the zero restriction on the lagged variables as mentioned in Equation 3. Pesaran et al. (2001) have reported the critical values of F statistics, but for very large samples. Hence, the bound test for the present study relies on the tabulated critical values of F statistics for small sample as reported by Narayan (2004). From the table 2, it can be said that the calculated value of F-statistics (6.90) is significantly higher than the critical upper bound values of F-statistics at all significance level. Therefore, India’s import demand, and its determinants are cointegrated in the long-run. Hence, there exists a long-run equilibrium relation as mentioned in equation.

TABLE 2: BOUNDS TEST FOR COINTEGRATION ANALYSIS (IMPORT DEMAND)

F-Statistic (Wald test) for Import Demand: F(4, 29)= 6.904 (for HO : $\beta_1 = \beta_2 = \beta_3 = 0$)			
Critical Bounds# at	1%	5%	10%
Lower bounds, I(0):	5.018	3.548	2.933
Upper bounds, I(1):	6.610	4.803	4.020

*Note: Critical values of F-statistics are extracted from Narayan (2004), Table A1 (p.26), A2 (p.27) & A3 (p.28) for n (sample size) =33, k (parameters)=3.

LONG-RUN ELASTICITIES

The long-run elasticities of import demand (using equation 4) have been provided in Table 3. All the explanatory variables are statistically significant with expected sign. The demand for real imports is elastic with respect to real income and the nominal exchange rate. However, the demand for import is price inelastic. One per cent increase in domestic income would increase India's import by 2 per cent. On the other hand, one per cent increase in relative import price would reduce India's import by 0.9 per cent. As expected, one per cent depreciation of India's rupee would reduce India's imports by 1.26 per cent.

TABLE 3: LONG RUN COEFFICIENTS USING THE ARDL APPROACH @

Dependent variable: M_t ; Period: 1975-2013.		
Regressors	Coefficient	t-Ratio
Intercept	3.794	4.7589*
Y_t	2.038	15.4831*
PM_t	-0.905	-4.7621*
ER_t	-1.263	-5.1890*

@ Note: (1) *: significant at 5 % level; (2) ARDL (1,0,0,0) selected based on Schwarz Bayesian Criterion.

SHORT-RUN ELASTICITIES

As there exists a long-run relationship between import demand; and its determinants, the long-run relationship must be transformed into short-run dynamics as per ARDL approach. As per Equation 5, the estimated short-run parameters have been mentioned in the following Table 4.

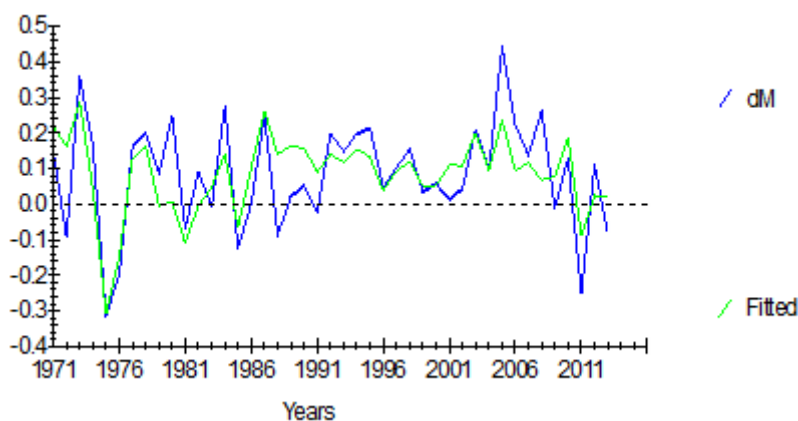
TABLE 4: ERROR CORRECTION MODEL @

Dependent variable: DM_t ; Period: 1971-2013.		
Regressors	Coefficient	t-Ratio
Intercept	2.2449	5.6379*
DY_t	1.2058	4.6607*
DPM_t	-0.52965	-5.5744*
DER_t	-0.74752	-4.8793*
$ECM(-1)$	-0.60156	-4.9148*
R-Squared =0.52075 ; R-Bar-Squared = 0.47030; S.E. of Regression =0.11275; F-stat. F(4, 38) 10.3225; Akaike Info. Criterion = 30.4938; Schwarz Bayesian Criterion= 26.0908; DW-statistic = 1.5120		

@ Note: (1) *: significant at 5 % level; (2) ARDL (1,0,0,0) selected based on Schwarz Bayesian Criterion.

It shows that the elasticity of import demand with respect to income (1.205) in the short-run is lower than that in the long-run. The same is true for relative import price elasticity (-0.529) and the exchange rate elasticity (-0.747) of import demand. This reveals that the import demand is more sensitive to income/price/exchange rate changes in the long-run. The co-efficient of error correction term (ECM-1) is negative and statistically significant at 1 per cent level which again reveals the existent of long-run equilibrium relation between the import demand and it's determinants (Engle-Granger, 1987). As the coefficient of the error correction term is 0.60, it can be said that the speed of adjustment towards equilibrium is quite high. About 60 per cent adjustment towards equilibrium is completed within a year. The performance of error correction model has been judged inter terms of line diagram (Graph 1). It shows the model performs fairly well.

Graph 1. Plot of Actual and Fitted Values



DIAGNOSTIC TEST

The error correction model has also been checked by the several diagnostic tests like serial correlation of error terms, normality of error terms, functional form for the model, and heteroscedasticity of error terms. Table 5 shows that the results from all diagnostic tests. It can be said that the model selected in this paper passes all the diagnostic tests quite well.

TABLE 5: DIAGNOSTIC TEST

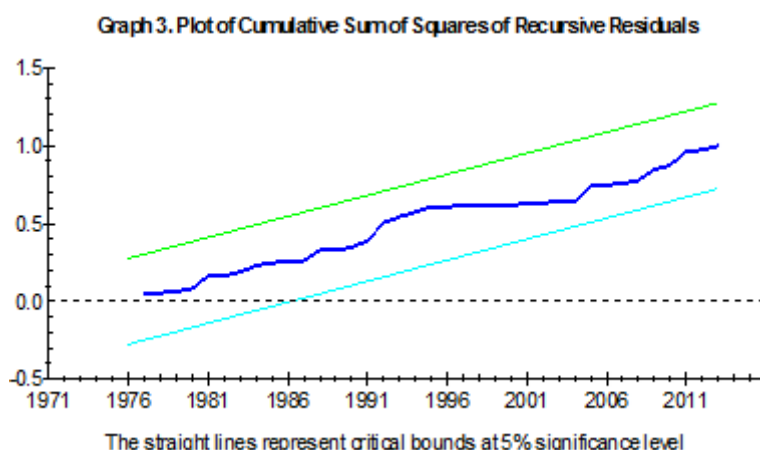
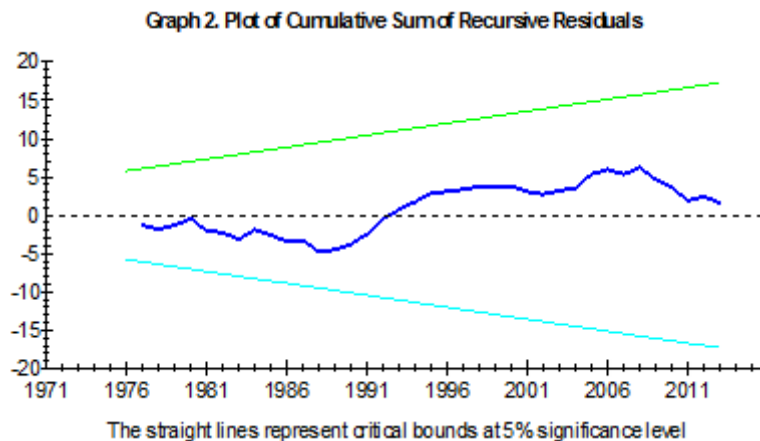
Test Statistics	Test Statistics
A:Serial Correlation	CHSQ(1)= 1.4962
B:Functional Form	F(1, 37)= 0.0085
C:Normality	CHSQ(2)= 0.0226
D:Heteroscedasticity	F(1, 41)= 0.0077

A: Lagrange multiplier test of residual serial correlation, Critical value CHSQ (1)=3.84 at 5 % level.B: Ramsey's RESET test using the square of the fitted values, Critical F(1,30) = 4.17 at 5 % level.C: Based on a test of skewness and kurtosis of residuals, Critical CHSQ (2)=5.99 at 5 % level. D:Based on the regression of squared residuals, Critical F(1,41) = 4.08 at 5 % level.

Source: Greene (2003), Appendix G.3, pp. 955 (for critical value of CHSQ) & Appendix G.4, pp.956 (for critical value of F-statistics).

STABILITY TEST

The structural stability of the import demand model has been verified both in terms of cumulative sum of recursive residuals (CUSUM), and cumulative sum of square of recursive residuals (CUSUMQ). Both the statistics confirms that the parameters of the model were quite stable over the sample period (Graphs 2 & 3).



EX-POST FORECASTING

One of the objectives in any model building exercise is to evaluate the model performance in terms of forecasting ability. There are various statistics measuring forecasting errors like mean value of absolute errors, mean value of square errors, root-mean-square errors etc. A model is said to be good if it has smaller prediction error compare to others. The ARDL based dynamic model is compared with the OLS-based static model. The model has been re-estimated using the sample period 1970-2010. Both the models generated prediction error statistics for the period 2011-2013 have been provided in Table 6. In terms of above mentioned statistics, it can be said that the dynamic model has better prediction power than the static one.

TABLE 6: SUMMARY STATISTICS OF PREDICTION ERRORS (PERIOD: 2011 TO 2013)

Statistics	OLS Static Model	ARDL Dynamic Model
Mean Sum Absolute Error	0.245	0.195
Mean Sum Squares Error	0.066	0.042
Root Mean Sum Squares	0.257	0.206

SUMMARY AND CONCLUSIONS

The present paper investigates the determinants of India’s import demand within the framework of advanced co-integration technique. The ADF statistics shows that all the variables are non-stationary in level, but stationary for first difference. The present paper employs the advance econometric technique to this issue. As the conventional techniques of co-integration suffer from small sample bias, the present paper employs Pesaran recommended auto-regressive distributed lag model to find the co-integration relationship among variables in the import demand function.

Pesaran recommended bound test shows that India’s import demand and it’s determinants are well co-integrated in the long run. The results also reveal that the nominal exchange rate, income and relative import price are significant determinants of import demand in India. The domestic income is the major variable in explaining India’s import demand. The high value of income elasticity implies that the higher economic growth in the country would create pressure on the import demand, and thereby on trade balance. As the value of price elasticity of import demand is less than unity, there is little degree of substitution between imported goods and domestically produced substitute goods. Further, the import demand is more sensitive to the change in exchange rate than to the change in import price.

The stability test shows that the selected model was structurally stable during the sample period. The ex-post forecasting exercise reveals that the ARDL method of estimation has better prediction power than that of the OLS method.

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A STUDY OF FACILITY MANAGEMENT SERVICES AND ITS AUDIT IN INDIA

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ABSTRACT

This study helps to find out that there is a strong correlation between facility management audit and FM Services namely Administration services, Security services, Housekeeping services, Engineering/Technical services, Utility services, Landscape maintenance services, AMC/Warranty services, Health, Environment and safety services, Other FM services. The difference between R square and adjusted R Square also gives us a clue regarding the possibility of generalizing the computed model from the used sample to the entire target population. The present variance analysis also reveals a high prediction consistency of the computed model relative to the residuals. This study also clearly infers that as Beta coefficient is negative for Housekeeping /Custodial services, Landscape maintenance services, Health, Environment and safety services and Other FM services no statistical significance can be interpreted from the predictor. On the other hand, Beta coefficient is positive for FM Admin services, Security services, Engineering/ Technical services, Utility services and AMC/Warranty services therefore for every 1-unit increase in the predictor variable, the dependent variable will increase by the unstandardized beta coefficient value.

KEYWORDS

facility management services, facility management audit.

INTRODUCTION

Facility Management: The European standard for facilities management defines it as "the integration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities." According to International Facility Management Association "Facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology". Facility Management, for any property or place or building, comprises of services and management of Security, House Keeping, Engineering / Technical, Utility, AMC / Warranty, Landscape, Administrative & Help Desk, Vendors, Environment & Safety & other related services.

A facility management audit is a process of data collection & analyse it, related to all facility management deliverable for any place or property. The purpose or aim of the facility management audit is to conduct a comprehensive study that meets the needs of the entire facility management effort in a coordinated manner. This eliminates the need for redundant collection efforts.

Facility a Management Audits process & practice requires resources that include manpower, time, energy and skill. To do a comprehensive and accurate facility management audit will add to cost & needs structured timeframe to carry audits on regular intervals. In turn, audit is economical because it is a necessary step in the effective and efficient facility management of any property. A facility management audit is a comprehensive review of property assets. Facility Management Audit provides an understanding of how the various services are delivered & its performance.

Facility management audits should be a routine part of the facilities management administration. For the existing property, to initiate a facility management audit for the first time, ideal time is when the property undergoes any major renovation or construction activities. For new property, ideal time is just before the habitation of the property or handover. A facility management audit auditing program should be established for all properties, either new or old. Once facility management audit initiated, it must be performed on a regular basis because conditions are constantly changing.

However, in India, Audits are often triggered by the information needs of top management and legislative or regulatory bodies. By integrating the findings and data of facility management audits over the time, management can ascertain appreciated product life cycles, efficiency of services, the impact of various maintenance strategies and the future demands for the infrastructure of any property. This information can be used to increase the efficiency and cost-effectiveness of current facility management and in the future.

LITERATURE REVIEW

The Facility Management, in the opinion of **Brackertz and Kenley**, is increasingly recognized as an element of the value chain of a business through which an organization provides and maintains the quality of the work environment for its human resources and materials and ensures managers to achieve the objectives of the core business. At this point, it is imperative to clarify what is meant by this term, through a series of definitions that specify the objectives, the scope and the basic elements of FM.

Becker (1990): The Facility Management is responsible for coordinating all efforts related to planning, design and management of buildings and their systems, their equipment and their furniture, in order to improve the organization's ability to compete successfully in an environment rapid changing.

Martha J. Whitaker, (1995), claims that to improve, facility managers must first understand how their group is doing – are they meeting the expectations of management and their customers? States that facility manager who do not know the answer to this question will have a difficult time documenting their contributions and improving their services. Argues that a facility management audit which follows an orderly, objective process to compare an organization's FM resources to internal expectations and external benchmarks can help. Claims that the FM audit will give teams

An understanding of every part of their operations enabling facilities managers to develop a holistic view of facilities and strategies for continuous improvement.

Bernard (1996): Defines the facilities as "the premises and services necessary to accommodate and facilitate the core business." Considering this, the plant management has to encompass the three cost centers that include local, support services and information technology.

Harvey H. Kaiser, Dennis M. Kirkwood, (1997): designed to identify the tasks of a facilities organization seeking to improve effectiveness and efficiency. The growth of these organizations in size, variety of services, and extent of operations has made it increasingly important to audit management methods and performance on a regular basis. It provides a documented, step-by-step method of conducting a large-scale audit of a facilities management organization. Second, the process can be started in Phase III, and be used as a preliminary phase of a detailed audit, providing direction by identifying areas that merit the most intensive investigation. Either way, the audit process defines checklists of facilities maintenance management performance and provides measures of effectiveness, setting up a baseline for future comparisons.

Alexander (1999): The purpose of discipline is to cover all aspects related to space, environmental control, health and safety and support services.

Curcio (2003): The Facility Management is the "Integrated Management of the plurality of services and processes (addressed to the buildings, spaces, people), which are not included in the core business, but which are necessary for the functioning of the organization."

Pala e Pristerà (2004): the process of design, implementation and control through which it is a possible to identify, find and deliver the facilities, in order to provide and maintain a predetermined level of service that can meet business demands in terms of cost and quality.

Maisarah Ali, Wan Mohamad Nasbi Bin Wan Mohamad, (2009) assessed the existing facilities maintenance management practices and processes in public hospitals, in accordance with the concession agreement (CA), in order to identify the current performance status. A case study is conducted in one district hospital in Malaysia to assess five key elements: leadership; policies, plans and procedures; training and orientation; monitoring and supervision; and service performance. This research has introduced a set of key ingredients and effectiveness measures for successful facilities maintenance management. It also explores opportunities for improving facilities maintenance management in public hospitals.

NEED/ IMPORTANCE OF THE STUDY

The Facility Management is related to service sector. In any service sector, it is highly important that all service deliverables shall be audited to know the performance & quality of the services delivered to the client. So, it is needed that a study shall be carried out to know the current practices of audit for various facility management services.

STATEMENT OF THE PROBLEM

Facility Management services encompasses long list of services depending on the type of business or industry. It has been an issue for every client that the expenditure done for such services is meeting to the desired goals or not. Is the FM service cost is adding to overall business growth or not? What are the gaps, how to fill the gaps, do we have optimized the manpower & material? Does current services meet the compliances. Audit helps to get answers to such queries.

OBJECTIVE

To analyze the Facility Management Services & its Audits, in India.

HYPOTHESIS

H₀1: No significant Facility Management services & its audit practices exist in India.

RESEARCH METHODOLOGY

RESEARCH DESIGN

This study is descriptive type and cross sectional in nature. Secondary data is used to identify the variables of interest related to Facility Management audit processes and practices.

POPULATION, SAMPLE UNIT, SAMPLE SIZE

Out of total population of Facility Management Professionals, 406 responses collected from all over India to find out the Facility management audit processes and practices in India.

SAMPLING TECHNIQUE & DATA TYPE

Non-probability sampling using Convenient and Purposive sampling is used to collect primary data from the respondents.

DATA COLLECTION TOOLS

1. Structured questionnaire is prepared on the basis of Literature review for the collection of primary data. It contains mainly closed objective type questions. The respondents were Facility managers, Facility Management companies and clients who have to choose one value at the expense of other in a forced choice method. We have used Linkert's five point scale method ranging for preparation of our questionnaire as Strongly Disagree (1), Disagree (2), Neutral (3), Agree (4) and Strongly Agree (5).
2. Telephonic and face to face interview is also used to collect data from the respondents.

DATA ANALYSIS TOOL

1. The collected data is coded and tabulated in the MS-Excel sheet.
2. We have used SPSS software for further analysis of data.
3. Reliability of the data collected will be assessed by applying the Cronbach Alpha method.
4. Regression analysis technique is used to establish a relation between dependent and independent variables.

RESULT & DISCUSSION

In Table-1, Cronbach Alpha reliability test is clearly presented. This study includes 10 Facility management audit and service variables. To test the reliability of all 10 variables, Cronbach Alpha reliability test is conducted using SPSS software. It is found that the variables qualify at 0.907 Cronbach Alpha Reliability test.

TABLE 1

Case Processing Summary			
		N	%
Cases	Valid	406	100.0
	Excluded ^a	0	.0
	Total	406	100.0

Reliability Statistics	
Cronbach's Alpha	N of Items
.907	10

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.851	.724	.717	.41030

The value of the correlation coefficient R (0.851) certifies a strong linear correlation between the Facility management audit (Dependent variable) and Facility administration services, Security services, Housekeeping/Custodial services, Engineering/Technical services, Utility services, AMC /Warranty services, Landscape Maintenance services, Health, Environment & Safety services, Other FM SERVICES (Independent variable). Highly important is the coefficient of determination value (R Square = 0.724) which indicates the proportion of the independent outcome variable variance which is determined by the variation of the dependent variable. Thus, 85.1% of the variability in Facility Management Audit is influenced by the variability of the Facility administration services, Security services, Housekeeping/Custodial services, Engineering/Technical services, Utility services, AMC /Warranty services, Landscape Maintenance services, Health, Environment & Safety services, Other FM SERVICES. The adjusted R-Square value (0.717) gives us a clue regarding the possibility of generalizing the computed model from the used sample to the entire target population. This value should be as close as possible to the initial R-Square value (0.724). The difference between R-Square and adjusted R-Square (0.724 – 0.717= 0.007) is interpreted as the additional variance (0.7%) induced within the variance of the outcome variable by the sample model relative to a population model. This low percentage states that the obtained model is valid for generalization and will bring unbiased outcome.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	174.136	9	17.414	103.438	.000
	Residual	66.497	395	.168		
	Total	240.633	405			

The ANOVA-table explains the variance of the outcome variable through the influence of the computed model and residuals.

A high F-value shows the prediction consistency of the computed model relative to the residual influence. Its value is calculated as a proportion between the Regression Mean Square and Residual Mean Square (240.633). F value is significant as computed value of F=103.438 is more than table value =6.63 at degree of freedom V1=1 v2=404, 5% level of significance. The statistical significance of 103.438 shows the probability that the computed F-value is not arrived due to fluctuation in random sampling. The present variance analysis reveals a high prediction consistency of the computed model relative to the residuals, but the small F-value indicates the lack of variance in the used variables (observed and predicted outcome variables) due to the reduces number of observations.

COEFFICIENTS^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	FACILITY MANAGEMENT AUDIT					
	FM ADMIN SERVICES	.386	.040	.385	9.723	.000
	SECURITY SERVICES	.083	.033	.086	2.465	.014
	HOUSEKEEPING SERVICES	-.108	.044	-.099	-2.429	.016
	ENGG/TECHNICAL SERVICES	.327	.043	.324	7.686	.000
	UTILITY SERVICES	.293	.047	.287	6.198	.000
	AMC/WARRANTY SERVICES	.087	.042	.086	2.075	.041
	LANDSCAPE MAINT.SERVICES	-.014	.036	-.014	-.401	.689
	HES SERVICES	.015	.039	.016	.374	.708
	OTHER FM SERVICES	-.004	.045	-.004	-.079	.937

After the evaluation of the F-value and R², it is important to evaluate the regression beta coefficients: unstandardized and standardized. The beta coefficients can be negative or positive, and have a t-value and significance of that t-value associated with each. Think of the regression beta coefficient as the slope of a line: the t-value and significance assesses the extent to which the magnitude of the slope is significantly different from the line laying on the X-axis. If the beta coefficient is not statistically significant (i.e., the t-value is not significant), no statistical significance can be interpreted from that predictor. So from Housekeeping /Custodial services, Landscape maintenance services, Health, Environment and safety services and Other FM services no statistical significance can be interpreted from the predictor. Hence, the Hypothesis is accepted for above variables.

If the beta coefficient is significant, examine the sign of the beta. If the regression beta coefficient is positive, the interpretation is that for every 1-unit increase in the predictor variable, the dependent variable will increase by the unstandardized beta coefficient value. Therefore, Beta coefficient for FM Admin services (0.386) and its computed t value is (9.723), Security services (0.083) and its computed t value is (2.465), Engineering/ Technical services (0.327) and its computed t value is (7.686), Utility services (0.293) and its computed t value is (6.198), AMC/Warranty services (0.087) and its computed t value is (2.075),The table value of t is 2.064 and statistically significant hence for each unit increase in independent variable the dependent variable will also increase by one unit. (For example, if the beta coefficient is 0.386 and statistically significant, then for each unit increase in the predictor variable, the outcome variable will increase by 0.386 units. Hence Hypothesis is rejected for above variables.

FINDINGS

The study reveals that in India, at present, FM services namely FM Admin, Engineering / Technical & Utility are audited and FM Services namely Housekeeping /Custodial services, Landscape maintenance services, Health, Environment and safety services and Other FM services are not audited.

RECOMMENDATIONS / SUGGESTIONS

Based on the study, it is recommended to have Facility Management audit mandatory for all services for any built environment. Audit should be internal & external both. Audit report should be maintained properly so that it can be used as database for further audits. FM audit reports should be referred while preparing the budget for facility management services.

CONCLUSION

This study helps us to found out that there is a strong correlation between facility management audit and FM Services namely Administration services, Security services, Housekeeping services, Engineering/Technical services, Utility services, Landscape maintenance services, AMC/Warranty services, Health, Environment and safety services, Other FM services. The difference between R square and adjusted R Square also gives us a clue regarding the possibility of generalizing the computed model from the used sample to the entire target population.

The present variance analysis also reveals a high prediction consistency of the computed model relative to the residuals.

This study also clearly infers that as Beta coefficient is negative for Housekeeping /Custodial services, Landscape maintenance services, Health, Environment and safety services and Other FM services no statistical significance can be interpreted from the predictor.

On the other hand, Beta coefficient is positive for FM Admin services, Security services, Engineering/ Technical services, Utility services and AMC/Warranty services therefore for every 1-unit increase in the predictor variable, the dependent variable will increase by the unstandardized beta coefficient value.

LIMITATIONS

Facility management services / modules applicable are totally dependent on the type of business / industry. So basic or say common facility management services/ modules are taken into consideration for the study purpose.

SCOPE FOR FURTHER RESEARCH

Specific to type of business or industry can be taken for study. Specific facility management service /module may be taken for study in reference to audit of the services.

