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# CONTENTS

| Sr.<br>No. | TITLE & NAME OF THE AUTHOR (S)  | Page<br>No. |
|------------|---|-------------|
| 1.         | <b>A STUDY ON EMPLOYEE PERFORMANCE METRICS TOWARDS HDFC BANK</b><br><br><i>Dr. K. RAJINI &amp; M. PANIMALAR</i>   | 1           |
| 2.         | <b>GREEN HRM INITIATIVE: A CASE STUDY OF SELECTED PUBLIC SECTOR ENTERPRISE OF BARODA</b><br><br><i>KOMAL UPADHYAY &amp; Dr. UMESH R. DANGARWALA</i>   | 5           |
| 3.         | <b>THE IMPACT OF DEMONETIZATION ON HOTEL INDUSTRY – A CASE STUDY ON SMALL HOTELS OF DHARWAD CITY</b><br><br><i>ZAMEER A. BIJAPUR &amp; SHRIKANT RAGIKALLAPUR</i>  | 10          |
| 4.         | <b>A REVIEW OF PROBLEMS AND CHALLENGES OF COOPERATIVE SOCIETIES</b><br><br><i>ABHISHEK DEWANGAN &amp; Dr. ANOOP DIXIT</i>   | 15          |
| 5.         | <b>MOTHERS' PERCEPTION TOWARDS CHILDREN FOOD BEHAVIOUR WITH SPECIAL REFERENCE TO ERODE DISTRICT</b><br><br><i>Dr. N. BOOMATHI &amp; K. SINDHUJA</i>   | 18          |
| 6.         | <b>THE INFLUENCE OF COMPANY REPUTATION AND COMPETITIVE STRATEGY ON THE RURAL BANK PERFORMANCE IN WEST JAVA AND BANTEN</b><br><br><i>Dr. AV RAHAJENG WIDYARSIH, THEODORUS SUDIBYO &amp; YOHANES FERRY CAHAYA</i> | 22          |
|            | <b>REQUEST FOR FEEDBACK &amp; DISCLAIMER</b>  | 28          |

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**A STUDY ON EMPLOYEE PERFORMANCE METRICS TOWARDS HDFC BANK**

**Dr. K. RAJINI**  
**ASSOCIATE PROFESSOR**  
**DEPARTMENT OF BUSINESS MANAGEMENT**  
**SRI VASAVI COLLEGE**  
**ERODE**

**M. PANIMALAR**  
**Ph. D. RESEARCH SCHOLAR**  
**SRI VASAVI COLLEGE**  
**ERODE**

**ABSTRACT**

*The study finds out that employee performance refers to taking care of the wellbeing of workers by employers. The employees are the sources of any organization, so they are valuable and they must be recognized, appreciated and treated differently. Moreover, the needs and requirements of the employees have been increased and they must be satisfied to obtain the maximum benefit out of their services. The industrial environment has been changed drastically from the beginning of the industrial era. In the beginning, the employees were exploited to the extreme. When we come to the modern era the importance of the employees were identified and were given keen importance to the overall development of the employees, as result of the development of organization and the society as a whole. The main argument in favour of employee performance and satisfaction is recognizing the unique place of the workers in the organization and society and doing good for them retaining and motivating them, minimizing social evil, improve the life style of the employees and his primary group as well as his secondary group. The employee performance and satisfaction should extent to the overall life situation of the employees.*

**KEYWORDS**

HDFC bank, employee performance.

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**INTRODUCTION**

Employee performance metrics are key to tracking how well employees are performing. Executing them the right way is delicate. However, when done right, employee performance metrics benefit both the organization and the employee. We listed the most important ones below and included some practical examples of each metric.

Evaluating employee performance can provide frequent benefits to the organization. A list of example employee performance metrics can help to understand the types of work that you can compute and progress. In addition to allowing you to allocate recompense incentives justifiably, employee performance evaluations can increase operational efficiency and personnel efficiency while identifying high-performing candidates for management positions. Effective employee performance review systems require experimental metrics to accurately measure each employee's performance.

**PERFORMANCE METRICS**

Having defined how the duties and works will be performed by employees, in a sense it is evaluated as performance standards or performance objectives. Thus, the difference between measured performance and standard performance, which should be required, has been done. Performance standards/purposes/criteria can be quantitative or qualitative as well. Performance standards should possess SMART features. These SMART features are as follows:

S-specific: The aims should be related to the work done, agreed on, definite (concrete) and the workers should know what is expected from them.

M-Measurable: The standards/aims should be objective and "measurable". It should determine how the success of the aim will be measured. If the standards are quantitative then the measurement is easier. However, if they are qualitative then it is necessary to be more careful.

A-Achievable: Standards should be not only challenging but also reachable. Aims should not be very difficult that employees will never succeed and they should not be very easy as well to be able to achieve them. Should be "realizable"

R-Reasonable: The aims (appropriate, reasonable).

T-Time-Bound: Fulfillment of the aims should be "time-limited"

**PRODUCTIVITY METRICS**

Productivity is a vital part of performance for employees of any business. It refers to the amount of work an employee complete in a specific time frame, such as a single work day. New sign ups generally show less productivity than more experienced workers, gradually increasing the speed of their work over time.

Managers can measure employee productivity using different metrics in different situations. Company can measure productivity based on the number of units individual employees create or work on each day. Sales managers often measure productivity as the number of sales calls an employee makes per day.

**TRAINING METRICS**

Employee training programs work develop employees' performance in some way. Using experimental metrics to measure employees' success with training programs can shed light into the programs' impact on employee performance as a whole. Training programs that include printed or hands-on tests – for the sole intention of monitoring training effectiveness – can provide readily available performance metrics such as test scores and pass/fail rates.

**CONCEPT OF EMPLOYEE PERFORMANCE METRICS**

Employee performance metrics may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

Employee performance metrics are essential for the effective management and evaluation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by his or her line manager (Directors are appraised by the CEO, who is appraised by the chairman or company owners, depending on the size and structure of the organization).

It enable management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks. Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisals data feeds into organizational annual pay and grading reviews, and coincides with the business planning for the next trading year.

## STATEMENT OF THE PROBLEM

To study the Performance Management System of HDFC BANK. The main aspire of undertaking this study is to accomplish the following problems:

- To find out the areas where improvement needed in acuity of HR manager and employees of the organization.
- To study to identify the comparison of HR manger and employees working in the organization regarding the PMS.
- To study whether 14 characteristics are present in PMS of HDFC Bank.
- To check whether "Performance" is providing feedback to employees on improving future performance.
- To understand the role of performance appraisal as one of the key factors for attracting organizational aptitude.
- To understand the difference between Performance Appraisal and Performance Management System.
- To study the limitations usually considered by HDFC BANK while performing PMS.
- To resolve contribution of the PMS as a strategic tool for an organization.

## OBJECTIVES OF THE STUDY

1. To study the existing performance appraisal system in the organization.
2. To study the employees performance metrics level in HDFC Bank and to understand whether employees are really satisfied with their jobs.
3. To study the impact of different demographic variables such as education, current position, gender, marital status on performance metrics.
4. To study the employee's attitude towards the factors like work timings, work atmosphere, career development, empowerment, job security etc.
5. To suggest on the basis of study results, ways and means for Improving employee performance metrics in HDFC Bank.

## NEED FOR THE STUDY

The need of choosing this study is to understand employees performance metrics in HDFC Bank. Through this study, we will be able to know that:

- What benefits and facilities banking jobs providing to the employees.
- What conditions or requirements based on age, sex, religion, caste and ethnicity employees think should be provided by the job.

## RESEARCH METHODOLOGY

### RESEARCH DESIGN

The present study has been designed with a view to examine the employee performance metrics of HDFC Bank and to find out the effect of various aspects (pay and benefits, relation with coworkers & supervision, employees empowerment, employees Participation, performance appraisal and training and development, etc).

For this purpose, a survey was undertaken to assess the Employees performance in HDFC branch located in Erode. The researcher personally contacted 200 employees of HDFC Bank in Erode City on the basis of convenience to ascertain their views on performance appraisal. They were appraised about the purpose of the study and request was made to them to fill up the questionnaires with correct and unbiased information. However, in return the researcher got only 200 questionnaires because of some obvious reasons that inundated and also due to the busy working hours of the employees.

### SAMPLING PLAN

Geographical area of the study: The data collection for this paper is restricted to the Erode City. Field survey was done for couple of weeks. Making Probability sampling the base, Simple random sampling was done to ensure maximum coverage of HDFC Bank employees.

### SAMPLE SIZE

A sample of about 200 respondents (employees) were taken out working in various HDFC branches in Erode City after considering time and cost.

### SOURCES OF DATA

All the data required for the purpose of the study has been collected through primary as well as secondary sources.

### STATISTICAL TOOLS

The Data collected has been analyzed with the help of Simple Percentage Analysis, Chi-Square and is presented in the form of tabular columns and graphs for having better pictorial representation.

## REVIEW OF LITERATURE

**Sonnentag et al. (2008)**<sup>1</sup> substantiates that performance is a active construct and that performance change within individuals and changes over time. So, the managers in the organization need to apply periodical performance measurements or performance appraisal. There are lots of methods which can be used to charge the individual work performance but "there is no final criterion or even one best way". Some of them is rating, samples, simulations, proxies and technology-enhanced assessment. The existence of several measurement methods indicates the importance of capturing the level and kind of employee performance.

**Kappagoda (2012)**<sup>2</sup> studied employee performance and its impact on task and contextual performance in the banking sector. He concluded that the job satisfaction and the task performance of the bank staff have a great impact on customer satisfaction and "ultimately they affect to achieve sustainable superior performance". He concluded that because employee are the ones who interact with the customers in day to day basis and carry out the whole operations, their performance surely will maintain customer satisfaction.

**Robbins et al. (2013)**<sup>3</sup> listed three major types of behavior that comprise performance at work. The first one is task performance, which is "performing the duties and responsibilities that supply to the production of a good or service or to administrative tasks". The second type is citizenship, which is the "actions that contribute to the emotional environment of the organization, such as helping others when not required, supporting organizational objectives, and treating co-workers with respect". While counter-productivity - as negative behaviors - are the "actions that actively damage the organization. These behaviors include theft, damaging company property, and behaving violently toward co-workers.

## FINDINGS

- From the analysis, table 1 clear that majority (41%) of the respondents belongs to the age group between 26-35 years.
- From the analysis, table 2 clear that majority (79.5%) of the respondents are married.
- From the analysis, table 3 clear that majority (48%) of the respondents are experienced below 3 – 7 years.
- From the analysis, table 4 clear that 48% of the respondents are diploma / degree holders.
- From the analysis, table 5 clear that 40% of employees claim that welfare practices are followed to motivate them and encourage them to perform efficiently and feel a sense of belonging.

<sup>1</sup> Sonnentag, S., Volmer, J., & Spychala, A. (2008). Job Performance. (B. Julian, Ed.) SAGE, 1, 427-447. Retrieved 10 14, 2016.

<sup>2</sup> Kappagoda, S. (2012). Job Satisfaction and Its Impact on Task and Contextual Performance in the Banking Sector in Sri Lanka. 1st International Conference on Management and Economics 2012. Sahiwal: COMSATS Institute of Information Technology. Retrieved 10 14, 2016.

<sup>3</sup> Robbins, S., & Judge, T. (2013). Organizational behavior (15th ed.).

**CHI-SQUARE ANALYSIS**

- There is no significant relationship between age groups and their level of satisfaction.
- There is no significant relationship between sex and level of satisfaction of the respondents.
- There is no significant relationship between qualification and the level of satisfaction of the respondents.
- There is no significant relationship between experience and their level of satisfaction.

**RECOMMENDATIONS**

After analyzing the findings, the researcher offers the following suggestion for improvement in order to achieve still better performance.

- Monetary rewards can be set for outstanding performance and hence the employees can be motivated in their work.
- The perks and Remuneration provided by the organization are not at satisfactory level to executing.
- More awareness about the career counseling should be created.
- The work environment in the organization is good and the company can maintain it at the same level in future.

**CONCLUSION**

Employee performance refers to taking care of the wellbeing of workers by employers. The employees are the sources of any organization, so they are valuable and they must be recognized, appreciated and treated differently. Moreover, the needs and requirements of the employees have been increased and they must be satisfied to obtain the maximum benefit out of their services.

The industrial environment has been changed drastically from the beginning of the industrial era. In the beginning, the employees were exploited to the extreme. When we come to the modern era the importance of the employees were identified and were given keen importance to the overall development of the employees, as result of the development of organization and the society as a whole. The main argument in favour of employee performance and satisfaction is recognizing the unique place of the workers in the organization and society and doing good for them retaining and motivating them, minimizing social evil, improve the life style of the employees and his primary group as well as his secondary group. The employee performance and satisfaction should extent to the overall life situation of the employees.

