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QUALITY OF WORK LIFE PRACTICES OF ACADEMIC PROFESSIONALS IN BANGLADESH: A FACTOR ANALYTICAL APPROACH

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ABSTRACT

Quality of work life (QoWL) is viewed as an alternative to the control approach of managing people. The QoWL approach considers people as an 'assets' to the organization rather than as 'costs'. It believes that people perform better when they are allowed to participate in managing their work and make decisions. This approach motivates people by satisfying not only their economic needs but also their social and psychological ones. The literature survey revealed that like other developed, developing countries, QoWL as an area of research have not received proper attention in Bangladesh. Therefore, the authors took interest to somewhat cover this wide research gap. In order to fill the gap the present study was undertaken. . Secondary literatures and primary data collections method were used for the study. In this study attempted to rank QoWL practices with respect to their importance in the context of Bangladesh through using 'Exploratory Factor Analysis' (EFA). The results show that four factors of QoWL practices extracted from the analysis accounted together with 56.754% of the total variance. These four practices such as 'job benefits for family', 'physically safe', 'payment for work', and 'creativity of outside work' ranked as first, second, third, and fourth respectively with respect to their importance. Outcomes of the study would benefit the academicians, researchers, policy-makers, and practitioners of Bangladesh and other similar countries.

KEYWORDS

Academic Professionals, Factor Analytical Approach, Quality of Work Life (QoWL).

INTRODUCTION

Quality of work life (QoWL) is viewed as an alternative control approach of managing people. The QoWL approach considers people as an 'asset' to the organization rather than as 'costs'. It believes that people perform better when they are allowed to participate in managing their work and make decisions. This approach motivates people by satisfying not only their economic needs but also their social and psychological ones. To satisfy the new generation workforce, organizations need to concentrate on job designs and organization of work. Further, today's workforce is realizing the importance of relationships and is trying to strike a balance between career and personal live. Successful organizations support and provide facilities to their people to help them to balance the scales. In this process, organizations are coming up with new and innovative ideas to improve the quality of work and quality of working life of every individual in the organization. Organizations are enjoying the fruits of implementing QoWL programs in the form of increased productivity, and an efficient, satisfied, and committed workforce which aims to achieve organizational objectives.

QUALITY OF WORK LIFE: THEORETICAL AND EMPIRICAL OVERVIEW

A number of researchers and theorists have been interested in the meaning of the quality of work life concept and have tried to identify the kinds of factors that determine such an experience at work (Kalra and Ghosh, 1984; Mirvis and Lawler, 1982; Kerse and Booth- Kewley, 1993). Given the many perspectives by these researchers, the questions remain, what constitutes a high quality of work life? A high QoWL is essential for organizations to continue to attract and retain employees. QoWL refers to a sense of well-being and satisfaction experienced by people under their current life conditions (Lehman, 1983).

According to Straw and Hecksher (1984) QoWL is a philosophy, a set of principles, which holds that people are the most important resource in the organization as they are trustworthy, responsible, capable of making valuable contribution and they should be treated with dignity and respect. Robins (1990) stated that QoWL is a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work (as cited in Islam & Siengthai, 2009). According to Akdere (2006), the issue of work life quality has become critical in the last two decades due to increasing demands of today's business environment and family structure. Hackman and Oldham (1976) described as psychological growth needs (i.e., skill variety, task identity, task significance, autonomy and feedback) as relevant to the consideration of QoWL. They suggested that such needs have to be addressed if employees are to experience high quality of working life.

Taylor (1979) more pragmatically identified the essential components of QoWL as basic extrinsic job factors of wages, hours and working conditions, and the intrinsic job notions of the nature of the work itself. He suggested that a number of other aspects could be added, including; individual power, employee participation in the management, fairness and equity, social support, use of one's present skills, self development,

a meaningful future at work, social relevance of the work or product, effect on extra work activities. Further, he suggested that relevant Quality of working life concepts may vary according to organisation and employee group.

Warr and colleagues (1979) considered a range of apparently relevant factors of QoWL, including work involvement, intrinsic job motivation, higher order need strength, perceived intrinsic job characteristics, job satisfaction, life satisfaction, happiness, and self-rated anxiety. In particular, they found evidence for a moderate association between total job satisfaction and total life satisfaction and happiness, with a less strong, but significant association with self-rated anxiety. Baba and Jamal (1991) listed what they described as typical indicators of QoWL, including: job satisfaction, job involvement, work role ambiguity, work role conflict, work role overload, job stress, organizational commitment and turn-over intentions. They also explored reutilization of job content, suggesting that this fact should be investigated as part of the concept of QoWL.

QoWL is not a unitary concept, but has been seen as incorporating a hierarchy of perspectives that not only include work-based factors such as job satisfaction, satisfaction with pay and relationships with work colleagues, but also factors that broadly reflect life satisfaction and general feelings of well-being (Danna & Griffin, 1999). More recently, work-related stress and the relationship between work and non-work life domains (Loscocco & Roschelle, 1991) have also been identified as factors that should conceptually be included in QoWL. Sadique (2007) indicated that the designation, experience and age of sugar mill employees in Bangladesh do not alter their rating of the existing and expected QoWL.

May, Lau and Johnson (1999) pointed out that companies offering better QoWL and supportive work environments would likely gain leverage in hiring and retaining valuable people and companies with high QoWL enjoy exceptional growth and profitability. The reality is that in the organization the sharing of social understanding and the participation of all parties concerned would constitute positive attitude for better QoWL and higher productivity. Enhancing QoWL will result in productivity improvement and gains from productivity improvements in turn will strengthen QoWL (Walton, 1972 as cited in Sadique, 2007). Clark (1997) considered such an approach as rational if it is accepted that an increase of work quality is important for an increase of job benefits which employees acquire. Namely he pointed out that job satisfaction can be as close as it is likely to have a close measure of job benefits (as cited in Wooden and Warren, 2003).

The above literature survey reveals that like other developed, developing countries, QoWL as an area of research have not received proper attention in Bangladesh. Therefore, the authors took interest to somewhat cover this wide research gap. In order to fill the gap the present study was undertaken.

OBJECTIVES OF THE STUDY

The following three objectives were under taken for the study:

1. To determine a set of factor that can adequately represent the conception of QoWL;
2. To rank the QoWL practices of the academic professionals in Bangladesh with respect to their importance; and
3. To offer some policy implications to enhance the QoWL of academic professionals in public and private universities in Bangladesh.

RESEARCH METHODOLOGY

Research methodologies of the present study were outlined below.

SAMPLE

A sampling frame of eleven universities was prepared comprising of three public universities[Chittagong University(CU), Chittagong University of Engineering & Technology(CUET) and Chittagong Veterinary and Animal Sciences University(CVAS)] and eight private universities[Independent University of Bangladesh (IUB), Premier University(PU), Southern University(SU), International Islamic University of Chittagong (IIUC), East Delta University (EDU), BCG Trust University, University Science and Technology Chittagong (USTC), University of Information Technology and Sciences (UITS) approved by the University Grants Commission of Bangladesh(UGC) from Chittagong, Bangladesh. Lecturer, Assistant Professor, Associate Professor and Professor were considered as separate strata of academic professional. Therefore from each stratum ten percent of the academic professionals were selected from each university. In this way 202 academic professionals (i.e., Lecturer = 61; Assistant Professor = 57; Associate Professor = 47 and Professor =37) were selected randomly for direct personal interview.

QUESTIONNAIRE DEVELOPMENT

Since this study is not a replication of any previous studies, the questionnaire was developed through literature and a mix and match approach was undertaken from Sirgy, Efraty, Siegel and Lee (2004) to modify the sentence or complete withdrawal wherever necessary to suit the local context. While academics assisted in assessing face validity. The final questionnaire was pre-tested on 20 academic professionals. The coefficient values were all above 0.7, thus meeting Nunnally and Bernstein (1994) recommendation of >0.7 as the acceptable reliability level. The overall alpha value was 0.783.

RESPONSE SCALE

A 16-items Likert type questionnaire (where 1=strongly disagree to 7 = strongly agree) was developed with some modifications from Sirgy et.al., (2004) to measure the QoWL.

ANALYSIS TECHNIQUES

The quantitative data collected was subjected to inferential statistics (i.e., exploratory factor analysis). For the study, entire analysis is done by personal computer. A well known 'statistical package for social sciences' (SPSS) 13.0 version was used in order to analyze the data.

RESULTS AND DISCUSSIONS

Results and discussion were discussed under the following sub-heads.

DESCRIPTION OF THE SAMPLE RESPONDENTS

Of the respondents, 66.3 percent is male and 33.7 percent is female. The majority of the respondents are aged below 30-39 years (39.6%), followed by below 29 years(37.1%), 40-49 years (13.9%), 50-60 years (6.9%) and above 60 years (2.5%). 34.7 percent of the respondents are

single and 65.3 percent are married. The majority has master's degree (77.2%), doctorate (12.4%), post-doctoral (5.4%) and honours (5%). In terms of length of service, 73.8 percent of the respondents have less than 10 years of working experiences of which 26.2 percent from these respondents have greater than 10 years of working experiences.

RELIABILITY OF THE SCALES

Before applying factor analysis, testing of the reliability of the scale is very much important as it shows the extent to which a scale produces consistent result if measurements are made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scales. If the association is high, the scale yields consistent result, thus is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value is required to be more than 0.6 for the scale to be reliable (Malhotra, 2002; Cronbach, 1951). Its value is estimated to be 0.783. If we compare our reliability value with the standard value alpha of 0.6 advocated by Cronbach (1951), we find that the scales used by us are highly reliable for factor analysis.

SAMPLING ADEQUACY

After checking the reliability of scale, we tested whether the collected data is appropriate for factor analysis or not. The appropriateness of factor analysis is dependent upon the sample size. In this connection, MacCallum, Windaman, Zhang and Hong (1999) stated that the minimum sample size depends upon other aspects of the design of the study. According to them, as communalities become lower the importance of sample size increases. They advocated that if all communalities are above 0.5, relatively small samples (less than 300) may be perfectly adequate (For details please see table-2). It is clear that a sample size of three hundred as is used in the present study is good for a suitable factor solution because all communalities are 0.5 and above. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is still another useful method to show the appropriateness of data for factor analysis.

Table 1: KMO and Bartlett's test

Kaiser – Meyer- Olkin Measures of Sampling Adequacy		.885
Bartlett's Test of Sphericity		
Approx.	Chi- Square	1007.907
	df	.120
	Significance	.000

Source: Field Study

From the table-1 it is seen that the KMO statistics varies between 0 and 1. Kaiser (1974) recommended that values greater than 0.5 are acceptable. Between 0.5 and 0.7 are mediocre, between 0.7 and 0.8 are good, between 0.8 and 0.9 are superb (Field, 2000). In this study, the value of KMO for overall matrix is 0.885 (For details please table-2), thereby indicating that the sample taken to process the factor analysis is statistically significant.

APPROPRIATENESS OF THE COLLECTED DATA

Bartlett's test of sphericity (Bartlett, 1950) is the third statistical test applied in the study for verifying its appropriateness. This test should be significant i.e., having a significance value less than 0.5. In the present study, test value of Chi -Square 1007.907 is highly significant (as also given in table-2) indicating that the data is appropriate for the factor analysis.

FACTOR ANALYSIS

After examining the reliability of the scale and testing appropriateness of data as above, we next carried out factor analysis to measure the QoWL. For this, we employed Principal Component Analysis (PCA) followed by the varimax rotation, (Generally, researchers' recommend as varimax). It is worth mentioning out here that factor loading greater than 0.30 are considered significant. 0.40 are considered more important and 0.50 or greater are considered very significant (Hair, Anderson, Tatham, and Black, 2003). For parsimony, only those factors with loadings above 0.50 were considered significant (Pal, 1986; Pal & Bagi, 1987; Hair, Anderson, Tatham, & Black, 2003). Further then one variable (i.e., QoWL-8) is dropped from the analysis because of its low loadings and difficulty of interpretation, it is shown the following table-2.

Table 2: Rotated Component Matrix

Variables of QoWL	Factor(s)				Communalities (h ²)
	1	2	3	4	
QoWL-16	.773				.684
QoWL-14	.753				.675
QoWL-15	.736				.604
QoWL-12	.720				.564
QoWL-11	.544				.584
QoWL-13	.543				.505
QoWL-4		.783			.624
QoWL-5		.691			.693

QoWL-2		.577			.528
QoWL-9		.517			.506
QoWL-1			.743		.644
QoWL-3			.694		.546
QoWL-7			.583		.538
QoWL-10			.569		.535
QoWL-6				.872	.785
Eigen Value	5.546	1.329	1.160	1.046	
% of Variance	22.379	14.578	12.747	7.050	
Cumulative %	22.379	36.957	49.704	56.754	

Source: Field Study

Each of four QoWL's factor listed in table- 2 is labelled according to the name of the value that loaded most highly for those QoWL. The higher a factor loading, the more would its test reflect or measure as QoWL (Pallant, 2005). The QoWL's variable getting highest loading becomes the title of each factor of QoWL. e.g. 'creativity of outside work' - title of QoWL factor-I and the like.

Factor-I: Creativity of outside work - This factor is represented by six variables of QoWL with factor loadings ranging from 0.773 to 0.543. They are 'creativity of outside work', 'professional skills', 'creativity involvement', 'potential', 'realization', and 'learning new things'.

Factor-II: Payment for work – Four variables of QoWL ranging from 0.783 to 0.517 belongs to 'payment for work', 'jobs secure', 'healthy benefits', and 'appreciation'.

Factor-III: Physically safe- This factor comprises four variables like 'physically safe', 'healthy and fit', 'good friends', and 'respectation' ranging from 0.743 to 0.569.

Factor- IV: Job's benefits for family - Job's benefits for family comprises this factor, its loadings is 0.872.

FACTOR SCORE

Ranking of the above practices in order of their importance along with factor score is shown in Table 3. The importance of these practices as perceived by the respondents has been ranked on the basis of factor score.

Table 3: Ranking of QoWL practices according to their importance

Key QoWL Practices	Factor Score ¹	Rank
Factor1 : Creativity of outside work	0.169	4
Factor 2 : Payment for work	0.238	3
Factor 3 : Physically safe	0.249	2
Factor 4: Job's benefits for family	0.698	1

Source: Field Study

As depicted in table 3, the QoWL Practices: "job benefits for family", 'physically safe', 'payment for work', and 'creativity of outside work' ranked as first, second, third, and fourth respectively with respect to their importance

CONCLUSION

The present study identified four factors of QoWL practices with 56.754% of the total variance. These four practices such as 'job benefits for family', 'physically safe', 'payment for work', and 'creativity of outside work' ranked as first, second, third, and fourth respectively with respect to their importance. Outcomes of the study would benefit the academicians, researchers, policy-makers, and practitioners of Bangladesh and other similar countries.

SUGGESTIONS

The following policy implications may be useful for overall improvement of QoWL of academic professional of the universities in Bangladesh.

1. Universities should provide job security, conducive working environment, research facilities, and overall career advancement opportunities for their academic professionals.
2. Universities should offer minimum reasonable salaries and benefits to their academic professionals.

CONTRIBUTION OF THE STUDY

It is hoped that the study will contribute greatly to the literature of QoWL in Bangladesh and other similar countries. Besides, suggestive recommendations will have much effect on improving QoWL. The suitable policy formulation based on the findings of the study, to the best interest of the academic professionals as well as of the country will go a long way to open a new era in the field of the country's human resource development.

¹ Factor score = Composite scores estimated for each respondents on the derived factors. The Factor scores for the i th factor may be estimated as follows: $F_i = W_{i1}X_1 + W_{i2}X_2 + W_{i3}X_3 + \dots + W_{ik}X_k$

Where

F_i = estimate of i th factor; W_i = Weight or factor score coefficient; K = number of variables

*Factor Score = Factor loadings X Component Score Coefficient

Malhotra, N. K. (2002). Marketing Research: An Applied Orientation (3rd ed.). New Delhi, India: Pearson Education Asia.

DIRECTION FOR THE FUTURE RESEARCHES

Researches usually stem from the need of the society. Generally, a research raises more problems and issues than it proposes to solve. To fulfil the existing need and to identify problems, it is naturally expected that the present study will encourage, stimulate and even provoke future researches in the area of QoWL in Bangladesh and similar countries. A few suggestions for further researches based on the experience of the present study are given below:

1. The comparative study of QoWL of academic professionals between the public and private universities with in Bangladesh may be made.
2. The comparative study of QoWL of academic professionals among SAARC countries and Bangladesh can be made.
3. A separate study may be done regarding the relationships between QoWL and Job related outcomes.
4. A separate study may be done between educational level and QoWL on Job satisfaction.

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ANNEXURE

Annexure: 1: Survey items/ Research Instrument

[Based on Seven point Likert scale i.e., strongly disagree (1) to strongly agree (7)]

Variable Relates to Quality of Working Life	
QWL1	I feel physically safe at work.
QWL2	My job provides good health benefits .
QWL3	I do my best to stay healthy and fit .
QWL4	I am satisfied with what I am getting (paid) for my work.
QWL5	I feel that my job is secured for life.
QWL6	My job does well for my family .
QWL7	I have good friends at work .
QWL8	I have enough time away from work to enjoy other things in life.
QWL9	I feel appreciated at work.

QWL10	People at work and / or within my profession respect me as a professional and an expert in my field of work.
QWL11	I feel that my job allows me to realize my full potential.
QWL12	I feel that I am realizing my potential as an expert in my line of work.
QWL13	I feel that I am always learning new things that help do my job better.
QWL14	This job allows me to sharpen my professional skills .
QWL15	There is a lot of creativity involved in my job.
QWL16	My job helps me develop my creativity outside of work .



SUPPLY CHAIN INTEGRATION AND COLLABORATION USING E- BUSINESS MODEL IN TEXTILE GARMENT INDUSTRY

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ABSTRACT

Information technology has been used increasingly to enhance the global competitiveness in various industries through the widespread application of cost effective e-Supply chain management (e-SCM). The advent of the Internet and electronic communication has enabled companies to be more responsive to their customers. Successful supply chain management requires a change from managing individual functions to integrating activities into the key supply chain process. The textile and garment industry stands out as one of the globalised industries in the world today that differs from buyer driven supply chains led by multinational companies. The garment industry is a supply driven commodity chain led by a combination of many stakeholders. Each plays an important role in a network of Supply chains which spans from fibres to yarn, to fabrics, to accessories, to garments, to trading and to marketing.

The supply chain of textile industry involves product design and development, material sourcing and product manufacturing, product distribution and retailing of products. The product design stage should involve customers in order to define and fulfill their requirements. The Supply chain that operates fluidly and benefits the entire value chain by speeding up communication between customers and their suppliers, improving service quality, and reducing costs. In this article, the authors aimed to address the issues and future directions to how well manage the supply chain in textile garment industry. The purpose of the study is to gain an understanding of the development of e-supply chain. This study specifically examines the issues arising from current supply chain practices and the coping strategies used to deal with the issues. The research is focused on survey method to collect participants' responses to two major questions as described in this paper and hypotheses are tested empirically and concluded with suggestions and recommendations managerial and research implications

KEY WORDS

e-business, e-Supply chain management (e-SCM), Information Communication Technologies (ICT), Supply chain Collaboration (SCC), Textile garment Supply chain.

1. INTRODUCTION

The textile-garment Industry is a traditional industry, which lies upstream of Textile distribution and downstream from the clothing sector. The textile and clothing chain embraces several different sets of activities, occupations and roles. Information technology has dramatically and irreversibly altered the nature of supply chains. Successful information enriched e-supply chains must view their information as strategic asset and ensure that it flows with minimum delay and distortion. There are gains by moving from the traditional approach to modern collaborative and partnership approaches (Cox et al and Harland et al, 2001). They suggested that collaborative approaches in supply chain cover long term agreement, improved management capabilities, marketing advantage, improved technological capabilities lie between IT Services providers and the value chain partners and thus financial stability, lower inventories, secured supply, lower design cost, on-time delivery, improved quality, faster Product development and reduced total cost and increased profitability for all parties is achieved. Hugos (2002) reported that many companies employing SCM have continuously faced problems with its realization, although numerous solutions to these problems have been offered. These include the sharing of information with parties along the supply chain as well as the utilization of advancements in Information Technology (IT). In fact, the importance of in-depth knowledge of different e-business models and the Internet as tools of transforming SCM has been suggested. The below figure 1 is the frame work of e-SCM in textile garment industry.

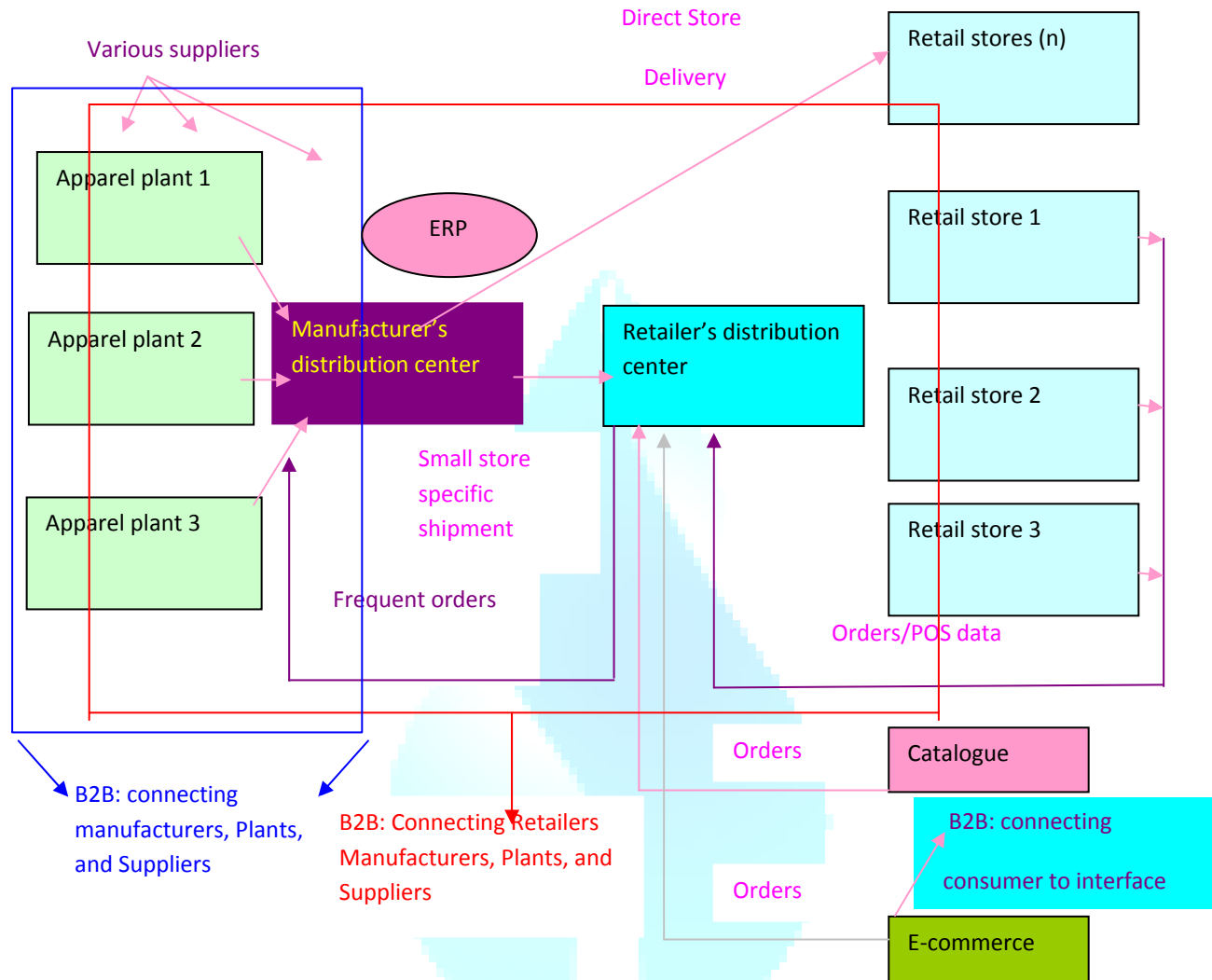


Figure 1: e-SCM Framework for Textile Garment industry
Source: Author

The explosion of supply chain data created by information technology has created significant pressure on researchers to invent “e-business model”. In this study, Four groups of key group success factors have mutually reinforced and accelerated each other’s growth in the intense pace of innovation in IT. The first group of assessment factors focuses on a growing awareness and intelligent technologies such as Extranet, EDI, ERP, EPOS, and Internet technologies to harvest customer insights. The second group includes the collaborative e-business models. The third group includes the cost competitive factors such as Price, Quality, Delivery performance, Service support and Information sharing with optimal inventory levels. The fourth group includes the integration and coordination among the supply chain partners.

Third party logistics (3PL) are source of high complexity and high cost in the provision of customer service in the e-SCM system of Indian textile clothing industry. Efficient and effective collaboration is critical for the success of the soft goods supply chain. The recent explosion of e-SCM technologies is providing the platform for easier communication and collaboration among the entities in the chain from fiber supplier to retail store. For a successful e-supply chain collaborative effort, partner selection, knowledge of e-business, Information sharing is essential issues requiring resolution. Successful resolution of such issues involves the simultaneous consideration of a number of possibly conflicting criteria including both quantitative factors such as cost, inventory and lead-time and vague qualitative factors such as “quality”, “reliability” and “reputation”. Therefore it is significant to consider this research as to conceptualize e-SCM model which is significant to support collaborative efforts in the operations of textile garment companies across multiple tiers of the industry supply chain with the use of Internet technologies.

2. STATEMENT OF THE PROBLEM

2.1 PROBLEM DISCUSSION

This research attempted to investigate the interaction of supply chain and logistics with the Information Technology that could enable the network partners to make strategies to address the several business issues with regard to reducing demand error, lead-time, inventory, cost, and various supply chain risks from supply chain integration and collaboration.

As described in literature review, there is a gap in investigating the important issues that must be considered by Indian Textile and Garment companies seeking to transform their SCM and proceed into e-SCM. Organizations must have extensive knowledge of the processes of SCM as well as of the different types of e-business models. In addition, businesses must learn to identify the key success factors that contribute to a sound e-business model encompassing logistics outsourcing and strategic alliances and make use of them accordingly. Companies should be aware of the major shifts in business focus influenced by SCM and pay particular attention to the emphasis upon collaboration, customer focus, and customization of products/services. e-Business must create networks with other firms in ways allowing both sides to benefit as much as possible. As the digital era is constantly witnessing massive changes, e-business, especially over the Internet, should be considered increasingly otherwise it is difficult to sustain. Afuah and Tucci (2003).

The basic problem at suppliers through retailers in the supply chain is the difficulty in estimating the demand for textile-garment products as these vary widely on year-to-year basis and have limited shelf life and they cease to be of any value once the particular "Fashion Fad" is over. For regular goods, though the variation in styling is limited and shelf life of them is higher than fashion goods. It is relatively less risky in estimating demand but still greatly affected by seasons and colour of the fabric.

This product market structure is characterized by high over stocking (inventory) and under stocking cost. Overstocking cost is reflected in huge discounts offered by these companies to clear non-moving inventory. Under stocking is reflected in high cost of lost sales and the corresponding effect on customer satisfaction and brand loyalty.

Further the supply chain of garment exporters is characterized by high lead times and uncertainty due to lack of information flow about the final demand of the products (Faced by the foreign buyer). Supply chain collaborative activities are distributed across continents where the sourcing, manufacturing and final sales happen in different countries. This implies that within the supply network of textile garment industry suffers great volatility- bullwhip effect in SCM. Both integration and collaboration between the supply chain members and e-business models development are especially critical in e-SCM (Thomassey, Happiette and Castelain, 2005). This provides a fertile ground for this study.

Globalization has accelerated the application of e-supply chain management as a mechanism to enhance corporate performance. At the same time this rapid economic development has also accelerated the destruction of environmental and social conditions in these areas, and this has resulted in a lot of media and public attention. So, this study is designed to explore how the e-SCM can be helpful for supply chain integration and collaboration. This research may help textile-garment businesses to implement growth strategies, leverage technology and thrive through the power of collaboration.

There are no similar systematic studies conducted in India on the viability of e-SCM model in textile and garment industry subjected to many key successful factors of e-supply chain management. Thus the benefits of adopting the e-SCM models on many fronts of the business are not known when actually adopted by textile garment industry. Therefore the research question is set as to understand how Information Communication Technologies (ICT) are internet enabled, have helped Textile Garment manufacturers to adopt new e-SCM model for supply chain integration and collaboration. The study redefines by broadening the scope of e-supply chain management with EPOS implementation at the distribution level.

Based on the findings of the pilot study certain factors that influenced the performance of e-SCM and logistics management were identified. These included the competitive factors and key success factors under which the study was carried out and few additional factors such as "e-business model" and "supply chain integration factors, collaboration factors"

There is lack of clarity and inadequacy about the interaction of ICT technologies and organizations that need to focus to achieve better results. organizations use automated processes to support partnerships, integration and collaboration and it usually utilizes ICT and web-based technologies securely acquiring, distributing, and managing information. In fact, the more flexible an organization becomes, the more likely it is to effectively and efficiently responds to customers' needs and wants.

2.1.2. PURPOSE

The purpose of the study is to gain an understanding of the development of e-supply chain and logistics management of Indian textile garment manufacturing. This study specifically examines the issues arising from current supply chain practices and the coping strategies used to deal with the issues. The research is focused on participants' responses to two major questions: 1) How an e-SCM model can help Indian textile garment industry to gain competitive advantage, 2) How Information Technology could enable the network partners of supply chain and logistics management to make strategies to address the business issues

ICT and Electronic commerce application started in early 1970s, in the developed countries. However, the extent of the applications was limited to large corporations, financial institutions and few daring small businesses with such innovation as electronic fund transfers (EFT). Electronic commerce (EC), being a new field, is just developing its scientific foundations in Indian textile and garment industry and it is an interdisciplinary. The major disciplines of EC and ICT are marketing, computer sciences, consumer behavior, finance and economics. The simple framework of e-supply chain management, which provides an insight to the development of e-SCM model, is shown in figure below.

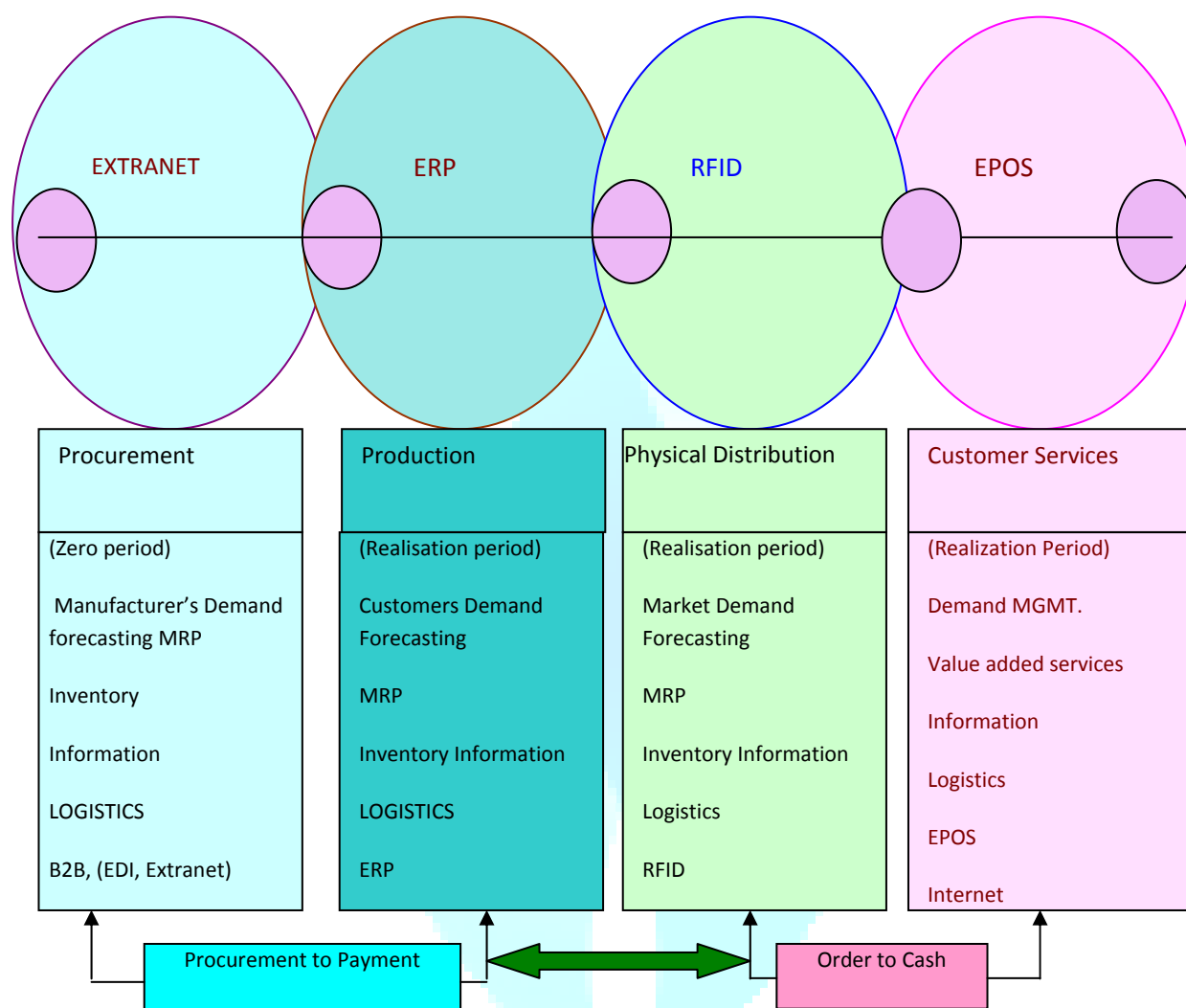


Figure 1.3: Framework of e-Supply chain management–Process and Technology Integration

Source: Author

The purpose, approach, methodology, analysis, and interpretation of the study need to be compatible to achieve a coherent account of this paper emphasizing e-SCM and logistics development and strategies for operational efficiency. These pieces are all interrelated aspects of the study and are now further outlined with following study objectives and hypotheses.

2.2. OBJECTIVES

To understand the conceptual e-supply chain model for Textile-garment industry for supply chain collaborative strategies.
 To investigate how the Information Technology helped textile-garment industry for their operational efficiency.
 To evaluate the effect of electronic point of sales technology on textile-garment firms
 To analyze the level of integration and collaboration for development of e-business models.

2.3. HYPOTHESES

H1: A greater integration among the stakeholders facilitates implementation of e-business.
 H2: Collaboration in the textile and garment industry has got higher potential for e- business investment
 H3: Point of Sales (POS) are highly effective for reducing the demand uncertainty (Bull whip)

3. SURVEY OF LITERATURE

3.1 SUPPLY CHAIN

Turban et al. (2004) According to him the supply chain of a business refers to the flow of materials, information, payments, and services from raw material suppliers, via factories and warehouses, to the end customers. A supply chain also includes the organizations and processes that create and deliver products, information, and services to the end customers. To manage the supply chain activities, organizations utilize SCM in order to plan, organize, and coordinate. Today the concept of SCM refers to a total systems approach to managing the entire supply chain. (Turban et al., 2004) As argued by Kumar (2001) and Vakharia (2002), SCM is usually supported by IT.

3.2 e-SUPPLY CHAIN

Morgan Stanley, (2001). According to studies conducted by Morgan Stanley, the topic of supply chain management was recently found to be the number one priority of chief information officers. In fact, when IT is employed and a supply chain is managed electronically, often with Web based software, it is referred to as an e-supply chain. The advent of e-commerce and increased pressure from stakeholders has created a more demanding landscape.

The term supply chain integration represents the synthesis of all process and activities in the complete manufacturing and distribution cycle—this includes everything from product design, material and component ordering, manufacturing and assembly, and warehousing and distribution, until the finished product reaches the end customers (Svensson, 2003; Morgan and Monczka, 2003; Croxton, Garcia Dastugue, Lambert, and Rogers, 2001). This implies that conventional operational procedures are no longer suitable for the new business models. Supply chain organizations need to re-evaluate the totality of everything they do if they want to remain competitive (Fawcett and Magnan, 2001). New and e-business designs have to be carried out to match the new business model (Porter and VanDerLinde, (1995). The role of ICT technologies and type of information sharing and e-business models are important to transform the current supply chain practices.

Stewart (1995) according to him the supply-chain consists of the logistical and informational elements extending from the demands of the marketplace at one end to the specific product/service delivery to the customer at the other. The integrated supply-chain structure seeks to minimize non-value added activities and their associated structures. This drives investment cost, operating cost and time out of the supply-chain process.

3.3. Supply chain collaboration and Information sharing.

Lee, Padmanabhan and Whang (1997) in their study the benefit from collaboration is best illustrated by common phenomena observed when no collaboration and information sharing takes place in the supply chain. This often results in the distortion of information as it moves upstream through a supply chain from the customer to the raw materials supplier. Time delays in ordering and shipping materials – and failure of decision makers to consider these time delays – cause order variability to increase as one moves upstream in a supply chain. This phenomenon, called the “bullwhip effect”, is extensively documented based on industry data and manufacturing supply chain simulation models.

Mentzer et al. (2000) they set the baseline for research in supply chain collaboration by suggesting the following definition of collaboration based on the consensus view of research participants.

“Collaboration means that companies involved are working together to meet one common objective. Collaboration is characterized by the sharing of information, knowledge, risk and profits.”

Donald Bowersox et al. (2000) they reported that Collaboration allows companies either by verbal or contractual agreements with third party logistics services provider (3PL) to mutually determine how to synchronize product flows, reduce inefficiencies, or share the mutual value created. Collaboration coordinates the dependency of transferring physical goods from one place to another. It is a “higher” level coordination activity than information sharing and workflow coordination due to added complexity of managing products. It includes tasks such as joint planning, forecasting and running replenishment operations.

Fred Kuglin and Rosenbaum (2001) identified the six-step process defines the collaborative process with each supplier as presented below:

1. The supplier generates a statistical forecast and new product introduction information and sends it to the retailer.
2. The retailer reviews the demand forecast and exceptions. At this point, the retailer can see new product introductions and supply-demand mismatches.
3. The retailer modifies or updates the forecasts and sends them back to the supplier. Here the retailer indicates, for example, where higher than anticipated demand due to promotions are expected.
4. The seller sends back the supply-plan information and offers alternatives for exceptions. The supplier has completed the demand/supply matching process and is able to report what it is able to produce and deliver.
5. The retailer reviews the supply-plan and looks for exceptions.
6. The retailer sends back the updated demand information. If there are items that cannot be supplied, the retailer has the option to update the demand information and order substitute products. These steps helped to understand the importance of e- business model and frameworks.

3.4 e- Business Models

Shin et al. (1998) they reported that the explosive transformation of consumer demand is driving complexity and cost into the supply chain at exactly the same time retailers and their consumer package partners need to invest more in meeting consumer needs. On one hand, these executives are faced with a consumer base that is demanding more. On the other hand outdated supply chain models that already have trouble keeping up hinder them. To meet these challenges, industry leaders are beginning to build specialized supply chain models that are fast, responsive, low cost-all with a laser focus on meeting consumer demands. But as many are discovering, that's often easier said than done. Initiatives such as Global Data Synchronization, Collaborative Planning Forecasting and Replenishment (CPFR) and Radio Frequency Identification (RFID) compete for attention and cloud the central question which investments will deliver the most tactical benefit—and position us for a long-term competitive advantage and ROI.

Mecker S.S. (1999) reported that the leading ERP software is SAP R/3, but companies such as Oracle, J.D. Edwards, Computer Associates and others develop highly successful systems as well. In contrast, SCM software is specifically designed to improve decision-making along the supply chain. The data collected on the use of ERP software can be used as input data for analysis done with SCM software, hence their complementary nature. In addition to IT systems, knowledge of e-business models, e-commerce and the opportunities made available by the

Internet can help organizations to transform and improve their SCM. In fact, e-commerce is emerging as an excellent tool for providing solutions to problems along the supply chain. Today, many activities along the chain can be conducted as part of an EC initiative.

POIRIER, C. et al. (2000), reported that the spinning industry, knitting and weaving mills, and apparel industry can share sales information through EPOS system. It eventually leads to low prices for consumers by decreasing inventory and maintaining proper level of production across the whole supply chain. To integrate SCM effectively, we need to utilize and incorporate QR technologies such as EDI (electronic data interchange), EPOS (electronic point of sales), EOS (electronic order system), CAD (computer-aided design) and CAM (computer-aided manufacturing). Among them, EPOS is one of the most fundamental and valuable information technologies to promote SCM in a practical sense.

3.5 LOGISTICS IN SCM

Logistics is an integral part of supply chain management. In recent years there has been a surge of academic interest and publications in the area of third party logistics (3PL). This can be partly explained by the growing trend of outsourcing logistics activities in a wide variety of industrial sectors (Transport Intelligence, 2004). The continuing wave of consolidation within the 3PL industry has also resulted in the emergence of large companies that have the capabilities to offer sophisticated logistics solutions on a continental or even global scale. Such logistics service providers (LSPs) strive to assume a more strategic role within the supply chain of clients, expanding their scale and scope of operations. Despite the growing interest in 3PL, the literature on this area appears to be disjointed. Based on an extensive literature review, these points out opportunities for further research.

4. RESEARCH DESIGN

Research Design envisaged collection of structured data from textile garment manufacturing organizations in Bangalore, which have the practices of supply chain and logistic management. The data thus collected was to be used to test the research hypotheses by an appropriate statistical analysis.

4.1 PILOT STUDY

Pilot study was under taken to serve as a preparatory to the main study. With open ended questions. The discussion was held with the supply chain managers in large-scale textile garment companies and the study revealed the difficulties in obtaining data in Indian condition on certain aspects such as manufacturing lead times details of competitors and rejection / rework details, logistic details, inventory details and IT architecture. Most of the supply chain managers expressed their inability to provide the information in detail. However, supply chain manager were comfortable in providing their perceptions on various matters of e-SCM, as they would not be parting with confidential data. Additionally the role of supply chain managers has been viewed as one of the staff functions to create a conducive environment for pestering improvement. The open ended questions used in pilot study are not shown in this paper. On the basis of responses to the questions used in pilot study and the gap in literature, the Interview schedule (instrument for data collection) was prepared for the main study.

4.2 SAMPLING DESIGN

The check sampling method was chosen on account of its aptness in exploratory studies. In this method, the sample was chosen based on non-probability and specific criteria. Sample is selected by contacting Apparel Export Promotion Council (AEPC). The list of textile-garment manufacturing units operating in Bangalore in the state of Karnataka, India was obtained since it was a difficult task to estimate the number of existing textile garment manufacturing units. Although it was roughly estimated to about 2500 units by the year 2008. All these units are not independent but operating in a group therefore sample textile garment manufacturers and exporting units were chosen based on non probability and specific criteria.

Considering the specific criteria such as large, medium and small scale organizations and combination of so many other factors viz., numbers of employees, level of integration in the business, turnover, e-business facilities for transactions and finally, the convenience to access the sample units are selected.

The interviews and discussions were clearly focused on the supply chain issues and related problems in sample textile garment units located in Bangalore as discussed in the statement of the problem

Out of 60 sample units 22 are the large-scale textile garment manufacturers which are vertically integrated and have made substantial investment on e- business technology and their turnover exceeds US\$1000 million per year and workforce including administrative staff is more than 1000 employees and these companies are all located in different location of the city limits but are all convenient to access. Remaining 26 sample units are medium scale organizations which are partially integrated and their turnover is around US\$ 500 to 750 million per year and number of employees 300 to 600. Remaining 12 sample units are small scale units which are having less than 300 employees. In small scale companies e-Business initiatives are moderate and the turnover is around US\$ 250 million.

4.3 DESCRIPTIVE STUDY

The Descriptive study involved collecting the data for carrying out the Hypotheses Testing. A structured interview schedule was developed to collect data on key success factors, identified on the basis of gap in the literature and from the insight provided by pilot study and finally about the experiences of representative sample personnel (respondents) (supply chain managers and production managers and purchasing managers) involved in the survey.

4.4 PRIMARY DATA

Primary data was collected through well administered, pre-tested Interview schedule the respondents were consulted by person with the prior appointment. The data is collected for all the five sections of interview schedule covering different areas such as basic information about textile garment companies, Information Communication Technology (ICT), Enterprises Resources Planning (ERP) benefits, EPOS utilization, Cost competitiveness, Collaborative management of Textile garments manufacturers and exporters.

4.5 SECONDARY DATA

The secondary data is collected from the sources like published books/ journals/ annual reports of the textile garment companies which are published in the company's websites.

4.6 IDENTIFICATION OF GROUPS OF KEY SUCCESS FACTORS (KSF)

In this study, four groups of key success factors have mutually reinforced and accelerated each other's growth in the intense pace of innovation in Information Technology (IT) and the data is collected on all the four groups, to conceptualize the e-SCM model. The first group of assessment factors focuses on a growing awareness and utilization of intelligent technologies such as Extranet, EDI, ERP, EPOS, and Web technologies to share information and to harvest customer insights.

The Second group includes the collaborative e-business model covering the various types of information such as supply planning Information, demand planning information, production planning information, inventory planning information and human resource planning information.

The third group includes the cost competitive factors such as product price, product quality, delivery performance, Management support, service support and information sharing with optimal inventory levels.

The fourth group includes the integration strategies and collaboration strategies among the supply chain partners for cost competitiveness.

4.7 ANALYTICAL TECHNIQUES EMPLOYED

The analysis is carried out in a two phases. The first phase included the analysis of basic information of the textile-garment industry in the study region as a whole relating to size and scale of operation, workforce and type of market focused and Usage of Information Communication Technology. Statistical values such as percentage, mean and standard deviation are calculated for the required parameters.

In second phase all the four hypotheses are tested using Z-test and t-test to identify the significant difference with respect to the e-SCM factors such as Collaboration and IT implementation.

5. DATA ANALYSIS, FINDINGS AND SUGGESTIONS- I PHASE OF ANALYSIS

(Table: 1 Basic information of Indian textile garment industry)

Basic information	No. of respondents	Respondents (%)
Multi plant business	17	28
Single plant	43	72
Domestic & International market focus	41	68
Purely international market focus	19	32
Supply chain managers as respondents	27	45
Production managers as respondents	9	15
Purchasing managers as respondents	24	40
Presence of SCM policy	55	92
Absence of SCM policy	5	8
ERP implemented	11	18
ERP not implemented	49	82
Plan to implement with in 2 years now	17	35
Plan to implement after 3 years	32	65
Top level management is highly committed and supportive for implementation of ERP	45	76

Source: field survey

It is found that 28 percent of the textile garment manufacturers and exporters are possessing multi-plant business in Bangalore remaining 72 percent of the industry are possessing single plant business.

It is interpreted that small scale companies are much located in Bangalore and around Bangalore than that of large scale textile garment manufacturing and exporters. The textile garment industry consists of large number of single plant businesses than that of multi plant business. Multi plant business firms will have complex organizational structure. The decision making process is slow in case of multi plant firms. The revenue and profit will be more for such multi plant firms when compared to the single plant firms.

While conducting in the interview, 45 percent of the supply chain managers are consulted for collecting the data. Remaining 40 percent and 15 percent are purchase managers and production managers respectively. The large-scale organizations have designated their executive as Supply chain manager, but in medium and small-scale sample units there are no such designated supply chain managers instead they are designated as Purchase manager or Production manager. Their responsibility lies in coordinating with supply chain activities.

There are a total of 68 percent of the sample textile garment units are focusing on both domestic and export markets. The remaining 32 percent of the sample garment units are focusing only on export markets they are called as Export Oriented Units (EOU).

The risk level is highest for export oriented units in terms of transportation, demand planning, logistics, inventory management, overseas risk such as foreign exchange risk when compared to domestically served companies. The companies serving both the markets have limited these above said risk by focusing more on domestic markets and their market share is usually high.

There are only 18 percent of the sample textile garments manufacturers who have implemented the customized Enterprise Resource Planning (ERP) software in their manufacturing plants to integrate internally and externally. Remaining 82 percent of the sample units have not implemented

Among 82 percent of the non-implemented sample textile garment manufacturers, 28 percent are having plan to implement ERP with in next two years. Remaining 72 percent said that they would have to plan after minimum period of three years. They quoted the reason that the year 2007 and 2008 witnessed the global financial crunch, because of that they are delaying the ERP implementation. The ERP family actually consists of Enterprise Planning, Supervisory Control, Supply-Chain Management, Execution Systems, Maintenance Management, Planning, Scheduling, Warehouse Management and Decision Support. Some have not implemented yet because today available ERP packages may not be

so compatible with other web based technologies. Therefore some of the software packages need to be evolved to fit into the requirement of customer. Middleware and distributed technologies are yet to see their final destination. The textile garment companies are unconvinced about IT investment because of recession started in the early 2007. And many felt that Business Process Re-Engineering (BPR) the firm is an alternative to the implementation of ERP.

It is found that 76 percent of the textile garment manufacturers are having highly committed and supportive management for ERP implementation. And 24 percent of the sample units are not keen and supportive on ERP implementation immediately.

The project team needs to make many decisions, and make them very quickly, which have significant impact on the organization. They need authority to execute this responsibility, just as you want your best managers to actively participate on the project team. Supply chain managers of the textile garment companies should be given more authority. This puts a premium on effective leadership and team-building skills. Senior management should recognize this issue and provide the necessary support on a continuing basis. In the industry lot of potentiality is there for ERP implementation. Over period of time after realizing the benefits from ERP implementation made by early adopters, other organizations may support to implement ERP.

5.1 Utilization Level and Satisfaction from EPOS

The Tables 1 and 2 below show that the level of utilization and satisfaction on the effect of EPOS by the introduced period, the firms that have introduced the EPOS system for a longer period (more than three years) are more satisfied with the increase in turnover of merchandise ($p < .05$), analysis and management on price analysis ($p < .001$) and the effective personnel arrangement and operations ($p < .01$).

Table: 1. Utilization level of EPOS system

Level	Utilization level of EPOS	Introduced period		t-Value
		Under 3 years	Over 3 years	
1 st	Check on over-stocked and out-of stock items	4.30	4.75	-1.45
	Remove rarely demanded merchandise	3.44	3.71	-0.76
	Identify store where specific brand sells well	4.44	4.46	-0.05
	Identify sales trend by items	4.18	4.56	-0.96
	Adjust inventories among stores	3.70	4.39	-1.79*
	Identify fast/slow merchandise	4.18	4.26	-0.31
2 nd	Check optimal level of inventory	3.90	4.21	-1.05
	Price analysis	4.0	3.37	1.88*
	Analysis on weekly sales trend	4.45	4.53	-0.31
	Merchandise planning	3.50	3.86	-0.82
3 rd	Automatic ordering and inventory management	2.90	2.84	0.13
4 th	Analysis on trend of customers	2.70	2.42	0.54

Source: field survey * $p < .05$; (1- Never satisfied, 5-Always satisfied)

Table: 2. Degree of satisfaction from EPOS implementation.

Effect of EPOS	Introduced period		t-Value
	Under 3 years	Over 3 years	
Effect in apparel merchandising			
Quick evaluation on new merchandise	4.36	4.31	0.18
Improved logistics in warehousing and delivering	4.09	3.96	0.42
Increases in turnover of merchandise	3.33	4.13	-2.02*
Merchandise development based on the needs of customers and checking out-of-stock items.	3.66	4.03	-1.09
Analysis and management on price analysis	3.16	4.17	-3.58†
Increased accuracy in production planning due to accurate sales information	3.33	3.78	-1.30
Maintaining optimal level of inventory	3.16	3.60	-1.24
Identify purchasing trends of customer and making loyal customers	3.50	3.69	-0.76
Reduce market survey expenses	2.63	3.00	-1.02
Build proper advertisement strategy through casual analysis	3.11	2.66	1.17
Effect in store operation			
Speedy information on current sales statistics	4.50	4.39	0.31
Automatic checking on inventory stocks	4.00	4.30	-1.15
Improved merchandise display layout throughout differentiation of popular and unpopular merchandise.	3.83	4.17	-1.21
Effective personnel arrangement and operations	2.66	3.43	-2.66**

* $p < .05$; ** $p < .01$; * $p < .0001$

Source: field survey

5.1.1 SIZE OF THE FIRM

Number of employees in company:

Table.3 below shows that firms with more than 1000 employees effectively utilize the POS system at the third level, automatic ordering and inventory management ($p < .05$). When investigating the satisfaction on the effect of the POS system by the number of employees, firms with more than 1000 employees are more satisfied with the POS system in gaining speedy information on the current sales statistics ($p < .05$).

Table: 3. Utilization level of EPOS system by firm size.

Level	Utilization Level of EPOS	Number of Workforce			Annual Sales		
		<1000	>1000	t-Value	<1000mn USD	>1000mn USD	t-value
1 st	Check on over-stocked and out-of stock items	4.68	4.57	0.49	4.73	4.52	0.99
	Remove rarely demanded merchandise	3.78	3.65	0.41	3.77	3.63	0.46
	Identify store where specific brand sells well	4.26	4.60	-1.21	4.27	4.63	-1.34
	Identify sales trend by items	4.64	4.37	1.05	4.45	4.50	-0.19
	Adjust inventories among stores	4.26	4.23	0.13	4.22	4.26	-0.14
	Identify fast/slow merchandise	4.41	4.18	0.96	4.20	4.33	-0.57
	Average	4.28	4.28	0.02	4.25	4.30	-0.32
2 nd	Check optimal level of inventory	4.26	4.4	0.57	4.16	4.17	-0.02
	Price analysis	3.50	3.70	-0.65	3.42	3.79	-1.24
	Analysis on weekly sales trend	4.47	4.48	-0.04	4.55	4.41	0.59
	Merchandise planning	3.94	3.76	0.45	3.73	3.91	-0.48
	Average	4.00	3.97	0.16	3.89	4.04	-0.83
3 rd	Automatic ordering and inventory management	2.21	3.16	-2.41*	2.26	3.17	-2.31*
4 th	Analysis on trend of customers	2.20	2.69	-1.53	2.22	2.73	-1.67

Source: field survey *p<.05 (1-Never Satisfied,2-hardly ever,3-sometimes,4-Often,5-Always satisfied)

5.1.2 ANNUAL SALES

Firms with more than 1000 million USD in sales are also well utilizing the POS system in automatic ordering and inventory management ($p<.05$) (see Table 3). When investigating the satisfaction on the effect of the POS system according to annual sales, the firms that have more than 1000 million USD in sales are more satisfied with the POS system in merchandise development based on the needs of customers and checking out-of-stock items ($p<.05$), reduction of market survey expenses ($p<.05$), building the proper advertisement strategy through the causal analysis ($p<.001$), improved logistics in warehousing and delivering ($p<.01$), quick evaluation on new merchandise ($p<.05$), and speedy information on the current sales statistics ($p<.05$) (see Table 4).

Table: 4. Degree of Satisfaction of EPOS system by firm size

Effect of EPOS	Number of Workforce			Annual Sales		
	<1000	>1000	t-Value	<1000mn USD	>1000mn USD	t-value
Effect in merchandise planning						
Quick evaluation on new merchandise	4.37	4.29	0.31	4.10	4.50	-1.68*
Improved logistics in warehousing and delivering	3.81	4.11	-1.16	3.63	4.29	-2.84**
Increase in turnover of merchandise	3.93	3.94	-0.02	3.77	4.14	-1.12
Merchandise development based on needs of customers and checking out-of-stock items	3.94	3.92	0.04	3.55	4.25	-2.38
Analysis and management of price analysis	4.06	3.70	1.37	4.05	3.64	1.57
Increased accuracy in production planning due to accurate sales information	3.66	3.70	-0.14	3.55	3.85	-1.15
Maintaining optimal level of inventory.	3.60	3.52	0.25	3.38	3.78	-1.49
Identifying purchasing trends of customer and making loyal customers	3.46	3.58	-0.50	3.66	3.35	1.30
Reducing market survey expenses.	2.85	2.92	-0.21	2.61	3.13	-1.74*
Building proper advertisement strategy	2.46	2.92	-1.39	2.18	3.18	-3.58***
Effect in store operation						
Speedy information on current sales statistics	4.13	4.58	-1.88*	4.16	4.64	-1.97*
Automatic checking on inventory stocks	4.20	4.23	-0.16	4.11	4.35	-1.14
Improved merchandise display layout through differentiation of popular and unpopular merchandise	4.06	4.11	-0.24	4.05	4.14	-0.41
Effective personnel arrange and operations	3.26	3.23	-0.12	3.27	3.21	0.26

Source: field survey *p<.05; **p<.01; ***p<.001 (1- Never satisfied 2- hardly ever,3-sometimes,4- often,5- always satisfied)

5.1.3 USER DEPARTMENT

Merchandising departments are utilizing the POS system in identifying sales trend by items ($p<.05$), early identification of fast/slow merchandise ($p<.05$), merchandise planning (order quantity, merchandise portfolio, size and color analysis) ($p<.01$) is better in the merchandising department than the sales (distribution) department (see Table 5).

Table: 5. Utilization level of EPOS at user department

Level	Utilization level of EPOS	User department	t-Value
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		Merchandising	Sales	
1 st	Check on over-stocked and out-of stock items	4.68	4.55	0.60
	Remove rarely demanded merchandise	3.61	3.78	-0.56
	Identify store where specific brand sells well	4.47	4.47	0.00
	Identify sales trend by items	4.70	4.20	2.05*
	Adjust inventories among stores	4.19	4.30	-0.41
	Identify fast/slow merchandise	4.45	4.05	1.82*
2 nd	Check optimal level of inventory	4.04	4.30	-1.00
	Price analysis	3.78	3.45	1.11
	Analysis on weekly sales trend	4.50	4.45	0.22
	Merchandise planning	4.29	3.26	3.07**
3 rd	Automatic ordering and inventory management	2.85	2.77	0.17
4 th	Analysis on trend of customers	2.47	2.55	-0.23

Source: field survey *p<.05; **p<.01 (1- Never satisfied 2- hardly ever, 3-sometimes, 4- often, 5- always satisfied)

As for the satisfaction on the effect of the EPOS system according to user departments, the merchandising department is more satisfied with reducing market survey expenses (p<.05), and the quick evaluation on new merchandise (p<.05) (see the below table.6)

Table: 6. Degree of satisfaction from EPOS implementation in user department

Effect of EPOS	User department		t-Value
	Merchandising	Sales	
Effect in apparel merchandising			
Quick evaluation on new merchandise	4.50	4.10	1.68*
Improved logistics in warehousing and delivering	4.04	3.95	0.37
Increase in turnover of merchandise	4.07	3.83	0.72
Merchandise development based on the needs of customers and checking out-of-stock items.	4.37	3.40	3.55
Analysis and management on price analysis	3.85	3.88	-0.11
Increased accuracy in production planning due to accurate sales information	3.78	3.61	0.65
Maintaining optimal level of inventory	3.57	3.55	0.05
Identify purchasing trends of customer and making loyal customers	3.42	3.61	-0.75
Reduce market survey expenses	3.14	2.63	1.70*
Build proper advertisement strategy through casual analysis	2.95	2.52	1.35
Effect in store operation			
Speedy information on current sales statistics	4.28	4.44	-0.62
Automatic checking on inventory stocks	4.21	4.22	-0.03
Improved merchandise display throughout differentiation of popular and unpopular merchandise.	4.00	4.16	-0.79
Effective personnel arrangement and operations	3.14	3.33	-0.79

Source: field survey, *p<.05 (1- Never satisfied 2- hardly ever, 3-sometimes, 4- often, 5- always satisfied)

From the above table 5, it is found that sample textile garment units utilize the Electronic Point of sales Data maximally for checking on overstock and out of stock items and followed by for identifying retail store where specific brand sells well. Sample units also use EPOS much for merchandise planning and to adjust inventories among stores but minimally used for automatic ordering and inventory management and for analyzing weekly sales trend. It is interpreted that EPOS data is real time data that can be shared among stakeholders such as retailers and manufacturers and other intermediaries to ensure the increase of supply chain profit by synchronizing demand with supply along the aggregate planning of supply chain. It is thus effective and efficient in managing the flow of merchandise information.

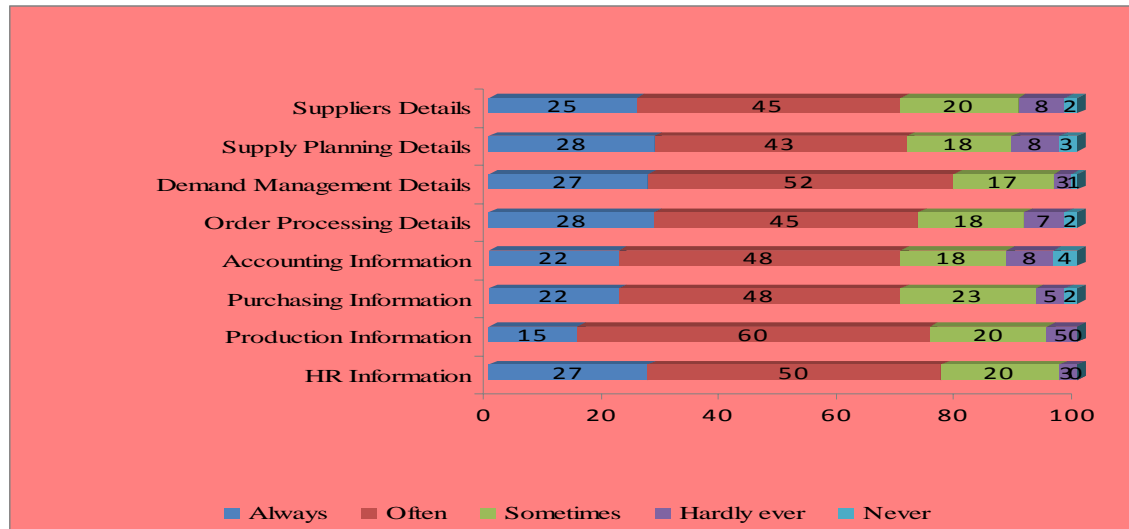
From table 1 and 2, the Textile garment firms that have introduced the EPOS system for a longer period (more than 3 years) better utilize the EPOS system for adjusting imbalanced inventories among the stores at the first level and for price analysis at the second level than those introduced for a shorter period. On the satisfaction on the effects of the EPOS system, longer-introduced firms are significantly more satisfied with the increased turnover of merchandise, analysis and management on price zone, and the effective personnel arrangement and operation.

When reviewing the utilization levels of the EPOS system according to the size of company, the bigger firms, both in terms of the number of employees and the volume of annual sales, significantly better utilize the EPOS system for automatic ordering and inventory management at the third level. Concerning the effects on merchandise planning, the bigger firms in terms of annual sales are significantly more satisfied with proper advertisement strategy, improved logistics in warehousing and delivering, merchandise development based on the needs of customers, reduction in the market survey expenses, and the quick evaluation on new merchandise. As to store operations, the bigger firms in both the number of employees and annual sales terms showed more satisfaction with the provision of speedy information on the current sales statistics. For the user department, the merchandising departments are better utilizing the EPOS system to identify sales trend by items and fast/slow merchandise, and for merchandise portfolio planning than the sales department. Also, the merchandising departments are more satisfied with the effects on reducing market survey expenses and quick evaluation on new merchandise. Therefore, the merchandising department seems to be more sensitively coping with the response and flow of consumers on the new merchandise and adjusting the direction of merchandise portfolio through the sales analysis. As a whole, the firms that have introduced the EPOS system utilize it very well at the first and second levels, but not at the third or fourth levels. Also, firms showed high satisfaction on most of the effects of the EPOS system.

It is found that 40 percent of the sample textile garment manufacturers have adopted Electronic Point of Sales (EPOS) in their vertically integrated apparel retail stores. Remaining 70 percent are not yet adopted the EPOS. This EPOS system places an important role as a base in each stage of Quick Response (QR) technology to manage sales electronically by scanning source-marked items. Therefore the prerequisite condition for EPOS implementation is of the standard barcode in the whole of textile garment industry.

Most of the supply chain managers opined that EPOS system data is used by many of their user departments for effective and efficient production and merchandise planning. The sales on a daily or weekly basis using the EPOS sales data, and can execute EOS in order to replenish the store inventory automatically.

Chart: 1. Type and level of information sharing across the multi-plants of the firm.



Source: field survey

It is found that demand management information is utilized much in e-supply chain (79%), followed by human resource information with 77 percent usage, and others are production information with 75 percent, order-processing details with 73 percent. Remaining are not much shared across organization which are less than 70 percent such as suppliers details and etc.

It is interpreted that information is an important driver that textile-garment companies have used to become both more efficient and more responsive. Here the key decision is made to invest more on most valuable information system in reducing the cost and improving responsiveness with in supply chain. It depends on Supply chain structure and market segments served. Textile garment companies serve overseas segments that require customized apparels that carry a premium price tag. These companies invest more on information system allowing them to respond more quickly to their customer.

Effectively integrating the information and material flows within the demand and supply process is what Supply Chain Management is all about. In most companies, however, two major and very interdependent issues must be simultaneously addressed. The first deals with delivering products with customer-acceptable quality, with very short lead times, at a customer-acceptable cost - while keeping inventories throughout the supply chain at a minimum. The second issue, which tends to be less understood and accepted, is the need for high quality, relevant and timely information that is provided when it needs to be known. For many customers and manufacturers, business processes and support systems will not measure up to the task of quickly providing planning and execution information from the marketplace to production and onto vendors so that the customer's objectives are consistently met. The fact is, most information supplied is excessive, often late and frequently inaccurate.