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APPENDIX /ANNEXURE

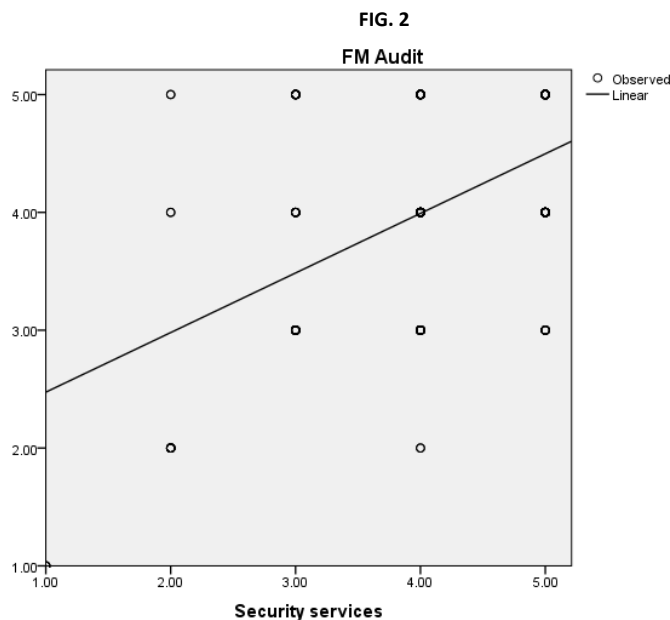
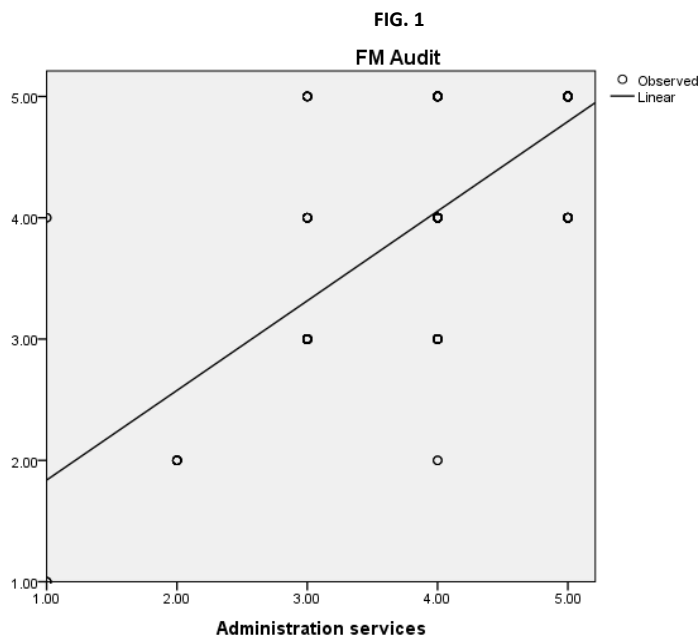


FIG. 3

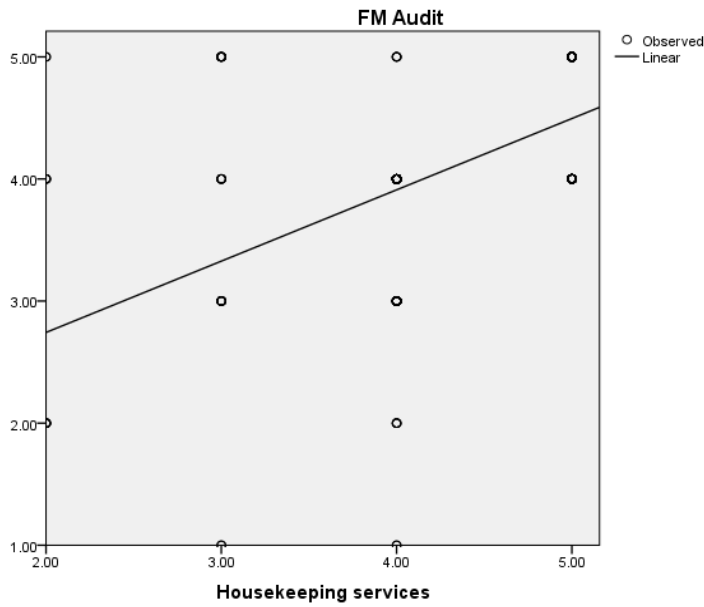


FIG. 4

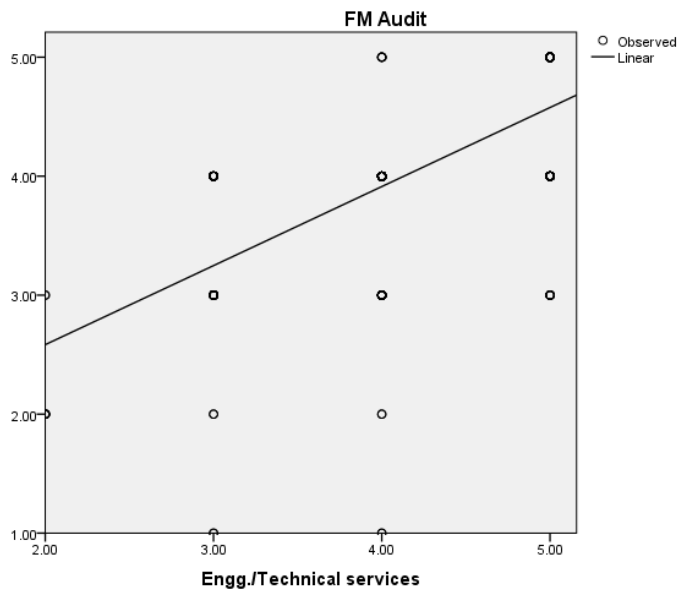


FIG. 5

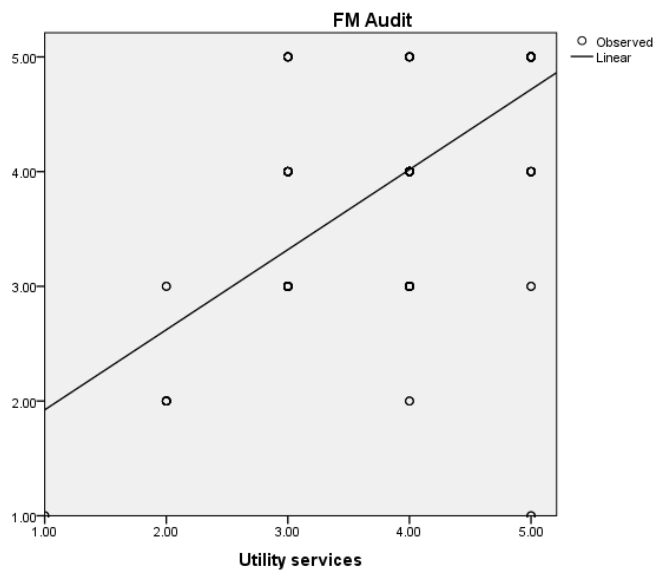


FIG. 6

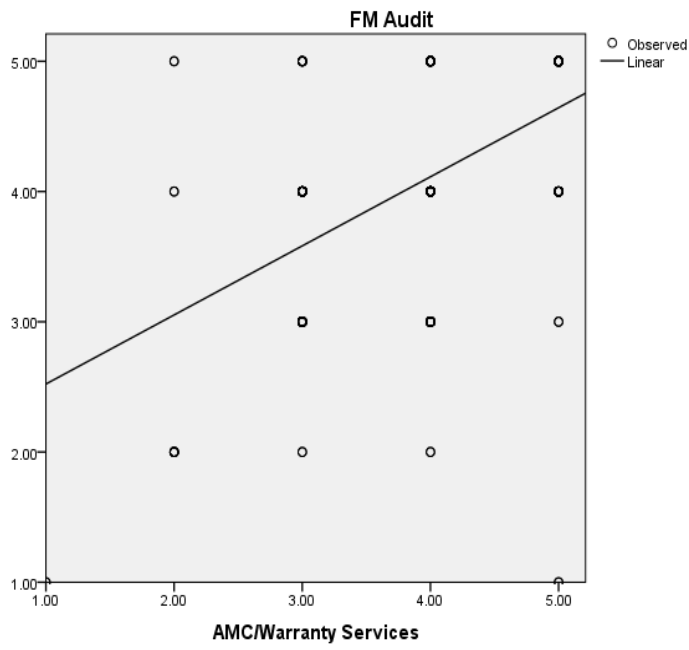


FIG. 7

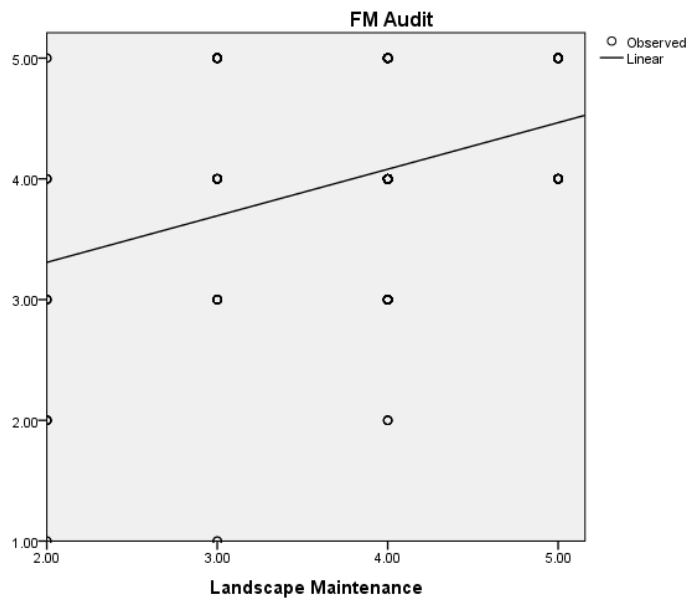
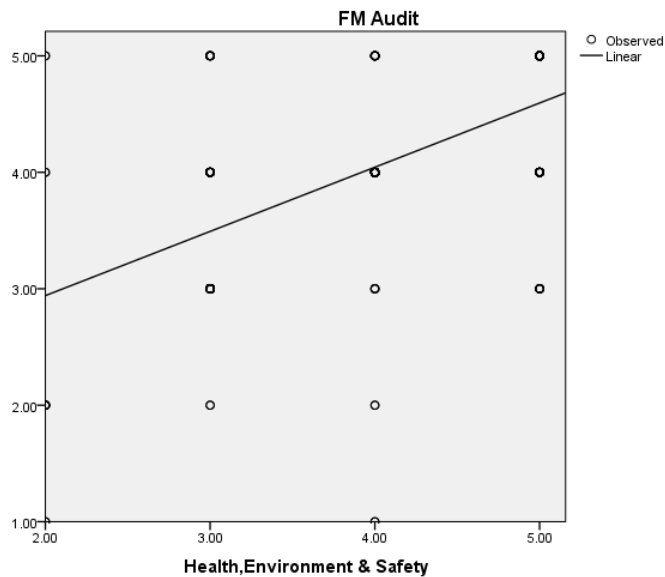
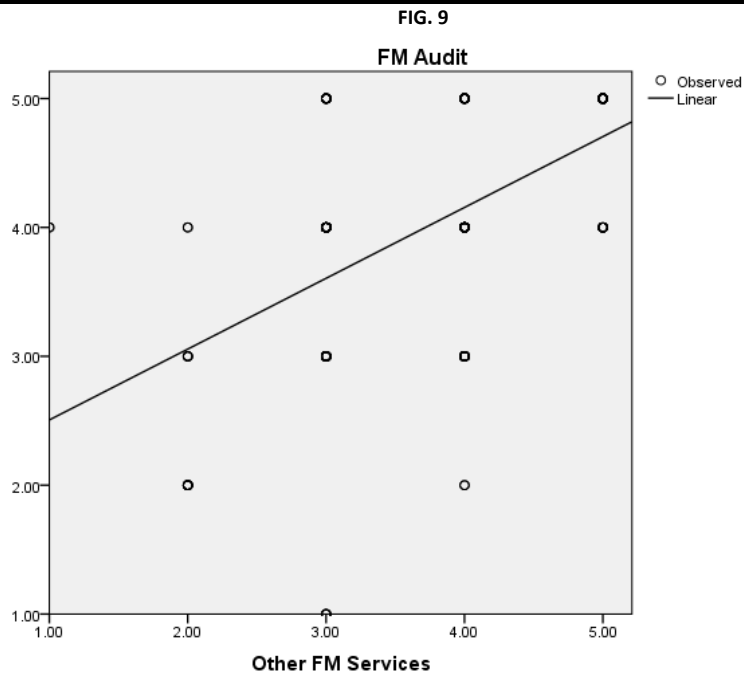


FIG. 8





IMPACT OF TAXATION ON FOREIGN DIRECT INVESTMENT

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ABSTRACT

Foreign direct investment is a powerful tool in promoting the economic growth of a country in the present era of globalization. It causes large jumps in the expansion of different sectors such as education, healthcare, manufacturing industries and leads to creation of more jobs thereby increasing the level of employment in the country. The rate of FDI inflows has been increasing in India each year since 1991. In order to attract more FDI, many countries try to reframe their tax policies by introducing different tax incentives such as tax holidays, investment allowances, exemptions, deductions etc. The purpose of the present paper is to review the impact of taxation and tax incentives on FDI inflows of a country. Based on the review, the study concluded that tax incentives have an impact on the investment contribution made the foreign investors and reduction in corporate tax is the widely used measure adopted by countries to attract FDI.

KEYWORDS

corporate tax, economic growth, foreign direct investment, taxation, tax incentives.

1. INTRODUCTION**1.1 FDI AND ITS IMPORTANCE**

According to International Monetary Fund, Foreign Direct Investment refers to an investment made to acquire lasting or long term interest in enterprises operating outside of the economy of the investor. It is direct as the investor which can be a foreign company, an individual or a group of entities can control or manage the foreign enterprise. (Barry Kalodkin, May 2017). Historically, technological advancement paved the way to the emergence of faster means of communication and transport which led to the movement of investors across national and political boundaries. (Pritchard, 1996). FDI is an important source of external finance for the countries with limited capital as they can receive finance across the national boundaries from richer countries. (Barry Kalodkin, May 2017). According to the study by Misra, FDI offers various benefits to the country such as providing long term capital that is necessary for economic development of the country, creation of new workplaces, bringing new technologies, providing greater access to foreign markets, bringing new managerial skills, attracting companies from innovative sectors, bringing 'clean technologies' which can improve environmental conditions, increasing employment and level of wages and providing positive impact on trade balance. (Srikant Misra, 2012). Romer states that FDI helps in the economic development of the country by strengthening human capital which is the most critical factor in Research and Development. It causes increase in innovation and competition which in turn accelerates technological progress and productivity and hence leads to economic growth in the country. (Grossman and Helpman, 1991)

1.2 TAX INCENTIVES

Taxation is important because it funds necessary activities and in turn benefits the people of the country. (Holmes, 1904). According to the definition given by UNCTAD, tax incentives are any incentives which reduce tax burden of a party and encourages them to make investment in a project or sector. They may include tax holidays, reduced tax rates, carry forward of losses and reduced tariffs. (Hilda M. Alegana, Nov 2014).

Gruber states that tax expenditures are losses that a government undertakes by providing tax deductions, allowances, exemptions, tax credits or preferential tax rates (Gruber, 2005).

Tax incentives can be broadly divided into four categories- tax holidays, tax credit and investment allowance, timing differences and reduced tax rates. Tax holidays exempt the new companies from tax for a particular period of time, investment tax credits provide deductions from tax payable whereas investment allowances are deductions that reduce taxable income. Timing differences can be in the form of deductions in first year or shorter period of depreciation. However, reduced corporate income tax is the most common form of tax incentive that is used by many countries to encourage investment. (Alicja BRODZKA, 2013)

2. OBJECTIVE OF THE STUDY

To examine the impact of taxation and tax incentives on foreign direct investment (FDI) of a country and draw suitable conclusion.

3. RESEARCH METHODOLOGY

Research work is done by using secondary data which includes various books, research papers, journals and articles from internet.

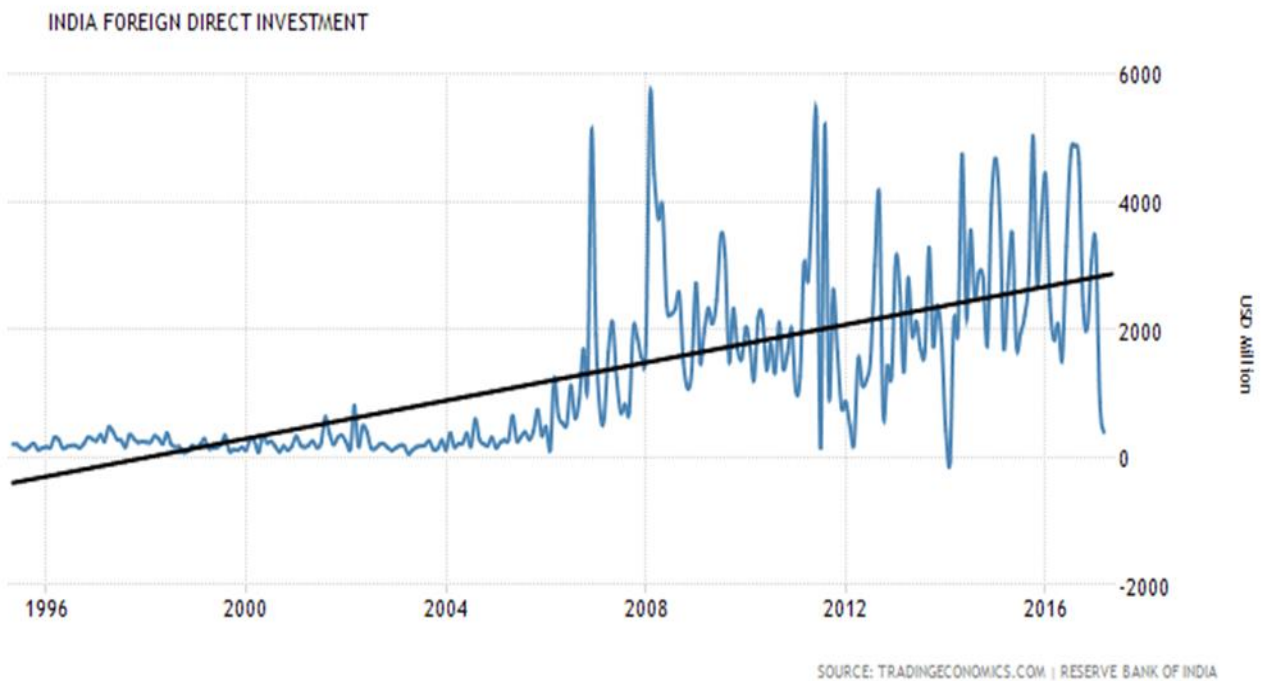
4. TRENDS IN FDI AND CORPORATE TAX RATES IN INDIA SINCE 1995

FIGURE 1: CORPORATE TAX RATES IN INDIA SINCE 1995



Source: Trading Economics, 2017

FIGURE 2: FDI IN INDIA SINCE 1995



Source: Trading Economics, 2017

Figure 1 represents corporate-tax-rates in India since 1995. The figure clearly shows that there has been a declining trend in the corporate-tax-rates which can be due to a number of reasons. The highest tax rate, according to the data (given by trading economics) was 38.95% in 2001 whereas the lowest was 32.44% in the year 2011. Figure 2 represents that there have been fluctuations in investment made by foreign countries in India. The figure, however, clearly represents an increasing trend which is a positive indicator for the country. Average amount of FDI in India from 1995 till 2017 has been 1222.53 USD Million (Trading Economics, 2017)

5. DISCUSSION

Several theories have been conducted on analyzing the impact of taxation on FDI of a country. Evidences around the world reveal that tax incentives are effective in attracting FDI. According to Y. Brauner, Multinational Corporations looking for an optimal investment location are attracted by universal and standardized tax incentives. (Brauner, 2012). A study conducted in Ireland reveals that for every 1% increment in corporate tax, FDI falls by 3.7%, (Roinn Airgeada, 2014). However, this estimate cannot be taken as uniform.

Various theories state that reduction in corporate-tax-rates has been the most preferred method adopted by countries. Many tax officials consider reduction in corporate tax rate as a relatively simpler tax adjustment, readily observed and directly relevant to the investors. (OECD,2007). Study by Dr. Kandpal also states that countries with considerable FDI rely more on low corporate taxes than on tax holidays. He emphasized that the changing structure of tax incentives has important implications for domestic and international tax policy. (Kandpal and Kavidayal, 2014)

There are other implications of the tax incentives for the countries. Favoring FDI by involving tax incentives can give an impression that the system is unfair giving preferences to the foreign investors which can undermine voluntary compliance within the framework. (OECD,2007). Use of tax incentives results in huge costs in the form of forgone revenue which would have otherwise used for funding different activities, resource allocation costs which arise when tax incentives create distortions in investment decisions among different sectors and enforcement and compliance costs in terms of qualifying different requirement and schemes. The best practice is to discourage special tax incentives in order to attract FDI and favour reduced corporate-tax. It also stated that the elimination of tax incentives can be a challenge for the policy makers. (OECD, 2007)

6. CONCLUSION

Based on the literature and findings, it can be concluded that FDI plays an important role in the economic growth of the country and introducing tax reforms or tax incentives is one of the important factors in attracting foreign direct investment in the country. Literature also suggests that reduction in corporate tax rates is the most preferred method because of simplicity in its application. However, there is no denying the fact that there are other key factors that are considerably important in attracting FDI such as political environment of the country, infrastructure, labour market conditions, availability of resources, financial factors, government and legal factors etc.

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AN INTRODUCTION TO GOODS AND SERVICES TAX 2017

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ABSTRACT

GST 2017 is goods and services tax to be applicable in India from 2017. It is a taxation introduced to bring transparency and uniformity in the taxation system of our country. In this taxation system, tax will levied at the point of production and no other taxes at the state borders will levy. With the help of GST inflation can be brought into control as one point i.e. at the time of production of goods and services the tax will levy.

KEYWORDS

transparency, uniformity.

INTRODUCTION

The Goods and Services Tax Bill or GST Bill is officially known as The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014 which proposes a national Value added Tax is implemented in India from 1 April 2017.

A comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India is goods and services tax. This tax will replace all taxes levied by the central and state governments. Goods and Services Tax would be levied and collected at each stage of sale or purchase of goods or services based on the input tax credit method. This method allows GST-registered businesses to claim tax credit to the value of GST they paid on purchase of goods or services as part of their normal commercial activity.

A significant step in the reform of indirect taxation in India is Goods and Services tax. Facilitating a common national market, it amalgamates several Central and State taxes into a single tax which would mitigate cascading or double taxation. The simplicity of the tax should lead to easier administration and enforcement. For the consumers, the biggest advantage would be in the reduction in the overall tax burden on goods which is currently estimated at 25%-30%, which will facilitate the free movement of goods across the nation without stopping at state borders for hours for payment of state tax.

CHANGES AFTER INDIA LAUNCHES GST

The rate of tax under GST may be nominal or zero for the time being. It is proposed that due to GST revenue of states will be adversely affected. The central government assured the state governments that if they have any loss of revenue than centre government will provide them with compensation for 5 years.

THE INDIRECT TAXES TO REPLACED BY GST

(I) CURRENTLY TAXES LEVIED AND COLLECTED BY THE CENTRE

- a. Central Excise duty
- b. Additional Duties of Excise (Goods of Special Importance)
- c. Duties of Excise (Medicinal and Toilet Preparations)
- d. Additional Duties of Customs (commonly known as CVD)
- e. Special Additional Duty of Customs (SAD)
- f. Service Tax
- g. Additional Duties of Excise (Textiles and Textile Products)
- h. Central Surcharges and Cesses so far as they relate to supply of goods and services

(II) CURRENTLY TAXES LEVIED AND COLLECTED BY THE STATE

- a. State vat
- b. Luxury Tax
- c. Entertainment and Amusement Tax (except when levied by the local bodies)
- d. Taxes on advertisements
- e. Taxes on lotteries, betting and gambling
- f. Central Sales Tax
- g. Entry Tax (all forms)
- h. Purchase Tax
- i. State Surcharges and Cesses so far as they relate to supply of goods and services

All the above mentioned central and state taxes are subsumed as CGST and SGST. This tax is levied as State/Union territory GST and Central GST. Except this inter-state supplies would have an Integrated GST, which is the sum total of CGST and SGST/UTGST.

Petroleum products is brought under the cover of GST i.e., petroleum crude, motor spirit, high speed diesel, natural gas, aviation turbine fuel from such date as may be notified by the Government on recommendation of the Council. Alcohol for human consumption has been kept outside the purview of GST.

TAXATION RATES STRUCTURE BETWEEN THE CENTRE AND STATE

RATES COMMODITIES

- 0%** Necessaries of life i.e. wheat, rice, maida, besan, bread, milk, curd, lassi, books, salt, newspaper, blood and many more.
- 5%** Essential goods i.e. branded wheat, branded atta, branded honey, pizza, masale, cream, lifesaving drugs, solar water heater, coal, and many more.
- 12%** Standard rate for goods and services like namkeen, mobile phones, juices, processed frozen food, steel, copper, pencil, ceramic items and many more.
- 28%** custard powder, instant coffee, chocolate, perfumes, liquid soap, mable, plaster, steel pipe, tube-tyre, printers and many more.

A well-designed GST in India is expected to simplify and rationalize the current indirect tax regime, eliminate tax cascading and put the Indian economy on high-growth trajectory. The proposed GST levy may potentially impact both manufacturing and services sector for the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales, and pricing. It will also stimulate the need to relook at internal organization and IT systems.

With its proposed implementation from 1 July 2017 gaining intensity, it is critical for companies, which have business operations in India to understand the broad contours and framework of the proposed GST law, likely impact of the new levy on their business and start taking appropriate steps to meet its requirement and be GST ready.

MERITS OF GOODS AND SERVICES TAX

1. GST is a transparent Tax and also reduced numbers of indirect taxes. With the help of GST implemented, a now a business premises will show the tax applied in the sales invoice. GST will tell Customer exactly how much tax is paid by them on goods and services they consumed.
2. GST will not result into a cost to registered retailers so there will be no hidden taxes and due to this the cost of doing business will be lower which in turn will help Export expansion.
3. GST can also help to diversification of income sources for Government other than income tax and petroleum tax.
4. Under Goods and Services Tax, the burden of tax will be divided equally between Manufacturing and services.
5. In GST System all taxes for both Central GST and State GST will be charged on manufacturing cost and these taxes will be collected on point of sale.
6. The biggest benefit of GST will be that multiple taxes like octroi, central sales tax, state sales tax, entry tax, license fees, turnover tax etc. will no longer be present and all these taxes will be brought under the GST. Now to do business will be easier and more comfortable as there will be no hidden taxes.

DISADVANTAGES OF GST

1. Critics say that GST would impact negatively on the real estate market. It would add up to 8 percent to the cost of new homes and reduce demand by about 12 percent.
2. Some Economist says that CGST, SGST and IGST are nothing but new names for Central Excise/Service Tax, VAT and CST and hence GST brings nothing new for which we should cheer.

CONCLUSION

GST is a uniform tax which will replace all other taxes in the economy. This tax implemented from 1st April, 2017. The tax structure under GST will more ideal and uniform. If implemented successfully, then inflation could be controlled and even inflation can be brought down. Tax will have levied only at the point of production and will be collected at the time of sale. Central government is ready to pay for compensation to the state governments if they suffer any loss of revenue due to GST. This tax will bring uniformity and transparency in the taxation system. One can come to know that how much tax he/she is paying and for which goods or services.

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BRAND PERSONALITY AND BRAND LOYALTY

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ABSTRACT

In today's competitive world where thousands of brands exist, for a company to survive in long run, it should build a unique brand personality and loyal customers. Brand personality is the way a brand speaks and behaves. Brand personality is personification of brand. It serves as a basis for distinguishing their goods or services from those of their competitors. Create the brand personality that matches the customers' profile because consumers buy brands that express their personality. Brand loyalty refers to the extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands on the basis of convenience or price. Brand loyalty usually relates to a product, not a company. The brand loyalty of existing customers represents a strategic asset that, if properly managed and exploited, has the potential to provide value in several ways. The paper tries to explain the above mentioned concepts and their importance for the organization and consumers.

KEYWORDS

attributes, brand personality, customers, loyalty.

1.0 INTRODUCTION

In today's competitive world where thousands of brands exist, for a company to survive in long run, it should build a unique brand personality and loyal customers. Without having a strong brand-building, many leading companies may not survive and many developing companies may never emerge to global prominence. Branding is an important means to establish competitive advantage in the overcrowded marketplace full of alternative products and services. It provides the consumers with a reason to buy a particular product. Brand personality is the way a brand speaks and behaves. Brand loyalty reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in the price or in product features. The paper focuses on how a company can establish a unique brand personality and build a loyal customer base and how these would be beneficial to both company and its customers.

2.0 OBJECTIVES OF THE STUDY

1. To understand concept of brand personality and how it will benefit company and its customers.
2. To know how company can develop and communicate a genuine brand personality.
3. To focus on the concept, importance and levels of brand loyalty.

3.0 RESEARCH METHODOLOGY

In order to carry out the study, various secondary sources like books, research papers and websites have been used.

