



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

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FINANCIAL LIBERALIZATION IN SINGAPORE, 1999-2003: THE EFFECT OF FIVE-YEAR LIBERALIZATION PROGRAM ON SINGAPORE'S BANKING SECTOR

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ABSTRACT

This research aims at finding the effect of financial reforms on Singapore's banking industry. And the objective of this report includes: examining if the financial reforms played a positive role for Singapore's financial development, how the reforms impact on foreign banks and where the liberalization brought risks for local banks. This report will adopt the deductive approach to find out the relationship between the financial liberalization and Singapore's banking sector, event the financial center development. And mainly to compare the data of performance from different years to meet these objectives. The findings of this report indicate that this financial reform in benefit for Singapore's banking sector and the financial sector development. Although foreign banks can operate more activities in domestic banking market and get more access to this market, at the same time, they have obtained a great progress, the local banks still dominate the domestic retail banking sector. Because the liberalization program also encouraged local banks to consolidate to become strong enough to compete with foreign banks, and foreign banks still face many limitations when operating their activities. Finally, the recommendations to Singapore government, local banks, foreign banks and Singapore's financial center will be made. The further liberalization will be needs from government, and most important thing for commercial banks that they have to implement the competitive strategies to compete with their competitors.

KEYWORDS

Singapore, financial liberalization, domestic banking market, foreign banks, local banks, reforms, expansion, financial center development.

INTRODUCTION

 Singapore is just a small island city-state in South East Asia. Nevertheless, it has been a remarkable success as a regional financial center in South East Asia and has a high status in the world nowadays. For instance, "In 2004, 700 local and foreign financial institutions are in Singapore, many of which are foreign institutions. And they offer a comprehensive range of world-class financial services and with 5% of workforce; contribute 12% of Singapore's GDP." (Lee Hsien Loong, 2004) And the financial services sector grew by 6.0% in 2004, compared with the 4.3% expansion recorded in the previous year. (Economic survey of Singapore 2004) For the banking sector, IMF report shows that Singapore's local banks, which have a 55% share of domestic banking assets, are profitable and well capitalized in 2004. Such a small country attained so remarkable success in financial sector, it can be seen a marvelous achievement. Because the banking sector dominated Singapore's financial industry, many of the achievements it has obtained derived from the contribution of banking sector. Therefore, Singapore's government more opened its banking market, let more foreign banks enter its domestic retail banking market, and awarded more privileges to them for their operations in Singapore's banking market. At the same time, the government sustained and encouraged local banks to extend and strengthen themselves, in order to compete with more foreign competitors in the open banking markets. In fact, after gaining the independence in 1965, Singapore's government began to choose the financial development strategies, with the aim of transforming into a regional financial center. Over the next 30 years, Singapore's government continually implemented financial sector reforms, opened new financial markets, attracted foreign financial institutions to Singapore, etc. The purpose is also to enhance Singapore's position of regional financial center. Since 1998, Singapore has implemented significant financial sector reforms, especially on the banking sector. These reforms are aimed at enhancing Singapore's position as a major international financial center and opening the financial industry to face more foreign competition, gradually liberalizing the restrictions on the international use of the Singapore dollar, etc. In order to reach these objectives, in May 1999, the Singapore's government announced a five-year liberalization program to liberalize the domestic banking sector. This program allowed foreign banks to expand their operations in Singapore and encouraged consolidation among local banks.

RESEARCH MOTIVATION

If the five-year liberalization program on Singapore's banking sector boosted the position of regional financial center for Singapore, if the program met Singapore government's aims, and under the liberalization program, if foreign banks' extending influenced local banks' development, etc. There are too many impacts from the five-year liberalization on Singapore's banking sector, even the whole financial industry. This is the motivation why researching this subject. In order to reflect the effects of liberalization program, there are three research objectives to cater for it: Firstly, to examine is the five-year liberalization program good or bad for Singapore's financial development; Secondly, to examine how did the liberalization program impact on the foreign banks in Singapore's banking market; Finally, to find out whether are the local banks facing the threats that come from foreign banks under the financial liberalization program

OVERVIEW OF SINGAPORE

Singapore is one of the 20 smallest countries in the world, only about 655 square kilometers in area. In the early 1960s, Singapore was faced with a lack of physical resources and a small domestic market. In order to develop its economies, Singapore has naturally relied on international trade to be a competitive economy. Instead of having the traditional protectionist policy, Singapore has accordingly established itself as a free trade area with very few trade barriers. For example, Singapore implemented an economic blueprint that encouraged inward investments of multinational corporations to Singapore, such as the inflows of foreign direct investment from the UK, US and Japan provided an impetus to the development of the financial sector. Nowadays, Singapore's economy is a world leader. It can be said that the development of such a small state into a renowned vibrant economy, ranked fourth in the most competitive countries in the world in 2002 (HSBC), because Singapore has long adopted economic policies that encourage open trade and investment, and it has the recognition of excellent business and social infrastructure, free-market economy, stable political and corruption-free business environment. Moreover, Singapore's excellent telecommunications network, sophisticated financial infrastructure, world-call transportation and information technology system, all of these advantages made Singapore becoming an ideal location for foreign investors. It can be said that Singapore is an international global business center nowadays. During the recent years, its foreign direct investment, which includes both the outbound and inbound investments are increasing year by year. (Figure 1.1) As the development of

Singapore's international trade, its banking and financial industry will also obtain more opportunities to extend and promote their businesses, such as loans and investment on business companies.

FIGURE 1.0: SINGAPORE'S INBOUND AND OUTBOUND FOREIGN DIRECT INVESTMENT, 1999-2003



Source: Singapore statistics

LITERATURE REVIEW

Most of the economic theories and practical experiences indicated that the financial liberalization can stimulate economic development. Maybe just because of this, Singapore's government adopted the five-year liberalization program to develop Singapore's commercial banking sector, at the same time, to stimulate Singapore's economic development. What exactly does financial liberalization mean? And what does the financial liberalization mean for Singapore? Did the financial liberalization really bring the benefits to Singapore? By the way of getting the answers, we will look the definition of financial liberalization from different economists firstly. Generally speaking, the liberalization refers to the freeing of trade, investment and capital flows between countries, and so on. However, what is the financial liberalization? It takes various meanings in the previous literature. A lot of people recognized that it is an integral part of financial sector development. For example, government policies on trade liberalization, interest rate deregulation, and capital account opening. All of these methods may enhance economic growth. This report will introduce two meanings of financial liberalization. Firstly, according to *Kaminsky and Schmukler (2003)*, "the financial liberalization consists of the deregulation of the foreign sector capital account, the domestic financial sector, and the stock market sector viewed separately from the domestic financial sector. A full financial liberalization occurs when at least two of the three sectors are fully liberalized and the third one is partially liberalized. A country is partially liberalized when at least two sectors are partially liberalized." Basing on Kaminsky and Schmukler's theory, it is important to recognize that financial innovation and liberalization are domestic, as well as international phenomena. Not only have restrictions on international financial transactions been relaxed, but also the regulations constraining the operation of domestic financial markets have been removed as countries have moved away from policies of financial repression. Both domestic and international financial liberalization respond to many of the same incentives and pressures. It is experiential that the liberalization occurs in several stages. Typically, the domestic financial liberalization that means the abolition of controls on interest rates and credit allocation usually precedes the international financial liberalization, which means the elimination of capital controls and restrictions on the convertibility of domestic currency into foreign exchange. In Singapore, the government also implemented the reform that relaxed the restrictions for the using of Singapore dollar. Secondly, *Barbara Stalling (2004)* indicates that "financial liberalization in the past two decades has profoundly transformed the financial system in developing economies around the world. Broadly speaking, these changes have come about in three stages. First stage, liberalization changed the rules under which the financial sector operates, moving from a system where governments heavily influenced the volume, price, and destination of loans to one where private-sector institutions make such decisions on their own. Second stage, in many cases financial liberalization was followed by financial crisis, which required rescue programs absorbing large amounts of fiscal revenues and resulting in steep losses of output. Third stage, the resolution of the crises further changed the characteristics of the financial sector."

For Singapore's financial liberalization in 1999, it is more inclined to Barbara Stalling's theory. Singapore's liberalization program aims to liberalize Singapore's banking sector, and then speed Singapore's economic development. Through this program, the government released the restrictions to foreign banks at a certain extent, and government allowed foreign banks to expand their operations in Singapore domestic banking market. At the same time government encouraged consolidation among local banks. It is noticeable Ekin Tokat (2005) addressed that, in the process of financial liberalization, banks become pregnable to external economic shocks if the banking system is not sufficiently developed. However, as the institutional environment gets stronger, the link between the liberalization and vulnerability disappears.

Whether this financial liberalization will bring crisis for Singapore's banking sector, that is to say, whether the Singapore has entered into stage two and It is acknowledged that financial liberalization is an extremely important component of a successful development strategy for economies. However, if financial deregulation is implemented in isolation, it is unlikely to promote growth and may, in contrast, impede economic development. "The importance of achieving macroeconomic stability prior to reform is well know, yet structural reform and institutional development in the financial sector, especially prudential financial supervision, are equally essential as liberalization proceeds." (IMF Working Paper No. 95/123)

FIVE-YEAR LIBERALIZATION PROGRAM IN SINGAPORE

THE REASONS FOR FINANCIAL LIBERALIZATION

Here we simply review the reasons for liberalizing Singapore's commercial banking sector. At the early 1970s, MAS adopted policies to protect the local banks, so that they grew fast and got a larger share of the domestic market. At the same time, MAS restricted foreign banks' activities in domestic retailing banking market. However, as the increased globalization of financial services, government has to liberalize the financial services sector, and let more foreign banks to compete with local banks freely. Thus, in May 1999 the Government announced a five-year program to liberalize retail banking. Deputy Prime Minister (and MAS Chairman) Lee Hsien Loong said the changes would strengthen Singapore's banking system, provide Singaporeans with quality banking services, and enhance Singapore's position as an international financial center. MAS officials asserted that competition, not protection, was the best way to foster the development of strong and large local banks that would be capable of holding their own domestically against the major international banks. The banking liberalization program includes an expansion of banking privileges and a broadening of the range of activities for foreign banks, and the consolidation of local banks.

GOVERNMENT POLICIES

GOVERNMENT POLICIES IN THE FIRST STEP OF LIBERALIZATION

In the first phase of liberalization (1999-2001), MAS announced it will open the door to new full and restricted banking licenses, as well as increase access to the domestic market by foreign full, restricted and offshore banks. For full banks, MAS announced that the existing foreign full banks can re-locate their existing sub-

branches on a case by case basis. In addition, MAS created a new category of full banking license named Qualifying Full Banks (QFBs), they own the different privileges from the existing class of foreign full banks. 6 QFB licenses will be awarded to foreign banks over 1999-2001. Each QFB are allowed additional branches, off-premise ATMs and ATM sharing, as follows: First, up to 10 locations-branches and off-premise ATMs-of which up to 5 can be branches: No more than 2 new branches and 3 off-premise ATMs to be set up each year following issuance of QFB license QFBs which already have more than 5 branches will be capped at their present number, but will be allowed up to 5 off-premise ATMs

Second, free re-location of existing branches; Third, Sharing of ATMs among QFBs. (MAS, 1999) For restricted banks, the number of restricted bank licensed were increased from 13 to 18 by 2001. For offshore banks, they are given greater flexibility in S\$ wholesale business. Qualifying Offshore Banks (QOBs) approved by MAS have privileges that their S\$ lending limit increased from the current S\$300 million to S\$1billion. They also be allowed to engage in S\$ swaps, without any restriction on the purpose of the swaps. All other offshore banks' S\$ lending limit increased to S\$500 million. They are allowed to engage in S\$ swaps in respect of proceeds arising from the issue of S\$ bonds managed or arranged by them. (MAS 1999) Furthermore, the government removed a 40% limit on foreign ownership of domestic banks in order to reiterate its opposition to any foreign bank acquiring a local bank.

GOVERNMENT POLICIES IN THE SECOND STEP OF LIBERALIZATION PROGRAM

After looking at what happen in the first step, in June 2001, MAS announced the second phase of the banking liberalization program to free up entry to the wholesale market and further enhance competition in retail banking. The new measures as follows: Firstly, replace the restricted banking license with the new Wholesale Banking (WB) license. Wholesale banks have all the privileges currently enjoyed by restricted banks. This will move the three tiers of banking licenses-full, restricted and offshore towards the two-tier licenses-full and wholesale. Secondly, phase-out of the Qualifying Offshore Bank and Offshore Bank licenses and upgrade of all QOB and OB to wholesale licenses over time. 20 wholesale banks will be granted over the next two years. Thereby doubling the number of restricted/wholesale banks in Singapore. The existing offshore banks and banks that do not yet hold a banking license in Singapore are encouraged to apply. This will allow QOBs and QBs to accept S\$ fixed deposits above S\$250,000 (US\$135,000) and offer S\$ current accounts, and will also remove limits on the amount of S\$ lending they can offer. Thirdly, converting all existing restricted banks to wholesale banks. Fourthly, In December 2001 MAS accepted applications for the remaining 2 QFB licenses and 16 wholesale bank licenses. Of the 16 wholesale bank licenses, 8 were converted from QOBs. Application for the remaining wholesale bank licenses was opened in Dec 2002, and 8 more wholesale bank licenses were awarded in May 2003. QFBs are now allowed to establish up to 15 locations, of which up to 10 can be branches. The 15 locations can include both branches and off-site ATMs. The sub-limit of 10 branches will include branches and limited-purpose branches. The 6 QFBs can share ATMs among themselves.

Provide debit services through an Electronic Funds Transfer at the Point-of-Sale (EFTPOS) system from 1 July 2002. For example, customers of the QFBs will be able to pay for their purchases and withdraw cash at participating retail outlets using debit cards. Provide Supplementary Retirement Scheme (SRS) accounts and CPF Investment Scheme accounts and accept CPF fixed deposits from 1 July 2002. Lastly, MAS has loosened restrictions on the internationalization of the Singapore dollar, so that only limited S\$ restrictions remain.

FURTHER POLICIES FOR THE COMMERCIAL BANKING SECTOR

Despite liberalization, foreign banks are still not treated as the local banks. That means the retail banking sector in Singapore remains heavily tilted in favor of the local banks. Key restrictions, for example, including the numerical quota on the number of foreign retail banks and the 15 location (branch/ATM) limit for QFB foreign retail banks, a policy that effectively prevents a foreign bank from accessing local banks' ATMs. As the continuing rapid globalization of the financial industry, it is necessary to open domestic market to foreign countries, because "competition from foreign banks can increase services for consumers, and then allowing local banks to diversify their earnings by providing new banking services." (Lee) Therefore, in 2004, the MAS decided to take a few further steps to liberalize the banking industry. The measures as follows: Firstly, from Jan 1, 2005, QFBs will be permitted to establish up to 25 service locations from the existing 15. And the 25 locations can either be brick-and-mortar branches or offsite ATM locations. With 6 QFBs permitted to share ATMs amongst themselves, this could result in a QFB shared ATM network of about 150 locations across Singapore. This provides QFBs with significant scope for expanding their presence in the domestic market. Secondly, MAS is prepared to grant a limited number of new Wholesale Bank licenses to applicants that meet Singapore's admission requirements. Thirdly, QFBs will with immediate effect be allowed to negotiate with the local banks on a commercial basis to let their credit card holders obtain cash advances through the local banks' ATM networks. MAS will regulate the measures for foreign banks due to the changes of global banking market.

LOCAL BANK CONSOLIDATION

Of course, when relaxing the restriction on foreign banks, MAS still focus on the ongoing process of consolidation among the local banks.

PROCESS OF LOCAL BANK CONSOLIDATION

In 1998, Development Bank of Singapore (DBS) successfully acquired the Post Office Savings Bank (POSB), which encouraged domestic banks to consolidate to compete with foreign banks. The merger and acquisition activity among Singaporean banks increased during 2001. Firstly, in April 2001, DBS acquired Hong Kong's fourth largest bank--Dao Heng Bank, for US\$5.7 billion as part of its regional expansion plans. Secondly, on 12 June 2001, Singapore's third largest banks-Overseas Chinese Banking Corporation (OCBC) announced a S\$4.8 billion bid for Keppel Capital Holdings (KCH), which owns Singapore's smallest Bank, Keppel TatLee Bank. Thirdly, on 22 June 2001, only two weeks later, DBS Holdings Group (which owns Singapore's largest bank, DBS) made an unsolicited bid of S\$9.4 billion for Overseas Union Bank (OUB), the fourth largest bank. Finally, on 29 June 2001, second largest United Overseas Bank (UOB) made a competing bid for OUB, consisting of a cash and stock offer. UOB's bid succeeded in August 2001 and the merger will form Singapore's largest bank in terms of assets. By 2004, seven local banks consolidated to become three large local banking groups in Singapore. They are Development Bank of Singapore (DBS), United Overseas Bank (UOB) and Overseas Chinese Banking Corporation (OCBC). (Adrian T. H. Kuah, 2005)

BACKGROUND OF THREE LOCAL BANK GROUPS

DBS is one of the largest financial services groups in Asia. The largest bank in Singapore and the fifth largest banking group in Hong Kong as measured by assets, DBS has leading positions in consumer banking, treasury and markets, asset management, securities brokerage, equity and debt fund raising. The Bank's credit ratings are one of the highest among banks competing in the Asia-Pacific region, and the highest among banks in Singapore. OCBC group is one of the Asia's leading financial services groups and one of the largest financial institutions in the combined Singapore-Malaysia market in terms of assets. As Singapore's longest established local bank, it enjoys one of the highest bank credit ratings in the region, OCBC is also one of the most respected in Asia. Their extensive network of branches and ATMs in Singapore enables us to better service the needs of our clients, who get to choose from a full range of consumer, business, investment, and international banking services, insurance, securities trading, asset management, and global treasury. It is Singapore's longest established local bank, with a rich heritage that can be traced as far back as 1912. UOB was founded in 1935. Since then, UOB has grown from strength to strength. It is today a leading bank in Singapore and a dominant player in Asia-Pacific. At the end of 2004, the UOB Group had total assets of S\$134.9 billion and shareholder's funds of S\$ 13.4 billion. (MAS)

ANALYSIS OF SINGAPORE'S COMMERCIAL BANKING SECTOR AFTER THE FINANCIAL LIBERALIZATION

ENTRY BARRIERS, SUPPLIERS AND BUYERS

It is obvious that the government released a lot of restrictions for foreign banks' operations in domestic retail banking market, at the same time, removed or relaxed some barriers for foreign banks entering the banking market. And it is much difficulty for foreign banks to extend their activities such as establishing new branches in banking market immediately because of the limited fund. That is to say, today, Singapore's banking sector still not completely open for foreign investors. The most powerful buyers are loans to consumers for all the commercial banks. They are increasing all the time in recent years. Increasing loans to customers means the buyers are becoming stronger than before. In addition, more loans also indicate there are more business companies established. The business consumers are also one of the main buyer groups for commercial banks. This can prove the buyers become more powerful as well. The business consumers are also banks' supplier. Moreover, the higher educated workforce, supported from MAS, increased IT technology, etc. all of these show the increasing supplier forces.

SUBSTITUTES

For commercial banks, the merchant banks and financial companies are their main substitute institutions. Figure 5.2 and 5.3 indicate the differences between commercial banks and other two financial institutions.

TABLE 1: SINGAPORE: STRUCTURE OF THE FINANCIAL SYSTEM
(At end-September 2003)

	Number of Institutions	In billions of Singapore dollars	Total Assets 1/	
			In percent of total assets in the financial system	In percent of 2002 GDP
Commercial banks	115	1,049.6	85.6	674.0
Local banks	5	257.0	21.0	165.0
Foreign banks	110	792.6	64.6	509.0
Qualifying full banks	6	224.9	18.3	144.4
Other full banks	16	63.8	5.2	41.0
Offshore banks	50	192.9	15.7	123.9
Wholesale banks	38	311.0	25.4	199.7
Merchant banks	51	58.3	4.8	37.4
Finance companies	4	11.1	0.9	7.1

Source: (IMF Report, 2004)

From figure 1.2, there are wide gap the proportion of total asset of GDP between commercial banks and other two financial institutions. Therefore, these two institutions will not bring much threat for commercial banks.

COMPETITORS

No matter for local banks or foreign banks, the threats from their rivalries is becoming stronger and stronger than before. On one hand, foreign banks are allowed to operate more activities, just because of this reason, local banks will lose some of their customers, and so losing the market share and profits. Thereby, all the local banks must implement some competitive strategies to compete with other competitors. Take the OCBC as an example. In February 2003, the bank announced the new Horizons strategy according to its business goals. OCBC wants to seek international growth and to build a high performance bank. Appendix B lists some of its goals and strategies. Not only OCBC, the other two local bank groups also implemented competitive strategies to meet their goals, and compete with foreign banks. On the other hand, because of the local banks' consolidation, they are much stronger than before, so the foreign banks will take more pressures. In addition, although government awarded many privileges for foreign banks, they still cannot gain the fair treatment with local banks when operating their business activities. Under such pressures, foreign banks also implemented a lot of competitive strategies to thrive and extend their market share. The Case study of Citibank will give an example for how the foreign banks implemented the strategies.

CASE STUDY OF CITIBANK**AIM OF ANALYZING CITIBANK**

The aim of analyzing Citibank is to show how foreign banks can neutralize the advantages that local banks enjoy from having an extensive branch network and government protection, and so achieve their own goals.

BACKGROUND OF CITIBANK IN SINGAPORE

Citibank first established its operations in Singapore on 1 July 1902. It was the first American bank to set up a branch in Singapore. In 1982, Citibank established the Consumer Bank to cater to the needs of individuals and small business. It can be seen a relative latecomer to the retail banking sector. Citibank was one of the first four foreign banks who awarded the QFB license by MAS in 1999. Today, Citibank's customers have access to a full and complete range of financial services through a broad array of distribution channels and network. And in June 2004, Citibank announced its move to incorporate a wholly-owned subsidiary of Citigroup in Singapore, know as Citibank Singapore Ltd, with a paid-up capital of S\$1.5 billion. This is part of Citibank's strategy to grow its international businesses.

STRATEGIES

Adopting which strategy to compete with rivalries mainly base on the banks own objectives or other decisive conditions. Citibank has already established the well-established phone banking and Internet banking services, focused on the credit card services, and debit card services. At the same time, Citibank pays attention to the business environment, such as demographics of customers. This will be mentioned later. In fact, one of the key rewards for the liberalization program was that "globalization and further rapid development in electronic delivery channels will allow foreign banks to reach out extensively to domestic consumers. This would neutralize the advantages that local banks enjoy from having an extensive branch network and government protection." (MAS) In a manner, this clearly indicated that the foreign banks such as Citibank, which have the abilities can obtain more benefits by having the Internet as a channel for their clients' banking services, providing a high level of quality customer service. Firstly, take the CitiPhone banking service as an example. Citibank's staff are able to resolve their customers' queries quickly, because the CitiPhone services are empowered and have a fairly high degree of autonomy in decision-making. This will hold many loyal customers for Citibank. In addition, Citibank's Internet banking infrastructure also gained an excellent reputé. It is deemed to be one of the best around. For two consecutive years in 2002 and 2003, Citibank was voted the "Best Consumer Internet Bank in Singapore" by Global Finance magazine in its "World's Best Internet Banks" survey. Secondly, improving the bank's service quality, moving faster, and continuously coming up with innovative and consumer-driven products and services are part of Citibank's other goals. These can be reflected by the credit card services. In the domestic market, Citibank's credit card services have done exceptionally. Citibank has co-branded its cards with a retailer, an airline and a telecommunications operator to issue the Citibank Tangs Visa card, the Citibank Cathay Pacific Visa card and the M1 Citibank Visa card respectively. The innovation here is to offer the cardholders' benefits, in addition to the savings they enjoy when paying with such cards. They offer the right value proposition by identifying the customers' needs, try their best to cater for customers' tasters. The Citibank Tangs Visa card, for example, is one that is related to the segment that shops and spends. Even the Citibank Clear card has become popular. This credit card is innovative as it is probably the first translucent one available here. Due to the key benefits such as priority admissions to cinemas and trendy outlets, the card is more popular for the young and trendy segment. Smart Investor magazine indicated that, Citibank credit cards are the most popular in Singapore and it is followed closely by UOB. In reality, one in every four cardholders has a Citibank credit card. That means "25% of cardholders make purchases with Citibank cards and, interestingly, when it comes to appeal Citibank ranks the highest in consumers' minds, as most consumers aspire to be a Citibank cardholder as compared to other credit-card issuing banks. The study, which covered around 450 respondents aged 25 to 64 years old, concluded that the main reason for credit-card appeal is its loyalty program. The other main factors are advertisements and promotions, and the design of the card." (Smart Investor magazine) In fact, the number of cards on issue is rapid growing in Singapore now. It means that many Singaporeans have three or more credit cards in

their wallets. This poses a problem for card issuers--how do they differentiate their cards and ensure that cardholders use their cards rather than those of their competitors? All banks provide various promotion to attract customers. HSBC, for example, it provides broad services such as internet banking, phone banking, day night centers, for self-service channels, credit card, debit card, etc. Only for credit cards service, it includes HSBC platinum card, classic visa and master card, secured visa card, corporate card, HSBC premier master card and so on. Therefore, Citibank, and other foreign banks face challenges from not only local banks, but also other foreign banks in Singapore's banking sector. The business strategies are the main tool for them to battle with their rivalries.

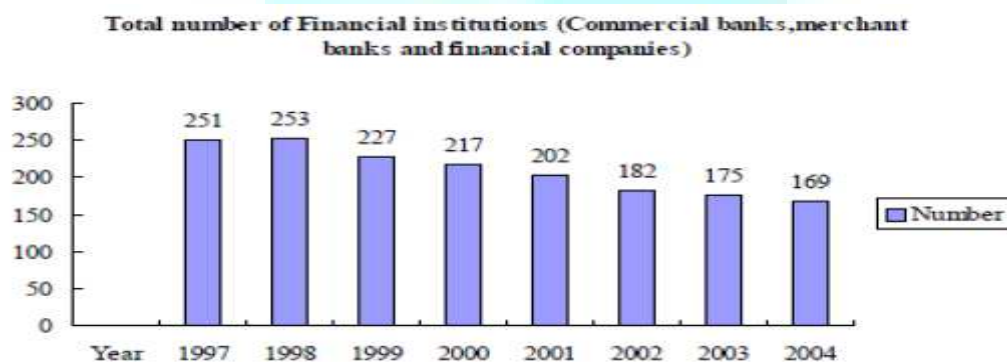
Thirdly, according to the financial liberalization, the QFB status allowing foreign banks to provide debit services, this is a growth opportunity has been made available. "The debit system has opened another segment for growth. Credit cards are restricted to those earning S\$30,000 per annum but not for debit cards," explains Mr. Lee. If only one has enough funds in the account, the International Citicard debit card issued by Citibank can be used to make purchases both locally and globally. Under this activity, this debit card overtops a normal ATM card with its global payment capabilities. Debit cardholders can even withdraw pre-determined amounts of funds from their Citibank accounts when making purchases at selected retail outlets. This can overcome the inconvenience associated with locating a Citibank ATM to withdraw cash. Such ability to provide premium services meant that Citibank cleverly skirted around the constraints of a limited branch and ATM network in the domestic market. This is a good way for foreign banks to extend their activities under government's restricted policies. Fourthly, Citibank in Singapore has grown so fast in the tough, mature market and intense competitive market, one of the main reasons is Citibank belongs to a global bank, their branding helped a lot. Lee said "We have managed with three branches and we actually grew with the trend by providing products and services that met the changing lifestyle needs of our customers." To support that growth, the capacity of CitiPhone will be increased and Internet services will be enhanced further. Actually, all the global banks own the same advantage. Finally, following the QFB status, Citibank has opened a fourth branch at the Esplanade and installed several ATMs there. But they put a research before establishing the branch and offering ATMs. Because they think implement these serves in the right places basing on the balanced against the demographics of our customers has helped. In despite of Citibank is viewed favorably for its product innovations, the biggest problem is the relatively high prices that it charges consumers for its products and services. "Our services are core to our success. Our quality service is our brand promise. By our standards, the satisfaction level has been acceptable. At least our customers see the value in our services and that is key. The market knows and accepts our premium pricing," says Mr Lee. In fact, Citibank's service level seems to be one of the best in Singapore's banking market.

THE RESULTS OF THE FINANCIAL LIBERALIZATION

CHANGES OF ALL COMMERCIAL BANKS

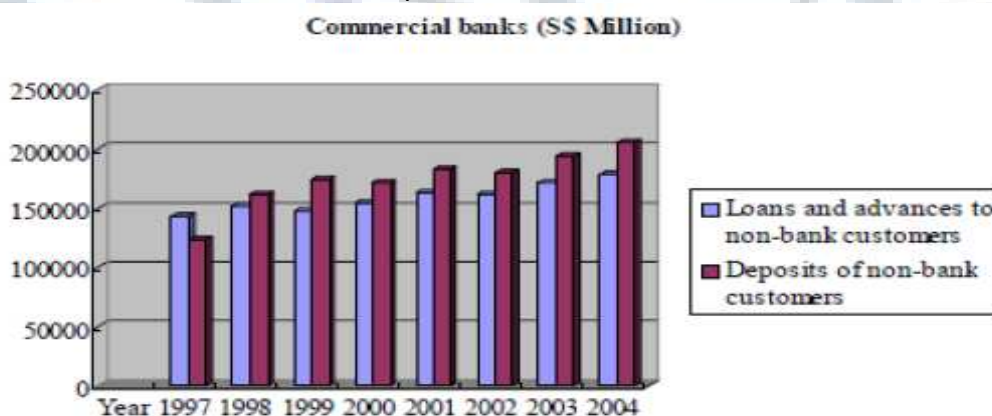
Since the liberalization program has been implanted, the numbers of Singapore's commercial banks are becoming smaller gradually. And the number of the merchant banks and financial companies also shrank. Though the number became smaller, their total assets, total investment, loans and advances to non-bank customers are increased gradually. Figure 6.1 and 6.2 show how they changed during this period. According to John A. Cochran's theory, "the growth of deposit can increase the amount of reserves available to a banks. For a bank, and generally for the banking system as a whole, the acquisition of added excess reserves means that these reserves will be used to acquire new earning assets, such as loans and investment, and thereby result in a corresponding increase in total bank deposits." And the lending is known as being at the heart of the function of a commercial bank by some bankers. Figure 6.2 shows that the loans and advances, and the deposits both increased from 1997 to 2004. See from the figure 6.3, the bank loans of commercial banks decreased in recent years. However, their non-bank loans increased vigorously. And the growth in non-bank lending was supported by lending to the household and general commerce sectors. As a result, they brought a certain profits for these commercial banks. The profits can be reflected by the increased total assets. The total assets increased to S\$362,528.4 million in 2003 from S\$289,572.3 million. Although the total assets in 2002 fell suddenly compared with that in 2001, however, it still higher than that in 2000. IMF report (2004) indicated the commercial banking sector (excluding merchant banks) accounted for more than 85% of total financial sector assets in September 2003. During the economic downturns' periods, Singapore's banking sector could achieve such achievement, because the financial liberalization operated a primary effect.

FIGURE2: TOTAL NUMBER OF FINANCIAL INSTITUTIONS IN SINGAPORE



Source: (MAS Annual report 2004/05)

FIGURE3: ASSETS/LIABILITIES FOR COMMERCIAL BANKS



Source: (MAS)

According to John A. Cochran's theory, "the growth of deposit can increase the amount of reserves available to a banks. For a bank, and generally for the banking system as a whole, the acquisition of added excess reserves means that these reserves will be used to acquire new earning assets, such as loans and investment, and thereby result in a corresponding increase in total bank deposits." And the lending is known as being at the heart of the function of a commercial bank by some bankers. Figure 6.2 shows that the loans and advances, and the deposits both increased from 1997 to 2004. See from the figure 6.3, the bank loans of commercial banks decreased in recent years. However, their non-bank loans increased vigorously. And the growth in non-bank lending was supported by lending to the household and general commerce sectors. As a result, they brought a certain profits for these commercial banks. The profits can be reflected by the increased total assets. The total assets increased to S\$362,528.4 million in 2003 from S\$289,572.3 million. Although the total assets in 2002 fell suddenly compared with that in 2001, however, it still higher than that in 2000. IMF report (2004) indicated the commercial banking sector (excluding merchant banks) accounted for more than 85% of total financial sector assets in September 2003. During the economic downturns' periods, Singapore's banking sector could achieve such achievement, because the financial liberalization operated a primary effect.

TABLE 2. A PART OF SINGAPORE'S FINANCIAL SOUNDNESS INDICATORS-COMMERCIAL BANKING SECTOR, 1998-2003 SINGAPORE: FINANCIAL SOUNDNESS INDICATORS- COMMERCIAL BANKING SECTORS. 1998-2003

Asset quality						
Classified loans to total loans 3/						
Local banks 1/	7.8	8.5	5.6	5.7	5.5	5.3
Foreign banks 4/	11.8	10.9	8.8	7.7	8.0	5.1
NPLs to total loans						
Local banks 1/	...	5.3	3.4	3.6	3.4	3.5
Foreign banks 4/	...	6.5	5.4	3.7	3.7	2.5
Classified loans net of specific provisions to regulatory capital (local banks) 1/ 3/	28.7	26.4	23.5	25.1	25.0	20.3
NPLs net of specific provisions to regulatory capital (local banks) 1/	...	11.3	10.7	11.4	10.7	9.7
Total provisions to classified loans (local banks) 1/	51.1	53.8	53.8	56.9	60.2	64.3
Total provisions to NPLs (local banks) 1/	...	86.2	87.2	90.1	96.7	96.6
Specific provisions to classified loans (local banks) 1/	28.8	34.2	29.5	32.6	33.8	35.7
Specific provisions to NPLs (local banks)	...	54.7	47.9	51.5	54.3	53.6
Loan concentrations (local banks) (in percent of total loans) 1/						
Bank loans	28.1	31.2	35.4	30.0	29.3	25.7
Non-bank loans	71.9	68.8	64.6	70.0	70.7	74.3
Of which:						
Manufacturing loans	9.2	8.8	9.1	8.2	8.4	8.9
Building and construction loans	17.2	16.6	16.3	15.5	14.1	13.0
Housing loans	18.2	21.3	22.3	26.0	27.5	28.3
Loans to professionals and private individuals	12.6	13.1	13.8	13.5	14.1	14.0
Loans to nonbank financial institutions	15.4	14.0	14.7	13.1	13.4	13.5
Profitability						
After-tax return on assets (local banks) 1/ 5/	0.4	1.2	1.3	0.8	0.8	0.8
After-tax return on assets (foreign banks) 4/	-0.1	0.3	0.5	0.5	0.8	...
After-tax return on equity (local banks) 1/ 5/	4.2	10.7	12.6	7.7	7.6	7.8
Net interest margin (local banks) 1/	2.3	2.2	2.2	2.0	2.1	2.0
DBU net interest margin (foreign banks) 4/	2.3	2.5	2.1	2.0	1.9	1.7
DBU income to total income (local banks; Singapore operations only)	74.2	71.2	62.9	65.4	70.0	67.5
DBU income to total income (foreign banks) 4/	21.4	28.0	28.1	25.4	26.8	31.7
Non-interest income to total income (local banks) 1/	26.8	31.8	29.3	36.4	32.4	37.9
Non-interest income to total income (foreign banks) 4/	46.5	36.7	51.6	45.4	47.6	...
Non-interest expenses to total income (local banks) 1/	33.5	33.3	39.6	43.6	40.3	39.5
Non-interest expenses to total income (foreign banks) 4/	54.8	55.9	46.9	48.9	46.3	...

(In percent, unless otherwise specified)

Although the number of commercial banks reduced, the total assets increased during the past years. Compared with other region financial centers such as Hong Kong, the gap between them became smaller than before. Because in Hong Kong, the number of financial institutions fell, and their total assets and the customer deposits increased slowly in the last five years. (Appendix E: Hong Kong's financial total assets, the number of financial institutions and customer deposits) In other words, the position of Singapore financial center improved during the financial liberalization period. However, the performance of ADM changed slightly, such as the interbank funds. This will not influence the development of Singapore's financial center in the Asia, even in the world, because during the period of 1999 and 2003, the part of commercial banks made a progress. They are the main part in banking sector. So their progress can contribute to the development of Singapore's financial center.

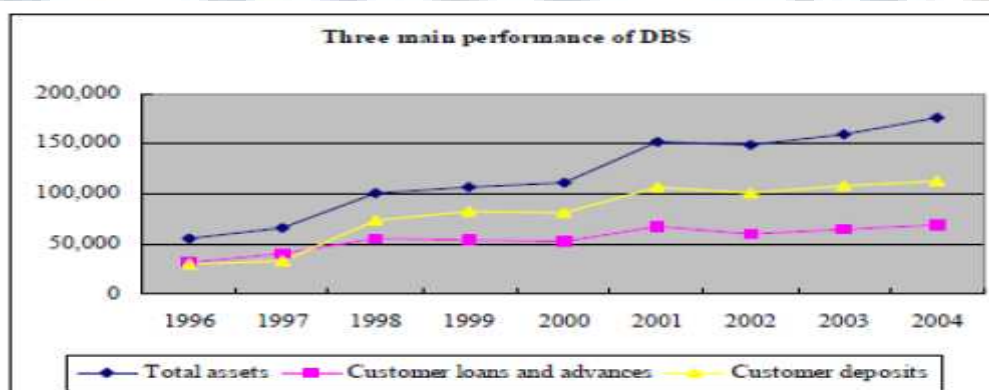
RESULTS OF FOREIGN BANKS

Actually, the financial liberalization brought less benefits for foreign banks than for local banks. Just take the Nonperforming loans (NPLs) and non-interest income as the example. Foreign banks' NPLs' to total loans sharply fell to 2.5% in 2003 from 6.5% in 1999. And the non-interest income remained the same level from 1999 to 2003. Most of the reasons are the government's restrictions on their business activities. However, foreign banks indeed gain the benefits from the liberalization program, they have increased their presence in Singapore's domestic banking market. Those banks with privileges of full banks and qualifying full banks accounted for about 31% of domestic lending to nonbanks and 27% of domestic nonbank deposits at end of September 2003. Moreover, the total asset also increased. All these outcomes came from the financial liberalization. If the government did not implement the liberalization program, they could not earn so many profits. Despite a markedly increased foreign banks' presence in the domestic banking market, after comparing the total assets with that of local banks, it will be found that no single bank has a large market position.

RESULTS OF LOCAL BANKS

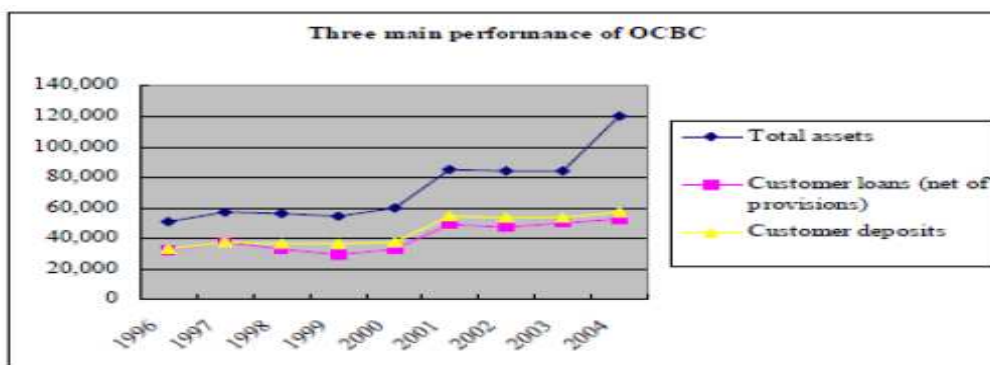
However, there is the very different situation on the local banks. In reality, three local banking groups dominate the domestic retail banking sector. Their total assets, customer loans and advances, etc. are always raising or fluctuated slightly under the umbrella liberalization program from MAS. Figure 6.4, 6.5 and 6.6 shows the changes of main performance of three banking group respectively.

FIGURE4: THREE MAIN PERFORMANCE OF DBS, 1997-2004 (\$\$MILLION)



Source: DBS Group

FIGURE5: OCBC PERFORMANCE, 1997-2004 (\$\$MILLION)



Source: (OCBC Group)

For DBS, its total assets increase to S\$175,553 million in 2004, compared S\$100,037 million in 1998. Moreover, its other performance such as the profit, increased to S\$2,435 millions in 2004 from S\$1,386 millions in 2003. The most important thing is that its loans and deposits all increased from 1996-2004. These activities did not fell down because of the economic shock. Just like DBS, the other two local banks: OCBC and UOB also gained a positive financial performance. For instance, OCBC's total assets grew about 39% to approximately \$117 billion. (OCBC, 2004) And the UOB's total income increased 3.1% to \$3,259 million for 2004 from \$3,160 million for 2003. At the same time, the group's provision charges decreased 42.3% to \$209 million for 2004 from \$362 million for 2003. (UOB, 2005) In addition, OCBC's loans and deposits all creased. Especially for its total assets, increased significantly from 1999 to 2004. Compared with these two groups, UOB's total assets and customer loans greatly increase from 2000 to 2001, besides the financial liberalization, maybe the group implemented some strategies to increase its loans to customers. Appendix D shows the local banks' performance from 1998 to 2003. For the three local banks, all of them have obtained growth. This can be seen from the increased total assets, total loans and deposits. They can earn more benefits from the increased lending and investment activates. All three local banks see regional expansion as their preferred means of future growth and have expressed internal goals to increase their returns on equity.

RESULTS OF ADM

Because the centerpiece of Singapore's financial center is the ADM, and the key players in the ADM are local banks and large internationally active financial institutions, therefore, to know the changes of ADM's total assets, interbank or nonbank lending flows is very necessary to research Singapore's financial development.

FIGURE6. ADM NON-BANK LOANS

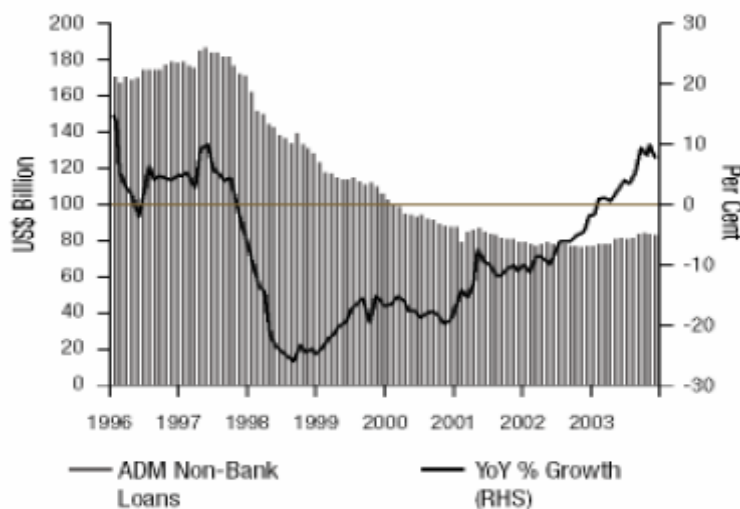
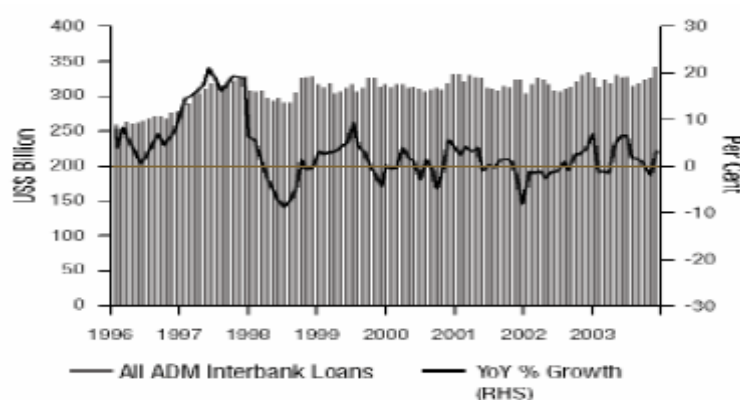


Figure7. ADM interbank loans



Total assets in the ADM were S\$385,302.4 million at the end of 2004, while in 1997, total assets were S\$330,685.5. The growth of assets has been weak during 1997 and 2004. Like the total assets, changes of interbank funds are slight during this period. (See figure 6.7) Growth has been weak in the past few years because of the regional economic environment, however, it remained a certain range, some of reasons are financial liberalization program played a vital role. Compared with the interbank loans, the rate of growth to non-bank loans had a significant growth from 1999 to 2000.

BENEFITS FROM THE FINANCIAL LIBERALIZATION

BENEFITS FOR BANKING SECTOR

There is no doubt that the five-year financial liberalization program indeed strengthen Singapore's domestic banks through consolidation of local banks and increasing foreign participation in the financial sector. The biggest benefit is that it created a more competitive banking environment because, in the increasing globalization trends world, closing market can only cumber the development of the banking sector development. In contrast, the competitive environment can inspirit both local banks and foreign banks to improve their services to compete with competitors. In particular, since the government has opened the banking market, the local banks are facing an intense competition from foreign banks because of the extending business activities of foreign banks in domestic banking market. For instance, local banks have to share the consumers which only belonged to them previously such as the ones using the ATMs. Whereas, just the intense competition gave an impetus to local banks to improve and expand their services, force them to upgrade their financial products as well as management expertise, such as OCBC. In addition, under the two phase of liberalization, foreign banks' participation in the domestic wholesale market broadened. Although they still face many limits, the foreign banks regard these restrictions as the impetus. In order to neutralize these disadvantages, just like local banks, they have to improve the financial products to attract more consumers and compete with the increasing competitors in the banking market. The case study of Citibank showed how they implemented strategies in competitive banking market. Doing so let foreign banks earn more profits, and so let them become stronger and stronger.

BENEFITS FOR SINGAPORE'S FINANCIAL CENTER DEVELOPMENT

Under the financial liberalization, foreign banks not only can launch more ATMs network and branches, removed the limit on foreign shareholdings of local banks, reduced restrictions on Singapore dollar swaps, increased lending limits for restricted banks, etc. but also can undertake most non-residents accessing Singapore dollar credit facilities for economic and financial activities in Singapore, including undertaking trading activities in Singapore dollars. This reform aims to broaden Singapore's capital markets to transform Singapore into an international financial center. In fact, MAS reached the objective after implementing the reform. In addition, banking sector development can be sure to spurred the whole financial center development because the banking sector dominates Singapore's financial services markets, though it is not the exclusive reason to improve the status of Singapore's financial center in the world.

BENEFITS FOR SINGAPORE'S ECONOMIC DEVELOPMENT AND GROWTH

The financial liberalization also boosts Singapore's economic development and growth. It has been proved that the deposits of all the commercial banks in Singapore increased. The increasing of deposits can provide the reserves for the banks to extend credit to their customers and to invest to more business, such activities could contribution to the growth of GDP in Singapore, at the same time, the increased GDP will attract more investors, including both local and foreign investors, to establish companies or do international trade in Singapore, on one hand, more foreign direct investment will develop the local economic growth, on the other hand, more investors will supply more opportunities for banks to provide loans to customers, this will help banks obtain more profits. Gaining more profits means the banks got more opportunities to develop their scopes and got more reserves. Moreover, the increasing growth of Singapore's economies let residents earn more income, and so they are also one of the sources of obtaining more reserves for banks. This just returned to the beginning of how the reserve can improve Singapore's economic development and growth.

OVERALL CONCLUSION

Under the pressures of global financial center trends, Singapore's government implemented the five-year financial liberalization program to the commercial banking sector. The aim of this liberalization program is to move towards a more open and competitive environment in order to boost the development and upgrading of local banks, so as to enhance Singapore's position as an international financial center. The major aim of this report is to find out the effect of the financial liberalization on Singapore's commercial banking sector, which includes to find out the liberalization is good or bad for Singapore's financial center development, how the liberalization impact on foreign banks, and if local banks are facing the threats from the foreign banks under the liberalization program. Chapter four firstly analyzed Singapore's environment to examine if it is suitable for developing a successful financial center. And the financial liberalization program in Singapore is presented in chapter five, including government's polices to foreign banks and local banks. In order to follow the methodology introduced in chapter two, chapter six analyzed the three performances of local and foreign banks as well as some ADM's performance. And found that all their perform increased or kept the same level during the period of liberalization. The findings proved that the financial liberalization is good for Singapore's financial development. It brought many benefits for Singapore. Furthermore, it also promoted Singapore's economic development and growth. Foreign banks awarded more privileges to operate business activities in domestic banking sector. However, they are still subject to varying restrictions on domestic retail operations. But just because of this, in order to continue to develop and survive in Singapore's banking sector, they have to establish competitive strategies to compete with local banks. Under liberalization program, local banks obtained the widest range of permissible banking activities. And although foreign banks brought many challenges for local banks, just these competitions strengthened incentives for local banks to improve efficiency, which in turn boosts the resilience of the domestic financial system. In addition, the findings also indicated that despite a markedly increased foreign banks' presence in the domestic banking market, there is no single bank has a large market position. In addition, though government removed the elimination of limit on foreign shareholding and let foreign banks own significant stakes in local banks, that is not mean the authorities allow foreign banks take-over of local banks. MAS declared that local banks need consolidation to reach a certain scope in the face of numerous opportunities emerging in Asia, but they do not hope foreign banks to merge local banks and control the domestic banking sector. Therefore, they are pococurante for merging local banks by foreign banks. By this token, foreign banks will not threaten the local banks, at least in nowadays.

IMPLICATIONS OF FINANCIAL LIBERALIZATION FOR BANKING SECTOR

At present, Singapore is strengthening its position as a regional capital center for Southeast Asia through the five-year financial liberalization program. However, whether the financial liberalization will bring financial crisis for Singapore in a long-term period depends on the government polices. Now, the foreign banks have no abilities to control the local banks, and they are not allowed to take-over local banks. However, the increasing global financial trends decide Singapore's further liberalization in banking sector if Singapore wants to enhance its position as a global financial center. Therefore, the government needs to let more foreign banks enter and operate more business activities in domestic banking sector to create a more competitive environment for local banks. At the same time, the most important thing is that government has to manage the implementing of the financial liberalization. Because strengthening and improving local banks and Singapore's financial center is the objective to liberalize the banking sector. We can find that during the whole process of liberalization, the role of government's regulation is more important than the trends of market development in Singapore's banking sector.

CHALLENGES

CHALLENGES FOR BANKING SECTORS

As the ongoing financial liberalization program, the banks in Singapore will face more upcoming challenges. Firstly, there are more and more risks in Singapore's banking market. The investors, especially the foreign investors, will face a high uncertainty prospect for their businesses in Singapore because of the more and more open markets. Secondly, it is difficult for all the banks to develop new strategies to continue growing and extending their business activities in a high competitive market. When banks implementing their strategies, the increasing costs is emerging, such as Citibank. Although consumers can accept their high cost services at present, some of consumers will be attracted to try other banks' services if those banks provide the same quality but lower cost services to consumers. The same situation existed in local banks. Thirdly, the liberalization of ATM network for foreign banks present a particular challenge to local banks.

According to IMF report, if all QFBs join in a network, they will have ATMs in 90 locations around Singapore. IMF Report (2004) indicates the number of ATMs network of local banks just over 1,700. As the increasing number of QFBs awarded by MAS, more ATMs will be established, therefore, more challenges for local banks will also be increasing. Besides above challenges, the persistent weakness in the labor market, the sharp increase in interest rates, and declines in asset prices also can negatively affect the banking sector. For example, the declines in household incomes and corporate earnings will result in a decline in household wealth and depressed investment. These will reduce demand for loans. Thereby reduce the profits and reserves for banks.

CHALLENGES FOR SINGAPORE'S FINANCIAL CENTER

Because one of the objective for the five-year liberalization program is to develop Singapore's financial center globally, therefore, we will also analyze the risks that financial center will face. The challenges to Singapore's financial center will increase in the future. Firstly, the reduced reserves will influence the development of banking sector, so as to influence the financial center development. Secondly, IMF (2000) indicated that financial restructuring in East Asia since the 1997 crisis may result in the consolidation of financial activity into fewer center. This may make it harder for Singapore to find and sustain a niche as a financial center. And Singapore is situated in a region of increasing economic and political instability since the 1997 financial crisis as well as the 11 September 2001 terrorist attacks on the United States and the Bali bombing incident in October 2002. All of them have raised the risk premium on foreign investments into Singapore. It is adverse for Singapore's financial center development. Thirdly, more competitors such as China begin to threaten Singapore's role as a regional financial center under the increasing global financial trends. Thirdly, the challenges from Singapore's biggest rivalries—Hong Kong, are increasing in recent years. Because Hong Kong increases the foreign direct investment in China, whose growing of economic development will increase the demand for Hong Kong's financial services. At the same time, Hong Kong's economic growth developed rapidly. All these reasons will benefit for Hong Kong's financial center development. Furthermore, "the Chinese government has been aggressively investing and promoting Shanghai as a future financial center. The Hong Kong-Shanghai combination could potentially be a formidable competitor to Singapore. China's expanding economy need for funds could be sourced from Singapore as well as from Hong Kong.

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DEVELOPING VALUES IN ORGANIZATION: A REFLECTION ON ORGANIZATIONAL VIRTUOUSNESS APPROACH

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ABSTRACT

Until recently the concept of virtue has been out of favor in the scientific community. Virtues have been traditionally viewed as relativistic, culture-specific, and associated with social conservatism, religious or moral dogmatism, and scientific irrelevance. Scholarly research paid scant attention to virtue, especially in organizations. Much attention has been paid to values in organizations, of course, but the definition and roles played by virtues in organizations differ from values. Virtue has recently become a topic of serious examination among organizational researchers and progressive companies who are exploring their role in creating new, more holistic, healthy, and humane work environments. Corporations are becoming more sensitive to the needs of the community and virtuous concerns such as caring, compassion, integrity and wisdom, and less concerned about Concepts such as efficiency, return on investment and competitive advantage. The aim of this paper is developing literature on virtues and virtuous organizations. In this paper, we explain the concept of virtues in organizations and differentiate it from the concept of values with which it is sometimes confused. Then we discuss the Characteristics, Advantages and functions of a virtuous organization. We also discuss the stages of formation of a virtuous organization and give examples of some organizations that have developed virtues.

KEYWORDS

Virtuous Organization, Virtues, Values.

INTRODUCTION

Until recently the concept of virtue has been out of favor in the scientific community. Virtues have been traditionally viewed as relativistic, culture-specific, and associated with social conservatism, religious or moral dogmatism, and scientific irrelevance. Scholarly research has not only paid scant attention to virtues, especially in organizations, but also has remained largely undiscussable among practicing managers faced with economic pressures and stakeholder demands (Manz et al., 2008).

There has been little systematic investigation of the expression and effects of virtue in organizations and the attributes of organizations "that move individuals toward better citizenship, responsibility, nurturance, altruism, civility, moderation, tolerance, and work ethic" have been largely absent from empirical investigations in organizational studies (Seligman and Csikszentmihalyi, 2000, p. 5).

Walsh et al. (2003), for example, surveyed the appearance of terms depicting virtue in the business press. They found that virtues are largely ignored as topics associated with business performance. In an analysis of word usage in the Wall Street Journal from 1984 through 2000, Walsh et al. reported that the appearance of terms such as "win," "advantage," and "beat" had risen more than fourfold over that 17-year period, whereas terms such as "virtue," "caring," and "compassion" seldom appeared at all. Moreover, their appearance had remained negligible across the 17-year period (Walsh et al., 2003).

But now a sea change is occurring in the corporate world. Many businesses are no longer seeing themselves as organizations that should only be concerned with profits but, instead, are now concerned about values (Kotler and Lee, 2005; Hindery, 2005). Corporations are becoming more sensitive to the needs of the community and less concerned about "profits at all costs." we are moving towards "conscious capitalism" a new kind of capitalism which not only focuses on profits but which considers factors such as social, environmental, and economic costs in business decision making (Aburdene, 2005; Lampman, 2005).

Firms in this era when societal expectations of business are rising can no longer focus solely on stockholder return. Companies that aim to prosper over the long term also emphasize good jobs for employees, environmental sustainability, healthy community relations, and great products for customers (Friedman and Friedman, 2009, p: 14). In conditions of turbulent change, virtuousness serves both as a fixed point, a benchmark for making sense of ambiguity, and as a source of resilience, protecting the system against harm.

VIRTUES AND VALUES

The concept of virtue has been defined in a variety of ways in the literature:

Virtues may be defined as the qualities that make anything a good thing of that kind (Schudt, 2000, 712). Virtue has been defined as an attribute of personal character, and it possesses cognitive, affective, volitional, and behavioral characteristics (Peterson, 2003). Organizational virtuousness refers to the attributes characterizing the best of a human resource (Nepean, 2007). Another view of virtue is a quality of psychological strength, moral muscle, or willpower that promotes stamina in the face of challenges (Manz et al., 2008). A virtue is a trait of character or intellect, which is morally laudable (Flynn, 2008, p: 361). At the aggregate level, virtue has been treated as embedded in communities, cultures, and organizations and being virtuous has meant adhering to the highest qualities of the social system of which one is a part (Manz et al., 2008). Human virtues are the qualities of character that allow us to regulate our appetites (Gowri, 2007, p: 392). Virtuousness is the internalization of moral rules that produces social harmony (Manz et al., 2008).

Because the concept of virtue captures the highest aspirations of human beings, the study of virtue is a study of the capacity, attributes, and reserve in organizations that facilitate the expression of positive deviance among organization members. Virtues in organizations appear to have at least five attributes (Cameron, 2003a):

1. Virtues foster a sense of meaning, well-being, and ennoblement in human beings.

2. Virtues are experienced cognitively, emotionally, and behaviorally.
3. Virtues foster harmony in relationships.
4. Virtues are self-reinforcing and positively deviation amplifying.
5. Virtues serve a buffering function and foster resilience.

These attributes differentiate virtues from the concept of values, which serve different functions in individuals and organizations. For better differentiation of virtues from values see continuum below with three points—one anchoring the left end, one in the middle, and one anchoring the right end (Cameron, 2003b).

Physiological	Illness	Health	Wellness
Psychological	Illness	Health	Flow
	----- -----		
	Negative Deviance	Normal	Positive Deviance
Ethics	Unethical	Ethical	Virtuous
Integrity	Dishonest	Trustworthy	Honoring

Think first of the human body. The large majority of medical research, and almost all of a physician's time, is spent trying to get people from the left point on the continuum (illness) to the middle (health). This middle point represents an absence of illness or injury. Very little is known about how to get people from the middle point to a state of wellness on the right. Psychologically the same thing occurs. More than 95 percent of psychological research in the last 50 years has focused on closing the gap between the left point and the middle point—overcoming depression, anxiety, stress, or emotional difficulties. Little is known about how to get people from a condition of health to a state of flourishing, vitality, or what's referred to as "flow" in psychology. Now look at ethics and integrity on the continuum. Unethical behavior is that which produces harm. It violates principles. It does damage. We spend a lot of time addressing unethical behavior. The large majority of our attention is spent reminding leaders and organizations to behave ethically, honestly, with integrity. That usually means an absence of harm—behaving consistently, being trustworthy, not damaging others or the system. Hardly any attention is given, however, to the right side of the continuum. That side is representing virtuousness. It is not only a condition of not producing harm, but it is a condition of doing good, honoring others, taking a positive stance, or behaving in ways where self-interest is not the driving motivation (Cameron, 2003b).

To better elucidate this idea of virtuousness in organizations, we contrast the concept of virtue with other more recurrently investigated concepts in organizational studies. For instance, virtuousness does not stand in antagonism to concepts such as ethics or moral reckoning, whereas these terms focus on what is necessary, sufficient, or instrumental, virtue embraces that which is good, transcendent, honorable, and that which is most human. Likewise, there is no required swapping between virtue and performance. While it is possible to be virtuous without producing profit and to be profitable without virtue, we reasonably expect that an affirmative connection may be present between virtue and organizational performance. As a matter of fact, modern organizations range from ineffective, inefficient, and error-prone performance, to effective, efficient, and reliable performance depending on the degree of virtuousness penetration in the organizational culture (Nepean, 2007).

VIRTUOUS ORGANIZATION

It is impossible to separate the performance and well-being of organizations from the performance and well-being of their members. To provide people with meaningful work and rewards, organizations need to be successful. And to be successful, organizations need high-performing individuals. The challenge is to design organizations that perform at high levels and treat people in ways that are motivating and satisfying (Lawler, 2004).

Virtuous organization is a solution for this challenge. Virtuous organizations addresses virtues. Virtuous organization should possess attributes and demonstrate behaviors that extend beyond a consistent moral or ethical code; it should possess more than just a strong values-based culture. Virtuous organizations are distinctive, in other words, in their capacity to create positive "organizational deviance" (Nepean, 2007).

Moving toward virtuousness is something most organizations can do. Seven principles are key to organizations developing virtuousness. These seven principles are listed below (Lawler, 2004):

1. *Attraction and Retention*. Organizations must create a value proposition that defines the type of workplace they want to be so they can attract and retain the right people.
2. *Hiring Practices*. Organizations must hire people who fit with their values, core competencies, and strategic goals.
3. *Training and Development*. Organizations must continuously train employees to do their jobs and offer them opportunities to grow and develop.
4. *Work Design*. Organizations must design work so that it is meaningful for people and provides them with feedback, responsibility, and autonomy.
5. *Mission, Strategies, and Goals*. Organizations must develop and adhere to a specific organizational mission, with strategies, goals, and values that employees can understand, support, and believe in.
6. *Reward Systems*. Organizations must devise and implement reward systems that reinforce their design, core values, and strategy.
7. *Leadership*. Organizations must hire and develop leaders who can create commitment, trust, success, and a motivating work environment.

Effective leadership is the most important principle and the one that provides the glue that holds the others together. So we should consider some points for effective leadership (Lawler, 2004):

- Lead People Right
- Developing a Leadership Brand
- Build Leadership Capability
- Identifying and Hiring Potential Leaders
- Regular Assessment of Managerial Performance and Behavior
- Rewards for Effective Leadership
- Focus on the Competitive Environment

CHARACTERISTICS OF A VIRTUOUS ORGANIZATION

Critical success factors of a virtuous organization are listed below (Friedman and Friedman, 2009, p: 15):

1. **THE LOCAL COMMUNITY:** A virtuous firm should establish and maintain strong ties with the local community in which it conducts business. It should hire employees from the local community and do business with local companies. After all, many of a firm's customers will come from the surrounding areas.
2. **RESPECT FOR EMPLOYEES:** Employees should not be seen merely as factors of production that could be discarded like worn-out machinery. Seeing employees as partners is the way to build an organization with values. In the corporate world, many firms are recognizing that the ability of an organization to learn is the key to survival and growth and organizational learning has become the mantra of many companies. A learning organization requires empowered employees that work together and share knowledge. Learning organizations have an infrastructure that allows the free flow of knowledge, ideas, and information. And all these require respect for employees.
3. **HIRING THE DISABLED:** Disabled employees in the workforce can help the organization generate and develop ideas for new products and services. Firms that have employed Disabled individuals have found that they are hardworking, dedicated, and loyal employees (Friedman and Friedman, 2006).
4. **DIVERSITY IN THE WORKPLACE:** Workforce diversity helps create a work environment in which female, minority employees, the disabled feel welcome; even customers will feel more welcome in such an environment. Diversity may help an organization flourish but it is also the right thing to do. Furthermore, diversity is important if one wants to create a learning organization. It is also important to help promote supplier diversity by doing business with firms that are owned by women and minorities (Friedman and Amoo, 2002).

5. ETHICS AND INTEGRITY: Integrity and honesty must start at the top of the organization. Conflicts of interest have caused many of the serious ethical lapses that occurred in the last decade. Before a company can improve its ethical behavior, it must remove all conflicts of interest.

6. SERVANT-LEADERSHIP: Leaders of virtuous organizations must become servant leaders. Servant-leaders empower others and are facilitators; they are not concerned with personal aggrandizement. The servant-leader is the antithesis of the autocratic, authoritarian, leader who is primarily concerned with power and wealth; he cares about people and wants them all to be successful. Spears found ten characteristics in the servant-leader Spears (2004):

- Listening intently and receptively to what others say. This, of course, means that one has to be accessible.
- Having empathy for others and trying to understand them.
- Possessing the ability of healing the emotional hurts of others.
- Possessing awareness and self-awareness.
- Having the power of persuasion; influencing others by convincing them, not coercing them.
- Possessing the knack of being able to conceptualize and to communicate ideas.
- Having foresight; which also includes the ability to learn from the past and to have a vision of the future.
- Seeing themselves as stewards, i.e., as individuals whose main job is to serve others.
- Being firmly dedicated to the growth of every single employee.
- A commitment to building community in the institutions where people work.

ServiceMaster Company, Southwest Airlines, Toro Company, and Men's Wearhouse are examples of companies that either include the principle of servant-leadership in their mission statement or corporate philosophy.

7. CUSTOMER SATISFACTION: A virtuous organization truly cares about its customers and clients. Many firms today believe that customer satisfaction is the most important measure of business performance; it is even more important than profit and market share. Organizations that care about their customers also want to hear what they have to say. Listening to customers, especially customer complaints, is a good way of coming up with ideas to improve products.

8. THE ENVIRONMENT: There are several reasons that the corporate world is going green. These include improving its image and competitive advantage; Regardless of any marketing gains, a firm should be concerned about our planet. Planet Earth is all we have and we should take care of it.

9. CORPORATE PHILANTHROPY: A virtuous firm does not necessarily think about future benefits from philanthropy. They engage in philanthropic acts because humankind has an obligation to make the world a better place. Done correctly, this can also benefit the firm. For example, a firm could use its resources to improve education and the welfare of the area in which it operates.

10. MISSION STATEMENT: An organization that is interested in virtue must examine its mission statement. Mission statements should not only discuss profit and growth; maximizing shareholder wealth is not what it is all about. A firm must consider the long-term and its mission statement should therefore consider the needs of the environment, society, employees, customers, suppliers, and government. The mission statement of the firm should say something about a firm's moral and ethical values. The needs of customers, suppliers, society, employees, government, and the environment should be addressed in the statement.

FUNCTIONS OF VIRTUES IN ORGANIZATIONS

The findings validate the two major functions played by virtuousness in organizations.

1. Amplifying function: The virtuousness has an amplifying effect. It means that virtuousness is self-perpetuating. When people are exposed to virtuous acts, they are attracted to them. They are elevated by them. They tend to reproduce them. When we observe virtuousness, we are inspired by it. This is similar to something called the heliotropic effect. If you put a plant in the window, over time it will lean toward the light. All living systems are subject to the same phenomenon. They have a tendency towards the positive and away from the negative. Virtuousness has that same attractive quality, and it tends to produce self-perpetuating positive effects. Human systems tend to respond positively to virtuousness and goodness. Just as these dynamics occur in individuals, similar dynamics also occur in organizations. Organizational performance tends to improve when virtuousness is fostered and nurtured. When people see others behaving humanely, they tend to behave humanely as well. Integrity, compassion, and trust, for example, create an environment where people are encouraged to be their best, where innovativeness, loyalty, and quality are likely to be higher. That's the virtuous cycle. The amplifying nature of virtuousness causes it to reproduce itself and to improve organizational performance over time (Caza et al., 2004).

2. Buffering function: The virtuousness has an amplifying effect too. That is, virtuousness helps inoculate the organization against harm in the face of trauma. It is now well-established, for example, that downsizing leads to deteriorating performance in most organizations. This occurs, at least partly, because people are hurt or offended, relationships are destroyed, trust is battered, psychological contracts are broken, organizational memory is lost, secrecy escalates, and the threat-rigidity response occurs (threatened people and threatened organizations become rigid). Virtuous organizations do not suffer the same debilitating and deteriorating effects of downsizing. Plus, they bounce back quicker from any downturns (Cameron et al., 2008).

It shouldn't come as a surprise, that the hallmark of great leaders in the 21st century is that they demonstrate not only ethical behavior—the absence of harm—but they also demonstrate virtuousness—producing goodness. Ethics and virtues serve as fixed points in a sea of confusion. They enable self-reinforcing positive outcomes to occur, and they buffer individuals and organizations from the verities of a world in which harm, damage, violations of principles, selfishness, and greed are likely to be ubiquitous (Caza et al., 2004).

ADVANTAGES OF A VIRTUOUS ORGANIZATION

The findings of investigations of the impact of virtuousness on organization and organizational performance showed significant effectiveness and efficiency benefits from the developing and implementing of a virtue based organizational environment. The main findings can be summarized in the followings:

- Virtues provide important elements of a possible riposte to the serious financial scandals currently affecting business globally (Flynn, 2008, p: 359).
- Virtues provide interior strength for good behavior. Among human virtues, practical wisdom is particularly important. This virtue helps practical rationality to identify what is good in each situation (mele, 2009, p: 239).
- Virtues make moral reasoning and moral decision-making easier, helping us to make sound ethical judgments, considering both the singularity and complexity of each situation (mele, 2009, p: 239).
- Virtues provide a common basis for value assimilation and value convergence of the employees (Ip, 2002, p:21).
- Virtues function as strong normative forces to shape employee's attitudes and conduct (Alzola, 2008, p: 343).
- Virtue acts as a force that inspires employees to accept a common vision. It is also a force which motivates employees to work together under the common corporate mission as well as to develop themselves. By developing in staff a sense of responsibility, sense of honor, it helps to unleash the positive energies in employees for high performance. It also enhances employees a sense of self-respect, autonomy, and commitment (Ip, 2002, p: 22).
- Virtues provide workers with good or very good ethical problem solving ability (Ip, 2002, p: 22).
- Virtues increase workers' satisfaction and morality in their work (Ip, 2002).
- Virtues produce positive energy in systems, enable growth and vitality in people, and enhance the probability of extraordinarily positive performance (Nepean, 2007).
- A significantly, higher level of employees' acceptance and internalization of work place innovations; and higher level of profitability ratio due to enhanced employee innovation, expanded social capital development, increases in pro-social behavior and the development of resiliency (Nepean, 2007).
- A significantly, higher level of customer loyalty and retention due to enhanced quality customer service from motivated and empowered employees due to initiation of virtuousness improvement measures (Nepean, 2007).

- A significantly, higher level of quality decisions, information processing, team synergistic output and lower error rate due to exposure to virtuousness (Nepean, 2007).

TOWARD A VIRTUOUS ORGANIZATION

The development of a virtuous culture spreads over three stages (Ip, 2002):

- 1) *The gestation stage*: The founder should address all in contact with the organization such as customers, employees, and suppliers and treat with them with kindness, respect and sincerity. The founder should build a culture that integrates all groups, empower people, enhance harmony and make people feel being a member of a family.
- 2) *The conscious stage*: As the company continued to grow, some major idea of corporate culture began to take root into the organization. The company began putting these ideas into practice by institutionalizing them into its procedures and policies. At this stage, the operations of the company and the management activities had begun to show some recognizable shape of a corporate culture, albeit in its embryonic form.
- 3) *The scientific management stage*: This stage includes systematic effort to integrate the ideas and values into the various subsystems of the company, including sales and marketing, production, personnel, public relations, staff development, franchising, and development of corporate image.

EXAMPLES OF VIRTUOUS ORGANIZATIONS

Examples of organizations that have achieved impressive results due to their dedication to treating people right are listed below (Lawler, 2004):

First, Microsoft-which has profited from a virtuous relationship with its people for decades. Since the early 1980s, the company has had an environment in which its employees have done well and the company has done well. The employees have had challenging work and, of course, one of the most highly rewarding stock plans around. Microsoft has been an enormously attractive place to work, especially for high-performers. As a result it has attracted some of the country's top software engineers and marketing executives.

Southwest Airlines is a second example of a virtuous organization for decades. From its very beginning, Southwest was a people focused organization that sought a high quality relationship with its employees. Its founder stressed from day one that the company's competitive advantage is its people. The result has been excellent customer service and an absence of the hostile labor relationship that is characteristic of every other major airline. Southwest has no one secret to its success. The company has emphasized the careful selection of employees, building an employee-friendly work environment, giving employees freedom to control their jobs and work environment, profit sharing and stock ownership for all employees, and the opportunity for employees to grow, develop, and advance in the company.

Procter & Gamble is yet another example. Though the company is over 100 years old, the past 40 years of its existence have been marked by many forward-thinking efforts to establish a virtuous relationship with employees based on employee involvement and the development of leaders throughout the company. P&G was an early adopter of employee-involvement practices in its manufacturing plants. It also has a stock ownership plan that has placed over 30 percent of its stock in the hands of its employees.

Another example is Weizhi Corporate in China. Several special features of the Weizhi Corporate Culture are noticeable, like Sense of social responsibility, Pragmatism, Nationalism, Innovation and Embodiment of founder's values (Ip, 2002).

DISCUSSION AND CONCLUSION

By promoting the virtues of organizational forgiveness, courage, compassion, altruism, humility and modesty as the platform of organizational values, virtuous organizations contribute to the paradigm shift away from financial capital toward human capital as a source of organizational performance. A healthy organization hence requires a balance of material and physical development, intellectual growth, and a deep concern for human issues.

Managing by virtues also requires the courage of rethinking the use of power, therefore prospective virtuous organizations, must be able to address power issues because most unethical behaviors in the workplace result in fact from power considerations. Indeed, global executives recognize nowadays the importance of virtuous and ethical governance but might be still unsure on how to take action on them as traditional discussions of business ethics have been overly academic. The organizational virtuousness approach should draw together rigorous, creative, and practical thinking on its intrinsic various dimensions – the effects of organizational structure and incentives, leadership and psychological factors that set the tone for the organization's manner of dealing internally and externally, the role of business and the corporation in society, and approaches to determining and securing responsibility and transparency. Done right, excellence in governance and ethics is not only compatible with profitability but is highly conducive to long-term sustainable profitability.

Maximizing profits while ignoring the needs of society may work in the short run but will be a disaster for both society and business in the long run. And, of course, while many of the ideas suggested in this paper may not only be costless to an organization but even produce additional profits in the long run, that is not the only reason to consider them. After all, *for the virtuous organization, virtue is indeed its own reward*.

In order to have a successful virtuousness policy formulation and implementation in organizations-compliant with commonly accepted ethics standards aiming towards organizational excellence, the following recommendations are suggested:

1. In order for organizations to reach excellence, leaders must first experience a personal transformation that enables them to see greater possibilities and to attract others through positive inspiration.
2. Organizations leaders who rely solely on managing people and change cannot achieve extraordinary results.
3. Organizations must be results-centered, willing to live by the values they profess, able to focus on serving others and open to external influences.
4. Organization wanting to reach and sustain excellence in all aspects of performance, should not expect finding an easy set of solutions to pull off the shelf and implement.
5. The most important thing organizations ought to be aware of, is that there are wellsprings of human excellence everywhere, which we as individuals and groups can tap.

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INFLUENCE OF EDUCATIONAL LEVELS ON FERTILITY DECISIONS AMONGST FEMALES PARTICIPATING IN LABOUR FORCE IN ADO-ODO/OTA LOCAL GOVERNMENT AREA OF OGUN STATE NIGERIA

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ABSTRACT

The paper tries to examine the influence of educational levels on fertility decisions amongst females participating in labour force in Ado-odo/ota local government area of Ogun state, Nigeria. A total sample size of 106 of women was interviewed through questionnaires administration. Frequency tables and chi-square were used to analyze the data collected. Only one hypothesis was tested in this study. The fact obtained from frequency table buttressed that the highest proportion of female respondents acquired secondary educational qualifications. The result derived from the chi-square is that the higher the level of education, the lower the number of children that females participating in labour force had. However, the paper recommends that for Nigeria to be able to reduce her fertility level and achieve developmental goals simultaneously, then women's education should be vigorously encouraged by Nigerian citizens, government and non-governmental/multi-national agencies in terms of granting full scholarship awards to them.

KEYWORDS

Labour force participation, Females, Fertility, Educational levels and Chi-square.