5.2 II PHASE OF ANALYSIS- HYPOTHESIS TESTING

The hypotheses generated in respect of the factors and the variable that influence on e- business model are tested using decision rule adopted for accepting the research hypothesis or to reject the null hypothesis. In the present study the qualitative characteristics of the items are collaboration and Integration which are facilitating the e-business model for competitive advantage. Sampling theory helps in making generalization about the industry from specific conditions of the industry. The statistics of the attributes are obtained in the form of two groups. One group consisting of items where in attribute is highly scored(successful organization) and the other group consisting of items where an attribute is low scored (unsuccessful organization). By evaluating scale statement of hypothesis, here the data from the bottom 25 percent of the distribution (low total score group) and the top 25 percent (high total score group) are taken into consideration. The remaining 50 percent of the middle of the distribution is not considered for this analysis.

Taking the null hypotheses (H₀): that the means of high score group and low score group on accepting hypothesis is equal.

$$H_0: \bar{X}_H = \bar{X}_L \quad \text{..... Eq. 1}$$

$$H_a: \bar{X}_H \neq \bar{X}_L \quad \text{..... Eq. 2}$$

Assuming, sample follows the normal distribution. It can work out the test statistics Z-statistics as under:

5.2.1. Z-TEST

$$Z = \frac{\bar{X}_H - \bar{X}_L}{\sqrt{\frac{\sum (X_H - \bar{X}_H)^2 + \sum (X_L - \bar{X}_L)^2}{n_1 + n_2 - 2}}} \times \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}$$

----Eq. 3

Z-test is used to prove the hypothesis where sample size is 60 textile garment companies' respondents. This Z-test formula is used to prove the first, second and fourth hypothesis of the present study.

Where \bar{X}_H = Mean responses of High scored group
 \bar{X}_L = Mean responses low scored group
 n_1 & n_2 = Sample sizes in each group

5.2.3. t-Test

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1 - 1)\sigma_{s_1}^2 + (n_2 - 1)\sigma_{s_2}^2}{n_1 + n_2 - 2}}} \times \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}$$

----- Eq. 4

Where \bar{X}_1 = is sample mean response for large scale companies (>1000 employees)

\bar{X}_2 = is sample mean response of small scale companies (<1000 employees)

n_1 = Sample size of large scale companies

n_2 = Sample size of small scale companies.

σ_{s_1} σ_{s_2} : Are the standard deviations for large and small-scale firms
 @ 5 % level of significance

This t-test is used to prove the third hypothesis of the present study H3 as the sample is less than 30 in the first group.

5.3. SUMMARY OF EMPIRICAL FINDINGS

Table: 7. Results of Hypothesis testing

Hypothesis	Tests	Criterion/table value	Calculated	Result
Hypothesis 1	Z-test	1.96	0.73	Accept Ho/Reject Ha
Hypothesis 2	Z-test	1.96	1.06	Accept Ho/Reject Ha
Hypothesis 3	t-test	1.75	0.086	Accept Ho/Reject Ha

Source: field survey

Analysis and Interpretation: From the above summarized table it is found that the hypothesis H1, H2 and H3 are having no significant difference at 5% level of significance between high total score group and low total score group of sample of 60 textile garment units in Bangalore city. Therefore the hypothetical statements H1, H2 and H3 are not the good discriminator between the two different groups. Large scale organization having more than 1000 employees and small scale organization having less than 1000 employees are not differed significantly that means both the groups accepted the statement favorably that "that Point of Sales (EPOS) are highly effective for reducing the demand uncertainty (Bull whip)"

6. DISCUSSION OF FINDINGS

HYPOTHESIS 1

The calculated values are compared with the criterion, 1.96. It is found that calculated value is less than the criterion at 5 % level of significance and decided to accept the null hypothesis that means there is no significant difference between the groups in accepting the statement that "A greater integration among the stakeholders facilitates implementation of e-business.". D' Amours *et al*, (1999) in their study, several modern practices (e-business market exchanges, e-collaborative market places and reduction of risk and digital business design.) these have been shown into be closely related to effective and efficient supply chain performances to gain competitive advantage. Since digital business design is expected to have significant influence on modern business practice as it is still in infancy stage in the industry,

HYPOTHESIS 2

The calculated values are compared with the criterion, 1.96. It is found that calculated value is less than the criterion at 5 % level of significance and decided to accept the null hypothesis that means there is no significant difference between the groups in accepting the statement that "Collaboration in the textile and garment industry has got higher potential for e- business investment". (Lee and Billington, 1992, 1993; Christopher, 1992b) emphasized the importance of system-wide collaboration of both physical and information flows: information is considered as a vital means to provide all the actors with the appropriate feedback and to drive their behaviour.

HYPOTHESIS 3

The calculated values are compared with the criterion 1.75. It is found that calculated value (0.086) is less than the criterion value at 5 % level of significance therefore null hypothesis is accepted that means, there is no significant difference between the large scale organizations which are having more than 1000 employees and small scale organizations which are having less than 1000 employees. Both the groups have favorably accepted the hypothesis (H3) that "Point of Sales (EPOS) are highly effective for reducing the demand uncertainty (Bull whip)". Morgan Stanley, (2001). According to studies conducted by Morgan Stanley, the topic of supply chain management was recently found to be the number one priority of chief information officers. In fact, when IT is employed and a supply chain is managed electronically, often with Web based software, it is referred to as an e-supply chain. The advent of e-commerce and increased pressure from stakeholders has created a more demanding landscape. Web became a key medium for information sharing that provided both domestic and global textile-garment companies with a low-cost medium to convey product and service information.

7. CONCLUSIONS

Limited examples of active collaboration across two or three tiers of the supply network currently exist. Limited examples of very successful ERP or e-business implementation in the industry to reduce cost. The differences between successful and unsuccessful organizations are even more pronounced by examining greater details in terms their difference or to support for the second hypothesis. The result shows that there is no significant difference between the groups as above said in accepting the statement that "Collaboration in the textile and garment industry has got higher potential for e- business investment".

On-line connections (POS or EPOS .) support the inter-company transfer of data and other business documents in a standard format, thus reducing data entry operations and order processing time. The study emphasized on how sharing of information, enabled by e-business applications that can radically improve business processes and consequently the performance both of a single company and supply chain as a whole.

8. MANAGERIAL AND RESEARCH IMPLICATIONS

1. The findings of the study have implications for the practicing executives engaged in transformation of current supply chain practices to the modern practices of e-SCM and transition to be well understood.
2. This study offers practitioners several managerial insights about the role of information technology and supply chain collaboration and integration among the network actors of today supply chain. First collaboration and Information Technology play different roles in managing supply chains. To improve supply chain performance and to gain competitive advantage executives often chose to adopt the best e- business model in their supply chain to share information and to collaborate. Some small scale companies however differed from large scale organization to implement the e- business model because of limited resources. Findings of this study reinforce the importance of information technology and collaboration in supply chain network.
3. Effective and efficient supply chain collaboration and coordination increases as level of information sharing increases. As efficient supply chain emphasize cost of operation is primary and thus it tends to standardize the operations. Where as responsive supply chains emphasize cost as secondary element but the services capabilities are primary and thus firms tend expand the buffering and facilities, this situation makes the firms to leverage between efficiency and responsiveness. From the study it is suggested that firms can standardize the collaborative and coordination efforts of supply chain can be made standardized where value is highest. Therefore the companies in textile and garment industry, In particular the small medium enterprises (SME) need to think on IT investment or ICT to collaborate and to share information as part of growth strategy.
4. e-SCM model adoption require a strong commitment and support from strategic network partners of supply chain organizations to realize the early benefits
5. There are three main challenges that policy-makers face with the advent of RFID. From a technical standpoint, the optimal realization of an "Internet of things" hinges upon technical interoperability and the creation of effective global standards. Once this is achieved, the governance of the system must be assured in a balanced and equitable fashion.

9. RECOMMENDATIONS

- **Invest on Consortium Exchanges**
SMEs' should understand importance of investment on consortium exchanges in order to achieve operational efficiency from procurement, inventory turnover and it has a capability to ensure a visibility
- **Capitalize Customer Feed Back and Turn it into Innovation**
Allowing customers to track their orders and find errors "anytime anywhere" ordering over the internet. By accessing from information from ERP, customers were permitted to originate, configure, price and place their orders.
- **Embed Value in Product**
It is recommended to tag information along with the products and do not absorb the cost of functions that consumers are willing to do for free. Therefore textile garment firms need to create e-tail strategies that match the lifestyle realities of market segments
- **Implement CPFR and POS and VMI Technologies**
Management, across Textile garment industry, will need to embrace and speed up the implementation of CPFR
- **Transformation is needed**
Management across all Textile garment industry will need to embrace collaboration with customers and suppliers in the planning and replenishment process. The existence of a "company of silos" becomes apparent and, most importantly, a new clarity of needs and goals emerges for Supply Chain Management. There is a need to transform from dysfunctional and un-synchronized decision-making - which results in disintegrated and very costly supply activities - to a supply chain that performs in such a way that it is one of the company's competitive advantages.
- **Identify Key Success Factors**
Effectively integrating the information and material flows within the demand and supply process is what e-Supply Chain Management with the identification of key success factors; issues can be resolved with the strategic focus.

10. LIMITATIONS

- The study of the finishing end the Cutting, Making and Trimming (CMT) operations of the textile garment production may not bring out much in terms of contributing to make the product value (apparel) cleaner in its supply chain. Accurate classification of sample units was difficult task.
- The study is not fully integrated backward and forward, from cotton cultivation to the customer-end, and allowed to hang in the finishing end of the supply chain process.
- A limited analysis of forward and backward linkages was used to have a holistic understanding of the supply chain processes in selected study region.
- The study doesn't cover the coding or functionality of any components of information Technology (IT) architecture. But, the study considers this as suitable and holistic launch pad for all concerned and interested to understand the growing importance of Information technology and its effect on textile-garment industry's e- business models.

11. SUGGESTIONS TO FURTHER STUDY

- Future research could make several extension of the study using statistical analysis. This study is limited to textile garment companies and results delivered are based on the data collected from the textile garment companies. However this study would help the future research by providing insights of e-business frameworks and models.
- The recession and tragic events of many, dramatically slowed down the implementation of collaborative commerce (c-commerce) and e-SCM during 2008-09, these tools continue to be seen as tomorrow's sources of competitive advantage. While it is true that there was a lot of hype, a lot of promises that could not be fulfilled, a lot of misunderstanding about costs and the level of commitment involved, and a lot of confusion about how to effectively use the range of e-market tools available.
- Despite an extensive literature reviews about IT and SCM and in-depth interviews with supply chain managers, making this study scientific was not able to do and scientific studies on the acceptance and implementation of e-business models are scarce, there isn't a well-developed, meaningful scale to measure the constructs used in e-business related studies. But this supply chain management is a collection of end supplier to end customer, so it was critical to cover issues from their different perspective. Therefore it offers a tremendous research potential.

12. CONTRIBUTIONS OF THE STUDY

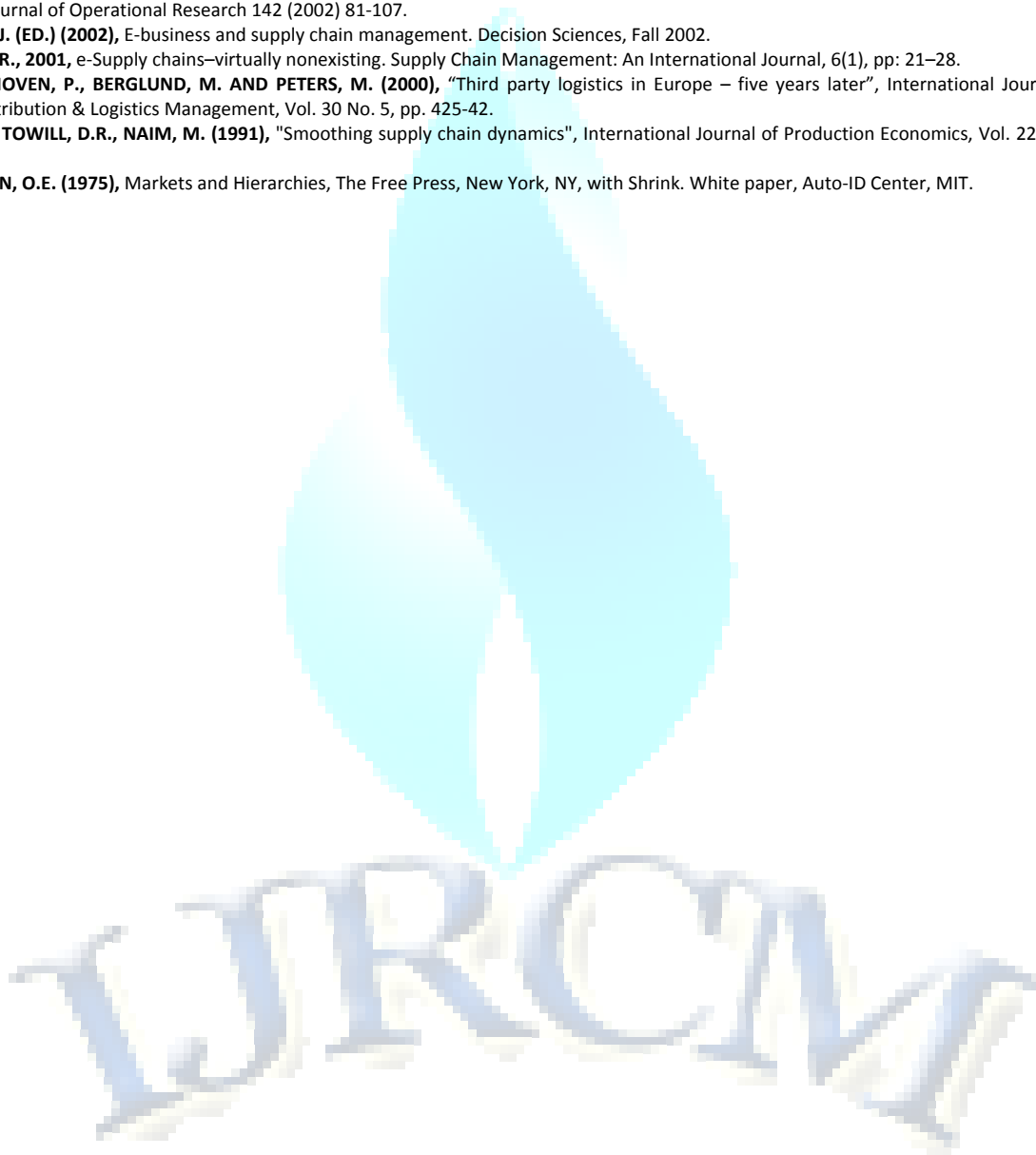
This study has made contributions to the literature in few areas of supply chain management including the integration, collaboration and e-SCM model and logistics. The empirical nature of this investigation offers a more in-depth understanding of the meaning of e-supply chain and logistics management and contributes knowledge to the Indian textile garment industry. This study is one of the very few studies on development of conceptual e-SCM model in textile garment manufacturing organizations in India. Few studies in the past have examined the e-Supply experiences at a broad organizational level, whereas this study has studied of details of e-SCM model subjected to key success factors within individual organizations and in the network emphasizing on information sharing collaboration, integration and technology adoption and finally the consideration of risk factors of supply chain management and explored the various strategies accomplished for operational efficiency.

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TRAINING DELIVERY AND METHODOLOGY AMONG BANKS (AN EMPIRICAL STUDY)**DR. AJAZ AKBAR****ASST. PROFESSOR (BUSINESS STUDIES)****ISLAMIC UNIVERSITY OF SCIENCE AND TECHNOLOGY****AWANTIPORA PULWAMA, JAMMU AND KASHMIR****PROF. A. R. MATTOO****DEAN (BUSINESS STUDIES)****ISLAMIC UNIVERSITY OF SCIENCE AND TECHNOLOGY****MEMBER OF EXPERT PANEL, ALL INDIA COUNCIL FOR TECHNICAL EDUCATION (A.I.C.T.E.)****ADVISOR, UNION PUBLIC SERVICE COMMISSION (U.P.S.C.), NEW DELHI****AWANTIPORA PULWAMA, JAMMU AND KASHMIR****ABSTRACT**

Human resource is the backbone of any organization. Properly trained and highly developed human resource is perceived as the greatest asset of an organization. Trained personnel contribute to the efficiency, growth, increased productivity and market reputation of an enterprise. Organizations need to realize and strategically train and manage the resource for a sustainable growth in the present uncertain environment, past research studies on training and development programmes indicate that appropriate training delivery and methodology is crucial decision the trainers have to make to yield optimum result. This has been realized by industrial, commercial, research establishments and even government institutions. In this context present paper is an endeavor to look into the functioning of training delivery and methodology as perceived by the employees in the public as well as private sector service organizations viz., 'The SBI' and 'The J & K Bank Ltd.' This paper also makes a humble attempt to trace out the areas which need overall improvement with respect to effective role of trainer, training methods and training environment and facilities.

KEY WORDS

Role of Trainer, Training, Training methods, Training environment and facilities.

INTRODUCTION

Every organization needs to be dynamic and growth oriented not only to withstand but to succeed in the fast changing and competitive environment as the globalization phenomenon has led to the survival of the fittest syndrome all over. Probably, never in the history of global business such a keen sense of competition was noticeable among corporates (Sohdhi, 1999). Technological innovations are no more of strategic importance, even as they are a fundamental necessity. It is believed that human resource is the only factor in the value creation process which has immeasurable growth and potential, and is being viewed as the most critical to competitive success. Primarily of utmost importance, an organization is poised for the growth and dynamism only through efficient efforts of its human resources. According to the World Bank's assessment of 192 countries on an average, physical capital accounts for 16 percent of wealth, natural capital for 20 percent and human capital accounts for 64 percent. This is much against the general belief that physical capital is most important proactive wealth.

According to (Khan, 1984), the broadening capacities of man, the extension of his knowledge and upgrading of his skills may lead to economic developments which results from action. The importance of HR for business success has been aptly pointed out by Mortia (1987) when he says that your business and its future are in the hands of the people you hire. Appropriate training delivery and methodology plays a pivotal role in converting human being into 'human resource' in an Organisation or translating man into manpower by adding the required 'power' to the man for the purpose of accomplishment of the assigned task and realisation of the global goals irrespective of nature of ownership, size and control and service organizations especially banks are no exception to it.

LITERATURE REVIEW

Over more than past three decades a fast wind is blowing through the existing human resource management Literature which is driving out the traditional term "personnel Management" and substituting a new phase in people dimension management i.e. "Human Resource Development". During the said period, organizations world over have increasingly become aware of the importance and role of HRD need of the high potential performers. Training and development is one of the vital components of human resource development for the overall growth and development of an individual as well as organization. According to (chaabra 1978), the purpose of training and development is to bring about improvement in the performance of work. It includes learning of such techniques which are required for the better performance of work. Mufeed (2005), training and development helps employees to do their assigned jobs and also benefits through out a person's entire career planning and may also develop employee for future roles and responsibilities. According to Gandhi (1986), "The real strength of the country lies in the development of human mind and body." The development and growth of nation is proportional to the standard of education imparted among its youths. It was also rightly expressed by an eminent philosopher of China, Kuang Chung Trum during the 7th century B.C. that "If you wish to plan a year sow seeds, If you wish to plan ten years plant trees & last but not the least that, If you wish to plan for life times develop people". This Chinese saying is an ideological commitment, a belief that long term planning cannot be independent of human development. Some managers researchers & professionals place greater emphasis than others on developing employees potential and believes that human resources development is the only tool for the growth of employees, (Saiyadain 2001) Accordingly to Chandra and Srivastava (2004), it is the

developed human resource available within the organization which identifies the advantage, develops necessary skills to refine the advantage and deliver the goods and services needed to sustain the advantage. Basu (1987), "better people, not merely better technology is the surest way to better society, is the most popular belief in Japan". Importance of developing men and women can well be highlighted from the experiences and beliefs of giant electronics firm that bears his name and markets its products under the brand names National, Panasonic, Technis and Quasar. Mr. Konosuke Matsushita founder of the said giant electronics was a lifelong believer in the notion that "The enterprise is the people". Cascio (1991) has given brief excerpt from written philosophy of management of Konosuke Matsushita, reveals that when his company was still small he often told to his employees that "when customers ask what does your company make? They should answer, Matsushita Electric is making men. We also make electric appliances, but first and foremost our company makes men".

According to Stewart (1997) and Phillips (1997) "Training is an important aspect of the human resource development field as organizations seek increased efficiency and effectiveness in a complex, changing operating environment". ILO (1998) "Training is one of the twin pillars on which an integrated human resource development strategy must be based. Training can be defined as the systematic preparation of individuals to improve their capacity to perform market and socially valued functions, i.e. it comprises the full continuum of education, skill formation processes and training activities". Colin and Pete (1999), defined, training in general – not just for development—has changed significantly in the past decade. With the greater awareness of the requirement for trained personnel, more organizations are investing larger amounts in the development of their human resources. Phillips (1997), in U.S.A, each year some 58.6 million employees receive formal, employer-sponsored training. He further indicates that 60.7 billion was budgeted for training in U.S organizations in 1998. This trend towards accountability emerges as one of the most significant and visible development in the human resource development field in recent years.

Nadler (1980), who is normally attributed to have first coined the HRD acronym, says, that development is concerned with providing learning experience to employees, so that they may be ready to move into new direction that organizational change may require. Nadler, claimed that the term "HRD" was first evolved in his class discussions at the George Washington USA university and he first used the term formally in 1969 in Miami (USA) at the American Society for training and development Conference. According to him, there was coldness and even resistance to this term and it started picturing up only after 1970's. Even then, it started getting used as more attractive term than training and development. According to Bansal (1991), as far as India is concerned the term HRD, was introduced for the first time in the state Bank of India in 1972. According to him, by the late seventies this professional outlook on HRD spread to a few other public sector organizations. In the late seventies it was introduced at the higher education level at Indian Institute of Management (IIM) Ahmadabad. IIM Ahmadabad is the first educational institution in higher education system in the country which introduced some HRD practices for their employees including bottom up appraisals for teachers. Larson and Toubro limited and TISCO are the heroes of H.R.D application in the private sector organization in India. Accordingly, Mufeed and Nasreen (2003), It is one of the relatively well developed functions in Indian organizations in 70's & 80's. However, in 90's it has gone to the background as the attention of most of these dealing with training which got refocused on HRD. The success of T & D professional in the developed and industrialized countries is indicated by the fact that training & development got more respect and was seen as the main typical mechanism for facilitating HRD in organization.

According to Sanker (1984), proper training delivery and methodology is a development oriented planning effort in the personnel area which is basically concern with the development of human resources in the organisation for improving the existing capabilities and acquiring new capabilities for achievement of the corporate and individual goals'. John (1989) defines; Training is an approach to the systematic expansion of people's work-related abilities, focused on the attainment of both organizational and personal goals. Human resource development is three pronged, focusing on, (a) people- the "human" aspect, where people are seen as having knowledge, skill attitudes, potential for improving the existing capabilities and acquiring further knowledge, training and development for achievement of an individual and organization goals; (b) employees are "resources" aspect, where individuals are considered resource rather than problems (c) and the "development" aspect, where there is an emphasis on the discovery and nurturing of their potentials. This also includes various human processes and units other than individual employees (roles or job of a person in the organization, dyads, teams, inter teams and the whole organization).

Companies that use innovative training and development practices are likely to report better financial performance than their competitors that do not. Studies by the National centre on educational quality of the workforce based at the University of Pennsylvania show that employees are requiring more skills for production and support positions that they have asked for. Training and development helps a company to meet competitive challenges, as companies attempt to expand into foreign market places, their success will be determined by employee's ability to work in a new culture (Noe, 1998). Fisher et al; (1999), in a survey reports "Organisations provide training for many reasons; They wish to orient new hires to the organisation or teach them how to perform in their initial assignment. Some organisations also wish to improve the current performance of employees who may not be working as effectively as desired, or to prepare employees for future promotions, or for upcoming changes in design, processes, or technology in their present jobs. Training is not something that is done once to new employees; it is used continuously in every well-run establishment as in Japan 10 million workers (or one in every six workers) need to provide retraining in order to build economy of Japan and prepare for drastic deregulation in logistic distribution, energy, information, finance, and telecommunication Bremmer (1998). Continuous training and education of workers is necessary for enabling them to comprehend the issues connected with the participation process as testified by Lajuria (2002) in units like 'Tata Iron' and 'Steel' company. Constant effort to upgrade the skills of participation of workers and to increase their involvement in the decision making process, has made a positive contribution to the success of participation. There is visible participation in units like cement corporation of India (Aadilabad) and National Fertilizers Limited (Panipat) where training in both conceptual and communication skills was given to the management and the workers Lajuria (2002). Training programmes in these organisations are conducted to enhance the awareness of workers towards participative forums and their utility. Bill Gates wrote in his book Business "Speed of Thought" that business is going to change more in the next 10 years than it did in the last 50 years. His statement 'we are always two years away from failure' is a powerful indication towards uncertain and unsteady conditions. Noceraz (1996) said that the skills possess by a person gets obsolete in three to five years. Thus, there is a dire need to remain updated to survive which calls for unlearning, relearning the old habits, knowledge and skills. In order to make training and development effective, productive, profitable and result oriented Preparation of a need based curriculum and Selection of an appropriate methodology is a complex problem as it depends on the nature of work, availability of facilities, funds and time, Carroll, Paine and Nancovich, (1972).

NEED FOR PRESENT RESEARCH (RESEARCH GAP)

The review of existing literature reveals that a lot of research has been conducted on HRD/T&D by the various scholars' from time to time. Some has worked on HRD practices, some on effectiveness of training and others on evaluation of training programmes. Which indicates that

very less research has been conducted on "Training delivery and methodology" in general and banks in particular, therefore the need was felt to take up the present problem for research purpose

OBJECTIVES

1. To assess the perception of Managers and Non managers with regard to the training delivery and methodology in the sample organizations,
2. To assess the variations if any between and within the employees of the sample organizations and
3. To suggest the ways and means for making training delivery and methodology more effective.

HYPOTHESIS OF THE STUDY

The employees of the sample organizations are not satisfied with the existing training delivery and methodology.

RESEARCH APPROACH AND METHODOLOGY

To carry out the present study two banking organizations were selected, viz; State Bank Of India (SBI) and The Jammu and Kashmir Bank Ltd. A total sample of 20% was selected (Managerial and non-managerial staff) from the sample selected organizations. The respondents were selected by applying random sampling method of data collection. The primary data was collected with the help of well designed and well structured questionnaire. The data whatever collected was statistically analyzed and tabulated to reach the conclusions and suggestions.

QUESTIONNAIRE DESIGN AND DEVELOPMENT

In order to elicit the required information from the two cadres of the study organization, regarding their overall satisfaction with the existing Training delivery and methodology a systematic pre-tested questionnaire contained different variables associated with elements of Training delivery and methodology based on 33 statements was used. The said 33 items pertaining to the objectives of the study were developed by T.V.Rao and E.Abraham at the XLRI Jamshedpur. The respondents were asked to respond to each item on a particular issue under study. Employee response categories on a five point scale. It is important to note that the response indicating most favorable attitude was given highest score and vice versa (5=high; 1=low). Very few important and most prevalent issues of the present survey conducted shall be discussed under the head research evidences.

STATISTICAL TOOLS USED

The role of statistics in research is to function as a tool in designing research, analyzing its data and drawing conclusions there from. Any research work cannot ignore the role of statistics, even though he may have occasion to use statistical methods in all their details and ramifications and only after this we can adopt the process of generalization from small groups i.e. sample to the population. To measure the central tendency of the research data of the mean, also known as arithmetic average was used. Since an average can represent a series only as best as a single figure can, but it certainly cannot reveal the entire story of any phenomena under study. Especially it fails to give any idea about the scatter ness of value of the variables in the series around the true of average. In order to measure this scatter the standard deviation was used denoted by sigma (δ), which is most widely used measures of dispersion of a series and enables us to determine with a great deal of accuracy, where the value of frequency distribution are located in relation to the mean. According to the theorem of Russian Mathematician Chebsher (1821) that no matter what the shape of distribution is, at least 75 percent of values will fall within ± 2 standard deviation from the mean value of the distribution and 89 percent of the values will lie within ± 2 standard deviation from the mean and the 99 percent ± 3 standard deviation from its mean. We can measure with even more precision the percentage of items that fall within specific range, about 68 percent of the values in the population fall within standard deviation from the mean, about 95 percent of the values will lie within ± 3 standard deviation from the mean.

Hypothesis testing determines the validity of the assumption. It helps in the significance of the sample data, which was taken from the present study, from three hospitals within and outside the State. The other important tests used in this research include t-test and P- value. The t- test is based on normal probability distribution and is appropriate test for judging the significance of sample mean or from judging the significance of difference between the mean of two samples. The t- tabulated (t-tab) value was taken at 5 percent level of significance.

RESEARCH EVIDENCES

The work force of an organization becomes a resource "only when appropriate doses of knowledge, skills and attitudes are provided to them for transforming them into the productive workforce". Bhatia (1989). Training delivery and methodology constitute a key feature in the formal development of employees. It can bring an employee into a position where he performs his job correctly, effectively and conscientiously: a) correctly, is that he can apply whatever he has been taught, b) effectively, is that he may be in a position where he can perform the expected standards and c) conscientiously is that the behavior of the trainer can bring the trainees to the position where they can put their maximum effort at the right time, Harrison (1993). The result of the study with regard to the above has been presented in tables 1 & 2. In spite of the fact that training delivery and methodology keep the employees updated with a new set of skills and knowledge but the employees of the sample organisations are moderately satisfied with the delivery and methodology of training in their organisations as is depicted by the mean score 3.286 (Table 1) and 3.344 (Table 2).

ROLE OF TRAINER

Trainer plays a key role in enhancing the employee's skills and attitudes and training environment influences the learning of individuals. Managers of the Private sector and Non Managers of the Public sector organizations are possessing slightly favorable attitude towards the 'Role of trainer' he plays while specifying the goals of training at the beginning of each training session, teach trainees how to check their own work to make sure that things go right and motivate the trainees about the need to practice if they had to keep their skill at a high level as has been proved by the received mean scores as depicted in table 3 and 4.

TRAINING ENVIRONMENT AND FACILITIES

Training environment and facilities have a strong influence on the learning of trainees. The managers of the organizations are largely satisfied with the training facilities, which includes; Library, Lighting, Heating, Canteen, Refreshments. Attitude of the staff, Cleanliness, Proper Ventilation and Availability of short breaks. All employees of the sample organisations perceive minimal similarity of the environment they work in to the location they are trained in, (Table 5 & 6), and are also moderately satisfied with the location of the training centres.

Wexley and Latham (19994) point out that Audio Visual can be very effective and are widely used. But the marked mean scores as depicted in table 5 & 6, make it clear that such facility is moderately satisfactory. With regard to 'Transportation' and library facilities all employees of the sample organisations are moderately satisfied except that of Non-managers of the Public sector organisation, whose response lies just within the minimal range as shown in table-5.

TRAINING METHODS

Much of the research on training methods centres on trying to determine whether one method is better or more effective than another, Cascio (1995). Choice of training and delivery methods depends upon many things, including organizational culture and values, training and delivery mechanism, objectives and content, profile of trainees and trainers, resource availability, location and time constraints. Here in the private organisations usage of various types of training methods lies between minimal to moderate on the evaluation or rating scale as is evident in the Table 7.

In the organisation trainers make moderate use of Induction or Orientation, Job Rotation, Lecture and Computer software methods which is statistically proved by the received mean scores depicted in Table 7. Similar is the case with Public sector organizations, The organization makes moderate use of all types of training methods while training the employees which is conveyed by the mean scores in the Table 8.

Rothwell & Kazanas (1994), contend that in strategic, future oriented training, learners must be given opportunities, through role plays, case studies, and scenarios that stimulate future conditions, to gain experience before they confront real situations, but the select organisations are not taking due care of it.

PERCEPTIONAL VARIATION

In the present study perceptual variation within the employees of the sample organisations, was analyzed and it was revealed as shown in table -9 that all the four comparisons with the help of t-test. In all the four comparisons $P > 0.05$ which amply points out that there is insignificant perceptual variation between and within the employees of the sample organizations or it can be said that they are almost possessing identical perception regarding training delivery and methodology.

CONCLUSIONS

- Trainer moderately plays a key role in changing the employee's skills and attitudes in both the organizations.
- The employees of both the organizations point out that during training they are not provided enough opportunities to practice whatever they learn.
- In the Private concern, orientation method is mostly used for training employees followed by the job-rotation in case of managers and lecture method in case of non-managers. In the Public concern various on the job and off the job training methods are moderately used, wherein Lecture method is mostly used as a medium of training for managers and orientation for non-managers followed by other methods.
- In the sample organizations mostly traditional training methods are used and less usage of the other methods is seen.
- Regarding training environment and facilities other than library and transport facility, the employees of the sample organization seem largely satisfied.
- The training- environment is not similar to the Job- environment.
- Location of the training centres is not easily accessible, and reluctantly the trainees are facing a lot of difficulties to reach there.
- The advanced training institutes are mostly situated outside the State of, the employees of the state are facing a lot of difficulties especially in respect of climate and food intake, which affects their health and ultimately training gets suffered.
- Mostly female employees resist going to trainings to far off places due to family or other bindings.
- All the employees have identical perception regarding the overall training delivery and methodology.

SUGGESTIONS

Based on the findings of the present study and the existing literature on training and development, the following suggestions are put forth:-

TRAINER

Trainer is the person who must possess the capacity to control the group of trainees, understand organizational needs and work strategically so as to relate the training importance to the practical worlds of trainees by giving them appropriate examples. His credibility and integrity should be so high as to make the trainees perceive that the trainer can add to their learning processes at the same time he should possess the sense of humour in order to avoid or reduce stress/boredom in the training environment and foster a relaxed learning climate.

DEVELOP TRAINEE READINESS

Instructors can stimulate trainee readiness for the learning to come by carefully preparing and distributing a number of devices designed to hook training interest in advance of the training session. This could include attractively packaged pre course material distributed to trainees before the start of the program. These may include simple description of how the program fits into the mission of the organization, examples of prerequisites needed for the course or simple self assessment exercise that allow trainees to score themselves and identify areas of potential development.

PROVIDE POSITIVE TRAINING ENVIRONMENT

Trainees will be primed for transfer, if the timing of the training is right which builds on the concept of the teachable moment. In terms of location, sometimes training embedded in the work itself is most effective while in other cases offsite location protects trainees from work-related interruptions and distracters. As well, the physical surrounding and facilities during training should be comfortable and pleasant. Supervisors who help to provide this type of positive learning context create a supportive climate for transfer.

METHODS

Such training methods need to be encouraged wherein trainees get mentally and physically involved like Role-Playing, Group-Discussion, Case Study, etc, so that the trainees find themselves alert and an essential part of the event.

PROVIDE PRACTICE OPPORTUNITIES

Opportunities to practice new learning during training gives trainees the chance to put newly acquired knowledge to work. These are safe opportunities to experiment with new skills and give instructors the chance to note individual's strengths and weakness. They should also encourage trainees to ask questions, try alternatives and gain confidence. The key success in this strategy is to develop practice opportunities that are relevant to levels of trainee skills and convincing trainees that they can benefit from doing so.

MAINTAIN IDEAS OR APPLICATION NOTEBOOK

One way of doing this is by converting general principles into specific practices through a notebook. For each session trainees can record the ideas, concepts and principles (what I heard or learned) and the application of it (how I intend to use it). This notebook provides a self-discipline mechanism encouraging trainees to look for useful ideas throughout the training program instead of relying on their recall abilities.

TRAINEES RESPONSIBILITIES

Apart from management responsibilities, the trainees also need to play their role. The trainees should understand the concept and importance of training for individual and organizational development. They should actively participate in the process starting from the need assessment to training delivery and evaluation. Their attitude towards the training should be enthusiastic rather than considering it as a break from routine job. Trainees should establish a regular time for periodically reviewing their course material following the training program. Research studies of memory following learning strongly indicate a sharp drop-off in recall capabilities following initial input. This decline is even worse when other factors interfere with immediate and regular application of the knowledge or when significant time passes before the individual reviews the materials.

In short, everything points in the direction of the desirability of early and frequent reviews. The trainees need to make conscious and diligent effort to learn and assimilate the training inputs to advantage. They should approach training seriously and be ever alert to pick up concepts and techniques for application in the post training situation by the same token.

Table -1
Overall training delivery & methodology in the 'J & K Bank'

Dimension Nos	DIMENSIONS	MEAN SCORES	%MEAN SCORES
1	Role of Trainer	3.548	70.953
2	Training Environment	3.625	72.5
3	Training Methods	2.685	53.65
	Total-Average	3.286	65.701

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -2
Overall training delivery & methodology in the 'SBI'

Dimensions Nos.	Dimensions	Mean-Score	% Mean-Score
1	Role of Trainer	3.766	75.328
2	Training Environment	3.6	71.996
3	Training Methods	2.961	59.223
	Total-Average	3.344	68.849

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -3
Perception of employees regarding the 'Role of Trainer' in the 'J&K Bank'

ROLE OF TRAINER		MANAGERIAL		Non-Managerial	
Item Nos	Items	M-S	%M-S	M-S	%M-S
13	Trainer specifies the goals of training at the beginning of each training session.	3.87	77.38	3.82	76.4
14	Trainees are taught how to identify mistakes they commit/made.	3.63	72.68	3.39	67.7
15	Trainer taught trainees how to check their own work to make sure that things go right.	3.74	74.74	3.83	76.6

16	The Trainer gave trainees a lot of different problems to work on.	3.48	69.6	3.07	61.3
17	The Trainer motivated the trainees about the need to practice if they had to keep their skills at a high level.	3.85	77.02	3.6	72
18	During training the trainers kept making use of new skills and ways to deal with different problems.	3.69	73.72	3.53	70.7
19	During training you are provided opportunities to practice whatever you learnt.	3.27	65.38	2.9	58.1
	TOTAL-AVERAGE	3.65	72.93	3.45	69

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -4

Perception of employees regarding 'Role of Trainer' in the 'SBI'

Item nos	'Role of Trainer'	Managerial		Non-Managerial	
		M-S	%M-S	M-S	%M-S
13	Trainer specifies the goals of training at the beginning of each training session.	3.833	76.66	3.652	73.04
14	Trainees are taught how to identify mistakes they commit/made.	3.643	72.86	3.804	76.08
15	Trainer taught trainees how to check their own work to make sure that things go right.	3.762	75.24	3.859	77.18
16	The Trainer gave trainees a lot of different problems to work on.	3.286	65.72	3.446	68.92
17	The Trainer motivated the trainees about the need to practice if they had to keep their skills at a high level.	3.762	75.24	3.5	70
18	During training the trainers kept making use of new skills and ways to deal with different problems.	3.595	71.9	3.674	73.48
19	During training you are provided opportunities to practice whatever you learnt.	3.31	66.2	3.272	65.44
	TOTAL AVERAGE	3.599	71.97	3.601	72.02

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -5

Perception of employees regarding the 'Training Environment & Facilities in the 'J&K Bank'

'Training Environment & Facilities		Managerial		Non-Managerial	
Item Nos	Items	M-S	%M-S	M-S	%M-S
20	The environment that you were trained in was very similar to the location you work in.	2.223	44.46	2.474	49.48
21	Audio-visual facility	3.554	71.08	3.756	75.12
22	Adequacy of space	3.977	79.54	3.837	76.74
23	Cleanliness	4.057	81.14	4.185	83.7
24	Refreshments	3.909	78.18	3.83	76.6
25	Transport facility	2.909	58.18	2.222	44.44
26	Proper ventilation	3.84	76.8	3.778	75.56
27	Seating arrangement	3.909	78.18	3.881	77.62
28	Lighting	4.034	80.68	3.956	79.12
29	Heating	3.811	76.22	3.622	72.44
30	Canteen facility	3.674	73.48	3.541	70.82
31	Library facility	3.32	66.4	2.763	55.26
32	Availability of short breaks	3.766	75.32	3.6	72
33	Attitude of the staff	4.171	83.42	4.356	87.12
34	Location of the training place	3.897	77.94	3.896	77.92
	TOTAL-AVERAGE	3.67	73.401	3.58	71.596

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -6

Perception of employees regarding the 'Training Environment & Facilities in the 'SBI'

'Training Environment & Facilities		Managerial		Non-Managerial	
Item no	Items	M-S	%M-S	M-S	%M-S
20	The environment that you were trained in was very similar to the environment you work in.	2.571	51.42	2.696	53.92
21	Audio-visual facility	3.619	72.38	3.348	66.96
22	Adequacy of space	4.095	81.9	4.087	81.74
23	Cleanliness	4.214	84.28	3.87	77.4
24	Refreshments	4.048	80.96	3.511	70.22
25	Transport facility	3.619	72.38	3	60
26	Proper ventilation	3.762	75.24	3.902	78.04
27	Seating arrangement	4.214	84.28	4.109	82.18
28	Lighting	4.286	85.72	4.25	85
29	Heating	4.071	81.42	3.978	79.56
30	Canteen facility	3.833	76.66	3.391	67.82
31	Library facility	3.976	79.52	3.37	67.391
32	Availability of short breaks	3.857	77.14	3.522	70.435
33	Attitude of the staff	4.143	82.86	4.174	83.478
34	Location of the training place	3.976	79.52	3.5	70
	TOTAL AVERAGE	3.886	77.71	3.647	73.15

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -7
Perception of employees regarding 'Training Methods' in the 'J&K Bank'

Item No	Items	Managerial		Non-Managerial	
		M-S	%M-S	M-S	%M-S
1	Induction method /Orientation.	3.333	66.66	3.315	66.3
2	Job rotation	3.119	62.38	3.011	60.22
3	Lecture	3.548	70.96	2.815	56.3
4	Group Discussion	3.071	61.42	2.457	49.14
5	Role playing	2.976	59.52	2.315	46.3
6	Case study	3.024	60.48	2.587	51.74
7	Computer software	3.31	66.2	3.565	71.3
8	Computer based self instruction	3.286	65.72	3.207	64.14
9	Simulation	2.762	55.24	2.641	52.82
10	Conferences	2.524	50.48	2.652	53.04
11	Seminars	2.714	54.28	2.663	53.26
	TOTAL AVERAGE	3.061	3.061	2.839	56.78

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -8
Perception of employees regarding 'Training Methods' in the 'SBI'

Training Methods		Managerial		Non-Managerial	
Item No	Items	M-S	%M-S	M-S	%M-S
1	Induction method /Orientation.	3.463	69.26	3.4	68
2	Job rotation	3.246	64.92	2.785	55.7
3	Lecture	2.994	59.88	3.148	62.96
4	Group Discussion	2.509	50.18	2.674	53.48
5	Role playing	2.4	48	2.593	51.86
6	Case study	2.571	51.42	2.541	50.82
7	Computer software	3.08	61.6	2.963	59.26
8	Computer based self instruction	2.806	56.12	2.741	54.82
9	Simulation	2.28	45.6	2.215	44.3
10	Conferences	2.149	42.98	2.193	43.86
11	Seminars	2.171	43.42	2.096	41.92
	TOTAL-AVERAGE	2.697	53.944	2.668	53.362

Scale- 1=Not at all, 2=Minimal, 3=Moderate, 4= Large, 5= very Large

Table -9

Perceptual variation between and within the employees of the sample organisations

COMPARISONS	M-SCORES	S.D	M-SCORES	S.D	MEAN DIFFE.	T-VALUE	P-VALUE
Within J & K Bank	Managers JKB-3.309	0.457	Non-Managers JKB-3.266	0.409	0.042	0.14	0.897**
Within SBI Bank	Managers-3.399	0.413	Non-Managers-3.283	0.403	0.116	0.40	0.703**
Between Managers	Managers-3.309	0.458	Managers-3.399	0.413	-0.0090	-0.29	0.783**
Between Non-Managers	Non-Managers-3.267	0.409	Non-Managers-3.283	0.403	-0.016	-0.05	0.958**

** P-Value > 0.05 = Insignificant

* P-Value < 0.05 = Significant

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MICRO FINANCE IN INDIA AND MILLENNIUM DEVELOPMENT GOALS: MAXIMIZING IMPACT ON POVERTY

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ABSTRACT

The context for this paper derives from the current overriding emphasis on microfinance in rural finance discourse and its celebration as the new 'magic wand' in the fight against poverty. The paper discusses the factors and theoretical position associated with evolution of microfinance and its global acclaim based on it being a Win-Win proposition for both Micro Finance Institutions (MFIs) and Clients. The paper brings out the missing link of impact assessment in the Indian context, which is a precondition for poverty reduction on account of the influence of new paradigm of Institutional viability under commercial microfinance. The paper argues for mainstreaming impact assessment in evaluation of programmes for realizing the full potential of microfinance in achievement of Millennium Development Goals (MDGs).

This paper also draws on the doctoral field research conducted by the author in 2005 to assess socio economic impact of Self Help Group (SHG)-Bank Linkage programme of microfinance in India.

INTRODUCTION:

MICROFINANCE – 'THE NEW MANTRA IN RURAL FINANCE'

The rural finance policy pursued in most developing countries beginning from 1950s was based on providing subsidized credit through state controlled or directed institutions to rural segments of population. Expansion of credit coverage through state interventions was based on various theoretical assumptions. Seibel & Parhusip (1990) mention that this approach was based on the premise that rural micro-entrepreneurs are unable to organize themselves, they need subsidized credit for increasing their income and are too poor to save. Yaron, Benjamin & Pipek (1997) have traced this traditional approach in rural finance leaning heavily towards direct interventions to Keynesian influence. Under this approach, in addition to the assumptions listed above, the key problem areas visualized in rural financial markets included a lack of credit in rural areas, absence of modern technology in agriculture, low savings capacity in rural areas and prevalence of various moneylenders.

On account of the above developments, the resultant shift in rural finance discourse and operational paradigm is shown in Table

Features	Old Paradigm	New Paradigm
Problem Definition	Overcome market imperfections	Lower risks and transaction costs
Role of Financial Markets	Implement State plans Help the poor	Intermediate resources efficiently
View of users	Beneficiary	Clients
Subsidies	Create subsidy dependence	Create independent institutions
Sustainability	Largely Ignored	A major concern
Evaluations	Credit impact on beneficiaries	Performance of financial Institutions

Emergence of micro credit in late 1970s and early 1980s in the backdrop of growing world attention on deficiencies of earlier approach in rural finance explains much of its dominant theoretical underpinnings. The initial micro credit innovations in disparate settings of Bangladesh, Bolivia and Indonesia demonstrated the success of micro lending to poor without collateral requirements. Rhyne (2001) observes that these interventions demonstrated techniques for lending to the poor with better outreach and cost recovery. Despite the contextual differences, the unifying thread of these early innovations lay in their certain common principles like reliance on character or peer pressure rather than collateral as loan security, leveraging social capital, positive incentives for repayment and interest rates that approached or covered cost. These

innovations acted as catalysts for replication across the globe and their underlying principles continue to form the bedrock of microfinance interventions till date.

The universal appeal of microfinance stemmed from its ability to reach the poor without social collateral and generation of near full recovery rates through what has been described as a Win-Win proposition. The mainstreaming of microfinance worldwide and its global acceptance in development community is based on this Win-Win proposition. This concept of provision of sustainable financial services at market rates has been termed as 'Financial System' approach or 'Commercial microfinance'. The progress report submitted by Micro credit summit campaign indicates that as of Dec.31, 2004, 3,164 microcredit institutions have reached 92.27 million clients translating into microcredit interventions having reached 333 million poor families worldwide. The obsession with microfinance in development sector is succinctly captured by Remenyi (2000, p30) , "every bilateral donor and NGO seems to believe that it too must be involved in microfinance if it is to retain credibility as a development agency with an option for the poor".

GLOBAL ACCEPTANCE OF MICROFINANCE

It is claimed that this new paradigm of unsecured small scale financial service provision helps poor people take advantage of economic opportunities, expand their income, smoothen their consumption requirement, reduce vulnerability and also empowers them (CGAP,2003; ADB, 2004)

Former World Bank President James Wolfensohn said "Microfinance fits squarely into the Bank's overall strategy. As you know, the Bank's mission is to reduce poverty and improve living standards by promoting sustainable growth and investment in people through loans, technical assistance, and policy guidance. Microfinance contributes directly to this objective". The emphasis on microfinance is reflected in microfinance being a key feature in Poverty Reduction Strategy Papers (PRSPs).

Realising the importance of microfinance, World Bank has also taken major steps in developing the sector. Formation of Consultative Group to Assist the Poor (CGAP) in 1995 as a consortium of 33 Public and private development agencies and establishment of Microfinance Management Institute (MAFMI) in 2003 are significant landmarks. CGAP acts as a "resource center for the entire microfinance industry, where it incubates and supports new ideas, innovative products, cutting-edge technology, novel mechanisms for delivering financial services, and concrete solutions to the challenges of expanding microfinance". MAFMI was established with support of CGAP and Open Society Institute for meeting the technical and managerial skills required for microfinance sector.

Current World Bank President in his message to CGAP annual meeting in 2005 acknowledged this by saying "CGAP has helped build consensus around the fundamentals of an inclusive financial system. The CGAP Key Principles of Microfinance, endorsed last year by the G8, have this year been championed by Worldwide, as a result of the CGAP system, good practice is increasingly becoming standard practice".

MICROFINANCE & MDG

The current literature on microfinance is also dominated by the positive linkages between microfinance and achievement of Millennium Development Goals (MDGs). Microcredit Summit Campaign's 2005 report argues that the campaign offers much needed hope for achieving the Millennium Development Goals, especially relating to poverty reduction. CGAP (ibid) lends support to this by saying that the growing body of evidence suggests microfinance to be a critical contextual factor in achievement of MDGs. ADB (ibid) in its theme chapter on microfinance also cites access to financial services as critical for eliminating poverty and reaching MDGs. IFAD along with Food and Agriculture Organization (FAO) and the World Food Programme (WFP) declared that it will be possible to achieve the eight Millennium Development Goals (MDGs) by the established deadline of 2015 "if the developing and industrialized countries take action immediately" by implementing plans and projects, in which microcredit could play a major role.

INDIAN MICROFINANCE CONTEXT

Indian public policy for rural finance from 1950s to till date mirrors the patterns observed worldwide. Increasing access to credit for the poor has always remained at the core of Indian planning in fight against poverty. The assumption behind expanding outreach of financial services, mainly credit was that the welfare costs of exclusion from the banking sector, especially for rural poor are very high. Starting late 1960s, India was home to one of largest state intervention in rural credit market and has been euphemistically referred to as 'Social banking' phase. It saw nationalisation of existing private commercial banks, massive expansion of branch network in rural areas, mandatory directed credit to priority sectors of the economy, subsidised rates of interest and creation of a new set of rural banks at district level and an Apex bank for Agriculture and Rural Development (NABARD) at national level. These measures resulted in impressive gains in rural outreach and volume of credit. As a result, between 1961 and 2000 the average population per bank branch fell tenfold from about 140 thousand to 14000 (Burgess & Pande, 2005) and the share of institutional agencies in rural credit increased from 7.3% 1951 to 66% in 1991.

These impressive gains were not without a cost. Government interventions through directed credit, state owned Rural Financial Institutions (RFI) and subsidised interest rates increased the tolerance for loan defaults, loan waivers and lax appraisal and monitoring of loans. The problem at the start of 1990s looked twofold, the institutional structure was neither profitable in rural lending nor serving the needs of the poorest. In short, it had created a structure, 'quantitatively impressive but qualitatively weak'.

Microcredit emergence in India has to be seen in this backdrop for a better appreciation of current paradigm. Successful microfinance interventions across the world especially in Asia and in parts of India by NGOs provided further impetus. In this backdrop, NABARD's search for alternative models of reaching the rural poor brought the existence of informal groups of poor to the fore. It was realised that the poor tended to come together in a variety of informal ways for pooling their savings and dispensing small and unsecured loans at varying costs to group members on the basis of need. This concept of Self-help was discovered by social-development NGOs in 1980s. Realising that the only constraining factor in unleashing the potential of these groups was meagreness of their financial resources, NABARD designed the concept of linking these groups with banks to overcome the financial constraint. The programme has come a long way since 1992 passing through stages of pilot (1992-1995), mainstreaming (1995-1998) and expansion phase (1998 onwards) and emerged as the world's biggest microfinance programme in terms of outreach, covering 1.6 million groups as on March, 2005. It occupies a pre-eminent position in the sector accounting for nearly 80% market share in India.

Under the programme, popularly known as SHG-Bank Linkage programme there are broadly three models of credit linkage of SHGs with banks. However, the underlying design feature in all remains the same i.e. identification, formation and nurturing of groups either by NGOs/other development agencies or banks, handholding and initial period of inculcating habit of thrift followed by collateral free credit from bank in

proportion to the group's savings. In accordance with the flexible approach, the decision to borrow, internal lending and rate of interest are left at the discretion of group members. Its design is built on combining the "collective wisdom of the poor, the organizational capabilities of the social intermediary and the financial strength of the Banks".

The success factors of the programme lie in it being beneficial for both banks and clients – another example of Win-Win proposition. The programme is an attractive proposition for banks due to high recovery rates and lowering of transaction costs by outsourcing costs associated with monitoring and appraisal of loans. Records show a recovery rate as high as 95% for loans extended by banks to SHGs and a study sponsored by FDC, Australia, it was observed that the reduction in costs for the bankers is around 40% as compared to earlier loans under Integrated Rural Development Programme (IRDP). Similar findings in respect of commercial benefit of SHG lending to banks were reported by Siebel & Dave (2002). The programme's exclusive focus on reaching those sections of population, who were hitherto out of reach of financial system, has increased the coverage of poor. Non reliance on physical collateral and total flexibility in loan purpose and amount has also resulted in increased coverage of the poor and the marginalised.

The programme has received strong public policy support from both Government of India and Reserve Bank of India. The importance attached to it by Government is exemplified by mention of yearly targets by Finance Minister in his annual budget speech as well as introduction of similar group based lending approach in government's poverty alleviation programme. The success of the programme in reaching financial services to the poor has won international admiration. World Bank policy paper hails the programme and states that it is particularly suited to India because the model capitalises on country's vast network of rural bank branches that are otherwise unable to reach the rural poor.

"FINANCIAL SYSTEM' APPROACH – SHIFTING OF 'GOALPOST' & ITS IMPACT

The growth of microfinance in India has also to be seen in the light of financial sector reforms in India starting from 1991 and the global emphasis on commercialization of the sector. Under the new approach has been deeply influenced by the reorientation among international rural financial policy makers centering around concepts such as self-help, self sustained growth and institutional viability. As the size limitations of paper constrain a detailed enumeration of field research findings, only the key findings of the field research having a bearing on the central aspect of the paper are listed -

- All clients were saving regular amounts of money at monthly/bimonthly interval building up the group savings
- Internal loaning of group funds was very high resulting in significant waiting time for members interested in borrowing
- Social awareness index of group members as measured on Likert Scale showed a definite positive trend after joining the group
- Reliance on moneylenders for credit eliminated or decreased in case of approx 2/3rd of clients
- No specific benchmarks for group membership leading to inadequate poverty targeting
- Only 6% clients had taken up any economic activity post group formation
- Marginal increase in real term income level after joining the group
- Bank credit to group often a result of banker's zeal to achieve targets rather than based on group demand
- Bank credit as well as loans used overwhelmingly for consumption purpose
- Group members not willing to borrow to take up economic activity on account of credit risk and absence of skills
- Prompt Repayment a factor of group pressure and sourced out of reduced consumption, extra work and borrowing from other sources
- High rates of interest in internal lending among group members (2-3%) was seen by members as prescribed by the group forming agency and accepted as being better than even higher rates of informal sector.

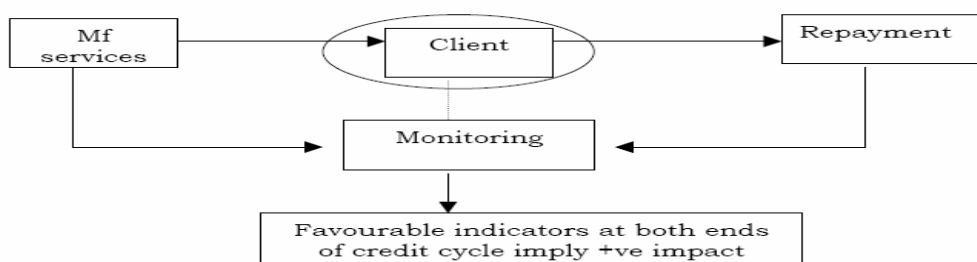
INDUSTRY INSIGHT: INDIAN RETAIL BANKING (2006 EDITION)

Retail banking in India has fast emerged as one of the major drivers of the overall banking

Industry and has witnessed enormous growth in the recent past. This report helps in Banks, financial institutions, MNC Banks, academicians, consultants and researchers to have a better understanding of the booming opportunities in retail banking in India.

In this scenario, it seems rather naïve to visualize flourishing of microenterprises through provision of microcredit. Dichter (2006) in his paper drawing on African experience rightly draws attention to both these aspects by pointing to the "infertile context" of rural settings and says "if the large majority of us in the advanced economies are not entrepreneurs, and have had in our past little sophisticated contact with financial services, and if most of us use credit, when we do, for consumption, why do we make the assumption that in the developing countries, the poor are budding entrepreneurs".

In the absence of any significant economic development, the findings logically point to an unmistakable trend of repayments being made out of reduced consumption, increased working time as farm labour and borrowing from relatives, other groups in vicinity or moneylenders in extreme cases. In such a scenario, while loan volume, outreach and repayment may outwardly justify the intervention and make it attractive for bankers, its impact on economic gains for clients gets missed out. The common underlying assumption behind reliance on such parameters is belief in the linear cycle of credit, starting from credit off take followed by economic activities, rise in income/assets and repayment out of additional income.



Reliance on credit off take and recovery as a proxy for positive economic development ignores the critical issue of 'impact assessment' at client level. This aspect of microfinance has received increasing attention. Dichter (ibid) feels that the use of proxies like repayment rate to justify impact is not tenable as it does not examine the source of repayment. Money being fungible, repayment needs to be traced to income from business activity to justify it as criteria. Deubel (2006) citing (Buckley, 1997) states that loan repayment rate as an indicator may show participant's ability to repay but does not take into account the impact of loan on enterprise. Weiss & Montgomery (2004) observe that high recovery rates may be due to intense group pressure and do not reflect capacity to repay.

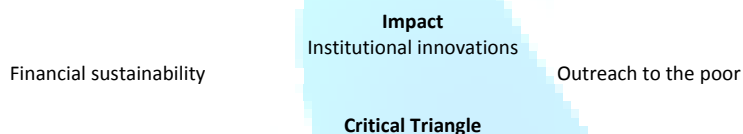
While microfinance may be a winning proposition for banks, the winning evidence on client's side seems doubtful. The institutional approach flowing out of past negative experiences has shifted the goalpost to financial solvency but in the process missed the vital link of credit usage.

In this scenario, it can be said with certainty that potential of microfinance to contribute to achievement of MDGs in India, especially reduction of poverty remains suspect. Greeley (2005) rightly notes that in absence of specific poverty targeting and mainstreaming of impact assessment, the claims about the impact of microfinance on the achievement of MDG lacks credibility.

ROAD AHEAD

Indian rural finance sector is at crossroads today. Following the financial sector reforms with its emphasis on profitability as the key performance benchmark, banks are increasingly shying away from rural lending as well as rationalizing their branch network in rural areas. Burgess & Pande (ibid) have brought out this fact in their study by stating that while between 1977 and 1990 (pre reform period) more bank branches were opened in financially less developed areas, the pattern was reversed in post reform period. Thus while, access of credit to the rural poor has reduced in post reform period, the policy recommendation is to fill this gap through micro credit. The SHG-Bank linkage programme has witnessed phenomenal growth and the current strategy is to focus on 13 underdeveloped states as also graduate the existing SHGs to the next stage of micro enterprises.

Adequate emphasis on impact assessment is an integral part of the triangle of factors necessary for judging microfinance intervention.



Mainstreaming of impact assessment in the SHG-Bank linkage programme will call for extra efforts and resources as also create conflict with the present focus on numerical growth. In addition to this, irrespective of socio economic status, credit can be put to little productive use in resource deficient and isolated areas. In such areas, credit flow has to follow public investments in infrastructure and provision of forward and backward linkages for economic activities.

CURRENT STATUS RELATING TO MICROFINANCE SECTOR IN INDIA

The term microfinance is defined in the Indian context as "the provision of thrift, credit and other financial services and products of small amounts to the poor in rural, semi-urban and urban areas for enabling them to raise their income levels and improve living standards"

- i. In 2000, it was indicated that loans up to Rs.50,000 (Rs.125,000 in the case of housing finance) were considered as microfinance
- ii. The draft microfinance Bill(2007) reiterated the same definition. The average loan per customer in the Indian microfinance sector however is much smaller and ranges between Rs. 3500 and Rs. 5000 for both models. While the upper limit of microfinance loans has been specified as Rs.50,000, the lowest end loans of most commercial banks, namely personal loans, start at Rs. 100,000
- iii. The definitions pertain to the microcredit aspect, though increasingly microfinance providers are also offering micro insurance, micro pensions and remittances by tying up with mainstream providers.

RECENT DEVELOPMENTS IN INDIA RELATING TOTHE SECTOR

ELIGIBILITY FOR PRIORITY SECTOR LENDING

The Reserve Bank of India (RBI) encouraged banks to participate in microfinance by reckoning Lending to the sector as part of their priority sector lending, which needs to account for 40% and 32% of net bank credit in the case of domestic and foreign banks respectively.

OTHER GOVERNMENT INITIATIVES

In 1993, the Ministry of Human Resource Development, Government of India set up the Rashtriya Mahila Kosh (RMK) with initial funding of Rs.310 million to act as a provider of wholesale funds for the sector and to develop the sector through capacity building and advocacy. In 1999, the SIDBI Foundation for microcredit was launched to provide both financial and non financial support to MFIs.

In 2001, the microfinance development fund of Rs. 1 billion was set up under NABARD to fund various development activities relating to microfinance. It was later in 2005-06, re-designated as Regulating India's Microfinance Sector: the Microfinance Development and Equity Fund with an increased corpus of Rs.2 billion. In 2005, NBFCs engaged in microfinance were permitted to obtain foreign equity investment subject to the permission of the Foreign Investment Promotion Board. The minimum amounts were \$0.5 million when investment was less than 51% of the total equity, \$5 million when it was less between 51% and 75% of total equity and \$7.5 million when investment was greater than 75% of total equity.

PROPOSED MODEL FOR REGULATION OF MICROFINANCE IN INDIA

MFI BANK PARTNERSHIP MODEL

In 2002, India's largest private sector bank, ICICI Bank, initiated an MFI partnership model according to which MFI loans remained on the bank's balance sheet though the loan origination; monitoring and collection services were performed by the MFI for a fee. The MFI also shared the

credit risk up to a specified level. The policy environment largely supported this innovation which increased considerably the pool of funds available for MFIs. In 2006, undesirable practices of some MFIs in Andhra Pradesh led the RBI to initiate new measures. RBI urged banks to strengthen their know-your-customer (KYC) procedures by ensuring receipt of day-end transaction information, as the loans were on the books of the bank. This means that the model can be used only in situations where the bank and MFI have the technology necessary to meet the above requirement.

BUSINESS FACILITATOR/ BUSINESS CORRESPONDENT MODEL

First, the eligibility criteria excluded a number of large MFIs in the country. While most other kinds of MFIs are eligible to function as BCs, NBFCs not registered as not-for-profit companies were excluded through subsequent notification.

Second, BCs are not permitted to charge fees from the clients as banks are expected to remunerate them. In the case of loans, this results in effective capping of the overall interest rate that the borrowers could be charged as banks are not permitted to charge interest rates above their benchmark prime lending rate for loans which are lower in amount than Rs. 200,000. This caps the interest rate of all microfinance loans as these loans by definition are lower than Rs.50,000.

Third, in a later notification, RBI stipulated that every BC should be attached to a particular bank branch (called the base branch) and the distance between the place of business of a BC and that of the branch should not exceed 15 km in rural, semi-urban and urban areas and 5 km in metropolitan areas. This restriction also reduced the attractiveness of the scheme.

CAPITAL ADEQUACY REQUIREMENTS OF NBFC MFIS

In 2008, RBI increased the capital adequacy ratio of MFIs registered as NBFCs and having an asset size of Rs. 1 billion. As against 10%, their minimum capital to risk assets ratio was required to be 12% by March 31, 2009 and 15% by March 31, 2010.

MOBILE BANKING GUIDELINES

With growth in number of mobile phone subscribers in the country, some banks have started offering mobile based services to customers including mobile payments, which implies debit or credit of funds in a customer's account based on instructions received over mobile phones.

CURRENT REGULATORY STRUCTURE IN INDIA

First, the Bill permitted MFOs to register with NABARD and accept savings from members subject to their meeting the following conditions: it should have been in existence for at least three years, it should have net owned funds of at least Rs.0.5 million and it should have satisfactory management.

Second, the Bill provided for mandatory registration and periodic report submission (including annual audited reports) by all MFOs, seeking to accept deposits. This has the potential to build a robust database of the sector over time; and help institute greater professionalism in the functioning of the MFOs.

Third, it provided for inspection of MFOs by the regulatory authorities in case of complaints and a dispute resolution mechanism. These steps could serve as important consumer protection steps in the microfinance sector. There are several provisions in the Bill which, however, merit reconsideration.