4.0 BRAND PERSONALITY

Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. Personality trait refers to enduring personal characteristics reflected in a particular pattern of behavior in different situations. The Big Five personality traits refer to five broad dimensions used to describe human personality, which are openness to experience (degree of creativity and a preference for novelty and variety), conscientiousness (efficient/organized vs. easy-going/careless), extroversion (outgoing/energetic vs. solitary/reserved), agreeableness (friendly/compassionate vs. analytical/detached, well-tempered or not), and neuroticism (degree of emotional stability and impulse control, calm vs. reactive).

Brand personality is the way a brand speaks and behaves. It means assigning human personality traits/characteristics to a brand so as to achieve differentiation. Brand personality includes not only the personality features/characteristics, but also the demographic features like age, gender or class and psychographic features. Example: ESPN's brand personality stands for an authoritative passion for sports, knowledgeable with a bit of irrelevance. Approach sports coverage from all angles.

Personality traits are what the brand exists for. Brand personality is personification of brand. A brand is expressed either as a personality who embodies these personality traits (For instance - Shahrukh Khan and Airtel, John Abraham and Castrol) or as distinct personality traits (For instance - Dove as honest, feminist and optimist; Hewlett Packard brand represents accomplishment, competency and influence). Brand personality is the result of all the consumer's experiences with the brand and is thus built over a period of time. They are distinctive and enduring.

4.1 IMPORTANCE OF BRAND PERSONALITY

Brand personality is beneficial to both the consumers and companies. From the consumers' point of view, brand personality represents a modern way of expressing themselves by affirming their personalities and defining their standards of living by means of material possessions. From company's point of view, brand personality serves as a basis for distinguishing their goods or services from those of their competitors, and also as a means to inform customers about the advantages they can derive from buying their respective goods or services and/or the status connotations of using them.

Brand personality performs symbolic function i.e. it helps in satisfying social or self-esteem needs. Brand personality helps to market the brand better in the following ways:

1. **Differentiates the brand from the competition:** A distinct brand personality can differentiate brands and is especially beneficial when brands have similar product attributes Example: Pepsi vs. Coke. Since brand personality of Coca Cola is better than that of Pepsi, thus, Coca Cola has greater market share.
2. **Communicates good traits about the brand:** Brand Personality can help communicate brand identity with richness and texture by communicating good traits of brand like trustworthy, desirable etc. which can help build customer confidence.
3. **Forms an emotional attachment with the brand:** Consumers are more likely to identify with brands that closely resemble them in terms of personalities. Example: Marlboro is considered as masculine and Virginia Slim is considered feminine.
4. **Creates brand equity:** Brand equity refers to the value of a brand. It is based on the idea that the owner of a well-known brand name can generate more money from products with that brand name than from products with a less well-known name, as consumers believe that a product with a well-known name is better than products with less well-known names. Personality traits help consumers establish a sustainable relationship with a brand.

4.2 ELEMENTS IMPORTANT FOR A GENUINE BRAND PERSONALITY

1. **Vision:** Firstly, brand's overall goals give a starting point for shaping its character. Focus on whether the company's current image is good enough or needs to be changed. After reviewing the company's vision and mission statements, make a list of traits the company will put forward to achieve its goals.
2. **Essence:** It focuses on what the brand is all about, how the company wants its brand to be perceived. In other words, capture the spirit of the brand in a single word or a phrase and brand personality should be consistent with the brand essence.

3. **Tone:** The tone of voice is how the brand speaks to its audience. While the company's personality is usually consistent, the tone alters depending on the medium. Like, company would probably take on a more serious tone when communicating to stake holders as opposed to using a light-hearted, upbeat tone when conversing with an online fan.
4. **Customer Connection:** Company should define its target audience and survey what they need, want and like. Then, build the personality profile of the target consumers. Create the brand personality that matches the customers' profile because consumers buy brands that express their personality. Example: Levi's targeted the masculine, youthful and rebellious audience and thus developed brand personality as individualistic, free and American.
5. **Consistency:** Once the company commits to a brand personality, it should try to maintain its consistent brand personality, unless a change is must. In other words, it should try to fulfill its promises in order to develop a loyal customer base.

4.3 COMMUNICATING BRAND PERSONALITY

Once a brand personality has been researched and targeted, advertising must be developed that creates, reinforces, or changes that target personality. Key elements that contribute to a brand's personality are:

1. **SYMBOLS & LOGOS:** Logos should be:
 - Unique but easy to recognize
 - Worth remembering and represent ideas etc.
 - Look simple and yet capture wider meaning
 - Relevant and in tune with the time
2. **SLOGANS / PUNCH LINES**
 - Enhance brand recall
 - Have strong linkage with brand's essence / key values
 - Convey a clear meaning or suggest something about product category / brand / values / features / benefits of the brand
3. **ENDORSER:** The choice of a real person (or persons) to be associated with the image of the brand is important because the image of the people involved can get transferred to the brand with enough repetition. Celebrity enjoys instant recognition & goodwill that can be transferred to the brand.
 - Personality of the brand and celebrity should complement each other. Example: Sachin stands for style, power play, technique and excellence or performance and so best for Boost.
 - Reliable celebrity ensures instant awareness, acceptability and positive attitude towards the brand, which is precursor to buying.
 - Indian celebrity can connect foreign brand with the Indian consumer with great effect. Example: Big ' B' as brand ambassador for Reid & Taylor.
4. **USER IMAGERY:** The kind of imagery user portrayed in the ad can also be very important to create a personality reference.
 - Who or what type of person might use that product / brand. Example: Raymond's ad (playing with puppies) focuses on soft side of man (i.e. caring and loving)
 - Communicates about the life style of the user.
 - Brand personality needs to be updated with change in user imagery and information so that the brand remains relevant.
5. **EXECUTIONAL ELEMENTS:** Elements such as the choice of music, visual elements, pace and nature of editing, colour schemes used, layout, typography can all contribute substantially to a brand's personality.
 - Intelligent and creative ads deliver brand personality in more efficient way.
 - All elements should complement each other to be more effective and eye catchy.

5.0 BRAND LOYALTY

The American Marketing Association defines brand loyalty as:

- Consumer Behavior Definition, "The degree to which a consumer consistently purchases the same brand within a product class".
- Sales Promotion Definition, "The situation in which a consumer generally buys the same manufacturer-originated product or service repeatedly over time rather than buying from multiple suppliers within the category".

Brand loyalty refers to the extent of the faithfulness of consumers to a particular brand, expressed through their repeat purchases, irrespective of the marketing pressure generated by the competing brands on the basis of convenience or price. Brand loyalty is reflected through consumer behavior and is often based upon perception. It is reflected through behaviors like word of mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, customer satisfaction, etc. A consumer will consistently purchase the same product because he perceives it as being the superior product among the choices available.

Brand loyalty usually relates to a product, not a company. For example, while a customer may be loyal to Honda Accord, but when it comes to motorcycles, he might believe that a Harley leaves a Honda motorcycle in the dust.

5.1 TWO APPROACHES TO UNDERSTAND BRAND LOYALTY

- Behavioral approach to brand loyalty views consistent purchasing of one brand over time as an indication of brand loyalty.
- Attitudinal approach to brand loyalty defines brand loyalty as the customer's disposition towards a brand as a function of psychological process and includes attitudinal preference and commitment towards the brand.

Jacoby & Chestnut (1978) propose six loyalty conditions, integrating both attitudinal and behavioral dimensions, and based on which they define the brand loyalty. According to them, brand loyalty is (1) the biased (i.e. nonrandom), (2) behavioral response (i.e. purchase), (3) expressed over time, (4) by some decision making unit, (5) with respect to one or more brands out of a set of such brands, and (6) is a function of psychological (decision-making, evaluative) processes.

- **Biased behavioral response:** Brand loyalty is a biased response. There has to be a systematic tendency to buy a certain brand or group of brands and his decision to buy a particular brand cannot be altered by anything to which the customer is exposed to.
- **Expressed over time:** An incidental bias towards a brand does not guarantee brand loyalty. Since the process is dynamic, some consistency is needed during a certain time span.
- **Decision-making unit:** Brand loyalty is defined by the purchase pattern of a decision-making unit which may be an individual, a household or a firm. However, the decision unit does not have to be the actual purchaser.
- **Selection of brands:** It focuses on selection of one or more brands out of a set of brands. It states that consumers may actually be loyal to more than one brand. It also means that in order to have brand loyalty, there must be an opportunity to choose among alternatives.
- **Function of psychological process:** Brand loyalty is a function of psychological (decision-making, evaluative) processes i.e. consumers should evaluate the brands and form beliefs about the brands and thus, may overtime develop commitment towards the brand. Brand loyalty implies consistent repurchase of a brand which is a result of a positive affection of the consumer towards that brand.

5.2 LEVELS OF BRAND LOYALTY

According to Aaker (1991), brand loyalty measures the attachment that a customer has to a brand. It reflects how likely a customer will be to switch to another brand, especially when that brand makes a change, either in the price or in product features. In the brand loyalty pyramid, Aaker identifies five levels of brand loyalty ranging from not loyal to very loyal, the lowest level being depicted at the bottom of the pyramid.

1. **SWITCHERS:** Such buyers are not brand loyal and are indifferent to the brand. Brand does not affect decision-making and the purchase is made on basis of convenience and price.
2. **SATISFIED/HABITUAL BUYER:** Such buyers buy brand out of habit because they are satisfied with brand and have no reason to change and thus, do not lookout for alternatives.
3. **SATISFIED BUYER WITH SWITCHING COSTS:** Buyers who are satisfied and also have switching costs in terms of time, money and performance and are thus reluctant to switching to a competitive brand forms the third level.

4. **BRAND LIKER:** These buyers develop brand liking and preferences based upon rational, experiential and symbolic benefits derived from the consumption of branded product.
5. **COMMITTED BUYERS:** These buyers feel proud of being a product or brand user. They buy product because it relates strongly with their values and personality.

5.3 FACTORS INFLUENCING BRAND LOYALTY

- **SATISFACTION:** Satisfied customers become loyal and dissatisfied customers move to another vendor. Increased satisfaction increases customer loyalty.
- **BRAND IMAGE:** A consumer to be fully loyal, the brand needs to be a part of both the consumer's self-identity and his or her social-identity.
- **TRUST:** Brand trust leads to brand loyalty because trust creates exchange relationships that are highly valued.
- **COMMITMENT:** Commitment refers to a desire to maintain a relationship. It creates a bond that keeps customers loyal to a brand.
- **WORD-OF-MOUTH:** Positive word of mouth plays an important role in strengthening brand loyalty and widening its reach as it acts as a free advertisement declaring information on the satisfying experience with the brand and offering proven benefits that can lead to an automatic recruiting of new consumers, who may do the same and pull in more new consumers.
- **IMPORTANCE OF RELATIONSHIP:** Loyalty is also often characterized as a desire to preserve a valuable or meaningful relationship. Brand loyalty is regulated by the importance of the consumer-brand relationship and it can be increased by increasing importance of the product or service.

5.4 BENEFITS OF BRAND LOYALTY

Aaker (1991), the brand loyalty of existing customers represents a strategic asset that, if properly managed and exploited, has the potential to provide value in several ways:

1. **REDUCED MARKETING COSTS:** Loyal customers reduce marketing costs, since it is much less costly to keep a customer than to gain and regain, since loyal customers have no incentive to look for alternative brands.
2. **TRADE LEVERAGE:** Brand loyalty provides trade leverage because channel members have less uncertainty dealing with a proven brand name that has already achieved recognition and has established strong associations.
3. **ATTRACTING NEW CUSTOMERS:** Loyal customers can create brand awareness and generate reassurance to new customers. Positive word of mouth is usually high in case of loyal customers and effectively provides a company with costless advertising.
4. **TIME TO RESPOND TO COMPETITIVE THREATS:** As brand loyalty increases, customers will respond less to competitive moves and actions. Brand loyal customers remain committed to the brand and thus provide time to company to respond to competitive threats.

6.0 CONCLUSION

- Companies should focus on managing their brands carefully as it is a source of competitive advantage.
- Companies should try to develop a genuine and unique brand personality and monitor it regularly.
- Company must periodically audit their brand's strengths and weaknesses and should ask: Does their brand deliver such benefits that consumers truly value? Is brand appropriately positioned? Does brand receive proper, sustained support?
- If a company wants to survive in long run, then it should focus on building loyal customer base.

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MOVING FROM EMPLOYEE SATISFACTION TO EMPLOYEE ENGAGEMENT

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ABSTRACT

In today's shifting paradigm of people management, it's a real challenge for companies to manage the employee relations and engagement aspect. HR experts are of the view that if an employee is not driven by motivation, he will not be able to give his best to the organization. If satisfied employees are instilled with strong sense of motivation towards excellence in performance and an equally strong commitment towards welfare of the employers, he rises to level of an 'engaged employee', who is emotionally involved in the business processes and develop 'strong zeal' to achieve business goals. This paper aims at developing an understanding of the concept of employee engagement; differentiating it from employee satisfaction and determining the various workplace attributes that affect employee engagement in the increasing order of their significance. Further a model has been developed to engage employees in the organization by linking Maslow's need hierarchy model of motivation with the Mercer's employee engagement model.

KEYWORDS

employee engagement, engaged employees, employee motivation, employee satisfaction.

INTRODUCTION

Today every business is facing challenges like increasing competition from current competitors and new market entrants, cost pressures, innovations in products and technology, emerging brands, globalization, erratic attrition rates and mobile workforce, changing consumer buying patterns and service expectations, shareholder value and city expectations. In the light of these challenges a good strategy for employee engagement can do wonders for an organization.

Over the last two decades, employer's needs and interests have moved from creating conditions and programs that result in employees who are merely "satisfied" with pay, benefits and working conditions, to employees who are "committed" to the organization and not considering a move, to those who are genuinely "engaged" in the work and mission of the organization. (Sanchez, 2008)

In the present scenario it has become quite difficult for multinational organizations to increase the levels of employee engagement in their organizations. The most important reason for this is the heterogeneity in the employee population. So, it is quite an easy task to talk about the potential benefits of employee engagement but practically, increasing the levels of employee engagement among employees is a challenging job. These days' organizations are making all the possible efforts to win the hearts and minds of people in order to achieve highest levels of performance and productivity; still they find it very difficult to crack the code of employee engagement.

Organizations like 3M, Microsoft, Google, Motorola, Airbus, Apple computers, and a host of many Japanese organizations popularized this concept over a period of time.

OBJECTIVES

1. To develop an understanding about the concept of employee engagement.
2. To have an overview about the various benefits of having engaged employees in an organization.
3. To determine the difference between employee engagement and employee satisfaction.
4. To determine various attributes that affect employee engagement in an organization.
5. To establish a link between Maslow's need hierarchy model and Mercer's model of employee engagement.

DEFINING EMPLOYEE ENGAGEMENT

It is defined as employees' willingness and ability to contribute to company success. Another way to think about engagement is the extent to which employees put discretionary effort into their work, in the form of extra time, brainpower and energy. (Towers Perrin Talent Report, 2003)

The concept of employee engagement can be explained as the sum total of behavioural aspects reflected by people in an organizational setup. It can further be demonstrated by employees in the following ways:

- By having a strong belief in the mission, vision, and values of the organization.
- By having an internal desire to bring about improvements in the organizational processes.
- By having an involvement in the company's business and strategies.
- By having a sense of respect and support for others in the organization.
- By having an inner desire to learn something new and put it to organizational use.

It is making employees to work with not only their minds and body but also with 'hearts'. Engaged employees and organizations will "go the extra mile" for each other because they see mutual benefits of investing in their relationship. (Treaty, 2007)

Another way of explaining the concept of employee engagement is by considering it as a strategic partnership between the employees and their organization. In this partnership both the employees as well as the organization have mutual interdependence. The employees work towards achieving the business objectives and improving the overall productivity. On the other hand, the onus of providing a conducive environment and a good work culture so that aspirations of employees are also achieved is of the organization.

The concept of employee engagement is so vast that it covers almost all the aspects that come under the scope of human resource management. Even though the concept of employee engagement is basically derived from some of the facets of human resource management like job satisfaction, employee commitment, organizational citizenship behaviour, employee involvement etc.; there is still much more to it.

BENEFITS OF EMPLOYEE ENGAGEMENT

Employee engagement helps in developing a committed workforce for an organization. This committed workforce helps in developing the business for an organization by means of creating an emotional connect with the customers and generating a loyal client base.

These committed employees further help in creating a positive effect on other employees of the organization and as a result a kind of synergistic environment is generated. Because of this the workplace becomes highly productive and ethical.

Engaged employees also tend to stay with the organization for a longer period of time thereby reducing the rate of employee turnover and creating an overall positive environment.

Some of the other benefits of engaged employees have been discussed below:

- Engaged employees tend to be better performers and are highly motivated.
- They tend to increase loyalty in the organization and contribute significantly to the success of the organization.
- Engaged employees also help in increasing the productivity and profitability of an organization.
- They also tend to be better team players and provide whole hearted support to their colleagues.
- They also tend to form an emotional bond with the organization and hence have a remarkably good attitude towards customers and clients.
- They help in improving the overall culture and provide better customer satisfaction.
- Engaged employees are more synchronized with the goals and strategies of the company and hence are highly committed.
- They act as goodwill ambassadors of the company and help in increased business growth.
- They act as perfect employees and also motivate others in the organization to contribute wholeheartedly towards the success of the company.
- Engaged employees also contribute towards reduction in the levels of absenteeism and employee turnover and increased levels of employee satisfaction.
- They also help in reducing supervision costs, and other such cost which ultimately leads to reduction in cost of goods sold.
- Engaged employees also act as a source of competitive advantage for the organization and provide sustainability to the organization.

DISTINCTION BETWEEN EMPLOYEE ENGAGEMENT AND EMPLOYEE SATISFACTION

Having satisfied employees is no longer sufficient these days. So far organizations have been putting lot of time on conducting employee satisfaction surveys just to know the happiness quotient of employees with the company. But their level of happiness and satisfaction does not necessarily reflect their level of engagement in the organization.

Employee satisfaction merely is an indicator of workplace morale. Even though determining this is important for an organization but it does not indicate productivity of employees. This is where employee engagement plays a significant role. From the above discussions it is quite clear that employee engagement has a direct link with the productivity of the company.

The concept of employee satisfaction just measures how satisfied are the employees with the organizational policies, rules and regulations, supervision, administration, communication channels, work, etc.

On the other hand, employee engagement is much more than this. It tends to measure the extent to which employees form an emotional connect with the organization by means of aligning themselves with the vision, mission, goals, policies, values, philosophy and practices of the organization.

An employee is **“satisfied”** due to what he /she **“gets”** from the organization, while an employee is said to be **“engaged”** when he focuses on **“giving”** to the organization. (Daryani, 2008)

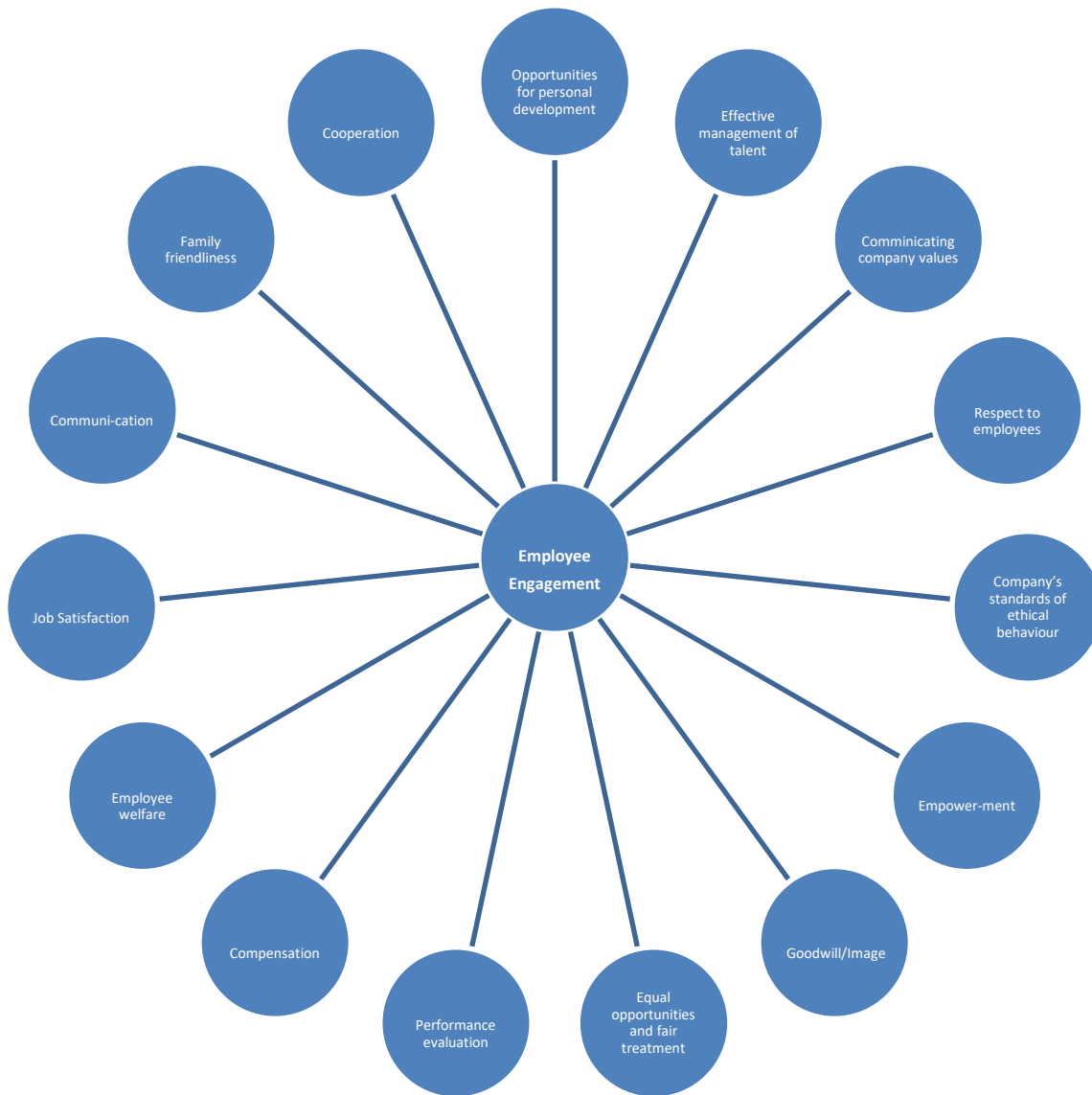
A **“satisfied employee”** is likely to **“stay”** longer. On the other hand, an **“engaged employee”** is likely to **“contribute”** longer.

Employee engagement gives importance to all the three aspects: physical, cognitive and emotional, whereas in employee satisfaction importance has been given to cognitive side only. (Vazirani, 2007)

TABLE 1

Employee Satisfaction	Employee Engagement
1. It is a degree to which employees are satisfied with their employer, policies, the work environment, supervision and leadership, the actual work as well as other factors.	1. It includes the extent to which the employees identify with the organizational goals, mission, philosophy, value, policies, and practices.
2. Employee focuses on getting from the organization.	2. Employee focuses on giving to the organization.
3. The employee is likely to “stay” longer.	3. The employee is likely to “contribute” longer.
4. Gives importance to cognitive aspect only.	4. Gives importance to all the three aspects: physical, cognitive and emotional.
5. It is an indication of employee morale.	5. It is an indicator of higher productivity.

Fig: 1



1. **Opportunities for personal development** - It relates to providing diverse training opportunities, leadership programs, workshops, designing career paths, etc.
2. **Effective management of talent** - The process covers all key aspects of an employee's "life cycle:" like selection, development, succession and performance management. It is about identifying a person's natural skills, talent, personality and traits, while offering him or her job
3. **Communicating company values** – It is very important for the employees to know about the value system and philosophy of the organization so that they can relate to it mentally as well as emotionally. The employees should know what the organization wants to achieve and how they can contribute towards the success of the organization.
4. **Respect to employees** – Every employee wants to be treated respectfully in the organization. Companies who respect the dignity of employees tend to have a greater loyalty from their workforce.
5. **Company's standards of ethical behavior** – Employee engagement levels tend to be higher in those workplaces that follow high standards of business ethics and principles.
6. **Empowerment** -Employee empowerment entails identifying how much responsibility and authority an individual can effectively handle without becoming over-burdened or distressed. Empowerment in an organization results in engaged employees.
7. **Goodwill/Image** – The Company's goodwill or image is basically how it is being perceived by everyone in the society. Employee engagement and in turn how much they are willing to endorse the products or services of the company greatly depends on the perception that customers have about the quality of those goods and services.
8. **Equal opportunities and fair treatment** to all the employees irrespective of gender, age, designation or level is another aspect that ensures employee engagement.
9. **Performance evaluation** – Employee engagement also depends on how the employees' performance is being evaluated in the company. Organizations that use unbiased and transparent techniques for employee evaluation tend to have high levels of engagement.
10. **Employee compensation** – in order to increase the levels of employee engagement the organizations should have a well maintained employee compensation system in place. The employees should be motivated using a combination of monetary as well as non-monetary benefits.
11. **Employee welfare** – It is quite evident that employees will not feel engaged if an organization does not take care of the health, safety and welfare needs of the employees. Hence, every organization should take certain measures in this direction also.
12. **Employee satisfaction** – Organizations can't ignore the importance of employee satisfaction. Any company that wants to have an engaged workforce should make sure that there is a proper match between the jobs provided to the employees and their career goals
13. **Communication** – In order to ensure employee engagement, the organizations should have open channels of communication. Employees should know what is going on in the organization and why they are doing a particular task so that they get to know the relevance of their jobs.

14. **Work life balance** – If an organization wants to have an engaged workforce it needs to provide a healthy work life balance to its employees because the family life and personal life of a person are connected to each other.
15. **Cooperation** - Employees will be engaged if teamwork is a virtue that the company values. If the leadership and employees focus on team goals instead of individual goals, it goes in a long way to engage employees.

Employee engagement also depends on the hierarchy level to which an employee belongs. Senior executives are more engaged than any other groups.

Moreover, the type of industry to which an employee belongs also determines the level of engagement

According to various studies, the most important driver of 'Employee Engagement' is believed to be the correlation between the employee's job and organizational strategy, as well as an understanding as to how important the job is to the success of an organization. (Chandra, 2008)

By having a better understanding of the various drivers of engagement and the relative importance of each of these factors on the level of employee engagement, it becomes possible for the organizations to allocate resources in the best possible manner and improve overall productivity of the employees and the organization as a whole.

Organizations nurture engagement by proactively leveraging three sources of influence:

- Employees.
- Leaders.
- Organizational systems and strategies.

FIG. 2



Organizations hoping to instill engagement must take into account of employees' passion, commitment, and identification with the organization.

MODELS OF EMPLOYEE ENGAGEMENT

1. ISR'S 3-D MODEL

According to Towers Perrin ISR's (International Survey Research -2006) 3-D Model of Employee engagement, engagement is a three-dimensional concept comprising of following three components:

The Cognitive or "Think" component - what do employees think about their company? Is there an intellectual fit between each employee and the organization? Do employees believe in the organizations goals and objectives and support the values for which the organization stands?