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**APPENDIX****TABLE NO. 1: AGE GROUP OF THE RESPONDENTS**

| Age group      | No. of respondents | % of respondents |
|----------------|--------------------|------------------|
| Below 25 years | 57                 | 28.50            |
| 26 – 35 years  | 82                 | 41.00            |
| 36-45 years    | 42                 | 21.00            |
| Above 45 years | 19                 | 9.50             |
| <b>Total</b>   | <b>200</b>         | <b>100.00</b>    |

**TABLE NO. 2: MARITAL STATUS OF THE RESPONDENTS**

| Marital Status | No. of Respondents | Percentage of Respondents |
|----------------|--------------------|---------------------------|
| Married        | 159                | 79.50                     |
| Unmarried      | 41                 | 20.50                     |
| <b>Total</b>   | <b>200</b>         | <b>100.00</b>             |

**TABLE NO. 3: EXPERIENCE OF THE RESPONDENTS**

| Experience     | No. of Respondents | Percentage of Respondents |
|----------------|--------------------|---------------------------|
| Below 3 Years  | 48                 | 24.00                     |
| 3 - 7 Years    | 96                 | 48.00                     |
| 7 - 10 Years   | 32                 | 16.00                     |
| Above 10 Years | 24                 | 12.00                     |
| <b>Total</b>   | <b>200</b>         | <b>100.00</b>             |

**TABLE NO. 4: QUALIFICATION OF THE RESPONDENTS**

| Qualification    | No. of respondents | % of respondents |
|------------------|--------------------|------------------|
| School           | 19                 | 9.50             |
| Diploma / Degree | 96                 | 48.00            |
| Post graduation  | 41                 | 20.50            |
| Professionals    | 44                 | 22.00            |
| <b>Total</b>     | <b>200</b>         | <b>100.00</b>    |

**TABLE NO. 5: REASONS FOR HAVING EMPLOYEE WELFARE PRACTICE IN ORGANIZATION**

| Reasons for having Employee Welfare            | No. of Respondents | Percentage  |
|--|--------------------|-------------|
| Employee motivation                            | 80                 | 40%         |
| Serves as maintenance factor                   | 12                 | 06%         |
| Improves productivity                          | 36                 | 18%         |
| Assist performance efficiency & responsibility | 72                 | 36%         |
| <b>Total</b>                                   | <b>200</b>         | <b>100%</b> |

TABLE NO. 6: CHI-SQUARE ANALYSIS

| Factor     | Calculated Chi-Square Value | Table Value | Degree of Freedom | Remarks         |
|------------|-----------------------------|-------------|-------------------|-----------------|
| Age Group  | 4.04                        | 12.59       | 6                 | Not Significant |
| Gender     | 3.96                        | 5.99        | 2                 | Not Significant |
| Education  | 5.34                        | 12.59       | 6                 | Not Significant |
| Experience | 5.80                        | 12.59       | 6                 | Not Significant |

**GREEN HRM INITIATIVE: A CASE STUDY OF SELECTED PUBLIC SECTOR ENTERPRISE OF BARODA**

**KOMAL UPADHYAY**  
**TEACHING ASSISTANT**  
**DEPARTMENT OF COMMERCE & BUSINESS MANAGEMENT**  
**FACULTY OF COMMERCE**  
**THE MAHARAJA SAYAJIRAO UNIVERSITY OF BARODA**  
**VADODARA**

**Dr. UMESH R. DANGARWALA**  
**FORMER HEAD & ASSOCIATE PROFESSOR**  
**DEPARTMENT OF COMMERCE & BUSINESS MANAGEMENT**  
**FACULTY OF COMMERCE**  
**THE MAHARAJA SAYAJIRAO UNIVERSITY OF BARODA**  
**VADODARA**

**ABSTRACT**

*Now a day, we can observe that the use of going green and protecting the environment is increasing day by day. The source of such initiatives, referred to as green management, is the green movement with its agenda of protection of environment and saving the planet earth from future man disasters. Green HR can play an important role by creating awareness among employees, train and develop them for protecting environment, waste management, manufacturing ecofriendly products etc. Which enhance the corporate image and brand. The paper largely focuses upon the various Green Human Resource concepts pursued by the organizations and HR initiatives for Green organizations.*

**KEYWORDS**

green HR, importance, impact, initiatives by companies.

**JEL CODES**

O1, O15.

**1.0 INTRODUCTION**

Human resource management is an approach to the management of people that is all employees, labors and top management employees. New era brings new challenges. Globalization and information technology gives pressure to managers in this era, to make much better and faster business decision by improving work, goods and services qualities as well as retaining efficient talented employees for the organization and side by side work for the community and atmosphere. As more percentage of atmospheres polluted by the wastage of the organization only organization make research on the environment for the reducing the pollution and make the green environment. The inventing new machines, modernization of existing or discovering new applicability of existing technology, the human resource management requires constant growth and development.

Green means the conservation of earth's natural resources as well as supporting the preservation of your personal resources for future generation of the world. Green leads to more environmental friendly and ecologically responsible decisions and lifestyles, which can help protect the environment and sustain its natural resources for current and future period.

**TABLE 1**

|                           |  |
|---------------------------|--|
| Energy side Green means   | Depletion of our resources.  |
| Environment point of view | Save more trees, water, forest, less pollution                               |
| Business point of view    | Better products and services with low wastage, less use of natural resources |

Continuous question for new has compelled the world as a whole to initiate a drive towards innovation. It has been substantiated from the past that 'innovation' is the main driver for companies to prosper, grow and sustain a high profitability (Drucker, 1988; Christensen, 1997; Thomke, 2001). Companies are required not only to consider the social but also focus on the environmental dimensions of the business activities to bring in sustainable value. Sustainability has become the current issue of the world. 'Doing well by doing good' as indicated by Ray et al. (2005), is all what companies worldwide are largely aiming at. Incorporating environment-based focus for sustainable growths, and providing support for environmental priorities, often do not succeed as 'environment' is mostly the secondary interest of the companies.

Companies have started to realise the business need for going green as a part of development. Lee, (2009) has defined 'green management' as the process whereby companies manage environment by developing environmental management strategies. There is a need for companies to strike a between the unavoidable industrial growth and the conservation of natural environment for enabling it for our future generation (Daily and Huang, 2001). The main of any managers is to use optimum resources so that they can reduce the operational cost. But the company is ignoring the green factor which increases the operational cost. So, now companies in India taking initiative and managing green environment by integrating people, process, technology, and organisation itself.

**2.0 LITERATURE REVIEW**

The concept of GHRM is of recent origin. Lee (2009) elaborated that the green management was initiated as a part of business strategy during 1990s yet, became widely popular in 2000s.

Literature surveys have highlighted the link of HR practices and organisational outcomes such as productivity, flexibility, and financial performance (e.g., Ichniowski et al., 1997; Mendelson and Pillai, 1999; Collins and Clark, 2003), yet Laursen and Foss (2003) have revealed that not much emphasis has been laid on relating these outcomes to innovation performance and environmental management initiatives (Renwick et al., 2008).

Organizations look at development of innovative tools and initiatives of environment management which will significantly impact sustainability of the firm and promote a competitive advantage (Hart 1997; Lin et al., 2001). Therefore to develop such a framework it becomes ideal to have effective human resource management practices including presentation of strict recruitment strategies (Grolleau et al., 2012), appraisal and reward systems which include environmental awareness and implementation in their evaluation process (Jabbar et al., 2012) and training and empowerment programs (Unnikrishnan and Hedge 2007) which will enable the development of new set of skills and competencies amongst the employees of "pro green" firms.

Effective human resource management practices including presentation of strict recruitment strategies (Grolleau et al., 2012), appraisal and reward systems which include environmental awareness and implementation in their evaluation process (Jabbar et al., 2012) and training and empowerment programs (Unnikrishnan

and Hedge 2007) which will enable the development of new set of skills and competencies amongst the employees of “pro green” firms. It is identified that the greater the strength of green human resource policies the greater is the intensity of adoption of environment management systems (EMS) and policies by the different companies (Bohdanowicz et al., 2011)

### 3.0 OBJECTIVES OF THE STUDY

1. To examine and check the initiatives taken by the HR.
2. Attempts to suggest some green initiatives for HR.
3. Provide with a basic understanding of green HRM.

### 4.0 RESEARCH METHODOLOGY OF THE STUDY

It is the way to systematically solve the research problem. The study is based on the secondary data with the help of different databases of the companies, websites and other available sources. The companies are Gujarat State Fertilizer Company, Gujarat Industries Power Ltd. and Indian Oil Corporation for the data.

### 5.0 MEANING OF GREEN

Green means environmental. “Green or Greening” has at least four meanings in the context of managing people at work/human resource management (HRM).

- a. **Preservation of the natural environment:** All the things in the world which are neither caused nor controlled by human beings and they include land, forests, plants, animals, and other natural resources are referred to as the natural environment. To keep it in its original form and protect it from harm, loss, or negative change.
- b. **Conservation of the natural environment** to be very careful in the way of using it in order, to use it at the minimum level so that future generations will be able to utilize it. Save water, energy and save earth is highly a responsibility of all the organization and management by preparing rules, systems, process etc for it.
- c. **Avoidance or minimization of environmental pollution:** To stop contaminating the water, air, atmosphere, etc. through poisonous substances and wastes. To guard against outcomes that will ultimately endanger the planet/earth where humans and non-humans are living.
- d. **Generation of gardens and looking like natural places:** To create more parks and places, which have plants, grass, trees to reduce the pollution and make atmosphere green.

Green HRM is referred to all the activities involved in development, implementation and ongoing maintenance of a system that aims at making employees of an organization green. It is the side of HRM that is concerned with transforming normal employees into green employees so as to achieve environmental goals of the organization and finally to make a significant contribution to environmental sustainability.

### 6.0 DEFINITION OF GREEN HR

“Green HRM is the use of HRM policies to promote the sustainable use of resources within organizations and, more generally promotes the causes of environment sustainability” (Marhatta & Adhikari, 2013, p. 2).

According to Dutta (2012) includes two major elements namely, environmental-friendly HR practices and the preservation of the knowledge capital.

### 7.0 WHY IS GREEN HRM IMPORTANT?

- ❖ To avoid or minimize global warming.
- ❖ To minimize natural disasters such as acid rains, red rains, tsunamis, flooding, hurricanes, droughts etc owing to informal, harmful and greedy usage of natural resources for production and consumption.
- ❖ To reduce health diseases owing to pollution.
- ❖ To avoid harms to animals and other natural creatures.
- ❖ To ensure appropriate balance of relationships among plants, animals, people, and their environment.
- ❖ To ensure survival of humans and business organizations for a prolonged period of time.

They primarily represent voluntary green actions that maintain and required by green human resource management. **Examples of such actions:**

- Use natural water rather than refrigerated water for drinking
- Use both sides of the paper when writing or printing or photocopying
- Come to work by walking or bus/train
- Use natural light when working (this will reduce electricity).
- Put plants in the working cubicles to absorb pollution.
- Work with a minimum number of bulbs, which are on.
- Reuse many items at the office such as jugs, cans, bottles, bags, etc. rather than throwing them away.
- Report to a relevant officer regarding damages, possible harms etc. to the environment whenever noticed.
- Switch off the air conditioners before the ending time of daily work.

**The benefits that an organization can attain as a result of introducing GREEN HRM principles in system include:**

- Improvement in retention rate of employee
- Enhance public image
- Attract better employees
- Improvement in productivity and sustainability
- Reduction in environmental impact of the company
- Increased competitiveness and overall performance

The **use of HRM policies** to promote the sustainable use of resources within business organizations and promotes the cause of environmental sustainability.

### 8.0 GREEN INITIATIVES OF HRM

Lado and Wilson (1994) defines HRM system as a set of distinct but interrelated activities, functions, and process that aims to attract, develop, and maintain a firm’s human resource. Organizations generally organize HR practices into systems that are consistent with their culture and business strategy (Boselie et al., 2001) A key role for HR environmental executives could be to guide line managers in terms of gaining full staff co-operation toward implementing environmental policies which means HR needs to nurture supporters and create networks of problem-solvers willing to act to change the current status quo (Sathyapriya, Kanimozhi, & Adhilakshmi, 2014, p. 32).

#### 1. Green Initiatives taken by GSFC

GSFC ensures to leave a legacy of clean and green environment to the future population. Its objectives with practices of resources conservation and environment protection. Regular technological initiatives to improve and retain the purity of water, air and soil. GSFC clean development mechanism bear testimony to the drive to reduce greenhouse emissions.

- Concerted efforts towards achieving Zero pollution levels by investing substantial funds for preventing, minimizing, recycling/reusing of liquid effluents, gaseous emissions and hazardous solid wastes.



- Implementation of zero process effluent discharge system for Phosphoric group of plants.
- Installation of sophisticated air pollution devices like ESP, De-Nox unit, ECS, scrubbers and filters for abatement and recovery of gaseous pollutants.
- Adoption of new Technologies and up gradation in the existing process plants for energy and resource conservation and reduction of pollution potential.
- Reuse of treated sewage for gardening and tree plantation purpose and recycling/reuse of process water within the plant to the extent possible, thereby conserving natural resource 'Water' to large extent.
- Continual Implementation of schemes for improved effluent treatment and disposal.
- Supporting Vadodara Enviro Channel Ltd (VECL) for promotion of 56 km long common effluent channel for discharge of effluents into the sea and ensuring cleaner environment in the region.
- Online round the clock monitoring of ambient air through four online Ambient Air Monitoring stations installed at the periphery of GSFC for efficient and better controls.
- Installation of SO2 and Ammonia gas detectors in various process plants for monitoring of gaseous emissions at source and subsequently better control and implementation of proactive corrections.
- For avoiding probability of leakages due to old age of lines, GSFC has rerouted and replaced the treated effluent disposal lines of about 7 km length from GSFC premise to Koyali outfall at the cost of @Rs. 15.5 crores.
- Environment training and awareness to employees and surrounding villages for joining hands in the noble cause of environment protection.
- GSFC has always remained in forefront to make the company green & clean by Landscaping, development of large & beautiful gardens within the complex & in colony and massive Green belt in 105 Ha area (33% of the total land area).
- Preserving a natural habitat for the national bird - Peacocks (can be seen roaming in the premises as well as in the colonies) speaking volumes about GSFC's concern for the environment.
- Development of many rain water harvesting systems like ponds, recharge wells, etc.
- Practicing QEHS policy to ensure safe working environment for the employees & affiliated people.
- GSFC has carried out assessment of Biodiversity in and around the premises through M/s. Gujarat Ecology Society (GES), Vadodara in the year 2011, which shows positive changes with respect to biodiversity.

**2. Gujarat Ind Power Ltd.**

Lighting up the dreams of a nation to enhance energy efficiency:

Let's all work together and contribute for the national mission of "energy conservation"

**Credentials**

- PIONEER among Thermal Power Plants in acquiring ISO – 50001; Energy Management System (EnMS) Certification in India.
- INNOVATIVE APPROACH for conservation of energy & sale of power at AFFORDABLE cost to stake holders in competitive era.
- RENEWABLE (CLEAN) ENERGY application in Utilities to replace FOSSIL FUEL ENERGY is prioritized approach.
- ENERGY SUSTAINABILITY is responsibility & commitment.
- SHARING OF IDEAS & EXPERIENCE among peer energy intensive sectors to replicate proven solutions for comprehensive benefit of energy conservation is key success factor.

**About Company**

- Generating Electrical Power.
- Incorporated on 1<sup>st</sup> June, 1985 under the patronage of Government of Gujarat.
- Jointly promoted by leading State PSU like Gujarat Alkalies & Chemicals Ltd., (GACL), Gujarat State Fertilizer Co. Ltd. (GSFC), Gujarat Urja Vikas Nigam Limited (GUVNL) (former GEB) & Petrofils. M/s.GAIL (India) Limited; LPG Waghodia Plant.
- Mining of Lignite / Lime Stone from Open Cast Captive Mines at Surat Lignite Power Plant in Dist. Surat.
- Renewable based Energy Generation mainly Solar and Wind in the State of Gujarat.
- Total present installed capacity 871 MW
- Ambitious to associate & deliver expert services in the area of Energy Management and Energy Auditing.