UNIQUE CHALLENGES OF MICROFINANCE REGULATION IN INDIA

Regulation of the microfinance sector poses unique challenges. They are worth enumerating as there appears to be inadequate appreciation of these challenges in India.

- 1) MFIs may not pose systemic challenges in the sense that it is unlikely that even the largest MFIs are "too big to fail". For example, the asset size of one of the largest MFIs in the country, SKS Microfinance Private Limited in March 2009 was Rs.24.6 billion while that of the largest private sector bank in the country, ICICI Bank, was around Rs. 3793 billion, approximately 154 times as large (www.icicibank.com and www.sksindia.com). MFIs however deal with low income groups least likely to bear downside risks, in a democratic country, politically the MFIs may be "too sensitive to fail". The implicit contingent liabilities are on the State, making their effective regulation in the interest of the Government.
- 2) In the case of bank regulation, banks are often required to make full provisions for loans without collateral. In the case of MFIs, most loans are collateral free and hence no such measures are possible. On-time repayments on microfinance loans however tend to be high, though experience shows that once a loan is overdue, the ultimate collection of the loan is less likely, than in the case of loans that are backed by collateral (Rosenberg, 2008). As a result, provisioning already delinquent loans needs to be more aggressive for microcredit loans as compared to other loans.
- 3) While bank failures may be contagious in the sense that the failure of one bank is likely to impact solvency of others due to the interdependent nature of the payments system, the interdependencies between group members in microfinance can lead at times to a different kind of contagion effect. Widespread defaults can occur either if some members start consistently defaulting or if there are rumors of MFI failures. An important incentive for repayment of collateral free MFI loans is the ability to obtain larger loans in the future. A regulator of MFIs has therefore to be highly sensitive to these realities.
- 4) MFI customers are often first time users of financial services and usually have low education. The responsibility on the MFI to offer the right products which suit their members' needs as well as provide adequate financial education and training to them is considerable. Regulation needs to necessarily oversee this important element of MFI operations.

- 5) Merely formulating regulation regarding codes of conduct for MFIs and providing channels for dispute resolution regarding MFI practices is not sufficient. MFI customers need to be made aware of them by using appropriate communication. Moreover the channels need to be easily accessible.
- 6) The cost that MFIs would incur in complying with regulation needs to be considered, as it may have an impact on their lending rates.

PRUDENTIAL ISSUES

Some of the main issues include minimum capital limits, capital adequacy requirements and loan loss provisions. A minimum capital limit is usually set which is often used as a rationing device in order to keep the number of MFIs to be supervised within manageable limits (Rosenberg, 2008). Capital adequacy requirements are based on the premise that capital acts as a cushion against possible losses for depositors and creditors. Similarly loan loss provisions are required so as to build reserves to provide for future losses. The peculiarities of MFI portfolios discussed earlier need to be taken into account while setting these requirements.

NON PRUDENTIAL ISSUES

Transaction costs in microfinance typically include cost of group formation, group training and cost of weekly collections at the customer's doorstep. As the value of the loans are typically small, these transaction costs are high on a percentage basis and contribute to higher interest rates as interest rates are a function of risk, cost of funds and transaction costs.

MAJOR FINDINGS

Retail lending across the globe has been a showcase of innovation in the commercial banking sector. Countries like China and India have emerged as potential markets with huge investment opportunities. The higher growth of retail lending in emerging economies is attributable to fast growth of personal wealth, favourable demographic profile, rapid development in information technology, the conducive macro-economic environment, financial market reforms, and several micro-level supply side factors. The retail banking strategies of banks are undergoing major transformation, as banks adopt a mix of strategies like organic growth, acquisitions and alliances. This has resulted in a paradigm shift in the marketing strategies of the banks. Public Sector Banks players are adopting aggressive strategies, leveraging their branch network and their customer base to earn a larger share of the retail pie. Banks are also going in for innovative strategies like cross selling and packaged selling of retail products. At the same time, new foreign players are also entering this high growth sector.

CONCLUSION

The Indian economy at present is at a crucial juncture, on one hand, the optimists are talking of India being among the top 5 economies of the world by 2050 and on the other is the presence of 260 million poor forming 26 % of the total population. The enormity of the task can be gauged from the above numbers and if India is to stand among the comity of developed nations, there is no denying the fact that poverty alleviation & reduction of income inequalities has to be the top most priority. India's achievement of the MDG of halving the population of poor by 2015 as well as achieving a broad based economic growth also hinges on a successful poverty alleviation strategy. In this backdrop, the impressive gains made by SHG-Bank linkage programme in coverage of rural population with financial services offers a ray of hope. The paper argues for mainstreaming of impact assessment and incorporation of local factors in service delivery to maximize impact of SHG –Bank linkage programme on achievement of MDGs and not letting go this opportunity. In conclusion, it is time to address regulatory issues to enable the microfinance sector to contribute more effectively to the goal of financial inclusion, and to provide an environment in which all stakeholders can participate with confidence of zero-based poverty level.

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COMPARATIVE FINANCIAL PERFORMANCE EVALUATION OF MARUTI AND HYUNDAI

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ABSTRACT

The research paper focuses on the financial performance evaluation of Maruti and Hyundai. Financial Performance evaluation has been done on the basis of some selected parameters like Liquidity, Profitability, Efficiency, Leverage ratios and Market Value Ratios for the period from 2000 to 2009. The idea of this article is to know the short term as well as long term financial position of selected companies and to give suitable suggestions for improvement in their financial position. The comparison of the financial performance of Maruti and Hyundai reveals that Maruti is better company in market valuation in comparison to Hyundai.

KEY WORDS

MSIL, HMIL, Financial Ratios, Financial Parameters

INTRODUCTION

MSIL is the no. one car maker company in India and Hyundai is at no. 2. On this basis sample has been selected for this paper. **Maruti Udyog Ltd.** is the first automobile company in the World to be honored with an ISO 9000:2000 certificate. The company has a joint venture with Suzuki Motor Corporation of Japan. It was established in 1981. **Hyundai Motor India Ltd.** is South Korea's largest car maker and 6th largest car maker in the World. Hyundai Motor India Ltd. (HMIL) is the Second largest and fastest growing car manufacturer in India. The co. is an ISO 14001 for its sustainable environment management practices.

Popular Brands of MSIL: Maruti-800, Alto, Zen, Zen Estlio, Baleno, Wagon-R, Swift, Swift-Dzire, Esteem, A-Star, Versa, SX4.

Popular Brands of HMIL: Santro, Getz, i-10, i-20, Accent, Elantra, Verna and Sonata Embera and Tuscon

OBJECTIVES OF THE STUDY

1. To know the financial performance evaluation of Maruti and Hyundai
2. To give suggestion on the basis of Liquidity, Profitability, Efficiency and Leverage analysis
3. To know the Market Position of Maruti and Hyundai by taking Market Value Ratios

DATA SOURCE

Data has been taken from the year 2000 to 2009. It has been collected from the CMIE, Capitaline.Com and from the Annual Reports of the Companies. Various Tools and Techniques like Average, S.D., COV has been used to arrive at any conclusion.

LIQUIDITY ANALYSIS

There are two aspects of the financial situation of any business the short term & the long term. Short term financial position is not only important for banks, creditors but also valuable for the management in finding out the efficiency with which working capital is being employed in the business. It is also important for shareholders & long term creditors in determining to some extent, at least the prospects of dividend & interest payment.

FINANCIAL PERFORMANCE ON THE BASIS OF LIQUIDITY ANALYSIS OF THE TWO COMPANIES IS APPENDED BELOW:

Table:1 Liquidity Ratios of Companies (Times)

CR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	1.46	1.78	1.48	1.94	1.36	1.92	1.99	1.50	1.16	1.67	1.62	0.68	41.98
HMIL	2.02	1.87	1.90	2.08	1.31	1.35	1.54	1.44	1.72	1.79	1.70	0.68	40.00

LR													
MSIL	0.74	1.09	1.00	1.60	1.06	1.49	1.52	1.26	0.77	1.39	1.19	0.72	60.50
HMIL	1.08	1.06	1.31	1.50	0.83	0.71	0.58	0.49	0.93	1.03	0.95	0.70	73.51

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table: 1(A) Comparison on the basis of Mean Value of Ratios

S.no.	Liquidity Analysis	MSIL	HMIL
1	CR	1.62	1.70
2	LR	1.19	0.95
	Sum of Mean Value	2.81	2.65
	Avg. Score	1.41	1.33
	Ranking	1	2

It is evident from the table that MSIL leads in the liquidity analysis as compared to HMIL. MSIL's liquidity score is 1.41 whereas HMIL's liquidity score is 1.05.

Current Ratio of MSIL during the reference period was lower than the standard norms of 2:1 and in the case of HMIL it was also lower except 2000 and 2003 in all the years during the study period than the standard norms of 2:1. Low Current Ratio indicates that both the companies faced difficulties in handling short term obligations on time. **Liquidity Ratio** of MSIL during the study period except in 2002 and 2008 was less than the standard norms of 1:1 and in the case of HMIL except in 2000, 2002 and 2003 the liquidity ratio was lower than the standard ratio of 1:1. Like Current Ratio, low Liquidity Ratio also signals that both the companies were not able to meet their short term liabilities. It can be concluded that both the companies are not in good position to meet their short term obligation on time during the reference period, because in most of the years during the study period ratios are below than the recommended value.

PROFITABILITY ANALYSIS

The main purpose of business unit is to make profit. The profitability ratios are computed to throw light on the current operating performance and efficiency of the business firm when they are related to some other figures such as sales, cost of goods sold, operating expenses, capital invested etc.

FINANCIAL PERFORMANCE ON THE BASIS OF PROFITABILITY ANALYSIS IS APPENDED BELOW:

Table: 2 (i) Profitability Ratios of Companies (Percentage) (In relation to Sales)

GPR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	9.27	0.79	6.52	8.41	13.89	16.15	16.94	17.36	17.17	11.60	11.81	2.99	25.32
HMIL	10.84	14.99	18.96	13.78	15.64	13.66	14.99	12.25	11.67	6.31	13.31	2.20	16.53
NPR													
MSIL	35.81	33.25	32.09	32.53	30.29	31.51	36.57	38.36	39.27	38.99	34.87	2.42	6.94
HMIL	0.00	0.00	0.00	0.00	0.00	10.39	16.08	18.79	21.32	14.18	16.15	1.76	10.90
OPR													
MSIL	105.55	113.37	109.13	106.39	98.28	93.48	93.32	93.71	93.99	101.95	100.92	3.56	3.53
HMIL	100.46	96.86	93.23	102.95	98.67	100.47	99.01	102.28	102.02	106.38	100.23	2.25	2.24

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:2(A) Comparison on the basis of Mean Value of Ratios

Sr. No.	Profitability Analysis	MSIL	HMIL
1	GPR	11.81	13.31
2	NPR	34.87	16.15
3	OPR	100.92	101.79
	Sum of Mean Value	147.59	131.25
	Avg. Score	49.20	43.75
	Ranking	1	2

The MSIL leads in profitability analysis as compared to HMIL. MSIL's Profitability score in relation to sales was 49.20 whereas HMIL's score was 43.75.

Gross Profit Ratio of MSIL was less than the standard norms of 20-30 percent in all the years during the reference period. HMIL's gross profit ratio was also not satisfactory in all the years as it was also less than the standard norms of 20-30 percent. Low Gross Profit Ratio indicates that the profit was not sufficient to cover the operating expenses of both the companies during the reference period. **Net Profit Ratio** of MSIL varied in a range of 35 percent from 2000 to 2009, which can be said satisfactory because usually 5 to 10 percent net profit ratio is considered as good for the company. In the case of HMIL the profit was almost NIL from the year 2000 to 2004 because company used all the profit in appropriation, after that it varied in a range of 16 percent during the study period. High Net Profit Ratio indicates that both the companies didn't face any difficulty in maintaining its reserves and they had sufficient amount to cover the operating and non operating expenses.

Operating Profit Ratio of MSIL varied in a range of 100.92 percent throughout the period whereas HMIL's operating ratio varied in a range of 100.23 percent, usually operating ratio is considered good between 75-80 percent. In both the companies this ratio was higher than this standard which means that the both the companies might have faced difficulty in covering its non operating expenses.

OVERALL WE CAN CONCLUDE THAT PROFITABILITY IN RELATION TO SALES WAS BETTER OF MSIL IN COMPARISON TO HMIL.

FINANCIAL PERFORMANCE ON THE BASIS OF PROFITABILITY ANALYSIS IS APPENDED BELOW:

Table: 2 (ii) Profitability Ratios of Companies (Percentage) (In relation to Investment)

ROI	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	0.16	0.00	0.06	0.09	0.35	0.41	0.51	0.58	0.72	0.28	0.35	0.57	161.65
HMIL	0.09	0.16	0.21	0.16	0.29	0.29	0.31	0.27	0.16	0.07	0.20	0.38	190.47
ROE													
MSIL	224.49	0.00	48.98	71.76	345.19	550.73	752.94	991.00	1097.79	773.43	539.59	24.23	4.49
HMIL	0.07	0.21	0.19	0.05	0.32	0.35	0.65	0.57	0.63	0.09	31.37	0.61	1.94
ROA													
MSIL	72.37	59.48	67.49	65.73	70.65	73.45	79.54	75.32	75.42	79.69	71.91	3.01	1.88
HMIL	0.00	0.00	0.00	0.00	0.00	0.34	0.46	0.37	0.35	0.30	36.43	1.88	5.16

Source: - Computed with the help of Statistics

Data taken from the CMIE database PROWESS from 2000 to 2009

Table:2(B) Comparison on the basis of Mean Value of Ratios

Sr. No.	Profitability Analysis	MSIL	HMIL
1	ROI	0.35	0.20
2	ROE	539.59	31.37
3	ROA	71.91	36.43
	Sum of Mean Value	611.86	68.00
	Avg. Score	203.95	22.67
	Ranking	1	2

It is evident from the table that MSIL leads in the profitability analysis in relation to investment as compared to HMIL. MSIL's score of profitability in relation to investment is 203.95 whereas HMIL's score is 22.67 only.

Return on Investment of MSIL varied in a range of 0.35 during the reference period and ROI of HMIL varied in a range of 0.20. It shows that MSIL has used its funds received from owners as well as from long term lenders in a better way in comparison to HMIL's ROI. MSIL's ROI was NIL in the year 2001 that means that the company has not used its funds in proper way in this year due to non availability of funds. In the year 2009 ROI of both the companies was low as compared to its previous year 2008. **Return on Equity** of MSIL varied in a range of 539.59 and of HMIL varied in a range of 31.37. ROE indicates that how much profit has been earned by the company and how much is available to the equity shareholders for the distribution of dividend. Higher ROE means more profit for the equity shareholders and low ROE means vice versa. MSIL's ROE except 2001 where it was almost NIL which shows non availability of profit for the equity shareholders in that year was much better in comparison to the ROE of HMIL. **Return on Assets** of MSIL varied in a range of 71.91 and of HMIL varied in a range of 36.43 during the study period. HMIL profit was almost NIL from 2000 to 2004 so ROA was also NIL in this period. ROA indicates how efficiently the company has used its assets in making profit. It is clear from the table 6.10 (ii) (b) that the MSIL is better in managing its assets in comparison to HMIL.

Overall we can say that profitability in relation to investment was better of MSIL than HMIL.

Efficiency Analysis: Efficiency analysis shows how assets are being utilized in the company. For this purpose various ratios i.e. FATR, STR, DTR & WCTR can be calculated.

FINANCIAL PERFORMANCE ON THE BASIS OF EFFICIENCY ANALYSIS IS APPENDED BELOW:

Table:3 Efficiency Ratios of Companies (Times)

FATR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	3.21	2.99	2.91	3.18	4.97	5.83	7.09	5.53	5.43	5.04	4.62	1.57	33.99
HMIL	10.45	7.36	5.25	4.66	5.72	5.84	5.35	5.09	4.64	3.29	5.77	1.59	27.58
STR													
MSIL	7.06	7.76	10.39	14.74	20.70	16.39	13.64	20.95	17.24	22.75	15.16	2.98	19.65
HMIL	8.54	11.25	10.24	12.15	10.28	9.94	9.90	6.84	6.60	7.30	9.30	1.78	19.13
DTR													
MSIL	14.99	9.94	8.43	10.70	13.21	18.22	18.60	19.66	27.29	22.34	16.34	3.12	19.10
HMIL	811.40	111.74	25.77	56.31	14.83	20.58	32.64	20.33	12.00	8.11	114.07	16.70	14.64
WCTR													
MSIL	11.68	6.82	10.97	5.51	18.69	8.01	6.81	11.03	65.73	9.81	15.51	4.62	29.80

HMIL	7.71	9.24	6.66	6.31	15.72	13.10	8.53	8.84	6.19	6.12	8.84	2.14	24.20
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Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:3(A) Comparison on the basis of Mean Value of Ratios

Sr. No.	Efficiency Analysis	MSIL	HMIL
1	FATR	4.62	5.77
2	STR	15.16	9.30
3	DTR	16.34	114.07
4	WCTR	15.51	8.84
	Sum of Mean Value	51.62	137.98
	Avg. Score	12.91	34.50
	Ranking	2	1

It can be observed from the table that HMIL leads in the efficiency analysis as compared to the MSIL efficiency analysis.

Fixed Assets Turnover Ratio of MSIL varied in a range of 4.62 and of HMIL varied in a range of 5.77. Usually a 5-6 times FATR is considered good for any company. MSIL's FATR was less than this standard during 2000 to 2004 and HMIL's FATR was less than this in 2008, 2009 and in 2002. In these years where it was less than the standard it shows insufficient utilization of fixed assets in both the companies. Overall it can be concluded that HMIL's FATR was better than the FATR of MSIL. **Stock Turnover Ratio** of MSIL varied in a range of 15.16 and of HMIL varied in a range of 9.30 during the study period. Higher STR shows efficient management of inventory and lower STR indicates inefficient management of inventory, stock accumulation and slow moving of goods. In all the year except 2000 and 2001 MSIL has proved efficient company in managing its inventory in comparison to HMIL. Overall we can say that MSIL's STR was better than the STR of HMIL. **Debtors Turnover Ratio** of MSIL varied in a range of 16.34 and of HMIL varied in a range of 114.07. Higher DTR indicates more efficiency in recovering the debtors and low DTR is a signal of inefficient management of debtors. Except 2008 and 2009 HMIL has proved a better managing company in recovering its debtors in comparison to MSIL.

Working Capital Turnover Ratio of MSIL varied in a range of 15.51 and of HMIL varied in a range of 8.84. Higher WCTR indicates efficient management of working capital and low indicates otherwise. In all the years except 2001, 2003, 2005 and 2006 WCTR of MSIL was more than the WCTR of HMIL. It indicates that MSIL was better working capital managing company as compared to HMIL.

Overall HMIL's efficiency analysis can be said satisfactory in comparison to MSIL.

LEVERAGE ANALYSIS

Leverage analysis means to know the long term solvency position of the company. It means that is company able to pay off its long term creditors or not on time. For this CGR, DER & ICR ratios can be taken to arrive at definite conclusion.

Financial Performance on the basis of Leverage Analysis is appended below:

Table:4 Leverage Ratios of Companies (Times)

CGR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	5.33	2.38	4.13	6.79	11.51	14.24	76.05	10.87	9.35	13.37	15.40	4.92	31.95
HMIL	1.05	1.45	1.85	1.79	2.12	3.66	3.94	1.33	0.98	0.72	1.89	1.27	67.20
DER													
MSIL	0.06	0.30	0.20	0.13	0.08	0.07	0.01	0.08	0.10	0.07	0.14	0.41	284.34
HMIL	0.49	1.41	0.35	0.36	0.32	0.21	0.20	0.43	0.51	0.58	0.69	0.73	105.79
ICR													
MSIL	7.40	-2.55	2.54	6.35	18.74	37.25	86.78	61.63	43.00	33.86	33.06	6.78	20.51
HMIL	1.99	4.17	10.04	16.29	39.89	47.26	241.26	51.84	10.48	2.35	42.56	9.22	21.66

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:4(A) Comparison on the basis of Mean Value of Ratios

S. No.	Leverage Analysis	MSIL	HMIL
1	CGR	15.40	1.89
2	DER	0.14	0.69
3	ICR	33.06	42.56
	Sum of Mean Value	48.61	45.14
	Avg. Score	16.20	15.05
	Ranking	1	2

It can be observed from the table that MSIL leads in leverage analysis as its score is 15.01 and HMIL's score is 14.95.

Capital Gearing Ratio of MSIL varied in a range of 15.40 and of HMIL varied in a range of 1.89. High geared capital structure may be signal of under capitalization and low geared capital structure may be of over capitalization. In all the year during the study period CGR of MSIL was better than the CGR of HMIL. It means the company was highly geared in all the years. **Debt Equity Ratio** of MSIL varied in a range of 0.14 and of HMIL in a range of 0.39 during the study period. In all the years DER was less than the 2:1 in both the companies during the reference period which signals good situation for the company because it means that the company is not dependent on the debt for its capital requirements. Overall MSIL's DER can be said satisfactory in comparison to HMIL. **Interest Coverage Ratio** of MSIL varied in a range of 29.50 and of HMIL varied in a range of 42.56. Higher ICR indicates company's efficiency to pay interest on loans on times, low indicates otherwise. MSIL's ICR in 2001 recorded a negative trend which shows company's inefficiency to pay interest on loan on times in this year. Overall HMIL's ICR can be said well in all the years during the study period in comparison to the ICR of MSIL.

Overall MSIL can be said better company in Leverage Analysis as compared to HMIL.

MARKET VALUE ANALYSIS

The six ratios of EPS, P/ER, BVPS, EVA, MVA and TQ were taken as indicators of market valuation.

FINANCIAL PERFORMANCE ON THE BASIS OF MARKET VALUE ANALYSIS IS APPENDED BELOW:

Table: 5 (i) Market Value Ratios of companies

EPS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	11.22	0.00	2.45	3.59	17.27	27.55	37.66	49.57	54.91	38.68	26.99	5.46	20.23
HMIL	73.26	212.30	188.56	52.93	317.25	351.90	648.27	576.22	634.72	91.05	314.64	19.54	6.21
PER													
MSIL	0.00	0.00	0.00	0.00	26.78	14.39	21.51	15.38	14.05	18.65	11.08	2.97	26.81
HMIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS													
MSIL	130.70	141.90	127.11	123.02	135.10	162.22	191.22	259.08	322.45	347.66	194.04	11.73	6.05
HMIL	1968.01	2062.74	2172.08	1966.01	2294.20	2404.95	3181.44	5446.21	7576.68	8980.98	3805.40	65.07	1.71

Source: - Computed with the help of Statistics

Data taken from the CMIE database PROWESS from 2000 to 2009

Table:5(A) Comparison on the basis of Mean Value of Ratios

Sr. No.	Market Value Analysis	MSIL	HMIL
1	EPS	26.99	314.64
2	PER	11.08	0.00
3	BVPS	194.04	3805.40
	Sum of Mean Value	232.11	4120.04
	Avg. Score	77.07	1373.35
	Ranking	2	1

It can be evident from the table HMIL leads in the market valuation as compared to MSIL.

Earning per Share of MSIL varied in a range of 26.99 and of HMIL varied in a range of 314.64 during the study period. MSIL's EPS in 2001 was NIL because in this year profit was negative and due to non availability of profit EPS was also NIL. EPS indicates the amount available for the distribution of dividend to equity shareholders. Overall in all the years during the reference period EPS of HMIL was higher than the EPS of MSIL. **Price Earning Ratio** of MSIL varied in a range of 11.08 and it was zero from 2000 to 2003, it means shareholders were not optimistic about the future growth of the company in this period. PER signals the market price of the company, it helps in deciding the investors whether to buy or not the shares of a particular company. To conclude MSIL's PER can be said well in comparison to the PER of HMIL because HMIL's PER was almost NIL in every year during the study period. **Book Value per Share** of MSIL varied in a range of 194.04 and of HMIL varied in a range of 3805.40. BVPS indicates the net assets available for the distribution of equity shareholders. HMIL's BVPS was more than in all the years during the reference period than the MSIL's BVPS.

Overall it can be concluded that HMIL was better company in market valuation in comparison to MSIL.

Financial Performance on the basis of Market Value Analysis

Table:5 (ii) Market Value Ratios of Companies

EVA	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Avg.	SD	COV
MSIL	0.10	0.00	0.03	0.04	0.14	0.18	0.22	0.21	0.19	0.12	0.14	0.31	221.43
HMIL	0.04	0.10	0.16	0.10	0.20	0.21	0.20	0.11	0.08	0.03	0.12	0.33	267.72
MVA													
MSIL	0.00	0.00	0.00	0.00	3.68	2.59	4.57	3.16	2.57	2.23	3.14	0.89	28.34
HMIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TQ													
MSIL	0.00	0.00	0.00	0.00	4.07	2.94	4.93	3.57	2.88	2.57	3.49	0.91	26.07
HMIL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: - Computed with the help of Statistics
Data taken from the CMIE database PROWESS from 2000 to 2009

Table:5 (B) Comparison on the basis of Mean Value of Ratios

Sr. No.	Market Value Analysis	MSIL	HMIL
1	EVA	0.31	0.33
2	MVA	0.89	0.00
3	TQ	0.91	0.00
	Sum of Mean Value	2.11	0.33
	Avg. Score	0.70	0.11
	Ranking	1	2

It can be evident from the table MSIL leads in the market valuation as compared to HMIL.

EVA of MSIL varied in a range of 0.14 and of HMIL varied in a range of 0.12 during the study period in all the years. In 2001 EVA of MSIL is NIL due to non availability of profit in this year. MSIL's EVA can be said satisfactory in comparison to HMIL's EVA. MVA of MSIL was almost NIL from 2000 to 2003 during the reference period and it varied in a range of 3.14 in rest of the years. In the case of HMIL, MVA was NIL in all the years. Tobin's Q of MSIL was almost NIL from 2000 to 2003 during the reference period and varied in a range of 3.49 in rest of the years. In the case of HMIL, MVA was NIL in all the years.

CONCLUSION

Overall it can be said that MSIL was better company in market valuation in comparison to HMIL.

Points based on Ranking

Particulars	Points	
	MSIL	HMIL
Liquidity Analysis	2	1
Profitability Analysis (sales)	2	1
Profitability Analysis (investment)	2	1
Efficiency Analysis	1	2
Leverage Analysis	2	1
Market Valuation (old ratios)	2	1
Market Valuation (new ratios)	2	1
Total Points	13	9

It is clear from the above table that on the basis of rank got by each company points have been given. If a company has got 1st rank, according to this 2 marks have been given to that company for every analysis and if company has got 2nd rank, only 1 mark has been given to that company. MSIL has got 13 points in comparison to the 9 points of HMIL so it can be concluded that MSIL is satisfactory in most of the analysis.

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FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH IN INDIA: AN EMPIRICAL ANALYSIS**RAJENDER S. GODARA****ASST. PROFESSOR (ECONOMICS)****JCDM COLLEGE OF ENGINEERING****SIRSA – 125 055****MANOJ K. SIWACH****CHAIRPERSON****DEPARTMENT OF ECONOMICS****CH. DEVI LAL UNIVERSITY****SIRSA – 125 055****RANJAN K. ANEJA****ASST. PROFESSOR (ECONOMICS)****JCDM COLLEGE OF ENGINEERING****SIRSA – 125 055****ABSTRACT**

This paper is an attempt to analyze empirically the causal relationship between of Foreign Direct Investment (FDI) and economic growth of India. FDI in the general manner of speaking is defined as a multinational company from one country making a physical investment to set up its business in another country. FDI has assumed a crucial role in the internationalization of economic activities and plays a remarkable and growing part in global business. FDI is widely accepted as a major resource for the economic development of developing countries. Therefore, almost all the developing countries offer a welcoming attitude to foreign institutional investors, associated with FDI. After following to some extent restrictive policy towards FDI, India liberalized her FDI policy regime significantly since 1991. This liberalization has been accompanied by increasing inflows, changes in the sectoral composition, sources and entry modes of FDI. To assess the impact of FDI on economic growth of economy by using Engle-Granger co integration and Granger causality tests for India over the period 1991-2009, we find out causal relationship between FDI and economic growth. During the study it was causalities run both from GDP to FDI and FDI to GDP. The results show the long run positive relationship between FDI and GDP in India.

KEY WORDS

FDI, Economic Growth, Liberalization, GDP, Unit Root Test

I. INTRODUCTION

Foreign direct investment, in the general manner of speaking, is defined as a company from one country making a physical investment to structure of its business in another country. FDI has assumed a crucial role in the internationalization of economic activities and is playing a significant and always growing part in global business. For the country getting the investment, it provides source of capital, new technologies, processes, products, organizational techniques and management skills; in this way providing a strong momentum to economic development. FDI is also known as movement of capital across national frontiers in a way that grants the investor control over the acquired asset. FDI is different from portfolio investment which may cross borders, but does not offer such control over the business. Firms contributing to FDI are known as multinational enterprises and in this case control is defined as owning 10% or greater of the common shares of an incorporated firm. FDI is widely accepted as a major resource for the economic development of developing countries. Therefore, almost all the developing countries offer a welcoming attitude to foreign institutional investors, associated with FDI.

FDI increased rapidly during the late 1980s and the 1990s in almost every region of the world, stimulating the long and debate about the costs and benefits of FDI inflows. On the one hand, many would argue that, given appropriate policies and a basic level of development, FDI can play a key role in the process of creating a better economic environment. On the other hand, potential drawbacks do exist, including a worsening of the balance of payments. In 1991, India liberalized her FDI policy regime; this liberalization has been accompanied by increased inflows and changes in the sectoral composition, sources and entry modes of FDI. In 1991-92, FDI inflow in India was Rs. 409 crore, which increased up to Rs. 122219 crore in 2008-09. The trend shows that there is a positive relation between FDI and GDP. In first section of the paper, we present a brief overview of FDI inflows in India. The second section provides a brief review of literature. The third section of paper explains the description of data and methodology used. Section fourth will present the estimation of results and discussions and fifth section will conclude the paper.

II. REVIEW OF LITERATURE

FDI is considered beneficial not only because it brings in much needed capital, but generates employment and presumably contributes to enhanced economic growth as it provides access to advanced technologies and technology spillovers (Borensztein, De Gregorio and Lee, 1998; De Mello, 1999). Oteng-Abayie and Frimpong (2006) argue that FDI may have a negative impact on GDP growth. Aitken and Harrison (1999), in a seminal study of Venezuela, or Aitken, Harrison and Lipsey (1996) for Mexico and Venezuela, have shown negative productivity and wage effects for domestic firms and only small, if any, positive effects overall. On the other hand, Smarzynska (2004) has shown positive inter-

industry spillover effects from foreign firms in Lithuania. Liu (2008) documents a negative level, but a positive growth effect for China. While, the literature on the effects of foreign presence on productivity and wages in developing countries is growing, the evidence is decidedly mixed and varies greatly among countries and industries (Blomström and Kokko, 1998). Ozturk *et al.* (2007) viewed that there is a positive association between FDI inflows and growth provided receiving countries have reached a minimum level of educational, technological and/or infrastructure development. However, there is no universal agreement about the positive association between FDI inflows and economic growth. Research that focuses on data from only less developed countries (LDC's) has tended to find a clear positive relationship, while studies that have focused on data from only developed countries (DC's), have found no growth benefit for the recipient country. According to Chowdhury and Mavrotas (2005) studied the role of FDI in host countries and suggests that FDI is an important source of capital, complements domestic private investment which is usually associated with new job opportunities; enhances both technology transfer and spillover and human capital (knowledge and skill) enhancement boosts overall economic growth in host countries. Work on developing countries shows the FDI-economic growth relationship subject to a number of crucial factors, such as the trade regime, the human capital base in the host country, financial market regulations, banking system and the degree of openness in the economy has a positive impact on overall economic growth.

III. DATA SPECIFICATION AND METHODOLOGY

This paper used aggregate annual time series data at constant prices for Gross Domestic Product, GDP and total net inflows for foreign direct investment for the period of 1991-2009. The data is collected from the Reserve Bank of India, Handbook of Statistics on the Indian Economy 2008-09. The perusal of raw data indicates that FDI in terms of proportion of GDP increased over the time except during the period of 1997-98 to 2003-04 (Figure1).

The results of the present paper are estimated by using of standard statistical tools such as OLS, Unit-root tests, Granger causality test and Co-integration test with the help of popular statistical software i.e., SPSS (Version 17) and E-Views (Version 3.1). Ordinary Least Square test was applied to assess the dependency of GDP over the FDI by Equation 1.

$$GDP = \alpha + \beta * FDI \quad (1)$$

The unit root test is applied to examine empirically whether a series is stationary or non-stationary in nature. To assess the long-run relationship between FDI and GDP in India we have applied the Engle-Granger's (EG) residual-based ADF test. Moreover, to find out the causality between FDI and GDP (or GDP and FDI) Granger Causality Test has been used.

III. EMPIRICAL FINDINGS

In this part of study we are presenting the econometrically analyzed properties of time-series data of FDI and GDP. We have applied the Augmented Dickey-Fuller (ADF) unit root test and Phillip-Perron test (Gujrati, 2003). These unit-root tests are performed on both levels and first differences of all variables with the *null hypothesis i.e., the trends of variable is unit root (non-stationary) and with alternative hypothesis of stationary trend*. Table 1, reports the results of unit root tests.

The table 1 reveals the non-stationary tests for FDI and GDP series for India using Augmented Dickey-Fuller (ADF) test and PP test. We found a constant but no time trend result of tests. The results indicate that the hypothesis of a unit root in FDI and GDP cannot be rejected. While, the hypothesis of a unit root in FDI and GDP is rejected as a first difference at least at the 5 percent level of confidence.

To assess the long-run relationship between FDI and GDP in India we have applied the Engle-Granger's (EG) residual-based ADF test with the *null hypothesis that there is no long run relationship exists among the variables and vice-versa in context of alternative hypothesis*. The first step of the EG cointegration test, we estimated Equation (1) using the Ordinary Least Square Method (OLS). Further, in the second step we use the EG procedure is to check the stationarity of residuals by using the ADF test. Table 2 presents the results from Engle-Granger (EG) cointegration test. These results indicate that long-run equilibrium exists between GDP and FDI for India since test statistics are above the 5 percent level of significance critical value. Therefore, we reject null hypothesis in this context. Our study supports the views of Ozturk *et al.* (2007) and Chowdhury and Mavrotas (2005), that there is a positive relationship between FDI inflows and growth.

The existence of the relationship among the variables indicates the possible causality between GDP and FDI. Further to assess the causality between GDP and FDI we apply the Granger Causality test. *It is hypothesized that GDP does not granger cause FDI and FDI does not granger cause GDP*. The Granger Test for causality is such a technique searching the direction of causality between the variables. There are four possible outcomes regarding causal relationships between GDP and FDI: uni-directional causality from GDP to FDI or vice versa; bi-directional causality between the two variables; and, finally, lack of any causal relationship. Table 3 reports the results of the Granger test. The probability values for F statistics are in the table 3 are less than any α level, then the hypothesis would be rejected at that level. We found that, the causality for both from GDP to FDI and from FDI to GDP in India over the time. The content of policy implications has been determined according to the direction of causality between these two variables.

IV. CONCLUSION

FDI is an important resource for the economic development in all over the world. All the developing countries offer a welcoming attitude to FDI. For the any economy FDI provides capital, new technologies, processes, products, organizational techniques and management skills and also provides a strong momentum to economic development. The paper examined the causal relationship between FDI and economic growth by using Engle-Granger co integration and Granger causality tests for India over the period 1991-2009. During the study it was causalities run both from GDP to FDI and FDI to GDP. The results show that there is positive long run relationship between FDI and GDP in India. However, there is no universal agreement about the positive association between FDI inflows and economic growth.

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Table 1: ADF unit roots test results

	Augmented Dickey Fuller		Philip-Perron	
	Level	First Difference	Level	First Difference
INDIA				
FDI	-2.012	-3.109*	-2.117*	-3.789*
GDP	-2.98	-3.075*	-2.631*	-3.012*

Note: * significant at the 5% level.

Table 2: Results for Engle-Granger's Cointegration Tests

Country	Modal	ADF
India	$GDP = 3.193 + 0.253* FDI$	-3,089*

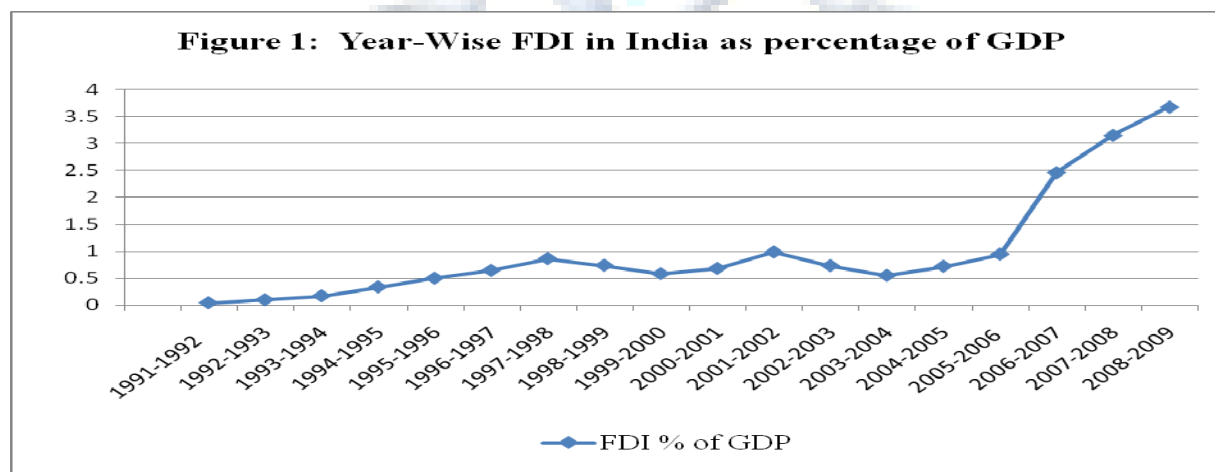
Notes: * significantly at the 5% level.

ADF: Augmented Dickey-Fuller

Table 3: Granger Causality Test Result

	FDI → GDP	GDP → FDI	F statistic.	P value
India	Yes		2.497*	0.119
		Yes	2.593**	0.117

*significance at 95% confidence level; ** significance at 99% confidence level



Source: RBI Handbook of Statistics on Indian Economy 2008-09 & Annual Report 2008-09, GOI, Ministry of Commerce & Industry

STRESS IN EDUCATION.....IS THIS THE ULTIMATE DESTINATION IN 2020?**PROF. SUNAINA HOOGAN****INSTITUTE OF MANAGEMENT EDUCATION AND RESEARCH
BELGAUM****PROF. DEEPA V. M****INSTITUTE OF MANAGEMENT EDUCATION AND RESEARCH
BELGAUM****ABSTRACT**

The main objective of this research paper shed light on the present global educational environment. To analyze the definite changes in the education system in 2020. We have undertaken a conceptual study on the levels of stress faced by the students of management education. It is our modest attempt to bring out the definition of stress by the way of research. Stress, improperly addresses, is a killer: a killer of bodies, minds, aspirations and companies. Stress is associated with unclear thinking, poor decision-making, chaotic work environments and poor family relations. By some of the meaning of stress now we can sense that Stress is present in everyone's life be it at home, school, college, office or any specific sectors in Indian Industry as well. Since our research is primarily to find out Face of Stress in Education. It is now important to understand the crucial characteristics of this angel in Education. The methodology inherited to analyze was through live survey at the various management educational institutes across Belgaum city. Convenience sampling method was used to carry out the said research. The possible outcomes of this research highlights the Symptoms of stress faced by students, Identification of six major areas in the field of education for probable stressors and Ultimate level of stress in the year 2020.

KEYWORDS

Global Educational environment, Level of stress, Stressors, Symptoms, Stages of stress.

INTRODUCTION

"The aim of education should be to teach us rather how to think, than what to think—rather to improve our minds, so as to enable us to think for ourselves, than to load the memory with the thoughts of other men." ~Bill Beattie

"Predictions are difficult, especially if they are about the future."

EDUCATION

Education is termed as the process of educating or teaching. Literally the word Educate is nothing but "to develop the knowledge, skill, or character of...an Individual or a group" to build a better society. Thus, from these definitions, we might assume that the purpose of education is to develop the knowledge, skill, or character of students.

Education isn't how much you have committed to memory, or even how much you know. It's being able to differentiate between what you know and what you don't. Education's purpose is to replace an empty mind with an open one. **Education or teaching** in the broadest sense is any act or experience that has a formative effect on the mind, character or physical ability of an individual. In its technical sense education is the process by which society deliberately transmits its accumulated knowledge, skills and values from one generation to another.

What truly makes a person educated is that they are able to perceive accurately, think clearly, and act effectively according to self-defined goals and aspirations. An educated person is also respectful of others regardless of their power and status, responsible for the results of their actions, and resourceful at getting what they need, personally and for their family, organization, or society.

INDIA EDUCATION HISTORICAL BACKGROUND

The Vedas, Puranas, Ayurveda, Yoga, Kautilya's Arthashastra are only some of the milestones that the traditional Indian knowledge system boasts of. There are evidences of imparting formal education in ancient India under the Gurukul system. Indian education system has witnessed changes in methods of education right from its origin. In ancient times, Indian Education was based on Gurukul Ashram which was then followed by Vidyapaith type of education. Later on Nalanda pioneered with the Takshashila University and established the centre of knowledge. 18th century witnessed the education was spread through the temples, mosques, churches and other religious centers.

Post Independence educations become the major responsibility of the state government which later expanded as the joint responsibility of both the state and the central. Taking into consideration the growing need for education the All India Council of Technical Education was formed by the government under which 4 leading universities situated in Delhi, Bombay, Calcutta and Madras started offering part time management courses at Post Graduate Levels. During the sixties the management movement gained further momentum and two major institutes of management were set up one at Ahmedabad which collaborated with Harvard while the other at Calcutta with MIT.

TRANSITIONAL JOURNEY

Over the years the methodologies and techniques of education have undergone a drastic change. Unlike earlier where major stress was upon Administrative and experienced skills has now been taken over by a profession based structure of Knowledge. Traditional education always focused on Teaching rather than Learning, In most institutes the myth that was followed was Memorization = Learning. Most of what was learnt was remembered for a very little span of time. This kind of teaching environment led to nothing but the dearth of Management graduates.

But thanks to the growing industrialization, liberalization, cut throat competition both at home and abroad which changed the objective of Education as LEARNING and not TEACHING. This directly or indirectly gave birth to the industry linking curriculum and pedagogy which established the practicality of the subject matter, and the same is taught through in a simulated environment.

In 2005, government initiated a grade based system with the objective that students will move away from the cut throat competition and will be able to focus on creative aspects and personality development. The intake of students in Management institutions annually is 6.7 million. Thus the important tools to impart knowledge now is mainly on the current affairs, live problems faced by the industrialists and organizations, case studies, Business simulation games, facilitating students to participate in the Management fests. The outlook of a graduate today is far more different than that of the earlier students in the last decades. Today students are more exposed to the current affairs vis-à-vis of the country, organizations, politics, finance etc. The curriculum has become more practical and has greater industry linkages & share of teaching from practicing managers.

STRESS

Stress, improperly addresses, is a killer: a killer of bodies, minds, aspirations and companies.

Stress is associated with unclear thinking, poor decision-making, chaotic work environments and poor family relations.

It would not be right to say that, Globalization is the cross boundary movement of goods, services, capital, technology and people but also globalization of business education resultant into globalization of knowledge. The very logical way to start this is to foresee the socio-economic and other macro environmental changes and make an attempt to predict the likely shifts and also what will be needed in the forthcoming years on the part of the business schools

Stress is the reaction of our bodies and minds to something that upsets their normal balance. The human response to stressful events is an ancient one, dating back to a time when life was a constant struggle for survival. Stress has been so ingrained in our days and in our culture, that we probably don't even recognize it any more.

Stress is the emotional and physical strain caused by our response to pressure from the outside world. Stress is your body's way of responding to any kind of demand. It can be caused by both good and bad experiences. We generally use the word "**stress**" when we feel that everything seems to have become too much - we are overloaded and wonder whether we really can cope with the pressures placed upon us. The term that poses a challenge or a threat to our well-being is a stress. Sometime stresses get you going and they are good for you - without any stress at all many say our lives would be boring and would probably feel pointless. However, when the stresses undermine both our mental and physical health they are bad.

By some of the meaning of stress now we can sense that Stress is present in everyone's life be it at home, school, college, office or any specific sectors in Indian Industry as well. Since our research is primarily to find out Face of Stress in Education. It is now important to understand the crucial characteristics of this angel in Education.

CHARACTERISTICS OF STRESS

1. It could occur in physical, emotional, social and spiritual context
2. Placing oneself in a situation where probable solution cannot be gained
3. Relations with peers and family members deteriorate
4. Rarely introduce innovations into work
5. Frequently suffer from forgetfulness
6. Doubt one's ability to succeed

STAGES OF STRESS

Stress can be simplified to understand in three basic stages, namely;

1. Alarm stage
2. Resistance Stage
3. Exhaustion Stage

ALARM – It's the first reaction of the body towards a stress cause. When you loose your ATM card, what is the first reaction that you have would be the alarm stage.

RESISTANCE - The body tries to cope and adapt to the continued stress and begins the process of repairing any damage caused by the stress. If the stress can be overcome the body repairs the damage and the physical signs disappear. Resistance to stress is increased each time it's dealt with leaving us stronger than before.

EXHAUSTION - If there is no relief from the stress, the body and mind cannot repair the damage. This can result in emotional, mental, and physical problems

OBJECTIVES

1. To understand the new definition of Stress
2. To analyze Stress creating Areas.
3. Study of Major Stress Symptoms.
4. Level of stress in 2020 with justifications.
5. Strategies to manage Stress in the future environment.

RESEARCH METHODOLOGY

The methodology inherited to analyze the data is through survey method which was carried out using a structured questionnaire. The population under consideration was students of various management institutes in Belgaum. The method of convenience sampling was undertaken to determine the units of the sample. Precautions were taken to contact the respondents personally so that the thought process was clearly understood.

DATA COLLECTION METHOD

PRIMARY DATA

The primary instrument adopted was a Structured Questionnaire.

The questionnaire was duly prepared in line with the objectives and scope of the studies, so as to arrive at the analysis to determine the stress factors in the present and future management education environment.

SECONDARY DATA

Data was collected by journals, articles, interviews with various academicians, management books which are duly mentioned in the bibliography.

SAMPLE SIZE

50 random respondents were selected from the population under consideration.

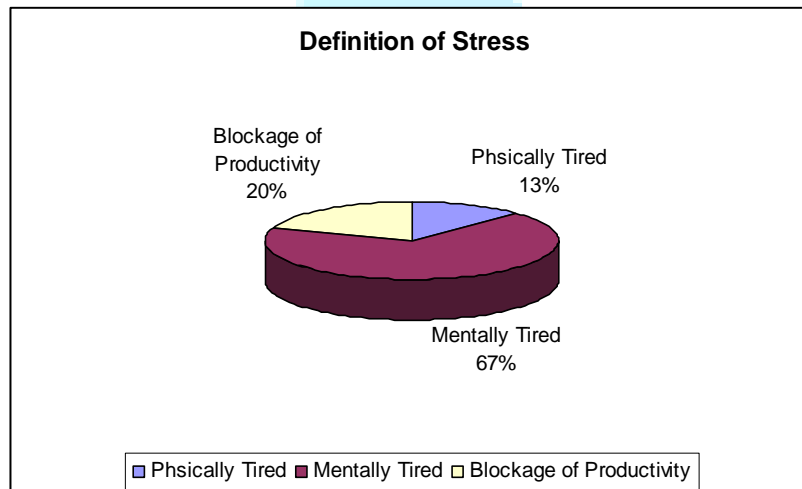
TOOLS FOR ANALYSIS

Descriptive statistical tools were used to analyze the data using Microsoft excel. The tools used include:

- Pie Charts
- Bar diagrams

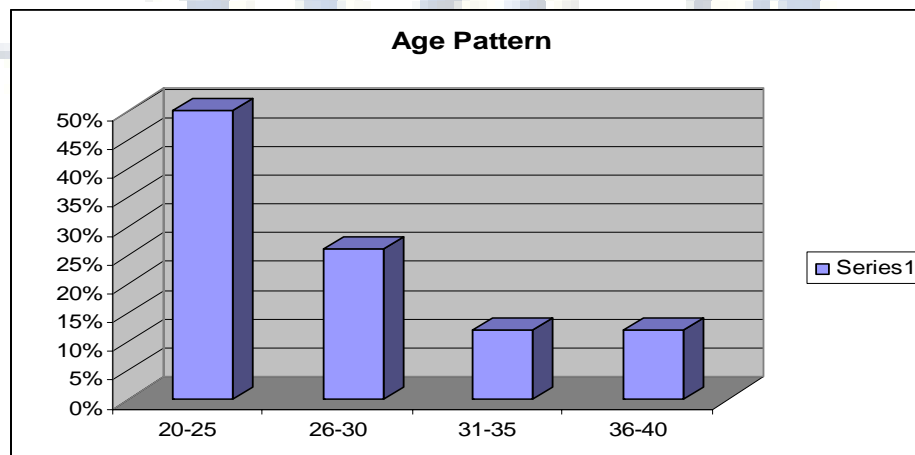
ANALYZING THE FACE OF STRESS IN MANAGEMENT EDUCATION IN 2020

1) MEANING OF STRESS



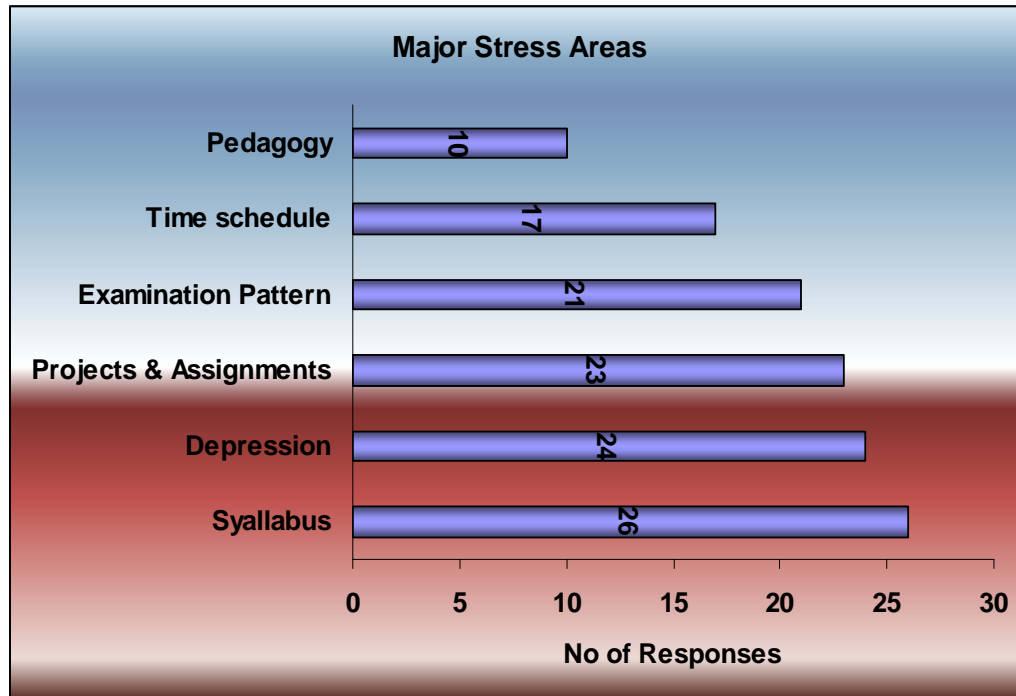
Now-a-days with the innovative advent of technology and the pattern of working and social life of individuals, unlike the earlier pattern physical tiredness is no longer in stress priority. The same has been replaced by Mentally tired being the highest preference followed Blockage of Productivity.

2) AGE GROUP



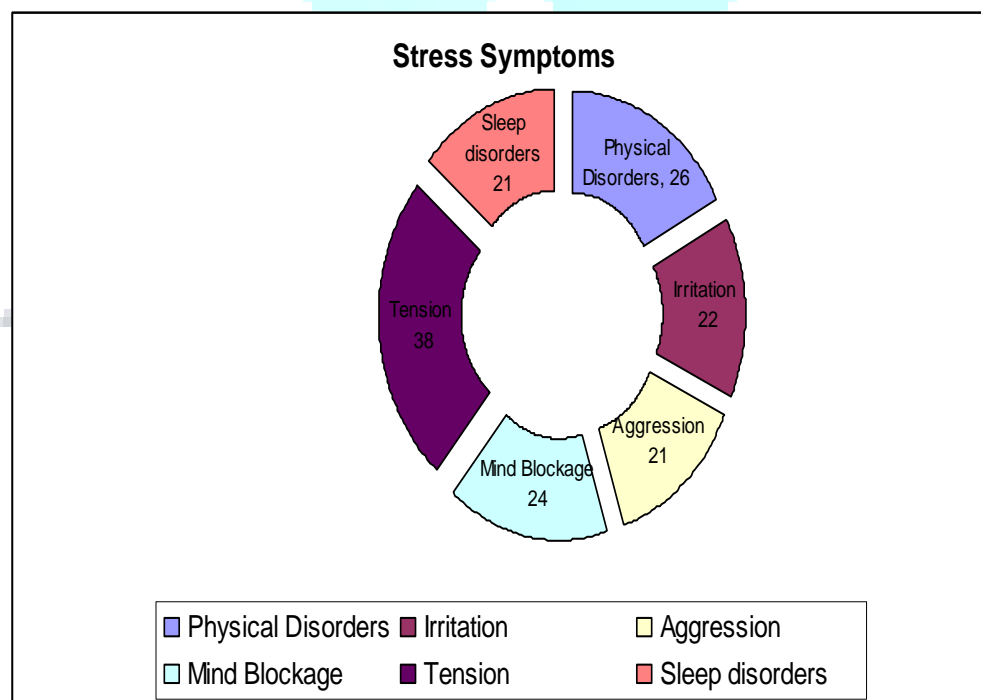
Through our study it is clearly seen that the age group commonly targeted by Stress is 20-25 years at 50%, the age group 26-30 is 26%, the age group which falls after 30 years is 12 %. This shows that today students who are in the same age group are trapped in the net of stress.

3) MAJOR STRESS AREAS IN EDUCATION



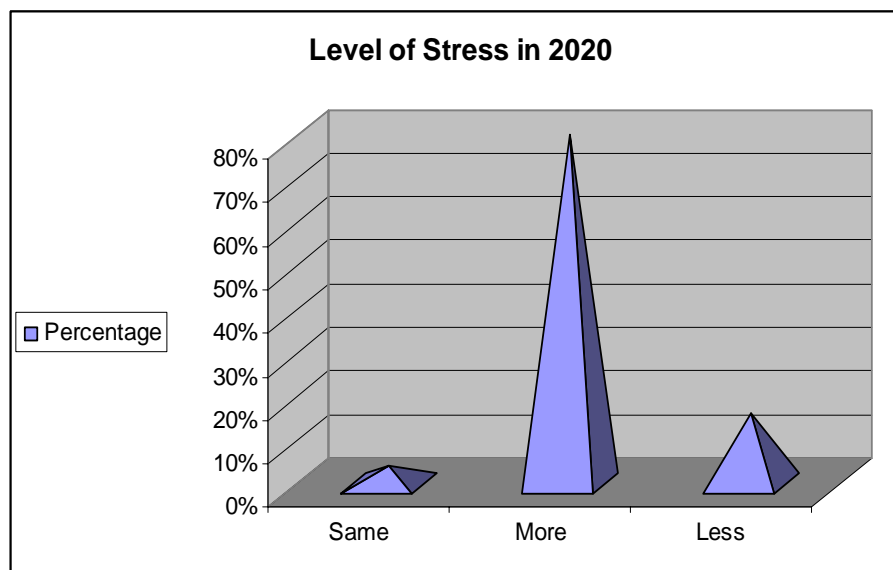
The Data captured is the number of responses, wherein the respondents had the rate the above mentioned parameters in the rating scale, (6 being highest and 1 being lowest). Highest stress area in the field of education is the syllabus followed by depression. The World Health Organization says that by the year 2020 depression will be the leading cause of disability. The new Stress rating scale is been developed as shown in the above figure.

4) HIGHEST STRESS SYMPTOMS



This particular question was a multiple choice, i.e. the respondent had the liberty to choose more than one option. The study clearly shows that Tension is the highest stress symptom in students wherein the same has received 38 responses. The other values are shown in the figure

5) LEVEL OF STRESS IN 2020



80% of the respondents feel that Stress in the year 2020 is definitely going to increase by more than 50% as compared to the level of stress in 2010. There are numerous reasons which will be dealt in this paper a little further.

CONCLUSIONS

1. The new definition of stress is being Mentally Tired, which means fatigue of mind. This is the situation wherein individuals are mainly stressed because of heavy work pressures, immediate deadlines to be met and lack of concentration.
2. The youth today have rated themselves to be facing the highest pressure of stress. The main age group which falls under this purview is 20-25 years.
3. In Management Education the major stress area was unanimously elected as rigid Syllabus which was then followed by Depression.
4. Majority of the respondents chose "TENSION" to be the key symptom of stress in education, wherein the least preferred was aggression behavior and sleep disorders.
5. Finally with regards to the futuristic view of Stress in management education in 2020, the level of stress is definitely going to increase with comparison to the present scenario. Major reasons were advanced technology, competition, expansion of market boundaries, changing work culture

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ANNEXURE

STRUCTURED QUESTIONNAIRE ON STRESS MANAGEMENT

Dear Sir/Mam/Student

We are undertaking a study on Stress Management in the year 2020. The analysis of this survey would help us in completing our paper. We request you to kindly go through the questionnaire and pen down your views.

1. Define the meaning of STRESS?

☐ Physically tired ☐ Mentally tired ☐ Lack of productivity ☐ Others (Please Specify).....

2. According to you the maximum stress falls on age group

☐ 20 to 25 ☐ 26 to 30 ☐ 31 to 35 ☐ 36 to 40 ☐ 41 and above

3. Rate the following major stress areas with respect to management education

(Rating scale used is 1 to 6 (6 being highest and 1 being lowest))

☐ Time schedule ☐ Syllabus ☐ Projects & assignments ☐ Pedagogy ☐ Evaluation Pattern ☐ Session ☐ Others

4. Mark the highest stress symptoms according to you (Multiple choices is allowed)

☐ Physical disorder (Headache, Exhaustion) ☐ Irritation ☐ Aggression ☐ Mental Blockage ☐ Depression ☐ Anxiety disorders
☐ Others.....

5. Analyze the level of stress in management education in 2020 with explanatory

reasons (Please specify the percentages in boxes)

☐ Same as of 2010 ☐ More as of 2010 ☐ Less as of 2010

Your Reasons Why?

- a.....
b.....
c.....
d.....
e.....

Thank You,

Name:

Address.....

.....

Ph No.....

Signature.....

SMES OF ANDHRA PRADESH: THE JOURNEY FAR AND BEYOND**M. MADHAVI**

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ABSTRACT

The Small and Medium Enterprises (SMEs) constitute a vibrant part of the Indian economy. Right from the early plan periods, poverty eradication and growth with equal opportunities have been the primary objectives of the Government of India. The SME sector is rightly considered as the best choice to achieve these objectives. As per various estimates available, SME sector is contributing about 8-9% of GDP and almost occupies a lion's share of 40% in the total exports of the country. Another significant factor to be noticed about this sector is its capacity to generate employment in rural and semi urban areas and thus promote rural development. Andhra Pradesh is having around 9 lakh SMEs operating in the state and is second largest of the country, in the total number of units. Further it is the first state in the country, which has introduced a scheme of single window clearance for establishing units in this sector. In this backdrop, an effort has been made by the authors to study the prospects of SME sector in the state of Andhra Pradesh. They also have come through a few practical problems in the process and suggested some possible alternative courses of action.

KEY WORDS

Andhra Pradesh, Development, Employment Generation, Growth Rate, SMEs.

INTRODUCTION

India is a country with rich human resources, both skilled and semi skilled distributed among its villages. Majority of the work force is engaged either in agriculture and allied activities or small and tiny industrial activities. The long-term development of the country therefore, depends on effectively utilizing the productive potential of these human resources. For the Indian economy, the role of small businesses is crucial, as they contribute significantly to generation of employment and wealth creation through manufacturing and export of goods and services. There are more than 12 million Small and Medium Enterprises in India, out of which 55% are located in the rural areas and remaining 45% are in cities and urban areas. In terms of operations nearly 40% are engaged in manufacturing, assembling and processing, about 16% in maintenance and repairs and around 44% in providing various services. The economic growth rate of this sector is about 8% per annum during the last decade, compared to an overall growth of 5% of the total industrial sector.

The SME sector is undergoing a big transformation in the current country, followed by the importance attached to this sector by the Government of India. During the last decade of a liberalized economy, the SME sector has witnessed a glittering growth by venturing into innovative business operations, adopting new skills and thereby improving their productivity. The rapidly escalating globalization of Indian Economy is providing enormous business opportunities for SMEs.

ANDHRA PRADESH: AN ATTRACTIVE DESTINATION

Andhra Pradesh is fifth largest State in the country with a land area of 2,76,754 sq. km, occupying 8.4 % of the Indian Territory, with a population of around 80 millions. It has the longest coastline of 972 km, amongst all the States in India. The capital city Hyderabad, occupies a central location and is well connected with rest of the world through its seaports on the eastern coast and through its international airport connecting almost all areas of the world, besides with well-established road and railways. Endowed with fertile land, water, and favourable agro-climatic conditions, it is well thought-out to be one of the prosperous states of the sub continent. Nearly 75% of geographic area is covered by river basins of the Godavari, Krishna and Pennar and their tributaries.

As an added advantage, Andhra Pradesh is a state with abundant energy. It is the second largest power producing state generating 10,273.44 MW, and is supposed to generate another 4,715 MW by 2010, with the help of various new projects. Also the state government is keen on

establishing and developing alternative sources of energy plants like solar energy, wind energy and gohar gas energy to supplement and strengthen the energy position of the state. In terms of industrial development, Andhra Pradesh occupies an important place in the country, offering an attractive destination to a number of small and medium enterprises.

SUPPORTING ENVIRONMENT TO SMEs

Andhra Pradesh is the first state in the country to have a law for single-window clearances, which ensures that all clearances to entrepreneurs to establish their units in SME sector are given at a single point, within a set period. The State has enacted a law for single-window clearances in the year 2002. The state government has undertaken wide-ranging measures to create an amiable environment for its industries, in the form of simplified and less restrictive regulations, labour and fiscal reforms and incentives to weaker sections of the industry. The State has been qualified as "flexible" in its approach to labour regulations and "good" for its simplification of rules and regulations. It has introduced the concepts of self-certification, common annual returns in place of multiple returns with simplified registers, and zero inspection regime through the accredited agencies.

The State today, occupies second place in the country in the number of units, accounting for nearly 8, 75, 430 Small Tiny and cottage industries (among which, the share of SMEs is around 1,60,00), which emphasizes the fact that the contribution of Small Scale Sector to the State's economy cannot be under estimated. Employing a work force of over 15 lakhs, this sector contributes about Rs.4,800 Crores to the State Domestic Product and accounts for approximately 35-40% of the State's export. The potential of the sector to utilize locally available resources, skills and entrepreneurial ability is of enormous importance for a State, faced with the Herculean task of removing regional imbalances through dispersal of economic activity and provision of employment opportunities. Supplementary to this, the low operational costs and flexibility of adopting production processes of their choice make it more attractive to the upcoming entrepreneurs.

PRESENT SCENARIO

The authors as a part of the study have taken some statistical data related to the total number of SMEs, and their contribution to generation of employment in the last decade. The following is a schematic presentation of the same.

GROWTH OF SMEs IN THE STATE

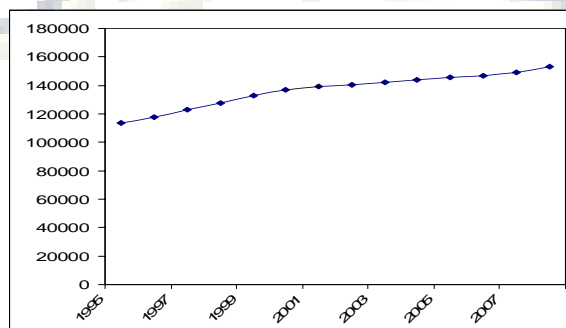
Due to the hospitable environment and encouraging policy framework of the state government, the small-scale sector has witnessed a tremendous growth in the last few years. The following table presents a picture of progress in the number of units.

Table: 1 Number of SMEs in the state from 1995-2008

Sl. No.	Period	No. of Units	Increase in Number
1	March 95	113697	
2	March 96	117820	4123
3	March 97	122790	5150
4	March 98	127725	4935
5	March 99	132722	4997
6	March 2000	136917	4195
7	March 2001	139041	2124
8	March 2002	140653	1612
9	March 2003	142294	1641
10	March 2004	143867	1573
11	March 2005	145499	1632
12	March 2006	146766	1267
13	March 2007	149206	2440
14	March 2008	153470	4264

Source: Economic survey of India, 2009

Graph:1 Growth of SMEs in A.P from 1995 to 2008



There has been a continuous raise in the number of units from 1995 to 2008, particularly a significant increase during 1998 and 1999. One can also observe a clear raise in the financial year 2008, when compared to the previous year. This can be partially be attributed to the global financial crisis, which has reduced the employment opportunities in the country, giving way to establishment of more number of units in SME sector.