It basically relates to employees' logical evaluation of a company's goals and values.

The Affective (Emotional) or "Feel" component - what do employees feel about their company? Is there an emotional bond between employees and the organization which makes them proud to be a part of the organization? Would each employee recommend the organization as an employer?

It taps into whether employees have a sense of belonging and pride in the company.

The Behavioural or "Act" component - how do employees act in relation to their company? Here are two aspects to how employees act in relation to their company. One is whether employees exert the maximum effort in their work. Do they go the extra mile?

The other is whether each employee intends to stay with the organization through successes and setbacks.

So it relates to retention and willingness to "go the extra mile".

Each of these dimensions of engagement must be present, to some degree, to achieve high levels of employee engagement and fully realize the benefits of employee engagement for the company.

2. MERCER'S FOUR STAGE MODEL

On the basis of research Mercer has identified a **four stage model of employee engagement**. These four stages represent increasing levels of engagement within the organization and correspond to particular psychological states namely – **Satisfied, Motivated, Committed, and Advocate stage.** (Sanchez, 2008)

Satisfied employees enjoy doing their jobs and are not dissatisfied with the terms and conditions of employment. Generally, they are content to work alone, reliably, without requiring a great deal of management oversight. At the same time, they are not necessarily willing team players and tend not to go "above and beyond" in their efforts. Optimizing the working relationship of satisfied employees requires adequate work tools, resources and equipment.

Motivated employees occupy the next stage on the employee engagement continuum. In addition to sharing the attributes of satisfied employees, motivated workers contribute energetically and are highly focused individual contributors to the enterprise. Mainly, though, they are striving to achieve individual goals more so than team or organizational goals. Motivated employees respond best when meaningful work is delegated to them; fair performance goals are established; job expectations, priorities and feedback are clearly communicated, obstacles to optimal performance are removed; and skill development is provided.

Committed employees have thoroughly internalized the values and behaviors represented by the earlier stages of the engagement model but have also forged a strong identification with the organization. They are loyal to the company and optimistic about its future. They are also openly ambitious and believe the organization will enable their best performance.

Employees who have reached the **Advocate stage** have a vested interest in the organization's success. They freely contribute discretionary effort – a willingness to go the extra distance in executing projects and their regular duties. They are motivated to perform to the highest standards and apply creative energy to their work and the work of their teams. They proactively seek opportunities to serve the mission of the organization

WHAT ORGANIZATIONS CAN DO TO ENGAGE EMPLOYEES

Maslow's Hierarchy of Needs can be linked to Mercer's employee engagement model

FIG: 3

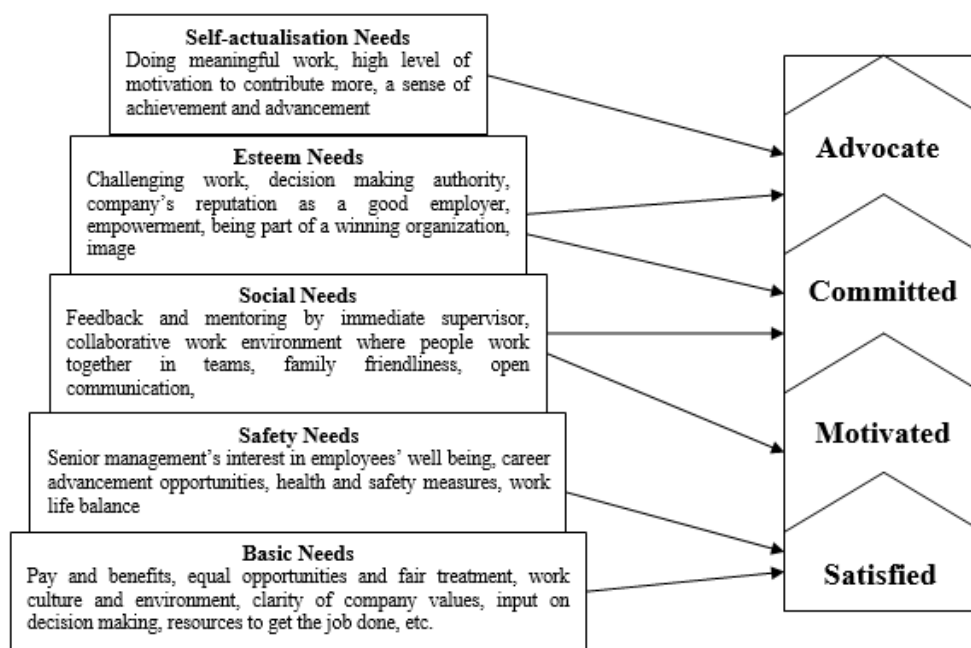


Figure 3 depicts the following:

- Fulfillment of basic and safety needs leads to satisfaction of employees.
- If employees are provided with social needs, it leads to a motivated workforce.
- Social and Esteem needs provided together results in committed employees.
- Advocate stage of employees is achieved when esteem and self-actualization needs are met.

In order to satisfy the various needs of employees the following organizational factors are helpful:

- **Basic Needs** – pay and benefits, equal opportunities and fair treatment, work culture and environment, clarity of company values, input on decision making, resources to get the job done, etc.
- **Safety Needs** – senior management’s interest in employees’ wellbeing, career advancement opportunities, and health and safety measures, work life balance.
- **Social Needs** – feedback and mentoring by immediate supervisor, collaborative work environment where people work together in teams, family friendliness, open communication, cooperation.
- **Esteem Needs** – challenging work, decision making authority, company’s reputation as a good employer, empowerment, being part of a winning organization, image, etc.
- **Self-actualization Needs** – doing meaningful work, high level of motivation to contribute more, a sense of achievement and advancement.

For the purpose of developing the framework in Fig. 3 the various needs in the Maslow’s need hierarchy have been drawn from the workplace attributes required for employee engagement as in Fig. 1.

CONCLUSION

Building engagement is a process that never ends. It is not about making people happy, or even paying them more money. Rather it rests on the foundation of meaningfully and emotionally enriching their work experience.

According to a Chinese proverb:

**“If you are planning for a week, plant corn.
If you are planning for months, plant trees.
If you are planning for years, plant men”**

In today’s scenario if organizations want to be successful then; maintaining high levels of focused performance is not just important but critical to the existence of all the companies. In order to achieve this, sincere efforts must be taken by organizations to increase the level of employee engagement.

It has been observed that pay and benefits are more important in attracting and retaining people, but they play a less important role in engaging people in their work. This is because people need to be appreciated and valued for their contribution to the organization.

What every employee wants are a combination of monetary as well as non-monetary elements that together create an environment of learning, advancement, achievement, recognition and the support of management.

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CONSUMERS BUYING BEHAVIOUR AT SUPERMARKET IN TIRUVARUR DISTRICT

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ABSTRACT

The concept of supermarket can be explained as a large form of the traditional grocery store, is a self-service shop offering a wide variety of food and household products, organized into aisles. It is a larger and has a wider selection than a traditional grocery store, but is smaller and more limited in the range of merchandise than a hypermarket or big-box market. A supermarket is a self-service shop offering a wide variety of food and household products, organized into aisles. It is larger and has a wider selection than a traditional grocery store, but is smaller and more limited in the range of merchandise than a hypermarket or big-box market.

KEYWORDS

organized merchandise, self-service, supermarket.

I. INTRODUCTION

A Supermarket is a departmentalized self-service retail store. Most supermarkets are very large stores, which stock a wide range of product. Supermarkets sell food and other household product to customers. Customers select the items that they want to buy from shelves as they go around a store. After a customer has selected the items he wants to purchase he takes them to a till where he must pay for them. In most area of country customers can choose to shop at several different supermarkets. Therefore the supermarket owners must compete with each other to attract new customers and to keep their existing customers.

II. SUPERMARKETS**A. CHARACTERISTIC FEATURES OF SUPERMARKETS**

Supermarkets are usually located in or near primary or secondary shopping areas but always in a place where parking facilities are available. They operate largely on a self-service basis with a minimum number of customer services. Supermarkets came into existence during the depression period in the U.S.A. At that time they sold only food products, and their principal attraction was the low price of their merchandise. As supermarkets increased in number of day by day, they also expanded into other limes of merchandise.

B. ADVANTAGES OF SUPERMARKETS

The various economics and advantages of supermarkets may be enumerated as under:

- Low prices: The supermarkets generally charged a lower price for the products sold because the operating costs all kept in the minimum. Hence a supermarket is born to the customers.
- Large volume of sales: Since the prices are cheaper more customers can be attracted towards them. Hence they are able to have large as well as rapid turnover.
- Convenient shopping: Supermarkets stand for convenience in shopping because the customers can by all their food requirements at once place. Beside they also have a wide variety of items to select. The customers are also given perfect freedom. To make their selection without the pressure from the salesman.

C. LIMITATIONS OF SUPERMARKET

However, supermarkets have certain inhere limitation they are as below:

- Large and extensive: They require a spacious premise which, Are not generally available in economical rates at crowded cities.
- Unsuitable for rural area: They require a facility large concentration of population. Therefore, they can be opened only in densely populated cities and towns and not in rural areas.
- No personal contact: Customers who want personal attention do not get such services and attention in supermarkets. Moreover products, which need explanation and demonstration by sales. Cannot be dealt with at this markets.

III. CONSUMER BEHAVIOUR

A. CONSUMER: The consumer production Act 1986 defines 'Any person who buys any goods or avail services for personal use, for a consideration.'

B. CONSUMER BEHAVIOUR: Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society

DEFINITION

According to "WALTHER AND PAUL" consumer behavior is the process whereby individual decide whether, what how and from when to purchase goods and services. The while consumer behavior consists of physical and mental activities or exercises. It is important to note that consumer behavior never remains fixed but it is ever changing. Various such as psychological, economical and sociological factors.

C. STATEMENT OF THE PROBLEM: In olden days, provisional stores are used for the purchasing of the day to day needs and it was purchased in retail. Because of the busy and rushes, the peoples in cities and semi cities are making use of supermarket for the whole sale purchase made for a month. The provisional stores are used only in the rural areas.

IV. OBJECTIVES OF STUDY

The objective of the study is as supermarkets by the customer in Tiruvarur

1. To study the buying pattern of the customers
2. To study the promotion efforts of the supermarket
3. To ascertain the level of satisfaction of the customer's towards the supermarkets.
4. To know the problem faced by the supermarket and
5. To make suitable suggestion to facilities better customer satisfaction.

V. SCOPE OF THE STUDY

The size of supermarket may vary from mine to mega. The size is mainly influenced by the conditions in the locality, buying pattern of the customers and the retail sprit prevailing in the area, generally the size of the supermarket in a locality tend to be more less to be the sum the scope of the study has been restricted to the those departmental stores.

VI. METHODOLOGY OF THE STUDY

A study is empirical in nature based on survey method

- Primary data
- Secondary data

Primary data: Primary data were collected from 120 respondents by administering questionnaires.

Secondary data: Secondary data were collected from journals, magazines', website, newspaper, book etc.,

SAMPLE DESIGN

The study area is such that all the four regions of the corporation are very closely located, facilitating easy and frequent travels between places. Even though the region is compartmentalized, the people are not at difficulties to move around. Considering the free mobility in the region and the easy access of the supermarkets to the people it was decided to go for convenient sampling which was convenient both to the residents and the researcher and to collect data from 120 respondents.

TOOLS FOR ANALYSIS

In order to analysis the data the researcher has used simple mathematical percentage due to time. Constraint the researcher could use advanced statistical tool.

- Percentage Method
- Chi-square test

HYPOTHESIS

Ho: There is no relationship between nature of family and frequency of purchasing

Ho: There is no relationship between gender and frequency of visit.

ANALYSIS AND INTERPRETATION OF DATA

This is a study on the consumer buyer behavior in selected supermarkets in Tiruvurur District. A sample if so respondents and approached by the researcher approached the respondents with a pre-tasks interview scheduled. The researcher was able to collect fully fledged information from 120 respondents, several questions were asked by the researchers to ascertain the opinions of the respondents regarding the objectives of this study opinions were collected, analyzed and are presented in the form of tables.

VII. RESULTS AND DISCUSSION

1. PURPOSE OF USING SUPER MARKET

Every product is being purchased to fulfill some basic needs of the customers. In the same way so many purpose available in super market. Like low cost, time savings. This is the purpose of super market.

TABLE 1: PURPOSE OF USING SUPER MARKET

Sl. No.	Purpose of using Super market	No of Respondents	Percentage
1	Low	44	37
2	Time saving	42	35
3	Convenient Shopping	08	07
4	All under one roof	26	21
Total		120	100

From the above table it is clear that 35% for time saved and 37% prefer the super market for low cost. So we can conclude that the rates are cheaper.

2. FREQUENCY OF PURCHASE

The following table has put up with the view of know that how frequent the customer are visiting to supermarket in purchase of products those who are regular.

TABLE 2: FREQUENCY OF PURCHASE

S. No	Particulars	No. of Respondents	Percentage
1	Weekly	25	21
2	Once in 15 days	26	22
3	Once in one month	44	36
4	Once in 2 months	11	9
5	Once in 3 months	14	12
Total		120	100

The above table reveals that 36% of the respondents are visiting to supermarkets once in 2 months it is inferred that most of the customer are visit the supermarket monthly once.

HYPOTHESIS

There is no relationship between nature of family and frequency of purchasing.

TABLE 3

Nature of Family / Frequency of purchasing	Weekly	Once in 15 days	Once in a month	Once in 2 month	Once in 3 month	Total
Nuclear	9	17	19	6	8	59
Joint family	7	12	25	10	7	61
Total	16	29	44	16	15	120

CHI-SQUARE TABLE

TABLE 4

O	E	(O-E)2	(O-E)2/E
9	7.86	1.29	0.16
17	14.25	7.56	0.53
19	21.63	6.91	0.31
6	7.86	3.45	0.43
8	7.37	0.39	0.05
7	8.13	1.27	0.15
12	14.74	7.50	0.30
25	22.36	6.96	0.31
10	8.13	3.49	0.42
7	7.62	0.38	0.04
TOTAL $\sum(O-E)^2/E$		2.70	

O= observed frequency or value
 E=expected frequency or value
 Calculation of degree of freedom
 R= row, c= column

$$= (r-1) (c-1)$$

Expected frequency = Row total x column total / Grand total

= degree of freedom

$$= (2-1) (5-1)$$

$$= 1 \times 4 = 4$$

Degree of freedom = 4

Table value: 9.488

Calculated value: 2.70

The table value higher than the calculated value. So the null hypothesis is accepted. So it is concluded that there is no relationship between nature of family and frequency of purchasing.

3. FREQUENCY OF VISIT IN SUPERMARKET

The thoughts of people differ from person. Some people going to the shops frequently are an interesting thing to do. But for some body no interesting it is burden and their heavy work, the below table provide the details.

TABLE 5: FREQUENCY OF VISIT IN SUPERMARKET

Sl. No.	Particulars	No. of Respondents	Percentage
1	Frequently	39	33
2	Occasionally	63	52
3	Rarely	18	15
Total		120	100

From the above table 52% of the people occasionally visiting the supermarkets and 33% people frequency to visit the supermarkets and 15% of the respondents visit frequently so rarely of purchasing people is very rarely.

HYPOTHESIS

There is no relationship between gender and frequency of visit.

TABLE 6

Gender	Frequency of visit	Frequency	Occasionally	Rarely	Total
Male		5	13	4	22
Female		33	49	16	98
TOTAL		38	62	20	120

TABLE 7: CHI-SQUARE TABLE

O	E	(O-E) ²	(O-E) ² /E
5	6.96	3.84	0.55
13	11.36	2.68	0.23
4	3.66	0.11	0.03
33	31.03	3.88	0.12
49	50.63	2.65	0.05
16	16.33	0.10	0.006
TOTAL	Σ(O-E)² / E		0.986

Calculation of degree of freedom = (r-1) (c-1)

Expected Frequency = Row x Column total / Grand Total

$$= (2-1) (3-1)$$

$$= 1 \times 2 = 2$$

Degree of freedom = 2

Table Value = 5.991

Calculated value = 0.986

The table value higher than the calculated value. So the null hypothesis is accepted so it is concluded that there is no relationship between gender and frequency of visit.

VIII. FINDINGS AND SUGGESTIONS

A. FINDINGS

It is a clear that majority of the respondents have been visiting one in a month to the Supermarket (36%).

B. SUGGESTIONS

Credit facility should be extended to those customers who are in need or to those customers who frequently visit and buy the goods.

IX. CONCLUSION

Supermarket is a new trend in the emerging commercial and business environment. It is concept widely accepted by the general public. Now a day's many whole sales store are being converted in to a supermarket. Marketing channels are increasingly becoming professionally managed gram med retail organizations are increasingly designing and lounging new store formats targeted to different life style groups. The supermarkets in Tiruvarur should be design customer retention programmers' either by giving reward points or by making them as members of customer club, issuing customer identity card etc. The management of supermarkets should advice about the free home delivery benefit extended to customer and increases their awareness levels.

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NON- FINANCIAL REPORTING: CORPORATE SOCIAL RESPONSIBILITY, EXECUTIVES AND MATERIALITY

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ABSTRACT

This paper reviews some of the important papers on Non-Financial Reporting and tries to explain how Non-Financial Reporting is becoming part of usual reporting. In first part of this review, we have gone through some important research papers which relate Non-Financial Reporting with the executive compensation. The second part of this paper has reviewed the research articles emphasising on the materiality of non-financial information as it is for financial information. In the papers reviewed it is found that due to emergence of the concept of corporate responsibility the use of non-financial information has increased and due to this the reporting of non-financial information has also increased. Materiality of non-financial information could not be defined by any of the paper as quantitative rule can't be applied to such information as in the case of financial information.

KEYWORDS

non-financial reporting, non-financial information and non-financial accounting.

1. INTRODUCTION

This review article examines the increasing role of non-financial information as compared to financial information. The role and functions of financial accounting rest upon financial information which is not sufficient for various stakeholders in the present scenario. Basic assumption of financial accounting is that users are those who have financial stake in the entity reporting, stakeholders like shareholders who have invested in the company other stakeholders like government (for taxes and subsidies) and financial institutions who have extended loans to these company and have to check performance of these company in order to be sure that their funds are safeguarded and are performing assets. As the firms and environment in which firms function is becoming complex, financial information alone is just sufficient for the immediate stakeholders alone, in light of paradigm shift it is necessary to report to the society at large. This concept arises out of *Murty (2007)* which has laid down the fundamental basis of business ethics and corporate responsibility. It is argued that business ethics and corporate responsibility are two sides of same coin *Murty (2007)* has shown that corporate responsibility consist of 1) environmental accounting, 2) corporate governance, 3) corporate social responsibility. (**Murthy, 2007**)

Considering non-financial disclosures are voluntary in nature, Non-financial reporting is not regulated as compared to financial disclosures; firms have significant latitude in choosing whether to disclose, and if to disclose, what, where, when, and how to do so. Furthermore, the volume of discretionary information releases is considerably greater than that of mandatory filings.

Complexity of financial information and overload of information coupled with difficulty in understanding of financial reports has opened avenues for non financial disclosures. Earlier, non financial disclosures were considered as to be quantitatively immaterial but as stakeholders are considering it to be as important as financial information there disclosures are increasing.

Set of stakeholders is becoming wide. Different stakeholders are interested in different information, which cannot be fulfilled with just financial disclosures. Financial reporting metrics leads to a short-term orientation and short-run operating decisions that boost short-term profit at the expense of long term performance.

The financial information explains just the historical performance, while the stakeholders try to predict the firm's performance in future. Thus, there is a great need for information which can facilitate predicting future performance and this need can be efficiently filled by non-financial disclosures. This shift in information preferences has stimulated a substantial increase in the volume of non-financial information conveyed by firms to their stakeholders and market participants.

To satisfy broader set of stakeholders disclosure of non-financial information is gaining pace. Therefore, we can observe shift in corporate reporting paradigm towards reporting of non- financial measures and hence it points out the need for reviwng and examining the literature on non-financial reporting.

In the next section, there is a review of the relevant research. This is divided in different sectons namely firm, stakeholders, executives, corporate responsibility and materiality. It is followed by a table, summarising the different papers reviewed. Next, there is a critical analysis of the papers reviewed, which is followed by conclusion.

2. REVIEW OF LITERATURE

In this section, various studies that have examined the non-financial reporting in relation to various dimensions of corporate social responsibility are reviewed.

2.1 NON FINANCIAL REPORTING AND "THE CORPORATE RESPONSIBILITY"

This area focuses on the shift in the philosophy of business.

Murthy in 2007 gave a new perspective of thinking for business ethics and social responsibility. The term corporate responsibility has been properly elaborated. This study talks about the paradigm shift in the philoophy of business. The idea in the paper is as follows, this paradigm shift in philosophy has broken down the compartmentalization of business and society. Shift in the philosophy of business points out that businesses are giving more attention towards social and environmental issues. The role of state has been on decline from the social space have created a vacuum and the needs of the society have not declined so, businesses have to emerge as a filler. This has imposed a responsibility of businesses toward society.

This study also talked about triple bottom line reporting (including three dimensions of corporate responsibility) which is an integrated approach to public reporting of environmental, social and economic outcomes. Further, it discussed that a series of internal and external pressures influence the corporate leaders to address ethics such as increasing influence of Non-Government Organizations (NGOs), role of media.

The study explained that another reason for shift in the philosophy of business is organisational transformation. Organizational transformation is particularly pertinent to changing the different features of the organization such as structures, processes, information system, human resource practices and work design. Changes in these features of the organisation would change the philosophy of business.

It suggested that top management must bring about organizational transformation so as to make the approach trifocal approach, namely environmental accounting, governance, corporate social responsibility, sustainable and that a business has to be responsible towards society, accountable to the environment and good to its shareholders. It concluded that without having such ethical conduct, ia business may cease to exist. (**Murthy, 2007**)

2.2 NON-FINANCIAL REPORTING AND "THE EXECUTIVES"

This part focuses on the non financial disclosures and its effect on executives and how non financial measures can be used as coordinating devices in the organisation.

In a study by *Ibrahim and Lloyd in 2011*, the relationship between executive cash bonus compensation that is based on non-financial performance measures (NFPMs) and earnings management (EM) is examined,

They explained that executive compensation in firms typically consists of a base salary and an incentive-plan that could be short-term in nature (cash payment or bonus) and/or long-term (stock options, restricted stock holdings or stock-appreciation rights) and that the short-term compensation in the form of a cash bonus

is typically contingent on executives meeting specific levels of pre-established performance measures, in which case it would be considered performance-based compensation.

To test this, they took a sample of 329 firms in S&P500 as on 31 December 2004. They developed a model using multiple regression and used Z-test to test the hypothesis.

They found out that the firms which use NFPM have lower discretionary accruals than their counterpart firms that employ only FPMs.

The findings can be interpreted as indication of lower incentives for EM behaviour in firms in which executive bonus compensation is contingent on achieving levels of NFPMs, since the executives' pay is based on variables that focus on the long-term. EM behaviour in firms can be curtailed by using a mix of FPMs and NFPMs in compensating top management. **(Ibrahim and Lloyd, 2011)**

In another study by Baiman and Baldenius in 2009, the role of non-financial performance measures in mitigating inefficiencies that arises as a result of inter-divisional externalities was analyzed.

They developed a contracting model to analyse how a system of divisional financial performance can be related with non financial performance measures so, as to mitigate interdivisional externalities. In this model, they used non-financial performance measures and bonus as an instrument that facilitates information sharing between privately informed agents.

This model gave empirical predictions about the incentives weight associated with non-financial performance measure as a function of observable variables. The model results explained that higher the bonuses, the closer were the agents bid to their true valuation and hence more information was used in the implementation of decisions. **(Baiman and Baldenius, 2009)**

A study by Surysekar in 2003 studied the effect of the interactions between two non-financial measures of performance in an agent's incentive compensation scheme, namely meeting output targets and getting output that needs no rework. The principal trades off - (1) a penalty for not meeting output targets, and (2) cost of reworking output that is defective when initially produced.

Overall, their analysis established that, from an incentive compatibility point of view, the agent may actually decrease effort at obtaining first pass yield (not needing rework) in response to greater incentives for providing such an effort. The reason was that the principal was trading off the cost of reworking defects against the penalty of not meeting output targets. Further, it explained that as rework costs increased, the cost-minimizing principal provided greater incentives for producing first pass yield (not needing rework), and reduced the weight on total output in the agent's incentive compensation. The agent responded to by steeply reducing overall effort provided, and this was more than sufficient to offset a positive impact of a greater weight on first pass yield. **(Surysekar, 2003)**

2.3 NON-FINANCIAL REPORTING AND MATERIALITY

This part focuses on the concept of materiality for non financial measures. Materiality would be one of the material issue for different non financial measures.

In a study by Mio and Fasan in 2013, the materiality issue for financial and more specifically for non-financials was examined. This article used a futuristic approach. Materiality, both in financial and non-financial reporting will be one of the central issues to tackle in order to make accounting better. In this article, they provided an "evolutionary" discussion of definitions and frameworks and they have pointed out which are the main future challenges companies and standard setters will have to face.

They also provided an empirical analysis about the main differences between companies tackling the issue of materiality more effectively compared to the whole population of the IIRC Pilot Program firms. They have selected 5 companies out of 83 companies in total from IIRC Pilot Program.

They found that the governance system plays a role in determining how companies deal with materiality. **(Mio and Fasan, 2013)**

3. CRITICAL ANALYSIS

Studies taken in the literature review are trying to cover every aspect of non-financial reporting right from factors of firm affecting the reporting to its uses and problems.

Non-financial information is considered as residual category including all the information which cannot be expressed in monetary terms. **(Mio and Fasan, 2013)**

This definition is focusing on the importance given to non-financial information and the criteria whether to include it in non-financial or not. But there should be further classification to know which non-financial information is useful and which is not material. The conflict starts here because to know the materiality of non-financial information, the users of such information have to be kept in mind as some information which is useful to certain group of users may not be useful to others or some non-financial may not be useful to anyone. For this classification, the concept of materiality threshold cannot be applied as done for financial information as non-financial are not classified in monetary terms. Materiality definitions in the context of financial and non-financial information differ substantively, but at the broader level of analysis it is possible to find a similarity between the definitions of materiality in the two contexts: they both refer to the decision usefulness of the information for the intended user of the report. So, the only way to find the materiality is to know the usefulness of the information for various stakeholders.