**INSTALLED CAPACITY**

**TABLE 2**

| Power Station         | Baroda Stn-I | Baroda Stn-II | Surat Lignite Power Plant Phase-I | Surat Lignite Power Plant Phase-II | Solar         | Wind                       |
|-----------------------|--------------|---------------|-----------------------------------|------------------------------------|---------------|----------------------------|
| Capacity              | 145 MW       | 165 MW        | 250 MW                            | 250 MW                             | 7 MW (Total)  | 112.4 MW (Till 31/03/2017) |
| Date of Commissioning | 06.02.1992   | 18.11.1997    | 15.02.2000                        | 19.04.2010                         | Phased manner | Phased Manner              |
| Fuel                  | Gas          | Gas           | Lignite                           | Lignite                            | -             | -                          |
| Off-Take              | MOU          | PPA           | PPA                               | PPA                                | PPA           | PPA                        |

**PICTURE 1 & 2**



- a. Capacity: 4 X 125 MW, CFBC Boiler, Lignite Base Pit Head Station
- b. Sophisticated 310 MW Gas Based Power Plant Control Room

**3. Indian Oil for Environment**

Today, Gujarat Refinery is the Mother Industry of Vadodara and is catering to the increasing energy demand due to the fast-paced development and economic prosperity of the vibrant state of Gujarat. One of the most complex refineries in India, Gujarat Refinery has about 40 operating units. Over the course of five decades, the Refinery has kept up with the latest technological advancements and boasts of every modern unit and technology that is available in the Indian Oil & Gas industry today.



PICTURE 3



Gujarat Refinery is also privileged with the distinction of setting up the country's first Fluidized Catalytic Cracking Unit (FCCU) in 1982 and the first Hydrocracker plant in 1993. The country's first Diesel Hydro Desulphurization Unit (DHDS) to reduce sulphur content was set up in 1999 to meet BS-II quality of HSD. MS Quality Improvement Project comprising of Continuous Catalytic Reforming Unit (CCRU) and revamp of DHDS were carried out in the years 2006 and 2007 respectively to meet BS-III MS and HSD quality respectively. Further, the Residue Up gradation Project (RUP) and MS/HSD quality improvement project were commissioned in 2010-11. Gujarat Refinery is now gearing up for 100% supply of BS-IV fuels and capacity expansion in 18 MMT per year. In 2004, the world's largest single train Linear Alkyl Benzene (LAB) Plant was set up in the refinery marking Indian Oil's big-ticket entry into the Petrochemicals fields.

The green belts, spread across an area of 139 acres in and around the refinery speak volumes about its commitment towards environment. With more than two lakh strong tree population Gujarat Refinery's three green belts act as lungs for the refinery. A beautiful Eco Park has been developed inside the green belt area surrounded by the pond which is a haven for various bird species.

Gujarat Refinery has full-fledged Effluent Treatment Plants consisting of physical, chemical, biological & tertiary treatment facilities. Various measures have been adopted for control of gaseous emissions. Water conservation is another important area being vigorously taken up in refineries through its quality control, re-use of treated water and maximum use of cooling system. It has strong safety management system and infrastructure with strong use of behavior safety.

Refineries continuously strive to:

- Minimize adverse environmental impact from refinery activities, products and services by using processes, practices, materials that avoid, reduce or control pollution;
- Conserve scarce natural resources their consumption is continually optimized

**WASTE WATER MANAGEMENT**

Use of water and quality of effluent discharged are carefully monitored. Our refineries are equipped with a network of underground sewers for segregated collection of various wastewater streams, which are subjected to precise treatment in well-designed effluent treatment (ETP) facilities involving physical, chemical and biological processes.

PICTURE 4 TO 7



**WATER CONSERVATION**

- Treated effluent streams are reused / recycled for various purposes in refineries like make-up for fire water, cooling tower, coke cutting in Delayed Cokers, etc.
- Sour water generated in various units is stripped of contaminants such as ammonia and H2S and recycled in de-salters besides using it for process flushing requirements.
- Advanced treatment systems like Ultra Filtration, Reverse Osmosis etc. are used to convert treated effluent to de-mineralized water or for use in cooling towers as make-up water.
- Rainwater harvesting structures have been put up in all refinery townships, Marketing and Pipeline installations and R & D center for harvesting ground water. All these steps have led to 80-95% wastewater being reused in our refineries, which has resulted in substantial reduction in fresh water consumption.

**PREVENTION OF AIR POLLUTION**

Utmost attention is given to control / reduce emissions in refineries. Major sources of air emissions are flue gases from boilers and heaters, FCC regenerators and Sulphur Recovery Units. Hydrocarbon leaks and evaporation during storage, handling and transportation of petroleum products and crude oil are sources of fugitive emissions. Indian Oil has adopted the following measures to control emissions & effectively disperse pollution from flue gases.

- Tall stacks for effective dispersion of pollutants.

- Use of low sulphur fuel oil/ sweet natural gas/ desulphurised refinery gas in boilers and heaters to minimize SO<sub>2</sub> emission.
- Use of low NO<sub>x</sub> burners.
- Hydrogen Sulphide generated during desulphurisation of refinery gas is converted to elemental sulphur in Sulphur Recovery Units.
- Sulphur dioxide emissions from Catalytic Crackers are controlled by effective feed sulphur management.
- Carbon monoxide from FCCU regenerator is incinerated in CO Boilers and the resultant energy is utilized for steam generation.
- Use of floating roof tanks for crude and other light product services & Mechanical seals in pumps for minimizing fugitive emission of hydrocarbons.
- Use of closed blow down vessels & safety release to flare system for arresting any emission of hydrocarbons during all situations, normal, abnormal as well as emergencies.
- Continuous reduction in fuel consumption by ENCON measures, heat integration and increased use of hot feed in downstream processing units.
- Flare gas recovery systems.
- Mobile vans and fixed monitoring stations equipped with sophisticated instruments for monitoring ambient air quality have also been provided in our refineries. In marketing installations, all vehicles under contract are required to have Pollution under Control certificates that are checked routinely.

## 9.0 SUGGESTIONS

As global warming is increasing day by day we the people and all industries which give us products and services have to work on green environment. As companies have to work on it, the role of HR department comes say, by recruiting and training the employees for go green, reduces paper work, wastages, less pollution, renewable resources, digitalization. So, the environment can be protecting and we can make healthy atmosphere for future generation.

## 10.0 CONCLUSION

In today's globalization world, where all changes come rapidly which directly affect the organization and its management. So, the organization and management have to follow it and work on it without damaging the environment. The responsibility of the present HR managers is to create awareness among the youngsters and among the people working for the organization about the Green HRM, Green movement, utilization of natural resources and helping the corporate to maintain proper environment and retain the natural resources for our future generation i.e. sustainable development (Mathapati, 2013, p. 2).

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## THE IMPACT OF DEMONETIZATION ON HOTEL INDUSTRY – A CASE STUDY ON SMALL HOTELS OF DHARWAD CITY

**ZAMEER A. BIJAPUR**  
**ACCOUNTS ASSISTANT**  
**KARNATAKA WATER BOARD**  
**DHARWAD**

**SHRIKANT RAGIKALLAPUR**  
**HEAD**  
**DEPARTMENT OF COMMERCE**  
**JSS SMI UG & PG STUDIES**  
**DHARWAD**

### ABSTRACT

*Since decades, India has clinged on to the title of "A developing Economy". A country identified by thick and dense population with innumerable cultures where agriculture has been the prime occupation for ages. But this scenario of linking agriculture with the Nation has changed from a while. The Retail and the Service sector have occupied the front seats to drive the Nation's progress towards imperial heights. This is quite evident from the fact that a majority part of the Nation's GDP is composed of the service sector contribution. Hence, there is no harm in stating that India's dream of becoming a developed country soon can be turned in to reality by up-thrusting the service sector. Hotels have been the limelight of the service sector which are acting as a channel to generate humungous wealth (domestic and foreign) and also a prime source of income to many people who run it on small scale basis. It is one such business where people are bound to visit irrespective of any condition the economy is going through. The present study attempts to give a picture of the crisis that the small hotel owners had to go through, due to demonetization. The perception of the owners have been collected and analysed using various statistical tools. 50 hotels in Dharwad city were selected and data was collected through field survey. This paper not only throws light on the problems faced by the small hotels but also gives some key suggestions, which would have made the policy of demonetization a much better one.*

### KEYWORDS

Dharwad city, impact of demonetization, hotel industry.

### JEL CODE

E42

### INTRODUCTION

As it is an inherent fact that, India is a developing economy and the primary occupation of our country is agriculture. Hence, the economic development of the Nation wholly depends on the growth and prosperity of agriculture.

But in a recent while after opting for the open economy policy (LPG), the focus has shifted from the agricultural sector to the manufacturing and service sector. The Industry base of both these sectors has developed to such an extent that, presently the highest contributor towards the Nation's GDP is none other than the service sector. The advent of these dominating sectors has given an impetus for the arrival of the retail sector. A maximum portion of businesses organised in India are retail oriented.

Looking from the perspective of the Indians it is evident that a majority of people carry a CASH-BASED mentality. They love to possess most of their wealth in the liquid form i.e. cash. It is said that almost 90% of the transactions are made using cash. Such cash-possessing psychology has prevailed since ages and has led to a condition where almost all business transactions are carried out on cash basis. Such tendency has not only reduced the usage of plastic money and other medium of transactions but also has increased the unethical practices among the people, which have resulted in the accumulation of black money.

The government and other regulatory authorities became more concerned about this fact and have tried to device many strategies that would help in curbing out black money from the economy. Most of the earlier steps failed to stop the accumulation of black money. Hence, the surgical strike of demonetisation of currencies was taken. This was indeed the boldest move that was taken to sabotage the black money. Generally speaking it can be said as a good move but on the contrary, the far reaching impact of this decision on the various sectors of the economy has to be considered as India is dominantly composed of the service and retail sector.

### WHAT IS DEMONETIZATION?

Demonetisation is a process by which a series of currency will not be legal tender. The series of currency will not be acceptable as a valid currency.

### REASONS FOR DEMONETIZATION

The major reasons why the bold move of demonetizing the Nation's currency was taken, can be chalked out with the help of the below objectives set out by the policy makers-

1. Surgical strike on the parallel black money
2. Make the corrupt lose their money
3. Compel everyone to have a bank account
4. Monitor every citizen through a digital online medium
5. Checking of counterfeit notes

### STATEMENT OF PROBLEM

The present study has been made to understand the impact of demonetization on the hotel industry. The main reason behind this is No attempt has been made in this regard till now as it is a recent phenomenon relating to our economic policy. Hence, it becomes inevitable to ascertain the extent of effect caused by the new policy and help in drawing a suitable conclusion with the current study.

### REVIEW OF RELATED LITERATURE

**Dr. Manmohan Singh (2017)** Making of a Mammoth tragedy – remarked that "The decision to demonetise will cause grievous injury to the honest Indian who earns wages in cash. The dishonest black money hoarder will get away with a mere rap on the knuckles". He further added that the step towards demonetization

was one impetuous decision, the Prime Minister has shattered the faith and confidence that hundreds of millions of Indians had reposed in the Government of India to protect them and their money.

**Steve Forbes (2017)**, Editor-in-chief Forbes magazine called demonetization as “A Massive Theft of people’s property. In his sharp attack on PM Modi’s demonetisation move, Steve Forbes went all out and said what they have done to the money is “sickening and immoral”

**Mandeep Lamba (2017)**, Managing Director JLL hotels India states that - The lack of available currency will force some hospitality customers to either postpone / cancel their travel and accommodation or to use hospitality products that easily allow the use of the other modes of payments. The unorganized inventory of hotels in the industry will be most impacted by this move. In addition, the leisure sector hotels and restaurants segment will see a higher impact on account of the discretionary nature of spending in this sector, and the substantially larger base of cash transactions that occur in its when compared to mainstream business hotels.

**NEED FOR THE STUDY**

The following points chalk-out the major reasons so as to why the present study was essentially required-

- It has been a biggest step by the Prime minister of India in the history of Indian Economy.
- Most Indians organise their businesses on small retail scale and it’s their only source of living. Hence, it becomes necessary to understand the impact of demonetization on such small retailers.
- To understand whether demonetization has affected the small businesses favourably or adversely and has cut short their growth and prosperity.
- Totally, a new phenomenon and no study has been made in this regard. Therefore it requires some study to ascertain the general opinion

**OBJECTIVES OF THE STUDY**

1. To ascertain the extent of change in revenue/earnings of the small hotels before and after demonetisation.
2. To evaluate the small hotel owner’s perception regarding demonetization.
3. To ascertain the changes in the daily business practices after demonetization.
4. To suggest some changes regarding the existing demonetisation policy.

**RESEARCH METHODOLOGY**

Since the major emphasis in this study was on the description of data and insights into the facts, the research design most appropriate for the study was Quantitative and Descriptive Research Design. The present study is based on primary data and secondary data. The primary data has been collected with the help of a questionnaire and direct interview with the respondents. The secondary data has been collected from the Dharwad Association of Hotels (R) regarding the profile of hotels in Dharwad

**SOURCE OF DATA COLLECTION**

The data for this study was predominantly collected from the primary sources. It was collected with the help of a well designed questionnaire that was used during the field study. Direct interview method was also employed in order to get a clear picture regarding the perception of respondents in order to make a real evaluation of the impact caused by demonetisation.

**METHODOLOGY OF DATA ANALYSIS**

In order to analyse the data that had been collected during the field survey so as to give a suitable conclusion about the study, statistical tools like Average, Graphs, Diagrams and Z-test were employed during the course of the study

**LIMITATIONS OF THE STUDY**

- The study is restricted only to Dharwad region with a sample size of 50 hotels.
- The study is based on the perception of the hotel respondents

**DATA ANALYSIS AND INTERPRETATION**

The data so collected from the field survey is analysed with the help of various statistical tools like percentage and Z-test. The entire analysis has been categorised in to 2 distinct parts,

1. TABLE A - Makes a total analysis and interpretation regarding the respondent’s perception so as to what they have understood by the term Demonetisation.
2. TABLE B - The effect of demonetisation on the business has been tried to ascertain and the problems faced by the hotels after demonetization

**TABLE 1: PERCEPTION OF RESPONDENTS TOWARDS DEMONETIZATION**

| PERCEPTION OF RESPONDENTS   | YES    |     | NO     |     | TOTAL NUMBER |
|---|--------|-----|--------|-----|--------------|
|   | Number | %   | Number | %   |              |
| 1. Whether Demonetization was a Late Night Blunder?                       | 08     | 16% | 42     | 84% | 50           |
| 2. Whether it was a wise step towards Black Money curbing?                | 46     | 92% | 04     | 08% | 50           |
| 3. Whether it was a major step towards the development of Indian Economy? | 48     | 96% | 02     | 04% | 50           |
| 4. Whether it was a curse to our developing economy?                      | 16     | 32% | 34     | 68% | 50           |

**A.1** - The above table-A (1) depicts that, majority of the respondents feel that the step taken by our Prime Minister towards demonetisation wasn’t a Late Night Blunder, indeed it was a good move. Around 84% (i.e. 42/50) respondents agree to the fact that Demonetisation was not a late night blunder.