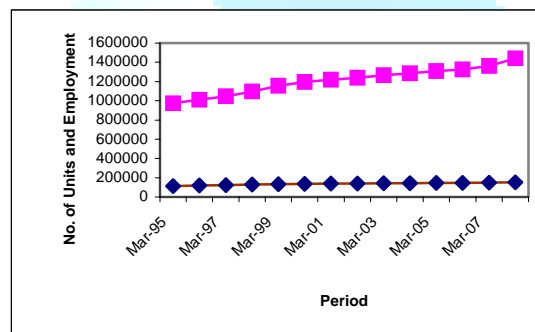
The SME sector is not only contributing to the economic growth, but it is also playing a vital role in the generation of employment. The following table presents some facts related to employment generation by small and medium enterprises during 1995 - 2008. The average contribution of each unit to employment generation has been calculated from the total number of SMEs and their capacity of generating employment. The impressive fact is that there has been a continuous rise in the average employment provided by this sector.

Table: 2 Contribution to the generation of Employment

Sl. No	Period	No. of Units	Employment	Average Employment
1	March 95	113697	975457	8.5
2	March 96	117820	1009293	8.5
3	March 97	122790	1047193	8.5
4	March 98	127725	1097192	8.59
5	March 99	132722	1155445	8.70
6	March 2000	136917	1195109	8.72
7	March 2001	139041	1220542	8.77
8	March 2002	140653	1239753	8.81
9	March 2003	142294	1264046	8.88
10	March 2004	143867	1285995	8.93
11	March 2005	145499	1310071	9.00
12	March 2006	146766	1325903	9.03
13	March 2007	149206	1361922	9.12
14	March 2008	153470	1439786	9.38

Source: Economic survey of India, 2009(Average calculated by the authors)

Graph:2 Average Employment Generation by SMEs



In the above graph the lower line represents average employment and the upper line represents total employment generated through SME sector. The average employment in 1995 is 8.5, which is stable for three years and then began to rise. It has become 9.38 by the year 2008, that highlights the worth of this sector in the generation of employment.

From the above statistics, it is apparent that SME sector is playing a crucial role in the development of the state. But at the same time, there were certain hurdles faced by this sector that are restricting the entry of enthusiastic entrepreneurs. The major hurdles are availability of credit and marketing facilities to these units. The following is a discussion on the major problems faced by the units operating in the state.

FINANCIAL AND CREDIT RELATED PROBLEMS

Though the government of India is attaching more and more importance to the development of small-scale enterprises by means of various support measures, they are facing several problems in practice. The major problem, which continues to be a big hurdle for the development SMEs is lack of access to timely and adequate credit. The Abid Hussain Committee on SSIs (1997) have examined the problems of SSIs and recommended a package of policies to restructure the industries in the context of global economic challenges. It supported Nayak committee's recommendations of financial support to SME sector, through State Financial Corporations and emphasized on making use of other funding support for SMEs, including credit rating services. The Nayak committee recommended that a desirable norm of 20% value of production can be made available as working capital to these units by prime lending institutions and commercial banks as against the existing 13% value of production.

To be specific the credit related problems could be listed as below

1. SMEs are charged with higher rates of interest because of higher transaction costs on an average loan size. This is increasing the credit burden of these organizations and making them suffer in competing with global giants.
2. Private sector banks are not able to contribute significantly to the penetration of loan schemes in the rural areas. Banks are not showing any interest in this area, as the small and weaker sections are unable to provide collaterals against the loans granted.

3. Lack of awareness about financial products and services, among small entrepreneurs is another obstacle for the development of SME sector. The weaker sections hesitate to borrow loans from banks as it involves cumbersome documentation process, which they cannot go through.
4. SMEs particularly in the field of exports, lack in awareness about the institutional support extended to them, in terms of provision of foreign currency payments and other related aspects. This is resulting in less percentage utilization of available opportunities in the overall exports and allied activities.
5. To compete globally, the small-scale sector needs to invest in modernizing their technologies through collaborations with research institutes, which in turn is associated with a lot of capital investment. Neither prime lending institutions nor commercial banks are coming forward to lend loans in this area.

MARKETING PROBLEMS

The nature of marketing is ever changing so does the problems associated with marketing. The Indian SMEs are facing a lot of problems related to marketing in both the national and international arenas. The products are having a demand and publicity in their vicinity of production. But when it comes to marketing of their products in urban markets they are unable to communicate properly about their products and services. The core problems of marketing are discussed hereunder.

- The SME sector is mostly consisting of family run businesses, which generally employ family members at various positions of hierarchy. Quite often, these people lack professional knowledge and wisdom that is needed to market their products and services.
- It is observed that, most of the times the SME sector ends up with inappropriate marketing strategies applicable to that particular segment or the total market. These units are not aware of modern techniques like supply chain management, just in time inventory, and other logistics associated with marketing and are unable to compete with other industrial units.
- These organizations also have a problem of customer awareness, as they do not adopt any publicity and advertisement strategies. Most of their products are sold through word of mouth publicity and direct selling. Occasionally, the government in association with the local authorities organizes exhibitions to promote these units. Still the small enterprises are unable to utilize this opportunity because of low levels of literacy, unawareness and shortage of working capital.
- SMEs have a tendency to export what they have manufactured without having knowledge of the quality, timing, or presentation of the product as required by the importing organization. They learn only when the importer chokes them up in terms of non-payment due to inferior stuff or other related aspects.
- Many small companies fail to get orders or even enquiries in the absence of a unique selling point (USP) for their products. Many enterprises are unable to explain their target customers about the uniqueness or special features of their products.
- Most of the SMEs don't market themselves enough because they think that they can't afford to do. They have to understand the fact that to make big markets, the organizations need not spend a lot.
- Several enterprises suppose that only big companies enter the online arena to market their products. Most of the SMEs are yet to realize that online marketing is a cost effective advertising channel that can effectively reach more number of customers.
- SMEs also encounter a problem in expanding their markets, owing to lack of marketing arrangements with other bodies. The interdependence of different strata of industries (large, medium and small) has not been fully realized and made use of.
- The emerging challenge to the small-scale sector is to combat the agreements under WTO. The agreements under TRIPS call for tighter patent laws through regulation of intellectual property rights, which are becoming a costly affair to SMEs.
- Majority of SMEs are unable to participate in Industrial exhibitions and Expos organized internationally. This is due to, costs associated with transportation of the produce and traveling costs of the entrepreneurs themselves. Further these units are not aware of the formalities to be completed for registering their firms for these fairs. Consequently, SMEs are finding it difficult to participate in overseas market.

SOME SUGGESTIONS FOR IMPROVEMENT

Solutions to the above problems cannot always be offered either by the government or non-government agencies. The entrepreneurs can also initiate certain measures to come out of the gamut of problems. The authors have suggested some possible solutions to the problems as mentioned under.

1. SMEs of the state are not able to utilize the benefits associated with latest programs like e-commerce with the help of which, reachability of the products and services can be increased. At the outset, they have to come out of the feeling that the investments related to development of websites are additional expenses to their existing businesses.
2. SMEs should develop their websites in English language for spreading their reach beyond India. Bodies such as Confederation of Indian Industries (CII), Trade India and other Non-Government Agencies working in the field can come forward to conduct awareness programs for small entrepreneurs about various facilities available in the international markets.
3. SMEs are unable to adopt the techniques of conventional marketing as they always will have a limitation of resources. They need to think beyond conventional marketing and search for alternative approaches like personal contact networks, social networks, B2B portals, E-Commerce tools, Business Networks and Industry and Marketing networks.
4. SMEs have to develop awareness on various credit guarantee programs like subsidies and other benefits offered by commercial banks and government institutions working in the segment to get rid of financial and credit related problems. They can form into associations and avail the facilities with minimum effort.
5. Indian SMEs have to take a note of technical barriers to trade (TBT) in view of technical standards set by developed countries, as the requirements of these countries will be with high standards of technology and accuracy is considered as the key principle for getting orders.
6. Majority SMEs are unable to build brands as they are in the perception that it is a costly issue. To reduce expenses, they can go for brand building in combinations or clusters. Clusters allow local small producers to make effective use of underutilized resources, such as small-scale savings or family labor, generating incomes that they could not avail by operating in isolation.

DEVELOPMENTAL ASSISTANCE

The state government of Andhra Pradesh has recognized the importance of SMEs and is providing a supporting environment to the development of SME sector. AP is the state which has promoted as many as 52 Special Economic Zones (SEZ) and 7 more are in progress. The initiatives of the state government to promote SMEs under various schemes and heads have been presented hereunder. Even though the initiatives are in a number of spheres, our focus has been on two important aspects i.e., finance and marketing.

FINANCIAL ASSISTANCE

Finance has been identified as the most important factor determining the survival and growth of small and medium enterprises. Access to finance allows industrial units to undertake productive investments, to expand their businesses and to acquire latest technologies, thus ensuring their competitiveness and that of the nation as a whole. To promote investments in this sector the government is equipping entrepreneurs with the following subsidies in investments and credit support.

INVESTMENT SUBSIDY

- **Cash Subsidy:** To provide support to the investors at entry level and to give impetus to industrial growth, Government is providing cash subsidies as applicable, depending upon the total investments.
- **Investment Subsidy:** The small units are also granted an investment subsidy of 15% on fixed capital investment to set up a SSI/Tiny industrial unit, subject to a maximum limit of Rs.15 lakh.
- **Additional subsidy:** An additional subsidy of 5% on fixed capital investment will be granted, subject to a maximum of Rs.5 lakhs to SC/ST entrepreneurs.

CREDIT SUPPORT

- **Rebate on Prime Lending Rate:** An interest rebate of 3%, on Prime Lending Rate (PLR) will be given on term loans taken by new Tiny/SSI industrial units subject to a maximum of Rs.5.00 lakh per annum for a period of 5 years.
- **Seed Capital Assistance:** A seed capital assistance of 5% of total project cost will be provided to SSI/Tiny industries started by SC /ST entrepreneurs as a grant by Prime Lending Institutions under National Equity Fund Scheme subject to a maximum of Rs.5 lakhs.
- **Loans without Collateral Security:** Under Credit Guarantee Fund, operated by SIDBI, credit will be provided to small scale units without any collateral security up to a limit of Rs.25 lakhs of investment. To support this initiative and also to improve credit flow to small-scale sector, a corpus fund has been formed with a matching contribution by the consortium of industries in Industrial Estates/Clusters subject to a maximum limit of Rs.25 Lakhs.

MARKETING ASSISTANCE

SMEs are provided with certain reservations in marketing their products by imposing regulatory barriers over large-scale industries and non-local units. An exclusive marketing policy for Small Scale Industrial units has been formulated to create better opportunities for marketing the goods especially to Government Organizations. Other measures include

- **Provision of Ground Rent:** Assistance by way of grant will be provided to SMEs towards ground rent for participation in the National Exhibitions and trade fairs subject to a maximum limit of 9 Sq Mts.
- **Recovery of Dues:** The Government is rendering assistance for Small Scale Industries to recover their dues of goods or services sold to buyers along with interest, under Delayed Payment Act.
- **Common Platforms:** Vendor Development programs cum buyer seller meets are regularly organized in the State at different places, to assist Small Scale Industries in identifying appropriate market sources.
- **HITEX (Hyderabad International Trade Expositions Ltd.):** To conduct exhibitions and trade fairs and to promote sales of Industrial Goods manufactured by the local industry, an exclusive Center "HITEX" has been established with all amenities in the state capital, Hyderabad.
- **Provision of Information:** A booklet incorporating all the items required by Government Corporations/ Boards and large companies is published from time to time for the benefit of small-scale industries.
- **Reservation in purchases:** The state government also has reserved certain items for exclusive purchase from the small and tiny units. These products will be purchased from small and tiny units only, to encourage marketing of goods manufactured by these units.

Along with the above-mentioned schemes, the state government is also implementing cluster development program in SME sector, which provides an opportunity for small firms to complement each other, in order to bid for large pieces of work that they can not get as individual units. Government of Andhra Pradesh already has identified 6 industrial clusters for development under "Industrial Infrastructure Up-gradation Scheme". Of which, two clusters namely Pharma Cluster near Hyderabad and Auto Components Cluster in Vijayawada have been approved by the Government of India for assistance and are in progress. The other 4 clusters, viz. Marine food Processing Cluster in Bheemavaram, Power loom Cluster in Sircilla, Leather Cluster in Hyderabad and Precision Engineering Tools and Components in Ranga Reddy are under consideration by the Government of India.

To reduce entry barriers into SME sector, the state government is implementing Single Window Scheme that enables enterprising investors to understand all the rules and regulations and get clearance through a single point, within a limited time period. Small and Tiny industries can find every information from the District Industries Center (DIC) and can secure the required industrial clearances both for establishment and operations under Single Window concept.

CONCLUSION

The SME sector of the country always has been the barometer of business cycles. This sector owing to its size and lack of scale is most vulnerable to volatilities in the economy. During 2003-2007, SMEs have benefited enormously from the boom prevailing in Indian Economy. Despite the financial crisis prevailing in global markets, the growth rate of SME sector is impressive in the last financial year. The Government of India is also extending a helping hand to the schemes of state government. Recently, the Government directed all public sector banks to

provide more financial assistance to the needs of small industrial units without any collateral security. Leading public sector banks like SBI, Bank of India have already recognized the contribution of SME sector to the progress of Indian economy and have been delivering loans on a priority basis, to the units operating in the state. Developmental Institutions like SIDBI, NSIC are also contributing their share in implementing various schemes for SME sector in the state. The apex bank RBI has initiated various relief packages during the financial crisis to small and medium enterprises, keeping in view the significance of small-scale sector in the achievement of long term objectives of growth and poverty alleviation. The State government is extending indispensable support to SMEs operating in the state to prosper, making it very attractive to the small entrepreneurs. The small entrepreneurs can make use of all these measures to establish their units in the state and can become catalysts of development.

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IMPACT OF MACRO ECONOMIC FACTORS ON LIFE INSURANCE INNOVATION IN INDIA: AN EMPIRICAL STUDY

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ABSTRACT

Financial markets are the part of the changing business scenario worldwide. In fact, the financial markets are the first to unfold the vision and imagination that lead to financial revolution in insurance industry. Today, globalizations of competencies, thinking and perspectives have been the part of Strategic Action Plan of all the major competitors in the insurance markets, globally. The intensive competitions across the market operators and the pressure to perform by the stakeholders have resulted in competition being more intense than ever before. Both the business landscape and chemistry of the competition have changed drastically over the period of time. All around, there is a fresh thinking on the financial products, structure of market players and possibilities for value creation. We can say financial markets are being redefined, reinvented and reconfigured on a persistent basis since late 2000.

Insurance innovation—like innovation elsewhere in business—is an ongoing process whereby private parties experiment to try to differentiate their products and services, responding to both sudden and gradual changes in the economy. Surely, innovation ebbs and flows with some periods exhibiting bursts of activity and others witnessing a slackening or even backlash. However, when seen from a distance, the process of innovation—in this instance, financial innovation—is a regular ongoing part of a profit maximizing economy. The present study attempts to explore the impact of GDP and WPI on the revolutionary and recent wave of insurance innovation in India.

INTRODUCTION

“The complexity and speed of financial innovation have reached the point where it is hard to grasp what is happening from moment to moment. Amateur investors and many professionals are wary of space-age trading strategies and kinky financial instruments.”

Peter L. Bernstein, (1992), Capital Ideas, Free Press.

Reforms to improve efficiency and soundness of the Insurance sector in India started in the early part of the year 2000, when the global gateway for the private players was opened- in some ways anticipating the gains that would accrue from the resultant flexibility in product and factor markets. However, the process of strengthening the functioning of the financial institutions in terms of prudential framework, operational efficiency and regulatory / supervisory regimes have been gradual. It was also calibrated with the development of money, FOREX, Govt. securities and equity markets. The pace of capital & credit reforms is rapid & is transforming the scenario. The existence of a variety of financial innovations with different terms & conditions, now provide a wider range of financial assets.

The theoretical and empirical works in financial economics are considered a highly stylized world in which there are few types of securities (insurance, debt and equity, perhaps) and maybe a handful of simple financial institutions (banks or exchanges) are available. However, in reality there is a vast range of different financial products, many different types of insurance institutions and a variety of processes that these institutions employ to do business.

“**Insurance**” facilitates reimbursement during crisis time. Insurance means promise of compensation for any potential future losses. There are different insurance companies that offer wide range of insurance options and an insurance purchaser can select as per his/her own convenience and preference. The word insurance can also be inferred as effective tool of risk management. Quantified risks of different volumes can be insured. In insurance one party undertakes to indemnify or guarantee another against loss by certain specified risks.

“**Innovate**” is defined in *Webster’s Collegiate Dictionary* as “To introduce as or as if new,” with the root of the word deriving from the Latin word “**Novus**” or new. Economists use the word “**Innovation**” in an expansive fashion to describe shocks to the economy (e.g., “monetary policy innovations”) as well as the responses to these shocks (e.g., Euro deposits). Broadly speaking, “**Insurance Innovation**” is the act of creating and then popularising new insurance instruments as well as new financial technologies, institutions and markets.”

If the world had been free from all “**Imperfections**”—such as taxes, regulation, information asymmetries, transaction costs, and moral hazard—and if markets were complete in the sense that existing securities spanned all states of nature, we could have arrived at an M&M-like corollary regarding financial innovation. Insurance innovations would benefit neither private parties nor society and would simply be neutral mutations. Against this backdrop, a sizeable body of literature attempts to understand how various “imperfections” (and changes in these imperfections) stimulate insurance innovation. These *imperfections* prevent participants in the economy from efficiently obtaining the *functions* they need from the financial system. Generally, authors establish how financial innovations are optimal responses to various basic problem or opportunities, such as incomplete markets that prevent risk shifting or asymmetric information. The institutionally-grounded explanations study the parts played by insurance industries using innovation to compete.

LITERATURE REVIEW

Functional decomposition identifies six functions of financial systems as, moving funds across time and space, pooling of funds, managing risk, extracting information to support decision-making, addressing moral hazard and asymmetric information problems. (Merton’s, 1992)

Innovation exists to complete inherently incomplete markets. In an incomplete market, not all states of nature can be spanned, and as a result, parties are not able to move funds freely across time and space, nor to manage risk. (Peter Tufano, 2002)

Innovation persists to address inherent agency concerns and information asymmetries: Much of contracting theory (or the security design literature) explores how contracts can be written to better align the interests of different parties or to force the revelation of private information by managers.

Innovation exists so that parties can minimize transaction, search or marketing costs. The presence of transaction costs provides a critical role for financial intermediaries. Financial intermediaries permit households facing transaction costs to achieve their optimal consumption-investment program. (Merton, 1987) Many of the process innovations in payment systems technologies are aimed at lowering transaction costs. ATMs, smart cards, ACH technologies, e-401k programs and many other new businesses are legitimate financial innovations that seek to dramatically lower the sheer costs of processing transactions.

Innovation is a response to taxes and regulation, (Miller, 1986). The list of tax and regulatory induced products would include zero coupon bonds, Eurodollar Eurobonds, various equity-linked structures used to monetize asset holdings without triggering immediate capital gains taxes, and trust preferred structures.

With increasing globalisation and risk motivate innovation; increasing volatility has been identified as drivers of innovation. With increase in globalization, firms, investors and governments are exposed to newer level of risks (exchange rates or political risks), and innovation help to manage these risks.

Technological shocks stimulate innovation. Advances in information technology support sophisticated pooling schemes that we observe in securitization. IT and improvements in telecommunications (and more recently the Internet) have facilitated a number of innovations (not all successful), including new methods of underwriting securities (e.g., OpenIPO), new methods of assembling portfolios of stocks (folioFN), new markets for securities and new means of executing security transactions.

RATIONALE OF THE STUDY

India has been maintaining significant growth rate for past few years. The growth dynamics have dramatically shifted in the last three to four years and the economy is poised to break from an intermediate growth rate of around 6 percent to a high growth rate regime of well above 8 percent. Despite high levels of internal resource generation and access to external borrowings, credit demand across sectors also has picked up quite substantially pushing the rate of investment to new heights.

Real GDP growth has averaged 8.7 per cent per annum during the 5-year period ending 2007-08. The present domestic investment rate of around 36-37 per cent is expected to help sustain the current growth momentum. In Indian economic history, there has never been this order of growth for five consecutive years; this has been achieved while keeping inflation low and stable and anchoring inflationary expectations.

From the above facts, it is evident that Gross Domestic Product (GDP) & Wholesale Price Index (WPI) of India are having impact on the Life insurance innovation. The present study attempts to find the individual and combined impact of both the factors GDP, & WPI on the insurance innovation in India and their inter relationship.

OBJECTIVES OF THE STUDY

1. To study the collision of GDP on Life Insurance Innovation in India.
2. To investigate the force of WPI on Insurance Innovation in India.
3. To study the combined influence of GDP, & WPI on Indian Insurance Innovation.

LIMITATION OF STUDY

- Study is confined only for the period of eight years as intruders in the field of insurance knocked the door of India in 2000.
- Private players started playing in the market in 2000.

RESEARCH DESIGN

HYPOTHESIS

Ho1: There is no significant relationship between GDP and Life Insurance Innovation.

Ho2: There is no significant relationship between WPI and Life Insurance Innovation.

Ho3: There exists no inter dependency among the variables viz, GDP, WIP and Life, Insurance innovation.

PERIOD OF THE STUDY

Private players in the veil of innovation knocked the Indian market in later part of 2000. The Research base of the present study is considering the data since from 1999 to 2008.

DATA COLLECTION

The present study is empirical and analytical in nature, designed to analyse the impact of GDP & WPI on Insurance Innovation in India. The study is focused on economic contribution made by the intruders in the market. The present study is confined to the macro economic factors, thus, secondary data have been collected to explore the study and conclude the relationships & inter dependency of variables within. Website is www.indiabudget.nic.in.

TOOLS APPLIED

Every study requires some gear to justify the hypothesis which can be carried on by using few specific statistical techniques. The present study uses multiple correlation and multiple regression through spss to conclude the objectives and to prove the hypothesis.

ANALYSIS & INTERPRETATION

In the present study Life Insurance innovation (X) is dependent variable while WPI (Y) & GDP (Z) are independent variables. With the help of multiple correlation and multiple regression technique, relationship is being measured with the life insurance innovation.

1. Coefficient of correlation of GDP with Life insurance innovation is ($r=0.827$). This shows the higher degree of correlation between the two variables being value lies between 0.75 to 1. In other words it can be concluded that with a slight change in GDP there will be a radical change in life insurance innovation. The study also reveals that endogenous factor is showing greater dependability to exogenous factors i.e. GDP. This inference is being drawn from the calculated value of correlation which is 0.847.

Thus the hypothesis stands rejected that there is no significant relationship between the GDP and life insurance innovation as both the variables are having higher degree of correlation being 0.827

2. Coefficient of correlation of WPI with Life insurance innovation is ($r=0.847$). This test also reveals that there is higher degree of correlation between the two variables viz WPI and Life insurance innovation as value is in the range of 0.75 to 1. This implies that the influencing factors among the variables are enormous. The dependency of WPI on the exogenous variables is 0.972, which depicts that the intensity of dependency is very high.

Thus, the hypothesis stands rejected that there is no significant relationship between the WPI and Life insurance innovation as both the variables are having higher degree of correlation and thus, higher inter dependability being 0.847

3. The changes in WPI and GDP are in the positive direction which is a resultant effect or influence of innovation in life insurance. The study proves the dependency among all the desired factors applying multiple regression analysis. The regression line can be drawn from the given variables viz, GDP, WPI and Life insurance innovation as

$$X1 = 0.847 + 0.972 X2 + 0.972 X3$$

Here $X1$ = Life insurance innovation,

$X2$ = GDP, & $X3$ = WPI

The positivity reflected by the regression line proves the stated hypothesis being rejected as there exist inter dependency and influence of variables over one another.

FINDINGS

The transparent conclusion on the basis of analysis and interpretation is that the proposed hypotheses are being stand rejected as there exist a significant relationship between GDP and WPI as macroeconomic factors and insurance innovation at 95% level of significance. Slight change in one variable affects significantly to another variable.

Analysis and interpretation of the data, unfold the transparent out come. The hypothesis stating that there is no correlation and dependency among the variables also stands rejected. The results are not in support of the assumptions but the research proved that there exists a high degree of Correlation on each other. They are so responsive that a slight change in one will affect the other positively.

IMPLICATIONS OF LIFE INSURANCE INNOVATION

To maintain the transparency is crucial task. More likely, products will be designed, based on liquid underlying assets. US and European financial institutions will be scrutinized more for their financial products. Regulators will focus on : Transparency, Liquidity and Valuation. Governance of Institutions designing products will be stressed.

CONCLUSION

With the increase in Innovation in Life insurance sector there is an increase in WPI and GDP of Indian Economy. Thus, present study infers that the GDP & WPI are having positive impact in contributing towards life insurance innovation in India. The important point to think and find the way is the critical factor prevailing in this situation as market is becoming volatile day by day as risks are increasing, such conditions favour economic growth and innovation but such a growth is inorganic growth. India being a developing country must follow a long term sustainable development policy. It is only possible when it maintains low inflation rate.

Need is to pursue somewhat counter cyclical monetary and fiscal policies with appropriate external sector management, ensuring overall financial stability – price stability, low inflation, low inflation expectations and low inflation volatility. It is only under these conditions, the investment, innovation and growth can be maintained in a sustainable fashion. It is to be ensured on continuous basis that the growth momentum is sustained with price stability.

The opportunity zones in financial markets are contracting somewhere and at the same time expanding elsewhere. Both change and the pace of change in the financial markets would be different tomorrow. Continuous exploration of scopes and exploitation of values would demand a brilliant focus on emerging opportunities, competence building, strategies for the leadership position in the opportunity zones and principles centered business practices. Financial innovation is viewed as the “engine” driving the financial system towards its goal for improving the performance of what economists call the “real economy. Therefore, we need to create a culture, which embraces change and moves ahead with an objective to lead.

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ANNEXURE

MULTIPLE CORRELATION ANALYSIS

$$R_{1\ 2\ 3} = \sqrt{\frac{r_{12}^2 + r_{13}^2 - 2r_{12}r_{13}r_{23}}{1 - r_{23}^2}}$$

$$R_{2\ 1\ 3} = \sqrt{\frac{r_{21}^2 + r_{23}^2 - 2r_{12}r_{13}r_{23}}{1 - r_{13}^2}}$$

$$R_{3\ 1\ 2} = \sqrt{\frac{r_{31}^2 + r_{32}^2 - 2r_{12}r_{13}r_{23}}{1 - r_{12}^2}}$$

R = Multiple Correlation Coefficient

r = Correlation Coefficient

x = Financial Innovation

y = WPI

z = GDP

MULTIPLE REGRESSION ANALYSIS

The multiple regression analysis is analysis of two or more independent variables on one dependent variable.

Table I - Correlation among three variables

	X	Y	Z
Mean	70.44	178.89	2805099
S _d	40.09	23.97	964531.18
r _{x,yz}	1	.847	.827
Significance 2 (Tailed)	-	.004	.006
r _{y,xz}	.847	1	.972
Significance 2 (Tailed)	.004	-	.000

$r_{z,xy}$.827	.972	1
Significance 2 (Tailed)	.006	.000	-

Table II - Regression among three variables

Variables	R	R ²	Adjusted R ²	Standard Error
Insurance Innovation	.847	.717	.687	24.50
WPI	.972	.944	.936	6.06
GDP	.972	.944	.936	243871.44

TableIII – Innovation in Insurance sector data from year 1999 – 2008 [*Insurance Innovation (x)]

YEAR	X	dx = (x-X)	x ²
1999-00	4	-66.44444444	16
2000-01	24	-46.44444444	576
2001-02	56	-14.44444444	3136
2002-03	81	10.55555556	6561
2003-04	86	15.55555556	7396
2004-05	64	-6.444444444	4096
2005-06	56	-14.44444444	3136
2006-07	134	63.55555556	17956
2007-08	129	58.55555556	16641
TOTAL	634	0	59514

Table IV –Wholesale Price Index (WPI) data from year 1999 – 2008 [*WPI (y)]

YEAR	Y	dy = (y-Y)	y ²
1999-00	145.3	-33.58888889	21112.09
2000-01	155.7	-23.18888889	24242.49
2001-02	161.3	-17.58888889	26017.69
2002-03	166.8	-12.08888889	27822.24
2003-04	175.9	-2.988888889	30940.81
2004-05	187.3	8.411111111	35081.29
2005-06	195.6	16.71111111	38259.36

2006-07	206.2	27.31111111	42518.44
2007-08	215.9	37.01111111	46612.81
TOTAL	1610	0.00	292607.22

Table V - Gross Domestic Product (GDP) data from year 1999 – 2008 [* GDP (z)]

YEAR	Z	dz = (z-Z)	z ²	xy	Xz	Yz
1999-00	1786525	-1018574.444	3191671575625.0	581.2	7146100	259582082.5
2000-01	1925017	-880082.4444	3705690450289.0	3736.8	46200408	299725146.9
2001-02	2097726	-707373.4444	4400454371076.0	9032.8	117472656	338363203.8
2002-03	2261415	-543684.4444	5113997802225.0	13510.8	183174615	377204022
2003-04	2538171	-266928.4444	6442312025241.0	15127.4	218282706	446464278.9
2004-05	2877706	72606.55556	8281191822436.0	11987.2	184173184	538994333.8
2005-06	3275670	470570.5556	10730013948900.0	10953.6	183437520	640721052
2006-07	3790063	984963.5556	14364577543969.0	27630.8	507868442	781510990.6
2007-08	4693602	1888502.556	22029899734404.0	27851.1	605474658	1013348672
TOTAL	25245895	0	25221571310029.0	28,432.3	612,620,758.0	1,272,930,754.3



CORRELATES OF EMPLOYEE SATISFACTION WITH PERFORMANCE APPRAISAL SYSTEM: A COMPARATIVE STUDY OF INDIAN AND FOREIGN MNC BPO FIRMS

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ABSTRACT

This paper is based on an empirical study of five Indian and five foreign MNC BPO firms operating in India, ranked among the top 100 by the International Association of Outsourcing Professionals (IAOP) for the year 2009. The data was collected using both qualitative and quantitative methods from 243 employees of Indian MNCs and 163 employees of foreign MNCs who constitute 1 per cent of the population under study. The study finds that, on an average, the level of satisfaction among the respondents towards the performance appraisal system is at 73.09 per cent and 69.94 per cent for Indian MNCs and foreign MNCs respectively. Regression analysis, using a significance level of 5 per cent, shows that the variables of transparency in the appraisal system ($p = .000$), employee participation in appraisal system ($p = .028$), the accuracy of the previous appraisals ($p = .031$) and viewing appraisals as a motivating tool ($p = .004$) are significantly influencing the satisfaction of the respondents of Indian MNCs and the variables of the objectivity in the appraisals ($p = .028$), the accuracy of the previous appraisals ($p = .017$) and viewing appraisals as a motivating tool ($p = .002$) are significantly influencing the satisfaction of the respondents of foreign MNCs, and all the other variables have emerged as insignificant. Interestingly, all the significant variables are positively associated with the satisfaction and all the variables used in the study collectively account for 59.4 per cent and 42.6 per cent of the satisfaction of the respondents of Indian MNCs and foreign MNCs respectively towards the performance appraisal system. The factor analysis, being performed under the Principal Component Analysis Method, has identified three factors contributing a cumulative variation of 67.794 per cent in the case of Indian MNCs, and it has identified four factors contributing a cumulative variation of 67.925 per cent in the case of foreign MNCs.

KEY WORDS

BPO, Employee Satisfaction, Factor Analysis, Performance Appraisal System.

INTRODUCTION

Performance appraisal is among the most important human resource (HR) practices and it is one of the more heavily researched topics (Fletcher, 2002). Performance appraisal may now be seen as a generic term, covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards (Fletcher, 2001). That is why, today, the focus of both practice and research has been moving towards developmental performance appraisal (Levy and Williams, 2004). According to Fletcher (2001), the performance appraisal must be viewed as a mechanism for developing and motivating people. There is a general consensus among performance appraisal researchers and practitioners that assessment of appraisal reactions is important (Keeping and Levy, 2000). For instance, it is frequently argued that in order for performance appraisal to positively influence employee behaviour and future development, employees must experience positive appraisal reactions; if not, any appraisal system will be doomed to failure (Murphy and Cleveland, 1995). The satisfaction with performance appraisal is the most frequently measured appraisal reaction (Keeping and Levy, 2000) and studies have reported that there is a positive relationship between satisfaction with performance appraisal and overall job satisfaction (Ellickson, 2002), since job satisfaction is positively related to performance (Judge et al., 2001). There is an extensive research on the factors that influence the satisfaction of the employees towards the performance appraisal or other reactions in different contexts (Levy and Williams, 2004). However, there is a lack of enough empirical evidence on the factors that influence the satisfaction of the BPO employees towards the performance appraisal system. In this context, the present empirical study makes an attempt to study, compare and analyze the perceptions of the employees of Indian and foreign MNC BPO firms with regard to the performance appraisal system with a view to understand whether there is actually any kind of dissatisfaction among the BPO employees towards the performance appraisal system and also to assess, compare, analyze and group the factors which significantly influence the satisfaction of these employees towards the performance appraisal system.

OBJECTIVES OF THE STUDY

This empirical and comparative study of the perceptions of the employees of Indian and foreign MNC BPO firms about the performance appraisal system have the following objectives:

1. To study, compare and analyze the perceptions of the employees with regard to the performance appraisal system being practiced by the Indian and foreign MNC BPO firms.
2. To assess, compare and analyze the factors influencing the satisfaction of the employees of the Indian and foreign MNC BPO firms towards the performance appraisal system.

3. To identify and group the most important factors responsible for the satisfaction of the employees of the Indian and foreign MNC BPO firms towards the performance appraisal system.

THE RESEARCH HYPOTHESIS

The following research hypothesis has been formulated by the researchers:

"The various factors associated with the assessment of performance appraisal have significant relation with the satisfaction of the respondents towards the performance appraisal system".

REVIEW OF THE LITERATURE

There have been a large number of studies, both conceptual and empirical, in the area of performance appraisal practices in India (Rao & Abraham, 1986; Mendonca & Kanungo, 1990; Jain, 1991; Venkataratnam, 1992; Amba-Rao, 1994; Sodhi, 1994; Lawler, et al., 1995; Mathur, et al., 1996; Diwedi, 1997; Gopinath, 1998; Smither, 1998; Venkataratnam, 1998; Bordia & Blau, 1998; Amba-Rao et al., 2000; Budhwar & Khatri, 2001; Budhwar & Debrah, 2001; Bahl, 2002; Budhwar & Boyne, 2004; Verma et al., 2005; Rao, 2007). However, a majority of these studies are on the performance appraisal practices in India with reference to the traditional Indian industrial sectors. These studies include a large number of case studies and there are only a few empirical studies in the area of performance appraisal practices with reference to the Indian ITES-BPO industry. These empirical studies are broad in nature and are not exactly confined to the area of performance appraisal practices in Indian ITES-BPO industry. However, the researchers do report that all the BPOs in India have a formal and structured approach to the performance appraisal system and they have a structured format and a clear set of parameters for appraisals (Budhwar et al., 2006). In fact, in the BPO processes, there are two basic types of performance parameters – quantitative measures (such as Average Handling Time - AHT, number of calls completed) and quality measures. Although the trainers describe the performance appraisal system as very 'system-driven', leaving no scope for subjectivity in ratings, clearly the judgments made by the evaluators in the ITES-BPO industry cannot be completely 'objective' (Upadhya and Vasavi, 2006). De (2004), based on a sample survey of BPO employees (n=462), reported that more than 61% of the respondents under his study felt that the appraisal system in BPOs was transparent, and slightly fewer than 55% felt that it was fair and more than 63% approved of the fact that their special initiatives and efforts were duly recognized at the time of appraisal. Rani and Mahalingam (2003), based on a sample survey of BPO employees (n=544) across the country, reported that the performance in the BPO industry has almost entirely become a metrics - driven one. Metrics and the pressure to deliver them have emerged as significant causes of stress in the BPO industry today. By the very fact that the metrics are automatically generated and cannot be argued with - there was comparatively less angst on the appraisal system in the BPO industry than in the IT industry. As per their study, the overall satisfaction score for the ITES employees was at 8.3 (or 83.0 per cent) on a scale of 10. Babu (2004) observes that the performance of the BPO employees is linked with incentives in cash and kind; and the annual increments in salary as well as the vertical mobility of the agents in the BPO firms are also linked to their ratings. Linking performance with incentives and/or punitive actions forces the agents to stress continuously. According to Shivani (2006), the performance appraisal in BPOs means a hurried 5-minute session for the HR manager who, many a time, is very badly prepared for the session and sometimes the employees get to meet their managers and interact with them only during this time. The number of ratings to be given under various categories is fixed, following a bell-curve distribution and the ratings depend on 'quota'! Awards are mostly given as ad hoc measures to temporarily satisfy the employees, and most often do not influence the final ratings, which are also often ad hoc! What further complicates affairs is that the ratings also determine whether the person will be eligible for a promotion in the next 12 months. According to her, such practices demotivate the employees. Ramakrishna (2002), senior human resources executive, suggests that clearly enunciating the performance management system is very critical for an employee to know what is expected of him and what the performance parameters are. Bhaduri (2008) opines that if one wants to manage attrition, one should start by looking at the performance management system of the organization. In his opinion, every manager should be adequately trained to give candid feedback and also to coach the players in his team. These studies indicate that all is not well with the appraisal system of the Indian BPO industry. In this context, an attempt has been made to study, compare, analyze and group the factors influencing the satisfaction of the employees with the performance appraisal system being practiced by the Indian and foreign MNC BPO firms operating in India.

RESEARCH METHODOLOGY

The study mainly depended upon the primary data. However, some secondary sources of data were also consulted for the purpose of gathering background information supporting the study. Relevant primary data was collected through a sample survey using a well-structured and pre-tested questionnaire. The draft questionnaire was e-mailed to 25 employees of the sample ITES-BPO firms to pre-test the questionnaire and the suggestions received from them were critically examined and were duly incorporated in the final questionnaire wherever found proper. The data was collected from a total of ten MNC BPO firms - five Indian and five foreign - which were selected on the basis of the ranking announced by the International Association of Outsourcing Professionals (IAOPs) for the year 2009 as "The 2009 Global Outsourcing 100". The study covered the units of these MNCs located in Bangalore, considered to be the Silicon Valley of India.² Access to these BPO firms was secured through contacts and through networking techniques. Altogether, data was collected from a total of 406 employees - 243 employees of Indian MNCs and 163 employees of foreign MNCs - and these employees constitute 1 per cent of the employee population of the respective MNCs under study. The awareness about the performance appraisal system is measured on a scale of 'yes/no/can't say' and the perceptions of the respondents on the twelve statements, qualifying as the variables being derived from a review of literature in the area of study, are measured on Likert's (1932) five point scale of 'strongly disagree..... strongly agree', the scale in quantitative terms being: 0 - 20 per cent: strongly disagree, 21 - 40 per cent: disagree, 41 - 60 per cent: not sure, 61 - 80 per cent: agree, 81 - 100 per cent: strongly agree and the satisfaction of

² The Silicon Valley of India is a nickname of the Indian city of Bangalore. The name signifies Bangalore's status as a hub for information technology (IT) companies in India and is a comparative reference to the original Silicon Valley, based around Santa Clara Valley, California, a major hub for IT companies in the US. One of earliest mentions of this sobriquet occurred in late 1980s in the Indian Express (The Indian Express, 1988). The more prevalent application of the nickname Bangalore began in the 1990s (Heitzman, 2001) based on a concentration of firms specializing in R&D, electronics and software production, and today Bangalore has certainly emerged as a software and R&D subcontracting centre for multinationals. An article entitled "Is the Next Silicon Valley Taking Root in Bangalore?" appeared in the New York Times in 2006 (Rai, 2006). Incidentally, Bangalore contributed 33% of India's Rs. 144,214 crore (US\$ 31 billion) IT exports in 2006-07 (Ramesh, 2007). Indeed, some articles in the western media wondered if the original Silicon Valley would one day be functionally replaced by Bangalore (Morphy, 2004).

the respondents towards the performance appraisal system is rated again on Likert's (1932) five point scale of 'highly dissatisfied..... highly satisfied', the scale in quantitative terms being: 0 - 20 per cent: highly dissatisfied, 21 - 40 per cent: dissatisfied, 41 - 60 per cent: not sure, 61 - 80 per cent: satisfied, 81 - 100 per cent: highly satisfied. A multiple regression analysis has been done to identify the variables influencing the satisfaction of the respondents towards the performance appraisal system and the results are presented here. The results of the factor analysis, being performed under the Principal Component Analysis Method to identify and group the most important factors responsible for the satisfaction of the respondents towards the performance appraisal system, have been presented in this paper. Finally, the paper concludes with the researchers' contributions to the literature and the scope for further research in this area.

RESULTS AND DISCUSSION

EMPLOYEE PERCEPTIONS OF THE PERFORMANCE APPRAISAL SYSTEM

The perceptions of the respondents with regard to the performance appraisal system are presented here. An overwhelming majority of 86.8 per cent of the respondents of Indian MNCs and 87.1 per cent of the respondents of foreign MNCs under our study report that they are aware of the performance appraisal system in their respective firms (Table 1). The calculated value of χ^2 ($p = .933 > .05$) shows that there is no significant difference among the respondents of the two types of MNCs in terms of their awareness about the performance appraisal system. Thus, a majority of the respondents of both the types of MNCs are aware of the performance appraisal system.

Table 1: Awareness of the Performance Appraisal System among the Respondents

Are the respondents aware of the performance appraisal system?	Yes %	No %	Total %
Indian MNCs	86.8	13.2	100
Foreign MNCs	87.1	12.9	100

$\chi^2 (1) = .007, p = 0.933, NS$
Source: Survey Data

The views of the respondents on the twelve statements being used to study their agreement towards those statements are presented in Table 2. The levels of agreement being expressed in percentages and the 'p' values are given within brackets.

Table 2: Employee Perceptions of the Performance Appraisal System

Variables		1 %	2 %	3 %	4 %	5 %	Mean	S.D.	% Mean	't' value	'p' value
My Duties are clearly given out	Indian	1.2	2.1	14.0	53.5	29.2	4.07	.789	81.48	.866	.387 NS
	Foreign	2.5	4.3	14.7	47.9	30.7	4.01	.923	80.20		
I know what is expected of me in the job	Indian	0	2.9	6.6	57.2	33.3	4.21	.687	84.20	.210	.834 NS
	Foreign	1.2	7.4	7.4	35.6	48.5	4.23	.958	84.54		
Appraisal system is transparent	Indian	5.8	8.6	18.9	44.4	22.2	3.69	1.088	73.74	.001	.999 NS
	Foreign	3.1	6.1	27.6	45.4	17.8	3.69	.940	73.74		
Appraisal system is timely	Indian	1.6	7.8	7.0	57.6	25.9	3.98	.891	79.67	.379	.705 NS
	Foreign	1.8	5.5	14.7	44.8	33.1	3.95	.933	79.02		
Appraisal system is participative	Indian	4.1	7.8	10.3	53.9	23.9	3.86	1.004	77.12	.921	.358 NS
	Foreign	6.1	4.9	17.8	49.1	22.1	3.76	1.047	75.21		
Appraisal system is objective	Indian	2.5	11.1	12.8	55.6	18.1	3.76	.959	75.14	.768	.443 NS
	Foreign	2.5	11.7	22.1	42.9	20.9	3.68	1.010	73.62		
Good measures/parameters of individual or group performance exist	Indian	1.2	6.2	16.9	51.9	23.9	3.91	.872	78.19	.474	.636 NS
	Foreign	1.2	2.5	23.9	44.8	27.6	3.95	.852	79.02		
Special initiatives are recognized at the time of appraisal	Indian	3.7	8.6	22.2	43.2	22.2	3.72	1.023	74.32	.550	.582 NS
	Foreign	3.1	9.2	19.6	43.6	24.5	3.77	1.020	75.46		

Last performance appraisal accurately reflected my performance	Indian	4.5	11.9	20.2	46.5	16.9	3.59	1.046	71.85	.536	.592 NS
	Foreign	6.1	13.5	21.5	38.7	20.2	3.53	1.140	70.67		
The appraisal system is often invalid, unfair, discriminatory, and based on favoritism	Indian	14.0	18.9	21.0	37.4	8.6	3.08	1.212	61.56	2.125	.034 SIG
	Foreign	22.7	18.4	22.7	27.6	8.6	2.81	1.298	56.20		
Appraisal policies go in tandem with promotion, reward and transfer policies	Indian	1.6	15.2	31.7	33.7	17.7	3.51	1.006	70.12	.206	.837 NS
	Foreign	3.7	16.6	24.5	38.0	17.2	3.48	1.074	69.69		
Appraisals are mostly seen as a motivating tool	Indian	.8	11.5	17.7	43.6	26.3	3.83	.975	76.63	.754	.451 NS
	Foreign	1.2	12.3	15.3	36.8	34.4	3.91	1.047	78.16		

(Note: 1 - strongly disagree, 2 - disagree, 3 - Not sure, 4 -agree, 5 - strongly agree)

Source: Survey data

On our scale, the respondents of both the Indian and foreign MNCs 'strongly agree' on two of the statements:

(a) The duties are clearly given out (Indian MNCs = 81.48 per cent; foreign MNCs = 80.20 per cent; 'p' = .387), and

(b) I know what is expected of me in the job (Indian MNCs = 84.20 per cent; foreign MNCs = 84.54 per cent; 'p' = .834).

The calculated values of 'p' > .05 clearly indicate that there is no significant difference among the respondents of the two types of MNCs with regard to their views on these statements.

The respondents of both the types of MNCs 'agree' on nine of the statements:

(a) The performance appraisal system is transparent (Indian MNCs = 73.74 per cent; foreign MNCs = 73.74 per cent; 'p' = .999)

(b) The appraisals are timely (Indian MNCs = 79.67 per cent; foreign MNCs = 79.02 per cent; 'p' = .705)

(c) The performance appraisal system is participative (Indian MNCs = 77.12 per cent; foreign MNCs = 75.21 per cent; 'p' = .358)

(d) The performance appraisal system is objective (Indian MNCs = 75.14 per cent; foreign MNCs = 73.62 per cent; 'p' = .443)

(e) Good measures/parameters of individual or group performance exist (Indian MNCs = 78.19 per cent; foreign MNCs = 79.02 per cent; 'p' = .636)

(f) Special initiatives and efforts are recognized at the time of appraisal (Indian MNCs = 74.32 per cent; foreign MNCs = 75.46 per cent; 'p' = .582)

(g) My last performance appraisal accurately reflected my performance (Indian MNCs = 71.85 per cent; foreign MNCs = 70.67 per cent; 'p' = .592)

(h) Appraisal policies go in tandem with promotion, reward and transfer policies (Indian MNCs = 70.12 per cent; foreign MNCs = 69.69 per cent; 'p' = .837), and

(i) The appraisals are mostly seen as a motivating tool (Indian MNCs = 76.63 per cent; foreign MNCs = 78.16 per cent; 'p' = .451).

The calculated values of 'p' > .05 clearly indicates that there is no significant difference among the respondents of the two types of MNCs with regard to their views on these statements.

Interestingly, only on one of the statements, that is, the performance appraisal system is often invalid, unfair, discriminatory and is based on favouritism, the respondents of Indian MNCs 'agree' and the respondents of foreign MNCs report that they are 'not sure' on this issue (Indian MNCs = 61.56 per cent; foreign MNCs = 56.20 per cent; 'p' = .034). The calculated value of 'p' = .034 < .05 clearly confirms that there is a significant difference among the respondents of the two types of MNCs with regard to their views on this statement.

The present study supports the findings of De (2004) and Rani and Mahalingam (2003) on the perceptions of the BPO employees with regard to the performance appraisal system being adopted by their employers and it does not find any significant evidence to prove the findings of Shivani (2006).

FACTORS INFLUENCING THE SATISFACTION TOWARDS THE PERFORMANCE APPRAISAL SYSTEM

A multiple regression analysis has been done to identify the variables influencing the satisfaction of the respondents towards the performance appraisal system. A significance level of 5 per cent has been used for our analysis (Table 3). The variables are identified on the basis of the twelve statements used in the study.

The results of the regression analysis show that, in the case of Indian MNCs, the following four variables are significantly influencing the satisfaction of the respondents towards the performance appraisal system:

Transparency in the appraisal system (p = .000)

Employee participation in appraisal system (p = .028)

The accuracy of the previous appraisals (p = .031), and

Viewing appraisals as a motivating tool (p = .004), and

Whereas in the case of foreign MNCs, the following three variables are significantly influencing the satisfaction of the respondents towards the performance appraisal system:

The objectivity in the appraisals (p = .028)

The accuracy of the previous appraisals ($p = .017$), and
Viewing appraisals as a motivating tool ($p = .002$).

In the case of Indian MNCs, the following eight variables have emerged as the insignificant variables:

My duties are clearly given out ($p = .583$)
I know what is expected of me in the job ($p = .333$)
Timeliness of the appraisals ($p = .898$)
The objectivity in the appraisals ($p = .492$)
Existence of good measures/parameters of individual or group performance ($p = .235$)
Recognition of special initiatives and efforts at the time of appraisals ($p = .086$)
The performance appraisal system is often invalid, unfair, discriminatory and is based on favoritism ($p = .113$), and
The appraisal systems go in tandem with promotion, reward and transfer policies ($p = .187$),

Whereas in the case of foreign MNCs, the following nine variables have emerged as the insignificant variables:

My duties are clearly given out ($p = .422$)
I know what is expected of me in the job ($p = .248$)
Transparency in the appraisal system ($p = .976$)
Timeliness of the appraisals ($p = .110$)
Employee participation in appraisal system ($p = .686$),
Existence of good measures/parameters of individual or group performance ($p = .354$)
Recognition of special initiatives and efforts at the time of appraisals ($p = .069$)
The performance appraisal system is often invalid, unfair, discriminatory and is based on favoritism ($p = .266$), and
The appraisal systems go in tandem with promotion, reward and transfer policies ($p = .550$).

In the case of Indian MNC, all the four significant variables are positively associated with the satisfaction of the respondents towards the performance appraisal system as follows:

Transparency in the appraisal system (Standardized Beta Coefficient = .358)
Employee participation in appraisal system (Standardized Beta Coefficient = .137)
The accuracy of the previous appraisals (Standardized Beta Coefficient = .136), and
Viewing appraisals as a motivating tool (Standardized Beta Coefficient = .189).

Whereas in the case of foreign MNCs, all the three significant variables are positively associated with the satisfaction of the respondents towards the performance appraisal system as follows:

The objectivity in the appraisals (Standardized Beta Coefficient = .208)
The accuracy of the previous appraisals (Standardized Beta Coefficient = .188), and
Viewing appraisals as a motivating tool (Standardized Beta Coefficient = .237).

The contribution of all the four significant variables towards the satisfaction of the respondents with the performance appraisal system, in the case of Indian MNCs (in the descending order), is as follows:

Transparency in the appraisal system contributes 35.8 per cent (Standardized Beta Coefficient = .358)
Viewing appraisals as a motivating tool contributes 18.9 per cent (Standardized Beta Coefficient = .189)
Employee participation in appraisal system contributes 13.7 per cent (Standardized Beta Coefficient = .137), and
The accuracy of the previous appraisals contributes 13.6 per cent (Standardized Beta Coefficient = .136), and

Whereas the contribution of all the three significant variables towards the satisfaction of the respondents with the performance appraisal system, in the case of foreign MNCs (in the descending order), is as follows:

Viewing appraisals as a motivating tool contributes 23.7 per cent (Standardized Beta Coefficient = .237)
The objectivity in the appraisals contributes 20.8 per cent (Standardized Beta Coefficient = .208), and
The accuracy of the previous appraisals contributes 18.8 per cent (Standardized Beta Coefficient = .188).



Table 3: Factors Influencing the Satisfaction of the Employees towards the Performance Appraisal System

MNC		Unstandardized Coefficients		Standardized Coefficients	t	p
		B	Std. Error	Beta		
Indian	(Constant)	.293			1.498	.135
	Duties are clearly given out		.066	.031	.549	.583
	I know what is expected of me in the job	.078	.080	.059	.969	.333
	Appraisal system is transparent	.300	.055	.358	5.494	.000
	Appraisal system is timely	.008	.064	.008	.128	.898
	Appraisal system is participative	.124	.056	.137	2.208	.028
	Appraisal system is objective	-.039	.056	-.041	-.688	.492
	Good measures/parameters of individual or group performance exist	-.072	.061	-.069	-1.191	.235
	Special initiatives and efforts are recognized at the time of appraisal	.097	.056	.109	1.722	.086
	Last performance appraisal accurately reflected my performance	.118	.055	.136	2.165	.031
	The performance appraisal system is often invalid unfair, discriminatory, and based on favouritism	-.058	.036	-.077	-1.592	.113
	Appraisal policies go in tandem with promotion, reward and transfer policies, etc.	.076	.057	.084	1.322	.187
	Appraisal are mostly seen as a motivating tool	.177	.060	.189	2.947	.004
Foreign	(Constant)	-.757	.520		-1.455	.148
	Duties are clearly given out	.094	.116	.076	.805	.422
	I know what is expected of me in the job	-.130	.112	-.109	-1.160	.248
	Appraisal system is transparent	.003	.101	.003	.030	.976
	Appraisal system is timely	.169	.105	.138	1.606	.110
	Appraisal system is participative	.040	.100	.037	.404	.686
	Appraisal system is objective	.235	.106	.208	2.224	.028
	Good measures/parameters of individual or group performance exist	.100	.108	.075	.930	.354
	Special initiatives and efforts are recognized at the time of appraisal	.168	.091	.150	1.833	.069
	Last performance appraisal accurately reflected my performance	.188	.078	.188	2.417	.017
	The performance appraisal system is often invalid unfair, discriminatory, and based on favouritism	.067	.060	.076	1.117	.266
	Appraisal policies go in tandem with promotion, reward and transfer policies, etc.	-.048	.081	-.045	-.598	.550
	Appraisal are mostly seen as a motivating tool	.258	.082	.237	3.150	.002

However, as per the Model 1, all the variables used in the study collectively account for 59.4 per cent (R Square = .594) and 42.6 per cent (R Square = .426) of the satisfaction of the respondents of Indian and foreign MNCs respectively towards the performance appraisal system.

Model 1

MNC	R	R Square	F	p
Indian	.771	.594	28.050	.000
Foreign	.653	.426	9.280	.000

HYPOTHESIS TESTING

A multiple regression analysis was used to test the hypothesis and the results are reported in Table 3. As discussed already in the previous paragraphs, the regression analysis shows that four factors in the case of Indian MNC and three factors in the case of foreign MNCs associated with the assessment of performance appraisals have significant and positive relationship with the satisfaction of the respondents towards the performance appraisal system and the remaining eight factors in the case of Indian MNC and nine factors in the case of foreign MNCs have no

significant relationship with the satisfaction of the respondents towards the performance appraisal system, and hence, the hypothesis being considered by the researchers is partially accepted and partially rejected.

FACTORS INFLUENCING THE SATISFACTION TOWARDS THE PERFORMANCE APPRAISAL SYSTEM - A FACTOR ANALYSIS

The researchers have used 'factor analysis' to identify and group the most important factors responsible for the satisfaction of the respondents towards the performance appraisal system.

Table 4: KMO and Bartlett's Test (for Indian MNCs only)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.866
Bartlett's Test of Sphericity	Approx. Chi-Square	1368.726
	df	66
	Sig.	.000

According to KMO and Bartlett's test, factor analysis can be performed for the given data of Indian MNCs as $p = .000 < .01$ (Table 4). The factor analysis has been performed by using the Principal Component Analysis Method in order to identify the factors which discriminate each other and the results of the analysis are presented here:

In the case of Indian MNCs, the factor analysis has identified the following three factors (Table 5 and 6):

Factor 1: This factor consists of the following variables which contribute 44.518 per cent variation. The variables are:

Transparency in the appraisals with factor loading of .790

Timeliness of the appraisals with factor loading of .792

Employee participation in the appraisals with factor loading of .816

Objectivity in the appraisals with factor loading of .806

Existence of the good measures/parameters of individual/group performance with factor loading of .502

Accuracy of the previous appraisals with factor loading of .614

Viewing appraisals as a motivating tool with factor loading of .558

The above are the most important factors which contribute the most to the overall level of satisfaction of the respondents towards the performance appraisal system being practiced by the Indian MNC BPO firms.

Factor 2: This factor consists of the following variables which contribute 11.999 per cent variation. The variables are:

Duties are clearly given out with factor loading of .882

I know what is expected of me in the job with factor loading of .856

Recognition of special initiatives at the time of appraisal with factor loading of .505

Factor 3: This factor consists of the following variables which contribute 11.277 per cent variation. The variables are:

The appraisal system is often invalid, unfair, discriminatory, and based on favoritism with factor loading of .830

Appraisal policies go in tandem with promotion, reward and transfer policies with factor loading of .727

Table 5: Total Variance Explained (for Indian MNCs only)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.342	44.518	44.518	5.342	44.518	44.518	3.986	33.216	33.216
2	1.440	11.999	56.517	1.440	11.999	56.517	2.214	18.447	51.663
3	1.353	11.277	67.794	1.353	11.277	67.794	1.936	16.130	67.794
4	.703	5.855	73.648						
5	.601	5.006	78.655						
6	.533	4.439	83.094						
7	.421	3.512	86.606						
8	.406	3.385	89.991						
9	.353	2.946	92.937						
10	.314	2.618	95.555						
11	.300	2.499	98.053						
12	.234	1.947	100.000						

Extraction Method: Principal Component Analysis.

Table 6: Rotated Component Matrix (for Indian MNCs only)

	Component		
	1	2	3
Duties are clearly given out	.882		

I know what is expected of me in the job		.856	
Appraisal system is transparent	.790		
Appraisal system is timely	.792		
Appraisal system is participative	.816		
Appraisal system is objective	.806		
Good measures/parameters of individual or group performance exist	.502		
Special initiatives are recognized at the time of appraisal		.505	
Last performance appraisal accurately reflected my performance	.614		
The appraisal system is often invalid, unfair, discriminatory, and based on favoritism			.830
Appraisal policies go in tandem with promotion, reward and transfer policies			
Appraisals are mostly seen as a motivating tool			.727
	.558		

Notes:

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

According to KMO and Bartlett's test, factor analysis can be performed also for the given data of foreign MNCs as $p = .000 < .01$ (Table 7). The factor analysis being performed by using the Principal Component Analysis Method in order to identify the factors which discriminate each other and the results of the analysis are presented here.

Table 7: KMO and Bartlett's Test (for foreign MNCs only)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.773
Bartlett's Test of Sphericity	Approx. Chi-Square	670.289
	df	66
	Sig	.000

Table 8: Total Variance Explained (for foreign MNCs only)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.174	34.786	34.786	4.174	34.786	34.786	3.096	25.797	25.797
2	1.535	12.788	47.575	1.535	12.788	47.575	1.848	15.400	41.197
3	1.435	11.961	59.536	1.435	11.961	59.536	1.810	15.082	56.279
4	1.007	8.389	67.925	1.007	8.389	67.925	1.398	11.646	67.925
5	.841	7.010	74.934						
6	.717	5.977	80.912						
7	.513	4.273	85.185						
8	.485	4.042	89.227						
9	.407	3.394	92.620						
10	.337	2.812	95.433						
11	.312	2.603	98.036						
12	.236	1.964	100.000						

Extraction Method: Principal Component Analysis.

Table 9: Rotated Component Matrix (for foreign MNCs only)

	Component			
	1	2	3	4
Duties are clearly given out			.889	
I know what is expected of me in the job			.874	
Appraisal system is transparent	.606			
Appraisal system is timely	.784			
Appraisal system is participative	.828			
Appraisal system is objective	.824			
Good measures/parameters of individual or group performance exist	.685			
Special initiatives are recognized at the time of appraisal				.663
Last performance appraisal accurately reflected my performance		.656		
The appraisal system is often invalid, unfair, discriminatory, and based on favoritism				

Appraisal policies go in tandem with promotion, reward and transfer policies Appraisals are mostly seen as a motivating tool				.782
		.628 .809		

Notes:

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

In the case of foreign MNCs, the factor analysis has identified the following four factors (Table 8 and 9):

Factor 1: This factor consists of the following variables which contribute 34.786 per cent variation. The variables are:

- Transparency in the appraisals with factor loading of .606
- Timeliness of the appraisals with factor loading of .784
- Employee participation in the appraisals with factor loading of .828
- Objectivity in the appraisals with factor loading of .824
- Existence of the good measures/parameters of individual/group performance with factor loading of .685

The above are the most important factors which contribute the most to the overall level of satisfaction of the respondents towards the performance appraisal system being practiced by the foreign MNC BPO firms operating in India.

Factor 2: This factor consists of the following variables which contribute 12.788 per cent variation. The variables are:

- Accuracy of the previous appraisals with factor loading of .656
- Appraisal policies go in tandem with promotion, reward and transfer policies with factor loading of .628
- Viewing appraisals as a motivating tool with factor loading of .809

Factor 3: This factor consists of the following variables which contribute 11.961 per cent variation. The variables are:

- Duties are clearly given out with factor loading of .889
- I know what is expected of me in the job with factor loading of .874

Factor 4: This factor consists of the following variables which contribute 8.389 per cent variation. The variables are:

- Recognition of special initiatives at the time of appraisal with factor loading of .663
- The appraisal system is often invalid, unfair, discriminatory, and based on favoritism with factor loading of .782

CONCLUSION

The study has been successful in accomplishing its research objectives and it makes four contributions to the literature. First, the researchers have been able to present that an overwhelming majority of the employees (86.8 per cent in case of Indian MNCs and 87.1 per cent in case of foreign MNCs) are aware of the performance appraisal system of their respective employers. Second, the researchers have been able to present the perceptions of the BPO employees with regard to the performance appraisal system wherein the employees convey that they are not highly satisfied with the performance appraisal system being practiced by the BPOs under study; however, the overall levels of satisfaction at 73.09 per cent for Indian MNCs and 69.94 per cent for foreign MNCs are something not to be blindly ignored and thus, the respondents appear to be somewhat satisfied with the performance appraisal system of the BPOs under study. Third, the researchers have been able to analyze the variables influencing the satisfaction of the employees towards the performance appraisal system, wherein the researchers have been able to establish that out of the twelve variables being used in the assessment of the performance appraisal system, only four variables in case of Indian MNCs and three variables in case of foreign MNCs have emerged as the significant variables and all these significant variables are positively associated with the satisfaction of the respondents towards the performance appraisal system and the remaining eight variables in case of Indian MNCs and nine variables in case of foreign MNCs have emerged as the insignificant variables in the assessment of performance appraisal system. Fourth and the most important, the researchers have been able to identify and group the most important factors responsible for the satisfaction of the employees of the Indian and foreign MNC BPO firms towards the performance appraisal system; the factor analysis has identified three factors in the case of Indian MNCs contributing a cumulative variation of 67.794 per cent, and it has identified four factors in the case of foreign MNCs contributing a cumulative variation of 67.925 per cent.

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COMPARATIVE ANALYSIS ON NON-PERFORMING ASSETS (NPAs) OF PUBLIC SECTOR, PRIVATE SECTOR AND FOREIGN BANKS IN INDIA

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ABSTRACT

The burgeoning NPAs in banking Industry is a matter of deep concern. It is just not a problem for banks but also proves fatal to the economic growth of the country. PSBs are under severe pressures of NPAs as compared to its counterparts that private and foreign banks. NPAs reduce the profitability of banks, weaken its financial health and erode its solvency. In this study an attempt has been made to compare the performance of public and private sector banks and in foreign banks in India with special reference to their NPAs. For this purpose four banks from public sector- State Bank of India, Allahabad Bank, Bank of Baroda and United Bank of India, from private sector- Axis Bank, HDFC Bank, ICICI Bank and IndusInd Bank, from foreign banks- Citibank, Deutsche Bank, HSBC Bank and Standard Chartered Bank are selected. A comparative analysis of all three categories is made on the basis of gross NPAs and Net NPAs. NPAs are also categorised into priority and non-priority sector for purpose of analysis. The study concludes that there is huge difference in NPAs of public, private and foreign banks. Public sector banks are highly pressurised by the NPAs. Moreover, greater quantum of NPAs is observed in non-priority sector than in priority sector. NPAs are not confined to PSBs alone but are present in private banks and foreign banks as well.

KEY WORDS

Banking Industry, Economic Growth, Foreign Banks, Profitability, Performance and Non-Priority Sector

INTRODUCTION

Lending is one of the core activities of the banks. The process of lending is associated with large number of risks mainly credit risk. The concentration of banking management during present days is to keep losses arising out of credit risks at lowest levels. Banks have become very cautious in extending loans. The reason behind mounting NPAs is banks lending policies. It is rightly said that Banks lending policy is a major driver of non-performing loans. The rising NPAs pose serious threat not only to banks profitability, liquidity and solvency but also prove fatal to the economic growth of the country. So the problem of NPA should be nipped in the bud. It is possible only if the check is placed on NPAs from the very beginning. Eagle's eye should be kept on loan proposal, its usage should be properly monitored and followed up and viable collection policy should be framed. The prudential norms introduced provide not only transparency in financial position but also enables the banks to manage their assets more efficiently.