A world where the market value of the firm is decoupled from the value of its underlying assets, non-financial information offers a tool for measuring the firm value arising from intangibles and future cash flows that is missing from traditional financial reports. An interesting study by Ocean Tomo in 2011, provided evidence confirming that financial information is not enough for investors and stakeholders to have a complete understanding of companies' performance and value. According to the findings of the study, physical and financial assets reflected on a company's balance sheet comprise only approximately 20% of the true value of the firm. Therefore, roughly 80% of the market capitalization of the S&P 500 companies is determined by intangible assets, that require both financial and, most importantly, non-financial information in order to be properly evaluated by investors and stakeholders. This shift in information preferences has stimulated a substantial increase in the volume of non-financial information conveyed by firms to their stakeholders and market participants. This increase in disclosure of non-financial information is also because of increase in the pressure from internal and external stakeholders. As the stakeholders are now not just confined to the users who have financial stake but include a wide array of users who may not have financial stake but monitoring regularly the working of firms. Stakeholders like media, government, Non profit organisations(NGOs) are equally concerned with the performance of firms as stakeholder who have financial interest like shareholders, employees etc. So, owing to this increased role of non-immediate external stakeholders businesses have to disclose more information regarding other activities and attitude towards environment and society. This has led to shift in the philosophy of business. **(Murthy, 2007).**

4. CONCLUSION

The purpose of both financial and non-financial disclosures is to give useful information to the users. But an overemphasis on financial reporting metrics leads to a short-term orientation and short-run operating decisions that boost short-term profit at the expense of long term performance.

Financial reports are becoming increasingly complex (thus investors have difficulties in understanding the economic substance of transactions) and backward oriented (thus, for the most part, they provide information about the past, while investors need to understand how companies' performance will evolve in the future).

Given these limitations of historical financial information, an important question arises about what other information is of benefit to potential stakeholders. This gap can be filled by non financial disclosures. The value-relevance of non-financial information has increased over the last several years. Most top executives at large multinational firms believe that non-financial performance measures are more valuable than traditional financial measures in assessing long-term value **(PricewaterhouseCoopers, 2002).**

Accounting information is now been substituted or complemented by non-financials for various purposes such as incentive compensation, prediction of costs and profits, valuation of firm, detection of fraud etc. Financial information becomes more valuable if it is supported by non financials.

Non-Financial disclosures help stakeholders to validate and predict the performance of the firms as non financials are more futuristic in approach. It helps various stakeholders specifically investor to justify their investment as strong non financial information helps to support the sustained performance of the firm.

One of the major concerns for non-financial reporting is of materiality as all financial and non-financial information is not material but for financial information some quantitative criteria can be set up but the same is not possible with non financials. So, some non-financial information may be left out because it is considered as non material by the reporting firm. But it may be material to certain group of stakeholders.

With this increasing role of non-financial disclosures it is necessary to have some concrete standards for the measurement and disclosure of non financials. If there are principles governing non-financial as there are for financials then non-financial information would be more reliable and comparable.

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IMPACT OF FDI ON ENVIRONMENTAL QUALITY IN INDIA

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ABSTRACT

Foreign-direct-investment is the most important source of foreign capital for developing countries. It acts as a driver for economic development by bringing technology, employment, capital and access to new markets. However, with increased flow of FDI, the status of environmental quality has also degraded which is one of the reason for making India, the fourth largest polluting country in the world. The aim of the present study is to review the relation between the growth of FDI and rising environmental degradation in India. The study reveals that FDI in India has an adverse impact on environment and it is responsible for worsening the environment quality.

KEYWORDS

economic growth, environmental quality, foreign direct investment, pollution.

1. INTRODUCTION

FDI can be defined as an investment made by a foreign entity to acquire a long term interest with the aim of having effective voice in the management. It may include cross border acquisition, setting up of a new production facility, green field investment or purchasing share of an existing foreign firm (Bjorvatn, 2000). It plays an important role in overall capital formation of the country and helps in economic growth at both macro and micro levels. It serves as a non-debt creating source of external finance at macro level whereas at micro level, it uplifts employment, technology, skills level, output and other sectors of the host country (Ncaer, 2009).

FDI policy in India is governed under the provision of Foreign Exchange Management Act (FEMA 1999). It is notified through press notes by department of industrial policy and promotion (DIPP) (Gola, Dharwal, Aggarwal, 2013). The government of India has taken various initiatives to attract more FDI flows. For example, in the construction sector, the government has reduced minimum capitalization and relaxed various terms to exit from the project (V. Prabhakaran, 2015). India stood as the tenth most attractive destination for FDI in the world. The top most source of FDI inflows in India during April – December period was Mauritius with inflows of 12.8 billion followed by Singapore with inflows of 7.1 billion (live mint e paper, 2017).

However, increase in FDI has given equal rise in environmental unfavorable activities which cause pollution. The emissions of Sulfur dioxide between 1980 and 2000 increased by 110% in India. The release of Carbon dioxide from industries and depletion of natural resources has led to environmental mismanagement (G. Tripathi and Yogesh Tripathi, 2000). The present study attempts to find the impact of FDI on environmental quality in India.

2. LITERATURE REVIEW

FDI is considered as an important tool for the development of a nation. The study by D. Ramesh and Packia Lashmi mentions various advantages of FDI such as upgrading the existing technical knowhow in the host country, providing greater access of global market, increasing competition in domestic economy of the host country, boosting the human resources by upgrading skills and training (D Ramesh, S. Packia Lashmi, 2014). The study by Selma, 2013 points out the impact of FDI on balance of payment. It has mention that FDI can increase initial capital inflow to the host country if an MNE establishes a foreign subsidiary, improve current account of balance of payment of the host country by substituting imports of goods and services (Selma et al 2013).

According to OECD, FDI can be used as a tool by the authorities for enterprise development and restructuring. FDI can spur enterprise development in host country by achieving synergies, rising efficiencies and developing new activities (OECD, 2002).

Other than merits of FDI there are also some costs borne by host countries. FDI harms the host country's economy by crowding out domestic investment. Domestic investors may find it difficult to compete with foreign investors due to lack of high level of technology and effective operations (Mamma Dova, 2015). Foreign investors may sell off less profitable parts of the company to the local investors (Amadeo, 2017).

Study by Loungani and Razin points out that FDI can cause foreign investors to obtained information about productivity of enterprise under their control, which can give them advantage over uninformed domestic savers. Using the information, they retain high productivity firms under their control.

Lannuzzi identified volatility in exchange rates as the major disadvantage that benefits the investing country but detrimental for the host country.

Further, several studies have been conducted to find out the impact of FDI on environmental quality. Study by Avazalipour et al. finds the relationship between FDI and quality of environment taking selected countries from non OECD for the period 1996-2007 using penal data method. The study revealed positive relationship between FDI and the amount of water pollution (Avazalipour et al, 2013).

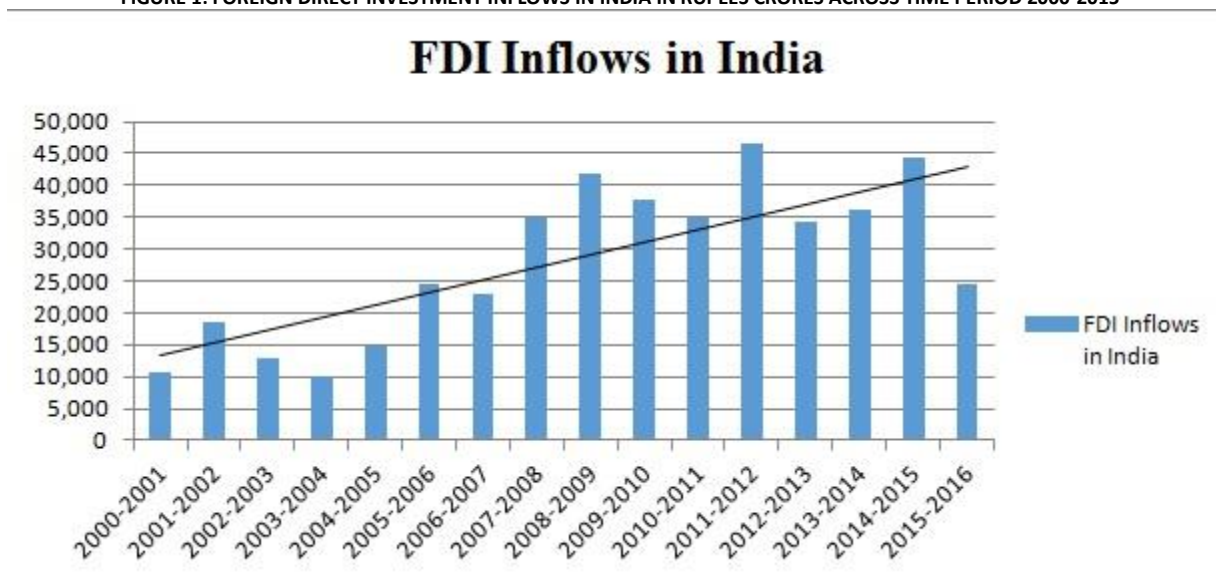
For establishing relationship between Foreign Direct Investment and Environmental degradation Hitam and Borham applied nonlinear model. The study also examines positive relationship stating that increasing in Foreign Direct Investment, causes increase in environmental degradation (Hitam and Borhan, 2012).

3. DISCUSSION

The Deterioration of environment and increasing environmental pollution due to FDI has become an important issue in the economic growth of the country. Many studies have been postulated describing the relation between these two variables. Baek and W.koo applied cointegration analysis and vector correction model (VEC) to examine the environmental impact of foreign-direct-investment both in the short run and in the long run in India and China. With pollution haven hypothesis, it found that FDI inflows have detrimental effect on environmental quality in both long run and short run. It further concluded that there is unidirectional link between FDI and SO₂ emissions in India and China, showing that change in FDI causes change in environmental quality but vice versa does not hold true.

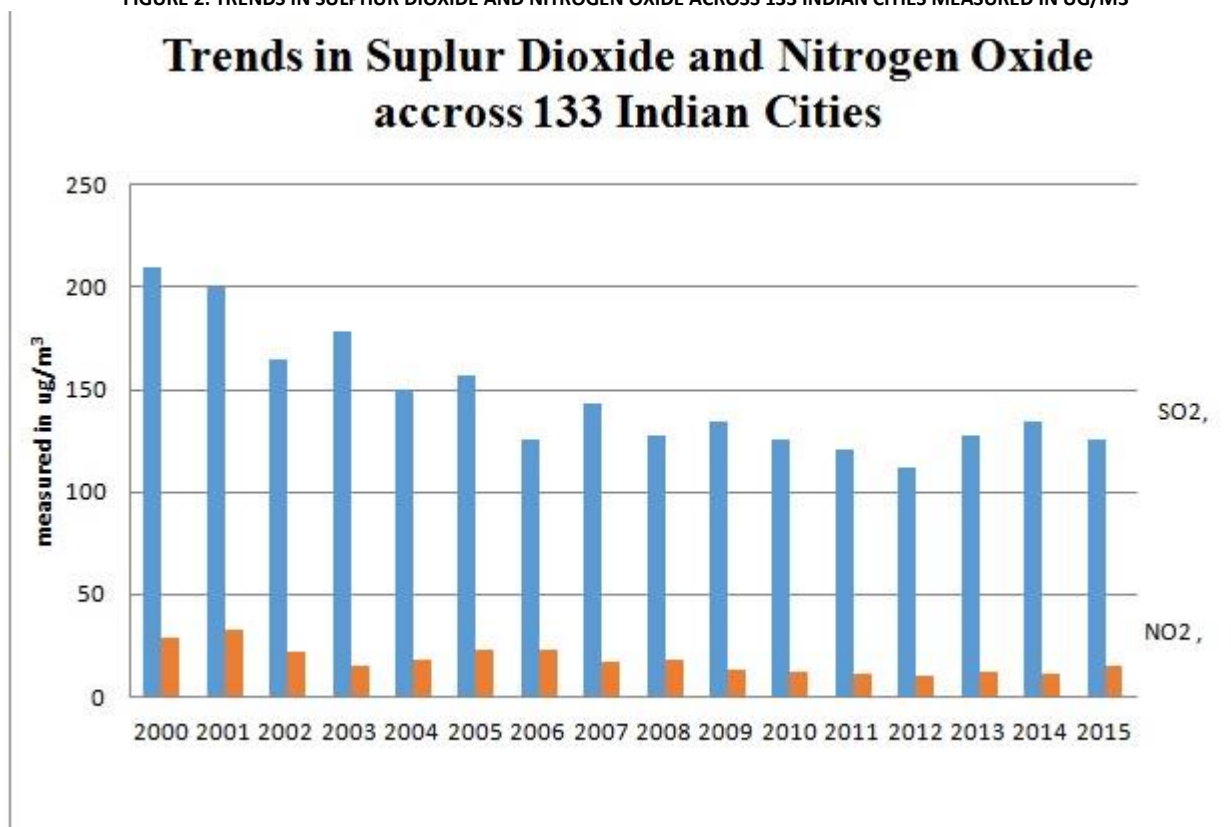
The study by Kaur examined the relationship between FDI, pollution and economic growth by using correlation analysis. While the study found moderate degree of negative correlation between FDI and Growth (-.32), it showed high degree of positive correlation between pollution and FDI concluding that increasing FDI can cause rise in the level of environmental pollution (Kaur,2014).

FIGURE 1: FOREIGN DIRECT INVESTMENT INFLOWS IN INDIA IN RUPEES CRORES ACROSS TIME PERIOD 2000-2015



Source: Factsheet of Department of Industrial Policy on Foreign Direct Investment in India

FIGURE 2: TRENDS IN SULPHUR DIOXIDE AND NITROGEN OXIDE ACROSS 133 INDIAN CITIES MEASURED IN UG/M3



Source: Green Growth and Air Pollution in India 2016 published by TERI Institute, Delhi

Rastogi and Sawhney conducted the analysis by categorizing pollution-intensive and less pollution industries and studied the effect of industry characteristics on FDI inflows. According to the study India's four largest source countries of FDI are US, Japan, Mauritius and Singapore. It concluded that India seeks to take advantage of labor intensive less polluting industries (Rastogi, Sawhney 2013).

Paper by Joysri Acharya examined the impact of FDI inflow on GDP and environmental degradation taking into account the period 1980-2003. The study found that rise in FDI is directly related to depletion of resources and the impact of FDI inflows on CO₂ emissions is quite large in the long run.

Relationship between Foreign Direct Investment and CO₂ emission has also been established in the paper by Kumar and Chander. The study examined the relationship between these two factors considering the period 1981 to 2011 using various tests such as Unit Root test, Granger-causality test and Co-integration test. It concluded that FDI has significant impact on air quality in India and suggested the need to establish environmental policy to meet environmental goals.

4. CONCLUSION

The above arguments represent two different sides of the impact of Foreign-direct-investment, that is, creating growth opportunities around the world and increasing environmental concerns in the form of pollution, health hazards and environmental degradation. It can be concluded that the impact of FDI on environmental quality is very significant and it is worsening the environment. The conclusion is based on the research conducted in the last few decades. The study draws the attention towards the problem caused by FDI through depletion of natural resources, use of energy and emission of pollutant. Many studies have supported the conclusion that the increase in pollution level can be positively linked to increase in FDI. Therefore, it is recommended that it is high time to curb down the level of emissions otherwise it will leave the future generations in a worse situation.

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CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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ABSTRACT

Corporate Social Responsibility (CSR) is a concept, which states that Private Corporation or Public organization has a responsibility towards the society. It is increasingly capturing the interest and imagination of people in the business world. However, despite all of the attention that has been given to this issue, there is still much confusion and many misperceptions about it. For a company to positively impact lives of others, say through integrated village development projects covering community mobilization, education, livelihood promotion, health & sanitation and employable skill development etc. which lead to enable them towards dignified and quality life, it has to contribute towards CSR. The CSR activities need to be in tune with effective strategic policies so that the aim of sustainable environmental, social and economic progress may be achieved. With an unbiased, quantitative and analytical examination of Indian sustainability reports, annual reports and business responsibility reports, the study holds up a mirror to corporate India on their journey towards responsible growth. The objectives of this article are to briefly add clarity to the understanding of CSR and following questions are addressed: (1) what exactly is CSR, (2) why is CSR so important for the business world to consider, and (3) what should corporate decision-makers and leaders do in an attempt to properly manage CSR.

KEYWORDS

corporate social responsibility (CSR), public organisation, private organisation.

INTRODUCTION

CSR holds an important place in the development scenario of the world today and is a tool for sustainable development. As CSR is a dynamic and ever evolving concept, CSR may be defined as various activities undertaken by the firm reflecting its responsiveness towards various stakeholders such as employees, customers, society at large etc. Modern Corporate social responsibility involves a shift from 'profit maximisation' to 'profit optimisation' and from 'shareholders' to 'stakeholders.' Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change. Therefore, CSR is not charity or mere donations.

The focus of the companies has now shifted from anticipating the change and trying to understand the ramifications of the change to implementing it. This is in the early stages. Hence, this year companies need to shift their focus from anticipating to implementing.

The rationale for the business case for CSR may be categorized under four arguments:

- (1) reducing cost and risk;
- (2) strengthening legitimacy and reputation;
- (3) building competitive advantage; and
- (4) creating win-win situations through synergistic value creation.

Cost and risk reduction arguments posit that CSR may allow a firm to realize tax benefits or avoid strict regulation, which would lower its cost. The firm may also lower the risk of opposition by its stakeholders through CSR activities.

Legitimacy and reputation arguments hold that CSR activities may help a firm strengthen its legitimacy and reputation by demonstrating that it can meet the competing needs of its stakeholders and at the same time operate profitably.

Competitive advantage arguments contend that, by adopting certain CSR activities, a firm may be able to build strong relationships with its stakeholders and garner their support in the form of lower levels of employee turnover, access to a higher talent pool, and customer loyalty.

Synergistic value creation arguments hold that CSR activities may present opportunities for a firm that would allow it to fulfil the needs of its stakeholders and at the same time pursue its profit goals. The pursuit of these opportunities is only possible through CSR activities. Firms should understand the circumstances of the different CSR activities and pursue those activities that demonstrate a convergence between the firm's economic objectives and the social objectives of society.

RESEARCH METHODOLOGY

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles, newspapers and media reports.

EVOLUTION OF CSR IN INDIA

Corporate Social Responsibility as a concept has existed in India since ages and plays an important role in a developing country like ours. The organizations have realized that besides profit making, a corporation must involve in trust building by working upon its societal relationships and environmental issues. CSR is basically an act of moral, social and business responsibility with the aim to protect, preserve and nurture human values and promote socio-economic welfare.

CSR evolved over a period of time when in the 19th century, the industrial families like Tata, Birla, Godrej, etc. had an inclination towards such activities. These giant corporates involved themselves in a variety of CSR activities without any legal requirements and view it in the context of building goodwill, reputation and brand building.

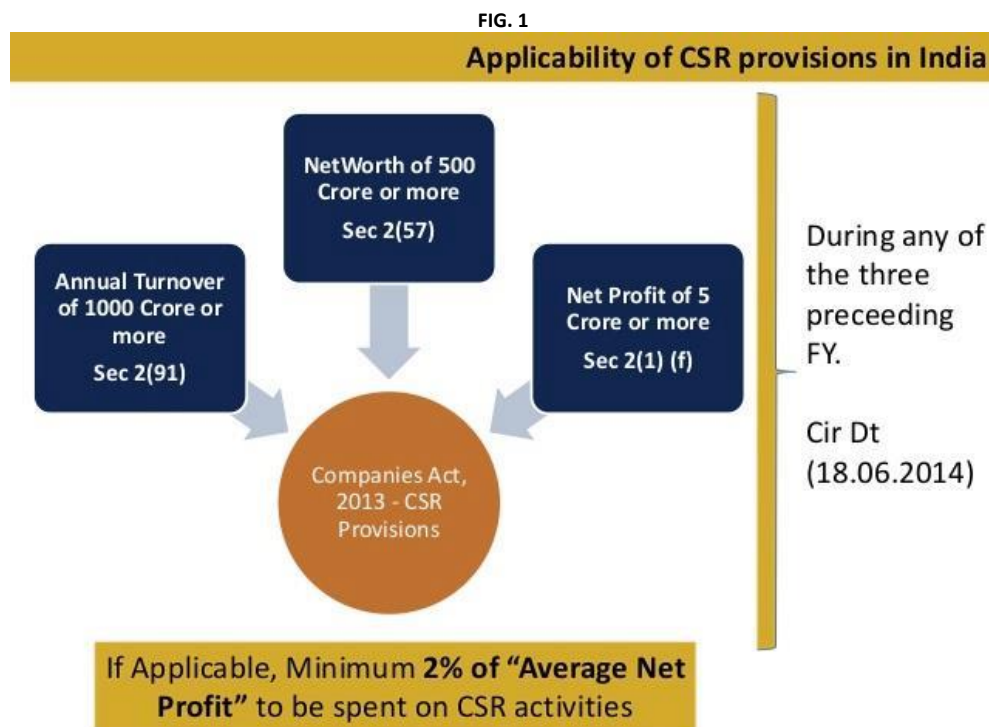
Eventually, CSR got a push by way of introduction of the labour and environment protection laws in India and the Public Sector Undertakings were asked to take up the CSR initiatives. This is how this practice developed and has now evolved as a sustainable business strategy.

Social responsibility is to create maximum shareholders value working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment."

PROVISION UNDER COMPANIES ACT, 2013

The practice of CSR is not a new one in the Indian industry. Observers believe that in India, this activity has evolved from institutional development to community development by way of several projects and tends to focus on the utilization of profits made by a company.

While many corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies in India to set out clear framework and processes to ensure strict compliance. Such initiatives were a voluntary step for all companies until it was mandated by the new Companies Act which came to force in the year 2013. The rules came into effect from 1 April 2014.



Also, CSR activities must be undertaken with respect to certain areas which are listed under Schedule VII of the 2013 Act, some of which include:

- Activities to eradicate hunger, poverty and malnutrition.
- Promotion of preventive healthcare, education and gender equality.
- Setting up homes for women, orphans and the senior citizens.
- Undertaking measures for reducing social and economic inequalities.
- Ensure environmental sustainability, balance in the ecology and welfare of animals.
- Protection of national heritage, art and culture.
- Taking measures for the benefit of armed forces veterans, war widows and their dependents.
- Provide training to promote rural, nationally recognized, Paralympic or Olympic sports.
- Contribute to Prime Minister's National Relief Fund or any other fund which has been set up by the Central Government for socio-economic development, relief and welfare of SC, ST, OBCs, minorities and women.

CSR TRENDS IN INDIA

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to The Company Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger.

FY 2015-16 witnessed a 28% growth in CSR spending in comparison to the previous year. Listed companies in India spent US\$1.23 billion (Rs 83.45 billion) in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation. The Prime Minister's Relief Fund saw an increase of 418% to US\$103 million (Rs 7.01 billion) in comparison to US\$24.5 million (Rs 1.68 billion) in 2014-15.

The education sector received the maximum funding of US\$300 million (Rs 20.42 billion) followed by healthcare at US\$240.88 million (Rs 16.38 billion), while programs such as child mortality, maternal health, gender equality, and social projects saw negligible spend. 2017 CSR spends are predicted to further rise with corporates aligning their initiatives with government programs such as Swachh Bharat (Clean India) and Digital India to foster inclusive growth.

SOME EXAMPLES OF CSR IN INDIA

Tata Group

The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it is engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions.

The group also engages in healthcare projects such as facilitation of child education, immunization and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, providing sport scholarships, and infrastructure development such as hospitals, research centres, educational institutions, sports academy, and cultural centres.

Ultratech Cement

Ultratech Cement, India's biggest cement company is involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The company has organized medical camps, immunization programs, sanitization programs, school enrolment, plantation drives, water conservation programs, industrial training, and organic farming programs.

WHY CSR IS A NEED OF AN HOUR?

While the interests of shareholders and the actions of managers of any business enterprise have to be governed by the laws of economics, requiring an adequate financial return on investments made but in reality the operations of an enterprise need to be driven by a much larger set of objectives that are today being defined under the term CSR.

The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds an organization's social responsibility, arises from the fact that a business enterprise derives several benefits from society, which must, therefore, require the enterprise to provide returns to society as well. A business cannot succeed in a society which fails. More importantly, in this age of widespread communication and growing emphasis on transparency, customers of any product or service are unlikely to feel satisfied in buying from an organization that is seen to violate the expectations of what is deemed to be ethically and socially responsible behaviour. CSR is essential for the long-term sustainability of a firm.

Firms that blindly and narrowly pursue the profit motive, without concern for the broad spectrum of stakeholders that are relevant to the long run, are increasingly shown to lack sustainability. But it's not only important to realize the importance of these groups. Firms must also be able to "connect the dots" and understand how various stakeholders, and the satisfaction of their needs, represent interrelated challenges.

WHY CSR IS MANDATORY?

The mandate has made the businesses more committed towards social causes and there is also an engagement with the local communities which will ensure inclusive development in the long run.

For CSR to be sustainable and effective, it has to be aligned with the company's goals. Shareholders are claimants of residual value after all other stakeholders have been compensated from a corporation's profits. Mandating CSR spending is effectively an expropriation of shareholder wealth.

To make such an expropriation sustainable in the long run, it is necessary to ensure that the shareholders gain some value-enhancing benefits from such spending. Therefore, to make CSR spending sustainable in the long run, it is necessary to align such spending with the core business and overall goals of a corporation.

The mandatory CSR law is still nascent in the Indian context and has attracted a lot of attention from various stakeholders. Notwithstanding these debates, the law is here to stay; therefore, it is imperative that policymakers, regulators and various stakeholders work to make this law more effective and beneficial to all. But enactment of laws cannot make a huge difference. If CSR is made voluntary it would be a lead to greater development in building the public and private partnership in society."

The Indian industry has to focus on "growth with equity" as part of the CSR motto.

The Companies Act, 2013 evolved the idea of CSR, making it mandatory for certain class of enterprises. However, enacting new laws to make CSR mandatory for all will not be very successful as there are greater chances of success through voluntary commitments by all able enterprises, in private and public sectors. This would be a win-win proposition for the businesses and the society in which they exist and flourish.

It now needs to move forward from community development to becoming more strategic in nature by getting linked with business, calling for allocation of more resources for uplift of the weakest segments of society to ensure greater social harmony and national prosperity.

The government of India is a considering passing a **law that would make CSR mandatory for the Indian industry**. The debate was started last year in December when the Indian government proposed to change the Original Companies act from 1956 and add a number of amendments to the Companies Bill. The new Bill decrees that companies worth \$100 million or above or that meet similar standards should dedicate 2% of their net profits to CSR activities.

The Government not only sought to force companies to invest 2% of their net profits in CSR actions but also to make reporting mandatory so companies would provide explanation whether they were able to allocate this annual amount to CSR activities.

Though large companies must have enough social consciousness to accept responsibility without being forced to do so, but at the same time the argument holds that *Philanthropic organizations should be allowed to operate reasonably freely and not with control. When governments start controlling things, things don't work as well as when people are motivated to do these things.*

So far we have taken a closer look at the situation in India, but what is it like in other countries? **What about Europe?**

CSR is about the "power of convictions" and should remain voluntary. Countries like Denmark, UK and France have reporting on CSR practices mandatory but not investing in CSR. Companies which are forced to provide disclosure of CSR information are more responsible than those who do it on a voluntary basis.

Asking or forcing companies to pay so much into a CSR fund would be giving a license to businesses to move away from their social and environmental responsibilities. Whereas, asking "companies to quantify and state their environmental, social and economic impacts, along established principles and via accepted procedures" should be the norm adopted to ensure CSR means what it was intended to mean.

CSR should be promoted and not imposed because it is closely linked to values which cannot be forced. A framework or set of rules for CSR already exists. It was developed by the industry itself, what we need now is a better public CSR regulation.