**A.2** - The above table numbered-A (1) portrays that, a majority portion of the respondents perceive that demonetization was a great move in order to curb the black money which was circulating in the economy. Around 92% (i.e. 46/50) respondents agree that demonetisation is a good strategy for curbing the black money in the economy.

**A.3** – Table-A (3) shows that, maximum number of hotel owners i.e. 96% (i.e. 48/50) perceived that Demonetization was definitely a major step towards the economic development of our country.

**A.4** –From the above Table A (4) it’s clearly evident that, a major number of respondents opine that Demonetization was not a Curse to our Developing Economy. In the present case with the help of Table A (4) we can ascertain that around 68% (i.e. 34/50) respondents disagree to the fact that demonetization was a curse to our developing economy

**EFFECT OF DEMONETIZATION ON BUSINESS**

**TABLE B.1: THE DAILY AVERAGE TURNOVER BEFORE DEMONETIZATION**

| Turnover       | < 500 | 500-1000 | 1000-2000 | 2000 - 5000 | >5000 | Total |
|----------------|-------|----------|-----------|-------------|-------|-------|
| Number         | 02    | 29       | 10        | 05          | 04    | 50    |
| Percentage (%) | 04%   | 58%      | 20%       | 10%         | 08%   | 100%  |

Source: Field Survey

The above table B.1 helps us to understand that, around 58% (i.e. 29/50) respondents had a daily pre-demonetization turnover between Rs. 500 – Rs. 1000; and 20% (i.e.10 /50) respondents had a daily pre-demonetisation turnover ranging between Rs. 1000-2000. Only 4% (i.e. 2/50) respondents have a daily pre-demonetization turnover below Rs. 500 and the hotels with a daily pre-demonetisation turnover more than 5000 are only 4 (i.e. 8%),

**TABLE B.2: THE DAILY AVERAGE TURNOVER IMMEDIATELY AFTER DEMONETIZATION?**

|                |       |          |           |           |       |       |
|----------------|-------|----------|-----------|-----------|-------|-------|
| Turnover       | < 500 | 500-1000 | 1000-2000 | 2000-5000 | >5000 | Total |
| Number         | 26    | 12       | 06        | 05        | 01    | 50    |
| Percentage (%) | 52%   | 24%      | 12%       | 10%       | 02%   | 100%  |

Source: Field Survey

From the above table B.2 it is clearly evident that, compared to pre-demonetization period, there has been a significant change in the daily earnings of the hotels. In the present case, around 52% respondents opine that their daily turnover was less than 500. The change in turnover has been tested hypothetically as under-

**Hypothesis Analysis - 1**

**Testing the Change in Daily turnover of Hotels before and after Demonetization.**

**NULL HYPOTHESIS**

There is no significant reduction in the daily turnover of hotels after demonetization.

**ALTERNATIVE HYPOTHESIS**

There is a significant reduction in the daily turnover of hotels after demonetization.

Level Of Significance: 5%

Critical value: - 1.645

Test Statistic: Z

Z= p<sub>1</sub> - p<sub>2</sub>

$$\frac{p_1 - p_2}{\sqrt{pXqX(1/n1 + 1/n2)}} \quad (p = 2+26 / 50+50)$$

$$(q = 1-p)$$

$$= \frac{0.04 - 0.52}{\sqrt{0.28X0.72X(0.04)}}$$

Z = -5.345

Conclusion: Since Z calculated value is less than the critical value, hence null hypotheses gets qualified for rejection and there by Alternative hypothesis gets accepted and it is true.

**“There is a significant reduction in the daily turnover of hotels after demonetization for a period 6 to 9 months”.**

**Percentage of Daily Turnover on Cash Basis Before and After Demonetization**

**TABLE B.3: CASH TRANSACTIONS BEFORE DEMONETIZATION**

|                   |       |            |            |            |      |       |
|-------------------|-------|------------|------------|------------|------|-------|
| Cash Transactions | < 30% | 30% to 50% | 50% to 70% | 70% to 90% | >90% | Total |
| Number            | 00    | 00         | 00         | 02         | 48   | 50    |
| Percentage (%)    | -     | -          | -          | 04%        | 96%  | 100%  |

Source: Field Survey

From the above table B.3 it is clear that, almost all customers made all transactions via cash payment before the surgical strike of demonetization. The above table helps us in ascertaining such a figure, around 96% (i.e.48/50) respondents opine that most of their customers that is more than 90% of them preferred cash transactions over other payment medium before demonetization

**TABLE B.4: CASH TRANSACTIONS AFTER DEMONETIZATION**

|                   |       |            |            |            |      |       |
|-------------------|-------|------------|------------|------------|------|-------|
| Cash Transactions | < 30% | 30% to 50% | 50% to 70% | 70% to 90% | >90% | Total |
| Number            | 00    | 00         | 00         | 10         | 40   | 50    |
| Percentage (%)    | -     | -          | -          | 20%        | 80%  | 100%  |

Source: Field Survey

The above table B.4 depicts that, there has been a slight decrease in the number of customers who have opted for cash transactions after demonetization. 20% (i.e. 10/50) respondents opine that around 70% to 90% of customers have opted for cash transactions which indicate that the cash transactions have slightly reduced relative to the pre-demonetization period.

**TABLE B.5: PERCEPTION OF RESPONDENTS REGARDING USAGE OF E-PAYMENT SYSTEM BEFORE DEMONETIZATION**

|                         |     |     |       |
|-------------------------|-----|-----|-------|
| Respondent's Perception | Yes | No  | Total |
| Number                  | 02  | 48  | 50    |
| Percentage (%)          | 04% | 96% | 100%  |

Source: Field Survey

The above table B.5 attempts to evaluate that, a majority of hotels did not have the provision of E-Payment system before demonetization. In the present case, around 96% (i.e.48/50) respondents did not use any kind of E-payment system in their hotels before demonetization. Only 2 out of 50 hotels had the facility of E-payment system before demonetization.

**TABLE B.6: PERCEPTION OF RESPONDENTS REGARDING USAGE OF E-PAYMENT SYSTEM AFTER DEMONETIZATION**

|                         |     |     |       |
|-------------------------|-----|-----|-------|
| Respondent's Perception | Yes | No  | Total |
| Number                  | 03  | 47  | 50    |
| Percentage (%)          | 06% | 94% | 100%  |

Source: Field Survey

The above table B.6 portrays that, there has not been any significant increase in the number of hotels who have the facility of E-payment system after demonetization. Around 06% (i.e. 03/ 50) respondents stated that they have installed E-payment systems in their hotels after demonetization

**Hypothesis Analysis - 2**

**Testing the Increase in the usage of E-payment systems by Hotels after Demonetization.**

**Null Hypothesis:**

There is no increase in the usage of E-payment systems by the hotels after demonetization

**Alternative Hypothesis:**

There is a significant increase the usage of E-payment systems by the hotels after demonetization

Level Of Significance: 5%

Critical value: -1.645

Test Statistic: Z



$$Z = p_1 - p_2$$

$$\sqrt{pXq \times (1/n_1 + 1/n_2)} \quad (p = 0.02 + 0.03 / 50 + 50)$$

$$(q = 1 - p)$$

$$= \frac{0.04 - 0.06}{\sqrt{0.5 \times 0.95 \times (0.04)}}$$

$$Z = -0.495$$

Conclusion: Since Z calculated value is more than the critical value, null hypothesis gets accepted and it is true.

**“There is no significant increase in the usage of E-payment systems by the hotels even after demonetization.”**

**TABLE B.7: KINDS OF E-PAYMENT SYSTEMS USED IN THE BUSINESS**

| E-payment system | Swipe machine | Pay-tm | Jio-money | Others | Total |
|------------------|---------------|--------|-----------|--------|-------|
| Number           | 02            | 01     | 00        | 00     | 03    |
| Percentage (%)   | 66.67%        | 33.33% | -         | -      | 100%  |

Source: Field Survey

The above table B.7 indicates that, out of the 3 hotels that are using E-payment system, 2 hotels i.e. 66.67% (i.e. 02/03) have opted for swipe machines as their E-payment system and only 33.33% (i.e.01/03) hotels have opted for pay-tm as their E-payment gateway

**TABLE B.8: PERCENTAGE OF CUSTOMERS USING E-PAYMENT SYSTEM AFTER DEMONETIZATION?**

| E-Transactions | < 30% | 30% to 50% | 50% to 70% | 70% to 90% | >90% | Total |
|----------------|-------|------------|------------|------------|------|-------|
| Number         | 40    | 10         | 00         | 00         | 00   | 50    |
| Percentage (%) | 80%   | 20%        | -          | -          | -    | 100%  |

Source: Field Survey

The table B.8- shows that, a majority of respondents opine that around 80% of the customers prefer for cash payment system even after demonetization. Overall comparison shows that the less than 50% customers use E-payment systems after demonetization.

**TABLE B.9: COST OF INSTALLING NEW E-PAYMENT SYSTEM AFTER DEMONETIZATION**

| Cost           | < 1000 | 1000 To 3000 | 3000 To 5000 | >5000  | Total |
|----------------|--------|--------------|--------------|--------|-------|
| Number         | 01     | 00           | 00           | 02     | 03    |
| Percentage (%) | 33.33% | -            | -            | 66.67% | 100%  |

Source: Field Survey

The above table B.9 shows that, a majority of the hotel owners who opted for E-payment systems after demonetization incurred a cost exceeding Rs. 5000 in installing the new E-payment system. 66.67% (i.e. 02/03) hotel owners opined that they had to incur more than Rs. 5000 in installing the new E-payment system.

**TABLE B.10: PERCEPTION OF RESPONDENTS REGARDING THE NATURE OF PROBLEM FACED BY THEM AFTER DEMONETIZATION**

| Nature of Problem Faced by the Hotel Owners After Demonetization            | YES    |      | NO     |     | TOTAL NUMBER |
|---|--------|------|--------|-----|--------------|
|   | Number | %    | Number | %   |              |
| 1. Problem of giving change due to the introduction of Rs. 2000 note?       | 50     | 100% | 00     | -   | 50           |
| 2. Reduction in the number of Customers?                                    | 43     | 86%  | 07     | 14% | 50           |
| 3. Problem of accepting banned notes?                                       | 46     | 92%  | 04     | 08% | 50           |
| 4. Problem of extra cost to be incurred in installing new E-payment system? | 35     | 70%  | 15     | 30% | 50           |

Source: Field Survey

From the above table B.10. (1) it is clear that, all the hotels faced a major problem of giving change to the customers who visited their hotel. 100% of the respondents urged that they had a major problem of giving change to customers after demonetization. The main reason for this being the introduction of high denominated currency of Rs. 2000.

The above table B.10 (2) depicts that, a majority of hotels had to go through a tough phase, as the number of customers reduced after the demonetization. Around 86% respondents (i.e. 43/50) opined that the number of customers at their hotels fell sharply after demonetization.

The above table B.10 (3) displays that, around 92% (i.e. 29/50) respondents opine that they had to go through a tough time with regard to the acceptance of banned notes which were given by customers at the hotels.

The above table B.10 (4) shows that, a considerable number of hotels had to face the problem of incurring extra cost in installing the new E-payment systems after demonetization. Around 70% (i.e. 35/50) hotel owners had a problem of expending more money in getting the new systems installed.

**TABLE B.11: TIME TAKEN BY THE BUSINESS TO GET STABILISED AS LIKE THE PRE-DEMONETIZATION PERIOD**

| Time           | < 3 months | 3 - 6 months | 6 - 9 months | > 9 months | Total |
|----------------|------------|--------------|--------------|------------|-------|
| Number         | 00         | 02           | 07           | 41         | 50    |
| Percentage (%) | -          | 04%          | 14%          | 82%        | 100%  |

Source: Field Survey

The above table B.10 portrays that, it has taken almost more than 9 months for most of the hotels to come to stability like the pre-demonetisation period. 82% (i.e. 20/50) respondents urged that they had to wait for more than 9 months in order to get their business to stability. 14% respondents (i.e. 07/50) felt that it took 6-9 months for their business to get stabilised.

**FINDINGS**

The findings are based on the data analysed with the help of various statistical tools. From the above analysis and interpretation of data collected from field survey, some of the most relevant findings are-

- 84% of the respondents have a favourable opinion towards demonetization. They opine that the decision taken by our Prime Minister on that night regarding demonetization was neither a wrong move nor a blunder although it has adversely affected the earnings of a majority of hotels.
- Table B.3 gives conclusive evidence that more than 90% of customers preferred cash transactions before demonetization. Around 96% of hotels reported maximum cash transactions prior to demonetization and only 4% hotels reported some digital or electronic transactions prior to demonetization.
- The daily turnover of almost all hotels after demonetization has been adversely affected. This is clearly evident with the hypothesis testing (HYPOTHESIS 1) which depicts that there has been a drastic downfall in the daily turnover of hotels after demonetization.
- With the help of Table B.5 and B.6 and hypothesis testing (HYPOTHESIS 2) it is discovered that the usage of E-payment systems has not inflated even in the post demonetization era. This can be attributed to the high cost of such E-payment systems, which are unaffordable, by the small hotel industries.

5. Table B.3, B.4 and B.8 gives evidence that even after demonetization the percentage of customers opting for cash transactions has not reduced so drastically as expected. This is due to the non-availability and improper provision of E-payment systems at most of the hotels that kept the customers away from becoming cashless.
6. All the hotels had to go through a lean patch and very hectic period, as they had to face a tough time in accepting Rs. 2000 note for a very lower denomination's transaction. The hotels had to anyhow find out the change for the currency of such high denomination in order to protect themselves from the loss. This is clearly visible in the Table no B.10(1)
7. Most of the Hotel owners urged that they were not able to install E-payment systems, as it was a costly deal on them for such a small business where the quantum of transaction is small. Swiping machines were mostly used in some of the hotels and transacting every time through such system for a small money would add up the service cost burden.
8. Another nerve-racking problem faced by the hotels was, most of the customers that visited the hotels offered those denominations of currencies which were demonetized (i.e. 500 and 1000) stating that it is the only currency denomination which they possessed. Hotel owners were helpless and had to accept the same or sometimes even let the customers go off and thereby suffering loss at regular intervals. Table B.10 (3) shows it clearly.
9. With the help of Table B.11 it's discovered that most of the hotels almost had to wait for at least 6 months in order to get their business back to stability as it was during the pre-demonetization period.
10. Out of the 5 hotels which have installed E-payment systems, the swiping machine and the Paytm are the only two which they are aware of out of several others like Jio money, phone pay, Samsung pay etc. Table B.7 throws a light on this fact.

## SUGGESTIONS

Considering the analyses and interpretation of data and the findings made in the earlier part, a few suggestions can be given considering the present scenario. Some of them are:

1. Immediately after demonetizing the currency notes of Rs. 500 and Rs. 1000 the government reserved some sectors like the hospitals, petrol pumps and medicine shops where demonetized currency was allowed to be accepted for a certain period. Government might have even included the hotel industry where banned notes would have been allowed to be accepted, as it is one of the basic industries where customers are bound to visit irrespective of the conditions prevailing in the economy. If arrangements were made by the government to accept the banned notes for a certain period, the hotels would have been minimally effected by demonetization.
2. It was discovered during the analysis that the cost of swiping machine is too high, which cannot be afforded by small hotels. Government should come up with similar alternative systems or give subsidy that would promote even the small hotels to adopt E-payment systems and achieve a twofold objective of going digital and protecting small groups from being adversely affected by the demons of demonetization.
3. The government in advance could have directed all the hotel owners to install digital payment gateways at their hotels before taking the step of demonetization. As such, compulsion of installation would have promoted the preparedness of small hotels to counter attack the adversities of demonetization on their businesses.
4. Small hotels indicate small quantum of transaction with each customer. As most of the hotels prefer swiping system as their E-payment gateway, government shall take necessary measures to tie-up with the banks to make a clause where in no service charge would be levied on smaller amount of transactions, which would promote both the hotel owners and customers to go Electronic rather than going cash basis.
5. As it has been explored earlier that most of the customers preferred cash transactions even after demonetization. More number of customers as well as the business people shall be encouraged, educated and shall be made aware to use digital or electronic payment systems as it will reduce the excess flow of cash in the economy and will enable transparency which will bring down the unethical activities of the business houses like showing fewer turnovers and thereby reducing the tax liability and so on.

## CONCLUSION

As we know that, the retail and the service sector are the backbone of our economy and any impediments occurring to these sectors would definitely halt the progress of our economy and would literally make it crippled. This was quiet evident from the fact that there was a sudden downfall in the expected GDP of current year in relation to the GDP of previous year.

It is not fair to draw conclusions regarding the demonetization move based on the study, which covers a small number of hotels within the vicinity. But the perceptions that were derived during the study are helpful and supportive in concluding that definitely the unorganized inventory of hotels in the industry has been adversely affected by the surgical strike. However, the impacts considered are short term but it was a hurdle in the growth and prosperity of the sector. The turnovers have fallen sharply and the cost of operation has shown a steep rise in the post-demonetization period. Thus, it becomes very much conclusive that the revenue of the sector has dipped down to a great extent.

Concluding with the results from this study is not an end itself. On the concluding note, it is asserted that over the short and medium terms, the demonetization drive will have varied effects on the many sections of the hotel industry in the country, but in the long run it is expected to positively impact the growth of the sector.

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**A REVIEW OF PROBLEMS AND CHALLENGES OF COOPERATIVE SOCIETIES**

**ABHISHEK DEWANGAN**  
**M. Phil. RESEARCH SCHOLAR**  
**Dr. C. V. RAMAN UNIVERSITY**  
**KOTA**

**Dr. ANOOP DIXIT**  
**ASST. PROFESSOR**  
**DEPARTMENT OF COMMERCE**  
**Dr. C. V. RAMAN UNIVERSITY**  
**KOTA**

**ABSTRACT**

*Indian villages constitute a greater portion of the total geographical area of the country. It is a known fact that a major portion of the India's total population resides in the villages. The villages of India can broadly be divided according to the regions of their location like Eastern region, Northern region, Southern region, Central region, Northeast region and Western region. One of the main differences between the Indian villages of different regions is the used language. Being one of the oldest civilisations in the world that has been invaded by several foreign powers, India is home to a huge variety of languages. The villagers in different zones of India speak in different languages such as Bengali language, Oriya language, Assamese language, Punjabi language, Marathi language, Kannada language, Tamil language, Gujarati language, Telugu language, Hindi language, etc. The original form of most of the ancient languages in India can be found in these villages.*

**KEYWORDS**

cooperatives, women, farmers, societies.

**JEL CODE**

P13

**INTRODUCTION**

Co-operative societies play a significant role in the growth of rural sector. Co-operatives provide credit to the farmers, the most needed thing in the farming. They cover more than 97% of Indian villages, some run by its members and some by the government: Many co-ops are mismanaged and lack motivation. But that's not an argument against them. There should be more female participation in village co-operatives.

A cooperative is a private business organization that is owned and controlled by the people who use its products, supplies or services. Although cooperatives vary in type and membership size, all were formed to meet the specific objectives of members, and are structured to adapt to member's changing needs. India's agriculture sector has an impressive long-term record of taking the country out of serious food shortages despite rapid population increase. The main source of long-run growth was technological augmentation of yields per unit of cropped area. This resulted in tripling of food grain yields, and food grain production increased from 51 million tonnes in 1950-51 to 217 million tonnes in 2006-07. India is the largest producer of milk in the world and second largest producer of food grains, sugar cane, fruits and vegetables in the world. But till in India the processing of agro-produce is very low, Fruits and Vegetables (2.2%), Poultry (6%), Milk (35%) as compared to developed countries (60 to 70%). In nearly three decades, the structure of rural employment has not changed much.

**OBJECTIVES OF THE STUDY**

1. To find the importance of co-operative societies in rural development.
2. To understand how to work cooperative societies.
3. To know challenges of cooperative societies.

**RESEARCH METHODOLOGY**

It's a conceptual study and no data required, therefore no hypothesis and testing can be applied.

**Type of data:** secondary data

**HISTORICAL PROFILE OF COOPERATIVE MOVEMENT IN INDIA**

India has seen a huge growth in cooperative societies mainly in the farming sector, since 1947 when the country gained independence from Britain. The country has networks of cooperatives at the local, regional, state and national levels that assist in agricultural marketing. The commodities that are mostly handled are food grains, jute, cotton, sugar, milk, fruit and nuts.

Most of the sugar production in India takes place at mills owned by local cooperative societies. The members of the society include all farmers, small and large, supplying sugarcane to the mill. Over the last fifty years, the local sugar mills have played a crucial part in encouraging political participation and as a stepping stone for aspiring politicians. This is particularly true in the state of Maharashtra where a large number of politicians belonging to the Congress party or NCP had ties to sugar cooperatives from their local area and has created a symbiotic relationship between the sugar factories and local politics. However, the policy of "profits for the company but losses to be borne by the government", has made a number of these operations inefficient.

Dairy farming based on the Amul Pattern, with a single marketing cooperative, is India's largest self-sustaining industry and its largest rural employment provider. Successful implementation of the Amul model has made India the world's largest milk producer. Here small, marginal farmers with a couple or so heads of milch cattle queue up twice daily to pour milk from their small containers into the village union collection points. The milk after processing at the district unions is then marketed by the state cooperative federation nationally under the Amul brand name, India's largest food brand. With the Anand pattern three-fourth of the price paid by the mainly urban consumers goes into the hands of millions of small dairy farmers, who are the owners of the brand and the cooperative. The cooperative hires professionals for their expertise and skills and uses hi-tech research labs and modern processing plants & transport cold-chains, to ensure quality of their produce and value-add to the milk.

Cooperatives also play a great part in banking. Cooperative banks in India serve both the rural and urban societies. Just like the sugar companies, these institutions serve as the power base for local politicians.

**ROLE OF CO-OPERATIVE IN INDIA**

Make in India is a major new national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India. The Make in India programme is very important for the economic growth of India as it aims at utilizing the existing Indian talent base, creating additional employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by eliminating the unnecessary laws and regulations, making bureaucratic processes easier, making the government more transparent, responsive and accountable.

**PROBLEMS OF COOPERATIVE IN INDIA****1. TECHNOLOGICAL PROBLEMS**

Technology literally refers to the methods, systems and devices, which are the result of scientific knowledge being used for practical purposes. The problems relating to or associated with technology would be phenomenal in the way of cooperative development. Though there may not be a complete alternative and substitute for human efforts in an organisation or enterprise, it is an undisputed fact that technology can play a crucial role in the success of the organisation by facilitating and enhancing human endeavours in various ways.

**2. OVER REGULATION FROM GOVERNMENT**

The cooperative movement in India was initiated in 1904 under the auspices of British government. Right from the beginning, the government has adopted an attitude of patronizing the movement. Cooperative institutions were treated as if these were part and parcel of the administrative set up of the government. The govt interference thus became an essential elements in the working of these institutions. As a result, people's enthusiasm for the movement did not grow. The movement's independence and self-reliance existed only on paper and files. After attainment of independence, in particular after beginning of the planning, some healthy changes in the attitude of the govt. did take place. It was not given proper importance that it deserves in any plan. But even the cooperative movement has not become full-fledged people movement. Even today quite often cooperative societies are imposed upon the people. Institution.

**3. LACK OF AWARENESS**

People are not well informed about the objectives of the movement, the contributions it can make in rebuilding the society and the rules and regulations of cooperative institutions. Unfortunately, no special efforts have been made in this direction. People look upon these institutions as means for obtaining facilities and concessions from the govt. So long as people expect to get something from the govt., they see to it that societies somehow continue to function. Lack of education, dirty politics of the village, caste ridden elections to the offices of cooperative societies, bureaucratic attitudes of the govt. officers at the lower rank are some of the hurdles in spreading the correct information about the cooperative movement and in educating the people about its true character and vital role in the society.

**4. LOW LEVEL OF PARTICIPATION BY PEOPLE**

The essence of the cooperative movement is that it gives the farmers the status of shareholders and assures them agricultural, educational and medical facilities. Under the Maharashtra State Cooperatives Act, a minimum of 11 farmers is required to form a cooperative. Today the shareholder membership averages between 15,000 and 25,000 farmers. The relationship between the shareholder farmer and the cooperative is simple - the farmer is committed to contributing a certain amount of cane per season and the mill is bound to take this cane. The strength of the movement was the involvement of the farmers who were shareholders in the sugar mill regardless of the size of their holdings. Over the years, this truly democratic idea got corrupted and farmers with larger holdings grew more powerful. In practice, this altered the power structure of the cooperatives. In the elections to the governing bodies of the sugar factories, money became such a powerful tool that the top posts of chairman and vice-chairman usually went to the richest farmers even though the majority of members were farmers with small- or medium-sized holdings.

**CHALLENGES OF COOPERATIVE****1. NEED FOR EDUCATION ABOUT COOPERATIVE**

It is evident that education of leaders and members about cooperative finance is critical if leaders and members are to understand why a cooperative must be profitable and why cooperative finance practices must be aligned with the cooperative's business model. These are tenets of effective income distribution and balance sheet management. If members view the cooperative as the vertical extension of their farming enterprises, then the ultimate objective is to maximize after-tax discounted cash flow back to the producer-member. A list of key topics for further research and education was identified by the industry leaders.

**2. LACK OF SPONTANEITY**

Co-operative movement in India lacks spontaneity in the sense that it has not been emanated from the people themselves. They usually do not come forward to organise co-operatives on their own accord. On the other hand, the ruralites perceive the cooperative societies and banks as government lending agencies. They are interested only in deriving benefits from them instead of contributing anything in return.

**3. LACK OF FUNDS**

The cooperatives have resource constraints as their owned funds hardly make a sizeable portfolio of the working capital. With weak owned fund base, the borrowings of the cooperatives from the central financing agency are considerably conditioned. This has stood in the way of adequately meeting the credit requirements of the existing as well as new members.

**4. REGIONAL DISPARITIES**

There have been good deals of regional disparities pertaining to credit availability. The picture of credit availability in the Eastern states, tribal and hilly regions is simply dismal. Consequently, the farmers in these regions farm technology.

**CONCLUSION**

Cooperative need better trained manpower. There is a growing consensus among Indian agencies about their importance the word bank recognizes the role of cooperatives in revitalizing the agriculture sector and the rural economy. Cooperative banks have become important parts of many financial systems, with attendant potential financial stability. Cooperative may not be the complete solution to the Indian problems, but they are certainly a significance part. Only agricultural development possible by abandoning traditional practices State Make own Cooperative Plans. Farmers get agricultural loans at zero percent. It has been suggested that a committee of experts has developed a program that has been evaluated by the committee. It is recommended that the committee should be able to use any of the following techniques. It will not be possible if it does not meet any questions.

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## MOTHERS' PERCEPTION TOWARDS CHILDREN FOOD BEHAVIOUR WITH SPECIAL REFERENCE TO ERODE DISTRICT

**Dr. N. BOOMATHI**  
**ASST. PROFESSOR**

**NAVARASAM ARTS & SCIENCE COLLEGE FOR WOMEN**  
**ARACHALUR**

**K. SINDHUJA**

**M. Phil. SCHOLAR IN COMMERCE**

**NAVARASAM ARTS & SCIENCE COLLEGE FOR WOMEN**  
**ARACHALUR**

### ABSTRACT

*Junk food product are mostly liked by children for various reason though it they are not supplying any health benefits. This article is a study mother's perception on children food behaviour as mothers are considered to be the greatest part in their children food habits. This study explores the reasons behind the children liking towards junk food and their parents reaction towards this issue. The factor influencing to buy junk foods the health issues due to its consumption, parent's awareness about food habits and their preferences are the primary analyses of this article. By revealing these factors, the study brings exact perception of mothers and some guidelines to avoid junk foods in their children's life style.*

### KEYWORDS

junk foods, parents awareness.