The magnitude of NPAs in banks and financial institutions is over Rs. 1, 50,000 crores. An analyst hold the view that NPAs of banks are expected to more than double to 5% of total advances in the next two years. The banking Industry's ratio of gross non-performing assets to total assets is projected to increase to around 5% by March 31, 2011 from 2.3% as on March 31, 2008. The biggest challenge banking industry now faces are the management of NPAs. Levels of NPAs of a bank are considered to be measure of its asset quality and in turn its performance and rating. It is level of NPAs which distinguish between good and bad banks. Narasimham Committee (I and II) highlighted the importance of NPAs and its management, "NPAs constitute a real economic cost to the nation in that they reflect the application of scarce capital and credit funds to unproductive uses. The moneys locked up in NPAs are not available for productive use and the extent that banks seek to make provisions for NPAs and write them off, it is a charge on their profits. NPAs, in short are not just problem for banks, they are bad for the economy."

MEANING OF NON-PERFORMING ASSETS (NPAs)

An asset which ceases to generate income for the bank is called a Non-Performing Asset. A 'non-performing asset' (NPA) was defined as a credit facility in respect of which the interest and/or instalment of principal has remained 'past due' for a specified period of time. With a view to moving towards international best practices and to ensure greater transparency, it has been decided to adopt the '90 days' overdue norm for identification of NPAs, from the year ending March 31, 2004. Loan or Advance or Asset shall be non-performing where:

- Interest and/or instalment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- The account remains 'out of order' for a period of more than 90 days, in respect of an overdraft/cash credit (OD/CC).
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- Interest and/or instalment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes.
- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

NPAS ARE OF TWO TYPES

- Gross NPAs
- Net NPAs

Gross NPAs are the sum total of all loan assets that are classified as NPAs as per RBI guidelines as on Balance Sheet date. Gross NPA reflects the quality of the loans made by banks. It consists of all the non-standard assets like as sub-standard, doubtful and loss assets.

Gross NPAs Ratio= Gross NPAs/Gross Advances

Net NPAs are those type of NPAs from which the bank has deducted the provision regarding NPAs. Net NPA shows the actual burden of banks. The provisions against the NPAs are to be made as per RBI guidelines. That is why difference between gross and net NPA is quite high.

Net NPA= Gross NPAs-provisions/Gross Advances-Provisions

CLASSIFICATION OF ADVANCES

Higher provisioning is required for higher level of NPAs. Provisioning requirements adversely affect the profitability and operations of the banks. This makes the further lending difficult. Advances can be classified into four categories as follows:

- **Standard Assets**- This is not NPA. It carries only normal credit risk. No provision is required.
- **Sub-Standard Assets**- This is an NPA for period not exceeding two years requiring a provision of 10 percent of outstanding balance.
- **Doubtful Assets**- This is an NPA for a period exceeding two years requiring a provision of 100 percent of unsecured portion of advances.
- **Loss Assets**- An asset may be treated as loss asset even if it has not been considered as sub-standard or doubtful earlier. The entire asset should be written off.

REASONS FOR MOUNTING NPAs

Large numbers of institutional and infrastructural factors are responsible for the problem NPAs.

- Indian banking industry is highly politicised. Large scale loan write-off ordered by politicians promotes a culture of indiscipline and lawlessness among borrowers.
- Legal framework of the country is inefficient. The inefficiency of legal system can be assessed by the value of cases pending in the courts of law representing about Rs 21,825 crores.
- Proper accountability and responsibility for taking wrong decisions regarding granting loans is not fixed.
- Lack of proper monitoring system for credit appraisal and effective follow-up due to large number of accounts.
- The members appointed to banking boards are generally not banking experts and professional people. Autonomy is also not granted to board.
- Priority sector lending and lending under Government sponsored schemes.
- There is inadequacy in risk management practices which fails to identify, assess and minimise the risks and enhance the returns.
- Strict and adequate prudential norms are not implemented due to which financial statements fail to present accurate picture of the level of risk.
- There are several factors related to the borrower which adversely affect their repayment.
 - Diversion of funds
 - Technological changes
 - Power shortage
 - Business Failures
 - Inefficient management
 - Industrial recession
 - Strained labour relations
 - Price escalation
 - Serious inherent operational problems
 - Natural calamities

In addition there could be deliberate non-compliance and wilful default from certain borrowers.

IMPACT OF NPAs

- NPA accounts do not generate any income. It put pressure on the interest income to the extent of interest accrued on NPAs.
- Provisioning of the assets depending on its status put pressure on part of profits.
- Large level of NPAs results in asset-liability mismatch.
- It is mandatory for banks to fund the substandard assets. Level of NPAs to total credit increases, the liquidity risk of bank also increases.
- Time and efforts of management in handling and managing NPA would have diverted to some other productive activities.
- NPAs adversely affect the value of bank in terms of market credit.
- Banks will lose its goodwill and brand image.

MANAGEMENT OF NPAs

Managing NPAs and keeping it at low levels has become matter of deep concern for banking Industry. Many legal and non-legal remedies are available for this purpose but generally non-legal remedies are popular with banks. Legal remedies most result in delays. Indian banking Industry mostly rely on the following measures:

- Two approaches for resolution of NPAs in public sector banks are suit filed and Board for Industrial and Financial Reconstruction (BIFR).
- Banks are required to submit the list of suit filed cases of Rs. 10 million and above and suit filed cases of wilful defaulters of Rs. 2.5 million and above to RBI as well as CIBIL (Credit Information Bureau).
- Debt Recovery Tribunals entertain cases for recovery of debts.
- Lok Adalats helps to resolve disputes between parties by conciliation, mediation, compromise and amicable settlement. It helps in settlement of small accounts.

- SARFAESI Act, 2002 was an important landmark in the reforms in the financial sector. The Act enables the setting up of asset management companies, addressing the problem of NPAs of banks and FIs and enhancing creditor rights.
 - One Time Settlement and Negotiated settlement schemes are also available. As per OTS scheme, OTS for NPAs up to 10 crore, the minimum amount to be recovered should be 100 percent of the outstanding balance in the account.
 - Preventive measures such as proper documentation of credit policy, credit audit should be immediately done after sanction. Quick diagnosis of such accounts should be made so that they do not become NPAs.
 - Special cells should be appointed to follow up Debt Recovery Tribunal cases.
 - Doubtful and loss assets should be written off within the framework of broad parameters.
 - Dues of sick companies can be settled through compromise and one time settlement.
 - PSBs should use their extensive network for lending for wholesale and retail trade, housing, agriculture etc in order to reduce NPAs.
- Rigorous efforts on the part of banks coupled with policy initiatives will help banks to improve their performance. It is important to prevent the deterioration of asset quality and timely handling of potential NPA accounts. Three key steps which should be strictly followed in order to prevent the occurrence of NPA accounts: i) Regular monitoring of the performance of each loan asset and its periodic review. ii) Early identification of problem assets for the success of remedial action. iii) Effective follow-up for recovery.

OBJECTIVES OF THE STUDY

- To evaluate NPAs (Gross and Net) in different banks.
- To study the past trends of NPA.
- To make comparative analysis of NPAs of public, private and foreign banks.
- To suggest some measures to lower the level on NPAs.

RESEARCH METHODOLOGY

The study is mainly descriptive in nature. It is mainly based on secondary data that has been collected from the published document of Reserve Bank of India viz. Report on Trend and Progress on Banking in India. Four purposes of the study four banks from each of public sector, private sector and foreign banks are selected. Statistical tools like averages and percentages are made use of.

ANALYSIS AND INTERPRETATION

For the purpose of analysis and comparison between three bank groups Public sector banks (PSBs), Private sector banks (PBs) and Foreign Banks (FBs), four banks from each of the sectors are taken to compare the non performing assets of the banks. Four Public sector banks selected for the purpose of the study are: Allahabad Bank (AB), Bank of Baroda (BOB), United Bank of India (UBI), State Bank of India (SBI). Four private sector banks selected for the study are: Axis Bank, HDFC Bank, ICICI Bank, IndusInd Bank. Foreign banks that are included in study are: Citibank, Deutsche Bank, HSBC Bank, Standard Chartered Bank. Non Performing Assets are further bifurcated into priority sector and non-priority sector, Gross NPA and Net NPA in terms of percentages.

GROSS NPA AND NET NPA

There are two concepts related to non-performing assets – gross and net. Gross refers to all NPAs on a banks' balance sheet irrespective of the provisions made. It consists of all the non-standard assets viz. sub-standard, doubtful and loss assets. Net NPA is gross NPA less provisions. Gross NPA reflects the quality of the loans made by banks whereas Net NPA shows the actual burden of banks. Here, gross and net NPA data for last five years 2004-05 to 2008-09 is taken for the purpose of comparison among banks and to observe past trends of NPAs. Gross and Net NPAs are taken as percentage of total Assets.

Table 1: Gross NPA as percentage of total assets of PSBs.

Year/Bank	AB	BOB	UBI	SBI
2004-2005	2.84	3.51	2.50	2.71
2005-2006	2.14	2.11	2.24	1.95
2006-2007	1.62	1.46	1.93	1.76
2007-2008	1.22	1.10	1.40	1.78
2008-2009	1.1	0.8	1.6	1.6

Table 1.1: Gross NPA as percentage of total assets of PBs.

Year/Bank	Axis Bank	HDFC Bank	ICICI Bank	IndusInd Bank
2004-2005	0.82	0.85	1.65	2.1
2005-2006	0.76	0.69	0.88	1.5
2006-2007	0.57	0.72	1.20	1.6
2007-2008	0.45	0.68	1.90	1.7
2008-2009	0.6	1.1	2.5	0.9

Table 1.2: Gross NPA as percentage of total assets of FBs.

Year/Bank	Citibank	Deutsche Bank	HSBC Bank	Standard Chartered Bank
2004-2005	1.09	0.08	1.47	1.49
2005-2006	0.86	0.07	0.85	1.49

2006-2007	0.80	0.06	0.72	1.36
2007-2008	0.94	0.24	0.92	0.98
2008-2009	1.7	1.0	1.6	1.1

Chart 1: Gross NPA of PSBs.

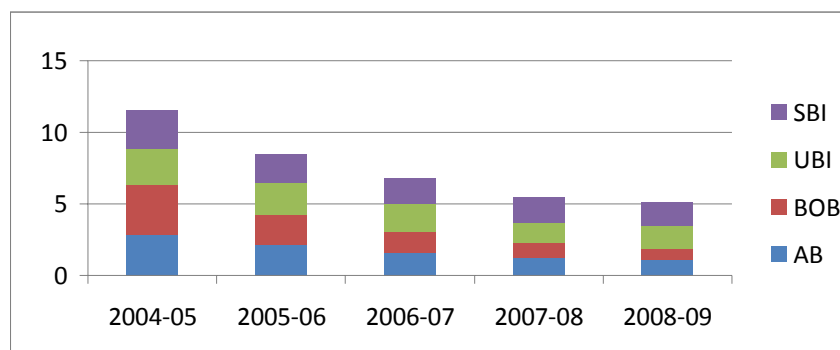


Chart 1.2: Gross NPA of PBs.

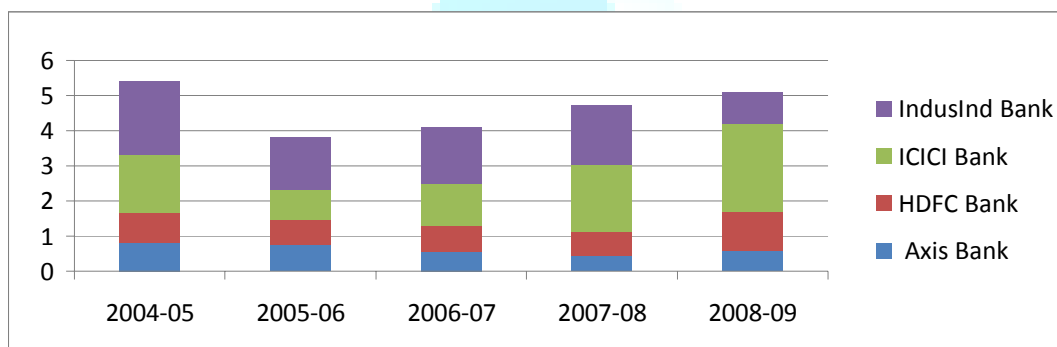
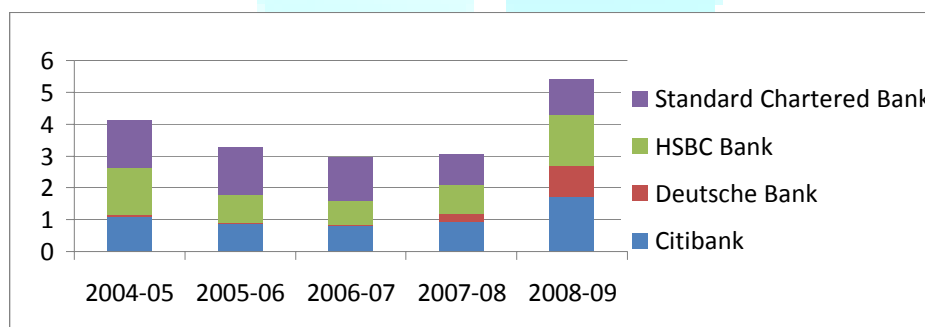


Chart 1.2: Gross NPA of FBs.



COMPARISON OF GROSS NPA WITH ALL BANKS

The growing NPAs affect the health of banks, profitability and efficiency. It erodes the net worth of the banks. Financial health of banks and other financial institutions is seriously affected due to NPAs. All twelve banks gross NPA are taken together for better understanding of the trend. Average of these twelve banks gross NPAs in year 2008-09 is 1.3 as percentage of total assets. So if we compare in public sector banks that AB and BOB and in private sector banks Axis bank, HDFC bank, IndusInd bank are below the average of all banks. Deutsche bank and Standard Chartered bank are below average of all banks. Average of gross NPAs of all banks in year 2004-05 was 1.76; though in year 2008-09 it has declined but has increased in comparison to previous year. Average of these four public sector banks gross NPA and that of four private banks gross NPA is 1.28 whereas that of foreign banks is 1.35 which is higher as compared to both groups of banks.

Chart 2.3: Gross NPA of all banks for year 2008-09.

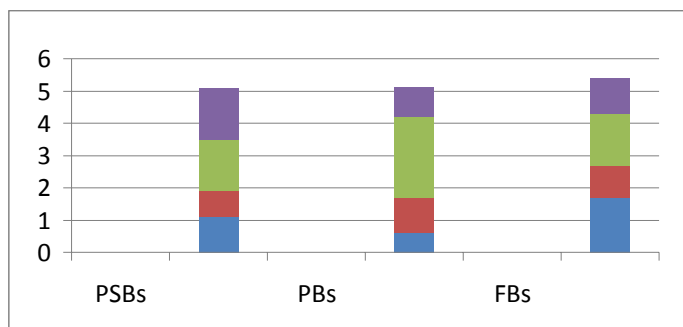


Table 2: Net NPA as percentage of total assets of PSBs.

Year/Bank	AB	BOB	UBI	SBI
2004-05	0.60	0.65	0.95	1.16
2005-06	0.45	0.46	0.71	0.99
2006-07	0.65	0.35	0.79	0.93
2007-08	0.48	0.27	0.56	1.03
2008-09	0.4	0.2	0.8	1.0

Table 2.1 Net NPA as percentage of total assets of PBs.

Year/Bank	Axis Bank	HDFC Bank	ICICI Bank	IndusInd Bank
2004-05	0.57	0.12	0.90	1.6
2005-06	0.44	0.21	0.42	1.1
2006-07	0.36	0.22	0.58	1.3
2007-08	0.23	0.22	0.87	1.3
2008-09	0.2	0.3	1.2	0.6

Table 2.2 Net NPA as percentage of total assets of FBs.

Year/Bank	Citibank	Deutsche Bank	HSBC Bank	Standard Chartered Bank
2004-05	0.54	-	0.23	0.60
2005-06	0.51	-	0.26	0.82
2006-07	0.51	-	0.18	0.73
2007-08	0.56	0.08	0.23	0.47
2008-09	1.0	0.3	0.4	0.5

Chart 2: Net NPA of PSBs.

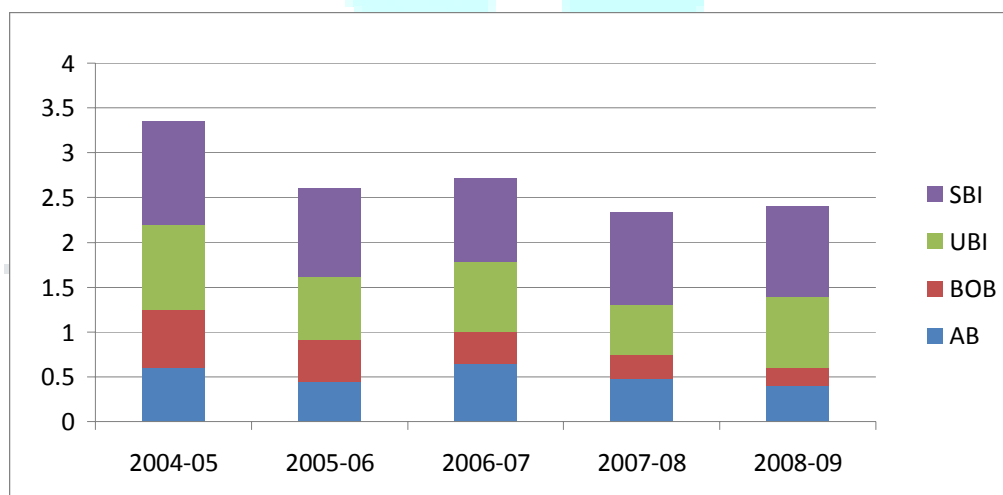


Chart 2.1: Net NPA of PBs.

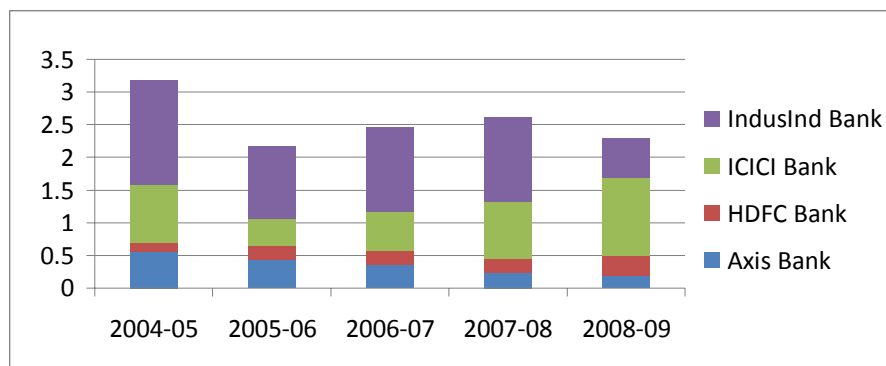
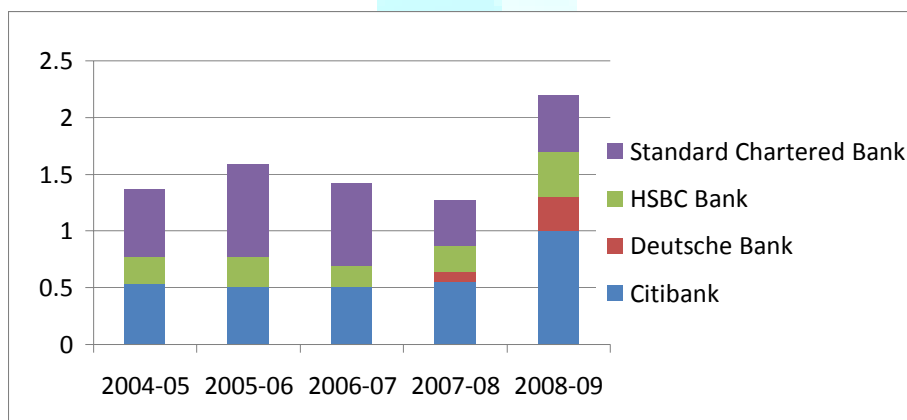


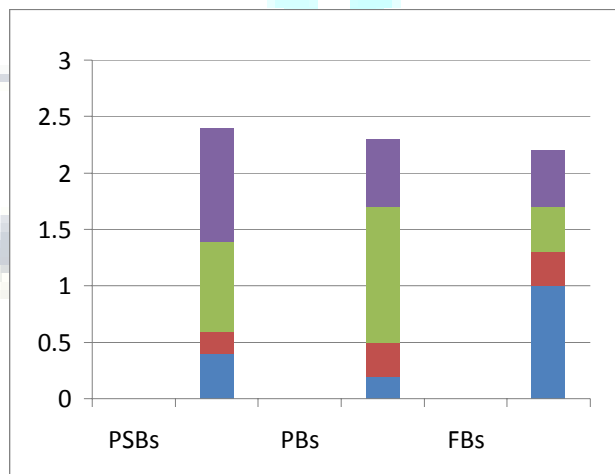
Chart 2.2: Net NPA of FBs.



COMPARISON OF NET NPA WITH ALL BANKS

Average of all twelve banks taken for study is 0.58. In PSBs AB and BOB are below average. Axis Bank and HDFC Bank are below average though the average of these four private sector banks is same that of average of all twelve banks that is 0.58. Private sector banks net NPA average is 0.58 and in public sector banks it is 0.61 and that of foreign banks is 0.55. There is little difference in average of all the three groups of banks. Net NPA shows actual burden of banks. ICICI bank shows the highest Net NPA figure in the year 2008-09. Axis Bank and BOB show the lowest. IndusInd Bank showed the highest net NPA figure in the year 2004-05. Average of Net NPA of all twelve banks in year 2004-05 was 0.65 and it declined to 0.58 in the year 2008-09. The Net NPA figure in 2008-09 is higher than that of previous year.

Chart 2.3: Net NPAs of Banks for year 2008-09



PRIORITY AND NON-PRIORITY SECTOR

NPAs can be further bifurcated into priority sector and non-priority sector. Agriculture, small scale industries and others are included in priority sector. In case of Foreign Banks priority sector also includes export trade.

Table3: Sector- wise NPAs of PSBs (as at end March 2009)

(Amount in Rs. Crores)

Bank/Sector	Agriculture	Small scale Industries	Others	Priority Sector (1+2+3)	Non-Priority Sector
AB	203	185	283	671	389
BOB	225	307	287	820	843
UBI	191	231	295	717	303
SBI	1789	1712	3509	7010	7932
Total	2408	2435	4374	9218	9467

Table 3.1: Sector- wise NPAs of PBs (as at end March 2009).

(Amount in Rs Crores)

Bank/Sector	Agriculture	Small scale Industries	Others	Priority Sector (1+2+3)	Non-Priority Sector
Axis Bank	123	9	166	297	519
HDFC Bank	101	211	67	380	1604
ICICI Bank	874	15	560	1449	8116
IndusInd Bank	34	1	64	99	156
Total	1132	236	857	2225	10395

Table 3.2: Sector-wise NPAs of FBs (as at end March 2009).

(Amount in Rs Crores)

Bank/Sector	Agriculture	Small Scale Industries	Others	Priority Sector	Non-Priority Sector
Citibank	-	-	153	153	1934
Deutsche Bank	-	-	7	7	237
HSBC Bank	-	140	117	257	1283
Standard Chartered Bank	-	40	84	124	934
Total	-	180	361	541	4388

Chart 3: Sector-wise NPAs of PSBs (as at end March 2009).

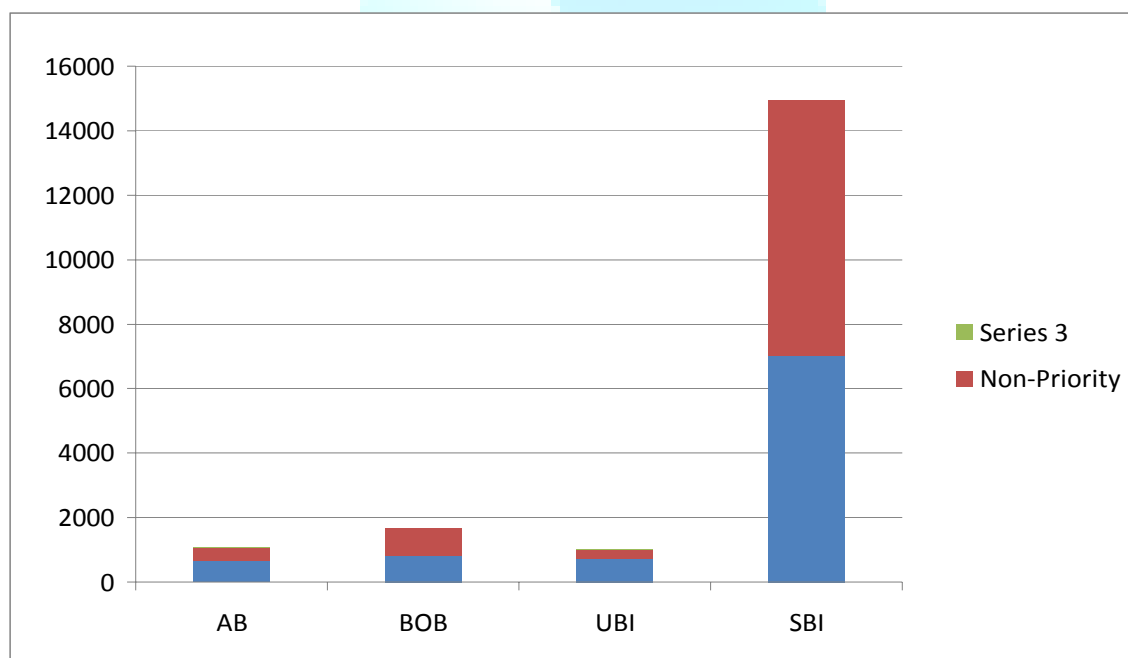


Chart 3.1: Sector-wise NPAs of PBs (as at end March 2009).

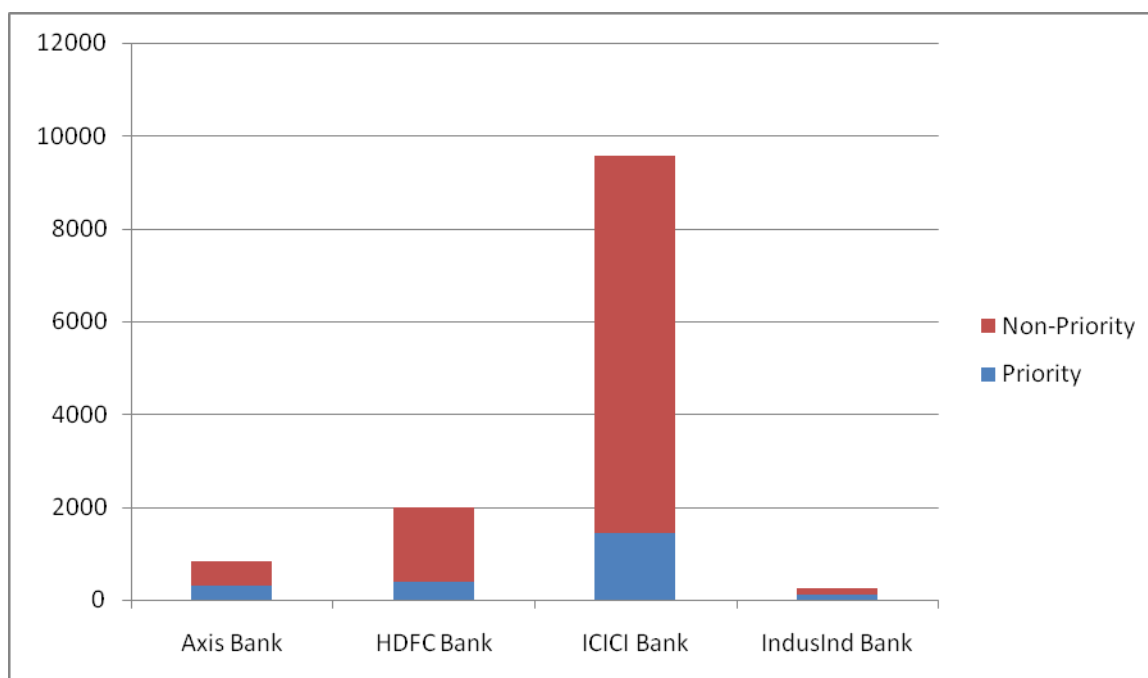
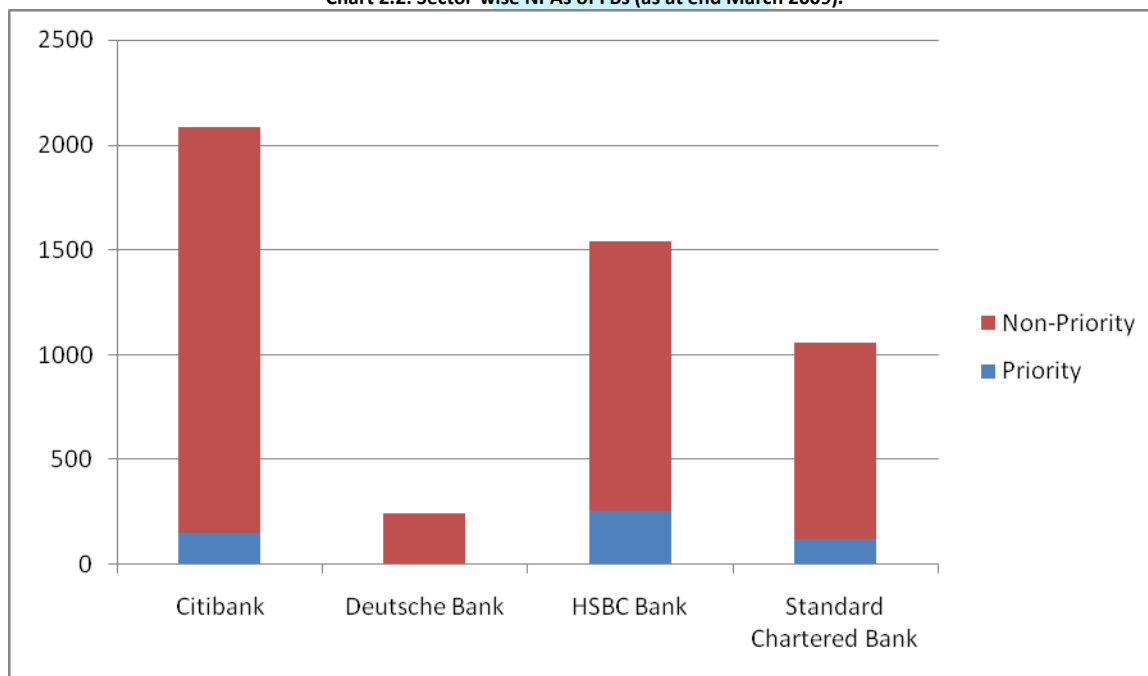


Chart 2.2: Sector-wise NPAs of FBs (as at end March 2009).



In private sector banks ICICI Bank has the highest NPA in both sector in comparison to other private sector banks. Approximately, 65 percent of NPA is with ICICI Bank with Rs 1449 crore in priority sector and around 78 percent in non-priority sector with Rs 8116 crore. There is more of NPAs in non-priority sector than priority sector. In case of public sector banks SBI has the highest NPA in both sector while Allahabad bank has lowest NPA in priority sector and UBI has lowest NPA in non-priority sector. It is obvious from the table that public sector banks give more advances to priority sector in comparison to private sector banks and foreign banks. Private sector banks have more of NPAs in non-priority sector. Foreign banks have almost negligible NPAs in agriculture sector. HSBC bank has the highest percentage 48 percent in case of priority sector with Rs 275 crores whereas Citibank has the highest NPAs in non-priority sector with Rs 1934 crores.

Table 3: Sector-wise NPAs of PSBs, PBs & FBs (for the year 2008 & 2009). Sector/Bank

Year	2008	2009	2008	2009	2008	2009
Priority	25,286.67	24,318	3418.53	3640	402	649

Public	298.69	474	.01	75	-	-
Non-Priority	14163.14	19,251	9557.52	13172	2712	6509
Total	39,748.51	44,042	12,976.06	16,887	3114	7155

Comparison of all PSBs, PBs and FBs is done on priority and non-priority sector NPAs. The figures depict differentiating results. The major reason being that PSBs have vast network of branches spread across the length and breadth of the country. PBs and FBs do not enjoy this extensive coverage. There is huge difference in NPAs of PSBs, PBs and FBs. PSBs has greater NPAs in priority sector whereas PBs and FBs have greater NPAs in non-priority sector.

CONCLUSION AND SUGGESTIONS

It can be concluded that NPAs are not confined to PSBs alone but are present in private banks and foreign banks as well. There is more of NPAs in non-priority sector than priority sector. The figures of Gross and Net NPAs of PSBs have improved over the years because of rigorous policy initiatives and enforcement of various legal and non-legal measures. SBI among PSBs, ICICI among PBs, Citibank among FBs have to bear greater burden of NPAs. Following suggestions can be given to reduce the level of NPAs:

- Professional people should be recruited and associated at all levels of credit appraisal. They can be CAs, lawyers, MBAs, banking experts etc.
- Compromise should be considered better remedy than recovery through legal suits.
- Proper survey of difficulties of customers should be made and adequate assistance should be accordingly provided.
- Banks and financial Institutions together with Central Government should establish more courts for quicker remedies.
- Recovery agents should be appointed to collect on daily basis from transport operators, retail traders etc.
- Bank branches in various sectors should be given more autonomy so that they can take quick and timely decisions regarding NPA accounts.
- Collection of interest from creditors should be on monthly basis instead of quarterly basis.
- Banking staff should be well trained to properly monitor creditworthiness of the borrowers.
- Political interference should be eliminated in disbursement of loans and advances.

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PERCEPTION OF THE POLICYHOLDERS TOWARDS THE MARKETING OF INSURANCE SERVICES BY THE LIC OF INDIA

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ABSTRACT

Life Insurance cannot afford to lose sight of its social relevance and shy away from its social responsibilities. It has to constantly study the emerging needs of the market, arising due to the change in the value of social life. Demographic changes also produce the different needs amongst the population. The contribution to the nation building through strengthening the economy of a country, improvement of the health care facilities, education as well as employment shall go a long way to ultimately improve the quality of the life of individual members of the society. Investment in infrastructure project shall set the country on a road to the progress one hand and create goodwill and favourable organisational image in the minds of public on the other hand. Life insurer will also have to play a role for encouraging development of technology and make its effective use by enhancing the matching skills of inside public. LIC of India should provide necessary facilities to each and every policyholder and should try to render innovative service to the policyholders.

KEY WORDS

Life Insurance, health care insurance, education insurance, LIC

1.1 INTRODUCTION

Success follows success in the life of everyone who sincerely carries out every activity with a constructive plan. It is the desire of the people to own property in order to lead a long life happily. But mankind is subjected to many risks such as property losses from fire and storm and personal losses from disabilities and premature death. Though it is impossible to completely prevent such unfavorable occurrences, it is quite possible to guard against the financial reasons. It is the function of insurance to safeguard policy holders and their dependents from finance misfortunes.

Life insurance is a contract providing for the payment of a pre-determined sum of money to the policyholder, or on his untimely demise, to the nominees who are entitled to receive it. After the death of the policyholder no further premium is required to be paid towards the policy. A family is generally dependent for its food, clothing and shelter on the income bought in at regular intervals by the breadwinner of the family.

India has the highest number of life insurance policies in force and the total investible funds with the Life Insurance Corporation of India (LIC) are almost eight percent of GDP. The LIC OF INDIA has more than five lakhs of employees who in turn supervise through 2048 branches offices and more than five lakh agents. Yet life insurance business in India is spread very thinly and shallowly and the role of LIC of India as a mobiliser of long-term savings is insignificant. Savings through life insurance contract guarantee protection against monetary risk caused by death of the insured. In life insurance contracts generally the lump sum assured is payable with bonus, whereas in other forms of savings the amount saved is repayable with interest. Life insurance facilitates long-term savings through easy installments.

Savings are to meet the current needs to provide for their old age requirement. In a large number of cases, policyholders take life insurance policies with the LIC of India for the purpose of planning and covering the risk. Many policyholders have a strong feeling that life policies act as a cushion for long-term investment.

The growing competition, rising customer aspiration and the increasing private participation are posing a threat to LIC of India. The LIC of India has to adopt special marketing strategies to gauge the changing scenario of the customers expectation as well as to ensure the continued customer satisfaction not only through innovation like online payment, ECS modifications of the product, better services, physical facilities and so on but also by motivating the sales force of the agents and development officers. Hence, an attempt has been made to study the marketing service of LIC of India in Madurai Division.

Insurable interest is the pecuniary interest. The insured must have an insurable interest in the life to be insured for a valid contract. Insurable interest arises out of the pecuniary relationship that exists between the policyholder and the life assured so that the former stands to lose by the death of the latter and/or continues to gain by his service. If such relationship exists, then the former has insurable interest in the life of the latter.

An individual always has an insurable interest in his own life. Its presence is not required to be proved. Insurable interest is an evident that the person will continue to gain financially which he is surviving and will rather lose if he is dead because he will be unable to earn or protect the property.

1.2 STATEMENT OF THE PROBLEM

The insurable interest in own life is unlimited because the loss to the insured or his dependents cannot be measured in terms of money and, therefore, no limit can be played to the amount of insurance that one may take on one's own life. Thus, theoretically, a person can take a policy to any unlimited amount on his own life. The success of the life insurance business depends on the awareness of the policyholders about the products and satisfaction of the policyholders regarding the service rendered by LIC of India. Life insurance being a service sector is no exception to this principle. This paper presents the socio-economic conditions of the policyholders, the awareness of the policyholders about life insurance products, satisfaction of the services provided by LIC of India, the problems faced by the policyholders and so on.

1.3 OBJECTIVES OF THE STUDY

1. To examine the opinion of the respondents about the service rendered by LIC branch to the policyholders.
2. To analyse the awareness about the schemes of life insurance product.
3. To examine the attitude towards the satisfaction of the service rendered by LIC of India.
4. To identify the Satisfaction of respondents on after sale services rendered by agents.
5. To analyse the problems faced by the policyholders
6. To offer suggestions based on findings of the study

1.4 METHODOLOGY

This study is an empirical research based on survey method. It is a blend of both descriptive and the analytical methods of study. An interview schedule was prepared separately for finding out the perception of the policyholders, who are in the branch offices of LIC of India of Madurai Division. This was helpful to know the marketing strategy of the LIC of India.

The secondary data have been collected from books, journals newspapers and so on.

1.5 PRE TEST AND RELIABILITY TEST

The pre test was done to collect the primary data before the field work. This study was conducted among 300 policyholders, with a time interval of 6 months by using random sample technique. The pre test brought to light a few changes and the changes were incorporated. The need for information about the respondents was felt and hence included in the final questionnaire. The Corn Bach's Alpha test was administered to the sample to find out reliability of the questionnaire. The responses were scored and these sets of scores of each test were treated through correlation for working out the reliability co-efficient. The reliability is statistically significant. Those are furnished in the following Table 1.1.

TABLE 1.1
The Reliability of Questionnaires

Sl. No.	Type of Questionnaire	Number of items	Number of Samples	Alpha Value	Percentage
1	Policyholders	91	50	0.8572	85.72

1.6 SAMPLE DESIGN

As per the instructions given by IRDA, the LIC of India opened branches in rural and semi urban and urban areas. The LIC of India Madurai Division is located in six districts. There are about 25 branches in this division.

The researcher has selected all these branches under census method for this study. There are about 300 policyholders selected at random in order to obtain their opinion of the service offered by LIC of India. That is, 12 policyholders, from each branch were selected.

1.7 FRAMEWORK OF ANALYSIS

In order to analyse the perception of the policyholders, techniques namely Percentage Analysis, Garret Ranking, Kendall's Co-efficient of Concordance Test, Sign Test, and Factor Analysis, Friedman Test, and Mann-Whitney Test were used.

1.8 FINDINGS

Perception of the policyholders towards the services of the LIC of India.

1. About half of the policyholders was less than 35 years. 62.70 per cent of the policyholders were males, 24 per cent of them were post-graduates and 29.70 per cent of them were private employees.
2. Out of 300 respondents, 54.70 per cent of them were married, 59.70 per cent of them were in nuclear family, 36 per cent of the respondents had 3 members in their family and 67.40 per cent of the policyholders' annual income was less than Rs.20, 000.
3. Of the 300 respondents, 111 of them were dealing with LIC of India for less than 2 years, 178 of them bought policy voluntarily, 49.30 per cent of them collected the information about LIC of India through their agents and 45.30 per cent of them had taken only one policy for their family.
4. There were eight types of aspirations identified by the researcher for investing in LIC Policies. The expression of the policyholder was computed by weighted average method. The highest average score was 5.59 and the lowest was 2.96 which are assigned to the Good return and loan from this investments respectively.
5. Out of 300 respondents, majority of the respondents paid premium once in a month, 273 respondents visited the branches frequently, and 9 per cent of them visited the branches rarely.
6. Factor Analysis has been applied in order to find out the opinion of the respondents about the service rendered by LIC branch to the respondents. The researcher used 14 factors to find out the opinion of the respondents about the service rendered by the LIC of India. Each factor is correlated with a common factor. Through factor analysis, all factors of opinion brought under two heads namely "Availability of Services in LIC Branch" and the "Grievance Redressal Mechanism".
7. There were 16 policies selected to analyse the awareness of the policyholders for which the researcher has used sign test. Through this test, it is concluded that there is significant difference between the responses of the respondent in awareness of products.

8. There are four innovative services that identified to obtain the opinion of the policyholders on the awareness of these schemes. The highest mean was 4.0967 which represents that the policyholders were more aware about the internet based premium payment method followed by payment through ECS and EFT.
9. The researcher has used Mann-Whitney Test, for assessing whether two independent samples of observation came from the same distribution. It is clear that guidelines for investing money on policies, contact by agents, development officers after issuing the policy, time issue of general notice, clarification of general or technical doubts, promptness in settlement of claim, less legal formalities at the time of settlement, branches are customers oriented, better treatment of customers by the employees of the branch are significant at 5 per cent level. The null hypothesis is rejected and the rest of the statements are not significant at 5 per cent level and the null hypothesis is accepted.
10. Out of 300 respondents, 63.30 per cent of the policyholders said that they did not have any policies in private insurance company and the remaining 36.70 per cent of them said that they had policies in private insurance companies. Besides it was found that 'free accessibility' (35.63%), 'known agent' (26.25%), 'prompt service' (20.62%) were the reasons for having policies in private insurance companies.
11. Through Friedman Test it is decided that there is significant difference in mean ranks of after sales service provided by the agents.
12. The researcher has used Kendall's co-efficient of Concordance. Through this test it is concluded that the problem of the respondents is not concordant with one another.
13. Out of 300 respondents, 94.30 per cent of the respondents accepted that they recommended others to invest money in LIC Policies; only 5.7 per cent of them said that they refrained from doing so.
14. Of the 300 respondents, 89 per cent of the respondents were willing to buy new policies through the same agent, while the rest were not willing.
15. Of the 300 respondents, 247 of them said that they had claimed the sum assured and only 53 respondents said that they had not claimed the sum assured. Out of 247 respondents, 69.60 per cent of them felt that it was very good about the settlement of claims, 23.50 per cent of them felt that it was moderate and 5.7 and 1.2 per cent of them felt that it was poor and very poor respectively.

1.9 SUGGESTIONS

On the basis of the findings of the present study, the following suggestions are offered for improving the overall performance of the LIC in Madurai Division.

1. In order to persuade people to take more number of policies, the corporation may introduce prize schemes and give aggressive publicity to these schemes. In addition to this, the corporation can also send communications to the existing policyholders frequently informing them about the introduction of new policies. Such communication will highlight the salient and distinguished features of new schemes. This is bound to motivate them to invest more in Life Insurance policies.
2. At least once in a year, the corporation must send a statement of premia received, bonus up-to-date credited and the latest bonus rates declared, to all policyholders. This would avoid lapse of policy to some extent.
3. The existing competition can be tackled with prudent planning by reducing the rates of premium, increasing bonus rates and quality of services to policyholder's agents and development officers.
4. The procedure to be followed for obtaining loan on policies is very complicated. There are too many documental procedures to be followed causing inordinate delays in getting the claims. To avoid such problems the corporation should open a separate section to deal with the claim, so that the hurdles in getting the loan quickly may be removed.
5. From the study conducted, it was inferred that the LIC of India has to concentrate more on advertisement. The corporation must take steps to devise an appropriate advertising strategy taking into account the features of the target market and prevailing set of conditions and circumstances.
6. The study shows that the claims of the policyholders are not being settled promptly and quickly for want of documents and certificates in death claims. The corporation must take requisite steps to remove the constraints, obstacles and hindrances that arise in quick disposal of claims.
7. All the policies are unilateral contracts. The pattern of the policy is predetermined and the policyholder is made to choose from among the pre-determined unilateral policies. The investor has no option. He is not in a position to insure his life in a way he desire. The contract should be made taking into consideration not the corporation alone but also the policyholders. LIC of India should try to introduce short-term policies similar to deposit schemes of banks, UTI, NSC, with a minimum maturity period of five years.
8. Besides prompt and efficient claims-settlement operation, the policyholders also expect a good return on their savings. A reasonably good return on their savings through life insurance shall not only be an incentive for existing policyholders to keep up their policies in force, but also attract policyholders for new sales. The corporation should pay adequate attention in their regard.
9. LIC of India should open a number of service centres in the more important rural areas where it does not have branch offices. This would facilitate collection of premium, improved services and wide-ranging life insurance coverage.
10. Premium notice may be sent showing the amount of premium paid till date to facilitate the policyholders to avail of policy loan. Policy loan and interest dues may also be incorporated in the premium notices. Loan facility may be extended to all the sections of the society instead of limiting its sanction to employees and IT assesses.

1.10 CONCLUSION

Life Insurance cannot afford to lose sight of its social relevance and shy away from its social responsibilities. It has to constantly study the emerging needs of the market, arising due to the change in the value of social life. Demographic changes also produce the different needs amongst the population.

The contribution to the nation building through strengthening the economy of a country, improvement of the health care facilities, education as well as employment shall go a long way to ultimately improve the quality of the life of individual members of the society. Investment in infrastructure project shall set the country on a road to the progress one hand and create goodwill and favourable organisational image in the minds of public on the other hand. Life insurer will also have to play a role for encouraging development of technology and make its effective use by enhancing the matching skills of inside public. LIC of India should provide necessary facilities to each and every policyholder and should try to render innovative service to the policyholders.

1.11 REFERENCES

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ANNEXURE

TABLE 1.1
Opinion of the Respondents on Service Provided

Sl.No.	Variables	Factor 1	Factor 2	Communalities
1.	Branch is Easy to Approach	0.758		0.666
2.	Amenities are Adequate	0.750		0.470
3.	Parking Facilities are Available	0.722		0.385
4.	Availability of Space	0.718		0.643
5.	Customers Meet the Development Officers Periodically	0.675		0.579
6.	Customers can Meet the Agents Periodically	0.585		0.395
7.	Displays all Information on Notice Board	0.576	0.491	0.176
8.	Clarification of Doubts with LIC Officials		0.797	0.577
9.	Pamphlets for all the Policies	-	0.761	0.576
10.	Complaints are Considered without Delay		0.741	0.343
11.	Touch Screen to know about the Position of Policies		0.653	0.556
12.	Suggestion Box is Available		0.612	0.713
13.	Branch Premises are Kept Clean		0.609	0.666
14.	Branch following Time Norms	0.449	0.487	0.170

Source: Primary Data.

TABLE 1.2
Awareness on Policies of LIC of India to the Respondents

Sl.No.	Awareness of the Policies	Aware of ('+')	Not aware of ('-')	N	Z	Result Significance
1.	Endowment Policy	283	16	299	15.43	S
2.	Money Back Policy	275	20	295	14.84	S
3.	Whole Life Policies	256	43	299	12.31	S
4.	Jeevan Sathi	259	40	299	12.66	S
5.	Jeevan Chhaya	253	45	298	12.05	S
6.	Jeevan Shree	238	54	292	10.77	S
7.	Jeevan Surabi	220	69	289	8.67	S
8.	Jeevan Samridhi	224	61	285	9.66	S
9.	Jeevan Bharathi	220	73	293	8.95	S
10.	Jeevan Anand	205	69	274	8.21	S
11.	Jeevan Kishore	196	70	266	7.73	S
12.	Komal Jeevan	207	68	275	8.39	S
13.	Jeevan Vishwas	212	52	264	9.85	S
14.	New Bima Kiran	208	36	244	11.01	S
15.	Jeevan Saaral	233	67	300	9.58	S
16.	Anmol Jeevan	232	46	278	11.15	S

Source: Primary Data.

No of '+' signs = No of agents responses 'good'

No of '-' signs = No of agents responses 'poor'

N = No of respondents.

TABLE 1.3
Satisfaction on After Sales Services Provided by the Agents

Sl. No.	After Sale Services	Mean Rank
1.	Guidance/Help at the Time of Purchasing New Policy	1.2833
2.	Promptness in Issuing the Policy	1.5533
3.	Contact by Agents / Development Officer after Issuing the Policy	1.7500
4.	Timely Issue of General Notice	1.7433
5.	Clarification of General and Technical Doubts	1.8233
6.	Providing Latest Information	1.9567
7.	Promptness in Settlement of Claim	2.1067
8.	Easy Loans Process and	2.2200
9.	Right Guidelines at the Time of Settlement	2.2567

N	300
Calculated Value	231.063
Df	8
Table Value	15.5073

TABLE 1.4
Problems Faced by the Respondents

Sl. No.	Problems	N	Mean	Std. Deviation	Mean Rank
1.	Agents/Development Officers are Mostly Concerned with the Target	300	1.8667	1.18048	6.56
2.	Lack of Knowledge with the Particular Policy	300	1.7533	1.18201	6.20
3.	Agents Depend on the Officials for Clarifying Doubts	300	2.0567	1.29320	8.07
4.	Agents/Development Officers do not Contact after Issuing Policy	300	1.9367	1.22651	7.23
5.	Poor Response by the Officials	300	2.1700	1.28840	8.64
6.	Undue Favouritism to some Policyholders	300	2.0600	1.18367	7.99
7.	Indifference at the Time of Claiming Settlements	300	2.2733	1.22076	8.93
8.	Delay in Settlements	300	2.2367	1.29857	8.35
9.	Negative Attitude of Agents and other Officials for Rendering Service	300	2.3467	1.25102	9.06
10.	No Availability of Touch Screen	300	2.2233	1.27759	8.20
11.	More Legal Formalities at the Time of Settlement	300	2.3067	1.26410	8.76
12.	Rate of Interest on Loan is not Reasonable	300	2.3700	1.40464	8.70
13.	Branches are Never Customer Oriented	300	2.7067	1.52151	9.75
14.	Time taken for Sanctioning Loan is not Reasonable	300	2.6967	1.59786	9.54
15.	The Employees of the Branch do not Treat the Customer Politely	300	1.0567	.23159	4.03

N	300
Calculated Value	621.635
Df	14
Table Value	23.685

TABLE 1.5
Satisfaction of the Respondents Towards the Service Rendered by LIC of India

Sl. No.	Services	Brach Visited	N	Sum of Ranks	Mann-Whitney U	Z	Asymp. Sig. (2-tailed)	Significance
1.	Guidance/Help for Investing Money on Policies	Frequently	27	7468.0	2032	-2.252	.024	*
		Rarely	273	3410.0				
		Total	300					
2.	Promptness in Issuing the Policies	Frequently	27	7219.0	2281	-.830	.406	**
		Rarely	273	3659.0				
		Total	300					
3.	Contact by Agents / Development Officer after Issuing the Policy	Frequently	27	7518.5	1981.5	-2.107	.035	*
		Rarely	273	3359.5				
		Total	300					
4.	Timely Issue of General Notice	Frequently	27	7664.5	1835.5	-2.735	.006	*
		Rarely	273	3213.5				
		Total	300					
5.	Clarification of General/Technical Doubts	Frequently	27	7517.5	1982.5	-2.057	.040	*
		Rarely	273	3360.5				
		Total	300					
6.	Providing Latest Information	Frequently	27	7445.0	2055	-1.771	.077	**
		Rarely	273	3433.0				
		Total	300					
7.	Promptness in Settlement of Claim	Frequently	27	7495.0	2005	-2.012	.044	*
		Rarely	273	3383.0				
		Total	300					
8.	Less Legal Formalities at the Time of Settlement	Frequently	27	7569.	1931.000	-2.324	.020	*
		Rarely	273	3309				
		Total	300					
9.	Easy Loan Process	Frequently	27	7399	2101.000	-1.591	.112	**
		Rarely	273	3479				
		Total	300					
10.	Soft Rate of Interest on Loan	Frequently	27	7176	2324.000	-.616	.538	**
		Rarely	273	3702				
		Total	300					
11.	Short Time taken for Sanctioning Loan	Frequently	27	7482.5	2017.500	-1.908	.056	**
		Rarely	273	3395.5				
		Total	300					
12.	Branches are Customer Oriented	Frequently	27	7580	1920.000	-2.309	.021	*
		Rarely	273	63.42	3298.00			
		Total	300					
13.	Better Treatment of Customers by Employees of the Branch	Frequently	27	81.78	7769.00	1731.000	-3.084	.002
		Rarely	273	59.79	3109.00			
		Total	300					

ENTREPRENEURIAL ACTIVITIES OF WOMEN ENTREPRENEURS IN GADAG DISTRICT- A STUDY**DR. A. S. SHIRALASHETTI****ASST. PROFESSOR****P. G. DEPARTMENT OF STUDIES & RESEARCH IN COMMERCE****KARNATAK UNIVERSITY****DHARWAD - 3****ABSTRACT**

Recently, the role of women in the Indian society has changed considerably. Women of today are no more confined to kitchen and four walls of the house. They have been actively participating in every economic activity and successfully proved that they are equally productive and in many cases they are more productive than men. Women are the backbone of many successful entrepreneurs, educationists, professionals, scientists and economists, etc. Since, women in India constitute 48.15 percent of the total population as per census 2001; development of Indian economy cannot be possible by neglecting women who constitute large segment of the society. Like both hands are necessary for the growth and development of any human, men and women are need to work jointly and individually for the development of family income in particular and country income in general. The present study is based on the primary data collected from 250 sample women entrepreneurs of Gadag district of Karnataka state. The study focuses on to examine the relation between the demographic factors of women entrepreneurs and the entrepreneurial activities undertaken by them. It concluded that SHG movement in study area has helped in improving the economic status of the families.

INTRODUCTION

India is a rich country inhabited by more number of poor people. India has completed ten five years plans and it is in the eleventh five years plans, which has begun from 1st April 2007. All these plans focused on increasing the Gross Domestic Product (GDP) and eradicating the poverty by providing more employment opportunities to the unemployed men and women. The growth rate in the Gross Domestic Product (GDP) at factor cost was 9.6 percent during 2006-07 and it is expected to grow at 6 percent plus during 2009-10. "The unemployment in India among work force was 7.49 million in 1992-93 and the same has increased to 11.24 million in 2004-05"¹. The people below the poverty line in India are around 20 percent of total population. All these above factors are equally applicable to the study area (i.e. Gadag District) and Gadag district is one of the backward district among the districts of north Karnataka area.

Women participation in entrepreneurial activities in abroad is growing rapidly. "25 per cent of businesses in China, 40 per cent of all business in Hungary, 38 per cent of business in Poland, 32 per cent of business in Mexico, 25 per cent of business in France are established by women entrepreneurs. 38 per cent of businesses in USA are established by women and employed 27.5 million. They generate annual sales of \$3.6 trillion. In addition, 23 per cent of private firms in Japan, 1/3 of new business since 1990 in Germany and 1/3 of new business in Europe and 25 per cent of self employed sector in UK were established by women entrepreneurs"².

There has lot of progress in the growth and development of SHGs in India in general and study area in particular. "The number of SHGs financed by banks in India has increased from 32995 in 1992-93 to 2476492 in 2006-07. The loan sanctioned and disbursed to these SHGs went up from Rs.571 million in 1992-93 to Rs.135119 million in 2006-07. The numbers of households benefited under SHG programme are more than 32.98 million. Further, the cumulative numbers of SHGs formed in Gadag district are 9161 and the amount of loan disbursed to these SHGs are Rs.2325.87lakhs as on 31-03-2007"³. However, the poverty, unemployment, illiteracy, low industrialization, male dominance, etc, still exist in the study area. Besides, it is also clear from the review of earlier literature that there has no study on this area. Hence, the researcher felt the need of the study.

The women entrepreneurs in study area have taken many entrepreneurial activities along with their earlier activities. The entrepreneurial activities of women are classified into farm and farm related activities and non farm activities. Many women take up non farm activities with farm activities and others take up non farm activities with farm related activities. The farm related activities are dairy, sheep rearing, goat rearing and poultry. The non farm activities are pickle making, papad making, hotel, tailoring, soap making and marketing. Marketing includes buying and selling of vegetables, masala, fruits and others.

REVIEW OF EARLIER LITERATURES

There are numerous studies made both by Indians and foreigners to examine the entrepreneurial activities undertaken by women entrepreneurs. The some important studies are as follows;

Tushir, Monika. Chadda Sumit and Ahlwat Pankaj. (2007)⁴

They made an attempt to highlight the role of micro finance in up lifting the economic conditions of women households in Haryana district through SHGs up to March 2006 They concluded that micro credit is a powerful instrument and has improved access to rural poor especially women.

Anitha H. S. and Revenkar A.D. (2007)⁵

The researchers made an attempt to study the rural development through micro credit. They made a study to know the growth of SHGs from 1992-93 to 2003-04 and agency wise SHGs linked as at 31-03-2004. They concluded that the success of SHGs not only improved the economic status of women but also brings lot of change in their social status.

Shiralashetti, A.S. and Hugar, S. S. (2008)⁶

They made an attempt to examine the progress of SHGs and their linkage to bank. The study was based on the secondary data collected from the annual reports of the NABARD. The main objectives of the study were to examine the progress of SHGs and bank linkage in India and in Karnataka State and to study the district wise and bank wise linkage of SHGs in Karnataka State. They concluded of SHG movement is a powerful tool for alleviating the poverty in people.

Kumararaja, K.(2009)⁷

The Author made an attempt to evaluate the performance of self help groups in Tamil Nadu. The Study highlighted the progress of SHG in India and in Tamil Nadu. The study revealed that there has a steady progress in number of SHG and amount of loan. The study concluded that a timely and regular check will make the micro credit through SHG to become a healthy progress of overall development of rural women.

A.Saraswathy, S. Porkodi and M Bhuvaneswari. (2009)⁸

The authors made an attempt to analyze the role of micro finance in Krishnagiri district. They highlighted the role of Government of India, NABARD, NGO and Banks. The questionnaire was prepared and presented to 75 members of 16 SHGs of 9 NGO. The study revealed that majority of members have agreed that their income has increased after joining SHG. The study concluded that SHGs become the development ambassador of villages.

Saurabh, Kumar. (2009)⁹

The research focuses on the experience of micro finance programs in the context of liberalization. The author highlighted the rural Indian society and Indian rural financing system. The study suggested for eliminating the shortcomings of the existing rural financing system by establishing more micro finance project and RRBs.

OBJECTIVES OF THE STUDY

The main objectives of the study are:

1. To examine entrepreneurial activities undertaken by women entrepreneurs.
2. To offer useful suggestions in the light of findings.

HYPOTHESES OF THE STUDY

The main hypotheses of the present study are;

- 1 Ho; There has no association between demographic factor and entrepreneurial activities.
- Ha; There has association between demographic factor and entrepreneurial activities.

METHODOLOGY

The present study is based on the primary as well as secondary data. The primary data would be collected through pretested questionnaires from 250 members of SHGs by selecting them randomly as sample from different taluka of Gadag district. Further, equal weightage has been given by selecting 125 entrepreneurs from city (district and taluka head quarters) and 125 entrepreneurs of different villages of five taluka of Gadag district. The data were collected for the financial year 2009-10. The collected data were analyzed by using statistical tools like classification, tabulation, percentage, common size statement and chi-square test is used to examine the relation between various demographic factors and entrepreneurial activities undertaken by the women entrepreneurs. Further, the secondary data like newspapers, annual reports of the NABARD, books and journals, etc, are used to collect the necessary information for the study. Besides, discussions will also be held with the officials of banks, the NABARD, NGOs and members of SHGs.

SCOPE OF THE STUDY

The present study covers the entrepreneurial activities undertaken by the women entrepreneurs

ANALYSIS OF ENTREPRENEURIAL ACTIVITIES OF WOMEN ENTREPRENEURS

This involves two steps;

- Analysis of various aspects of entrepreneurial activities.
- Analysis association between demographic factors and entrepreneurial activities undertaken by women entrepreneurs.

Table 1 Reasons for Joining SHG by Women Entrepreneurs.

Reasons	Number of Women Entrepreneurs		
	Urban	Rural	Total
Promotion of Savings	70(58.33) (56.00)	50 (41.67) (40.00)	120(100.00) (48.00)
Improving Sociability	15(50.00) (12.00)	15(50.00) (12.00)	30(100.00) (12.00)
Make good use of leisure time	25(62.50) (20.00)	15(37.50) (12.00)	40(100.00) (16.00)
Improving Financial Condition	15(25.00) (12.00)	45(75.00) (36.00)	60(100.00) (24.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

Table 1 reveals that promotion of savings is the main reason for 48 per cent, improving sociability is the main reason for 12 per cent, make good use of leisure time is the main reason for 16 per cent and improving financial condition is the main reason for 24 per cent in women entrepreneurs to join SHGs. This indicates that promotion of savings is one of the main reasons for many women entrepreneurs to join SHGs.

Table 2 Scheme under which SHG is Formed and Registered

Registration	Number of Women Entrepreneurs		
	Urban	Rural	Total

N. G. O.	95 (52.78) (76.00)	85 (47.22) (68.00)	180(100.00) (72.00)
Government Scheme	–	35 (100.00) (28.00)	35(100.00) (14.00)
Shahar Rojagar Yojana	–	5 (100.00) (4.00)	5(100.00) (02.00)
Others	30 (100.00) (24.00)	–	30(100.00) (12.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

It is evident from table 2 that 72 per cent of SHGs are promoted and registered under the scheme of NGO and marginal percentage of SHGs are promoted under government and shahar rojagar yojana. This indicates that NGOs have taken more interest in promoting SHGs which in turn help to develop entrepreneurship in study area.

Table 3 Sources of Awareness of SHG

Sources	Number of Women Entrepreneurs		
	Urban	Rural	Total
Friends	45 (60.00) (36.00)	30 (40.00) (24.00)	75(100.00) (30.00)
Relatives	28 (60.87) (22.40)	18 (39.13) (14.40)	46(100.00) (18.40)
N.G.O	25(35.21) (20.00)	46(64.79) (36.80)	71(100.00) (28.40)
Anganwadi workers	27(21.60) (21.60)	31 (78.40) (24.80)	58 (100.00) (23.20)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

It is clear from table 3 that friends are source of awareness for 30 per cent, relatives are source of awareness for 18.4 per cent, NGOs are source of awareness for 28.4 per cent and anganawadi workers are source of awareness for 23.2 per cent for joining SHGs. This indicates that friends played key role in formation of SHGs.

Table 4 Membership Fees to Join SHG.

Membership Fees	Number of Women Entrepreneurs		
	Urban	Rural	Total
Rs.10	100 (66.67) (80.00)	50 (33.33) (40.00)	150(100.00) (60.00)
Rs.15	10 (41.67) (08.00)	35 (58.33) (28.00)	45(100.00) (18.00)
Rs.20	5 (20.00) (04.00)	20(80.00) (16.00)	25(100.00) (10.00)
Above Rs.20	10 (33.33) (08.00)	20(66.67) (16.00)	30(100.00) (12.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

Table 4 reveals that 60 per cent of women entrepreneurs paid Rs.10 as membership fee, 18 per cent of women entrepreneurs paid Rs.15 as membership fee, 10 per cent of women entrepreneurs paid Rs.20 as membership fee and 12 per cent of women entrepreneurs paid above Rs.20 as membership fee while forming SHG. This indicates that Rs.10 is the membership fee paid by majority of women entrepreneurs while joining SHGs.

Table 5 Frequency of Meeting of Members of SHG

Meeting	Number of Women Entrepreneurs		
	Urban	Rural	Total
Weekly	63 (55.75) (50.40)	50 (44.25) (40.00)	113(100.00) (45.20)
Fortnightly	20 (38.46)	32(61.54)	52(100.00)

	(16.00)	(25.60)	(20.80)
Monthly	42 (49.41) (33.60)	43 (50.59) (34.40)	85(100.00) (34.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

It is clear from table 5 that 45.2 per cent of women entrepreneurs conducting SHG meeting weekly, 20.8 per cent of women entrepreneurs conducting SHG meeting fortnightly and 34 per cent of women entrepreneurs conducting SHG meeting monthly. This indicates that more number of SHGs meetings are held weekly in study area.

Table 6 Procedure of Electing the SHG Leader.

Procedure	Number of Women Entrepreneurs		
	Urban	Rural	Total
Hand Raising	60(48.00) (48.00)	65 (52.00) (52.00)	125(100.00) (50.00)
Voice	20 (66.67) (16.00)	10 (33.33) (08 .00)	30(100.00) (12.00)
Voting	45 (47.37) (36.00)	50 (52.63) (40.00)	95(100.00) (38.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

Table 6 depicts that 50 per cent of women entrepreneurs elect SHG leader by raising hands, 12 per cent of women entrepreneurs elect SHG leader by voice and 38 per cent of women entrepreneurs elect SHG leader by voting system. It is also clear that hand raising system is adopted by majority of SHG members to elect their leader and very few SHG leaders are elected by voice method.