Having binding rules means that there prove to be fraud. The temptation to break the rules can be high and the price to pay as well. And what are the consequences if a company doesn't act in a socially responsible way?

Also, nothing works without fear or self-interest. Companies should be FORCED. We all get free air from this planet, still how many of us care to give back to this planet. All natural resources are from this planet; how much do we give back. The only answer is FORCE"

CSR must be something that is linked to a company's core activities. Putting money in a jar that can used for anything is in no way linked to what a company actually does, and is therefore not CSR. The largest companies in the world easily make that 2%, by renaming some things. A lot of new business ventures can be dubbed CSR as well. "Opening an oil-well in Nigeria" no, let's call it "creating job opportunities to battle poverty in rural Nigeria" is Pointless. Who says this is not CSR? Build a school next to the well and you can be sure that the entire business can be called CSR, and you'll be considered "good practice" as well, and use this CSR-sort of thing as a marketing tool. And what about the actual influence on the world?

CONCLUSION

In the last decade, CSR has rapidly evolved in India with some companies focusing on strategic CSR initiatives to contribute toward nation building. Gradually, the companies in India started focusing on need-based initiatives aligned with the national priorities such as public health, education, livelihoods, water conservation and natural resource management.

The fact is that CSR is not a method for brand construction however; it creates an internal brand between its employees. Indulging into actions that supports society in one way and the on other hand joins to the goodwill of the companies. CSR is the task of everybody i.e. business corporations, governments and individuals as of the reasons that the income is earned only from the society and therefore it should be given back; thus wealth is aimed for use by the self and the public; the essential purpose behind all types of business is to quench the hunger of the mankind as a whole and the essential purpose of all business is only to support people. Another reason fuelling this rapid adoption of CSR is the state of the Indian society. Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare etc. are still ubiquitous and the government has limited resources to tackle these challenges. This scenario has opened up several areas for businesses to contribute towards social development.

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SARIMA MODEL OF MALARIA IN NIGERIA: A CASE STUDY OF MALARIA CASES OF A TEACHING HOSPITAL IN NIGERIA

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ABSTRACT

The present study aims at examining the trend and pattern of malaria cases with a view of proposing a statistical model based on Box-Jenkins methodology of time series, in order to assess the progress made so far in the fight against malaria by the Nigerian government. Annual records on cases of malaria as extracted from the record of a teaching hospital in Nigeria were employed as a case study. The malaria data was disaggregated into quarterly figures using Boot-Feibes-Lisman first difference (BFL-FD) method so as to achieve data with higher case load that covers relatively long period, to be suitable for time series model. Based on the results of model identification measures, a SARIMA model was proposed for the disaggregated malaria figures. From the analysis, there is a noticeable downward trend in the malaria cases, which may be credited to the aggressive epidemiological surveillance and sensitization of citizenry on malaria by Nigerian government in the recent times. The results of measures of goodness of fit and measures of adequacy show that the model is appropriate for the malaria data. Recommendations were made on proactive measures to take in combating the scourge of malaria in Nigeria. This study has practical utility in serving as an early-detection strategy to aid in monitoring the future trend of the disease, and to assess various government efforts in combating the disease.

KEYWORDS

plasmodium parasites; seasonal autoregressive integrated moving average (SARIMA); disaggregation methods; autocorrelation function (ACF); partial autocorrelation function (pacf).

1. INTRODUCTION

Malaria, a life-threatening vector-borne disease is one of the leading public health challenges in Nigeria, and in tropical countries at large. Malaria though an infectious disease but preventable, is caused by the *Plasmodium* parasites which is transmitted through the bites of infected mosquitoes. Malaria poses a tremendous challenge to public health in terms of mortality and morbidity, not only in Nigeria, but in most of sub-Saharan Africa countries, [27]. The World Health Organisation (WHO) estimated that there were 219 million cases of malaria in 2010, which led to 660,000 deaths, mostly among African, [29]. About 90% of all malaria deaths were attributed to sub-Saharan Africa. According to World Health Organisation (WHO), malaria related-illnesses and mortality cost Africa's economy USD 12 billion per year, [30]. It was also estimated that USD 4.2 billion will be needed every year to fund the fight against the scourge of malaria, [30]. A total number of 2,969,950 of malaria cases were recorded in 2007, while 10,289 malaria death cases were reported in the same year, [29, 31]. It is a disease that thrives in warm, humid climates where pools of water provide breeding grounds for mosquitoes. Malaria transmission could be seasonal since it thrives on some climatic and ecological factors conducive to malaria parasite development such as humidity, rainfall, temperature and elevation, [11]. September through December has been identified as the major malaria transmission season in Nigeria, while April to May of every year is regarded as a period of short transmission [29].

Lagos State can be regarded as the commercial capital city in Nigeria with a population of over 10 million people. Some part of Lagos State is characterized with inappropriate urban planning, densely populated by the less privileged people, who are consequently susceptible to malaria attack. Ditches, gutters, and temporary pools of water which are natural habitats for mosquitoes, are common feature of such settlements without proper urban planning as we have in some part of Lagos State. Data on malaria cases extracted from the record of a teaching hospital will be employed in this study, as a case study.

Time series techniques has a wide application in fields of epidemiological study of various diseases such as short term malaria, [4], tuberculosis [21], forecast of canine rabies [24], prediction of Ross River virus disease in Brisbane, [14], HIV-associated tuberculosis, [19], Viral infections diseases, [12], analysis of Syphilis, [32], analysis of gonorrhoea, [23] and so on. Analysis of the trend of a disease aids in identifying the risk factors and target interventions to prevent it, and also identify possible seasonal trends, which may be used to predict the future cases of the disease, [21]. This study is developed with a view of formulating a statistical model for malaria cases in Nigeria based on time series techniques using Lagos State as a case study. The model can aid in monitoring the trend and pattern of malaria, and to make a short term forecasts to determine whether malaria cases are likely to increase or decrease in subsequent months, [18]. If the model indicates an emerging epidemic, this calls for health practitioners and health policy formulators to provide necessary medical interventions.

Univariate SARIMA modeling approach can serve as an indicator of malaria early detection strategy, based on the patterns of historical cases as a baseline to identify anomalies that may indicate the early stages of emerging epidemic, [26, 9]. A SARIMA model may be viewed as describing two effects simultaneously, [15]. If the data is quarterly, the assumption is that the quarter-to-quarter behavior is described by a non-seasonal ARIMA model with parameters (p, d, q), while the residuals from this model are represented by a year-to-year ARIMA model with parameters (P, D, Q). Combination of these two models yield SARIMA(p, d, q)(P, D, Q)_s.

2. DATA

Data used in this study are represented by yearly time series of malaria cases obtained from Lagos University Teaching Hospital spanning the period 1991 to 2009. The teaching hospital provides medical treatments to malaria patients with the United Nations standard regimen. A total number of 15,233 blood samples were examined during the period under consideration. A noticeable decrease occurred in 2002, with the malaria cases falling to 887. Malaria cases as observed from the data shows an increase in 2001 with cases increasing to 1221, and a further slight decrease in 2007 to 502. An aggressive epidemiological surveillance in terms of medical campaign, sensitization on media and provision of necessary insecticide-treated materials, provision of highly subsidized and effective malaria drugs by the Nigerian government, and grants in aids as provided by World Health Organisation towards combating malaria, could be responsible for the noticeable decrease in malaria cases since year 2002.

3. METHODOLOGY

3.1 QUARTERLY DISAGGREGATION OF THE ANNUAL MALARIA DATA

In many developing countries, malaria data are recorded on annual basis. However it is when the data are disaggregated that patterns, trends, seasonality and other important information are uncovered. Availability of disaggregated malaria data will satisfy the basic need of analyzing the trend of malaria of such a population. For a demographic series to be suitable for time series forecast, the data must cover a relatively long period and should have a high case load. The higher the caseload, the less the quarterly disaggregated figures are influenced by random fluctuations, [10]. In order to have good estimates for the parameters of a time series model, at least 50 observations of the series must be employed, [3, 7, 5, 22, 10]. Few developing nations with best malaria data have not such long demographic history on yearly recorded cases of malaria. An alternative is to disaggregate those annual observations to quarterly or monthly figures. Some methods of disaggregating annual data to quarterly data have been developed and discussed in the past, [16, 1, 28, 6, 25]. Other researchers have worked extensively

on disaggregation problem, [8, 13, 20]. Boot-Feibes-Lisman first difference (BFL-FD) [1], method is suitable for disaggregating non-stationary or highly positive correlated series, [6]. The BFL-FD procedure is based on minimising the sum of the squared first differences for the quarterly values, i.e

Minimise

$$\sum_{t=2}^{4n} (\Delta X_t)^2 \tag{1}$$

Subject to the constraint

$$\sum_{j=1}^4 X_{4t-1+j} = Y_T$$

where

Y_T : observed annual temporal aggregates of the unobserved quarterly time series X_t .

$$\Delta X_t = X_t - X_{t-1}$$

and $Y_T = X_{4T-3} + X_{4T-2} + X_{4T-1} + X_{4T}$. i.e The sum of the quarterly total malaria cases should equal the annual total malaria cases.

$$T = 1, 2, \dots, n \text{ for } X_T; \quad t = 1, 2, \dots, 4n \text{ for } X_t$$

Boot *et al* [1] derived a simplified solution to (1)

When the sample size n of Y_T is small, i.e $n < 40$, the model based disaggregation method e.g Stram and Wei procedure [25] is not appropriate, but rather BFL-FD becomes suitable in disaggregating annual time series data into quarterly figures. The non-model based method developed by Boot *et al*, [1] will be employed in this study to disaggregate the Nigeria's annual malaria data to quarterly figures.

3.2 SARIMA MODELLING APPROACH

ARIMA model originated from the autoregressive model (AR), the moving average model (MA), and the combination of the AR and MA which is the ARMA models. Inclusion of seasonal components in this model results into SARIMA model. SARIMA model is therefore an extension of ARMA class of model in order to include realistic dynamics in particular non-stationarity in mean and seasonal behaviours, [15]. When seasonal effect is absent, a SARIMA model reduces to pure ARIMA(p,d,q) and when the series is stationary, a pure ARIMA reduces to ARMA(p,q).

Univariate *seasonal autoregressive integrated moving average* (SARIMA) developed by Box and Jenkins [3] have been found adequate in modeling epidemiological data, [21]. Univariate SARIMA model is based on temporary patterns of malaria historical cases to make short term forecasts in order to determine the trend of malaria cases, whether it will exhibits an upward or downward trend in upcoming periods which can serve as early warning. SARIMA model, which allow for a parsimonious model building, is based on the strong correlation between data collected periodically when there is seasonality. The seasonal effect implies that observed number of malaria cases in the first quarter of a given year is related to the observations of the first quarter of the previous years. SARIMA is a special case of the ARIMA model, since the AR and MA relationship is modeled for observations of the same seasonal time interval in different years. The procedure of building SARIMA model involves three stages which are model identification, model estimation, and model checking. The three stages are used for determining the best SARIMA model for a particular time series data. The three stages process must be repeated iteratively to ensure that there is no evidence of model inadequacy, [15].

The general multiplicative model for seasonal series, as suggested by Box and Jenkins, [3] is:

$$\phi_p(B)\Phi_P(B^s) \nabla^d \nabla_s^D x_t = \theta_q(B)\Theta_Q(B^s) \varepsilon_t \tag{2}$$

where

$$\phi_p(B) = 1 - \phi_1 B - \phi_2 B^2 - \dots - \phi_p B^p$$

$$\Phi_P(B^s) = 1 - \Phi_1 B^s - \Phi_2 B^{2s} - \dots - \Phi_p B^{Ps}$$

$$\theta_q(B) = 1 - \theta_1 B - \theta_2 B^2 - \dots - \theta_q B^q$$

$$\Theta_Q(B^s) = 1 - \Theta_1 B^s - \Theta_2 B^{2s} - \dots - \Theta_Q B^{Qs}$$

$$\nabla x_t = x_t - x_{t-1} \text{ and } \nabla^d x_t = \nabla^{d-1} x_t = w_t$$

$$Bx_t = x_{t-1}; \quad B^s x_t = x_{t-s}$$

$$\nabla = \nabla_1 = 1 - B$$

X_t : Quarterly disaggregated malaria figure at time t.

ε_t : is a sequence of identically and independently distributed random variables, which are normally distributed with mean zero and variance σ_ε^2 . It is also referred to as a white noise process.

B: is the backward shift operator.

∇ : is the backward difference operator.

s: Length of the seasonal period.

Parameters p, d, q and P, D, Q are non-negative integers that refer to the order of the autoregressive, integrated and moving average parts for both non-seasonal and seasonal parts of the model respectively.

$\Phi_P(B^s)$ and $\phi_p(B)$ are autoregressive polynomials in B^s and B of order P and p respectively, while $\Theta_Q(B^s)$ and $\theta_q(B)$ are moving average polynomials in B^s and B of order Q and q respectively; and must satisfy the stationarity and invertibility conditions. Also p, P, q, Q are orders of the various operators so that the resulting multiplicative process is of order $(p, d, q) \times (P, D, Q)_s$. Hence $X_t \sim \text{SARIMA}(p, d, q)(P, D, Q)_s$. There is no need for inclusion of the constant term when differencing is necessary. SARIMA $(p, d, q) \times (P, D, Q)_s$ which is used to characterize a multiplicative seasonal ARIMA model, therefore refers to seasonal components of order p, P for AR, q, Q for MA and d, D for differencing. For the quarterly disaggregated malaria figures used in this study, the period length is therefore $s=4$.

3.3 MODEL IDENTIFICATION FOR THE MALARIA DATA

The time series plot of the quarterly disaggregated figures of the malaria data as displayed in figure 1 shows that the data have trend patterns with increasing variation. This is an indication that the disaggregated malaria figures are not stationary both in mean and variance, and possibly in seasonal component. The increasing amplitude of seasonal variations observed in the time plot of the series is suggestive of a multiplicative seasonal pattern. The trend in mean and the variance which varies overtime as exhibited by the disaggregated malaria figures indicates the presence of heteroscedasticity, which is a violation of one of the basic assumptions in time series model. Differencing alone may not be adequate in inducing stationarity in the series. The sample ACF of the disaggregated malaria figures (x_t), declines slowly which is an indication that the series is clearly nonstationary as shown in figure 2. It is therefore necessary to subject the data to variance stabilizing transformation regarded as Box-Cox transformation [2], by taking the natural logarithm of the series and then difference the series to achieve stationarity both in mean and in variance. Logarithmic transformation $z_t = \log(x_t)$ is appropriate since the variance of the disaggregated malaria figures increases quadratically with the mean.

Plausible models were identified for z_t , (the logarithmically transformed malaria figures), from the autocorrelation (ACF), and the partial autocorrelation function (PACF) displayed in figure 3. Series of uncontrolled behaviour of certain process outputs, such as malaria usually possess non-stationary characteristics, [3]. It is therefore expected that the malaria series will possess non-stationary characteristics. As depicted by figure 3, the ACF of z_t has a wavy pattern which reflects the meandering shape of the malaria series, suggesting that the series is non-stationary. Exponential decay of the ACF of z_t , confirms the need for differencing, to induce stationarity. It appears that the regular or non-seasonal difference is appropriate to induce stationarity in the series, so that ∇z_t may be adequate.

The purpose of the transformation ∇z_t is to take the first differences of the logarithmically transformed malaria disaggregated figures, and thereby obtain a stationary malaria series that can be modeled by fitting appropriate SARIMA model. Differencing will reduce the disaggregated malaria figures to stationarity in the mean, and thereby remove trend in z_t . Unless the trend is removed, MA or AR components cannot be recognized from the ACF and the PACF.

After taking the first nonseasonal difference a very clear pattern in the sample ACF is produced as shown in figure 4. The ACF shows some alternating pattern of positive and negative values and a spike at lag zero, while the PACF for all lags beyond the first lag are zero. This implies that the PACF cuts off after lag 1, and the rest of the values randomly oscillate about zero, within the 95% non-significance limits. The PACF therefore provides a clearer picture, and clearly suggests SARIMA scheme. Since z_t contained trends, and no noticeable seasonal variation, only non-seasonal differencing is therefore considered adequate ∇z_t to induce

stationarity in the series. This implies that only one non-seasonal difference, and no seasonal difference is required, so that $d = 1, D = 0$. The disaggregated malaria figures look like a stationary process after one non-seasonal differencing. Preliminary investigations of the ACF and the PACF suggests SARIMA(1,1,0)(1,0,0), a univariate model, as possible provisional model for the logarithmically transformed quarterly disaggregated malaria figures.

FIG. 1: TIME SERIES PLOT OF X_t , THE QUARTERLY DISAGGREGATED MALARIA CASES

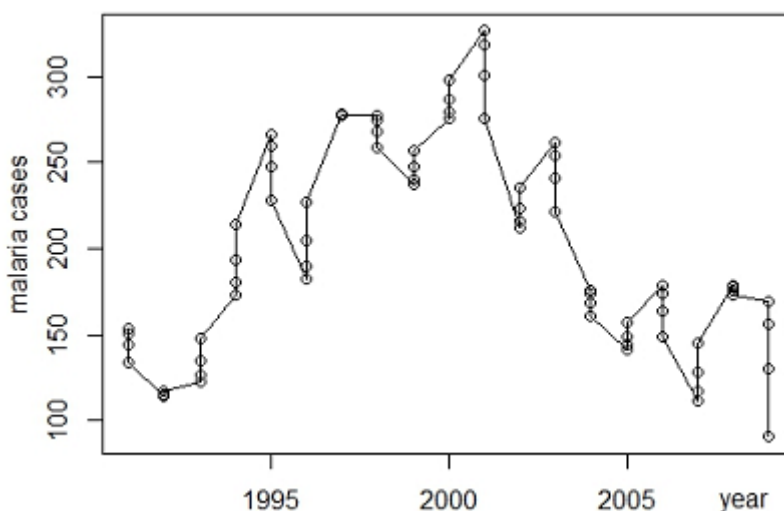


FIG. 2: ACF AND PACF OF x_t , THE DISAGGREGATED MALARIA FIGURES

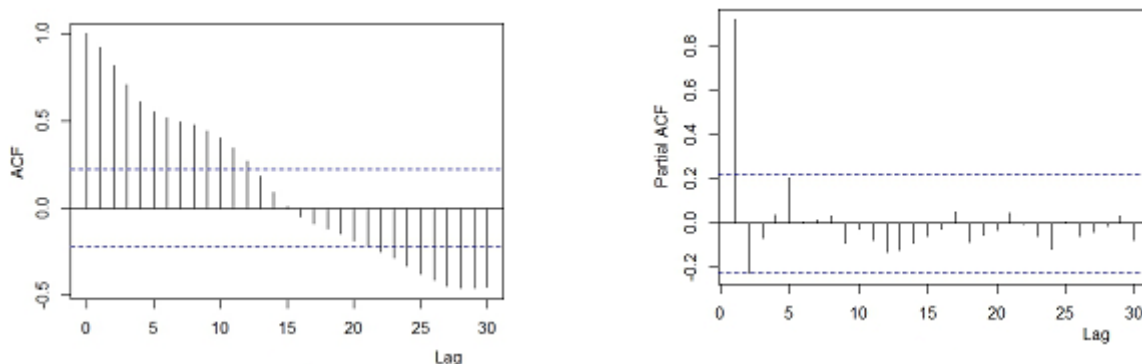


FIG. 3: ACF AND PACF OF z_t , WITHOUT DIFFERENCING

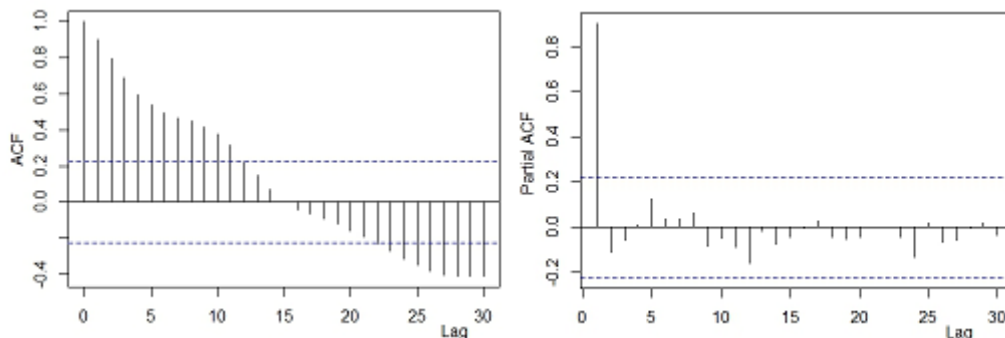
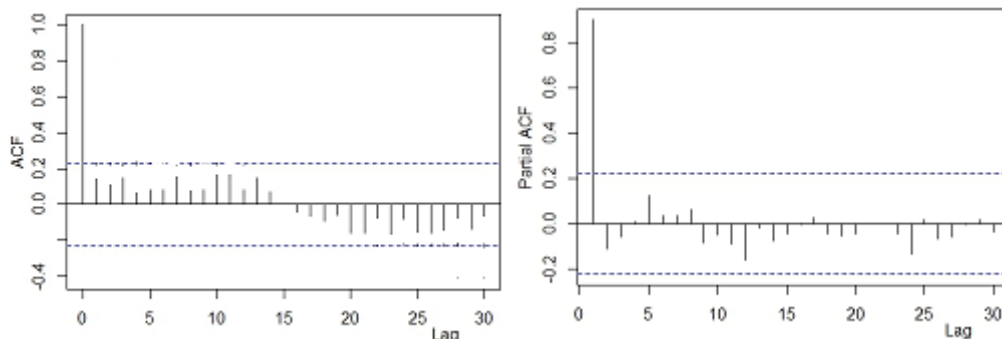


FIG. 4: ACF AND PACF OF THE NON-SEASONAL DIFFERENCE OF z_t , DIFFERENCED ONCE



$$\left(1 - \phi B\right) \nabla z_t = \left(1 - \Phi B^4\right) \varepsilon_t \tag{3}$$

This is ARIMA(1,1,0)(1,0,0)₄

The expanded form of SARIMA(1,1,0)(1,0,0)₄ is given as follows:

$$z_t - z_{t-1} - \phi z_{t-1} + \phi z_{t-2} = \varepsilon_t - \Phi \varepsilon_{t-4} \tag{4}$$

$$z_t - z_{t-1} - \phi \left(z_{t-1} + z_{t-2} \right) = \varepsilon_t - \Phi \varepsilon_{t-4} \tag{5}$$

3.4 CHECKING FOR MODEL ADEQUACY

Diagnostic checks to evaluate model adequacy and appropriateness of the fit should be conducted on the model residuals to check for homoskedasticity and normality; and to uncover possible lack of fit and diagnose the cause. There are various checks that should be performed before it can be accepted that a SARIMA model is adequate. Some of the checks that will be considered in this study are: plot of the residual ACF, Ljung-Box Q-statistics (portmanteau test), R² statistic and the stationary R² statistic.

The residual autocorrelation function which consists of the plot of the residual autocorrelation functions and the lag will be plotted to check for unusual values. For an adequate SARIMA model, theoretically, autocorrelation function of a series of random residual should be zero for all lags, [15]. Practically, the ACF of the residuals will show fluctuations due to the finite length of the time series data. Under the assumption that the series is random, a check for model inadequacy is that the residual autocorrelations are large compared with their standard errors, which will necessitate a transformation of the series as a remedy. The R² value and the stationary R² value are good measures in checking the overall fit of a model. The R² value is the total variation explained by the model, while stationary R² value gives the value of the remaining variation explained by the model after differencing. The portmanteau test of model adequacy also called Ljung-Box Q statistic [17], based on the residual correlogram is of the form:

$$Q_{LB} = n \left(1 + 2 \sum_{j=1}^k \frac{\tau_j^2}{n-j} \right) \tag{6}$$

where

n denotes the length of z_t after differencing.

τ_j is the sample autocorrelation in lag j .

k is the number of lags to be tested.

Q_{LB} the Q-statistic in lag k is the test statistic for the null hypothesis about zero autocorrelation up to lag k. Q_{LB} has the asymptotic chi-square distribution with degrees of freedom equal to k reduced by the number of MA and AR terms employed in the model.

3.5 RESULTS

The results of fitting the SARIMA model of the logarithmically transformed malaria figures are shown in tables 1 and 2. Table 1 shows the result of the maximum likelihood estimates of the parameters of the model with their standard errors, the t-values and their corresponding p-values. The values of the corresponding standard errors of the model parameters are low, which implies that the specified SARIMA model is adequate for the malaria series. The corresponding p-values of the t-tests show that both the non-seasonal AR ϕ and the seasonal AR Φ coefficients are significant, an indication that the parameters of the model have significant contributions to the adequacy of the model. The values of R^2 and the stationary R^2 , which are measures of the goodness of fit of the model, are approximately 93% and 35% respectively. The R^2 value shows that about 93% of the total variation in the malaria series is accounted for by the SARIMA model, while the stationary R^2 value indicates that after differencing, about 35% of the remaining variation is explained by the model, which implies a strong relationship. The portmanteau test of model adequacy, also referred to as Box-Ljung Q-statistic yield a value of Q = 12.99 with an associated p-value of 0.674, which is not significant. The value of the Q-statistic therefore does not provide any evidence of model inadequacy. Based on the assumption that the residuals series is a sequence of independent, identically distributed random variables with mean zero and constant variance, the ACF of the residuals of the SARIMA model of malaria as shown in figure 5 is not significantly different from zero, so that the residual serial correlations are all within $\pm 2E$. The value of the normalized Bayesian information criterion (Normalized BIC) is -6.473, which is low and consequently show that the model is appropriate for the malaria series. The diagnostic results of the SARIMA model of malaria cases are therefore satisfactory, since there is no evidence of lack of fit.

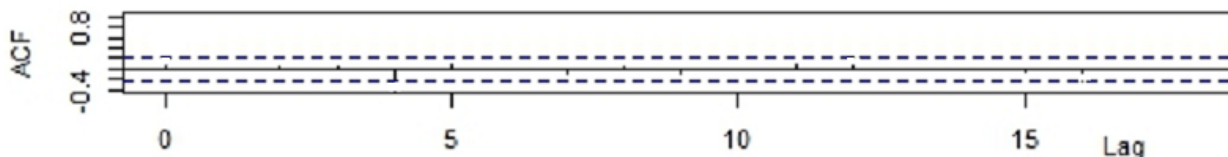
TABLE 1: MAXIMUM LIKELIHOOD ESTIMATES OF THE PARAMETERS OF THE SARIMA MODEL

Model	Parameter	MLE	SE	t-value	p-value
SARIMA(1,1,0)(1,0,0) ₄	ϕ	0.546	0.114	4.810	0.000
	Φ	-0.453	0.114	-4.001	0.000

TABLE 2: SUMMARY OF THE FITTED SARIMA MODEL

Fitted model	R squared	Stationary R squared	MSE	MAPE	Normalized BIC
$\phi = -0.546B$ $\hat{y}_t = \left(1 + 0.453B^4\right)\varepsilon_t$	92.8%	34.9%	0.037	1.226	-6.473

FIG. 5: ACF OF RESIDUALS



4. DISCUSSION AND RECOMMENDATIONS

The SARIMA model proposed in this study is based on the malaria data extracted from the record of a Nigeria teaching hospital, as a case study to understand the trend of malaria cases in Nigeria. The model was developed based on the trend of recorded malaria cases over the years and the presuming stability pattern as exhibited by the ACF and the PACF, after subjecting the disaggregated malaria figures to Box-Cox transformation and differencing. The model was validated and appeared to fit the malaria data well.