INTRODUCTION

In recent times, one of the most striking phenomena has been the extent to which women have increased their participations in the labour force. The increasing participation of women in paid work has been driving employment trends and the gender gaps in labour force participation rates have been shrinking. In the 1980s and early 1990s, labour force growth was substantially higher for women than for men for every region of the world except Africa. Obviously, the increase in female labour force participation has been linked to the completion of the fertility transition in the developed industrialized world. However, fertility decline has been slow or stalled in many developing countries. International Labour Office (2001a) shows that by 1980, fertility levels in most of the developed industrialized countries were already close to or below the replacement rate of 2.1 children per woman. Labour force participation rates of women in the prime ages of 25-54 years continued to rise in the 1990s to between 60 to 85 percent and by the turn of the century fertility was well below replacement. However, the estimates from the developed countries shows that experienced the largest increases in female labour force participation rates (FLFPRs) in the 1980s also tended to have the largest declines in total fertility rates (TFRs). By the 1990s, changes in both FLFPRs and TFRs had slowed down. The economic participation of women has actually been falling in several of the transition economies particularly in the 1980s but there has been obvious decline in fertility rates especially in the 1990s, most to below replacement (International Labour Office, 2001b). Also, in the Asia-Pacific countries, there is no clear pattern between women's employment and total fertility rates. There are almost as many countries with high FLFPRs and high levels of fertility (for example, Nepal, Papua New Guinea) and as there are countries with similar high FLFPRs and total fertility rates around replacement level (for example, Democratic People's Republic of Korea and Thailand) and yet another group of countries where fertility had dropped below replacement but FLFPRs are only around 60 per cent (Hong Kong and Singapore). The aforementioned does not show a clear relationship between changing FLFPRs and fertility decline; Asia-Pacific countries with little increase in female participation showed sharper falls in TFRs than many of the countries with large increases in female participation (International Labour Office, 2001c). In Latin America and the Caribbean, there has been increasing FLFPR and declining fertility since 1980. Changes in both rates have generally been larger in the 1980s than in the 1990s. Women in the North African and Middle Eastern countries continue to have the lowest levels of labour force participation in the world but there has been a distinct fall in total fertility rates, albeit none to below replacement levels (International Labour Office, 2001d). It is also striking to note that FLFPRs fell or changed very little in most North African and Middle Eastern countries in the 1990s but fertility continued to drop sharply. In contrast, women in Sub-Saharan Africa have very high rates of female labour force participation and their fertility rates have remained high and even in the late 1990s total fertility rates were between 4 to 7 children per woman. The statistics further indicated that there has been very little percentage change in FLFPRs especially in the 1990s and the declines in TFRs have been small (International Labour Office, 2001e).

At this juncture, it is pertinent to define the term 'labour force' and 'fertility' as follows:

The term "labour force" involves the totality of persons who could produce that is, the goods and services if there were a demand for their labour and a desire to participate in such activity. To be straightforward, labour force can also be defined as persons in the population 15 years and above who contribute to the production of goods and services in the country. It includes those who are either employed or unemployed (United Nations, 2000a).

On the other hand, Fertility is the actual reproductive performance of an individual, a couple, a group or a population based on the number of life-births that occurred. With reference to the United Nations (2003), a life-birth is the complete extraction from its mother, a product of conception, irrespective of the duration of pregnancy, which after such separation breathes or shows any other evidence of life such as beating of the heart, pulsation of the umbilical cord or definite movement of the voluntary muscles, whether or not the umbilical cord has been cut or the placenta is attached, each product of such birth is considered as a life-birth. In other word, fertility is the ability to conceive and have children. It is also the ability to become pregnant through normal sexual activity (Medicine Net, 2011).

Indeed, past studies have investigated how female labour force participation influences fertility and it has been observed that an inverse relationship is likely to exist if economic activity occurs outside the domestic sphere, though the strength of the relationship would still depend on the type of employment. For instance, if the job consists of low level manual labour, there will be less likelihood of an inverse relationship than if the job provided opportunities for or demands occupational mobility (Kawashima, 1995 and Michaela, 2001).

The general hypothesis that female labour force participation reduces desired and actual fertility have been examined using international, national and sub-national aggregate data. The expected negative relationship has been widely observed (Standing, 1983).

According to Kasarda (1971), he conducted a cross-sectional study of sixty countries and discovered a negative partial correlation between fertility and the proportion of women employed in non-familial enterprises. He controlled for urbanization, industrialization and education. However, he concluded that an increase in employment of females outside the household inevitably influences the nation's fertility rate.

The conduct of this study is essential in many ways because it will greatly benefit the Nigerian government, economic planners, private organizations, the academic society, social scientists and policy makers for the following reasons: Firstly, the female labour force participation and their fertility rates in Sub-Saharan Africa have been consistently high over a decade ago and has not received adequate attention up till date. Secondly, there are not many studies recently done by Scholars on the effect of female labour participation on fertility in both Africa and Nigeria. However, many studies were carried out on this subject for almost a decade now in other parts of the world.

Despite the aforementioned background, this study tries to answer this bothering issue of concern: What has been the influence of educational levels on fertility decisions amongst females participating in labour force in Ogun state, Nigeria?

Basically, the main focus of this paper is to identify the influence of educational levels on fertility decisions amongst females participating in labour force in Ado-Odo/Ota local government area of Ogun State of Nigeria.

METHODOLOGY

A total sample size of 106 females that are gainfully employed (15-64years) was randomly selected from 2-wards in Ado-Odo/Ota Local Government Area of Ogun State, Nigeria. A multi-stage random sampling technique was used to select the females that are participating in labour force. Purposive sampling method was employed due to the fact that this research was a very sensitive one and in order to carry out the study effectively, females participating in labour force were randomly selected from these two wards. From each ward, a house-listing/street numbering was done by using Primary Health Care/National Bureau of Statistics (PHC/NBS). The systematic random sampling method was employed to select the number of households where the gainfully employed females are residing. In short, 53 females were randomly picked from each ward which constituted the total sample size of 106 in 2-wards. Information about demographic and socio-economic characteristics of respondents, responses on the effect of their work had on their desired number of children, respondents opinions on the effect of high level of education of women on fertility and whether the respondents work has affected the number of children they would have had were collected from them with the help of questionnaires instrument. The technique employed in this research was a quantitative approach. The data was collected from a face-to-face interviewed via structured questionnaire that was carefully designed to incorporate all the necessary questions on the issues at hand.

Analysis of the study was based on 106 females participating in labour force were interviewed on the influence of educational levels on fertility decisions amongst females participating in labour force in Ado-Odo/Ota Local Government Area of Ogun state. The data were analyzed with the aid of Statistical Packages for Social Scientists (SPSSversion15.0). After checking for incorrect responses, and missing values, descriptive statistics were calculated for all variables. Chi-square test was performed on the influence of educational levels on fertility decisions amongst females participating in labour force in Ado-Odo /Ota Local Government Area of Ogun state and the results were interpreted accordingly. The data for the study was analyzed by using the information obtained through questionnaires and personal interviews. The variables of consideration on the frequency tables for this study includes: age, sex, religion, marital status, highest level of educational attainment, ethnicity and occupational categories respectively.

The study was carried out in Ado-Odo/Ota Local Government Area of Ogun State due to the proximity or closeness to the researcher, fast expanding and economically developing and has one of the largest concentrations of Industries in the Federal Republic of Nigeria especially the manufacturing ones. The proximity Ado-Odo/Ota Local Government to Lagos state which is still the commercial nerve centre of the country is another reason for being chosen as the study area.

TABLES AND INTERPRETATIONS

DEMOGRAPHIC AND SOCIO-ECONOMIC CHARACTERISTICS OF FEMALES PARTICIPATION IN LABOUR- FORCE

TABLE 1: PERCENTAGE DISTRIBUTION OF RESPONDENTS BY AGE

	Frequency	Percent	Cumulative Percent
15 -24	53	50.0	50.0
25 -34	30	28.3	78.3
35 - 44	14	13.2	91.5
45 - 54	5	4.7	96.2
55 - 64	4	3.8	100.0
Total	106	100.0	

Source: Field Report, 2008

It was observed from the table 1 that large proportion of the respondents are young 15-24 years, with about 50%, which accounts for half of the population sample, followed by the 25-34 years age group with 28.3% of the respondents, then the 35-44 years age group with 13.2% and the 55-64 years age group with 3.8% of the total population.

TABLE 2: PERCENTAGE DISTRIBUTION OF RESPONDENTS BY RELIGION

	Frequency	Percent	Cumulative Percent
Christianity	76	71.7	71.7
Islam	29	27.4	99.1
Traditional	1	.9	100.0
Total	106	100.0	

Source: Field Report, 2008

It is evident from table 2 above that Christianity and Islam were the two religious groups that dominated the area of study. Majority of the respondents were Christians (71.7%) while Islam respondents constitute 27.4% and traditional constituting 0.9% of the population.

TABLE 3: PERCENTAGE DISTRIBUTION OF RESPONDENTS BY THEIR ETHNIC GROUP

	Frequency	Percent	Cumulative Percent
Yoruba	52	49.1	49.1
Igbo	29	27.4	76.4
Hausa	24	22.6	99.1
others	1	.9	100.0
Total	106	100.0	

Source: Field Report, 2008

From table 3 above, we can infer that majority of the respondents are Yoruba (49.1%). This is followed by Igbo with 27.4%, then Hausa with 22.6% and other groups constituting 0.9% of the population.

TABLE 4: PERCENTAGE DISTRIBUTION OF RESPONDENTS ACCORDING TO THEIR LEVEL OF EDUCATION

	Frequency	Percent	Cumulative Percent
Primary	3	2.8	2.8
Secondary	55	51.9	54.7
Tertiary	42	39.6	94.3
Others	4	3.8	98.1
no response	2	1.9	100.0
Total	106	100.0	

Source: Field Report, 2008

Table 4 showed that the highest percentage (51.9%) of the population had secondary education, 39.6% of the population went ahead to acquire tertiary education, 3.8% do not belong to any of the mentioned categories and 2.8% of the respondents had at least primary education. The table is an indication that the level of literacy among the respondents was high.

TABLE 5: PERCENTAGE DISTRIBUTION OF THE RESPONDENTS ACCORDING TO THEIR MARITAL STATUS

	Frequency	Percent	Cumulative Percent
single	2	1.9	1.9
married	92	86.8	88.7
separated	1	.9	89.6
widowed	1	.9	90.6
divorced	10	9.4	100.0
Total	106	100.0	

Source: Field Report, 2008

Table 5 showed high level of marriage stability among the respondents. From this, we can observe that a high level of marriage stability can be noticed in the area of study.

The frequency table shows that those married constituted the highest percentage which is 86.8%, 9.4% of them are divorced, the percentage of respondents currently single is 1.9% which is low, 0.9% are separated, 0.9% are widowed respectively.

TABLE 6: PERCENTAGE DISTRIBUTION OF RESPONDENTS BY AGE AT FIRST MARRIAGE

	Frequency	Percent	Cumulative Percent
15 – 24	81	76.4	76.4
25 – 34	11	10.4	86.8
35 – 44	12	11.3	98.1
45 – 54	1	.9	99.1
no response	1	.9	100.0
Total	106	100.0	

Source: Field Report, 2008

Table 6 revealed the age at first marriage of the respondents. And we can ascertain from the table that 76.4% of the respondents got married at early ages which is between 15 and 24 years, which is also the highest, those between 35 and 44 years with 11.3%, then we have those between 25 and 34 years with 10.4%, very low respondents at the 45-54 years age group with 0.9%.

TABLE 7: OCCUPATION OF RESPONDENTS

	Frequency	Percent	Cumulative Percent
Trading	50	47.2	47.2
Teaching	19	17.9	65.1
Banking	8	7.5	72.6
Others	27	25.5	98.1
no response	2	1.9	100.0
Total	106	100.0	

Source: Field Report, 2008

The table 7 above illustrates the percentage distribution of respondents by their occupation. A higher percentage of 47.2 are into trading, followed by 25.5% who are into other form of businesses, 17.9% are into teaching and 7.5% are into banking. We can therefore, see from this table that a very high percentage of the respondents are into one form of business or the other.

TABLE 8: RESPONSES ON THE EFFECT OF THEIR WORK ON THEIR DESIRED NUMBER OF CHILDREN

	Frequency	Percent	Cumulative Percent
Yes	16	15.1	15.1
No	87	82.1	97.2
Others	1	.9	98.1
no response	2	1.9	100.0
Total	106	100.0	

Source: Field Report, 2008

According to table 8, a higher percentage of 82.1% said that their work did not affect the number of children they would have had, 15.1% of respondents were of the opinion that their work affected the number of children they would have had while 0.9 % gave other responses.

TABLE 9: RESPONDENTS OPINIONS ON THE EFFECT OF HIGH LEVEL OF EDUCATION OF WOMEN ON FERTILITY

	Frequency	Percent	Cumulative Percent
Yes	65	61.3	61.3
No	40	37.7	99.1
no response	1	.9	100.0
Total	106	100.0	

Source: Field Report, 2008

From table 9, we can say that a high percentage of the respondents (61.3%) thought that high level of education amongst women reduces the level of fertility while 37.7% says it does not. **HYPOTHESIS 1**

H_0 : Their levels of education do not affect their level of fertility.

H_1 : Their levels of education affect their level of fertility.

TABLE 10: DO YOU THINK HIGH LEVEL OF EDUCATION AMONGST WOMEN REDUCES THE LEVEL OF FERTILITY

	O	E	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
Yes	65	35.3	29.7	882.09	24.99
No	40	35.3	4.7	22.09	0.63
No response	1	35.3	-34.3	1176.49	33.33
Total	106				$\chi^2=58.95$

Source: Field Report, 2008

From the table above, the calculated value is 58.95

For each observation, Degree of freedom = Df which is computed as follows:

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

Where r = number of rows

c= number of columns

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

$$= 2 \times 1 = 2$$

Therefore, the critical value or the tabulated value at 5% level of significance = 5.99

The expected frequency (EF) = Total number of observed frequency/N

$$= 65+40+1/3$$

$$= 106/3$$

$$= 35.3$$

Decision: From the computations above, the calculated value of χ^2 at 0.05 level of significance and degree of freedom of 2 which is 58.95 is greater than the critical or tabulated value which is 5.99, we reject the null hypothesis H_0 and accept the alternative hypothesis H_1 which states that 'The levels of education affects their level of fertility'. The conclusion that can be drawn from this is that the higher the level of education, the lower the number of children that women participating in labour force will have.

DISCUSSION OF RESULTS

From the above table 10, the following deductions are clearly interpreted as follows: the chi-square test in table 10 revealed that the levels of education of females participating in labour force affect their fertility levels. Here, it is vital to note that the chi-square result is buttressed by the accepted alternative hypothesis assertion in the only hypothesis of this study.

CONCLUSION

The primary focus of this paper is to empirically examine the effect of female labour force participation on fertility in Ado-Odo/Ota local government area of Ogun State, Nigeria. The paper is hereby concluded with evidences from frequency tables and chi-square tests. Evidences from frequency tables include; firstly, that the largest proportion (50 percent) of the respondents are young 15-24 years. Secondly, Christians dominated this study with 71.7 percent. Thirdly, that majority of the respondents are Yoruba with 49.1 percent. Fourthly, the highest percentage 51.9 per cent of the female respondents acquired secondary education in this study.

Fifthly, the highest proportions of respondents are married with 86.8 percent. Sixthly, the greatest proportion (76.4 percent) of the respondents got married at early ages which are between 15 and 24 years. Furthermore, highest percentage of female respondents with 47.2 percent engaged in trading. Also, more proportion of respondents (82.1 percent) said their work did not affect the number of children they would have had. Lastly, higher percentage of the respondents (61.3 percent) said that high level of education amongst women reduces their level of fertility.

On the other hand, the fact deduced from chi-square test indicated that the higher the level of education, the lower the number of children that women participating in labour force will have.

RECOMMENDATIONS

The paper is concluded with the recommendation that for Nigeria to be able to reduce her fertility level and achieve developmental goals simultaneously, the female education should be vigorously encouraged by Nigerian citizens, government and non-governmental/multi-national agencies in terms of granting full scholarship awards to them.

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OCCUPATIONAL ROLE STRESS AMONG WOMEN EXECUTIVES IN UNITED ARAB EMIRATES**DR. SANGEETHA VINOD****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT****MANIPAL UNIVERSITY, DUBAI CAMPUS,
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RAJASTHAN – 304 022****ABSTRACT**

UAE is a developing country with a booming economy and hence heading towards a high-stress society. The research paper titled "Occupational Role Stress among Women Executives in UAE" adopts a descriptive research design with its hypothesis concentrating on understanding the presence of role stress (dependent variable) among Asian and Non-Asian women professionals working in various organizations in the Emirates of Dubai, Sharjah and Ajman and the influence of the ten role stress dimensions (independent variables). 207 women aged 20-50 years both married and unmarried were selected for the current study. Dr. Udai Pareeks', Occupational Role Stress Scale was utilized to collect primary data and it was analyzed using SPSS version 11. There was a highly significant correlation between overall role stress scores versus the few specific dimensions of role stress and occupational diseases among both Asian and Non-Asian women. Self-role distance was the dimension that created significant levels of role stress among both segments of women professionals.

KEYWORDS

Occupational disease, Role Stress, Role Stagnation, Role Ambiguity, Self-role distance, Inter-role distance.

INTRODUCTION

The United Arab Emirates is a federation of seven Emirates: Abu Dhabi, Dubai, Sharjah, Ajman, Umm-al-Quwain, Ras al-Khaimah, al-Fujairah. The federation was established in 1971, a mere nine years after oil began to be exported. On the socio-economic level, the United Arab Emirates is a striking picture of contradictions. Its advanced urban development (80–90 per cent of the population) coexists with some of the oldest systems of social interaction, gender-segregation, and tribalism.

Women represent over 80 per cent of total enrolment in the United Arab Emirates national universities, and the State's educational policies openly encourage and promote female education. In 1970, educated females represented only four per cent of the population; in 1993, the proportion had reached 80 per cent (Al Kassadi, 2000).

SIGNIFICANCE OF THE STUDY IN UAE

Stress is a common feature in our lives, especially as the pace of development increases. Many women are responsible for themselves and a partner, children, and ageing parents. They often try to balance traditional roles at home along with full-time jobs. The opportunity to "have it all" is great, but many women find that trying to "fit it all in" is overwhelming.

UAE is heading towards a high-stress society, due to its pace of development and high cost of living, according to mental health specialists. According to a study conducted by Bristol team, reported by Thelma Agnew in "The Workplace Stress Epidemic", there has been a 30% increase in level of occupational stress from 1990 to 1995.

Another survey produced by Labor Research Department in 2001 studied the stress in UK's communication workers. It says, "Work-related stress represents a huge problem and is attaining epidemic proportions, according to recent reports. The Health and Safety Executive commissioned a research that showed an estimated five million workers suffer from high levels of stress and it is now the second largest occupational health problem in the UK after back pain.

There is not very extensive research done and made publicly available in U.A.E. on role stress. The researcher in the current study aims at investigating the impact of role stress among women from different occupations in UAE and their defensive mechanisms to trade-off a balance between work and home life.

The researcher has chosen this specific area for the study considering the increase in female percentage of labor force. It was 13.7 per cent in 2001, 14.1 per cent in 2002 and 14.7 per cent in 2003 (United Arab Society, Year Book, 2006). Expatriates dominate the labor market in the United Arab Emirates. Of the total UAE population 80 per cent are expatriates (Human Resources Report, 2005). This dominance of expatriates in the total population is also replicated in the labor market. In 2004, with a total labor force of 2,731,000 men and women, only 254,000 (or 9 per cent) were nationals

STATEMENT OF THE PROBLEM

An increasing number of women are becoming career conscious and professional in their outlook. Earlier women preferred jobs like nursing, medicine, clerical but now the number of women executives is on the increase. The reasons for such a change is: increase in women's education, changing socio-cultural values, increasing awareness and consciousness in women and the rise in economic independence. Her inner conflict keeps on puzzling her regarding existence in reality and what people talk about (Gracia, June, 2005). Balancing work and family frequently means irregular work hours for women professionals leading to stress and various problems related to it (Snell, 2004). The working woman, regardless of whether she is married or single, faces higher stress levels. This is not so much in the work place but at home also. She may feel guilty for leaving her children while she works; this not only increases her stress but also reduces her job satisfaction. Role stress is the stress experienced by individuals because of their role (job) in the organization. They assume a role based on the expectation of the self and others at work place.

But what really happens when one loses touch with the social support system, has lot of conflicts with self and the environment she lives in... That is where the real stressors develop. This is exactly where the researcher would like to start from, in a fast developing country like United Arab Emirates (UAE) where the demands are many; women have become a very supportive strength to her family in terms of a secondary earning member as well as homemaker. The current study will attempt to address the issue of understanding the level of role stress borne by women (Both Asians and Non-Asians) belonging to several occupations and the stressors that influence the same.

RATIONALE FOR THE STUDY

According to the annual 'Mercer Human Resource Consulting Cost of Living Survey' of 2006, Dubai is the 25th most expensive city "jumping almost 50 places from last year". Abu Dhabi ranked 64th in 2005 but now ranks 13th. There is increased inflation in all cities of UAE, resulting in increased stress. There are also other economic and social factors of stress like increasing oil prices, high rents, and inflation, increasing traffic, changing rules and regulations and many other changes in lifestyle due to the rapid growth of the economy. In 2005 a poll about work stress was conducted by Bayt.com (one of the largest recruitment and career planning company in UAE) and was reported in AME info.com According to the report, "More than one in 10 regularly find themselves in the office at weekends or during holidays, and only 18 per cent of the 545 people who took part in the two-week survey said they could successfully block out work after office hours." Rabea Ataya, CEO of Bayt.com also said, 'The rapidly growing regional economy places heavy demands on employees, and this can translate into longer working hours. The Gulf offers salaries and living standards that far exceed other countries, but expectations in the workplace are also high and work-related stress is a growing concern. A sensible work-life balance is the best way to maintain employee productivity and morale. Training to help staff use their time more efficiently at work is also important.' Women, assume roles based on the expectation of the self and others at work place. Those who have the Social Support of their family and friends are able to cope better with stress. The present study is an attempt to provide a preventive and positive approach to women experiencing stress at work and at home with special reference to United Arab Emirates. This study will specifically concentrate on finding out the level of role stress experienced by both Asian and Non-Asian women and thereby identify the key role stressors that influence the same that results in various occupational diseases. The Occupational Role Stress (ORS) Scale by Dr.Udai Pareek is being used to measure the intensity of role stress and the dominant influence of ten different role stress dimensions on the same.

OBJECTIVES OF THE STUDY

1. To measure the impact of role stress among Asian and Non-Asian women belonging to different professions in UAE (With special reference to the emirates of Dubai, Sharjah and Ajman).
2. To identify the occupational diseases the women suffer from due to the impact of role stress.
3. To understand the dominant influence of the following dimensions of role set and role space on the overall role stress experienced by the women in UAE: Self-role distance, Inter-role distance, Role stagnation, Role Ambiguity, Role overload, Role isolation, Role erosion, Role inadequacy, Personal inadequacy, Resource inadequacy.

HYPOTHESIS

Null Hypothesis: Demographic variables have no significant association with the ten dimensions of role stress among the women professionals working in United Arab Emirates

REVIEW OF LITERATURE

Many women believe that they have no choice in the matter, but we do. When meeting unusual demands, we can choose to respond negatively (distress) or positively (eustress). We can choose a "merry heart" or a "broken spirit." In other words, the physical effects of stress on women are determined greatly by women's responses to the demands life makes on them. Ivancevich and Matteson (1980) defined stress as an "adaptive response mediated by individual characteristics or psychological process, that is a consequence of any internal action, situation or even that places special physical or psychological demands upon a person."

Occupational stressors are working conditions that overwhelm the adaptive capabilities and resources of workers, resulting in acute psychological, behavioral, or physical reactions. Role stress is the stress experienced by the persons because of their role (job) in the organization. They assume a role based on the expectation of the self and others at work place. One of women's greatest stressors is work, says Dr. Rosch. Not only do women typically earn less than their male counterparts, they often work in jobs in which they have less control over their work or in jobs where they bump up against subtle or overt sex discrimination and prejudice. And they face significant challenges in balancing work with family responsibilities. As suggested by Katz and Kahn (1966) an organization can be defined as a system of roles. However, role itself is a system. From the point of view of an individual, two role systems are important, the system of various roles an individual occupies and performs, and the system of various roles of which his role is a part, and in which his role is defined by other significant roles. The first is called as "role space" and the second is known in the literature as "role set". Role space, then, can be defined as the dynamic interrelationship both between the self and the various roles an individual occupies, and amongst these roles (Pareek, 1976). The concept of role set was proposed by Merton (1957) who defined role set as the "compliment of role relationships which persons have by virtue of occupying a particular social status."

Prolonged exposure to a stressful working condition may lead to illness or disease. This definition emphasizes the role of stressful occupational conditions in worker health and well-being. Although individual factors (such as coping strategies) and social resources can modify the reaction to occupational stressors to some degree, it is certain working conditions that place workers at risk for developing health problems.

Job stressors commonly include job/ task demands (work overload, lack of task control), organizational factors (poor interpersonal relations, unfair management practices, discriminatory hiring practices), and physical conditions (noise). Additional sources of stress include financial and economic factors, conflict between work and family roles, sex-specific stressors (sexual harassment), training and career development issues, and poor organizational climate (values, communication styles, etc).

Stress can cause psychological (affective and somatic responses, job dissatisfaction), behavioral (sleep problems, absenteeism), or physical (changes in blood pressure) reactions. Prolonged exposure to job stressors may produce psychological and physical illnesses, such as depression and coronary heart disease. There is no evidence that a particular job stressor will result in a particular acute stress reaction or illness. Rather, a range of health symptoms can be associated with workplace stressors.

Role stress (often referred to as role stressors) refers to the work or family conditions that are associated with feelings of role strain (or, alternatively, distress). Because of lack of consistency in the usage of the terms role stress and role strain, they are no longer in general usage. With respect to the job (family) role, the term role stress has been superseded by the term job (family) stressors, or more generally by the term job (family) conditions (Spielberger, 1979). The term "conditions" has the advantage of referring to role aspects that are either stressful (i.e., negative) or enhancing (i.e., positive). Role strain is now viewed as one of many potential outcomes of stressful job (family) conditions. Work-family conflict is one such outcome. Although work/family conditions are most often conceptualized as "causing" work-family conflict/enhancement, it is also possible that the relationship is bi-directional. In other words, work-family conflict/enhancement can "cause" as well as be "caused" by work/family conditions.

Since the concept of "role" is inextricably linked with "expectations," the organizational factors and context assume importance due to their influence on the molding of prescriptions and prescriptions associated with a particular position. These could be looked upon as structural components and organizational processes. Authoritative organizational structure and control systems are a potent source of stress as they are seen to breed dependency afford little scope for initiative and creativity in role enactment and channelize behaviors along narrowly defined paths.

In the concept of role proposed above, several variables are involved – the self, the other roles, the expectations held by the other roles, the situations in which there is no conflict among these variables. The very nature of role has built-in potential for conflict or stress. Thus conflict is a natural response inferred definition of stress as "an experiments or noxious stimulus with general results in psychological change, behavioral change, perceptual cognitive change, affective change and in both overt and intra-psychic coping efforts." "Role conflict" has been defined in terms of conflicting expectations. The main characteristic

of conflict is the incompatibility of some variables relating to the role of an individual which may have some consequences for the individual's role performance. The word "strain" has used in the literature to denote the effect of stress on the individual. The word "pressure" has also been used. Buck (1972) Five main role stresses or conflicts in the role space of an individual which have been identified and are included as stresses influencing the intensity of role stress in the current research study are as follows:

SELF-ROLE DISTANCE

This is the conflict between the self-concept and the expectations from the role as perceived by the role occupant. If a person occupies a role which he may subsequently find conflicting with his self-concept, he feels the stress. For example, a usually introvert person, who is fond of studying and writing, may have self-role distance if he accepts the role of a salesman in an organization and comes to realize that the expectations from the roles would include his meeting people and being social. Such conflicts are fairly common, although these may not be severe.

INTRA-ROLE CONFLICT

Since the individual learns to develop expectation as a result of his socialization and identification with significant others, it is quite likely that he sees some incompatibility between the two expectations from his own role. For example a professor may see incompatibility between the expectations of teaching students and that of doing research. These inherently may not be conflicting but the individual may perceive these as incompatible.

ROLE STAGNATION

As the individual grows physically, he also grows in the role he occupies in an organization. With the advancement of the individual, his role changes and with this change in role, he need for his taking his new role becomes crucial. This is the problem of role growth. This becomes an acute problem especially when an individual has occupied a role for a long time, and he enters another role in which he may feel less secure. However, the demand of the new role is for the individual to out-grow his previous role and occupy the new role effectively. This produces some stress in the individual.

Role stagnation also includes stress related to career progression. Marshall and Cooper (1979) have mentioned two problems regarding manager's relationship with his family and wife: time, and spillover of stress from one to the other. Pahl and Pahl (1971) found that majority of wives in their middle-class sample saw their role in relation to their husband's job as a supportive, domestic one; all said that they derived their sense of security from their husbands (only two men said the same of their wives). Barber (1976) interviewing five directors' wives find similar attitudes. Gowler and Legge (1975) have dubbed this bond the hidden contract in which the wife agrees to act as a "supportive team" so that her husband can fill the demanding job to which he aspires. Handy (1975) supports the idea that this is typical, and it is the path to career success for the manager concerned.

ROLE BOUNDEDNESS

If an individual feels highly obligate to the expectations of significant role senders, and sacrifices his own interests, preferences, values and comforts etc., he may be said to be role bounded. He may experience the conflict between his tendency to live as a person, and live as a role. For example, in the traditional homes, the boys experienced the conflict between their "son role" and their living as persons, giving preference to their "son role". Parents with too much of traditional outlook have promoted such role boundedness.

An individual occupying a particular role may have some expectations from his role. Interacting with him (role senders) may have quite different expectations from him. Such incompatible expectations and other problems arising in the role set are called role set stress or conflicts. Some of those are discussed below;

ROLE AMBIGUITY

When the individual is not clear about the various expectations people have from his role, he faces the conflict which may be called role ambiguity. Role ambiguity may be due to lack of information available to the role occupant, or due to lack of information available to the role occupant, or due to lack of understanding of the cases available to him. Kahn and Quinn (1970) have suggested that role ambiguity may be in relation to the activities, responsibilities, personal style and norms. They have suggested three foci of role ambiguity: the expectations role sender holds for the role occupant, the expectations sent by the role sender to the role occupant, and the expectations the role occupant receives and interprets in the light of prior information and experience. They have suggested that four different kinds of roles are likely to experience ambiguity: roles new to the organization, roles in expanding or contracting organizations, roles in organizations exposed to frequent changes in demand, and roles on process. Role ambiguity may result in various other conflicts.

As Marshall and Cooper (1979) have pointed out, role ambiguity exists when an individual has inadequate information about his work role, i.e., where there is lack of clarity about the work objectives, associated with the role, about work colleagues' expectations of the work role and about the scope and responsibilities of the job, Kahn, Wolfe, Quinn, Snoek and Rosenthal (1964) found in their study that men who suffered, from role ambiguity experienced lower job satisfaction, high job-related tension, greater futility and lower self-confidence. French and Caplan (1973) found, at one of the NASA's bases, in a sample of 205 volunteer engineers, scientists, and administrators, that role ambiguity was significantly related to lower job satisfaction and to feelings of job-related threat to one's mental and physical well-being. This also related to indicators of physiological strain such as increased blood pressure and pulse rate. Margolis, Kroes and Quinn (1974) also found a number of significant relationships between symptoms or indicators of physical and mental ill-health with role ambiguity in their representative national sample (n = 1496). The stress indicators related to role ambiguity were depressed mood, lowered self-esteem, life dissatisfaction, job dissatisfaction, low motivation to work and intention to leave the job. Whilst these were not very strong statistical relationships they were significant and do indicate that "lack of role clarity" may be one among many potential stressors at work.

Kahn (1973) feels that it is now time to separate out distinctive elements of role ambiguity for individual treatment. He suggests that two components are involved; those of present, and future prospects ambiguity.

ROLE OVERLOAD

When the role occupant feels that there are too many expectations from the significant roles in his role set, he experiences "role overload". This term has been popularized by Kahn; et al. (1964). They measured this stress by asking questions about the feeling of people whether they could possibly finish work given to them during the modified work day and whether they felt that amount of work they did might interfere with how well it was done. Most of the executive role occupants experience role overload. Kahn and Quinn (1970) have suggested some conditions under which role overload is likely to occur. According to them, role overload is likely to occur more in the absence of mechanism of role integration, in the absence of power of role occupants, in the large variations in the expected output and when delegation or assistance cannot procure more time.

ROLE ISOLATION

In a role set, the role occupant may feel that certain roles are psychologically near to him, while some other roles are at a distance. The main criterion of role-role distance is frequency and ease of interaction. When linkages are strong the role-role distance will be low. In the absence of strong linkage, the role-role distance can therefore, be measured in terms of existing and desired linkages. The gap between the desired and the existing linkages will indicate the amount of distance between two roles.

ROLE EROSION

A role occupant may feel that some functions which he would like to perform are being performed by some other role. The stress felt may be called "role erosion". Role erosion is the subjective feeling of an individual that some important role expectations he has from his role do not match with the expectations other roles have for him. Role erosion is likely to be experienced in an organization which is redefining its role and creating new roles. In several organizations, which were redefining their structure, the stress of role erosion was inevitably felt. In one organization, one role was abolished and two roles were created in order to cater to the executives and planning needs. This led to a great stress in the role occupants of both roles who experienced role erosion.

Role Inadequacy

Role inadequacy refers to two types of feelings: (a) that the role occupant does have adequate resources to perform the role effectively (Resource Inadequacy) and (b) that he is not fully equipped (lacks internal resources) for effective performance of the role (Personal Inadequacy).

UAE is a global village, constituting more expatriates than the "Sons of the Soil". On a comparative basis over the yesteryears, standard of living has increased tremendously, whereas the purchasing power and disposable income has been on the low end. To cater to this challenging situation, womenfolk are sharing the

financial burdens with their spouse for a better and healthy lifestyle. But juggling work and home is not an easy game, it take its toll on women that has led to a new phenomenon known as “**Hurried Woman Syndrome**”, brought on by the stresses and strains of the pace of everyday life. According to a study in London, this condition particularly affects women aged between 25 and 55 who, rather than enjoying a suburban “Desperate Housewives” type lifestyle, are juggling hectic work schedules with caring for children or elderly parents.

RESEARCH METHODOLOGY

The current study titled “Occupational Role Stress among Women Executives in UAE” adopts the descriptive research design, as it attempts to, first, measure the level of role stress among Asian and Non-Asian women belonging to different professions in UAE (With special reference to the emirates of Dubai, Sharjah and Ajman). Second, to assess the influence of the level of role stress and its impact on the occupational diseases the women suffer from. Therefore, the researcher attempts to describe the relationship of dependent (overall role stress) variable and independent variables (demographic variables and ten role stress dimensions) within the geographical boundaries of United Arab Emirates.

In the current study the classification of Asians cater to the following nationalities - Indian, Pakistani, Filipino, Iranian, Srilankan, Chinese, Moroccan, Egyptian, Palestinian, UAE National, Lebanese, Sudanese and Syrian. The classification of Non-Asians caters to the following - European, Jamaican, Australian, American, Norwegian and Canadian. Therefore, the population framework will incorporate the above nationalities classified for ease of analysis and interpretation as Asians and Non-Asians and since women professionals are exclusively selected for this study their designations and occupations vary on the following continuum - Accountant, Counselor, Banker, Fashion Model, HR professional, Front office assistants, Research Analyst, Executive (Brand, Marketing, Sales). 235 Questionnaire were administered on the women professionals, but the final sample size was 207. The Occupational Role Stress (ORS) Scale designed by Dr.Udai Pareek a renowned Professor and Researcher in the field of Human Resources Development was utilized for the current study to measure the level of role stress elicited by the women professionals and the influence of the ten role stress dimensions on overall role stress. The statements were supported with a five point interval rating scale (0 = Never feel this way, 1 = Few times feel this way, 2 = Sometimes feel this way, 3 = frequently feel this way, 4 = Always feel this way), that enabled the women professionals to elicit their feelings without further confusions and reservations.

Data were analyzed using SPSS (Statistical Package for Social Sciences, version 11.0). A variety of statistical analyses were applied to the data, including Simple percentage analysis, Mean value analysis, t-test, Analysis of Variance (ANOVA), Multiple Regression and Correlation Analysis. To use ANOVA for comparison of data the classification was done in the manner of – Ten dimensions of role stress, Nationality and Other Demographic variables. A Discriminant function analysis was also conducted to understand the differences that occurred among the nationalities with respect to ten dimensions of role stress its impact on overall role stress.

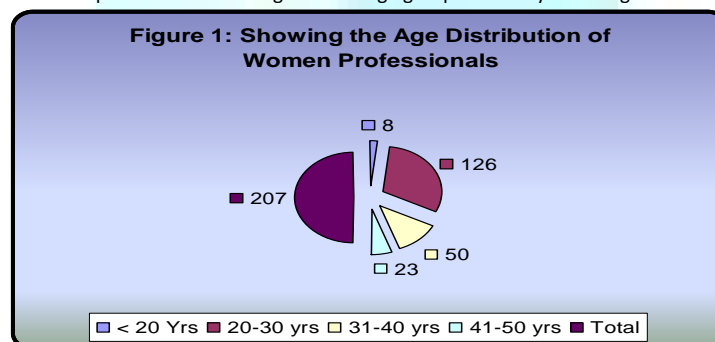
LIMITATIONS OF THE STUDY

1. Firstly, this study is focused on select and accessible nationalities of women professionals classified as Asians and Non-Asians for ease of analysis and interpretation.
2. Male professionals’ role stress perception has not been considered for this study.
3. The study involves behavioral variables, thereby involving attitudinal analysis and interpretations, therefore the perceptions portrayed by the respondents may not be static over a period of time.

ANALYSIS AND INTERPRETATIONS

Simple Percentage Analysis - Demographic Profile of Women Professionals

1. 176 women professionals out of the total sample size of 207 belonged to the age group of 20-40 years of age.



2. The marital status profile of the women professionals has been well balanced between the married (103) and unmarried (104).
3. The number of children nurtured by 103 married women professionals clearly indicate that majority of them had either one to two children (66 women) inferring that their challenges in the role of a mother would add on to the level of role stress endured.
4. 132 out of the 207 women professionals were Asians and 75 were Non-Asians
5. 64.7% of the women had a bachelor’s degree and 24.6% of them had master’s degree and the rest 10.6% were having diplomas, certifications etc.,
6. 84.1% of the women worked in straight shifts. As 103 women out of 207 women were married, the reason for more number of married women preferring straight shifts can be explained with the reason that they would like to spend quality time at home with spouse and children in the evening.
7. 55.6% of the women drive their own cars for work, which explains an added reason for the increased levels of role stress due to the heavy traffic congestions on different roads in United Arab Emirates. But, with the initiation of the Metro Rail, the researcher believes that if women chose to do so can utilize the Metro rails to reach office and back.

MEAN ANALYSIS FOR OCCUPATIONAL ROLE STRESS DIMENSIONS & OCCUPATIONAL DISEASE

The Occupational role stress dimensional mean value analysis enables in understanding the influence of individual statement belonging to ten different role dimensions on the overall Occupational Role Stress levels of the women professionals. Based on the mean scores determined the researcher has classified them into three intervals to facilitate and interpret the level of influence of each statement on the role dimensions:

- ≥ 1.0 = Dominant Influence
- $> 0.8069 - < 1.0$ = Moderate Influence
- $0.6 - 0.8068$ = Insignificant Influence

Such an analysis has enabled the researcher to better understand the impact of individual statements in each dimension and its contribution to occupational role stress. The tabulated mean analysis enables in clearly understanding the dominant and moderate influence of various statement on the role stress dimensions. The researcher considers this a great opportunity in further interpretations and to suggest to the society and corporate community at large the specific needs for women professionals.

Role Isolation and **Role Erosion** have a dominant influence on the role stress perceived by women professionals. **Role overload**, **Personal Inadequacy** and **Resource Inadequacy** dimensions play the next dominant role in influencing the stress levels of women professionals.

TABLE 1: SHOWING THE OCCUPATIONAL DISEASES SUFFERED BY WOMEN EXECUTIVES

Occupational diseases	Mean Score	Rank	Inference for the rank
Backache	2.9179	1	1st - Most Suffered
Fatigue	3.0725	3	3 rd - Most Suffered
Itchy skin & rashes	4.0628	14	Least Suffered
Problem in vision	3.372	5	
Emotional disorders	3.0338	2	2 nd - Most Suffered
Low immunity system	3.3865	6	
Constipation	3.6329	10	
Loss of appetite	3.5652	9	
Gastro intestinal disorders	3.6522	11	
Difficult pregnancy due to lack of rest	3.7874	12	
High blood pressure	3.8599	13	
Low blood pressure	3.5362	7	
Abnormal menstrual bleeding	3.5314	8	
Migraine	3.3043	4	

Back ache is the most common occupational disease that both Asian and Non-Asian women professionals suffer from with a mean value of (2.9179), second most suffered disease being Emotional disorders (3.0338), large number of Non-Asian women suffer from this disease than the Asians. The third most suffered disease being Fatigue (3.0725) and the least suffered disease is Itchy skin and rashes which had the highest mean value of (4.0628).

T-TEST TO UNDERSTAND THE SIGNIFICANT DIFFERENCE THAT EXISTS BETWEEN NATIONALITIES AND THE ROLE STRESS DIMENSIONS

TABLE 2: SHOWING THROUGH t-TEST, THE SIGNIFICANT DIFFERENCE THAT EXISTS BETWEEN ASIANS AND NON-ASIANS WITH RESPECT TO THE VARIOUS ROLE STRESS DIMENSIONS (INDEPENDENT VARIABLES)

S.No	Dimensions	Asians		Non-Asians		t-value	Table value	df	Sig
		Mean	Std. Dev.	Mean	Std. Dev.				
1	Self-role Distance	5.1	3.51	6.16	3.63	2.067	1.972	205	*
2	Inter-role Distance	4.27	3.4	5.05	4.29	1.456	1.972	205	Ns
3	Role Stagnation	5.44	4.01	5.84	4.09	0.686	1.972	205	Ns
4	Role Ambiguity	5.49	3.84	4.91	3.56	1.083	1.972	205	Ns
5	Role Overload	6.85	3.79	6.77	3.95	0.135	1.972	205	Ns
6	Role Isolation	6.08	4.12	5.27	3.84	1.406	1.972	205	Ns
7	Role Erosion	7.05	3.94	6.4	3.57	1.171	1.972	205	Ns
8	Role Inadequacy	5.75	4.04	5.2	3.63	0.976	1.972	205	Ns
9	Personal Inadequacy	6.82	4.36	6.69	3.74	0.208	1.972	205	Ns
10	Resource Inadequacy	6.01	3.93	6.15	4.01	0.243	1.972	205	Ns
11	Overall Role Stress score	58.85	29.82	58.44	31.89	0.092	1.972	205	Ns

Ns = Not Significant * = Significant at 5% level ** = Significant at 1% level

T-test was applied to find out the significant difference between Asians and Non-Asians in respect of various Occupational Role Stress Dimensions.

In the case of self-role distance, the t-value was 2.067 that is greater than the table value of 1.972 at 5% significance level. Hence, it is implied that there is significant difference between Asians and Non-Asians in the average score of self-role distance dimension.

Similarly t-test was also applied to all other dimensions of role stress to find out the significant difference between Asians and Non-Asians. However, the calculated t-test when compared with the table t-value at 5% level of significance, it was found that Asians and Non-Asians do not have significant difference in the various dimensions of role stress discussed as shown in the table.

T-test was also applied between the overall occupational role stress scores and the nationality (Asians and Non-Asians), but the calculated t-value was less than the table value at 5% level of significance, showing that the overall role stress score does not differ significantly between Asians and Non-Asians.

The findings from the application of t-test on the overall role stress and its ten different dimensions infers that there is significant difference between Asians and Non-Asians in the average scores of self-role distance and all other dimensions of role stress do not differ significantly between Asians and Non-Asians.

TWO-WAY ANOVA BETWEEN ROLE STRESS DIMENSIONS & DEMOGRAPHIC VARIABLES

Nationality is not the only criterion that influences the perceived level of role stress experienced by the women professionals, but the other demographic variables that make a highly significant impact on the overall role stress are Type of organization, Qualification, Average extended working hours per week, Gender of the CEO/Director and Mode of conveyance. Therefore, the ANOVA analysis clearly indicated that other demographic variables apart from Nationality have a significant impact on the perceived level of role stress by the women professionals.

Null Hypothesis (Ho): Role Erosion scores do not vary significantly between the Mode of Conveyance utilized by the women professionals to commute for work and Nationality.

Alternate Hypothesis (HA): Role Erosion scores vary highly significantly for the Mode of Conveyance utilized by the women professionals to commute for work but do not differ significantly for their nationality.

Two-way ANOVA was applied to find whether there is a significant difference between Asians and Non-Asians as well as the Mode of Conveyance utilized by the women professionals to commute for work. The effects of the Mode of Conveyance utilized by the women professionals to commute for work and nationality were simultaneously tested on Role Erosion. Two-way ANOVA results show that F-ratio value when tested for the Mode of Conveyance utilized by the women professionals to commute for work is 9.323 which is more than the table value of 4.711 at 1% level of significance and when tested between nationalities, the calculated F-ratio value was 2.991 which is less than table value of 3.888 at 5% level of significance, indicating that there is highly significant difference among the Mode of Conveyance utilized by the women professionals to commute for work and Role Erosion scores, but there is no significant difference between the nationality and Role Erosion scores.

Therefore, it can be inferred herein that the null hypothesis is not valid and rejected as there is highly significant difference between the Role Erosion scores and the Mode of Conveyance utilized by the women professionals to commute for work, but, no significant difference between the nationality and Role Erosion scores.

TABLE 3: SHOWING THE TWO-WAY ANOVA FOR ROLE EROSION SCORE BETWEEN THE MODE OF CONVEYANCE, NATIONALITY

Source of Variation	Sum of Squares	df	Mean Square	F	Sig.
Mode of conveyance to the office	250.66	2	125.3	9.323	**
Nationality	40.21	1	40.21	2.991	Ns
Residual	2729.067	203	13.44		
Total	2999.652	206	14.6		

REGRESSION ANALYSIS FOR ASIANS AND NON-ASIANS WITH RESPECT TO ROLE STRESS AND DEMOGRAPHIC VARIABLES

Regression analysis was applied to find the effect of various demographic variables on the Overall Role Stress Scores on Asians. The results show the combined effect of all the demographic variables on the Overall Role Stress score which is expressed as Multiple Correlation Coefficient (R) and (B) is the regression coefficient.

The Multiple Correlation Coefficient (R) value (0.388) was found to have significant relationship with the Overall Role Stress Scores ($f = 2.143$ significant at 5% level). This value indicates that there is a 15% variation in the Overall Role Stress and is further explained below by all the independent variables (Demographic variables).

TABLE 4: SHOWING THE REGRESSION ANALYSIS FOR ASIANS WITH RESPECT TO ROLE STRESS (DEPENDENT VARIABLE) AND DEMOGRAPHIC VARIABLES (INDEPENDENT VARIABLES)

	B	Std. Error	t	Sig.
(Constant)	92.655	27.035		
Age	-7.32	4.425	-1.654	Ns
Marital Status (1-M, 0-UM)	-5.868	6.993	-0.839	Ns
Qualification	8.671	4.045	2.144	*
Length of service-Current Organization	0.5	0.919	0.543	Ns
Average hours per day	-0.387	2.724	-0.142	Ns
Type of Shift (1-Straight, 0-Split)	-1.408	6.875	-0.205	Ns
Average extended working hours per week	-0.054	0.17	-0.32	Ns
CEO/Director (1-M, 0-F)	-18.274	11.031	-1.657	Ns
R	R Square	F	Sig.	
.388	.150	2.143	*	

- Educational Qualification, Length of service in the current organization has positive effect on the Overall Role Stress Scores.
- Average hours worked per day and Average extended working hours per week, Number of women employees in the organization has negative effect on the Overall Role Stress Scores.
- Women professionals who belonged to the higher age categories tend to have low role stress.
- Interestingly those women whose average hours worked per day was more than 8 hours have low role stress. Shows many things like passion for career, commitment towards job and financial pressures too.
- Wherein the numbers of female employees in the organization are more, the level of role stress was on the lower end.
- It was also found that, those who were unmarried had low level of role stress than the married women professionals. Thereby proving that lesser the number of roles played by women professionals less would be their perceived level of role stress too.
- Those women professionals who worked straight shifts tend to have more role stress than those who work in split shifts. Generally, most of the women prefer straight shifts as they can spend quality time in the evening with the family. But those who are having children, usually prefer split shifts, as most of the schools finish in the afternoon and they come back home by like 3.00 pm and mothers generally would like to be present at home, in some cases children have evening shifts for which they go at around 2.00 to 3.00 p.m. in such cases women prefer to be at home for lunch along with children. But those who have children, when they have straight shifts they will have to depend a lot on maid servants – a very costly affair indeed, or bring in their parents if possible. So this explains as to why women working in straight shifts experience more role stress than those in split shifts.
- When the CEO/Director/Department Head under whom the women professionals work is male, women tend to have less role stress than when they had female CEO/Directors or Department Heads. This just is proving an old adage that the biggest enemies in the society for women are women themselves. Often unwanted peer jealousy is the reason for such perceptions of stress. Anyway, this is good news for all those male bosses that they have indeed started practicing the concept of gender equity and are not finicky about empowering women who are qualified, skilled and committed to their career.

Last but not the least, to conclude the above findings pertaining to regression analysis conducted for the Asian women professionals, it is found that the Educational Qualification is the most significant variable that has an impact on the Overall Role Stress than any other demographic variables tested by t-test.

The Multiple Correlation Coefficient (R) value of 0.730 is very significant and much higher when compared to the value that was elicited for Asians. It can be found here that the value is 0.532 that is 53.2% creating a variation in the Overall Role Stress is further explained below by all the independent variables (Demographic variables).

- Age, Qualification, Length of service in the current organization, Average hours per day contributed by the women professionals and Number of female employees in the organization has a positive effect on the Overall Role Stress.
- Whereas, Average extended working hours per week has a negative impact on the Overall Role Stress.
- Unmarried women professionals were found to have less role stress than the married ones, which reflects a similar finding like the Asian women professionals.
- Those women professionals who worked straight shifts tend to have more role stress than those who work split shifts, which is a similar feeling elicited by the Asian women professionals.
- Unlike the Asian women professionals, the Non-Asian women professionals who worked under female superiors that is, CEO/Directors had more role stress but on the other hand when the Department Head was a female the level of role stress decreased.

Therefore, it can be concluded from the following findings that, Length of service in the current organization, and the Gender of the Department Head has a highly significant and positive effect on the Overall Role Stress and Age, Length of service in the current organization contributed by the women professionals have a significant and positive effect on Overall Role Stress when t-test was applied.

DISCRIMINANT FUNCTION ANALYSIS TO UNDERSTAND THE DIFFERENCE BETWEEN NATIONALITIES THE TEN DIMENSIONS OF ROLE STRESS

The discriminant function analysis enabled the researcher in clearly bringing out the most distinct factors that create a difference in the perception of stress its intensity and thereby its impact on the overall stress. It was found that, Self- role distance stress is the maximum discriminating variable ($R^2=14.14$) between Asians and Non-Asians, followed by Inter-role distance stress (6.97%), Role isolation stress (6.50%) and Role erosion stress (4.54%). Personal inadequacy stress and Role overload stress contribute least to the perceptual difference between Asians and Non-Asians.

SHOWING THE CORRELATION SCORES BETWEEN OVERALL ROLE STRESS, TEN DIMENSIONS OF ROLE STRESS & OCCUPATIONAL DISEASES FOR ASIANS AND NON-ASIANS

There was a highly significant correlation between the following five dimensions of role stress (independent variables) and Overall role stress (dependent variable). Role Erosion with the value of .829 takes the first place in influencing the level of role stress, followed by Resource Inadequacy with the value of .827, third being Role isolation with the value of .817, fourth is Inter-role distance with the value of .767 and fifth highly significant influencer being Role ambiguity with the value of .759.

The role stress dimension that did not have any significant influence on the overall role stress was Role inadequacy with the value of .706.

There was a highly significant correlation between the following occupational diseases and overall role stress for Asian women professionals. The following five occupational diseases are the most suffered by the Asian women professionals due to the high level of role stress experienced by them. Itchy skin and rashes is the first disease which has a highly significant impact on women due to the level of role stress which has a correlation value of .122, followed by Loss of appetite with the value of .158, third being High blood pressure with the value of .176, fourth being Backache with the value of .221 and the fifth significant disease being Migraine with the value of .229.

Emotional disorder is the least suffered disease by the Asian women professionals with the value of .493 proving time and again that most of the third world nation citizens have comparatively stronger emotional stability due to the uncertain political, legal, social and economic systems they have been exposed to, which conditions them better emotionally and physically to face uncertainty with much more confidence and courage.

There was a highly significant correlation between the following five dimensions of role stress (independent variables) and Overall role stress (dependent variable). Resource Inadequacy with the value of .913 takes the first place in influencing the level of role stress, followed by Role Inadequacy with the value of .888, third being Self-role distance with the value of .875, fourth is Personal Inadequacy with the value of .846 and fifth highly significant influencer being Role Erosion with the value of .829.

The role stress dimension that did not have any significant influence on the overall role stress was Role Ambiguity with the value of .752.

There was a highly significant correlation between the following occupational diseases and overall role stress for Non-Asian women professionals too. The following five occupational diseases are the most suffered by the Non-Asian women professionals due to the high level of role stress experienced by them. Fatigue was the first disease which has a highly significant impact on women due to the level of role stress with the correlation value of .334, followed by Low blood pressure .379, third being Gastro intestinal disorders with the value of .432, fourth being Loss of appetite with the value of .499 and the fifth significant disease being Constipation with the value of .525.

It can be noted here, that the Non-Asians suffer from maximum number of stomach related diseases, perhaps it can explained by the weather conditions and the change in food habits in United Arab Emirates, that they are only acclimatizing themselves with.

Itchy skin and rashes and Difficult pregnancy due to lack of rest are the least suffered diseases by the Non-Asian women professionals with the value of .205 and .175 respectively.

Herein, the researcher has been able to clearly bring out the fact that – Yes! Majority of the women professionals do suffer from Occupational Role Stress. The difference in the perceived level of role stress varies from each professional to another based on their demographic profiles. The intensity of role stress is clearly elicited through ten different dimensions of role stress, some have high amount of few dimensions and some others have a set of other dimensions as reasons. In any case demographic variables play major role in increasing or decreasing the perceived level of role stress according to the dimensions dealt with thereby influencing the overall role stress.

Last, but not the least, the researcher wanted to find out the distinct perceptual differences towards role stress among women professionals considering the classification of Nationality as Asians and Non-Asians. But, the researcher has come to the conclusion that though there are differences pertaining to few demographic variables contributing to a difference in the perceived levels of role stress; it is not a significant variable that influences overall role stress unlike other demographic and dimensional independent variables. To, conclude, women professionals across the board elicit similar feelings towards career aspirations, scope for advancement, relative deprivation. The intensity of these feelings are definitely not racial but individualistic in nature.

RECOMMENDATIONS

The researcher by virtue of conducting the study attempts to extend certain suggestions incorporating the impact of role stress assessed from the women executives and the influence of the ten dimensions of role set and space on the same, that will enable in throwing upon a diagnostic review on the current organizational systems and scope for improvements and growth in several areas, that will facilitate in women empowerment and overall increase in employee involvement in organizational activities across the gender board. The researcher has a humble note for the “Strategists” and line managers in the “Human Resource Department” to read and view these suggestions with a spirit of collaborative inquiry as the women executives were restricted to specific cities in UAE and nationalities.

Gulf women represent 35 per cent of the national workforce today, with 45,000 working in businesses. At the education level, 70 per cent of the 2006-2007 graduates were women and this number predicts a bright future. But the researcher strongly believes and highlights a number of obstacles that they still have to overcome. The advisory boards of the country and Corporate is requested to pay heed to these highlights and improvise their schemes of empowerment.

The Arab women still fall behind in this respect, mainly due to cultural issues and the absence of legislations that can support their participation in the political and diplomatic fields.

The European Union has been focusing on alleviating poverty in the developing countries and according to Baroness Nicholson of Winterbourne, Vice President – Foreign Affairs Committee – European Parliament in the UK, the basic tool being used in that process is women empowerment.

Baroness Nicholson told AME Info.com that most of the developing countries do not push women forward and as a result, they live in poor conditions. So when the EU speaks about supporting women’s role, it does not refer to a fight between genders but rather as a way to promote economic empowerment, which needs social and political empowerment as well. Women in the workforce, and specifically in the public sector, can support women at home, mothers, children, and families because they are part of this.

Tunisia is said to have been leading the way in opening the political field to women. According to Her Excellency Sara El Jariya Minister of Women Affairs, Family, Children and Elderly, women in Tunisia counts for 15 per cent of the government, 15 per cent of the counselors’ board and 27 per cent of the municipality boards.

In Saudi Arabia, women have their own municipalities that they run themselves and their responsibilities in any public field is similar to those of men, said Nawal Saleh Chalhoub, President of the Diplomatic Ladies Association Dubai and wife of the Consul General of Saudi Arabia in UAE. And while she tried to draw an optimistic picture for Saudi women, other Saudi participants felt women in the country are still not included in decision making processes.

Although women in Kuwait have good access to the various business and economic sectors, still they lack ambition when it comes to the public field.

Nabila Al Anjari, CEO Advisor of Kuwait Grand Real Estate Projects, said that a Kuwaiti woman has ever run for the membership of the Chambers of Commerce and Industry. Women also do not run for the cooperatives boards’ membership, despite the fact that these have the biggest sales in the consumer goods market, something that is directly related to women.

Needless to say that the United Arab Emirates has achieved a milestone in allowing women participation in decision making, having a female running the ministry of economy, Her Excellency Sheikha Loubna Al Kasimi, Minister of Economy. In addition, 22.5 per cent of the Federal National Council of the UAE is women, while they make up 10 per cent of the diplomatic field, two-thirds of the overall public sector, and 30 per cent of leading positions that entitle decision making.

EMPOWERING WOMEN

In business, the emirates have some 11,000 business women representing a quarter of the total workforce, compared to 14 per cent in Saudi Arabia, 84 per cent of which work only in the education field.

Dr. Lama Abdul Aziz Suleiman, Board Member of Jeddah Chamber of Commerce and Industry, said that women do not have a variety of choices when it comes to education and most of the available specialist fields do not answer the actual market needs. She added that women in Saudi Arabia are not allowed to establish companies that have dealings with men, unless they hire a male manager to run the company and its external relations. Perhaps this explains why 15 per cent of Saudi women's wealth is still not invested in businesses.

The situation in the UAE remains ahead, with 30 per cent running small and medium businesses. Tunisian women are doing well too, as they represent 40 per cent of doctors and 70 per cent of pharmacists.

However, this does not mean that all challenges have been overcome. Rajaa Easa Al Gurg, President, Dubai Business Women Council (DBWC) and the Managing Director of Easa Saleh Al Gurg Group, speaking on behalf of Her Highness Princess Haya Bint Al Hussein, summed up the challenges that women still have to face in three points.

'Gulf women have to deal with three aspects. First they have to keep up with the human sustainable development process, then they need to deal with the globalization and its effects on social values and behavior, and finally they got to be part in their own empowerment process.'

Therefore, the researcher by highlighting these discussions by several specialists and experts have just made this message clear to the Corporate that "Empowerment" in something they should practice for the sake of encouraging the participation of more number of women professionals as well being competitive with male counterparts.

Stanford University's Robert Sapolsky and others have shown how chronic stress may contribute to the death of neurons in our brains. As a researcher the question in the mind is how can one evaluate the many stress management programs out there? Which ones are science-based? And the answer found out of extensive literature review, the most promising area of scientific inquiry for stress management is Mindfulness-Based Stress Reduction (MBSR).

An increasing number of neuroscientists (such as UMass Medical School's Jon Kabat-Zinn and University of Wisconsin-Madison's Richard Davidson) have been investigating the ability of trained meditators to develop and sustain attention and visualizations and to work positively with powerful emotional states and stress through the directed mental processes of meditation practices. And have put their research into practice for the benefit of many hospital patients through their Mindfulness-Based Stress Reduction (MBSR) programs

The researcher recommends to the Corporates that their Human Resource Department should do some information search regarding MBSR and look for coaches or consultants who can make it operational among the employees in the organization across the gender. It will facilitate in the long run to understand through emerging scientific investigation of the effects of contemplative practices on the brain, behavior, and the translation of this data into effective tools to benefit all people everywhere. Investments into such empirical investigations will enable Corporate to offer in-depth training in meditation and explore ways in which a rigorous and systematic approach to introspection can inform research. It would be a rare opportunity to advance the scientific study of the human mind. "Vipassana" is an ancient method of introspection that readily conforms to the spirit of empirical science. It is simply a means of training the mind to be more keenly aware of sensory phenomena and the flow of thought. This will break the stressors employees are influenced by and improve on organizations' development opportunities.

CONCLUDING REMARKS

Therefore to conclude this research work the researcher would like to suggest a framework as well as highlight certain specific domains developed by the researcher that will enable the Corporates to pay specific attention and design appropriate strategies:

Domain	Individual Role Stress	Organizational Pressure
Managerial Values	Role isolation	Lack of gender based policies
Guidance & Control	Role Erosion & Role inadequacy	Lack of clear goal setting
Interpersonal climate	Self-role & Inter-role distance	Poor communication process
Tasks Or Demands	Role ambiguity & Role overload	Poor Management support
Empowerment	Role stagnation	Lack of creative opportunities
Training & Development	Personal & Resource inadequacy	Ineffective staff development

Role isolation can create a feeling of alienation by the women professionals at work, and this can be best avoided by having transparent gender based policies. Worry and anxiety are the significant outcomes among women employees who do not have a healthy interpersonal climate in their workplace, which needs to be seriously looked into by the corporate.

Perceived staff incompetence arises due to lack of effective training and development programs creating personal and resource inadequacy role stressors. Powerlessness relates to lack of investment of authority on the part of employers on employees and this leads to role stagnation as work become monotonous and offers no scope for growth.

Perceived personal blame is what women employees who suffer from role ambiguity and role overload feel and make their work as well as personal lives difficult and stressful leading to several psychological and physiological diseases as identified in the current research work. Therefore, it is advocated that organizations may devise proactive strategies to deal with these domains and work towards a healthy organization climate and stress reduction.

In the current study an attempt has been made to identify the impact of role stress among women executives of different professions and nationalities residing in UAE. Ten dimensions of role stress, categorized based on role set and role space were included in the study to understand their influence on the women professionals according to varied organizational domain pressures they went through.

The researcher has identified that there are very few well designed and evaluated intervention strategies for women professionals. Therefore, it is suggested to the Corporates in UAE at large that a diagnostic review of the current management processes is a must especially in the areas of gender based policies, employee involvement and empowerment programs, job design and ultimately a healthy organizational climate which will all lead to work stress reduction and eventually distress elimination.

The integrative framework of study combines a comprehensive Human Resource Strategy that will lead to Attitude and Behavior Modification in the Corporate World paving way for gender equality and distress elimination. The framework is tentative, situational and time-specific and an attempt to encapsulate some thought about how to address cross-gender issues across the organization for a distress-free environment. The framework is illustrated as follows:

FRAMEWORK TO EMPOWER WOMEN EXECUTIVES AT WORKPLACE

- Step 1 Track the gender balance
 - ❖ Identify the cross-gender issues based on the organizational climate, role set & space.
- Step 2 Conduct executive profiling
 - ❖ Identify the profile characteristics of executives based on demographic & organization related information.
- Step 3 Formulate a model for empowering women

- ◊ Measure the impact of role stress and significant dimensions that influence most often.
- ◊ Compare the demographics with the dimensions of role stress and identify variations to be redressed.
- Step 4** Track the intensity of stress-borne disease
 - ◊ Identify the various occupational diseases contracted periodically.
 - ◊ Identify the variations in disease between varied demographic profiles.
- Step 5** Take proactive measures to reduce and eliminate occupational diseases whether psychological or physiological.
 - ◊ Build a supportive culture
 - ◊ Form a symbolic relationship with cultural inquiry and reassessment
 - ◊ Supersede a blame culture with that of an encouragement culture
- Step 6** Building supportive structures
 - ◊ Select and recruit individuals who will be tolerant towards ambiguity and adaptable towards innovation and change.
 - ◊ Training and development should gear the individual towards developing skills with gender diversity.
 - ◊ Managers should play the role of a mentor with coaching and counseling as key skills.
 - ◊ Encourage communication methods with participative inquiry.
 - ◊ Self-selecting groups should be organized for monitoring and feeding back on progress
 - ◊ Reward and recognition schemes should attempt a balance between competition and collaboration.
- Step 7** Build strategies for a healthy organizational climate
 - ◊ Build supportive strategies against intrusive and aggressive organizational climate.
 - ◊ Build defensive stress intervention strategies to increase stress tolerance limits and build immunity against the distress levels of the executives.
- Step 8** Establish an energizing self-transition system
 - ◊ Human system is an agent self-awareness, volition and diverse intentionality.
 - ◊ Energize it with enough scope through diverse individual participation
 - ◊ Build endurance by promoting mental and emotional recovery through a self-organized transition leading to a high performance state with role clarity and reduced stressors.

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SOCIAL RISK MANAGEMENT AS A POVERTY REDUCTION STRATEGY IN NIGERIA**ONAFALUJO AKINWUNMI KUNLE****LECTURER II****LAGOS STATE UNIVERSITY****OJO, NIGERIA****PATRICK OMORUYI EKE****ASST. LECTURER****LAGOS STATE UNIVERSITY****OJO, NIGERIA****AKINLABI BABATUNDE HAMED****PROGRAMME OFFICER****BANKING AND FINANCE DEPARTMENT****LAGOS STATE UNIVERSITY****OJO, NIGERIA****ABASS OLUFEMI ADEBOWALE****LAGOS STATE UNIVERSITY****OJO, NIGERIA****ABSTRACT**

Social risks are at the roots of insecurity, poverty and underdevelopment if unmanaged. Electricity output and other social policy risks combine to increase vulnerability to poverty. This paper studies the relationship between the existences of social risk management and increase in unsystematic poverty, which seems to explain the prevalence of systematic poverty in Nigeria using structural model equations. It is found that the vulnerability of the poor increases with lack of social risks management. We recommend that social risk management policy targets should be to adopt the 'Nordic model' for energy development, wages and pension payments should be inflation indexed.

KEYWORDS

Social risk management, socio- cultural values, systematic poverty, vulnerability.

INTRODUCTION

The World Development Report (WDR) (2000/01) presents hunger as a situation that describes the living condition (poverty) of poor people. An aphorism says "A hungry man is an angry man." Hunger is described by Longman Dictionary (2003) in three ways: lack of food, especially for a long period of time, that can cause illness or death; the feeling that you need to eat; a strong need or desire for something. It is simply understood that hunger is a situation whereby the hungry man is in an unfriendly condition and state of mind that may further add to the fear of his future vulnerabilities to economic systems and natural disasters. The Food and Agriculture Organization (FAO) (2009) estimates that 265 million Africans are malnourished due to poverty, out of which we estimate 66.25 million (43.9%, population estimate) Nigerians are below the poverty line (N300 per day). FAO further notes that hunger is caused by cost of food, current world wide economic crisis and neglect of agriculture. Even though food might be costly; it is relative to per capita income and food storage facilities. The two exogenous variables in Nigeria co-integrate with quality of governance and energy availability, indicated by electricity consumption.

Poverty could be prevalent not necessarily due to lack of basic essential needs but the constraints put in the way by the socio-economic and political systems that exacerbate the restrictions to market accessibilities. FAO infers that under-nutrition occasioned by poverty magnifies the occurrence of social risks. In this context, this paper investigates Nigerian economic infrastructures and programmes which could serve as proxies for Social Policy (SP) and Social Risk Management (SRM) that are or could be directed at reducing both systematic and unsystematic poverty trend.

SP and Social security or (SRM) are basic requirements to the existence and progress of societies and nations because human being naturally and intuitively seeks protection for survival. Both concepts imply social protection (Holzmann, Sherburne-Benz and Tesliuc, 2003), which is generally public measures to provide income security for individuals through labour market intervention, social insurance and social safety nets. The slight difference being the level of private sector led involvements. World Bank (1999) emphasizes the effect of globalization on trade imbalance experienced by developing economies which exacerbates social risks. The Nordic model innovatively deployed pension fund into economic infrastructures as a social policy (Onyeonoru, 2009).

Due to the differences in endowment by nature to individuals and countries, the collective ability to deploy assets or resources for economic productivity -social capital-is hampered and evolves into hazards that catalyse social risks. Social capital is the degree of trust in a community that can be deployed to resolve tasks collectively (Todaro and Smith, 2009). Social capital organically develops but is expected to be stimulated by good governance.

The Nigerian Population Commission (2006) presents Nigeria to be 140 million people, while Ajomale (2007) asserts that life expectancy at birth is 51.6 years and 5% of the population are above 60 years of age. It is estimated that about 50% of her people are living below \$1.25, about (N200) per day without an enforceable comprehensive social protection in focus. This a dangerous situation in the event of social risk occurrence such as flood, inflation and unemployment.

We therefore ask the following questions to enable us understand the nature of Nigerian social risks, which may differ from Hesse (1997) and unveil the prevalence of social ills like corruption, unemployment, kidnapping and armed robbery which are the outcomes of systematic poverty.

STATEMENT OF THE PROBLEM

The position of SRM in Nigeria seems to accelerate vulnerability to systematic poverty rate - decreasing per capita income which is induced by greater social risks in a developing economy with attendant consequences of non-abating corruption, high child mortality, poor social values, unemployment and general social insecurity. The resultant effect could be a slide into chronic unsystematic poverty.

STATEMENT OF RESEARCH QUESTIONS

Is there any relationship between per capita income and good SRM?

Does SRM exist in Nigerian economic system?

What are the implications of weak SRM on systematic and unsystematic poverty?

Why are people, households and communities more vulnerable to economic infrastructures such as energy, education and health?

Do these social risks accentuate the tendency for corruption in Nigeria? These are issues that are formulated into a focused problem and hypotheses.

HYPOTHESES

H1: Poverty level in Nigeria is not influenced by poor economic infrastructures

H2: Social Risk Management will not significantly impact on vulnerability to poverty in Nigeria

H3: Private insurance in Nigeria does not have capacity to handle income security without SRM

Purpose of the Study

The socio-economic policy framework in Nigeria is not well defined and may be depending on the effectiveness of the Pension Reform Act 2004; which did not address the major social risks and ills plaguing the country. This paper is intended to deepen the understanding of the dynamics of corruption, unemployment, low social capital, low life expectancy and general insecurity; and their relationship on SP offerings. We aim to also show the urgent need to embrace a stylized SRM.

REVIEW OF RELATED LITERATURE

This study is premised on the various special socio-economic programmes in Nigeria like (MAMSER, DIFRRI, FSP, Peoples' bank, etc) embarked upon by previous governments aimed at reducing poverty, but could not be said to have achieved any success. Instead, anecdotal evidences abound that signals increasing poverty particularly among the youth- 25-35 years and the elderly. To escape the poverty line, many of these age groups become vulnerable to social risks. But the outcomes of social risks that are more or less symptomatic to systematic poverty existence are anchored poor energy infrastructure, weak socio-cultural values and no SP framework. Hubbard (2009) agrees that risk is an issue that can be avoided or mitigated (wherein an issue is a potential or future problem that can be fixed now). From this perspective we try to understand SRM which is expected to be a programme to provide security against growth of future unsystematic poverty in a developing economy. The search for social protection measures that prevents vulnerability to systematic poverty and promotes economic units' ability to mitigate and cope with social risks using risk-taking approach. These are the issues raised in World Bank (1999a and b) following East Asian economic crisis of 1998. The OECD-type economies have adopted social policy (SP) instruments that focus on labour market intervention, social insurance and assistance; but there were countermanding arguments against the de-motivating aspects that trends economic inefficiencies. In developing economies like Nigeria where social policy is not well delineated coupled with poor socio-cultural values, corruption and weak infrastructures, and in particular energy; the need for a stylized SRM may stem the growth of systematic poverty.

THE CONCEPT OF SOCIAL RISK MANAGEMENT (SRM)

SRM is an extension of social policy targets devised by the World Bank to address the arguments of economic inefficiencies that may arise from its social policy implementation. According to Holzmann and Jorgenson (2000) SRM is conceptualised as "public interventions to assist individuals, households, and communities better manage risk, and to provide support to the critical poor." SP traditionally designs government sponsored programmes on labour markets, social insurance, and social assistance. These have been found to be expensive and even de-motivate economic development (Ravallion, 2003). SRM shifts towards both public works on one hand using innovation and empowerment (Stern, 2003) and private insurance, such as weather based insurance, health insurance, life insurance and pensions. Thus, how to identify the poor and the potential of the social risk factors to deepen poverty should entail the response of SRM in each country. The thrust of SRM is the understanding that the poor are more vulnerable to social risks (natural disasters, riots, inflation, corruption, ill health and governance) in one way, and secondly it reduces risk taking ability because of lack of insurance and loss of confidence. Hence, Holzmann and Jorgensen (1999 and 2001); Holzmann (2003) propose SRM as a new extension to social policy. The central theme of SRM is to determine vulnerability which Holzmann, Sherburne-Benz and Tesliuc, (2003) break into four definitions. The first which this paper considers says vulnerability is "ex- ante risk that a household will, if currently non-poor, fall below poverty line, or if currently poor, will remain in poverty or fall into deeper poverty." This corresponds to Nigerian situation when faced with simple statistical analysis. The inflation rate in Nigeria in appendix 1 show a galloping inflation in the range of 40%-75% in 1992-1995, despite that the country is the sixth largest producer of oil. The electricity consumption per capita is about 130kwh/capita. To highlight the poverty vulnerabilities in Nigeria, we simulate the case of a Director of Finance of quoted and highly rated company who retired in 1995 on an insured pension of N20, 000 per month and having five children. By 2003, the standard of living had fallen so bad; the children could not be funded through formal university education. The current pension schemes benefit does not guarantee any minimum returns and is not inflation-indexed. Then, where is the SRM initiative in Nigeria that can handle poverty reduction.

THE STRUCTURE AND MECHANISM OF SYSTEMATIC AND UNSYSTEMATIC POVERTY

World Development Report (2000/2001) acknowledges that there is no universal definition of poverty, but suggests that the nature and cause of poverty is "the outcome of economic, political, and social processes that interact with each other and reinforce frequently in ways that exacerbate deprivation in which poor people live." This is not far from Novak (1996) that relates poverty to incidental waste of human resource that could have been harnessed for the benefit of the society. The other philosophical view of poverty is canvassed by Holzmann, Sherburne-Benz and Tesliuc, (2003), linking poverty to a condition of lack of assets; and that of The Point (2008) relating it to a state of lack of money to purchase basic needs of human existence. This is in consonance with another view on using income to draw the poverty line or threshold for poor people.

Although, we agree to the above descriptions of poverty, but the need to relate it to causes and effects separate the structure and mechanism of poverty from one country to the other. The literature on poverty rarely link poverty to a state of poor governance, weak social values and weak economic infrastructure and low education-which this paper identifies as "systematic poverty". Systematic poverty agglomerates to social circumstances and conditions of a person's inability to work described by Hesse (1997) as social risks to include work place injury, disability, unemployment sickness and death for a major share of the population. When these risks are unmanaged, it evolves into "unsystematic poverty".

World bank et al (2001) recognize that the occurrence of a large negative economic shock breaks down existing social safety nets. It is thus argued that poverty prevalence is traceable to systematic poverty. For example, if an illiterate bricklayer migrates from Nigeria to Canada; his wealth will increase basically because of gainful employment and economic infrastructures. Likewise, a highly skilled surgeon who migrates to Nigeria from a developed economy may become poorer because of poor wages.

The theory of Finance explains how systematic risk which comprising economic risk, social risk and political risk affects the value of assets generally, is not manageable by portfolio diversification, while unsystematic risk can be diversified away to improve returns (Chandra, 2008; Reilly and Brown, 2006). In the same vein, systematic poverty is proposed by us to be only manageable by public sponsored programmes while unsystematic poverty which is induced by vulnerability to occurrence of social risks could be handled by private insurance and SRM.

The other side of the coin is that poverty is not necessarily the absence of tangible or physical assets, but more of intangibles such as poor health, low education and weak economic infrastructures. In another breadth Transparency International (2005), identifies corruption as the major cause of poverty and connects it to "abuse of entrusted power for private gain". Poverty existence is associated with vulnerability to fall into weaker consumption level at the occurrence of social risks (Holzmann and Jorgesen, 2000).

SOCIAL RISKS, SOCIAL INSECURITY AND ECONOMIC DEVELOPMENT

Social risks are hazards that affect income earning capacity of a large part of the citizenry. They are either of natural origin-earthquake, flood, thunderstorm or man-made-war, riots, inflation and 'poor governance' (emphasis is ours).

In Nigeria, the scope of social risks must be contextually underpinned to reflect her circumstances. A graphical analysis of the real wages presented in table 2 below show how inflation rate-a social risk must have pummelled the standard of living of the average Nigerian.

TABLE 1: REAL TAKE HOME WAGES AND SALARIES IN PUBLIC SECTOR

	NAIRA PER MONTH		
YEAR	GL.01	GL.08	GL.15
1979 - 1983	244.00	737.22	1947.70
1984 - 1988	164.29	427.64	1064.06
1989 - 1993	149.23	272.64	576.14
1994 - 1998	82.1	198.2	369.7
1999 - 2003	139.4	340.3	728.9

Source: National Bureau of Statistics – Nigerian Facts Sheet

The real wage declined by 66% from 1979-1998 (20 years), and by 2003 (42.6%); a critical impoverishment mainly attributable to inflation. Governance structure is known to be only effective way of managing inflation. This paper then conjectures the negative effect of inflation political and market risks on the only subsisting social insurance in Nigeria (the contributory pension scheme); and compares it with the Nordic model, which directed all pension fund to invest in bonds issued for economic infrastructures (Kangas, 2008). The economic boom experienced by Finland was more or less a direct consequence of this policy. A holistic social policy and SRM should stimulate risk-taking and spiral economic development.

METHODOLOGY

The study covers the period from 1980 to 2009. Annual data for the period was collected and employed for the analysis. The data employed in the study was collected from secondary sources, such as the Annual Reports and Statement of Accounts and the Statistical Bulletin and The Bullion of the Central Bank of Nigeria (CBN).

The structural dimension of Nigerian social risk requires a model that captures variables specified at a particular point in time. It does not require longitudinal study, since the causal effects of PI dove-tail to a constant factor of some key economic variables, that is, SRM, inflation, unemployment, corruption index and electricity consumption. In this study, social risk was captured with a categorical variable which takes (0) from 1980-2005 and (1) from 2006-2009 when pension reforms took effect in Nigeria. Poverty was captured using human development index (HDI). Thus, the model for this study is specified as follows:

$$HDI_t = \alpha_0 + \beta_1 SRM_t + \beta_2 INF_t + \beta_3 UNEMP_t + \beta_4 CORIND_t + \beta_5 ECONSUMP_t + \varepsilon_t \dots\dots\dots (1)$$

The principal methods used in the analysis are unit root test, Johansen co-integration test and error correction model. Specifically, we employed unit root test to test for the order of integration of the variables using the Augmented Dickey Fuller (ADF), Co integration was used to examine whether the variables have long run relationship, while the error correction model (ECM) is employed in order to examine the speed of adjustment of the variables in the short run.

FINDINGS AND DISCUSSION

The results in Table 2 below show that social risk management and unemployment are stationary at 5% significant level, while other variables are stationary at 10% significant level.

TABLE 2: ADF TESTS OF STATIONARY FOR ALL VARIABLES

Variables	ADF Value	Critical Value	Order of Integration	Level of Sig.
HDI	-3.2624	-3.2279	I(1)	10%
SRM	-4.0666	-3.5867	I(1)	5%
INF	-3.5113	-3.2279	I(1)	10%
UNMP	-4.0704	-3.5867	I(1)	5%
CORIND	-3.5282	-3.2279	I(1)	10%
ECONSUMP	-3.6775	-3.5867	I(1)	10%

TABLE 3: CO- INTEGRATION TEST

Eigenvalue	Ratio	Likelihood		Hypothesized
		5 Percent	1 Percent	
		Critical Value	Critical Value	No. of CE(s)
0.852793	125.4479	94.15	103.18	None **
0.597054	71.80220	68.52	76.07	At most 1 *
0.475987	46.35155	47.21	54.46	At most 2
0.444892	28.25686	29.68	35.65	At most 3
0.273332	11.77628	15.41	20.04	At most 4
0.096334	2.836287	3.76	6.65	At most 5

As a matter of necessity, the study tested for co integration using Johansen technique. The results in table 3 above indicate that at 5% there is at least two co integrating relation in the model.

This is an indication that there is long-run relationship among the variables. Thus we proceed to estimate the error correction model

TABLE 4: ERROR CORRECTION MODEL

Variables	Coefficient	Standard Error	T Stat
D(HDI(-1))	-0.3945	0.2790	-1.1413
D(SRM(-1))	-0.1828	0.0989	-1.8485
D(UNMP(-1))	-0.0109	0.0175	-0.6096
D(INF(-1))	0.0006	0.0009	0.7818
D(ECONSUMP(-1))	0.0009	0.0014	0.7261
D(CORIND(-1))	-0.0409	0.0602	-0.6797
ECM(-1)	-0.75	0.2250	-3.3711
C	0.0162	0.0123	1.3164

$R^2 = 0.59$

F stat = 4.21

The above results are attempted to show the effects of SRM on poverty reduction in Nigeria. The results show that in the long run, lag of all the variables used do not have significant impact on poverty reduction in Nigeria. Specifically, lag of HDI, SRM, UNMP and CORIND have negative relationship with the level of poverty reduction in Nigeria, while previous value of INF, and ECONSUMP have positive relationship with the current level of poverty in Nigeria. The value of the R^2 show that the model is a moderate one as the entire explanatory variables explain 59 % of the systematic variation in the dependent variable. This is further complimented by the F statistics. The value of the ECM of -0.75 indicates standardized results. That 75 percent errors of the variable in the short run is speedily adjustable for long term equilibrium.

CONCLUSION

Poverty reduction in Nigeria-the ninth most populous nation on earth- cannot be tackled in an environment of collapsed economic infrastructure. Inflation rate that ranges from 15%-75% in the last 20 years; electricity consumption /capita, corruption index, and governance index is one of the weakest in the world; because the study finds that poverty prevalence is dependent on several factors that interact and reinforce each other as endogenous variables. The current pension system that does not guarantee inflation-indexed life annuities could further accentuate the vulnerabilities to sink deeper into poverty. The taxonomy of poverty takes its roots from governance; and dove-tails to corruption, incapacitation of economic infrastructures particularly, electricity generation and refineries, unemployment and total black-out for social insurance. Systematic Poverty and vulnerabilities to become poor in Nigeria may increase unless these issues are holistically handled by comprehensive social policy development and SRM.

RECOMMENDATIONS

The study opens up how the pattern of governance neglects a coordinated social policy to reduce social risks and its outcome-the prevalence of systematic poverty in Nigeria. We suggest the enactment of an Act of parliament to urgently express the need for a purposive social policy that aims at reducing unemployment and introducing SRM which should adopt some cardinal targets.

Some major ones are listed below.

1. National electricity output should have a minimum Kwh/capita as a national social security policy.
2. Budget for education and health should be subject to a minimum percentage of GDP or annual budget
3. Personal income tax should be benchmarked against an index minimum standard of living of the lowest paid worker
4. Non-participation in health insurance should be made a criminal offence, while the health service delivery should be highly regulated with penalties for non-compliance be a popular stakeholders' undertaking
5. Contributory pension scheme benefits should be inflation- indexed
6. The Nordic model where pension investment was channelled into bonds specifically to develop economic infrastructures could be adopted since it has worked very well in Finland and Norway. These are countries that have the highest life expectancy of about 80 years
7. Insurance should be taught from senior secondary school separately and not as part of commerce.

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A STUDY ON FACTORS INFLUENCING THE JOB SATISFACTION OF LECTURERS EMPLOYED IN SELF FINANCING ARTS COLLEGES, SOUTH INDIA

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ABSTRACT

Job satisfaction may be defined as general attitude towards one's job. Locke (1976) defined job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. This becomes crucial when the employee is serving in an educational institution where they deal with young minds, which are considered to be dynamic, enthusiastic, innovative and with a tendency to expect the same from their lecturers. The anxiety to fulfill the expectations of the modern day students creates lot of stress on the teaching faculty, which they try to balance with the satisfaction that is intrinsic and extrinsic with their jobs. There was no off the shelf research available on the job satisfaction level of the lecturers, as it is in the case of the Industrial workers. Hence the need for the research was felt and undertaken with an objective to determine the level of job satisfaction and to identify the major intrinsic and extrinsic sources that influence the job satisfaction of the lecturers employed in self financing Arts colleges. The study is Descriptive in nature and the data was collected through a self designed questionnaire administered to the lecturers with less than 5 years of experience who were employed in self financing Arts colleges situated in Salem, Tamil Nadu. Data was collected from September 2010 to November 2010. The nature of the study gave the researcher no choice other than the Convenience sampling method. 876 lecturers accepted to complete the questionnaire of which only 570 was usable. Five point Likert scaling was used to determine the job satisfaction level of the respondents. Chi-square was used for comparing the observed and expected frequencies and Cronbach alpha to check the internal reliability co-efficient of the 14 item scales determining the level of job satisfaction. The study results clearly indicate that the lecturers employed in arts colleges situated in Salem are highly dissatisfied with their jobs. The factors which are intrinsic to the job and motivated them were recognition, work itself, possibility of growth and the extrinsic factor that acted as a major dissatisfying factor was poor compensation and benefits offered by the institution. The study suggests ways to improve the level of job satisfaction of the lecturers employed in self financing colleges of Tamil Nadu.

KEYWORDS

Job satisfaction, Intrinsic & Extrinsic Sources of Job satisfaction.

INTRODUCTION

Work plays a major role in people's lives and wields an important influence on their sense of well-being and identification in society. This can be influenced by societal, cultural and individual factors. If work is unfulfilling in that it prevents employees from fully realizing their own potential and developing their human capacities, the nature of work becomes a primary stressor (Kendall 2000).

Teaching is a noble profession. The teacher plays a crucial role at all levels, whether primary, secondary or at college. The designation experience a sea change once it's changed from "teacher" to a "lecturer" along with the responsibilities, roles, expectations. More so about the relationship between the student and the tutor. Yesteryear teacher student relationship which is characterized by submissiveness of the students is a fad no more. Students at school level expect the teachers to treat them as adults and at colleges the expectation is to be treated either as a colleague or as a friend. This is common both at the urban and the rural areas as well. They expect the teaching faculty to be an expert in the subject handled, technology savvy, possessing in depth knowledge about related fields of specialization, an embodiment of empathy, high tolerance level and the list is infinitely big. Apart from all these, the general idea is a laissez faire policy to be adopted by the lecturer in and out of the class room. The culture, attitude and the caliber of the students (either high or low, compared to the level of self) gives stress to the teaching faculty. This stress, if coupled with the stress created by the complexities of work environment would lead to job dissatisfaction, reduction in organizational commitment, professional incompetence and in extreme cases psychological break down. The study is conducted to determine the job satisfaction of the lecturers employed in self financing arts college at Salem.

REVIEW OF LITERATURE

JOB SATISFACTION

Job Satisfaction can be explained in terms of an individual's reaction to the job experience. It is defined as a job attitude, which is consistent pattern of thoughts, feelings and behavior toward some aspects of job. Job satisfaction is typically described as an effective or emotional component. When the effect of the attitude is positive, it is called job satisfaction; when it is negative it is called job dissatisfaction. According to Sinha and Agarwal (1971) job satisfaction is a persistent effective state, which has arisen in the individual as a function of the perceived characteristics of his job in relation to his frame of reference. Locke (1976) defined job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences.

Pearson (1991) suggested that employees expect their job to provide an accumulation of features (e.g. Pay and promotion) for which the employee has certain preferential values. The range and importance of these values vary across individuals, but when the accumulation of unmet expectations becomes sufficiently large, job satisfaction is lower, and there is a greater probability of withdrawal behavior. The significance of positive work environment in fostering job satisfaction has been clearly postulated by many researchers in the past. According to Durganand Sinha (1981) the warmer the recognition given by the management to the demonstrated ability of the employee, the keener was his pride in his work and the firm, and greater his satisfaction. Sibbald (2000) found that job satisfaction was related to several personal and practice characteristics. Longer reported working hours were associated with lower levels of satisfaction. This is consistent with previous researches suggesting that high workload is the principal source of job related discontent.

EXTRINSIC & INTERNAL FACTORS

The extensive search of literature provided the need for the segregation of job characteristics such as extrinsic and intrinsic rewards and their influence on job satisfaction of employees. Intrinsic motivation and rewards are emphasized in the Job Characteristics Model conceptualized by Hackman and Oldham (1976). Building on Herzberg's two-factor theory model, Hackman and Oldham identified five job characteristics that are said to result in high levels of intrinsic motivation. These include a focus on: task identity, or the extent to which the worker is able to perform a complete cycle of tasks; task significance or the overall status and importance of the job; skill variety; autonomy, the extent to which workers can decide for themselves how the job will be performed; and feedback, the extent of feedback from supervisors and co-workers on the quantity and quality of work.

JUSTIFICATION OF THE STUDY

Extensive review of literature suggested that there was lot of research done on the level of job satisfaction of Industrial workers and various other professionals but not of the lecturers, and about the self financing college teachers in particular. Hence the need was felt for undertaking a study on this.

OBJECTIVES

1. To determine the level of job satisfaction of the lecturers employed in self financing Arts colleges in Salem City, Tamil Nadu.
2. To identify the major intrinsic and extrinsic sources of job satisfaction for the lecturers employed in self financing Arts colleges at Salem city.
3. To suggest measures to improve the level of job satisfaction of the lecturers.

RESEARCH METHODOLOGY

The study is Descriptive in nature and the data was collected through a self designed questionnaire administered to the lecturers employed in self financing Arts colleges situated in Salem, Tamil Nadu. Data was collected from September 2010 to November 2010. The nature of the study gave the researcher no choice other than the Convenience sampling method. Five *point* Likert scaling was used to determine the job satisfaction level of the respondents. Chi-square test was used which was done on the basis of expected frequency as 114 in each category; Cronbach alpha was applied to check the internal reliability co-efficient of the item scales determining the level of job satisfaction. The study was confined to those with less than 5 years of experience in teaching. Therefore senior grade lecturers are not part of the study. Questionnaires were distributed to 876 lecturers of which only 570 was usable, since many faculty members were apprehensive of filling up the questionnaire. They were unwilling to give the details though they were assured that their responses would be kept confidential and would be used only for research purpose. In spite of name of the lecturer, name of the college they were employed were specified as optional entry, the lecturers were hesitant to complete the questionnaire with complete information.

ANALYSIS

DETERMINING THE LEVEL OF JOB SATISFACTION

Job satisfaction consisted of 14 item scales. Overall Rating of the level of job satisfaction was as follows: strongly agree = very high, agree = high, moderately agree = moderate, disagree = low, strongly disagree = very low.

OVERALL RATING OF JOB SATISFACTION

The overall rating of job satisfaction of the respondent self financing college teachers is presented in Table 1.

TABLE 1: LEVEL OF JOB SATISFACTION (N= 570)

S.No.	Satisfaction Level	Frequency	Percentage
1.	Highly Satisfied	81	14.21
2.	Satisfied	85	14.91
3.	Moderately Satisfied	72	12.64
4.	Dissatisfied	183	32.10
5.	Highly Dissatisfied	149	26.14
	Total	570	100.00

Table 1 show that only 81 of the respondents "strongly agreed" toward high job satisfaction, 85 of them "agreed" and 72 of the respondents had "moderate agreement". However, "disagreed" category was chosen by 183 respondents and "strongly disagreed" category by 149 respondent lecturers, indicating the level of job satisfaction was very low.

CHI SQUARE TEST

The Chi square value for Table 1 determining the level of job satisfaction of the respondent lecturers was 84.9 with a P value of < 0.0001

SOURCES OF JOB SATISFACTION

a) INTERNAL FACTORS

Analysis of the open query on job satisfaction to identify specific aspects of the job, which satisfied the respondents, the most, majority of them identified factors which were intrinsic to the job as satisfiers.

TABLE 2: INTRINSIC SOURCES OF JOB SATISFACTION (N = 570)

S.No.	Sources	No.	Percentage (%)
1	Recognition	515	90.35
2	Work itself	510	89.47
3	Advancement opportunities	498	87.36
4	Possibility of growth	456	80
5	Responsibility	327	57.36
6	Achievement	102	17.89

Table 2 shows that the intrinsic factor, namely, recognition was rated as a major satisfier by a high percentage of 90.35% and work itself by 89.47% of the college teachers. Advancement opportunities was chosen by 87.36%, possibility of growth and achievement scored 80% whereas it was found that very few lecturers rated responsibility and achievement as a source of satisfaction for them.

b) EXTERNAL FACTORS

For the open query on job satisfaction to identify specific aspects of the job, which dissatisfied the respondents, majority of them identified the following as factors extrinsic to the job as dissatisfiers.

TABLE 3: EXTRINSIC SOURCES OF JOB DISSATISFACTION (N = 570)

S.No.	Sources	No. of respondents	Percentage (%)
1	Poor compensation and benefits	423	74.21
2	Lack of interpersonal relations	78	13.68
3	Unhealthy working conditions	32	5.61

4	Job insecurity	27	4.73
5	Lack of promotion opportunities	10	1.75

Table 3 shows that the extrinsic factor, namely, compensation and benefits, was rated as a major dissatisfier indicated by high percentage of 74.21% and lack of interpersonal relations, 13.68%. Unhealthy Physical working conditions was rated as a dissatisfying factor by 32 of the respondents, job insecurity by 27 of them and lack of promotion opportunities by 10 of the respondents.

CHI SQUARE TEST

The Chi square value for table 3 determining the major extrinsic sources of dissatisfaction for the respondent lecturers was 1069.2 with a P value < 0.0001.

ITEM SCORES ON JOB SATISFACTION

Item scale measuring job satisfaction was analyzed according to the rating for each category response as follows: Strongly Disagree as very low, Disagree as low, moderately agree as moderate satisfaction, Agree as high satisfaction and Strongly agree as very high satisfaction. A detailed analysis of each of the 14 items on job satisfaction is presented in table 4

TABLE 4: ITEM SCORES ON JOB SATISFACTION

Items	SA*	A*	MA*	DA*	SDA*
I am satisfied with my job	54	20	43	108	345
All things being equal, I will choose my present employer again	-	10	16	144	400
I, at times feel that my job is monotonous and tire-some.	13	18	21	279	239
My profession commands high respect for me in the society.	518	40	12	-	-
I like my job much better than most people in other professions like theirs.	503	40	12	15	-
The work associated with my position allows me to make contributions to:					
a) The college	514	36	20	-	-
b) The profession	11	12	52	98	397
c) My own sense of achievement	16	20	55	89	390
I receive adequate praise for work well done from:					
a) My peers	37	79	102	141	211
b) Head of my department /others	11	28	8	321	202
c) College Correspondent/chairman/secretary	12	27	7	311	213
The work associated with my position provides me with:					
a) Opportunity to use a full range of teaching skills	503	11	56	-	-
b) Opportunity to undertake research	-	-	-	41	529
c) The opportunity to be of service to others	563	7	-	-	-

SA* = Strongly agree; A* = Agree; MA* = Moderately agree; DA* = Disagree; SDA* = Strongly Disagree

Item scores on Job Satisfaction was analyzed, according to the sum of categories strongly agree, agree and moderately agree, representing high level of satisfaction and the sum of categories Strongly disagree and Disagree representing low level of satisfaction with the job.

Table 4 show that 79.47 % of the respondents were not satisfied with their jobs; 95.43 % of the respondents were not ready to choose their present employer all over again; 90.87 % of the lecturers felt that their jobs were not monotonous and tiresome; 90.87% of the lecturers perceived that their profession to be commanding high respect for them in the society; 88.24% of the lecturers liked their job better than other people liked theirs. 90.17% of the respondents felt that they make contributions to the college; 86.84% of them felt that they are not contributing anything towards the profession and 84.03% of the lecturers to their own sense of achievement.

Of the total respondents 61.75% did not receive adequate praise for work well done from peers, 91.75% of them both from their/ other department heads and 91.92% of the respondents from the management of the college. 88.24% of the lecturers felt that they were not given the opportunity to use their teaching skills fully; 92.80 % of them felt that they were not provided with research opportunities; 100% of them felt that their profession provided them an opportunity to be of service to others. The results clearly show that the lecturers were highly dissatisfied with their jobs.

INTERNAL RELIABILITY CO-EFFICIENTS

The reliability of the item scales used for this study revealed the Internal co-efficient for the item scales 1-14 as presented in the table 5 was 0.79.

TABLE 5: INTERNAL RELIABILITY COEFFICIENT FOR ITEM SCALES

Survey Measures	Cronbach Alpha	Items
Job Satisfaction	0.790	1-14

DISCUSSION AND CONCLUSION

The study results clearly indicate that the lecturers employed in arts colleges situated in Salem are highly dissatisfied with their jobs. The factors which are intrinsic to the job and motivated them were recognition, work itself, advance opportunities and possibility of growth and the extrinsic factor that acted as a major dissatisfying factor was poor compensation and benefits offered by the institution. Lam (1995) emphasized the importance of working conditions, which help in attaining interesting work, reasonable workload, pay and promotions will lead to job satisfaction. Xiang, Chen and Bruene (2005) found that interest in the activity (or job) was the most important intrinsic factor in predicting job satisfaction, over and above other intrinsic and extrinsic factors. Many faculty members felt that there was poor interpersonal relationships prevailing in the work-setting and the common factor indicated by them was verbal abuse by the management. The analysis throws light on the fact the lecturers are satisfied with their profession and were dissatisfied with the Institution they were serving. This phenomenon has a wider implication. When a lecturer is dissatisfied with the Institution, they might leave the Institution or might stay and render substandard performance. When they leave, the institution might suffer as the student community is deprived of being in the same hands for a sustained period, which has its own benefit. When a dissatisfied faculty member decides to stay with the Institution it is detrimental to the college in innumerable ways. Lethargy, disinterest in work, low classroom performance, poor results in University examinations and an overall decline in the attention that is needed to be given to the students could be the outcome of such a decision.

The management of the self financing colleges can follow the recommendations which are based on the findings: 1.Offer better pay package. 2. Improve the working conditions. 3. Avoid Verbal abuse and 4. Foster a sense of belongingness among the faculty members by arranging family get-together, picnic etc. If the above factors are considered by the management of self financing arts colleges, it would not only improve the quality of their institution, job satisfaction and quality of work life of the lecturers, but in an indirect way improve the inputs for the post graduate courses be it, computer applications or business administration which might be pursued by the students after their course completion at arts colleges. The human resources are the actual assets of any organization; it's the management that decides whether these would remain fixed or would move to other institutions.

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AN ANALYSIS OF INVESTOR'S PERCEPTION REGARDING MUTUAL FUND**SONU V GUPTA****DIRECTOR****S. K. PATEL INSTITUTE OF MANAGEMENT AND COMPUTER STUDIES- MBA
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GANDHINAGAR – 382 023****SANDHYA HARKAWAT****LECTURER****S. K. PATEL INSTITUTE OF MANAGEMENT AND COMPUTER STUDIES- MBA
GANDHINAGAR – 382 023****ABSTRACT**

Investment in mutual funds is effected by the perception of the investors. As a common investor who invests their savings into the different assets class are not very much aware about the mutual funds. Financial markets are constantly becoming more efficient by providing more promising solutions to the investors. Being a part of financial markets although mutual funds industry is responding very fast by understanding the dynamics of investor's perception towards rewards, still they are continuously following this race in their endeavor to differentiate their products responding to sudden changes in the economy. A need is there to study investor's perception regarding the mutual funds. The study is carried out through questionnaire survey in Naranpura area of Ahmedabad, Gujarat. Hypothesis is tested using z-test and Chi-square. The analysis finding suggest that majority of investor are aware about mutual funds and are willing to invest in mutual fund. Most preferred scheme is balanced fund. Findings also suggest that investment in fixed deposit is more likely to be done than mutual funds. Hypothesis is also proving that occupation of the investor is not affected in investment decision for mutual funds. Investment in mutual fund is not effect in near future.

KEYWORDS

Mutual funds, perception about mutual funds, occupation of investors

INTRODUCTION

As a common investor who invest their savings into the different assets class are not very much aware about the mutual funds and so, lack of awareness result into their own perception regarding the mutual funds and so, a need is there to study investors perception regarding the mutual funds. A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. Units are issued to the investors in accordance with quantum of money invested. They are known as unit holders.

The money thus collected is then invested in capital market instruments such as shares, debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them.

Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. VNR dictionary of business and finance says mutual fund is "an investment fund that pools the invested funds of others and invests money market instruments, municipal bonds, or common stock".

The structure of the mutual funds in India is governed by the SEBI regulations, 1956. These regulations make it mandatory for the mutual funds to have a three – tier structure of Sponsor – Trustee – Asset Management Company. The sponsor is the promoter of the mutual fund, and appoints the trustees. The trustees are responsible to the investors in the mutual fund and appoint the AMC for managing the investment portfolio. The AMC is the business face of the mutual fund, as it manages all the affairs of the mutual fund. The mutual fund and the AMC have to be registered with SEBI.

REVIEW OF LITERATURE

Elmiger and Kim (2003) elucidate risk as the trade-off that every investor has to make between the higher rewards that potentially come with the opportunity and the higher risk that has to be borne as a consequence of the danger.

Although different literature available on risk define it variedly but in common the word risk refers to situations in which a decision is made whose consequences depend on the outcomes of future events having known probabilities (Lopes, 1987). Risk from a strategic management perspective has been defined as one that is often taken as manager's subjective judgment of the personal or organizational consequences and it may result from a specific decision or action. Beta has been accepted as most appropriate measure of risk that describe the slope of any regression line .i.e it reveals the volatility of a stock relative to a market benchmark (Sharpe 1966).

Although majority of investors who invest in mutual fund themselves are not clear with the objective and constraints of their investment but in addition to this most important critical gap that exist in this process is lack of awareness about presence of risk elements in mutual fund investment. The new marketing philosophy and strategies place special emphasis on recognition of customer needs in an effort to provide high level of quality services (Harrison, 2000). Study by Laukkanen (2006) explains that varied attributes present in a product or service facilitate customer's achievement of desired end-state and the indicative facts of study show that electronic services create value for customers in service consumption.

Return ambiguity and changes in risk perception of individual investor affect action taken in risky financial market. In a more complex situation taking rational decision is undoubtedly difficult but certainly not impossible. Computational complexities are not only the reason why rationality assumption is challenged rather challenges also come from cognitive reasoning (Anderson 1991) where question is how optima human beings are. A more realistic notion of rationality is bounded rationality defined by Simon (Simon 1957) that property of an agent who behaves in a manner that is nearly as optimal with respect to its goals as resource will allow. Here resource includes processing power, algorithm and time available to the agent.

METHODOLOGY

The purpose of this research is to contribute towards a very important aspect of financial services known as Mutual Fund. The investor perception regarding mutual fund investment is been carried out through a questionnaire survey in Ahmedabad area of Gujarat. Objective behind selecting these is to find out whether common man knows about mutual funds and their invest in mutual funds.

OBJECTIVE

- To know about perception of investor towards mutual funds
- To know whether there is difference in investor's preference regarding mutual fund and fixed deposit.
- To study the investment done in mutual funds is having relation with occupation of the investor.
- To know investor perception about future investment in mutual funds.

DATA SET AND SAMPLE

The data used in this study was acquired through questionnaire survey of 100 investors in Naranpura area of Ahmedabad –Gujarat. Questionnaire survey conducted in the month of April – June 2010. The study is done only in the Naranpura branch where mostly people are aware about the mutual funds and so, other areas people's perception may differ from this area people.

HYPOTHESIS TESTING

HYPOTHESIS: 1

H01: Investments in Mutual fund is not more significant than fixed deposits

H11: Investments in Mutual fund is more significant than fixed deposits

Test type: z test

HYPOTHESIS: 2

H02: Investors investment in mutual funds does not depend on occupation of the investor

H12: Investors investment in mutual funds depends on occupation of the investor.

Test type: Chi- square test

HYPOTHESIS: 3

H03: Investment in Mutual fund is not significant in near future

H13: Investments in Mutual fund is significant in near future

Test type: z test

Hypothesis testing formula (calculation done using Excel)

Z-test: $Z_{cal} = |p_1 - p_2| / [PQ (1/n_1 + 1/n_2)]^{1/2}$

Chi-square: $\chi^2_{cal} = \frac{\sum (O_i - E_i)^2}{E_i}$

E

DATA ANALYSIS

QUESTIONNAIRE ANALYSIS (ANNEXURE)

- Survey indicated that Investment done in mutual fund majority is salaried investor (43%)*and businessman (27%).
- Monthly income of investors ranges between 15000-25000 (52%) and 25000-50000 (24%).
- Most preferred investment is insurance (23%), fixed deposit (19%) and mutual funds (16%), post saving (13%), equity market (12%)
- Return on investment (40%) and safety (40%) are the most proffered attributes for investment. liquidity is the second preferred option (15%)
- From the survey done majority (80%) of the investors were aware of mutual funds.

Analysis of 80% respondent who are aware about mutual funds

- 70% of the investors were willing to know about mutual funds schemes.
- Among 80% investors who know about mutual funds 63.75% were willing to invest in Mutual funds
- On an average 11 % to 30% of annual saving is invested in mutual funds (43.14%) and less than 10% (41.18%)
- Balanced scheme is most preferred investment of the 80% respondent and than equity.
- Majority of the investor invest in mutual funds based on recommendation done by banks
- Expectation of investor return in mutual fund is 10 to 15 percent
- Majority investor's Investment is done for 1 yr holding (39.21%) and 2-5 yrs (20%)
- 88% investors are willing to invest in future in mutual funds

[(*) refers to percent respondent in questionnaire survey]

HYPOTHESIS TESTING

HYPOTHESIS: 1

H01: Investments in Mutual fund is not more significance than fixed deposits

H11: Investments in Mutual fund is more significance than fixed deposits

P1: Number of investors invests in Mutual fund

P2: Number of investors invests in fixed deposits

P1= 16/100 = 0.16 n1= 16

P2= 84/100 = 0.19 n2= 19

$P = \frac{n_1 p_1 + n_2 p_2}{n_1 + n_2}$

n1+n2

$Z_{cal} = |p_1 - p_2| / [PQ (1/n_1 + 1/n_2)]^{1/2}$

= | 0.16-0.19 | / [(0.182) (0.818) (1/16 + 1/19)]^{1/2}

= 0.59

Ztab = 1.96 (two tailed)

Zcal < Ztab

Therefore null hypothesis is accepted. So, mutual fund is not more significant than fixed deposit.

HYPOTHESIS: 2

H02: Investors investment in mutual funds does not depend on occupation of the investor

H12: Investors investment in mutual funds depends on occupation of the investor

TABLE 1 CHI-SQUARE TEST

Occupation	Mutual Fund	Others	Total
Businessman	15 14.09	12 12.96	27
Professional	9 9.88	10 9.12	19
Salaried	22 22.36	21 20.64	43
Retired	4 4.06	3 3.36	7
Others	2 2.08	2 1.92	4
Total	52	48	100

$$\chi^2_{\text{cal}} = \sum \frac{(O_i - E_i)^2}{E_i}$$

$$= 0.3579$$

$$\chi^2_{\text{tab}} = (2-1) (5-1) \text{ d.f. at } 5\%$$

$$= 4 \text{ d.f. at } 5\% \\ = 9.49$$

$$\chi^2_{\text{cal}} < \chi^2_{\text{tab}}$$

Therefore null hypothesis is accepted. So, statistically Investors investment in mutual funds does not depend on occupation of the investor

HYPOTHESIS: 3

H03: Investment in Mutual fund is not significant in near future

H13: Investments in Mutual fund is significant in near future

P1: Number of investors will invest Mutual fund in near future

P2: Number of investors will not invest Mutual fund in near future

$$P1 = 88/100 = 0.88 \quad n1 = 88$$

$$P2 = 12/100 = 0.12 \quad n2 = 12$$

$$Z_{\text{cal}} = \frac{|p1 - p2|}{\sqrt{PQ(1/n1 + 1/n2)}}^{1/2} \\ = \frac{|0.88 - 0.12|}{\sqrt{[(0.7888)(0.2112)(1/88 + 1/12)]}}^{1/2} \\ = 0.6876$$

$$Z_{\text{tab}} = 1.96 \text{ (two tailed)}$$

$$Z_{\text{cal}} < Z_{\text{tab}}$$

Therefore null hypothesis is accepted. So, Investment in Mutual fund is not significant in near future.

As in all the three hypothesis null hypothesis is accepted. So investment preference of investor is more for fixed deposits and mutual funds, investments in mutual funds do not depend on the occupation and investment done in near future in mutual funds is not statistically significant.

CONCLUSION

Form the survey conducted to know the perception of investors towards mutual funds it was found that 80 % of the investor knows about mutual funds, so awareness level of mutual fund is there. Majority of investors are willing to invest in mutual funds. The investment of about 11 percent to 30 percent saving is done in mutual funds and expected returns are between 10 percent to 30 percent. Moreover in comparison of fixed deposit to mutual funds, fixed deposit is more significant than mutual funds (Hypothesis 1). Investments in mutual funds do not depend on the occupation (Hypothesis 2) and investment done in near future in mutual funds is not statistically significant (Hypothesis 3). So if the mutual funds firms provide a good return investors are willing to invest in mutual funds irrespective of its occupation and time frame. As investors are willing to invest in 1 to 5 yrs time frame. Asset management companies can provide the right kind of need base solutions to their Investors.

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ANNEXURE

QUESTIONNAIRE

(Information provided by you would be kept confidential and it is only for the research purpose)

1. How many members are there in your family?

Ans. 1-2 3-4 5-6 7+

2. Which of the below mentioned category do you belong?

Ans. Businessman Professional Salaried Retired Others, please specify _____

3. What is your monthly income?

Ans. a. 5000-15000 b. 15000-25000
c. 25000-50000 d. Above 50000

4. What proportion of total income do you save? (In %)

Ans. below 10 11-30 31-50 above 50

5. Where do you most prefer to invest your money?

(Rank the above investment as per your preferences. Ex. most preferable-1, least preferable-8)

Ans. a. Post schemes b. Fixed Deposits c. Mutual Funds d. Equity Market e. Insurance f. Gold
g. Real estate h. Others, please specify _____

6. Please tick the following attributes you would consider while making investment.

Ans. a. Rate of return b. Safety of capital c. Liquidity d. Other, please specify _____

7. Are you aware about the mutual fund?

Ans. a. Yes b. No

If no, then are you willing to know more about the mutual fund and its schemes?

Ans. a. Definitely b. Not interested

8. If yes, then are you investing in mutual fund?

Ans. a. Yes b. No

If no, then why? Give reason.

Ans. _____

9. If yes, what proportion of total savings do you invest in mutual funds?
(In %)

Ans. below 10 11-30 31-50 above 50

10. Which type of mutual fund would you prefer to invest?

Ans. Equity Balanced Debt

11. How do you decide up on your investment decision?

Ans. Bank recommends Friends C.A. Web sides Wealth manager Professional advisor Others

12. Presently what % of returns do you receive on investment?

Ans. _____

13. What is your investment horizon?

Ans. a. 1 year b. 2 years c. 3 years d. More than 3 years

14. Are you willing to invest in near future?

Ans. a. Yes b. No

15. Personal information

Name.

Phone no.

Address.....

Gender

Age

IMPACT OF BRAND IMAGE ON CUSTOMER COMMITMENT & LOYALTY IN INDIA**DR. MALHAR KOLHATKAR****ASST. PROFESSOR****DR. AMBEDKAR INSTITUTE OF MANAGEMENT STUDIES & RESEARCH****DEEKSHABHOOMI, NAGPUR – 10****DR. NIRZAR KULKARNI****ASST. PROFESSOR****DR. AMBEDKAR INSTITUTE OF MANAGEMENT STUDIES & RESEARCH****DEEKSHABHOOMI, NAGPUR – 10****ABSTRACT**

In specific terms, the need for this study arose as a result of the identified issues on the impact of brand image on customer perceived quality and satisfaction. Although theoretically it can be argued that perceived quality and customer satisfaction will lead to customer loyalty as brand image is considered to represent the aspect of market offering that enables organizations create associations in the minds of the customers and add extra value in form of emotional benefits, which extend beyond product attributes and functional benefits.

KEYWORDS

Brand image, Quality, Customer satisfaction, Customer loyalty.

INTRODUCTION

The study is carried out to explore the behavioral outcomes of customer perceived quality and satisfaction to conduct a study that explores the impact of brand image on other antecedents of consumer behaviors like commitment and loyalty. For example, India being one of the fastest growing economies in the world requires focused study that will provide extra knowledge on such sensitive and useful issue as how brand image can influence customers' expression of loyalty and or commitment to a product (market offering or even organization). Most of the knowledge on brand image originates, same may not be said of India, even though the Indian economic impact affects every other developed, developing and under-developed economy.

This study will focus on exploring the impact of brand image on customer loyalty and commitment within the Indian Mobile phone sector. A brief analysis of the mobile phone sector in India, a show there were over 3,000 million mobile phone service subscribers in India in the year 2009, and has now increased to around 6,000 million.

Amongst these subscribers are customers loyal to well-known brands like Nokia, which controls about 40 percent with 48.1 percent market preference, followed by Motorola, Sony Ericsson, and Samsung with 15.90 percent, 10.20 percent, and 9.10 percent preference for Sony Ericsson, Motorola, and Samsung, respectively.

The purpose of this study is, therefore, to conceptualize and measure brand influence on consumers by examining the impact of brand image on customer loyalty and commitment in Indian mobile phone market and to assess possible association between brand image and these variables using the most suitable research approach for a study of this kind.

LITERATURE REVIEW**BRAND IMAGE**

Brand image represents an important aspect of marketing activities; branding and market offering with varied definition and approaches to its conceptualization (Burleigh and Sidney, 1955; Dobni and Zinkhan, 1990; Martinez and Pina, 2003). A widely accepted view is that brand image represents customers' perceptions of a brand as reflected by the brand associations held in consumer memory (Herzog, 1963; Keller, 1993a, b). Keller (1993a, b) argued that these associations could originate from customers direct experience or from information obtained on a market offering or due to the impact a pre-existing associations with an organization had on consumer. Brand image is, therefore, the mental picture or perception of a brand or a branded product or service and includes symbolic meanings that consumers associate with the specific attributes of a product or service (Dobni and Zinkhan, 1990; Padgett and Allen, 1997; Aperia and Back, 2004).

Brand image represents "the reasoned or emotional perceptions consumers attach to specific brands" (Low and Lamb, 2000, p. 352) a set of beliefs held by customers about a particular brand, based upon some intrinsic and extrinsic attributes of a market offering resulting to perceived quality, and customer satisfaction. Perceived quality refers to the customer's perception of the overall quality or superiority of a product or service with respect to its intended purpose, relative to alternatives.

While customer satisfaction although subject to debate as there are dichotomies to its definition, can be likened to customer feeling of pleasure or disappointment as a result of experience or the act of comparing a product's perceived performance (or outcome) in relation to a customer's expectations. It is, therefore, the degree to which customers are satisfied or dissatisfied with a business, product, or specific aspect of a product or service provided by a business. Customer satisfaction can be explained as the outcome of a comparison between perceived product performance and pre-purchase expectations. An outcome argued in Fornell et al. (2006) as leading to long-term customer loyalty. Fornell et al. (2006) developed a model called the Customer Satisfaction Index aimed at encouraging organizations adaptation of market-orientation and to recognize that the outcomes of perceived quality and brand image could be customer satisfaction. Fornell et al. (2006) study concludes that brand image impacts on customer perceived quality and satisfaction with the result of strong satisfaction being possible customer loyalty.

BRAND IMAGE AND CUSTOMER LOYALTY

Whereas the linking of customer satisfaction to and with loyalty is a useful development, there remains uncertainty to what customer loyalty truly is. The concept of loyalty has diverse views in terms of its conceptualization and measurement. Various researchers tend to view the concept from different perspectives. For example, loyalty to Ehrenberg (1988) and Jacoby (1971) represents customer repeat purchase a view that if interpreted may suggest that customer loyalty only exist whenever customers embark on a do again (second buying journey) on a market offering.

Whereas there is a connection between repeat purchase and loyalty, in that for a customer to be seen as loyal, it may be expected that such customer will continue with the act of buying a market offering repeatedly. It is, however, necessary to note that such view does not provide one with deep practical understanding of the concept as a customer may repeat purchase not necessarily because of a continues feeling of satisfaction or as a result of real intent to stay with a brand. But could be as a result of strong necessity for a market offering at that point in time and, therefore, may not necessarily imply the expression "loyal" to a market offering and or brand as there may be limited alternatives. Other authors (like Hess and Story, 2005) seem to view loyalty as preference and

commitment, respectively. While preference may represent an attribute of loyalty, there may be strong difficulty in accepting loyalty to directly mean commitment in that both concepts follow similar principles but are indeed different.

Oliver (1999) also suggests that ultimate customer loyalty is a function of perceived product superiority, personal fortitude, social bonding, and their synergistic effects. Further analysis of Oliver's discussion tend to suggest not that loyalty is commitment, but that loyalty is an aspect of commitment called attitudinal or emotional component of commitment. Uncles et al. (2003) viewed customer loyalty from a 3 dimensional perspectives, an approach that seems to originate from Meyer and Allen (1991) study on employee commitment; where loyalty is referred to as favorable attitudes or beliefs for one brand which could seem to be an emotional attachment to that brand. Second, loyalty can be seen as a behavioral factor, for example, the purchase behavior to one special brand and loyalty as an accident approach that presumes the correlation between attitudes and behavior.

Whatever represents the meaning of brand loyalty as the list of authors with varied approaches seems endless, the fact remains that brand loyalty exist as a result of the interaction between a customer's relative attitude to a special brand, and also their repeat purchase behavior for that brand. Brand loyalty may, therefore, exist as a result of repeat purchase or due to the absence of perceived differences between brand alternatives Muncy (1996). It could also exist as a result of simple habitual purchase behavior (Assael, 1998), which could mean long or short-term involvement on repeat purchasing of a market offering or brand. A knowledge of brand loyalty is, therefore, necessary as according to Wood (2000) brand image is tailored to the needs and wants of a target market so as to facilitate brand loyalty. That is customer involvement in repeat purchase behavior on a brand and the success or otherwise of this process determines the degree of brand loyalty and will probably have influence on consumer long-term loyalty. This study therefore proposes that:

H1. Brand image has positive impact on customer loyalty.

H2. Brand image has a positive impact on customer commitment.

RESEARCH METHODOLOGY

QUESTIONNAIRE DESIGN AND DEMOGRAPHIC DATA

This research scale items were designed as an interval rating seven-point Likert scale to be responded to on a scale of one to seven "to indicate the extent of participants' agreement or disagreement with a given statement, where seven represents "very strongly agree", six represents "strongly agree", five represents "agree", four "neither agree nor disagree", three "disagree", two "strongly disagree", and one "very strongly disagree". The purpose of this improved method is to offer the respondents with more choice and help capture their feelings toward the brand of their choice and provide room for the assessment of the scale's validity and reliability.

The scale items were, therefore, administered as a questionnaire with 26 items statement to 250 participants within the Vidharbha region (Maharashtra, India), with 40 percent usable response rate. Some items within the scale originates from this study while other items (statements) like "I feel a sense of duty to influence my friends to identify with this brand because it represents something unique" were adopted from an existing research scale on commitment and brand (Ogba, 2008). The data were analyzed using exploratory factor analysis for scale item reduction and factor extractions, and Cronbach an internal consistency measure for reliability test, and ANOVA and correlation analysis for the assessment of association and or differences of variables.

Outcome from the demographic aspect of the research shows that 61 percent of participants represent male respondents while 39 percent were female. On participants' age, 4 percent represents the age groups 16-18, 86 percent representing the age group 19-23, while 16 percent of the participants are between the age ranges 24-28.

On participants educational level, 72 percent of total participants were university undergraduates pursuing a Bachelor degree, while 14 percent are on Diploma Programme and 14 percent on Postgraduate programme with 11 percent on Masters degree and 3 percent involved in other types of postgraduate studies.

ANALYSIS

The study subjected the scale items to exploratory factor analysis using Principal Component Analysis (PCA) with varimax rotation for scale reduction, factor extraction and identification of smaller set of factors with eigenvalues greater than or equal to 1.0. Prior to performing the PCA, the suitability of data for factor analysis was assessed, the inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above.

The factorability of the correlation matrix was supported and established using Bartlett's (1954) test of Sphericity, which showed components extractions are statistically significance ($p = 0.000$).

Output from the PCA was the reduction of the scale items from 26 items to 25 usable scale items and the extraction of 5 components representing perceived quality, customer satisfaction, customer commitment and loyalty. The five factor extractions from the 25 scale items are with eigenvalues above 0.1. The first component shows a maximum (total) initial eigenvalues of (11.025), that is a cumulative percentage of approximately 44 percent of the total variances. While the other components showed a maximum extraction of (2.346), (1.926), 1.549 and 1.231, which is approximately, 9.384 percent, 7.7 percent, 6.1 percent and 4.9 percent of the respective total variances, representing a total of 72.3 percent cumulative percentage of the initial eigenvalues of all the variances. In other words, the factor extraction represents a total of 72 percent of all the 25 items in the scale before factor rotation. The reliable (suitable and usable) of items were also explored with high scale reliability of 0.942 α .

The motive behind the above analysis was to test for instruments suitability and usability in a study of this kind as evidences abound of various studies that suppose to measure such behavioral components, but in reality are measuring something similar or different from the concept in study. This outcome, therefore, suggests that the scale is indeed measuring the impact of brand image on customer loyalty and commitment.

ANOVA

In testing the behavioral and attitudinal aspects of customer loyalty and commitment in relation to brand image, the two propositions were subjected to statistical test using one way ANOVA. Output from the assessment of customer loyalty and commitment on brand image as presented in Table I, showed strong evidence of statistical significances at p , 0.05 levels. The significance level for each customer component was: customer loyalty (0.000) and Customer commitment to the product (mobile phone) at (0.000).

CORRELATION ANALYSIS

Correlation analysis was employed in assessing the possible association between each component variables: customer loyalty, customer commitment and brand image. "Preliminary analysis was performed to ensure no violation of the assumption of normality, linearity and homoscedasticity". The outcome of the analysis was a moderately strong positive relationship (correlation) between brand image and the components, with stronger correlations existing between brand image and customer commitment at $r = 0.809$ and strong association between brand image and customer loyalty at $r = 0.777$. Therefore, r is significant beyond the 1 percent level (0.01) as shown in Table II.

TABLE I – ONE WAY ANOVA OF CUSTOMER LOYALTY AND COMMITMENT ON BRAND IMAGE

ANOVA						
		Sum of squares	Df	Mean square	F	Sig.
Satisfaction	Between groups	1083.681	24	45.153	4.406	0.000
	Within groups	768.679	75	10.249		
	Total	1852.360	99			
Commitment	Between groups	2446.839	24	101.952	12.208	0.000
	Within groups	626.321	75	8.351		
	Total	3073.160	99			
Loyalty	Between groups	1857.150	24	77.381	8.367	0.000
	Within groups	693.600	75	9.248		
	Total	2550.750	99			
Quality	Between groups	876.161	24	36.507	5.089	0.000
	Within groups	538.29	75	7.174		
	Total	1414.190	99			

TABLE II – CORRELATION BETWEEN BRAND IMAGE, CUSTOMER LOYALTY AND COMMITMENT

Correlations			
		Image	Loyalty
Image	Pearson correlation	1	0.777**
	Sig. (2-tailed)		0.000
	N	100	100
Loyalty	Pearson correlation	0.777**	1
	Sig. (2-tailed)	0.000	
	N	100	100
Image	Pearson correlation	1	0.809**
	Sig. (2-tailed)		0.000
	N	100	100
Commitment	Pearson correlation	0.809**	1
	Sig. (2-tailed)	0.000	
	N	100	100

Note: Correlation is significant at the 0.01 level (2-tailed)

FURTHER ANALYSIS OF CUSTOMER LOYALTY

Following Bowen and Chen (2001) recommendation and to further explore customer loyalty to brand and by implication the degree of brand image impact on customer loyalty, this study subjects participants' response to frequency analysis. The study measured customer loyalty using behavioral assessment of customer loyalty through two dimensions:

- (1) Evaluation of customer repeat purchase; and
- (2) Attitudinal assessment of customers in form of evaluation of customer recommendation of brand to others.

The outcomes from the above analysis is 74 cumulative percent for possible participants repeat purchase of the market offerings associated with the brand in study and 70 percent for possible participant recommendation of same to others. These percentages present more than half of the total respondents.

Consequent upon this outcomes indicating brand impact upon the variables, this study accepts the propositions as established in hypotheses one and two (H1 and H2) of this research that: brand image has positive impact on customer loyalty and commitment. This research outcome implies that a positive brand image will enable possible high customer loyalty and customer commitment towards a market offering. However, integrating this outcome to that of other research on the impact of brand image on customer perceived quality and satisfaction.

DISCUSSIONS

This research set out to explore the possible impact of brand image customer loyalty and commitment, and to evaluate these in the light of customer behavior towards selected brands within the Indian mobile phone market sector.

Following outcomes from review of literatures and conceptual frameworks relating to brand image, customer loyalty and commitment, two hypotheses were generated and further assessed using previously developed and tested research instrument on brand image, customer commitment and loyalty. The outcome from the study suggests that effective study of the impact of brand image on customer loyalty and commitment in Non-western environment is possible, but should be approached as individual/independent variables in that each variable tends to show strong independent on each other and yet highly dependent upon brand image as a customer with low level loyalty may express high level commitment towards a brand or market offering.

The outcome also supports the assumptions that brand image has positive impact on customer loyalty and commitment. The study and its finding was identified as indeed fundamental as previous researchers have conducted less research on the impact of brand image on the variables explored in this research and with evidence of lack of substantive empirical study on the subject within developing economy like India. The study was seen as urgent and relevant. To show evidence of dependability, the study not only measured item's suitability and usability, but also linked its findings with similar study on brand image and other components like customer perceived quality and satisfaction and draws an empirical conclusion that brand image has positive impact on customer perceived quality, satisfaction, loyalty and commitment.

This study is, therefore, a contribution to and an addition/consolidation of an existing knowledge. The study was advanced by exploring the impact of brand image on key customer behavioral variables. The approach employed in this study made the exploration of a study of this kind possible in that the study not only acknowledged the lack of available common definition of the concepts discussed, but also acknowledged the difficulties in its measurement and thereafter employed a quantitative approach that logically developed assumptions for the study of various issues within the study.

Following the results from this study, therefore, one can conclude that brand image can positively influence customers' perceived quality on a market offering and also boost customer satisfaction, loyalty and commitment towards a market offering. It is also evident that these variables have strong association to and with brand image. This implies that a good brand image is that which impacts positively on this entire customer variable: customer satisfaction, loyalty, perceived quality and commitment to a market offering and not necessarily on one or few of the variables. This, therefore, represents the degree of the relevant of this study, that a good brand image must positively impact on customers' loyalty and perceived quality and should also influence to a greater degree the extent to which customers perceives a market offering and express satisfaction to such offering for long-term delight and sustainable profit.

MANAGERIAL IMPLICATIONS OF STUDY AND RECOMMENDATIONS

As earlier reviewed, brand image is considered to be significant in influencing customer behavior positively. Managers within, and outside the sector, India and other non collectivist culture should acknowledge findings from this study and the relevance of the valuables studied and the power of brand image in influencing consumer behavior and seek to constantly explore and assess brand image impact on similar variables for effective and long-term customer delight. The danger, therefore, is that whereas it is known that a poorly developed and presented brand image will lead to disaster, the neglect of such vital organizational issue, may lead to loss of customers as there may be low satisfaction and therefore low loyalty and commitment to organizations market offering.

RECOMMENDATIONS FOR FURTHER RESEARCH

Studies on brand image and most importantly brand equity and there impact within and outside the organization is still in its infancy and is evolving with more complications in terms of definition and measurement. Further research is, therefore, needed on the conceptualization and measurement of brand image and its impact on other customer related issues like: sales, promotion, and organizations return on investments. Such research is urgently needed and will provide deeper insight into an area that although very important to sustainable profit, is indeed riddled with lack of agreement. The study will further highlight on the usefulness of brand in the twenty-first century organization and on how more and more organizations are depending on brand for survival in highly competitive environment.

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PROBLEMS OF FRUIT PROCESSING INDUSTRY IN ANDHRA PRADESH - A CASE STUDY OF SELECT UNITS IN CHITTOOR DISTRICT

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ABSTRACT

This article made an attempt to review the status of fruit processing industry and the problems encountered by the industry in Chittoor District of Andhra Pradesh. Based on the observations of the problems, appropriate suggestions are also offered to tone up the performance of the fruit processing industry in Andhra Pradesh in general and Chittoor District in particular. The Chittoor Fruit Processing Cluster (CFPC) is the largest cluster of its kind in India. Lack of mutual trust, intense inter-firm competition and a roller-coaster performance marked the growth of the cluster before the interventions in 1998. The other problems afflicting it were unscientific raw material handling practices, primitive processing technologies, unremunerative product-mix, poor product quality and high environmental pollution. The interventions by APITCO, as the Cluster Development Agent (CDA), with the active participation of the firms and their commitment to "swim or sink together" attitude; along with proactive support from National Horticulture Board (NHB), Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Food Processing Industry (MFPI), Government of India and Government of Andhra Pradesh (GoAP). Increased exports, domestic sales and employment; led to introduction of HACCP protocols; and setting up of aseptic packaging facilities and effluent treatment plants. An Agri-Export Zone (AEZ) covering the entire district.

KEY WORDS

Fruit Processing Industry, APITCO, Cluster Development Agent (CDA), National Horticulture Board (NHB), Agricultural and Processed Food Products Export Development Authority (APEDA), Ministry of Food Processing Industry (MFPI) and Agri-Export Zone(AEZ).

INTRODUCTION

The fruit processing industry owes its origin to the discovery of the fact that foods specialized by heat and sealed hermetically would retain their quality for months and even for years. Systematic food preservation by drying, smoking, salting and other household methods is as old as human civilization itself. But the art of processing is of comparatively recent origin. A French man Nicholas Appert (1750-1841) was the first to carry on commercial processing and also the first to write a systematic treatise on the subject (1810). During his early experiments Appert enclosed food in glass jars, cooked them with great care, submerged them in water which has gradually raised to the boiling point and billed them "for more or less time, according to the nature of food" a method still used successfully in household processing for fruits and vegetables. Later he experimented with tin and with wrought iron cans¹. India grows a variety of temperate to tropical fruits and vegetables. Processing plays an important role in the conservation and effective utilization of fruits and vegetables. The processing also helps in generating rural employment, besides, processed fruits and vegetables are a source of earning foreign exchange. India has favorable climate conditions and vast potential for growing fruits and vegetables. However, slightly over one percent in the units are covered under the Fruits Production Order (FPO). This is because of a number of problems faced by the industry such as high cost of production, high cost of processing, high cost of packing and transportation. The new industrial policy has however placed the processed fruits and vegetables in the list of high priority areas and various incentives have been provided in this sector².

INDIAN SCENARIO

India is the second largest producer of fruits and vegetables in the world, accounting for about 16% of global vegetable production and 10% of world fruit production. India is a front runner in many fruits and vegetables with share in world production as follows³:

- 41% of mango
- 23% of banana
- 24 % of cashew nut
- 10% of onion
- 30% of cauliflower
- 36% of green peas

The trends in India's fruits and vegetables production are presented in table 1

TABLE 1: PRODUCTION OF FRUIT AND VEGETABLES IN INDIA

Year	Fruits			vegetables		
	Area (Million Ha)	Production (Million Tonnes)	Growth Rate	Area (Million Ha)	Production (Million Tonnes)	Growth Rate
2002-03	4.8	49.2	-	5.9	84.8	-
2003-04	5.1	49.8	1.22	6.7	101.4	19.57
2004-05	5.3	52.8	6.02	7.1	108.2	6.71
2005-06	5.3	55.4	4.92	7.2	111.4	2.96
2006-07	5.6	59.6	7.58	7.5	115.0	3.23
2007-08	5.8	63.5	6.54	7.8	125.9	9.48

(Source: National Horticultural Board, data base 2007-08)

The production of fruit in India, as detailed in table 1 shows an average production of 55.05 Million tonnes over a period of 6 years starting from 2002-03 to 2007-08. It was 49.2 Million tonnes in 4.8 Million Ha in the year 2002-03. A slight increase in the area of the land showed almost the same in 2003-04. In 2004-05 there was some increase in production in 5.3 Million Ha, in 2005 and 2006 the production increased considerably in the same extent of land of 5.3 Million Ha. The production remarkably increased in 2006-07 to 59.6 Million tonnes in almost the same extent of area of 5.6 Million Ha. In 2007-08 only 1 Million Ha of area increased but the production was increased by about 14 Million tonnes.

FIGURE: 1

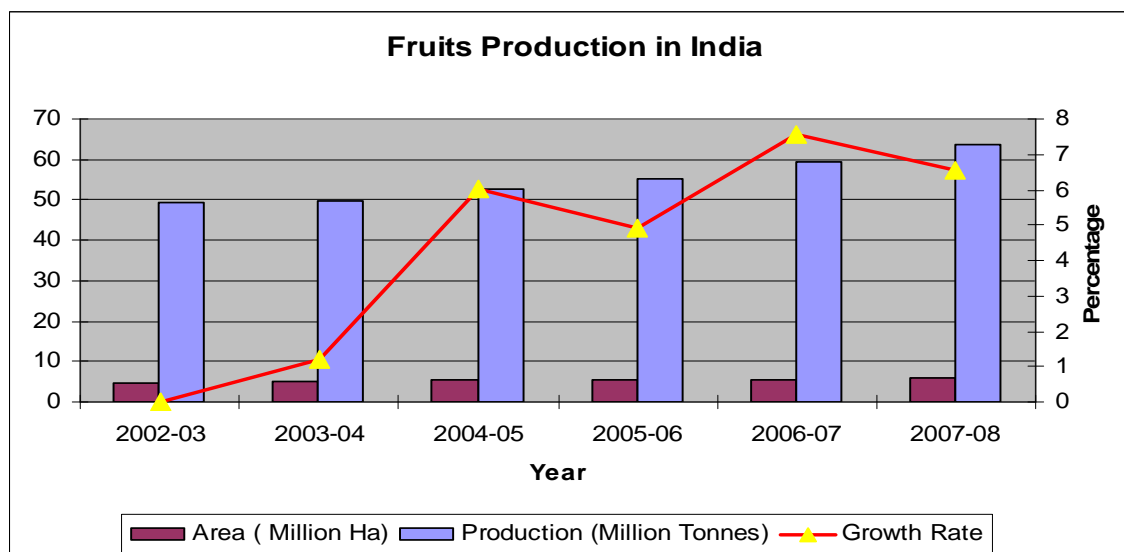
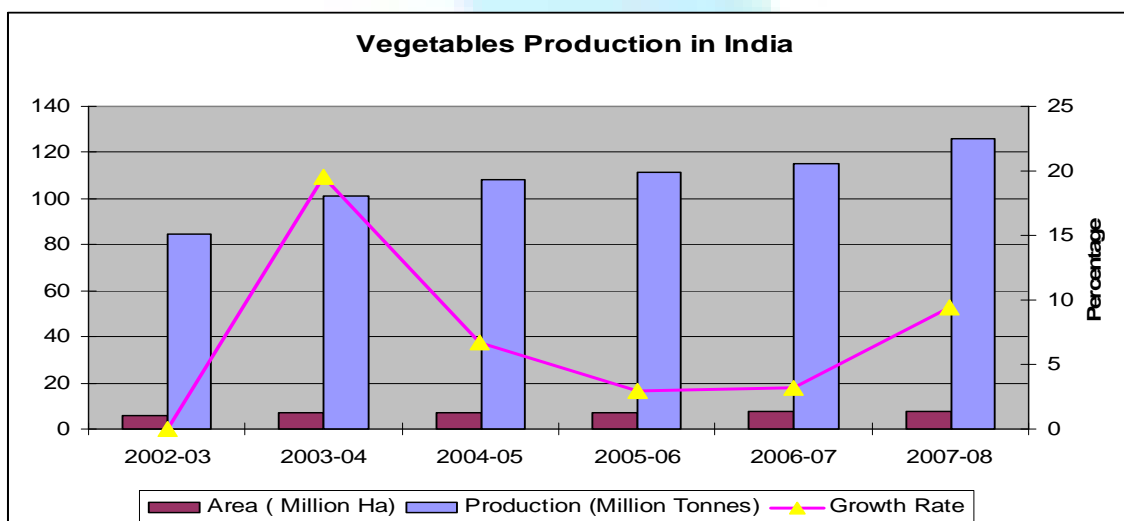


FIGURE: 2



Agro processing in general and food processing in particular has started gaining momentum. The government is aiming to hike the processing of the perishable to 20 per cent from the current 6 per cent, increasing value addition from the current 7 per cent to a whopping 70 per cent and improving the country's share in the global market to 3 per cent. By 2010 the various policy initiatives would have been embarked upon in this direction⁴.

To exploit the niche market available at domestic as well as the global level, further improvements like attracting more investment, development of infrastructural facilities, up gradation of technology available with the Indian manufacturers by taking assistance through foreign collaborations, in case of design know-how back-up etc are required. Other measures may involve improving the hygienic conditions of slaughterhouses, following the sanitary and phyto-sanitary standards and other practices like labeling, grading, etc., product innovation (for instance, tapping other meat sources like rabbit) to expand the scope of market, co-ordination of production-procurement activities to lessen the impact of irregular supply of raw materials arising out of seasonable nature, etc.

If convenience is the symbol of modernization, then development of the fruit processing industry is one of the avenues leading towards it. India would benefit by exhibiting the competitive edge it enjoys in this direction-given its resource endowments⁵. This needs to be supported by adequate investments and strong regulatory frame work on quality standards to enable the domestic industry to meet the challenges posed in the global market.

FRUIT PROCESSING INDUSTRY IN ANDHRA PRADESH

Andhra Pradesh is a key state that contributes significantly to the food and food processing sector in India. The state ranks first in the country in area and production of mango, oil palm, chillies and turmeric, second in citrus and coriander, third in cashew, fourth in flowers and fifth in grapes, banana, ginger and guava based on area and production. It accounts for a sizeable share of country's aggregate production of rice. It also contributes 25-30 per cent to the total sea food exports of the country. The food processing industry contributes 19.36 per cent to total industrial production in the state. It ranks second in the production of value-added products and beverages with a 10 per cent contribution to the exports of the country. The state is also well endowed with human resources with the right skill sets. It is estimated that the agro based industry in the state employs 65 per cent of its total population. Andhra Pradesh is a major fruit and vegetable producing States of India. A variety of tropical and sub-tropical fruits and vegetables are grown in the state⁶. The state occupies a distinct place in the national scenario in respect of some fruits and vegetables as indicated in table 2.

TABLE 2: SHARE OF ANDHRA PRADESH IN PRODUCTION OF MAJOR FRUITS

Sl. No	Fruits	% of share in India's production	National rank
1	Mango	28	1
2	Papaya	39	1
3	Sapota	15	4
4	Citrus	42	4
5	Banana	10	5

(Source: AP horticultural Board, data base 2007-08)

There are 157 fruit and vegetable processing units in the state mainly in the small and medium sector. Fruit processing activity is largely concentrated in Chittoor district. There are 53 processing units with an aggregate installed capacity to produce about 2 lakh tonnes of mango and other fruit pulps. Contract manufacturing for leading exporters and food retail majors is most common. Own account production is low. 90% of the production by these units is exported in the form of canned pulp or aseptic concentrate. The state of Andhra Pradesh ranks Second in the Country in Fruit Production and the Mango Production alone is 31,64,172 M.T.s and the Production of Mango Pulp is about One Lakh Fifty thousand Tons mostly produced in Chittoor District only. Chittoor district is basically an agricultural district with added potentialities and having good agriculture, horticultural, dairy and mineral resources. Mango is the major horticultural crop of chittoor district with an average of 1,19,539 acres crop and providing 3,58,617 M. Tonnes per annum. There are 53 fruit processing industries in small and medium scale sector. 90% of the Mango Pulp produced in the District is being exported mainly to the Gulf countries like Kuwait, Saudi, Dubai and also to the European Countries.

FRUIT PROCESSING IN CHITTOOR DISTRICT

Chittoor is the Southern most district of Andhra Pradesh, forming part of the Rayalaseema region of the State. Chittoor is bordered by the states of Tamilnadu and Karnataka. The district abounds in the production of mangoes and tomatoes. Besides processing a good horticulture base, the district has easy access to the leading horticulture belts of Tamilnadu, Karnataka and Andhra Pradesh. In tune with the inherent advantages, the district has the largest number of fruit processing units. Fruit processing units in the district are termed as "Fruit Processing Cluster". "A cluster is a group of enterprises, operating in the same industry, concentrated in a geographical area, possessing similar characteristics and facing common growth constraints".

MANGO PROCESSING INDUSTRY IN CHITTOOR DISTRICT:

- 53 processing units are established in the district
- 7 units are with Aseptic processing
- 46 units are with canning system
- 4.02 lakh MTs of Mango production
- 1.90 lakh MTs of raw mangoes are processed.
- 1.26 lakh MTs of mango pulp were produced.
- 90% of totapuri fruit, 50% of Alphonso fruit is utilized for pulp processing and remaining is being used for table purpose

The fruit processing units in Chittoor district process largely mango. Other fruits processed though in small quantities, are guava, papaya, and grapes as also tomato. In addition to catering to the domestic markets, these units contribute substantially to mango pulp and RTS (Ready-To-Serve) fruit juice exports from India. These units developed into a cluster over the last two and a half decades, spontaneously have also contributed to the emergence of a large network of support providers in the form of raw material suppliers, transport providers, suppliers of packing material, machinery and equipment servicing firms, merchant exporters and skilled labour etc. The development of Chittoor fruit processing industry assumes significance considering the inherent strengths and weakness of the units.

The strengths relate to the presence of a dependable raw material base, good export potential for tropical and sub-tropical fruits pulps and juices, expanding urban markets within the country for natural fruits juices, easy accessibility to better technologies, major domestic markets for end products and a sea port for exports.

The weaknesses relate to highly seasonal operations of the units, narrow product mix, inadequate effort to enhance product range and explore domestic markets, lack of cost optimization effort, limited inter-firm interaction, absence of critical common facilities, varying product quality, excessive dependence on merchant exporters, lack of alternative market effort, no waste utilization, objectionable practices of waste disposal.

STATUS OF FRUIT PROCESSING INDUSTRY IN CHITTOOR DISTRICT

The Chittoor Fruit Processing cluster is the largest of its kind in the country. 53 processing units are presently operating in the district. Nearly 83 % of the units are located within a radius of about 35 kms from chittoor town, the district headquarters. Out of 53 units, 49 units are small and medium scale units and 4 are large scale units, categorized based on investment range and 40 units in Chittoor Region, 10 units in Tirupati Region and 3 units in Madanapalli Region.

PROFILE OF FRUIT PROCESSING UNITS IN TIRUPATI REGION

TABLE 3: FRUIT PROCESSING INDUSTRIES – TIRUPATI REGION

Name of the Unit	Status	Investment in Rs. Crores	Production Capacity in MT P.A	Raw materials (Mango) Requirement in MT P.A
Parrot Processed Foods (Karveti Nagar)	Existing	0.6	2000	4000
Sai Krishna Food Products(P) Ltd.,APIE, Renigunta	Existing	0.26	1000	2000
Varsha Food Products (Renigunta)	Existing	0.8	1000	2000
Galla Foods, Rangam pet (Pakala)	Existing	19.95	6000	12000
Vaikuntaraya Fruit products, Puttur	Existing	0.67	200	400
Navabharathi Processed Foods, Damalcheruvu Road (Pakala)	Existing	0.2	1050	2100
Venus Food Products, Pakala	Existing	0.15	750	1500
Capricorn Food Products India Ltd., Sathayavedu	Existing	1.52	4000	8000
CFL Agro(P) Ltd, Chandragiri	Under Pipe line	2.25	1500	3000
Sri Sai Fruit Products, Manipireddypalli(V)	Existing	0.53	1500	3000

(Source- District Industrial Centre, Chittoor.)

The Andhra Pradesh state is unique in its kind to announce a separate policy for the FPI. The State has declared various packages, incentives and concessions for the growth of fruit processing sector in the State. Efforts are being made to develop food processing sector by investing crores of funds. Hence, the efficiency with which the FPI units mobilise and utilise the scarce financial resources determines the development of FPI. In this context, the financial performance and

problems of fruit processing units assume a paramount importance to the government as well as to the FPI itself. Therefore, the present study concentrates on various issues and performances of select fruit processing units in Tirupathi Region of Chittoor District⁸.

The Tirupathi region is second largest Mango growing region in Chittoor District of A.P. and the market is very prone to fluctuations both in prices and in production. The Fruit Processing is also facing a lot of fluctuations in the production. Although number of studies have been conducted, quite a large number of seminars and conferences being organized, volumes of information was published on marketing of mango production, yet due to wide fluctuations in production and price, most of the studies failed to provide time tested market solutions. The education, levels of development and enterprising abilities of mandi owners cum traders had shaken the market efficiency operations. Some issues are region specific and area specific. Mango being a tropical crop it is grown in limited agro climate zone/region. On the other, natural conditions, market accessibility, infrastructural and location variations show marked advantages or disadvantages because of perishable nature of the mango produce. In this context, location specific or district level studies focus the problem more effectively than the state or country wide studies. Tirupathi Region is the second largest mango producing center in Chittoor District of A.P. Incidentally, there is no comprehensive study on Fruit Processing Industry in the Tirupathi Region of Chittoor District. Hence, ATMA and Chittoor District Fruit Processors' Federation have proposed to study and identify problems and solutions of Fruit Processing Industry in Tirupathi Region. Hence, an attempt is made to study the Problems and Prospects of Fruit Processing Industry in Tirupathi region⁹.

THE METHODOLOGY OF THE STUDY

Apart from the analysis hitherto to make on the status and progress of fruit processing industry, the study purports to analyse the problems encountered by the fruit processing units in Chittoor district. This is a micro level study confined to Tirupathi region of Chittoor district. The study covers 7 small and medium processing units because the size and conditions under which they operate varies from the unit to unit. The data is collected through canvassing questionnaires to the entrepreneurs of fruit processing units. This study is limited only to the problems of fruit processing industry in Tirupathi Region.

OBJECTIVE OF THE STUDY

The main objectives of the present study is to identify the problems encountered by the Fruit Processing Units, to assess future prospects and to offer some feasible suggestions for tuning up of the performance of Processing Units in the district.

SOURCE OF THE DATA

The present study is mainly based on both primary as well as secondary data. The Primary data collected from the sample units by way of field study. Schedules specially designed for the purpose were filled in through personnel interviews and information given by the respondents was also recorded, analysed and drawn inferences. Secondary data for the study have been collected from the annual reports of National Horticultural Board, AP Horticultural Department and District Industrial Centre. The other data have also been gathered from various annual reports, journals, and periodicals.

The present study has been conducted for a period of six years commencing from 2004-05 to 2009-10.

PROBLEMS OF FRUIT PROCESSING INDUSTRY

TABLE 4: PROBLEMS OF FRUIT PROCESSING INDUSTRY

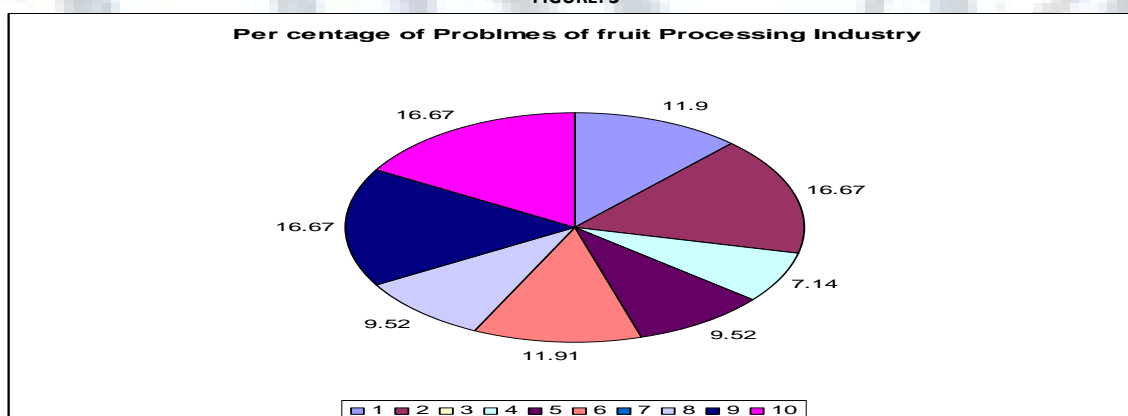
Sl.No	Problems	No. of Respondents	Percentage
1	Machinery	5	11.90
2	Bank Loan and Interest	7	16.67
3	Asceptic Packing Unit under Common Facility	3	7.14
4	Agricultural Market Cess (AMC)	4	9.52
5	Electricity	5	11.91
6	Supply of Coal	4	9.52
7	Disposal of Mango Waste Products	7	16.67
8	Raw material	7	16.67

Source: Field Study

Note: Figures in parentheses indicate percentages to totals

From the above table 4 it is evident that majority of the fruit processing industry in Tirupathi region of Chittoor district suffer from want of sufficient and easy and concessional bank loans. Another major problem faced by most of the industries is the problem of disposal of mango waste products. They are worried about sufficient place for dumping waste products. A similar problem is regarding raw material such as mangos, sugar, chemicals and tin plates. Since there is no direct marketing for buying mangoes middle men sell them at exorbitant rates to the units. Electricity is another serious problem for fruit processors. Fruit processing is seasonal and consumer more electricity so they have to change to category III B which is higher expensive. Fast technological developments make it necessary for the fruit processors to change their machinery frequently for latest manufacturing they have to spend huge amounts very often. Agricultural Market Cess (AMC) in Andhra Pradesh is another problem for the growth of fruit processing industry. In view of complicate procedure for the supply of coal the processors have to go for private coal supply which is beyond their reach. The government of Andhra Pradesh is neglecting Asceptic Packing Unit under common facility which highly essential for the fruit processors.

FIGURE: 3



The following are the major problems of fruit processing units in Tirupathi Region of Chittoor District.

1. MACHINERY

Machinery is 11.90 percent of the total problem. Usually it takes 3 to 6 months to get machinery after the placement of order to Metal Box India Ltd., Madras or Raylons Metal Works, Mumbai. In recent years the cost of machinery is increasing rapidly. Further rapid technological changes are making the machinery obsolete in short intervals. Consequently, the units have to place orders for new machines in frequent intervals. If the units can not replace the old by new ones, it is difficult to survive in the competitive market. The units have to pay high interest charges on medium term loans borrowed to purchase new machinery, which puts heavy financial burden on the units.

2. BANK LOAN AND INTEREST

Being a Seasonal Industry, the Industry works for 60 days only in a year and the rest of the year, it is kept idle. Fruit Processors' effort to run the Industry throughout the year with other fruits is not successful due to lack of market facilities and involvement of huge capital and the interest burden on the Industry is heavy. For Working Capital each Bank is charging 12% to 15% as Rate of Interest which amounts to lakhs of rupees and which is more than the profit margin earned some times. Many Units have become sick due to lack of Working Capital and support from Financial Institutions. The heavy burdens of Interest accumulated month after month have become a big liability. It is very sad to note that 10 Units were already sold in distress. At present there are nearly 15 Units which are on the brink of becoming sick and on the verge of collapse condition. The Fruit Processing Industry is facing several financial crises in the District, as the District is prone to chronic drought year after year. It amount to 16.67 per cent of the total problems.

3. ASEPTIC PACKING UNIT UNDER COMMON FACILITY

This is of course a low percentage about 7.14 per cent in the total problems of the industry. Aseptic packing unit under Common facility – Funds released by APEDA (Central Government) was withdrawn as the Project was not grounded-by the Government of Andhra Pradesh. APEDA sanctioned a One Time Grant of Rs. 439 Lakh (75% of the project cost) towards setting up the facility and accordingly MOU has been entered by APSTC with APEDA on 19-03-2004, out of which, an amount of Rs.175 Lakh (40% of the total grant) has been released by the APEDA as mobilization advance.

As the scheme was not implemented by State Trading Corporation and the guarantee given for the amount of Rs 175 Lakh not renewed or utilized, APEDA has withdrawn the said amount. This is absolutely huge loss to the Fruit Processing Industry and also A.P. State. The aseptic packing Unit under Common facility is very much needed for Small Scale Industries.

4. AGRICULTURAL MARKET CESS (AMC)

The processors have the problem of AMC to the extent of 9.5 per cent. In Andhra Pradesh 1% AMC is levied on the cost of fruits purchased for processing. In Tamilnadu the AMC is totally exempted on Fruit and Vegetables. In Karnataka the AMC is not leaving Processed Fruits and Vegetable Products. It may be noted that in India only 3% of the total fruit and vegetables are processed, where as in other countries like Brazil, Mexico and European countries 70 to 80% of the fruit and vegetables are being processed which is helping the development of the farmers in those countries in a big way.

The Government of Andhra Pradesh to encourage Food Processing Industry in the State announced Special incentives as per the guidelines and G.O issued under the Food Processing Policy of Andhra Pradesh on 14-11-2003. 'All Food Processing Industries shall be exempted from payment of Market Cess on Procurement of Raw Materials like Mangos for the Industry. But the policy is not implemented so far by the Marketing Department.

5. ELECTRICITY

Most of the Fruit Processing Industries have below 75 HP connecting Load and come under category III A. Due to modernization of improvement quality, strict sanitation and hygiene and compulsory providing Effluent Treatment Plant, the power requirement is more and some items go beyond 75 HP III A Category, therefore the Electricity Authorities are demanding Fruit Processing Industrialists to join III B Category. As per the terms and conditions of category III B the entrepreneur has to pay Rs 2,000/- per HP as Security and development charges and install his own Transformer costing Rs. One Lakh and also metering cost of Rs 1,40,000. The Fruit Processing Units work only for seasonal three months. So, they are unable to bear the huge amounts under this category. As the industry is already facing financial crisis and crippling problems due to lack of funds, additional expenditure due to change of power category to III B will definitely affect the industry badly up to 11.91 per cent in the total problems of faced by industry.

6. SUPPLY OF COAL

Each Processing Unit requires 180 M.T.s of Coal for the Mango Season Processing. In the previous years the District Industries Centre (DIC) was recommending Processing Units requirement of Coal to the Singareni Collieries Co. Ltd., A.P. But during the year 2006-2007 the Sanction or Recommendation is entrusted to three departments viz. District Industries Centre, Commercial Tax Department and Ned Cap and as a result of this no Unit could get coal permit. Due to this involvement of three departments the concept totally failed and the canners have suffered heavy financial loss on Purchase of Private coal at higher rates from other States 9.52 per cent of this problem is not negligible.

7. DISPOSAL OF MANGO WASTE PRODUCTS

Of the total problems of industry this occupies a sizable percentage of 16.67 per cent. During process of fruits 50% of the quantity comes as Mango waste like Mango seed, Mango peels, fiber and Boiler cinder waste. This is becoming a highly problematic to dispose of these waste products at Factory premises, due to quality, hygienic problems by the Food Authorities and Foreign Buyers.

8. RAW MATERIAL

It is the major problem running 16.67 per cent of the total problems. In pulp production mangoes, sugar, chemicals and tin plates are the main inputs.

MANGOS

Mango fruits are purchased from mango mandi merchants in the District. Mandi merchants purchase fruits from farmers at low prices and sell to the Fruit Processing Units at high prices. The mandi merchants also appropriate 10 per cent of the sale proceeds accruing to the farmers as commission. Thus mandi merchants exploit the farmers by paying low prices and the Fruit Processing Units by charging high prices. High prices tempt the farmers to harvest and supply raw mangos to mandies. The sucrose content of raw or unripened mangos being low, to maintain the quality of pulp they require adding up of sugar incurring additional expenditure. In case of purchase of fully ripened or semi-ripened fruits, during transportation more than 10 per cent of them get spoiled and hence they have to be skulled out or discarded. Further, the quality of pulp will be inferior posing problems of marketing. Generally, in the case of mangos purchased within the district up to 3 to 5 per cent and from other districts within and outside the state 5 to 8 per cent of mangos get spoiled and are discarded.

Most of the mango gardens in the district are Un irrigated. Owing to vagaries of monsoons the mango yield generally fluctuates year to year. Empirical evidence shows that if there is a good crop in one year, in the next year there will be a poor crop. The Fruit Processing Units face scarcity of mangos during slack years and are forced to pay high prices. Added to this, fluctuations in the demand for pulp causes wide fluctuations in the prices of mangos.

CHEMICALS

The chemical used in Fruit Processing Units is citric acid. The Processing Units face difficulties in procuring sufficient citric acid which is in short supply. But it is the most important chemical in the manufacturing of pulp. One tonne of production requires 0.7 kg to 1.25 kg of citric acid depending upon the acidity content of the pulp. The quality and durability of pulp depends upon the balance of acidity and sucrose content. Due to insufficient supply of citric acid, there is keen competition for the acid among the units resulting in price escalation and black marketing.

SUGAR

The sugar content in the pulp is called sucrose content. The sucrose content should be in the range of 16.5 per cent to 18.5 per cent. Usually sugar is used when fruits with less sweetness are used. Local varieties of fruits being more sweet require less or no sugar. But the fruits purchased from outside districts being less sweet require adding up of sugar. The units purchase sugar in open market at high prices.

TIN PLATES

Tins are used for packing pulp. Special coated tin plates are necessary for making pulp packing tins and are imported from Taiwan and USA, through government canalizing agencies. The units have to place indent for the tin plates with these agencies. These agencies take nearly one year to supply tin plates after the receipt of the indent. The units can also purchase from private agencies like Metal Bos Company, Poshia Ltd., etc., Heavy customs duties are imposed on the import of tin plates. The government of India exempts import duty on the tin plates used for export market. The units can claim refund of import duty on the quantity of tin plates used for making tins for packing pulp exported to foreign market. It is cumbersome process to prepare different accounts and claim refund. Sometimes the units entrust the work of collecting refund amount to the export houses. But the export houses sometimes are not passing properly on the refund amount collected from the government to the units concerned.

The import duty exemption is not allowed for the tins used for packing domestically marketed pulp. Hence these tins cost comparatively higher. There fore some units are experimenting with packing pulp in glass jars. But glass jars are not popular for the simple reason that, they are not only costly but are also fragile, causing transport difficulties.

IMPORTANT SUGGESTIONS

1. Finance is the life blood to any industry. Financial institutions are advancing fixed capital to Fruit Processing Industry in the district. But capital, rapid technological changes are necessitating the replacement of obsolete machinery by up to date high cost sophisticated machinery. The financial Institutions are not enthusiastic to provide these loans for modernization and are charging high rates of interest. There is need for liberalized provision of replacement loans at cheaper rates of interest.
2. Commercial banks are responsible for advancing working capital requirements of Fruit Processing Units in the district. Processing units have to hypothecate their inventories to get working capital loans. 65 per cent of the value of hypothecated inventories is taken as the limit for providing working capital advancement, which is not sufficient. Being a Seasonal Industry, the Industry works for 60 days only in a year and the rest of the year, it is kept idle. For working capital each bank is charging 12% to 15% as rate of interest which amounts to lakhs of rupees and which is more than the profit margin earned. Many units have become sick due to lack of required Working Capital and support of Financial Institutions. Unless the Government comes in a big way to help the industry, the industry may not survive collapse. So the Government should come to help in a big way.
3. The contiguous areas of Chittoor, Dharmapuri and Krishnagiri account for a major share of India's export of processed mango pulp. There are over 26 fruit processing Units in Krishnagiri and about 53 Fruit Processing Units in Chittoor district. On an average, each unit produces about 35 tonnes of pulp per day, and the peak production season lasts for about 90 days. The pulp is packed in 3.1-kg tin cans, six of which make up a carton. The pulp is exported to West Asia and the South-East Asian Countries. So, the Government of India should take necessary steps to provide infrastructural facilities, subsidy, Asceptic Packing unit under Common facility and other facilities for the development of Fruit Processing Units in Chittoor district.
4. The major obstacle in the advancement of working capital is that the fruit processing units are inflating the value of hypothecated goods submitted to the banks. Disbelieving the correctness of the indicated value of the hypothecated goods the banks are fixing lower working capital borrowing limits. Therefore to bale out processing units from working capital constraints, it is necessary to raise the working capital borrowing limits.
5. If the processing units fail to repay debt obligations in stipulated time intervals penal rates of interest are charged. Due to difficulties in marketing and long gap between the sales of the pulp and the receipt of the sale proceeds, the processing units are unable to meet debt obligations promptly. Therefore taking the peculiar marketing conditions of the units into consideration, time intervals may be extended or relaxed and the rate of interest reduced.
6. With the present 70 per cent operational capacity utilization, the total pulp production from the existing units would be of the order of 7,000 M. Tonnes using 10,000 M. Tonnes of mango fruits. The surplus fruits available in the district are locally consumed and exported to other districts, states and countries. The export of mangoes to other states and countries is facing serious competition from increasing production of mangoes throughout India. Further, due to drought conditions, more and more new orchards are coming up in the district with an enormous scope for more supply of fruits in future. Therefore, it is necessary for the development of production capacity of Existing units in the district by providing fixed and working capital requirements sufficiently.
7. It is not the scarcity of mangoes but the gradually increasing prices of mangoes, which is affecting the cost structure of the processing units. The price increase to a certain extent is due to the operation of middlemen between producers of mangoes and proprietors of processing units. If processing units form a consortium or a purchasing organization and purchase fruits directly from the farmers, then there will be possibility of reducing the cost.
8. Citric acid is the main chemical used in pulp production which is in short supply. There is prevalence of black marketing. Scarcity and high price is resulting in improper use of citric acid affecting the quality of pulp. Therefore, government should ensure adequate supply of citric acid at reasonable prices. Further proper supervision and control should be exercised in maintaining the quality of pulp. Any defect in the quality of pulp production shall be dealt with severely.
9. Sugar is purchased in the open market at high price leading to inadequate use of sugar in pulp production. This results in low levels of sucrose content. To avoid this defect it is better to supply sugar at controlled rates.
10. High cost of tin plates results in hike of packaging expenses. There is an urgent need to reduce the packaging and marketing expenses in order to reduce the price of pulp to make it available within the reach of common man.
11. Further it is advised to improve the economic conditions of the units, there is need for improving the operational efficiency of the units by increasing the utilization of installed capacity from 70 per cent to 100 per cent.
12. At present the units are working for 90 days only from May to July during Mango season. And no other fruits are available to process further because the district is continuously under famine conditions. The processing units are providing huge employment for thousands of skilled and unskilled workers. But by proper utilization of fruits in the district and importing from neighbouring district, the units can prolong their production season to 120 days. This will reduce the production costs, increase employment opportunities to labourers and improve profitability of the units.
13. The capacity utilization and prolongation of the period of operation depend upon the size of the market. At present, production is linked to the purchase orders especially from foreign exporters. Therefore, market expansion, both internal and external is imperative for improving the profitability of the units.
14. Processing units being small cannot undertake by themselves, the expensive advertisement activities. Therefore a marketing organization financed by processing units should be created for the purpose.
15. Serious efforts should be made to expand external market as processing industry is rapidly increasing throughout the country. This task of expansion of foreign market should be undertaken by State Trading Corporation, Ministry of Food Processing Industry, APEDA and other organizations specially created for the purpose.
16. Pulp is a food product and its utility depends upon purity and quality. Therefore meticulous care should be taken for ensuring scientific production, packing, boiling and cooling. In order to minimize costs, it is reported that some processing units are not observing scientific methods of packing and cooling. The durability of the pulp is greatly reduced and soon gets spoiled and become poisonous. The processing units shall be forced to observe stipulated methods of production, packaging and boiling and cooling as per international standard.
17. Success of any industrial activity depends upon technical efficiency and ethical standards followed in the production process. It is high time for the producers to realize that it is the quality of the product, which attracts consumers that ultimately determine the profitability and prosperity of the industry. Good government policies and honest and efficient administration are essential prerequisites for proper and efficient functioning of any economic system.
18. The existence of honest administration is essential for rapid industrial development in a country. Unnecessary official interference may stall the prospects of industry. The government should positively come forward to lend a helping hand to the industrial entrepreneurs. It really paves the way and goes a long way to string them and revitalise the Fruit Processing industry in general and Chittoor district in particular.

CONCLUSION

Fruit processing industry in Tirupati Region of Chittoor District of Andhra Pradesh is a seasonal industry, the industry works for 60 days only in a year and the rest of the year, it is kept idle. Fruit Processors' effort to run the Industry through out the year with other fruits is not successful due to lack of market facilities and involvement of huge capital and the interest burden on the Industry is heavy. For Working Capital each Bank is charging 12% to 15% as rate of interest which amounts to lakhs of rupees and which is more than the profit margin earned. Some times many Units have become sick due to lack of Working Capital and support from Financial Institutions. The heavy burdens of Interest accumulated month after month have become a big liability. The Fruit Processing Industry in Tirupati Region is facing several financial crises in the District.

In view of the facts mentioned above one feels that the fruit processing industry in needs lot of encouragement from the Ministry of Food Processing Industry, APEDA and Horticultural Department of Andhra Pradesh. The entrepreneurs need financial assistance by way subsidized loans from the government, subsidized power, modernized packing system to export of fruit pulp and serious efforts should be made to expand external market as processing industry is rapidly increasing throughout the country. This task of expansion of foreign market should be undertaken by Central government, state government of Andhra Pradesh, Ministry of Food Processing Industry, APEDA and other organizations specially created for the purpose.

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SHAREHOLDERS MARKET WEALTH EFFECT AROUND STOCK SPLIT ANNOUNCEMENTS –AN EMPIRICAL SECTORAL EVIDENCE FROM INDIAN STOCK MARKET

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ABSTRACT

Although stock splits seem to be a purely cosmetic event, there exists ample empirical evidence from India, that stock splits are associated with abnormal returns on both the announcement and the execution day, brings change in the shareholders holding value. This paper investigates the market reaction to stock splits using a set of Indian firms. There are several theories that have been advanced to explain why companies split their stock. In previous studies, it is evident that stock returns are significantly affected negatively or positively around split announcement dates. Informed investors market wealth is affected to a greater extent around this event. The purpose of this study is to test whether the investor can make an above normal return by relying on public information impounded in a stock split announcement. Using risk adjusted event study methodology, this study tests "how" and "when" public announcements of forward stock splits affect stock price. Stock split sample observations for the announcement and the corresponding S&P CNX IT SECTOR INDEX were analyzed using standard risk adjusted event study methodology. The event study methodology was employed in the determination of the effects of the split. Abnormal returns were calculated by use of the market model and t-tests are conducted to test the significance. We find that significant positive returns after the announcement date do not persist after the actual date of the stock split. The study found out that the Indian market reacts positively to stock splits, as shown by a general increase in volumes of shares traded around the stock split. There is also an increase in trading activity after the stock split as compared to that before the stock split. This is consistent with the signaling hypothesis, which states that managers of companies split their stock to act as a means of passing information to stock holders and potential investors. The study equally found out that on the split date and on days around the stock split, there was a positive average abnormal return that was very significant at 0.05% significance level. Results of the cumulative abnormal return indicated that there is a positive cumulative abnormal return across the different event windows.

KEYWORDS

Stock Splits, Return, Value, Market Reaction.

INTRODUCTION

Stock splits are a puzzling corporate phenomenon. Stock split announcements have always been very common phenomena among firms and continue to be one of the least understood topics in finance. Stock splits are corporate actions by which a company lowers the face value of its stocks, thereby increasing the number of shares owned by each shareholder. Such action increases the number of outstanding shares without providing any additional cash inflows to the company but there is no change in the shareholders claims on the assets of the firm. A stock split announcement increases the number of shares of a company while decreasing the price per share. The two for one split is most common, for example a company with 100 shares at ₹10 per share will issue 100 additional shares bringing the total to 200 shares theoretically dropping the stock price to ₹5 per share. A stock split usually takes place after an increase in the price of the stock, and it carries a positive stock price reaction. This phenomenon has not yet been fully understood, regardless the numerous studies in the field. Stock splits occur frequently; less often firms consolidate their outstanding common shares in a reverse stock split. It is widely believed that stock splits are purely cosmetic events because the corporation's cash flows are unaffected, each shareholder retains his proportionate ownership and the claims of other classes of security holders are unaltered. If stock splits were purely cosmetic it would be surprising to find them associated with real effects. Yet, real effects are associated both with the announcement of the split and with its occurrence – splits are associated with statistically significant stock price revaluations and unusual volumes of trade and return variances around the announcement dates and, even more surprisingly, around the execution dates. These effects have been reported in a number of international studies. These results imply that if managers could increase share prices by splitting their firm's stock, both undervalued and overvalued firms would choose to split their shares, thus eliminating the informational (favorable) content of the decision. However, as the persisting positive market reaction to stock splits indicates, splits must credibly signal such positive company specific information. Since the publication of the classic paper by Fama, Fisher, Jensen and Roll (1969), the signaling hypothesis and the trading range hypothesis have emerged in the finance literature as the leading explanations of stock splits. The Nordic finance literature contains a rather limited number of studies related to shareholder wealth effects of stock distributions such as stock dividends and stock splits. One of the few studies of stock splits on Nordic data is the Liljeblom (1989) doctoral thesis which is conducted on data for the Stockholm Stock Exchange during the period 1977–85. Therefore, I came to the conclusion that there is a need for a more comprehensive study of Finnish and Swedish stock splits using more recent data. More specifically, for the Finnish markets there is no previous research on the possible announcement or execution effect of stock splits. Similarly, there is no previous research on a possible volatility shift caused by stock splits. Only liquidity effects of stock splits have been studied but with a minimal sample. For the Swedish markets, the announcement effect of stock splits has been studied but not the execution effect. Also the volatility shift following stock splits has been studied for the Swedish markets but not the liquidity effects of stock splits.

LITERATURE REVIEW

Fama defined market efficiency in terms of how quick the stock market reacts to the information and suggested three kinds of market efficiency: Weak form, semi-strong and strong form efficiency. FFJR (1969) examined the behavior of cumulative abnormal returns (CARs) surrounding the execution dates of stock splits. Bar-Yosef & Brown (1977) discovered that the measured excess returns caused by stock splits were in fact due to a temporary increase in the systematic risk (beta coefficient) of the stock. In the following year, however, Charest (1978) documented that some excess returns did remain regardless of how risk was measured. Subsequent literature links stock splits more directly to earnings information. Lakonishok & Lev (1987) and Asquith et al. (1989) document significant earnings increases before and after split announcements. Liljeblom (1989) confirms the presence of stock split announcement effects for stocks traded on the Stockholm Stock Exchange. Doran & Nachtmann (1988) find that analysts' pre-split earnings forecasts underestimate post-split earnings. Klein & Peterson (1989) find that analysts revise earnings forecasts upward following split announcements. McNichols & Dravid (1990) and Asquith et al. (1989) document a positive relationship between split announcement period abnormal returns and earnings forecast errors. Klein & Peterson (1989) document a positive relationship

between split announcement period abnormal returns and analysts' earnings forecast revisions. Foster & Scribner (1991) find announcement effects after controlling for beta non-stationarities. Lamoureux & Poon (1987) argue that split announcement effects are due to the increase in the tax-option value of the split.

DATA DESCRIPTION

To test the effect of stock split announcement on shareholders market wealth, the companies that went for stock split in last 10 years (Announcement Date Between Dec 1999 to Dec 2009) has been taken from a sample frame of current constituents of CNX IT. The reason behind selecting CNX IT is that, Information Technology (IT) industry has played a major role in the Indian economy during the last few years. A number of large, profitable Indian companies today belong to the IT sector and a great deal of investment interest is now focused on the IT sector. CNX IT Index stocks represent about 80.33% of the total market capitalization of the IT sector as on March 31, 2009. Companies in this index are those that have more than 50% of their turnover from IT related activities like software development, hardware manufacture, vending, support and maintenance. The Base Value of the index is being revised from 1000 to 100 w.e.f. 28 May 2004.

The initial sample consists of all stock splits by firms listed on the S&P CNXIT official market segment of National Stock Exchange (NSE), from 1999 through 2009. Of these 20 companies 14 companies have announced and executed the stock splits. 4 cases are excluded because the split ex-date coincided with the ex-date of another corporate event of the same stock such as a stock dividend or a rights issue. Three other events are excluded because prices were unavailable, leaving a final sample of 7 splits (ex-dates). Announcement dates could be obtained for 7 splits by searching the National stock exchange official website and economic times of India daily for the first public announcement. Daily stock returns are calculated from the daily stock price file of the National stock exchange.

PRICE AND RETURN REACTION ANALYSIS

The price reaction to Indian IT companies' stock splits is examined by applying the standard event study methodology as described in Brown and Warner (1985). Market-and-risk adjusted simple daily returns are calculated as follows:

$$ABi, t = Ri, t - \alpha_i - \beta_i Rm, t,$$

Where,

ABi, t is the abnormal return for firm i at day t ,

Ri, t denotes the return on security i at day t ,

Rm, t is the return on the CNXIT which is a value-weighted index of all NSE listed shares, and

α_i and β_i are estimates from the market model regression.

Denoting the event date as day 0, regression coefficients are estimated over a period of 200 days, from day -230 to day -31.

According to the trade-to-trade approach, stock returns are calculated between adjacent trades. The corresponding market return is measured over the same calendar period to match the stock return. The market model parameters to calculate abnormal trade-to-trade returns are estimated from the trade-to-trade regression as described in Dimson/Marsh (1983):

$$\frac{R_{i, nt}}{\sqrt{n_t}} = \alpha_i \frac{1}{\sqrt{n_t}} + \beta_i \frac{R_{m, nt}}{\sqrt{n_t}} + u_{i, t},$$

Where i nt R , is the return on security i over the period between two recorded trades, m nt R , is the market return over the same period and nt is the length of the return measurement interval in days, ending at day t .

Similar to eq. (1) abnormal trade-to-trade returns are obtained as follows:

$$AR_{i, nt} = R_{i, nt} - \alpha_i - \beta_i R_{m, nt},$$

To determine statistical significance, three test statistics are computed. The first one is the t-test recommended by Brown and Warner (1985) in the presence of event clustering to take into account cross-sectional correlation. The second one is the standardized cross-sectional test of Boehmer, Musumeci and Poulsen (1991), henceforth denoted as BMP-test, which controls for event induced increases in variance, and the third one is the nonparametric Wilcoxon signed rank test. Details of the test statistics are provided in the appendix. To examine the change in variance we employ two different methods. The first one follows Koski (1998) in estimating pre- and postsplit variance for each security from time series return data. A t-test is computed to test the hypothesis that the paired differences have mean zero. The second one is the nonparametric test initially proposed by Ohlson and Penman (1985) and also used by David (1987), Dubofsky (1991) and Koski (1998).

The t-test statistic proposed by Brown and Warner (1985) to take cross sectional correlation into account is calculated in the following way:

$$Tt = \frac{ARt}{s(ARt)}$$

HOLDING PERIOD RETURN

Holding Period Return was calculated for all the companies as well as for the S&P CNX IT SECTOR INDEX on the event period days (-180 to +30). HPR was obtained from the following formula:

Current Daily Return = (current day close price – previous day close price) / prev. Day close price

VALUATION EFFECTS OF STOCK SPLIT ANNOUNCEMENTS

The theory of stock splits suggests that the split announcement is interpreted as a positive signal about the future prospects and dividends of the company. To ascertain the existence of such positive announcement effect on the Finnish and Swedish markets, standard event-time methodology is employed. For the days surrounding an event excess returns are estimated using three different models. The most widely used of these models is the market model. An estimate of the excess return for the common stock of the firm engaging in event i on day t is the abnormal return:

$$ARi, t = Ri, t - (\alpha_i + \beta_i R_{mt})$$

Where,

Ri, t = The rate of return on day t on the common stock of the firm engaging in event i

Rmt = The rate of return on the market value-weighted market index on day t α_i and β_i = The Ordinary Least Squares (OLS) estimates of the market model from a regression estimated over a 200 day estimation period, beginning 250 days prior to the split announcement, used for each announcement.

EMPIRICAL RESULTS

ABNORMAL RETURNS AROUND THE ANNOUNCEMENT OF STOCK SPLIT

The results of the event study concerning the announcement dates are presented in table 2 and 3. Exactly at the announcement date the abnormal return is very low and insignificant, but the following day exhibits an abnormal return of 0.52% which is significant according to all test statistics, partly even at the 1% level. Using trade-to-trade returns the abnormal return on day +1 is even higher yielding 0.56%. Moreover, the BMP- and Wilcoxon test statistics indicate that the results are neither driven by event-induced variance nor by outliers. Abnormal returns remain positive and partly significant up to four days after the

announcement. In the interval from day -2 to day +3, the cumulative abnormal return is 0.74 % from simple daily returns. Thus, there clearly is an announcement effect associated with stock splits in Indian IT index.

But comparable figures reported from the other developed markets are usually much higher. In most cases the abnormal returns in a small event window around the split announcement exceed 2 % (e.g. Ikenberry, Rankine, and Stice (1996)); Pilotte and Manuel (1996)), often even 4 % (e.g. Grinblatt, Masulis, and Titman (1984); Arbel and Swanson (1993)).

Also, market reaction to stock dividends is much more pronounced than to stock splits both in the U.S. and in India. Gebhardt/Entrup/Heiden (1999) for example reports an abnormal return of 2.47 % on the announcement day of a Indian stock dividend. The cumulative abnormal return in the event window [-2; +3] they find reaches even 3.22 %. This finding is expected from a signaling hypothesis point of view because of the institutional restrictions to use stock splits to signal information in India. In this findings Stock split results are in line with those of Rankine and Stice (1997), who show that most of the usually observed market reaction to stock splits stems from wrongly classified stock dividends. They interpret this result as (indirectly) supportive for the signaling hypothesis proposed by Grinblatt, Masulis and Titman (1983) which is based on the retained earnings constraint. The abnormal return to a stock split announcement is much lower in absence of signaling costs in form of diminished retained earnings in India as in the U.S., but it is still significant.

ABNORMAL RETURNS AROUND THE EXECUTION DAY

Table 4 and 5 report abnormal returns in the event window [-10; +10] around the ex-day of Indian stock splits. Using simple daily returns the ex-day abnormal return of 0.25 % fails to be significant, but employing trade-to-trade returns yields an abnormal return of 0.5 %, significant at the 10% level, according to the BMP-test even at the 5% level. Regardless of the return calculation method positive and partly significant abnormal returns can be observed on the four days preceding the split execution. The cumulative abnormal return from day -2 to +3 ranges from 0.83 % to 1.16 % depending on the return measurement. Significance is indicated by all statistical tests, therefore the results cannot be attributed to either event induced variance or outliers.

Like the announcement effect, the ex-day effect is much less pronounced in India compared to the U.S. This can be due to the absence of a bid-ask-effect which is at least partly held responsible for the ex-day market reaction in the India. Also, both return measurements employed yield essentially the same results. This indicates that the abnormal returns are not elicited by an inappropriate treatment of thin trading. The abnormal returns are real and could have been earned by an investor.

The existence of an ex-day effect is not confined to the short period from 1999 to 2009, but is also observed in the years 1999 to 2009, as shown in table 3. Further analysis reveals that the similarity between simple daily returns and trade-to-trade returns is confined only to short event windows. If longer event periods are studied not only the return generating model matters but also the method of return calculation. The cumulative abnormal return over the extended event window [-30; +30] differs by almost 4% depending on the method employed. This result is not surprising and related to the well known joint hypothesis problem in market efficiency tests. As Dimson and Marsh (1986) show this problem is only neglectable in event studies focusing on short event periods. Therefore our findings confirm the results of Dimson and Marsh (1986) but raise general doubts on results based on daily cumulative abnormal returns over relatively long event periods when no sensitivity tests concerning the influence of the return generating model and thin trading are conducted. Examining the development of the ex-day effect throughout the years it shows signs of decrease. In particular no abnormal returns can be detected in the split sub sample of the year 2009 anymore. This can be seen as the result of a learning effect of the market to overcome inefficient stock market valuation. Thus, market inefficiency as an explanation of the ex-day effect cannot be ruled out.

HOLDING PERIOD RETURN AND VARIANCE ANALYSIS OF STOCK SPLIT ANNOUNCEMENT AROUND +5 AND -5 SHORT RUN AND +50 -50 DAYS LONG RUN HOLDING WINDOW

Shareholders holding the stock around the announcement and execution date of +50 and -50 window have experienced significant portfolio value change individually as compared to the index value. It is evident that HPR 0.42 with variance of 2.5689. There was a significant persistent value change in the short run ± 5 as compared to the long run window of ± 50 days.

SHAREHOLDERS VALUATION EFFECTS OF STOCK SPLIT EXECUTION DATES

In an efficient market, traders are unable to earn abnormal profits by trading on the public announcement of a stock split. However, an article by Charest (1978) first suggested that traders could have earned an excess return of approximately 1.5% by purchasing shares at the end of the announcement month of a stock split and holding then for three months. A paper by Woolridge (1983) documented a related anomaly on the ex-dates of securities that predominantly pay small stock dividends. He found that share prices increase, on average, approximately 1% on the ex-dates of these stock dividends. Other evidence includes the paper by Choi & Strong (1983) on when-issued shares. For stock splits, when-issued split shares are sometimes traded between the announcement and the ex-date. These contracts entitle the holder to receive the newly distributed shares when they are issued. Choi & Strong found that the split factor adjusted prices of when-issued shares were about 1% above the price of the unsplit shares. This difference is of the same magnitude as the ex-date returns of stock splits. The event study of stock split ex-dates is conducted using the post-split period to estimate the market model (1). The 200 days starting 51 days after the ex-date and ending 250 days following the ex-date are used to estimate the market model parameters because it is assumed that by then the systematic risk of the company has stabilized on the new post-split level. The portfolio error variance is calculated in a similar way to that of the announcement date excess returns, except that the portfolio event window for the variance is the +1 through +50 days following the ex-date because of a possible shift in volatility.

CONCLUSION

Although stock splits seem to be a purely cosmetic event, there exists ample empirical evidence from the United States that stock splits are associated with abnormal returns on both the announcement and the execution day, and additionally with an increase in variance after the ex-day. Using a data set of Indian stock splits I show that similar effects occur in the Indian capital market as well. Thin trading is identified as a potential source of measurement errors and its effect on event study results is examined. Using trade-to-trade returns increases the significance of the market reaction as predicted by Maynes and Rumsey (2009) but the difference between return measurement methods is relatively small in short event periods. This changes dramatically when longer event periods are considered. Then the already existing difference between return generating models is magnified by adjusting for thin trading.

Institutional differences between India and the U.S. allow disentangling the three main hypotheses on the announcement effect - signaling, liquidity and neglected firm hypothesis - to gain further insights into their relative explanation power. Consistent with the argued absence of signaling content in Indian stock splits market reaction around the announcement day is much lower than in the U.S. Despite a substantial increase in liquidity after the split no support for the liquidity hypothesis can be found. Improved liquidity seems not to be valued by market participants in India. The theoretical explanation of the announcement effect which is predominantly supported by the Indian evidence is the neglected firm hypothesis. Still, the unfavorable evidence on the liquidity hypothesis does not necessarily mean that there is no link between equity value and liquidity. Recent work by Dennis and Strickland (1998) suggests that it is not liquidity per se but liquidity conditional on changes in institutional ownership around stock splits which explains abnormal announcement returns. This indicates a possible direction for further research into the nature and causes of market reaction to stock splits.

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TABLES

TABLE 1: MCAR (PERIOD) SHOWS THE EVENT WINDOW OVER WHICH THE MEAN CUMULATIVE ABNORMAL RETURN IS CALCULATED.

MCAR is the Mean Cumulative Abnormal Return obtained for the specified event days. The first t-value is based on the time-series standard deviation of the mean daily abnormal returns. The second t-statistics is based on the cross-sectional standard deviation of the stock specific daily abnormal returns. T-Prob indicates the significance level of the t-value.

(one-sided test). *Significant at 5% level, **Significant at 1% level. Sample size is 60.

STATISTICAL TESTS OF THE ANNOUNCEMENT EFFECT AT THE S&PCNX IT SECTORAL INDICES OF NATIONAL STOCK EXCHANGE

MCAR(Period)	MCAR	t-value time series	t-prob	t-value cross-sectional	t-prob
Market model					
MCAR(0)	0,03287	4.0125	0.0000**	3,64849	0.0003**
MCAR(-1,+1)	0,04819	4.2319	0.0000**	5,95201	0.0000**
MCAR(-5,+5)	0,05125	2.2501	0.0077**	10,4257	0.0000**
MCAR(-10,+10)	0,05285	1.0816	0.0336	8,8461	0.0000

TABLE 2: ABNORMAL RETURNS AROUND THE ANNOUNCEMENT OF STOCK SPLITS BASED ON SIMPLE DAILY RETURNS 1999-2009

Mean abnormal returns (AR) and cumulative abnormal returns (CAR) around the announcement date of a sample of 7 stock splits, from 1999 to 2009. Abnormal returns are calculated using an OLS market model regression. Test-statistics used are the t-test adjusted for cross-sectional correlation as proposed by Brown and Warner (1985), denoted t(BW), the t-test of Boehmer, Musumeci and Poulsen (1991), denoted t (BMP), and the Wilcoxon signed rank test.

Significance levels: *** 1 % level, ** 5 % level, * 10 % level.

I. EVENT PERIOD ABNORMAL RETURNS

Event date	AR in %	t(BW)	Percentage of negative AR	t(BMP)	p-value Wilcoxon-Test
-10	-0.02	-0.09	48.72	0.29	0.46
-9	0.5	2.92***	41.03	3.07***	0.01
-8	0.17	1.02	44.87	1.73*	0.27
-7	0.19	1.11	48.72	1.32	0.32
-6	-0.04	-0.23	58.97	0.31	0.34
-5	-0.02	-0.13	51.28	-0.19	0.8
-4	0.11	0.67	54.55	0.37	0.77
-3	0.06	0.38	49.35	0.85	0.76
-2	0.02	0.11	46.15	0.63	0.75
-1	-0.15	-0.9	57.69	-1.15	0.23
0	0.01	0.08	46.15	-0.19	0.8
1	0.52	2.79***	47.44	2.57**	0.1
2	0.19	1.14	43.59	1.66	0.23
3	0.2	1.15	51.28	1.55	0.48
4	0.31	1.81*	42.31	1.82*	0.11
5	-0.22	-1.29	57.69	-0.84	0.17
6	-0.14	-0.85	51.28	-0.5	0.41
7	-0.07	-0.4	57.69	0.02	0.51
8	-0.09	-0.51	51.28	0.22	0.43
9	0.18	1.06	46.15	0.86	0.27
10	0.09	0.51	50	0.72	0.91

II. CUMULATIVE ABNORMAL RETURNS (CAR)

Event Window	CAR	t(BW)	Percentage of negative CAR	t(BMP)	p-value Wilcoxon-test
Day -1 to day +1	0.33	1.14	51.28	1.16	0.51
Day -2 to day +2	0.55	1.44	51.28	1.90*	0.23
Day -2 to day +3	0.74	1.78*	46.15	2.15**	0.12

TABLE 3: ABNORMAL RETURNS AROUND THE EXECUTION OF INDIAN STOCK SPLITS BASED ON SIMPLE DAILY RETURNS 1999-2009

Mean abnormal returns (AR) and cumulative abnormal returns (CAR) around the execution date of a sample of Indian stock splits, from 1999 to 2009. Abnormal returns are calculated using an OLS market model regression. Test-statistics used are the t-test adjusted for cross-sectional correlation as proposed by Brown and Warner (1985), denoted t(BW), the t-test of Boehmer, Musumeci and Poulsen (1991), denoted t (BMP), and the Wilcoxon signed rank test.

Significance levels: *** 1 % level, ** 5 % level, * 10 % level.

I. EVENT PERIOD ABNORMAL RETURNS

Event date	AR in %	t(BW)	Percentage of negative AR	t(BMP)	p-value Wilcoxon-Test
-10	0.1	0.57	53.01	0.72	0.96
-9	-0.17	-1.01	62.65	-1.37	0.06
-8	-0.16	-0.94	57.83	-0.33	0.2
-7	-0.11	-0.67	61.45	-0.17	0.26
-6	0.06	0.35	49.4	0.56	0.57
-5	-0.06	-0.33	55.42	-0.56	0.19
-4	0.26	1.52	49.4	0.95	0.48
-3	0.07	0.38	48.19	0.57	0.72
-2	0.38	2.21**	42.17	2.06**	0.08
-1	0.28	1.62	39.76	1.84*	0.2
0	0.25	1.44	43.37	1	0.29
1	0.04	0.21	61.45	0.87	0.38
2	-0.13	-0.78	59.04	-0.87	0.07
3	0.02	0.13	45.78	0.53	0.52
4	-0.17	-1	51.81	-0.63	0.71
5	0.05	0.29	55.42	-0.72	0.31
6	-0.06	-0.33	60.24	-0.92	0.04
7	-0.19	-1.1	68.67	-1.3	0
8	-0.01	-0.04	61.73	-0.52	0.25
9	0.08	0.49	53.09	0.39	1
10	0.42	2.46**	54.32	1	0.77

II. CUMULATIVE ABNORMAL RETURNS (CAR)

Event Window	CAR	t(BW)	Percentage of	t(BMP)	p-value Wilcoxon-test
Day -1 to day +1	0.56	1.89*	45.78	1.99*	0.23
Day -2 to day +2	0.81	2.10**	43.37	2.01**	0.08
Day -2 to day +3	0.83	1.97*	39.76	2.10**	0.04

TABLE 4: ABNORMAL RETURNS AROUND THE ANNOUNCEMENT OF INDIAN STOCK SPLITS BASED ON TRADE-TO-TRADE RETURNS 1999-2009

Abnormal and cumulative abnormal returns around the announcement date of a sample of Indian stock splits, from 1999 to 2009. Abnormal returns are calculated using the trade-to-trade regression of Dimson and Marsh (1983). Test-statistics used are the t-test adjusted for cross-sectional correlation as proposed by Brown and Warner (1985), denoted t(BW), the t-test of Boehmer, Musumeci and Poulsen (1991), denoted t (BMP), and the Wilcoxon signed rank test. Significance levels: *** 1 % level, ** 5 % level, * 10 % level.

I. EVENT PERIOD ABNORMAL RETURNS

Event date	AR in %	t(BW)	Percentage of negative AR	t(BMP)	p-value Wilcoxon-Test
-10	-0.03	-0.16	43.75	0.41	0.42
-9	0.49	2.23**	39.39	2.34**	0.02
-8	0.43	1.98*	43.08	1.52	0.34
-7	0.26	1.17	47.54	1.27	0.36
-6	-0.05	-0.21	53.85	0.3	0.66
-5	-0.02	-0.09	50	-0.08	0.99
-4	-0.12	-0.57	57.81	-0.26	0.45
-3	0.29	1.32	48.48	1.41	0.51
-2	-0.06	-0.28	48.48	0.41	0.93
-1	-0.16	-0.72	56.34	-1.33	0.23
0	-0.06	-0.29	47.06	-0.55	0.98
1	0.56	2.58**	40.32	2.68***	0.03
2	0.25	1.13	41.54	1.49	0.34
3	0.27	1.24	50.77	1.55	0.61
4	0.56	2.56**	40.63	1.97	0.06
5	-0.2	-0.91	58.46	-0.6	0.18
6	-0.07	-0.3	55.38	-0.62	0.31
7	-0.06	-0.26	55.56	-0.04	0.45
8	-0.13	-0.6	53.85	-0.48	0.27
9	-0.13	-0.59	46.27	1.22	0.29
10	-0.06	-0.28	53.85	-0.05	0.56

II. CUMULATIVE ABNORMAL RETURNS (CAR)

Event Window	CAR	t(BW)	Percentage of	t(BMP)	p-value Wilcoxon-test
Day -1 to day +1	0.34	0.9	48.39	1.18	0.28
Day -2 to day +2	0.53	1.08	50.77	1.79*	0.19
Day -2 to day +3	0.8	1.49	47.69	1.86*	0.22

TABLE 5: ABNORMAL RETURNS AROUND THE EXECUTION OF INDIAN STOCK SPLITS BASED ON TRADE-TO-TRADE-RETURNS

Abnormal and cumulative abnormal returns around the announcement date of a sample of Indian stock splits, from 1999 to 2009. Abnormal returns are calculated using the trade-to-trade regression of Dimson and Marsh (1983). Test-statistics used are the t-test adjusted for cross-sectional correlation as proposed by Brown and Warner (1985), denoted t(BW), the t-test of Boehmer, Musumeci and Poulsen (1991), denoted t (BMP), and the Wilcoxon signed rank test. Significance levels: *** 1 % level, ** 5 % level, * 10 % level.

I. EVENT PERIOD ABNORMAL RETURNS

Event date	AR in %	t(BW)	Percentage of negative AR	t(BMP)	p-value Wilcoxon-Test
-10	0.18	0.73	49.28	1.29	0.62
-9	-0.17	-0.71	58.21	-1.07	0.14
-8	-0.23	-0.94	60.87	-0.24	0.14
-7	-0.3	-1.24	59.09	-1.09	0.19
-6	0.19	0.78	40.91	1.52	0.26
-5	-0.18	-0.73	57.58	-1.17	0.08
-4	0.15	0.62	45.71	0.97	0.5
-3	0.07	0.3	44.29	0.78	0.67
-2	0.4	1.64	38.24	1.88*	0.06
-1	0.45	1.84*	38.24	2.31**	0.14
0	0.5	2.07**	38.03	1.69*	0.08
1	-0.04	-0.17	61.11	-0.05	0.31
2	-0.06	-0.24	57.14	-0.38	0.1
3	-0.09	-0.36	46.38	-0.19	0.75
4	-0.13	-0.54	52.78	0.01	0.93
5	-0.12	-0.51	55.56	-1.05	0.23
6	-0.2	-0.8	63.38	-1.5	0.01
7	-0.27	-1.09	66.18	-0.89	0.02
8	0.51	2.10**	57.53	-0.93	0.18
9	-0.09	-0.36	56	0.13	0.76
10	0.17	0.72	52.94	0.45	0.73

II. CUMULATIVE ABNORMAL RETURNS (CAR)

Event Window	CAR	t(BW)	Percentage of	t(BMP)	p-value Wilcoxon-test
Day -1 to day +1	0.91	2.15**	45.83	2.07**	0.15
Day -2 to day +2	1.25	2.29**	42.86	1.89*	0.12
Day -2 to day +3	1.16	1.95*	39.13	1.82*	0.06

TABLE 6: HOLDING PERIOD RETURN AND VARIANCE ANALYSIS OF STOCK SPLIT ANNOUNCEMENT AROUND +50 -50 DAYS HOLDING WINDOW

Symbol	HPR	HPR (Variance)
HCL-INSYS	0.04105	3.256
HCLTECH	0.03125	4.2689
HEXAWARE	0.04215	2.5689
INFOSYSTCH	0.03225	2.3658
MASTEK	0.03805	1.2569
POLARIS	0.01325	2.3568
SATYAMCOMP	0.02405	0.23658

IDENTIFYING THE DIMENSIONS OF ORGANIZATIONAL CULTURE & THEIR PERCEIVED RELATIVE IMPORTANCE IN THE MIND OF THE MEMBERS OF THE ORGANIZATIONS – A CASE OF FOUR INDIAN ORGANIZATIONS

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ABSTRACT

The study of organizational culture always evokes some special interest against the multicultural background of Indian society. However, in order to explore the cultural characteristics of any organization some dimensions are required to be identified. These dimensions of organizational culture must originate from the basic anthropological concept of the culture in the society. While searching for the dimensions it has been identified that the mainstream study of organizational culture has taken two distinct paths, unique in their own way. One path has been enriched by the academicians and researchers and more oriented towards the conceptual frameworks and their interpretations. The other path has been contributed by the professional practitioners who are more interested in the practical application of the concept. The dimensions that have been identified is required to be verified whether these are linked with the cultural orientations of the society. An empirical effort has been made to identify the links. It is also important to identify how the members of the organization perceive the cultural factors or dimensions according to their relevance. The study has also tried to identify the perception. The study has been undertaken on four Indian organizations extended in two different locations. However, the study may be generalized considering the diverse nature of the sample.

KEYWORDS

Organizational Culture, Orientations, Power, Context, Collectivity, Sex Difference

INTRODUCTION

Indian population is multilingual, multiracial, and multicultural in nature. The study of culture always evokes some special interest in such a kaleidoscopic background of this country. Again, the economic dynamics of the country has resulted in emergence of many different types of business organizations. So it has become important and relevant to study their organizational culture in the background of the cultural mosaic of the country. Astonishingly, except for a handful of conceptual discussions, there exist a few empirical studies on organizational culture in Indian context. Some eminent scholars like **Zahid H. Gangee, (1991)** have provided very useful conceptual frameworks of organizational culture. **Gouranga P. Chattopadhyay, (1991)** has made some enlightening contribution to organizational culture in the same book edited by him. However, none of these contributions is based on any empirical analysis. However, **U. Pareek (2002)** has provided an elaborate framework of organizational culture based on the empirical survey. This paper has made an effort to identify the relevant dimensions of organizational culture appropriate for empirical study and how the phenomenon of organizational culture may be influenced by the variables such as type of the society, region where the organization is situated, age of the organization, and the nature of the organization.

DEVELOPMENT OF THE CONCEPT OF ORGANIZATIONAL CULTURE

The formal writing on the concept of organizational culture starts with the publication of an article by **Pettigrew in 1979**. He introduces the anthropological concept of culture to show how the related concepts may be used in organizational analysis. **Pettigrew** regards culture as the source of family of concepts. The family includes the concept of symbol, language, ideology, belief, ritual and myth. In his later observation, **Pettigrew** has also mentioned differing levels of culture, arguing that at the deepest level, culture consists of a complex set of values, assumptions, and beliefs that define the ways in which a firm conducts its business (**Pettigrew, 1990**).

Beres and Porterwood (1979) taking a somewhat different track present the concept of organizational culture as “a cognitive frame of reference and a pattern of behaviour transmitted to members of a group from the previous generations of the group.”

Louis (1980) defines organizational culture as “a set of common understandings for organizing actions and language and other symbolic vehicles for expressing common understandings.”

However, **Pfeffer (1981)** observes that organizations may have a number of different and competing cultures. He argues that the individual organizational subunits are likely to develop distinctive ideologies and structure of meaning.

Contemporary to these early developments, there is an emerging interest in understanding the cultural factors responsible for the astonishing performance of some Asian organizations. The Art of Japanese Management (**Pascale and Athos, 1981**), Corporate Cultures: The Rites and Rituals of Organizational Life (**Deal and Kennedy, 1982**), and In Search of Excellence (**Peters and Waterman, 1982**), have emphasized that the organizations with deeply embedded shared values always enjoy competitive advantages over the others. **Deal and Kennedy** define organizational culture as “the way we do things around here.”

Organizational culture as a topic of organizational research has evoked such an interest among organizational scientists that in **1983**, Administrative Science Quarterly has devoted a special issue to the particular concept. This issue, edited by **Jelinek, Smircich, and Hirsch**, has explored and attempted to define culture construct. In the same year, Organizational Dynamics has also come out with another special issue on the same area focusing on the implication of culture for practicing managers. These remarkable events may be considered as the beginning of the scholarly exploration and study of organizational culture.

Smircich (1983), in his article, summarizes five different programs of research that flow out of linking the terms culture and organization and examines their underlying assumptions and metaphors. In the first two programs culture has been conceptualized as either an independent or dependent, external or internal, organizational variable. In the final three, (cognitive perspective, symbolic perspective, structural and psychodynamic perspective) culture has not been perceived as a variable but has been conceived as a root metaphor for conceptualizing organization.

Edgar Schein has undertaken extensive study of organizational culture, its definition and concept, properties, (**1985**) and research approaches (**1990**). He (**1985**) emphasizes on the shared properties of culture in general and identifies a number of overt phenomena expressing culture of an organization as a whole.

Several other authors have noted that the primary interest on organizational culture of early eighties have evolved simultaneously from two different sources (Knights and Willmott, 1987; Barley et al., 1988; Sackmann, 1991). The first source is the group of management writers who have provided very practical practitioner's accounts of organizational success stories, emphasizing the importance of shared values and belief systems in influencing the behaviour of the organizational members. The second one is the group of academic researchers who put their effort to conceptualize organizations in terms of meaning. Sackmann (1991) observes that the concern of the academic group is primarily in understanding culture in organizations while the practitioners' main focus is prediction and control of culture of the organization.

Hofstede (1980) presented his 'Onion Model' of culture originally to explain and analyse national culture of the countries or nations. He defines culture as "the collective programming of the mind that distinguishes the members of one group from another."

The so-called 'organizational culture school of thought' has been shaped through the early works of Hofstede, Pettigrew, Peters, Deal and Kennedy, Schein and others. Louis (1983) integrates all the assumptions related with it. She argues that the concept of organizational culture has emerged in part out of the dissatisfaction with the fundamental inadequacies in traditional methods of exploring the dynamics of organizations (Van Maanen, 1979; Evered and Louis, 1981). Louis reasons that the common thread underlying such concepts as symbols, myths, and metaphors, is that they are all artifacts of culture. Identifying that traditional organizational theories are limited by their failure to grasp behavioural nuances in organization at the collective level, she points out that with few exceptions, researchers in the organizational sciences "have proceeded as if study of the universal stratum alone were sufficient to produce understandings of organizational behaviour" (Louis, 1983). Louis also proposes that it is only when these and other are considered as a whole that the character and nature of the organization's social system become meaningful.

Modern explorations on organizational culture has also developed a comparative typology like homogeneous versus heterogeneous cultures, enriched versus managed cultures, developing versus stationary cultures, and balanced versus dissonant culture (Fletcher and Jones, 1992).

DIMENSIONS OF ORGANIZATIONAL CULTURE

Hofstede (1990) proposes the following dimensions of culture, which he uses for a pioneering survey involving employees of IBM across fifty countries.

Power Distance: It is the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally.

Uncertainty Avoidance: It is the extent to which a culture programs its members to feel either comfortable or uncomfortable in unstructured situations.

Individualism on the One Side versus Its Opposite Collectivism: It is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around a family.

Masculinity versus Opposite Femininity: It refers to the distribution of emotional roles between the genders, which is another fundamental problem for any society to which a range of solutions are found: it opposes 'tough' masculine to 'tender' feminine societies.

Long term versus short-term orientation: It is related to the choice of force for people's efforts, the future or the present.

In their epic study of culture and leadership involving 62 societies (as the title of the project suggests), House et al. (2004) selected nine dimensions of culture:

- 1) Power Distance 2) Uncertainty Avoidance 3) Human Orientation 4) Institutional Collectivism 5) In-Group Collectivism 6) Assertiveness 7) Gender Egalitarianism 8) Future Orientation 9) Performance Orientation.

The above-mentioned studies use their own rationale to select the sets of dimensions. A study of culture in Indian context must be judged on the basis of Indian psyche and the socio-historical evolution of Indian society.

While discussing work culture in Indian context Sinha (1990) has adapted Gunnar Myrdal's (1968) concept to distinguish between soft and synergic work cultures on the basis of a study of six organizations. Sinha has noted following characteristics of organizational culture in India: a) Hierarchical social structures and relations, b) Social networking through "own-other" dichotomy, c) Affection-deference relationships within in-groups, d) Preference for personalized relationships over contractual one, and e) Power play.

In his later study, Sinha (1995) identifies four styles of leadership, which may be treated as culture components: autocratic, bureaucratic, participative, and task-nurturant.

Amarchand and Jayraj (1992) perform a study of manufacturing organizations and identify four types of organizational cultures: growth- centered, person-centered, mixed, and weak. From the study, they infer that quality and organizational effectiveness vary with the type of culture in descending order – the highest levels are thus found in the growth-centered cultures and the lowest levels are found in the weak cultures.

SELECTION OF DIMENSIONS OF ORGANIZATIONAL CULTURE

The conceptual framework of values provided by Kluckhohn and Strodtbeck (1961) has often been used in explaining different types of culture. They propose five main orientations a) relationship with nature, b) orientation to the context, c) time orientation, d) orientation to collectivities, and e) orientation to sex differences

The orientations may be explained as follows:

a. Relationship with nature: In this orientation between man and nature, one may be perceived as dominating the other. The individual (man) against the nature may be viewed as a helpless subject, resulting in fatalistic orientation. The opposite is based on the assumption that man can manipulate and control nature. This orientation may be called scientificism.

b. Orientation to the context: This relates to the importance, or lack of importance, given to context while trying to understand the meaning of phenomena. In context sensitive cultures, events can be understood only in their contexts.

Time orientation: This is the orientation in relation to past, present, and future. Here time may either be seen as a collection of discrete units or packets, or as continuous flowing phenomena.

c. Orientation to collectivities: The relationship between individuals and the groups (collectivities) may be of two types: primacy and identity. Following patterns may arise from the relationships:

d. Individualism to Collectivism: The individual is seen as more important than the collectivities or the otherwise. Collectivities may be defined by their identities or by the persons belonging to them.

Norms may be determined by the collectivities and the individual may be obliged to follow them. On the other hand individual may evolve his own norms and judge his action against those norms.

e. Orientation to sex differences: If the differences between men and women are emphasized and the social roles are divided according to gender the orientation polarizes towards masculinity. If the gender biasness is not emphasized while distributing social roles the orientation goes towards Femininity.

Along with the five orientations provide by Kluckhohn and Strodtbeck, another important orientation in determining culture is the 'orientation to power'. McClelland (1975) has proposed a relevant framework of power that can be used in conceptualizing typologies of culture in the societies. This orientation determines the concept of the distribution of power in a society.

This study, has taken four orientations to identify six dimensions of culture.

Six dimensions have been selected for the present study based on the orientations of culture as manifested in the society and the organization as discussed above. The dimensions and the corresponding orientation are provided below:

FIGURE 1.1: RELATIONSHIP OF ORIENTATION OF CULTURE WITH DIMENSION (DESIGNED BY AUTHORS)

Orientation	Dimension
Orientation to the context	1. Ambiguity Tolerance
	2. Context Relatedness of Behaviour/ Contextual Association
Orientation to collectivities	3. Individualism vs. Institutional Collectivism
	4. Primary Group Identity
Orientation to sex differences	5. Masculinity Vs. Femininity
Orientation to power	6. Power Distance

ORIENTATION TO THE CONTEXT (ENVIRONMENT)

1. Ambiguity Tolerance: Kluckhohn and Strodtbeck (1961) explain that the context or the environment may be viewed as structured and unchanging in the one hand or uncertain, ambiguous, and fluid on the other. Members of the society or the organization may feel comfortable or uncomfortable in the ambiguous environment. Adorno et al. (1950) describe this phenomenon as ambiguity tolerance. In the context they explore the 'authoritative personality syndrome, and the related attitude like intolerance towards ambiguity, rigidity, dogmatism etc. Hofstede (1990) terms the same concept as uncertainty avoidance "which is related to the level of stress in a society in the face of an unknown future.

2. Context Relatedness of Behaviour: Another dimension is related to the context of environment proposed by Kluckhohn and Strodtbeck. Importance may be attached to the meaning of some phenomena in a particular context, or ignore the context in search of universal meaning. Hall (1977) proposes this tendency as high context and low context cultures. In the first types, events are interpreted only in their momentary context. **Orientation to Collectivities:**

The relationship between individuals and the collectivities to which they belong may be seen in dimensions primacy and identity. The first one describes the relationship of the individual with the collectivity in the society or the organization, and the second one explores the identity of the individual based on his/ her origin from a particular collectivity. Two dimensions of culture have been derived from them:

3. Individualism vs. Institutional Collectivism: Blumberg and Winch (1972) propose a 'curvilinear hypothesis' for the relationship between family complexity and the complexity of societies as they develop from traditional to modern. Very traditional hunting tribes used to live in nuclear families. In further advanced agrarian societies people develop more complex relationships and move towards extended collective relationships with the other individuals of the society. As the agrarian societies develop towards modern industrial societies extended relationships tend to disintegrate again into nuclear units. Conversely, collectivism stands for a preference where the individuals care for the extended social collectivities other than themselves and their nuclear families. The central issue of this dimension is the degree of interdependence between the individual members and the society.

4. Primary Group Identity: In any collectivity the identities of the groups are formed on some basis: kinship, ethnicity, religion, caste, etc. If any one such group assumes stronger identity they become the primary group for the individuals belong to that group. In a paradigm of culture we may have two extremes; in one end are the collectivities, which emphasize on the importance or the significance of the primary group. At the other end are the collectivities where importance is assigned on the quality of the individual himself overlooking his/her primary group identity.

Orientation to sex differences:

In some society the gender difference among the members is over-emphasized and the social roles are distributed according to the difference. In other societies the difference is not so prominent and accordingly the role distribution is not so biased. This results in the cultural orientation of sex differences. The dimension masculinity vs. Femininity has been derived from this concept.

5. Masculinity Vs. Femininity: Different characteristics have been attributed to the properties of masculinity and femininity. Men are attributed toughness, competition, aggression, perseverance, achievement, and assertiveness. Femininity manifests itself in compassion, empathy, harmony, collaboration, nurturance, sense of aesthetics, and creativity. If a society emphasizes the differences between two gender roles and allocates social roles according to such differences, men would be expected to work in areas of masculine attributes and women to work in areas require feminine attributes. In such a case the society is extreme masculine society (Mead, 1962). Avoiding the extreme cases masculinity-femininity property can be considered as a continuum that consist the masculine as well as the feminine traits in varying proportions depending on the orientation of the culture of the particular society. In order to find out the orientation of the particular society an acceptable differentiation of the traits is necessary.

Psychologist Sandra Bem (1974) has constructed a list of 20 masculine traits (self-reliant, assertive, etc.), 20 feminine traits (affectionate, gentle, etc.), and 20 neutral traits (truthful, friendly). She believes that our complex society requires flexibility with respect to sex role.

Orientation to power:

In a collectivity, distribution of power is not equal. Members of some collectivities may be uneasy or uncomfortable about this unequal distribution. There may be attempts to redistribute it. Other collectivities may be tolerant to the unequal distribution. McClelland (1975) proposes the framework of power, with individual orientations being defined by the source of power (external or internal), and the target of power (others and self). This framework may be used in conceptualizing typologies of culture. The related dimension to this framework is power distance.

6. Power Distance: Hofstede (2001) defines this dimension as: "the extent to which the members of a society accept that power in institutions and organizations is distributed unequally." The term 'power distance' has been borrowed from the work of Mulder (1977). He defines power as: "the potential to determine or direct the behaviour of another person or other persons more so than the other way round." Mulder (1977) also defines power distance as: "the degrees of inequality in power between a less powerful individual (I) and a more powerful individual (O), in which I and O belong to the same (loosely or tightly knit) social system." The fundamental issue addressed by this dimension is how a society as well as an organization handles inequalities and their visible manifestations among the members as they occur.

The dimensions of organizational culture as discussed above have been derived from the anthropological concept. These dimensions may be used to distinguish one collectivity from the other, the collectivity precisely being the organization. The dimensions together may be used to form a profile. The profiles of the various collectivities form a continuum of organizational culture. One can make inter-comparison among the organizations based on these dimensions. Moreover, due to the anthropological origin of the dimensions, they may be used to explore the relationship between the society and the organization.

OBJECTIVE OF THE STUDY

- The scope of the examination of phenomenon of organizational culture in Indian context is vast and inclusive. However, this study has been made to achieve following objectives in its limited scope:
- To identify a set of dimensions of organizational culture that may be examined and verified in the context of the societal culture.
- To develop a questionnaire that may be reliable and valid in examining the culture of different organizations in Indian context.
- To examine the dimensions and their relationship with the different cultural orientation of the society.
- To examine the influence of the factors such as nature of the organization, type of the society, age of the organization, and the location of the organization on the organizational culture.

DESIGN OF THE STUDY

This study is exploratory descriptive in nature. It is exploratory in nature because its purpose is “to discover significant variables in the field situation, to discover relationship among variables and to lay groundwork for later, more systematic and vigorous testing” (Kerlinger, 1973). This descriptive study is designed to contribute to a clear understanding of the constructs developed and used for the research and also to identify the relationships between the constructs. As mentioned by Kerlinger (1973), descriptive studies are “aimed at discovering the relations and interactions among sociological, psychological, and educational variables in real life situations.” He opined that “any scientific studies, large or small, that systematically pursue relations and test hypotheses.... And are done in real life situations like communities, schools, factories, organizations, and institutions will be considered field studies.”

The study has been done using a combination of past literature survey and primary empirical data. The constructs for this study have been developed from the past literatures. The core concept of culture has been explored and a model of organizational culture has been developed based on the anthropological concept of culture. This model is found to be appropriate to study culture in any organization. Effort has been made to explain the construct organizational by this model. To explore the construct of organizational culture empirically a set of dimensions has to be identified. The dimensions must be culturally significant and appropriate in Indian context. At the same time, the dimensions must have universal acceptance across the cultural boundaries. Six such dimensions namely, Ambiguity Tolerance, Context Relatedness to Behaviour, Individualism to Institutional Collectivism, Primary Group Identity, Femininity to Masculinity, and Power Distance have been identified using conceptual frameworks of different cultural components.

The set of six culture dimensions has been used to prepare the questionnaire to examine organizational culture.

The number of items for the questionnaire of organizational culture is 27 +1, the last being the question of ranking.

SAMPLING

Due to the purpose of the present study a stratified random sampling has been done. Firstly four organizations were selected considering their chronological ages, natures, and geographical locations. The organizations with their locations and in the age order are as follows:

TISCO (Jamsedpur) > IOC (Haldia) > HPL (Haldia) > RDB Rasayan (Haldia)

The organizations have been divided into two groups according to their chronological age of operation: 1. Old organization group comprising TISCO & IOC (operating for more than 25 years) 2. New or young organization group comprising HPL and RDB Rasayan (Operating for less than 25 years). Based on location the organizations are classified under two groups 1. Haldia based organizations (IOC, HPL, & RDB Rasayan) 2. Jamsedpur based organization (TISCO). All the organizations are manufacturing in nature with well defined production process.

Secondly, the respondent members of those organizations have been classified into three groups according to their place of socialization, the groups are 1. Rural & Semi-urban 2. Industrial Township and 3. Urban and city.

A Total two hundred sixty sets comprising of three questionnaires were distributed and the respondents were interviewed on the basis of the questionnaires. 50 respondents have not been considered for analysis either due to incomplete process or due to inconsistencies in their responses. 210 completed questionnaires were finally considered for analysis. The respondents have been classified as shown in Table 3.1:

Total sample size: N= 210

Place of Socialization Organization	Rural & semi urban	Industrial Township	Urban and city.	Total
TISCO (Jamsedpur, old)	16	20	20	56
IOC (Haldia, old)	23	21	20	64
HPL (Haldia, young)	8	12	25	45
RDB Rasayan (Haldia, young)	25	10	10	45
Total	72	63	75	210

Figure 1.2: Classification of respondents (Authors)

RESULTS & ANALYSIS

The assessment of construct validity, as the measurement of theoretical constructs in the research of social science is very important to test a construct. The failure to present explicitly the construct validity seriously undermines the test of the theory (Brahma, S., 2009). Validity is a very board term in research. But the major concern should be for the three types of construct validity: face/ content validity, reliability, and convergent validity. The last two items together may be grouped as trait validity.

FACE/CONTENT VALIDITY

The three questionnaires have been developed following the logic of deductive method. For each of the questionnaires a pool of items has been selected to define each of the dimensions. Six such cultural dimensions have been taken to define the constructs of societal culture and organizational culture. Seven such dimensions have been selected to define the construct of organizational climate. The pool of items for each of the dimensions defining each construct has been scrutinized carefully and the final selection of items has been made with the help of the experts from academics and practicing managers. As observed by Bohrnstedt, 1983, there is no rigorous method to assess content validity. But, at the same time Govindarajan and Kopalle (2006) used this method of content validation to develop a five item scale on a construct of ‘disruptive innovation.’

RELIABILITY

Reliability of a scale can be described as the degree to which a measure is free from error and, therefore, yields consistent results (Peter, 1979). The reliability of the questionnaires has been measured using the most popular method of Cronbach alpha coefficient. Essentially Cronbach alpha can be considered as an average correlation of every combination of one item to the other items in the same scale. If a scale has several dimensions or sub scales, reliability should be computed for each subscale (Brahma, S., 2009). As a rule of thumb, alpha = 0.70 is considered as minimum accepted value; however a value in the range of 0.60 is also acceptable for some scales (Nunnally, 1978).

TABLE 1: RELIABILITY FOR ORGANIZATIONAL CULTURE

Study Type	Organization	Questionnaire	Dimension	Number of items under the dimension	Reliability: Cronbach Alpha Coefficient
		For Organizational Culture	Ambiguity Tolerance	5	.833
			Context Relatedness of the Behaviour	4	.774
			Individualism to Institutional Collectivism	4	.810
			Primary Group Identity	4	.873
			Masculinity to Femininity	5	.624
			Power Distance	5	.88
			For the Organization questionnaire (=27 items)	27	.81

As shown in the **Table 1** the Cronbach Alpha reliability coefficients for six dimensions range between .624 (lowest) and .88 (highest). As discussed, the range of the values of alpha coefficients for each of the dimensions of the organizational culture may be considered high enough for the designed questionnaire to be reliable for the present study.

CONVERGENT VALIDITY

Correlations between items and their respective scale (or sub scale) scores are examined for statistical significance to determine convergent validity of a scale by correlational method. When all items correlate significantly with their own subscale, convergent validity is established (**Brahma, S., 2009**). **Karim and Noor (2006)** exhibited the convergent validity of organizational commitment scale by this method.

In the present study, the scores for the dimensions or subscales for the construct of organizational culture have been determined by the 'Discriminant scores' from the discriminant analysis of the data.

Item- to-total correlation coefficients between each item score and the total discriminant score for each of the six dimensions of organizational culture:

TABLE 2: ITEM-TO-TOTAL CORRELATION COEFFICIENTS BETWEEN EACH ITEM SCORE AND CORRESPONDING OVERALL SCORE FOR THE RELEVANT DIMENSION FOR ORGANIZATIONAL CULTURE

Item wise scores of	Item No.	Overall Scores of Dimensions or sub-scales					
		OAT	OCRB	OIIC	OPGI	OFM	OPD
OAT	1	.83					
	7	.79					
	13	.88					
	19	.68					
	25	.76					
OCRB	2		.92				
	8		.78				
	14		.88				
	20		.83				
OIIC	3			.78			
	9			.69			
	15			.68			
	21			.81			
OPGI	4				.77		
	10				.71		
	16				.77		
	22				.74		
OFM	5					.76	
	11					.69	
	17					.81	
	23					.83	
	26					.77	
OPD	6						.82
	12						.85
	18						.74
	24						.68
	27						.72

OAT= Organizational Ambiguity Tolerance, OCRB= Organizational Context Relatedness of Behaviour, OIIC= Organizational Individualism to Institutional Collectivism, OPGI= Organizational Primary Group Identity, OFM= Organizational Masculinity to Femininity, OPD= Organizational Power Distance

Table 2 presents the item-to-total correlations for every one of the twenty-seven items of the organizational culture questionnaire. The scores of all the items under a particular dimension have been correlated separately with the overall score of the particular dimension under which the items belong. It has been found that all the twenty-seven inter item correlations are positive and statistically significant. It can be inferred that there is adequate agreement among responses to each set of items designed to give the measure of the given dimension of organizational culture. Hence, it may be concluded that the designed questionnaire is valid for studying organizational culture in Indian context.

7.4 IDENTIFICATION OF THE DIMENSIONS OF ORGANIZATIONAL CULTURE

Dimensions	Component					
	Factor – 1	Factor – 2	Factor – 3	Factor – 4	Factor – 5	Factor – 6
Scores of Ambiguity Tolerance	.155	.727	-.421	.152	.121	.152
Scores of Context Relatedness of Behaviour	-.295	.806	.395	-.405	.101	.135
Scores of Individualism vs. Institutional Collectivism	.701	-.101	-.281	.348	.410	.188
Scores of Primary Group Identity	.839	-3.222E-02	.199	.279	-.265	.465
Scores of Femininity vs. Masculinity	-.385	.371	.314	.813	-.216	-.148
Scores of Power Distance	.391	.272	.736	.322	.221	-.435

TABLE 3: COMPONENT MATRIX**EXTRACTION METHOD: PRINCIPAL COMPONENT ANALYSIS. (SIX COMPONENTS EXTRACTED.)**

Table 3 reports the factor loadings for each variable on the un-rotated components or factors. Each number represents the correlation between the item and the un-rotated factor. These correlations help to formulate an interpretation of the factors or components. This is done by looking for a common thread among the variables that have large loadings for a particular factor or component.

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative (%)	Total	% of Variance	Cumulative %
1	1.839	30.646	30.646	1.839	30.646	30.646
2	1.055	17.577	48.223	1.055	17.577	48.223
3	.982	16.366	64.590	.982	16.366	64.590
4	.839	13.976	78.566	.839	13.976	78.566
5	.783	13.043	91.608	.783	13.043	91.608
6	.504	8.392	100.000	.504	8.392	100.000

Table 4: Total Variance Explained**EXTRACTION METHOD: PRINCIPAL COMPONENT ANALYSIS.**

Table 4 gives eigenvalues, variance explained, and cumulative variance explained for the factor solution. The first panel gives values based on initial eigenvalues. For the initial solution, there are as many components or factors as there are variables.

The "Total" column gives the amount of variance in the observed variables accounted for by each component or factor. The "% of Variance" column gives the percent of variance accounted for by each specific factor or component, relative to the total variance in all the variables. The "Cumulative %" column gives the percent of variance accounted for by all factors or components up to and including the current one. For instance, the Cumulative % for the second factor is the sum of the % of Variance for the first and second factors.

Interpretation:

As shown in **Table 3**, six factors have been extracted through principle component analysis. Two dimensions, namely Individualism vs. Institutional Collectivism (IIC) and Primary Group Identity (PGI) have been extracted with significant high loading (.701 & .839) as factor 1. The factor may be identified as **Orientation to Collectivities**. In factor 2, two other dimensions have been extracted with high factor loading (.727 & .806), namely Ambiguity Tolerance and Context Relatedness of Behaviour. The second factor may be termed as **Orientation to the Context**. The dimension of Power Distance has been loaded as factor three (.736) and may be termed as **Orientation to Power**. The remaining dimension, Femininity vs. Masculinity has been loaded as factor 4 (.813) and may be identified as **Orientation to Sex (Gender) Differences**.

IDENTIFYING THE INFLUENCES OF NATURE OF ORGANIZATIONS, TYPES OF SOCIETIES, AGE OF ORGANIZATIONS,, AND LOCATION OF ORGANIZATIONS ON ORGANIZATIONAL CULTURE

TABLE 5 ORGANIZATION WISE THURSTON CASE V ANALYSIS OF ORGANIZATIONAL CULTURE

Dimension	Dimension-1 Ambiguity Tolerance	Dimension-2 Context Relatedness of Behaviour	Dimension-3 Individualism to Institutional Collectivism	Dimension-4 Primary Group Identity	Dimension-5 Masculinity to Femininity	Dimension-6 Power Distance
Organization						
IOC	0.62 (5)	0.89 (3)	1.49 (1)	0.77 (4)	0 (6)	1.38 (2)
TISCO	0.43 (5)	0.89 (3)	0.84 (4)	1.22 (2)	0 (6)	1.31 (1)
HPL	0 (6)	0.91 (4)	1.26 (3)	1.78 (1)	0.8 (5)	1.33 (2)
RDB	0.94 (2)	0.55 (3)	0.98 (1)	0 (6)	0.26 (5)	0.43 (4)
Rasayan						
Total	0.88 (5)	1.12 (4)	1.32 (3)	1.65 (2)	0 (6)	1.98 (1)

The numbers inside the bracket indicate the ranks of the dimensions and the numbers outside the bracket express the relative values of the dimensions derived from Thurston Case V analysis.

TABLE 6 SOCIETY WISE THURSTON CASE V ANALYSIS OF ORGANIZATIONAL CULTURE

Dimension	Dimension-1 Ambiguity Tolerance	Dimension-2 Context Relatedness of Behaviour	Dimension-3 Individualism to Institutional Collectivism	Dimension-4 Primary Group Identity	Dimension-5 Masculinity to Femininity	Dimension-6 Power Distance
Society Types						
Rural & semi Urban	1.21 (1)	1.14 (2)	1.07 (3)	0.53 (5)	0 (6)	0.81 (4)
Industrial township	1.17 (3)	0.71 (5)	0.94 (4)	1.35 (2)	0 (6)	1.52 (1)
Urban & City	0 (6)	0.72 (4)	1.03 (3)	1.24 (2)	0.44 (5)	1.47 (1)
Total	0.88 (5)	1.12 (4)	1.32 (3)	1.65 (2)	0 (6)	1.98 (1)

The numbers inside the bracket indicate the ranks of the dimensions and the numbers outside the bracket express the relative values derived from Thurston Case V analysis.

TABLE 7 ORGANIZATION AGE WISE THURSTON CASE V ANALYSIS OF ORGANIZATIONAL CULTURE

Dimension	Dimension-1 Ambiguity Tolerance	Dimension-2 Context Relatedness of Behaviour	Dimension-3 Individualism to Institutional Collectivism	Dimension-4 Primary Group Identity	Dimension-5 Masculinity to Femininity	Dimension-6 Power Distance
Organization Age						
Old Organizations	0.51 (4)	1.36 (3)	1.88 (1)	0.46 (5)	0 (6)	1.68 (2)
New/ Young Organizations	0.88 (2)	0.37 (5)	0.69 (3)	0.42 (4)	0 (6)	0.93 (1)
Total	0.88 (5)	1.12 (4)	1.32 (3)	1.65 (2)	0 (6)	1.98 (1)

The numbers inside the bracket indicate the ranks of the dimensions and the numbers outside the bracket express the relative values derived from Thurston Case V analysis.

TABLE 8 LOCATION WISE THURSTON CASE V ANALYSIS OF ORGANIZATIONAL CULTURE

Dimension	Dimension-1 Ambiguity Tolerance	Dimension-2 Context Relatedness of Behaviour	Dimension-3 Individualism to Institutional Collectivism	Dimension-4 Primary Group Identity	Dimension-5 Masculinity to Femininity	Dimension-6 Power Distance
Locations						
Location Haldia	0.67 (4)	0.91 (3)	1.48 (1)	0.43 (5)	0 (6)	1.32 (2)
Location Jamsedpur	0.43 (5)	0.89 (3)	0.84 (4)	1.22 (2)	0 (6)	1.31 (1)
Total	0.88 (5)	1.12 (4)	1.32 (3)	1.65 (2)	0 (6)	1.98 (1)

The numbers inside the bracket indicate the ranks of the dimensions and the numbers outside the bracket express the relative values derived from Thurston Case V analysis.

Results: Thurston Case V analysis for organizational culture (Table 5 to table 8):

In organization wise analysis (table 5), it is found that each of the organizations comes with a unique pattern which has some similarities as well as dissimilarities with respect to the other organizations and the overall result. However, the pattern of organizational culture of TISCO bears maximum resemblance with the overall organizational culture pattern while the pattern of organizational culture of RDB Rasayan appears to be very different with respect to the overall as well as other organizations.

In society wise analysis of organizational culture (table 6), all the three societies show different patterns of organizational culture from one another with organizational culture of industrial society having closest resemblance with the overall organizational culture. The dimension Power Distance has been given maximum importance except of rural and semi-urban society. Again, the dimension Masculinity to Femininity has been given lowest preference across all the society types.

In organizational age wise analysis of organizational culture (table 7), it is found that the old organization group and the new/young organization group show almost different pattern from each other. However, irrespective of all the groups the dimension Masculinity to Femininity has been given the lowest preference. Both the old and the new/young organization groups emphasize on the dimension of Power Distance. It has been observed that with the maturity of the organizations some of the priorities tend to change. For example, for young organizations power distance has been emphasized as the most important factor, whereas for old organizations highest priority has been given to group orientation (individualism to institutional collectivism) or the teamwork factor of organizational culture. Mature organizations also appear to offer better defined, unambiguous environment and hence importance of the factor ambiguity tolerance has been diminished with maturity.

In location wise analysis of organizational culture (table 8) it is observed that organizational cultures of the two locations are more different than similar. However, the preference of dimension Power Distance as one of the most important and the preference of dimension Masculinity to Femininity as of lowest significance remain the same.

INTERPRETATION: It has also been found that across all the organizations (nature) and all the society types, power distance has been preferred as the most important factor for organizational culture except for the organization RDB Rasayan. Power distance has also not been identified as top priority factor for the societies such as rural and semi-urban. The main reason may be that the rural & semi-urban people are not socially conscious of hierarchical power structure and that has already been reflected in the of society wise societal culture analysis through Thurston Case V method. Each of the society type identifies a separate set of priority factors of organizational culture. This indicates that societal culture has a direct influence on identifying the factors of the organizational culture.

As identified earlier, the rural & semi-urban members show their high tolerance to uncertainty in organizational environment marking it as the highest priority factor. Members from urban & city and industrial township societies assign highest priority to the hierarchical difference in organizations.

Maturity of organization influences the process of prioritization of cultural factors. At the formative stage of the organization, there exists a lot of uncertainty and ambiguity. As expected the very factor has been given high importance by the members of the young organizations. Similarly, to establish definite norms in the organization, the hierarchy of power is given highest importance. As the organizations mature, the importance of team building and group activity takes the place of hierarchy of power. With the emergence definite set of established norms and ideas, the priority to Ambiguity Tolerance also diminish.

CONCLUSION

Traditionally, both scholars and practitioners have assumed the universality of management concepts. The multinational or transnational business organizations show a tendency to adopt management concepts and techniques effective at home-ground and try to implement them into other regions, societies, and hence cultures. But it is now becoming clear, from both management practice and cross-cultural management research, that this universality of assumptions regarding management concepts, at least across cultures, may not be valid in all the cases.

In the present context, it has become very important to understand how organizational culture is manifested in the organizations and how its dimensions are related to the anthropological context of culture. The present study has identified six dimensions of organizational culture in the Indian context which may be classified under the four cultural orientations such as orientation to context, orientation to uncertainty, orientation to power, and orientation to sex (gender) differences. All these dimensions have shown significant importance (Table 3) in the context of the organizations under study.

The final step is to identify the set of factors that becomes relevant and important in case organizational culture. It has been observed that the importance of the factors change with the types of the societies, nature of the organization, and maturity of the organizations, and the location of the organizations. The relevance of the factors of organizational culture is by and large influenced by the type of the society, nature of organizations, maturity of organizations, and locations of organizations. It is observed that across the organizations, members consider the hierarchical power structure (power distance) in the organization to be the most important factor (Table 5). The only exceptions are the members of the rural & semi-urban society, who perceive that tolerance to uncertainty (ambiguity tolerance) is the most important attribute in organizational culture (Table 6). The family identity of the individuals (primary group identity) is considered a very important factor. As observed in the case of organizational culture, the gender based attributes of the individuals (femininity vs. masculinity) across all the societies are considered as the least relevant among all the factors. It may be inferred that the culture in Indian organizations do not give much importance to the gender orientation.

Across any classifications of organizations, two factors have emerged to be very important, one is the Power Distance and the other one is Primary Group Identity. Although these factors are perceived as the most important at the initial phase of the organizational life, their importance appear to diminish with the maturity of the organization (Table 7). For mature organizations, group or team oriented cultural factor individualism vs. institutional collectivism emerges as the most important one. It has also been noted that the members of organizations situated at different locations assign slightly different preferences of cultural factors. That means the location of the organization evidently has some influence on the organizational culture.

In an exploratory study, concerning culture variety is an important factor. This study is limited to only two regions of the country. For practical constraint, the different parts of the country with different sub-cultural patterns cannot be studied. The inclusion of those subcultures may contribute some new findings to the study.

The study is also limited within the Indian organizations. The inclusion of international, transnational, and foreign-based collaboration organizations may identify some new factors of organizational culture and the shaping of organization under the influence of the cultural phenomena.

This study has tried to explore the nature of organizational culture, the factors associated with it. It has also tried to identify the relative importance of the sub-factors for the phenomenon. However, the detail influence of each of the sub-factors and their proportionate weightage to form the constructs has not been done. Future study may try to explore this avenue for further clarification.

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APPENDIX

APPENDIX – 1: QUESTIONNAIRE FOR THE SURVEY

General information about the respondents:

- Gender:
- Age Group:
- Place of early socialization:
- Place of late socialization:
- Level of education:
- Name of the organization:
- Designation:
- Monthly income: (optional)

Questionnaire of Organizational Culture

Please read the following questions and answer accordingly:

- Most of our supervisors feel very uncomfortable in the unknown and uncertain job situations.
- The fact that our peers do not show the same degree of intimacy with one another outside our workplace appears quite normal to us.
- Most of my peers believe that if the organizational targets are achieved, individual performance becomes irrelevant.
- In our organization family background/pedigree of the employees are not given much importance.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
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v. Most of our employees believe that qualities like creativity, compassion, and aesthetics are less important than aggression, competitiveness, or toughness in our workplace.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
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vi. Apart from the pay package and related benefits there are always other visible symbols to differentiate various positions in our organization.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

vii. Uncertain situations help the professional development of the employees in any organization.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

viii. Our employees strongly react to our supervisors' use of 'slang' issuing instructions to them.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

ix. Even during most critical times our superiors insist on giving more importance on personal satisfaction than giving priority to the organization's need satisfaction.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
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x. Employees from reputed and respectable families are treated especially even though they work at the lower levels.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xi. Our employees believe that the superiors should not show caring and protective attitude towards their subordinates.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xii. Office space, furniture, room decorations and other similar arrangements are provided appropriate to the designation of the employees.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xiii. Your Colleagues are comfortable in the job environment, which is (✓ at the appropriate box)

Extremely Unchallenging	Not Unchallenging	Somewhat Challenging	Challenging	Extremely Challenging
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xiv. Bosses always maintain a uniform conduct with the subordinates irrespective of any situation both within and outside the workplace.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xv. Indicate the most appropriate situation according to your peers

Organizational Individual	High Performance	Medium Performance	Low Performance
High Performance			
Medium Performance			
Low Performance			

xvi. Most of my colleagues believe that qualified employees even from the lower strata of the society can reach the top positions in this company.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xvii. My peers do not believe that imagination and harmony are of much importance in the context of our organization.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xviii. My peers believe that power and prestige associated with the higher posts are more important than the pay package.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xix. Indicate the comfort level of your peers in the jobs, which are

Extremely rigid and with very precise instructions	Rigid and with precise instructions	Somewhat rigid and with somewhat precise instructions	Flexible and with no precise instructions	Extremely flexible and without any instructions
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xx. While executing any critical function our employees

Frequently use strong words at each other	Sometimes use strong words at each other	Occasionally use strong words at each other	Tries to remain polite as much as possible	Remain very polite even in extreme situations
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xxi. Please rank the following factors as you think your peers prioritize:

a) society b) organization c) peer d) self e) concerned department f) family and kin g) locality h) others (please mention)

xxii. Rank the following factors according to the importance given by your organization to evaluate an individual (put score in 100):

a) Status of the family in the society b) Educational qualification c) Nature of the profession d) Age e) Political connection

xxiii. Rank the following characteristics according to the degree of importance given in the organization:

a) Competitiveness	e) Compassion
b) Aggression	f) Creativity
c) Assertiveness	g) Care and Protection
d) Toughness	h) Aesthetic Sense

xiv. Bosses maintain respectable distance with his subordinates in any situation.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xxv. Indicate the best type of job in your opinion (in the box)

Imagination Challenge	High	Medium	Low
High			
Medium			
Low			

xxvi. Our superiors prefer subordinates with womanish behaviour pattern.

Strongly Agree	Agree	Somewhat Agree	Disagree	Strongly Disagree
----------------	-------	----------------	----------	-------------------

xxvii. Rank the following items in descending order of priority to distinguish hierarchical positions in the organization

a) Pay package and related benefits b) Room decoration, parking space etc. c) Personal assistants d) Behaviour e) Others (specify)

2. Given below are some selected attributes of culture that influence an organization. Please rank them as you think their importances are on Organizational Culture:

	Rank
Tolerance of individuals to uncertain situations	
Behaviour of the individuals to be judged on fixed scale or on changing situations	
People's tendency towards individual satisfaction or towards collective satisfaction	
Individuals identity to be judged by family background or individual accomplishment	
Masculine vs. Feminine behaviour of people in organization	
Acceptance of power and authority of so called powerful people	

STRESS - A CHALLENGE FOR MARKETING EXECUTIVES

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ABSTRACT

This study is attempted to analyze the effect of stress on marketing executives of Public Limited Companies (PLC's) working in Tamil Nadu and the problems faced by them. The attempts are also made to understand the various ways in which they try to eliminate stress from their life. The study is mainly at exploratory level and it throws light on issues such as motivation, commitment and decision making power and health of those working under various PLC's. It is very essential to manage their stress because it affects not only the individual and the organization, but also the society at large. This paper discusses the various reasons for stress and attempts to suggest various approaches to manage it for the betterment of the individual and the organization.

KEYWORDS

Marketing, Stress, Motivation, Commitment.

INTRODUCTION

Stress is experienced by all in their everyday lives, in a wide variety of situations and settings. It is a natural and unavoidable feature of life experienced at one time or another by the vast majority of those engaged in professional work. The present era is witnessing rapid changes from an industrial to a knowledge-based global economy. The contribution of PLC's is significant in terms of income and earnings, growth and employment generation and its work force has come to occupy an important role in the Indian economy. It is a well known fact that there is always an essence of stress in any business planning, operation and execution in PLC's and is prevailing in almost all the countries of the world, irrespective of whether the economy is strong or weak, whether the Company is strong or struggling.

This study is mainly at an exploratory level, and focus on stress among marketing executives of PLC's in Tamil Nadu. It throws light on issues such as working conditions, family background, job responsibilities, and mental as well as physical stress. The executives employed in this field mainly belong to the younger age group. They prefer working at PLC's in order to earn money that could not have been dreamed off at their age. In order to earn high, they work odd hours and adopt an unreal identity which is far from their own realities.

STATEMENT OF THE PROBLEM

A large number of youngsters are joining in PLC's to create an identity for their own and the participation of weaker sex in PLC's is rapidly growing and is expected to go up. And majority of the executives are affected by life-cycle factors such as marriage, child-birth and sexual division of labor within the household. In PLC's, career development takes place through hard work, training, application and continuity in learning. The industry requires long hours of continuous work and follow up. Stress is, therefore, inevitable and cannot be avoided as uncertainties and unexpected changes keep occurring in the environment and affect both sex.

REVIEW OF LITERATURE

According to Taber's, "Stress is the result produced when a structure, system or organism is acted upon by forces that disrupt equilibrium or produce strain." A executive trying to meet challenges in a competitive market is under stress. Stress is everywhere and influences everyone.

Hens Selye developed a model called the General Adaptive Syndrome Model to explain the stress phenomenon and the stress level. This model has three stages. The first stage is the alarm reaction stage, which involves the body's response to or familiarizing itself with the new situation or stressor. The second stage is the resistance stage, which involves resisting and reacting to the situation, and the third stage is the exhaustion stage, which is the aftermath of resistance. If the resistance stage goes on for a long period, then the person becomes distressed.

N. Kalai Selvan, Associate Consultant, the ICFAI Research Center, Chennai, through his article, "Managing Workplace Stress", has discussed the different categories and stages of workplace stress, and has suggested various approaches to manage it for the betterment of the individual and the organization, mainly acquainting with the situation.

Hollingsworth in his studies states that "the subjects with poor work environment were found to experience more stress in the form of overload, powerlessness and low status compared to those with higher job satisfaction.

OBJECTIVES OF THE STUDY

- To understand the position of the people employed in PLC's
- To examine the impact of PLC's employment on mental stress
- To find out different ways by which they can manage stress better

METHODOLOGY

The study is mainly at an exploratory level to determine the reasons of stress of employees employed in PLC's and problems faced by them. It throws light on issues such as motivation and commitment, decision making power and health. For the purpose a questionnaire was circulated at random to 50 employees working in five PLC's in Tamil Nadu State, India.

KENDALL'S COEFFICIENT OF CONCORDANCE

Kendall's Coefficient of Concordance, represented by the symbol (W), is an important non-parametric measure of relationship. It is used for determining the degree of association among several (K) sets of ranking of (N) objects or individuals. Kendall's Coefficient of Concordance (W) is considered an appropriate measure of studying the degree of association among three or more sets of ranking. This descriptive measure of the agreement has special applications in providing a standard method of ordering objects according to consensus when do not have an objective order of the objects.

The basis of Kendall's Coefficient of Concordance is to imagine how the given data would look, if there were no agreement among the several set of ranking and then to imagine how it would look if there were perfect agreement among the several sets. Each case is a judge or rater and each variable is an item or person being judged. For each variable, the sum of ranks is computed. Kendall's W ranges between 0 (no agreement) and 1 (complete agreement). The Kendall's value is 0.263. Thus, there is very low agreement level among respondents between variables, which would cause stress among marketing executives working in PLC's.

The procedure for computing and interpreting Kendall's Coefficient of Concordance (W) is as follows: -

- All the objects, N, should be ranked by all judges in the usual style and this information may be put in the form of a K by N matrix;
- For each object determine the Sum of Ranks (R_j) assigned by all the K judges;
- Determine R_j obtain the value of s as under: -

$$s = \sum (R_j - \bar{R}_j)^2$$

- Work out the value of W using the following formula: -

$$W = \frac{s}{\frac{1}{12} K^2 (N^3 - N)}$$

Where

$$s = \sum (R_j - \bar{R}_j)^2$$

K = No. of sets of ranking, i.e., the number of judges

N = No. of objects ranked

$$\frac{1}{12} K^2 (N^3 - N)$$

= maximum possible sum of the squared deviation, i.e., the sum which would occur with perfect agreement among K rankings.

DESCRIPTIVE MATRIX

Sl. No	Variables	No. of Response Per Rank						Sum of ranks (R _j)
		05	04	03	02	01	00	
01	Loss of hair	30	05	05	5	00	05	195
02	Head ache	25	10	05	4	02	04	190
03	Making Decision	15	10	004	4	07	10	142
04	Self Image	24	04	10	5	05	02	181
05	Coffee consumption	35	05	03	2	00	05	208
06	Poor work/life balance	20	10	12	3	02	03	184
07	Body ache	25	10	05	4	02	04	190
08	Disturbed family life	30	05	05	5	00	05	195
09	Short temperedness	35	05	03	2	00	05	208
10	Disturbed sleep	25	10	05	4	02	04	190
11	No motivation and exercise	15	10	07	4	10	04	079
12	Fatigue	25	05	10	2	04	04	183
13	Tiredness	35	05	03	5	00	02	214
14	No social recognition	15	04	10	4	10	07	139
15	Loss of self confidence	30	05	05	5	05	00	200
16	Isolation	15	10	04	7	04	10	145
17	Disturbed personal life	35	03	02	5	00	05	203
18	Mental stress	25	10	05	4	02	04	190
19	No achievement	15	10	07	4	10	04	154
20	Stress relieving exercise	30	05	05	5	00	05	195
	No of variables	N = 20						
	No of samples	K = 50						

TABLE FOR CALCULATION OF s

Rj	\bar{R}_j	$(R_j - \bar{R}_j)$	$(R_j - \bar{R}_j)^2$
195	179.25	+015.75	00248.0625
190	179.25	+010.75	00115.5625
142	179.25	-037.25	01387.5625
181	179.25	+001.75	00003.0625
208	179.25	+028.75	00826.5625
184	179.25	+004.75	00022.5625
190	179.25	+010.75	00115.5625
195	179.25	+015.75	00248.5625
208	179.25	+028.75	00826.5625
190	179.25	+010.75	00115.5625
079	179.25	-100.25	10050.0625
183	179.25	+003.75	00014.0625
214	179.25	+034.75	01207.5625
139	179.25	-040.75	01620.0625
200	179.25	+020.75	00430.5625
145	179.25	-034.25	01207.5625
203	179.25	+024.75	00564.0625
190	179.25	+010.25	00115.5625
154	179.25	+025.25	00637.5625
195	179.25	+015.75	00248.0625

$$s = \sum (R_j - \bar{R}_j)^2$$

$$=19904.25$$

$$W = \frac{19904.25}{\frac{1}{12} 2500(8000 - 20)}$$

$$=0.01197$$

To judge the significance of this W, we look into the table for critical value of s in the Kendall's Coefficient of Concordance for finding the value of s at 5% level for K=50 and N=20. This value is 16900.00, and thus, for accepting the null hypothesis that K sets of rankings are independent, our calculated value of s should be less than 16900.00. But they worked out value of s is 19904.25, which is higher than the table value, which shows that W=0.01197 is significant. Hence, we reject the null hypotheses and infer that the judges are applying essentially the same standard in ranking the N objects, i.e., there is significant agreement in ranking by different judges at 5% level.

CALCULATION OF MEAN RANKS

S. No.	Variables	Mean Ranks
1	Loss of hair	3.90
2	Head ache	3.80
3	Making Decision	2.84
4	Self Image	2.84
5	Consumption of Coffee	3.62
6	Poor work/Life balance	4.16
7	Body Ache	3.68
8	Disturbance in family Life	3.80
9	Disturbed Sleep	3.90
10	Short temperedness	4.16
11	No motivation and Excitement	3.80
12	Fatigue	1.58
13	Tiredness	3.66
14	No social Recognition	4.28
15	Less self confidence	2.78
16	Isolation	4.00
17	Disturbed Personal life	2.90
18	Mental Stress	4.06
19	No Achievement	3.08
20	Stress relieving exercise	3.90

LIMITATIONS

The limitations of this research are that it is exploratory in nature and cover only 50 samples at random covering five PLC's in Tamil Nadu . Marketing executives are not having clear concept about positive as well as negative effects of stress, they are confused with stress at work place with stress related with their personal lives.

FINDINGS

From the study conducted, there are three clear major issues emerging from PLC marketing executives: -

The first issue relates to balancing of family and social life for marketing executives in PLC's. As they work throughout the day and also odd hours of the day, mentally and physically to meet the challenges or targets fixed, they are unable to spend sufficient leisure time with family members. As a result, the contact between the family members is reduced and lead to conflicts.

The second issue is related to the stress level of marketing executives in PLC's. The cause being monotony of work and dealing with abusive clients, which leads them to overreact to situations.

The final issue identifies the poor work environment of the PLC's marketing executives. The major problem related to sexual harassment for weaker sex and offensive behavior in work place for women marketing executives.

CONCLUSION

Marketing executives under excessive stress tend to find their jobs less satisfying. Some of their intrinsic or extrinsic needs may be not met or not met sufficiently, mainly motivation and commitment, decision making power and health. The results of the study reiterate the significance of demands at each career development level and good working environment as pointed out by Hollingsworth. Establishing an equitable and gender safe work environment and highlighting the respectability of marketing executives creates pleasure in the job, in turn increase the motivation and reduce the stress among the marketing executives of PLC's.

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A STUDY ON FACTORS CRITICAL IN SELECTION OF HUMAN RESOURCE FOR NEW PRODUCT DEVELOPMENT IN ACHIEVING QUALITY, COST AND DELIVERY - WITH REFERENCE TO SELECTED AUTOMOBILE INDUSTRIES

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ABSTRACT

The customer expectations from an auto industry has created competitive pressure and enriched the industry with attitude, knowledge, flexibility and speed for new challenges and changes. Processes are being streamlined and automated, and work teams are reorganized and redeployed for higher productivity on quality, delivery time and cost. Together with these changes, companies are looking for ways to plan better and control their operations by shifting away from rigid and preplanned activities to quick response to changes. New Product development management has been a major component of competitive strategy to enhance organizational productivity and profitability. There exist human resource impact on the competitive advantage of new product development management - for speed, for creating an enhanced environment to an interactive role and for breaking the barriers on increasing reliability and dependability of new product & development. The lateral and proactive thinking approach in human resource has to be identified, provoked and nurtured towards new product development activities. The Talent is on Demand. There is good amount of Human Resource role in developing a high performance culture. It is to be made sure of ensuring right talent at the right time and making it part of driving culture for new product development. The interest has to be, towards shaping the culture in a natural evolution.

KEYWORDS

New product development, Talent on demand, Automobile industry, Advanced Product Quality Planning, factors, factors frame work.

INTRODUCTION

In life, it is usually easier to say no than yes. But in product development the opposite is more likely true — it's hard to turn down a major customer asking you to add more features to your product or asking you a new model product.¹ Despite substantial prior research on new product success, there are still high failure rates.²

For this response to competitive pressures to meet the expectation of the customers, companies are focusing on the reengineering of operations – covering all the areas. Processes are being streamlined and automated, and work teams are reorganized and redeployed for higher productivity on quality, time and cost. Together with these changes, companies are looking for ways to better plan and control their operations. They are shifting away from a company with rigid and preplanned activities to one that is able to react quickly and appropriately to changes.³

Improving performance in new product development has become one of the critical issues for gaining competitive advantages for companies.⁴

In order to operate efficiently, the design, development, testing, purchase, quality, manufacturing, plant engineering, finance and human resource functions must operate in an integrated manner. Providing quick and quality responses to new product development events requires the coordination of multiple functions across the enterprise.³

New product development management has been a major component of competitive strategy to enhance organizational productivity and profitability. The strategies and technologies for effectively managing a new product development is quite a vast area to be worked. In recent years, organizational performance measurement and metrics have received much attention. The role of these measures and metrics in the success of an organization cannot be overstated because they affect strategic, tactical and operational planning and control. Performance measurement and metrics have an important role to play in setting objectives, evaluating performance and determining future courses of actions. Performance measurement and metrics pertaining to new product development management, specifically covering new product development have not received adequate attention.⁵

To enhance the performance in new product development one of the ways may be a refinement in the induction of people for new product development. An appropriate identification and understanding of the critical factors in selection of Human resource for new product development will enhance quality, cost and delivery of the product built.

The multiple sections in this Paper deal with the following aspects:

- Purpose of the study
 - Talent on demand
- Critical factor – definition
- Scope of the study
 - Scope of new product development professionals in Indian automobile OEMs
 - New product development professionals
 - Roles and responsibility of development professionals
- Overview of Indian automobile industry
 - Industry overview
 - Automotive industry in India
 - Supply chain of Indian automobile industry
- Significance of the study
 - The need – Real and sustainable
 - The concern
- Literature survey and analysis
 - Theoretical basis for the study
- Research Process

- Research frame work
 - The variables
 - Independent variables
 - Dependent variables
- Objective of the study
- Hypothesis
- Research design and sampling design
- Conclusion
- Literature review

PURPOSE OF THE STUDY

The study attempts to contribute to the knowledge pool for the new product development. It seeks to understand the critical factors for the professionals getting selected for new product development team.

The data collected were examined to discover the acceptance by experts and practitioners on the factors critical for the engineers getting inducted for new product development team.

The result is expected to create an improved quality level in the induction of the new product development engineers which will be enhancing the speed, technologies, customer understanding and team working with a resultant improvement in quality, cost and delivery.

The review of the literatures did not reveal any studies aimed at identifying the critical factors which are to be identified during intake in new product development team and further nurtured during the course of the new product development itself.

The few efforts that have been undertaken to identify the critical factors that are to be essentially identified during the intake of new product development professionals for developing new products in automobile industry OEM.

By focusing on the critical factors, companies will be able to develop their plans and structure themselves to the dynamically changing pace of innovation and learning in automobile OEMs.

TALENT ON DEMAND⁶

Failing to manage the company's talent needs is equivalent of failing to manage the new product development says Wharton management professor Peter Cappelli. Yet the majority of employers have bad track records when it comes to the age-old problem of finding and retaining talent.⁶

HR practices have typically been about meeting individuals' needs, figuring out what psychological profile they fit and what should be done to help them grow and advance. But if an employer who is worried about issues like the finances of the company, HR would like to think about personnel from the perspective of money and costs, and may end up with not having the right people in right place.⁶

New product development management tackles these kinds of questions all the time. Managing new product development is about managing uncertainty and variability. This same uncertainty exists inside companies with regard to talent development. Companies rarely know what they will be building five years out and what skills they will need to make that happen. They also don't know if the people they have in their pipelines are going to be around.⁶

Part of the problem is that many companies are locked into an older paradigm based on the assumption that they can accurately meet their talent needs through static forecasting and planning models, even though the global marketplace is an increasingly unpredictable, unforgiving environment. The idea that we can achieve certainty through planning is no longer true; instead, we have to deal with uncertainty by being more responsive and adaptable.⁶

"Talent management" which simply means "trying to forecast what we are going to need, and then planning to meet that need. New product development management is essentially defining the same: "We think that demand for our products next year is going to be 'X'. How do we organize internally to meet that demand?"⁶

The role of human resource management is to be refocused from the "traditional HR focus on attracting, selecting, and developing individuals to a new focus on developing an organisational context which will attract and develop leaders as well as facilitate teamwork".⁷

This new global leadership focus of HR encompasses new approaches to decision making, as well as innovative approaches to organising and managing people.⁷

CRITICAL FACTOR - DEFINED

Any of the aspects of a business that are identified as vital for successful targets to be reached and maintained may be critical factors. Critical factors are usually identified in such areas as production processes, employee and organization skills, functions, techniques, and technologies. The identification and strengthening of such factors may be similar to identifying core competences, and is considered an essential element in achieving and maintaining competitive advantage.⁸

Critical success factor is the term for an element that is necessary for an organization or project to achieve its mission. It is a critical factor or activity required for ensuring the success of a company or an organization. The term was initially used in the world of data analysis, and business analysis.⁸⁻¹ "Critical success factors are those few things that must go well to ensure success for a manager or an organization, and, therefore, they represent those managerial or enterprise area, that must be given special and continual attention to bring about high performance. Critical success factors include issues vital to an organization's current operating activities and to its future success."⁸⁻²

The concept of "success factors" was developed by D. Ronald Daniel of McKinsey & Company in 1961.⁸⁻³ The process was refined by John F. Rockart in 1981.⁸⁻⁴ In 1995, James A. Johnson and Michael Friesen applied it to many sector settings, including health care.⁸⁻⁵

Key success factors (KSFs), or critical success factors, are those areas, processes or activities that organizations must focus on in order to achieve success. They allow a firm to focus on meeting its desired objectives, which are critical to its success. Examples of KSFs are employee attitudes, product quality, brand awareness, technological advancements and manufacturing flexibility.⁹

SCOPE OF THE STUDY

SCOPE OF NEW PRODUCT DEVELOPMENT PROFESSIONALS IN INDIAN AUTOMOBILE OEMS

The scope of the new product development is shown in Fig.1. The automobile industry in India works with the base from its experience and also has got enhanced from Advanced Product Quality Planning (APQP) and its related systems. This system APQP had been framed by Ford, Chrysler and General Motors, generally called as the 3Bs. The flow in the figure below shows the generally followed new product development flow and also has been aligned with APQP stages.

The scope of our study is restricted from the conceptual design till mass production, as shown in the figure below. To be more specific, it is in this scope of study it had been planned to list out the factors that are critical for the development professionals to possess (basically techno commercials).

FIG 1: A GENERAL FLOW OF NEW PRODUCT DEVELOPMENT ALIGNED WITH ADVANCED PRODUCT QUALITY PLANNING SEQUENCE

A General flow of New Product Development aligned with Advanced Product Quality Planning Sequence



NEW PRODUCT DEVELOPMENT PROFESSIONALS

The new product development professionals are the one who are supposed to possess multi faceted traits by which the organisation gets the benefit of demonstrating their skill to the external world – their customer as well s competitors, of their ability of being close to their customer by the development of new and unique featured automobile products they were dreaming within them.

ROLES AND RESPONSIBILITY OF DEVELOPMENT PROFESSIONALS

Typical development professionals with an engineering qualification from 2 to 20 years experience in automobile OEMs generally takes a role of engineer to deputy general manager.

It is spread with either full or partial responsibility from concept design, detailed design, product development, process development, process and product validation and mass production.

The following skills are essential to ensure their contribution in the above said responsibilities.

1. Understand customer and customer requirements.
2. Understand and comment on design and design concepts.
3. Benchmark, compare and analyze concepts.
4. Ability on de-skilling from the concept stage of development.
5. Ability to understand and analyze business requirements & customer expectations.
6. Ability of working concurrently with design during concept development.
7. Knowledge in different material.
8. Knowledge on ways of product development with minimal cost and precise quality.
9. Knowledge in process design and validation.
10. Knowledge of various processes which are to convert the raw material to finished parts.
11. Ability to understand the jig and fixture design and finalization.
12. Knowledge in manufacturing and tooling technology.
13. Knowledge on deriving gauge concept and finalization for checking the parts developed.
14. Skill on statistical techniques of solving problems during process establishment and after.
15. Conversant with statistical process control and process stabilization.
16. Knowledge in systems implementation and checking – this includes Advanced product quality planning (APQP), Production part approval process (PPAP), Failure mode effect analysis (FMEA), Control plan etc.,
17. Knowledge on what tests conducted on the parts developed during product validation.
18. Selection of suppliers – right part with the right supplier – on various capabilities through supplier onsite audits.
19. Knowledge on costing and analysis of costing with competitor's system.
20. Negotiation with suppliers on tool cost and on part cost, part quality and part development time.
21. Strong communication, Leadership and interpersonal skills.
22. Knowledge on project management.
23. Be a team player, continuous learner.

OVERVIEW OF INDIAN AUTOMOBILE INDUSTRY

INDUSTRY OVERVIEW¹⁰

In India there are 100 people per vehicle, while this figure is 82 in China. It is expected that Indian automobile industry will achieve mass motorization status by 2014.

Since the first car rolled out on the streets of Mumbai (then Bombay) in 1898, the Automobile Industry of India has come a long way. During its early stages the auto industry was overlooked by the then Government and the policies were also not favorable. The liberalization policy and various tax reliefs by the Govt. of India in recent years have made remarkable impacts on Indian Automobile Industry. Indian auto industry, which is currently growing at the pace of around 18 % per annum, has become a hot destination for global auto players like Volvo, GM and Ford.

A well developed transportation system plays a key role in the development of an economy, and India is no exception to it. With the growth of transportation system the Automotive Industry of India is also growing at rapid speed, occupying an important place on the 'canvas' of Indian economy.

Today Indian automotive industry is fully capable of producing various kinds of vehicles and can be divided into 03 broad categories:

Cars, two wheelers and heavy vehicles.

AUTOMOTIVE INDUSTRY IN INDIA¹¹

The Automotive industry in India is one of the largest in the world and one of the fastest growing globally. India manufactures over 11 million vehicles (including 2 wheeled and 4 wheeled) and exports about 1.5 million every year.¹ It is the world's second largest manufacturer of motorcycles, with annual sales exceeding 8.5 million in 2009.² India's passenger car and commercial vehicle manufacturing industry is the seventh largest in the world, with an annual production of more than 2.6 million units in 2009.³ In 2009, India emerged as Asia's fourth largest exporter of passenger cars, behind Japan, South Korea and Thailand.⁴

As of 2009, India is home to 40 million passenger vehicles and more than 2.6 million cars were sold in India in 2009 (an increase of 26%), making the country the second fastest growing automobile market in the world.^{5,6} According to the Society of Indian Automobile Manufacturers, annual car sales are projected to increase up to 5 million vehicles by 2015 and more than 9 million by 2020.⁷ By 2050, the country is expected to top the world in car volumes with approximately 611 million vehicles on the nation's roads.⁸

A chunk of India's car manufacturing industry is based in and around the city of Chennai, also known as the "Detroit of India".⁹ with the Indian city accounting for 60 per cent of the country's automotive exports.¹⁰ Gurgaon and Manesar near New Delhi are hubs where all of the Maruti Suzuki cars in India are manufactured.¹¹ The Chakan corridor near Pune, Maharashtra is another vehicular production hub with General Motors, Volkswagen/ Skoda, Mahindra and Mahindra, Tata Motors in the process of setting up or already set up facilities.^{12,13} Ahmadabad with Tata Motors Nano plant and Halol with General Motors in Gujarat, Aurangabad in Maharashtra, Kolkata in West Bengal are some of the other automotive manufacturing regions around the country.^{14,15,16}

SUPPLY CHAIN OF INDIAN AUTOMOBILE INDUSTRY

The supply chain of automotive industry in India is very similar to the supply chain of the automotive industry in Europe and America. The orders of the industry arise from the bottom of the supply chain, i. e. from the consumers and goes through the automakers and climbs up until the third tier suppliers. However the products, as channeled in every traditional automotive industry, flow from the top of the supply chain to reach the consumers. Automakers in India are the key to the supply chain and are responsible for the products and innovation in the industry.¹¹

The description and the role of each of the contributors to the supply chain are discussed below.

Third Tier Suppliers: These companies provide basic products like rubber, glass, steel, plastic and aluminum to the second tier suppliers.

Second Tier Suppliers: These companies design vehicle systems or bodies for First Tier Suppliers and OEMs. They work on designs provided by the first tier suppliers or OEMs. They also provide engineering resources for detailed designs. Some of their services may include welding, fabrication, shearing, bending etc.

First Tier Suppliers: These companies provide major systems directly to assemblers. These companies have global coverage, in order to follow their customers to various locations around the world. They design and innovate in order to provide "black-box" solutions for the requirements of their customers. Black-box solutions are solutions created by suppliers using their own technology to meet the performance and interface requirements set by assemblers.

First tier suppliers are responsible not only for the assembly of parts into complete units like dashboard, breaks-axel-suspension, seats, or cockpit but also for the management of second-tier suppliers.

Automakers/Vehicle Manufacturers/Original Equipment Manufacturers (OEMs): After researching consumers' wants and needs, automakers begin designing models which are tailored to consumers' demands. The design process normally takes five years. These companies have manufacturing units where engines are manufactured and parts supplied by first tier suppliers and second tier suppliers are assembled. Automakers are the key to the supply chain of the automotive industry. Examples of these companies are Tata Motors, Maruti Suzuki, Toyota, and Honda. Innovation, design capability and branding are the main focus of these companies.

Dealers: Once the vehicles are ready they are shipped to the regional branch and from there, to the authorized dealers of the companies. The dealers then sell the vehicles to the end customers.

Parts and Accessory: These companies provide products like tires, windshields, and air bags etc. to automakers and dealers or directly to customers.

Service Providers: Some of the services to the customers include servicing of vehicles, repairing parts, or financing of vehicles. Many dealers provide these services but, customers can also choose to go to independent service providers.

SIGNIFICANCE OF THE STUDY

In today's environment where there exists a situation where the "change" is anticipated and accepted in any field, the automobile OEMs had been gearing up for a rapid growth for which they have relied and relying upon human resource - the right human resource at the right time.

The study attempts to identify the key factors that will be, when identified for its presence and level in an engineering professionals, during the induction into new product development team, will enable an organisation to get identified separately from competition.

THE NEED: REAL AND SUSTAINABLE GROWTH

The new product development in automobile OEMs demands for real and sustainable competencies and growth. This is essential to ensure they are not pushed back in the competition of offering the unimaginable, delightful, innovative features for the CUSTOMERS. 2

The most important determinants (the proficiency of development activities, product advantage, marketing synergy, and top management support) of new product success involve managerial behavior and therefore a need exists to examine the influence of innovation orientation of human resource management (IO-HRM) on determinants.2

THE CONCERN

Most NPD methods don't lead to real innovative new products. When developing new products or services, most companies look to three sources:

- New technologies (developed internally or found externally),
- Industry competitors (for "me too" offerings),
- Customers (through market research, focus groups and direct feedback)

Although all three are clearly crucial for a company that wishes to serve its customers, relying solely on these sources will not lead to real innovation. Here's why new technological breakthroughs can be a powerful source of innovation, but they are usually few and far between, and can involve extremely high costs. Looking to your competition or your customers can generate interesting ideas, but involves a major drawback: the information you get from them is equally available to everyone else in your industry. And while customers can of course be an invaluable source of new ideas - capable perhaps of generating even 90% of a company's new ideas - they don't actually innovate. As Henry Ford said: "If I had asked my customers what they wanted, they would have said 'A faster horse'."12

LITERATURE SURVEY AND ANALYSIS

In literature survey lot of journals have been referred to understand the various factors that have role to play in new product development professionals. It has been noted that various factors has been reported individually as important in various

Important factors that were noticed in the survey report are listed below:

- Technical and commercial skill
- Communication and Interpersonal skill
- Innovative and positive lateral thinking
- Team and cross functional working
- Leadership and supplier management

THEORETICAL BASIS FOR THE STUDY

MOVING WORK TEAMS TO THE NEXT LEVEL

Bill Simpson, North Carolina State University. CH3458-7/94/0000-0043 – 1994 IEEE.

Team building and team working is key to success of any organisation which are into new product development. It has become a key strategy for success. Bill Simpson has provided few **Team compositions**.

HETEROGENEITY OF MEMBERS

This refers to individual team members bringing a variety of work abilities, experiences and skills to bear on continuous improvement opportunities. Of course there may be some tension among such diverse individuals and subcultures but the potential advantages outweigh the disadvantages. Many tasks are of such complexity that a wide range of competencies are required. Further, when a variety of skills are represented among the membership, each member has an opportunity to learn new skills from each other. Task variety has been shown to increase job interest and motivation among team members. The first challenge

when dealing with diversity is to create an atmosphere that value and appreciates such differences in order to minimize divisiveness. The second challenge is to mold such a diverse pool of talent into a cohesive and focused team. Diversity is a potential strength that may not be fully appreciated by all team members.

LEADERSHIP POTENTIAL

Most work teams are expected to operate with a minimum of management direction, thus some degree of internal leadership must either be present at inception or develop as the team matures. Often team leaders are elected by and from the membership. If this is a role that is either avoided or rejected by all members, the team will have difficulty in developing. Conversely, if there is too much internal leadership a power struggle between formal and informal leaders may occur creating "us vs them" standoffs. Several psychological testing Instruments such as the Meyers-Briggs Type Inventory, FIRO-B and others can help to determine the extent a team has leadership potential among its membership. It is suggested that such an inventory be taken early in the team's formative stages. However, it is also helpful in working with established teams to identify Leadership inequities that may be impacting performance.

DIVERSITY OF ROLES

Roles refer to the various work behaviors (in addition to work skills) that must be exhibited by team members in order to reach team goals. Research by Mamma, Belbin and others suggest a variety of roles are often needed among the membership in order to reach a particular goal. In addition to a leadership role, it is often helpful to have one or more members fill a creative or innovative role. Other important roles include being able to objectively analyze data and proposals, being able to monitor time, guide teams to closure, etc. Rarely does one person exhibit an ability and preference to fill such a variety of roles alone. Thus, it is important that among the membership there are those that are comfortable assuming one or more of these critical roles. Inventory instruments such as What Makes Your Team Tick are helpful in identifying roles that various members prefer and those they tend to avoid. This information can then be used to develop a role balanced team.

AFFINITY FOR TEAMWORK

Not everyone is comfortable working in a team environment. A few not only prefer working as an individual contributor but find their effectiveness compromised if forced to interact with others on a regular basis. This does not refer to a preference for a particular team but rather a dislike in working with any team. Teams can usually adjust to one or two such members but if virtually all members fall into this category, the chances of a fully functioning team developing is almost nil. If membership in a team is voluntary it may be possible to include only those on teams who are comfortable in a work group. Not only will each member reach a higher level of job satisfaction but the team itself will usually be more productive. If membership is mandatory, it becomes important to try to minimize the number who prefer to work alone on any one team by assigning them to different teams. This characteristic can be predicted fairly accurately by administering the FIRO-B or Meyers-Briggs instruments mentioned above.

SIZE

Teams need to be large enough to accommodate the work load but may become dysfunctional if too large. Though there is no firm upper limit, teams often experience more difficulty in reaching group consensus, the backbone of team decision making, as the size grows beyond 10 and approaches 15 or 20. Additionally, effective coordination, communication and full participation becomes less likely above this number. Since full participation is key to consensus decisions, excessive size can be counterproductive. At the other end of the size spectrum, groups of 3 or 4 may permit a quicker consensus but be too small to introduce the variety of skills and roles needed. In self-directed teams, the group size is often dictated by the complexity of the product or service for which the team is responsible. Organizations may wish to experiment with sub teams if their size exceeds 10 to 15. The size of problem solving teams is easier to control because it is usually determined by the kinds of expertise needed to solve the problem.

LINKING TECHNOLOGY AND NEW PRODUCT

Development Tugrul Daim, Portland State University, tugrul@etm.pdx.edu Neslihan Sener, Portland State University, neslido@yahoo.com Chris Galluzzo, Intel Corporation, chris.galluzzo@intel.com Proceedings of the 42nd Hawaii International Conference on System Sciences – 2009.

It has become vital for an organisation to link technology and new product which is going to help in ensuring the retainment of the core of the organisation. For high-technology companies or companies that are dependent on technology, it is important to link technology development with product development processes for competitive advantage and organizational growth. Even in well established organizations, product development under a technologically changing environment many times results in failure. Developing technologies without having a product in mind, or developing products which require technologies that are not ready to be integrated in them could lead to failure. On the other hand, selecting the appropriate technologies to introduce in new products, validating these technologies and integrating them into the existing product development processes are very challenging. Newer technologies may offer improved performance, but also can create a more challenging and risky product development process. Our findings show that technology integration is affected by both external forces and internal forces of the company. External forces could be defined as; available technologies outside of the company, technological strategies of competitors, and customers' perceived value of new technologies. Internal forces could be defined as; technology capabilities of the company, technology selection and funding decisions within the company, existence of a separate technology integration unit, company goals, and organizational structure, cross-group collaboration and behavior for change.

IDEAS ABOUT THINKING: EXCERPTS FROM EDWARD DE BONO'S "LETTER TO THINKERS"

Edward de Bono. J. PROD INNOV MANAG 1986; 1:57-62. Address correspondence to Dr. Edward de Bono, L2 Albany, Piccadilly. London W1V 9RR, United Kingdom.

Sense of Purpose

Edward de Bono has clearly stressed that "a strong sense of purpose is one of the most important aspects of thinking skill". Edward de bono, who coined the term "lateral thinking" says, richness is what matters, richness in thinking, thinking laterally and turning problems around and look at them from a fresh perspective.

WERE YOU BORN TO LEAD?

Tomorrow's captains of industry are likely to need very different skills to their predecessors. Young engineers who think they've got what it takes to reach the top, read on... By Dr Robert Hawley

Truly inspirational leadership comes from within—from tapping into who we really are and combining that with skills and knowledge

It's important to distinguish between management and leadership. A simple contrasting definition helps: 'Managers do things right, leaders do the right thing'. In other words, a leader knows what's best to do, while a manager knows how best to do it. Successful leaders must recognise the worth of their people and motivate them to perform to their best ability by giving them a clear direction. Get good people around you and leadership is easy.

Other leadership requirement ---

- the ability to communicate,
- honesty and integrity,
- Innovation and vision,
- the ability to inspire trust,
- the ability to motivate,
- a personal drive and sense of purpose,
- self confidence, and
- the ability to make decisions.

CONCURRENT ENGINEERING —KEY TO COST-EFFECTIVE PRODUCT RELIABILITY, MAINTAINABILITY, AND MANUFACTURABILITY

Dean F. Poeth, Ph.D., P.E., Battelle Memorial Institute, Columbus, 1990 Proceedings R&M CAE in Concurrent Engineering Workshop

Serial path of new product generation has been found to be too time consuming and costly. Realization of reliability, maintainability, and cost-effective manufacturability of a product at the early stage is a sign of betterment. Product reliability and maintainability are also determined and fixed during the initial design phase.

New product design team is a multidiscipline group, highly skilled in design, manufacturing, reliability, and maintainability. Even more important, the team leader must be a skilled engineering generalist with sufficient detailed technical knowledge in each area to skillfully lead the specialists

OVERCOMING THE 90% SYNDROME: ITERATION MANAGEMENT IN CONCURRENT DEVELOPMENT

Projects David N. Ford^{1,*} and John D. Sterman² ¹Department of Civil Engineering, Texas A&M University, College Station, TX 77843-3136, USA ²Sloan School of Management, Massachusetts Institute of Technology, 50 Memorial Drive, E53-351, Cambridge, MA 02142 USA, Volume 11 Number 3 September 2003 177 1063-293X/03/03 0177-10 \$10.00/0 DOI: 10.1177/106329303038031, 2003 Sage Publications

Due to unanticipated iterations Concurrent development, though successful in reducing cycle time, has proven difficult. Developing products faster than competitors increases market share, profit and long term competitive advantage.

DESIGN OF THE NEW PRODUCT INTRODUCTION PROCESS TO ACHIEVE WORLD CLASS BENCHMARKS

J. Parnaby - IEE Proc.-Sci. Meas. Technol., Vol. 142, No. 5, September 1995

Management of innovation in new products is a fundamental operational core that is essential for survival in competitive global market. The target is to introduce new products on-time, within target cost and with negligible post-introduction cost of quality and support

Critical objectives of product introduction process:

1. Increasing customer satisfaction and ensuring higher perceived value
2. Reducing lead time to market
3. Reducing manufacturing cost through improved design for manufacture
4. Reducing engineering and manufacturing change costs and delays during development
5. Reducing the size of resources required
6. Improving the cost effectiveness of research, development and engineering
7. Focus on product and market strategy and fit to manufacturing strategy
8. Ensuring product specification and target cost are both achieved
9. Making full effective use of supporting tools - QFD, DFA, CAD, Project Management system.

The Ability to Minimize the Timing of New Product Development and Introduction: An Examination of Antecedent Factors in the North American Automobile Supplier Industry

Cornelia Droge, Jayanth Jayaram, and Shawnee K. Vickery. J PROD INNOV MANAG 2000;17:24-40 © 1999 Elsevier Science Inc. All rights reserved. 0737-6782/00/\$—see front matter. 655 Avenue of the Americas, New York, NY 10010 PII S0737-6782(99)00009-0

There is a wide recognition on the importance of overall timing in the new product development and commercialization processes. Four factor influences the ability to minimize new product development and introduction time Droge et al. (2000)* –

- (1) Human resource management,
- (2) Synergistic integration,
- (3) Supplier closeness, and
- (4) The design-manufacturing interface

Reducing cycle time and first to market in NPD and commercialization is key to innovation success and profitability.

The effect of new product development acceleration approaches on development speed: A case study

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Millson et al. (1992) developed the earliest knowledge on the use of techniques to accelerate NPD by suggesting a hierarchy of approaches. Each approach is composed of similar techniques aimed at

- (1) Simplifying NPD operations;
- (2) Eliminating unnecessary NPD activities;
- (3) Paralleling NPD activities;
- (4) Eliminating delays in the NPD process;
- (5) Speeding up NPD operations

Later Droge et al. (2000) specified 14 techniques and clustered into four groups which are shown above. * Droge et al. (2000) found two of the four synergistic integration and supplier closeness had significant relation to development speed.

Langerak et al. (1999), clustered 50 individual techniques to 9 which are as follows.:

- (1) Supplier involvement;
- (2) Lead user involvement;
- (3) Speeding up activities and tasks;
- (4) Reduction of parts and components in the new product;
- (5) Training and rewarding employees;
- (6) Implementing support systems and techniques;
- (7) Stimulating inter-functional cooperation;
- (8) Emphasizing value for customers;
- (9) Simplifying the organizational structure

AVOIDING ENGINEERING CHANGES THROUGH FOCUSED MANUFACTURING KNOWLEDGE

Baruch I. Saeed, David M. Bowen, and Vinay S. Sohoni. IEEE TRANSACTIONS ON ENGINEERING MANAGEMENT, VOL. 40, NO. 1, FEBRUARY 1993

There is demand focused manufacturing knowledge on engineers to develop knowledge to achieve the benefits of engineering change avoidance.

To strengthen the consideration of manufacturing knowledge in the product-development process, companies have used

- Quality-function deployment
- Cross-functional teams for concurrent product and process development
- Departments composed of both product- and process-development engineers

Some proposals call for product-development engineers to develop firsthand manufacturing knowledge by actually working in manufacturing.

INSIGHT FROM INDUSTRY

HOW TO MOVE SUPPLY CHAIN BEYOND CLEANING UP AFTER NEW PRODUCT DEVELOPMENT.

Remko van Hoek and Paul Chapman, Cranfield School of Management, Cranfield, UK

Improving alignment between supply chain and new product development (NPD) can enhance market impact and revenue growth and can remove a lot of frustration for supply chain managers, who currently are often the last to find out about NPD.

The need for NPD and supply chain to align is only increasing, at least for four reasons:

- 1 NPD is accelerating;
- 2 greater customization of NPD;
- 3 greater dependency on NPD; and
- 4 short-lived new products.

Four areas, where alignment improvement efforts could be focused:

- 1 in interactions with peers from other functions;
- 2 in interactions with their bosses and the board;
- 3 in interactions with their teams; and
- 4 in their own day-to-day behavior.

SUPPLY CHAIN MANAGEMENT: A MODULAR FUZZY INFERENCE SYSTEM APPROACH IN SUPPLIER SELECTION FOR NEW PRODUCT DEVELOPMENT.

Diego A. Carrera · Rene V. Mayorga. Received: April 2006 / Accepted: January 2007 / Published online: July 2007. Springer Science+Business Media, LLC 2007. J Intel Manuf (2008) 19:1–12. DOI 10.1007/s10845-007-0041-9

The critical objectives of purchasing departments include obtaining the product requested, at the right cost, in the right quantity, with the best quality, at the right time, from the right supplier. These goals require effective decisions concerning supplier selection at the early stage of product development.

Supply chain management has become a strong force and it is having implications for effective and efficient management of industrial interactions. It has also become an important focus on competitive advantage for firms and organizations.

Most of the companies have reduced their supply base to more effectively manage relationships with strategic suppliers and developed cooperative, mutually, beneficial relationships with all suppliers.

By exploiting supplier's capabilities, improvements in product quality, integration of technology and reduced lead-times of product development, are some of the expected outcomes.

INNOVATION IN RESEARCH AND DEVELOPMENT: TOOL OF STRATEGIC GROWTH

Yair Holtzman. Deloitte Tax LLP, West Hempstead, New York, USA.

Journal of Management Development Vol. 27 No. 10, 2008 pp. 1037-1052 q Emerald Group Publishing Limited 0262-1711 DOI 10.1108/02621710810916295.

The world's top performing companies share a common characteristic: their superior ability to develop and introduce new products faster and cheaper than their competitors. As a matter of fact, effective product innovation is the key to growth, even survival, for almost any business.

Innovation is something we need to continuously nurture and develop. The need to build and deploy a deep capacity for innovation is as vital to the organization as any other firm wide initiative.

FASTER NEW PRODUCT DEVELOPMENT: INVESTIGATING THE EFFECTS OF TECHNOLOGY AND CHARACTERISTICS OF THE PROJECT LEADER AND TEAM

Edward F. McDonough III. J PROD INNOV MANAG. 1993;10:241-250

The characteristics that affect speed differ for different types of projects and are different for team members and the team leader.

Earlier studies suggest that the characteristics of individuals who work on a project play a crucial role in its successful development.

This prior research indicates that such factors – as how long team members and their leaders have been with the company, their tenure in their present positions, their age, and how much education they possess are important to effectiveness and success.

More recently, studies that have focused on faster product development suggest an association between speed and individual characteristics.

Mc-Donough and Spital, for example, found that the successful development of projects was associated with characteristics that included what they termed a *general business orientation*.

In another study, Gupta and Wilemon found that creativity and flexibility were related to accelerate new product development.

Most recently, McDonough and Barczak found that problem-solving orientation influenced how quickly a product was developed.

SUCCESSING AT PRODUCT DEVELOPMENT INVOLVES MORE THAN AVOIDING FAILURE

AXEL JOHNE, Professor of Marketing, City University Business School, London. European Management Journal Vol. 14, No. 2, pp. 176–180, 1996. Copyright © 1996 Elsevier Science Ltd. Printed in Great Britain

Four are typified by varying forms of newness in terms of their operational newness to the supplier, and also in terms of the newness of the customer base to the supplier:

- Improvements and Revisions to Existing Products.
- New-Product Lines.
- Additions to Existing Product Lines.
- New-to-the-World Products.

Turning New Product Development into a Continuous Learning Process G. David Hughes and Don C. Chafin J PROD INNOV MANAG 1996; 13:89-104. © 1996. Elsevier Science Inc. 655 Avenue of the Americas. New York, NY 10010

Product developers understand the difficulties of trying to hit a moving target from atop a runaway train.

Competitors come and go, technological change occurs at an ever-increasing rate, customer wants and needs are constantly shifting, and a product's life cycle may be shorter than its development time.

In such a fast-paced environment, product development must be transformed into a continuous, iterative, learning process focused on customer value

G. David Hughes and Don C. Chafin describe one means for making this transformation: the value proposition process (VPP).

The VPP consists of a framework of continuous planning cycles, culled the value proposition cycle (VPC), and an integrated screening methodology, called the value proposition readiness assessment (VPRA).

The VPC comprises four iterative loops, addressing the following activities:

Capturing the market value of the proposition (Does the customer care?);

Developing the business value (Do we care?);

Delivering a winning solution (Can we beat the competition?); and,

Applying project and process planning (Can we do it.).

COLLABORATIVE INNOVATION CAPABILITY. BUILDING COLLABORATIVE INNOVATION CAPABILITY

Morgan Swink. Research Technology Management; Mar/Apr 2006; 49, 2; ABI/INFORM Global pg. 37.

PRODUCT innovation and supply chain process innovation have traditionally been separately managed.

To fully develop and exploit supply chain capabilities it is necessary to have a collaborative innovation approach to integrate them.

Collaborative innovation projects have produced benefits far beyond earlier concurrent and cooperative efforts.

- Cutting cycle times by as much as 50%
- Improving development cycle time from 15 to 25 %
- Reducing new product introduction time by 15%
- Boosting first pass yield up to 90% from as low as 10%
- Raising performance-to-schedule 95% from an industry average of 50 to 60%
- Reducing non-value-added work up to 60%

- Cutting new part number introductions up to 10% and increasing design reuse by 20%
- Paring new part number introduction costs up to 20%
- Reducing the number of engineering change orders up to 25%, with cycle time reduction from 20 to 60%
- Eliminating manufacturing scrap and reducing rework from 10 to 15%

Reduced time to market and increases the in-market life of a new product.

Design rework from incomplete knowledge is reduced.

Product delivered cost is reduced as existing product and process knowledge is leveraged across product platforms, global product designs and product generations.

70 to 80 % of the product life cycle cost is fixed by decisions made in product design and development.

It improves development quality and quality of design solutions – in terms of customers (value through design) and producibility (value through execution)

Finally increases product reliability and reduce risks in product introduction.

COMPETENCY REQUIREMENTS OF PURCHASING AND SUPPLY MANAGEMENT PROFESIONALS FOR THE BEGINNING OF THE 21ST CENTURY

UMI Microform 3118886. Copy right 2004 by proquest information and learning company. BY Kenneth L.Volker. Walden University, August 2003.

A study has been done to understand those competencies that purchasing and supply management (PSM) professionals should be possessing.

Tasks during the beginning of 21st century:

- Select suppliers
- Manage supplier relationships
- Manage supply chains
- Digitize transactions
- Demonstrate PSM s functional impact on corporate profitability, and
- Conduct other functional and administrative responsibilities.

PSM professionals must know:

- the requirements of the processes in their firm
- the supply bases of the firm.

Must understand:

- Cost analysis
- Legal issues
- Global sourcing
- Finance
- Cost drivers and
- Flow of material through supply chains.

Must demonstrate

- Leadership
- Interpersonal
- Problem solver
- Communication skills.
- Negotiation skills
- Decision making
- Goal orientation
- Risk taking

Must be with attitudes:

- Openness
- Fairness
- Patience
- Diplomacy
- Honesty
- High ethical standards
- Continuous learning.
- Speed and sense of urgency.
- Spirit of cooperation

In sum, they must be lifelong learners, should have a hunger to look into better or newer things.

They should be a change makers and not just managing change, but making change happen.

INVOLVING SUPPLIERS IN NEW PRODUCT DEVELOPMENT

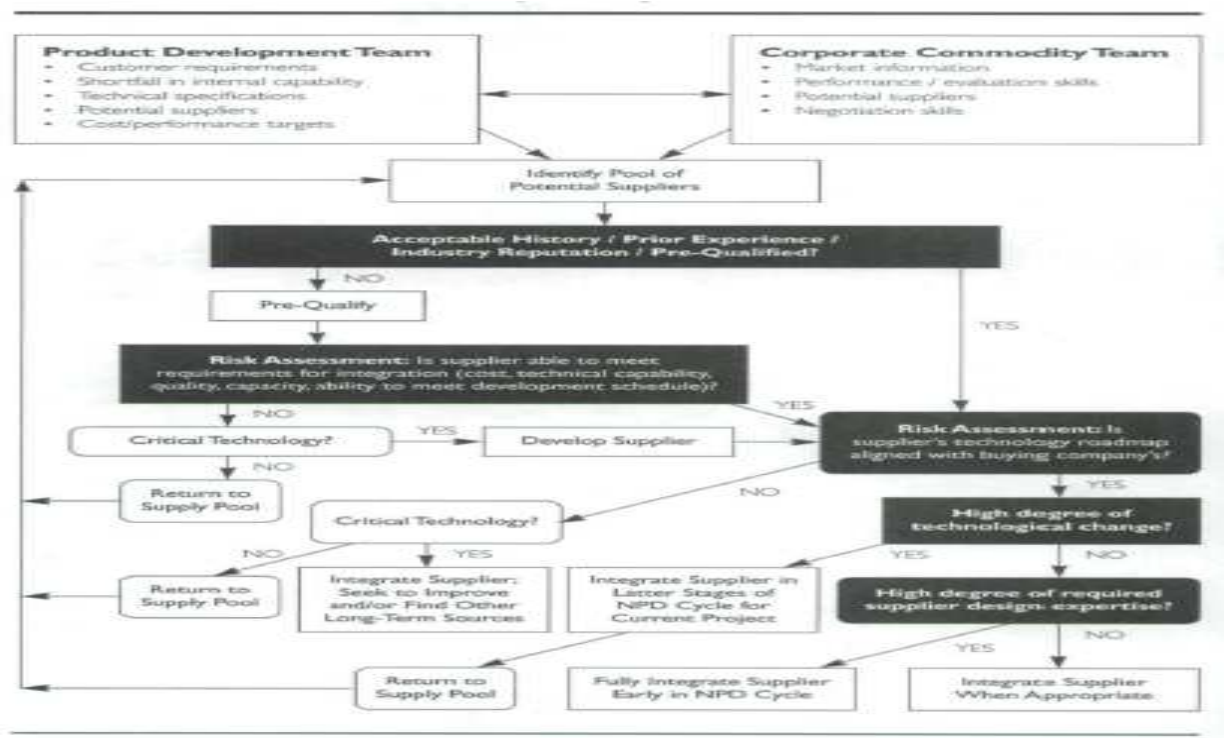
Robert B. Handheld, Gary L. Ragatz, Kenneth J. Petersen, Robert M. Monczka

Within the last decade, the rapid rate of technological change, shortened product life cycles, and globalization of markets have resulted in renewed executive focus on new product development processes. In a competitive environment, suppliers are an increasingly important resource for manufacturers. Across all worldwide manufacturers, purchased materials account for over 50 percent of the cost of goods sold. In addition, suppliers have a large and direct Impact on the cost, quality, technology, and time-to-market of new products. Effective integration of suppliers into the product value/supply chain will be a key factor for manufacturers in achieving the improvements necessary to remain competitive.

NEW PRODUCT DEVELOPMENT PROCESS

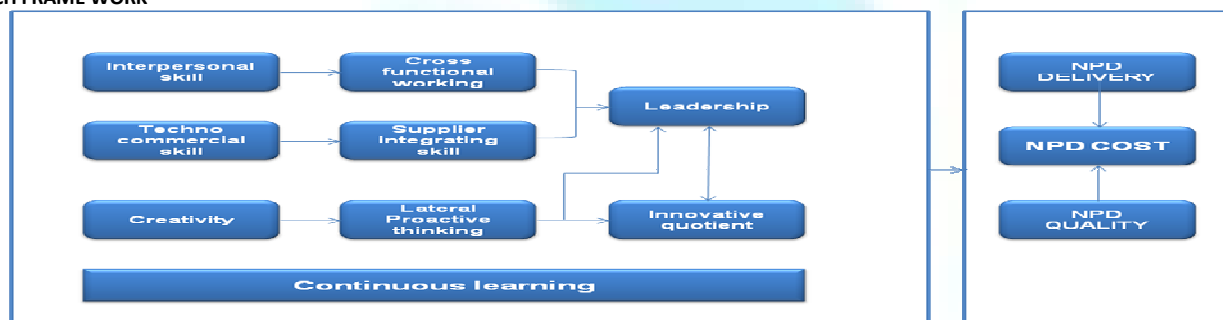


PROCESS MODEL FOR REACHING CONSENSUS ON SUPPLIERS TO INTEGRATE INTO NEW PRODUCT DEVELOPMENT PROJECT



RESEARCH PROCESS

RESEARCH FRAME WORK



THE VARIABLES

The dependent variable and the independent variable in the Hypothesis are shown below:

INDEPENDENT VARIABLE (CAUSE)

- Techno commercial
- Interpersonal
- Lateral proactive thinking
- Innovative quotient
- Cross functional working
- supplier integrating skill
- Leadership
- Creativity
- Continuous learning

DEPENDENT VARIABLE (EFFECT)

- NPD delivery
- NPD quality
- NPD cost

OBJECTIVES OF THE STUDY

To ascertain the factors which are important for selection of human resource in achieving Quality, Cost and Delivery of new product development.

HYPOTHESIS

The hypothesis may be stated as:

- There exists positive relationship between the experienced techno commercial human resource and NPD cost.
- Executive's interpersonal interaction positively influences NPD delivery.
- There is a positive relationship between lateral proactive thinking in NPD and NPD quality.
- Innovative quotient in NPD personal positively influences NPD quality.
- NPD cross functional working has positive influence on NPD delivery.

- Higher the supplier integrating skill in NPD personal higher is the influence on NPD delivery
- A positive influence exists between a Leadership in NPD and NPD delivery
- There is a positive influence of creativity and NPD quality
- Higher the continuous learning higher is the NPD quality

RESEARCH DESIGN AND SAMPLING DESIGN

RESEARCH DESIGN

Descriptive research has been planned for this study to start. The study is a fact finding investigation which is aimed at describing the characteristics of individual, situation or a group (or) describing the state of affairs as it exists at present. The plan of this descriptive research is to evolve with a frame work which will be used to predict the intake of human resources for new product development.

Sampling Design

Type of Population – finite universe: In our study we are planning to cover automobile industry in India.

Sampling Unit – social unit: Organisation which is producing new product automobile in India with a minimum turnover of above 1000 crores.

Sampling Frame or Source List – The source list will be middle and top management of the organisation in India which is producing new product automobile.

Population Parameters – Middle and top management executives working in India for new product development (techno commercials) handling drawings from designers (internal customers) and responsible for the development at cost, delivery and quality of the finished product through suppliers.

Size of Sample – 10 organisations which are in the business of producing automobile. 25 of middle management executives and 5 of top management executives. A total of 250 middle management executives and 50 top management executives.

Sampling Plan - Probability, purposive / judgmental sampling plan selected in such a way that only the important item representing the true characteristics of the population are included in the sample.

CONCLUSION

This study is expected to bring a chance to find the critical factors in new product development. It may enable in profiling human resource with a system framed in recruiting and positioning resources that will be able to manage the new product development in a way that provides the organisation a chance to serve the customer as they wish and beyond.

The goal is to rise to the standard and raise the standard. A proper implementation of Human resource induction management provides sustainable competitive advantage to an organisation, even when competitors adopt similar new product development management "best practices".

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INDECISIVENESS IN DECISION MAKING: A PERSPECTIVE STUDY OF MANAGING INDECISIVENESS – A CLASSICAL INDIAN CASE STUDY

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ABSTRACT

Modern thinkers of decision making in global business have realized the arch-problems of indecisiveness for attaining competitive edge. They realized that the turbulent markets of today require agile decisions for the fragile times. Similarly if we analyze the emerging economies of India, Thailand, China, South Korea, Japan and Singapore we can well assess and read the decisions by the business leaders. However, certain management gurus argue that 'indecision theory' needs more attention than decision making, as anti-thesis is to thesis. Speed and Innovation enforced with a decision has become the essence of triad markets and market share of the indecisive market leaders have been attacked. Therefore, the study of indecisiveness has become a perspective for research concern. This research paper shall infuse a new learning model to understand the core of indecisiveness. It shall interpret and inculcate innovative methods in relation to the thought and philosophy of the classical romantic fiction and movies of India. Basically this research shall refer to a movie Devdas, in which Devdas-the protagonist embodies indecisiveness and is symbolic of the characteristic traits of executives in business. This shall introspect the indecisions of executives in the organizations and trace a new perspective to the theory of 'indecisiveness with innovative models'. This new thought shall blend the theory of indecisiveness and decision making; integrating allied issues, multi-disciplinary prospective and universal applications for combating recurrent business indecisions and problems.

KEYWORDS

Indecisiveness, Decisiveness, Global Business, Devdas Character, Movie, Fiction, Management Transformation.

INTRODUCTION

Indecisiveness in decision making is regarding negation of action and dragging of a process decision to conclusion. This is inevitable in management and organizations; due to the callousness of executives deployed. This state of mind, refrain the corporate actors to choose an alternative briskly from amongst the available alternative courses of actions, for accomplishment of the organizational goals. This process of inaction and apathy is called indecisiveness and is prevalent in all organizations. Managerial indecisiveness is synonymous to the whole process of inaction in management. Therefore indecisiveness is a hidden aspect of decision making which frequently pull back right decisions to be taken by the executives. Consequently indecisiveness in decision making has to be recognized and thwarted from the beginning.

The characteristic traits of indecisiveness identified in managers are also relating to all the people working in organizations. Metaphorically the hero-character of Devdas symbolizing indecisiveness; is found in the classical romantic novel of Sarat Chandra Chhotopadhyaya named 'Devdas'. This novel has been turned to movie scripts seven times in different languages in India. In fact, Devdas epitomized the quintessence of indecisiveness and is a role model. This novel in its vividness is symbolic to the plethora of indecisiveness which is usually found in the typical human psychology, Indian psychology and society at large. In its lateral thinking; it reflects the management style of CFOs and CAOs driving the corporate. It is a hyper-model of thought which counter the essential of decisiveness that relates to planning and examination of important managerial functions. Indecisiveness does not involve a series of decisions in the process of management; like that of

decision making. Indecision does not enquire the What? When? Who? Whom? Which? Where? How? of decision making. Other important functions like organizing and controlling of decision making are also lackadaisical in the acts of indecisiveness.

As a matter of fact, decision is an act of choice, but indecisiveness is an act of apathy and non-understanding of the situation. In decision science a manager forms a conclusion about a given situation and in indecision there is no conclusion. In indecision the course of behavior does not opt for an act. Indecision involves no alternatives or more than many alternatives, unlike decision making done from two or more alternatives. Decision making is an intellectual activity which calls for both judgment and imagination, indecision is dullard inaction.

INDECISION MAKING AND PROBLEM SOLVING

Decision making is vital to all management activities and indecision plays havoc with all management activities. Indecision does not adopt any definite objective, do not prepare any plans of action, do not determine structured move, does not motivate personnel and lack innovations etc. Indecisiveness do not take decisions at the right time in the right place. Very often indecisiveness creeps in at junctures and create bizarre result for the organization. This unhealthy aspects of decision making process in the organization needs to be thoroughly investigated and curbed in order to let it forge ahead.

TYPES OF INDECISIONS

Different types of indecisions exist in organizations at various forms. Indecision making is programmed and non-programmed as well, it can be a major or minor indecision, it can be organizational and personal indecisions, individual and group indecisions, policy related and operations indecisions and long-term, departmental and non-economic indecisions. Organizations have 'written or unwritten polices' that simplify decision making in recurring situations. But decisions not taken on the spirits distorts the policy and complicate situations. Programmed decisions are made in accordance to 'rule or procedure'. Non-programmed indecisions deal with usual, unusual or exceptional problems. Special treatments of problems are handled by non-programmed decision and indecision delays the progress. This relates to situational problems like allocating an organization's resources. Like what to do about a falling production. Indecision becomes more in the senior and middle levels of the management. As one moves up, in the organizational hierarchy, the scope to make non-programmed decisions become more. As an example, some major and minor decisions on purchase of computer machine and peripherals are done to avoid time loss. But the strategic-decisions and routine decisions are of repetitive nature, which are taken at a higher level after a careful analysis and evaluation. This entails a large expenditure of funds; a 'slight mistake or indecision to execute' shall be a jolt for the enterprise. Organizational decisions can be delegated. Personal decisions relate to the manager as an 'individual' and are taken by a single individual in the context of routine decisions, where guidelines are already provided. Group decisions or indecisions are taken or not taken by a committee constituted for the purpose.

INDECISIONS HAMPERS THE THEORIES OF DECISION MAKING

Well known theories of decision-making like, Intuition theory or Traditional Theory, Classical Theory and Behavioral Theory essentially gets violated by the indecisiveness study. If we examine these theories we see that, certain indecisions destroy the essence of progress due to lack of decisions. If an executive does not decide a particular course of action in this context, he reflects the character of Devdas, a vacillating syndrome. It is contrary to classical theory. In Behavioral Theory decisions are made on the basis of the real situation and here indecision affects more caviling in to the character.

INDECISIVENESS IN DECISION MAKING PROCESS

Indecisiveness in decision making processes is many. Indecision have various features and passes through distinct phases: like unable to defining problem, unable to analyze problem, unable to developing alternative solutions, unable to decide upon the best solution, unable to convert the decision into effective action and not able to implement and verify right decisions. This is an aspect which has haunted Devdas as a character; and similarly plenty of characters exist in the organizations and corporate. They are positioned in the organization securely and are not taking up any organization and enjoying the status as a pride, out of vanity and not for the purpose of it.

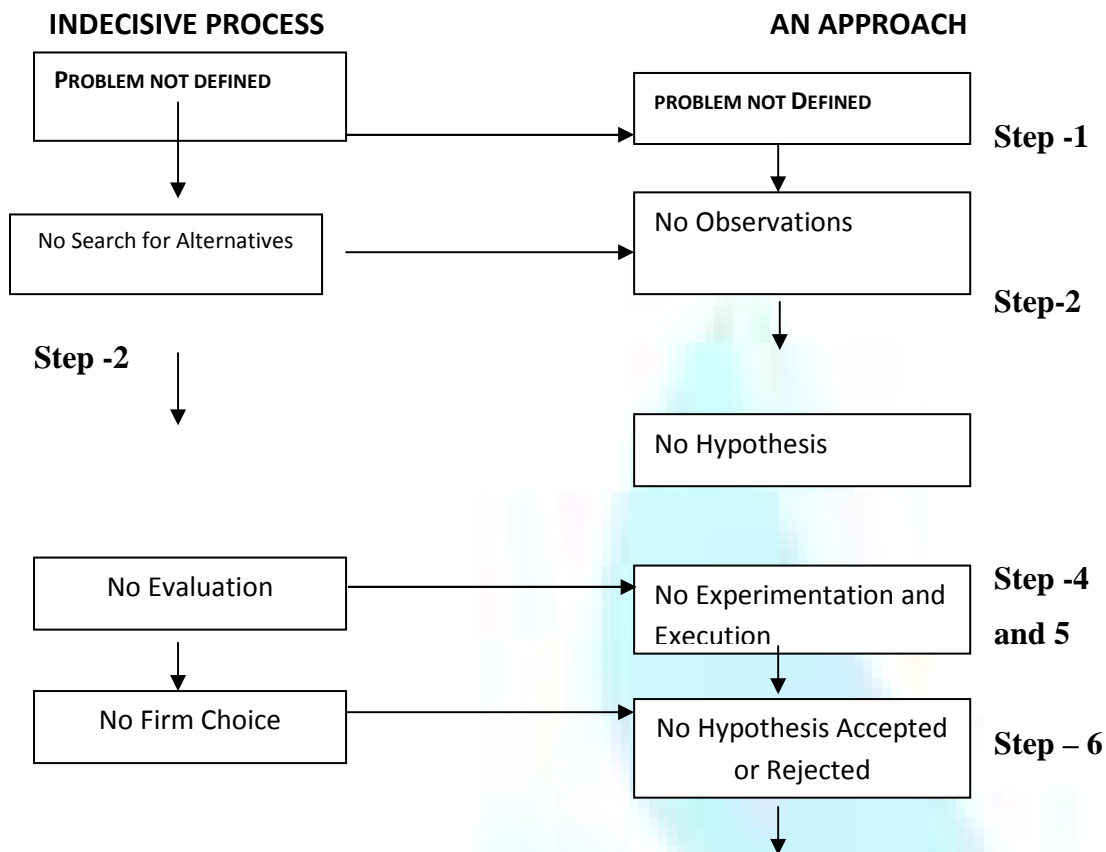
SCIENTIFIC APPROACH TO THE DECISION PROCESS AND INDECISION

Scientific approach is a formalized reasoning process used for the decision making process and indecisive process is process less. Scientific approach consists of steps, which 'indecisiveness' do not abide by. Scientific approach consists of the following steps. They are problem for analysis is defined and condition for observation are determined, observations are made under different conditions to determine the behavior containing the problem, observations look for a hypothesis which describes the factors, best solution to the problem, To test the hypothesis, an experiment is designed, Experiment executed and measurements are obtained and recorded and the sixth step is the results of experiment that are analyzed and the hypothesis either accepted or rejected. These above six steps of the scientific method can always be applied to decision making, because the evaluation of alternatives is invariably done scientifically through experimentation.

The overall relationship of the scientific approach to the decision making process is shown in the grid below which on the contrary in case of indecisiveness. This relates to the antecedents which affect the decision making process.



RELATIONSHIP OF APPROACH TO INDECISIVE PROCESS

**DEFINING PROBLEM**

In organizations management observes a series of personality clash and split personalities. They look for the real problem due to poor organizational structure, designed by a poor executive mind seated being in the helm of affair. The real problem could be due to poor engineering human resource or poor sales planning by indecisive people. Organizational problem could be due to lack of clear objectives and goal. Therefore the real problem of indecision in management and its solution have to be defined.

DISEASE HAS TO BE UPROOTED: DISCERN THE ELEMENTS

Usual method used by most managers is by employing 'no solution' to the inevitable problems and stay cool. Decisions and indecisions are based upon experiential analysis, rather than upon analysis alone. In order to arrive at the solution to the problem, a manager must try to find critical factors, element (s) in the situations and it has to be addressed. To find out these 'critical factors of analysis' on the problem, it is not always easy. Therefore normally, two subsidiary approaches are being used for the purpose. They are: 1) if nothing will change, what will happen? Other approach asks 2) what could have been done if it could have been left undone at the time of the first appearance of the problem. And how it could be has affected the present situation? Indecision creeps in from the inadequacy in the clarity of understanding the aspects and on the aspects of enforcement of the same.

INDECISIVENESS DOES NOT FIND OBJECTIVES

Objectives are based on decisions. Objectives always point on the business, always focus on business performance and business results. They balance and harmonize long range missions, they look on to the business as a whole and orient through activities. They structure principles, policies and rules of conduct that have to be followed. It might be a principle never to hire an executive from outside without first considering all inside managers carefully etc. To spell out the rules is necessary as a right decision.

ANALYZING THE PROBLEM IN INDECISIVENESS

Analyzing the problem-indecisiveness means classifying it and finding the points. It is necessary to classify the problem- indecisiveness in order to know as to who should take decision, who should be consulted and who should be informed. Classification can show as to who has to do what; in order to convert the decision or indecision into effective action or inaction. These four basic principles of classification affect the science of decision or indecision making. They are futurity of the decision i.e. the span of time it commits the business for positive or negative course of action, impact of indecision or decision on other functions and areas of concern, qualitative consideration and uniqueness. This classification reveals that, a decision or indecision essentially contributes to the whole business. It not only solves immediate problems but also the local problem as a part of the whole.

Indecisiveness does not have self-questions, but in decision making it has a number of questions which a manager asks. They are: Specific information needed for specific decision, relevance and validity of the collected date to support the decision and other additional information. These three are mind boggling none mechanical jobs which require skillful and imaginative analysis. In order to make a sound decision, it is not necessary to have all, but it is necessary to know what information is lacking. Indecision does not judge the amount of risk it involves.

INDECISION DOES NOT DEVELOP ALTERNATIVE SOLUTIONS

Indecision does not develop several alternative solutions for every problem. It falls dangerously into an indecisive trap. Alternative solutions bring basic assumptions to the conscious level and force to examine and validity. Alternative solutions do not guarantee wisdom essentially. They prevent indecision and wrong decision, but alternatives vary with problems. In fact, the ability to develop alternatives is often as important as selecting correctly from the alternatives. Many other aspects related to the aspects also go unevaluated. Devdas needed support or the support was inadequate is a big question. In spite of precision, certain factors 'limit'; which huddle in the way of accomplish. Limiting factor in Devdas is emotion and sentiment of highest order and due to lack of reasoning.

DECIDING ON THE BEST SOLUTION

In choosing from among alternatives, the limiting factors can be recognized and solved. It is critical to attainment of desired goal, where the alternatives are selected. The four criteria which obstructs Devdas and identify him as an indecisive character, prevents him to choose for the best of solution among the

possible alternatives. These are risking alternative solutions against expected gains, economy of efforts-least effort, timing- gathering momentum is preferable and looking for optimal resources.

EXPERIENCE, EXPERIMENTATION AND RESEARCH & ANALYSIS

In selecting from among alternatives, a manager has three bases for decision making or indecisiveness. They are experience, experimentation and research & analysis.

EXPERIENCE

Reliance on past experience plays a great role in decision making. Attitude develops with experience and justifies as a teacher. Danger on absolute reliance is there. Experience should be carefully analyzed without following blindly; success and failure are distilled from it as a basis for 'decision analysis'.

EXPERIMENTATION

Another way to take decision under a given situation is experimentation. Obvious way to decide on alternatives is to try and see what happens. This experimentation is used in scientific method for an enquiry into the subject.

RESEARCH & ANALYSIS

It is a generally used and most effective technique selected from alternatives when major decisions are involved. Research and analysis is comparatively much cheaper than experimentation.

COMPREHENDING IN TOTALITY

This approach invites issues and problems to be solved by comprehending it in totality.

It involves search for relationship between the critical variables, constraints and premises that have a bearing on the goal sought. In a real sense, it is the pencil and paper or computer and print out approach to decision making. It believes in the idea of solution to the problem. The problem needs to be broken into its components, parts & pieces, various tangible and intangible factors. They are required to be studied threadbare.

SIMPLE PROCESS ADOPTED FOR EVALUATION

Once the close alternatives have been isolated, the next step is to evaluate them and select the one which will best contribute to the goal. This is the point of 'ultimate decision making'. As soon as we approach the problem for comparing alternative to achieving objective, both quantitative and qualitative factors are required to be taken into consideration. Quantitative factors are those which can be measured but qualitative factors are immeasurable factors, which are amply seen in Devdas characters. Even the best of quantitative plans are many a time destroyed by unforeseen forces.

CONVERTING THE DECISION IN TO EFFECTIVE ACTION

Solution has to be made effective in the action front. To convert a solution into action requires the people to understand what change in behavior is expected of them and what change to expect in the behavior of others. It is better, if the people who have to observe the decision should participate in the work of developing alternatives. It is precisely because; all the decisions affect the work of other people. A decision cannot merely be designed to help the managers perform better, do his job more easily and or obtain greater satisfaction from it.

IMPLEMENTING AND VERIFYING DECISION

Implementing and verifying decision or indecision is significant. Effectiveness in decision making for achieving the desired goals depends on its implementation. Best of the decisions become futile if they are not effectively implemented. Follow up is essential to verify the proper implementation of the decision and to modify decisions. The following seven golden guidelines are need to be followed for effective decision making combating indecisiveness in any organization and situation. They are defining the goals, ensure that the decision will contribute to the goal, adopt a diagnostic approach to decision making, involving subordinate in the decision making process, ensuring successful implementation of the decision and evaluate the result.

EPIC LOVE STORY OF 'DEVIDAS' STRONGLY DEFINES INDECISIVENESS AND LACK OF DECISION MAKING, THE ULTIMATE ESSENCE OF THE ART OF BUSINESS DEVELOPMENT

The study of Devdas in relation to the study of decision making, in relation to the classical romantic book of the great writer Sarat Chandra Chattopadhyay, depicts a saga of knowledge that is utterly close to the domain of business and business development. The typical theory of decision making propounded by the doyens of management study, finds a sensible reflection in the life and character of Devdas, the protagonist, in its anti-thetical approach.

Herein, the other significant characters, episodes, incidences and twists etc. in the book that also influences the decision making process; endowed in all the characters are elucidated with the character analysis of each of them. This book of Sarat Chandra Chattopadhyay spells on the insignificant looking realities of life, significantly portrayed through a family drama, and mirrors a contemporaneous ideal Indian society replete with management principles.

The importance of ethical decision making comes in to debating spree, when we study more on the greater family like the 'organization' and 'society' at large. Evidently an organization is believed to be the microcosm of the macrocosm called society, except for the nuances of culture that are bound to be inevitable. In order to discern and distinguish the issues and characters, this 'work of art' on Devdas interpreted shall fundamentally introduce and illustrate the characters below in its different sheds. Soft skills essential for interpersonal dialogues and relation building can also be realized through this scholastic research study, which finds expression in the characters and episodes.

DECISION MAKING AND IN-DECISIVENESS IN 'DEVIDAS': A MANAGEMENT CONCEPT OF THE MODERN TIMES

PROLOGUE

Experimentation on business decisions realized that the 'subject of indecisiveness' is growing in many minds, in a competitive atmosphere. Today different countries seriously realized the power of 'Decision Making' in business to be really important. To seek larger market place and heart share for business, 'study on in-decisiveness' has become all the more vital than 'decisiveness' and is of greater significance.

India is emerging very fast in business in the newly industrialized economy together with China, South Korea, Japan, Malaysia, Singapore, Taiwan and Brazil. Indian business tycoons have been establishing themselves at market places striking a decision for accomplishment of goal, set up by the company big wigs. To advance the portfolios of business for linking global market, in-decisiveness is a curse and decision making is a boon, wrong or right. To encash the business trend, US business houses are taking decisions fiercely in the triad markets, to compete in the global village. Companies are climbing with new reality, with spennoative (Speed + Innovation) decisions and driving with the economies of scale. By virtue of swift decisions and non-in-decisiveness, business players are dislodging competitors.

Doing business in a global economy requires a lot of new learning, like how to find the right country and right place in which to start the business, a right decision just at the right time makes all the difference. They must learn what sort of people to hire, how to develop their thinking to sell decisions unflinchingly. Corporations being long since accustomed to do business, managers find it hard to look beyond their own territory for a decision of the company. Business across the country faces many problems in designing market strategy for abiding decisions. They are to focus on programs that can explain how to function effectively and efficiently in the environment.

In fact curriculum on decision making and in-decisiveness has been launched in specific, by world class B Schools. But India is yet to offer decision making specific academic modules for accelerating the pace of work, everywhere. As a matter of fact, this kind of curriculae on decision making and communication shall help many schools develop new decisions. It is a great regret amongst the administrators that, despite all round efforts in most of the education programs, in sufficient attention is being paid to the subject of decision making.

Incidentally we find that a substantial quantity of effort is being done to let 'decision making' enter in to management as an exclusive subject. But hardly it is boiled down to a realistic and pragmatic decision even in the B-schools. Thinkers say that 'indecision' as a subject needs more attention than 'decision', which in fact, needs more emphasis as an anti-thesis. We definitely need to view this subject seriously as a study. The impact of the local customs and business practices

on 'decision making and management' requires enormous exposure, more than other areas. Many business schools are keen on adding the courses, but just as a part of management.

DECISION MAKING SKILLS

CD-ROM has been developed on the methodological and theoretical aspects of decision making, integrating examples from a classical romantic fiction and movie. In many turning points the role of characteristic implications have been profoundly analysed in reference to decision making. This CD-ROM content makes the viewer a decision making brain who can dare to decide everywhere. Scope of emotional situations has been touched to make the viewer understand reality in decision making. This CD-ROM is designed to develop a skill to decision making, addressing issues as under:

1. Discovering new alternatives to substitute.
2. Decide and achieve the demand.
3. Concentrate on decision making in life and business.
4. How to reach decision in a best possible way.
5. Employ decision making accurately in practice.
6. To overcome problem, take immediate decision.

CD-ROM illustrates the points of decision making by virtue of the scenes clipped from 'Devdas' movie. Narrations through movie slides and descriptions cater adequate information to debate and discuss. It shall enhance a learning experience for all management students. Besides it shall help the students and professionals of IT, fashion, literature, film, culture, creative thinking, communication and other streams of learning.

FOCAL AREA

First CD-ROM is prepared based on the response received from students, who responded to survey on the content. Based on it certain features have been discerned.

- A new thought blending theory of decision making with a beautiful fiction with the movie of Devdas, engulfing allied issues have been incorporated.
 - Broad based family situations on indecisiveness have been dealt with the help of different characters.
 - Definite roles of different actors in Devdas in the indecision process have been experienced.
 - Highlights interesting ideas, stories and factual information relevant to decision making. Over 100 turning points have appeared throughout the CD-ROM describing the details on decision making.
 - Interesting paradigms and new thoughts, from the developed, developing and under developed nations have been illustrated with underlying concepts.
 - Discussions have been made on emotional intelligence and holistic communication.
 - Poor planning and strategy have been analyzed.
 - Creative ideas have been posed in the analogy of the CD-ROM. The students, scholars and researchers for their understanding on decision making for a life time, concepts and theories have been presented in between the movie. The text is liable to rouse anxiety when it comes with the exciting scenes of the movie.
 - Comprehensive connotation of the academic type on decision making has been imbibed to keep the text active in the movie, for the students and learners.
- Decision making is of interest to everyone. This CD-ROM shall help the government, corporation, companies, industries, groups, communities and individual citizens to learn easily and adopt decision making to advance. This CD-ROM has fundamental strength to managerial orientation, analytical approach, multi-disciplinary prospective, universal application and coverage on decision making. This CD-ROM presents a frame work for analyzing recurrent problems in decision making. The study is organized with a romantic thought. This CD-ROM essentially informs the managers the need to understand decision making to carry out administrative negotiations in the right time in the right place.

THEME HIGHLIGHTS

The study of the story narration of Devdas has been drawn and interpreted in relation to the study of decision making in Management learning. This is in line with the classical romantic book of Sarat Chandra Chattopadhyay, which depicts a saga of knowledge, which is utterly close to the domain of business and business development. The typical thought and theory of decision making modules of the gurus of management, finds a close reflection in the life and character of Devdas, the protagonist, in each of his anti-thetical anecdotes.

Moreover, the characters, episodes, incidences and turns in the film and the book are distinctively discerned in the decision making processes of management sciences. Indecisiveness and decisiveness is endowed through the characters symbiotically and are elucidated with the analysis of the portrayal of protagonist. The management study incorporated in to the story, spells on the realities of life in management circles. The teaching of indecisiveness is significantly embedded through a family drama which sensitizes the management thoughts and concepts from its core contents. Decision making and indecisiveness of Devdas comes in to forefront as a management thought, when we introspect Devdas beyond family. We discover that these incidences, events, issues and situations of Devdas are also applicable to 'organization' and 'society' at large, where characters ultimately animate the inanimate. Microcosm is the character and macrocosm is the organization, and management study is all about decision and indecision in the organization and administration.

DEVIDAS STORY AT A GLANCE



The film is all about two childhood friends, Devdas and Paro, who could not love and live without each other, because Devdas's father does not approve of Paro's and Devdas's marriage.

Paro in the mid of the night Devdas and put forth him the proposal for marriage but alas Devdas at this juncture was utterly indecisive and could not bring himself to say yes to Paro the lady whom he simply loved and adored. The mistake that Devdas committed at this point lead to a sequel of events that followed suit. As a result, heartbroken Paro gets married to a much older man and this separation leads Devdas to liquor and a not so convincing relationship with Chandramukhi, a stunning courtesan.

Time passes by, Chandramukhi renounces her world of glamour, dance and music and dreams to a life in which, only she and Devdas live. On the other hand, Paro takes on the role of wife and mother with sincerity and compassion, but Devdas always remained in her mind. But the day comes when Devdas's last moments are nearer and he goes to Paro's house, as he had promised her that he would meet her before his life ends, but the gates remain closed and the gates of heaven opened for Devdas.

In fact, assembling many other scenes of emotive excellence, like Sumitra being insulted by Kaushalya and Sumitra's subsequent outburst, Devdas' reaction to his father's death and his scene at the funeral, the portions following '*Dola Re*' where Madhuri confronts Milind Gunaji and climax, all show the dramatic turns and twists in the storyline.

The poetic dialogues are heavily evident throughout the film, like the comparisons of scarred moon and the dialogues and lines that Devdas retorts very frequently, '*They tell me to leave the house..... Paro tells me to leave drinking..... One day he will tell me to leave the world...*'. These all lend poetic justice to the beautiful story and the story carries certain subtlety which makes it immortal.

Climax where she runs through the haveli to catch one last glimpse of Devdas is mind blowing. Madhuri Dixit also impresses as Chandramukhi and she leaves a mark in the scenes and the scene where Devdas finally admits his love for Chandramukhi. Jackie Shroff impresses as Chunni Babu with a theatrical impact and that is the way the book can take in to the grand scale mounting.

Bhansali's Devdas is a visual masterpiece with a fresh treatment of a tragic love story.

STORY OF DEVDAS WITH ANECDOTES

A young, sensitive boy from a feudal Bengali family is sent to Oxford to acquire an education befitting to his class and status. Devdas is unhappy with the separation from his mother and playmate Parvati. When the grown-up anglicized Devdas returns to his rural context, he is unable to relate to his childhood sweetheart.

Parvati but has steadily loved Devdas through the years of his absence, separation and vehemently wishes to continue the childhood friendship; as a romantic relationship leading to marriage. And when Parvati's family proposed her marriage to Devdas, Devdas's family rejects the proposal outright. Refusal was on the grounds that, marriages within the neighborhood were discouraged, but importantly the refusal was because of the lower social status of the bride's family. Parvati's family was not as rich as Devdas's and is not from the same caste.

Being revengeful due to the rejection, Parvati's family proceeds to arrange for her marriage elsewhere. Parvati risking the accusation of immorality; visits Devdas at his home in the dead of the night. Devdas being amazed and terrified reprimands Parvati for the scandal this issue might cause. Parvati reveals that, since she is on the verge of losing all that she believed valuable in her life, desperation has driven to surrender herself to him. Devdas protests about his family's honor and duty to his parents. But finally it is Devdas himself who is unable to 'take' Parvati that night and is also unsuccessful in persuading his family. Being unable to face Parvati thereafter, Devdas escapes to Calcutta. From Calcutta he writes: 'It has never crossed my mind that I desire you'.

This is a narcissistic object-choice, which is implicit in the statement. Of course Parvati reads this as a superfluous rejection, but had no choice but to agree to the groom selected by her parents. Again, when Devdas tries to apologize for the betrayal, Parvati accuses him of being arrogant and narcissistic. She affirmatively claims that her parents have made a wise decision in arranging her marriage with an older man, one who is not fickle like Devdas. Being angry at Parvati's accusations, Devdas hits her on her face with an object, leaving a mark on her forehead, which he claims would always remind her of him. After a tender reconciliation the lovers depart. Parvati leaves for her husband's home and meanwhile in a sequence, Devdas enters the house of a beautiful courtesan and prostitute, Chandramukhi.

Parvati takes up her responsibilities in the vast feudal estate as the benevolent mistress, crossing class lines and Devdas in pain degenerate with a purposeless life in the city. Eventually, Parvati wins the love of her step children, who are as old as her and the respect of her husband, with whom her relationship remains in celibacy and amicable. The husband apologizes for his initial lustful designs on Parvati, who is young enough to be his daughter, and withdraws to a retired life by abdicating the running of his estate to her.

Devdas being grateful for the company of a devoted woman like Parvati, he initially despises Chandramukhi for her sexual promiscuity and refuses to sleep with her. Subsequently, Chandramukhi falls in love with Devdas precisely because she appreciates his chastity as an ideal. Chandramukhi gives up her profession as a prostitute, thinking that by reforming herself she may become acceptable to Devdas. Later on when she being altruistic again, took up the prostitution, in a spirit of love and admiration for Devdas; for the sake of money, to take care of his failing health; Devdas became grateful to Chandramukhi for saving his life. But still in love with Parvati lingering and burning in the heart, Devdas loathe himself for his inability to defy social stigmas and conventions at that point of time when he could have won 'Paro'.

Despite the marked difference in the social standings, Chandramukhi and Parvati function as mirror images of each other. In every version of the film and spirit of the book of Sarat Chandra Chattopadhyay, the physical resemblances between the actresses playing the roles of the two women in Devdas's life are unmistakable and unparallel.

Meanwhile, Devdas's father dies, his mother retires from life as a widow, his brother tries to swindle Devdas's share of family inheritance. Dejected and lost Devdas becomes an alcoholic. Hearing about Devdas's painful situation Parvati visits Devdas for the second time and offers herself once more. Devdas refuses her again; when Parvati dares to run away with him, knowing that Parvati would not be able to relinquish her social responsibilities as a married woman. Devdas's daringness equated his psychological limitations, along with Parvati's social limitations. Both agrees to respect the other's limitations, at least for the time being.

When Devdas promises to visit Parvati at least once before his death, there is a tacit understanding between the lovers that they have merely distanced and deferred but not ultimately abandoned the possibility of their union. This deferral functions is the 'motor of the narrative'.

When the dying Devdas finally arrives at Parvati's doorsteps, ready to claim her, there is a classic role reversal; it is Parvati's turn to accept Devdas's submission. Without respect to her social position as a mistress of a powerful feudal estate and her familiar responsibilities as a wife and mother, Parvati rushes to accept Devdas. Her family, which has hitherto been unaware of her secret love for Devdas, could not permit such an infraction and literally locks her within the gates of the family estate, thereby preventing the lovers' reunion and forever closing Parvati to a life of chaste respectability. Meanwhile, in an equally melodramatic scene the chaste Devdas dies at Parvati's doorstep lamenting to see Paro.

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A DEMOGRAPHIC STUDY OF PROBLEMS FACED BY INDIAN SHIPPING AGENTS (WITH SPECIAL REFERENCE TO LUDHIANA – PUNJAB)

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ABSTRACT

With advent of globalization, the world is blooming with magnificent opportunities of growth in business. It has led boom in all sectors of economy thus bringing impact on international business also. Logistics play important role in international business. Major focus of exporters is that materials should be shipped on time and this task is performed by shipping agents like CHA, freight forwarders etc. Ludhiana is developing city where export turnover is very high. The city has more than 100 export industries which include SEZ and EOU's but due to lack of infrastructure, intermediaries, CHA's and freight forwarders confront many difficulties and thus they lag behind. This paper attempts to explore the root cause of such problems faced by various shipping agents and suggestions to improve it.

KEYWORDS

Special Economic Zones, Custom House agents, Shipping Agents, Export Oriented Units.

INTRODUCTION

With advent of globalization, the world is blooming with magnificent opportunities of growth in business. It has led boom in all sectors of economy thus bringing impact on international business also. The globalisation in recent years has made it imperative for firms to look forward the problems and difficulties faced by shipping agents in order to gain and sustain competitive advantage. Export sales are increasingly seen as one route to corporate growth for the firm. India has become an outsourcing hub for foreign manufacturing and retailers. Large and low cost labour, sizeable supply of fabric and abundant supply of raw material with huge spindle age capacity give India a competitive advantage and boost exports of large variety of textile products. Textile export is the highest foreign exchange saver for the state of Punjab which carries with it a rich cultural heritage in the manufacturing of yarn, fabric and garments. Therefore it was thought prudent to study the problems and difficulties faced by shipping agents and forwarding agents and its impact on export performance of the firms.

An effective transportation system is the life line of an economy as trade and transport are closely linked. The fast economic growth can only be achieved through proper transportation management which is an essential and a major sub-function of logistics that creates time and place utility in goods. Logistics and intermediaries play an important role in international business. Logistics is generally a cost centre service activity, but provides value via improved efficiency and customer satisfaction. Logistic Management is that part of the supply chain which plans, implements and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer and legal requirements.

Intermediary is a third party that offers intermediation services between two trading parties. The intermediary acts as a conduit for goods or services offered by a supplier to a consumer. Typically the intermediary offers some added value to the transaction that may not be possible by direct trading, for e.g. Mortgage brokers, financial advisors, Insurance brokers and supply chain management. Logistics cost, i.e. transportation, inventory holding, warehousing, packaging, losses and related administration costs have been estimated at 13-14% of Indian GDP which is higher than 80% of USA's and 6-8% of the other developed countries. Out of this percentage of logistics cost, transportation contributes more than 40% and in-transit losses 14%, thus, both put together account for more than half the logistics cost and very interestingly all these costs are dependent on transportation.

Alarming, India appears among the top ten countries which suffer from in-transit losses. Supply chain management is the "design, planning, execution, control and monitoring of supply chain activities with the objective of creating net value, building a competitive infrastructure, leveraging worldwide logistics, synchronizing supply with demand and measuring performance globally" APICS.

PROBLEMS ADDRESSED BY SUPPLY CHAIN MANAGEMENT

- Distribution Network Configuration:** Number, location and network missions of suppliers, production facilities, distribution centers, warehouses, cross-docks and customers.
- Distribution Strategy:** Questions of operating control (centralized, decentralized or shared); delivery scheme, e.g., direct shipment, pool point shipping, cross docking, DSD (direct store delivery), closed loop shipping; mode of transportation, e.g., motor carrier, including truckload, LTL, parcel; railroad; intermodal transport, including TOFC (trailer on flatcar) and COFC (container on flatcar); ocean freight; airfreight; replenishment strategy (e.g., pull, push or hybrid); and transportation control (e.g., owner-operated, private carrier, common carrier, contract carrier, or 3PL).
- Trade-Offs in Logistical Activities:** The above activities must be well coordinated in order to achieve the lowest total logistics cost. Trade-offs may increase the total cost if only one of the activities is optimized. For example, full truckload (FTL) rates are more economical on a cost per pallet basis than less than truckload (LTL) shipments. If, however, a full truckload of a product is ordered to reduce transportation costs, there will be an increase in inventory holding costs which may increase total logistics costs. It is therefore imperative to take a systems approach when planning logistical activities. This trade-offs are key to developing the most efficient and effective Logistics and SCM strategy.
- Information:** Integration of processes through the supply chain to share valuable information, including demand signals, forecasts, inventory, transportation, potential collaboration, etc.
- Inventory Management:** Quantity and location of inventory, including raw materials, work-in-progress (WIP) and finished goods.
- Cash-Flow:** Arranging the payment terms and methodologies for exchanging funds across entities within the supply chain.

Supply chain execution means managing and coordinating the movement of materials, information and funds across the supply chain. The flow is bi-directional.

AREA OF THE STUDY

Major focus of exporters is that materials should be supplied on time and this task is performed by shipping agents like custom house agents, freight forwarders etc.

Ludhiana district of Punjab is hub of exporters and all exporters work with the help of intermediaries and CHA's, though **Ludhiana (PUNJAB)** is a developing city but is very much untapped market where research and in-depth study is demanded because export is adding to the revenue of our country.

Ludhiana city has around 100 (Custom House Agents). They have Containers Freight Stations (CFS), Better roads, good rail connectivity therefore this makes us to have in-depth study of **"Prospects of exporters from Ludhiana City"**

REVIEW OF LITERATURE

Mishra et al. (2005) studied the **"Problems, challenges and opportunities of logistics with special reference to Indian economy"**. They believed that the logistics industry in India is evolving rapidly and it is the interplay of infrastructure, technology and new types of services providers that will define whether the industry is able to help its customers reduce their logistics costs and provide effective services (which are also growing).

Gujar (2006) in his thesis titled, **"Growth of Containerization and Multimodal transportation in India"** analyzed the multimodal transportation system in India; identified the numerous facets of the system; and studied the role of multimodal transportation in the economic growth of the country. It also highlights the shortcomings and challenges India is facing because of lack of legislation, policy failures, infrastructure limitation, and operational deficiencies and suggests measures for improving efficiency and operation.

The objective of the article titled, **"Impact of transportation Infrastructure on logistics in India"** by **Vijayaraghavan (2007)** is to put forth the macro perspectives in Indian transportation logistics, the scenarios in the infrastructure, which constitute Macro Logistics in the country. Transportation has great impact on a country's economy.

OBJECTIVES OF THE STUDY

- 1.) To know difficulties of custom house agents (CHA's) related to Ludhiana region.
- 2.) To know whether problems have any relationship with demographic variables like age, education qualification and occupation of agent.

RESEARCH METHODOLOGY

The textile industry provides an ideal setting for study as there are small to medium sized firms, engaged in exports of variety of products. The northern states of India are major sources of textile manufacturers and exports as they have location advantage regarding supply of raw material. Therefore Punjab (Ludhiana) has been chosen to study.

SCOPE OF THE STUDY

Problems faced by 'Custom House Agents' shipping lines during export transit are the major area of study. The study explores various issues raised by CHA's regarding connectivity, infrastructure developments and problems related with the port.

DATA COLLECTION

Total number of Custom House Agent's in Ludhiana city is 100 therefore present study is based on total sample size of 30 respondents.

Both Primary and secondary data was collected. Questionnaire was designed in two sections based on a) Demographic variables (Age, Occupation, and Educational Qualification) b) Problems faced by respondents.

HYPOTHESIS

1. Ho1: There is no significant impact of age towards the difficulties faced by shipping agents.
2. Ho2: There is no significant variation between shipping agents and employed agents towards perception to problems faced while shipping.
3. Ho3: There is no significant variation or impact of qualification on perception towards problems faced by shipping agents.

ANALYSIS OF DATA

Collected Data was analysed on the basis of age, qualifications, occupations (here by occupation we mean that respondent is agent himself or employee of agent) of shipping agents.

Data was collected by obtaining the responses on a 5 point Likert scale ranging from strongly disagree (1) to strongly agree(5) over 14 attributes when data was classified under age, occupation and qualification of agent.

The data so collected was processed and analysed which included tabulation of data and performance of statistical application using MS Excel and XL STAT software version 2010.

DATA ANALYSIS

The analysis of various factors considered in view of the objectives listed above is given below:-

TABLE 1: SAMPLE CHARACTERISTICS

Socio economic profile of shipping agents		
Group	N=30	%
AGE		
25-35	8	26.67
35-45	16	53.33
45 ABOVE	6	20
OCCUPATION		
SERVICE	10	33.33
BUSINESS	20	66.67
EDUCATIONAL QUALIFICATION		
PROFESSIONAL GRADUATE	8	26.67
PG	6	20
GRADUATE	14	46.67
PROFESSIONAL PG	2	6.67

Source: Field survey

The characteristics of sample depicted in table 1 reveals that the majority of the respondents are between 35-45 years of age (53.33%), followed by age group of between 25-35 years (26.67%) and only (20%) respondents lie in the age group of 45 years. From the total respondents, 10 respondents are of service (employee of agent) and 20 are of business shipping agents.

Respondents are mostly graduate (46.67%) and professional graduate are of (27%) but very less respondents are Post Graduate (20%) and professional PG (6.67%)

Table 2, has been drawn to display the overall mean for responses made from various age groups, occupation and their educational qualification, so as to relate these demographic variables with their specific problems.

TABLE 2: OVERALL DEMOGRAPHIC VARIABLES SCORE

Group	N=30		
AGE		Mean	SD
25-35	8	4.43	1.161
35-45	16	3.71	0.874
45 ABOVE	6	3.71	1.26
OCCUPATION	N=30	Mean	SD
SERVICE	10	3.8	1.084
BUSINESS	20	3.4	0.86
EDUCATIONAL QUALIFICATION	N= 30	Mean	SD
PROFESSIONAL GRADUATE	8	3.6	0.98
PG	6	3.74	0.87
GRADUATE	14	4.14	1.39
PROFESSIONAL PG	2	3.67	1.002

Overall mean for different age groups are tabulated out of which 25-35 years mean value is 4.43 which is more than other age groups indicating majority of problems are related with age group of 25-35 years of age. Also agents, who are in service, mean value (3.8) is slightly more than agents having their own business (3.4) which shows agents who are in service as occupation face more problems than agents having their own business. And as regard to their educational qualification, graduate mean value is (4.14) which is more than other qualified agents. This shows mostly agents are graduate and have common problems.

The respondents were asked to measure the importance of 14 types of problems on 5 point scale anchored by strongly agree (5) to strongly disagree (1) and no respondents lead to results strongly disagree(1)

TABLE 3: FREQUENCY DISTRIBUTION OF RESPONSES OBTAINED

FREQUENCY DISTRIBUTION		N= 30				
S. NO	ATTRIBUTES	Strongly agree(5)	Agree(4)	can't say(3)	Disagree(2)	strongly disagree(1)
1	Non availability of containers from shipping line	6	18	2	4	0
2	Long waiting for clearances from customs	6	24	0	0	0
3	Long time taken for document clearance to clear export consignment	4	18	8	0	0
4	Container not available on time	2	12	2	14	0
5	Shipment cannot be done within short period (10 days)	0	6	14	10	0
6	Many time congestion on port	12	14	2	2	0
7	Preference given to regular/ big exporters	4	18	6	2	0
8	Preference given on loading and unloading of containers	0	8	18	4	0
9	Many documents for export clearance delay in work	10	16	4	0	0
10	Unawareness of proceedings	0	18	6	6	0
11	Poor connectivity	8	16	2	4	0
12	Poor govt. Publicity	2	10	18	0	0
13	Non-professional attitude of govt. Officers	4	16	8	2	0
14	Infrastructure problem (Local dry ports	8	18	4	0	0

Table 3 depicts views of respondents regarding their problem on the basis of their classification. The results of study revealed out of 14 attributes 5 factors are long waiting for clearances from customs, many time congestion on port, Many documents for export clearance delay in work, Non-professional attitude of govt. officers, infrastructure problems were found to have a significant impact on their problems being faced by them, 80% respondents (agree) that they have long waiting for clearances from customs, 47% of respondents (agree) that they have many time congestion on port. Again 53% (agree) that there are many documents for export clearances delay in work. And quite importantly 53% (agree) respondents believe that they face Non-professional attitude of govt. officers and 60% respondents (agree) with Infrastructure problems.

IMPACT OF DEMOGRAPHIC FACTORS ON THEIR PROBLEMS

The impact of various demographic factors: age, occupation and qualification were analyzed with different age groups and their relationships were analyzed through ANOVA and t test. (Significant at 5 % level)

TABLE 4: ANOVA AND F TEST USED ON AGE OF RESPONDENTS

Analysis of significant demographic variables					
Variables	Age(in Years)	N = 30	Mean	SD	F Value
Non availability of containers from shipping line	25-35	8	4.25	0.97	0.093
	35-45	16	3.875	0.87	
	45 – above	6	3.33	0.95	
Long waiting for clearances from customs	25-35	8	4	0.48	0.010
	35-45	16	4.25	0.43	
	45 – above	6	4.33	1	
Long time taken for document clearance to clear export consignment	25-35	8	3.5	1.13	4.151
	35-45	16	4.125	0.33	
	45 - above	6	3.67	0.94	
Container not available on time	25-35	8	3.75	0.93	0.136
	35-45	16	3.125	0.93	
	45 - above	6	2	0	
Shipment cannot be done within short period (10 days)	25-35	8	3	0.77	27.000
	35-45	16	2.75	0.66	
	45 - above	6	3	0.82	
Many time congestion on port	25-35	8	4	0.63	0.010
	35-45	16	4.25	0.97	
	45 - above	6	4.33	1	
Preference given to regular/ big exporters	25-35	8	4	0.63	20.816
	35-45	16	3.5	0.7	
	45 - above	6	4.33	1	
Many documents for export clearance delay in work	25-35	8	4	0.63	27.000
	35-45	16	4.375	0.69	
	45 - above	6	4	0.82	
Unawareness of proceedings	25-35	8	3	0.62	1.171
	35-45	16	3.625	0.69	
	45 - above	6	3.33	0.95	
Poor connectivity	25-35	8	3.25	0.4	0.025
	35-45	16	4	0.87	
	45 - above	6	4.67	0.48	
Poor govt. publicity	25-35	8	3.5	0.75	0.750
	35-45	16	3.5	0.7	
	45 - above	6	3.33	0.47	
Non-professional attitude of govt. officers	25-35	8	4.25	0.75	0.378
	35-45	16	3.5	0.7	
	45 - above	6	3.67	0.48	
Infrastructure problem (Local dry ports	25-35	8	4	0.96	0.117
	35-45	16	4.125	0.6	
	45 - above	6	4.33	1	

Source: Field survey

ON THE BASIS OF AGE

From the Table4, it is found that the distribution of respondents based on age, some significant differences were found among different age groups viz. 25-35 years, 35-45 years and above 45 years in terms of their perception towards their responses towards their problems. Mostly responses obtained from 35-45 groups vary slightly with age groups of 25-35 ages .Mean values of 13 statements were analyzed, out of which 4 factors like Long waiting for clearances from customs mean value ranges from(4 , 4.25, 4.33) from age groups 25-35, 35-45, 45 and above, Many time congestion on port mean score(4, 4.25, 4.33) for different age groups, Many documents for export clearance delay in work mean score (4.33) for 25-35 age group,(4.37) for 35-45 age group, (4) for 45- above age groups and Infrastructure problems mean score (4,4.125,4.33) of different age groups were found highest for these 4 factors signify that these factors are major problems which are common for all ages of groups. SD also ranges high for all these 4 factors over total 13 attributes taken. Level of significance varies much in certain factors as Preference given to regular/ big exporters, many documents for export clearance delay in work, Long time taken for document clearance to clear export consignment. This interprets that age has not much relation with their problems. All the respondents with different age groups find common problems inspite of any age and experience they are into this work.

TABLE 5: ANOVA AND F TEST USED ON OCCUPATION OF RESPONDENTS

Analysis of significant demographic variables					
Variables	Occupation	n =30	MEAN	SD	F value
Non availability of containers from shipping line	Service	10	3.8	0.97	3.333
	Business	20	3.9	0.83	
Long waiting for clearances from customs	Service	10	4.6	0.48	1.939
	Business	20	4.1	0.3	
Long time taken for document clearance to clear export consignment	Service	10	3.6	1.13	1.215
	Business	20	3.8	0.6	
Container not available on time	Service	10	3.6	0.93	1.215
	Business	20	2.8	1.16	
Shipment cannot be done within short period (10 days)	Service	10	2.8	0.77	3.994
	Business	20	3	0.77	
Many time congestion on port	Service	10	4	0.63	4.052
	Business	20	4.3	0.9	
Preference given to regular/ big exporters	Service	10	4	0.63	1.639
	Business	20	3.4	0.66	
Many documents for export clearance delay in work	Service	10	4	0.63	4.052
	Business	20	4.3	0.46	
Unawareness of proceedings	Service	10	3.8	0.62	1.767
	Business	20	3.3	0.83	
Poor connectivity	Service	10	4.2	0.4	2.047
	Business	20	3.8	0.96	
Poor govt. Publicity	Service	10	2.8	0.75	6.176
	Business	20	3.3	0.46	
Non-professional attitude of govt. officers	Service	10	4.8	0.75	0.988
	Business	20	3.5	0.8	
Infrastructure problem (Local dry ports	Service	10	3	0.96	13.970
	Business	20	4.1	0.3	

Source: Field survey

ON BASIS OF OCCUPATION

Table 5, depicts views of respondents on the basis of occupation. Mean values for 4 factors as long waiting for clearance from customs mean score ranges 4.1 for service respondents to 4.6 for business respondents, Many time congestion on port mean score (4,4.3) for service and business respondents, Many documents for export clearance delay in work mean score (4,4.3) for service and business respondents, Poor connectivity mean values(4.2, 3.8) for service and business respondents were found highest over other attributes The SD also ranges high for these same factors over all 13 attributes. This signify that service and business agents have common major problems inspite of their occupation

In the ANOVA Test results that mostly agents in service have more problems than agents having their own business as service agents find more problems related to documents. Non Professional attitude of government officers, poor govt. Publicity and infrastructure problems. But apart from such small differences there is no much significant impact of occupation to their problems which are mostly of similar nature.

TABLE 6: ANOVA AND F TEST USED ON EDUCATIONAL QUALIFICATION OF RESPONDENTS

Analysis of significant demographic variables					
Variables	Qualification	N=30	mean	SD	F value
Non availability of containers from shipping line	PROFESSIONAL GRADUATE	8	4	0.7	
	PG	6	3.86	0.86	5.879
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	3.67	1.25	
Long waiting for clearances from customs	PROFESSIONAL GRADUATE	8	4	0	
	PG	6	4.29	0.47	5.934
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	4.67	0.82	
Long time taken for document clearance to clear export consignment	PROFESSIONAL GRADUATE	8	3.75	0.43	
	PG	6	3.86	0.64	10.341
	GRADUATE	14	2	0	
	PROFESSIONAL PG	2	4	0.82	
Container not available on time	PROFESSIONAL GRADUATE	8	3.5	1.12	
	PG	6	2.86	0.99	23.711
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	2.67	0.94	
Shipment cannot be done within short period (10 days)	PROFESSIONAL GRADUATE	8	2.75	0.5	
	PG	6	3	0.75	13.505
	GRADUATE	14	2	0	
	PROFESSIONAL PG	2	3	0.82	
Many time congestion on port	PROFESSIONAL GRADUATE	8	3	1	
	PG	6	4.57	0.5	0.142
	GRADUATE	14	5	1.42	
	PROFESSIONAL PG	2	4.33	1	
Preference given to regular/ big exporters	PROFESSIONAL GRADUATE	8	4	0	
	PG	6	3.14	0.64	0.083
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	4	0.82	
Many documents for export clearance delay in work	PROFESSIONAL GRADUATE	8	4.5	0.5	
	PG	6	4	0.53	0.009
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	4	0	
Unawareness of proceedings	PROFESSIONAL GRADUATE	8	3.25	0.43	
	PG	6	3.57	0.73	3.157
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	3.33	0.95	
Poor connectivity	PROFESSIONAL GRADUATE	8	3.75	0.43	
	PG	6	4.29	1.02	0.711
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	3.33	0.95	
Poor govt publicity	PROFESSIONAL GRADUATE	8	3.5	0.5	
	PG	6	3.57	0.73	1.350
	GRADUATE	14	3	0	
	PROFESSIONAL PG	2	3.33	0.47	
Non professional attitude of govt. Officers	PROFESSIONAL GRADUATE	8	3.5	0.87	
	PG	6	3.71	0.53	0.005
	GRADUATE	14	4	1	
	PROFESSIONAL PG	2	4	0.82	
Infrastructure problem (Local dry ports	PROFESSIONAL GRADUATE	8	3.75	0.43	
	PG	6	4.29	0.47	2.319
	GRADUATE	14	5	1.42	
	PROFESSIONAL PG	2	4	0.82	

Source: Field survey

ON BASIS OF EDUCATIONAL QUALIFICATION

From table 6, it is found that the mean values of same 4 common factors as long waiting for clearances from customs, Many time congestion on port, Many documents for export clearance delay in work, Infrastructure problems are having highest mean values ranging from (4 to 5) over all other 13 factors. This depicts that these are the common problems faced by respondents in spite of any educational qualification they have.

In the ANOVA results mostly respondents are graduate and there is slight differences with qualification to their problems, normally all of their problems are related with Long time taken for document clearance to clear export consignment, Container not available on time, Shipment cannot be done within short period (10 days) but mostly every problem is similar to any qualification respondent possesses.

TESTING OF HYPOTHESIS**HO1: THERE IS NO SIGNIFICANT IMPACT OF AGE TOWARDS THE DIFFICULTIES FACED BY SHIPPING AGENTS.**

Hypothesis testing (T test)				
AGE	n=30	Mean	SD	T Value
25-35	8	4.43	1.161	
35-45	16	3.71	0.874	1.03
45 ABOVE	6	3.71	1.26	

p-value (Two-tailed) 0.082

Alpha 0.05

Test interpretation:

H₀: The difference between the means is equal to 0.

H_a: The difference between the means is different from 0.

As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀.

The results of T test presented reveals mainly that there was no age group wise significant differences with regard to the problems being encountered during export transit.

HO2: THERE IS NO SIGNIFICANT VARIATION BETWEEN SHIPPING AGENTS AND EMPLOYED AGENTS TOWARDS PERCEPTION TO PROBLEMS FACED WHILE SHIPPING

Hypothesis testing (T test)				
OCCUPATION	N=30	Mean	SD	T Value
SERVICE	10	3.8	1.084	1.1
BUSINESS	20	3.4	0.86	

p-value (Two-tailed) 0.205

Alpha 0.05

Test interpretation:

H₀: The difference between the means is equal to 0.

H_a: The difference between the means is different from 0.

As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The results of T test presented reveals mainly that there was no Occupation wise significant differences with regard to the problems being encountered during export transit.

As respondents who are in service or business face similar problems though one who has his own business of shipping lines find difficulties and problems during transit.

HO3: THERE IS NO SIGNIFICANT VARIATION OR IMPACT OF QUALIFICATION OR PERCEPTION TOWARDS PROBLEMS FACED BY SHIPPING AGENTS.

Hypothesis testing (T test)				
EDUCATIONAL QUALIFICATION	N= 30	Mean	SD	T value
PROFESSIONAL GRADUATE	8	3.6	0.98	
PG	6	3.74	0.87	1.186
GRADUATE	14	4.14	1.39	
PROFESSIONAL PG	2	3.67	1.002	

p-value (Two-tailed) 0.058

Alpha 0.05

Test interpretation:

H₀: The difference between the means is equal to 0.

H_a: The difference between the means is different from 0.

As the computed p-value is greater than the significance level $\alpha=0.05$, one cannot reject the null hypothesis H₀. The results of T test presented reveals mainly that there was no Educational Qualification wise significant differences with regard to the problems being encountered during export transit. As we normally believe that who are highly qualified have less problems than less qualified but the study reveals

all the respondents find similar problems in spite of their qualifications.

FINDINGS

The various factors considered and analysed for addressing the problems faced by respondents, various tools were used to analyse the data and various interpretations are given, present study reveals as under:

1. Although all the factors considered under study are relevant and important but still certain factors were found under study more effecting and making impact on their problems in export transit like long waiting for clearances from customs, many time congestion on port, Many documents for export clearance delay in work, Preference given to regular/ big exporters, Non-professional attitude of govt. Officers, poor connectivity and infrastructure problems.
2. As regard to demographic variables are concerned no significant impact was found during study of the perception towards their problems as every respondent agree with common problems becoming hurdles in their way of export transit. There is no relation with any age they are into shipping lines, they are facing common problems as our system has flaws which with ages and experience do not change. Even respondents are in service or having their own business duly agree on common problems. Also their educational qualification was considered, majority of respondents are graduate but till now any qualification they possess, they are having same problems which are becoming root cause in their working conditions. Though people believe that with age, qualification and occupation the problems become easy but the study interprets that these problems are hampering development of Ludhiana city which really needs emphasis and improvement.
3. For maintaining better system government role is important, as mostly problems which our prospective exporters face are due to lack of diligence and sincerity of government officials otherwise if govt support increases towards the prospective region like Ludhiana which is a developing city, we can expect more exports coming forward towards this region
4. There is a urgent need to modify the system by paying more attention towards infrastructure of Ludhiana region which is leading to poor connectivity and more lead time which do not allow our exporters to clear their contracts and consignment on time

CONCLUSION

The study will be very useful for all the people who are engaged in export and also will empower all those who are trying to change the system and are directly or indirectly linked with the problems during export transit.

Thus to interpret it is a high time to wake and develop a better system so that Ludhiana region of Punjab which is a hidden location can develop with new innovations if these problems will be addressed on time.

The findings of the study listed above, if properly taken care of would increase efficiency and productivity of the organisation, provide products on time leading to better exports and increasing export share of our country.

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HUMAN RESOURCE MANAGEMENT AND KNOWLEDGE MANAGEMENT: A SYNTHESIS OF RESEARCH AND MANAGERIAL IMPLICATIONS

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ABSTRACT

Knowledge is progressively being recognized as a key factor and source for competitive advantage in the modern knowledge based global economy furthered by the buoyant service sector, the growth in the number of 'knowledge workers', the increasingly rapid flow of global information, and the wider acceptability of the importance of intellectual capital and intellectual property rights. In lieu of the present shifts, this paper attempts to circumference the literature available justifying the relationship of HRM and KM, also it will throw light on conceptual, theoretical foundations and further ends with its managerial implications for organizations in knowledge economy. The paper holds importance as the studies establishing explicit relationship between people management and knowledge processes are seldom examined despite the fact that knowledge management is typically defined to be the holistic combination of people, processes and technology. The paper reiterates the need to develop a more critical and integrated view of KM and HRM issues for organisational performance improvements.

KEYWORDS

Knowledge Management, Human Resource Management.

INTRODUCTION

THEORETICAL FOUNDATIONS AND LITERATURE REVIEW

Knowledge is increasingly being acknowledged as an organizations key strategic asset in present times (e.g. Grant, 1996; Spender, 1995; Stewart, 1997; Teece, 1998; Tissen et al., 2000; Von Krogh, 1998)) and its creation, dissemination and application as a vital source of competitive advantage (e.g. Lester, 1996; Lloyd, 1996; Marshall, Prusak and Sphillberg, 1996; Aliaga, 2000; Sveiby, 1997). How, then, is human resource management (HRM) related to knowledge management? Scholars have argued recently that knowledge is dependent on people and that HRM issues, such as employee resourcing i.e. recruitment and selection; training, education and development; performance appraisal and management; pay and reward, as well as the creation of a learning culture are vital for managing knowledge within firms (Evans 2003; Carter and Scarbrough 2001; Currie and Kerrin 2003; Hunter et al 2002; Robertson and Hammersley 2000) Human Resource Management (HRM) deserves an explicit consideration in the people-centered KM debate. In leading organisations and industries, people management is assumed to be one of the top strategic priorities (e.g. Baron and Kreps, 1999; Mabey and Salomon, 1995; Mueller, 1996; Storey, 2001). It is worth mentioning the increase of research dealing with the relationship between human resource (HR) practices and organisational performance (e.g., Arthur, 1992, 1994; Becker and Gerhart, 1996; Delaney and Huselid, 1996; Delery and Doty, 1996; Huselid, 1995; MacDuffie, 1995; Pfeffer, 1994). Although from different perspectives and with noticeable differences as to specific practices, empirical support for the positive impact of HRM on organisational performance can be assumed.

Certainly, both knowledge and human resources (HR) are being increasingly regarded as key levers of competitive advantage in today's global, dynamic and complex business environment. Importantly, in the context of knowledge work (e.g. Alvesson, 1993; Davenport et al., 1996; Davis and Botkin, 1994; Edvinsson and Sullivan, 1996; Starbuck, 1992; Tampoe, 1993; Ulrich, 1998; Winch and Schneider, 1993), people and knowledge are two concepts inextricably joined. Individual human beings are the ultimate knowledge creators and bearers (organisations do not think by themselves, although they may have "knowledge enabling" contexts and "memory" systems). Accordingly, great care has to be taken so as to increase their capability as organisational knowledge enhancers and, as a result, the rigorous and strategic management of people can act as a trigger toward effective knowledge-leveraging processes. In fact, both people and knowledge are to be regarded as having special potential as scarce and idiosyncratic resources, consistent with the premises of the resource-based approach to strategic management (e.g. Grant, 1991; Peteraf, 1993; Rumelt, 1991; Wernerfelt, 1984). Indeed, a number of rigorous works exist that, while (more loosely or closely) related to a resource-based view, also deal with KM (e.g. Grant, 1996; Kogut and Zander, 1992; Spender, 1996; Tsoukas, 1996; Zander and Kogut, 1995) or HRM (e.g. Kamoche, 1996; Lado and Wilson, 1994; Mueller, 1996).

Hansen et al.'s study makes several useful contributions to HRM. First, it links both KM and HRM to the competitive strategy of the firm, that is, it is not knowledge in itself but the way it is applied to strategic objectives that is the critical ingredient of competitiveness. Second, this account stresses the need for best fit between HRM practices such as reward systems and an organization's approach to manage knowledge work.

Despite the above arguments, and the fact that practitioners are – with the lead of global companies – increasingly aware of the importance of the fit between KM initiatives and cultural and people-related issues, such an integration is not always as successful in business practice as it would be desirable. In other words, although managers are usually keen to recognise the relevance of human and social issues for KM initiatives to succeed, a number of structural, organisation-embedded elements (e.g. rigid structures, "old-fashioned" cultural traditions, KM-unfriendly policies and routines, communication pitfalls) create obstacles to the KM efforts which are quite difficult to overcome – even despite initial managerial commitment to do so. Certainly, there is need for studies that help to advance toward shedding light on how to turn managerial concern into effective managerial ability to change the way of doing things.

Moreover, academics are not rigorously taking systematic steps toward comprehensive theory building linking KM and HRM. Certainly, sound academic studies do exist, both empirical (e.g. Arthur and Aiman-Smith, 2001; Bontis et al., 2002; Edmondson, 1999; Inkpen, 1996; Inkpen and Crossan, 1995; Kusunoki et al., 1998; Lynn, 1998; Scarbrough, 2003; Tampoe, 1993) and theoretical (e.g. Brown and Duguid, 1998; Hedlund, 1994; Hislop, 2003; Kamoche and Mueller, 1998; Nerdrum and Erikson, 2001; Ryan, 1995; Starbuck, 1992; Storey and Quintas, 2001). Even so, most of them are mainly linked to (specific aspects of) one of the two main areas of discussion (i.e. KM and HRM).

OBJECTIVES

1. This paper aims to analyse the link between HRM and KM through the various research studies.
2. This paper further intends to highlight the practical implications of KM for various HRM, HRD functions.
3. During the course of study this researcher also aims to advance the role and importance of KM initiatives in HR functions success or failure in knowledge economy

RESEARCH METHODOLOGY

A literature based framework has been adopted for establishing KM's significance and its implications for HR Practices of an organization in knowledge economy.

RATIONALE OF STUDY

This paper portrays the importance of KM and related issues through a research perspective and establishing their practical implications for HRM in knowledge economy. It helps to advance a better understanding of the reasons behind recognizing the importance of KM for HRM success or failure useful both to academics seeking theory building and to practitioner interested in insightful advice.

GROWING IMPORTANCE OF KM AND ITS IMPLICATIONS FOR HRM

The focal areas of discussion and subsequent research in the European countries are on issues pertaining to knowledge workers, knowledge-intensive firms and the critical role of organisational competencies. The demand for knowledge intensive services is growing rapidly as companies are increasingly involved in services rather than goods (Nijhof, 1999).

The growing importance of KM is often seen as a consequence of the move from an industrialised to an information based economy and the rise of 'knowledge workers' and 'symbolic analysts' in advanced (post) industrial societies, with knowledge and expertise focused to solve organizational problems. However, not only has insufficient attention been given to the role of HRM in KM (e.g. Scarbrough et al, 1999) but the implications of KM for HRM and the challenges it poses for its status, role identity and *raison d'être* have not been fully appreciated.

In India too because of the importance of knowledge and knowledge sharing, many firms have attempted to develop in-house knowledge management systems through which they can more effectively leverage their existing knowledge through knowledge transfer and reuse.

In the UK, Scarbrough (1999) and Scarbrough et al (1999), surveying HRM and KM for the IPD, identify knowledge formation and acquisition, knowledge absorption, and knowledge retention as key processes. They argue that technology alone cannot fully capture and manage innovative thinking in an organisation, and that HR needs greater attention in promoting information sharing. A technology-driven view, focusing on flows of information and groupware, intranets and IT tools, is becoming dominant, losing sight of people and sidelining HR. KM, however, is a process, not a technology, and is linked to changes in the ways people work. A supportive culture is seen as necessary, supported by for example performance management systems that link rewards to individual contribution to projects, creating an internal market for knowledge. Encouraging people to use their expertise, and making specific reference in appraisal and reward management to passing on skills and knowledge to others may also be necessary. There may also need to be appropriate HR mechanisms, such as good practice in selection, training and reward, and an appropriate HR role in managing change and overcoming resistance to sharing information. However, rewarding knowledge sharing may reinforce notions of individual property, undermining teamwork - opportunities to work on challenging projects or be innovative may be rewards in themselves, generating professional recognition or influence on future projects. Short-term financial incentives may also undermine longer-term learning. Basing KM on IT may therefore place too much emphasis on the supply of knowledge, and too little on how we use it.

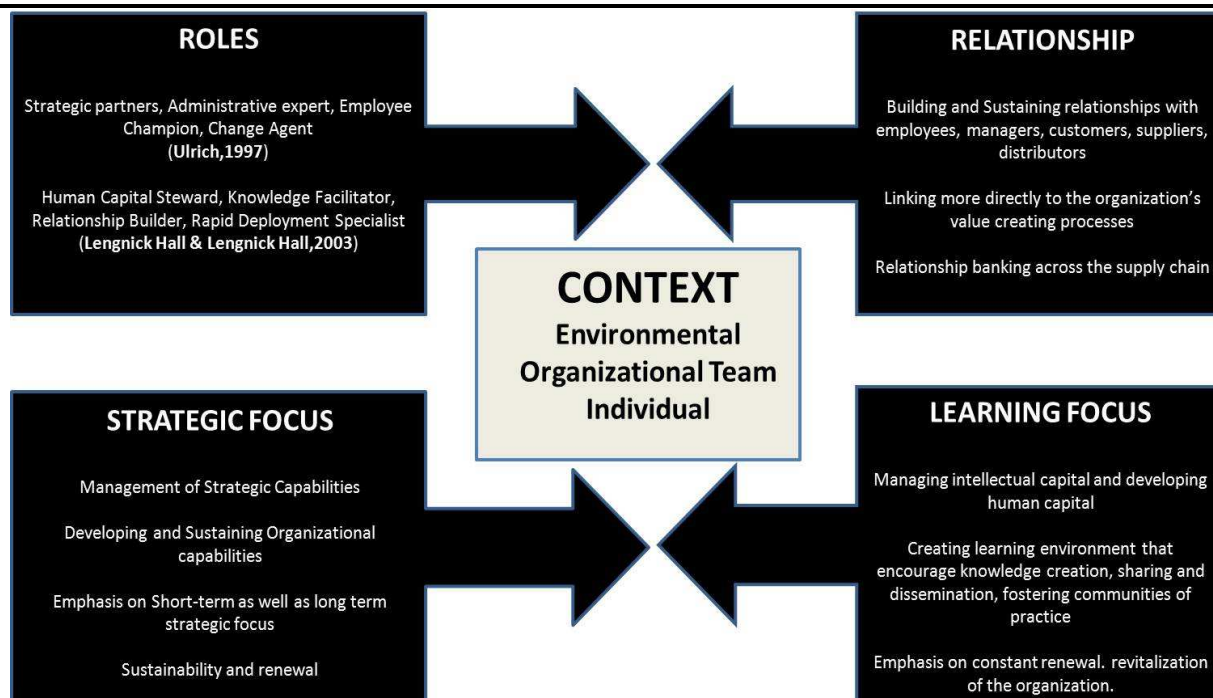
In terms of the HRM function, the rise of the so-called knowledge economy has had a major impact, with a considerable shift from HRM as a bureaucratic 'personnel management' operation to the development of discrete HRM functions over the past few decades. This has been accompanied by the integration of these functions to support competitive advantage and a more strategic thrust. Having said this, a considerable number of experts in the area warn that HRM faces extinction if it does not respond to changes brought about by the shift from a traditional to a knowledge based economy (Stewart, 1997; Ulrich, 1997, 1999; Saint-Onge, 2001; Lengnick-Hall & Lengnick-Hall, 2003). Unable to add value under these conditions, the HRM function is perceived to be under extreme threat (Stewart, 1997; Stone, 2002). It has been suggested that one way for HRM to reinvent itself is through its contribution to effective linkages between human capital management and knowledge management within organizations (Saint-Onge, 2001; Fitz-enz in Chatzkel, 2002; Gloet, 2004).

The rapid growth of technology has led to an economy where competitive advantage is increasingly based on the successful application of knowledge (Lengnick-Hall & Lengnick-Hall, 2003). Knowledge, with its intangible aspects, is becoming a defining characteristic of economic activities, as opposed to tangibles such as goods, services or production processes. The rise of the knowledge economy has seen a proliferation of information and communication technologies, coupled with greater organizational complexity, the growth of virtual and global organizations and rapid change. This in turn requires drastic change within HRM to respond to changing demands of the knowledge economy. Traditional HRM functioned under narrow operational boundaries; in the knowledge economy the role of HRM needs to expand, looking both within and outside the organization. The traditional focus on managing people has been broadened to managing organizational capabilities, managing relationships and managing learning and knowledge (Ulrich, 1997; Saint-Onge, 2001; Coates, 2001; Lengnick-Hall & Lengnick-Hall, 2003). The emphasis on discrete HRM practices is also broadening to a focus on developing themes and creating environments conducive to learning, as well as to the acquisition, sharing and dissemination of knowledge within organizations.

MODELS OF KM ACKNOWLEDGING IMPORTANCE OF HRM

There have been attempts to develop models of KM that acknowledge the importance of HRM. Following are some of research efforts:

- **Toracco (2000)** outlines a model of KM and HRD that identifies four basic units: creating a culture for KM; developing a model for codifying knowledge; addressing the accessibility of knowledge; and focussing on methods and systems for KM, with emphasis on individual knowledge. Drawing on theorising on expertise and tacit/explicit knowledge, Toracco (2000) refers to distinctions between knowledge scope (e.g. job role Vs sectoral knowledge), type (e.g. explicit Vs tacit knowledge), level (basic Vs expert) and specificity (domain generality). In terms of accessibility, Toracco (2000) refers to the availability of knowledge in terms of its source, its half life, and its degree of exposure; in terms of methods and systems for KM, to strategies and techniques for identifying knowledge and making it available to others. He distinguishes between depth (the extent knowledge is made explicit), time constraints, structure (e.g. methods for archiving quantitative and qualitative data) and roles (ways people are allocated to capturing and disseminating knowledge). Only KM initiatives grounded the organizational culture are likely to succeed; otherwise, users may be reluctant to share knowledge. KM needs to be integrated with HRM, IM and competitive strategy. KM is seen as involving three phases, learning, knowledge creation and knowledge use.
- **Gloet, 2004** developed model mapping the relationship between KM and HRM stated that there is greater need to revitalize the HRM function to respond to the demands of the knowledge economy and to develop linkages with KM requires major changes across four key areas: Roles, Responsibilities, Strategic Focus and Learning Focus (see Figure below)
- **Rossett and Marshall (1999)** reported that US HR professionals considered that organisational culture and policies, access to information, developing enabling technologies and the need to learn about KM were key KM issues for HR.
- **Davenport and Prusak, 1998** emphasised a need to encourage employees to put their knowledge products on shelves.
- **Stewart, 1997** Employees however may be reluctant to give away that which is seen as vital to their identity and job security. People will increasingly need to be connected to data, experts and expertise. HR staff themselves may also need training in terms of their roles in KM.



(Source: Gloet, 2004)

PRACTICAL IMPLICATIONS OF KM FOR HR FUNCTIONS

Knowledge Management poses certain challenges for specific dimensions of HRM such as Recruitment and Selection, Training and Development, Career Development, HRD, Performance Management System etc. This section discusses the implications of KM for HR Functions.

Recruitment & Selection

Given that knowledge management is often adopted by organizations in complex, unpredictable environments, traditional selecting and recruitment practices have more often than not to be modified. Thus, **Scarborough (2003)** points out that in innovative organisations the selection of individuals with both appropriate skills and appropriate attitudes has been identified as crucial to the project team's ability to integrate knowledge from diverse sources. He stresses that conventional approaches to selection may need to be revised in the light of the unpredictable knowledge flows involved in innovation projects. In such settings, it may simply be too difficult to specify the requisite knowledge and expertise in advance.

Currie and Kerrin (2003) argue that traditional recruitment and selection practices can even block knowledge sharing between groups or departments in firms organized according to the functional principle. In their study of a pharmaceutical company, they found that assessment centers through which graduates were selected were functionally focused, with sales assessment centers and marketing assessment centre's being run separately. This strengthens the sub-cultures of functions and made knowledge sharing between functions very difficult. Currie and Kerrin emphasize that in order to enhance knowledge sharing employees with an appreciation of others' perspectives have to be preferred, and they encourage the use of lateral career movement by employees in order to develop the necessary appreciation of others' perspectives.

Kristof 1996; Judge and Cable 1997 conducted research studies focusing on the importance of a fit between new recruits and the organisation's knowledge culture. These studies are, therefore, related to the person-organisational fit literature within HRM, stressing a fit between organisational culture and hiring of suitable personality, as well as the socialisation of individuals into the culture of the firm.

Robertson and Hammersley (2000) describe the selection process in a consulting firm where candidates were screened out in two interviews. These interviews involved several consultants from a number of disciplines as well as the HR manager. The overriding importance was on the candidate's ability to 'fit in' to the firm's distinctive way of working, which involved willingness and ability to work in groups and share knowledge. Moreover, psychometric tests were used but little weight was placed on their results.

Evans (2003) argues for revising the interview and selection processes so that they gather evidence about individuals' knowledge-building behaviours. New questions need to be asked, such as: How well networked is the individual? What role does he/she play in the networks they belong to? What types of communities of practice do they belong to? How have they helped develop their colleagues? How do they keep their own knowledge up-to-date?

Training & Development

Robertson and Hammesley (2000) point out that continuous professional development is considered to be essential to professional and knowledge workers. In order to stay at the forefront of their professional fields they must be constantly aware of developments within their specific disciplines and professions and they need to participate in activities that offer opportunities to further their own professional development.

Hansen et al. (1999) argue, as already noted, that codification and personalisation strategies require that organisations hire different kinds of people and train them differently. Codification firms tend to hire undergraduates and train them in groups to be implementers, that is to develop and implement change programs and information systems. Personalisation firms hire MBA graduates to be inventors, that is, to use their analytical and creative skills on unique business problems. Once on board, their most important training comes from working with experienced consultants who act as mentors.

Performance Appraisal/Management System

Roberts 2001 stated that Performance management is a process that identifies who or what delivers the critical performance with respect to the business strategy and objectives, and ensures that performance is successfully carried out.

Evans (2003) points out that on the basis of what gets measured normally gets done it is important that firms consider the knowledge component in their performance management systems. Moreover, she recommends that a balance scorecard approach be adopted if employees are to realize that the firm is taking knowledge management seriously.

Schuler and Jackson (2003) argue that the general strategy of organisations tends to shape HRM practices. They noted vast differences between, among other things, performance management in organisations stressing innovation on one hand, and effectiveness on the other. In the former the performance management system tends to focus on long-term and group-based achievements, while in the latter, performance appraisals tend to be short-term and result-oriented.

Currie and Kerrin (2003) found out that the performance management system inhibited knowledge sharing, as much of the conflict between different functions was due to the divergent objectives set out for employees in the performance agreements.

Swart and Kinnie (2003) argue that a long-term developmental focus on performance management was one of the central factors in integrating knowledge within the organisation.

According to **Evans (2003)** Performance management needs to consider, the different ways in which individuals contribute knowledge. Managers need to consider:

- *Knowledge acquisition* – What knowledge has the individual brought into the organisation?
- *Knowledge sharing* – How has the individual applied their knowledge to help others to develop?
- *Knowledge re-use* – How frequently has the individual re-used existing knowledge and what has been the outcome?
- *Knowledge development* – Has the individual actively developed his/her own knowledge and skills? How well has the individual applied his/her learning?

Reward and Recognition

Reward systems indicate what the organisation values and shapes individuals' behaviour. Evans (2003) argues that there are mixed views as to whether organisations need to introduce separate rewards to encourage knowledge building and sharing. On the one hand, there is no need for separate rewards in theory, if organisations have introduced a competency framework that includes knowledge building and sharing behaviours, and which is linked to the performance management system. On the other hand, another school of thought argues that rewards for knowledge sharing and reuse should be more immediate and be of a public nature, as this type of behaviour is important to the organisation

Zárraga and Bonache (2003) write that traditional reward systems reward those who produce rather than those who share.

Studies by **Depres and Hiltrop 1995; Hertzberg 1997; Horwitz et al. 2003** on knowledge workers have found that they tend to have high need for autonomy, significant drives for achievement, stronger identity and affiliation with a profession than a company, and a greater sense of self-direction. These characteristics make them likely to resist the authoritarian imposition of views, rules and structures.

Evans 2003; Depres and Hiltrop 1995 found that for many knowledge workers it is as motivating to have free time to work on knowledge-building projects, going to conferences, or spending time on interesting projects, as monetary rewards

Horwitz et al. (2003) found that in 'terms of motivating strategies which may reduce knowledge worker turnover, it appears that non-financial strategies may have had a relationship with lower turnover. These included leadership, fulfilling work and participation in key decisions.'

Career Planning

Currie and Kerrin (2003) observed in their study of a pharmaceutical company that through different job placements during their training period, or more generally through their career, graduates and a limited number of senior staff built up an informal network of contacts that they trusted and who trusted them. This facilitated the sharing of knowledge.

Evans 2003; Scarbrough 2003; Swart and Kinnie 2003 have also noted how career systems are important in shaping the flow of employees over time and the way that this interacts with the acquisition and exchange of knowledge.

Human Resource Development

As KM involves recognising, documenting and distributing knowledge to improve organizational performance, it is of particular significance to HRD in training needs analysis and the planning of training to improve performance and deliver strategic results. KM challenges HR over intellectual property, professional identity and unit boundaries; KM perspectives move HRD's goal away from developing individual capacity to creating, nurturing and renewing organisational resources and interactions. Instead of devising training courses, HRD practitioners may need to identify organised elements that learners can reference as needed, depending on the particular challenges faced. Diverse experiences and examples may also need to be captured and rich commentaries and stories provided, as well as technical data in order to reflect different user concerns and learning styles. All these need to be embedded in KM system, not in a classroom (Rossett, 1999). Additional questions raised for HRD include how to encourage information sharing, counter resistance to publicising ideas, recognise individual contributions, provide security and status for individual contributors, and update skills and data. KM may well strengthen the view that training is a strategic investment, as a 'central objective of the human resource function of a firm is to enhance the firm's competitive position by creating superior 'human capital' resource (Koch and McGrath, 1996, p336). Many HRD practitioners are however insufficiently informed about the implications of KM for HRD, and may not appreciate how adopting a KM perspective will transform their role away from direct training towards a more consultant-like knowledge intermediary (or knowledge broker) role.

KNOWLEDGE MANAGEMENT IN INDIAN ORGANIZATIONS

India has in recent past proved that it has a definite competitive advantage in developing sophisticated and innovative systems, which have been appreciated worldwide. In order to be a strong and global player, India companies need to consolidate their human knowledge. In India KM practices have taken a leap in industry sectors like BPO, software, healthcare and pharmaceutical. For companies like TCS and Infosys that operate in dozens of countries, KM has given them an edge in the competitive software services market.

Although Indian companies have made breakthrough innovations there is still a need to improvise and overcome certain hurdles. These are creating (a) learning organization and (b) encouraging breakthrough innovation and collaboration across the organization at all levels. Hence, a key responsibility and challenge for corporate executives is to provide sustainable competitive edge. IT and information has become more easily accessible and affordable global commodities, thus the real competitive advantage is for those who can continuously devise and exploit knowledge-based advantages.

In India Professional service firms are leveraging their knowledge capital by forming project teams led by senior experienced professionals, knowledge experts, change agents and so on. This exercise helps in transfer of tacit knowledge to explicit for further usage. Knowledge management Systems has encouraged companies to manage and measure intellectual capital by creating networks and communities of practice

CONCLUSION

This paper has concentrated on how HRM practices can encourage knowledge sharing and re-use. Attention has been given to strategy, selection and recruitment processes, training, reward systems, performance management, career management and the creation of learning environments. Knowledge management and the role of human resource management in knowledge management are still in their infancy. Most of the research conducted so far is based on case studies and interviews, so generalisations of results are problematic. Former studies reveal that HRM strategies may differ depending on mediating variables such as industry type, ownership structure (multinational-domestic) and cross-cultural factors (Horwitz et al. 2003). Future research would thus benefit from longitudinal studies, cross-national comparisons, as well as industrial sectors differences. Also, basic concepts of the debate have to be defined and theories developed. Research in the future should address these shortcomings.

To leverage the knowledge production and benefits in the emerging economy, Indian organizations needs to foster collaboration among its employees to have insights in knowledge base repositories for self and organizations development and competitive advantage. Leading firms are considering their knowledge to be a strategic asset and actively and explicitly manage it by combining Knowledge management practices with information management and a culture of organizational learning. It is a management philosophy, which adds value, gives a competitive edge, create new opportunities and improve profit, organizations, teams and individuals to transform information and knowledge into actions.

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APPLICATION OF Z SCORE ANALYSIS IN EVALUATING THE FINANCIAL HEALTH OF PHARMACEUTICAL COMPANIES- A CASE STUDY

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ABSTRACT

Most of the external users like bankers, financial institutions, investors, government, NGOs etc have been focusing on the success and survival of the business while they were dealing with the same. A continuous effort of analyzing the financial data is inevitable to survive the business. The absolute figures in the financial statements are not serving this purpose. Despite, the ratio analysis considered as a powerful tool for analysis, but combining different ratios into single measure of the probability of sickness will be more powerful than a single ratio. Edward I Altman, Professor of Finance at New York University was the first person who developed a new model popularly known as "Z-score Model" to predict the financial health of the business concerns. He considered five ratios and assigned a weight for each ratio and produced a single number which indicates the financial health of the business concerns. In this research paper an attempt is made to predict the financial health of two selected sample pharmacy companies (Aurobindo Datong Bio-Pharmacy Ltd and RANBAXY Laboratories Ltd) for five years 2005-06 to 2009-10 using modified Altman's model. The research findings of the study are that the overall financial health of both (Aurobindo Pharmacy Ltd and Ranbaxy Laboratories Ltd) companies was good.

KEYWORDS

Active pharmaceutical ingredients (APIs), Aurobindo Datong Bio-Pharmacy Ltd (ADBPL), Food & Drugs Administration (FDA) Good Manufacturing practices (GMP).

INTRODUCTION

The importance of financial management practices have excelled in every area of business. The success of any business is largely depends on its effective financial management practices which starts with procurement of funds and ends with effective utilization of funds. Therefore continuous financial analysis of financial position and results is required to take corrective measures to meet the short-term and long-term requirements adequately. Financial statements are the sources for financial information, based on which the financial planning and decision making is done. The profit and loss account provides data about the operating activities where as balance sheet provides the value of acquired assets and liabilities of the business at a particular point of time. The absolute figures reported in the financial statements do not serve the purpose of measuring the financial health of the companies. Hence, the financial analyst has to analyze the financial data in order to ascertain the strengths and weaknesses of the companies.

Despite the financial analyst had many analytical tools, ratio analysis is most powerful toll to ascertain the financial health of the companies. Alone a single ratio does not serve the purpose. Therefore, it is necessary to combine the different ratios into a single measure of the provability of sickness or failure. Multiple discriminant analysis is useful tool in such situations. "The use of MDA helps to consolidate the effect of all ratios".¹ The present study is concerned with the analysis of financial health of two selected sample pharmacy companies.

BRIEFING ABOUT AUROBINDO BIO-PHARMACY LTD AND RANBAXY LABORATORIES LTD

"Aurobindo Pharma Ltd (APL) was incorporated on 26th December, 1986 as a private Ltd company. Founders of the company are Mr. P.V.Ramaprasad Reddy, Mr. K.Nityananda Reddy. APL is developing, manufacturing and marketing active pharmaceutical ingredients (APIs also referred as bulk actives), intermediates and generic formulations. APL has been operating with 14 manufacturing plants across the world. The Company commenced its operations during the year 1988-89 with a single unit manufacturing semi synthetic penicillins (SSPs) at Pondicherry and it became a public venture in 1992. Aurobindo Pharmacy had gone public in 1995 by listing its shares in various stock exchanges in the country. The pharmaceutical companies like Chaitanya Organics Pvt. Ltd, Glaxo (India), Sri Chakra Remedies Ltd. Sri Chakra Remedies Ltd, Ranit Pharma and Calc Private Ltd were amalgamated with the Aurobindo Pharmaceuticals Ltd in the fourth wave of mergers and acquisitions. During the year 2003 a JV was happened between Aurobindo Pharmaceuticals Ltd and Shanxi Tongling Pharmaceuticals Company under the name of Aurobindo Tongling (Datong) pharmaceuticals Ltd, China, for manufacture of pharmaceutical products to the local market. During the year 2004-05 the company had acquired a sterile plant of Dee Pharma for the consideration of Rs. 38 million which located at Bhiwadi in Rajasthan. It was received 'Best Management Award' from The State Labour Department of the Government of Andhra Pradesh, in the year 2005. The APL Life Sciences and Senor Organics have merged with it in the year 2007".²

"Ranbaxy Laboratories Ltd was incorporated in 1961 and which is renowned as India's largest pharmaceutical company and producing a wide range of quality, affordable generic medicines. Its present MD is Arun Sawhney. It is ranked amongst the top ten generic companies worldwide. Ranbaxy has expanding international portfolios of affiliates, JVs and representative offices across the globe with a presence in 23 of the top 25 pharmaceutical markets of the world.

Ranbaxy is one of the largest pharmaceutical companies in India, with significant focus on the generics markets of the US and Europe. It is the only Indian company listed in the top 100 pharmaceutical companies of the world. The company has a well-diversified presence with products in over 100 countries and a ground presence in 34 countries. It manufactures and markets generic pharmaceuticals, branded generics, APIs and intermediates. In 2008, Ranbaxy retained its No. 2 market position with a market share of 5.0 per cent."³

OBJECTIVES OF THE STUDY

1. To evaluate the efficiency of financial performance of two sample pharmacy companies.
2. To examine the overall financial performance of two selected sample pharmacy companies.
3. To forecast the financial health and viability of the two selected sample pharmacy companies.

RESEARCH METHODOLOGY

The present study is concerned with the analysis of financial health of Aurobindo Bio-Pharmacy Ltd and RANBAXY Laboratories Ltd. The entire study is based on secondary data. The data has been collected from websites of the companies. The period of study is 2005-06 to 2009-10. Modified Altman's model popularly known as K.B Mehta's Model has been adopted to analyze the financial health of Aurobindo Bio-Pharmacy Ltd and RANBAXY Laboratories Ltd.

LIMITATIONS OF THE STUDY

1. The study is confined to only two pharmaceutical companies
2. The present study covers only a period of five years
3. The collected data for the present study is secondary data.

REVIEW OF LITERATURE

Discriminant analysis may be applied for prediction of sickness, market research, credit rating portfolio selection identification of growth and classification of officers/managers or personals. Discriminant analysis has been widely used to identify and to predict financial health of industrial units. "Multiple discriminant analysis (MDA) is a straight forward statistical technique for calculating how much weight to put on each variable in order to separate the sheeps from the goats"⁴. William H. Beaver (1967) selected five ratios out of thirty financial ratios to study the financial health of 79 successful units and 79 unsuccessful units. The ratios were (i) cash flow to total debt (ii) net income to total assets (iii) total debt to total assets (iv) networking capital to total assets and (v) current assets to current liabilities" as expected, failed firms had more debt and lower return on assets. They had less cash but more receivables as well as low current ratios. They also had fewer inventories"⁵. It was observed that cash flow to total debt had maximum prediction power among different ratios in the study. Prof. Adward I. Altman (1968) selected five ratios of twenty two initially considered. He took 33 successful firms and 33 bankrupt firms and developed a model popularly known as 'Altman's Z- Score mode'. The model comprises the five ratios viz;

- (i) Networking capital to total assets (X_1)
- (ii) Retained earnings to total assets (X_2)
- (iii) Earnings before interest and tax to total assets (X_3)
- (iv) Market value of equity to book value of debt (X_4) and
- (v) Sales to total assets (X_5)

The ratios were given weight aged and combined to produce a single number which was termed as Z score. Johah Aiyabei (2002)⁶ applied Z score model examine the financial performance of small business firms based in Kenya and discussed the theoretical aspect of a financially distressed firm based on a cyclical concept. Ben Mc Clure (2004)⁷ suggested investors to check Z score of their companies regularly. In the Indian context, L.C.Gupta (1979)⁸ attempted a refinement of Beaver's method with the objective of building a forewarning system of corporate sickness. A simple non-parametric test for measuring the relative differentiating power of the various financial ratios were used. The test is based on taking a sample of sick and non-sick companies, arraying them by the magnitude of each ratio to be tested, selecting a cut of point which will divide the array into two classes with a minimum possible number of misclassification and then computing the percentage classification error. The cut-off point is determined by visual inspection. The percentage classification error is determined as number of classifications divided by the number in sample. The ratio which results into the lower percentage classification error is the most efficient ratio."⁹ Mansur A. Mulla (2002)¹⁰ conducted a study to evaluate financial health of textile mills by using Z score model. Selvam, M. and others (2004)¹¹ made a study to predict the financial health and viability of India cements Ltd. They concluded that the cement company under the study was just on the range of financial collapse. Further, they write that financial health of cement companies has been subject to empirical investigation. Krishna Chaitanya (2005)¹² measured the financial distress of IDBI with the help of Altman's Z score model and predicted that IDBI is not in the health zone and is likely to be insolvent in the near future. M.Khannadhasan (2007)¹³ ascertained the financial health of Wendt India Ltd company by using 'Z' score model. He concluded that company's overall financial health was good. V.Dheenadhyalan (2008)¹⁴ adopted Z score to predict the corporate failure of steel authority of Indian Limited. The Z score of the SAIL showed a rising trend throughout the study period and it was concluded that the financial health of the SAIL was good. Dr.K Venkat Janardhan Rao and M.Durga Prasad (2009)¹⁵ examined the financial performance of Eicher Motors Ltd is better than M. M. According to K.R.Sharma¹⁶, different models like R.A.Yadav and S.S.Srivastava model, Prof.C.D.Bhattacharya model and Prof..K.B.Mehta's model have been used to measure financial health. The present study is based on Prof.K.B Mehta's model because the model considers Indian conditions.

PROF.K.B. MEHATA'S: A MODIFICATION OF ALTMAN'S MODEL

Prof.K.B. Mehata's model represented a modification of Altman's model as per Indian conditions." For example, as all share were not listed on stock exchange, instead of market value of equity, book value of equity was taken as fourth valuable (X) financial considered were:

X_1 = Net working capital to Total assets.

X_2 = Retained earnings to Total assets

X_3 = Earnings before Interest and Tax to Total assets

X_4 = Book Value of Equity of Book Value to Total debts.

X_5 = Net sales to total assets

Discriminant function: $Z = 0.717X_1 + 0.845X_2 + 3.107X_3 + 0.42X_4 + 0.995X_5$ (1)

Here

X_1 Shows liquidity position to the total capitalization

X_2 Indicates cumulative profitability overtime and leverage

X_3 Express operating performance and productivity of assets.

X_4 Presents the long-term solvency position. It shows how much assets of an enterprise can decline in value before the liabilities exceeds the assets and the concern becomes insolvent.

X_5 Reveals the sales generating capacity of the assets.

Measurement of financial health: There may be three situations;

1. If Z score is below 1.2 then the unit is considered to be in bankruptcy Zone. Its failure is certain
2. If Z score lies between 1.2 and 2.9 then the unit is considered to be in grey area or healthy zone. In this situation the failure is uncertain to predict.
3. If Z score is above 2.9, then the unit is considered to be in good health Zone.

TABLE 1: Z SCORE INGREDIENTS OF ADBPL AND RANBAXY LTD (RS.CRORES) CNTD

Year	Net working capital		Total assets		Retained earnings		EBIT	
	ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY
2005-06	1144.46	1,011.52	2110.63	3,407.11	70.24	160.52	239.93	185.44
2006-07	1874.51	1,112.75	2905.64	5,528.61	227.2	456.3	392.59	632.27
2007-08	1808.99	1,006.93	2976.25	6,041.42	411.82	375.12	461.54	414.59
2008-09	2085.67	1,938.67	3435.51	7,442.15	464.29	246.84	342.39	256.17
2009-10	2038.49	1,640.98	3859.14	7,482.99	939.16	510.02	976.87	652.64

Source: Religare Technova

TABLE 1: Z SCORE INGREDIENTS OF ADBPL AND RANBAXY LTD (RS.CRORES)

Year	Net sales		Book value of equity		Book value of debt	
	ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY
2005-06	1561.21	3,640.49	905.41	2,377.30	1205.22	1,029.80
2006-07	2104.45	4,165.12	929.3	2,350.01	1976.34	3,178.60
2007-08	2426.12	4,293.02	1220.6	2,538.40	1755.65	3,503.03
2008-09	3037.98	4,652.04	1320.83	3,716.77	2114.68	3,725.37
2009-10	3523.87	4,781.59	1914.36	4,134.60	1944.78	3,348.38

Source: Religare Technova

TABLE 2: STATEMENT SHOWING THE RATIOS USED IN Z SCORE ANALYSIS OF ADBPL AND RANBAXY LTD CNTD...

	Financial ratios	2005-06		2006-07		2007-08	
		ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY
X1	NWC to total assets	0.542	0.297	0.645	0.201	0.608	0.167
X2	Retained earnings to total assets	0.033	0.047	0.078	0.083	0.138	0.062
X3	EBIT to total assets	0.114	0.054	0.135	0.114	0.155	0.069
X4	BVE to BVD	0.751	2.309	0.47	0.739	0.695	0.725
X5	Net sales to total assets	0.74	1.069	0.724	0.753	0.815	0.711

Source: Religare Technova

TABLE 2: STATEMENT SHOWING THE RATIOS USED IN Z SCORE ANALYSIS OF ADBPL AND RANBAXY LTD

	Financial ratios	2008-09		2009-10		Mean	
		ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY
X1	NWC to total assets	0.607	0.26	0.528	0.219	0.586	0.229
X2	Retained earnings to total assets	0.135	0.033	0.243	0.068	0.125	0.059
X3	EBIT to total assets	0.1	0.034	0.253	0.087	0.151	0.072
X4	BVE to BVD	0.625	0.998	0.984	1.235	0.705	1.201
X5	Net sales to total assets	0.884	0.625	0.913	0.639	0.815	0.759

Source: Religare Technova

TABLE 3: STATEMENT SHOWING THE Z SCORES OF ADBPL AND RANBAXY LTD CNTD...

Year	0.717X1		0.842X2		3.107X3	
	ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY
2005-06	0.389	0.213	0.028	0.04	0.354	0.168
2006-07	0.462	0.144	0.066	0.07	0.419	0.354
2007-08	0.436	0.12	0.116	0.052	0.782	0.214
2008-09	0.435	0.186	0.114	0.029	0.311	0.106
2009-10	0.379	0.157	0.205	0.057	0.786	0.27

Source: Religare Technova

TABLE3: STATEMENT SHOWING THE Z SCORES OF ADBPL AND RANBAXY LTD

Year	0.42X4		0.995X5		Z	
	ADBPL	RANBAXY	ADBPL	RANBAXY	ADBPL	RANBAXY
2005-06	0.315	0.97	0.736	1.064	1.822	2.555
2006-07	0.197	0.31	0.72	0.749	1.864	1.627
2007-08	0.292	0.305	0.811	0.707	2.437	1.398
2008-09	0.263	0.419	0.88	0.622	2.003	1.362
2009-10	0.413	0.519	0.908	0.636	2.691	1.639

Source: Religare Technova

FINDINGS

WORKING CAPITAL TO TOTAL ASSETS

Working capital is the excess of total current assets. The ratio of working capital to total assets shows liquidity position of relative to total capitalization. "Consistent operating losses will cause current assets to shrink relative to total assets. A negative ratio, resulting from negative working capital, is a serious problem".¹⁷ The ratios of working capital to total assets of both the companies are furnished in the Table 2 about here.

It may be observed from the table 2 that the working capital to total assets ratio of Aurobindo Bio-Pharmacy Ltd had been around 0.528 to 0.645 but where as it is 0.167 to 0.297 for RANBAXY Laboratories Ltd. It indicates that the Aurobindo Bio-Pharmacy had very high level of investment (aggressive) in current assets and which shows that too much of its current funds are blocked in the form of current assets instead of investing them in the potential investments. And the RANBAXY had very low level (conservative) of investments in current assets which shows the poor working capital management of the company. This analysis will help both the companies in maintaining the appropriate working capital i.e. neither low nor high level of investments in current assets without disturbing the basic liquidity position of the companies.

RETAINED EARNINGS TO TOTAL ASSETS

The ratio of retained earnings to total assets indicates that how much portion of total assets has been financed by retained earnings. Higher the ratio greater the financial stability of the company at times of low profitability periods. And also it depicts that the company utilizing its own earnings as cheaper source of finance rather than debt finance. The percentages of retained earnings of both the companies are furnished in the table 2 about here.

From the table 2 it is observed that on an average 12.5% and 5.9% of total assets of Aurobindo Bio-Pharmacy and RANBAXY are financed by its retained earnings during the study period. This study shows that these companies have been utilizing more debt rather than retained earnings. The decreasing trend of retained earnings during the study period indicates that the unsustainable growth of the Aurobindo Bio-Pharmacy Ltd and RANBAXY Laboratories Ltd. And this situation may compel both the companies in the bankruptcy at low profitable times.

BOOK VALUE OF EQUITY TO BOOK VALUE OF TOTAL DEBTS

This ratio is used to ascertain the soundness of the long-term financial policies. The company having 1:1 equity-debt mix is considered as quite good. Excessive debt tends to cause insolvency. Fixed interest paid on debt where as variable dividend is paid on equity. If debt is more than the equity it will reduce the profit of the company, despite increases the profitability of the share holders. It will be a curse in times of bad performing. The relevant information of the two selected sample pharmacy companies in the pharmacy industry is furnished in the table 2 about here.

From the table 2 it is observed that the on an average equity portion of Aurobindo Pharmacy was 70.5% in comparison to debt portion in the capital structure during the study period. On the contrary the average equity portion of RANBAXY Laboratories Ltd was 120.1% in comparison to debt portion in the capital structure during the study period. The highest equity portion of total capital of RANBAXY is 2.309 in 2005-06 and the lowest portion of equity is 0.725 in 2007-08. On the basis of the analysis pertaining to this ratio, it may be conclude that the financial health of the RANBAXY is quite good when compare to Aurobindo Bio-Pharmacy and it provides a margin of safety to its creditors in times of bankruptcy. Therefore it is advised the Aurobindo Datong Bio-Pharmacy has to take an appropriate step to improve the equity portion as per its benchmark.

SALES TO TOTAL ASSETS

Sales revenue plays a pivotal role in overall performance of the companies because all the operations are more or less depend on the sales revenue. Sales to total assets ratio measure the power of the asset in generating the sales. Higher ratio indicates the better performance and while poor ratio indicates the poor financial management of the companies in the optimum utilization of its assets in generating the sales revenue. The ratio varies from one company to another. The relevant information of the two selected sample pharmacy companies is furnished in the table 2 about here.

From the table 2 it is observed that the average ratios of sales to total assets of two selected sample pharmacy companies are 0.815 and 0.759 respectively during the study period. The ratio of Aurobindo Pharmacy ranges from 0.724 to 0.913 while it was 0.625 to 1.069 for RANBAXY Laboratories Ltd during the study period. While comparing the performance of both the companies, the performance of RANBAXY Laboratories Ltd is just better than the Aurobindo Pharmacy. Based on the information from table 2 it was crystal clear that both the companies still had an opportunity to improve its sales capacity but had been totally failure to utilize their assets optimally in generating the sales revenue. It will have an adverse effect on its performance. It is suggested that both the companies have to take appropriate steps in the optimum utilization of its assets in generating more and more sales revenue.

CONCLUSION

The Z score of Aurobindo Bio-Pharmacy Ltd and RANBAXY laboratories Ltd based on the modified Altman's model is between 1.2 and 2.9 during the study period (i.e 2005-06 to 2009-10). It is observed from the table 3 that both the companies are in grey area or healthy zone. In this situation the failure of both Aurobindo Bio-Pharmacy Ltd and RANBAXY laboratories Ltd is uncertain to predict. Finally it can be concluded that the overall financial health of both the companies is good. This study will be useful for all the stakeholders of pharmaceutical industry.

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ENTREPRENEURSHIP & EMERGING FORM: A STUDY ON FINGERLING PRODUCTION OF SELECTED VILLAGES OF BARPETA DISTRICT OF ASSAM

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ABSTRACT

This paper examines the structure of new rural venture owned by fish seed entrepreneur of Barpeta district of Assam by taking a sample of 160 respondents from five selected villages. This analysis reveals that fish seed cultivation in that area is bright and through this venture the economic position of rural people can be uplifted. Further the government is required to play a pivotal role by providing different assistance like financial support, awareness program, supplying raw materials at least price, establishing sufficient number of organized market etc.,.

KEYWORDS

Entrepreneurship, Fingerling, Infrastructure, Drainage System.

INTRODUCTION

Entrepreneurship is a process augmenting overall development of a society. Economic growth plays a vital role in the development of a society and entrepreneurship is the base of economic growth. Proper utilization and development of human resources, analysis and scientific use of resources, development of science and technology, capital formation, proper organization, etc. are necessary steps for economic growth. In the process of entrepreneurship, the techniques of executing such steps are undertaken. Enhancement of production, innovation, quality products, fulfillment of local demands and exports etc. are the results of the use of such techniques. All these process are performed by entrepreneur. Therefore, there is a very close relationship between entrepreneur and entrepreneurship.

An analysis of economic, social, political and other aspects of the developed countries of the world reveals that at present those countries are considered developed which have given importance to entrepreneurship or have tried to change the environment realizing the change in time and situation. In India, entrepreneurship began at first in Gujarat, Rajasthan, and Maharashtra. Tata, Birla and others started cotton, sugar-cane, steel, industries in these regions in pre-independent era. Consequently, in India these states are more developed than the rest in respect of socio-economic spheres. On the other hand, the north east region of the country is the most backward despite having natural and human resources in abundance due to lack of entrepreneurship. *Globalization, liberalization, and information technology* have increased the importance of entrepreneurship in the 21st century. At present, without entrepreneurship, no development is possible. In this respect, it can be raised that in the NE region including Assam, a healthy and congenial entrepreneurship environment is yet to be created; the mindset of the people is yet to be changed. They still prefer secured employment to entrepreneurship. However, such avenues are shrinking due to government policy and automation in the production sector. As a result, entrepreneurship is the only alternative for the self employment and employment generation left open to the unemployed and the future generation.

Therefore, an attempt is hereby made to study on entrepreneurship development by considering some selected rural places of Barpeta district of Assam as the state is one of the economically underdeveloped states of India comprising large number of rural places having fish is basic diet for the survival of the people.

The district of Barpeta is situated in the western part of the state of Assam. It covers a total area of 3307 sq. km as against 78,523 sq. km of the state as a whole. The vast plain areas of the district are in the grip of the river of Brahmaputra, Manas, Chowkhowa etc. The total population of the district as per 2001 is 16, 47,201 out of which 15, 20,333 lives in the villages. Further about 50 percent of the total population of the district is living below poverty line (Statistical Hand Book, ASSAM: 2009)

FISH CULTURE AND ASSAM

The State of Assam has an excellent sub topical climate for development of fresh water fish culture in variety aquatic bodies. Aquaculture not only plays an important role in nutrition but also in the rural economy of the state. Rice and fish are the two basic diets of the Assamese people. For 95% of the State's population of about 25 million, fish is an important protein rich food. The State currently produces about 1.55 lakhs tons of fish from all sources annually as against an estimated annual demand of 2.5 lakhs tons. As reported by the State fisheries department, the deficiency is partially met by importing fish to the tune of around 0.25 lakhs tons annually by private traders from other states like Andhra Pradesh, Uttar Pradesh, West-Bengal and Bihar causing a draining out of an amount of around Rs. 1 00 crore annually from the State. Despite the vast aquatic resources, the state has not been able to produce ample amount of fish to cater to the need of ever increasing fish eating population of the State. There is scope for entrepreneurship development among the rural people by producing fish in this region. (Statistical Hand Book, ASSAM: 2009)

RESEARCH METHODOLOGY

Assam, one of the states of India has been deliberately selected for the purpose of the study as fish is basic diet of the people of the state. The rural places of Barpeta district of Assam such as Jogirpam, Dattakuchi, Dhakaliapara, Kadamguri, Dabaliapara included in the study by adopting on the principle of purposive sampling. For the sake of the study 160 entrepreneurs have been selected that represents 31% of total entrepreneur engaging in the fingerling production. Primary data were collected with the help of a well structured questionnaire and discussions with the entrepreneurs, authorities and experts. Secondary data were collected from the literature on the topic.

OBJECTIVES OF THE STUDY

The study has been pursued to achieve the following objectives

- To study the progress of entrepreneurship among the rural people of Barpeta district of Assam in respect to fish cultivation.
- To ascertain the problems and challenges facing by the entrepreneurs
- To make some possible suggestions

ANALYSIS AND FINDINGS

TABLE 1: CASTE WISE CLASSIFICATION OF ENTREPRENEURS

Factors	No of Respondents	% age of Respondents
Schedule Cast	42	26
Schedule Tribes	12	08
General	106	66

Source: Primary Survey

The analysis reveals that out of 160 respondents, 66% (106) belonged to general caste and again majority of them belongs to the religion of Muslimism. On the other hand 26% (42) belonged to schedule cast category and the remaining 8% (12) accounted to the category of schedule tribe. It reveals that originally the fish seed cultivation was the profession of particularly schedule cast but now the data suggests that people belongs to the general category are also engaging themselves in this activities resulting into minimizing the unemployment and reliance on job.

TABLE 2: EDUCATIONAL BACKGROUND OF ENTREPRENEURS

Factors	No of Respondents	% age of Respondents
Below SSC	78	49
SSC/HSC	26	16
Graduate	24	15
Post Graduate	18	11
Technical	14	09

Source: Primary Survey

The data shows that in that area the people with higher educational background like general graduation and post graduation i.e almost 35% of total respondent have undertaken this venture as means of their livelihood. As far as educational background of the respondents under study is concerned, 49% (78) had education below matriculation while 16% (26) respondents were educated up to HSC, 14 respondents had passed technical courses. On the other hand 24 & 18 respondents were graduate and postgraduate. Educational development among the people of this region is not up to the mark and needs to be enhanced substantially to inculcate entrepreneurial qualities and skills among the youth people of the region.

TABLE 3: FORM OF ORGANISATION

Factors	No of Respondents	% age of Respondents
Proprietary	121	75
Partnership	36	22
Co-operative	03	03

Source: Primary Survey

Under the study the majority of the respondents i.e 75% (121) had preferred proprietary organization, 22% (36) respondents had chosen partnership organization and 3% (03) respondents had selected co-operative as form of organization. Not a single entrepreneur had selected company form of organization obviously because of limited scale of entrepreneurial activities. Majority of the people prefer proprietary form of organization. Moreover, there is a scope for the poor rural people that they may start this venture by opening more co-operative societies.

TABLE 4: OCCUPATIONAL MOBILITY OF ENTREPRENEURS

Factors	No of Respondents	% age of Respondents
Farming	96	60
Agricultural Labour	44	27
Traditional Occupation	14	09
Service	02	01
Business	04	03

Source: Primary Survey

Occupational background and mobility of entrepreneurs is the indicator of further direction of activities. The study observed that majority of the respondents' i.e 60% (96) fathers were engaged in farming activities and 27% respondents fathers were agriculture labour. Out of 160 respondents, 1% respondent's fathers were engaged in government services while 3% respondents belonged to the families engaged in business. This indicates that more and more people switching over from their traditional occupation to fish seed cultivation because it is gainful activity.

TABLE 5: LOCATION OF ENTREPRENEURIAL ACTIVITIES

Factors	No of Respondents	% age of Respondents
Birth Place	64	39
Availability of Infrastructure	63	38
Availability of Market	18	12
Government incentives	00	00
Raw material Availability	10	07
Other Considerations	05	04

Source: Primary Survey

Out of 160 respondents, 39% (64) was considered the location of the venture because the factor of birth place. Availability of infrastructure facilities was important location factors in case of 38% (63) respondents. Other factors for determining location of business are not significant. The analysis shows that not a single entrepreneur decides their location of business unit because of availing different government incentives.

TABLE 6: MOTIVATIONAL FACTORS OF ENTREPRENEURS

Factors	No of Respondents	% age of Respondents
Knowledge and Skill	36	23
Non availability of Jobs	86	54
Lower income from previous occupations	10	07
Social and economic status	08	05
Governments supportive policies	00	00
Package scheme of incentives	00	00
Encouragement by friends	20	11

Source: Primary Survey

The shrinkage of job opportunities in recent years has been responsible for enforcing job seekers to undertake entrepreneurial activities of producing fish seed. The study disclosed that majority of the respondents i.e, 54% were motivated to undertake because of non availability of scope of getting job. On the other hand 23% respondents have started their own business because of having skill and knowledge particularly in this area. Some respondents (11%) were found encouraged by their friends and relatives to start independent business activities. Therefore, it is observed that this sector may be considered as one of the emerging avenue for boosting employment generation.

TABLE 7: AWARENESS REGARDING SCHEME OF ASSISTANCE

Factors	No of Respondents	% age of Respondents
Have a little information	86	54
Have full information	12	08
No information	62	38

Source: Primary Survey

For the entrepreneurial development various schemes launched by the government and different support agencies from time to time. The present study disclosed that there was lower degree of awareness among entrepreneurs regarding government policies and welfare schemes. The data analysis shows that majority of the respondents under study i.e, 54% respondents had a little information about the government schemes. Only 8% respondents had full information about different scheme of assistance to entrepreneurs. 38% respondents were found totally unaware of the schemes of assistance. The root cause of very low pace of entrepreneurship development lies in the lack of knowledge of government policies and scheme of assistance.

TABLE 8: CAUSES OF DELAYS IN GETTING ASSISTANCE

Factors	No of Respondents	% age of Respondents
Indifference attitude of officers	36	23
Too much paperwork	22	14
Lengthy procedure	66	40
Negligence of the beneficiary	36	23

Source: Primary Survey

Lengthy procedure and indifferent attitude of the government officers was the main hurdle in case of 40% and 23% respondents respectively. While, 23% respondents were found not given due emphasizes in preparation and submission of their proposals to the assisting agencies. Majority of the respondents categorically expressed that good schemes were being implemented badly. However, some of the officers were co-operative and always ready to help according to a few respondents.

TABLE 9: EXPOSURE TO ENTREPRENEURSHIP DEVELOPMENT PROGRAM

Factors	No of Respondents	% age of Respondents
Attended	34	21
Not attended	105	66
No response	21	13

Source: Primary Survey

EDPs have been instrumental in developing entrepreneurial qualities among youth. The data analysis shows that 21% respondents had attended the EDPs organized by different agencies while 66% respondents had not attended the EDPs. Some of these respondents complained that they did not receive the information about the program and a few stated that due to living in remote areas they could not arrange to attend the EDPs as they were organized either at district level or block level.

TABLE 10: SOURCES OF FINANCE

Factors	No of Respondents	% age of Respondents
Owned funds	18	11
Banks/ Financial institutions	48	30
Friends/ Relatives	12	07
Money lenders	82	52
Others	00	00

Source: Primary Survey

It was noticed that out of 160 respondents under study, 30% respondents have availed bank finance at concessional interest rates and 52% had borrowed funds from money lenders while 7% respondents had availed fund from friends and relatives. Due to the lot of paper work and undue delays in disbursement of loans, majority of respondents have preferred loan from moneylenders. It is worthwhile to mention that 11% of total respondents had used their own funds. A large number of entrepreneurs opined that financial agencies should be more responsive and co-operative with the entrepreneurs because of their weak financial position.

TABLE 11: LOAN SECURITY

Factors	No of Respondents	% age of Respondents
Family members	32	20
Friends/ Relatives	06	04
Own resources	106	66
Others	16	10

Source: Primary Survey

As far as loan security is concerned, 66% of total respondents had given their own property for security of loan purpose and 20% had got loan security from their relatives and family members. While 4% respondents had secured loan by using the security of friends' property and 10% respondents had managed the loan security from other sources. In this regard it is worthwhile to mention that many entrepreneurs are unable to start the business because of lack of financial assistance on the ground of non provision of security.

TABLE 12: INITIAL CAPITAL INVESTMENT

Factors	No of Respondents	% age of Respondents
Rs. 50,000-1,00,000	18	11
Rs. 1,00,000-1,50,000	14	09
Rs. 1,50,000-2,00,000	34	21
Rs. 2,00,000 & above	94	59

Source: Primary Survey

The highest number of the respondents i.e 59% (94) had initial funds invested between Rs. 2,00,000 to 2,00,000 & above in their ventures and the lowest number of the entrepreneurs under the study i.e, 9% had the initial investment of Rs. 1,00,000 to Rs. 1,50,000. Some of the entrepreneurs stated they had to start for other tiny business unit because of inadequacy of funds. So, the data disclose that financial assistance is necessary to start the venture.

TABLE 13: USE OF DISTRIBUTION OF CHANNEL

Factors	No of Respondents	% age of Respondents
Personal selling	04	03
Wholesale dealers	137	85
Retailers	19	12

Source: Primary Survey

As far as analysis is concerned, most of the respondents i.e 85% (137) has selling their goods in the market through whole seller. While only 3% respondents are directly selling their product in the market. According to them, they are facing some problem in selling the product because of lack of government regulated market.

TABLE 14: DIFFICULTIES FACED BY THE ENTREPRENEURS

Factors	No of Respondents	% age of Respondents
Lack of proper education	102	64
Economic backwardness	54	34
Lack of confidence	16	10
Low risk bearing capacity	26	16
Social discrimination	04	03
Inadequate financial assistance	86	54
Too delay in disbursement of loan/ subsidy	94	59
Lack of collateral security	12	08
High interest rates	110	69
Shortage of infrastructure	34	21
Self competition	00	00

Source: Primary Survey

Majority of the respondents i.e, 69% are facing problem of financial assistance and taken loan from the money lenders charging higher rate of interest. 59 % of the total respondents opined that delays in loan disbursement are one of the reasons of slow growth of fish production despite of high potential in the state. In view of 102 (64%) respondents, lack of proper education (i.e, management, accountancy, marketing, etc.) was main hurdle for running the business smoothly. Some of the respondents i.e 34% stated that economically poor position inherited by them was the major difficulty as many a times their applications for financial assistance were either delayed too long or rejected.

TABLE 15: DEMAND OF THE PRODUCT

Factors	No of Respondents	% age of Respondents
Very high	119	74
Average	07	04
Little	34	22

Source: Primary Survey

The study discloses that the market offers high demand for the product in the market. According to 119 (74%) respondents they are not worried about the demand of the product but facing problem of marketing the product because of lack of transportation problem.

TABLE 16: ANNUAL INCOMES/ PROFIT

Factors	No of Respondents	% age of Respondents
Rs. 25,000-1,00,000	13	08
Rs. 1,00,000-2,00,000	27	17
Rs. 2,00,000 & above	120	75

Source: Primary Survey

As far as profit or annual income is concerned, 120 (75%) respondents are earning in the range of Rs. 2, 00,000 & above. The study established that expect a few, majority of the respondents agrees that there is scope for earning more income and generation of new employment.

TABLE 17: GENERATION OF EMPLOYMENT BY EACH ENTREPRENEUR

Factors	No of Respondents	% age of Respondents
10-20	14	09
20-30	38	24
30-40	102	64
40 & above	06	03

Source: Primary Survey

Entrepreneurship is not only provides self employment opportunities but also create employment scope for other also. The study shows that 64% (102) respondents have employed in the range of 30-40 employees by each entrepreneur or fish cultivator. While 24% (34) respondent given employment for the

people in between 20-30. In view of respondents, fish cultivation increasing employment either directly or indirectly and helps to increase the standard of living of the rural people.

PROBLEMS AND SUGGESTIONS

1. The rural areas of Barpeta district is lagging behind in industrial due to infrastructure deficiencies and very low pace of entrepreneurship development in general, so it is suggested that the government should create required infrastructure for the development of rural areas.
2. As far as exposure to entrepreneurship development program is concerned, the exposure to the EDP was not found as per expectations. In order to train a large number of candidates, the EDPs should be organized at village level with the help of gram panchayats.
3. The study disclosed that entrepreneurs are deficient in business management as majority of them did not have business background or got management/commerce education. Business education should be made available to the rural people in this region. The business education can be provided through EDPs.
4. Attention is also needed to be given on providing proper information to the applicants of the scheme of assistance so that they are able to avail adequate assistance without any hassles and start up their activities without further delays.
5. In order to give the benefits of the schemes to the beneficiaries and develop entrepreneurship among them, the implementing agencies should give wider publicity to the schemes and also prohibit strictly the entry of middlemen.
6. It was also observed that indifferent attitude of the officers towards beneficiaries was discouraging. It is strongly recommended that such type of attitude must be rooted out and the beneficiaries should given respectable treatment so they are motivated and encouraged.
7. One of the major problem before the entrepreneurs/ fish cultivator is the marketing problem. It may be suggested that the government should provide raw materials to the fish cultivator and assist them in marketing their products by creating organized market.
8. The region has been suffering from a serious problem of floods and natural calamities and affecting the production cycle of fish cultivator. Therefore it is suggested for continuous production, the government should take some appropriate measure like proper drainage system to prevent such constraints.

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COMPOSTING: A TOOL TO SAVE EARTH AND GO GREEN**YOGESH MEHTA****ASSOCIATE PROFESSOR****VENKTESHWAR INSTITUTE OF TECHNOLOGY****INDORE****SRISHTI JOSHI****ASST. PROFESSOR****SAPIENT INSTITUTE OF MANAGEMENT STUDIES****INDORE****ASHWINI MEHTA****ASST. PROFESSOR****MATA GUJRI COLLEGE OF PROFESSIONAL STUDIES****INDORE****ABSTRACT**

Today, the major concerns for modern societies revolve around environmental issues like waste management, deforestation, land filling, land degradation, increased ecological risks in the form of growing atmospheric pollution, degraded soil health and the like. This in turn hampers agricultural productivity and it becomes difficult to feed the ever growing number of starved mouths. And the solution to most of the aforesaid issues can be found in an ancient process of decomposition of organic waste what we call composting. Composting happens to be an ancient technology performed at numerous scales from home to industries. As the capacities of landfills reach their thresholds and repel the organic wastes, composting has gained acceptance as an important method for treatment of organic waste. This paper is an attempt to reinforce the importance and need of composting and how it can be used as a tool to make this earth greener, cleaner and better for survival of all the living beings.

KEYWORDS

Green, Compost, Decomposition, Environment.

INTRODUCTION

Composting is nothing but an imitation of the nature's cycle of life. It is the process through which organic materials are decomposed and are recycled naturally into a rich soil known as compost. Every living thing can be decomposed to form compost. Basically, backyard composting is an acceleration of the same process that nature uses. By composting organic waste nutrients are returned to the soil in order to continue the cycle of life. The end product i.e. finished compost is a soil-like in appearance—dark brown, loose, partially decomposed, amorphous form of organic matter which is crumbly and smells like forest floor. Compost is rich in nutrients. Micro-organisms such as bacteria, fungi and algae feed on the organic waste material and reproduce. The colony of organisms produces heat, carbon dioxide and water. Once the waste has broken down, the organisms leave the heap which begins to cool down. Worms and insects feed on the woody material. Another vital ingredient is air which is essential for the survival of the micro-organisms and soil animals. Woody material in the heap allows air to pass through the heap although it slows the process of decay as some of the heat is lost. The green waste breaks down into compost which can be used again on the garden. Nonetheless; this dark brown soil has the potential to paint the earth green.

TRACES OF COMPOSTING IN HISTORY

The history is full of references of usage of composting as a tool to keep the environment clean.

1. The Ancient Greeks, Romans and the Tribe of Israel were all known to compost their organic waste mixed in with animal manure and street sweepings.
2. A retired Roman general, Marcus Porcius Cato, who lived from 234 BC to 149 BC, wrote a book titled "De Agri Cultura" (Concerning the Culture of the Fields) in which he described composting.
3. The Chinese are thought to be the first people to develop larger composting sites for use in farming. Compost made by humans is a more recent (but still very ancient) process.
4. Akkadians practiced composting in ancient Mesopotamia, a thousand years before Moses was born.
5. There are references to composting in the Talmud, in the Old Testament, in ancient Chinese writings and in the Bagavad Gita.

CURRENT COMPOSTING TRENDS

In a study of composting trends in the U.S., "Organic Materials Management Strategies" (U.S. EPA, 1998), 85% of the nation's municipal waste stream was identified as organic in nature (Sparks, 1998). This translates to approximately 177 million tons of organic waste per year, mostly as food scraps, yard trimmings and paper. It does not include organic wastes generated from agricultural and industrial sectors including food processing, paper production, biotechnology, forest products processing and livestock production. If all of these materials were composted, estimates of potential market demand for finished compost would greatly exceed the amount of compost produced from these sources. Depending on the type of waste and the method of composting, average national savings from composting municipal organic by-products over conventional landfill disposal range from \$9 to \$38/ton.

Composting of municipal solid waste is an emerging idea in India having great prospects as well as constraints. These developments can be observed from the waste management, agricultural and climate change scenario. The technology is simple and affordable, the product is beneficial for soil and significant saving of land (required for land-filling) is achieved. However, public-private partnership efforts are constrained due to quality requirements, marketing and pricing issues.

COMPOST TO GO GREEN

Greening happens to be the solution to most of the problems faced by modern societies. And one of the ways of going green is to compost the organic waste. Composting offers the twin benefit of providing rich nutrients for increased soil fertility leading to better productivity and at the same time reducing the area of landfills composing mainly of organic—solid wastes. This makes the earth greener and cleaner and directly serves as a solution to large scale deforestation, low agricultural productivity, environmental mis-balances, droughts etc. and also reduces the number of health problems owing to the filth produced in the dump-yards of these wastes.

Greening is the rejuvenation: the phenomenon of vitality and freshness being restored; "the annual rejuvenation of the landscape". It is the process of transforming artifacts such as a space, a lifestyle or a brand image into a more environmentally friendly version (i.e. 'greening your home' or 'greening your office'). The act of greening involves incorporating "green" products and processes into one's environment, such as the home, work place, and general lifestyle. These "green" qualities include

1. reduced toxicity
2. re-usability
3. energy efficiency
4. responsible packaging and labeling
5. recycled content
6. intelligent design
7. responsible manufacturing techniques
8. reduction of personal environmental hazards

All these qualities are that of compost. So we can say that composting is the easiest way of 'going green'. If you're ready to go green and in turn let that green debris go brown, you can do just that in building a compost bin. Compost is a great way to give back to the soil vital nutrients that will spur the growth of your plants and garden in a much better way than any fertilizers that will instead contain nasty chemicals. Having a compost bin in your backyard is easy to set up and just one more way you can help the environment. By adding the cardboard, coffee grounds, fireplace ashes, leaves, food wastes, and many more items you can then recycle and reuse it all at the same time!

The effort to go green is all the more fun when we get down and dirty with compost. Recycling paper and using other organic products around the home will save on purchasing other soils or plant foods but more importantly is an excellent way to earn that green thumb

TYPES OF COMPOSTING

BASED ON THE PREVAILING CONDITIONS

Aerobic Composting: Aerobic means in the presence of oxygen. Microorganisms for aerobic composting require oxygen more than 5 percent within the compost pile for decomposition of the organic waste. Aerobic decomposition is preferred in most backyard composting piles because it smells better and is more efficient. It generates heat up to 140°F or higher, which is enough to kill most plant pathogens and weed seed in the pile when properly managed.

Anaerobic Composting: Anaerobic means in the absence of oxygen. Anaerobic decomposition in backyard compost piles is generally undesirable due to objectionable odors that result. The most offensive gas resulting from the anaerobic process is hydrogen sulfide (rotten egg smell)

BASED ON THE INGREDIENTS USED

Backyard composting: Compost formed out of fallen leaves or straw, grass clippings and food scraps.

Worm composting (vermicomposting): It is based on the use of worms to form a compost of high quality. The process does not require physical turning of the material. To maintain aerobic conditions and limit the temperature rise, the bed or pile of materials needs to be of limited size.

WHY TO COMPOST?

The ability of composting to transform organic waste materials into an agricultural resource makes it an attractive proposition. It offers several benefits such as improved soil fertility and soil health thereby increased agricultural productivity, improved soil biodiversity, reduced ecological risks and a better environment. Thus, the reasons for composting are not difficult to comprehend. They can be summed up as under.

1. Yard and food waste comprise around 30% of the waste stream. Composting the kitchen and yard trimmings helps divert that waste from the landfill, waterways and water treatment facilities.
2. It can significantly reduce pest problems—and the use of pesticides.
3. It makes the soil healthy. Healthy plants from healthy soil look better, produce better and offer a much greater resistance to pests and diseases.
4. Adding organic materials to the soil improves its moisture retention capacity.
5. Adding decomposed organic material to the soil feeds beneficial organisms like earthworms and other insects that aid in turning the soil and adding to its fertility.
6. Compost makes sandy and clay soils fit for cultivation.
7. It provides a balanced, slow-release source of nutrients that helps the soil hold nutrients long enough for plants to use them.
8. Composting saves money—it avoids the cost of buying soil conditioners, bagged manure etc.
9. Feeding the plants well will indirectly improve the health of living beings dependent on them for food because plants grown in depleted soils have a reduced nutrient content.
10. Home composting is a valuable tool in educating children about nature and the cycle of life.

BENEFITS OF COMPOSTING

Compost is an inexpensive alternative to chemical fertilizers, and it does not even harm the sensitive roots of the plants. Chemical fertilizers have damaging effects on plants. Chemical fertilizers also leave heavy metals like lead, arsenic and cadmium that can be harmful for us. They also kill the very microbes that make soil fertile, trapping us in the vicious circle of using chemical fertilizers over and over again.

Many chemical fertilizers are made from petroleum and other non-sustainable sources. The price of chemical fertilizers seems to get higher every year due to rising oil and shipping costs. On the other hand, compost doesn't use any oil and doesn't require much transportation. Using compost reduces our dependence on foreign oil and boosts soil health. And unlike some chemical fertilizers, compost actually helps decontaminate soil.

ACCORDING TO EPA

"The composting process has been shown to absorb odors and treat semi volatile and volatile organic compounds (VOCs), including heating fuels, polyaromatic hydrocarbons (PAHs), and explosives. It has also been shown to bind heavy metals and prevent them from migrating to water resources or being absorbed by plants. The compost process degrades and, in some cases, completely eliminates wood preservatives, pesticides, and both chlorinated and nonchlorinated hydrocarbons in contaminated soils."

Many gardeners choose to compost their grass clippings, leaves, trimmings, and vegetable scraps. Here are some of **the reasons that make composting is popular:**

1. Cheaper than chemical fertilizer
2. Gradually releases nutrients
3. Reduces disposal fees
4. Diverts waste from the landfill
5. Less stressful on roots
6. Loosens soil
7. Allows roots to spread out widely, preventing erosion
8. Retains water like mulch
9. Accelerates nutrient cycling
10. Reduces oil dependence
11. Sustainable improvement to the soil
12. Reduced run-off and water pollution

13. Reduced irrigation bill

METHODS OF COMPOSTING

Hot/fast composting: Mix brown and green materials together and keep it damp and aerate the pile by turning or mixing once or twice a week. This method is the quickest method to finished compost and the best control of weed seeds and pathogens. It produces a more nutrient-rich pile than slow (cold) piles. But a lot of effort is required. It needs to be aerated often and works best with a larger amount of material.

Slow/passive composting: Layer the compost bin or pile with browns and kitchen scraps. Cover the kitchen scraps thoroughly with browns each time. Keep adding brown and green material. Water each batch of material put in so that the moisture is evenly distributed. When bin is filled, start a second bin. After approximately a year, the first bin or pile will have decomposed enough for use. It requires minimum management. But it takes a year or more and weed seeds or diseases are not destroyed.

Dig-a-hole composting: This method simply requires a trench or hole dug in the garden area filled with kitchen scraps and backfilled with soil. It requires no maintenance. But it composts only a small amount of material at a time.

Tumbler: this method is good for cold composting. This method needs to add materials (finely chopped) all at once. A small amount of soil is added into the bin to add microorganisms. It is turned every day. There are no odor problems and the compost has a tidy appearance. But it composts small amounts at a time.

Grasscycling: Leave the freshly mowed clippings on the ground, as it falls it will create a mulch to help with moisture retention. As the clippings begin to decompose, they will provide nutrients to the grass, reducing the amount of fertilizer needed for a healthy lawn. The method requires more frequent mowing, but the return is less time bagging and dumping the grass clippings.

Mulching: Compost can be created easily by using organic materials such as leaves, grass clippings, shredded bark, and even shredded newspaper as mulch. When laid on the surface of the ground the mulch will slowly breakdown and release some nutrients into the soil. This process takes a longer period of time, but moisture retention and lack of effort are its benefits.

Burying: Organic material can always be buried to form compost. Common methods are trenching, hole, and posthole. This method takes a longer period of time to breakdown, but it enriches the soil directly and gassing off into the atmosphere when the material is left on top of the soil does not lose nutrients.

Bin or Pile: This method is simple and effective. The key to this method is the size of the pile. A heap about 3x3x3 or one square yard is required. This gives a volume of material that creates the proper environment for maximum production in the pile. Assemble the pile using green and brown material. Layer the organics in 1" to 2" alternating layers adding water in between. After assembling, water well and cover the pile with a tarp, carpet, or an opaque plastic sheet. This will help hold heat and moisture. The center will reach temperatures of 120 to 160 degrees when the microorganisms are working. These temperatures do the 'cooking' to kill bacteria that are harmful and prevent the germination of seeds when the compost is used. Turn the pile weekly, until it has a dark rich look like chocolate cake.

Yet there are some things that should never be added to a compost pile and the initial starting of one should be done in a certain manner. As a composting guide to green living:

DON'T COMPOST!

1. Bread products: This includes cakes, pasta, and most baked goods as they call for unwanted pests.
2. Cooking oil: Smells like food to animal and insects and can also upset the compost's moisture balance.
3. Diseased plants: You don't want to transfer fungal or bacterial problems to whatever ends up growing in your finished compost.
4. Heavily coated or printed paper: including magazines, catalogs, printed cards, and most printed or metallic wrapping paper. Foils don't break down and leave a bunch of exotic printing chemicals in the compost.
5. Human or animal feces: it is too much of a health risk. Waste and bedding from non-carnivorous pets is fine.
6. Meat products: This includes bones, blood, fish, and animal fats. As they are another pest magnet.
7. Milk products: Refrain from composting milk, cheese, yogurt, and cream. While they'll certainly degrade, they are attractive to pests.
8. Rice: Cooked rice is unusually fertile breeding ground for the kinds of bacteria not desired in pile. Raw rice attracts varmints.
9. Stubborn garden plants: Dandelions, ivy, and kudzu are examples of plants or weeds which will probably regard the compost heap as a great place to grow, rather than decompose.
10. Used personal products: Tampons, diapers, and items soiled in human blood or fluids are a health risk.
11. Walnuts: These contain juglone, a natural aromatic compound toxic to some plants.
12. Aerosol cans: Sure, they're metal. But since spray cans also contain propellants and chemicals, most municipal systems treat them as hazardous material.
13. Brightly dyed paper: Strong paper dyes work just like that red sock in your white laundry.
14. Ceramics and pottery: This includes things such as coffee mugs.
15. Diapers: It is not commercially feasible to reclaim the paper and plastic in disposable diapers.
16. Hazardous waste: This includes household chemicals, motor oil, antifreeze, and other liquid coolants. Motor oil is recyclable, but it is usually handled separately from household items.
17. Household glass: Window panes, mirrors, light bulbs, and tableware are impractical to recycle. Bottles and jars are usually fine. Compact Fluorescent Lightbulbs (CFLs) are recyclable, but contain a small amount of mercury and shouldn't be treated as common household bulbs.
18. Juice boxes and other coated cardboard drink containers. Some manufacturers have begun producing recyclable containers. These will be specially marked. The rest are not suitable for reprocessing.
19. Medical waste: Syringes, tubing, scalpels, and other biohazards should be disposed as such.

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RELEVANCE OF BRAND PERSONALITY TO TOURISM DESTINATIONS

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ABSTRACT

Destination personality has become a viable metaphor for building destination brands and in providing a unique identity for tourism places. It is about combining all things associated with the 'place' (i.e., its products and services from various industries -- agriculture; tourism; sports; arts; investment; technology; education, etc.) that collaborate under one brand. This paper aims to understand and explain the areas of caution when competing in an international market in tourism and the role played by brand personality in selection of a destination place. The concepts of tourism destination were being analyzed by reviewing of literature on destination, place, product/brand and destination branding. There is a strong fit with the conceptual model suggesting that destinations can use this as a basis for continuity in strategy of tourism branding. Based on the literature review, a concept for destination branding strategy was recommended. Since this study is based on the existing literature, it was found that brand personality has great relevance to destination personality and it has positive impact on perceived destination image and the behavioral intentions of the tourists. This paper reveals the concept of relevance of brand personality to tourism destination and depicts steps essential for creating a successful branding strategy which can be applied in a real world context to maximize returns for the destination. At the conceptual level, although the importance of destination personality has been acknowledged, to the best of our knowledge, very less empirical research has yet identified its dimensions. This conceptual analysis would further help the managers and researchers in the world of marketing to probe into the concept of association between the brand personality and destination branding on a major level in order to build a better tourism destination.

KEYWORDS

Destination personality, destination branding, branding, brand personality.

INTRODUCTION

In today's increasingly competitive tourism market, destination branding can be an affective technique for building successful site images and marketing programs. Although the historical roots of branding can be traced back to the late 19th century with the development of branded consumer products such as Gillette and Quaker Oats (Low and Fullerton 1994), researchers have only recently considered branding as a "hot topic" of today with many contemporary books discussing this concept (D. Aaker and Joachimsthaler 2000; D. Aaker 1996; Bedbury and Fenichell 2002; Carpenter, Glazer, and Nakamoto 1994; Kania 2001; Kapferer 1997; Upshaw 1995).

In the world of generic marketing literature, branding of goods and services is well documented, but the application of branding techniques to places, in particular to tourism destinations, is still in its infancy (Gnoth, 1998; Pritchard and Morgan, 1998). In 1998, tourism destination branding started to gain visibility with destination branding the focal topic at that year's Travel and Tourism Research Association's Annual Conference. Since then, this concept of tourism branding has been further explored in the aptly titled book, *Destination Branding* (Morgan, Pritchard, and Pride 2002). In this study, branding theories are being applied to tourism destinations, and it very well examines the relationship between destination image and destination personality.

Maria, C.; Esteveao, S. and Ferreira, J., Joao (2009) presented a figure of tourism cluster based on the existing studies on tourism. As per the authors elaboration, we can verify that there are no substantial differences between the cluster's definition in a general scope, and the cluster's concept when applied to the tourism industry. The tourism cluster, as are clusters in general, is defined as a geographical concentration in a region of companies and institutions inter-related. The figure 1 is shown below.

FIGURE 1: REPRESENTATION OF A TOURISM CLUSTER



Source: Maria, C.; Esteveao, S. and Ferreira, J., Joao (2009)

It can be accepted that tourism reveals itself as one of the activities with the greatest potential in the world. For its growth potential and as a product that can be only consumed locally, this sector has a prominent role as a local development strategy. This research aimed to reveal various concepts of competitiveness of a tourism for the development of the nation. The study is based on existing literatures which rely on secondary data that can be easily obtained. The theoretical

aspects covered here can help in understanding the basic concepts and the competitiveness of tourism. It may help to identify gaps and the potential for competitive development, which will assist the competent entities in its management.

Also the study reveals that very limited research has been devoted to tourism brands and brand constructs in promoting tourist attractions. Hence, aim of this research is to provide an approach to build an effective destination brand. It is backed by some of the research objectives as:

1. To understand the concept of tourism destinations,
2. To understand the tourism branding,
3. To analyse that whether tourism destinations perceived to possess personalities, &
4. To understand the various underlying dimensions of destination personality

BACKGROUND OF THE STUDY

BRANDING DEFINED

Place branding (also known as destination branding, place marketing or place promotion) is a relatively new umbrella term encompassing nation branding, region branding and city branding. In simple terms, brand represents the connection that is made between a buyer and a brand (Schultz and Barnes 1999). Today's consumers have more product choice but less decision making time than ever before. Consequently, a brand that can help simplify decisions, reduce purchase risk, create and deliver expectations is invaluable (Keller 2003).

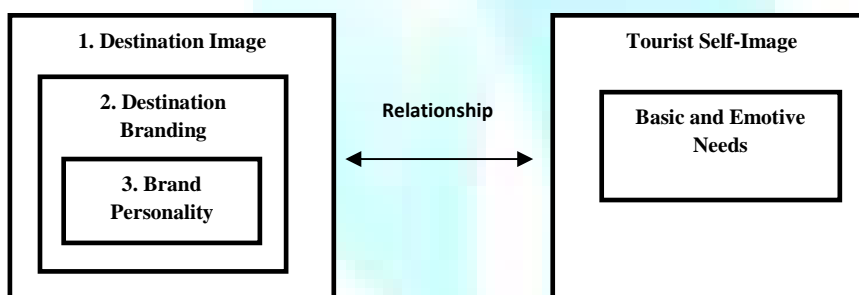
In the context of tourism a geographic location is a destination brand. A destination brand is defined as a 'name, symbol, logo, word or other graphic that both identifies and differentiates the destination; furthermore, it conveys the promise of a memorable travel experience that is uniquely associated with the destination; it also serves to consolidate and reinforce the recollection of pleasurable memories of destination experience' (Kerr 2006, 277).

TOURISM BRANDING

Tourism basically entails a search for that which is extraordinary (Urry, 1990) compared to one's everyday life and environment. A definition proposed by Ritchie and Ritchie (1998, p.17) describes tourism destination brands as: "A name, symbol, logo, word mark or other graphic that both identifies and differentiates the destination; furthermore, it conveys the promise of a memorable travel experience that is uniquely associated with the destination; it also serves to considerate and reinforce the recollection of pleasurable memories of destination experience". Faced with growing global competition where destinations are becoming highly substitutable, destination marketing organisations (DMOs) are in a constant battle to attract travelers" (Pike and Ryan, 2004 in Ekinci, 2006). The political, economic and cultural existence of places outside the tourism context means that tourism destinations have a more comprehensive meaning potential than most other consumer products, and meanings which are closely tied up with the present and historical relations between the country of origin of the tourist and that of the destination" (Therkelsen, 2003).

A tourist destination may be viewed as an amalgam of individual products and experiences that combine to form the total experience of the area visited (Murphy in Ekinci, 2006). Researchers agree that in today's competitive tourism market, destination branding is an effective tactic for building successful tourism images and programs (Morgan & Pritchard, 1999; Morgan, Pritchard, & Piggott, 2003). For the tourist, the product covers the whole set of the experiences "from the moment he leaves home until he returns" (Middleton, 2001:122). Ekinci & Hosany, (2006) specified a distinctive and emotionally attractive destination personality which is shown to have an influence on the perceived image of a place. This in turn, influences on tourists choice behavior. Ekinci (2003) propounded a framework, in which he cleared out the point that the destination image is built on three components: the overall image, the destination brand and, within it, brand personality (marked with numbers 1-3 in Figure 2).

FIGURE 2: DESTINATION IMAGE AND DESTINATION BRANDING



Source: From Ekinci, Y. (2003) in "Using Brand Personality to Differentiate Regional Tourism Destination" by Murphy, L., Moscardo, G., & Benckendorff, P., 2007, *Journal of Travel Research* (46)8, p. 6.

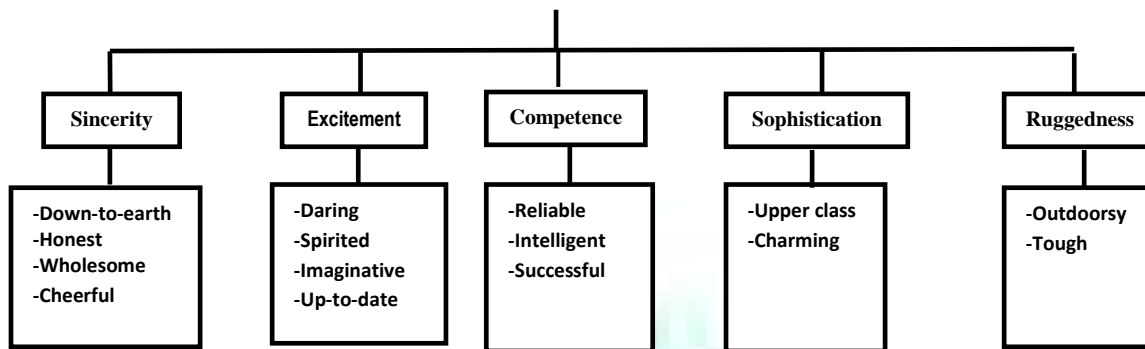
Thus, it is very clear from the above figure that the destination image connected to the tourist's self image. Accordingly, tourism destinations are intangible or abstract because travel experiences cannot be processed or evaluated before purchasing (Awartitefe, 2003). The aim of applying branding in tourism industry is to differentiate a tourism destination from others and creating a unique brand image of a certain place in the minds of target market. The aim of destination branding is to accentuate the singularity of a tourism brand and present a favorable image of the mentioned brand to a target market and so the marketing communications has become important for destinations to promote their brand identity and brand image to target audiences (Fakeye & Crompton, 1991).

BRAND PERSONALITY

Destination branding is about how consumers perceive the destination in their minds. Branding a destination is not just about creating a logo or a slogan. It is about capturing the distinct elements of the destination in the brand and communicating these elements through the brand's components: identity, essence, personality, image, character and culture. Faced with growing global competition where destinations are becoming highly substitutable, destinations are increasingly embracing branding initiatives such as the use of taglines and logos in order to attract visitors and expenditures to their respective destination (Blain, Levy and Ritchie, 2005 in Ekinci, 2006). But Brand personality influences consumer preferences, and although it's considered a metaphor used for understanding customers' perceptions about brands, there is selection of literature concerning destination personality and their image. For some authors brand image is a wider term which also includes its personality. Others consider them similar and reflecting the customers' perception about brands (Ekinci, 2006).

Aaker (1997) has developed a theoretical framework of the brand personality conducted by determining the number and the nature of dimensions of brand personality. This may help to understand the symbolic use of brands in consumer goods and behaviour context. The five personality dimensions are: sincerity, excitement, competence, sophistication and ruggedness (see Figure). Aaker (1997) found 15 facets for these five dimensions: sincerity and excitement each have four, competence has three and both sophistication and ruggedness have two. These facets act as representative traits that provide depth into every dimension.

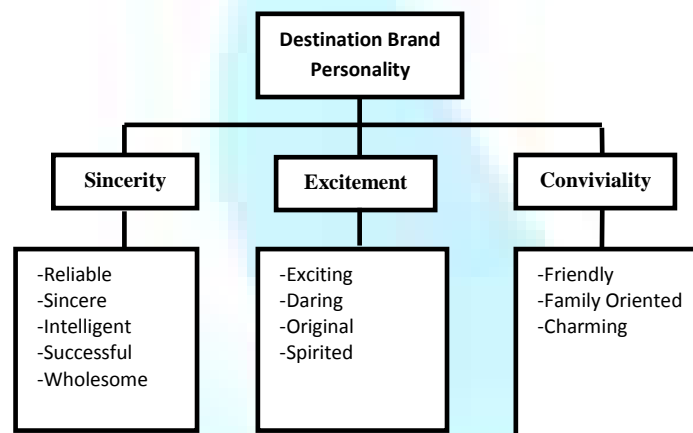
FIGURE3: A BRAND PERSONALITY FRAMEWORK



Source: "Dimension of Brand Personality" by Aaker, J.L., 1997, Journal of Marketing Research (34)3, p. 352.

According to the authors, it is not surprising that tourists associate these traits to destinations as they are some of the most common themes that destination marketers use in order to characterise destinations in today's travel media.

FIGURE4: DESTINATION PERSONALITY



Source: Thesis titled "Tourism Destination Development in the context of brand Personality and Advertising Message-A case study of Swedish Lapland" by Miia-Ilona Lohela, 2008

This study, which sought to clarify destination branding from a theoretical as well as empirical perspective, is considered timely as the destination branding concept has become an increasingly important topic among destination management organizations. Both researchers and practitioners emphasize the importance of image creation and destination differentiation as integral elements in building a strong destination brand.

DISCUSSION AND IMPLICATIONS

Today Tourism Industry has gained a lot of attention and this sector is growing worldwide. To attract more and more tourists to a destination is the need of a tourism market. Hence various strategies are being adopted among which the concept of personality plays a dominant role in attracting the tourists. Although most of the theoretical and empirical studies have been conducted for the same but still most studies to date have been limited to the destinations on the basis of their perceived images only, differentiation based on personality traits has as yet been underexplored.

In today's competitive environment, creating and managing an appropriate destination personality is of vital importance to the survival and success of tourist destinations. Therefore, here an attempt has been made to explore the consequences of the relationship between the tourists and the destinations personalities. The dimensions of Aaker (Sincerity, Excitement, Competence, Sophistication, and Ruggedness) can be taken as a major source of measuring the dimensions of personality. It creates brand personality by defining the destination's personality in few human characteristics. There can be recognised a strong connection between the brand's core values and brand personality. However, the potential contribution of this study is in the theoretical advancement in the field of tourism research by understanding the concept of correlation between the tourist's personality and destination personality, and investigating the impact of such congruency on tourist's behavior. The model clearly specifies that if a positive relation is built between the personalities of the two then it strongly and positively affects the consumers' attitude towards the destination preference & the tourist's involvement.

The study here will help the destination managers and marketers with the planning of strategic marketing programs, such as how to build a strong and distinct destination personality that is congruent with their targeted tourist markets by adopting proper promotional strategies. Also, the destination marketers should build a unique personality for their places. Thus, many other related areas can be explored as that of the congruency effect, the positioning of tourism destinations using the personality dimensions, etc which can enhance the tourism sector. Finally, the result of this study creates an understanding of what influences tourist's behaviour and the theoretical analysis, here, can aid in designing and implementing suitable marketing strategies for creating and enhancing tourist destination personality to attract particular markets, and designing and promoting tourism destinations.

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ANALYSIS OF FACTORS INFLUENCING EMPLOYEES' PRODUCTIVITY, IN RELATION TO WORKPLACE ENVIRONMENT**VIKAS CHADDHA****ASST. PROFESSOR****RAJ KUMAR GOEL ENGINEERING COLLEGE****GHAZIABAD****RAVI PANDEY****ASSOCIATE PROFESSOR****FMG ACADEMY****GREATER NOIDA****ABSTRACT**

Many enterprises limit their productivity enhancement of employees to the acquisition of skills. However, about 80% of productivity problems reside in the work environment of organizations. The work environment has effect on the performance of employees. The type of work environment in which employees operate determines the way in which such enterprises prosper. The objective of the study is to analyze the impact of work environment on future worker's productivity. Investigation revealed that factors in both the external and internal work environment as well as employment policies as they currently obtain are unfavorable to the enhancement of labour productivity. It is therefore imperative for organisations to explore ways of improving and updating infrastructural facilities in order to make work environment more conducive for enhancement of labour productivity. Similarly, job and organizationally related factors and employment policies must be looked into by the respective employers for possible reviews so as to make them more favourable and thereby challenge workers to be more productive. Primary data were used for this study that was generated through structured questionnaires with close ended questions. T-test was used to test the research hypotheses. The respondents were randomly chosen from four selected Automobile Industry. The results of T-test indicate that employee productivity problems are within the work environment. Conducive work environment stimulates creativity of workers. Improvement in work environment and bad working conditions contribute to low productivity of employees.

KEYWORDS

Workers, productivity, infrastructural facilities, environment, employment policies.

INTRODUCTION

India is a rapidly growing economy in the world. The major contribution to the Indian economy comes from Automobile Industry. Automobile Industry in India has witnessed a tremendous growth in recent years and is all set to carry on the momentum in the foreseeable future. Indian automobile industry has come a long way since the first car ran on the streets of Bombay in 1898. Today, automobile sector in India is one of the key sectors of the economy in terms of the employment. Directly and indirectly it employs more than 13 million people and if we add the number of people employed in the auto-component and auto ancillary industry then the number goes even higher.

In the initial years after independence Indian automobile industry was plagued by unfavourable government policies. All it had to offer in the passenger car segment was a 1940s Morris model called the Ambassador and a 1960s Suzuki-derived model called the Maruti 800. The automobile sector in India underwent a metamorphosis as a result of the liberalization policies initiated in the 1991. Measures such as relaxation of the foreign exchange and equity regulations, reduction of tariffs on imports, and refining the banking policies played a vital role in turning around the Indian automobile industry. Until the mid 1990s, the Indian auto sector consisted of just a handful of local companies. However, after the sector opened to foreign direct investment in 1996, global majors moved in. Automobile industry in India also received an unintended boost from stringent government auto emission regulations over the past few years. This ensured that vehicles produced in India conformed to the standards of the developed world.

Indian automobile industry has matured in last few years and offers differentiated products for different segments of the society. It is currently making inroads into the rural middle class market after its inroads into the urban markets and rural rich. In the recent years Indian automobile sector has witnessed a slew of investments. India is on every major global automobile player's radar. Indian automobile industry is also fast becoming an outsourcing hub for automobile companies worldwide, as indicated by the zooming automobile exports from the country. Today, Hyundai, Honda, Toyota, GM, Ford and Mitsubishi have set up their manufacturing bases in India. Due to rapid economic growth and higher disposable income it is believed that the success story of the Indian automobile industry is not going to end soon. Consequently, in view of the critical significance of the sector to the nation's economy, and its capacity to generate far-reaching multiplier economic benefits, the grooming of vastly skilled indigenous manpower to participate keenly in the activities of the sector to redress the foreign dominance becomes a desideratum. The rapid development of an indigenous technical workforce has become more compelling than ever before against the background of projected imminent injection of massive investment in the sector.

The performance of a corporate organization, which determines its survival and growth, depends to a large extent on the productivity of its workforce. Infact, the wealth of the nation as well as socio-economic well being of its people depends on the effectiveness and efficiency of its various subcomponents. Labour is generally regarded as the most dynamic of all the factors that are employed for the creation of wealth, having the potential to energize and serve as catalyst to all the other resources. Productivity is thus of fundamental importance to the individual worker of whatever status, to the organization whether commercial or not and to the national economy at large and accordingly therefore, to the upliftment of the welfare of the citizen and the reduction if not total eradication of mass poverty. Since then, the concern for productivity especially in this sector has increased with intensity, culminating to the establishment of the national productivity center under the Ministry of Employment, Labour and Productivity. The major challenges to these Automobile companies are to stimulate productivity consciousness among workers and to develop and supply the right technical solutions to productivity problems across the sector.

Productivity in an organization can, in principle, be influenced by a wide range of internal and external variables, which may be categorized as:

1. General factors: Among which are climate, geographic distribution of raw materials, fiscal and credit policies, adequacy of public utilities and infrastructural facilities, etc.
2. Organizational and Technical factors: Namely, the degree of integration, percentage of capacity, size and stability of production, etc.
3. Human factors: Which include labour- management relations, social and psychological conditions of work, wage incentives, physical fatigue, trade union practices, etc.

Although attempts have been made in the past to tackle this problem of low productivity which has been a long standing concern in Indian companies, the problem remained more or less unabated. It is not in doubt that India is richly and extra-ordinarily endowed with all the three basic principal factors needed for enhancement of productivity, namely, capital, human and mineral resources, it has been unable to take advantage of these factors to obtain at least a corresponding level of outputs consequent to which the country, several years since it attained political independence, is yet poverty ridden. The basis of a developing economy and associated standard of living, according to Yesufu (2000) is rising efficiency, which is implied by productivity. It thus becomes pertinent

to ascertain the extent to which the organizational environment accounts for the rather low productivity of the Indian workers. Consequently, this research has attempted to provide answers to the following key questions:

1. What are the possible effects of some identified factors in the external work environment on workers' productivity?
2. To what extent are factors in the internal work environment perceived as having adverse effects on productivity?
3. How important are some specifically named facilities in the work environment to enhancing workers' productivity?
4. To what extent do factors in the worker's place of residence have effect on his productivity?

Brenner (2004) asserted that the ability of employees within an organization to share knowledge throughout the system depends on the conditions of their work environment. However, the survey revealed that corporate executives from various companies disclosed that many organizations do not fully leverage their physical work environment to enable increase collaboration, innovation and improve work effectiveness. It is also observed that employees tend to be more productive in a well-facilitated work environment. More so, the quality of comfort derivable from work environment determines the level of satisfaction and productivity of workers. Workers productivity cannot be optimal, if the conditions of work environment are not favourable. Improved work environment will enhance employee productivity. For example, standard health facilities will protect the life of the workers. In case of any hazard on the job they have some assurance of some income. This assured income tends to minimize any inhibitory fears of the workers devoting themselves fully to their work. The performance of a corporate organization, which determines its survival and growth, depends to a large extent on the productivity of its workforce. Infact, the wealth of a nation as well as socioeconomic well being of its people depends on the effectiveness and efficiency of its various sub-components. Labour is generally regarded as the most dynamic of all the factors that are employed for the creation of wealth, having the potential to energize and serve as catalyst to the other resources. Productivity is thus of fundamental importance to the individual worker of what ever status, to the organization whether commercial or not and to the national economy at large and accordingly therefore, to the upliftment of the welfare of the citizen and the reduction if not total eradication of mass poverty. Productivity implies reaching the highest level of performance with the least expenditure of resources. The foregoing are in consonance with the common approach to productivity which according to Adamu (1991), is a type of relation between output and input. The relations as Adamu states further, compares outputs with one or more inputs, often factors inputs like labour and capital to define some meaningful measures like:

1. The work environment as to be safe and healthy that is, no hazards and no undue risks.
2. The opportunity to use talents effectively to acquire new skills and knowledge for advancement must be ever present.
3. The employees at all levels have occasions to develop their capabilities through problem solving and planning.
4. The social climate of the organization is free from prejudice and rigid classifications.
5. The job does not take excess time and energy from other aspects of life.

The theme of this research lies on the fact that both management and workers of enterprises are less considerate of work environment as having a great influence on productivity of workers as resulting from workers' negative attitude to work while the workers' view of low productivity may stem from poor pay system, absence of fringe benefits, inappropriate leadership style, wrong job location, unfavorable organizational change etc.

Consequently, the issue arises as to which type of work environment be maintained by an enterprise in order to enhance workers productivity. The research will centre on work environment and its influence on workers productivity. Conducive work environment eradicates the problem of psychological pains of the workers, stress, ill health of workers etc.

The objective of the research is to analyze the impact of workers environment on workers' productivity with a view to evaluating the existing physical work environment and to identify the type of work environment that will improve workers productivity.

REVIEW OF LITERATURE

Declining productivity in India has become a persistent concern of economic and business analysts over the past few years and as the decline continues so does the search for solutions (Bowman, 1994; Burnstein and Fisk, 2003; Balk, 2003). Dozens of organizations have attempted to solve their productivity problems by application of various innovative management techniques (Balas, 2004). Some private sector agencies have implemented incentive programs in order to influence and increase productivity.

In the literature, it is posited that the industrial revolution and the movement away from agrarian society was the pivotal point in history that instigated the concern with workers output (Kartzell and Yanalorch, 2000). The major schools of thought, namely, Fredrick W. Taylor and the Human Relations Movement have impinged on productivity since the mid-nineteenth century. Among a number of factors that were since that time believed to have some influence on productivity are (a) the growth of organized labour unions, (b) technological advancement and (c) the changing role of government. For instance, government was assumed to have some influence on productivity, albeit often indirect through labour legislation, consumer protection regulations and even tax regulations, which may redirect the way in which factors of production are allocated.

The need to provide a safe work environment for employees has had a long history in human resource management. In Beer (1994) model of human resource management, it is acknowledged that work systems cannot only affect commitment, competence, cost effectiveness and congruence but also have long term consequence for workers' well being, there is some evidence to indicate that work systems designs may have effects on physical health, mental health and longevity of life itself. Conducive work environment ensures the wellbeing of employees which invariably will enable them exert themselves to their roles with all vigour that may translate to higher productivity (Akinyele, 2007). Longman dictionary of contemporary English (2003) defines work environment as "all the situation, events, people etc that influence the way in which people live or work" while "work" is defined as "a job you are paid to do or an activity that you do regularly to earn money". Accordingly, Kohun (1992), defines work environment as "an entirety" which comprises the totality of forces, actions and other influential factors that are currently and, or potentially contending with the employee's activities and performance. Work environment is the sum of the interrelationship that exists within the employees and between the employees and the environment in which the employees work. Brenner (2004) was of the opinion that "the ability to share knowledge throughout organizations depends on how the work environment is designed to enable organizations to utilize work environment as if it were an asset. This helps organizations to improve effectiveness and allow employees to benefit from collective knowledge". In addition, Brenner (2004) argued that work environment designed to suit employee's satisfaction and free flow of exchange of ideas is a better medium of motivating employees towards higher productivity. Work environment when appropriately designed, motivates employees toward higher productivity. To attain the objective, management of any organization must identify those factors both in employment situation and in the psychology of the workers that best motivated them and to see to the provision of such factors in order to boost productivity. The work environment according to Opperman (2002) is a composite of three major sub environments viz: the technical environment, the human environment and the organizational environment. Technical environment refers to tools, equipment, technological infrastructure and other physical or technical elements. This environment creates elements that enable employees perform their respective responsibilities and activities. The human environment refers to peers, others with whom employees relates, team and work groups, interactional issues, the leadership and management. Human environment is designed in such a manner that encourages informal interaction in the work place so that the opportunity to share knowledge and exchange ideas could be enhanced. This is a basis to attain maximum productivity. Organizational environment include, systems, procedures, practices, values and philosophies. Management has control over organizational environment. For instance, measurement system where people are rewarded on quantity hence workers will have little interest in helping those workers who are trying to improve quality. Issues of organizational environment influence employee's productivity.

There are two types of work environment according to Kyko (2005), which are conducive and toxic work environments. Conducive work environment gives pleasurable experience to employees and enable them to actualize their abilities and behavior. This type of environment also reinforces self-actualizing behaviours.

For instance, an irresponsible employee can change into a responsible employee in conducive work environment. Toxic work environment gives unpleasant experiences and at the same time, deactualize employees' behavior. This environment reinforces low self-actualizing behaviours and it leads to the development

of negative traits of the employees' behavior. In toxic work environment, responsible and sensible employee can change into irrational and irresponsible employee as a survival strategy.

Kyko (2005) identified six factors which contribute to a toxic work environment hence contributing to low productivity of workers. The factors are: opaque management, biased boss, company's policies, working conditions, interpersonal relationship and pay. Mali (1978) sees productivity as "the measure of how resources are brought together in organizations and utilized for accomplishing a set of results. Productivity is reaching the highest level of performance with least expenditure of resources. The term employee productivity is commonly used to refer to the volume of goods and services produced or rendered per employee within some specific unit of time (year, month, week, day or hour). Productivity is seen as the power of employees, that is, ability of employee to turnout used values (goods and services) which can be normal at a given state, technique and organization (Lambert, 2000; Nwachukwu, 1987).

Lambert (2005) was able to show in his findings that "it is the number of management functions in the work environment which appear to have been the key factor inhibiting higher productivity". Accordingly, he identified the management functions as: provision of adequate fringe benefits, supervision, work method and organization. Nwachukwu (1987) also identified, supervision, subordinates, the environment and outcome as the major variables that influence productivity. According to Cecunc (2004), productivity is referred to as "an index expressed as the ratio of output over input (Wehrich and Koontz, 1994; Bedejan, 1987). Lambert (2005) opines that "labour productivity is rarely measured directly but inferred from changes in employees' attitude and behaviour such as organizational commitment, organizational citizenship behaviour and job satisfaction". Work environment includes some factors, which either contributes positively or negatively to achieving maximum employee productivity (Elywood, 1999). We cannot measure the effectiveness of a job design without the knowledge of the working environment in which the design is place it is part of total picture. The factors which either contributes positively or negatively to employee productivity are: temperature, humidity and air flow, noise, lighting, employee personal aspects, contaminants and hazards in the working environment, types of subenvironment.

Brenner (2004) in a work place index survey conducted for steel case itemized what employees want and perceived to help their productivity in the work environment as better lighting, more elbow room, creative methods for assessing space, personalization, more impromptu meeting for work well done and involvement in the decision that impact their day to day lives at work. An organization that want to ensure employee productivity improvements will exploit those tools used for managing the work environment in which such employees work. An effective work environment management entails making work environment attractive, creative, comfortable, satisfactory and motivating to employees so as to give employees a sense of pride and purpose in what they do. The following are some of the tools used to manage work environment to improve productivity. Noise control, contaminants and hazard control, enhancing friendly and encouraging human environment, job fit, rewards, feedback, work environment modeling, creating qualitative work life concepts and making physical working conditions favourable (Cecunc, 2004; Opperman, 2002; Elywood, 1999). Brenner (2004) argued for modeling of work environment to improve employees' productivity calls for management responsibilities of holding everything together, improving motivation and creating commitment in the work environment. He postulated the PRIDE model, which managers can use in order to be successful in modeling the work environment. Providing a work environment that simultaneously achieves company goals and employees' goal involves motivating such work environment with quality of work life. This involves giving employees opportunity for their personal growth, achievement, responsibility, recognition and reward so as to get high quality productivity from employees (Cecunc, 2004). According to Yesufu (1984), the nature of the physical condition under which employees work is important to output. Offices and factories that are too hot and ill ventilated are debilitating to effort. There should be enough supply of good protective clothing, drinking water, rest rooms, toilets, first aids facilities etc. Both management and employees should be safety conscious at all times and minimum of requirement of the factories act must be respected.

This push for more productivity from public sector agencies is not a new phenomenon. These factors may be important; yet, believing that the attitudes and management styles of mid-level managers are what really influence employee productivity. One of the primary tasks of the managers is to motivate people in the organization to perform at high levels (Steers and Porter, 2000; Caldwell, 2001; Christesen, 2002). It is generally agreed that the more accurately managers can answer the question of what motivates their employees, the more effective they will be at maximizing productivity, enhancing productivity, enhancing performance and advancing the notion of organizational accountability (Chernis and Kane, 2004). There have actually been a number of public sectors productivity movements. The beginning of the last century was characterized by an important productivity interest that diminished as the Second World War approached. This movement towards a more productive public sector can be categorized into four periods: Government by the efficient (1900 - 1940), government by administrators (1940 - 1970), government by the managers (1970 - 1980) and government by the private sector (1980 - 1990) (Public productivity and management review, 1990).

METHODOLOGY

Four hypotheses were postulated for this study and are as follows:

H1: Bad work environment can contribute to low productivity of employees.

H2: Improvement in work environment can lead to higher productivity of employees.

H3: Conducive work environment stimulates creativity of employees.

H4: Employee productivity problems are within the work environment.

The data used for the study were primary data generated through structured questionnaires. The questions in the questionnaires were closed ended questions. The response format employed a 4 point Likert scale. 85 were administered to four different Automobile industries in India. The industries include Maruti Udyog Ltd, Bajaj Auto Ltd, Hyundai Motors, and Hero Honda Ltd. 62 questionnaires were filled and returned. The breakdowns of the returned questionnaire are; Maruti Udyog 18 questionnaires were returned. Bajaj Auto 16 questionnaires were returned and Hyundai Motors 15 questionnaires were returned and Hero Honda 13 questionnaires were returned. The organizations and the staff respondent was randomly chosen. Frequencies were used to examine the pattern of response to each variable under investigation. t- Test was used to test the formulated hypothesis.

ANALYSIS AND DISCUSSION

The returned questionnaires were 62 and the percentage is 73% which is high enough to enable valid analysis.

TABLE 1: NATURE OF WORK ENVIRONMENT

Variables	No. of Respondents(F)	Percentage (%)
Very conducive and comfortable	13	20.96
Conducive	4	6.45
Fairly conducive	18	29.03
Poor	21	33.87
Very Poor	6	9.67
TOTAL	62	100.00

From the returned questionnaires respondents described their work environment differently as shown in Table 1. As shown in Table 1, 20.96% of the respondents were of the view that their work environment is very conducive and comfortable. This means that this group of respondents experiences all the conveniences of work environment, which enhance their productivity. 6.45% of the respondents were of the opinion that their work environment is conducive, 29.03% of the respondents were of the view that their work environment is fairly conducive. The sum of the respondents for poor and very poor work

environment is 43.54%. These categories of respondents perceive their work environment as being poor as to enhance their productivity. The experience of the respondents about their work environment varies from excitement to unhappiness as shown in Table 2.

TABLE 2: EXPERIENCE ABOUT WORK ENVIRONMENT

Variables	No of Respondents	Percentage (%)
Excitement and motivation	23	37.09
Stress and tiredness	26	41.93
Boredom, demonstration and unhappiness	5	8.06
B and C	8	12.9
All of the above	0	0
TOTAL	62	100.00

Table 2, revealed that 37.1% of the respondents experience Excitement and motivation in their work environment while 62.89% of the respondents express stress, tiredness, boredom, de motivation and unhappiness. This percentage is the summation of respondents other than those who experience excitement, liveliness and motivation. This is high enough to call for improvement in the work environment. This response rate might not be unconnected with the peculiar nature of the oil and gas industry. The responses of the respondents on the factors that can improve their productivity were as shown in Table 3.

TABLE 3: FACTORS TO IMPROVE PRODUCTIVITY

Variables	Respondents	Percentage (%)
High wages	26	41.93
Improved Environment	18	29.03
Compact supervision	2	3.22
Training and Development	14	22.58
None of the above	2	3.22
TOTAL	62	100.00

From Table 3, 41.93% of the respondents require high wages to improve their productivity. 29.03% of the respondents need improved work environment to improve their productivity. 3.22% indicated compact supervision to improve their productivity and 22.58% of the respondents indicated regular training and development as a basis to improve their productivity. 3.22% of the respondents did not know how to improve their productivity.

The first hypothesis of the study was stated thus: Bad working conditions contribute to low productivity of employees. T-test analysis of the hypothesis is shown in Table 4.

TABLE 4: T- TEST FOR HYPOTHESIS 1

Variable	Frequency	X	FX	X-X	X-X2
Strongly Agree	29	4	116	-11.25	126.563
Agree	22	3	66	-12.25	150.063
Disagree	9	2	18	-13.25	175.563
Uncertain	2	1	2	-14.25	203.063
TOTAL	62		202		665.252

Using 95% significance level, the result of T-calculated was 3.62 and T-Tabulated at 60 degrees of freedom is 2.00. Since T- calculated is greater than T-tabulated, we accept the null hypothesis and reject the alternative hypothesis. Thus, it is concluded that bad work conditions contributes to low productivity of employees.

From the results of T-test analysis using the values in Table 5, T- calculated was 3.61 and T-tabulated at 60 degree freedom is 2.00. Since T- calculated is greater than T-tabulated, we accept the null hypothesis and reject the alternative hypothesis. Thus, it is concluded that improvement in work environment can lead to higher productivity of employees.

From the T-test analysis using the values in Table 6, the result of T-calculated was 3.63 and T-tabulated at 60 degrees of freedom is 2.00. Since T-calculated is greater than T-tabulated, we accept the null hypothesis and reject the alternative hypothesis. Thus, it is concluded that conducive work environment stimulates creativity of employees.

Using 95% significance level, the result of T-calculates was 3.73 and the degree of freedom is 60. T-tabulated is 2.00. Since T-calculated is greater than T-tabulated, we accept the null hypothesis and reject the alternative hypothesis. Thus, it is concluded that employee productivity problems are within the work environment

TABLE 5: T- TEST FOR HYPOTHESIS 2

Variable	Frequency	X	FX	X-X	X-X2
Strongly Agree	32	4	124	11.25	126.563
Agree	20	3	60	12.25	150.063
Disagree	4	2	8	13.25	175.563
Uncertain	6	1	6	14.25	203.063
TOTAL	62		202		665.252

TABLE 6: T- TEST FOR HYPOTHESIS 3

Variable	Frequency	X	FX	X-X	X-X2
Strongly Agree	25	4	100	-11.25	126.563
Agree	31	3	93	-12.25	150.063
Disagree	4	2	8	-13.25	175.563
Uncertain	2	1	2	-14.25	203.063
TOTAL	62		203		665.252

TABLE 7: T- TEST FOR HYPOTHESIS 4

Variable	Frequency	X	FX	X-X	X-X2
Strongly Agree	21	4	84	-11.25	126.563
Agree	22	3	66	-12.25	150.063
Disagree	13	2	26	-13.25	175.563
Uncertain	6	1	6	-14.25	203.063
TOTAL	62		178		665.252

FINDINGS

1. The basic factors in the external work environment particularly the inadequate supply of some infrastructural facilities have imbedded the productivity of the workforce.
2. Factors in the internal work environment particularly, the job related pressures also have their negative effect on labour productivity. Coupled with these are the human factors, namely, the worker's relationship with management and, or co-workers, the level of fringe benefits particularly the non-cash benefits, as well as factors associated with the workers' place of residents.
3. A number of physical facilities and psychological factors that are considered pertinent for enhancing productivity are currently labour expectation.
4. A number of related/job employment policies such as job orientation for new staff, opportunity for staff training and development, promotion, job security etc are presently perceived as unfavorable to workers and therefore have negative impact for productivity.

CONCLUSION

This research has provided an insight into the influence of work environment on workers productivity. The finding indicates that 33.87% of the respondents were of the opinion that work environment is poor as to enhance their productivity. 70.96% of the respondents were of the opinion that high wages, conducive and improved work environment are the factors that can lead to improvement in workers' productivity and 3.22% of the respondents did not know how to improve their productivity. 62.89% of the respondents experience stress, tiredness, pains, boredom, demotivation and unhappiness. This percentage is high and improvement in their work environment recommended enhancing workers productivity. The result of T-test analysis indicated that employee productivity problems are within the environment. All efforts targeted toward alleviating employee productivity problems should be directed at the work environment. Conducive work environment stimulates creativity of employees that may lead to better methods that would enhance productivity. It is also concluded based on the T-test results that improvement in work environment can lead to higher productivity of employees and bad working conditions contribute to low productivity of employees.

RECOMMENDATION AND IMPLICATION

Increases in productivity also can influence society more broadly, by improving living standards and creating income. They are central to the process generating economic growth and capital accumulation.

Corporate organizations that must survive and grow particularly in a competitive business environment must ensure that appropriate environment for increased work performances are created. There are strong indications that a lot need to be done by employers to provide a suitable work environment such as would meet employees' expectation, increase to stimulate job satisfaction and in effect enhance productivity of the work force. The findings of this research have made it evident that:

1. Factors in the internal work environment particularly, the job related pressures also have their negative effect on labour productivity coupled with these are the human actors, namely, the worker's relationship with management and, or coworkers, the level of fringe benefits particularly the non cash benefits, as well as factors associated with the workers' safety and health.
2. A number of physical facilities and psychological factors that are considered pertinent for enhancing productivity are currently labour expectation.
3. The basic factors in the external work environment particularly the inadequate supply of an, or inefficient infrastructural facilities have imbedded the productivity of the workforce. Domestic family related problems also play an important role in determining productivity of workers.
4. A number of job related/ job employment policies such as job orientation for new staff, opportunity for staff training and development, promotion etc are perceived as unfavourable to workers and therefore have negative impact on productivity. It is therefore imperative for the organisations to take stock of factors in the external work environment particularly the safety, health of workers, infrastructure, with a view to improving and or updating them.

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EXPLORING THE IMPORTANCE OF EMOTIONAL INTELLIGENCE IN RETAILING

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ABSTRACT

This is dynamic, ultra-competitive, fast-paced and customer sensitive business environment now it's not enough for salespeople to meet deadlines, be adept at tactical skills but knowing and interacting with each consumer is a must, as is the ability to sense, analyze and respond immediately to the needs of the customers. To really succeed, they must develop and apply their soft and relational skills or what is known as emotional intelligence to help them connect with customers, recognize their needs and wants, and build strong, lasting relationships. The concept of emotional intelligence was coined in the late 1990s, and later linked to individual performance and workplace success. Researches show that a person's emotional intelligence has an 80 to 85 per cent influence on his success in the workplace, while his or her IQ has at best a 25 per cent influence. The current paper is a theoretical investigation of emotional intelligence with its importance, applications and relationship with performance in retailing, how it can be used as a soft tool in developing sales force and helping organization to gain competitive advantage via excellent people skills or emotional intelligence skills of salespeople and proposing "ENCORE" approach which can be instrumental in enhancing emotional intelligence skills of salespeople in retailing.

KEYWORDS

Retailing, emotional intelligence, emotional labor, emotional dissonance.

INTRODUCTION

The concept of emotional intelligence was firstly introduced by Salovey & Mayer (1990) as a type of social intelligence, separated from general intelligence which involves the ability to monitor one's own and others' emotions, to discriminate among them and to use the information to guide one's thinking and actions. Building on the Salovey & Mayer's model Goleman (1995), who was responsible for the popularization of the concept, viewed EI as "the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions well in ourselves and in our relationships.". He also identified the four elements as the components of emotional intelligence: **Self-awareness, Self-management, Social-awareness and Relationship-management**, to them he called as **Emotional competencies**.

In last few years EI received very much research attention especially its impact on work performance. So many researches worldwide attempted to explore the relationship between EI and workplace performance, they suggest that people with higher levels of EI lead more effectively (Barling et al., 2000; Bass, 2002; Caruso et al., 2002; Higgs and Aitken, 2003; Kerr et al., 2006; Palmer et al., 2001; and Rosete and Ciarrochi, 2005); are efficient job performers (Abraham, 2000; Carmeli, 2003; Loundsbury et al., 2003); feel satisfied with their job (Carmeli, 2003); and are committed both to their career and to their employing organization (Carmeli, 2003).

Emotional intelligence also has been shown to be related to enhanced customer satisfaction (Kernbach and Shutte, 2005; Langhorn, 2004). Walker (1995) pointed out that all elements of a service encounter, including the physical surroundings, waiting time, and importantly, the behavior and performance of service providers, can influence customers' level of satisfaction. Barlow and Maul (2000) theorized that high emotional intelligence in service providers contributes to customer satisfaction. They posited that customer satisfaction relates to a customer's emotional experience during the service encounter, and that service providers with high emotional intelligence should be better able to create a positive emotional experience for customers. Therefore the EI is an important quality of service provider (Muchinsky, 2000; Weisinger, 1998).

Theoretical research in sales suggests EI may also be an essential quality of successful salespeople. As Walker, Churchill, and Ford (1977) explained in their work that personal variables such as EI are considered antecedent variables influencing the salesperson's motivation, aptitude, and role perceptions that, in turn, are linked directly to performance.

RETAILING TODAY; NEED FOR EMOTIONAL INTELLIGENCE

The consumer of the 21st century is a different beast to that of the previous century. There is a huge shift in customer values, coupled with the influence of recent market dynamics such as ultra competition, market saturation and wider issues like global recession have resulted in an extremely challenging retail environment. Where it once seemed easy to pigeonhole 'the consumer' as a homogenous entity, nowadays the consumer segments are now heavily fragmented and disparate, today's customers are more stressed, more demanding and they hungry for personal attention so the old rules for retailers no longer apply.

Today success in retail requires the empathic ability to gauge a customer's mood and the interpersonal skill to decide when to pitch a product and when to keep quiet. Customer service representatives who are emotionally resilient, avoid over-personalizing negative interactions, and tend to keep their focus on solving the problem together with the customer. The ability to manage feelings and handle stress is another aspect of emotional intelligence that has been found to be important for success. A study of store managers in a retail chain found that the ability to handle stress predicted net profits, sales per square foot, sales per employee, and per dollar of inventory investment (Beaudan, 2002; Freshman and Rubino, 2002). A survey of retail sales buyers found that quality sales professionals were valued primarily for their empathy. The buyers reported that they wanted a person who could listen well and really understand what they wanted and what their concerns were (Armstrong and Seng, 2000; Jamal and Naser, 2002).

The importance of emotionally intelligent salespeople becomes more apparent while examining the today's sales environment. When the buying process was based on product/service differentiation, buyers' purchases were based upon which product/service most closely fit their specific needs. However, with reverse engineering, reduced product development lead times, increased information flow among all parties, and technological advancements, many products that were formerly differentiated between brands have now become commodities (Rackham 1999). When products become commodities buyers are no longer able to select products based on differences between brands and, instead, are likely to search for other areas of differences upon which to make a final purchase selection (Rackham 1999). One variable upon which to compare product/service offerings is the salesperson selling the product; differences between salespeople become a critical attribute for comparison and the salesperson preferred by the buyer is likely to be the one closing the sale (Berry, Zeithaml, and Parasuraman 1985). Furthermore, in service industries where there is no "tangible" product to evaluate, buyers frequently evaluate the salesperson selling the service because it simplifies the decision process (Berry, Zeithaml and Parasuraman 1985).

Now success in retail is the way customers perceive sales services. That largely depends upon organization's ability to attract and retain customers. Almost every organization is seeking long-term relationships with customers as a sales maxim is that "relationships are everything." According to Dwyer, Schurr (1987) all relationship, including business and personal, contain emotional facets. That shows Emotional intelligence is at the core of relationships, consequently, salespeople who understand emotional intelligence and how to use it will be at an advantage during the sales process and are likely to perform better than salespeople lacking emotional intelligence (Spencer & Spencer, 1993; Spencer, McClelland, & Kelnor, 1997).

EMOTIONAL INTELLIGENCE; DEFINITION AND DIMENSIONS

The study of emotional intelligence evolved from works by such theorists as Gardner (1983) and Williams and Sternberg (1988), who proposed broader approaches to understanding intelligence. However, the term of 'emotional intelligence' (EI) owes its origin to Salovey and Mayer (1990). Thereafter, it was the work of Goleman (*Emotional Intelligence: Why It Can Matter More Than IQ*, 1995) which globally popularized the concept of emotional intelligence and as a result of that both business world and academia have started believing in its importance in the organization.

Denial Goleman (1995) describes EI in his book as "abilities such as being able to motivate oneself and persist in the face of frustrations; to control impulse and delay gratification; to regulate one's moods and keep distress from swamping the ability to think; to empathize and to hope." Thus, Goleman define EI as all encompassing view that covers traits, values, personality, motivation, and character

Goleman (2001) identified the four elements as the components of emotional intelligence: **Self-awareness, Self-management, Social- awareness and Relationship-management**, to them he called as **Emotional competencies**. This range of skills can be divided into two key areas within an emotional competence framework, namely: Personal Competences (how a person manages himself/herself) and Social Competences (how a person manages relationships); these two groups also feature sub-competences as given in *figure 1*.

FIGURE 1: GOLEMAN'S (2001) EMOTIONAL INTELLIGENCE COMPETENCIES

	SELF Personal Competence	OTHER Social Competence
RECOGNITION OF EMOTIONS	Self-Awareness Emotional Self-Awareness Accurate Self-Assessment Self-Confidence	Social Awareness Empathy Service Orientation Organizational Awareness
REGULATION OF EMOTIONS	Self-Management Self-Control Trustworthiness Conscientiousness Adaptability Achievement Drive Initiative	Relationship Management Developing Others Influence Communication Conflict Management Leadership Change Catalyst Building Bonds Teamwork and Collaboration

These four essential components of emotional intelligence and the competencies based on these abilities are crucial for success in personal, social and work life. Each of these dimensions can be directly related to the skills needed by salespeople who want to be successful in identifying, building, and maintaining customer relationships. Here is the brief discussion of each

SELF-AWARENESS

Self-awareness knows one's internal states, preferences, resources, intuitions, etc. It indicates the ability to recognize, understand and accept one's own moods, emotions, drives, strengths and shortcomings as well as to see how these affect other people. According to Goleman, self-awareness includes *Emotional Self-Awareness, Accurate Self-Assessment, and Self-Confidence*. These competencies have their unique importance in sales as due to the fierce competition, demanding customers the performance pressures is very high on salespeople high and it toll on them as work stress which is inevitable (. To deal with the stress the first step to understand and analyze stressors and become familiar with the nature of the stress response. A salesman self-aware will be able to recognize and manage stress responses (Slaski & Cartwright, 2002).

Too often, salespeople are assumed that they are 'jacks-of-all-trades', while that is not always true one person can be expert in one area may be average in others. A salesperson who can not accurately assess him/herself will never come to know in what is his strength which should be emphasized and what is his weakness which should be improved.

SELF-MANAGEMENT

Self-management refers to managing and handing impulses, distressing feelings and upsets rather than denying or repressing these feelings. It implies making a choice as to how to express feelings. It helps in staying compose, focused, calm and helps think clearly even under pressure. Self-management includes *Self-Control, Trustworthiness, Conscientiousness, Adaptability, Achievement Drive and Initiative*.

Usually salespeople are subject to display emotions demanded by their job the need to adhere with display rule of their job while hiding their true emotions. This implies stress for them. A salesperson who possesses emotional self-control will neither be discouraged nor will be able to handle stress very well in comparison to others. Several other studies found that salesperson qualities such as civility, concern, attentiveness, and trustworthiness were associated with customer satisfaction (Kernbach & Schutte, 2005).

SOCIAL AWARENESS

It refers to the ability to understand others and look at things or think from their point of view. It can be called the foundation skill for all the social competencies. It covers *Empathy, Service Orientation and Organizational Awareness*.

Salespeople who can empathize with others are able to recognize the buyers' emotions and then link those feelings with their own experiences (Jolson 1997; Pilling and Eroglu 1994; Spiro and Weitz 1990). If an emotional bond is created between the buyer and seller, products are matched with customers' needs; this increases the customer satisfaction and loyalty (Schneider et al.1998, Johnson 1996; Zeithaml, Parasuraman & Berry, 1990).

RELATIONSHIP MANAGEMENT

It is an ability to build rapport with others and create network of people. It includes the competencies like *Developing Others, Influence, Communication, Conflict Management, Leadership, Change Catalyst, Building Bonds, Teamwork and Collaboration*.

The researches show social skills such as winning people, build consensus and support is a crucial required quality of salespeople (Kernbach and Shutte, 2005; Langhorn, 2004).

And the importance of understanding the non-verbal cues of the client (Ostell, 1996), verbal communication, influence of salesperson during the buyer-seller interaction is widely recognized (Bonoma and Felder 1977; Slesinski 1986; Williams, Spiro and Fine 1990).

Emotional intelligence is what determines our potential for learning practical skills which are based on these emotional competences which shows how much of this potential is translated into on-the-job capabilities, as in case of providing good customer service is an emotional competence based on empathy. Similarly, trustworthiness is a competence based on self-regulation. Emotional competence is a learned capacity based on emotional intelligence that leads to outstanding performance at work. It refers to the harmonious combination of head and heart. The four essential components of emotional intelligence and the competencies based on these abilities are crucial for success in personal, social and work life.

EMOTIONAL INTELLIGENCE IN RETAILING; IMPLICATIONS

Let's examine why emotions are important for sales people? Sales people are crucial members of an organization. They are the interface with the customer and if the customer doesn't like them - or trust them - the company won't make sales. Being a successful organizations in today's dynamic retail world are likely those that take a proactive approach to deliver "great service" (Goodman, 2000). Excellent service, with positive emotional content, is most likely to be facilitated by service providers who are emotionally self-aware and who understand others on a more emotional level (Bardzil and Slaski, 2003).

In a study of more than 2,000 salespeople conducted by *Hay/McBer Research and Innovation Group*, designed to measure the EI competencies among those salespeople that were successful vs. those that were unsuccessful, the following **five Emotional Intelligence competencies** were found the most critical to success in sales.

EMPATHY: This is the salesperson's awareness of the prospect's feelings, needs, and concerns. empathy has long been known as a critical component of relationship selling as salespeople work to identify prospects, understand customer problems, develop them as customers, adapt to their needs, and keep them satisfied (Jolson 1997; Pilling and Eroglu 1994; Spiro and Weitz 1990).

SERVICE & RESULTS ORIENTATION: Service orientation means reorienting the service aspects by anticipating, recognizing and meeting the consumers' needs, using effective tactics and techniques for persuasion and desired results. An emotional bond is created between the buyer and seller. This skill is especially relevant to sales. Salespeople must identify and understand customers' needs and beliefs if they are to successfully adapt their message to specific customers (Weitz, Sujan and Sujan 1986); helping buyers communicate their feelings effectively plays a key role in this process. Moreover, sensitivity to the expressive behavior of others has been linked with perceived performance in buyer-seller interactions (Goolsby, Lagace and Boorum 1992).

SELF CONFIDENCE: This is the salesperson's level of courage and self-esteem that helps to persevere through various obstacles as handling rejection while not taking it personally, be able to recover and restart quickly to try again, to dealing with the **emotional dissonance**, *the conflict between required and true emotions, it is normal feature in retails as job involve a great deal of emotional labor* (sales people are often required to display organizationally desired emotions which the individual may not inwardly feel, known as "**emotional labor**" (Hochschild.1993; Morris & Feldman. 1996; Zeithaml and Bitner, 2000) etc which they encounter throughout the sales cycle.

SELF AWARENESS: It is about knowing one's internal states, preferences, resources, strengths, and limitations. This concept is similar to what other researchers have identified as self-monitoring: the salesperson's predisposition to control the images and impressions of buyers in buyer-seller interactions (Goolsby, Lagace and Boorum 1992; Snyder 1979). Self-awareness is critical if salespeople are to adapt their behaviors to the specific needs of their buyers (Hallén, Johanson and Seyed-Mohamed 1991; Weitz, Sujan and Sujan 1986) and perform effectively (Caldwell and O'Reilly 1982; Spiro and Weitz 1990).

SELF MOTIVATION: The ability to self-motivate is especially critical for field salespeople. In fact the performance of salespeople is a function of their level of motivation (Walker, Churchill and Ford 1977). Salespeople who are internally driven are interested in the work itself, i.e., sales, and try to develop expertise in this area (Pittman, Emery and Boggiano 1983). Intrinsically motivated salespeople are more likely to focus on learning more about selling by varying their behavior from one customer to the next in an attempt to adapt effectively to each customer's needs (Weitz, Sujan and Sujan 1986).

DEVELOPING EMOTIONAL INTELLIGENCE OF SALES PEOPLE

Developing emotional intelligence of salespeople could be a four-step process:

1) IDENTIFICATION OF CRUCIAL EI COMPETENCIES REQUIRED

First the crucial EI competencies need to be recognized. This can be done with reviewing the literature available in the field (Weitz, Castleberry, and Tanner 2000 Spencer & Spencer, 1993; Spencer, McClelland, & Kelnor, 1997). Some other sources can also be used, for example as mentioned above in the current paper is the finding of a recent survey conducted by leading EI consultancy and research firm (TalentSmart, Hay/McBer Research and Innovation Group etc). These finding are generalized and with the help of these a baseline can be established.

2) ASSESSING THESE COMPETENCIES OF SALESPEOPLE

Although no single EI testing tool has emerged as the dominant favorite for assessment purposes, there are several assessment scales available, the most popular tests include the following: EQ-I (Reuven Bar-On 1997), Emotional Competency Inventory (Goleman, 1998), Multi-factor Emotional Intelligence Scale (Mayer, Caruso and Salovey, 1998) and others (Feldman 1999; Schutte et al. 1998; Weisinger 1998). Each scale has benefits and drawbacks depending upon time factors, ease of use, parsimony, and scoring simplicity. EQ-I (Reuven Bar-On 1997) assessment tool is particularly helpful because this is a self-report questionnaire.

With this the crucial EI competencies can be assessed.

3) IDENTIFICATION OF EI GAP

Once the crucial EI competencies are identified and these are assessed, each individual salesperson will have an idea as to which aspects of EI he/she needs to improve the most or help of expert can be taken to identify the gap between required competencies and the actually possessed by sales force in the organization. Gap could be as some salesperson may be very strong in the intrapersonal dimensions of self-regulation and self-awareness, but may need to improve the interpersonal skill of perceiving others' emotions. This can actually help in constituting a good training program or approach to enhance EI of salespeople.

4) BRIDGING THE GAP / IMPROVING EI OF SALESPEOPLE

Once salespeople have assessed their EI strengths and weaknesses, exercises to enhance their EI can be used. While there are a number of literature is available with ideas on how to improve emotional intelligence at workplace (e.g. Epstein 1998; Feldman 1999; Weisinger 1998) none speak specifically to the needs of the salespeople. Here the author present **ENCORE**, a six step self development approach, which can be instrumental in enhancing EI of salespeople.

- **E- "Emotional Awareness"**, let's start with self-evaluation, looking honestly deep inside. What are the weaknesses and strengths? Accepting short comings and working on some areas to make them better.
- **N- "Neutralizing emotional dissonance"** Examine how you to react to stressful situations which demands higher emotional labor. The ability to stay calm and in control in difficult situations is highly valued - in the business world and outside it. Means understanding the required and felt emotions and trying to bridge the gap in between i.e. neutralizing emotional dissonance.
- **C- "Constraint"** - watching emotional responses, put a check on negative emotions that can damage relationships, inflict pain in others especially customers and colleagues.
- **O- "Observation"** - Observe how to react to people, develop emotional radar. Do not rush to judgment before all the facts are clear. Look honestly at interaction with other people, be a better listener and observer.
- **R- "Realization"** - Examining how one's actions affect others before taking those actions. Try to put yourself in their place, and be more open and accepting of their perspectives towards decision.
- **E- "Establishing Rapport with Others"** (*social skills/relationship management*) -communication openly with others. Accepting the point of view of others in conflict resolution, giving others a chance to shine.

SCOPE FOR FUTURE RESEARCH

This paper has been an attempt by researchers to investigate the need and applications of EI in retailing from which future research can be generated. More research needs to confirm the applicability of this approach in different arena of business. New researches might investigate importance of each single dimension of emotional intelligence such as self management, relationship management etc in retailing. Also researches focusing on specific areas for example the impact of ability to recognize customers' emotions, capacity to handle emotional labor, ability to deal with emotional dissonance etc on their performance. Even the importance of EI competencies from buyer point of view can also be studied.

CONCLUSION

Today's retailing is dynamic in nature characterized by highly segmented market, stressed consumers who are hungry for personal attention. Now a primary measure of success in sale is the way customers perceive it. To create loyal customers, organizations must endeavor for "customer delight." In this process

individual competencies as Emotional Intelligence of sales force of any organization are strong determinant of success in retail. This paper has been an attempt by researchers to investigate the need and applications of EI in retailing from which future research can be generated.

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WOMEN ENTREPRENEUR- A NEW BEGINNING**NISHA RATHORE****JUNIOR RESEARCH FELLOW – U.G.C.****H. NO 20 A/26, NEAR JEEVAN JYOTI HOSPITAL****RAMGANJ, AJMER – 305 001****ABSTRACT**

Women entrepreneurship development is an essential part of Human resource development. The development of women entrepreneurship in India is increase with the time but still it is very low in rural areas. This is because of the lack of awareness. The women in the rural areas are not aware about the various schemes and programme which are launched by the Government. Entrepreneurship among women has been a recent concern. Women have become aware their existence, their rights and their work situation. The progress is more visible among upper class families in urban cities. This paper focuses on women entrepreneur. Any understanding of Indian women of their identity and especially of their role taking and breaking new paths will be incomplete without a walk down the corridors of Indian history where women have lived and internationalized various role. The Main focus of this paper is to develop entrepreneurship among women. This paper talks about the different ways to develop women entrepreneurship and about the status of women entrepreneurs and problem faced by them when they come out and faced challenges in the competitive world of business environment.

KEYWORDS

Women, development, India, human.

INTRODUCTION

Women owned business are highly increasing in the economics of almost all countries. The hidden entrepreneurs potential of women have been gradually changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures.

'Women entrepreneurs' is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life with the advent of media, women are aware of their own traits rights and also the work situation women are found indulged in every link of business from pappad to power cables. The challenge and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators.

Entrepreneurship before it was considered as a male dominated activity but time has changed the situation and brought women as memorable and inspirational entrepreneur. Today, we can see a women in every where whether it is super market or departmental store, even in rural area in STD, PCO shops also. They are flourishing as designers, interior, decorators, exporter, publisher, garment manufacturers and still exploring new avenues of economic participation.

We can states the examples of Mahila griha udhog (lizzat pappad), Shainaz Hussain, Kiran Mazumdar, Simon Tata etc. who started their business at small level & now they have reached a great height. It is good sign for country that indian women are coming out from their home and contributing in national economy because a little beginning shows great results. In India, although women constitute the majority of the total population, the entrepreneurial world is male dominated one women in advanced nations are recognized and are more prominent in the business world.

ROLE OF WOMEN AS A ENTREPRENEUR**IMAGINATIVE**

It refers to the imaginative approach or original ideas with competitive market well planned approach is needed to examine the existing situation and to identify the entrepreneurial opportunities. It further implies that women entrepreneur's have association with knowledgeable people and contracting the right organization offering support and services.

ATTRIBUTE TO WORK HARD

Enterprising women have further ability to work hard. The imaginative ideas have to come to a fair play. Hard work is needed to build up an enterprise.

PERSISTENCE

Women entrepreneurs must have an intention to fulfill their dreams. They have to make a dream transferred into an idea enterprise.

ABILITY AND DESIRE TO TAKE RISKS

The desire refers to the willingness to take risk and ability to the proficiency in planning making forecast estimates and calculations.

PROFIT EARNING CAPACITY

She should have a capacity to get maximum return out of invested capital.

A women entrepreneur has also to perform all the functions involved in establishing an enterprise. These include idea generation and screening determination of objectives, project preparation, product analysis, and determination of forms of business organization, completion of formal activities, raising funds procuring men, machine, material and operation of business.

Fredrick Harbison has enumerated the following five functions of a women entrepreneur:-

- Exploration of the prospects of starting a new business enterprise.
- Undertaking a risk and handling of economic uncertainties involves in business.
- Introduction of innovations,
- Imitation of innovations.
- Supervision and leadership.

PROBLEMS OF WOMEN ENTREPRENEUR IN INDIA**LACK OF CONFIDENCE**

In general, women lack of confidence in their strength and competence. The family members and the society are reluctant to stand beside their entrepreneur growth. To a certain extent this situation is changing among Indian women and yet to face a tremendous change to increase the rate of growth in entrepreneurship.

SOCIO CULTURAL BARRIERS

Women's family and personal obligations are sometimes a great barrier for succeeding in business career only few women are able to manage both home and business efficiently devoting enough time to perform all their responsibilities in priority.

MARKET ORIENTED RISKS

Stiff competition in the market and lack of mobility of women make the dependence of women entrepreneurs on middleman indispensable. Many business women find it difficult to capture the market and make their products popular. They are not fully aware of the changing market conditions and hence can effectively utilize the services of media and internet.

MOTIVATIONAL FACTORS

Self motivation can be realized through a mind set for a successful business, attitude to take up risk and behavior towards the business society by shouldering the social responsibilities. Other factors are family support, government policies, financial assistance from public and private institutions and also the environment suitable for women to establish business units.

KNOWLEDGE IN BUSINESS ADMINISTRATION

Women must be educated and trained constantly to acquire the skills and knowledge in all the functional areas of business management. This can facilitate women to excel in decision making process and develop a good business network.

AWARENESS ABOUT THE FINANCIAL ASSISTANCE

Various institutions in the financial sector extend their maximum support in the form of incentives, loans, schemes etc. Even then every women entrepreneurs may not be aware of all the assistance provided by the institutions. So the sincere efforts taken towards women entrepreneurs may not reach the entrepreneurs in rural and backward areas.

EXPOSED TO THE TRAINING PROGRAM

Training programs and works hops for every type of entrepreneur is available through the social and welfare association based on duration, skill and the purpose of the training program. Such programs are really useful to new rural and young entrepreneurs who want to set up a small and medium scale unit on their own.

IDENTIFYING THE AVAILABLE RESOURCES

Women are hesitant to find out the access to cater their needs in the financial and marketing areas. In spite of the mushrooming growth of associations institution and the scheme from the government side, women are not enterprising and dynamic to optimize the resources in the form of reserves, assets mankind or business volunteers.

HOW TO DEVELOP WOMEN ENTREPRENEURS?

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

1. Consider women as specific target group for all development programmes.
2. Better educational facilities and schemes should be extended to women folk from government part.
3. Adequate training programme on management skills to be provided to women community
4. Encourage women's participation in decision making.
5. Vocational training to be extended to women community that enables them to understand the production process and production management.
6. Training on professional competence and leadership skill to be extended to women entrepreneurs.
7. Training and counseling on a large scale of existing women entrepreneurs to remove psychological causes like lack of self confidence and fear of success.
8. Counseling through the aid of committed NGO's, psycho logistics, managerial experts and technical personnel should be provided to existing and emerging women entrepreneurs.
9. Continuous monitoring and improvement of training programmers.
10. Activities in which women are trained should focus on their marketability and profitability.
11. Making provision of marketing and sales assistance from Government part.
12. To encourage more passive women entrepreneurs the women training programme should be organized that taught to recognize her own psychological needs to express them.
13. State financial corporations and financing institutions should permit by statute to extend purely trade related finance to women entrepreneurs.
14. The financial institutions should provide more working capital assistance both for small scale venture and large scale venture.
15. Infrastructure in the form of industrial plots and sheds, to set up industries is to be provided by state run agencies.
16. A women entrepreneur's guidance cell set up to handle the various problems of women entrepreneurs all over the state.
17. Industrial estates could also provide marketing outlets for the display and sale of products made by women.
18. District Industries centers and single window agencies should make use of assisting women in their trade and business guidance.
19. Programmers for encouraging entrepreneurship among women are to be extended at local level.
20. Training in entrepreneurial attitude should start at the high school level through well designed courses, which could build confidence through behavioral games.
21. Involvement of Non governmental organizations in women entrepreneurial training programmes and counselling.

CONCLUSION

Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men and have proved that they are second to no one with respect to contribution to the growth of economy.

Women entrepreneurship must be molded properly with entrepreneurial traits and skills to meet the change in trends, challenges global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena.

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A REVIEW ON PERSONALITY MAGNETISM LEADERSHIP BEHAVIOR

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TIRUCHIRAPPALLI - 1

ABSTRACT

This article systematically reviews extant research on personality magnetism leadership behavior. Based on this overview; it may be possible to advance a more inclusive perspective on the origins of such behavior, incorporating both leader- and context-based antecedent constructs. Such an integrative approach may allow for a better evaluation of the joint role of various influencing factors and promote a better understanding of the complex mechanisms underlying the development of charismatic leadership. In this discussion, it focuses on leaders' demographics, cognitive ability, personality, attitudes and values, affect, and emotional intelligence. Building on these considerations, the authors outline potentially fruitful directions for future research.

KEYWORDS

Charismatic leadership, cognitive ability, emotional intelligence, leaders' attitudes, Social context.

INTRODUCTION

Research has accumulated ample evidence demonstrating the beneficial consequences of charismatic leadership behavior (Judge and Piccolo, 2004; Lowe et al., 1996). Such behavior includes the leader acting as a role model for followers, displaying a sense of power and confidence, and making bold, unconventional decisions. Furthermore, charismatic leaders develop and communicate an emotionally captivating vision, foster the acceptance of shared goals, and motivate followers for the achievement of common aspirations (Avolio and Bass, 1988; Conger and Kanungo, 1987; Shamir et al., 1993). This set of behaviors is reflected in related leadership concepts, such as transformational (Bass, 1985; Burns, 1978) and visionary leadership (Sashkin, 1988). Measures of such leadership have shown significant overlap, and the findings from studies of charismatic, transformational, and visionary leadership generally converge (Judge et al., 2006; Shamir et al., 1993). Also, given their common focus on role modeling, visionary, and emotionally appealing behaviors, these leadership styles are distinguished from transactional or exchange-based leadership that is based on performance rewards, goal setting, and rational path-goal clarification (Bass, 1985; House, 1996).

Although scholars have learned a lot about the impacts of charismatic leadership, the origins of such behavior have long been neglected (Conger, 1999; Yukl, 1999). Nevertheless, a growing amount of research on the antecedents of charismatic leadership has recently started to develop, giving rise to a substantial body of literature. Owing to its relatively early stage, such work has typically proceeded in a rather fragmented manner. Theoretical efforts have usually concentrated either on specific leader characteristics (House and Howell, 1992) or on specific contextual characteristics (Pawar and Eastman, 1997) as antecedent constructs. Similarly, empirical research has largely neglected interrelations between diverse influencing factors, focusing on relatively narrow sets of antecedents (Bommer et al., 2004). More comprehensive approaches toward charismatic leadership behavior emergence have not been proposed to date.

To systematically review the antecedent-oriented charismatic leadership literature, we follow the distinction between individual and contextual antecedent variables common to this research (Judge et al., 2006). Our key criterion for the inclusion of studies was that the respective work explicitly focused on the antecedents of charismatic leadership behavior or related types of leadership (e.g., transformational or visionary leadership). While aiming for a comprehensive coverage of the literature that meets this criterion, we deliberately neglected research on other leadership behaviors, leader effectiveness, or leader emergence.

INDIVIDUAL ANTECEDENTS OF CHARISMATIC LEADERSHIP BEHAVIOR

In striving to organize the variety of individual-level charismatic leadership antecedents discussed in the literature, we consecutively focus on leaders' demographics, cognitive ability, personality, attitudes and values, affect, and emotional intelligence.

LEADERS' DEMOGRAPHIC CHARACTERISTICS

Research on demographic characteristics as charismatic leadership antecedents has mostly concentrated on leaders' gender. Eagly et al., (2003), for example, meta-analyzed 45 studies, demonstrating that women exhibit more transformational leadership behavior than men. This difference was relatively small, however, indicating a female advantage of about one tenth of a standard deviation (Judge et al., 2006). Accordingly, Eagly et al. (2003) acknowledged that "knowing that a particular individual is female or male would not be a reliable indicator of that person's leadership style."

Other demographic variables have received limited attention in charismatic leadership research. Among the few exceptions, Barbuto et al., (2007) found charismatic leadership to be more pronounced among older leaders (i.e., >46 years). In contrast, Oshagbemi (2004) found one aspect of self-reported charismatic behavior (i.e., idealized influence) to be stronger among younger (i.e., <40 years) than among older leaders (i.e., >49 years). Barbuto and colleagues further reported a significant interaction between gender and education. At lower educational levels (i.e., a high school degree) but not at higher educational levels (i.e., a bachelor's or master's degree), male leaders exhibited more transformational behavior than female leaders.

LEADERS' COGNITIVE ABILITY

Even though theorists have emphasized the relevance of cognitive ability for transformational leadership (Wofford and Goodwin, 1994), empirical research has rarely investigated this notion. Among the few exceptions are Atwater and Yammarino's (1993) study of leaders in training at a U.S. military academy, which found intellectual ability to positively relate with transformational leadership. Similarly, Hoffman and Frost (2006) found positive correlations between assessment-center measures of cognitive ability and the charismatic leadership of executive MBA students.

LEADERS' PERSONALITY TRAITS

Leaders' personality is among the most widely investigated antecedents of charismatic behavior. Theorists such as House and Howell (1992) have suggested charismatic leaders to be characterized, for instance, by their achievement orientation, risk-taking propensity, self-confidence, willingness to exercise influence in a nonexploitive manner, inclinations to be confident in and trusting toward followers, and social sensitivity (Avolio and Gibbons, 1988; Bass, 1985; Kuhnert and Lewis, 1987; Zaccaro and Banks, 2001). Empirical research mirrors this breadth of personality antecedents.

Leaders' proactively, for instance, has been shown to positively associate with charismatic behavior in a field study from a financial services company (Crant and Bateman, 2000), in a student sample (Bateman and Crant, 1993) and in a historiometric study of U.S. presidents (Deluga, 1998; Pillai et al., 2003). Similarly, scholars have demonstrated leaders' need for power to positively associate with charismatic leadership in a CEO sample (Hoogh et al., 2005) and in a biographic analysis of U.S. presidents (House et al., 1991), with the latter study also demonstrating that achievement orientation is negatively and activity inhibition is positively related with behavioral charisma. Biographical studies have further shown U.S. presidents' charismatic leadership to be positively associated with their

Machiavellianism (Deluga, 2001) and narcissism (Deluga, 1997), even though Judge et al., (2006) found negative relations between narcissism and transformational leadership among beach patrol members. Finally, field studies in various contexts have shown charismatic behavior to be positively associated with leaders' internal locus of control (Howell and Avolio, 1993); risk-taking propensity (Howell and Higgins, 1990); trait positive affectivity (Rubin et al., 2005); post conventional moral reasoning (Turner et al., 2002); trait optimism, hope, and resiliency (Peterson et al., 2009); warmth (Hetland and Sandal, 2003); and self-confidence, pragmatism, feminine attributes, and nurturance (Ross and Offermann, 1997). The latter study also found criticalness and aggression to negatively relate with transformational leadership.

Scholars have started to integrate this diverse research by focusing on the Big Five personality traits (Judge and Bono, 2000; Lim and Ployhart, 2004; Ployhart et al., 2001), which comprehensively incorporate more fine-grained dispositions. Extraversion, openness to experience, and agreeableness have been suggested to strengthen charismatic behavior. Conscientiousness, in contrast, has been argued to only weakly relate to charismatic leadership, whereas neuroticism has been proposed to hinder such leadership (Hoogh et al., 2005; Judge and Bono, 2000). Supporting these notions, a meta-analysis by Bono and Judge (2004) found the Big Five personality traits to account for 12% of the variance in charismatic leadership behavior, with positive (albeit moderate) bivariate correlations for extraversion ($r = .22$), agreeableness ($r = .21$), and openness to experience ($r = .22$), an insignificant correlation for conscientiousness ($r = .05$), and a moderate negative correlation for neuroticism ($r = -.17$).

LEADERS' ATTITUDES AND VALUES

Some authors have discussed the role of leaders' work attitudes in charismatic leadership behavior emergence. Bommer and colleagues (2004), for instance, demonstrated that leaders' cynicism about organizational change was negatively associated with transformational leadership, whereas others have shown positive work attitudes such as organizational commitment (Seo et al., 2008) and perceived psychological empowerment (Spreitzer et al., 1999) to positively relate with leaders' charismatic behaviors. A different line of inquiry has considered more deeply engrained values and beliefs, theorizing charismatic leadership behaviors to hinge, for example, on leaders' positive work, leadership, and spiritual values (Klenke, 2005). Supporting such reasoning, Sosik (2005) demonstrated positive relationships between charismatic leadership and various aspects of leaders' value systems (e.g., their traditional, collectivistic, self-transcendent, and self-enhancement values).

LEADERS' MOODS AND EMOTION

Scholars have frequently pointed to the affective qualities of charismatic leadership (Cherulnik et al., 2001; Johnson, 2008; Shamir et al., 1993), arguing that leaders' respective behavior entails an "intense emotional component" (Bass, 1985: 36). Theorists have suggested that positive moods and emotions, in particular, may strengthen charismatic leadership (Ashkanasy and Tse, 2000; Gardner and Avolio, 1998; George, 2000). Recent empirical findings support this notion, linking leaders' charismatic behavior both with the experience and expression of positive feelings. Seo et al. (2008), for instance, demonstrated managers' experienced pleasantness at work to positively relate with transformational leadership. Similarly, an investigation of 34 teams in an automotive company found leaders' self-reported positive mood to positively associate with their charismatic behavior (Walter and Bruch, 2007). Focusing on leaders' affective expressions, two field studies reported in Bono and Ilies (2006) demonstrated charismatic leaders to convey more positive emotions in their vision statements through verbal and nonverbal cues (Awamleh and Gardner, 1999); and Groves (2006) reported a positive relationship between emotional expressivity and visionary leadership in a study of 108 leaders. Finally, Erez et al., (2008) found leaders' charismatic behavior to positively associate with both the experience and expression of positive affect in a field study of 48 firefighting units, although such leadership was related with leaders' positive affective expressions (but not experiences) in an experimental study. Importantly, research has shown positive and negative affect to constitute largely independent dimensions that trigger differing action tendencies (Watson and Tellegen, 1985). It does not seem viable, therefore, to transfer the linkage between positive affect and charismatic leadership to leaders' negative feelings. Theorizing is much less conclusive with regard to the negative affect-charismatic leadership linkage. Some scholars have suggested intense negative feelings to inhibit leaders' ability to build trusting relations with followers and to harm leaders' charismatic behavior (George, 2000). Others have speculated that "even the most positive or charismatic leaders may use negative emotions (e.g., anger toward out group members) to energize followers" (Bono and Ilies, 2006; Antonakis, 2003). Empirical research has not investigated the consequences of leaders' negative feelings for charismatic leadership to date.

LEADERS' EMOTIONAL INTELLIGENCE

In line with scholars' emphasis on the role of moods and emotions noted in the previous section, leaders' emotional intelligence (EI) has drawn immense attention in charismatic leadership research. It should be noted that the EI literature is characterized by paradigmatic conflicts (Mayer et al., 2008). Ability models, on one hand, define EI as a set of capabilities related to the effective solution of emotional problems (i.e., the perception, utilization, understanding, and management of emotions; Mayer et al., 2004). Mixed models, on the other hand, conceive of EI more broadly and include a wide array of traits, competencies, and self-perceptions (e.g., social skills, empathy, self-confidence, trait optimism; Bar-On, 2000; Boyatzis et al., 2000). Such differences notwithstanding, theorizing has argued early on that leaders' ability to recognize and influence followers' emotions is a prerequisite for charismatic leadership (Wassiliowski, 1985). Similarly, more current theorists have suggested EI to strengthen charismatic leadership behavior by enabling leaders to arouse and inspire followers and to create charismatic authority (Ashkanasy and Tse, 2000; George, 2000; Prati et al., 2003; Antonakis, 2003). Empirical research has generally corroborated such theorizing. Charismatic leadership has been associated with self-report measures of both ability-based (Gardner and Stough, 2002; Groves, 2005; Middleton, 2005; Palmer, et al., 2001; Walter and Bruch, 2007) and mixed-model EI (Barbuto and Burbach, 2006; Barling, et al., 2000; Mandell and Pherwani, 2003; Sosik and Megerian, 1999; Brown et al., 2006) in numerous field studies. Furthermore, scholars have shown leaders' EI scores, as derived from performance-based ability tests, to positively associate with transformational leadership behavior (Jin et al., 2008; Leban and Zulauf, 2004; Rubin et al., 2005).

CONTEXTUAL ANTECEDENTS OF CHARISMATIC LEADERSHIP BEHAVIOR

Although contextual antecedents of charismatic leadership have received less research attention, a growing body of literature on such influences has started to emerge. We review this work in the following, focusing on leaders' positional, social, and organizational context, as well as the role of crisis situations and national culture.

POSITIONAL CHARACTERISTICS

The position leaders occupy within the organization may shape their charismatic behavior. Even though research has demonstrated the applicability of such leadership across managerial levels (Bass, 1997), for example, theorists have suggested charismatic behavior to occur more frequently at higher hierarchical echelons (Rainey and Watson, 1996; Shamir and Howell, 1999). Empirical findings are mixed, however. Although recent field studies demonstrated higher-level leaders' charismatic and transformational behaviors to be more pronounced (Block, 2004; Bruch and Walter, 2007; Kane and Tremble, 2000), Lowe et al., (1996) meta-analysis revealed the opposite pattern of results, contrary to the authors' own expectations. Thus, the nature of the relationship between leaders' hierarchical positioning and charismatic behavior remains ambiguous. Other positional characteristics have received sparse research attention. Among the few exceptions is Rubin et al., (2005), who found leaders' span of control to diminish transformational behavior.

SOCIAL CONTEXT CHARACTERISTICS

A small body of research has investigated leaders' social context as a charismatic leadership antecedent. Scholars have, for instance, considered the prevalence of charismatic leadership in leaders' immediate work environment. Focal leaders' charismatic behavior has been shown to be more pronounced if their direct superiors also exhibit such behavior (Bass et al., 1987). Similarly, Bommer et al., (2004) demonstrated leaders' transformational behavior to be positively associated with peers' respective leadership, with high levels of peer transformational leadership reducing the negative impacts of leaders' cynicism. Hence, there is some evidence that charismatic leadership behavior may cascade down the organizational hierarchy and spread among peers (Waldman and Yammarino, 1999). In addition, theorists have emphasized followers' roles in shaping charismatic leadership (Howell and Shamir, 2005; Weiherter, 1997). Empirical research on this notion is in a nascent state. A study of 54 military units has shown followers' developmental level (e.g., their self-actualization needs and collectivistic orientation) to enhance leaders' transformational behavior (Dvir and Shamir, 2003). Furthermore, Richardson and Vandenberg's (2005) study of 167 work units has demonstrated leaders' perceptions of their followers' capabilities to positively influence transformational leadership.

ORGANIZATIONAL CHARACTERISTICS

Theorizing on the role of the organizational context for charismatic leadership has provided important ideas, emphasizing, for instance, the potential relevance of organizations' life cycle stage, strategy, technology, structure, and culture (Pawar and Eastman, 1997; Shamir and Howell, 1999). Empirical research, however, is lacking behind this development. In line with previous considerations on the role of the organizational culture, Pillai and Meindl (1998) found leaders' charismatic behavior to be more pronounced in more collectivistic rather than individualistic work units (see also Bass and Avolio, 1993). Furthermore, in terms of organizational structure, Shamir et al., (2000) found transformational leadership to be more prominent in organic rather than mechanistic military divisions (Singer and Singer, 1990). Sarros et al., (2002) demonstrated employees' ratings of top managers' transformational behavior to negatively associate with employees' perceptions of organizational centralization, whereas there was a positive relation with job specificity and a negative relation with rule observation (with job specificity and rule observation both constituting distinct aspects of formalization). Finally, Walter and Bruch's (in press) study of 125 small- to medium-sized companies' demonstrated transformational leadership to occur more frequently in smaller, decentralized, and sufficiently formalized organizations.

CRISIS SITUATIONS

Focusing on the organization's environment, various scholars have discussed the role of crisis situations as charismatic leadership antecedents. Although early theorists have suggested crises to constitute a prerequisite for charismatic leadership (Weber, 1947), recent scholars generally agree that even though crisis situations may promote such leadership they are not required for its occurrence (Shamir and Howell, 1999). Empirical findings have been inconclusive. House et al., (1991) showed higher behavioral charisma for U.S. presidents who faced substantial external crises. Similarly, Bligh et al., (2004) found President George W. Bush's rhetorical language to contain more charismatic elements after the September 11, 2001, terrorist attacks; and Pillai (1996) found group members to rate their leaders as more charismatic in experimentally induced crisis situations. Bligh et al., (2004), in contrast, reported charismatic leadership ratings for California's then governor Gray Davis to negatively relate with raters' perception of a crisis in California; and Pillai and Meindl (1998) found followers to rate their direct leaders as exhibiting less charismatic behavior the more their work groups experienced crisis situations.

NATIONAL CULTURE

Finally, although charismatic leadership has been demonstrated in various nations (Bass, 1997), scholars have found that "some characteristics of national culture can influence the emergence" of such leadership (Judge et al., 2006). Typically, this research has examined cultural differences by capturing the degree to which leaders in different countries engage in charismatic behaviors. Singer and Singer (1990), for example, showed transformational rather than transactional leadership to occur more frequently in a sample of New Zealand police officers, whereas there was no such difference in a sample of Taiwanese employees. Also, Javidan and Carl (2004) found transformational leadership behavior to be more pronounced among higher-level managers in Canada than in Iran. More formal research on the national culture-charismatic leadership linkage (i.e., moving beyond using country as a proxy for culture) has not been conducted to date.

SUMMARY

We conclude from this review that a broad literature on the antecedents of charismatic leadership behavior has emerged. A major part of this research has focused on individual antecedents. It seems safe to conclude, for instance, that leaders' personality plays a relevant role, given the large number of studies using different research contexts and methods. Also, leaders' favorable work attitudes and values, positive feelings, and EI have been linked with charismatic leadership in various experimental and field settings. Although this research is less developed than research on personality influences and further studies are required to advance our understanding of these antecedents, it is clear that such factors should be considered to thoroughly explain the development of charismatic leadership behavior. In contrast, the charismatic leadership literature has largely neglected leaders' cognitive ability and demographic characteristics (with the exception of gender). Thus, it seems premature to draw definite conclusions about these potential antecedents.

In spite of significant theoretical developments, empirical research on the contextual antecedents of charismatic leadership behavior has remained limited. Nevertheless, there are important findings on the role of positional, social, organizational, and environmental context factors. Although replication and further research is certainly required to strengthen our confidence in these results, the existing empirical work has generally been able to build on and corroborate previous theorizing, demonstrating that contextual aspects cannot be neglected and deserve further investigation as antecedents of charismatic leadership behavior.

The above review also shows that a piecemeal approach has dominated the antecedent-oriented charismatic leadership literature, with most studies focusing on single types of influencing factors without considering possible interrelations. With few exceptions (Bommer et al., 2004; Hoogh et al., 2005), research on the individual and contextual antecedents of charismatic leadership has exhibited little cross-fertilization. Hence, a theoretical integration of previous work is required to clarify linkages between research areas that have heretofore proceeded in isolation and uncover new research directions. In the following sections, we therefore develop an integrative framework of charismatic leadership behavior emergence.

CONCLUSION

About a decade ago, scholars have lamented that research has largely neglected the origins of charismatic leadership behavior (Conger, 1999; Yukl, 1999). When considering the literature reviewed here, it is clear that this description is not fully adequate any more. The present paper contributes to the leadership literature by providing a comprehensive overview of research on the antecedents of charismatic leadership and theoretically integrating such work. It helps overcome the piecemeal approach that has characterized this line of inquiry and promotes a more inclusive depiction of charismatic leadership behavior emergence.

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VODAFONE TAX DISPUTE: A SAGA

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ABSTRACT

Nowadays, tax disputes are one of the most celebrated disputes, which hit the headlines of the print and television media. In a recent development, the telecom giant Vodafone International Inc. has been alleged to be involved in a tax evasion. The Authorities have asked the Vodafone International to pay a very heavy amount because of capital gain from the acquisition of Hutch Essar. The Author has also deeply discussed 1) the entire facts, right from the pre-acquisition times to the time after acquisition; 2) the contentions raised by both the parties; 3) the judgment of the Hon'ble High Court and 4) the latest development in the tax evasion incident.

KEYWORDS

Acquisition, Contention, Evasion, Vodafone.

INTRODUCTION

Mergersⁱ, Acquisitionsⁱⁱ and Takeoversⁱⁱⁱ have been a part of the business world for centuries. In today's dynamic economic environment, companies see themselves placed to face such a situation, where they need to take decisions concerning these actions - after all, the job of the management is to maximize the shareholder's value. Through mergers and acquisitions, a company can develop a competitive advantage and ultimately increase the shareholder's value.

Today, Mergers, Acquisitions, and Amalgamations^{iv} have now become significant news and hence, one can see, read, and discuss the issue of merger or amalgamation through the business column of the newspapers. Some of such classic examples are Mahindra & Mahindra's takeover of 90 percent stake in Schoneweiss, a family-owned German company^v; what hit the headlines early 2007 was Tata's takeover of Corus^{vi}. Tata again made itself available on the headlines in June 2008, when it declared about the complete acquisition of Jaguar-Land Rover, a British luxury marquee brand^{vii} and lastly, RSM Ambit's acquisition by PricewaterhouseCoopers.

Sometimes, such merger or amalgamation turns out to be mere news or a rumor, but now, there is news that in turn forms to be a major issue in relation to the aftermath of such a merger or amalgamation. Many at times, it has been observed that, one company is successful to take over the other company, but failed to run the company in which it was supposed to be done by the acquirer company.

However, now apart from all these matters, one more issue which stands tall is the taxation issue, in respect to the tax implications for the acquisition of the other company, wherein this has an entity working in India. The foreign established firms acquiring the foreign firms, which also have an established Indian arm, have now started to raise a major question of the applicability of the Indian tax implications on all of them.

The same issue created a divided opinion in the society of the tax applicability upon the global telecommunication company Vodafone International Holdings B.V. based in United Kingdom, which had acquired Hutchison Essar Limited in 2007. However, in regards to the arguments made by the petitioner (Vodafone), both the acquirer as well as acquired are the Overseas Corporate Bodies and therefore they should not be liable for the purpose of the payment of income tax to the Income Tax Authorities.

The Author would attempt to throw some light upon the same issue in the light of the Vodafone tax liability.

THE ACQUISITION

Vodafone International Holdings B.V.^{viii} (VIH), Netherlands decided to acquire the Indian arm i.e. Hutchison Essar Limited (HEL) of Hutchison Telecommunication International Ltd.^{ix} (HTIL) for a huge amount of \$ 11.076 billion (about Rs. 55,000 crore).

HTIL came to establish its network in India with an entity by the name of Hutchison Max Telecom Ltd. (HMTL) (the name got itself replaced with Hutchison Essar Limited- HEL in August 2005). Max Telecom Venture (an Indian Entity) had a 50% stake in the share capital, Hutchison Telecommunications (India) Ltd. Mauritius (HTM) kept a 49% stake of the share capital with itself, and another company held the remaining 1%.

However, in 1998, MTV sold a 40% stake in HMTL to Telecom Investments India Ltd. (TII). In 2004, Essar purchased the 40% stake of Distacom in HTC which was then transferred to HTI BVI Holdings Ltd. HTM transferred its 19.6% of its holding in HMTL to the Essar Group. In 2006, Kotak Group sold its 51% stake in TII to ND Callus Info Services Pvt. Ltd. Simultaneously, Centrino Trading Co. Pvt. Ltd. subscribed to 23.97% stake in TII. In 2006, the Hinduja Group, which held a 5.11% stake in HEL, sold its stake to Hutchison Group.

Hutchison, after obtaining the license for Mumbai Circle in November 1994, was successful in acquiring the license by Department of Telecommunication (DOT) to enter into the Delhi, Gujarat and Kolkata Circles way back in 1994, 1995 and 1997 respectively; however, the company actually established the network in December 1999, September 2000, and July 2000 respectively.

In December 2006, HTIL, in its press statements, revealed about some interest shown by the potential buyers for a sale of its Indian arm (HEL) of the telecom company. On December 22'06, Vodafone made an offer for a sum of US \$ 11.055 billion (being originally valued at US \$ 16.5 billion), in cash to HTIL for its share in HEL. On February 9'07, Vodafone then submitted a revised offer to HTIL for US \$10.708 billion (being valued at US \$ 18.250 billion). Finally, on February 10'07, Vodafone placed a final binding offer of US \$ 11.076 billion for the purchase of HEL.

The entire proceedings of the acquisition took place at the Cayman Islands^x. Now, the primary point to consider and ponder is that, after the acquisition of Hutchison Essar in 2007, the acquirer company took the charge of the Indian arm of the acquired company, which was having a considerable stake in the telecom market in India.

On February 20'07, Vodafone (VIH) wrote an application addressing (Foreign Investment Promotion Board) FIPB^{xi} stating its direct and indirect acquisition in Bharti Airtel and HEL and requested FIPB to take the note of the same and grant the approval of its 52 % stake in HEL.

HTIL, on the other hand, on February 22'07, informed Hong-Kong Stock Exchange about the declaration of a special dividend to its shareholders^{xii} and utilizing sale proceeds^{xiii} in reducing the debt and the remaining amount be utilized for the telecommunication business.

On February 28'07, FIPB wrote a letter to HEL, regarding to the foreign holdings also including the Indian holdings^{xiv} in the same. However, on March 14'07, FIPB wrote a letter addressing the Vodafone as well as HTIL about the clarification in the actual holding of the Vodafone in HEL.

In a clarifying letter written by HEL, the true picture of the complete holdings was displayed, by stating the contrast in the holding was due to the difference in the declarations given by the US and Indian GAAP^{xv,xvi} and therefore, FIPB was able to access such a difference in the holding of the Vodafone. In addition, in a separate letter to FIPB, Vodafone explained in detail about their holding in HEL according to the Indian GAAP.

On March 15'07, the Joint Director of Income Tax (International Taxation) issued a notice to HEL u/s 133 (6)^{xvii} of the Income Tax Act, 1961 (hereinafter referred as IT Act). The notice issued was about the seeking of the information of the sale of stake by HTIL in HEL to Vodafone, including the Shareholder Agreements and the details of the acquisition of the share capital of CGP.

On March 19'07, FIPB wrote a letter to Vodafone seeking the information about the circumstances under which the company had acquired HEL for US \$5 11.08 billion. FIPB was addressed the answer on the very same day in regards to the above stated letter. On March 22'07, HEL replied to the letter issued by FIPB on March 15'07. On March 22'07 only, FIPB addressed a letter to Vodafone seeking the break-up valuation of the entire amount along with the relevant documents. On March 23'07, in a letter addressed to HEL by the Joint Director of Income Tax (International Taxation), was asked to pay the tax on the Capital Gains (by HTIL), else there would be a cessation of its operations in India. On March 27'07, Vodafone in its letter gave detailed information of its stake in CGP along with the Non-Compete Agreement with HTIL.

Finally, on April 9'07, HTIL filed all the agreement papers pertaining to the transactions with FIPB and on May 7'07, FIPB conveyed its approval of the transactions to the Vodafone Group.

On August 6, FIPB issued a show-cause notice to VEL u/s 163^{xviii} of the IT Act pertaining to any of the objection by VEL for treating the same as a representative assessee of the Vodafone Group. FIPB, on September 19, issued a notice to the Vodafone Group u/s 201 (1)^{xix} and 201 (1A)^{xx} of the IT Act of not treating the Vodafone Group as assessee-in-default for the failure of withhold tax.^{xxi,xxii}

In a Special Leave Petition^{xxiii}, the Hon'ble Supreme Court on January 23'09 directed the Respondents to determine the jurisdictional challenge raised by the Petitioner.^{xxiv} Subsequently, in the second show-cause notice addressed to the Petitioner on October 30'09, the Petitioner filed a reply on January 28'10. On May 31'10, the Respondent passed an order upholding the jurisdictional power of the same. On the very same day, the Petitioner was addressed another show-cause notice u/s 163 of the IT Act for a reason as to not to treat them as an agent assessee of HTIL.

CONTENTIONS

PETITIONER'S CONTENTIONS

In the Hon'ble Bombay High Court, the Petitioner contended that:

1. The shares acquired by them of the Mauritian Companies would be devoid of the capital tax because of the 'Double Tax Treaty' entered into by India and Mauritius;
2. Secondly, the gain, which ultimately arises upon the transfer of the asset to them, cannot be a subject to tax, because the asset is not in India and thus Section 195^{xxv} of the IT Act would not apply.

The Petitioner in its submission thus primarily stated that:

1. There was an acquisition of 65% of the shares of HEL by them and which, has been accepted by FIPB;
2. The imposition of the tax can only be done, in case when the income either is received in India or accrues or arises in India or is deemed to accrue or arise in India;
3. Capital Gain arises, when there is a transfer of asset situated in India, but CGP is entirely situated outside India;
4. Moreover, if there is any acquisition of the shares of an Indian Company being held by any Mauritian Company, due to Indo-Mauritius Tax Treaty, Capital Gain tax liability would automatically vanish;
5. There is no requirement to obtain a permission before the transfer of share, but only a reporting to FIPB is required to be done;
6. Moreover, Section 195 of the IT Act, applies only when the assessee is having some or the other nexus with India and thus, a foreign entity having no office in India is not obliged to pay the tax to the Indian authorities.

RESPONDENT'S CONTENTIONS

In the contentions stated by the Respondents, they stated that:

1. Sale Purchase Agreement (SPA) and other relevant documents establish the fact that there was not only the acquisition of the CGP shares that took place at the Cayman Islands but there was also a transfer of the rights from HTIL in HEL to the Petitioner. Therefore, it establishes a clear-cut territorial nexus between the Petitioners with India and thus, needs to pay the tax on the Capital Gain.

The Respondents in its submission thus primarily stated that:

1. The acquisition of the shares of CGP was only a part of the whole transaction. Out of the acquired 67% stake in HEL; 52% is a direct and indirect acquisition in HEL and through the Call Option, a further of 15% stake in the companies held by Asim Ghosh, Analjit Singh and IDFC;
2. HTIL also transferred the Framework Agreement, Management Rights in HEL, the Hutch brand etc. Therefore, the entire sum paid, is not only for the share of CGP, but also for in lieu of all these transfers by HTIL in HEL;
3. There would have been no need to take the approval from FIPB had it been only the acquisition of shares of CGP, but the Petitioner floated an offer of US \$ 6 billion to acquire a 33% stake in Essar's interest in HEL. The Petitioner would have operational control of HEL while Essar would have rights consistent with its shareholding, including a proportionate Board representation;
4. HTIL and the Petitioner entered into the agreement in relation to the interest held by eight Mauritian companies in HEL, interest held in TII, Omega, Asim Ghosh and Analjit Singh's companies. Also, some of the other things included the availability of the telecom licenses held by Hutch in India, the Hutch brand and the right to appoint/remove directors in the board of HEL;
5. HEL is an Indian company, having a fully established business in India, it also have telecom licenses granted to its name. The transfer of shares of CGP by HTIL to the Petitioner would attribute to be a Capital Gain, thus liable to pay tax on such gain^{xxvi}.
6. The divestment of the shares by HTIL to the Petitioner would result in the acquisition of capital asset in India and thus would attract Section 195 of the IT Act.
7. The mode of the transfer is not to be looked upon the transferred shares of CGP to the Petitioner in themselves are the assets.
8. The primary subject matter is the acquisition of assets in India and therefore, Section 195 of the IT Act would apply. In the definition of "Person", it is not only the Indian Resident, but it also includes the Non-Resident too.
9. The transfer of asset from HTIL to the Petitioner entirely lies in India and this is evident from the requirement of the permission from FIPB. The acquisition took place, just to increase the network business by the Vodafone Group.

The Supreme Court in its 1967 judgment of *CIT v. Motors and General Stores (P) Ltd.*^{xxvii} held that the true principle of the taxing statute is that it needs to be applied in accordance with the legal rights of the parties to the transaction. The ordinary rules of construction should be applicable in case where the meaning of the words used in the language is to be construed.

In *Mathuram Agrawal v. State of Madhya Pradesh*^{xxviii}, the Supreme Court stated that where the language is plain and unambiguous, the intention of the Legislature should be gathered from the language itself.

DOUBLE TAX AVOIDANCE AGREEMENT

India entered into the Double Tax Avoidance Agreement with several countries in order to increase mutual trade and investment.^{xxix} A person is supposed to pay the tax in the resident country and need not to pay the same in the source country.

The source country can also ask for the tax, but that needs to be the same, which is prescribed in the agreement. The tax is to be levied on the gross receipt without the deduction of the expenses. India entered into the Double Tax Avoidance Agreement with Mauritius in 1983-84.^{xxx}

In an article written by Prof. Michael J. Graetz of Yale Law School, "Foundations of International Income Taxation"^{xxxi}, he said that only the source or a residential country is having the right to implement the tax. The double taxation (i.e. both by the residential as well as the source country) would indeed be unfair and would create substantial trade barriers between the two nations.

Explanation 2 of Section 9 of IT Act states about the concept of "Business Connection". A Business Connection is such, wherein on behalf of a Non-Resident, the agent complies the business in India or maintains the stock of goods and merchandise on his behalf etc.

The Bombay High Court, thus passed an order, in which they stated that the Petitioner has acquired an asset in India and therefore, is required to pay a sum of Rs. 12,000 crore (US \$ 1.7 billion) as a tax on the Capital Gain.

The Petitioner then filed an appeal in the apex Court of India i.e. the Supreme Court. However, the Supreme Court as of now^{xxxii} has adjourned the hearing of the said celebrated tax dispute. Further, the Supreme Court has asked the Petitioner to deposit Rs. 2,500 crore (US \$ 0.5 billion)^{xxxiii} and has been asked to furnish another Rs. 8,500 crore (US \$ 1.75 billion)^{xxxiv} as a bank guarantee before proceeding with the appeal challenging the order given by the Income Tax department^{xxxv}.

CONCLUSION

In the end, the author would like to say that, since the ball is on the court of the Supreme Court and the proceedings along with the judgment is awaited by all. It would be interesting to know the stand, which the apex court takes after the proceedings, and averments are completed. One has to wait and follow-up the entire matter.

However, strong reasons have been provided to by the Bombay High Court while giving the judgment, therefore will the Supreme Court follow the same reasons or will it go to the other side of the road, all the answers would be complete after the judgment of the Supreme Court.

ⁱ A Merger is a full or a complete joining of the two separate companies by drawing out a third new entity by dissolving rest of the two entities.

ⁱⁱ An Acquisition is taking over the possession of another business.

ⁱⁱⁱ A Takeover is the other name given to Acquisition.

^{iv} Amalgamation is a combination of two or more firms into one firm.

^v It was a deal worth US \$ 0.3 billion.

^{vi} It was a deal worth US \$ 10 billion.

^{vii} It was a deal worth US \$ 2.3 billion.

^{viii} A global telecommunication giant, which has a controlling stake with Vodafone Group Plc. based at United Kingdom, having a market capitalization of a whopping amount of £92 billion (US \$ 123 billion) and around 332 million mobile subscribers all over the world.

^{ix} Another telecommunication company based in Hong-Kong

^x Cayman Islands are the British Overseas Territory located in the Western Caribbean Sea.

^{xi} FIPB is a government body, which allows a single window clearance for the Foreign Direct Investment.

^{xii} The company had declared a special dividend of HK \$ 6.75 (US \$ 0.87) per share to its shareholders.

^{xiii} HK \$ 13.9 billion (US \$ 1.79 billion) to be utilized for the purpose of reducing the debt by HTIL

^{xiv} On March 2 and 5'07, Asim Ghosh and Analjit Singh (respectively) addressed their letters disclosing the complete holdings in HEL.

^{xv} Generally Accepted Accounting Principles (GAAP) or simply Accounting Standards includes the standards, conventions, and rules that the accountants follow in recording and summarizing transactions and in the preparation of financial statements. India, in particular follows a little different Accounting Standard as compared to that of U.S.

^{xvi} HEL gave the clarification in its letter to FIPB. US GAAP declaration displayed around 62 % stake of Vodafone in HEL, whereas according to the declaration by Indian GAAP, this came up to be around 52 %. However, Indian GAAP brings out and reflects accurately the true equity ownership and control position.

^{xvii} Section 133 (6) states about the power to call for information; which can be exercised by the Director-General, the Chief Commissioner, the Director or the Commissioner

^{xviii} Section 163 states that for a Non-Resident person, "Agent" is any person in India who is either employed or has a business connection or is a recipient of income directly or indirectly

^{xix} Section 201 (1) states that, if a person or a company fails to pay the tax to the department without any sufficient reason, he would be deemed to be an assessee in default and the penalty would only be charged u/s 221, if the Assessing Officer is satisfied of his default.

^{xx} Section 201 (1A) of the Income Tax Act, 1963 states that such defaulter shall also be liable to pay interest @ 18% p.a. being applicable from the due date to the date of its actual payment.

^{xxi} Withholding tax is a government requirement for the assessee to withhold or deduct tax from the payment, and pay that tax to the Government.

^{xxii} The Income Tax Tribunal had thereafter, passed an order which required the Vodafone Group to pay Rs. 12,000 crore (US \$ 1.7 billion) as a tax

^{xxiii} The Supreme Court registered the SLP because of the decline to exercise its power u/a 226 in a petition filed for challenging the show-cause notice.

^{xxiv} The Petitioner had raised the issue regarding the jurisdictional aspect of the Director of Income Tax (International Taxation) for dealing with the issue.

^{xxv} Section 195 applies only when the assessee has some nexus with India. It is thus, not applicable in case of offshore company acquiring another offshore company, which does not even have an office situated in India.

^{xxvi} Section 2 (47) of the IT Act explains "Transfer" and is wide enough to include any method of transfer.

^{xxvii} 1967 (66) ITR 692

^{xxviii} 1999 (8) SCC 667

^{xxix} Section 90 of the IT Act empowers the Government to enter into such agreement with various countries.

^{xxx} http://www.incometaxindia.gov.in/publications/9_income_tax_for_nri/chapter012.asp; last visited on 18th January 2011

^{xxxi} Foundation Press 2003

^{xxxii} <http://timesofindia.indiatimes.com/business/india-business/Vodafone-approaches-SC-challenges-Bombay-HC-order-on-Rs12000cr-tax/articleshow/6554041.cms>; last visited on 10th January 2011

^{xxxiii} Vodafone Group is required to submit the same within 3 weeks

^{xxxiv} Vodafone Group is required to submit the same within 8 weeks

^{xxxv} http://www.domain-b.com/companies/companies_v/Vodafone/20101115_tax_case.html; last visited on 10th January 2011

REQUEST FOR FEEDBACK

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Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

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