Table 7 Rotation Period for Leaders of SHG

Rotation Period	Number of Women Entrepreneurs		
	Urban	Rural	Total
Quarterly	12(46.15) (09.60)	14(53.85) (11.20)	26(100.00) (10.40)
Half Yearly	64 (53.78) (51.20)	55 (46.22) (44.00)	119(100.00) (47.60)
Yearly	49(46.67) (39.20)	56 (53.33) (44.80)	105(100.00) (42.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

It is very essential to rotate leadership among members to avoid ill effects of continuation of leadership in one person for long period and to develop leadership qualities and to provide chance to become leader to everyone. It is clear from table 7 that 10.4 per cent of women entrepreneurs rotated their leaders quarterly, 47.6 per cent of women entrepreneurs rotated their leaders half yearly and 42 per cent of women entrepreneurs rotated their leaders yearly. This indicates that half year and one year is the term of leaders around 90 per cent of SHGs in study area.

Table 8 Sources of Finance for Entrepreneurial Activities.

Sources of Finance	Number of Women Entrepreneurs		
	Urban	Rural	Total
Borrowed Fund	30(54.55) (24.00)	25 (45.45) (20.00)	55(100.00) (22.00)
Own and Borrowed Fund	95 (48.72) (76.00)	100 (51.28) (80.00)	195(100.00) (78.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

There are mainly two sources of finance for undertaking any productive activity. They are owned sources and borrowed sources. Table 8 reveals that 78 per cent of women entrepreneurs used owned and borrowed sources of finance for undertaking entrepreneurial activities and 22 per cent of women entrepreneurs used only borrowed sources of finance for undertaking entrepreneurial activities. This indicates that members

are joining SHGs to avail the facility of loan to undertake entrepreneurial activities. Further, out of total women entrepreneurs who used own and borrowed sources of finance for undertaking entrepreneurial activities, 51.28 per cent are from rural and 48.72 per cent are from urban. It is evident from table 9 that 16 per cent of women entrepreneurs borrowed up to Rs.5000, 50 per cent of women entrepreneurs borrowed in between Rs.5001 to Rs.10000 and 34 per cent of women entrepreneurs borrowed above Rs.10000 to undertake entrepreneurial activities. This signifies that majority of women entrepreneurs raised loan of Rs.5000 to Rs.10000 from SHGs to undertake entrepreneurial activities.

Table 9 Amount of Loan Borrowed from SHG to undertake Entrepreneurial Activities.

Amount of Loan	Number of Women Entrepreneurs		
	Urban	Rural	Total
Up to Rs.5000	18(45.00) (14.40)	22 (55.00) (17.60)	40(100.00) (16.00)
Rs.5001 to Rs.10000	72 (57.60) (57.60)	53 (42.40) (42.40)	125(100.00) (50.00)
Above Rs.10000	35(41.17) (28.00)	50(58.83) (40.00)	85(100.00) (34.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

Table 10 Opinion of Women Entrepreneurs regarding basis for Sanction of Loan.

Basis	Number of Women Entrepreneurs		
	Urban	Rural	Total
Performance	40(40.82) (32.00)	58(59.18) (46.40)	98(100.00) (39.20)
Regularity in repayment from savings	52(61.90) (41.60)	32(38.10) (25.60)	84(100.00) (33.60)
Amount of savings	33(48.53) (26.40)	35(51.47) (28.00)	68(100.00) (27.20)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

Table 10 reveals that 39.2 per cent of women entrepreneurs opined performance is the base for sanction of loan, 33.6 per cent of women entrepreneurs opined regularity in repayment from savings is the base for sanction of loan and 27.2 per cent of women entrepreneurs opined amount of savings is the base for sanction of loan to undertake entrepreneurial activities.

Table 11 Loan Repayment Frequency by Women Entrepreneurs.

Frequency	Number of Women Entrepreneurs		
	Urban	Rural	Total
Weekly	10(83.33) (08.00)	2 (16.67) (01.60)	12(100.00) (04.80)
Fortnightly	24 (64.86) (19.20)	13 (35.14) (10.40)	37(100.00) (14.80)
Monthly	74(42.05) (59.20)	102(57.95) (81.60)	176(100.00) (70.40)
Bimonthly	17(68.00) (13.60)	8(32.00) (06.40)	25(100.00) (10.00)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

It is clear from table 11 that 4.8 per cent of women entrepreneurs repaid loan weekly, 14.8 per cent of women entrepreneurs repaid loan fortnightly, 70.4 per cent of women entrepreneurs repaid loan monthly and 10 per cent of women entrepreneurs repaid loan bimonthly. This indicates that more number of SHGs adopted monthly repayment schedule for the loan given to their members.

Table 12 Revenue of Women Entrepreneurs.

Revenue per week	Number of Women Entrepreneurs		
	Urban	Rural	Total
Up to Rs.1000	25(55.55) (20.00)	20 (45.45) (16.00)	45(100.00) (18.00)
Rs.1001 to Rs.2000	15(62.50)	9(37.50)	24(100.00)

	(12.00)	(07.20)	(09.60)
Rs.2001 to Rs.3000	70(46.67) (56.00)	80(53.33) (64.00)	150(100.00) (60.00)
Above Rs.3000	15(48.39) (12.00)	16(51.61) (12.80)	31(100.00) (12.40)
Total	125(50.00) (100.00)	125(50.00) (100.00)	250(100.00) (100.00)

Source; Field Survey.

Figures in parentheses below and right to the figures indicate percentage to the respective column and row totals.

Table 12 reveals that Rs.1000 is revenue per week for 18 per cent of women entrepreneurs, Rs.1001 to Rs.2000 is revenue per week for 9.6 per cent of women entrepreneurs, Rs.2001 to Rs.3000 is revenue per week for 60 per cent of women entrepreneurs and above Rs.4000 is revenue per week for 12.4 per cent of women entrepreneurs. This indicates that majority of women entrepreneurs are earning an average Rs2001 to Rs.3000 per week and it is a good sign to reduce poverty.

Table 13 Location of Women Entrepreneurs and Farm and Farm Related Activities.

Location	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
Urban	30 (37.50)	34 (48.57)	18 (45.00)	24 (68.57)	19 (76.00)	125 (50.00)
Rural	50 (62.50)	36 (51.63)	22 (55.00)	11 (21.43)	6 (24.00)	125 (50.00)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is clear from data of table 13 that calculated value of chi-square is 17.04 and table value of chi-square at 5 per cent level of significance for 4 degree of freedom is 9.488. Since calculated value of chi-square is more than table value, there has an association between location of women entrepreneurs and farm and farm related activities.

It is evident from data of table 14 that calculated value of chi-square is 18.67 and table value of the chi-square at 5 per cent level of significance for 5 degree of freedom is 11.070. Therefore, it is concluded that there has an association between location of women entrepreneurs and nonfarm activities.

Table 14 Location of Women Entrepreneurs and Non Farm Activities.

Location	Number of Women Entrepreneurs involved in non Farm Activities						
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	Total
Urban	25 (71.43)	9 (45.00)	35 (58.33)	25 (45.45)	15 (60.00)	16 (29.09)	125 (50.00)
Rural	10 (28.57)	11 (55.00)	25 (41.67)	30 (55.55)	10 (40.00)	39 (70.91)	125 (50.00)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

Table 15 Age of Women Entrepreneurs and Farm and Farm Related Activities

Age	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
21-30	48 (60.00)	24 (34.29)	14 (35.00)	15 (42.86)	12 (48.00)	113 (45.20)
31-40	19 (23.75)	29 (41.43)	11 (27.50)	18 (51.43)	8 (32.00)	85 (34.00)
Above 40	13 (16.25)	17 (24.28)	15 (37.50)	2 (05.71)	5 (20.00)	52 (20.80)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

Table 15 reveal that calculated value of chi-square is 24.35 and table value of chi-square at 5 per cent level of significance for 8 degree of freedom is 15.507. Therefore, it is concluded that there has an association between age of women entrepreneurs and farm and farm related activities. Further, out of total women entrepreneurs selected as sample for study, 45.20 per cent are in age between 21-30 years, 34 per cent

are in age between 31-40 years and 20.80 per cent are age above 40 years. This signifies that more numbers of women entrepreneurs are less than 30 years of age.

Table 16 Age of Women Entrepreneurs and Non Farm Activities

Age	Number of Women Entrepreneurs involved in non Farm Activities						Total
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	
21-30	19 (54.29)	12 (60.00)	28 (46.67)	31 (56.36)	13 (52.00)	10 (18.18)	113 (45.20)
31-40	10 (28.57)	3 (15.00)	18 (30.00)	14 (25.45)	9 (36.00)	31 (56.36)	85 (34.00)
Above 40	6 (17.14)	5 (25.00)	14 (23.33)	10 (18.19)	3 (12.00)	14 (25.46)	52 (20.80)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

Table 16 reveal that calculated value of chi-square is 50.92 and table value of chi-square at 5 per cent level of significance for 10 degree of freedom is 18.307. Therefore, it is concluded that there has an association between age of women entrepreneurs and non farm activities. Further, out of total women entrepreneurs selected as sample for study, the highest number are in age between 21-30 years and the lowest number are in age above 40 years. This signifies that more numbers of women entrepreneurs are young groups.

Table 17 Type of Family of Women Entrepreneurs and Farm and Farm Related Activities

Type of Family	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
Nuclear	48 (60.00)	41 (58.57)	23 (57.50)	16 (45.71)	10 (40.00)	138 (55.20)
Joint	32 (40.00)	29 (41.43)	17 (42.50)	19 (54.29)	15 (60.00)	112 (44.80)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is evident from data of table 17 that calculated value of chi-square is 4.70 and table value of chi-square at 5 per cent level of significance for 4 degree of freedom is 9.488. Since calculated value of chi-square is less than table value, there has no association between type of family system in women entrepreneurs and farm and farm related activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, majority are of nuclear family. This signifies that joint family system which was highly appreciated in past has losing its importance slowly and nuclear family has shown more interest in entrepreneurial activities.

Table 18 Type of Family of Women Entrepreneurs and non Farm Activities

Type of Family	Number of Women Entrepreneurs involved in non Farm Activities						Total
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	
Nuclear	15 (42.86)	14 (70.00)	32 (53.33)	39 (70.91)	16 (64.00)	22 (40.00)	138 (55.20)
Joint	20 (57.14)	6 (30.00)	28 (46.67)	16 (29.09)	9 (36.00)	33 (60.00)	112 (44.80)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is clear from data of table 18 that calculated value of chi-square is 15.36 and table value of chi-square at 5 per cent level of significance for 5 degree of freedom is 11.07. Since calculated value of chi-square is more than table value, there is an association between type of family system in women entrepreneurs and non farm activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, 55.20 per cent are nuclear family and 44.80 per cent are joint family.

Table 19 Size of Family of Women Entrepreneurs and Farm and Farm Related Activities.

Family Size	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
3-4	43 (53.75)	35 (50.00)	21 (52.50)	17 (48.58)	12 (48.00)	128 (51.20)
5-6	17 (21.25)	19 (27.14)	6 (15.00)	9 (25.71)	7 (28.00)	58 (23.20)

7-8	20 (25.00)	16 (22.86)	13 (32.50)	9 (25.71)	6 (24.00)	64 (25.60)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is clear from data of table 19 that calculated value of chi-square is 3.25 and table value of chi-square at 5 per cent level of significance for 8 degree of freedom is 15.507. Since calculated value of chi-square is less than table value, there is no association between size of family in women entrepreneurs and farm and farm related activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, 51.20 per cent have family size of 3-4, 23.20 per cent have family size of 5-6 and 25.60 per cent have family size of 7-8 members. This signifies that small size family members have taken more interest in entrepreneurial activities.

It is clear from data of table 20 that calculated value of chi-square is 34.69 and table value of chi-square at 5 per cent level of significance for 10 degree of freedom is 18.307. Therefore it is concluded that there is an association between size of family in women entrepreneurs and non farm activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, majority have family size 3-4 members.

Table 20 Size of Family of Women Entrepreneurs and non Farm Activities.

Family size	Number of Women Entrepreneurs involved in non Farm Activities						Total
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	
3-4	10 (28.57)	9 (45.00)	42 (70.00)	34 (61.82)	12 (48.00)	21 (38.18)	128 (51.20)
5-6	15 (42.86)	6 (30.00)	9 (15.00)	03 (05.46)	9 (36.00)	16 (29.09)	58 (23.20)
7-8	10 (28.57)	5 (25.00)	9 (15.00)	18 (23.64)	4 (16.00)	18 (32.73)	64 (25.60)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

Table 21 Caste of Women Entrepreneurs and Farm and Farm related Activities.

Caste	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
SC/ST	15 (18.75)	24 (34.29)	10 (25.00)	11 (31.43)	3 (12.00)	63 (25.20)
OBC	39 (48.75)	31 (44.29)	20 (50.00)	14 (40.00)	8 (32.00)	112 (44.80)
GEN	26 (32.50)	15 (21.42)	10 (25.00)	10 (28.57)	14 (56.00)	75 (30.00)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is evident from data of table 21 that calculated value of chi-square is 15.31 and table value of chi-square at 5 per cent level of significance for 8 degree of freedom is 15.507. Therefore, it is concluded that there is no association between caste of women entrepreneurs and farm and farm related activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, 25.20 per cent are SC/ST, 44.80 per cent are OBC and 30 per cent general.

Table 22 Caste of Women Entrepreneurs and non Farm Activities.

Caste	Number of Women Entrepreneurs involved in non Farm Activities						Total
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	
SC/ST	9 (25.71)	10 (50.00)	11 (18.33)	12 (21.82)	10 (40.00)	11 (22.00)	63 (25.20)
OBC	15 (42.86)	5 (25.00)	28 (46.67)	28 (50.91)	5 (20.00)	29 (52.73)	112 (44.80)
GEN	11 (31.43)	5 (25.00)	21 (35.00)	15 (27.27)	10 (40.00)	15 (27.27)	75 (30.00)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is evident from data of table 22 that calculated value of chi-square is 18.64 and table value of chi-square at 5 per cent level of significance for 10 degree of freedom is 18.307. Therefore, it is concluded that there is an association between caste of women entrepreneurs and non farm activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, more numbers are OBC who have undertaken entrepreneurial activities.

Table 23 Level of Education of Women Entrepreneurs and Farm and Farm Related Activities.

Level of education	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
Illiterate	19 (23.75)	24 (34.29)	16 (40.00)	11 (31.42)	8 (32.00)	78 (31.20)
Primary	31 (38.75)	16 (22.86)	9 (22.50)	14 (40.00)	7 (28.00)	77 (30.80)
High school	18 (22.50)	13 (18.57)	6 (15.00)	5 (14.29)	9 (36.00)	51 (20.40)
College	12 (15.00)	17 (24.28)	9 (22.50)	5 (14.29)	1 (04.00)	44 (17.60)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

Table 23 reveals that calculated value of chi-square is 17.61 and table value of chi-square at 5 per cent level of significance for 12 degree of freedom is 21.26. Since, table of chi-square is more than calculated value, it is concluded that there is no association between level of education of women entrepreneurs and farm and farm related activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, more numbers are of OBC who have undertaken entrepreneurial activities.

Table 24 Level of Education of Women Entrepreneurs and non Farm Activities.

Level of education	Number of Women Entrepreneurs involved in non Farm Activities						
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	Total
Illiterate	13 (37.14)	6 (30.00)	20 (33.33)	20 (36.36)	5 (20.00)	14 (25.45)	78 (31.20)
Primary	11 (31.43)	3 (15.00)	11 (18.33)	19 (34.35)	11 (44.00)	22 (40.00)	77 (30.80)
High school	7 (20.00)	5 (25.00)	14 (23.34)	3 (05.46)	7 (28.00)	15 (27.27)	51 (20.40)
College	4 (11.43)	6 (30.00)	15 (25.00)	13 (23.63)	2 (08.00)	4 (07.28)	44 (17.60)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

Table 24 reveals that calculated value of chi-square is 28.96 and table value of chi-square at 5 per cent level of significance for 15 degree of freedom is 24.996. Since, table of chi-square is less than calculated value, it is concluded that there is an association between level of education of women entrepreneurs and non farm activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, 31.20 per cent are illiterate, 30.80 per cent are primary, 20.40 per cent are high school and 17.60 per cent are college level education. This indicates that more number of illiterate and primary level educated have joined SHG to undertake entrepreneurial activities.

Table 25 Marital Status of Women Entrepreneurs and Farm and Farm Related Activities.

Marital Status	Number of Women Entrepreneurs involved in Farm Activities					
	Farm	Dairy	Sheep rearing	Goat rearing	Poultry	Total
Married	55 (68.75)	37 (52.86)	24 (60.00)	17 (48.57)	15 (12.00)	148 (59.20)
Unmarried	18 (22.50)	20 (28.57)	11 (27.50)	16 (45.71)	3 (12.00)	63 (25.20)
Widow	7 (08.75)	13 (18.57)	5 (12.50)	2 (05.71)	7 (28.00)	39 (15.60)
Total	80 (100.00)	70 (100.00)	40 (100.00)	35 (100.00)	25 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

It is clear from table 25 reveals that calculated value of chi-square is 18.28 and table value of chi-square at 5 per cent level of significance for 8 degree of freedom is 15.507. Therefore, it is concluded that there is an association between marital status of women entrepreneurs and farm and farm related activities undertaken by them. Further, out of total women entrepreneurs selected as sample for study, 59.20 per cent are

married, 25.20 per cent are unmarried and 15.60 per cent are widow. This indicates that married women have shown more interest in undertaking entrepreneurial activities.

It is clear from table 26 reveals that calculated value of chi-square is 25.58 and table value of chi-square at 5 per cent level of significance for 10 degree of freedom is 18.307. Therefore, it is concluded that there is an association between marital status of women entrepreneurs and non farm activities undertaken by them.

Table 26 Marital Status of Women Entrepreneurs and non Farm Activities.

Marital Status	Number of Women Entrepreneurs involved in non Farm Activities						
	Pickle making	Papad making	Hotel	Tailoring	Soap making	Marketing	Total
Married	26 (74.29)	15 (75.00)	33 (55.00)	25 (45.46)	23 (92.00)	26 (47.27)	148 (59.20)
Unmarried	5 (14.29)	3 (15.00)	18 (30.00)	17 (30.91)	1 (04.00)	19 (34.55)	63 (25.20)
Widow	4 (11.42)	2 (10.00)	9 (15.00)	13 (23.63)	1 (04.00)	10 (18.18)	39 (15.60)
Total	35 (100.00)	20 (100.00)	60 (100.00)	55 (100.00)	25 (100.00)	55 (100.00)	250 (100.00)

Source; Field Survey.

Figures in parentheses below to the figures indicate percentage to the respective column totals.

FINDINGS OF THE STUDY

The main findings of the study are as per following:

- Promotion of savings is one of the reasons for many women entrepreneurs to join SHGs.
- 72 per cent of SHGs are promoted and registered under the scheme of NGO and marginal percentages of SHGs are promoted under government and shahar rojagar yojana.
- Friends many entrepreneurs played key role in formation of SHGs.
- Rs.10 is the membership fee paid by majority of women entrepreneurs while joining SHGs.
- More numbers of SHGs meetings are held weekly.
- Group leaders are elected through voice raising in majority of SHGs.
- 47.6 per cent and 42 per cent of group leaders are rotated half and yearly respectively.
- 78 per cent of women entrepreneurs used owned and borrowed sources of finance for undertaking entrepreneurial activities.
- 50 per cent of women entrepreneurs raised loan of Rs.5000 to Rs.10000 from SHGs to undertake entrepreneurial activities.
- There has no unanimity regarding the basis for sanction of loan from SHGs to women entrepreneurs.
- Repayment performance of 70.4 per cent of women entrepreneurs is monthly.
- 60 per cent of women entrepreneurs are earning an average Rs.2001 to Rs.3000 per week.
- There has an association between location of women entrepreneurs and farm and farm related activities.
- There has an association between location of women entrepreneurs and non farm activities.
- There has an association between age of women entrepreneurs and farm and farm related activities.
- There has an association between age of women entrepreneurs and non farm activities.
- There has no association between type of family system in women entrepreneurs and farm and farm related activities undertaken by them.
- There is association between type of family system in women entrepreneurs and non farm activities undertaken by them.
- There is no association between size of family in women entrepreneurs and farm and farm related activities undertaken by them.
- There is an association between size of family in women entrepreneurs and non farm activities undertaken by them.
- There is no association between caste of women entrepreneurs and farm and farm related activities undertaken by them.
- There is an association between caste of women entrepreneurs and non farm activities undertaken by them.
- There is no association between level of education of women entrepreneurs and farm and farm related activities undertaken by them.
- There is no association between level of education of women entrepreneurs and non farm activities undertaken by them.
- There is an association between marital status of women entrepreneurs and farm and farm related activities undertaken by them.
- There is an association between marital status of women entrepreneurs and non farm undertaken by them.

SUGGESTIONS

The main suggestions are as per following:

- Initiating Awareness Programmes
- Setting up of Entrepreneurial Cell
- Changing the Aim of Formation of SHG
- Arranging Training Programmes
- Provision of Information
- Formation of Women Marketing Cooperatives
- Improving Infrastructure
- Planning of Entrepreneurial Activities
- Increasing Loan Amount

- Formation of More Number of SHGs

CONCLUSION

The economic progress of India depends on the productivity of both male as well as female population. However in India, women were restricted to the four walls of the kitchen for the last many years due to male dominance. Of late, there has tremendous progress in social and cultural environment of India. The women are working in all areas of the economy, which were even restricted to male members. Women have proved their working ability and are working on par with men. Therefore, there is an urgent need to utilize these women resources optimally since they constitute around 48 per cent of total population. The SHG movement started in India has been working in right direction in developing entrepreneurship among the women and eradicating the poverty in rural and urban areas.

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IMPACT OF TELEVISION ADVERTISING ON CHILDREN

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ABSTRACT

Advertising has become so integral part of human being and we cannot imagine any event, newspaper, magazine, TV serial, Cinema etc. without advertising. Advertising is a one of the important marketing tool as well as powerful communication medium. The basic objective of any advertisement is to increase sales, directly or indirectly by trying to make tall claims about product performance. The degree of impact of advertising on adults may be problematic but the outcome is devastating for children. Advertisers of Kids Products earlier used to appeal to the parents but now they appeal directly to children -- who do not have the emotional or cognitive tools to evaluate what's being sold to them. Television is no more just a source of entertainment for children. They show case they must have for a kid making them a consumer even before they have reached the age of 3. So enough precautions have to be taken up at the time of advertising for children. We investigate children's understanding of TV advertising that is their ability to distinguish between TV programs and commercials. The sample consists of 87 children, ranging from 4 to 14 years old were covered for this study. It is found from the study that Children are not only influencing their parents to buy their products but also to other product categories.

KEY WORDS

Advertising appeal, Communication medium, Tall claims, Precautions

INTRODUCTION

As per the child rights charter, a universal definition of "child" includes all persons under the age of 18. 40% of India's population is below the age of 18 years which at 400 million is the world's largest child population. And the truly old constitute less than 10 per cent of the total population. This is despite the fact that India has significantly increased its life expectancy, because the demographic bulge in the country is very definitely in the younger age group. So Advertisers are taking advantage of this by targeting on this age group.

Kids can actually recall and even enact commercials frame by frame with music track as well. A commercial is simultaneously interesting to fathers and daughters and mothers and sons. Because today's kid is neither a scaled-down version of an adult nor the spitting image of you 25 years ago but an individual who has his/her own personality, preferences and attitudes. We all are familiar with 'pester power', kids pestering their parents for collectibles. Nowadays kids are influencing a host of buying decisions and not necessarily for products meant for them. So enough precautions have to be taken by the marketers when their products target the kids. The following are some of the precautions have to be taken when the advertisements are directed to the children:

- (i) Children do not differentiate the advertisement and reality, so while preparing the advertisement for children, a marketer has to take into account of the inexperience of the children
- (ii) Parents should be advised to supervise whenever a product or an activity involves a safety risk.
- (iii) If a product is unsuitable to the children it should not be advertised in a kids oriented media.
- (iv) Children should not be portrayed in unsafe situations or engaging in actions harmful to themselves or others.
- (v) Advertisement should not portray as the children are pestering their parents because it will encourage the children to compel their parents for the products.
- (vi) There should not be any direct appeal to the children in the advertisement.

When there is a television commercial where the target audience is, say, an SEC A male between the age of 25 and 34, we cannot afford to ignore the fact that kids between 8 and 12 years are going to watch the commercial and offer unsolicited opinion about the commercial. This research has been conducted in Tamil Nadu to find out the impact of Television commercials on children.

REVIEW OF LITERATURE

Estimates suggest that children spend an average of 4 hours per day watching television and are exposed to as many as 25,000 commercials in a single year (Federal Communications Commission, 2003; Kunkel, 2001). Parents are powerless towards the influence of advertising on their children; they cannot do anything to ward off the assumed manipulation of needs. (Reinhold Bergler 1999). As has been shown several times in the literature (e.g. Butter et al.1981; Donohue, Henke, and Donohue 1980; Macklin 1983 and 1987; Robertson and Rossiter 1974; Stephens and Stutts 1982), some children are able to distinguish between programs and commercials and are aware of the intent of TV advertising, whereas others are not. There is a general concern of parents and other societal actors, that TV advertising may have a negative, intended or unintended, influence on children (Burr and Burr 1977; Goldberg 1990; Goldberg and Gom 1978; Grossbart and Crosby 1984).

Specifically, TV advertising may lead a child to select material objects over more socially oriented alternatives, potentially increase parent-child conflict and may lead to a more disappointed, unhappier child (Goldberg and Gom 1978).

OBJECTIVES

1. To find out the impact of Television advertisement on Children
2. To find out the media preference of Children
3. To find out extent to which children affect the buying decisions of parents

RESEARCH METHODOLOGY

Primary data has been collected for the research study in Tamilnadu, India. The research design involves descriptive style. Children of 4- 14 age groups have been included in the research survey. The sample size of 87 children was surveyed and the sampling technique used was convenience sampling. The research instrument used was questionnaire and it comprises both open and close-ended questions. Personal interview has been conducted among the target respondents. Percentage analysis was used to analyse the data.

ANALYSIS AND INTERPRETATION

Table No: 1. AGE OF THE RESPONDENTS

S.No	Age	No. of Respondents	Percentage
1	Below 8	16	18.4
2	8-11	40	46
3	12-14	31	35.6
	Total	87	100

Source: Primary Data

From the above table it can be inferred that most of the respondents (46%) belong to the age group of 9-12 and 36% of the respondents belong to the age group of 12-14 and the rest 18% of the respondents are below 8.

Table No: 2. GENDER OF THE RESPONDENTS

S.No	Gender	No. of Respondents	Percentage
1	Male	48	55.17
2.	Female	39	44.82
	Total	87	100

Source: Primary Data

From the above table it can be observed that 55% of the respondents are male and the rest 45% of the respondents are female children.

Table No: 3. MEDIA PREFERENCE AMONG CHILDREN

S.No	Preference	No. of Respondents	Percentage
1,	TV	70	80.45
2.	Radio	04	4.59
3.	Newspaper/Magazine	10	11.49
4.	Internet	01	1.149
5.	Outdoor	02	2.29
	Total	87	100

Source: Primary Data

It can be inferred from the above table that majority of the respondents (80%) prefer TV when compared to other media. About 12% of the respondents prefer Print media while rest of the media such as Radio, Outdoor and Internet are less popular among children.

Table No: 4. PREFERRED PRODUCT CATEGORY

S.No	Preference	No. of Respondents	Percentage
1.	Food Items	27	31.03
2.	Oral/Personal care	10	11.49
3.	Soft drink	23	26.43
4.	Fashion / Dress	27	31.03
	Total	87	100

Source: Primary Data

It is found from the above table that Food items and Fashion/Dress are the equally liked product categories in advertisement by children with 31% each. 26% of the children prefer soft drink advertisement whereas only 11% of them like Oral/Personal care advertisement.

Table No: 5 MEDIA HABITS OF CHILDREN

Category Media	Daily	Occasionally	Rarely	Never	Total
TV	75(86.2%)	08(9.2%)	03(3.5%)	01(1.1%)	87(100)
Newspaper/Magazine	13(14.9%)	16(18.4%)	25(28.8%)	33(37.9%)	87(100)
Radio	13(15%)	23(26.4%)	26(29.9%)	25(28.7%)	87(100)
Internet	0(0%)	08(9.2%)	08(9.2%)	71(81.6%)	87(100)
Outdoor	30(34.5%)	17(19.5%)	11(12.6%)	29(33.4%)	87(100)

Source: Primary Data

It can be inferred from the above table that 86% of the respondents view TV daily and 35% of the respondents come across outdoor media daily. 15% of the respondents hear Radio and read Newspapers/Magazines daily; where as 82% of the respondents are never exposed to Internet.

Table No: 6 PREFERENCES FOR ADVERTISEMENT OR PROGRAMME/NEWS

S.No	Preference	No. of Respondents	Percentage
1.	Advertisement	37	42.52
2.	Programme	50	57.47
	Total	87	100

Source: Primary Data

It can be inferred from the above table that 57% of the respondents like to watch Programmes/News in TV where as 43% of the respondents like to see advertisements.

Table No: 7. PARENTS SEEKING OPINION FROM THE CHILDREN IN PURCHASE DECISION

S.No	Opinion	No. of Respondents	Percentage
1.	Seek	54	62
2.	Do Not Seek	33	38
	Total	87	100

Source: Primary Data

It can be inferred from the above table that 62% of the respondents are asked to give opinion by their parents in buying decisions and 38% of the respondents are not considered in buying decisions.

Table No: 8 ACCEPTANCE OF PARENTS TO THEIR CHILDREN'S REQUEST

S.No	Acceptance	No. of Respondents	Percentage
1.	Accept	52	59.8

2.	Do not Accept	35	40.2
	Total	87	100

Source: Primary Data

It is inferred from the above table that 60% of the respondents' requests are accepted by their parents and 40% of the respondents' request are turned down.

Table No: 9. INFLUENCES OF ADVERTISEMENT ON CHILDREN FOR REQUESTING THE PRODUCT

S.No	Frequency	No. of Respondents	Percentage
1.	Always	18	20.7
2.	Some times	50	57.4
3.	Not at all	19	21.8
	Total	87	100

Source: Primary Data

It can be inferred from the above table, 21% of the respondents' request is always based on advertisements and 57% of the respondents' request is sometimes based on advertisement. And 22% of the respondents do not consider advertisement for their request.

Table No: 10. CHILDREN'S PESTER POWER FOR A PRODUCT / BRAND BASED ON ADVERTISEMENT.

S.No	Pestering	No. of Respondents	Percentage
1.	Pester	52	59.8
2.	Do Not Pester	35	40.2
	Total	87	100

Source: Primary Data

It is observed from the above table that 60% of the respondents have insisted their parents for purchase of particular brand/Product after seeing the advertisement.

FINDINGS

- It has been found out that most of the respondents prefer TV as most preferred media which they watch it daily.
- Advertisements related to Food items and Fashion/Dress are the most preferred among the children.
- Significant number of respondents watch or TV to see advertisement in it.
- Most of the respondents are asked to give opinion by their parents in buying decisions.
- Only 40% of the respondents' parents do not accept their children's request for buying a product/brand.
- And only 20% of the respondents' request of product/brand which is not at all based on advertisement.
- Children below 8 consider advertisement as reality.

CONCLUSION

As advertisements have good impact on the children, advertisers can make use of it in a positive way. Children are not only influencing their parents to buy their products but also to other product categories. Advertisers can develop a campaign which can capture the attention of children. They prefer advertisements which involve cartoons, toys, graphics, and jingles/Music. So, the advertisers can ensure these elements in their advertisements. Children are able to remember and recall many of the advertisements they see. So advertisements have great impact on children. They like to possess/consume products which are relevant to them and also to their parents. Advertisers may use this opportunity for their favour but at the same time ensure that they are not misleading children since children are not able to differentiate what is real and unreal.

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MIGRANT WORKERS: SOCIO ECONOMIC STATUS AND REMITTANCES**DR. BEENA NARAYAN****ASSOCIATE PROFESSOR (ECONOMICS)****INDIAN EDUCATION SOCIETY'S****MANAGEMENT COLLEGE & RESEARCH CENTRE****BANDRA, MUMBAI****ABSTRACT**

In the process of urbanization the contribution of migration has been playing an important role in the developing and developed countries as well. As a result, in all the urban areas of developing countries migrants are increasing. Mumbai in Maharashtra records excessive urban growth. Most of the migrants in the city are agricultural labourers and marginal farmers. The incidence of poverty has also been very high. The slums of the new unauthorized hutment areas are mostly inhabited by the labour migrants in almost all the cities. The present study based on a migrant workers survey done by the researcher in the Mumbai city of Maharashtra investigates the socio-economic status of migrant taxi, auto & construction workers in Mumbai. Since majority of these workers are migrant. The study focuses on number of policy related issues such as what is the living status of migrants? How much remittance they are able to send? Who sends most and what are remittances used for? Keeping the above aspects under consideration, the study analyses the socio-economic and living conditions of the migrant workers in the labour markets of Mumbai city. This kind of study is significantly helpful for the identification of problems, deficiencies and sufferings of workers in an effective manner. The study covers about three types of workers such as taxi, auto and construction workers in Mumbai. Total Five hundred thirty three workers from different fields were surveyed. Based on this information, the socio-economic living conditions and remittances status are analysed. The present study describes the status of migrant workforce in Mumbai and associated issue of remittances. It presents the characteristics of a sample of 533 migrant workers from different sectors. These workers were interviewed during the month of August 2009 to February 2010. These workers were interviewed near Cinema halls, railway station, taxi/auto stands and construction sites. A structured questionnaire was used to interview the migrant workers.

INTRODUCTION

In the process of urbanization the contribution of migration has been playing an important role in the developing and developed countries as well. As a result, in all the urban areas of developing countries migrants are increasing.

The social structure in the rural areas is undergoing suggestive change in appearance due to migration of labour from the rural sector to the urban sector and the demographic characteristics of the rural areas have significantly changed over the past several years. The gender composition, age composition and skill composition of the rural economy has been changing.

The major assisting factor for the unprecedented growth of population in urban areas in migration particularly from rural to urban. Generally migrations create both positive and negative effects. The positive effects are growth in productivity and incomes of people in the urban areas and contributing for the overall economic development of urban centres, while the negative effects are aggravating the problems such as scarcity of dwellings, employment, pollution and unhealthy living conditions which adversely affect the quality of life of poor in the city.

Migration to urban areas in search of higher income is common and a potential pathway out of poverty. Migration is most spread through the transforming and urbanized economies, where growing urban areas offer more employment opportunities.

A large number of migrants to urban areas send back remittances, this may raise rural income & consumption; it may also encourage technological change, which can further increase rural incomes. The net effect of remittances on the rural economy is difficult to determine. They may add to productive investment for the development and diversification of agriculture or of non-agricultural activities in the rural areas; or be spent on housing and education, or be used to relieve the poverty of those who remain behind. On the other hand, they may be used unproductively – for conspicuous consumption or in order to build an excessive degree of capital intensity into agriculture, with adverse effects on employment. Remittances may even erode good work habits, since they increase resources without the need for any effort on the part of the recipient, thus subdue the urgency for economic and social change.

The full effects of remittances on the level and distribution of income in rural areas will of course depend on their size and frequency. These in turn depend on the type of migration, the type of job on which migrants are employed, their income, their living cost (which determine their capacity to save) the extent of their interest on the household's land the needs of the family members they have left behind. The present study, based on a survey conducted by the researcher in Mumbai city of Maharashtra, investigates the occupation, earning, lifestyles and saving pattern of different category migrant workers and role of remittances in their native regions or family development.

Mumbai in Maharashtra records excessive urban growth. Most of the migrants in the city are agricultural labourers and marginal farmers. The incidence of poverty has also been very high. The slums of the new unauthorized hutment areas are mostly inhabited by the casual labour migrants in almost all the cities.

OBJECTIVES

The present study based on a migrant workers survey done by the researcher in the Mumbai city of Maharashtra investigates the socio-economic status of migrant taxi, auto & construction workers in Mumbai. Since majority of these workers are migrant. The study focuses on number of policy related issues such as what is the living status of migrants? How much remittance they are able to send? Who sends most and what are remittances used for?

The main objective of the study is to evaluate the socio-economic conditions as well as of the living conditions of the sample workers. Keeping the above aspects under consideration, the study analyses the socio-economic and living conditions of the migrant workers in the labour markets of Mumbai city. This kind of study is significantly helpful for the identification of problems, deficiencies and sufferings of workers in an effective manner.

For this purpose a survey was carried out with the help of questionnaire among workers in various labour markets.

The study covers about three types of workers such as taxi, auto and construction workers in Mumbai. Total workers from different work field were surveyed. Based on this information, the socio-economic living conditions and remittances status are analysed.

This paper briefly characterizes selective migrant work force and the socio-economic characteristics of migrant workers in Mumbai.

This paper explores the relationship between workers attributes and how the economy compensates them as reflected in both wages and basic facilities available to them in the city.

The study aims to develop a profile of migrant construction workers in Mumbai. Do the migrant themselves benefit when they move to cities for earning livelihood? What is the status of remittances, family, consumption pattern, children education and various other aspects?

LITERATURE REVIEW

Agarwal (1997) studied strategies for construction contractors to reduce workers compensation costs.

Amuedo D(2006) captured the motives for finding remittance and studied that increase in income risk significantly raises the propensity and proportion of labour earnings sent home for family provided insurance and for self insurance.

B.Biswajit(1964) studied the important determinants of the decision to remit and of the amount remitted by migrants in India to their place of origin.

Banerjee, Biswajit(82) Examined the importance of various socio-economic variable the influence future plans to rural to urban migrants in India and explores the intended timing of the return of rural to urban migrants to the rural area.

Brady (2006) examined how construction workers perception of work climate factors relates to their use of hearing protection devices.

Carling(2008) studied the factors that why some immigrants send much more money to their country of origin than others.

Covey (1992) examined the relationship between occupational status and smoking habits among men and women.

Gillen, Marion (2004) identified perceptions of management safety practices from the viewpoint of union and nonunion construction workers. The study shows that construction managers play a pivotal role in the definition and implementation of safety practices in the workplace and workers look to them for guidance and modeling.

Glysos(1993) investigated the impact of migrant remittances on the migrant source country.

Hadi (2009) studied migrant workers continue sending money back to their home countries, at a time when trade flows have been affected by the global crisis in 2009.

Haput (2005) presented a study on the need to maintain and promote construction workers health and working capacity.

Hunte (2004) studied the remittance decay hypothesis, in which remittances decreases as household income increases.

Jayawardane (1958) studied human resource development issues in the Sri Lankan Construction Industry.

Kaixum S (2003) studied the policy and practical questions for improving the quality and efficiency of the large rural workforce in construction.

Kamback(2007) focused on the remittance of immigrants and migrants workers being sent to their extended families through major money service business instead of sending in through bank.

Langford (2000) identified the critical factors that influence the attitudes of construction workers towards safe behavior on construction sites.

Oberoi(1980) studied nature and role of remittances in rural development with special reference to Punjab.

Srour (2006) explored the relationship between workers attributes and how the industry compensates them.

Taylor(1996) focused on the factor that income remittance sent home by family migrants stimulate household farm incomes indirectly by relieving credit and risk constraints on household farm production.

ThuoHe (2008) discussed the economic impact of remittances on the countries of migrant workers.

Tu Sun (2008) revealed in the study that more than half of the critical safety risk factors are from contractors & subcontractors.

Waldron, Hilary (2007) presented an analysis of trends in mortality, differentials and life expectancy by average relative earnings for male social security.

RESEARCH DESIGN & METHODOLOGY

The present study describes the status of migrant workforce in Mumbai and associated issue of remittances. It presents the characteristics of a sample of 533 migrant workers from different sectors. These workers and vendors were interviewed during the month of October 2009 to February 2010. These workers were interviewed near Cinema halls, railway station, taxi/auto stands, construction sites, and vegetable markets. A structured questionnaire was used to interview the migrant workers. The simple averages used as statistical method.

LIMITATIONS & FUTURE SCOPE OF THE STUDY

The current study only examined the socio-economic aspect of migrant workers using few parameters. It would be useful to use other measures like in-depth study of their remittances and its impact on their native economy.

The study is based on selective category of migrant workers due to time constraints. A similar study with larger migrant workers samples might yield different experience and results.

The study is only preliminary in nature; it provides direction for future research. One could empirically test if recognition of such placement provides different results.

FINDINGS OF THE STUDY

This study shows the distribution of migrants by socio-economic background and those who have even sent remittances. While nearly all age group workers from 18-60 years have migrants for livelihood.

Table 1- AGE OF THE MIGRANTS

Age	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
20-24	0	0%	18	11%	12	8%	30	6%
25-29	0	0%	31	19%	52	34%	83	16%

30-34	12	5%	20	13%	43	28%	75	14%
35-39	17	8%	19	12%	21	14%	57	11%
40-44	45	20%	34	21%	9	6%	88	17%
45-49	82	37%	25	16%	8	5%	115	22%
50-54	42	19%	10	6%	4	3%	56	11%
55-59	19	9%	0	0%	4	3%	23	4%
60-64	3	1%	3	2%	0	0%	6	1%
Total	220	100%	160	100%	153	100%	533	100%

Table(1) gives the distribution by age of all migrant workers. The highest percentage of workers is from the age group of 45-49 years among taxi and construction workers. Among auto workers the highest percentage is seen from 40-44 years. Gradually, above 50 age group migration of workers is comparatively less.

Education plays an important role in migration. Education appears to be more or less a neutral variable. Assuming education to be a proxy for current income. This also implies that the migrants income does not affect his decision to remit, although it may affect the jobs opted.

Table 2 - LEVEL OF EDUCATION

Education	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Illiterate	31	14%	5	3%	32	21%	44	8%
Primary	31	14%	30	19%	65	42%	126	24%
Secondary	116	53%	72	45%	47	31%	235	44%
Higher Secondary	37	17%	27	17%	6	4%	70	13%
Graduates	5	2%	26	16%	3	2%	34	6%
Total	220	100%	160	100%	153	100%	533	100%

It is deduced from Table(2) that level of migration is higher among the illiterates, primary and secondary level. It is also observed that they migrate without a clear choice of occupation and enter into whichever adopts them easily. The studied migrant workers highest percentage is secondary level educated. A small percentage belong to graduates and post graduates too but this has happened due to failure in obtaining a superior profession.

The position is somewhat different with respect to social groups. There is higher propensity among backward and lower casters to migrate and send remittances than among forward class. This may be due to the reason that the backward and lower caste people find low job opportunities so they migrate and obviously they are in greater need of remittances to meet current consumption expenses like household expenses, education, etc. Distance does not seem to break family ties and on the contrast a bigger percentage of income earned is sent back to native places. Since most migrants from rural areas migrate to the towns, the flow of remittances is largely from urban to rural areas.

Table 3- SOCIAL GROUP

Social Groups	Taxi operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Forward	43	20%	55	34%	48	31%	68	13%
Backward	99	45%	65	41%	97	63%	261	49%
Scheduled Tribe	78	35%	40	25%	8	5%	126	24%
Any other	0	0%	0	0%	0	0%	0	0%
Total	220	100%	160	100%	153	100%	533	100%

It could be observed from the Table(3) that only 13% workers are from forward category. 49%(261) workers are from backward category and 24%(126) workers belong to scheduled tribe.

Table 4 - MARITAL STATUS

Marital Status	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Married	220	100%	133	83%	86	56%	439	82%
Unmarried	0	0%	27	17%	67	44%	94	18%
Total	220	100%	160	100%	153	100%	533	100%

The data on Table(4) shows that only 18% (94) workers are unmarried and 82%(439) workers are married.

Demographic aspect is considered to be one among the important factors of migration. The size of the family is very crucial factor to know the division of remittances. Table(5) shows the highest percentage of children is two, three and four. To the extreme it could observe few cases of six children in the family.

Table 5 - NO. OF CHILDREN

No. of Children	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
1	11	5%	22	14%	11	7%		0%
2	100	45%	36	23%	38	24%	174	32%
3	80	36%	38	24%	21	13%	139	26%
4	21	10%	25	16%	13	8%	59	11%
5	8	4%	11	7%	4	3%	23	4%
6	0	0%	1	1%	6	4%	7	1%
No children	0	0%	27	17%	67	42%	94	17%
Total	220	100%	160	100%	160	100%	540	100%

Since the total earning of the workers family is one of the prime factor in defining socio-economic status. Table(6) reveals the fact that 70 % (372) workers are the only earning member in the family. 17 % (92) workers have two persons earning in the family. 10 % (52) workers have three persons earning. In case of joint family system more than three people working in the family. The decision of migrants to remit is relatively related on the factor of how many people working in the family, the status of family, agricultural occupancy. Lesser the member working in the family and absence of agricultural land and other assets shows that remittances are higher. Migrants from the poor background are more likely to send remittances. It will be greater if the household's status is poor, dependency ratio is higher. In case of unmarried migrants the fact has been observed that after reaching to certain level of earning income only they start sending remittances.

Table 6 - EARNING MEMBERS IN THE FAMILY

Earning members	Taxi operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Alone	210	95%	107	67%	55	36%	372	70%
Two	6	3%	27	17%	59	39%	92	17%
Three	4	2%	26	16%	22	14%	52	10%
Four	0	0%	0	0%	10	7%	10	2%
Five	0	0%	0	0%	4	3%	4	1%
Six	0	0%	0	0%	3	2%	3	1%
Total	220	100%	160	100%	153	100%	533	100%

Table 7- MONTHLY INCOME

Monthly Income	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Below 5000	118	54%	99	62%	31	20%	248	47%
5000-7000	94	43%	42	26%	19	12%	155	29%
7001-9000	8	4%	11	7%	40	26%	59	11%
9001-11000	0	0%	8	5%	35	23%	43	8%
11001-more	0	0%	0	0%	28	18%	28	5%
Total	220	100%	160	100%	153	100%	533	100%

Table(7) investigates the base of sending remittances. Remittances mainly depends on income earned. If the nature of work is irregular remittances are affected. It is evident from the data that 47% (248) respondents earn less than Rs.5000/- in a month. 29% (155) respondents earn between Rs.5000-7000. 11% (59) respondents earn 7001-9000. 8% respondents earn between Rs.9001-11000 in a month and only 5% (28) respondents earn Rs.11000 or more in a month. This data proves the fact that in city like Mumbai earning less than Rs.5000 per month is sufficient to have a nominal cost of living which impacts remittances too.

Table 8- STATUS OF LIVING

Place to stay	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Flat	16	7%	2	1%	0	0%	0%	0%
Chawl	73	33%	45	28%	9	6%	127	24%
Slum	131	60%	113	71%	30	20%	274	51%
Roadside	0	0%	0	0%	0	0%	0	0%
Hut in sight	0	0%	0	0%	108	71%	108	20%
Employees arrangement	0	0%	0	0%	6	4%	6	1%
Total	220	100%	160	100%	153	100%	533	100%

Table(8) shows the status of living of migrants by the type of present place of residence. 51%(274) respondents are living in slum areas and 24%(127) respondents living into chawl areas represents taxi and auto-rickshaw workers. 20%(108) respondents stay in sight huts provided by the labour contractors. These huts have minimal basic facilities available and workers are allotted temporary tin sheds, water and electric facilities.

Why do workers migrate and adjust with lots of difficulties in cities. It is deduced from the table that 59% (314) workers accepted that they come to the city in search of jobs. The respondents talked about unavailability of work in the native place. The rate of remuneration are poor and they are not willing to work on agricultural fields. 41% workers accepted that they had a clear choice of taxi driving after migration. Rest of the workers tried their fate for other occupation and then adopted for auto driving because it is comparatively easily accessible than taxi driving. Construction workers also have an ample scope they learn by training and basic provisions are arranged by the contractors. This makes workers easy entry into the labour market. Migration is generally of young and active people. Even with small social links in migrated areas they are ready to migrate. The elderly and children mostly in northern states women do not migrate. It's not that they are always very poor sometimes to maintain the agricultural land and raising living standards they migrate.

Surveyed workers have origin from different states of the country such as Uttar Pradesh, Bihar, West Bengal, Orissa, Madhya Pradesh, Assam, Jharkhand, Karnataka, Kerala Rajasthan and Andhra Pradesh. The largest percentage of workers was seen from Uttar Pradesh and Bihar.

It could be seen from the data given on table (9) that 37% (199) respondents live in thatched houses in their native place. 49% (261) respondents live in roof concrete houses but among construction workers roof concrete houses ratio is only 4% (6) only 14%(73) respondents live in tiled houses.

Table 9 - NATURE OF HOUSE AT THE NATIVE PLACE

Nature of house	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Thatched House	15	7%	95	59%	89	58%	199	37%
Tiled	0	0%	15	9%	58	38%	73	14%
Roof Concrete	205	93%	50	31%	6	4%	261	49%
Total	220	100%	160	100%	153	100%	533	100%

Monthly expenditure is an important determinant of remittances. It focuses on various aspects of living standards. Closely related to income earned it decides the status of living of those people who are left in the native place. Table(10) shows average monthly expenditure of the workers. 34% (183) workers have Rs.2000-3000 expenditure per month. 29% (155) workers have Rs.1000-2000 monthly expenditure. 26%(139) workers have Rs.3000-4000 expenditure per month. 9%(50) workers have Rs.4000-5000 expenditure and 1%(6) workers have Rs.5000-6000 expenditure per month.

Table 10 - PER MONTH AVERAGE MONTHLY EXPENDITURE

Exp. Per month	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Upto 1000	0	0%	0	0%	0	0%	0	0%
1000-2000	108	49%	25	16%	22	14%	155	29%
2000-3000	91	41%	38	24%	54	35%	183	34%
3000-4000	18	8%	78	49%	43	28%	139	26%
4000-5000	3	1%	13	8%	34	22%	50	9%
5000-6000	0	0%	6	4%	0	0%	6	1%
Total	220	100%	160	100%	153	100%	533	100%

The among of saving is based on the working capacity of the workers. Table(11.1) shows the saving status of the workers. 22% (119) workers do not save. 78% (414) workers save. Table (11.2) shows that 48% (206) workers save between Rs.500-1500 per month. 28% (119) workers save between Rs.1501-2500. 25% (107) workers save less than Rs.500 per month.

(A) Table 11.1- SAVING PER MONTH

Saving (Per month)	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Yes	209	95%	70	44%	135	88%	414	78%
No	11	5%	90	56%	18	12%	119	22%
Total	220	100%	160	100%	153	100%	533	100%

It should be pointed out here that poor saving status is due to high cost of living in the city and workers often unable to meet the expenditure and forces to put them in loan burden.

It is deduced from the table (11.2) that 62% (333) workers have taken loan. 38% (200) workers have not taken any loan. Workers have taken loan from different sources.

(B) Table 11.2 - STATUS OF SAVING

Saving (Per month)	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Below Rs.500	64	34%	30	43%	13	8%	107	26%
500-1500	121	63%	40	57%	27	18%	188	45%

1501-2500	6	3%	0	0%	113	74%	119	29%
2501-3000	0	0%	0	0%	0	0%	0	0%
3001-3500	0	0%	0	0%	0	0%	0	0%
4000-4500	0	0%	0	0%	0	0%	0	0%
5000-5500	0	0%	0	0%	0	0%	0	0%
Total	191	100%	70	100%	153	100%	414	100%

(A) Table 12.1 - LOAN

Loan taken	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Yes	214	97%	83	52%	36	24%	333	62%
No	6	3%	77	48%	117	76%	200	38%
Total	220	100%	160	100%	153	100%	533	100%

(B) Table 12.2 – SOURCE OF LOAN

Loan authority	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Friends	0	0%	0	0%	8	22%	8	2%
Employer	33	15%	9	11%	11	31%	53	16%
Money lender	13	6%	8	10%	16	44%	37	11%
Bank	168	79%	66	80%	1	3%	235	71%
Total	214	100%	83	100%	36	100%	333	100%

It could be seen from that data given in table(12.2) that 71% (235) workers have taken loans from the banks but this is the case applicable mainly on taxi and auto rickshaw works. Only 3% (1) construction worker has taken loan from the bank. 16% (53) workers are depending on employer for the loan. 11% (37) workers are depending on money lenders and 2% (8) workers take loan from their friends.

(C) Table 12.3 - PURPOSE OF LOAN

Purpose of loan	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
House	148	69%	15	18%	9	31%	172	53%
Agriculture	8	4%	0	0%	10	34%	18	6%
Education	12	6%	11	13%	0	0%	23	7%
Sickness	0	0%	31	37%	0	0%	31	10%
Vehicle	0	0%	26	31%	0	0%	26	8%
Other	46	21%	0	0%	10	34%	56	17%
Total	214	100%	83	100%	29	100%	326	100%

To meet their expenditure workers have take loan for different purposes. As shown in table(12.3) 53% (172) workers have taken loan for housing which consists either for pucca house or repairing of the existing house. 10% (31) workers have taken loan due to sickness of the family. 8% (26) auto/taxi workers have taken loan for vehicle. 7% (23) workers i.e. also auto and taxi workers have taken loan for education of the children. 6% (18) workers have taken loan for agriculture purposes. 17% (56) workers have taken loans for other purposes which means marriage, common family expenditure, etc. It shows workers' remittances concerned with daily needs and ultimate necessities for survival. Only a small number of worker required loan for production purposes. This also reflects a fact that to save their small land holdings they migrate and protect it by any means by taking loans or remittance. It is also observed that very small amount of loan is taken for children's education. Probably the workers are only educating their children up to basic education available at native place or they are unable to adopt notion of higher and technical education.

Since majority workers are migrated and do not stay with their families. Data were collected to find out their visit to native place in an year.

Table 13 - VISIT TO NATIVE PLACE

No. of visit	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Once	196	89%	83	52%	67	44%	346	65%
Twice	24	11%	39	24%	52	34%	115	22%
Thrice	0	0%	20	13%	20	13%	40	8%
No visit	0	0%	11	7%	14	9%	25	5%
Emergency	0	0%	7	4%	0	0%	7	1%
Total	220	100%	160	100%	153	100%	533	100%

Data on table(13) shows that 65% (346) workers visit to native place once in a year. 22% (115) workers visit twice in a year. 8% (40) workers visit thrice in a year. 5% (25) workers do not visit at all to their native places and 1% (7) workers visit in emergency also.

Workers often talked about high cost of living and other difficulties due to survival has become very difficult. The issue in recent past on North Indians also fears them. Due to their migratory character they do not enjoy absolute freedom in the city. They prefer to live in the groups of their own state / village native or community. A question was asked to them that whether they would like to go back to native place in future?

Table 14 - TO GO BACK IN FUTURE

Go back to native	Taxi Operators	%	Auto workers	%	Construction workers	%	TOTAL B+D+F	%
Yes	207	94%	128	80%	20	13%	355	67%
No	13	6%	32	20%	133	87%	178	33%
Total	220	100%	160	100%	153	100%	533	100%

It is inferred from the table(14) that 67% (355) workers would like to go back to their native place in future. But in case of construction workers only 13% (20) workers wish to go back to their native place. 87% (133) workers feel they would not like to go from the city.

CONCLUSION & SUGGESTIONS

The general painting that has come forth from the study is that migration lifts the income as well as the levels of living of rural households. A noteworthy number of household receive remittances for basic livelihood and remittances are used for various expenses requirements such as agriculture, medical care of the dependents, marriages, etc. This way the shifting of resources to rural and comparatively less advanced states has a large potential. Certainly migration and remittances have a combined effect in the economy. Though the overall impact of migration has not studied in rural and urban areas but migration of larger working groups from villages towards cities creates less utilization of rural resources due to non-availability of active adult male members. Societal constraints are often a barrier for women to work which impacts on effective utilization of local resources which could be source of livelihood. Psychological impacts are also negative on women, children and old age people who are left on villages.

The socio-economic status of migrant workers lightens the fact that majority of workers belong to weaker section with basic or secondary level of education. Due to various levels of discomfort in survival they have to migrate towards cities. Their earning are low and most often expenses are more than earnings. Even in the cities they live in unhealthy conditions. Psychological factors also affects their routine life because of their families living in the native place. They adjust their expenses among their group members. Take loan to manage dual burden of responsibilities larger number of the workers wish to go back to their native place in future. There is need from various agencies to help them in better survival as migration is a routine prolonged phenomenon government, banks, micro finance institutions, NGO's and academic institutions can play a significant role. Government needs to register the migrant in each state to secure their basic rights as citizens. Banks and micro-finance institution can come up with small saving schemes with the help of self help groups and educate them about value of insurance. Non-government organizations and welfare agencies can contribute in creating awareness and arranging continuous informal programmes and workshops about general health issues, use of drugs, tobacco, gutka, cigarette, beedi and liquor, etc. Academic institutions mainly management schools which trains their students under corporate social responsibility can help them in education and enhancing their skills of driving various construction skills, etc.

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BRAND LOYALTY OF TOILETRY PRODUCTS - A CASE STUDY OF SIRSA DISTRICT**DR. MONICA BANSAL****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT STUDIES****J.C.D.M. COLLEGE OF ENGINEERING****SIRSA – 125 055****SHALLU MEHTA****ASST. PROFESSOR****J.C.D. INSTITUTE OF BUSINESS MANAGEMENT****SIRSA – 125 055****ABSTRACT**

Brand loyalty is the ultimate goal a company sets for a branded product. In previous articles, the definition and importance of branded were discussed, as well as necessary steps needed to brand a product. This article focuses on brand loyalty, its importance to a company, and steps necessary to convert to and maintain brand loyalty. Brand loyalty is a consumer's preference to buy a particular brand in a product category. It occurs because consumers perceive that the brand offers the right product features, images, or level of quality at the right price. This perception becomes the foundation for a new buying habit. Basically, consumers initially will make a trial purchase of the brand and, after satisfaction, tend to form habits and continue purchasing the same brand because the product is safe and familiar. The main objective of this research paper is to find out the factors that plays a significant role in preference of brands of toiletry products by consumers. It is concluded that the major reason for brand switching is just to try a new brand in the market and this is because of we can say attractive advertisement through television.

KEY WORDS

Brand Loyalty, Consumers, Brand Switching, Toiletry Products, Consumer Behaviour

INTRODUCTION

Behavioral scientists who favor the theory of instrumental conditioning believe that brand loyalty results from an initial product trial that is reinforced through satisfaction, leading to repeat purchase. Cognitive researchers, on the other hand, emphasize the role of mental processes in building brand loyalty. They believe that consumers engage in extensive problem – solving behavior involving brand and attribute comparisons, leading to a storing brand preference and repeat purchase behavior. Involvement theory suggests that frequent exposure to TV commercials that are rich in visuals cues and symbols and short in duration, buttressed by storing in store displays, creates a type of brand loyalty for low – involvement purchases. Marketers are not interested only in how brand loyalty develops but on when it develops.

BRAND SWITCHING

Brand switching is when a consumer or group of consumers switches their allegiance from one brand of a certain type of product to another. This brand switching may be temporary, (example: if Marlboro cigarettes are not available at the shop a consumer may buy Camel as their next preference) or it may be longer lasting, perhaps for example in the case of products that last longer or from which switching away is harder.

It is possible to research consumers in a marketplace to determine their attitude to brands and their likelihood to switch from a brand they are using at the moment, and in particular to which other brand they might switch. This allows the building of a picture of likely brand switching behavior. It may be that German Mercedes buyers will in the main consider switching to BMW cars but would not consider switching brands to a Volkswagen. Added twists might be that from BMW some consumers would switch to Volkswagen.

If consumer's propensity to switch is known the market can be modeled to indicate future market share. Such modeling could also indicate the relative positioning of the competing brands on some variable asked in the research. The simple example above for example positions BMW and Mercedes close together but BMW nearer to Volkswagen than Mercedes.

What brand switching research would show is if a particular competitor was most likely to steal customers away from any particular company and the company could then focus their creative attention on that particular threat to their business. A recent study using data from the Target Group Index (TGI) on consumer purchase habits reported that brands with larger market share have proportionately larger groups of loyalty buyers. Another study reported that, contrary to many marketers belief, brand loyalty is not declining significantly.

The slight decline that has been measured appears to be due to and increase by marketers in sales promotion (e.g., special price deals, coupons, sweepstakes, free samples) at the expense of advertising, and to greater consumer awareness of price, more comparative advertising, and more targeting toward specialty hitches, research brands. While sales promotion deals do increase market share they do not necessarily create brand loyalty, whether defined as commitment of habit.

One researcher reported that brand – loyalty consumers tend to increase their purchases of the brand when advertising is increased, but that this strategy has little impact on less loyal consumers. The same researchers advocate refining the measures of advertising effectiveness to distinguish between the campaign's ability to attract new customers and its ability to reinforce current buyers.

EXPLORING CONSUMER BEHAVIOR

Consumer behavior is an exciting and rewarding subject for marketers to explore. Consumers are often studied because certain decisions are significantly affected by their behavior or expected actions. For this reason, consumer behavior is said to be an applied discipline and has been studied from various angles all over the world. New data, theories, relationships and models have been received with such enthusiasm that, in fact, new field for scientific inquiry has developed. Studies, such as, consumer economics, rural sociology, social and mathematical

psychology, social anthropology and political science have been so churned and milled that consumer behavior has not emerged as a relatively well delineated scientific discipline.

Being an applied discipline, such applications can exist at two different levels of analysis, one of macro perspective, where knowledge of consumers is applied to aggregate level problems faced by large groups or by society as a whole, and second of micro perspective, which seeks application of this knowledge to problems faced by then individual firm or organization.

It is the macro perspective, which involves understanding consumers for the purpose of helping a firm or organization accomplish its objectives, there lies, one of the more engrossing concept in the study of consumers behavior, that is, brand loyalty. Is a phenomenon which has been both fascinating and intriguing to the marketers; and for the manufacturers and marketers low priced, frequently purchased consumer non – durable products; this is too important a concept to ignore.

Here it is not the single sale but the repeated sales to an ever – expanding group of consumers that would significantly determine the course of the growth of such firms. Although some valuable studies have been done in the areas of brand loyalty but they are not adequate to provide full understanding of these concepts, as these researchers. Also there is a problem for the researchers whether to select individuals or a family as a unit for studying brand loyalty. Most of these studies have been based upon the panel data.

TOILETRY PRODUCTS

Personal care or toiletries is the industry which manufacture consumer products used for beautification and in personal hygiene. Subsectors of personal care include cosmetics and feminine hygiene. There is some small distinction between personal hygienic items and cosmetics, which are luxury goods solely used for beautification, but in practice such sundries are most often intermixed in retail store aisles.

PRODUCTS INCLUDE

Personal care includes products as diverse as chopstick, colognes, cotton swabs, deodorant, eye liner, facial tissue, hair clippers, lipstick, lotion, makeup, mouthwash, nail files, pomade, perfumes, personal lubricant, razors, shampoo, talcum powder, shaving cream, skin cream, toilet paper, cleansing pads and wipes, lip gloss, toothbrushes, and toothpaste, to give a few examples.

CORPORATIONS

A few examples of the major corporations in the personal care industry, illustrating the great diversity in the industry, include: Alberto-Culver, Beiersdorf, Colgate-Palmolive, Combe Incorporated, Global Gillette, Henkel, ITC Limited, Johnson & Johnson, L'Oreal, Lancôme, Maybelline, Procter & Gamble, Reckitt Benckiser, Remington Products, Unilever.

Other corporations, such as pharmacies (e.g. CVS/pharmacy, Walgreens) primarily retail in personal care rather than manufacturing personal care products themselves.

REVIEW OF LITERATURE

The central concern of brand building literature experienced a dramatic shift in the last decade. Branding and the role of brands, as traditionally understood, were subject to constant review and redefinition. A traditional definition of a brand was: “the name, associated with one or more items in the product line, which is used to identify the source of character of the item(s)” (Kotler 2000, p. 396). The American Marketing Association (AMA) definition of a brand is “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (p. 404). Within this view, as Keller (2003a) says, “technically speaking, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand” (p. 3). He recognizes, however, that brands today are much more than that. As can be seen, according to these definitions brands had a simple and clear function as identifiers. Before the shift in focus towards brands and the brand building process, brands were just another step in the whole process of marketing to sell products. “For a long time, the brand has been treated in an off-hand fashion as a part of the product” (Urde 1999, p. 119). Kotler (2000) mentions branding as “a major issue in product strategy” (p.404). As the brand was only part of the product, the communication strategy worked towards exposing the brand and creating brand image. Aaker and Joachimsthaler (2000) mention that within the traditional branding model the goal was to build brand image; a tactical element that drives short-term results. Kapferer (1997) mentioned that “the brand is a sign -therefore external- whose function is to disclose the hidden qualities of the product which are inaccessible to contact” (p. 28). The brand served to identify a product and to distinguish it from the competition. “The challenge today is to create a strong and distinctive image” (Kohli and Thakor 1997, p. 208).