The SARIMA model has its usefulness in planning and managing malaria prevention and controlling the disease in Nigeria, and consequently enhances the fight against the scourge of malaria by the public health policy makers and health practitioners. The model for the malaria data is useful in understanding the trend and pattern of malaria in Nigeria overtime, and in estimating the number of malaria cases which is a useful guidance for timely prevention and control measures to be effectively planned by the health policy makers in the country, by giving adequate medical attention to areas and periods most at risk in allocating the scarce health facilities. Early diagnosis and treatment of malaria will not only reduce the disease and prevent malaria deaths, but will also contribute to reducing malaria transmission.

A critical examination of the data shows that the results should be interpreted with some cautions. Limitations to the clinically diagnosed malaria data could result from inconsistent registration of malaria cases, incomplete recording, and lack of platform for centralized data sharing. Incompleteness in reporting systems of the malaria cases could be as a result of self-medication, and patients lost to follow up or not seeking treatment at all. These uncertainties largely translated to the levels of error that resulted in the current model predictions. Nevertheless the SARIMA model attempts to quantify the trend of malaria disease by using data on malaria cases in an effort to develop a statistical model for the disease in Nigeria.

The main limitation of using time series models in epidemiological study is the unavailability of long term data. Time series models are data-driven requiring large volume of historical data for model parameterization. At least 50 observations of the data are required in order to have good estimates of the parameters of the time series model [22, 3], and most developing countries do not have such long data on malaria cases. With the development of disaggregating annual data into either quarterly or monthly figures, this limitation can be overcome.

Intensified effort on National Malaria Control Program is necessary in order to reduce the devastating effects of the disease on both the Nigerian economy and human lives. Vector control remains the main method to reducing malaria transmission from very high levels to zero. With the increasing levels of drug resistance in the treatment of malaria, use of insecticide-treated nets which is a form an effective vector control should be provided to households that are previously without nets, to prevent the acquisition of malaria immunity. Provision and proper use of insecticide treated materials will aid in achieving reductions in malaria transmission, deaths and in mosquito population. Currently there are no licensed vaccines to inoculate people against malaria; there is a challenge therefore, to develop an effective vaccine to immunize people against the disease. It is advisable that Nigeria government should fund researches on malaria to encourage researchers in this field to come up with a viable vaccine to inoculate people, and thereby produce immunity to the disease. Increased community awareness and public sensitization using the media, are necessary for effective malaria treatment and prevention. People should be educated on the benefits of maintaining a high social and personal hygiene attitude. Ditches, gutters, pools of water, some of which results from broken pipes and blocked drainage systems which are natural habitat for breeding mosquito larvae should be discouraged.

There should be an improved capacity for policy development, planning and co-ordination in all levels of government geared towards prevention of malaria. Quality of healthcare should be improved upon in terms of state-of-earth health facilities, and constant training of the health practitioners. Affordable and preventive malaria drugs should be made available to pregnant women, people living with HIV/ AIDS, international travelers from non-endemic areas, (because they lack immunity), immigrants from endemic areas and children under-five years who are regarded to as malaria population risk groups, to prevent malaria transmission.

APPENDIX

The appendix is written with a view of giving a short introduction about the time series technique employed in this study to help the understanding of the reader.

A time series is a set of observations $y_t, y_{t-1}, y_{t-2}, \dots$ made sequentially in time at regular interval of time $t, t-1, t-2, \dots$

Stationary Time series models

Stationary stochastic process is based on the assumption that the process is in a particular state of statistical equilibrium, [3]. A time series $\{y_t\}$ is said to be

strictly stationary if the random vectors $(y_{t_1}, \dots, y_{t_n})^T$ and $(y_{t_1+\tau}, \dots, y_{t_n+\tau})^T$ have the same joint distribution for all sets of indices $\{t_1, \dots, t_n\}$ and for all integers τ and $n > 0$. i.e

$$(y_{t_1}, \dots, y_{t_n})^T \stackrel{d}{=} (y_{t_1+\tau}, \dots, y_{t_n+\tau})^T$$

where d means 'equal in means'

This implies that shifting the time origin by an amount τ has no effect on the joint distribution of the series. The joint distribution depends on t_1, t_2, \dots, t_n .

Non-stationary time series models

A SARIMA model is the generalization of a non-seasonal ARIMA model, (Jenkins, 1979). A SARIMA may be viewed as a model which describes two effects simultaneously. For a quarterly data, the quarter-to-quarter behavior is assumed to be described by a seasonal ARIMA model with parameters (p,d,q). The residuals from this model are assumed to be represented by a year-to-year ARIMA model with parameters (P,D,Q). Combination of these two models yield a seasonal ARIMA (p,d,q)(P,D,Q)_s model. In real life many series encountered exhibit non-stationary behaviour. This is the case of the malaria data employed in this study. A non-stationary series can be transformed to induce stationarity by taking differences in level. A stationary ARMA ϕ, θ could be written explicitly as

$$\phi_p \hat{y}_t = \theta_q \hat{\varepsilon}_t$$

which is called autoregressive moving average scheme of orders (p,q).

If differencing is necessary to produce a stationary series, then the model corresponding to the original series, after being differenced is referred to as SARIMA (p,d,q)S ARIMA $\phi, d, q, \theta, D, Q_s$ model which is a mixed seasonal model of period s with regular and seasonal components of order p, P for AR, q, Q for MA and d, D for differencing. (Integrated ARMA model).

The general form of the SARIMA (p,d,q) (P,D,Q)_s model is:

$$\phi_p \Phi_P(B^s) \nabla^d \nabla_s^D \hat{y}_t = \theta_q \Theta_Q(B^s) \varepsilon_t$$

where $y_t = y_t - \mu$ and μ is the mean of the series.
 $B y_{t-1} = y_{t-1}$ and $B^s y_t = y_{t-s}$
 $\Phi_P(B^s)$ and $\phi_p \hat{\varepsilon}_t$ are autoregressive polynomials in B^s and B of order P and p respectively, while $\Theta_Q(B^s)$ and $\theta_q \hat{\varepsilon}_t$ are moving average polynomials in B^s and B of order Q and q respectively. The backward difference operators are $\nabla = (1 - B)$ and $\nabla_s = (1 - B^s)$

ε_t is a series of independently, identically distributed random variables with mean zero and constant variance σ_ε^2 , i.e $\{\varepsilon_t\} \sim WN(0, \sigma^2)$. It is the estimated white noise variance. S is the order of seasonality in the series.

Identification of the appropriate ARMA model for a particular time series is achieved by examining both the sample autocorrelation function (ACF) and the partial autoregressive function, (PACF). The ACF is calculated by computing the correlation between variable and successive lags of the same variable, while the partial autocorrelation at lag k is the correlation between y_k and y_{t-k} after removing the effect of the intervening variables $y_{t-1}, y_{t-2}, \dots, y_{t-k+1}$.

Selection criteria

Two of the criteria for selecting the best parsimonious models are Akaike information criterion and Bayesian information criterion. An approach to the comparison of two models is to compare their likelihood function (LF). Akaike (1974) proposed an information criterion (AIC) which is a method of comparison between log-likelihoods, and is of the form

$$AIC = -2 \ln(L) + 2k$$

where k : number of parameters in the model
 L : Likelihood function

The model with the smallest AIC is considered best in the sense of minimising the forecast mean square error, (FMSE). Schwartz (1978) pointed out that AIC is an inconsistent criterion in that it does not select the true model with probability approaching 1 as $n \rightarrow \infty$. Schwartz [18] therefore proposed the Bayesian information criterion (BIC) to overcome the problem.

$$BIC = -2 \ln(L) + k \ln(n)$$

The preferred model will be the one with minimum AIC.

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UNDERSTANDING THE CONCEPT OF ENTREPRENEURIAL EDUCATION: CHALLENGES AND IMPLICATIONS

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ABSTRACT

India is a rich country in youth population with more than 62% of its population in the working age group (15-59 years), and more than 54% of its total population below 25 years of age. This is huge demographic dividend which is expected to last for many years to come. It is a promising figure that can be a challenge as well as a huge opportunity as young people are the innovators, creators, builders and leaders of the future. They can only transform the future if they have skills, health, decision-making, and real choices in life. Taking a look at our global competition, our graduates need the skills attributes and capabilities to enable them to be successful in the ever changing global environment and thus help them meet the increasing demand from employers who want innovative, adaptable, resilient and flexible graduates who have an enterprising mind set. It is nevertheless important to say that entrepreneurial education is the need of the hour to support employability quotient of students thereby making effective contributions to the economy and society. Enterprise education clearly links to employability and as such should be at the core of Higher Education strategies. But it is seen in most of the cases that the concept of entrepreneurial education remains confused and misunderstood which results in underestimation of its utility in competitive era. The world is moving fast and long term challenges of globalisation are seeming to be intensifying. There is a need to comprehend this concept in real terms and understand its critical nature for overall development of graduates as well as nation. The present study aims to identify the understanding about the concept of entrepreneurial education and its sources. It would also identify various challenges or hindrances that come in its way and effective strategies to deal with the same.

KEYWORDS

entrepreneurship, challenges, education, organization.

INTRODUCTION

Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks—in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; and fundamental skill of building solid business plan; and finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion. (Kuratko & Hodgetts, 2004)

The younger generation of the 21st century is becoming the most entrepreneurial generation since the Industrial Revolution. As many as 5.6 million Americans younger than age 34 are actively trying to start their own businesses today. One third of new entrepreneurs is younger than age 30, more than 60% of 18- to 29-year-olds say they want to own their own businesses, and nearly 80% of would-be entrepreneurs in the U.S. are between the ages 18 and 34 (Tulgan 1999). With those explosive numbers have come similar increases in the field of entrepreneurship education. The recent growth and development in the curricula and programs devoted to entrepreneurship and new-venture creation have been remarkable. The number of colleges and universities that offer courses related to entrepreneurship has grown from a handful in the 1970s to 1,600 (Katz, 2003). In the midst of this huge expansion of courses remains the challenge of entrepreneurship's complete academic legitimacy. In order to understand the challenges that lie ahead, we first focus on the sources of our current understanding of entrepreneurship and its historical evolution and then we examine the challenges in its way and way forward.

SOURCES OF ENTREPRENEURIAL UNDERSTANDING

Researchers are continually striving to learn more about the entire entrepreneurial process to better understand the driving forces within entrepreneurs (Bull & Willard, 1993; Bygrave & Hofer, 1991; Gartner, 2001). Three major sources of information supply the data related to the entrepreneurial process or perspective. The first source is research based as well as popular publications. The following are among the more important of these publications:

- **Academic journals:** These are refereed journals that contain articles dealing with research—methodology, results, and applications of research—that are well designed and tightly structured. Examples include the Journal of Small Business Management, Entrepreneurship Theory and Practice, Journal of Business and Entrepreneurship, Journal of Business Venturing, Strategic Management Journal, Journal of Small Business Strategy, Academy of Management Review, and Academy of Management Executive.
- **Textbooks on entrepreneurship:** These texts typically address the development and operation of small firms and entrepreneurial organizations. Sections or chapters are frequently devoted to research on entrepreneurs. Examples include Entrepreneurship: Theory, Process, Practice (2004) by Kuratko and Hodgetts; Strategic Entrepreneurial Growth (2004) by Kuratko and Welsch; and New Venture Creation (2002) by Timmons.
- **Books about entrepreneurship:** Most of these books are written as practitioners' "how-to" guides. Some deal with the problems facing an individual who starts a business; others deal with specific aspects of the subject. Examples include The Business Planning Guide (1995) by Bangs; Start-up (1992) by Stolze; and in the Owner's Chair (1992) by Torrence.
- **Biographies or autobiographies of entrepreneurs:** Examples include Business at the Speed of Thought (1999) by Gates and Radicals and Visionaries (2000) by Wawro.
- **Compendiums about entrepreneurs:** These are collections that deal with several selected individuals or that present statistical information or overviews of perceived general trends. Examples include Chamberlin's Enterprising Americans (1963), which provides a summary of trends, and The Entrepreneurs (1974) by Sobel, which is a compendium of information about selected living entrepreneurs.
- **News periodicals:** Many newspapers and news periodicals run stories on entrepreneurs either regularly or periodically. Examples include Business Week, Forbes, Fortune, and The Wall Street Journal. September.
- **Venture periodicals:** A growing number of new magazines are specifically concerned with new business ventures. Most, if not all, of each issue's contents are related to entrepreneurship. Examples include Black Enterprise, Entrepreneur, FSB, Inc., and Family Business.
- **Newsletters:** A number of newsletters are exclusively devoted to entrepreneurship. The Liaison newsletter from the U.S. Association for Small Business and Entrepreneurship is an example.
- **Proceedings of conferences:** Publications relating to annual or periodic conferences deal at least in part with entrepreneurship. Examples include Proceedings of the Academy of Management, Proceedings of the International Council for Small Business, Proceedings of the U.S. Association for Small Business and Entrepreneurship, and Frontiers in Entrepreneurship Research (proceedings of the Babson College Annual Entrepreneurship Research Conference).
- **Government publications:** The U.S. government publishes a wealth of information on entrepreneurship, small-business operations, and specific small businesses. Examples include the SBA pamphlets as well as the more recent National Federation of Independent Business publications.

The second major source of information about entrepreneurial perspective is direct observation of practicing entrepreneurs. Through the use of interviews, surveys, and case studies, the experiences of individual entrepreneurs can be related. An analysis of these experiences can provide insights into the traits, characteristics, and personalities of individual entrepreneurs and leads to the discovery of commonalities that would help explain the perspective. The final source of entrepreneurial information is speeches and presentations (including seminars) by practicing entrepreneurs. This source may not go as far in-depth as the other two do, but it does provide an opportunity to learn about entrepreneurial perspective. Entrepreneur-in-residence programs at various universities illustrate the added value that oral presentations may have in educating people about entrepreneurship. All of these sources have provided the background for the development of entrepreneurship education as we know it today in the 21st century. We now examine the emergence of entrepreneurship education from the past 25 years.

THE EMERGENCE OF ENTREPRENEURSHIP EDUCATION

It is becoming clear that entrepreneurship, or certain facets of it, can be taught. Business educators and professionals have evolved beyond the myth that entrepreneurs are born, not made. Peter Drucker, recognized as one of the leading management thinkers of our time, has said, "The entrepreneurial mystique? It's not magic, it's not mysterious, and it has nothing to do with the genes. It's a discipline. And, like any discipline, it can be learned" (Drucker, 1985). An additional support for this view comes from a 10-year (1985 to 1994) literature review of enterprise, entrepreneurship, and small business management education that reported, "... most of the empirical studies surveyed indicated that entrepreneurship can be taught, or at least encouraged, by entrepreneurship education" (Gorman, Hanlon, & King, 1997).

Given the widely accepted notion that entrepreneurial ventures are the key to innovation, productivity, and effective competition (Plaschka & Welsch, 1990), the question of whether entrepreneurship can be taught is obsolete. (Ronstadt 1987) posed the more relevant question regarding entrepreneurial education: What should be taught and how should it be taught?

A HISTORICAL CONTEXT OF ENTREPRENEURSHIP EDUCATION

(Katz 2003) developed the most comprehensive chronology of entrepreneurship education. While he included economic and agricultural literature and experiences dating back to 1876, and others have touted the Harvard courses taught in 1947, the reality of entrepreneurship education as a force in business schools began in the early 1970s. The University of Southern California launched the first Master of Business Administration (MBA) concentration in entrepreneurship in 1971, followed by the first undergraduate concentration in 1972. From there, the field of entrepreneurship began to take root. By the early 1980s, over 300 universities were reporting courses in entrepreneurship and small business, and by the 1990s that number grew to 1,050 schools (Solomon, Weaver, & Fernald, 1994). Therefore, the real emergence of entrepreneurship education took place in the 1980s. (Zeithaml and Rice 1987) reviewed some of the pioneering universities of entrepreneurship education in U.S. They concluded with several suggestions for the future of education and research in the entrepreneurship domain, which include: (1) the opportunity existed for entrepreneurship programs to evolve in a manner that is consistent with recent conceptualizations of entrepreneurship; (2) a second, compatible direction some programs may wish to take would involve a heavy commitment to research; (3) a third direction would be research on the teaching methods commonly used in entrepreneurship programs; and (4) evidence exists that entrepreneurship courses, programs, and centres may be sources of funds for a university or college.

CHALLENGES IN THE WAY OF ENTREPRENEURSHIP EDUCATION

The recent growth and development in the curricula and programs devoted to entrepreneurship and new-venture creation have been remarkable. The number of colleges and universities that offer courses related to entrepreneurship has grown remarkably (Kuratko 2005). In the midst of this huge expansion remains the challenge of complete academic legitimacy for entrepreneurship. While it can be argued that some legitimacy has been attained in the current state of entrepreneurship education, there are critical challenges that lie ahead.

Lean and mean attitude of entrepreneurs: There is a danger of being complacent with success and entrepreneurs may lose the zest and passion of learning, working and creating more enterprises.

Lack of faculty and lack of proper research: There is a dearth of faculty to provide pure entrepreneurship guidance and lack of instructors with relevant skills and also lack of research in the field of entrepreneurship. There is absence of functional and adequate curriculum.

Lack of technology: There is a negative trend with regards to technology in the field of entrepreneurship education and it is apprehensive to deliver quality entrepreneurship in future.

Lack of academia and business connections: There is lack of proper connections between academic institutions practising entrepreneurship and real businesses. This lessens the ability of students to learn from real business ventures and the challenges that they have faced.

Budgetary constraints: There is often a financial strain while starting modules for practical learning for entrepreneurial studies which hampers its growth.

General nature of the course: The entrepreneurship course is usually taught in a general manner without going for details and specialised attention and is taught hurriedly in the last semesters. The students are unable to absorb the concepts clearly making it difficult to practice it in a real setting.

Lack of role models: There are lesser live examples of role models that would motivate and encourage students to become entrepreneurs.

It must not be assumed that entrepreneurship education is solely about encouraging "students" to set-up and run their own businesses. While there is some evidence that experience in a small firm can help the development of more enterprising individuals (Kirby and Mullen, 1990), entrepreneurship should not be equated solely with new venture creation nor small business management. Rather, it is, as (Kao 1997) has recognised, about "making a change" and "... even those who relate entrepreneurship with business undertakings have noted that only those who innovate and develop new combinations are entrepreneurs".

CONCLUSION

After reviewing the major challenges that are confronting all of us as entrepreneurship educators, the question remains, "So what can I do?" The answer is neither complex nor profound. The answer is really an aggregation of numerous small but needed actions.

Entrepreneurship is new and it is about continual innovation and creativity. It is the future of business schools and it should begin to move into a leadership role. Entrepreneurship educators must have the same innovative drive that is expected from entrepreneurship students. Vesper (1999) made us think out of the box when he stated:

Entrepreneurship in universities has so far been developed as an add-on to business education, first as an elective course, then more courses, and finally as a concentration, major or program. So far it has largely been tucked in and around the existing core. Its teachers presently must be approved by established faculty from other fields. Its courses currently must fit into the existing curriculum, grading system, and calendar. It serves the students who, for the most part, apply for a conventional business education. But what might be different if we had started first with a school of entrepreneurship and then added a few courses for a concentration or major in middle management? (Vesper 1999).

Entrepreneurs can occur in all walks of life and increasingly attention is being focused not just on business entrepreneurs, but on academic entrepreneurs, civic entrepreneurs, social entrepreneurs and technological entrepreneurs, amongst others. Recent global economic crisis has increasingly demanded bold action from organizations particularly higher education sectors. Embedding entrepreneurship in education and providing greater access are the first and arguably most important steps for building an innovative culture and creating a new wave of entrepreneurs, entrepreneurial individuals and organizations. The challenges identified above are too big to be dealt with by any one country alone. No country can rest on its laurels for long and hence need to become more outward-looking, more innovative for a sustainable and employable future. Many entrepreneurship programs should be organised in the university so that students will be exposed early to the world of business. The university should also take proactive actions for example by providing facilities for students to start a business in campus. This also will give a real exposure to them and hopefully will contribute in encouraging more students becoming graduate entrepreneurs (Bustamam et al 2015). For fighting budgetary constraints, government or private sponsorships should assist institutions for promoting entrepreneurship education. Training needs to be more practical oriented than theory with a component of hands on experience where possible to make student more realistic and creative in developing problem solving

skills. More reinforcement and encouragement should be given for developing role models in the area of entrepreneurship. It should be made a point that infra-structural facilities and various other technologies that assist in smooth functioning of entrepreneurial education should be given preference. Clearly, for entrepreneurship education to embrace the 21st century, professors must become more competent in the use of academic technology and also expand their pedagogies to include new and innovative approaches to the teaching of entrepreneurship. For example, the use of video conferencing and streaming of video case studies are viable uses of educational technology. The ability to bring new "live" perspectives from different geographic locations and schools will add to the richness of the educational experience.

Academia and business interactions should be held timely to strengthen the linkage and enable better entrepreneurship opportunities. Higher learning institutions should consider partnering with local communities in developing entrepreneurial skills thus boosting employability of graduates. More specialised attention should be given to the component of entrepreneurial mode of learning in order to minimise its general and for granted nature. It takes a good deal of hard work and zeal to work for the cause but small actions taken collectively can add up to real change. The challenges when dealt with vigour can help youth, in a long way to become products of smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion.

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MIGRATION TO CITIES REVS UP PROFITABILITY IN HOUSING SECTOR

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ABSTRACT

With industrialisation, infrastructural development happens in tandem. One thing leads to another; taking place in a series, until a conglomerate is formed. Urbanisation results in increase built up area which requires workers, usually migrants. With heightened housing requirement to accommodate each new wave of migrants and in the absence of any legalised housing construction system, many alternative constructions take place like illegal squatter settlements or informal construction by local landlords living nearby to their work place. This study primarily focuses on the positive side of migration of poor to cities as a source of income generation for local landlords in rental housing sector. The study was conducted in Delhi NCR region – Noida, New Delhi and Gurugram. Sample comprises of both landlords and tenants. Separate questionnaires were formed for tenants and landlords, respectively. It was found in the study that local landlords or Gram head of nearby villages to factories, industries and corporate offices encourage migration as it has become their source of income generation by constructing multi-stories on their plot ranging from one room set – 1BHK unit for rental purposes. Therefore, like multiplier effect migration of poor to cities results in further urbanisation of cities besides overcrowding it.

KEYWORDS

landlords, migration, rental housing, urbanisation.

JEL CODE

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I. INTRODUCTION

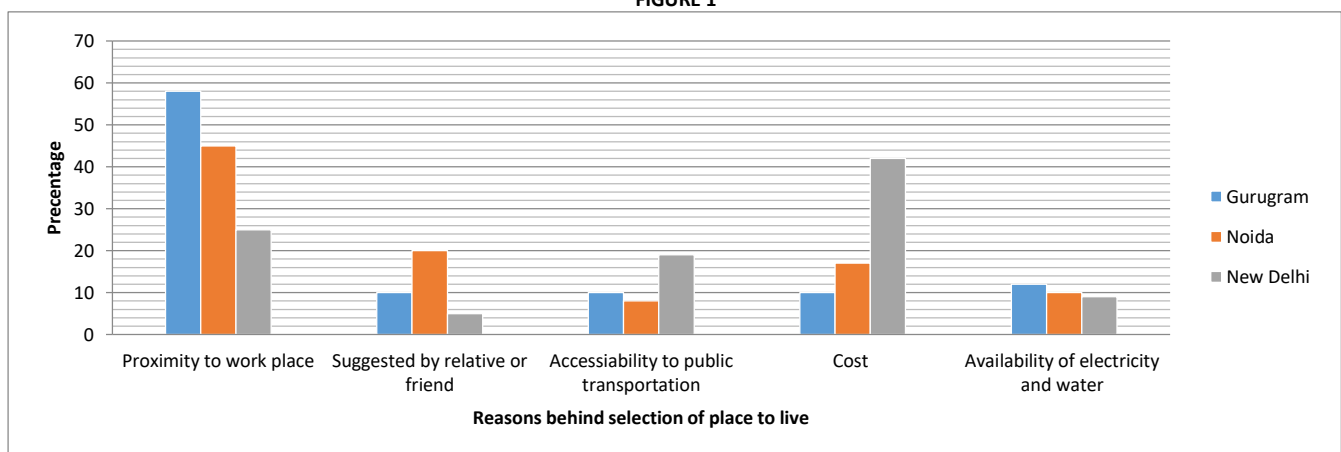
It is the known fact that cities form the backbone of economic expansion, and urbanisation can be seen as an engine of economic growth and socio-economic development not only of the cities but of other areas adjoining to cities. Despite being an instrument of economic, social and political progress, urbanisation has led to serious socio-economic problems. Rapid growth of urban population, through urbanisation and migration, has put a lot of pressure on public utilities viz., housing, electricity, water, sanitation, health, education, drainage, etc. This has also resulted in haphazard and unplanned growth of urban areas, under sheer need of infrastructure, to accommodate ever-increasing number of migrants. Informal settlements, as we know, come into existence when poor migrants to the city and look for space- usually near to work area - to live [1]. Often the only open land close to job opportunities is land which has been alienated from formal development because of its unsuitability. Examples include: floodplains and low-lying ground (high water table, flooding problems), former waste disposal sites (toxic gases, unpredictable settlement), etc. Therefore, these places are usually devoid of drainage, sanitation, clean water, electricity, etc. To avert such squatter settlements, the Government, every year, initiates a host of schemes to provide affordable housing to poor migrants [2]. But, despite that, the major push has been given by the local residents who become landlords and provide affordable rental housing to this section of the society. This kind of arrangement not only help the poor migrants to attain affordable living in the city but also act as a source of income generation for these local residents turned landlords. Therefore, on one hand incessant migration to cities results in haphazard growth of informal settlement and overcrowding of the cities but on other hand it creates an income opportunity for residents who are into rental housing business since generations now.

II. OVERVIEW OF THE RENTAL SYSTEM IN DELHI NCR

The study was conducted in Delhi NCR region (Gurugram, Noida and Delhi); mainly, urban villages and unauthorized colonies were covered for the study purposes. It was found that due to lack of affordability of the formalized housing sector [3], migrants prefer to live in urban villages and unauthorized sectors [4], mainly on rental bases. In Gurugram, three areas were selected for conducting the study - Kanhai village, Jharsa village and Chakkarpur village. The local community in Jharsa were mainly landowners and have had given their land for rent as shops and flats. Rent proceeds are the main source of income to these landowners. Unlike Kanhai, where the original population used to live in Sushant lok, here the landlords live in the same building with their tenants. Many landowners have built grocery shops and multi storeyed one room set above that for the tenants. There is no concept of lending flats or shops through middleman or broker. These villages come under the Municipal Corporation Gurgaon. They have population of around 40,000-60,000 landlords and about 1, 00,000 tenants or migrated persons were living in the area.

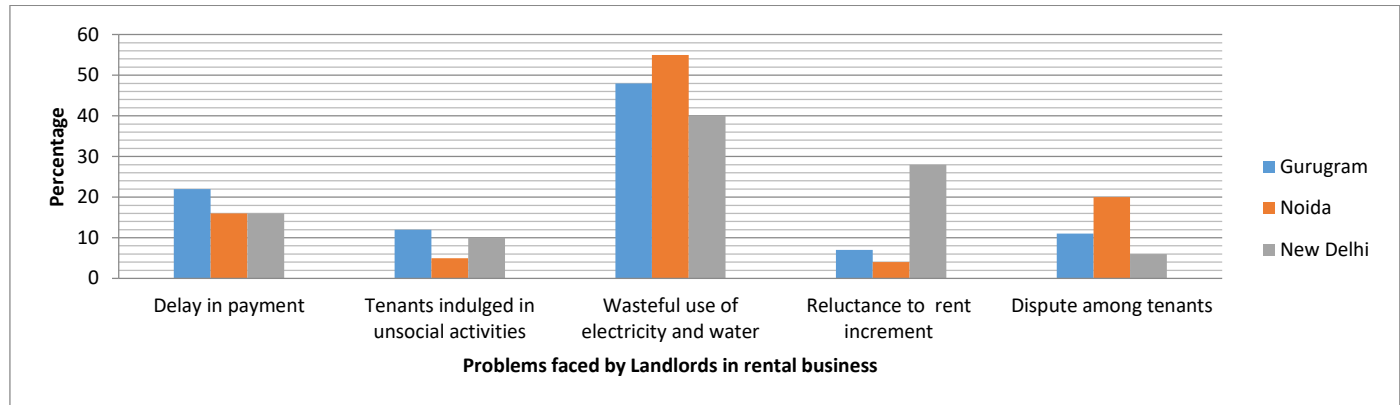
In Noida, three areas were selected for conducting the study- Harola village, Noida Sector 11- Jhundpura Village and Noida Sector 8(slum dwellings). These are urban villages [5] wherein, village panchayat system is functional and therefore, Panchayat head a.k.a. Pradhan is responsible for carrying out all the developmental activities in these areas. It was found that Pradhan himself is the landlord [6] and have many residential units on rent. In Delhi, three areas were selected for conducting the study – Dabri Village, Badli village and New Sagarpur.

FIGURE 1



Among many, one of the main reasons for these urban villages to be very popular [7] among poor migrants is its proximity to their work place i.e. factories, institutions and offices. As shown in figure 1, after proximity to work place cost of the residential space is the second important consideration for the migrants before finalising the place to live in the cities. Also, it was found that in Noida and Gurugram the main concern is proximity to work place whereas in Delhi cost is the main factor behind selection of rental space for the poor migrants. Besides, they could get work in the village itself in shops or as domestic helper or rickshaw puller, auto driver, etc. It was found that landowners live in the ground floor and tenants live in the above multi-storeyed residential units that range from one room to 1 BHK. It was found that the monthly rent often got waived off for the tenants who work for the landlord. Besides, rent proceeds were mainly use for buying more property and raising stocks for farming. Electricity was fairly available 24 hours in all the areas. Eight tube wells and two booster pumps along with many individual bore wells have been installed for uninterrupted supply of water for the villagers and tenants. Various other facilities such as a dispensary, Anganwadi, Government school, post office, police station, etc. were available. All the areas are well connected with all the modes of transportation.

FIGURE 2



Besides, all the monetary benefits that these local residents cum landlords derive from the rental business but there are some serious problems too that they have to face every day, while dealing with migrant tenants. As highlighted in Figure 2, incessant (wasteful) use of electricity and water was found to be the most severe problem among other problems like delay in payment, unwillingness to pay higher rent, dispute among tenants, etc. that landlords suffer from in this rental business.

III. SWOT ANALYSIS OF RENTAL BUSINESS

TABLE 1

<p>Strengths</p> <ul style="list-style-type: none"> • Additional income • Protection from illegal land encroachers • Potential workers as shopkeeper, domestic helpers, drivers, beautician, rickshaw pullers, etc. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Irregular rent payments • Poor usage by tenants • Difficulty in increasing monthly rental amount • Disputes with tenants • Difficulty in verifying tenants background information
<p>Opportunities</p> <ul style="list-style-type: none"> • Overall infrastructural development of that area [8] • Draws attention of Government for speedy release of welfare funds 	<p>Threats</p> <ul style="list-style-type: none"> • Pressure from private developers for land accusation • Land requirement for Metro or highway construction

In the SWOT diagram above, analysis of the rental business has been done from the landlord or local residents' perspective. It highlights the problems that local landlords have to face while dealing with migrant tenants. Among many, the one major difficulty faced by many landlords relates with the identity verification or background check of the migrant tenants. It was found that many times these migrants were proclaimed offender in some crime and have allegedly fled from their home town. Besides, the diagram discusses about the various benefits that act as a driving force for these local residents to become landlords and make arrangements to accommodate these poor migrants by providing all necessary facilities to them at affordable prices. It was also found during informal discussion with Pradhan and local landlords that private developers have their eye on their land from long ago, and in the past many discussions, rejections, reconciliatory attempts have been made to impinge on their land. Nevertheless, under the present governmental intention to bring as many welfare schemes as possible, there is a prevailing hope for overall formalised infrastructure development of these areas sooner than later.

IV. CONCLUSION

This study has mainly highlighted the growing propensity among landowners or local residents to become landlords and enter into real estate rental housing business [9]. This study has also brought forth the paradigm shift in the attitude among the locals towards every new wave of migrants. Many socio-economic and socio-cultural aspects have been touched upon in this study. This paper is merely an attempt to put forth the scope of growing rental business in informal housing sector and how it has resulted in the overall infrastructural development of that area, like a chain reaction. Not only this, it has further created income opportunities for many locals who got into petty businesses like grocery shops, stationary shops, boutiques, coaching institutes, etc. to cater to the needs of growing tenants in their area. These poor migrants have acted as the catalyst in initiating the chain reaction of development of the area and simultaneously all other infrastructural, welfare activities got kick started.

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GOODS AND SERVICE TAX (GST): A BRIEF INTRODUCTION

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ABSTRACT

In recent times, India has been abuzz with criticism on its archaic taxation structure and there is push for a simpler, flat tax structure that will potentially do away with the complicated policy. As the next level policy reform in indirect taxation, Goods and services tax (GST) has taken a centre stage in this respect and is hoped to iron out the wrinkles in the existing tax system. Tax policies play an important role on the economy through their impact on both efficiency & equity and its high time India braced itself for a relook at the current status. Historically, India has relied too much on indirect taxation because of political compulsions, an agrarian economy, low income levels and lack of infrastructure to track personal income. In order to simplify and rationalize indirect tax structures, government of India attempted various tax policy reforms at different points of time. While VAT was a welcome change during 2005, over the years, people have identified shortcomings in the structure while levying VAT both at Central level and State level. Also, CENVAT has the limitation of non-inclusion of several taxes such as VAT, ACD, surcharge etc. In the present state-level VAT scheme, there is a cascading effect on account of CENVAT element. Lastly, there is lack of integration of VAT on goods with tax on services at the state level and hence the cascading effect of service tax. To address such issues cited above, a comprehensive tax reform like GST, having an extensive base to kick-start the applicability of an efficient and harmonized consumption tax system has been introduced in the Indian tax system. The present research paper is an attempt to study concept of goods and service tax and its impact on Indian economy.

KEYWORDS

Indian taxation, goods and service tax, economy.

INTRODUCTION

 GST is a comprehensive tax levy on manufacture, sale and consumption of goods and services at a national level. GST is a part of proposed tax reforms in India having an extensive base that instigate the applicability of an efficient and harmonized consumption tax system. GST has been commonly accepted by world and more than 140 countries have acknowledged the same. Generally, the GST ranges between 15%- 20% in most of the countries. Goods and Services tax (GST) has been identified as one of most important tax reforms post-independence. It is a tax trigger, which will lead to business transformation for all major industries. Given the passage of the Constitution (101st) Amendment Bill, 2016 for GST in the Parliament on 8 August 2016, ratification of the said Bill by more than 15 states by early September followed by its enactment, and passage of four GST Bills in the Lok Sabha on 29 March 2017 and Rajya Sabha on 6 April 2017, with the clear road map being laid down by the Finance Ministry, the Government of India seems to be on course to implementing GST with effect from 1 July 2017. The GST Council consisting of representatives from the Centre as well as the states, after being constituted, met on twelve occasions to discuss various issues including dual control, GST laws, exemptions, thresholds, rate structure, compensation cess etc. and reached consensus on the same. Council has also recommended four-tier GST rate structure and the thresholds. The Bills introduced in the Lok Sabha, during the ongoing Budget session of the Parliament, include Central GST (CGST), Integrated GST (IGST), Union Territory GST (UTGST) and the Bill for Compensation to States. Discussion on the Bills commenced on 29 March 2017 and was passed on the same day after a long debate. According to media reports, the GST Bills, although introduced as Money Bills, shall be taken up for discussion in both houses of the Parliament before their passage in the current session. The Bills were earlier cleared by the GST Council, followed by a Union Cabinet approval. The revised draft of the Model GST law, which was released in the public domain in November 2016, has been split into CGST, SGST and UTGST Bills apart from IGST Bill. The draft of the Model GST Law underwent further changes before being introduced in the Parliament.

OBJECTIVES OF THE STUDY

1. To understand the concept of goods and service tax.
2. To learn about shortcomings of current taxation system in India.
3. To understand how GST will work in India.
4. To understand the benefits of GST over the current taxation system in India.

RESEARCH METHODOLOGY

The study focuses on extensive study of Secondary data collected from various books, National & international Journals, government reports, publications from various websites which focused on various aspects of Goods and Service tax.

WHAT IS GST?

GST is a comprehensive indirect tax on manufacture, sale and consumption of goods and services at national level. The GST is expected to replace all the indirect taxes in India. At the centre's level, GST will replace central excise duty, service duty and customs duties. At the state level GST will replace State VAT.

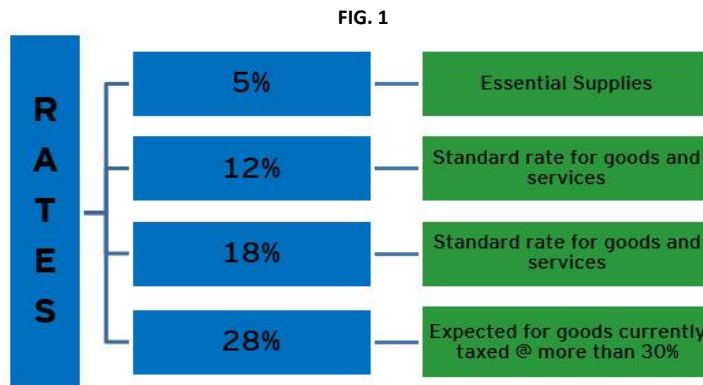
WHAT GST BRINGS WITH IT?

GST is a destination-based tax that will replace the current Central taxes and duties such as Excise Duty, Service Tax, Counter Vailing Duty (CVD), Special Additional Duty of Customs (SAD), central charges and cesses and local state taxes, i.e., Value Added Tax (VAT), Central Sales Tax (CST), Octroi, Entry Tax, Purchase Tax, Luxury Tax, Taxes on lottery, betting and gambling, state cesses and surcharges and Entertainment tax (other than the tax levied by the local bodies). It will be a dual levy with State/Union territory GST and Central GST. Moreover, inter-state supplies would attract an Integrated GST, which would be the sum total of CGST and SGST/UTGST. Petroleum products, i.e., petroleum crude, high speed diesel, motor spirit, aviation turbine fuel, natural gas will be brought under the ambit of GST from such date as may be notified by the Government on recommendation of the Council. Alcohol for human consumption has been kept outside the purview of GST.

RUN – UP TO GST

- The GST Bills have been passed by the Parliament.
- Subsequent to the passage of GST Bills in the Parliament, states will take up State GST Bills for clearance in the respective state legislative assemblies.
- The list of exemption, classification of goods and service, and machinery provisions including valuation and other rules are yet to be notified.
- As per the office order issued by the Central Board of Excise and Customs, the Government has set up ten working groups to iron out sectoral issues faced by trade and industry to ensure smooth transition to GST. Sectors include banking, telecom, IT and ITES, financial, textile, oil and gas, gems and jewellery, transport and logistics, and MSMEs.

Consensus between Central and state governments has been reached on four-tier rate structure as follows: A well-designed GST in India is expected to simplify and rationalize the current indirect tax regime, eliminate tax cascading and put the Indian economy on high-growth trajectory. The proposed GST levy may potentially impact both manufacturing and services sector for the entire value chain of operations, namely procurement, manufacturing, distribution, warehousing, sales, and pricing. It will also stimulate the need to relook at internal organization and IT systems. With its proposed implementation from 1 July 2017 gaining intensity, it is critical for companies, which have business operations in India to understand the broad contours and framework of the proposed GST law, likely impact of the new levy on their business and start taking appropriate steps to meet its requirement and be GST ready.



JUSTIFICATION IN IMPLEMENTATION OF GST

Despite the success with VAT, there are still certain shortcoming in structure in the levy of VAT both at Central level and State level. The shortcoming in CENVAT of the Government of India lies in non-inclusion of several taxes in the overall framework of CENVAT such as VAT, ACD, Surcharge etc. Moreover, in the present State-level VAT scheme, CENVAT load on the goods remains included in the value of goods to be taxed under State VAT, and contributing to that extent a cascading effect on account of CENVAT element. Furthermore, any commodity, in general, is produced on the basis of physical inputs as well as services, and there should be integration of VAT on goods with tax on services at the State level as well, and at the same time there should also be removal of cascading effect of service tax. Further, by removing cascading effect, layers of taxes and simplifying structures, the GST would encourage compliance, which is also expected to widen the tax base. But virtually every media report that mentions the GST says that the tax reform has the potential to add up to 2 percent to India’s GDP. If VAT is considered to be a major improvement over the pre-existing Central excise duty at the national level and the sales tax system at the State level, then GST will be a further significant breakthrough – the next logical step – towards a comprehensive indirect tax reform in the country.

TAXES TO BE SUBSUMED

GST would replace most indirect taxes currently in place such as:

TABLE 1

Central Taxes	State Taxes
<ul style="list-style-type: none"> Central Excise Duty [including additional excise duties, excise duty under the Medicinal and Toilet Preparations (Excise Duties) Act, 1955] Service tax Additional Customs Duty (CVD) Special Additional Duty of Customs (SAD) Central Sales Tax (levied by the Centre and collected by the States) Central surcharges and cesses (relating to supply of goods and services) 	<ul style="list-style-type: none"> Value Added Tax Octroi and Entry Tax Purchase Tax Luxury Tax Taxes on lottery, betting & gambling State cesses and surcharges Entertainment tax (other than the tax levied by the local bodies) Central Sales Tax (levied by the Centre and collected by the States)

SALIENT FEATURES OF GST

The GST Framework could easily be one of the most important tax reforms to be tabled for discussion in the Parliament. It does bring with it some problems, like division of taxation power between Centre and State. So the GST has two components: - One levied by Centre (hereinafter referred to as **Central GST**) and the other levied by the States (hereinafter referred as **State GST**). However, the basic features of law such as chargeability, definition of taxable event and taxable person, measure of levy including valuation provisions, basis of classification etc. will be uniform across these statutes as far as practicable. The GST would be levied in 3 different forms.

TABLE 2

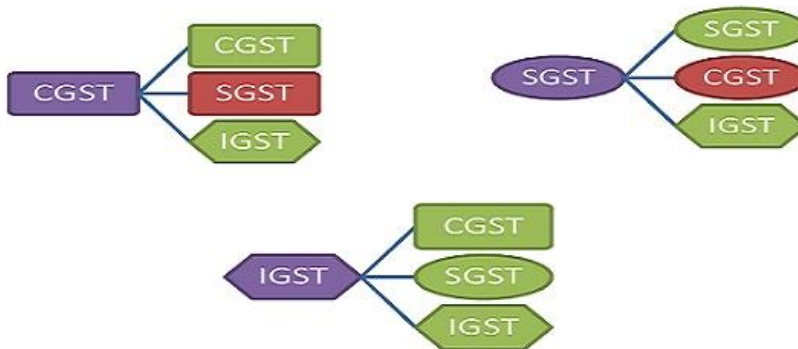
CGST	SGST
This is applicable in the case of Inter-State sale of goods and provision of service	In case of sale of goods Intra-state then tax will be charged as per this form.
Taxes/Duties Covered under CGST	Taxes/Duties Covered under SGST
Central Excise Duty	Entry tax (not Octroi)
Service Tax	Entertainment tax
CVD, SAD	VAT/Sales Tax
Excise duty on M&TP etc.	Luxury tax etc.

INTEGRATED GST (IGST)

- The scope of IGST Model is that centre would levy IGST which would be CGST plus SGST on all inter-state transactions of taxable goods and services with appropriate provision for consignment or stock transfer of goods and services.
- IGST will be combination of CGST and SGST and the same will be collected by the Centre in the Origin State.

TAX CREDIT MECHANISM

FIG. 2



Time bound refund of credit will be allowed in cases such as exports and inverted duty structure. It is clear that **cross utilisation** of CGST and SGST is not allowed generally but the IGST mechanism will make this credit fungible. Following example will give clear idea above utilisation of credit and costing under present system & GST.

Example

Assumption: - (1) Rate of Excise Duty – 8%; (2) VAT Rate – 12.5%; (3) Central GST Rate – 12%; (4) State GST Rate – 8%; (5) Profit Margin – Rs. 5,000/- fixed (6) All parties are located in one state.

TABLE 3

Particulars	Under Present Scenario	Under GST
(I) Manufacturer (D1) to Wholesaler (D2)		
Cost of Production	45000	45000
Input Tax Credit (Assuming nil)	–	–
Add : Profit Margin	5000	5000
Producers Basic Price	50000	50000
Add: Central Excise Duty @ 12%	6000	–
Add : Value Added Tax @ 12.5% on Rs. 56,000/-	7000	–
Add : Central GST @ 12%	–	6000
Add : State GST @ 8%	–	4000
Sale Price	63000	60000
(II) Wholesaler (D2) to Retailer (D3)		
Cost of Goods to D2	56000	50000
Available Input Tax Credit for set off	7000	10000
Add : Profit Margin	5000	5000
Total	61000	55000
Add : Value Added Tax @ 12.5%	7625	–
Add : Central GST @ 12%	–	6600
Add : State GST @ 8%	–	4400
Total Price to the Retailer	68625	66000
(III) Retailer (D3) to Final Consumer (C)		
Cost of Goods to D3	61000	55000
Input Tax Credit	7625	11000
Add : Profit Margin	5000	5000
Total 1,32,000 1,20,000	66000	60000
Add : Value Added Tax @ 12.5%	8250	–
Add : Central GST @ 12%	–	7200
Add : State GST @ 8%	–	4800
Total Price to the Consumer	74250	72000
Total Tax Payable in All Transactions	14250	12000
Verification:- VAT @12.5% [74,250 * 12.5 / 112.5] = 8250 + 6000 (CENVAT) = 14250		13,000
– D1 (6000 +7000)		625
– D2 (7625 – 7000) –		625
D3 (8250 – 7625)		
Verification:- GST @20% [72000 *20 / 120] =12000		10,000
– D1 (6,000 + 4,000)		1,000
– D2 (11,000 – 10,000) –		1,000
D3 (12,000 – 11,000)		

Cost Benefit - In the current Tax scenario credit of surcharge, VAT, ACD is not available which increases cost. With the introduction of GST credit of these taxes is available with cascading effect which will help in reduction in cost. From the above example is will clear that Tax Payable in GST is less than Current Situation.

Stock Transfer - Another important aspect is stock transfer. Because in GST, tax will be levied on the dispatch. Every dispatch will be taxable under GST, so at every stage i.e. factory, warehouse etc. registration is necessary.

Place of Supply - The main challenge in introducing GST is defining the place of supply in respect of certain services. In existing tax regime it is not a problem as Service Tax is chargeable by Centre only. But in GST place of supply has to be defined clearly to avoid dispute among states and in case of inter-state transaction.

Place of Taxation – Inter-State Transactions - An important question in the context of the Dual GST is whether these rules for international cross-border supplies can be adopted for domestic inter-state supplies also. It is recognized that the place where the supplier or the recipient is established cannot be defined uniquely at the sub-national level within a common market.

POSITIVE IMPACT ON INDIAN ECONOMY

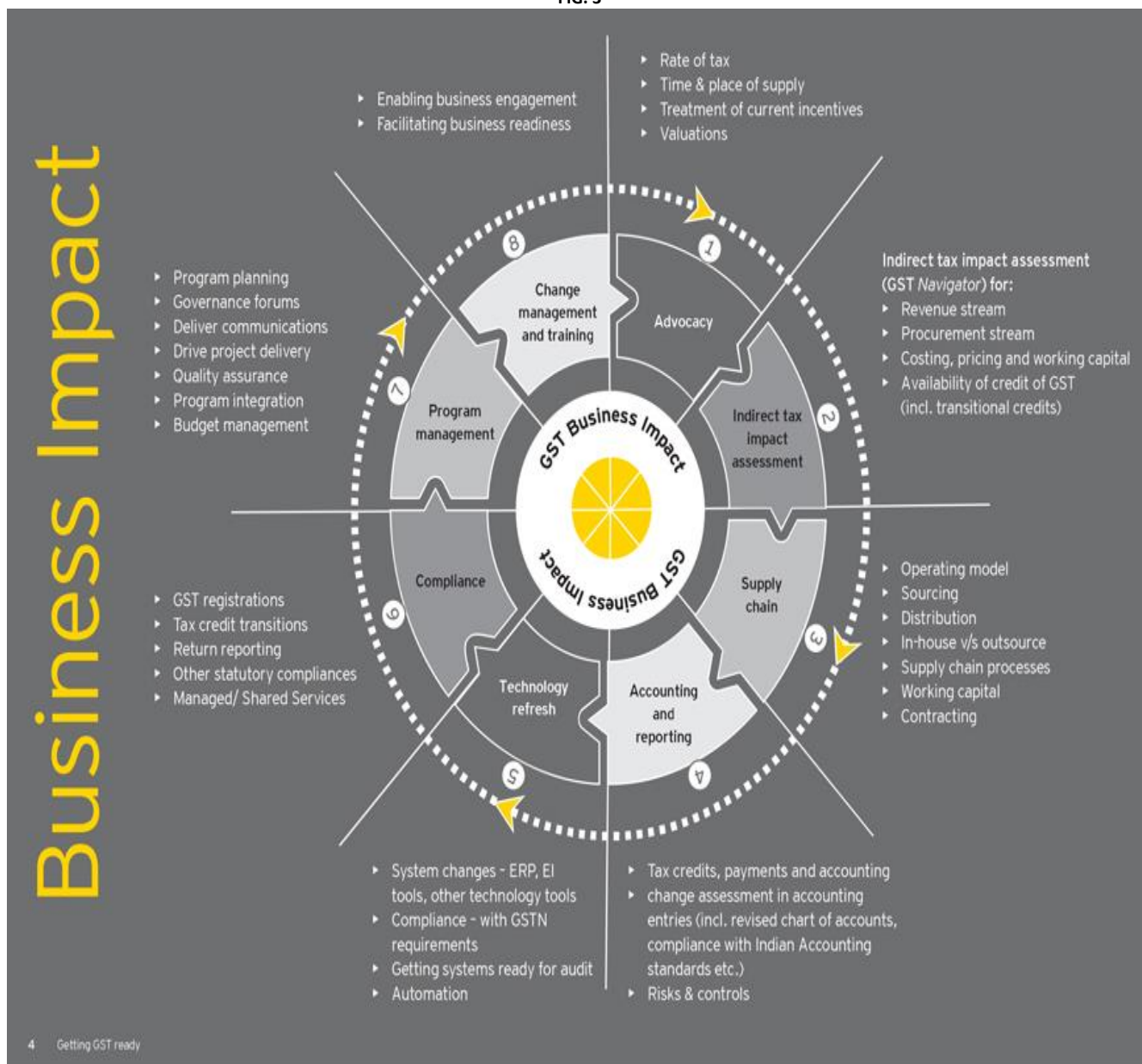
- Speeds up economic union of India
- Better compliance and revenue buoyancy. Replacing the cascading effect [tax on tax] created by existing indirect taxes. Tax incidence for consumers may fall. Lower transaction cost for final consumers
- Uniformity in tax regime with only one or two tax rates across the supply chain as against multiple tax structure as of present
- Increased tax collections due to wide coverage of goods and services
- Improvement in cost competitiveness of goods and services in the international market

DESTINATION PRINCIPLE

The GST structure would follow the destination principle. Accordingly, imports would be subject to GST, while exports would be zero-rated. In the case of inter-State transactions within India, the State tax would apply in the State of destination as opposed to that of origin.

BUSINESS IMPACT

FIG. 3



BENEFITS OF GST

GST has been envisaged as a more efficient tax system, neutral in its application and attractive in distribution. The advantages of GST are:

- Wider tax base, necessary for lowering the tax rates and eliminating classification disputes.
- Elimination of multiplicity of taxes and their cascading effects.
- Rationalization of tax structure and simplification of compliance procedures.
- Harmonization of centre and State tax administrations, which would reduce duplication and compliance costs.
- Automation of compliance procedures to reduce errors and increase efficiency.

CONCLUSION

In the light of the empirical conclusions developed in this paper, it seems appropriate to conclude by briefly noting the policy implications of the results. In the first place, the macroeconomic impact of a change to the introduction of the GST is significant in terms of growth effects, price effects, current account effects

and the effect on the budget balance. Secondly, in a highly developed open economy with a high and growing service sector, a change in the tax mix from income to consumption-based taxes is likely to provide a fruitful source of revenue. Thirdly, the aggregate consumer price impact of the introduction of the GST in India on the macro-economy was both limited and temporary. The task of fiscal consolidation for this government will not be easy. There will be little scope to cut overall expenditure, as it has already been trimmed sharply in the last 2 years. The government must instead focus on switching expenditure from unproductive subsidies towards spending on sector such as health, education and infrastructure. The only way to reduce fiscal deficit, therefore, is to raise revenues as a share of GDP. To do so, the government must implement structural tax reforms such as GST, improve tax compliance and widen tax coverage.

In terms of growth, price, current account and budget balance, the macroeconomic impact of a change to the introduction of the GST will be significant. With a burgeoning services sector and a high economic growth trajectory that India is in today, a shift in income based tax to consumption based tax is going to provide substantial fillip to source of revenue. Of course, there will be a short lived limited price impact on the larger economy with introduction of GST. However, a larger impact is expected on the administrative compliance cost of GST which is likely to increase tax revenue from the "parallel" or "black" economy.

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