### JEL CODES

C8, D1, M3, M31, M37.

### INTRODUCTION

Food marketing and advertising to children plays a crucial role in influencing food preferences, choices of food, diets and health of the children. There has been a variety of food marketing strategies like marketing in school, kids club, products with brands and logos, product placement, advertising on television, children targeted promotion and internet, which have a direct impact on children's food choices. Many food and beverage companies spend on these marketing techniques in promoting less healthful foods and drinks to the children. There is also a practice of child-directed marketing by pairing freebies like (tattoos, toys, puzzles etc.) to promote their products and also to reach the maximum number of children in an effective way. Similarly, it has been criticized in many ways in the society for their vulnerable market segment and lurking in the society.

These marketing strategies and advertising in food industry have more greater impact on the developing countries, like India. Higher disposable incomes, changing consumption, patterns and the marketing might of powerful western brands are bringing fast food India's children. Their multiple marketing techniques in India, create a great contradiction between the parents and children in the choices of food for children. The increase consumption of junk foods leads the children to face many health issues. These creates an urge to aware the society about the reality behind these kind of marketing techniques and to guide them in the selection of food as it is not just a matter of taste but reasonable for their physical and mental growth of nourishment.

### REVIEW OF LITERATURE

UDIT MALIK says that "Food is need of every living being. No one can survive without it. But apart from nutrients, the taste and presentation also added value to the food, thus giving an opportunity".

Reports by the world health organization (WHO) reveal that more than 40% of the world's under nourished children live in India. A similar percentage of India children under five years are under weight and a higher percentage stunted due to chronic under nutrition. More than 50% of school children are suffering from nutritional anemia.

### OBJECTIVES OF THE STUDY

1. To analyse the awareness about children's food habits among the mothers.
2. To study the satisfaction level of mother on their children's food behaviour.
3. To understand the mother's attitude towards the food behaviour of the children.

### SCOPE OF THE STUDY

This study has been conducted within a short time frame. Thus, the scope of the study is limited to mother's idea in children's behaviour in food in selected areas of Erode.

### METHODOLOGY

The present study is descriptive in nature.

#### SOURCES OF DATA

The study includes both primary data and secondary data. Primary data have been collected from the target respondents through structured questionnaire. Secondary data have been collected from different sources such as journals, books and internet.

#### SAMPLE DESIGN

The sample size for the study is 50. The sample of 50 respondents have been selected using convenient sampling method.

#### PERIOD OF STUDY AND GEOGRAPHICAL AREA

The primary data have been collected from April 2018-July 2018. The present study is defined to Erode district.

#### TOOLS FOR ANALYSIS

The collected data were classified, tabulated and analysed. Percentage analysis has been used for analysis.

#### LIMITATIONS OF THE STUDY

The study has the following limitations:

1. In the busy schedule, some respondents refused to co-operate.
2. Due to time restriction, only 50 respondents could be selected.

**DATA ANALYSIS AND RESULTS**

Demographic profile of the respondents is shown Table-1 convenient sample of 50 respondents was surveyed. Majority 36% of the respondents were belongs to the age group of 26-30 years. Majority 60 % of the respondents had one child. Majority 36% of the respondents' children were belongs to 3-5 years and 6-8 years. Majority 58% of the respondents were belongs to nuclear family. Majority 40% of the respondents were postgraduates. Majority 48% of the respondents were homemakers. Majority 38% of the respondent's had 4 members in their family. Majority 46% of the respondents' annual incomes were below four lakhs in their family.

**TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS**

| CATEGORIES                | SUB CATEGORIES                        | FREQUENCY | PERCENTAGE (%) |
|---------------------------|---------------------------------------|-----------|----------------|
| Age                       | 20-25 years                           | 17        | 34             |
|                           | 26-30 years                           | 18        | 36             |
|                           | 31- 35 years                          | 12        | 24             |
|                           | 36-40 years                           | 02        | 04             |
|                           | Above 40 years                        | 01        | 02             |
|                           | Total                                 | 50        |                |
| No.of.children            | 1 child                               | 30        | 60             |
|                           | 2 children                            | 17        | 34             |
|                           | 3 children                            | 03        | 06             |
|                           | Above 3 children                      | -         | -              |
|                           | Total                                 | 50        |                |
| Age of child              | 3-5 years                             | 18        | 36             |
|                           | 6-8 years                             | 18        | 36             |
|                           | 9-11 years                            | 11        | 22             |
|                           | Above 11 years                        | 03        | 06             |
|                           | Total                                 | 50        |                |
| Nature of the family      | Nuclear family                        | 29        | 58             |
|                           | Joint family                          | 21        | 42             |
|                           | Total                                 | 50        |                |
| Educational Qualification | Senior secondary                      | 05        | 10             |
|                           | Graduation                            | 14        | 28             |
|                           | Post-graduation                       | 20        | 40             |
|                           | Others                                | 11        | 22             |
|                           | Total                                 | 50        |                |
| Occupation                | Home maker                            | 24        | 48             |
|                           | Employees                             | 13        | 26             |
|                           | Business                              | 08        | 16             |
|                           | Others                                | 05        | 10             |
|                           | Total                                 | 50        |                |
| No.Of.Members             | 2 members                             | 01        | 02             |
|                           | 3 member                              | 16        | 32             |
|                           | 4 members                             | 19        | 38             |
|                           | Above 4 members                       | 14        | 28             |
|                           | Total                                 | 50        |                |
| Annual income             | Below 4 lakhs                         | 23        | 46             |
|                           | 4 lakhs and above -but below 8 lakhs  | 20        | 40             |
|                           | 8 lakhs and above- but below 20 lakhs | 07        | 14             |
|                           | 20 lakhs and above                    | 00        | 00             |
|                           | Total                                 | 50        |                |

**TABLE 2: KIND OF FOOD LIKED BY THE CHILDREN**

| CATEGORIES | SUB CATEGORIES   | FREQUENCY | PERCENTAGE (%) |
|------------|------------------|-----------|----------------|
| 1          | Healthy food     | 17        | 34             |
| 2          | Junk food        | 19        | 38             |
| 3          | Traditional food | 14        | 28             |
|            | Total            | 50        | 100            |

Majority 38% of the respondents selected junk foods liked by children.

**TABLE 3: PARENT'S PREFERENCE ABOUT CHILDREN FOOD**

| CATEGORIES | SUB CATEGORIES   | FREQUENCY | PERCENTAGE (%) |
|------------|------------------|-----------|----------------|
| 1          | Healthy food     | 34        | 68             |
| 2          | Junk food        | -         | -              |
| 3          | Traditional food | 16        | 32             |
|            | Total            | 50        | 100            |

Majority 68% of the respondents preferred healthy food.

**TABLE 4: RESPONDENTS PREFERENCE ON RESTAURANT**

| CATEGORIES | SUB CATEGORIES | FREQUENCY | PERCENTAGE (%) |
|------------|----------------|-----------|----------------|
| 1          | Yes            | 40        | 80             |
| 2          | No             | 10        | 20             |
|            | Total          | 50        | 100            |

Majority 80% of the respondents prefer going to the restaurant.

TABLE 5: NO. OF VISITS TO THE RESTAURANT

| CATEGORIES | SUB CATEGORIES  | FREQUENCY | PERCENTAGE (%) |
|------------|-----------------|-----------|----------------|
| 1          | Weekly once     | 8         | 20             |
| 2          | Two week's once | 10        | 25             |
| 3          | Monthly once    | 12        | 30             |
| 4          | Two month once  | 10        | 25             |
|            | Total           | 40        | 100            |

Majority 30% of the respondents visit restaurant once in the month.

TABLE 6: THEIR FOOD CHOICES IN RESTAURANT

| CATEGORIES | SUB CATEGORIES         | FREQUENCY | PERCENTAGE (%) |
|------------|------------------------|-----------|----------------|
| 1          | Veg                    | 10        | 25             |
| 2          | Non-veg                | 12        | 30             |
| 3          | Fruit juice            | 08        | 20             |
| 4          | Ice-cream/ milk shakes | 10        | 25             |
|            | Total                  | 40        | 100            |

Majority 30% of the respondent's food choice is non-veg.

TABLE 7: FACTOR INFLUENCING JUNK FOOD

| CATEGORIES | SUB CATEGORIES                      | FREQUENCY | PERCENTAGE (%) |
|------------|-------------------------------------|-----------|----------------|
| 1          | Food presentation                   | 10        | 20             |
| 2          | Advertisement                       | 08        | 16             |
| 3          | Taste                               | 26        | 52             |
| 4          | Freebies (like toys, tattoos, etc.) | 05        | 10             |
| 5          | Other (if any .....                 | 01        | 02             |
|            | Total                               | 50        | 100            |

Majority 52% of the respondents select taste as a prominent factor influencing junk food.

TABLE 8: HEALTH ISSUES DUE TO JUNK FOOD

| CATEGORIES | SUB CATEGORIES       | FREQUENCY | PERCENTAGE (%) |
|------------|----------------------|-----------|----------------|
| 1          | Hormonal changes     | 11        | 22             |
| 2          | Obesity              | 14        | 28             |
| 3          | Over craving         | 09        | 18             |
| 4          | Nutrition deficiency | 08        | 16             |
| 5          | All the above        | 08        | 16             |
|            | Total                | 50        | 100            |

Majority 28% of the respondents select obesity is a prominent health issue for children due to junk food consumption.

TABLE 9: PREVENTING CHILDREN FROM JUNK FOOD

| CATEGORIES | SUB CATEGORIES                                       | FREQUENCY | PERCENTAGE (%) |
|------------|--|-----------|----------------|
| 1          | Natural substitution                                 | 11        | 22             |
| 2          | Organic food   | 14        | 28             |
| 3          | Preparing tasty & attractive healthy food            | 17        | 34             |
| 4          | Providing basic knowledge of food habits to children | 08        | 16             |
|            | Total  | 50        | 100            |

Majority 34% of the respondents prefer preparing tasty & attractive healthy food to prevent children from consuming junk food.

TABLE 10: PARENT AWARENESS ABOUT FOOD HABIT

| CATEGORIES | SUB CATEGORIES | FREQUENCY | PERCENTAGE (%) |
|------------|----------------|-----------|----------------|
| 1          | Yes            | 37        | 74             |
| 2          | No             | 13        | 26             |
|            | Total          | 50        | 100            |

Majority 74% of the respondents are aware of wealthy food habits.

TABLE 11: PROVIDING BALANCED DIET TO THE CHILDREN

| CATEGORIES | SUB CATEGORIES | FREQUENCY | PERCENTAGE (%) |
|------------|----------------|-----------|----------------|
| 1          | Nuclear family | 27        | 54             |
| 2          | Joint family   | 23        | 46             |
|            | Total          | 50        | 100            |

Majority 54% of the respondents consider nuclear family provides balanced diet to the children.

**SUGGESTION**

**Home maker:** Parents can reduce frequently visiting restaurants. Instead, they can prefer home foods even when they are travelling to some extent.

**Preparing tasty foods:** Mothers can be innovative in their cooking and also give importance to taste with nutrition as taste is a primary reason for the junk food consumption.

**Knowledge of food habits:** It is the duty of every parents to teach their children about food habits, balanced diet and the importance of in taking veggies and its nutritious benefits.

**Caution against junk foods:** Like do's, don't are also important to be known. So, children should also be instructed about the dangerous effects of junk food.

**CONCLUSION**

Unlike olden days, modern life style is totally different as everyone of us are exposed to varieties of foods and its easy availability. Even children are exploited by the junk food products for its taste, freebies, advertisement, presentation, etc. It is the time to realize the consequence of these junk foods and be cautious of it, so that we can be preventive against the Hormonal changes, Obesity, Over craving, Nutrition deficiency, etc which are the result of consuming junk food. It is the hands of parents to influence the children towards healthy food habits by creating awareness to them, preparing tasty and nutritious food, reducing their visits to

the restaurant, teaching the side effects of unhealthy or junk foods, promoting the intakes of vegetables and other nutritious foods. Because, no one should forget the golden words of our ancestors, **"HEALTH IS WEALTH"**.

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# THE INFLUENCE OF COMPANY REPUTATION AND COMPETITIVE STRATEGY ON THE RURAL BANK PERFORMANCE IN WEST JAVA AND BANTEN

**Dr. AV RAHAJENG WIDYARSIH**

**LECTURER**

**PERBANAS INSTITUTE**

**JAKARTA**

**THEODORUS SUDIBYO**

**LECTURER**

**PERBANAS INSTITUTE**

**JAKARTA**

**YOHANES FERRY CAHAYA**

**LECTURER**

**PERBANAS INSTITUTE**

**JAKARTA**

## ABSTRACT

*Rural Bank has not been widely known by the public and has not been used by the government to support economic development in order to improve the welfare of the people, especially in rural areas. Although the development of the assets, the amount of savings, deposits and loans from the Rural Bank belonging to the Provincial Government of West Java and Banten is likely to increase, but not matched by a stable growth in operating income, which tend to fluctuate, thus shows the unoptimal performance. Similarly, the performance of private Rural Banks are generally not optimal. The condition is presumably caused by the problems in implementing competitive strategy and in developing the reputation. Thus, this study aims to examine the influence of company reputation and competitive strategy on the rural bank performance in West Java. Data were collected through questionnaires to 100 respondents and analyzed using PLS. The results showed that competitive strategy has a greater influence than company reputation in improving the rural bank performance.*

## KEYWORDS

company reputation, competitive strategy, rural bank performance.

## JEL CODES

R51, G21.

## I. INTRODUCTION

### 1.1 RESEARCH BACKGROUND

In terms of performance, in the period 2011-2015 there was an increase in banking performance in Indonesia, although unstable. In total, in the last 5 years the profit increased by IDR 30 trillion (39.36%) from IDR 75 trillion in 2011 to IDR 105 trillion in 2015. However, in 2015, there was a reduction in the number of rural banks from the previous year of 1,643 to 1,637 units. This reduction occurred due to the revocation of business license and merger. Meanwhile, the number of office networks increased by 44 offices from the previous year from 3,154 to 3,198 offices. Judging from the form of legal entity of ownership, most of the form of Limited Company with a number of 1410 rural banks, followed by the form of Regional Enterprise as much as 197 units and Cooperatives as many as 30 units (Banking Annual Report, 2015, OJK: 105).

Meanwhile, Rural Bank plays a role in lending to micro, small and medium enterprises and can create jobs, as well as equal distribution of income and business opportunities in Indonesia. Rural Bank is established in Indonesia under the Regulation of the Financial Services Authority Number 20/POJK.03/2014 concerning Rural Bank issued in order to encourage national economic growth as well as to support dynamic business development with a strong national banking, including the healthy, strong, productive, and competitive rural bank industry to serve the community, especially micro and small businesses.

Although it has a big role to boost the regional economy, the contribution of rural bank today is relatively small. Hadinoto and Retnadi (2007) stated that rural bank has not been widely known by the public and has not been utilized by the government to support the economic development in order to improve the welfare of the people especially in rural areas.

For local governments, rural bank is one of the efforts to increase the regional income. The following table shows the performance of rural bank Owned by Local Government of West Java and Banten Province:

**TABEL 1: PERFORMANCE OF RURAL BANK OWNED BY WEST JAVA AND BANTEN PROVINCIAL GOVERNMENT (2009-2013)**

| Performance | Year               |                    |                    |                   |                   |
|-------------|--------------------|--------------------|--------------------|-------------------|-------------------|
|             | 2009               | 2010               | 2011               | 2012              | 2013              |
| Total asset | 595.640.379.000,00 | 756.538.025.000,00 | 888.944.404.436,00 | 1.075.801.909.616 | 1.238.853.159.933 |
| Saving      | 160.690.707.000,00 | 195.762.733.000,00 | 251.397.033.924,00 | 283.659.230.971   | 424.772.833.550   |
| Deposit     | 135.131.303.000,00 | 145.173.259.000,00 | 153.173.038.454,00 | 209.333.012.430   | 197.058.679.729   |
| Ledning     | 447.077.371.000,00 | 530.014.046.000,00 | 572.711.997.571,00 | 755.095.946.456   | 913.543.163.450   |
| Loss/Profit | 25.710.686.000,00  | 30.154.187.000,00  | 27.031.773.319,00  | 32.900.272.434    | 25.569.797.053    |

Source: Iwa Karniwa (2015:4)

Table 1 discloses that the growth of asset, savings, deposit and lending rates from rural Banks of West Java and Banten provincial governments tend to increase, but the condition is not balanced by the stable growth of operating profit, which tends to fluctuate, thus indicating unoptimal performance.

Similarly, private-owned rural banks in general also experience unoptimal performance. Which is in general, the health or performance of the Bank is performed by qualitative approach by the Financial Services Authority (OJK), based on various influential aspects, namely capital (30%), productive assets (30%), management (20%), (10%) and liquidity (10%). The following table is a comparison of the performance of rural bank in West Java, both owned by the local government and the private sector compared to the national financial performance :

TABLE 2: RURAL BANK PERFORMANCE IN WEST JAVA AND NATIONALLY 2008 - AUGUST 2016

|                   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | Agt 2016 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|----------|
|                   | %      | %      | %      | %      | %      | %      | %      | %      | %        |
| <b>JAWA BARAT</b> |        |        |        |        |        |        |        |        |          |
| LDR               | 79.29% | 72.42% | 73.43% | 76.04% | 74.11% | 81.70% | 76.32% | 69.50% | 69.32%   |
| BOPO              | 86.92% | 87.01% | 85.51% | 85.79% | 84.67% | 83.65% | 85.44% | 87.24% | 88.70%   |
| ROA               | 2.58%  | 2.75%  | 2.93%  | 2.73%  | 2.83%  | 2.88%  | 2.56%  | 2.20%  | 1.77%    |
| NPL               | 9.24%  | 8.68%  | 7.28%  | 6.46%  | 6.36%  | 5.69%  | 6.31%  | 7.49%  | 8.75%    |
| <b>NASIONAL</b>   |        |        |        |        |        |        |        |        |          |
| LDR               | 82.58% | 79.61% | 79.02% | 78.54% | 78.63% | 84.26% | 79.40% | 76.70% | 78.05%   |
| BOPO              | 82.82% | 81.82% | 80.97% | 79.47% | 77.77% | 77.65% | 80.30% | 81.77% | 82.07%   |
| ROA               | 2.62%  | 3.09%  | 3.16%  | 3.32%  | 3.46%  | 3.38%  | 2.99%  | 2.69%  | 2.61%    |
| NPL               | 9.88%  | 6.90%  | 6.12%  | 5.22%  | 4.75%  | 4.45%  | 4.76%  | 5.40%  | 6.54%    |

Source: Financial Services Authority (2016)

Table 2 shows that although the financial performance generally tends to improve, however it is not in line with the growth in the number of rural banks that show a declining trend year-on-year, both nationally and in West Java. This is due to the merger/ consolidation and liquidation. From 2006 to 2015, the Deposit Insurance Agency (2016) notes that 69 rural banks were in process or completed liquidated, 24 of which are in West Java, 13 rural banks in West Sumatra, and the remaining 32 are scattered in other provinces. In addition, based on Fit and Proper Test existing results that have been completed by December 2015, there are 13 alleged of irregularities consisting of seven Directors and six Executive Officers (Banking Annual Report 2015, OJK, page 107). In terms of numbers, the rural bank offices in West Java Province up to August of 2016 recorded 296 rural banks, of which 109 decreased (26.91%) from 2008. This percentage decline is much larger than the national decline, 136 rural bank (7.68%).

If it is related to the population of West Java Province that continues to increase, should be an opportunity for rural bank in West Java Province to improve its rural bank performance. As data from the Central Bureau of Statistics (2016), West Java Province is the province of Indonesia with the largest population of 43,227,100 in 2010 which increased to about 47,379,389 in 2016. This condition should provide opportunities for the growth of rural bank performance in West Java Province, considering the market share are residents or MSMEs in their regions.

Another phenomenon revealed about the performance of rural banks in West Java is the growth of third party funds collecting gradually growing from 25.70% in 2009 to 8.10% in 2015 and 0.69% in August 2016.

That condition, presumably because of the competitive strategy has not been implemented properly. The three generic competitive strategies according to Porter in Wheelen et al. (2015) aimed to outperform other companies in an industry, that include overall cost leadership, differentiation, and focus. Cost leadership is the ability of companies or business units to design, produce, and market the products more efficiently than its competitors. Differentiation is the company's ability to provide superior and unique value in terms of product quality, special features, or after-sales service to buyers. Focus strategy is a company's ability to provide superior and unique value to a particular buyer group, a particular market segment, and to a specific geographic market.

Besides have to compete with competitors in and outside of province, rural banks in West Java also have to compete with other public banks that are trying to get into the microcredit market and SMEs. The influx of newcomers as well as large public banks should be anticipated to determine the industry ability of a bank. Rural bank also faces direct competition with Bank Rakyat Indonesia as well as the cooperative who has similar segment that are micro customer, Small and Medium Enterprises (SMEs). While SMEs are potential opportunity because it proved to be able to survive in the past economic crisis than large businesses. In addition, the SME commonly found in the business field in Indonesia. But in general the rural bank does not have additional attributes in their products to enhance the competitiveness of its products. There are no innovative programs to attract customers both savers or borrowers, for example the attractive raffle prizes. In addition, rural bank also has not been optimal in the use and provision of information technology in supporting the customer service.

Another aspect relating to the unoptimized performance of rural bank in West Java is company reputation. Meanwhile, according to Fombrun (2001), to help companies establish a strong reputation that will have positive and profitable impacts, there are several key elements to note: credibility, reliability, trustworthiness and responsibility. While from the community side, it appears that the credibility of rural bank is still under the national bank. In addition, the level of public confidence is not yet as high as for national private banks. The community assesses the quality of services provided by rural bank is still below the services of commercial banks, especially large banks that have high-level service standards for its customers. National banks more professional in managing the queue of customers either queue to the teller or to customer service. In addition, in terms of technology, commercial banks have better facilities in terms of technology such as ATM that is easily found anywhere, as well as in terms of providing debit card and credit card services that can facilitate customers in making transactions. It can increase the bank's credibility and customer's trust.

## 1.2 RESEARCH OBJECTIVE

Based on the background, this study aims to examine the influence of company reputation and competitive strategy on rural bank performance in West Java.

## II. LITERATURE REVIEW

### 2.1 COMPANY REPUTATION

According to Fombrun (2001), to help companies establish a strong reputation that will have positive and profitable impacts, there are several key elements to note: credibility, reliability, trustworthiness and responsibility. According to Fombrun (2001), the researchs show that a good reputation can reduce the cost of the company to obtain capital by increasing its ability to obtain funds from the credit market.

Siano, Kitchen, Confetto (2010, p.69) stated that "Applying a resource-based view of the firm, corporate reputation is a rare and valuable intangible asset that competitors find difficult to imitate, substitute, or replicate (because of its social complexity). It allows the company to achieve and maintain sustained superior financial performance and contributes significantly to performance differences among organizations".

Definition of reputation by Hall & Lee (2014, p.1) is "Corporate reputation can be defined as the stakeholder's assessment of a firm's long-term assessment of a organization's social and economic potential by its stakeholders (e.g customers, suppliers, society, etc"

In this study, company reputation is measured by the dimensions of credibility, reliability, trust, and responsibility.

### 2.2 COMPETITIVE STRATEGY

There are several strategies to strengthen the position expressed by Hitt, Ireland, Hoskisson (2015), in which companies can choose five business strategy to build and maintain its strategic position against competitors, which include: cost leadership, differentiation, focused cost leadership, focused differentiation, and integrated cost leadership/differentiation.

Parnell (2010, p.305-306) stated "According to Porter's (1980, 1985) framework, a business can pursue superior performance by either establishing a cost leadership position (i.e. low costs) or differentiating its offerings from those of its rivals. Either of these approaches may be accompanied by focusing efforts on a given market niche".

Banker, Mashruwala, Tripathy (2014, p.873) show that a firm following either a differentiation or a cost leadership strategy is in a better position to achieve superior performance. Kohansal (2013) suggests that the company's strategy is to create a synergy of resources for value creation better than their competitors. In this study, competitive strategy is measured by dimensions of cost leadership strategy, differentiation strategy, and focus strategy.

**2.3 RURAL BANK PERFORMANCE**

David (2013) shows some financial ratios to evaluate strategy namely Return on Investment (ROI), Return on Equity (ROE), Profit Margin, Market Share, Debt to Equity, Earnings per share, Sales growth, Assets growth. Aras, Aybars, Kutlu (2010) measured company performance by ROE, ROA, and ROS.

In the banking industry, Al-Tamimi (2010) measured bank performance by ROA and ROE. Hahn & Powers (2010) use ROA to measure bank performance. Karim, Ameen, and Ayaz (2011) measure bank performance by Fixed Assets Turn-over, Return on Invest, Return on Equity, Net Profit Margin, Operating Profit Margin, Return on Capital Employed (ROCE), and Earning per Share.

In the banking industry, there is another banking performance measurement tools ever developed, that was CAMELS, which stands C= Capital Adequacy; A=Asset quality; M= Management; E=Earning; L=Liquidity and S=Sensitivity to Market Risk (Rose, and Hudgins, 2010).

Avkiran & Cai (2014, p.37), explain CAMELS Model consisting of main model comprising of Capital Adequacy (C): Asset quality (A), Management Efficiency (M), Earning; (E), Liquidity (L), and Sensitivity to Market Risk (S).

- Capital adequacy (C): Total equity represents the 'C' category in the CAMELS model. Total equity is designated an output in DEA because a higher level is likely to reduce financial distress (i.e., more is desirable) and thus, DEA's linear program will maximize this variable in benchmarking it against a bank's peers.
- Asset quality (A): Loan loss reserves are used to account for asset quality because this measure is seen most often in extant literature. It is designated an input in DEA because lower levels of loan loss reserves suggest less financial distress, and DEA's linear program will minimize this variable as part of peer benchmarking.
- Management efficiency (M): We use the volume measure of total non-interest expense to account for management efficiency. It is treated as an input in DEA because less is desirable.
- Earnings (E): Net income is used as an output in DEA because more is desirable.
- Liquidity (L): The current study adopts liquid assets as an output in DEA because more is desirable.
- Sensitivity to market risk (S): Size proxied by total assets, reported to be negatively related to default risk in many studies including Abrams and Huang (1987), Wheelock and Wilson (2000), Kolari et al. (2002), Lanine and Vennet (2006), and Kato and Hagendorff (2010), is used. The variable 'total assets' enters DEA as an output because higher levels are desirable.

In this study, rural bank performance is measured by sales growth, profitability, market share, and CAMELS.

**2.4 PREVIOUS RESEARCHS**

Yih-Chang Ou & Li-Chang Hsu (2013) found that human capital better moderates the relationship between company reputation and innovative performance. Iwu-Egwuonwu (2014) demonstrated that the cultivation of a strong reputation is related to defeating competition, enhancing market prospects and financial performance as well as sustainable existence. Hall & lee (2014) confirmed a positive correlation between company performance and company reputation and highlighted the importance of corporate reputation as an important strategic asset that needs to be managed.

Kaliappen & Hilman (2014), Teeratsirikool, Siengthai, Badir, Charoenngam (2012) and Daneshvar & Ramesh (2012) found the linkage between competitive strategy and firm performance.

**2.5 HYPOTHESIS**

Based on the above description, the following hypotheses are prepared:

H: Company reputation and competitive strategy affect the performance of rural banks.

**III. RESEARCH METHODOLOGY**

This study will examine the Rural Banks in West Java by using quantitative research approach. A quantitative approach emphasizes the numerical assessment of the phenomenon being studied. Quantitative research is more systematic, planned, structured, clear from the beginning until the end of the study. A quantitative approach is used to identify the entire concept of the objectives of the study (Malhotra, 2010).

Research causality tests the truth/facts/principles of a knowledge that already exists in the rural bank in West Java. "Causalitas research is used to obtain evidence of the caused-and effect (causal) relationship" (Malhotra, 2010, p.113).

Time horizon of this study is cross section / one shot, means that any information or data obtained are the result of research conducted at one particular time, namely in 2017.

Sekaran (2010, p.132) argues "unit of analysis refers to level aggregation of the data collected during the subsequent data analysis stage". So that the unit of analysis in this study is the rural bank in West Java, with the observation unit, namely the management of rural bank in West Java Province. Data were taken from a sample of 100 respondents and analyzed using PLS.

**IV. RESULT AND DISCUSSION**

**4.1 GOODNESS OF FIT MODEL**

**4.1.1 Analysis of Structural Model (Inner Model)**

This section will discuss the result of hypothesis testing by using Partial Least Square (PLS). The analysis of structural model (inner model) shows the links between latent variables. Inner model is evaluated by using Goodness of Fit Model (GoF), that show the difference between the values of the observations result with the values predicted by the model. This test is indicated by the value of R Square on endogenous constructs and Prediction relevance (Q square) or known as Stone-Geisser's used to know the capability of prediction with blindfolding procedure. If the value obtained 0.02 (minor), 0.15 (medium) and 0.35 (large), and only used for the endogenous construct with reflective indicator.

TABLE 3: TEST OF OUTER AND INNER MODEL

| Variable               | R Square | Cronbachs Alpha | Composite Reliability | Q square |
|------------------------|----------|-----------------|-----------------------|----------|
| Company Reputation     |          | 0.819           | 0.861                 | 0.385    |
| Competitive Strategy   |          | 0.829           | 0.869                 | 0.406    |
| Rural Bank Performance | 0.738    | 0.881           | 0.907                 | 0.539    |

Source: SmartPLS 2.0

Refer to Chin (1998), the value of R square amounted to 0.67 (strong), 0.33 (medium) and 0.19 (weak).

The table shows that the value of R<sup>2</sup> of Rural Bank Performance as endogenous variable is in a close to strong criteria (>0.6 = strong), and all of the value of Q square is in a great criteria, so it can be concluded that the research model is supported by empirical condition or the model is fit.

**4.1.2 Measurement Model (outer model)**

Analysis of measurement model (outer model) shows manifest variables (indicators) with each latent variables. It is used as validity and reliability test to measure latent variable and indicator in measuring dimension that is construct. It can be explained by the value of Cronbachs Alpha to see the reliability of dimension in measuring variables. If the value of Cronbachs Alpha bigger than 0.70 (Nunnaly, 1994), it show that the dimensions and indicators are reliable in measuring variables. Composite reliability and Cronbachs Alpha of variables > 0.70 show that all of variables in the model estimated fulfill the criteria of discriminant validity. Then, it can be concluded that all of variables has a good reliability.

The usage of Second Order in the research model cause loading factor obtained can explains the relationship between latent variables-dimensions and dimensions-indicators. The table below shows the result of measurement model for each dimensions on indicators.

TABLE 4: LOADING FACTOR OF LATENT VARIABLE-DIMENSION-INDICATOR

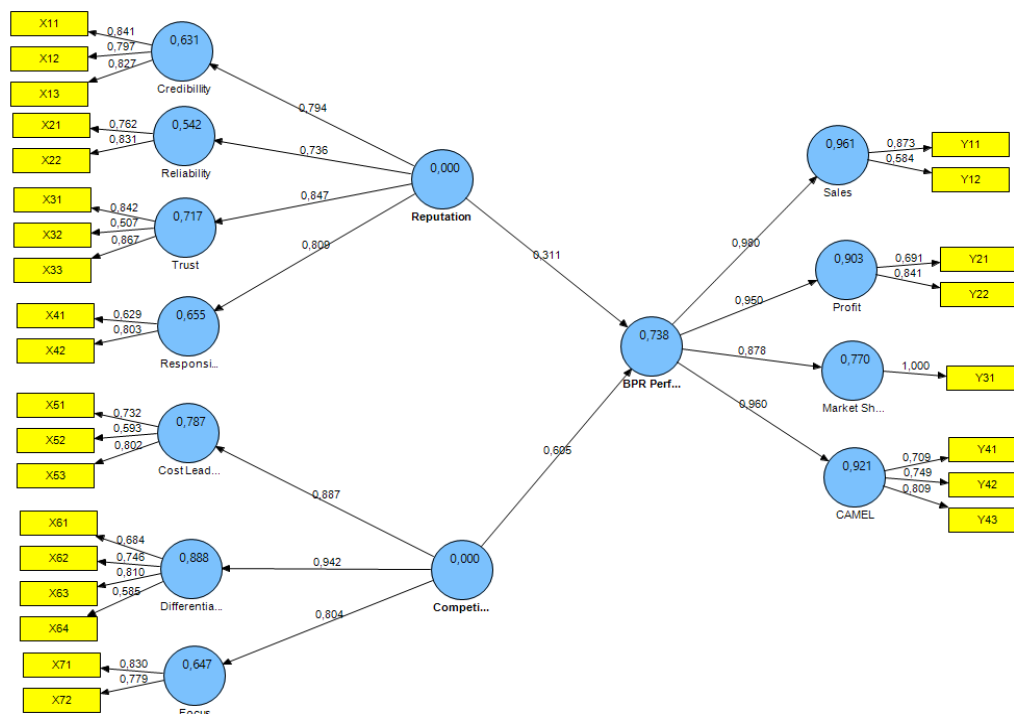
| Variable-Dimension                      | Indicator-Dimension    | $\lambda$ | t-value | Conclusion |
|---|------------------------|-----------|---------|------------|
| Reputation -> Credibility               |                        | 0.794     | 14.714  | Valid      |
|   | X11 <- Credibility     | 0.841     | 17.878  | Valid      |
|   | X12 <- Credibility     | 0.797     | 18.086  | Valid      |
|   | X13 <- Credibility     | 0.827     | 18.214  | Valid      |
| Reputation -> Reliability               |                        | 0.736     | 13.584  | Valid      |
|   | X21 <- Reliability     | 0.762     | 9.940   | Valid      |
|   | X22 <- Reliability     | 0.831     | 19.465  | Valid      |
| Reputation -> Trust                     |                        | 0.847     | 22.166  | Valid      |
|   | X31 <- Trust           | 0.842     | 22.554  | Valid      |
|   | X32 <- Trust           | 0.507     | 4.899   | Valid      |
|   | X33 <- Trust           | 0.867     | 28.249  | Valid      |
| Reputation -> Responsibility            |                        | 0.809     | 19.294  | Valid      |
|   | X41 <- Responsibility  | 0.629     | 5.447   | Valid      |
|   | X42 <- Responsibility  | 0.803     | 14.781  | Valid      |
| Competitive Strategy -> Cost Leadsrhip  |                        | 0.887     | 26.248  | Valid      |
|   | X51 <- Cost Leadsrhip  | 0.732     | 10.301  | Valid      |
|   | X52 <- Cost Leadsrhip  | 0.593     | 7.098   | Valid      |
|   | X53 <- Cost Leadsrhip  | 0.802     | 13.117  | Valid      |
| Competitive Strategy -> Differentiation |                        | 0.942     | 66.684  | Valid      |
|   | X61 <- Differentiation | 0.684     | 10.441  | Valid      |
|   | X62 <- Differentiation | 0.746     | 14.422  | Valid      |
|   | X63 <- Differentiation | 0.810     | 20.152  | Valid      |
|   | X64 <- Differentiation | 0.585     | 6.532   | Valid      |
| Competitive Strategy -> Focus           |                        | 0.804     | 16.269  | Valid      |
|   | X71 <- Focus           | 0.830     | 17.216  | Valid      |
|   | X72 <- Focus           | 0.779     | 19.660  | Valid      |
| Rural Bank Performance -> Sales         |                        | 0.980     | 245.955 | Valid      |
|   | Y11 <- Sales           | 0.873     | 32.306  | Valid      |
|   | Y12 <- Sales           | 0.584     | 4.592   | Valid      |
| Rural Bank Performance -> Profit        |                        | 0.950     | 94.383  | Valid      |
|   | Y21 <- Profit          | 0.691     | 8.501   | Valid      |
|   | Y22 <- Profit          | 0.841     | 35.771  | Valid      |
| Rural Bank Performance -> Market Share  |                        | 0.878     | 43.381  | Valid      |
|   | Y31 <- Market Share    | 1.00      | -       | Valid      |
| Rural Bank Performance -> CAMEL         |                        | 0.960     | 93.764  | Valid      |
|   | Y41 <- CAMEL           | 0.709     | 11.805  | Valid      |
|   | Y42 <- CAMEL           | 0.749     | 10.690  | Valid      |
|   | Y43 <- CAMEL           | 0.809     | 31.528  | Valid      |

The result of measurement model of dimensions by its indicators show that the indicators are valid which the value of  $t < 1.98$  (t table at  $\alpha = 0.05$ )

The result of measurement model of latent variables on their dimensions shows the validity of dimensions in measuring latent variables. Following table shows the result of measurement model for each latent variable on dimension.

Following figure show the complete path diagram:

FIGURE 1: COMPLETE PATH DIAGRAM OF RESEARCH MODEL



4.1.3 Structural Model

Based on the research framework, then obtained a structural model as follow:

$$Y = 0.311X_1 + 0.605X_2 + \zeta_1$$

Which are :

Y= Rural Bank Performance

X1= Reputation

X2 = Competitive Strategy

$\zeta_1$ =Residual

4.2 HYPOTHESIS TESTING

4.2.1 The influence of company reputation and competitive strategy on Rural Bank Performance in West Java

Below is the result of hypothesis testing both simultaneously and partially.

a. Simultaneous Hypothesis testing

Below is the result of simultaneous testing of hypothesis:

TABLE 5: SIMULTANEOUS TESTING OF HYPOTHESIS

| Hypothesis  | R <sup>2</sup> | F       | Conclusion          |
|---|----------------|---------|---------------------|
| Reputation and Competitive Strategy -> Rural Bank Performance | 0.738          | 140.03* | Hypothesis accepted |

\* significant at  $\alpha=0.05$  (F table =3.09)

Based on the table, it is known that within the degree of confidence of 95% ( $\alpha=0.05$ ) simultaneously there is the influence of company reputation and competitive strategy on Rural Bank Performance in West Java amounted to 73.8%, while the rest of 26.2% is affected by other factor did not examined.

b. Partial Hypothesis testing

Below is the result of partial testing of hypothesis :

TABLE 6: PARTIAL TESTING OF HYPOTHESIS

| Hypothesis                                     | $\gamma$ | t     | R <sup>2</sup> | Conclusion          |
|--|----------|-------|----------------|---------------------|
| Reputation -> Rural Bank Performance           | 0.311    | 3.871 | 0.234          | Hypothesis accepted |
| Competitive Strategy -> Rural Bank Performance | 0.605    | 7.687 | 0.504          | Hypothesis accepted |

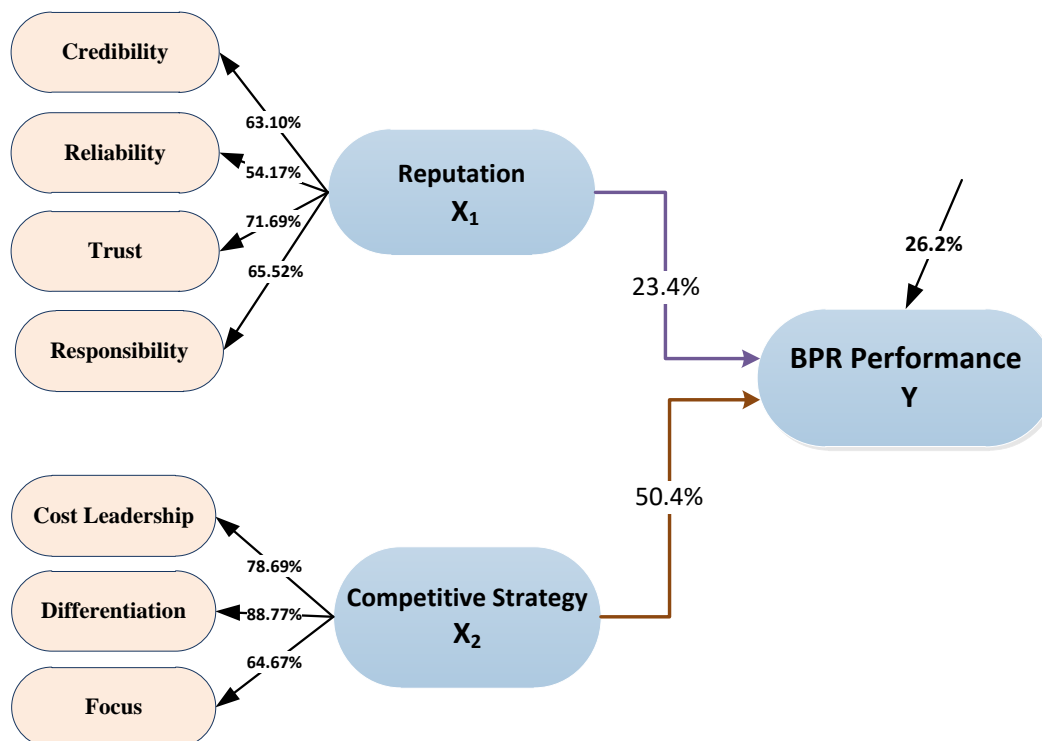
\* significant at  $\alpha=0.05$  (t table =1.98)

The table show that partially, company reputation and competitive strategy influential significantly to rural bank performance, which is competitive strategy has a greater influence (50.4%).

4.2.2 Research Finding

Based on the results of hypothesis testing obtained the findings as follows:

FIGURE 2: RESEARCH FINDING



The research findings indicate that both company reputation and competitive strategy have significant influence on Rural Bank performance. Competitive strategy has a greater impact than company reputation in improving the performance of rural banks.

Competitive strategy is more dominantly influenced by the differentiation strategy than by cost leadership and focus strategy. So in an effort to improve the performance of rural bank in West Java, the management must be more focused in improving the implementation of differentiation strategy supported by the optimization of the implementation of cost leadership and focus strategies.

The development of competitive strategy in order to improve the performance of rural banks also needs to be supported by the development of company reputation. In an effort to develop reputation, the management must strive to develop the customer trust and being supported by the development of responsibility, credibility, and reliability.

The findings of this study indicate the dominant influence of competitive strategy in improving the performance of rural banks, in line with the results of Kaliappen & Hilman (2014), Teeratsirikool, Siengthai, Badir, Charoenngam (2012) and Daneshvar & Ramesh (2012) that showed the linkage between competitive strategy and performance company.



**V. CONCLUSION AND RECOMMENDATION****5.1 CONCLUSION**

Based on the result of hypothesis testing, it can be concluded that company's reputation and competitive strategy can improve rural bank performance, where competitive strategy has more dominant influence than company reputation.

The results of this study have implications for rural bank management to further improve its competitive strategy more precisely supported by the development of company reputation as an effort to improve rural bank performance.

**5.2 RECOMMENDATION**

This research can be used as a reference for further research by making it as part of preparing the premise. In the future is expected from academicians to be interested in doing research on rural bank from a different perspective in an effort to increase their performance.

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In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

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