Concerning the brand management process as related to the function of a brand as an identifier, Aaker and Joachimsthaler (2000) discuss the traditional branding model where a brand management team was responsible for creating and coordinating the brand’s management program. In this situation, the brand manager was not high in the company’s hierarchy; his focus was the short-term financial results of single brands and single products in single markets. The basic objective was the coordination with the manufacturing and sales departments in order to solve any problem concerning sales and market share. With this strategy the responsibility of the brand was solely the concern of the marketing department (Davis 2002). In general, most companies thought that focusing on the latest and greatest advertising campaign meant focusing on the brand (Davis and Dunn 2002). The model itself was tactical and reactive rather than strategic and visionary (Aaker and Joachimsthaler 2000). The brand was always referred to as a series of tactics and never like strategy (Davis and Dunn 2002). Aaker (2004a) renames brand architecture calling it instead brand portfolio strategy. He says that “the brand portfolio strategy specifies the structure of the brand portfolio and the scope, roles, and interrelationships of the portfolio brands” (p. 13). Therefore, this challenge could be renamed the brand portfolio strategy challenge. A corporate brand is defined primarily by organizational associations (Aaker 2004b), and thus can develop and leverage organizational characteristics, as well as product and service attributes (Aaker 2004a).

OBJECTIVES OF THE STUDY

The study aims at the following objectives:

- To find out the factors that play a significant role in preference of brands of toiletry products by consumers.
- To study the reason for brand loyalty on toiletry products
- To study about specific features which consumers would like to have been their most preferred brands of products.

METHODOLOGY

SAMPLE SIZE

The sample comprised of 130 respondents, which were personally interviewed. The basic unit recorded in the present study is the individual only.

SAMPLING DESIGN

The design is on the basis of convenience sampling. Different occupational categories such as Business Class, Service Class, Housewives and Students have taken. In addition Age and Sex have also been taken in to account.

SAMPLING AREA

District Sirsa (Haryana)

PRODUCT CHOSEN

The specific consumer used products selected for the study were Bathing Soap, Toothpaste and Shampoo. The reason being that they are most frequently used and have low cross elasticity of demand, and many brands exist for each product.

DATA COLLECTION

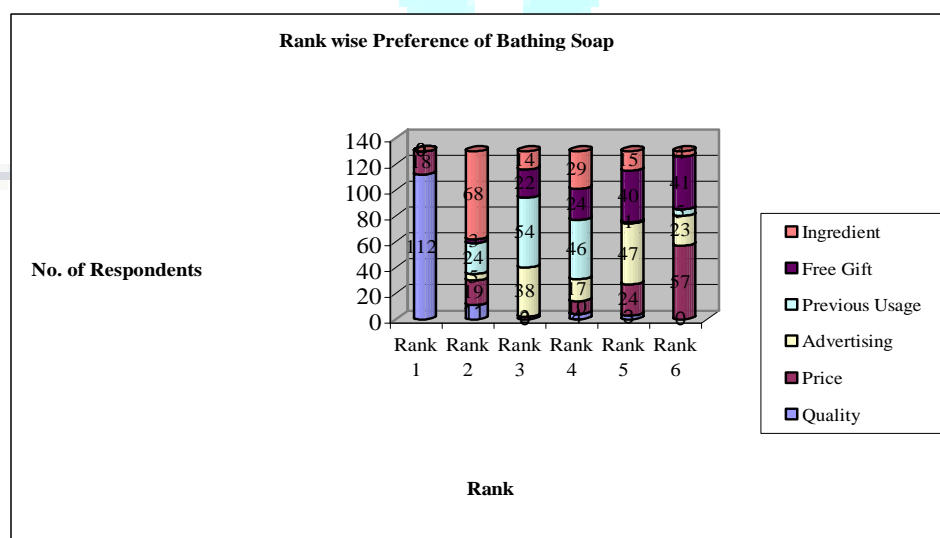
PRIMARY DATA: Maximum data collected in this study is primary data, which is collected through personal interview and survey of consumer through questionnaire. Consumers were personally visited and primary data has been collected in such a way that all the objectives if my study could cover primary data.

SECONDARY DATA: Secondary data has been collected from the various books and from the website on Internet.

ANALYSIS

TABLE-1: RANK WISE PREFERENCE OF BATHING SOAP

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Total
Quality	112	11	0	4	3	0	130
Price	18	19	2	10	24	57	130
Advertising	0	5	38	17	47	23	130
Previous Usage	0	24	54	46	1	5	130
Free Gift	0	3	22	24	40	41	130
Ingredient	0	68	14	29	15	4	130
Total	130	130	130	130	130	130	

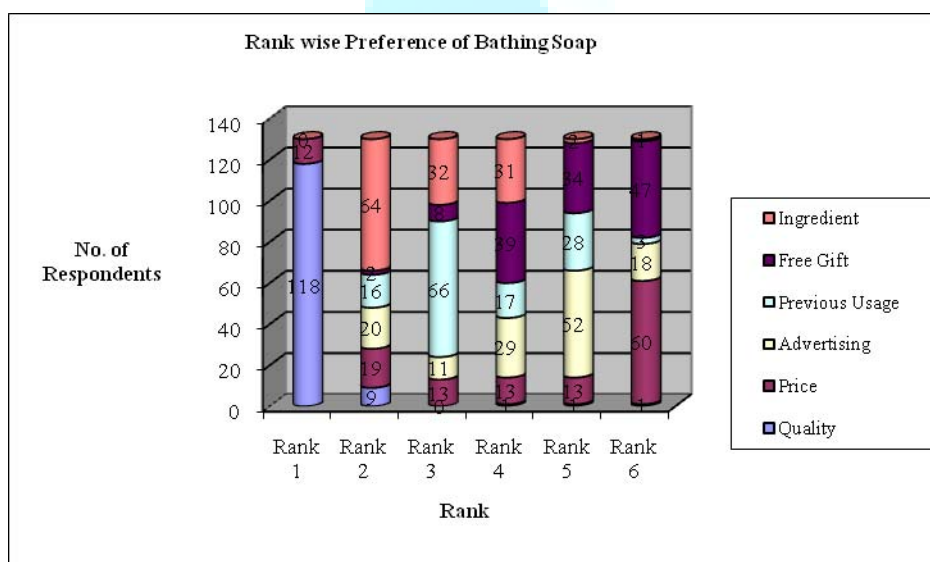


Graph-1

Table and Graph 1 shows that maximum respondents give first rank to quality (112) and price (18). Maximum second preference gives to ingredient (68), third rank gives to previous usage (54), fourth rank gives to again previous usage (46), fifth rank gives to advertising (47), and sixth rank gives to price (57).

TABLE-2: RANK WISE PREFERENCE OF TOOTHPASTE

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Total
Quality	118	9	0	1	1	1	130
Price	12	19	13	13	13	60	130
Advertising	0	20	11	29	52	18	130
Previous Usage	0	16	66	17	28	3	130
Free Gift	0	2	8	39	34	47	130
Ingredient	0	64	32	31	2	1	130
Total	130	130	130	130	130	130	



Graph-2

Table and Graph 2 shows that maximum respondents give first rank to quality (118) and price (12). Maximum second preference gives to ingredient (64), third rank gives to previous usage (66), fourth rank gives to free gift (39), fifth rank gives to advertising (52), and sixth rank gives to price (60).

TABLE-3: RANK WISE PREFERENCE OF SHAMPOO

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Total
Quality	113	2	0	0	0	0	115
Price	2	8	0	5	30	70	115
Advertising	0	15	17	35	38	10	115
Previous Usage	0	27	50	25	2	11	115
Free Gift	0	0	8	44	39	24	115
Ingredient	0	63	40	6	6	0	115
Total	115	115	115	115	115	115	

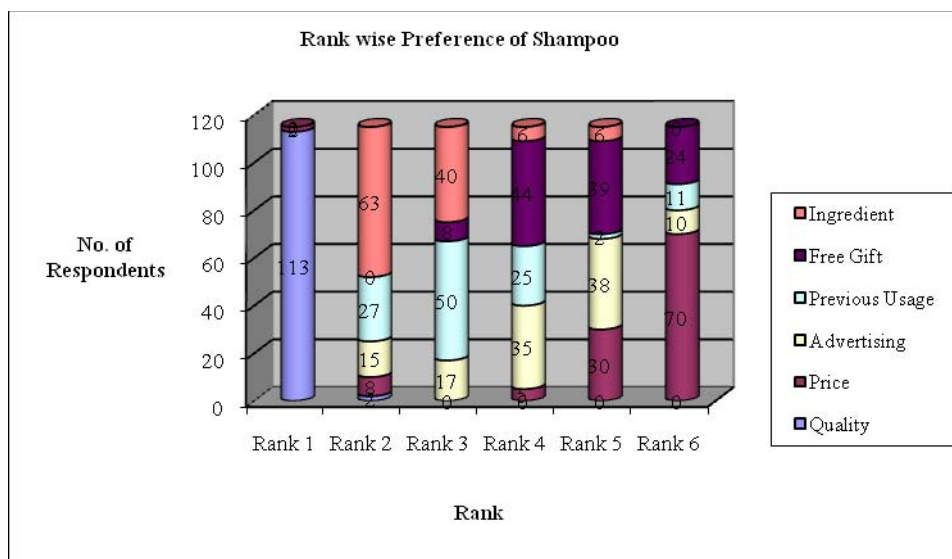
**Graph-3**

Table and Graph 3 shows that maximum respondents give first rank to quality (113) and price (2). Maximum second preference gives to ingredient (63), third rank gives to previous usage (50), fourth rank gives to free gift (44), fifth rank gives to again free gift (39), and sixth rank gives to price (70).

TABLE-4: ASSOCIATION IN BATHING SOAP FEATURES & AGE GROUP

	Below 20	20-30	30-40	Above 40	Total
Rich royal fragrance	0	14	12	9	35
Give fair complexion	4	4	5	2	15
Wash away dirt	2	23	6	12	43
For smoother, softer skin	1	17	11	7	36
Ayurvedic	0	0	1	0	1
Total	7	58	35	30	130

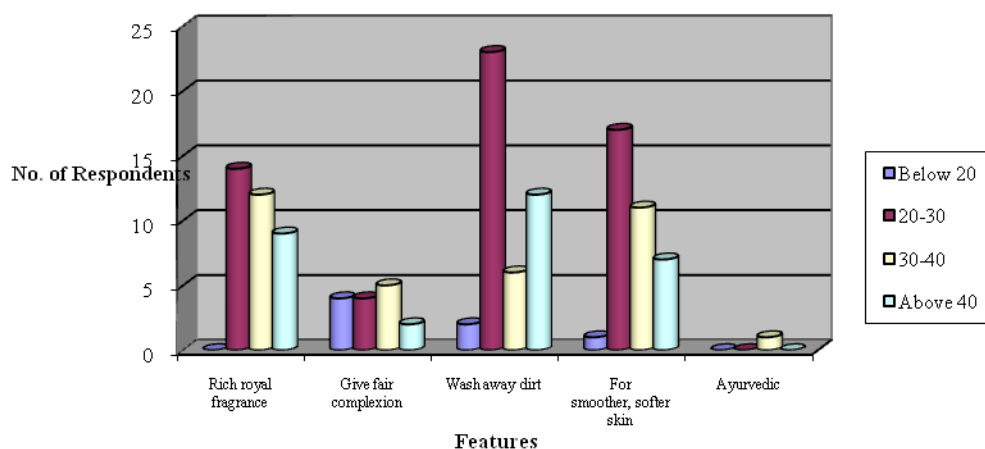
Association in Bathing Soap features & Age Group**Graph-4**

Table and Graph 4 shows that the age wise specific features of the brand of Bathing Soap, which are taken into consideration while preferring a particular brand by the respondents. In case bathing soap age group below 20, give fair complexion (4) is the most preferred reason. In age group 20-30 most preferred reasons is wash away dirt. In age group 30-40 rich royal fragrances is most preferred reason and in above 40 wash away dirt is the most preferred reason for the bathing soap.

TABLE-5: ASSOCIATION IN TOOTHPASTE FEATURES & AGE GROUP

	Below 20	20-30	30-40	Above 40	Total
Taste	1	3	1	1	6
Fight tooth decay	2	19	12	9	42
Clear, Sparking White	2	15	11	6	34
Strong healthy teeth	2	17	9	14	42
Ayurvedic	0	4	2	0	6
Total	7	58	35	30	130

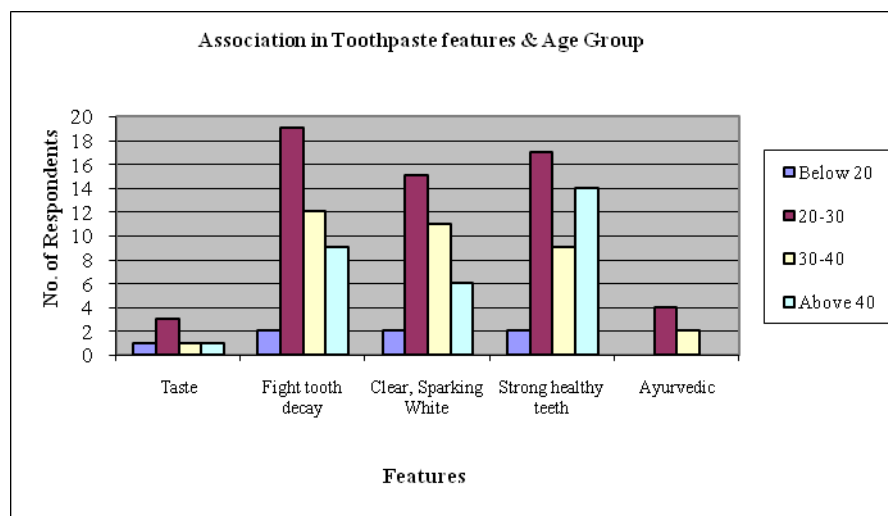
**Graph-5**

Table and Graph 5 shows that the age wise specific features of the brand of Toothpaste, which are taken into consideration while preferring a particular brand by the respondents. In case toothpaste age group below 20, give fight tooth decay (2), clear sparking white (2) and strong healthy teeth (2) is the most preferred reason. In age group 20-30 most preferred reasons is fight tooth decay. In age group 30-40 also fight tooth decay is most preferred reason and in above 40 strong healthy teeth is the most preferred reason for the toothpaste.

TABLE-6: ASSOCIATION IN SHAMPOO FEATURES & AGE GROUP

	Below 20	20-30	30-40	Above 40	Total
Lustrous hair	0	8	4	6	18
Soft naturally hair	4	10	5	3	22
Soothing touch	2	14	7	5	28
Ayurvedic	1	17	19	10	47
Total	7	49	35	24	115

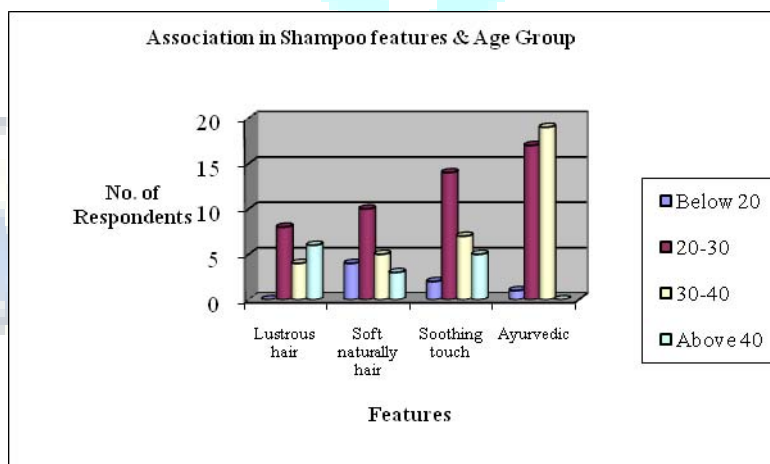
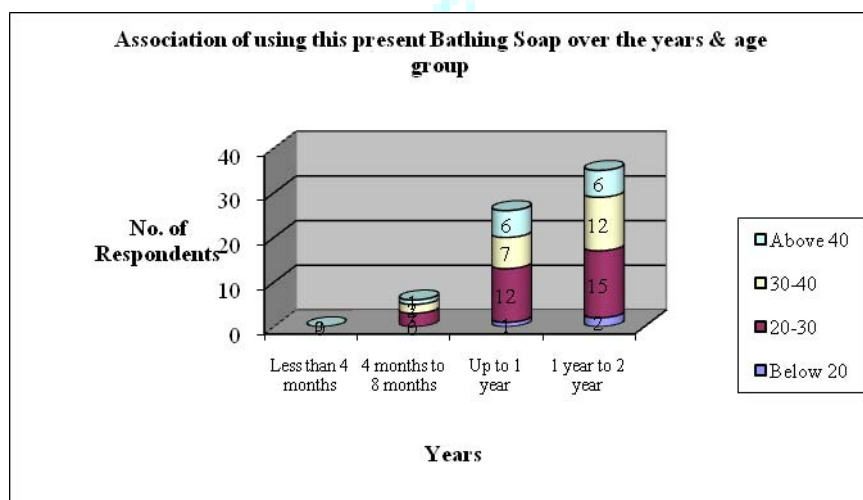
**Graph-6**

Table and Graph 6 shows that the age wise specific features of the brand of Shampoo, which are taken into consideration while preferring a particular brand by the respondents. In case shampoo age group below 20, give soft naturally hair (4), soothing touch (2) and Ayurvedic (1) are

the most preferred reason. In age group 20-30 most preferred reasons is Ayurvedic. In age group 30-40 also Ayurvedic is most preferred reason and in above 40 Ayurvedic is the most preferred reason for the shampoo.

TABLE-7: ASSOCIATION OF USING THIS PRESENT BATHING SOAP OVER THE YEARS & AGE GROUP

	Below 20	20-30	30-40	Above 40	Total
Less than 4 months	0	0	0	0	0
4 months to 8 months	0	3	2	1	6
Up to 1 year	1	12	7	6	26
1 year to 2 year	2	15	12	6	35
Over 2 year	4	28	14	17	63
Total	7	58	35	30	130

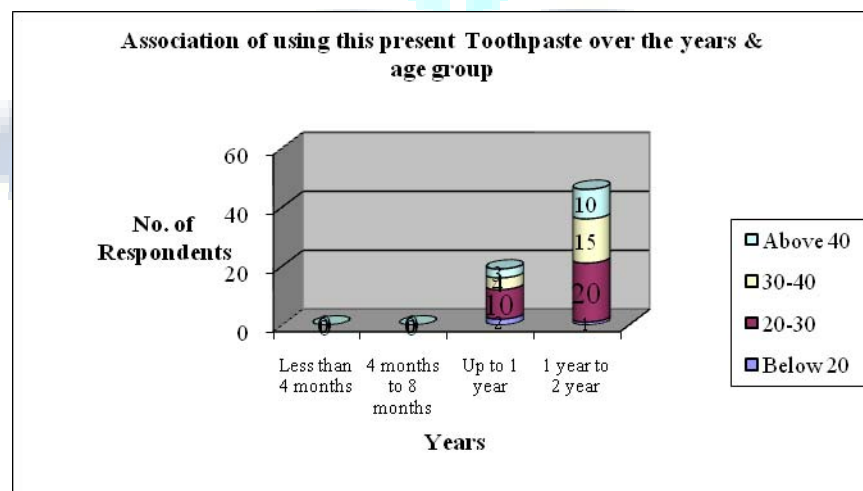


Graph-7

Table and Graph 7 shows that below 20 used bathing soap for 2 years and maximum 20-30 age group respondents used the bathing soap for over 2 years. Age group of 30-40 and above 40 also used the bathing soap for over 2 years.

TABLE-8: ASSOCIATION OF USING THIS PRESENT TOOTHPASTE OVER THE YEARS & AGE GROUP

	Below 20	20-30	30-40	Above 40	Total
Less than 4 months	0	0	0	0	0
4 months to 8 months	0	0	0	0	0
Up to 1 year	2	10	4	3	19
1 year to 2 year	1	20	15	10	46
Over 2 year	4	28	16	17	65
Total	7	58	35	30	130

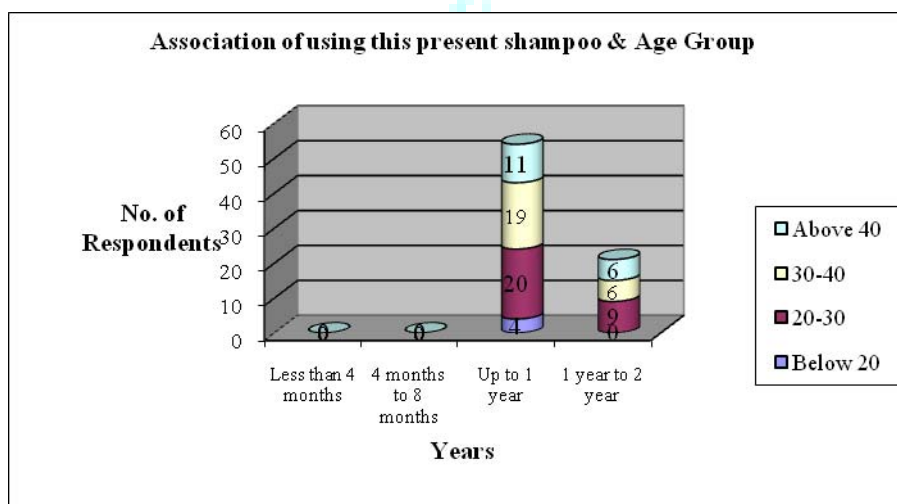


Graph-8

Table and Graph 8 shows that below 20 used toothpaste for 2 years and maximum 20-30 age group respondents used the toothpaste for 1 year to 2 years. Age group of 30-40 and above 40 also used the bathing soap for over 2 years.

TABLE-9: ASSOCIATION OF USING THIS PRESENT SHAMPOO OVER THE YEARS & AGE GROUP

	Below 20	20-30	30-40	Above 40	Total
Less than 4 months	0	0	0	0	0
4 months to 8 months	0	0	0	0	0
Up to 1 year	4	20	19	11	54
1 year to 2 year	0	9	6	6	21
Over 2 year	3	20	10	7	40
Total	7	49	35	24	115



Graph-9

Table and Graph 9 shows that below 20 used shampoo for up to 1 year and maximum 20-30 age group respondents used the shampoo for up to 1 year. Age group of 30-40 and above 40 also used the shampoo for up to 1 year.

CONCLUSIONS

This is era of competition and there is not monopoly for any product. Perfect competition market is there and according to this study also there is wide range of products in the market and stiff competition is there among them for concerned brands. There is not at all any monopoly for any brand in the market. In this study maximum respondents are among 20-30 age groups and in case of sex mostly respondents are male in Sirsa (Haryana). They mostly are using Lux in Bathing Soap, Colgate in Toothpaste and Sunsilk in Shampoo. Out of 130 respondents only 115 respondents are using Shampoo. They prefer Lux in Bathing Soap, Colgate in Toothpaste and Sunsilk in Shampoo due to quality. Most of the respondent's look specific feature in soap as Wash away dirt; Fight tooth decay in toothpaste and Ayurvedic in shampoo. Before switching over to present brand respondents were using Lux and Nima (Bathing Soap), Colgate and Close up (Toothpaste) and Sunsilk in Shampoo. All the respondents are brand loyal and they will continue to buy the same brand in future and they just switch their previous brand because of non-availability of old brand and friends experience. There are impacts of discount on brand switching but very less impact. The most effective medium of advertisement is T.V to make the aware of respondents for the availability of new brands in the market.

In the last, the major reason for brand switching is just to try a new brand in the market and this is because of we can say attractive advertisement through television.

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**CONSUMER BEHAVIOUR IN THE PURCHASE PROCESS OF TELEVISION, REFRIGERATOR AND
FOOD PROCESSOR WITH SPECIAL REFERENCE TO INCOME LEVEL**
(A STUDY OF HOUSEHOLD PRODUCT RELATED PERCEPTIONS & MAJOR CHOICE DETERMINANTS
IN CONTEXT OF CONSUMERS IN LUDHIANA CITY)

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ABSTRACT

Household products have become an inseparable part of our daily life. Their purchase is an infrequent, expensive and technical one so it gains high momentum. The consumer has to make the decision under significant brand differences because their purchase results in a long lasting bond between him and the product. The present study was conducted on a **sample of 300 consumers in Ludhiana city** to get a overview of their purchase behavior and product related perceptions. Further they were **divided into three income categories** to find the attitudes with relevance to income level. **The products selected for the study were Television, Refrigerator and Food processor.** The primary objective of the research was to study the relation of income level with the perceptions regarding product attributes; major choice determinants viz. reference groups, effective modes of communication and consumer attitude regarding advertising. The findings revealed that purchase of household product was not a single man's decision. It was inferred from the study that lower and middle income category consumers evaluated products in more utilitarian terms such as sturdiness rather than style or fashionability. They were less likely to experiment with new products. In contrast, upper category consumer was mainly concerned about appearance and body image.

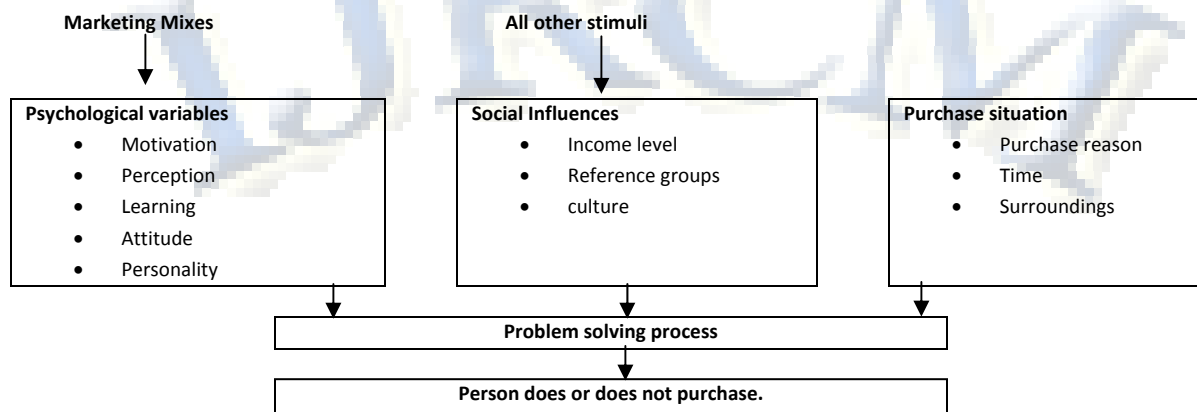
INTRODUCTION

Marketing plans of companies are undergoing a change and in this dynamic era "Income Level" has emerged into a popular tool of figuring out how products fit into a consumer pattern of living. As markets are made up of people with money to spend, it becomes mandatory for a marketer to have thorough knowledge of the income level of his target consumers and their behaviour because they are the real "power holders" in this competitive market place. Now-a-days prudent companies consider consumer's income level to be the new coronet of their marketing strategies. The need of the hour is to have a comprehensive marketing plan by utilizing various brand promotion techniques so as to establish an image and attract prospects to the company. The present study has been undertaken against this backdrop to understand the consumer purchase behaviour and his product perceptions aggregating them with his income level.

SOURCES OF POWER: HOW PEOPLE MAKE DECISION?

Income is a major player behind the purchase decision but certainly it's not the only one. In the present scenario consumer can be rightly named as the power holder. This power is composed of many variables exhibit 1 lines all of them.

EXHIBIT 1: Showing Buyer Behavior Model



Here it can be figured out that psychological variables, social influences and purchase situation all affects a person's buying behavior. In this research study, an attempt is made to analyze some of these distinct variables which shape the choice patterns of consumer belonging to different income groups. To construct a meaningful profile of consumer 3 income categories has been used. A few selected household products were chosen to elicit major choice determinants and income level was believed to play an influential role in shaping product related behaviour.

OBJECTIVES OF THE STUDY

The primary objective of this research was to study the choice pattern of different income groups in this rapidly changing market place. Following were the other specific objectives:

1. To analyze how the general economic conditions affect the way consumers allocate their money towards purchase of household products.
2. To find out the consumer perception regarding functional attributes of these products.
3. To figure out the reference group who played a significant role in affecting consumer's product preference.
4. To find out the most effective medium of communication.
5. To study the attitude of the respondents regarding usefulness of advertising.

IMPORTANCE OF THE STUDY

In today's scenario Television, Refrigerator and other electronic household appliances has become an inseparable part of every household. As the decision to buy these household products is an infrequent one so their purchase bears great influence on buyer behavior and his way of living. This study is quite significant for the marketers as it can help them in developing a better understanding of their present and prospective customers.

SAMPLE

For the purpose of this study, the **sample of 300 households** was chosen from Ludhiana city on the basis of Random Sampling. Judgment also became a base so as to make the sample representative enough. Household products selected for the study included Television, Refrigerator and Food Processor. These products were chosen keeping in view that most households do possess them. The sample was taken this way so as to relate buying behavior along with purchasing power.

LIMITATIONS OF THE STUDY

No study is complete in itself, however good it may be and every study has some limitations. The limitations of this study can be summarized below:

1. The findings of this study were based on the expressed opinions of the respondents, so the personal bias may have crept in due to respondents tendency to rationalize their views.
2. This was not an inclusive survey due to time and resource constraints.
3. The scope of the study was limited only to three household products.

ANALYSIS

SAMPLE PROFILE

It's a proven fact that consumer exhibit different behavioral patterns according to their demographic characteristics. So, the classification of the respondents on the basis of such characteristics viz. **age, gender and income** is practiced to segment respondents into various sub groups. The data pertaining to these variables is presented in Tables 1.1, 1.2 and 1.3.

Table 1.1 : Gender age classification

Age groups→ Gender↓	Below 24	25-34	35-44	45-54	Above 55	Total
Male	8(67)	50(77)	85(81)	40(67)	42(72)	225(75)
Female	4(33)	15(23)	20(19)	20(33)	16(27)	75(25)
	12	65	105	60	58	300

Note : Figures in the parenthesis are percentages of total of respective columns.

The data in Table 1.1 revealed that out of the total sample, 75 per cent constituted male and 25 per cent female respondents. As purchase of these household products is infrequent, technical and expensive so in most of the households these decision were taken by men. Moreover the decision making power vested in age group of 35-44 in case of males and in case of females in 35-44 and 45-54.

INCOME CLASSIFICATION

Purchasing power certainly affects the demand of products. Consumer behaviour differs according to level of income. An analysis of the income group along with the sample is discussed in Table 1.2

Table 1.2 : Showing income classification

Monthly income	Categories	No. of households
Below 10,000 10,000-15,000	I ₁	92(30.7)
15,000-20,000 20,000-25,000	I ₂	160(53.3)

25,000-30,000		
30,000-35,000	I ₃	48(16)
35,000-40,000		
40,000-45,000		
Above 45,000		
		300

Note: Figures in the parenthesis are percentages of total number of households.

The data was grouped in 3 categories i.e. I₁ as lower income (up to Rs. 15,000), I₂ as middle income (up to Rs. 30,000), I₃ high income (above 45,000).

AGE-INCOME CLASSIFICATION

The age group classification of respondents under different income categories is presented in Table 1.3.

Table 1.3 : Showing age - income classification

Age (Years)	Income			Total
	I ₁	I ₂	I ₃	
Below 24	4(4.35)	7(4.38)	1(2.08)	12(4.0)
25-34	15(16.30)	36(22.5)	14(29.17)	65(21.7)
34-44	18(19.56)	65(40.62)	22(45.83)	105(35.0)
45-54	17(18.48)	36(22.5)	7(14.58)	30(20.0)
Above 54	38(41.31)	16(10.0)	4(8.34)	58(19.3)
Total	92	160	48	300

Note: Figures in the parenthesis are percentages of total of respective columns.

These observations revealed the decision making power in I₁ category vested in age group of above 54. Whereas in categories I₂ and I₃ age group of 35-44 played a dominant role.

CONSUMER PERCEPTIONS

The decision to purchase a consumer durable results in the establishment of a long lasting bond between consumer and the product. The product becomes a part of the household and reflects the lifestyle. So the consumer in its decision-making process compares various brands, their prices, features and many other aspects.

In this present study all these variables are studied in relation to consumer's level of income

TELEVISION

BRAND OWNERSHIP

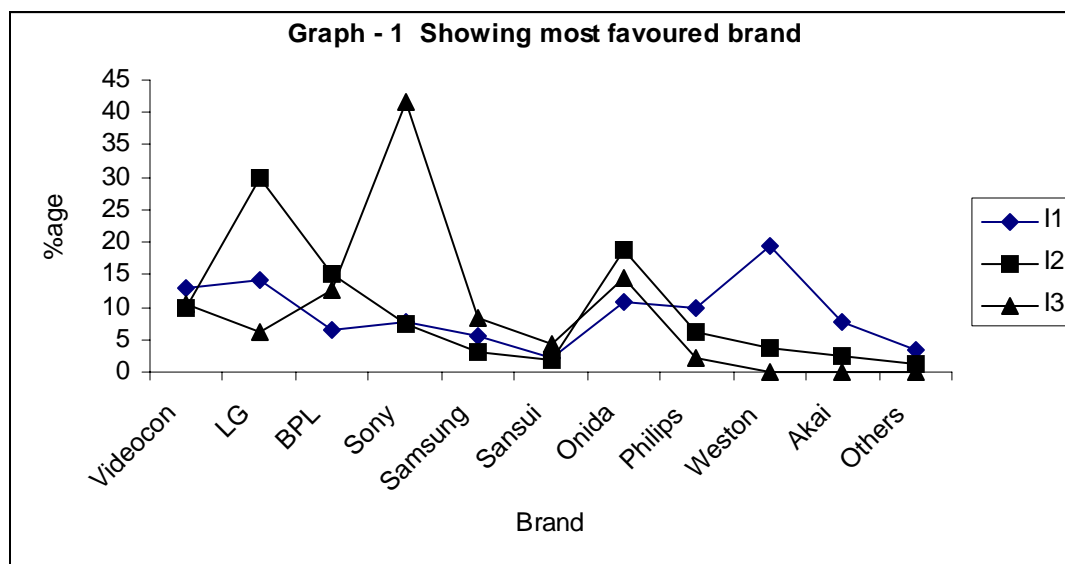
Table 1.4 presents the various brands of televisions in usage by the respondents among all income groups.

Table 1.4 Showing television brands in usage

Brand	Income categories			Total
	I ₁	I ₂	I ₃	
Videocon	12(13.04)	16(10)	5(10.42)	33(11)
LG	13(14.13)	48(30)	3(6.25)	64(21.32)
BPL	6(6.52)	24(15)	6(12.5)	36(12)
Sony	7(7.61)	12(7.5)	20(41.67)	39(13)
Samsung	5(5.43)	5(3.13)	4(8.33)	14(4.67)
Sansui	2(2.17)	3(1.87)	2(4.17)	7(2.33)
Onida	10(10.87)	30(18.75)	7(14.58)	47(15.67)
Philips	9(9.78)	10(6.25)	1(2.08)	20(6.67)
Weston	18(19.57)	6(3.75)	-	24(8.00)
Akai	7(7.61)	4(2.5)	-	11(3.67)
Others	3(3.27)	2(1.25)	-	5(1.67)
Total	92	160	48	300

Note : Figures in the parenthesis are percentages of total of respective columns.

It can be inferred from Table 1.4 that Weston was having highest usership in lower income group closely followed by LG and Videocon. Middle income group owned LG (30%) mostly, but in case of upper income group, Sony (41.67%) was the most favored brand. Graph 1 depicts the most favored brand.



Main consideration while purchase

Table 1.5 presents the major consideration behind the purchase of this product.

Table 1.5: Showing consideration variables

Consideration variable	Income categories			Total
	I ₁	I ₂	I ₃	
Brand reputation	20(21.74)	41(25.63)	19(39.58)	80(26.67)
Credit facility	14(15.22)	8(5.00)	1(2.08)	23(7.67)
Price	26(28.26)	34(21.24)	6(12.5)	66(22.0)
Styling	6(6.52)	31(19.37)	15(31.26)	52(17.33)
Advertisement	9(9.78)	18(11.25)	4(8.33)	31(10.33)
Exchange offer	10(10.87)	11(6.88)	1(2.08)	22(7.33)
Accompanied gifts	7(7.61)	17(10.63)	2(4.17)	26(8.67)
Total	92	160	48	300

Note: Figures in the parenthesis are percentages of total of respective columns.

It can be inferred from the Table 1.5 that among lower income group price (28.26%) was the major consideration in purchase, closely followed by Brand reputation (21.74%). In middle income group brand reputation (25.63%) was most important factor in television's purchase. Upper income group considered brand reputation (39.58%) and its styling (31.26%) as most important factors.

To check the relevance of purchasing power with the buying considerations a Null Hypothesis (H_0) was taken that there is no significant association between buying motive and level of income and an alternate hypothesis H_1 that there is significant association between buying motive and level of income.

Statistical test: Accordingly chi square was found most appropriate here.

Level of significance $\alpha = 5\%$

Degrees of freedom = $(r - 1)(c - 1) = (7 - 1)(3 - 1) = 12$

$\chi^2 = \sum [(O - E)^2 / E]$
= 36.14 (calculated value)

Table value $\chi^2_{0.05} = 21$

Interpretation: As the calculated value was much greater than table value H_0 was rejected and it was proved that the buying considerations differed with the level of income.

Benefits expected

To find out the perceptions regarding the expected benefits from the purchase of Television this question was framed. Table 1.6 traces out their responses.

Table 1.6: Showing reasons for buying television

Benefit	Income categories			Total
	I ₁	I ₂	I ₃	
Entertainment	37(40.22)	65(40.63)	12(25.0)	114(38.0)
Knowledge	25(27.17)	38(23.75)	10(20.33)	73(24.33)
Status	10(10.87)	20(12.50)	18(37.50)	48(16.00)
Necessity	12(13.04)	25(15.63)	05(10.42)	42(14.00)

Participate in parties	8(8.70)	12(7.5)	3(6.25)	23(7.67)
Total	92	160	48	300

Note: Figures in the parenthesis are percentages of total of respective columns.

From the analysis it was inferred that both I₁ and I₂ categories attached a very high degree of entertainment value with television i.e. 40.22% and 40.63% respectively. But in case of I₃ category buying a latest model of television i.e. LCD or Flatron was a status symbol.

REFRIGERATOR

Brand ownership

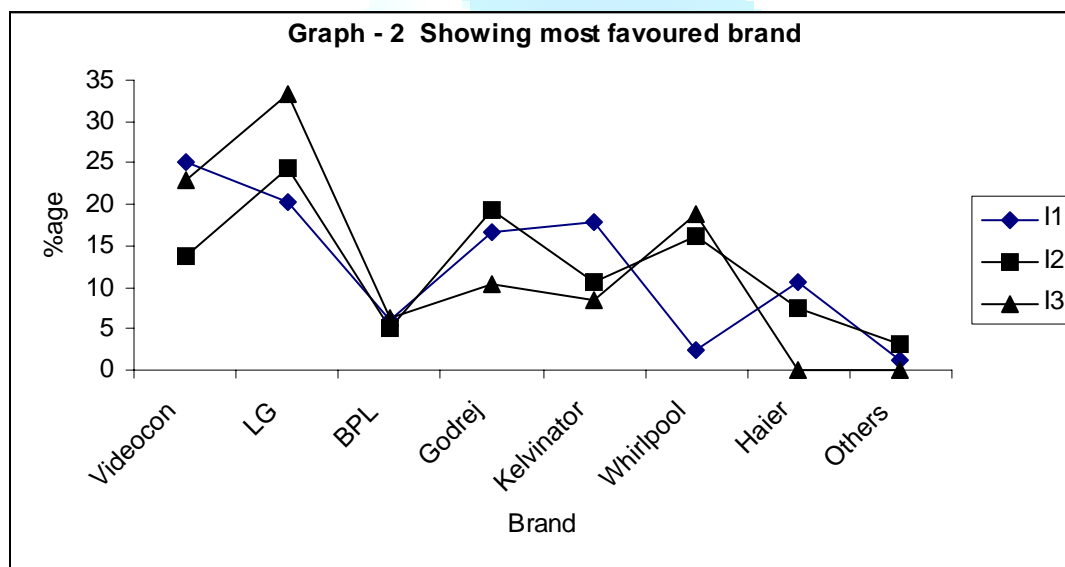
Table 1.7 presents the various brands of Refrigerators in usage by the respondents among different income groups.

Table 1.7 Showing refrigerator brands in usage

Brand	Income categories			Total
	I ₁	I ₂	I ₃	
Videocon	21(25.00)	22(13.75)	11(22.92)	54(18.49)
LG	17(20.24)	39(24.37)	16(33.33)	72(24.66)
BPL	5(5.95)	8(5.0)	3(6.25)	16(5.48)
Godrej	14(16.67)	31(19.37)	5(10.42)	50(17.12)
Kelvinator	15(17.86)	17(10.63)	4(8.33)	36(12.33)
Whirlpool	2(2.38)	26(16.25)	9(18.75)	37(12.67)
Haier	9(10.71)	12(7.5)	-	21(7.19)
Others	1(1.19)	5(3.13)	-	6(2.06)
Total	84	160	48	292

Note: Figures in the parenthesis are percentages of total of respective columns.

It was inferred that in lower income group Videocon (25%) was the first choice. As in the case of middle and upper income groups LG was the favourite brand with 24.37% and 33.33% of usership respectively. Graph 2 shows the favourite brand in the three income categories.



MAIN CONSIDERATION WHILE PURCHASE

This question was framed to find the main consideration behind the selection of a particular brand.

Table 1.8: Showing consideration variables

Consideration variable	Income categories			Total
	I ₁	I ₂	I ₃	
Brand reputation	15(17.86)	47(29.38)	16(33.33)	78(26.71)
Credit facility	17(20.24)	10(6.25)	2(4.17)	29(9.93)
Price	21(25.0)	32(20.0)	5(10.42)	58(19.86)
Styling	5(5.95)	24(15.0)	11(22.92)	40(13.70)
Advertisement	4(4.76)	36(22.5)	7(14.58)	47(16.1)
Exchange offer	12(14.29)	7(4.38)	3(6.25)	22(7.53)
Free gifts	10(11.9)	4(2.5)	4(8.33)	18(6.16)

Total	84	160	48	292
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Note: Figures in the parenthesis are percentages of total of respective columns.

It is clear from Table 1.8 that the main consideration behind purchase decision was the Reputation of the brand. Whereas the lower income group differed in opinion they considered price as the main influencer with 25% of the responses.

Here a H_0 (Null Hypothesis) was taken that purchasing motive behind Refrigerator was independent of income level; then H_1 (alternative hypothesis) as there existed significant relation between income level and motive was taken.

Statistical test: Then chi square test was applied at 5% level of significance

Degrees of freedom = (7-1) (3 -1) = 12

$\chi^2 = 60.28$ (calculated value)

Table value $\chi^2_{0.05} = 21$

Interpretation: As the calculated value was much greater than table value, H_0 was rejected. Hence, there was a strong association between level of income and buying motive.

Benefits expected

To find out the perceptions regarding the expected benefits from the purchase of refrigerator this question was framed, the responses are shown in Table 1.9.

Table 1.9: Showing the benefits expected

Expectation	Income categories			Total
	I ₁	I ₂	I ₃	
Energy efficiency	15(17.86)	27(16.88)	3(6.25)	45(15.41)
Cooling	21(25.0)	30(18.75)	4(8.33)	55(18.84)
Storage capacity	28(33.33)	50(31.25)	10(20.88)	88(30.14)
Status symbol	11(13.09)	18(11.25)	5(10.42)	34(11.64)
Retention of freshness	6(7.14)	21(13.33)	14(29.17)	41(14.04)
Additional features	3(3.57)	14(8.75)	12(25.00)	29(9.93)
Total	84	160	48	292

Note: Figures in the parenthesis are percentages of total of respective columns.

It was revealed from the analysis that there were similar expectations of lower and middle income group category as both desired for better storage capacity i.e. 33.33% and 31.25% respectively where as upper income group attached main importance with retention of freshness (29.17%).

FOOD PROCESSOR

Ownership of food processor brand

Table 1.10 lines out the main brands available in market and their ownership among the respondents of all income groups.

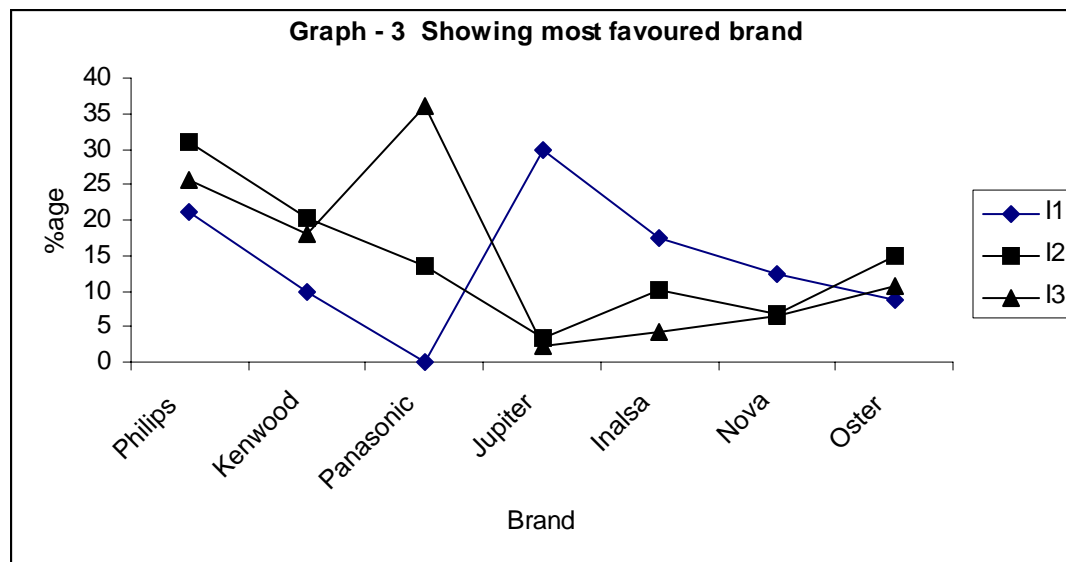
Table 1.10: Showing ownership of food processor

Brand	Income categories			Total
	I ₁	I ₂	I ₃	
Philips	17(21.255)	46(31.08)	12(25.53)	75(27.27)
Kenwood	8(10)	30(20.27)	7(17.89)	45(16.36)
Panasonic	-	20(13.51)	17(36.17)	37(13.45)
Jupiter	24(30)	5(3.38)	1(2.13)	30(10.91)
Inalsa	14(17.5)	15(10.14)	2(4.20)	31(11.27)
Nova	10(12.5)	10(6.76)	3(6.38)	23(8.36)
Oster	7(8.75)	22(14.86)	5(10.64)	34(12.36)
Total	80	148	47	275

Note: Figures in the parenthesis are percentages of total of respective columns.

It was concluded from the analysis that Jupiter (30%) was the most favoured brand in lower income group. Philips (31.08%) ranked first in middle and in upper majority of the respondents owned Panasonic (36.17%) food processor. It was found that Panasonic was an unpopular brand in lower income group.

Graph -3 shows the position of food processor brands in Ludhiana city.



MAIN CONSIDERATION IN PURCHASE DECISION

Table 1.11 presents the main factors which convinced the respondents regarding the purchase of a specific brand.

Table 1.11: Income categories

Factors	Income categories			Total
	I ₁	I ₂	I ₃	
Brand reputation	13(16.25)	49(33.11)	16(34.04)	78(28.36)
Price	22(27.5)	19(12.84)	3(6.38)	44(16.00)
Features	10(12.5)	22(14.86)	13(27.66)	45(16.36)
Advertisement	5(6.25)	10(6.76)	9(19.15)	24(8.73)
Warranty	16(20)	36(24.32)	4(8.51)	56(20.36)
Free gifts	14(17.5)	12(8.11)	2(4.26)	28(10.19)
Total	80	148	47	275

Note: Figures in the parenthesis are percentages of total of respective columns.

It was concluded that price played an important role in lower income category (27.5%) in purchase decision. Whereas brand reputation was the major factors which influenced the respondents of middle and upper income group.

Benefits expected

Table 1.12 revealed the major benefits expected by different income groups in the purchase of Food Processor.

Table 1.12: Showing the expected benefits

Benefit	Income categories			Total
	I ₁	I ₂	I ₃	
Multiple uses	39(48.75)	41(27.7)	10(21.28)	90(32.73)
Time saving	29(36.25)	75(50.68)	17(36.17)	121(44)
Necessity	12(15)	32(21.62)	20(42.15)	64(23.27)
Total	80	148	47	275

Note: Figures in the parenthesis are percentages of total of respective columns.

It was analyzed that 48.75% of the respondents of lower income group desired a number of services from their food processor. But according to middle income group which was mainly service class expected that it should help in serving time (50.68%). The upper income groups found it a necessity (42.15%) and felt that kitchen work was impossible without a food processor.

CHOICE DETERMINANTS

Consumer buying behavior is an outcome of a variety of factors i.e. not just those relating to obvious features of the product. So an examination of such important factors viz. reference groups, media channel and impact of advertisement becomes essential for the study to group their behavior under a particular pattern.

ROLE DOMINANCE IN PURCHASE DECISION

In order to find out the members who had a major influence in the purchase process of the above discussed products, the respondents were asked their opinions as to who influenced their decision mostly. Their responses are given in table 1.13.

Table 1.13: Showing role dominance in purchase decision

Members	Income categories			Total
	I ₁	I ₂	I ₃	
Family	31(33.7)	69(43.13)	12(25)	112(37.33)
Friends	24(26.09)	41(25.63)	26(54.17)	91(30.33)
Neighbours	17(18.48)	27(16.88)	-	44(14.67)
Relatives	5(5.43)	3(1.87)	3(6.25)	11(3.67)
Colleagues	15(16.30)	13(8.12)	-	28(9.33)
Self	-	7(4.37)	7(14.58)	14(4.67)
Total	92	160	48	300

Note: Figures in the parenthesis are percentages of total of respective columns.

It can be concluded from the above table that family played a major role in the choice of a particular brand both in case of I₁ and I₂ categories i.e. 33.7% and 43.13% respectively. Whereas I₃ category differed in opinion, in their decision making process friends (54.17%) were the major influences. There was one common point in all the categories that relatives did not play an important role. It was also analyzed that purchase of household product was not a single man's decision.

IMPACT OF MEDIA CHANNEL

There are varied means of communication these days. Table 1.14 depicts major influencing media channel amongst all categories.

Table 1.14: Showing the effectiveness of different media channels

Media	Income categories			Total
	I ₁	I ₂	I ₃	
Television	47(51.09)	86(53.75)	23(47.92)	156(52)
Print	16(17.39)	49(30.62)	12(2.5)	77(25.67)
Internet	2(2.17)	9(5.63)	9(18.75)	20(6.67)
Tele marketing	10(10.87)	5(3.12)	3(6.25)	18(6.0)
Hoardings	17(18.48)	11(6.88)	1(2.08)	29(9.66)
Total	92	160	48	300

Note: Figures in the parenthesis are percentages of total of respective columns.

Table 1.14 depicted that television was the most effective media channel for all three categories i.e. 51.09%, 53.57%, 47.92% respectively.

SUBLIMINAL EMBED EFFECT ON MULTIPLE USES OF ADVERTISING

As marketing can be used for a number of reason. The effectiveness and efficiency of marketing varies for different causes. The question was asked to know about the attitude of respondents toward usefulness of advertising for these causes. A 5 point likert scale was used for measuring their views. Their responses are shown in Table 1.15.

Table 1.15: Showing usefulness of advertising

Uses	Lower group		Middle group		Upper group	
	Mean score	Opinion	Mean score	Opinion	Mean score	Opinion
Getting initial information	4.03	Useful	3.72	Indifferent	4.64	Very useful
Facilitates comparison	4.00	Indifferent	3.09	Not useful at all	3.82	Not useful
Offers availability	4.41	Very useful	4.44	Very useful	4.18	Indifferent
Technological improvement	3.78	Not useful	3.97	Useful	4.36	Useful
Taking ultimate decision	3.13	Not useful at all	3.16	Not useful	3.72	Not useful at all

It is clear from the table that the respondents of I₁ and I₂ category felt that advertisement was best for getting information regarding availability whereas the I₃ category believed that advertisement was best used for getting initial information only. Responses were negative regarding taking ultimate decision as respondents felt that advertisement is not a single influencer.

RESULTS AND CONCLUSIONS

The inferences drawn from the analysis about the various aspects of research study are as follows:

- The profile constituted 75% male and 25% female respondents. The wide gap was due to the existence of some technical decisions usually taken by men only.
- In males the decision making age group was 35-44 years whereas in case of females the decision making power vested in two age groups i.e. 35-44 and 45-54.

It was inferred from the study that the consumers of I₁ and I₂ category evaluated products in more utilitarian terms such as sturdiness rather than style or fashion ability. They were less likely to experiment with new products. In contrast, I₃ category consumers were mainly concerned about appearance and body image. Product wise analysis is given as follows:

TELEVISION

- Weston (19.57%), LG (30%), Sony (41.67%) were the most favoured brands in lower, middle and upper income categories respectively.

- Price (28.26%), brand reputation (25.63%), (39.58%) were the major considerations behind purchase decision in lower, middle and upper income categories respectively.
- It was proved by applying Chi-square Test that purchasing power influenced buying consideration.
- Entertainment value was the main reason behind the purchase decision in lower and middle income group with 40.22% and 40.63% responses respectively. 37.5% of the upper income group considered it as a reflection of their status.

REFRIGERATOR

- Videocon (25%), LG (34.37%) and LG (33.33%) were the most favoured brands in lower, middle and upper income group categories respectively.
- Price (25%), brand reputation (29.38%), and (33.33%) were the major considerations behind the purchase decision in lower, middle and upper income groups respectively.
- It was proved by applying Chi-square Test that buying motives differed in various income categories.
- Better storage capacity was the mainly desired feature in lower and middle income group i.e. 33.33% and 31.25% respectively. Retention of Freshness was the main area of concern i.e. 29.17% among upper income group.

FOOD PROCESSOR

- Jupiter (30%), Philips (31.08%), Panasonic (36.17%) were the most favoured brands in I₁, I₂, I₃ category respectively.
- Price (27.5%) brand reputation (34.04%) and (34.04%) were the major considerations behind the purchase decision in I₁, I₂, I₃ category respectively.
- Multiple uses (48.75%), time saving (50.68%) and necessity (42.15%) were the major benefits expected by the three categories respectively.

CHOICE DETERMINANTS

- Family (33.7%) and (43.13%), friends (54.17%) played a dominant role in decision making process in respectively categories.
- Television was found the most effective media channel among all three categories viz. 51.09%, 53.75% and 47.92% responses.
- It was found by applying Likert Scale that advertisement was mainly taken as a useful medium of information but do not indulge them into actual purchase.

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WORK LIFE BALANCE –A CAUSE FOR STRESS AMONG CAREER COUPLES**MRS. VISHAL SAMARTHA****ASST. PROFESSOR****DEPARTMENT OF M. B. A.****SAHYADRI COLLEGE OF ENGINEERING & MANAGEMENT****MANGALORE – 575 007****MR. LOKESHA****ASST. PROFESSOR****DEPARTMENT OF M. B. A.****SAHYADRI COLLEGE OF ENGINEERING & MANAGEMENT****MANGALORE – 575 007****MS. ASHWITHA KARKERA****FACULTY****DEPARTMENT OF M. B. A.****SAHYADRI COLLEGE OF ENGINEERING & MANAGEMENT****MANGALORE – 575 007****ABSTRACT**

The closing decades of the 20th century have witnessed unprecedented changes in work and family, the two pre-eminent arenas in which men and women in contemporary society play out their lives and seek to satisfy important human needs. The unfolding changes in the composition of the workforce together with the growing proportion of workers in non-traditional family forms have focused heightened attention on the conflicts faced by employed men and women in balancing the competing demands and responsibilities of work and family roles. In a recent study of the changing workforce, the Families and Work Institute reported that work-life balance was ranked among the most important factors considered by individuals in accepting a new position. Over the last few years the banking industry has undergone drastic changes like Transformation, Consolidation, Outsourcing, privatisation, re-entry of foreign banks, strict regulatory and disclosure requirements, increase in minimum paid up capital requirements, modernization of Core Banking Systems, increased automation and up gradation of IT have a significant impact on the banks employees. In this regard an earnest attempt has been made by taking 125 respondents from the banking sector to study the work life balance among career couples. The statistical tools like factor analysis, correlation are being used.

INTRODUCTION

Work life and personal life are inter-connected and interdependent. Spending more time in office, dealing with clients and the pressures of job can interfere and affect the personal life, sometimes making it impossible to even complete the household chores. On the other hand, personal life can also be demanding if you have a kid or aging parents, financial problems or even problems in the life of a dear relative. It can lead to absenteeism from work, creating stress and lack of concentration at work. Work life and personal life are the two sides of the same coin. According to various work /life balance surveys, more than 60% of the respondent professionals surveyed said that are not able to find a balance between their personal and professional lives. They have to make tough choices even when their work and personal life is nowhere close to equilibrium. Traditionally creating and managing a balance between the work-life was considered to be a woman's issue. But increasing work pressures, globalization and technological advancement have made it an issue with both the sexes, all professionals working across all levels and all industries throughout the world. Achieving "work-life balance" is not as simple as it sounds. Work-personal life conflict occurs when the burden, obligations and responsibilities of work and family roles become incompatible. Obligation of one can force an individual to neglect the other. DK district has been the birth place of many banks and majority of the people are employed in these banks from quite some time which includes people from both genders. Banks have undergone tremendous changes in the recent past because of entry of the foreign and private banks. There is a paradigm shift of the work culture in banks when compared to the past to the present. Because of the competitiveness in banking sector there is a lot of pressure on the employees to perform better and to meet targets. This has influenced the employees' personal and professional life. Hence the researcher tries to understand the work life balance of employees in the banks.

REVIEW OF LITERATURE

The term "work-life balance" refers to people spending sufficient time at their jobs while also spending adequate time on other pursuits, such as family, hobbies, and community involvement. Work-life conflict, especially role overload and work to family interference, results in a decline in physical and mental health, lower job satisfaction and commitment, and an increase in absenteeism and employee turnover. The evidence is that this conflict not only detrimentally impacts upon the quality of life for workers and their families, but that employers and society are also bearing the costs of this conflict (Duxbury and Higgins 2002, 2003; Higgins, Duxbury and Johnson 2004).

The term "dual-career couple" is an offshoot of the phrase "dual earner couple." In dual career couple, wives are more careers oriented rather than simply holding jobs. In dual career couples, there is a higher commitment, higher level of training, and accumulated experience in their

careers. Money is rarely the only motivation. Both husband and wife seek steady advancement and psychological, as well as financial satisfaction.

The ever-increasing working hours leave the individuals with less time for themselves and to pursue his hobbies or leisure activities. This hinders the growth of the person as an individual in terms of his personal and spiritual growth. There are various reasons for the imbalance in work and family life of an employee. From individual career ambitions to pressure to cope up with family or work, the reasons can be situation and individual specific. Spending more time in office, dealing with clients and the pressures of job can interfere and affect the personal life, sometimes making it impossible to even complete the household chores. On the other hand, personal life can also be demanding if you have a kid or aging parents, financial problems or even problems in the life of a dear relative. It can lead to absenteeism from work, creating stress and lack of concentration at work.

The speed of advancement of information technology, the increasing competition in the talent supply market has led to a "performance-driven" culture creating pressures and expectations to perform more and better every time. Also, many a times, many people find it difficult to say "NO" to others especially their superiors. They usually end up over burdening themselves with work. The increasing responsibilities on the personal front with age can also create stress on personal and professional fronts.

According to a survey, 81 per cent of the respondents have admitted that their jobs are affecting and creating stress in their personal lives. The pressures of the work or personal life can lead to stress. According to studies, it has been found to that such situation can take a toll on the person's health both physiologically and psychologically. Heart ailments, cardiovascular problems, sleep disorders, depression, irritability, jumpiness, insecurity, poor concentration and even nervous breakdowns are becoming common among the victims of such imbalance. The pressures of the work or personal life can lead to stress.

A clear relationship was identified between parenting, employment, and sharply rising stress-levels (Cartwright and Cooper, 1997). The experiences of employed fathers and mothers is at odds with research which shows that men and women in professional and managerial roles seek to spend more time with families, especially when children are young, and find it stressful if this is hard to achieve. (Gatrell, C.J. and Cooper, C.L.). Stress appeared to intensify in relation to the number of hours worked by parents who were physically and emotionally torn between the demands of family and paid work (Swan and Cooper, 2005; Cartwright and Cooper, 1997; Worrall and Cooper, 1999).

RESEARCH METHODOLOGY

The validity of any research is basically dependent on the systematic method of data collection and analysis. Primary data was used for the present study. The primary data was collected from 125 sample respondents from Mangalore City. For collecting the first-hand information from the respondents, two hundred of them were chosen by convenience sampling method. Questionnaire was the tool used to collect the primary data from the selected sample respondents. For this purpose, a well structured questionnaire was framed with the help of research expert. Field survey method was employed to collect the primary data from the selected sample respondents. The statistical tools used for analyzing the data were descriptive, factor analysis and correlation.

OBJECTIVES

- To understand the work life balance of career couples
- To identify and analysis the factors influencing stress among career couples
- To find the association between various factors influencing stress among career couples

RESULTS AND ANALYSIS

Table1: Frequency and percentage of demographic factors

		Frequency	Percentage (%)
Gender	Male	76	60.8
	Female	49	39.2
Age (years)	25-29	24	19.2
	30-35	23	18.4
	36-40	23	18.4
	41-45	11	8.8
	Above 46	44	35.2
Education	SSLC	29	23.2
	PU	8	6.4
	UG	41	32.8
	PG	47	37.6
Place	Urban	94	75.2
	Rural	31	24.8
Designation	Clerk	76	60.8
	Special Assistant	4	3.2
	Officer	22	17.6
	Manager	23	18.4
Income	75000-150000	53	42.4
	150000-225000	19	15.2
	225000-300000	27	21.6
	Above 300000	26	20.8
Service	Less than 5	35	28.0

	5-10	20	16.0
	10-15	12	9.6
	15-20	14	11.2
	20-25	11	8.8
	Above 25	33	26.4
Marital	Married	105	84.0
	Unmarried	20	16.0
Dependents	Less than 2	34	27.2
	2-4	83	66.4
	4-6	8	6.4

The above table gives frequency and percentage of demographics of the respondents. From the total sample size of 125, 60.8% were male and 39.2% were female. The majority of the respondents (35.2%) belong to above 46 years, 19.2% belong to the age group of 25-29, and 18.4% belongs to 30-35 and 36-40. Education wise majority of the respondents have UG (32.8%) and PG (37.6%) qualification and 23.2% with SSLC qualification. Majority (75.2%) of the respondents are from urban area and remaining from rural area. Majority (60.8%) are clerks, 18.4% managers, 17.6% special assistants respectively. Majority (42.4%) of the respondents were in the income group of 75000-150000. In case of service, majority (28. %) of the respondents had less than 5 years of experience. In this study majority of the respondents were married (84%) and had 2-4 dependents (66.4%).

Table 2: Factor analysis.

KMO and Bartlett's Test		
Kaiser-Meyer - Olkin Measure of Sampling Adequacy.		.512
Bartlett's Test of Sphericity	Approx. Chi-Square	3096.841
	df	300
	Sig.	.000

The significance (0.000) is less than the assumed value (0.05). So we reject null hypotheses (H0 factor analysis is not valid) and conclude that factor analysis is valid. KMO coefficient (0.512) is more than 0.5 which implies factor analysis for data reduction is effective.

Table 3: Extraction Method: Principal Component Analysis.

Using the Principle Component Analysis six factors have been extracted based on Total Explained Variance (Eigen value over 1). So we conclude that the variables can be reduced to six factors.

Table 2 shows the percentage of variance, cumulative percentage and the total variance of the variable identified for the study. The six factors extracted together account for 78.65% of the total variance. So the number of variables is economized from 25 to only six thus losing only about 21.35% of the information content (78.65% is retained by the 6 factors extracted out of the 25 original variables).

Rotated Component Matrix						
	Component					
	1	2	3	4	5	6
Statement 1		.739		-.383		
Statement 2		.682	.336			.492
Statement 3			.644	.312		.484
Statement 4		.466		.487	.388	
Statement 5				.504	.615	
Statement 6			.347	.336	.591	
Statement 7				.830		
Statement 8	.397		.367	.698		
Statement 9				.611	.389	
Statement 10	.318			.721	.409	
Statement 11	.555	.408		.496		
Statement 12	.842		.305			
Statement 13	.673		-.353			
Statement 14			.876			
Statement 15	.869					
Statement 16			.489		.772	
Statement 17	.311	.847				
Statement 18						.869
Statement 19	.648					.546
Statement 20		.430	.751		.369	
Statement 21	.528				.548	.334
Statement 22		.482	.365			.446
Statement 23		.823				

Statement 24	.640	.321	.522			
Statement 25		.555	.639			

THE EXPLORATORY FACTOR ANALYSIS

Factor analysis is used to understand the important factors influencing Work life balance work life balance. There were around 25 variables taken into consideration for research which are grouped under 6 major heading or factors as follows: Individual growth, Job pressure, Work life balance, Work environment, Professional support and mental strain. The various statements were grouped under each factor, depending upon the maximum score obtained (table 3) in rotated matrix of factor analysis using SPSS software package.

Factor 1 – Individual growth: The success of an individual depends on the growth opportunities available in the organisation. We notice that variables 11, 12, 13, 15, 19 and 24 have loadings of 0.555, 0.842, 0.673, 0.869 and 0.648 on factor 1, this suggests that factor 1 is a combination of these six variables.

Factor 2– Job pressure: Job pressure is a vital factor in determining the level of stress in an individual. In case of the factor 2, the variables 1, 2, 17, 22 and 23 have high loadings of 0.739, 0.682, 0.847, 0.482 and 0.823 respectively. This indicates that factor 2 is the combination of these five variables.

Factor 3– Work life balance: Striking a balance between the personal and professional life is crucial for satisfaction. In case of factor 3, the variables 3, 14, 20 and 25 have high loadings of .644, .876, .751 and .639 respectively. This indicates that factor 3 is the combination of these four variables.

Factor 4- Work environment: The effectiveness of an individual depends on the work environment in which he operates. In case of factor 4, the variables 4, 7, 8, 9 and 10 have high loadings of .487, .830, .698, .611 and .721 respectively. This indicates that factor 4 is the combination of these five variables.

Factor 5- Professional support: Peer group, superiors, top management render professional support to the well being of the employee.

Serial No.	Factor 1 – Individual growth	scores
1	Work delayed by unnecessary red tape	.555
2	Too much administrative work or paperwork	.842
3	High staff turnover	.673
4	Lack of authority to carry out my job duties	.869
5	Inadequate time for professional development and self development	.648
6	Lack of promotion prospects	.640
Factor 2– Job pressure		
7	Work Overload	.739
8	Time pressure and deadlines to meet	.682
9	Having to work continually, to achieve self- set target	.847
10	Difficult to distance myself from my work	.482
11	Advancing a career at the expense of home/personal life	.823
Factor 3– Work life balance		
12	Fear of making mistakes that can lead to serious consequences.	.644
13	Cannot participate in decision - making	.876
14	Work demands affect my home/personal life	.751
15	Is there a significant impact of occupational stress on employee job satisfaction	.639
Factor 4- Work environment		
16	Difficulty in maintaining relationship with superior	.487
17	Feeling of being underpaid	.830
18	Insufficient resources and facilities to get work done	.698
19	Working with incompetent colleagues	.611
20	Jealously and competition among colleagues	.721
Factor 5- Professional support		
21	Lack of support from superior	.615
22	Discrimination and favouritism	.591
23	Unable to make full use of my skills and ability	.772
24	Absence of emotional support from family	.369
Factor 6– Mental strain		
25	My work is mentally straining	.869

In case of factor 5, the variables 5, 6, 9 and 21 have high loadings of .615, .591, .772 and .369 respectively. This indicates that factor 3 is the combination of these four variables.

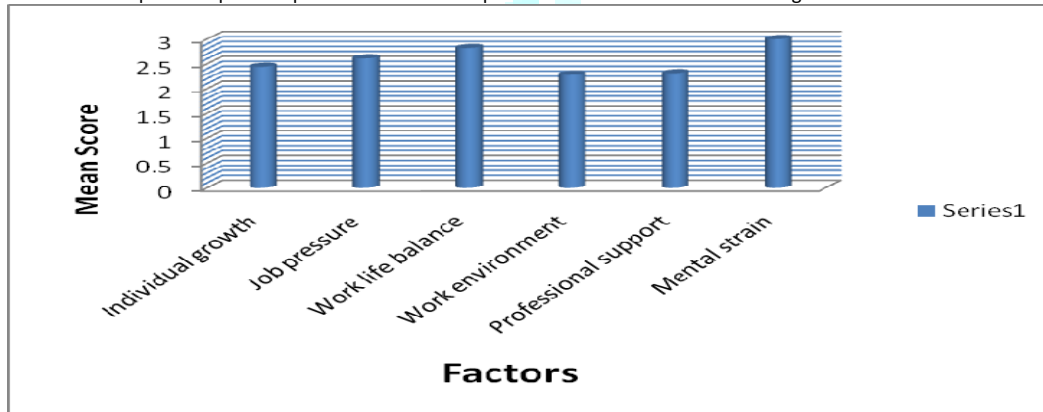
Factor 6– Mental strain: Psychological soundness of the employee is a significant factor which influencing work stress. In case of factor 6, the variables 18 have high loadings of .869. This indicates that factor 6 has only one variable. Thus 25 variables, which were selected for the study, using principle component analysis, have been reduced to 6-factor model and each factor has been associated with the corresponding factors based on the values obtained from the rotated component matrix table.

Table 4: Descriptive statistics for factors influencing work life balance

Sl. No.	Factors	Mean	SD	Rank
1	Individual growth	2.44	0.867	4

2	Job pressure	2.61	1.041	3
3	Work life balance	2.82	1.103	2
4	Work environment	2.28	0.808	6
5	Professional support	2.31	0.823	5
6	Mental strain	3.00	1.486	1

Graph 1: Graphical representation of descriptive statistics for factors influencing work life balance



It is inferred from above table that the factor, like mental strain has greater mean scores of 3.00 which is considered as important factor affecting level of stress in comparison with other factors. The other factor which has high influence on stress are 'Work life balance' with mean scores of 2.82. There are many other factors which have influence on level of stress among working couples like Individual growth, Job pressure, Work environment and Professional support with mean scores of 2.44, 2.61, 2.28, and 2.31 respectively. For the purpose of better understanding ranks are assigned for each factor. Factor with highest mean score is assigned as first rank followed by second highest mean scores as second rank and so on.

CORRELATION

In this study, to test the correlation between various factors identified, bivariate correlation technique was used to confirm the correlation between these factors.

Table 3: Correlation between factors



		Individual growth	Job pressure	Work life balance	Work environment	Professional support	Mental strain
Individual growth	Pearson Correlation	1	.364**	.300**	.493**	.523**	.327**
	Sig. (2-tailed)	.	.000	.001	.000	.000	.000
	N	125	125	125	125	125	125
Job pressure	Pearson Correlation	.364**	1	.646**	.161	.483**	.462**
	Sig. (2-tailed)	.000	.	.000	.073	.000	.000
	N	125	125	125	125	125	125
Work life balance	Pearson Correlation	.300**	.646**	1	.249**	.531**	.395**
	Sig. (2-tailed)	.001	.000	.	.005	.000	.000
	N	125	125	125	125	125	125
Work environment	Pearson Correlation	.493**	.161	.249**	1	.603**	.125
	Sig. (2-tailed)	.000	.073	.005	.	.000	.165
	N	125	125	125	125	125	125
Professional support	Pearson Correlation	.523**	.483**	.531**	.603**	1	.443**
	Sig. (2-tailed)	.000	.000	.000	.000	.	.000
	N	125	125	125	125	125	125
Mental strain	Pearson Correlation	.327**	.462**	.395**	.125	.443**	1
	Sig. (2-tailed)	.000	.000	.000	.165	.000	.
	N	125	125	125	125	125	125

It is observed that there is a high positive correlation between job pressure and work life balance with a 'r' value of 0.646. The correlation is significant at 99% confidence level. This means that the work life balance is affected tremendously by the increase in job pressure. In other words, as the job pressure increases for an individual he will experience a problem to manage his work and personal life. Positive correlation was found for social status and family influence with a relatively higher 'r' value of .345.

RESEARCH IMPLICATIONS

This research was undertaken to know the factors influencing Work Life Balance. Based on convenience sampling method, primary data (structured questionnaire) was collected from 125 respondents of Mangalore city. An attempt was made to study the factors influencing work life balance in relation to demographic factors. Descriptive study of demographic factors revealed that majority of the respondents were male (60.8%). The majority of the respondents (35.2%) belongs to above 46 years Education wise majority of the respondents have UG (32.8%) and PG (37.6%) qualification. Majority (75.2%) of the respondents are from urban. Majority (60.8%) are clerks, 18.4% managers, 17.6% special assistants respectively. Majority (42.4%) of the respondents were in the income group of 75000-150000.

Based on the statements in the questionnaire factors were identified. Before that, to check the validity of factor analysis to be adapted, KMO and Bartlett's test was done and found to be valid. Factor analysis was done to explore the factors affecting work life balance. After factor analysis (rotated matrix) six factors were identified as follows Individual growth, Job pressure, Work life balance, Work environment, Professional support and Mental strain. To know inter-correlation between the factors bivariate correlation techniques was applied. Work life balance is affected tremendously by the increase in job pressure, this is witnessed by the high positive correlation between job pressure and work life balance with a 'r' value of 0.646. There is also Positive correlation between social status and family influence with a relatively higher 'r' value of .345.

CONCLUSIONS

In the fast moving life, there are many pressures that new-age couples have to deal with- running a home, doing daily chores like cooking/cleaning, raising children and handle the tight deadlines at work. Hence striking a balance between professional and personal life has been the need of the hour. The factor analysis test revealed six major factors influencing work life balance among bank employees. It is also evident that Work life balance in bank employees is affected tremendously by the increase in job pressure and there is Positive correlation between social status and family influence. With the onset of globalization, the level of competition among the banks have increased and this has pressurised the employees which influenced the work and personal life.

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ATTRITION AMONG LIFE INSURANCE ADVISORS OF SELECTED LIFE INSURANCE COMPANIES IN LUDHIANA

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ABSTRACT

In the finest of worlds, employees would worship their jobs, be fond of their colleagues, work hard for their bosses, get compensated well for their effort, have ample chances for advancement, and flexible schedules so they could be present to personal or family needs when necessary and in no way leave. Nevertheless, there's the factual world. And in that, employees do quit, either for the reason that they wish for more riches, abominate the working circumstances, hate their associates, and fancy a switch to best of jobs. A tall rate of attrition is dreadful equally for the workers and the business. We might have heard of sky-scraping job attrition rates of between 15 per cent and 20 per cent in the software sector. However even this is insipid in contrast to the sort of attrition that the insurance industry on looks with its agency force. Conventional approximation put the attrition rates at 35-40 per cent. The aperture up of the sector offered insurance agents with fresh openings and an image renovation as "life insurance advisors". Most advisors who connect in passionately, impelled by imaginings of "working at one's own hours, getting full return for the hard slog" and other such motivational lingo, convene reality soon enough. Once the preliminary record of budding clientele such as close relatives is pooped, the clamber for an agent is mounting. Even congregating the bare minimum condition of bringing in two viable insurance proposals every month proves frightening.

KEYWORDS

Attrition in insurance, reasons for attrition, managing attrition.

1. INTRODUCTION

Defining Attrition - In the best of worlds, employees would be devoted to their jobs, be fond of their coworkers, work hard for their employers, get paid well for their work, have ample chances for advancement, and flexible schedules so they could attend to personal or family needs when necessary and never leave. But then there's the real world. And in the real world, employees do leave, either because they want more money, hate the working conditions, hate their coworkers, and want a change, because their spouse gets a dream job in another state. Such a state where employee leaves is attrition. "A reduction in the number of employees through retirement or resignation or death" or "the rate of shrinkage in size or number".

Attrition refers to the rate of change in the workforce of an enterprise during a given time period. It has been defined as "The time to time changes in the composition of the work force that result from hiring, release and replacement of employees." It is a measure of the extent to which old employees leave and new employees enter the service of a concern. Attrition should be distinguished from absenteeism. The former measures the extent of change in the composition of working force whereas the later indicates the extent to which the worker fails to attend their regular work.

Attrition is an important parameter indicating the overall health of any industry or an establishment in terms of wages, industrial relations, working conditions and other welfare facilities provided by the employers to the workers. Higher rate of attrition indicates lack of stability in the labor force, which in turn, may not be considered to be conducive to the productivity of labor. For higher productivity of labor, it is essential that labor force remains stable over a period of time. Attrition measures the extent of change in the work force due to accession (total number of workers added to employment) or separation (severance of employment at the instance of workers or employers) during a particular period of time.

The rate of Attrition is generally expressed in a number of different formulas which involve such forms as

- Accessions (i.e. additions to pay-role);
- Séparations (quit, discharges, deaths, etc.);
- Replacements (i.e. one accession plus separation);
- And average work force (i.e. number at the beginning of a period plus the number at the end divided by 2).

The simplest measure involves calculating the number of leavers in a period (usually a year) as a percentage of the number employed during the same period. This is known as the "separation rate" or "crude wastage rate" and is calculated as follows:

Number of leavers / average no employed x 100

The highest rate of Attrition tends to be among those who have recently joined a business. Longer-serving employees are more likely to stay, mainly because they become used to the work and the business and have an established relationship with those around them. Discussing losses due to attrition:

- ❖ Hiring costs, involving time and facilities for recruitment, interviewing & examining a replacement.
- ❖ Training cost, involving the time of supervisor, the personnel department and the trainee.

- ❖ The pay of the learner is in excess of what is produced.
- ❖ Accidents rates of new employees are often higher.
- ❖ Scraps and waste rates rise when new employees are involved. The production equipments are not fully utilized during the hiring interval and the training period.

2. LITERATURE REVIEW

Hale (1998) stated that employers cited recruitment costs of 50% to 60% of an employee's first year's salary and up to 100% for certain specialized, high-skill positions.

Bowen and Shuster (1986) stated that while all constituting elements of an organization are important for its success, it is its enhanced ability to attract and retain the best quality talent that separates it from the others.

Abbasi and Hollman (2000) sought to determine the impact of employee turnover on an organization and found that excessive employee turnover often engenders far reaching consequences and at the extreme may jeopardize efforts to attain the organizational objectives.

Elangovan (2001) has argued that there is a reciprocal link between organizational commitment and turnover intention, i.e. lower commitment increases turnover intention, which lowers commitment further.

Van Dick et al. (2004) have also identified job satisfaction as a predictor of turnover intention; however, they argue that it is a mediating variable between organizational identification and attrition.

Naqvi and Ramay (2008) revealed that job satisfaction and organizational commitment had a negative effect on turnover intentions, whereas perceived alternative job opportunities had a significant positive correlation with turnover intentions and is the major factor associated with turnover intention among it professionals in Pakistan.

Zheng and Lamond (2009) found out that training, size, length of operation and the nature of the industry are significantly related to attrition.

3. PURPOSE OF THE STUDY - HIGH ATTRITION RATE IN INSURANCE SECTOR

We generally hear of high job attrition rates of between 15 per cent and 20 percent in the software sector. But still these are wishy-washy in judgment to the sort of attrition that the insurance industry observes with its agency force. Conventional approximation put the attrition rates at 35-40 per cent. The notching up of the sector provided insurance agents with new breaks and an image renovation as "life insurance advisors". But little has changed in the basic nature of the business - insurance still needs to be sold to a reluctant populace. Most agents or advisors who join in enthusiastically, spurred by dreams of "working at one's own hours, getting full reward for the hard work" and other such motivational spiel, meet reality soon enough. Once the initial list of potential customers such as close relatives, friends and neighbors is exhausted, the climb for an agent is uphill. Even meeting the minimum requirement of bringing in two viable insurance proposals every month proves daunting. For some companies, the target in terms of sum assured is Rs 1 lakh. For some others, it is as low as Rs 10,000.

When the rejections start and the doors start getting banged in the face, new agents confront failure. The dropouts begin. Lalit Kumar Dash, Executive Director (Marketing), LIC, says, "The attrition rate is about 35 per cent in the first year of recruitment. This goes down to about 18 per cent by the fourth year. Most of those who drop out are non-performers". Agrees Rahul Sinha, Vice-President (Marketing) at Kotak Mahindra Old Mutual Life Insurance Company, and says, "Last year, the attrition rate was much worse than 30 per cent. It has been a cause for worry and we are trying our best to stem it." He attributes it to the high expectations on the part of the agents. Some insurance companies complain that the booming economy has caused the rampant poaching of insurance agents. They also say that it will settle down once they have their expanding networks in place. Insurance companies believe that adequate training will help in contain the problem in some measure. They say that in a business such as insurance one has to accept the fact that 20 per cent of the work force will bring in 80 per cent of their business. But, while private insurance companies are still struggling to break even, the rising attrition rate is yet another challenge that they have to battle.

4. OBJECTIVES OF THE STUDY

- a) To know which factors affect attrition rate the most out of selected factors in private life insurance companies
- b) To analyze what extent employees leave job due to monetary reasons.
- c) To get insights into various techniques that can be utilized to manage attrition.

5. RESEARCH METHODOLOGY

NATURE OF STUDY

The present study is descriptive in nature.

SAMPLING DESIGN

The Sampling Unit for the present was - A single middle or lower level employee working in any of the selected insurance companies in Ludhiana city. The Sampling technique used was Snowball technique to conduct this study. The sample size for the survey was 150 and was divided as 75 Managers & 75 Advisors. It consisted of employees working at designations like Assistant Sales Managers, Branch Managers, Assistant Branch Managers, Territory Managers and life insurance advisors of 2 branches of each life insurance company (Four life insurance companies were selected)

DATA COLLECTION METHOD

The two types of data collection methods are used to conduct this research. These are: Primary method and secondary method.

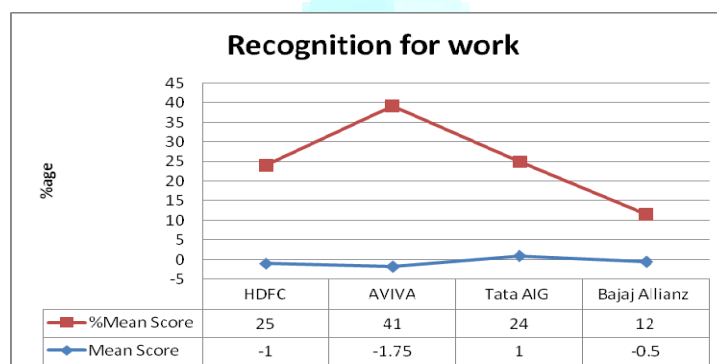
- **Primary data** is collected via Questionnaires, which include two types of Questionnaire –Manager Questionnaire & Advisors Questionnaire. The respondents were asked to rank their responses on a five point Likert Scale ranging from Highly Important (5) to Not at all Important (1).
- **Secondary Data** is collected from websites , Books, Newspapers and Magazines

TOOLS FOR DATA ANALYSIS AND INTERPRETATION

The data collected from various sources is analyzed properly using mean scores, and correlation using mean scores then interpretations are made from them. These interpretations are used to draw out some conclusions and results.

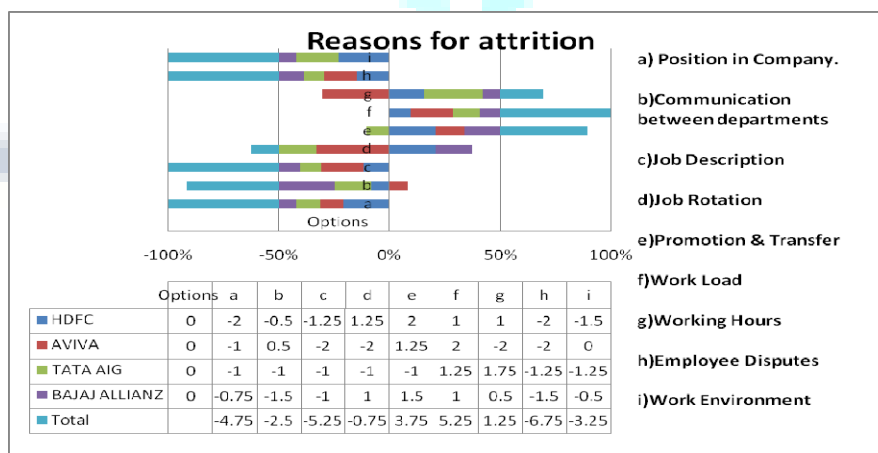
6.1 ANALYSIS AND FINDINGS – ADVISOR QUESTIONNAIRE

- A. The highest negative mean score is that AVIVA life insurance Corporation, which indicates that advisors highly disagree that they get recognition in the company for their work whereas in TATA AIG the positive mean score indicates that amongst others it has the maximum positive response for the employees getting recognition for their work. For HDFC Standard Life and Bajaj Allianz, the advisors feel that their work is not recognized.

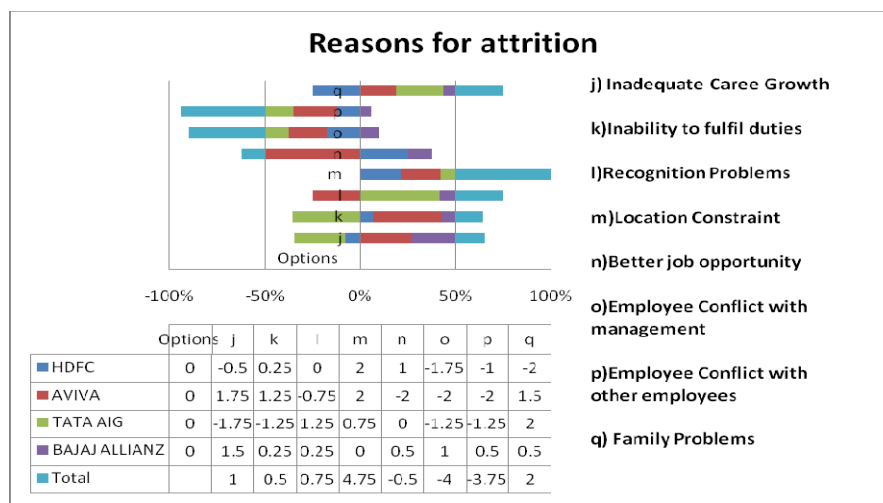


Graph 6.1.1 showing response of advisors regarding recognition of their work by managers.

- B. Maximum positive mean score is obtained in AVIVA i.e. maximum number of its advisors think that companies success make employees stable i.e. their loyalty with company would augmented as they will also progressively grow with the company & the minimum mean score has been obtained by TATA AIG life insurance which means that its advisors do not feel that companies success makes employees stable in the company. For HDFC, and Bajaj Allianz, most of advisors feel that companies success doesn't make employee stable in the organization
- C. Discussing about the reasons for attrition, we can clearly observe that position of an employee, Job description, inadequate career growth and employees conflict with management are the most prominent reasons for attrition in Bajaj Alliance; lack of communication between departments, work load, location constraints, Working Hours & Inadequate career growth are the most prominent factors in AVIVA life insurance corporation; Job description, Work environment, working hours, Employee disputes and inability to fulfill duties are the most dominating factors in TATA AIG; Promotion and transfer policies, Work load, job rotation, working hours, employee disputes and better job opportunity are featured reasons why employees leave job in HDFC.

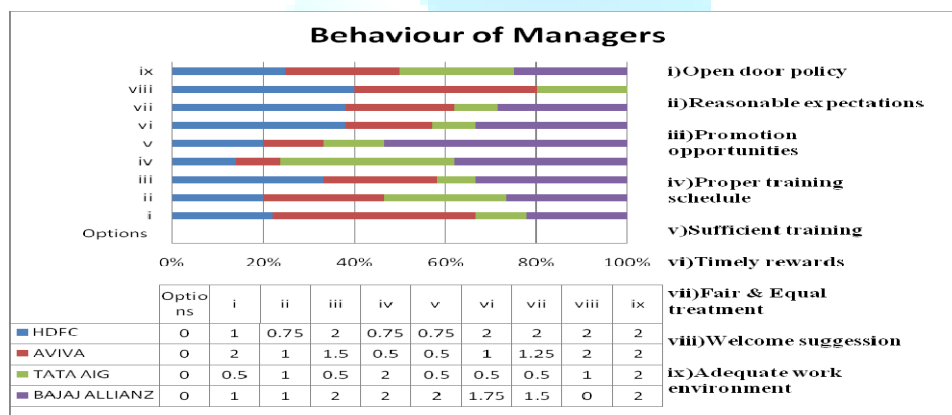


Graph 6.1.2 showing response of advisors regarding reasons of attrition



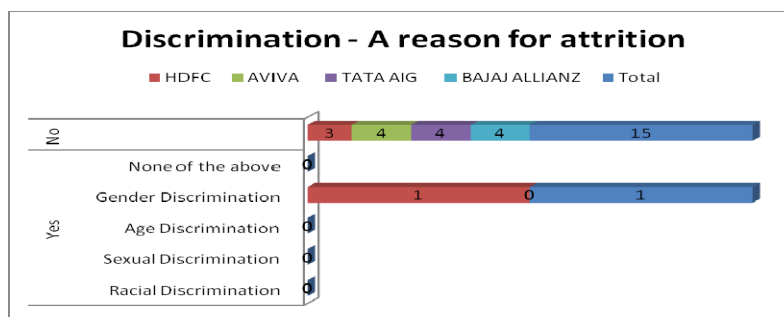
Graph 6.1.3 showing response of advisors regarding reasons of attrition

- D. Most of the advisors at HDFC feel that Managers do not abide by company's ethics and thus make working in the company undesirable, whereas in case of TATA AIG and AVIVA advisors feel that managers rarely follow any unethical practices. Advisors of Bajaj Allianz have most of cannot say response.
- E. Behavior of the managers as reasons for attrition can clearly be observed following open door policy is not prevalent in TATA AIG; keeping high expectations from employees is prevalent in AVIVA life insurance corporation, Bajaj Alliance & TATA AIG; lack of promotional opportunities becomes a reason for attrition in TATA AIG; lack of training is a reason for attrition in AVIVA life insurance corporation & TATA AIG



Graph 6.1.4 showing response of advisors regarding behavior of manager

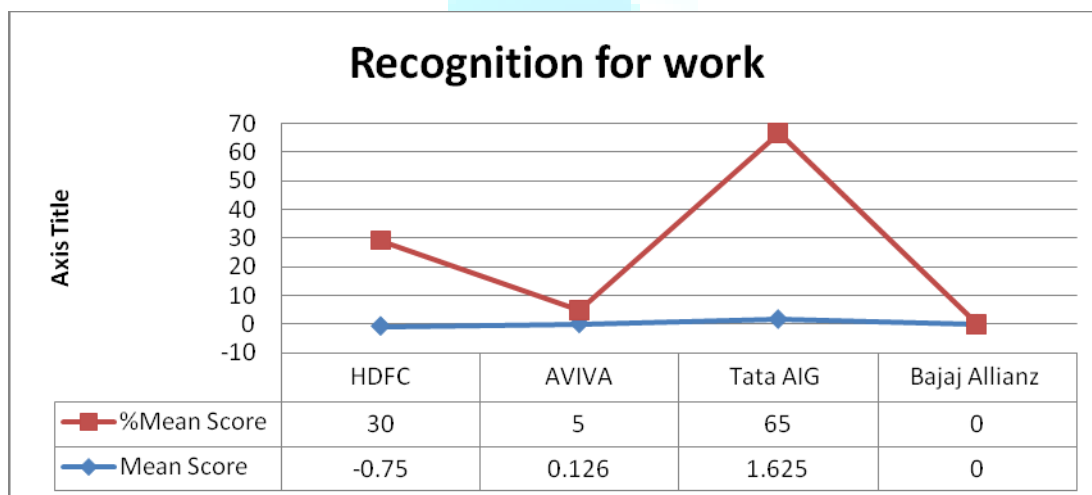
- F. As per the view point advisors, infrastructural facilities are never the reason for attrition in any of the insurance companies.
- G. Attrition is caused due to monetary reasons, basic salary is the main cause in HDFC, Commissions are the cause for attrition in TATA AIG & Bajaj Alliance, medical benefits are the reason for attrition at TATA AIG, and Retirement benefits are the cause of attrition in at HDFC Standard life insurance & Bajaj Alliance.
- H. According to advisors that the HDFC Standard life insurance is only company where any kind of discrimination is a cause of attrition, the most prevalent been gender discrimination.



Graph 6.1.5 showing response of advisors regarding discrimination as reason of attrition

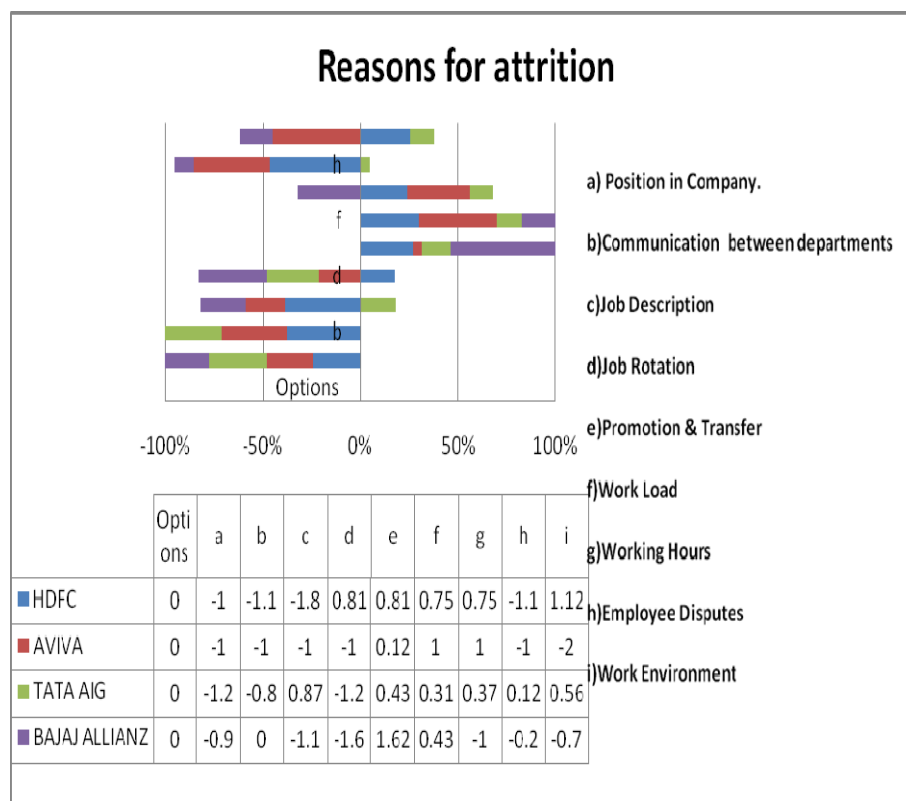
6.2 DATA ANALYSIS & INTERPRETATION – MANAGER QUESTIONNAIRE

- A. **Recognition for work** - The lowest mean score is obtained for HDFC Standard life insurance, which indicates that managers rarely recognize their employees in the company & TATA AIG's managers have given the most positive response which indicates that the managers always recognize employees for their work. Managers at Bajaj Allianz and AVIVA feel that they sometimes recognize their employees, but not quite often.

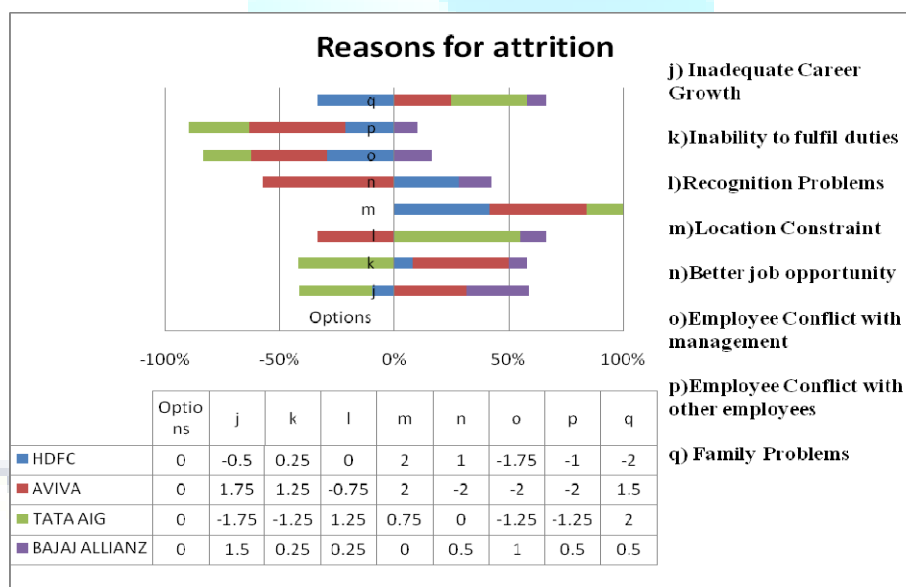


Graph 6.2.1 showing response of managers regarding recognizing their subordinate's work

- B. Most of managers working for AVIVA feel that companies success make employees/advisors stable i.e. their loyalty has grown with company's growth & the minimum mean score has been obtained by Bajaj Allianz which means that its managers do not feel that companies success makes employees stable in the company. For managers at HDFC & TATA AIG, they feel that company's success doesn't contribute to employee's stability.
- C. Maximum positive mean score is that of AVIVA & TATA AIG i.e. maximum number of its managers thinks that they abide by companies ethics & the minimum mean score has been obtained by Bajaj Allianz life insurance which means that its managers do not feel that they abide by the company ethics most of the times. Most of the managers at HDFC feel that they rarely abide by company ethics.
- D. As per the views of the managers the reasons for attrition can clearly be observe that factors being position of an employee, Work load, Working Hours being the reason for attrition is most prominent in Bajaj Allianz; lack of communication between departments, Job description is the most prominent factor in TATA AIG; Promotion and transfer policies, Work environment & Inadequate career growth, location constraints, recognition problems and better job opportunities are featured prominently in HDFC; Employee disputes, inadequate career growth and inability to fulfill duties exist in AVIVA life insurance corporation.

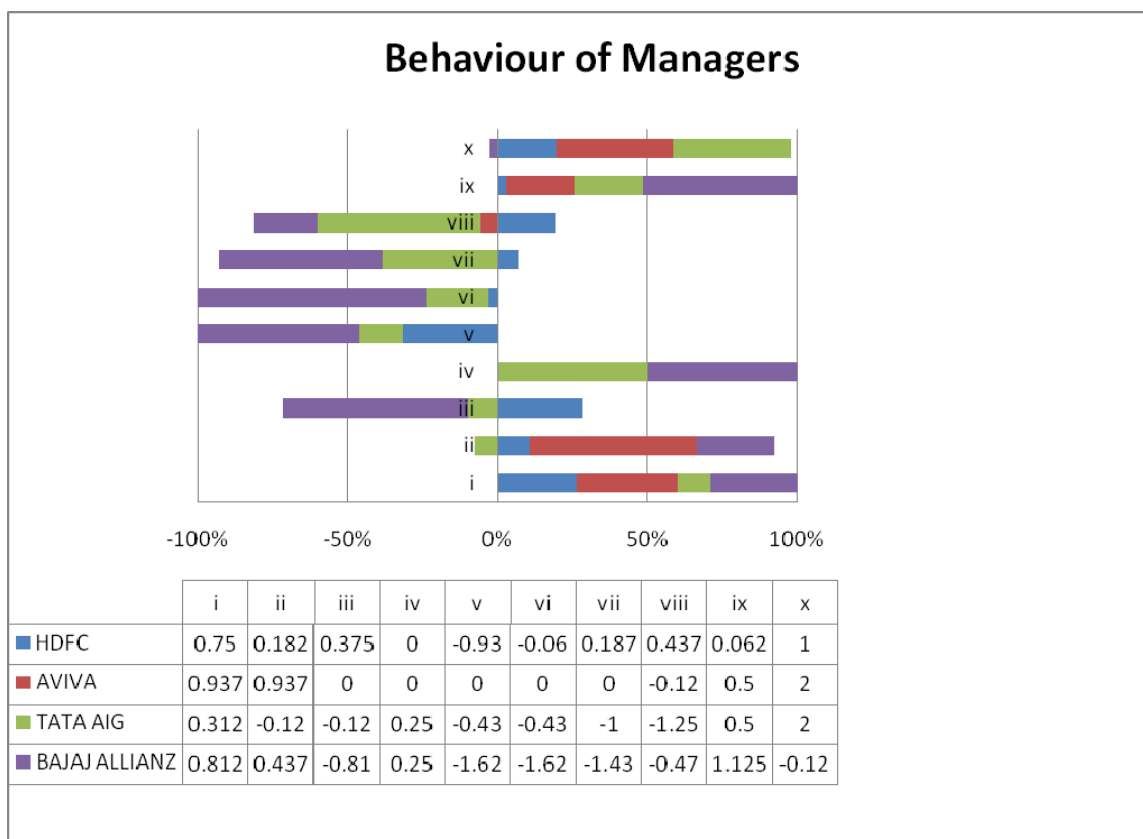


Graph 6.2.2 showing response of managers regarding reasons of attrition



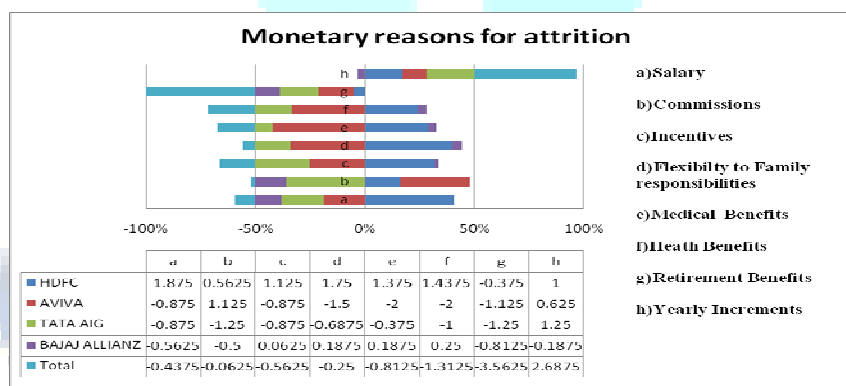
Graph 6.2.3 showing response of managers regarding reasons of attrition

- E. The behavior of the managers as reasons for attrition can clearly be observed following open door policy is not prevalent & lack of training are reasons for attrition in HDFC Standard life insurance as per managers, keeping high expectations from employees is prevalent in AVIVA life insurance corporation, lack of promotional opportunities becomes a reason for attrition in Bajaj Allianz.



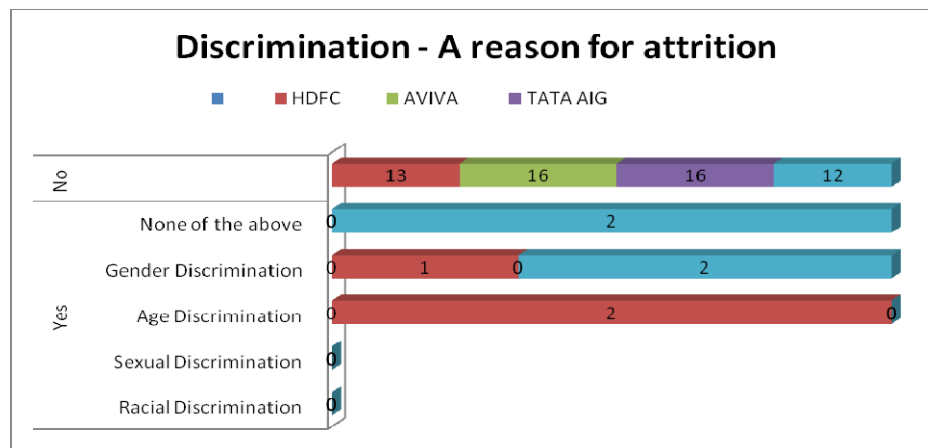
Graph 6.2.4 showing response of managers regarding their behavior towards employees

- F. As per the view point of company managers infrastructural facilities are never the reason for attrition in any of the insurance companies.
- G. According to managers the extent up to which attrition is caused due to monetary reasons ,salary is the main cause in HDFC, Commissions are the cause for attrition in AVIVA, medical benefits are the reason for attrition at Bajaj Alliance, Retirement benefits are the cause of attrition in at TATA AIG



Graph 6.2.5 showing response of managers regarding monetary reasons of attrition

- H. According to managers that the HDFC Standard life insurance is company where age & gender discrimination is a reason for attrition.



Graph 6.2.6 showing response of managers regarding discrimination as reason of attrition

7. OTHER FINDINGS

A. Correlation of reasons for attrition for advisors & managers in selected companies (Refer to Annexure Table I, II, III & IV)

Table 7.1 Correlation of reasons for attrition for advisors & managers in selected companies	
Coefficient of Correlation for HDFC Standard Life	$r = 0.29$
Coefficient of Correlation for AVIVA life insurance	$r = 0.08$
Coefficient of Correlation for TATA AIG	$r = 0.079$
Coefficient of Correlation for Bajaj Allianz	$r = 0.32$

Source: Primary Data

INTERPRETATION

All of the coefficients have positive values, which indicate there are common reasons on which both managers and advisors agree as reasons for attrition.

The value for coefficient of correlation is highest for Bajaj Allianz is highest among all, which indicates that managers and advisors agree and disagree on common reasons for attrition in company, which also indicates accuracy (to certain extent) of their answers. Whereas for AVIVA the value is lowest that indicates there are very less common agreement amongst managers and advisors on reasons of attrition, which could further be interpreted as communication gap between two or behavior of managers as one of the major reasons for employees leaving the organization.

B. Table for Correlation for monetary reasons for attrition for advisors & managers (Refer to Annexure Table V, VI, VII)

Table 7.2 Correlation for monetary reasons of attrition for advisors & managers in selected companies	
Coefficient of Correlation for HDFC Standard Life	$r = 0.32$
Coefficient of Correlation for AVIVA life insurance	$r = 0.48$
Coefficient of Correlation for TATA AIG	$r = 0.63$
Coefficient of Correlation for Bajaj Allianz	$r = 0.31$

Source: Primary Data

INTERPRETATION

The Coefficient of Correlation values for all the data sets are positive, which indicates both managers and advisors think monetary reasons, play a major role for employees leaving their present jobs. The value is highest for AVIVA, which indicates basic salary and yearly increments always play a major role for employees to leave. Whereas in case of Bajaj Allianz managers and advisors feel they sometimes act as reason for attrition but not always; but overall considering all the values, money plays a major role for employees to leave their present jobs.

C. Behavior of manager as reason of attrition (Refer to Annexure Table VIII)

Table 7.3 Correlation for Behavior of manager as reason of attrition in selected companies	
Coefficient of Correlation for HDFC Standard Life	$r = 0.305$
Coefficient of Correlation for AVIVA life insurance	$r = 0.29$

Coefficient of Correlation for TATA AIG	$r = 0.48$
Coefficient of Correlation for Bajaj Allianz	$r = -0.16$

Source: Primary Data

INTERPRETATION

For HDFC standard life, TATA AIG & AVIVA, the value of correlation coefficient is positive, which indicates agreement among the managers and advisors on common grounds like manager takes time to listen to subordinate's, Manager is not biased to promote juniors, Manager follows an open door policy, Manager provides adequate work environment etc but in case of Bajaj Allianz we can clearly observe a disagreement between manager and advisors due to negative value of correlation coefficient; which means that managers behavior is one of the major reason of attrition in Bajaj Allianz.

8. RECOMMENDATIONS

- In India insurance industry has been growing remarkably. Company spends lot of money on recruitment. Therefore to cut down the company's cost employees should be given a good salary as higher pay is one of the major reasons behind attrition rate.
- The employees should be given flexible working hours so they can easily meet their family and work responsibilities equally.
- The managers should treat all employees equally and give a fair treatment to all. They aware about their subordinate task and provide adequate work environment to them. They must listen to them welcomed their suggestion and encouraged feedback.
- Managers should motivate their employees, follow open door policy and recognizes employee's contribution.
- Offer Retention Bonus: Employee longevity typically is rewarded with an annual raise and mandatory vacation time after three, five or ten years. Offer other seniority-based rewards such as a paid membership in the employee's professional association after one year, a paid membership to a local gymnasium and clubs after two years.
- The companies organizes cultural program as and when possible but most of the times, once in a quarter, in which all the employees are given an opportunity to display their talents in dramatics, singing, acting, dancing and sports programs such as Cricket, football, etc. Celebrate successes and recognize when milestones are reached. Buffet lunches, birthday parties, employee picnics and creative contests will help remind people why an organization is a great place to work.

9. CONCLUSION

The research conducted on the 16 executives & 64 managers give a clear view about high attrition rate in insurance sector. The infrastructure facilities provided by the company are never the reason for leaving the company by the employees. The behavior of the managers affects them the most. The major factor effect them to change is the package provided by the company. The promotion and transfer policies, Working hours, work environment, employee disputes, family problems, better job opportunity available also play important role in attrition. To ignore why people are leaving the organization is to ignore the organization greatest assets – its people. People in organization are needed to perform the task; but they are not just machine but more than that. They are organization dreams, hopes, ambitions, creativity and innovation. And to retain these valuable assets is one of the surest ways to build an organization rather than just to go in global markets. And this is the only way an organization can lower its attrition rate.

LIMITATIONS OF THE STUDY

- The study was restricted to the people of the city and nearby places.
- Respondent's bias could not be ignored.

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ANNEXURE

- Tables for calculating Correlation of reasons for attrition for advisors & managers

Table I for HDFC STANADRD LIFE

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a) Position in Company	-2	-1
b) communication between departments	-0.5	-1.125
c) Job Description	-1.25	-1.875
d) Job Rotation	1.25	0.8125
e) Promotion & Transfer	2	0.8125
f) Work Load	1	0.75
g) Working Hours	-1	0.75
h) Employee Disputes	-2	-1.1875
i) Work Environment	-1.5	1.125
j) Inadequate Career Growth	-0.5	0.8125
k) Inability to fulfill duties	0.25	0.875
l) Recognition Problems	0	0.75
m) Location Constraint	2	0.875
n) Better job opportunity	-1	2
o) Employee Conflict with management	-1.75	2
p) Employee Conflict with other employees	-1	-1.625
q) Family Problems	-2	0.375

Table II For AVIVA

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a) Position in Company	-1	-1
b) communication between departments	0.5	-1
c) Job Description	-2	-1
d) Job Rotation	-2	-1
e) Promotion & Transfer	1.25	0.125
f) Work Load	2	1
g) Working Hours	-2	1
h) Employee Disputes	-2	-1
i) Work Environment	0	-2
j) Inadequate Career Growth	1.75	-2
k) Inability to fulfill duties	1.25	1.25

l) Recognition Problems	-0.75	1.375
m) Location Constraint	2	1.125
n) Better job opportunity	-2	2
o) Employee Conflict with management	-2	-1.875
p) Employee Conflict with other employees	-2	-1.125
q) Family Problems	1.5	-2

Table III TATA AIG

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a) Position in Company	-1	-1.25
b) communication between departments	-1	-0.875
c) Job Description	-1	-0.875
d) Job Rotation	-1	-1.25
e) Promotion & Transfer	-1	0.4375
f) Work Load	1.25	0.3125
g) Working Hours	1.75	0.375
h) Employee Disputes	-1.25	0.125
i) Work Environment	-1.25	0.5625
j) Inadequate Career Growth	-1.75	0.375
k) Inability to fulfill duties	-1.25	1.125
l) Recognition Problems	1.25	0.5625
m) Location Constraint	0.75	0.25
n) Better job opportunity	0	0
o) Employee Conflict with management	-1.25	0.125
p) Employee Conflict with other employees	-1.25	0
q) Family Problems	2	-0.6875

Table IV for Bajaj Allianz

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a) Position in Company	-0.75	-0.9375
b) communication between departments	-1.5	0
c) Job Description	-1	-1.125
d) Job Rotation	1	-1.625
e) Promotion & Transfer	1.5	1.625
f) Work Load	1	0.4375
g) Working Hours	0.5	-1
h) Employee Disputes	-1.5	-0.25
i) Work Environment	-0.5	-0.75
j) Inadequate Career Growth	1.5	-0.875
k) Inability to fulfill duties	0.25	1.5
l) Recognition Problems	0.25	1.25
m) Location Constraint	0	-0.9375
n) Better job opportunity	0.5	0.25
o) Employee Conflict with management	1	-0.875
p) Employee Conflict with other employees	0.5	-0.25
q) Family Problems	0.5	0.4375

- Tables for calculating Correlation of monetary reasons for attrition for advisors & managers

Table V for HDFC Standard Life

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a) Basic Salary	-1	1.875
b) Commissions	-1	0.5625
e) Medical Benefits	-1.5	1.375
g) Retirement benefits	-2	-0.375
h) Yearly Increments	1.25	1

Table VI for AVIVA

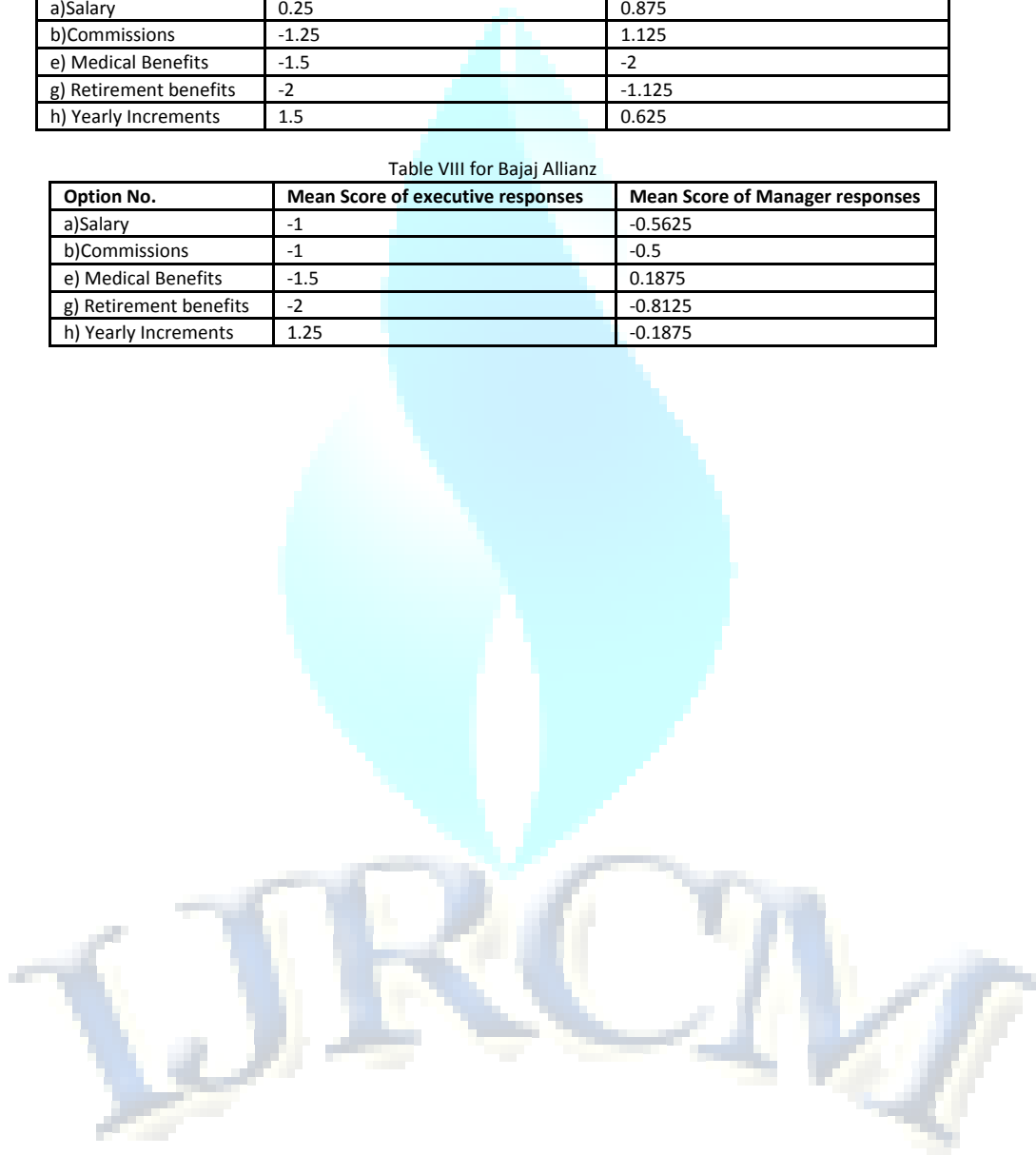
Option No.	Mean Score of executive responses	Mean Score of Manager responses
a)Basic Salary	0.25	-0.875
b)Commissions	-1.25	1.125
e) Medical Benefits	-1.5	-2
g) Retirement benefits	-2	-1.125
h) Yearly Increments	1.5	0.625

Table VII for TATA AIG

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a)Salary	0.25	0.875
b)Commissions	-1.25	1.125
e) Medical Benefits	-1.5	-2
g) Retirement benefits	-2	-1.125
h) Yearly Increments	1.5	0.625

Table VIII for Bajaj Allianz

Option No.	Mean Score of executive responses	Mean Score of Manager responses
a)Salary	-1	-0.5625
b)Commissions	-1	-0.5
e) Medical Benefits	-1.5	0.1875
g) Retirement benefits	-2	-0.8125
h) Yearly Increments	1.25	-0.1875



SERVICE BUYING BEHAVIOR IN BANKING INDUSTRY: A COMPARATIVE ANALYSIS OF PRIVATE AND PUBLIC SECTOR BANKS

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ABSTRACT

To sustain the competition, the firms that are winners at the market place have to show vision, persistence and obsession to benefit the customers. As a result of their belief, the leading and dominant firms continuously deliver superior value to customers even if they have to render some of their products obsolete in the processes of creating value to customers. Value is created by providing a benefit, solving a problem, meeting a need or helping a customer. A company that can provide greater benefit to a customer is the winner at the market place.

"Firms which are winners at the market place have to show vision, persistence and obsession to benefit the customers".

The shift from traditional marketing to services and industrial marketing has given rise to a new marketing paradigm in which the purpose of marketing is not only to attract customers but to retain them as well. An analysis of the marketing initiatives in the banking industry within this paradigm has shown the importance of long-term relationships between the customer and the service provider because they give banks access to information about the customer. This information is used as guide in the development of strategies for increasing customer satisfaction.

Keywords: Consumer's attitude, Judgement Sampling, Exploratory Research Design

INTRODUCTION

According to modern concept of marketing, **"Customer is the king of marketing", "The customer is supreme", "and Customer is judge of business"**. In theory, the customer is supposed to be the final judge and arbitrator of the economy and industry. Several enterprises could not flourish [their products] for one reason or another and the choice of the consumer has mattered a great deal. Now customer have wider choice in the field of banking product and no doubt that banks can attract customers which can understand them better. That's why customer satisfaction is must to increase the number of customers and also to retain them. The customers are the engine for the growth of banking system. Customer is the major factor of any commercial business. They plays a dual goal, they deposit their money in banks which create further deposits for banks or we can say becoming the source of generation of new income and they are also the loan taker which gives income to the bank in the shape of interest, which is the cheap source of their income.

Companies lose their place in the market when they ignore the customers' needs and do not show any distinctive competence or unique capability. Many products wither away from the markets because a firm does not understand the changing market environment and importance of delivering values to customers. The customer never forgives those firms which indulge in squeezing money out of the pocket of the customer through tantalizing publicity. It is for future managers to look upon this phenomenon as a threat to their survival or as an opportunity for unlimited growth. With better understanding of customers' perceptions, banks can determine the actions required to meet the customers' needs. They can identify their own strengths and weaknesses, where they stand in comparison to their competitors, chart out path future progress and improvement. The perception of a customer has drastically changed. The paper attempts to study changing attitude of the customers in changing environment.

"It is the customer who defines the business and therefore, the main objective of a banker is to create, cultivate and retain a customer".

To provide their customers greater flexibility and convenience as well as to reduce servicing costs, banks have been investing to computerize their branches and in new delivery channels such as ATMs, phone banking, internet banking and mobile banking. Consequently, banks are under increasing pressure to 'offer today what customer would expect tomorrow'. The banks now compete with one another to offer value – added services to customers to expand their customer bases.

ICICI BANK

ICICI Bank started as a wholly owned subsidiary of ICICI Limited, an Indian financial institution, in 1994. Four years later, when the company offered ICICI Bank's shares to the public, ICICI's shareholding was reduced to 46%. In the year 2000, ICICI Bank offered made an equity offering in the form of ADRs on the New York Stock Exchange (NYSE), thereby becoming the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE. In the next year, it acquired the Bank of Madura Limited in an all-stock amalgamation. Later in the year and the next fiscal year, the bank made secondary market sales to institutional investors.

PRESENT SCENARIO

ICICI Bank has its equity shares listed in India on Bombay Stock Exchange and the National Stock Exchange of India Limited. Overseas, its American Depositary Receipts (ADRs) are listed on the New York Stock Exchange (NYSE). As of December 31, 2008, ICICI is India's second-largest bank, boasting an asset value of Rs. 3,744.10 billion and profit after tax Rs. 30.14 billion, for the nine months, that ended on December 31, 2008.

PUNJAB NATIONAL BANK

Punjab National Bank (PNB) (BSE: 532461), is a state-owned financial services company located in New Delhi, India. It was registered on May 19, 1894 under the Indian Companies Act with its office in Anarkali Bazaar Lahore. Today, the Bank is the second largest government-owned commercial bank in India with about 5000 branches across 764 cities. It serves over 37 million customers. The bank has been ranked 248th biggest bank in the world by the Bankers Almanac, London. The bank's total assets for financial year 2007 were about US\$60 billion. PNB has a banking subsidiary in the UK, as well as branches in Hong Kong, Dubai and Kabul, and representative offices in Almaty, Dubai, Oslo, and Shanghai. Punjab National Bank is one of the *Big Four Banks* of India, along with ICICI Bank, State Bank of India and Canara Bank.

NEED FOR THE STUDY

The research is needed just to elaborate the buying behavior of the customers in respect to services in the banking industry because customer is the king of the market and it is the customer who maintains the profitability of any organization by giving a huge demand for its products. If customer gets satisfied, only then any organization runs successfully.

REVIEW OF LITERATURE

In a competitive market place understanding customer's needs become an important factor. As a result companies have moved from a product-centric to a customer centric position. Satisfaction is also of great interest to practitioners because of its important effect on customer retention (Patterson et al., 1997; Sedon, 1997). Considering the high costs of acquiring new customers and the apparently high customer turnover of many online services, it is very important to study the determinants of customer satisfaction (Van Riel, Liljander & Jurriens, 2001).

STATEMENT OF THE PROBLEM

In the present study, an attempt has been made to find out the comparative analysis regarding banking services provided by private and public sector banks and customers' intention, attitude and perception in buying the services.

OBJECTIVES OF THE STUDY

- (i) To study changing attitude, preferences of customers in the changing environment.
- (ii) To study customers perception and their expectation level with services provided by public as well as private sector banks.

RESEARCH METHODOLOGY

SOURCES OF DATA

Primary as well as secondary data has been used in the present paper. The sources of the primary data used in the study are interviews and questionnaire while the sources of secondary data used in the study are company records, magazines, etc.

TARGET

The target area is Kaithal and Karnal districts of Haryana and the target group is customers of ICICI Bank and Punjab National Bank.

SAMPLE AND SAMPLING

The sample size taken here is 200 with the help of non-probability sampling method in which Judgement sampling technique is used.

RESEARCH DESIGN

Exploratory research design is used to undertake the present study.

TOOLS USED

Hypothesis has been used in the present study. The following are the main hypothesis of proposed research:

1. There is no distinction in public and private sector banks with regards to service delivery efficiency.
2. There is no association between the customers of public and private sector banks and their perceptions and expectation level with the banks.

DATA ANALYSIS AND INTERPRETATIONS

The profile of the sample customers indicates that the maximum number of respondents both in public and private sector banks is males which reflect that females are still comparatively lacking banking habits. Of the total 200 respondents 141 are males and 59 are females. Only 25 customers are under graduate, 91 are graduates, 52 are post graduates and 31 are holding some professional degree. There has been no criterion regarding age of sample customers due to random selection.

But it is clear that, least people are falling in the category of ≤ 20 years i.e. just 6 respondents, as at such a young age only a few people have their accounts in banks. The majority respondents fall in the category of 21-35 years i.e. 102 respondents as because at this stage people start to earn and save. 44 respondents belong to age group 36-45. The survey reflects that more than 43% of sample customers are using banking services from 1 to 5 years and 23% of sample customers enjoy banking facilities for more than 10 years. The longer the duration of holding an account with the bank, the more trust is developed which adds to customers' satisfaction.

Table No. 1: Attitude of bank employees in case of problems or queries

Attitude	Private		Public		Total	
	N	%	N	%	N	%
Co-operative & supportive	32	32.00	32	32.00	64	32.00
Fairly well	53	53.00	53	53.00	106	53.00
Rude & ignoring	7	7.00	6	6.00	13	6.50
Not at all Bother	7	7.00	9	9.00	16	8.00
No response	1	1.00	0	0.00	1	0.50
Total	100	100.00	100	100.00	200	100.00

The study reveals that the attitude of bank officials is 'fairly well' in both public and private sector banks. Around 32% of respondents consider staff to be cooperative and supportive. However employees of public sector bank are not much bothered about the problems of customers.

Total 16% of sample customers reported that the staff is not at all bothered in case they have any queries or problems. The same is depicted with the help of the graph:

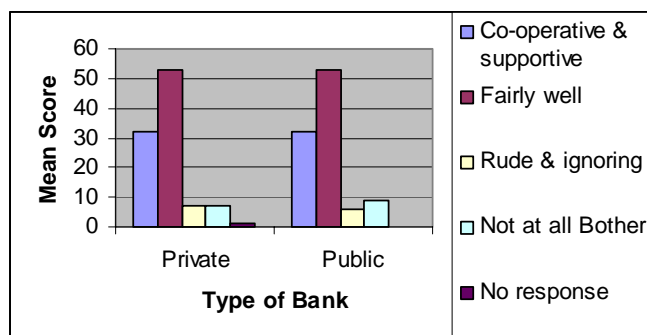


Fig. 1 Attitude of bank employees in case of problems or queries

Test of Independence between Attitude of bank employees & customers of public & private sector banks

Attitude	Private	Public	Chi Sqr	df	Significance
Co-operative & supportive	32	32	0.320	3	NS
Fairly well	53	53			
Rude & ignoring	7	6			
Not at all Bother	7	9			

Chi-square test has been applied to test the Null Hypothesis (H_0) i.e. there is no difference in the attitude of bank employees of both public & private sector banks towards their customers. The value of chi-square comes out to be 0.320 which is non-significant at 3 degree of freedom. Thus Null Hypothesis has been accepted & an alternate hypothesis has been rejected. Hence there is no association b/w the type of bank & attitude of bank employees.

Table No. 2: Opinion of sample customers regarding the frequency of trouble due to strike & system failure in banks.

Response	Private		Public		Total	
	N	%	N	%	N	%
Rarely	42	42.00	54	54.00	96	48.00
Very Often	27	27.00	20	20.00	47	23.50
Can't say	31	31.00	26	26.00	57	28.50
Total	100	100.00	100	100.00	200	100.00

The table above shows that 48% of total respondents have rarely faced any problem due to strike and system failure. It also shows that 27% respondents of private & 20% respondents of public sector banks often face problems due to strikes & system failure as their banking transaction & transfer of funds do not take place. The same is depicted with the help of the graph:

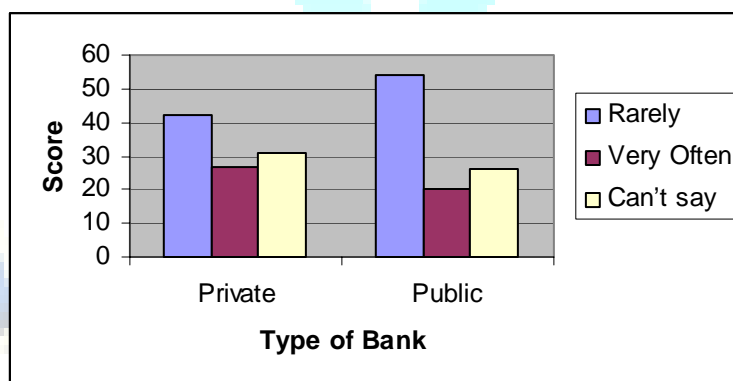


Fig. 2 Opinion of sample customers regarding the frequency of trouble due to strike & system failure in banks.

Test of Independence between response of customers regarding effect of system failure

Attitude	Private	Public	Chi Sqr	df	Significance
Rarely	42	54	2.981	2	NS
Very often	27	20			
Can't say	31	26			

The value of chi-square comes out to be 2.981 which is non-significant at 2 degree of freedom. Hence there is no association b/w the customers.

Table No.3: Opinion of Sample Customers regarding the extent to which they consider the customer services of their banks to be efficient

Response	Private		Public		Total	
	N	%	N	%	N	%
To a great extent	37	47.44	37	45.68	74	46.54
To some extent	34	43.59	33	40.74	67	42.14
To little extent	7	8.97	11	13.58	18	11.32
Total	78	100.00	81	100.00	159	100.00

The table above reflects that 46.54% of total respondents find that customer services of their banks are efficient to a great extent while 42.14% of respondents say that the customer services are efficient only to some extent and they are not fully satisfied with it.

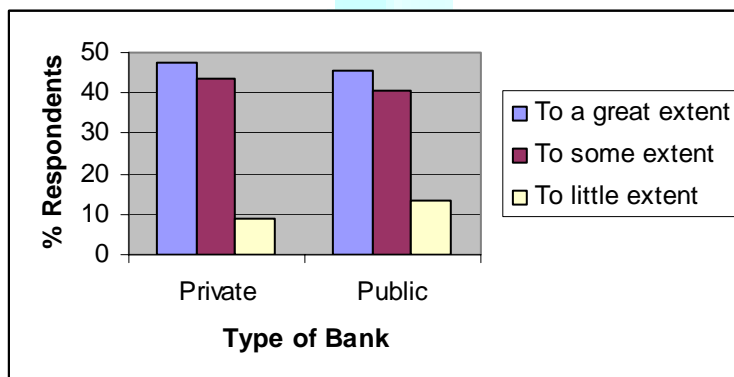


Fig. 3 Opinion of Sample Customers regarding the extent to which they consider the customer services of their banks to be efficient

SUGGESTIONS & RECOMMENDATIONS

- The banks should organize customer awareness and counseling programmes on a regular basis. It would be beneficial for both the banker as well as customer as it develops relationship banking.
- The bank employees should be trained especially in dealing with customers. They should handle the queries of customers in a co-operative and supportive manner.
- The attitude of bank employees of both the public and private sector banks is found to be 'Fairly Well'. This shows that banks are aware of the fact that to remain competitive, the customers should be attended and heard properly.
- The ranking of the drawbacks of customer services reflects that the major drawback of banking service is lengthy and time consuming procedure especially in case of granting of loans. The services should be offered in reasonable time without unnecessary delays.

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Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator