



INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

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WORD OF MOUTH (WOM): THE UNNOTICED TOOL FOR STRENGTHENING THE ADOPTION OF BRAND

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ABSTRACT

For influencing a customer to choose a brand the traditional communication tools of company can hardly play any significant role as before. Presently a potential customer relies more on what other people opine regarding the brand. Thus the adoption of any brand is greatly influenced by mass people's opinion. The trial and adoption of the brand for a long period is also the unnoticed outcome of the power of referral. Positive WoM gives the potential customer the confidence to finalize the adoption decision. This study has been conducted to explore the hidden strength of WoM in the adoption of a brand.

KEYWORDS

Word of Mouth, Promotional tools, Brand.

INTRODUCTION

The brand adoption process of any product or brand by a consumer is a very complicated process. Before adopting any brand the consumer seeks a great deal of sources to know about the brand depending on the nature of the product. Through personal and non-personal sources the potential consumer becomes aware of the brand. But the conviction about the brand is developed on the authenticity and validity of the information collected about the brand. Amongst all the formal and informal sources of company information we rate the spontaneous opinion of the mass people most, officially known as Word of Mouth (WoM). Word of mouth is a pre-existing phenomenon that marketers are only now learning how to harness, amplify, and improve.

Consumers' psychology is immensely influenced by the views, opinions of other people whether user or nonuser. Word of mouth marketing is about direct communication among individuals regarding some product, service, event, brand, etc. Generally, at least one of the individuals will have had some experience with the product or service. Often, but not always, the person who is doing the communicating will have some relationship - or at least something in common - with those with whom she or he is communicating. Word of mouth marketing isn't about creating word of mouth - it's learning how to make it work within a marketing objective. Word of mouth can be encouraged and facilitated. Companies can work hard to make people happier, they can listen to consumers, they can make it easier for them to tell their friends, and they can make certain that influential individuals know about the good qualities of a product or service.

People now cannot trust fully about the information emitting from the professional sources. They want a reliable source which is the word emitting from mass people. Word of mouth marketing empowers people to share their experiences. It's harnessing the voice of the customer for the good of the brand. Thus it is strengthening the position of the brand in the consumers' mind. And it's acknowledging that the unsatisfied customer is equally powerful. Different studies conducted around the world by the professional marketers and scholars like BIG Research (2006) - a research firm and Carl (2005) have showed amazing result on the efficacy of WoM which is presented throughout this study to cement the readers' concept about WoM's strength.

OBJECTIVE

The primary objective of this study is to explore the effectiveness of Word of Mouth as a strong marketing communication tool in brand positioning. More specifically the following issues were endeavored to explore in the study.

- Dependency of brand preference by a prospect on Word of Mouth.
- Influence of attitude of others on perceived satisfaction.
- Continued brand loyalty for positive WoM.
- Varied influence of WoM due to the nature of marketing offer.
- Possible recommendation of a positively mass accepted brand to others.

METHODOLOGY OF THE STUDY

The study has initially focused on qualitative research to conceptualize the issues of WoM and brand building & positioning. The exploration of secondary data and qualitative study has produced a few hypotheses which were later tested through survey method under quantitative research. To conduct the study, primary data were collected through structured questionnaires. The questionnaire was designed to collect information to identify the effectiveness of WoM for positioning a brand.

In this study, to evaluate how the opinion, views, suggestions emitting from mass people affecting the positioning of any brand in Bangladesh, an interval scale using the technique of five point Likert type scale was used anchored at the numeral 1 with the verbal statement 'strongly disagree' and at the numeral 5 with the verbal statement 'strongly agree' (Elbeck, 1987; Steiber, 1989). Multiple items were used to establish appropriate measurement properties (reliability and validity) of the selected constructs. The scale was reliable as the Cronbach's alpha was evidenced as 0.706. The questionnaire was pretested several times to ensure that the wording, format, length, and sequencing of questions were appropriate. Simple Random Sampling technique (Zikmund, 2004) was used to determine the elements of the sample.

A total of 180 people located in Dhaka city were surveyed. To conduct data analysis, one sample t-test has been applied to measure all the dimensions of village phone model. Simultaneously, to make this paper more informative different published text books, related journals, reports, seminar papers, web pages, web blogs, magazines and research works have been consulted. Literatures were generally collected from said sources. As a result, a thorough review of literatures enabled us to make a consistent presentation of the theme of study.

REVIEW OF THE LITERATURE

Traditionally, word of mouth buzz has spread organically. The act of consumers' intentional circulation of information to other people is denominated as Word of Mouth (WoM) Marketing. Expert and intelligent marketers cultivate WoM marketing to cut a good score over the competitors giving people a reason to talk about the products and services, and making it easier for that conversation to take place. This practice is defined as Word of mouth marketing (Kappler, 2002). Word of mouth has evolved considerably over the years. Back in the days, our ancestors, after a particularly bad experience with a kitchen item, told all the ladies at their reach not to buy that brand of cookware. Fortunately for the cookware company, there were only a few people with whom those ancient people could share their experience and influence their purchasing, so the economic impact of their rant was probably minimal.

The objective of WoM is to encourage the interest of a group of consumers so that they transmit and contribute to the increased diffusion of the messages of the company and its offerings (Iqbal and Reza, 2006). That is why the companies are endeavoring to conduct WoM marketing. Kotler, the marketing *Guru*, cites reference to a study conducted over 7000 consumers in Europe, in which 60% of those questioned stated that their friends or family had influenced them in the purchase of a new brand (Carlos Mora, 2005). A brand's position in the market is strengthened if the brand can create trust among the customers. For the retention of the customers, brands must create trust (Duncan, 2002). Brand Trust can be referred to as, borrowing Bainbridge's (1997) words, a trustworthy brand places the consumer at the centre of its world and relies more on understanding real consumer needs and fulfilling them than the particular service or product do. Brand trust goes beyond consumer's satisfaction with functional performance of the product and its attributes (Aaker, 1996). Brand trust has been defined as 'a feeling security held by the consumer in his/her interaction with the brand, such that is based on the perceptions that is reliable and responsible for the interests and welfare of the consumer' (Delgado-Ballester, 2001).

Today, with the maturation of the Internet as a communications vehicle, we feel pity for the company producing poor products. In contrast to our ancestors, today's opinion leader has the opportunity to influence tens and even hundreds of thousands of other consumers. They can (and will) take pictures of defective products share them through the Internet blogs, message boards and online communities. Now people can tell the world why they loved (or hated) the latest Tom Hanks movie on any of the online blogs like Yahoo! Movies. The Internet has become a much better communications medium than broadcast. The key is to seek out opinion leaders in areas where the dialog is strong. The trick for the aspiring organization is to discover those communities and build one-to-one relationships with the leaders of those communities. Opinion leaders play an extremely vital role cultivating a successful WoM program. Opinion leaders should be dealt with skillfully and transparently.

Online opinion leaders are in many ways the new journalists. As such, companies need to be very careful in the way they approach them. If opinion leaders are approached by grass roots marketers in a way that they don't feel is appropriate, then there is a chance they will either ignore their product, or trash it. Word of mouth is entirely dependent on customers and their attitude and trust over a particular marketing offer (Vocanic – Asia's leading WoM Agency and WOMMA Charter Member, 2005). More specifically it is the voice of the customer, a natural, genuine, honest process, people seeking advice from each other, consumers talking about products, services, brands that they have experienced. All word of mouth marketing techniques are based on the concepts of customer satisfaction, two-way dialog, and transparent communications. The basic elements are:

- Educating people about the products and services
- Identifying people most likely to share their opinions
- Providing tools that make it easier to share information
- Studying how, here, and when opinions are being shared
- Listening and responding to supporters, detractors, and neutrals

Word of mouth marketing encompasses dozens of marketing techniques that are geared toward encouraging and helping people to talk to each other about products and services. Common types of word of mouth marketing techniques include Buzz Marketing, Viral Marketing, Community Marketing, Evangelist Marketing, Product Seeding, Influencer Marketing, Cause Marketing, Conversation Creation, Brand Blogging, and Referral Programs. These techniques enable the marketer to exercise WoM tool in the best possible way. Analyzing those techniques it is quite evident that they focus on the customers' free opinion about the marketing offer. The essence of WoM is capitalizing the positive views and opinions of the customers to create and expand new market. The adoption process of any brand or product, first identified by Everett M Rogers (1983), is defined as the mental process through which an individual passes from first learning about an innovation to final adoption. According to Kotler (2002) adoption is the decision made by an individual to become a regular user of the product.

As we perceive, positive WoM is created amongst the satisfied the customer group. But that is only the tip of the huge iceberg. The initiation whether planned or unplanned starts in the operational unit or service center of the marketer which later spreads through the communicatory organs of the customers in the form of their views, thoughts speeches or mere experience. However, the effectiveness of WoM follows some premises that are generic in nature (Kappler, 2002).

- The marketing offer has to be developed in an acceptable way as Word-of-mouth marketing is always based on an excellent product or service.
- Word-of-mouth marketing depends hugely on the quality of marketer's after-sales support and customer service.
- In order to involve the mass people in spreading the brand message there has to be the initiative to exceed the level of expectation of the customer.
- Effective use of internal and integrated marketing. Word-of-mouth marketing begins with company employees by integrating the marketing ingredients of the organization.

Now a days promotional campaigns all around the globe are very flashy, eye-catching and comprising incredible promises. Thus they are losing their authenticity and credibility. Advertising now-a-days can, at best, fulfill the objective of informing the target audience. People now seek for some other source to rely on about any offer made by the organization. Thus WoM possesses the potential to be a reliable marketing communication tool for the organization. The top media for influencing electronic purchases, regardless of race, is word of mouth. More than TV, magazines or articles, word of mouth is number one across the board. In the USA, a marketing research firm called BIG research conducted a survey over three ethnic groups of people to estimate the effectiveness of the different traditional and nontraditional tools of marketing promotion (Table 1).

TABLE 1: ESTIMATING THE EFFECTIVENESS OF DIFFERENT MARKETING PROMOTIONAL TOOLS IN 2006 AMONG THREE ETHNIC GROUPS OF THE USA

Marketing promotion tool	African American	Hispanic	White
Word of mouth	49%	51%	55%
TV/Broadcast	45%	50%	40%
Magazines	38%	44%	40%
Articles	36%	40%	43%
Internet Ad	34%	42%	37%

[Source: BIG Research, a research firm of the USA, 2006]

The abovementioned statistical information is basically based on the research conducted mainly in the developed country. Here in Bangladesh people rate the experiencers' view top of everything before making any purchase decision. Iqbal and Reza (2006) conducted a survey which showed that Word of Mouth has the highest mean score of 4.67 as the most accepted marketing channel in purchasing decision. Moreover, in case of adopting a service and continuation of that service WoM is the most influential with mean score 4.54 followed by product (4.23) and place (3.77).

According to Interbrand, brand leaders capture what is special about their offering, convey it to the desired audience and allow customers to experience it. Four factors combine in the mind of the consumer to determine the perceived value of the brand: brand awareness; the level of perceived quality compared to competitors; the level of confidence, of significance, of empathy, of liking; and the richness and attractiveness of the images conjured up by the brand (Kapferer, 1997). The way to build an adoptable brand, according to the Customer-Based Brand Equity (CBBE) model, prescribed by Keller, is by following four sequential steps, each one representing a fundamental question that customers ask about brands: 1) Ensuring the identification of the brand with a specific product category or need in the customer's mind -who are you?, 2) Establishing the meaning of the brand in the customer's mind by strategically linking tangible and intangible brand associations with certain properties -what are you? 3) Eliciting customer responses to the brand identification and meaning -what about you? 4) Converting the response into an active, intense and loyal relationship between the customers and the brand -what about you and me? The CBBE model is built by "sequentially establishing six 'brand building blocks' with customers" (Keller 2003a: p. 75).

Brand community is another concept found in literature that can strengthen brand equity, while also reinforcing the social nature of brands (Muniz and O'Guinn 2001). "Brand communities carry out important functions on behalf of the brand, such as sharing information, perpetuating the history and culture of the brand, and providing assistance. They provide social structure to the relationship between marketer and consumer (Muniz and O'Guinn, 2001). Muniz and O'Guinn (1991) define a brand community as a "specialized, nongeographically bound community, based on a structured set of relationships among admirers of a brand" (p. 412). According to their research, brand communities share three core characteristics: the existence of a consciousness of a kind, the presence of shared rituals, and a sense of moral responsibility between members. The WoM aids the recipient to have an image—either positive or negative about the brand. Brand image is built not only on brand attitude but also on brand association. Hsieh's (2002) empirical study noted that brand associations lead to the formulation of a distinct image in the minds of consumers. Pitta and Katsanis (1995) reported that creating a set of positive brand associations is the essence of creating a positive brand image. This brand image, originate from WoM, indicates ultimately whether the person will adopt the brand or not. Many organizations are taking initiatives to create atmosphere so that satisfied consumers can share their experiences. The situational aspects drive us to believe that WoM can be done in a planned way. There are some philosophies that erect the successful implication and application of planned WoM (WOMMA report, 2005).

1. Recognizing that a happy customer is the greatest endorsement
2. Providing customers with something worth talking about
3. Providing tools that make it easier for them to share their opinions
4. Listening to consumers
5. Engaging the community

HYPOTHESES DEVELOPMENT

After a through literature review and keeping the objectives in mind the following eight hypotheses and corresponding sub-hypotheses were developed.

- Dependency of brand preference by a prospect on Word of Mouth. 1, 2, 5, 6
- Influence of attitude of others on perceived satisfaction. 3
- Continued brand loyalty for positive WoM. 4
- Varied influence of WoM due to the nature of marketing offer. 7
- Possible recommendation of a positively mass accepted brand to others. 8

H 1: Potential buyers find the opinion, view of other people as the most reliable sources to procure information about any brand.

H 1.1: I prefer to seek information from others about any issue of the brand before purchasing.

H 1.2: Ordinary people give honest opinion about the brand most of the time.

H 1.3: The communications channels of company do not provide actual information all the time.

H 1.4: WoM is a more reliable source than any other traditional channels.

H 1.5: I value information coming from known people about any brand.

H 1.6: I value information coming from unknown people about any brand.

H 2: Brand preference by a potential customer depends on positive Word of Mouth

H 2.1: I adopt a new brand if people say positive about that brand

H 2.2: I prefer that brand which has reputation in the market

H 3: Perceived satisfaction of any brand depends on the views of other regarding that particular brand.

H 3.1: I will feel dissatisfied about the brand after the consumption if people say negatively about the brand.

H 3.2: My level of satisfaction will be affected by the opinion of mass people.

H 4: Brand loyalty is continued for positive WoM

H 4.1: If people do not say any negative thing about the brand I continue purchasing

H 4.2: I will be loyal to a brand as long as it has positive image amongst the mass people

H 4.3: I shall continue to buy my preferred brand irrespective of people's view

H 5: How strongly a brand is adopted by the customer depends substantially on the Word of Mouth emitted from mass people.

H 6: While choosing any brand, the functional capability of the brand is overshadowed by the opinions, views and suggestions of mass people (WoM).

H 7: The influence of WoM will vary due to the nature of marketing offer.

H 7.1: For choosing a brand of service I will rely more on WoM

H 7.2: I will prefer to know from others before selecting a brand of product

H 8: I will strongly recommend a brand to other if it is actually talked about positively by mass people.

RESULTS OF HYPOTHESIS ANALYSIS

Hypothesis 1: Potential buyers find the opinion, view of other people as the most reliable sources to procure information about any brand.

The hypothesis is tested on the basis of six sub-hypotheses developed focusing the main hypothesis. The test results (Table 2) shows that all the six sub-hypotheses are not rejected at a 5% level of significance. The analysis signifies that the potential buyers seek opinion from other sources about an issue before purchasing. They also rely on the opinion of mass people to collect information about any brand. To them the Word of Mouth of ordinary people is much more reliable compared to the information coming through the communication channels of the company. They also value information about a brand coming from both known and unknown sources. The study validates the fact that ordinary people do not express any information regarding a brand in a biased way. The respondents' believe that the company always does not provide actual information.

TABLE 2: RESULTS ("t" SIGNIFICANCE) OF 6 SUB-HYPOTHESES AGAINST HYPOTHESIS 1

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H1.1: Seeking info about any issue before purchasing	9.504	179	.000	.73889	.5855	.8923
H1.2: Ordinary people give honest opinion	5.136	179	.000	.37778	.2326	.5229
H1.3: Company Communication channel do not give right info all the time	9.295	179	.000	.67778	.5339	.8217
H1.4: WoM is more reliable	4.509	179	.000	.31667	.1781	.4553
H1.5: Value of info coming from known people	10.038	179	.000	.69444	.5579	.8310
H1.6: Value of info coming from unknown people	-4.465	179	.000	-.32778	-.4726	-.1829

Hypothesis 2: Brand preference by a potential customer depends on Word of Mouth.

The study shows that the preference about a brand by a potential buyer depends a great deal on the information emitting from other people, i.e., WoM. It is noted that a potential buyer will prefer that brand if it said positively by the mass people. Brand reputation also instigates the potential buyer to adopt a new brand. Here both the sub-hypotheses were not rejected at a level of significance of 5% (Table 3).

TABLE 3: RESULTS ("t" SIGNIFICANCE) OF 2 SUB-HYPOTHESES AGAINST HYPOTHESIS 2

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H2.1: A brand is adopted if people say positive about it.	2.353	179	.020	.15000	.0242	.2758
H2.2: Buyers prefer that brand which has reputation in the market.	16.814	179	.000	1.06111	.9366	1.1856

Hypothesis 3: Perceived satisfaction of any brand depends on the views of other people regarding that particular brand.

The analysis states that a person's level of satisfaction about any brand depends on the opinions of mass people. In this case of the two sub-hypotheses one is not rejected and one is rejected at a level of significance of 5% (Table 4). The accepted hypothesis infers that a customer of any brand may be dissatisfied to hear negative things about that particular brand. Interestingly the study found that the customers' level of satisfaction will not be significantly affected by the opinion of mass people.

TABLE 4: RESULTS ("t" SIGNIFICANCE) OF 2 SUB-HYPOTHESES AGAINST HYPOTHESIS 3

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H3.1: Feeling dissatisfied hearing any negative about the brand	-2.248	179	.026	-.18889	-.3547	-.0230
H3.2: Opinion of mass people affect my level of satisfaction	-.293	179	.770	-.02222	-.1721	.1277

Hypothesis 4: Brand loyalty is carried on for positive WoM

How long a purchaser will be loyal to the brand is also affected by positive word of mouth. From this analysis it has become evident that an ordinary buyer will continue his/her level of loyalty about a brand if it is endowed with positive Word of Mouth (WoM). The results of the three sub-hypotheses in this regard are shown in table 5. As noted the consumers will continue purchasing as long as they do not hear any negative thing about the brand ($\alpha = 0.079$). Hence the positive image of a brand amongst the mass people has influence over the brand loyalty of a person ($\alpha = 0.000$). It is also noted that people's choice of any brand patronization does not depend on other's opinion. So brand patronization of any preferred one is continued irrespective of people's view.

TABLE 5: RESULTS ("t" SIGNIFICANCE) OF 3 SUB-HYPOTHESES AGAINST HYPOTHESIS 4

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H4.1: A brand will be continued to be patronized if people do not say any negative.	1.765	179	.079	.13889	-.0164	.2942
H4.2: As long as it has positive image I shall remain loyal to the brand.	6.033	179	.000	.46667	.3140	.6193
H4.3: People continue to buy a brand irrespective of people's opinion.	3.840	179	.000	.29444	.1432	.4457

Hypothesis 5: How strongly a brand is adopted by the customer depends substantially on the Word of Mouth emitted from mass people.

The test result shows that (Table 5) the positioning of the brand in consumers' mind depends greatly on the Word of Mouth of mass people.

TABLE 6: RESULTS ("t" SIGNIFICANCE) OF HYPOTHESIS 5

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H5: A brand's position depends on WoM	7.225	179	.000	.47778	.3473	.6083

Hypothesis 6: While choosing any brand, the functional capability of the brand is overshadowed by the opinion, view and suggestions of mass people (WoM).

The above analysis authenticates the fact that potential customers will prefer the vibe of the brand prevailing among the mass people over the functional capability of the product. Mass peoples' opinion, coming as the WoM, overshadows the functional capability of any brand ($\alpha = 0.002$).

TABLE 7: RESULTS ("t" SIGNIFICANCE) OF HYPOTHESIS 6

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H6: Functional capability is overshadowed by WoM	3.089	179	.002	.52778	.1906	.8650

Hypothesis 7: The influence of WoM will vary due to the nature of marketing offer.

H 7.1: For choosing a brand of non product item (e.g. service) I will rely more on WoM compared to a product item.

Here we can assert that people rely more on WoM before choosing a brand of service compared to a brand of product.

TABLE 8: RESULTS ("t" SIGNIFICANCE) OF HYPOTHESIS 7

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
H7.1: While choosing a non product (service) brand I will rely more on WoM compared to a product brand	3.002	179	.003	.52222	.1790	.8655

Hypothesis 8: I will strongly recommend a brand to other if it is actually talked about positively by mass people.

A talked about brand has immense influence over the customer while making a brand decision as the popularity creates the atmosphere of believability for the brand. The above analysis ($\alpha = 0.000$) concretizes the concept that a person will recommend that brand to other people which have wide popularity.

TABLE 9: RESULTS ("t" SIGNIFICANCE) OF HYPOTHESIS 8

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
A brand will be recommended if it is talked about positively	9.717	179	0.000	0.65556	0.5224	0.7887

CONCLUDING REMARKS AND RECOMMENDATIONS

WoM is the only marketing strategy that is based on genuinely passionate people. The marketers must be listening to these people for the sake of their own business success. The customers, through their word of mouth, build credible communication message. This study has endeavored to explore the positive relation between the honest opinion of mass people and adoption of a brand. This study has a limitation of not developing and authenticating any model regarding Word of Mouth (WoM). This study paves the path to conduct different studies related to planned WoM, reliability on referrals while making a brand choice, model development of WoM in future.

The study signifies that the potential buyers seek opinion from both known and unknown sources and rely on the opinion of mass people to collect information about any brand compared to the information coming through the communication channels of the company. The study validates the fact that ordinary people do not express any information regarding a brand in a biased way. The respondents' believe that the company always does not provide actual information. The study shows that the preference about a brand by a potential buyer depends a great deal on the positive information emitting from WoM. Brand reputation also instigates the potential buyer to adopt a new brand. The analysis infers that a customer of any brand may be dissatisfied to hear negative things about that particular brand. Interestingly the study found that the customers' level of satisfaction will not be significantly affected by the opinion of mass people.

From this analysis it has become evident that an ordinary buyer will continue his/her level of loyalty about a brand if it is endowed with positive Word of Mouth. It is also noted that people's choice of any brand patronization does not depend on other's opinion. So brand patronization of any preferred one is continued irrespective of people's view. The study reveals that the positioning of the brand in consumers' mind depends greatly on the Word of Mouth of mass people. The study authenticates the fact that mass peoples' opinion, coming as the WoM, overshadows the functional capability of any brand. A talked about brand has immense influence over the customer while making a brand decision as the popularity creates the atmosphere of believability for the brand. The analysis concretizes the concept that a person will recommend that brand to other people which have wide popularity. The study noted that people rely more on WoM before choosing a brand of service compared to a brand of product.

From the output of the study we can present the following recommendations for the organizations.

- On the outset company has to create something different which will create positive buzz. The consumers will talk about those factors or facts which are new, unique, worthwhile and outstanding. So the WoM marketing initializes not from the consumers rather from the company. Positive WoM will emit only when company can devise satisfactory, ethical and legal marketing offer for its customers.
- For marketing any service, WoM plays the most significant role as service is an intangible item which can only be perceived. In case of service, referrals produce much more sales than any other marketing communication tool of the company.
- The key element in effective Word of Mouth marketing lays in seeking out opinion leaders. The image of the information provider has effect about the acceptability over the information passed on. Moreover medium is also a significant factor in WoM marketing. Due to the technological advancement, the inhabitants of the western world can share their views very easily. The marketers have to arrange such a real or virtual place from where the satisfied customers can provide referrals.
- Sometimes it is found that the brand's functional status is not considered aptly. But in the long run mass people will talk about those brands which are successful as core, actual and augmented product level. In the short run some kind of vibe can overshadow the quality issue but no one can ignore the conformance and performance quality.
- Now-a-days people hardly believe the traditional communication tools of the company that provide the brand message. They know the underlying stories of every successful promotion and commercial. And it is proved that on an average mass people give honest opinion regarding any brand s/he consumed. This referral contributes immensely to the ultimate decision making. The marketers' duty is to utilize this honest opinion to cut a good score in the market.
- A trial by a potential customer can be reinforced if the person is satisfied and if the brand has a positive talked-about image. These reinforcements can eventually turn into adoption of the brand. So appropriate cultivation of WoM cements the adoption of the brand.
- WoM is an unsung tool of the company's marketing communication mix that works silently to cut score successfully. It is the honest opinion of consumer which has much more influence over the potential customer. But such a tool cannot be created through any conventional promotional tool. To harness the power of WoM the company has to ensure everlasting quality in its strategic marketing initiatives.

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THE IMPACT OF RESOURCES ON ENTRAPRENEURIAL SUCCESS - A CASE STUDY ON COMMERCIAL FAST FOOD SMES

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ABSTRACT

This thesis has endeavored to investigate the impact of resource (RES) factor on entrepreneurial success for Pakistani SMEs. While investigating the impact, the author has benefited from the experiences of successful entrepreneurs engaged in commercial fast-food sector. It argues that resource (RES) is a very important factor that determines profitability and business success in this sector. It is further argued that seeking economic growth through the growth of SMEs sector is most appropriate strategy given the labor-abundant and capital scarce nature of the economy. The proposed model is analyzed through statistical and econometric techniques. The results so obtained validates theoretical model. The study concludes that sufficient resources including finance, marketing, leadership and experience are needed for the success of commercial fast-food SMEs. This study also suggests that entrepreneurial leadership is the most important resource among several other resources identified in the study that contribute towards the success of Pakistani SMEs. It is recommended to conduct similar studies on other Pakistani SMEs sectors by benchmarking this study and the findings of this study must be incorporated in the SMEs policies and guidelines.

KEYWORDS

Resources, entrepreneurial success, Pakistan, leadership, marketing.

INTRODUCTION

Pakistan is 6th largest country in the world in terms of population. It is gifted with substantial amount of natural resources, favorable climatic conditions, and abundance human resources both in terms of unskilled, semi-skilled and skilled labor force. Unfortunately, the resources have not been properly used to develop the country so far. The major stumbling block has been application of the Western approach based on capital-intensive industrialization. It has led to disastrous consequences to economy as reflected by a situation of mass poverty, huge unemployment and staggering budget and current account deficits causing high level of indebtedness of economy. On the contrary, the most appropriate strategy is following a low- cost homegrown approach through proliferation and promotion of SMEs. The merits of this approach are substantial; it is labor intensive, uses local raw material and technology and income generated in these enterprises favorably affects income distribution in the country. In spite of the significant favorable role that SMEs can play, the current contribution of this sector is low. SMEs in Pakistan are comprised of 85% of the entrepreneurial sector but its contribution to the GDP is only 7%. Within SMEs sector, fast-food SMEs are growing rapidly in Pakistan but the growth is mostly taking place in Western fast-food franchises. Local fast-food companies are just a few thousands. However, a very local few fast-food companies are emerged successfully. Hence, the successful experiences of such SMEs provide an opportunity to investigate causal factors linked to success of such enterprises. Accordingly, an effort is made in this study by developing a model for Pakistani SMEs based on an in depth study of successful commercial fast-food SMEs. The proposed model is structured on the experiences of those entrepreneurs who are in the business for at least two years. For this purpose a nationwide survey is conducted and the knowledge so obtained is processed through statistical techniques to validate the proposed model. The entrepreneurial environment in Pakistan, in general, is not conducive for the growth and promotion of both entrepreneurial class and SMEs due to particular socio-cultural and economic factors. The entrepreneurial class is confined to a few business families and most of the entrepreneurs are very small to grow into SMEs. Most of these entrepreneurs lack collateral to obtain finance from formal institutions. In Pakistan, among service sector enterprises, hotel and eating establishments sector (employing 5.2 million) has 300-400 thousand small-scale establishments and SMEs are around just a few thousand (Mustafa & Khan, 2003). This entrepreneurial gap in commercial fast- food SMEs is filled by many foreign fast-food franchises, as there is an upsurge of foreign food franchises in Pakistan lately. Major international fast-food giants including Pizza Hut, KFC, McDonalds and Dominos are operating in Pakistan (Economic Review of Pakistan, 2007). As a result, Pakistani commercial fast-food entrepreneurs are losing market share to foreign fast-food franchises because of bad or poor management practices, lack of entrepreneurial acumen, market intelligence and business models to compete. Various studies have been conducted at regional and national levels to determine the impact of resources (RES) on entrepreneurial success for SMEs and various entrepreneurial models have been developed. Literature available on Pakistani SMEs is extremely inadequate to make policy (Snage & Nam, 2005) and available management literature on Pakistan business sector is for large corporation (Beaver, 2007). Hence the impact of resources on the performance of Pakistani SMEs is unknown. This study is filling the gap and undertaking the job: to investigate the impact of resources (RES), which influence the success.

The study essentially intends to provide theoretical knowledge on the working of successful entrepreneurs in the commercial fast-food SMEs sector. The knowledge gained from the experiences of such entrepreneurs facilitates in having the proper use of resources available. Accordingly this study wants to achieve these objectives as listed below:

The identification of the impact of resources (RES) on entrepreneurial success.

1. Developing of a model of entrepreneurial success based on resource (RES) factor and its constructs.
2. Empirical testing of the proposed model.

Essentially this study addresses three questions as listed below:

1. What is the driving force behind SMEs growth?
2. What is the impact of resource factor on business success of SMEs?
3. What are the components of resource (RES) factors?

THE MOTIVATION FOR THE RESEARCH

The basic motivation for undertaking this study is that Pakistan is labor-abundant and capital-scarce country. Therefore, the most appropriate strategy for the growth of economy is through the growth of SMEs sector. SMEs output contributes to GDP, increases job opportunities, favorably affects income distribution, reduces poverty level and improves standard of living. In spite of these benefits, this sector has remained dormant in Pakistan mainly due to the policy-bias. Consequently, major section of SMEs sector remains in traditional activities with low level of productivity, poor quality products, serving local markets and with little technological development. Currently SMEs comprised 85% of the entrepreneurial sector and their contribution to the GDP is only 7%. Therefore, there is a need to revitalize this dormant sector through invigorating entrepreneurs in this sector.

Commercial fast-food SMEs segment forms an important part of the entire SMEs sector in Pakistan. This particular segment is rapidly growing but this growth taking place in the Western fast-food franchises and the number of local fast-food SMEs are just a few thousands. The logical outcome of such scenario warrants a deliberate policy-based support for the promotion of the local fast-food industry along with creating an enabling environment for the entrepreneurial growth, expansion and longevity.

Theoretically, quite significant research efforts have been done at the global level on subject of SMEs entrepreneurship and functional and integrative entrepreneurial model of entrepreneurial success have been developed, out of which some have gained wide recognition. But these entrepreneurial models are developed in the western context. In Pakistani context, a very little research work has been done on entrepreneurship in general and SMEs entrepreneurship in particular. Consequently, there is a very small amount of literature available in Pakistani context. This study intends to provide new insight on this subject in the form a model of entrepreneurial success of Pakistani SMEs to promote entrepreneurial education in the country.

HYPOTHESES

For the purpose of providing scientific support to our proposed model, the hypothesis is suggested. Hypotheses is stated in pairs: null hypothesis and alternate hypothesis. The story of the thesis is lumped in null hypothesis. This hypotheses will be checked in light of statistical and regression analysis. The acceptance of null hypothesis means the underlying story of the thesis is validated or vice versa. Since the basic study of the thesis is that a factor i.e., resources (RES) determine the success of a typical commercial fast-food SMEs. Therefore, essentially the hypotheses are:

H1.0 Resource is a factor causing entrepreneurial success.

H1.1 Resource is not a factor causing entrepreneurial success.

LITERATURE REVIEW

THE CONCEPT OF ENTREPRENEURSHIP

In general, literature on defining entrepreneurship can be divided into three categories: traits, social and process. In trait approach, researchers concluded that need for achievement and power and internal locus of control, risk taking propensity and tolerance for ambiguity are the indicators of entrepreneurship. In social approach, dissatisfaction with previous job or life experience immigration, ability to form social network and social capital are drivers of entrepreneurship. In process approach, creating and building something of value from practically nothing, the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled are the driving forces for entrepreneurship. Jennifer et al., (2009) argues that entrepreneurship in general is the phenomena to capitalize on identified opportunities or creation of new opportunities through innovation.

ENTREPRENEURSHIP AND ECONOMIC GROWTH

With the spread of capitalism and globalization, entrepreneurship has gained more importance than ever before and there is significant relationship between level of entrepreneurial activity in a country and its economic growth (Rwigema & Venter, 2004 and GEM 2002). Furthermore, level of entrepreneurial activity may account for one third of the variation in national economic growth (GEM, 2002). Empirical research studies concluded there is no better way to provide a broad basis for rapid economic growth than to dramatically increase the number of active entrepreneurs in a society (Mushtaq, 2009). It is further argued that industrial dynamics, economic growth, job creation, technological innovation and entrepreneurial process are fundamental impulses of economies (Audretsch & Acs, 2003 & Carree et al., 2002) and it argued that entrepreneurship is the engine of economic growth in capitalist societies and an instrument of social transformation in many developing countries (Andreas & Roy, 2007). Furthermore, the amazing economic growth of West owes much to the role of entrepreneurship and these economies are transformed from managed to entrepreneurial economies.

In these entrepreneurial economies, entrepreneurship makes a unique contribution to economic growth by permeating knowledge filter and commercializing ideas (Neials et al., 2002; Acs et al., 2004). According to Watjatrakul (2005), resources both strategic and non-strategic are important for the success of a firm as strategic resources enable organizations to sustain competitive advantage. If the resources are valuable, rare, imperfectly imitable, and non-substitutable, these are considered strategic to the firm. Timmons's model states that entrepreneurial leadership is very important to manage the available resources in the most effective manner. Agus and Hassan (2010) in their study suggested that entrepreneurial leadership, communication skills, determination and motivation exhibit high and significant structural effects on entrepreneurial performance.

In the global economic world, entrepreneurial economies are flourishing due to massive contribution of SMEs and the contribution of a dynamic SMEs sector to economic growth has been widely acknowledged (Blenker & Nielson, 2003). Many authors have pointed out that SMEs contribute: in the GDP as they contribute 30% and 60% of the GDP of many countries (Tustin, 2001, Khurram et al., 2007), in the economic development within a country (Santreli and Vivarelli, 2007), wealth creation (GEM, 2002), job creation (GEM, 2002), innovation and technology transfer, socio-economic transformation (Tustin, 2001) and support during crisis and hardship (Hernan & Lindsay, 2006). In the Netherlands, SMEs account 98.8% of all private sector companies, contribute 31.6% to Gross Domestic Product (GDP) and employ 55% of total workforce (EIM Business & Policy Research, 1999). In Italy, SMEs contribute to US\$35 million in exports and absorb 2.2 million of national labors (Patrianila, 2003). Vietnamese SMEs employ 64% of industrial workforce. In Indonesia, there are 42.4 million SMEs and contribute to 56.7% of GDP, account 19.4% of total export, and employ 79 millions of work force (Blenker & Nielson 2003). Among OECD countries, SMEs represents over 95% of enterprises in most of the countries (Hoang 2006). In the European Union, 98% of enterprises are SMEs, providing 65 million jobs, 66% of the total workforce (Kader & Ibrahim, 2007, Esra, 2007). In the United Kingdom, 99 % of businesses are small businesses, 59% of the nation's employment (Catherine, 2007). In Latin- America, 80-90% enterprises are micro enterprises. Around 80% of employment in Japan and South Korea is based on SMEs (Esra, 2007). In South Africa, the share of the employment located in micro, small and medium sector is high and estimated to around 60%.

However, in many of the developing countries, like Pakistan, significant section of SMEs remain in traditional activities generally with low level of productivity, poor quality products, serving small and localize markets with little or no technological dynamism (GEM 2007). As a result, producing a large group of working

poor and their contribution is not of economic significance as in the developed world. In these economies, SMEs has a significant role to play in employment generation (Blawatt K, 2003; Stel & Suddle, 2005), innovation (Bosma et al., 2007), reduction in unemployment (Loomets & Venesaar, 2006). Based on these findings, it is fair to say that SMEs of developed world are providing a major contribution to GDP, economic development, job creation and innovation and technology transfer while SMEs of developing country are not making significant contribution due to many unknown factors. Furthermore, SMEs entrepreneurship in developing countries can be a major source of alleviating poverty, promote regional trade, investment, technology transfer and source of success for medium and large enterprises. It is agreed that there is a positive correlation between economic growth and entrepreneurship and in particularly SMEs entrepreneurship. Furthermore, entrepreneurship is the major contributor in building and sustaining economic growth.

CONCEPTUAL FRAMEWORK

This study is proposing a model to capture the impact of resources (RES) on entrepreneurial success of Pakistan SMEs. Based on this, the proposed model consists of a resource (RES) factor. In this proposed model resources are taken as macro factors. This factor is further decomposed into components. Resource (RES) factor is identified by reviewing similar studies conducted in other countries with similar objectives and researcher's hunch.

RESOURCES

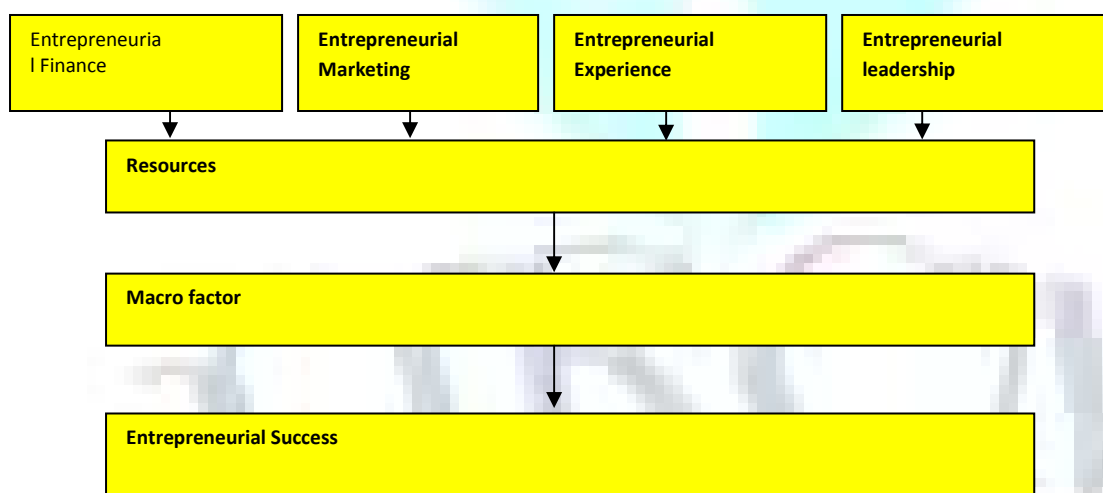
Resource (RES), a macro factor, is characterized primarily by four components: finance, experience, marketing and leadership. Finance refers to access to finance and entrepreneur attitude towards the importance of finance. Experience refers to work experience of entrepreneur which is further segmented into two kinds of experiences, that is, employment experience and self-employment experience in both food and non-food businesses. Marketing refers to provision of sales and marketing trainings to employees and entrepreneur's attitude and mindset towards the importance of marketing training. Leadership refers to creating productive and efficient working environment by investing in training, building teams and providing training to employees and building programs to have financial and non-financial incentives for staff encouragement and motivation. The variables along with respective abbreviations capturing the factor of resources (RES) are shown in Table given below.

TABLE 1: VARIABLES OF RESOURCES FACTOR

No	Variables	Abbreviation
1	Access to finance	ATF
2	Business Experience	BIE
3	Capital and success	CAS
4	Encouragement	ENC
5	Food Business Employment	FBE
6	Food business self employment	FBS
7	Human resource and success	HUS
8	Invest in training	IIT
9	Non food Business employment	NBE
10	Non food business self employment	NBS
11	Offer Financial rewards	OFR
12	Provided Marketing Training	MKT
13	Team	TEA
14	Trained employee	TRE

This figure (Fig 1) displays the construct of the model by showing the relationship between success and resources (RES).

FIGURE 1: MODEL OF ENTREPRENEURIAL SUCCESS OF PAKISTANI SMES



$$SUC = f(RES)$$

Where

SUC = Entrepreneurial Success of Pakistan SMEs

RES = Resources

As reflected by equation 1 this model proposes that resources are contributing positively towards entrepreneurial success of Pakistani SMEs.

RESEARCH METHODOLOGY

This research study is based on primary data. The questionnaire is primarily derived from two existing instruments used in similar studies. A pilot study is conducted to test questions for completion time, assess appropriateness of the instructions and etc. The original questionnaire is modified based on the feedback of participants. Then modified questionnaire is distributed to 10 commercial fast food entrepreneurs from 5 selected districts including Islamabad, Rawalpindi, Peshawar, Lahore and Gujarat. As a result of these tests, a bi-lingual (English and Urdu) questionnaire using a 1-7 Likert scale is prepared. Cronbach's coefficient alpha, the most popular test to measure reliability for the factor that is, resources is used. The Cronbach's value of the resource factor is

0.53. This value shows that the factor has very strong reliability. The questionnaire for this study is built based on two existing questionnaires used in similar studies conducted earlier. One of these questionnaires has a cronbach's coefficient alpha of 0.57. This further validates our claim of validity of the instrument. The usual techniques like descriptive statistics, correlation and regression analyses are used to analyze data and to draw inferences.

SCALE RESULTS OF RESOURCE FACTORS

In order to measure the perception of the participant, a question comprised of a proposed factor of entrepreneurial success is asked. The responses are collected and frequency of each response is computed. Scores 1-3 denote disagreement (least important) score of 4 is neutral and scores 5 -7 denotes agreement (most important).

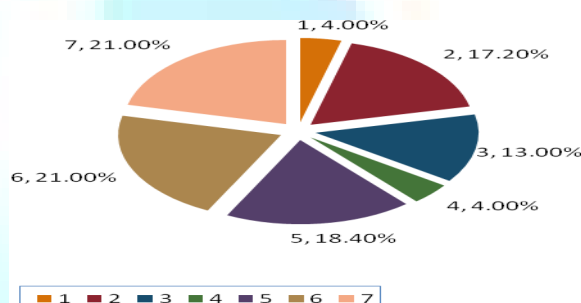
For the responses on the factor of resources (RES), 25.00 % expressed high agreement and 4.00 % expressed high disagreement. 14.00 % are neutral. The highest numbers of participants (21.10 %) consider factor of resources is the most factor of entrepreneurial success. Table 2 and fig 2 show the findings in detail are given below.

TABLE 2: SCALE DISTRIBUTION OF THE RESOURCES FACTOR

No	Scale	Resources
1	1	04.00%
2	2	17.20%
3	3	13.00%
4	4	04.00%
5	5	18.40%
6	6	21.00%
7	7	21.10%

SCALE DISTRIBUTION OF THE RESOURCES FACTOR

FIGURE 2: SCALE DISTRIBUTION OF THE RESOURCES FACTOR



DESCRIPTIVE STATISTICS OF VARIABLES OF RESOURCES FACTOR

The resources (RES) factor, a macro factor comprising of four components: finance, entrepreneurial experience, entrepreneurial marketing and entrepreneurial leadership is comprised of 14 variables: access to finance (ATF), business experience (BIE), capital and success (CAS), encouragement (ENC), food business employment (FBE), food business self employment (FBS), human resource and success (HAS), invest in training (IIT), provided marketing training (MKT), non food business employment (NBE), non food business self employment (NBS), offer financial rewards (OFR), team (TEA) and trained employee (TRE). The results of descriptive statistics are shown in Table given below.

TABLE 3: DESCRIPTIVE STATISTICS OF VARIABLES OF RESOURCES

No	Variable	M	SD
1	FBE	3.64	1.40
2	NBE	4.13	1.39
3	FBS	1.36	1.42
4	NBS	3.67	1.38
5	TRE	3.77	0.55
6	IIT	3.67	2.04
7	MKT	5.08	1.97
8	ATF	4.37	1.94
9	HAS	4.79	1.61
10	CAS	4.88	1.84
11	BIE	5.04	1.69
12	TEA	5.35	1.67
13	OFR	4.42	1.64
14	ENC	0.55	1.39

As given in the above table, descriptive statistics including means (M) and standard deviations (SD) of all variables are calculated and compared. The comparisons of means show that variable team (TEA) has the highest mean ($M = 5.35$, $SD = 1.67$) indicating the leadership is the most important resource for the success of an enterprise. The variable marketing training (MKT) has the second highest mean ($M = 5.08$, $SD = 1.97$) indicating that marketing focus is also a very important resource. The third highest mean ($M = 5.13$, $SD = 1.69$) of the variable business experience (BIE) indicating the investment of personal time before and during the execution of business is the very important factor and it has more important than finance. The participating entrepreneurs valued team the highest from a list of resources including capital. Furthermore, participating entrepreneurs ranked marketing training the second most important element of business resources.

FINDINGS AND RESULTS

For the factor of resources (RES), a macro factor, the three most important variables are team (TEA), marketing training (MKT) and business experience (BIE). Hence, leadership (TEA) is the most important resource for the success of an enterprise and marketing (MKT) focus is also a very important, i.e., there should

be substantial emphasis on marketing research, training and development. Furthermore, investment of personal time (BIE) before and during the execution of business is the very important factor and it has more important than finance.

REGRESSION ANALYSIS: RESULTS AND FINDINGS

REGRESSION MODEL

The factor of resources (RES) is measured through following equation.

$$\text{RES} = \beta_0 + \beta_1 \text{FBE} + \beta_2 \text{NBE} + \beta_3 \text{FBS} + \beta_4 \text{NBS} + \beta_5 \text{TRE} + \beta_6 \text{IIT} + \beta_7 \text{MKT} + \beta_8 \text{ATF} + \beta_9 \text{HAS} + \beta_{10} \text{CAS} + \beta_{11} \text{BIE} + \beta_{12} \text{TEA} + \beta_{13} \text{OFR} + \beta_{14} \text{ENC} + \epsilon$$

Where

RES	=	Resources is an index of variables of resources (RES) factor.
FBE	=	Food business employment.
NBE	=	Non-food business employment.
FBS	=	Food business self-employment.
NBS	=	Non-food business self-employment.
TRE	=	Trained employees need.
IIT	=	Invest in employees' training.
MKT	=	Provision of marketing training.
ATF	=	Access to finance.
HAS	=	Human resource and success.
CAS	=	Capital and success.
BIE	=	Business experience.
TEA	=	Team.
OFR	=	Offer financial rewards.
ENC	=	Encouragement plan.
ϵ	=	Econometrics error term assumed to be normally distributed

with means zero and variance σ^2 .

$$\beta_i > 0 \text{ \& } i = 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 \text{ and } 14$$

As regards the factor resources (RES), it is assumed that fourteen variables determine the factor. These variables are: food business employment (FBE), non food business employment (NBE), food business self employment (FBS), non food business self employment (NBS), trained employees (TRE), invest in training (IIT), provided marketing training (MKT), access to finance (ATF), human resource and success (HAS), capital and success (CAS), business experience (BIE), team (TEA), offer financial rewards (OFR) and encouragement (ENC). Each of these variables are captured through a question asked in the questionnaire designed on Likert scale of 7. Equation 1.2 shows that fourteen variables explain resources (RES) factor which in turn affects entrepreneurial success. The expected relationship between resources (RES) and its variables is positive. In estimating factor stepwise regression is adopted. In the first step, Pearson correlation among all independent variables (items) is computed and variables with significant association are dropped to avoid multi-collinearity. In the second step, stepwise regression is used to find causal relationship. In stepwise regression, exercise is repeated by systematically adding independent variables to get variables, which provide the best-fit equation. The dependent variable is estimated by taking mean of means of selected variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise.

REGRESSION ANALYSIS OF VARIABLES OF RESOURCES

The correlation statistics of all variables for the factor of resources are exhibited in table 4 given below.

TABLE 4: CORRELATIONS MATRIX OF VARIABLES FOR RESOURCES (N= 257)

NO	Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	FBE	1.00	0.15	0.45	0.06	-0.06	-0.01	-0.06	0.17	0.03	-0.22	0.02	0.04	0.03	0.00
2	NBE	0.15	1.00	0.08	0.60	-0.15	0.04	0.14	-0.07	-0.11	-0.20	0.08	0.18	0.02	0.10
3	FBS	0.45	0.08	1.00	0.09	-0.07	0.07	-0.13	0.16	0.07	-0.06	0.01	0.14	-0.01	-0.05
4	NBS	0.06	0.60	0.09	1.00	0.01	-0.01	-0.06	0.06	-0.15	-0.29	0.01	0.08	-0.08	-0.06
5	TRE	-0.06	-0.15	-0.07	0.01	1.00	-0.27	-0.03	-0.03	-0.15	-0.03	-0.02	-0.10	-0.02	-0.03
6	IIT	-0.01	0.04	0.07	-0.01	-0.27	1.00	0.11	0.02	0.23	0.12	0.13	0.25	0.19	0.12
7	MKT	-0.06	0.14	-0.13	-0.06	-0.03	0.11	1.00	0.20	-0.03	0.01	-0.10	0.00	-0.04	-0.13
8	ATF	0.17	-0.07	0.16	0.06	-0.03	0.02	0.20	1.00	-0.01	0.12	0.01	0.02	-0.02	0.02
9	HAS	0.03	-0.11	0.07	-0.15	-0.15	0.23	-0.03	-0.01	1.00	0.13	0.29	0.42	0.25	0.37
10	CAS	-0.22	-0.20	-0.06	-0.29	-0.03	0.12	0.01	0.12	0.13	1.00	0.26	0.14	0.16	0.14
11	BIE	0.02	0.08	0.01	0.01	-0.02	0.13	-0.10	0.01	0.29	0.26	1.00	0.28	0.18	0.34
12	TEA	0.04	0.18	0.14	0.08	-0.10	0.25	0.00	0.02	0.42	0.14	0.28	1.00	0.13	0.27
13	OFR	0.03	0.02	-0.01	-0.08	-0.02	0.19	-0.04	-0.02	0.25	0.16	0.18	0.13	1.00	0.61
14	ENC	0.00	0.10	-0.05	-0.06	-0.03	0.12	-0.13	0.02	0.37	0.14	0.34	0.27	0.61	1.00

The correlation coefficients shown in the above table indicate that there is no statistically significant correlation among all variables indicating there is no association between variables.

Hence all of these variables are kept for stepwise regression. A stepwise regression is run against all independent variables: access to finance (ATF), business experience (BIE), capital and success (CAS), encouragement (ENC), food business employment (FBE), food business self-employment (FBS), human resource and success (HUS), invest in training (IIT), non-food business employment (NBE), Non-food business self employment (NBS), offer financial rewards (OFR), Provision marketing training (MKT), Team (TEA) and trained employee (TRE) and dependent variable resources (RES). Resources (RES) is estimated by taking mean of means of all independent variables and then assigning value 0 to a case if its mean value is less than mean of means and 1 otherwise. The estimated equation is reported below.

$$\text{RES} = -1.77 + .09 \text{TRE} + .08 \text{IIT} + .06 \text{BIE} + .06 \text{MKT} + .06 \text{OFR} + .05 \text{HUS} + .05 \text{TEA} + .04 \text{ATF} + .03 \text{CAS}$$

Results of stepwise regression analysis exhibited in table 5 are given below.

TABLE 5: REGRESSION RESULTS ON RESOURCE FACTOR

No	Variables	β	t- value	P	Tolerance	VIF
1	Constant	-1.77	-11.18	0.00		
2	TRE	0.09	2.01	0.05	0.92	1.09
3	IIT	0.08	6.33	0.00	0.81	1.23
4	BIE	0.06	4.15	0.00	0.85	1.18
5	MKT	0.06	4.52	0.00	0.91	1.09
6	OFR	0.06	3.95	0.00	0.90	1.11
7	HUS	0.05	3.39	0.00	0.77	1.30
8	TEA	0.05	3.01	0.00	0.79	1.27
9	ATF	0.04	3.57	0.00	0.93	1.08
10	CAS	0.03	2.54	0.01	0.93	1.08

The table 5 reports that final variables are: access to finance (ATF), business experience (BIE), capital and success (CAS), human resource and success (HUS), team (TEA), invest in training (IIT), offer financial rewards (OFR), Provision marketing training (MKT) and trained employee (TRE) and other are dropped in the process of estimation. The variable trained employee (TRE), representing entrepreneurial team has a t-value = 2.01 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .09. This shows it positively influences entrepreneurial resources by 9%. The variable invest in training (IIT), representing entrepreneurial team has a t-value = 6.33 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .08. This shows it positively influences entrepreneurial resources by 8%. The variable business experience (BIE), representing entrepreneurial experience has a t-value = 4.14 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .05. This shows it positively influences entrepreneurial resources by 5%. The variable provision of marketing (MKT), representing entrepreneurial marketing has a t-value = 4.52 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .06.

This shows it positively influences entrepreneurial resources by 6%. The variable offer financial rewards (OFR), representing entrepreneurial team has a t-value = 3.95 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .06. This shows it positively influences entrepreneurial resources by 6%. The variable human resource and success (HUS), representing entrepreneurial team has a t-value = 3.39 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .05. This shows it positively influences entrepreneurial resources by 5%. The variable team (TEA), representing entrepreneurial team has a t-value = 3.01 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .05. This shows it positively influences entrepreneurial resources by 5%.

The variable access to finance (ATF), representing finance has a t-value = 3.57 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .04. This shows it positively influences entrepreneurial resources by 4%. The variable capital access (CAS), representing finance has a t-value = 2.54 indicating a statistically significant relationship with resources (RES). Its β coefficient has a positive sign and magnitude of its effect is .03. This shows it positively influences entrepreneurial resources by 3%. The variable trained employee (TRE) is the most important resource among all resources in the success of the entrepreneurial venture. The optimal explanatory power of the model is 57% (Adjusted R^2), which means 57% of variance in independent variables being explained by the model. In order to avoid the possibility of multi-colinearity, VIF test has been performed that shows that colinearity among independent variables is within tolerance limit.

ESTIMATION OF MODEL OF ENTREPRENEURIAL SUCCESS

After separately estimating factor of entrepreneurial success, we are now able to estimate the overall model as given in equation reproduced below:

$$SUC = \beta_0 + \beta_1 RES + \epsilon$$

Where

SUC = Entrepreneurial Success of Pakistan commercial

Fast-food SMEs

RES = Resources, a macro factor

ϵ = Econometrics error term assumed to be normally

Distributed with means zero and variance σ^2 .

$\beta_i > 0$ & $i = 0, 1, 2, 3, 4, 5$ and 6

As reflected by equation this study claims that resources (RES) are contributing positively towards business success. The precise contribution of resources (RES) towards success of this business is going to be tested with the help of the above model.

CORRELATION ANALYSES OF MODEL OF ENTREPRENEURIAL SUCCESS

The correlation analysis is conducted between the factor of resources (RES) and entrepreneurial success. The result of correlation between entrepreneurial success (SUC) and factor of resources (RES) is reported in following table.

TABLE 6: CORRELATIONS MATRIX OF ENTREPRENEURIAL SUCCESS AND RESOURCES (N=257)

Factors	M	SD	SUC
RES	10.49	0.43	.25**

** Correlation is significant at the 0.01 level (1-tailed).

The table 6 shows the correlation coefficient of success (SUC) with resources at 95% and 99% level of significance. The correlation coefficient of resources (RES) and (SUC) is $r = .25$, $p = .01$ indicating strong positive relationship between resources (RES) and success (SUC). In conclusion, entrepreneurial success and resources are positively linked.

LINER REGRESSION ANALYSES OF MODEL OF ENTREPRENEURIAL SUCCESS

To seek causal relationship between entrepreneurial success and resource (RES) factor regression analyses is conducted. Results of the liner regression between resources (RES) and entrepreneurial success are exhibited in table 7.

TABLE 7: RESULTS OF LINEAR REGRESSION ON RESOURCE FACTOR OF ENTREPRENEURIAL SUCCESS

Factors	β	t- value	P	Adj. R^2	F
RES	0.33	5.69	0.00	0.10	32.42

According to the above table resources (RES) make positive contribution towards business success. It is exhibiting attractive statistics. As far as the contribution of resources (RES) is concerned it contributes significantly ($\beta = .33$) towards entrepreneurial success. One percent increase in the level of resources (RES) increases business success by 33%. The foregoing results identified the resources factor significantly contributes towards the entrepreneurial success.

HYPOTHESES TESTING

The hypotheses states

H_{1.0} Resource (RES) is a factor causing entrepreneurial success.

H_{1.1} Resource (RES) is not a factor causing entrepreneurial success.

As shown in table 6 and table 7, resources (RES) factor having a correlation coefficient of .25 is significantly linked to business success. Similarly, its β coefficient is .33 which implies that it significantly contributing towards success. Therefore, the null hypothesis is (H_{1.0}) accepted and alternate hypothesis (H_{1.1}) is rejected.

CONCLUSIONS AND IMPLICATIONS

The analysis provides insight into specific areas of Pakistani commercial fast-food SMEs. This analysis is primarily descriptive and broad generalization for entire service sector are inappropriate from such a small and selective sample; however, within the confines of this analysis, the results and conclusions provide some implications and recommendations as follows.

For budding and existing commercial fast-food entrepreneurs, it is essential to develop business models consisting of resources as the major component.

For policy makers like Small and Medium Enterprises Development Authority (SMEDA), it is recommended a) to launch programs through entrepreneurs development centers to learn and educate how to share potential and existing business opportunities, b) to create awareness among family businesses owner to share opportunities with other budding entrepreneurs as these families are the biggest source of entrepreneurial ventures c) to develop a national forum for commercial fast-food entrepreneurs at each district to create a platform to discuss ideas and opportunities by involving successful commercial fast-food entrepreneurs. Entrepreneur should increase opportunity competence and improves resources by adapting technology, conduct training on marketing and team building. The findings from the research provided information necessary to answer the research questions.

SUGGESTIONS FOR FUTURE RESEARCH

The theoretical model of the study presented the premise that the success of fast-food enterprise is dependent on resources. These findings may be used to replicate the study to the other service sectors SMEs of Pakistan and then a comparison of these studies will provide a national level variation of success factors among different services sectors SMEs of Pakistan. Similarly, repeating this study in other services sectors of SMEs from South Asian countries will give value information across countries. Second, the significant relationship between entrepreneurial success and resources can be further explored in reference to gender, social status and other demographic variables. Third, the conclusions drawn are bounded by the inherent limitations and assumptions. A qualitative or mixed research study might discover new knowledge or insight not revealed in this research, for example, by exploring the effect of size and structure of the organization. Last, this model if tested rigorously through more empirical studies may be treated as theory in future and as it is possible to treat a model as a theory provided it is subsequently subjected to rigorous empirical testing.

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DETERMINANTS OF VEGETABLE CHANNEL SELECTION IN RURAL TIGRAY, NORTHERN ETHIOPIA**ABEBE EJIGU ALEMU****PH. D. CANDIDATE, DEPT. OF ENVIRONMENT AND EARTH SCIENCES, KATHOLIKIE UNIVERSITET LEUVEN, BELGIUM****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT****COLLEGE OF BUSINESS AND ECONOMICS****MEKELLE UNIVERSITY****ETHIOPIA****BIHON KASSA ABRHA****PH. D. CANDIDATE, UNIVERSITY OF SOUTH AFRICA****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT****COLLEGE OF BUSINESS AND ECONOMICS****MEKELLE UNIVERSITY****ETHIOPIA****GEBREMEDHIN YIHDEGO TEKLU****PH. D. CANDIDATE, UNIVERSITY OF SOUTH AFRICA****ASST. PROFESSOR****DEPARTMENT OF MANAGEMENT****COLLEGE OF BUSINESS AND ECONOMICS****MEKELLE UNIVERSITY****ETHIOPIA****ABSTRACT**

This paper aims at assessing determinants of marketing channel choice among the vegetable growers in rural Tigray, northern Ethiopia. Structured questionnaire was administered to 150 vegetable growers in three districts in Tigray Region, Northern Ethiopia. Multinomial logit model was employed to measure the statistical significance of the determinant factors. The model result revealed that the further the distance from Mekelle (Regional Capital) resulted in the involvement of vegetable growers more on open markets in the nearest market centers. Vegetable growers having access to nearest market around them were shown retailing the vegetable in open markets rather than delivering it to traders. Access to extension services was found negatively contributing to open markets that might be due to the reason that extension agents provided assistance more on production than marketing. Lack of stall to sell vegetable on open markets forced vegetable growers to rely on traders. Perishable products motivated growers to use the trader channel than open markets.

KEYWORDS

Channel, Determinants, Multinomial logit, Vegetable.

INTRODUCTION

The market mechanism has been an engine to bring efficiency and to induce economic growth and development. However, performing exchange is costly inhibiting producers' market participation especially for rural producers. Rural markets in Ethiopia are underperforming as a result of high transaction costs, lack of access to farm inputs, technology, finance, lacking or ill-functioning institutions and weak transport and communication infrastructure (Bienabe et al., 2004; Eleni, 2001; Wolday, 2001; Staal, et al., 1999).

The weak market participation of rural producers' adversely affects the level of production and their orientation to the market. This in turn determines the input and technology use in their production process. The input and technology provision in agrifood supply chain has been dominated by the government that limits its distribution. These factors of production have long been supplied by the government. Even though there were products to the market, high transaction and transportation costs deprive them from participation. These transaction costs and resource constraints force them to look for alternative channels providing them better incentives (Boger, 2001; Chowdhury, 2004; Coase, 1937; Hobbs, 2003; Williamson, 1991).

In Ethiopia, the lion's share (84 %) of the population has been agrarian for long that produce agricultural products for the household consumption leaving little produce to the market (CSA 2008). Moreover, the characteristic of the rural market is fragmented and informal in nature. Hence, the farmers did not have an incentive to increase productivity and supply more goods to the market. However, liberalization and globalization demands farmers to focus on high value agriculture and coordinate them with supply chains enabling farmers' link to the wider domain of the domestic and export markets and then raise production and income (Gulati et al., 2007).

The agricultural marketing system in Ethiopia tends to be informal, unregulated and constrained by weak market linkages and lack of rural infrastructure. Most farmers live more than a half-day walk from the nearest road. There is also a severe lack of institutional infrastructure that can facilitate farmers' links to markets and the overall economy. Traders, cooperatives (farmers' organizations) and other local institutions are supposed to play important role for smooth functioning of the market but they tend to be weak or absent especially in fruit and vegetable marketing. The weaknesses contribute to the subsistence orientation of the Ethiopian rural economy and constrain its growth (Eleni, 2001; World Bank, 2004).

Several marketing channels also help link small farmers with domestic and global markets through processors, collectors, and retail and supermarket chains. Economic agents in the chain could tackle producers' problems of information and finance, creating demand; improve quality and quantity, which help improve their earnings and wealth (Maertens et al, 2007). Furthermore, these chains help transform the subsistence agriculture to market oriented agriculture in the developing and least developed countries as producers start to focus on consumers wants (Bijman, 2002).

Therefore, this paper aims at identifying determinants of choosing a particular marketing channel to distribute various types of vegetables. The remaining part of the paper is organized as follows: the next part gives brief reviews of literature and theoretical framework. The third part presents results and discussion and the last part provides conclusions and policy implications.

LITERATURE REVIEW

Despite the fact that the market mechanism is an engine for growth, the agricultural marketing system has several difficulties that specifically limited the market participation of smallholder farmers. These difficulties consist of lack of access to markets by the smallholders due to remoteness and small number of operators, high transaction costs resulted from low volume of transactions; supply rigidity due to perishability of agricultural products; instability of prices due to seasonal demand; inequity of prices due to isolation that imply lack of alternatives and producers' lack of information; frequent frauds on input quality and units of measurement; poor productivity potential due to lack of investment and farmers' aversion of risk when major transformations of systems are required; and few possibilities to improve products' quality due to lack of incentives (Bienabe et al., 2004).

The specific challenges that limit smallholder farmers' market participation can be broadly categorized as constraints on production and constraints on trade. Trade related constraints are related to barriers to entry, high transaction costs, high risk, and asymmetry of information, low bargaining power, lack of organization, and lack of human and social capital. Due to lack of finance to invest on storage and processing equipment accelerates quality deterioration and forces farmers to sell products without considering the market situation. Financial constraints also limit farmers from investing on the production systems to improve productivity.

Lack of access to facilities constitutes a barrier to entry to agricultural markets that left their produce remain at home or sell at lower prices to fulfill their cash needs. Lack of storage facilities increases risk of losses that affect the quality of products and limit the access to markets with high quality standards (Wolday, 2002).

Rural producers are far remote to the market and are not able to access market information that enables them to know the preferences of their buyers (Chowdhury, 2004; Eleni 2004). The poor transport and communication infrastructure exposed them to high transaction costs. High transaction costs limit farmers motivation to increase productivity thereby abstains from market and produce for domestic or household consumption. Lack of quality assuring institutions forces buyers to focus on self inspection and they are exposed to opportunistic buyer behavior (Hobbs and Young, 1999). These results in transactions to be personalized limiting the free flow of goods in the market (Eleni 2004). The small nature of the farmers' produce and the respective meager amount to the market limits their market power. It erodes rural producers' bargaining power with the buyers. Opportunistic buyer behavior discourages farmers from benefiting from the market. Marketing channels mitigate against the opportunistic behavior because mutual interest guides the exchange relationships (Hobbs, 1996).

The input and technology market is not well developed to supply required seed, fertilizer and other farm inputs to the producers to the level of their requirement. Farmers are constrained not only by the availability but also shortage of money to finance these inputs and technology. Though there are microfinance institutions, the loan amount is limited that could not finance the technology they need to adopt. Rural producers also face constraints in terms of accessing the market. Due to the limited infrastructure and information problems, producers are not able to find buyers when they present agricultural products to the market. Due to poor storage devices, producers do not have the chance to wait for appropriate market situations so as to benefit from the market.

Contractual arrangements and creating relationships with traders solve financial and input market problems in rural areas. Smallholder producers receive inputs and equipment on credit and repay the loan using the agricultural produce. Hence, coordination arrangements are driven by risk, transaction costs, size, farm demographics, and socioeconomic characteristics (Davis and Gillespie, 2007).

Information asymmetry may result in firms incurring costs when they attempt to exchange (buy or sell goods or services). For instance, lack of information about potential buyers/sellers may lead to selling at lower/higher prices as in the case of many rural and suburban markets. Firms want to minimize total costs that are made up of both production and transaction costs. Under some circumstances, transaction costs may be lower if the transaction takes place in an open (spot) market, whereas in other situations, costs may be lower under other forms of vertical coordination as contracting or integration (MacDonald and Korb, 2003).

Socioeconomic characteristics such as sex, education and experience have effects on the knowledge of the market and decisions on the channel choice (Abduli and Birachi, 2008). The various roles male and female farmers have within the community affects the time they spent on the market. Women producers are likely to have more time for market and likely to prefer open markets that require high searching time. However, male producers spent much of their time on production who spent little time for marketing.

Experience and education demonstrates accumulation of human capital and learning about the market. Those who are educated and experienced are likely to be more informed and knowledgeable about the market that enable them reduce the effects of the opportunistic behavior of the trading partners. Hence they are more likely to operate in open markets than other marketing arrangements (Abduli and Birachi, 2008).

DATA AND METHODOLOGY

Three districts popular in irrigation use and vegetable production were purposively identified. In each district, one Tabia (local administration) was selected and 150 vegetable growers were randomly selected from the whole list of growers. A structured questionnaire was administered to the sampled vegetable growers and 149 of them were returned and subject to analysis. The questionnaire was prepared in English and filled by trained enumerators in each Tabia. The second primary instrument was in-depth focus group discussion conducted with 24 farmers, local administrators, extension agents and other stakeholders in two Tabias.

ESTIMATING PROCEDURE

Decision on market channel selection is a discrete choice from among alternative channels available to vegetable growers. The dominant channels were open markets and using traders. It is found that farmers employ open markets, traders or both channels. A few of the traders used both channel. Hence, Multinomial logit is proposed to be used assuming that there are three channel options. The probability of an individual vegetable producer's adoption of a particular channel is predicted using the following logistic distribution (Davis and Gillespie, 2007; Abdulai and Birachi, 2009):

$$\Pr(Y_i = j / X_{ij}) = \frac{\exp(\beta_j X_{ij})}{\sum_{j=0}^2 \exp(\beta_j X_{ij})}, j = 0, 1, 2 \dots n \dots \dots \dots (1)$$

Where y is the probability of marketing arrangement j, x represents vector of explanatory variables determining channel choice, that includes searching time, input prices, distance to market, transportation costs, access to information, size of the irrigated land, product characteristics, frequency of harvest, and socioeconomic characteristics.

VARIABLES USED FOR THE EMPIRICAL MODEL AND EXPECTED SIGNS

The following explanatory variables are supposed to be determinants of marketing channel adoption and their brief explanation are presented below:

1. Demographic Variables

- a. Gender: it is expected that women are more involved in open markets and they have ample time to retail on the spot market rather than selling it to traders.

- b. Family size: the larger the family size the lesser will be the volume of vegetables supplied to the market. Hence, their market participation will be less and small amount will be supplied to the market. The smaller the amount, the more will be their involvement on spot marketing. Traders do not have also interest in dealing with small lots.
- c. Age: old farmers look conservative and want to present goods on the market rather than relying on contracts with traders.
2. Transaction characteristics
- a. Distance to Mekelle – DISMEKELLE - the longer the distance the more will be on spot): if producers are far from Mekelle, there is less tendency of selling and retailing at the Mekelle market. Hence they retail it in the nearest market or sell it to traders.
- b. Distance to nearest market- DISNEAREST - the shorter the distance the more the involvement in spot markets): the distance of the Tabia to the nearest market has opposite relationship to open market. The nearest the distance to the nearest market the more will be the involvement of the producer to retail in spot markets.
- c. Cost per quintal to Mekelle –COSTQMEK- the higher the fare to transport a quintal of vegetable to Mekelle, the less will be the participation in open markets and growers prefer traders to open markets.
- d. Knowledge – KNOWLEDGE: knowledge and frequent coaching with the extension agent means more information to the producer about the market. Hence, they operate more on spot than selling it to the trader.
- e. Lack of space to sell goods- LCKPLACE: if they do not have stall or selling place in Mekelle, they will not retail it and they are forced to deliver it to the trader.
- f. Trust on buyers-TRUSTBUR- when growers trust traders, they get highly involved with traders than open markets.
3. Size of the farm
- a. Irrigation land size- IRRISIZE: the size of the irrigated land has direct impact on the volume of vegetable to the market. The larger the volume, the more will be their dependence of farmers on traders as they carry on all the stock available to the market.
- b. Frequency of harvest- FREQHRVST: if producers frequently harvest vegetable, they will develop marketing relationship with a particular trader specializing on vegetable distribution. Hence, selling to the trader will be the more preferable channel of distribution.

TABLE 1: SUMMARY OF VARIABLES

Variable Type	Description	Expected effect
GENDER	The sex of the Household Head	-
AGE	The Age of the Household Head	?
DISMEKELLE	The distance of the Tabia to Mekelle (regional capital)	+
DISNEAREST	The distance of the Tabia to the nearest market	-
COSTQMEK	The fare to transport a quintal of vegetable to Mekelle	+
KNOWLEDGE	Knowledge of the extension agent	+
LCKPLACE	Lack of place to retail on spot in Mekelle	-
IRRISIZE	The size of the irrigated land	-
FREQHRVST	Frequency of harvesting vegetable in a given year	+
TRUSTBUR	The trust growers have on the trader	+

RESULTS AND DISCUSSION

The total sample from the three Tabias is 150 vegetable producing households out of which one has failed to fill the questionnaire. Fifty sample respondents were selected from each specific Tabia within each Woreda. The three Woredas are purposely selected because they have irrigation potential and practice to produce vegetables and the three selected Tabias have more or less similar size of irrigation user population. Out of the 49 respondents who sell their vegetable to traders, 38 (77.55%) are from Hintalo-Wajirat (Tabia Hiwane), 7 (14.29%) are from Emba-Alaje (Tabia Betmara) and 4 (8.16%) are from Enderta (Tabia Didba). However, 45 (57.69%) of the respondents who sell their vegetable to traders are from Enderta (Tabia Didba), 29 (37.18%) from Emba-Alaje (Tabia Betmara) and 4 (5.13%) of them are from Hintalo-Wajirat (Tabia Hiwane).

TABLE 2: SUMMARY STATISTICS FOR SELECTED VARIABLES

Variable	No. of Observation	Mean	Standard Deviation
Vegetable sales	148	4740.27	8090.43
Spot market participants	148	0.33	0.47
Family Size	148	6.26	2.12
Gender	148	0.87	0.34
Distance to Mekelle	148	49.03	20.84
Irrigated land size	148	0.25	0.25
Prior market	148	0.78	0.49
KNOWLEDGE	148	0.80	0.40
FREQHRVST	148	2.36	0.55

Source: survey 2010

The 129 (86.58%) of the respondents were male and 20 (13.42) of them were female headed farmers. The average age of the male respondents is 49.75 while that of female respondents is 50 years. The female respondents are slightly older than the male respondents. The average family size of the respondents is 6.26 persons. Respondents' distribution according to market channel and family size is trader 78, spot 49 and spot and trader 18 with an average family size of 6.44, 6.09 and 6.22 persons respectively. With regard to channel sex distribution, out of the total 78 respondents who sell to traders, the 93.59% are male and 6.41% female. Out of the 49 respondents who sell at the spot market, 83.67% are male and 16.33% are female.

The average active family members of the respondents who sell in the spot (48), traders (78) and spot and traders (18) markets are 2.71, 2.60 and 3.06 respectively. On the other hand, the average active members of the total respondents are 2.67. The average active members of the respondents who sell at the spot market and to traders are more or less similar to the average active members of the total respondents.

The average owned and rented land holding size of the total respondents is 1.14 hectares. Nevertheless, the average land holding size of women is significantly less (0.58 hectares) than that of men (1.23 hectares). The maximum landholding size of women is 2.5 hectares whereas the maximum landholding size of men is 6 hectares. The land size difference also applies to the irrigable landholding size although the variation is not as significant as that of total landholding size. The irrigable landholding size of the farmers who sell to traders is greater by 0.08 (0.29-0.21) hectares than that of the farmers who sell at the spot market.

The length of time spent and the distance travelled by vegetable producers are among the factors that influence the transaction cost of vegetable market and channel choice of the producers. In this research, the average time and distance is considered although the distance time farmers spend and the distance they travel depends on residence and farming site of farmers of each village within each Tabia. The distance of the residence and farming site of farmers differs from village to village taking the different market centres: the nearest, the Woreda and Mekelle markets. The length of time female producers spend in searching buyers is less than the time male producers spend by 0.08 hours.

The nearest market for Tabia Didba is Mereb-Mietti, for Tabia Hiwane, Hiwane and for Tabia Betmara is Betmara. The nearest market centres are the nearest small towns for the producers. Accordingly, the average distance producers travelled from Tabia Didiba, Hiwane and Betmara to the nearest markets are 2.82, 2.69 and 3.95 kilometres respectively. This indicates the average distance producers from Tabia Betmara travel to the nearest market are longer than the others. On the other hand, the average distance the producers travel to the Woreda market is longer than the nearest market centres. The average distance producers travel from Tabia Didiba, Hiwane and Betmara to the Woreda markets is 14.12, 24.64 and 21.78 kilometres respectively. Producers from Tabia Hiwane travel the longest distance as compared to the others. Taking Mekelle as a market cent for the three of them farmers from Betmara travel the longest distance (67.5 kms) followed by farmers from Hiwane (59.68 kms) and Didba (20.45 kms). This shows producers from Tabia Didba have closer proximity to Mekelle.

The average transportation cost per person to the Woreda market is Birr 3.45, 5 and Birr 7.88 for Didba, Hiwane and Betmara farmers respectively. The Betmara vegetable producers pay the highest cost while the Didba producers pay the least cost. But the transportation cost per person to Mekelle is Birr 5.35 for Didba, 13.20 for Hiwane and 15.52 for Betmara. This is logical because their actual distance from Mekelle also confirms this information. The transportation cost per person varies with the distance to Woreda market and Mekelle.

Information and searching costs were among the determinant factors that affect farmer's adoption of marketing channel. Information and communication infrastructure affects the access of the producers to information. The more informed farmers are about markets and prices, the better will be their decision on the channel. Moreover, their knowledge of extension agents in the Tabia would determine their access to production and market information. The descriptive result reveals that 80% of the respondents still did not have access to telephone and the remaining 20% had access to telephone services. From among those having access to telephone, 70% had trading relationships with traders. Eighty percent of the respondents knew the extension agents. This implies that their source of information is mainly these extension agents. Twenty per cent of them did not know extension agents implying that they did not receive extension services.

The frequency of vegetable harvest has been also one of the issues considered in selecting a channel. It is expected that those who frequently harvest vegetables need to have clients or traders to carry on all the staff they presented to the market. The result reveals that those who used the trader channel were better in frequency of harvesting of vegetables.

Absence of enough space or market place in the market forces traders to rely on traders. Lack of space in the market prohibited them from retailing and they prefer to sell through the trader channel. The 29 of the respondents who distributed through traders replied that they had problem of stall or space in the market for retailing.

Utilization of fertilizer, selected seed and pesticides is associated with the frequency and the bulk or production. Accordingly, those farmers who used trader channel were better in frequency and production volume. It is also anticipated that producers would get such inputs and technology from traders as they have relationships with producers. Hence, those who employed trader channel had shown investing more on technology.

From the total respondents only 78 were engaged in producing and selling onion. The majority of onion sellers were in favor of open marketing channel. The possible reason for the open market channel is that producers have the knowledge that onion is somewhat less perishable and take the risk of selling their produce by themselves. While an open channel often provides higher prices as compared to traders, open markets also require more producer and customer interaction, and additional time requirement of the grower.

Moreover, the highest average sale per person per annum is seen in the case of the open and contract marketing channel. But the number of onion producers involved in both open and contract were only two respondents. This is because the contract form of marketing channel in Ethiopia is weak and contracting entities are not in the position to respect their agreements. In the rare contracting arrangements there are problems of long payment or delays to deliver products.

In both garlic and spinach sales, the open market channel was found dominant. Compared to the other types of vegetables, the number of respondents who were engaged in selling garlic and spinach were few. The average sales on both cases were also small implying a little produce to the market. The volume of production is, therefore, one motivating factor to select the type of marketing channel. When growers presented small volume to the market, the likely channel would be open markets rather than traders. Traders did not prefer small volume of production as it is costly to inspect quality and traceability problems.

The majority of cabbage producers selected trader channel as the preferred marketing channel. The trader marketing channel typically requires the ability to move large quantities of produce quickly and most of the time at a lower price than through an open market channel. The lower price of trader or wholesale marketing channel is reflected in the average sales of cabbage received by producers.

An open marketing channel generally offer higher prices, but needs much time to stay in the market that could otherwise be productive. Further, the irrigated land allotted to cabbage by farmers who selected open and a trader marketing channel was compared. Hence, farmers using open and trader marketing channel have allotted an irrigated land of 0.25 and 0.35 hectares respectively. This indicates the larger the plot size for the particular item, the higher the volume of produce. This larger volume of produce attracts traders to be engaged with producers. Some farmers also view an open market sale as a distraction from the real business of farming such as production and harvest. Most of the farmers are faced with a dilemma, i.e. they can move large volumes of produce through traders at relatively lower prices or seek higher prices in open markets and that they may run the risk of unsold leftovers.

Perishable products require quick movement where traders could be preferred as they carry all the produce growers present to the market. Hence, tomato is perishable product that does not give time for producers to negotiate and take the risk of unsold leftovers. Hence, the trader marketing channel which has the capacity for a bulky purchase is expected to be the best channel to avoid the risk of spoilage. Tomato growers seem well aware of the perishable nature of the product and tried to reduce the volume of harvest. This is reflected in the allocation of irrigated plot for tomato production, the availability of water and the price. For cabbage and tomato production 0.28 and 0.18 hectares of irrigated land is allocated respectively. Consequently, the preferred option for small volume of produce was an open channel.

The descriptive statistics revealed that the majority of household respondents use trader as marketing channel to sell the product they produced. The reason why trader marketing channel is used is related with the volume of harvest. Most of the respondents want to grow potato. It is because potato is less perishable compared to other produces like tomato. This helps them to take time and search for traders that have the interest to buy their produce in the market place. Moreover, if the producers remain with some of their produce unsold they could use it for their own consumption. These alternatives encourage farmers to grow potato in a better volume than others and take risk to find traders to sell their produce.

The majority of carrot producers are also in favor of trader marketing channel. This is because the quantity of carrot demanded by final consumers was so small to sell all the products. Instead, the trader marketing channel is the best way out to sell the products and these traders sell them to restaurants, grocery, other retailers and final consumers.

It is found that the average annual sale of the majority (95%) of respondents is between less or equal 20,000 Birr. The trader marketing channel is also used by the majority of the sampled respondents. There are only seven respondents who are having a sales value of 20,000 birr. The age of the household is also under consideration due to the fact that that young producer can afford the labor cost to participate in open market channel. The descriptive statistics revealed that 67% of the adults used open market compared to 44.9% of the adults who used the trader channel. As the age increases, it was shown that producers shifted to trader channel.

EMPIRICAL MODEL RESULT ON DETERMINATES OF CHANNEL CHOICE

To assess determinants in choosing a particular channel, the multinomial logit model was employed by taking three channel options available for vegetable grower. The result of the model can be classified in to socioeconomic, transaction cost related frequency of harvest that depends of the availability of water that shows the amount of vegetable to be presented to the market (Table 3). The result reveals that older growers used traders; and the payment they made to carry vegetable to Mekelle is forcing them to adopt open markets; that is, the higher the fare, the more is their involvement in open markets to the nearby market. The result reveals that information costs were found influential in determining the channel to be chosen. Those who had prior market information, and

access to extension agents were found using traders as a channel. Those who frequently harvest vegetable used traders as their outlet to the market as traders carried all what grower made available to the market. Growers also suffer from a market place to their products and such absence of market place is shown forcing vegetable growers to use traders.

TABLE 3: MARGINAL EFFECT, MULTINOMIAL LOGISTIC REGRESSION RESULT

Variable	Open market		trader		both	
	β	Std. Err.	β	Std. Err.	β	Std. Err.
AGE	-.0055979	.00456	.0080648*	.00436	-.0024669	.00192
GENDER	-.1041072	.21249	.1804558	.22949	-.0763486	.10241
DISNEA~T	.0098447	.02752	-.0056078	.02706	-.004237	.00496
COSTQ~KE	.1282815***	.03485	-.1163706***	.03621	-.0119109	.01013
IRRISIZE	-.0295899	.24849	.0279479	.24124	.001642	.03844
PRIRMK~F	-.2743375**	.13156	.2900577**	.13386	-.0157201	.0412
KNOWLE~E	.0629671	.14919	.5910593***	.12914	-.6540264***	.23016
FREQHR~T	-.3516464**	.14154	.2934811**	.14494	.0581653	.0399
TRUSTBUR	-.1778929	.15308	.221855	.14828	-.0439621	.04835
LCKPLACE	-.2705737*	.15596	-.0993424	.166	.3699161**	.14622
Number of observation		127				
Wald chi2(20)		61.82***				
Pseudo R2		0.44				

CONCLUSION AND IMPLICATIONS

Female headed growers were found highly involved in open markets than male headed counter parts. The proportion of vegetable sales in the open market decreases due to lack of stall or space in the market for retailing. An open channel often provides higher prices as compared to traders but it also require more producer and customer interaction, and additional time for the growers. Some of the farmers encounter a dilemma, i.e. they can move large volumes of produce through traders at relatively lower prices or seek higher prices in open markets and that they may run the risk of unsold leftovers. Little transaction on contract form of marketing was exercised in the research area. In the rare contracting arrangements, there were problems of payment delays for delivered products. The volume of production was one of the dictating factor to select the type of marketing channel. Small volume of produce was sold using open marketing channel because the items might not be large enough to attract traders and contract arrangements

It is observed that farmers' sensitivity to irrigation use has increased and the land allocated to irrigation has shown significant improvement compared to the land irrigated in previous periods as we learned from the focus group discussions we had. The income of growers from vegetable has also shown increment due to the various channels they employed to enrich the product to the market. They still have an interest to sell in open markets like Mekelle or organize themselves in cooperatives to have bargaining power.

An open marketing channel generally offer higher prices, but consume small quantities of produces with high transaction time. Those rely on traders were those growers who produce and market relatively high volume of vegetables. Extension agents provided support not only in production but in marketing that is why growers contact and knowledge of the extension agents has proven positive contribution to sales.

Extension agents often provide extension services to improve agricultural productivity. They were found less trained and concerned with the marketing aspect. Hence, extension agents should also get training regarding markets and support farmers in choosing channels that offer growers prices and income from the sales. The research result has shown that channels of distribution have to do with growers' income from sales they made. Hence, those experts working on marketing should further investigate how contributory various channels are in generating revenue and provide extension services to the growers. Those vegetable growers operating with traders has also better access to telecommunication services that further improve the access of growers to information.

Water harvesting should also be strengthened as it affected the amount of vegetable to the market and their desire to irrigate. The action of traders should be regulated by government institutions that protect exploitation of traders. Those growers operate with traders are shown investing more on technology and this must be recognized by the government as interaction with traders motivate farmers to grow more. Growers need to organize themselves in the form of cooperatives that enable them improve their market power. In sum, those farmers working on irrigation are better in educating their children, food security and livelihood.

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MULTY-TIER VIEW OF EMPLOYEE RETENTION STRATEGIES IN INDIAN AND GLOBAL COMPANIES - A CRITICAL APPRAISAL

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ABSTRACT

This paper highlights the context within which employee retention strategies have been adapted by Indian and MNCs in Bangalore, where there is a critical need to investigate the dynamics of employee retention practices and strategies and systems. Using a structured self completing questionnaire having almost similarity in items for both employees and management with special reference to specific retention strategies and their adaptability, the data has been collected on 550 respondents (335 employees and 215 management). Hierarchical analysis was employed to find out which of the employee retention strategies was employed maximum and minimum. Results revealed that orientation strategies were employed maximum followed by Training and development strategies, management/organizational strategies and reward and recognition strategies least. Implications of the study have been highlighted in the discussion section.

KEYWORDS

management/organizational strategies, orientation strategies, communication effectiveness strategies, training & development strategies, reward & recognition strategies, employee benefit strategies, employee ideas & suggestion strategies.

INTRODUCTION

India is emerging as a super power, slated to be among the world's five largest economies and viewed by international investors, business conglomerates and tertiary education providers as a land of opportunity. Human resources (HR) are the backbone of an organization (Gerhart & Milkovich 1990, Pfeffer 1998). Moreover, the continuing prosperity of a firm is likely to be enhanced by employees who hold attitudes, value and expectations that are closely aligned with the corporate vision (Borman & Motowidlo 1993, Spector 1997, Cable & Parsons 2001, Feldman 2003). Clearly, hiring capable people is an attractive point of departure in the process, but building and sustaining a committed workforce is more likely to be facilitated by the employment of sophisticated human resource management (HRM) infrastructures (Schuler & Jackson 1987). Arguably, HRM policies and practices can be strategically designed and installed to promote desirable employee outcomes, which include the enhancement of the in role and extra role behaviours of employees. Yet, despite such costly investments, corporations are continually searching for techniques to improve and cement the linkage between employees and their organizations. Holtbrügge, Friedmann and Puck (2010) observed that foreign firms in India currently face two major challenges in human resource management (HRM): personnel recruitment and retention. For this study, we assessed and tested various employee retention strategies.

In the post L-P-G era, finding right kind of people at right place at right time is quite critical. But more critical is the issue of retaining the people with the organization. This is specially so in case of the high tech industries and the information technology industries. These industries and organizations face the problem of scarcity of labor. The scarcity of labor coupled with the increasing number of new organizations coming into business has compounded the problem of retaining the employees. It is now a common experience that recruiting process and the money spent would be wasted if an organization is not able to retain its staff. In such an event, the recruitment of employees becomes a perennial problem for the HR executives. The HR professionals would agree that recruitment consists of three sub-functions, viz. recruitment, retention and retraining. Logically, the recruiters have to concentrate on retention of people during the interview for recruitment (selection). One needs to consider the crucial aspects of employee retention at this point of time when the candidate is being offered a position and the conditions and the benefits accompanying the position.

In the present study an attempt is made to identify the various employee retention strategies adopted by Indian and multinational companies and putting them in a hierarchical positions so as to understand which of the employee retention strategies used maximum and which of the strategies employed least.

METHODOLOGY OF THE STUDY

This study is basically an exploratory one since no study on this subject has been conducted in India. The study adapted the descriptive-analytical study design using the survey method. The study was conducted in Bengaluru covering all leading Indian and MNCs employing at least 500 people. The study covered both the managements and the employees for necessary data. The respondents from among the employees were selected using stratified random sampling method. A total of 550 respondents were participated in the study of which 215 were from management side and remaining 335 were employees. They were selected from 9 major MNCs and Indian organizations in Bangalore.

TOOLS USED

The data for the study was collected using the structured questionnaire. The questionnaires were prepared specifically for the study and pre-tested for their validity and reliability. The questionnaire consisted of 93 statements on various retention strategies-management/organizational strategies (28), orientation strategies (9), communication effectiveness strategies (13), training and development strategies (7), reward and recognition strategies (11), employee benefit strategies (18) and lastly employee ideas and suggestion strategies (8). Each item is followed by a five point rating scale (Likert's scale)-Strongly agree, agree, can't say, disagree and strongly disagree.

Prior permission was obtained from the concerned heads and data collection was done in one session by asking the respondents to tick one of the options for each statement, which he/she thinks appropriate. Later, the data were scrutinized, checked, and a master chart was prepared and fed to computer using SPSS for windows. Descriptive statistics was employed to find out the the relative strength of each employee retention strategies and later ranks were assigned to see positioning of various employee retention strategies employed by Indian and Global companies.

RESULTS

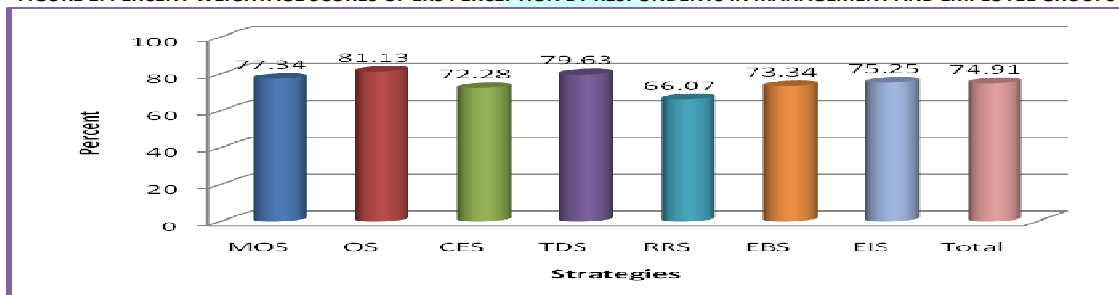
Table 1 presents Descriptive statistics for mean scores obtained for each ERS and relative hierarchical positioning of each ERS

TABLE 1: DESCRIPTIVE STATISTICS FOR MEAN SCORES OBTAINED FOR EACH ERS AND RELATIVE HIERARCHICAL POSITIONING OF ERS

Components of performance appraisal	Mean max	Mean obtained	S.D	Percent	Rank
Management/organizational strategies	140	108.27	14.63	77.34	3
Orientation strategies	45	36.51	5.04	81.13	1
Communication effectiveness strategies	65	46.98	6.93	72.28	6
Training & development strategies	35	27.87	3.94	79.63	2
Reward and recognition strategies	55	36.34	7.14	66.07	7
Employee benefit strategies	90	66.01	11.41	73.34	5
Employee ideas and suggestion strategies	40	30.10	5.58	75.25	4
Total	470	352.07	40.47	74.91	-

From the above table it is evident that the maximum focus for ERS was given for orientation strategies, followed by Training & development strategies, Management/organizational strategies, Employee ideas and suggestion strategies, Employee benefit strategies, Communication effectiveness strategies and lastly Reward and recognition strategies. It is evident from the table that of all the ERS, the priorities were for management than employee. In other words, it is clear that in ERS, thrust is management oriented rather than employee oriented for the sample selected irrespective of the group they belong-either management or employee.

FIGURE 1: PERCENT WEIGHTAGE SCORES OF ERS PERCEPTION BY RESPONDENTS IN MANAGEMENT AND EMPLOYEE GROUPS



DISCUSSION

MAIN FINDINGS OF THE STUDY

1. Orientation strategies were employed maximum followed by Training and development strategies
2. Reward and recognition strategies and communication effectiveness strategies have been employed least in the Indian and Multi national companies
3. Other retention strategies - Management/organizational strategies, Employee benefit strategies, and Employee ideas and suggestion strategies have been used moderately.

Employee retention is an issue and it is like the flu; the more it is talked about, the more it will spread. The goal here is for not to look at what is not working but at what is working and what one can do to feel good about what managements are doing. The employer is investing in employees for the long term. Employers want to keep employees who want to stay and be productive. The management role will be to coach and help retain staff.

In the present study it was observed that orientation strategies have been used maximum and reward and recognition strategies have been used minimum. The researcher did not come across any specific study regarding this finding.

This is the age of "knowledge workers" and people are the best assets one can have. The corporates are grappling with the problem of high employee turnover and the general exodus of their best talents to the bigger companies and MNCs. Even with the prevailing high rate of unemployment in the country, finding and retaining good and right people is a no mean task. as a result the companies are feeling the need to develop a countrywide company culture to attract and retain best talents. They are trying to be extremely careful in the way they go about selecting the right people.

The challenges of staff retention and job motivation that have plagued various organizations in India and other countries resulted in forming various retention strategies. The firms are facing aggressive competition to attract and retain talented cadres. Until the pool of company cadre sufficiently meets the corporate search for talented workforces, the key implication for practitioners is to proactively cement and strengthen the employee organizational link through the implementation and improvement of HR practices, in order to attract new talented cadres while retaining high performing employees.

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HERBAL RENAISSANCE IN INDIA & THE ROLE OF ISKCON IN ITS SUCCESS (WITH SPECIAL REFERENCE TO MAYAPUR, VRINDAVAN, BANGALORE & DELHI ISKCON CENTRES)

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ABSTRACT

The present study is based on the herbal renaissance in India and the role of ISKCON in its success. ISKCON is a popular religious movement of the twentieth century which is chiefly concerned with the spread of the teachings of Lord Krishna. The devotees of ISKCON lead a simple life and observe the rules of discipline. It keeps its devotees in an organised way through discipline, sanctity and the programmes of Krishna Consciousness. It teaches its devotees the value and importance of ayurved and herbal treatment, and motivates them to undergo only ayurved and herbal treatment. The botanical gardens, green-surroundings, basil-plants at places, cow-worship and the use of cow-milk, gau-mootra for medicinal purposes etc, are some of the things in ISKCON that speak of the devotees' love of ayurved and herbs. The spiritual environment, the meditation and their undergoing yoga exercises reveal their love of yoga. All the religions teach their followers the importance and value of ayurved and herbal treatment, but it is only the Hindu religion that chiefly values them. Some of the sages, saints and scholars that are playing their role in bringing the people of the world closer to the ayurved and herbs are- Swami Ramdev, Acharya Balkrishna and Kripaluji Maharaj. ISKCON is playing an immense role in making the herbal renaissance successful by growing herbal plants in its gardens, having ayurvedic aushdhalayas and by motivating its devotees to undergo yoga and spiritual meditation. It is found that Ayurved is much better than Alopahy, and that Ayurved can cure every disease.

KEYWORDS

ISKCON, Herbal, Lord Krishna.

INTRODUCTION

Ancient India has ever been a land of sages, saints and seers as well as a land of scholars and scientists. Ancient India's contribution to science and technology include Mathematics, Astronomy, Physics, Chemistry, Medical science & surgery, Fine Arts, Mechanical & production technology, Civil engineering & architecture, Shipbuilding & navigation and cure of diseases through herbal medicines. Ayurveda traces its origin to the Vedas, *Atharvaveda* in particular, and is connected to Hindu religion. *Atharvaveda* (one of the four most ancient books of Indian knowledge, wisdom and culture) contains 114 hymns or formulations for the treatment of diseases. Ayurveda originated in and developed from these hymns. In this sense, ayurveda is considered by some to have divine origin. Indian medicine has a long history, and is one of the oldest organised systems of medicine. Its earliest concepts are set out in the sacred writings called the Vedas, especially in the metrical passages of the *Atharvaveda*, which may possibly date as far back as the 2nd millennium BC. According to a later writer, the system of medicine was received by a man named Dhanvantari from Brahma, and Dhanvantari was deified as the god of medicine. In later times his status was gradually reduced, until he was credited with having been an earthly king. The *Sushruta Samhita* of Sushruta appeared during the 1st millennium BC Dwivedi & Dwivedi (2007) – on the work of the surgeon Sushruta – write: "The main vehicle of the transmission of knowledge during that period was by oral method. The language used was Sanskrit – the vedic language of that period (2000–500 BC). The most authentic compilation of his teachings and work is presently available in a treatise called *Sushruta Samhita*. This contains 184 chapters and description of 1,120 illnesses, 700 medicinal plants, 64 preparations from mineral sources and 57 preparations based on animal sources."

The glorious heritage of India has been shaped and fostered from the Vedic and Upanishadic times. The Vedas are the earliest poetry and prose of humanity. The Upanishads have been described as the epic poems of self-knowledge, world-knowledge and God-knowledge. The vast galaxy of seer-scientists, philosopher-poets, savants and sages and the divine incarnations that traversed the paths of temporal knowledge-Apara Vidya and spiritual knowledge-Para Vidya have molded the Indian psyche and spiritual paths and left behind a rich and full history of thought that ranged from science, philosophy, religion and the living arts of man. They blossomed in an environment of respect and freedom of thought and expression and scientific inquiry. No new system of philosophy or spiritual knowledge came about or flourished unless the founder of the new system was thoroughly familiar and had carefully examined all the existing previous philosophies. Thus, the six systems of Indian philosophy-viz. Nyaya, Vaisesika, Sankhya, Jaina, Buddhist, Vedanta-dwaita and advaita-dualistic and non-dualistic systems developed a mutual harmony, and amity, wholesomeness and integrity in their core.

Ayurveda is a traditional system of Indian medicine. It is attributed to Dhanvantari, the physician to the gods in Hindu mythology, who received it from Brahma. Its earliest concepts were set out in the portion of the Vedas known as the *Atharvaveda* (c. 2nd millennium BC). The most important Ayurvedic texts are the *Caraka samhita* and *Susruta samhita* (1st–4th century AD). These texts analyze the human body in terms of earth, water, fire, air, and ether as well as the three bodily humours (wind, bile, and phlegm). To prevent illness, Ayurvedic medicine emphasizes hygiene, exercise, herbal preparations, and yoga. To cure ailments, it relies on herbal medicines, physiotherapy, and diet. Ayurvedic medicine is still a popular form of health care in India, where it is taught in roughly 100 colleges, and it has gained currency in the West as a form of alternative medicine. People around the world are increasingly working with their own bodies to restore balance. They're using medicinals found in nature to avoid the side effects of antibiotics and turning to traditions that have passed the test of time. The oldest medical system of all is Ayurveda, which dates back 5,000 years to its origins in India. In *The Chopra Center Herbal Handbook*, Deepak Chopra, M.D., and David Simon, M.D., draw on the forty most important herbs of Ayurveda, from aloe and amrit to ginger and winter cherry, to create a practical, popular reference book that shows how to strengthen immunity, rejuvenate the body, boost energy, and detoxify the system. It is the nature of life to strive continually for more evolutionary solutions to the endless challenges that arise. In this information age, every intelligent person has access to a vast body of facts and opinions on any subject of interest. People facing health concerns no longer depend solely upon their physicians for advice and information on the management of their illness. Whether or not you have a healthcare background, you have unprecedented opportunities to learn about your problem. Through the Internet, books, journals, newsletters, and support groups, more and more people are formulating their own view of their illness and how they want to approach it. Patients are no longer passive and are not inclined to be as patient as they once were. There is a powerful movement of self-empowerment and consumerism in the world today.

HERBAL RENAISSANCE IN INDIA

The term 'herbal renaissance' means 'the revival or rebirth of the use of the herbs'. It means that once there were times in India when the people had a strong inclination to the herbs and to the cure of their diseases through the herbal treatment, and that due to the introduction of allopathy the people started showing indifference to the herbal treatment. However, now there can be seen all over India the herbal renaissance which is forcing to brood over the medicinal use of the various herbs available in India. At present there are several botanists, sages, saints and social reformers who are making efforts to make everyone a part of the herbal renaissance. Obviously, the most leading name in the field is Baba Ramdev who has healed the diseases of thousands of the people all over the world. He is playing a dominant role in making the people familiar with the various herbs. He alongwith another spiritualist and scholar of Ayurved, Acharya Shri Balkrishna is making the herbal renaissance more and more popular day by day. In the context of India both of them claim to be called the pioneers of the herbal renaissance. Swami Ramdev is desirous of seeing no patient of any disease, and therefore, he has developed Divya Pharmacy in Haridwar where pure medicines for obesity, diabetes mellitus, high blood pressure, acne vulgaris, leucoderma, oligospermia and sexual disorder, tumour, gastric problems, mucous in stool, sprue and diarrhea, acidity, coronary artery diseases, migraine pain, headache, depression, joint pain, gout, cervical spondylitis, sinus, asthma, cancer, fibroid uterus, hepatitis A,B,C, hernia, epilepsy, cataract, glaucoma, infertility, constipation, etc. are manufactured for sale. Divya Yog Mandir (Trust), started "Brahmakalp Chikitsalaya" at Kripalu Bagh Ashram, Kankhal in 1995 where patients suffering from various diseases were cured using Ayurvedic medicines and practices of Yoga. Need was felt to provide quality Ayurvedic medicines to the patients to seek optimum results as results of Ayurvedic treatment are directly proportional to the quality of prepared medicines. Hence a small scale manufacturing unit of Ayurvedic medicines was established in the campus of Kripalu Bagh Ashram, Kankhal. This was the beginning of Divya Aushadhi Nirmanshala (Divya Pharmacy), which was totally based on traditional methods. Divya Pharmacy has had the exalted vision to bring Ayurveda to society in a contemporary form and to unravel the mystery behind this haloed and revered, Indian system of medicine by exploring and selecting indigenous herbs, ancient Ayurvedic literatures and subjecting the formulations to modern pharmacological, toxicological safety tests and clinical trials to create new drugs and therapies. Divya Pharmacy tries that medicines should possibly be available to common man at the minimum cost price. In the year 2002-03, modernization of the pharmacy has been done. A new expanded unit of the pharmacy has been established well equipped with machines based on modern techniques. At present 285 herbal products are manufactured at the Divya Pharmacy which are used by the people all over the world. They are- kwath, asawa, vati, churna, guggul, bhasm, capsules, oil, drop, liquid medicines, food supplements, juice, sharbat, medicinal substitutes of cosmetics etc. Another religious society called ISKCON is also making its contribution in bringing the world closer to Ayurved and medicinal use of the various herbs.

ISKCON (INTERNATIONAL SOCIETY FOR KRISHNA CONSCIOUSNESS)

The International Society for Krishna Consciousness (ISKCON), also known as the **Hare Krishna movement**, is a Hindu Vaishnava religious organization. It was founded in 1966 in New York City by A.C. Bhaktivedanta Swami Prabhupada. Its core beliefs are based on traditional Hindu scriptures such as the *Srimad Bhagavatam* and the *Bhagavad-gītā*, both of which, according to the traditional Hindu view, date back more than 5,000 years. The distinctive appearance of the movement and its culture come from the Gaudiya Vaishnava tradition, which has had adherents in India since the late 15th century and Western converts since the early 1930s. Non-sectarian in its ideals, ISKCON was formed to spread the practice of bhakti yoga (devotion to God), in which aspirant devotees (*bhaktas*) dedicate their thoughts and actions towards pleasing the Supreme Lord, Krishna (God). ISKCON today is a worldwide confederation of more than 700 centres. In recent decades the movement's most rapid expansions in terms of numbers of membership have been within Eastern Europe. A.C. Bhaktivedanta Swami Prabhupada disseminated Gaudiya Vaishnava Theology in the Western world through extensive writings and translations, including the Bhagavad Gita, Srimad Bhagavatam (Bhagavata Purana), Chaitanya Charitamrita and other scriptures. ISKCON devotees worship Krishna as the highest form of God, *svayam bhagavan*, and often refer to him as "the Supreme Personality of Godhead" in writing, which was a phrase coined by Prabhupada in his books on the subject. In fact, ISKCON is conscious of the utility of herbs and the importance of the Ayurvedic treatment. The reason of this consciousness is the mentor A.C. Bhaktivedanta Srila Prabhupada's unshaken faith in Ayurved and herbal treatment. In his whole life he hardly took the allopathic medicines. Not only this, he also taught his followers to go to Ayurved for the cure of their diseases. This is probably why all the devotees of ISKCON with hardly any exception cure their diseases through the herbal treatment. This step of the devotees serves as a strong motivation and appeal to all to have faith in Ayurved and herbal treatment.

OBJECTIVES OF THE STUDY

- To explore and be familiar with the life-style of the ISKCON devotees.
- To find out their faith in ayurved and herbal treatment.
- To learn about their knowledge of the herbs and other medicinal plants.
- To discover the names of the herbal products used by them for various diseases.
- To explore the causes of their using the herbal products.
- To know about their views on the future of ayurveda in India.
- To listen to them speaking on herbal renaissance.
- To explore the major differences between allopathy and ayurved.

HYPOTHESIS

- ISKCON is a popular religious movement started by A.C. Bhaktivedanta Swami Srila Prabhupada.
- India has hundreds of branches of ISKCON that teach the devotees to live in peace through spiritual meditation, devotional singing, dancing and chanting.
- Under the influence of Srila Prabhupada's teachings and advice, the devotees abstain from allopathy and take only the ayurvedic medicines and herbal treatment to cure their diseases.
- They are familiar with the value and importance of ayurved as well as with the herbal richness in India.
- All the ISKCON branches in India have beautiful botanical gardens with several medicinally useful herbal plants in them.
- Each of the ISKCON branches has a mini-ayurvedic aushadhalaya in it to cure the patients.
- Spiritual meditation and several other forms of yoga are adopted to keep physically and mentally fit.
- Ayurved is powerful enough to cure every disease.
- Herbal renaissance has influenced the ISKCON devotees to such an extent that they have started using only the herbal medicines.
- The visitors to the ISKCON branches feel motivated to accept the value of the herbs and to choose ayurvedic treatment on seeing the devotees use the herbal products.

METHODOLOGY

The work is an empirical study of 500 ISKCON devotees, each from Vrindavan, Mayapur, Mumbai, Delhi and Bangalore ISKCON branches. The investigator adopted participant observation method in order to make a scientific study. For the purpose, schedule technique was adopted. In the interview schedule prepared for the purpose of the UGC Major Research Project, in addition to the other questions relating to the other aspects in the interview schedule, 10 questions were included about the ISKCON devotees' love of ayurveda and medicinal herbs. The investigator has tried his best to make his work scientific. He followed all the steps of scientific method. He randomly selected 500 units of information and asked them each all the questions one by one.

TABLE-1: POSSIBILITY OF CURE THROUGH HERBAL TREATMENT

STUDY AREA	YES	%	NO	%	NEUTRAL	%	IGNORANT	%	TOTAL
VRINDAVAN	97	97	NIL	-	3	3	NIL	-	100
MAYAPUR	91	91	1	1	4	4	4	4	100
MUMBAI	89	89	5	5	4	4	2	2	100
DELHI	81	81	10	10	9	9	NIL	-	100
BANGALORE	65	65	23	23	7	7	5	5	100
TOTAL	423	84.6	39	7.8	27	5.4	11	2.2	500

Table-1 displays the varied opinion of the devotees about the possibility of cure through herbal treatment. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are of the opinion that cure through herbal treatment is possible is respectively 97%, 91%, 89%, 81% and 65%; of those who have a purely negative approach to the cure through herbal treatment is respectively 0%, 1%, 5%, 10% and 23%; of those who do not break the ice and remain neutral is respectively 3%, 4%, 4%, 9% and 7%; of those who do not have any idea about it is respectively 0%, 4%, 2%, 0% and 5%.

TABLE-2: VIEWS ON AYURVEDA OR ALLOPATHY

STUDY AREA	AYURVED	%	ALLOPATHY	%	BOTH	%	TOTAL
VRINDAVAN	82	82	4	4	14	14	100
MAYAPUR	91	91	2	2	7	7	100
MUMBAI	85	85	1	1	14	14	100
DELHI	41	41	10	10	49	49	100
BANGALORE	64	64	21	21	15	15	100
TOTAL	363	72.6	38	7.6	99	19.8	500

Table-2 reveals the devotees' faith in allopathy and ayurved. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are of the opinion that ayurved is better than allopathy is respectively 82%, 91%, 85%, 41% and 64%; of those who find allopathy better and more effective than ayurved is respectively 4%, 2%, 1%, 10% and 21%; of those who take them equally with equal effects is respectively 14%, 7%, 14%, 49% and 15%. It means that both ayurved and allopathy are popular among the ISKCON devotees and they go for them accordingly.

TABLE-3: CAUSES OF AYURVED'S BEING BETTER

STUDY AREA	ANCIENT SYSTEM OF MEDICINES	%	USE OF HERBS	%	MOST SUITABLE FOR VEGETARIANS	%	OTHER	%	TOTAL
VRINDAVAN	30	30	32	32	34	34	4	4	100
MAYAPUR	41	41	10	10	45	45	4	4	100
MUMBAI	35	35	24	24	31	31	10	10	100
DELHI	23	23	35	35	40	40	2	2	100
BANGALORE	44	44	13	13	41	41	2	2	100
TOTAL	173	34.6	114	22.8	191	38.2	22	4.4	500

Table-3 mirrors the various causes of ayurved's being better than allopathy. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are of the opinion that it is the most ancient system of medicines is respectively 30%, 41%, 35%, 23% and 44%; of those who believe that in ayurved herbs are used is respectively 32%, 10%, 24%, 35% and 13%; of those who find it suitable for vegetarians is respectively 34%, 45%, 31%, 40% and 41%; of those who find it better for certain other reasons is respectively 4%, 4%, 10%, 2% and 2%.

TABLE-4: HERBAL TREATMENT: A MATTER OF VEDAS AND VAISHNAVISM

STUDY AREA	YES	%	NO	%	NEUTRAL	%	IGNORANT	%	TOTAL
VRINDAVAN	98	98	NIL	-	2	2	NIL	-	100
MAYAPUR	100	100	NIL	-	NIL	-	NIL	-	100
MUMBAI	95	95	NIL	-	4	4	1	1	100
DELHI	98	98	NIL	-	1	1	1	1	100
BANGALORE	100	100	NIL	-	NIL	-	NIL	-	100
TOTAL	491	98.2	NIL	0	7	1.4	2	0.4	500

Table-4 displays the opinion of the devotees about the roots of herbal treatment in the Vedas. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are of the opinion that it is a matter of Vedas is respectively 98%, 100%, 95%, 98% and 100%; of those who do not accept this fact is 0% at all the centres of the study area; of those who remain neutral and do not break the ice is respectively 2%, 0%, 4%, 1% and 0%; of those who are ignorant of this fact is respectively 0%, 0%, 1%, 1% and 0%.

TABLE-5: PIONEER OF AYURVEDA & HERBAL TREATMENT IN ISKCON

STUDY AREA	SRILA PRABHUPADA	%	JAIPATAKA DAS	%	MADHU PANDIT	%	OTHER	%	TOTAL
VRINDAVAN	98	98	NIL	-	NIL	-	2	2	100
MAYAPUR	100	100	NIL	-	NIL	-	NIL	-	100
MUMBAI	100	100	NIL	-	NIL	-	NIL	-	100
DELHI	97	97	NIL	-	NIL	-	3	3	100
BANGALORE	96	96	NIL	-	NIL	-	4	4	100
TOTAL	491	98.2	NIL	0	NIL	0	9	1.8	500

Table-5 displays the names of the ISKCON personalities who proved themselves to be pioneers in the field of herbal treatment. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are of the opinion that Srila Prabhupada was the pioneer in the herbal treatment is respectively 98%, 100%, 100%, 97% and 96%; of those who regard Sri Jaypatka Das as the pioneer in the field of herbal treatment is 0% at all the ISKCON falling in the study area; again 0% devotees from the centres of the study area consider Madhu Pandit the pioneer; of those who believe some others to be the pioneer is respectively 2%, 0%, 0%, 3% and 4%.

TABLE-6: ISKCON'S CONTRIBUTION IN HERBAL RENAISSANCE IN INDIA

STUDY AREA	YES	%	NO	%	NEUTRAL	%	IGNORANT	%	TOTAL
VRINDAVAN	99	99	NIL	-	1	1	NIL	-	100
MAYAPUR	100	100	NIL	-	NIL	-	NIL	-	100
MUMBAI	81	81	4	4	5	5	10	10	100
DELHI	95	95	NIL	NIL	5	5	NIL	-	100
BANGALORE	91	91	3	3	4	4	2	2	100
TOTAL	466	93.2	7	1.4	15	3	12	2.4	500

Table-6 highlights the role of ISKCON the herbal renaissance in India. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are sure about the role of ISKCON in the herbal renaissance in India is respectively 99%, 100%, 81%, 95% and 91%; of those who do not believe so at these centres is respectively 0%, 0%, 4%, 0% and 3%; of those who do not break the ice and remain neutral on this point is respectively 1%, 0%, 5%, 5% and 4%; of those who find helplessness being ignorant is respectively 0%, 0%, 10%, 0% and 2%.

TABLE-7: WAYS OF ISKCON'S CONTRIBUTION IN HERBAL RENAISSANCE

STUDY AREA	USE OF HERBS	%	USE OF COW-PRODUCTS	%	USE OF AYURVEDIC MEDICINES	%	OTHER	%	TOTAL
VRINDAVAN	27	27	51	51	20	20	2	2	100
MAYAPUR	21	21	55	55	16	16	8	8	100
MUMBAI	25	25	59	59	10	10	6	6	100
DELHI	22	22	56	56	18	18	4	4	100
BANGALORE	25	25	49	49	20	20	6	6	100
TOTAL	120	24	270	54	84	16.8	26	5.2	500

Table -7 displays the various ways in which ISKCON makes contribution to the herbal renaissance in India. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who give the first priority to the use of herbs by the devotees is respectively 27%, 21%, 25%, 22% and 25%; of those who give the highest weightage to the cow-products is respectively 51%, 55%, 59%, 56% and 49%; of those who mention the use of the ayurvedic medicines in ISKCON is respectively 20%, 16%, 10%, 18% and 20%; of those who quote the use of certain other things is respectively 2%, 8%, 6%, 4% and 6%.

TABLE-8: FUTURE OF AYURVEDA IN INDIA

STUDY AREA	BRIGHT	%	DARK	%	NEUTRAL	%	IGNORANT	%	TOTAL
VRINDAVAN	98	98	NIL	-	2	2	NIL	-	100
MAYAPUR	100	100	NIL	-	NIL	-	NIL	-	100
MUMBAI	97	97	NIL	-	3	3	NIL	-	100
DELHI	90	90	NIL	-	10	10	NIL	-	100
BANGALORE	100	100	NIL	-	NIL	-	NIL	-	100
TOTAL	485	97	NIL	0	15	3	NIL	0	500

Table-8 focus the facts on the future of ayurveda in India. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who are dead sure about the bright future of ayurveda in India is respectively 98%, 100%, 97%, 90% and 100%; of those who find the future of ayurveda in India dark is 0% ; of those who remain silent on the point and do not break the ice is respectively 2%, 0%, 3%, 10% and 0%; of those who are ignorant about it is 0%.

TABLE-9: FORMS OF HERBAL & AYURVEDIC TREATMENT IN ISKCON

STUDY AREA	USE OF NEEM LEAVES	%	USE OF HERBAL JELLY	%	USE OF HERBAL POWDER	%	TABLETS & CAPSULES	%	TOTAL
VRINDAVAN	12	12	24	24	35	35	29	29	100
MAYAPUR	31	31	27	27	32	32	10	10	100
MUMBAI	9	9	41	41	48	48	2	2	100
DELHI	17	17	38	38	39	39	6	6	100
BANGALORE	19	19	26	26	41	41	14	14	100
TOTAL	88	17.6	156	31.2	195	39	61	12.2	500

Table-9 displays the various forms of ayurvedic and herbal treatment adopted in ISKCON in order to cure the diseases. The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who mention the use of neem leaves for the cure of diseases is respectively 12%, 31%, 9%, 17% and 19%; of those who mention the use of herbal jelly is respectively 24%, 27%, 41%, 38% and 26%; of those who mention the use of herbal powder is respectively 35%, 32%, 48%, 39% and 41%; of those who mention the use of ayurvedic tablets and capsules is respectively 29%, 10%, 2%, 6% and 14%.

FINDINGS

In the age when everybody wants to get allopathic treatment, there is a herbal renaissance. According to 84.6% units, ISKCON is playing a tremendous role in the herbal renaissance. The percentage of the devotees who for the herbal treatment and who have faith in the power of ayurveda and herbal treatment is very high. It is (84.6%). The highest and the lowest percentage of those who have faith in the power of the herbal treatment is respectively 97% at ISKCON Vrindavan and 81% at ISKCON Delhi; of those who have a negative approach to the herbal treatment is respectively 23% at ISKCON Bangalore and 0% at ISKCON Vrindavan; of those who remain neutral is respectively 9% at ISKCON Delhi and 3% at ISKCON Vrindavan; of those who are ignorant of this fact is respectively 5% at ISKCON Bangalore and 0% at ISKCON Vrindavan and Delhi.

TABLE- 1

It is true that the devotees take both the allopathic and herbal and ayurvedic medicines for the cure of their diseases, but the majority of them (72.6%) agree that ayurved is better than allopathy. The highest and the lowest percentage of those who find ayurved better than allopathy is respectively 91% at ISKCON Mayapur and 41% at ISKCON Delhi; of those who find allopathy better than ayurved is respectively 21% at ISKCON Bangalore and 1% at ISKCON Mumbai; of those who find both equally important is respectively 49% at ISKCON Delhi and 7% at ISKCON Mayapur.

TABLE- 2

The ISKCON devotees are Hindu Vaishnavas. They are vegetarians, that is why, they (38.2%) prefer ayurvedic and herbal treatment to the allopathic one. The highest and the lowest percentage of those who consider ayurved the most ancient system of medicines is respectively 44% at Bangalore and 23% at Delhi; of those who consider it better than allopathy because in it herbs are used is respectively 35% at Delhi and 10% at Mayapur; of those who find it suitable for the vegetarians is respectively 45% at Mayapur and 31% at Mumbai; of those who give some other reasons of its being better than allopathy is respectively 10% at Mumbai and 2% at Delhi and Bangalore.

TABLE- 3

98.2% of the ISKCON devotees consider the ayurved a matter of Vedas and want everyone to accept it as the most authentic system of medicines. The highest and the lowest percentage of those who consider ayurved a matter of Vedas is respectively 100% at ISKCON Mayapur and Bangalore; of those who do not

consider it a matter of Vedas is 0% at all the ISKCON centres of study area; of those who find themselves neutral on this point is respectively 4% at ISKCON Mumbai and 0% at ISKCON Mayapur and Bangalore; of those who claim to be ignorant of this fact is respectively 1% at ISKCON Mumbai and Delhi and 0% at ISKCON Vrindavan, Mayapur and Bangalore.

TABLE- 4

All the ISKCON gurus emphasise ayurved and want the devotees to avoid the allopathic treatment, but according to 98.2% units of information, the pioneer of ayurved in ISKCON is Srila Prabhupada. The highest and the lowest percentage of those who consider Srila Prabhupada the pioneer in the field of herbal treatment is respectively 100% at ISKCON Mayapur and Mumbai and 96% at ISKCON Bangalore; of those who consider Sri Jaypatkadas and Madhu Pandit the pioneers in this field is 0% at all the ISKCON centres falling in the study area; of those who consider the other ISKCON personalities the pioneers in this field is respectively 4% at ISKCON Bangalore and 0% at ISKCON Mayapur and Mumbai.

TABLE- 5

ISKCON makes contribution to ayurved and herbal treatment (93.2%) in several ways. Its greatest contribution is its emphasis on the use of cow-urine and cow-milk products. The highest and the lowest percentage of those who believe that ISKCON is playing a tremendous role in the herbal renaissance in India is 100% at ISKCON Mayapur and 81% at ISKCON Mumbai; of those who donot believe so is respectively 4% at ISKCON Mumbai and 0% at ISKCON Vrindavan, Mayapur and Bangalore; of those who remain neutral on this point is respectively 5% at ISKCON Mumbai and Delhi and 0% at ISKCON Mayapur; of those who find themselves ignorant on this point is respectively 10% at ISKCON Mumbai and 0% at ISKCON Vrindavan, Mayapur and Delhi.

TABLE- 6

The various ways by which ISKCON is making its contribution in herbal renaissance are the use of herbs and herbal products (24%), cow-products (54%), ayurvedic medicines (16.8%) and other things (5.2%). The highest and the lowest percentage of those who give the highest weightage to the use of herbs in ISKCON is respectively 27% at ISKCON Vrindavan and 21% at ISKCON Mayapur; of those who give the highest weightage to the use of cow-products is respectively 59% at ISKCON Mumbai and 49% at ISKCON Bangalore; of those who give the highest weightage to the use of ayurvedic medicines by the devotees is respectively 20% at ISKCON Vrindavan and Bangalore and 10% at ISKCON Mumbai; of those who mention the name of some other things is respectively 6% at ISKCON Mumbai and Bangalore and 2% at ISKCON Vrindavan.

TABLE-7

The ISKCON devotees (97%) strongly hope that despite the fact that in the modern age the people lack patience and want some immediate cure through allopathic medicines, the ayurved has a bright future. The highest and the lowest percentage of those who give the highest weightage to the bright future of ayurveda in India is respectively 100% at ISKCON Mayapur and Bangalore and 90% at ISKCON Delhi; of those who believe that the future of ayurveda is dark is 0% at all ISKCON centres falling in the study area; of those who remain neutral is respectively 10% at ISKCON Delhi and 0% at ISKCON Mayapur and Bangalore; of those who are ignorant of this fact is 0% at all ISKCON centres falling in the study area.

TABLE- 8

Herbal jelly (31.2%) and herbal powder (39%) are the most popular forms of herbal treatment in ISKCON. Whenever anyone of them has any skin problem or any wound, they use either herbal jelly or powder for its cure. The highest and the lowest percentage of those who mention to the use of neem leaves is respectively 31% at ISKCON Mayapur and 9% at ISKCON Mumbai; of those who use the herbal jelly is respectively 41% at ISKCON Mumbai and 24% at ISKCON Vrindavan; of those who use herbal powder is respectively 48% at ISKCON Mumbai and 32% at ISKCON Mayapur; of those who use ayurvedic tablets and capsules is respectively 29% at ISKCON Vrindavan and 2% at ISKCON Mumbai.

TABLE- 9

The number and percentage of the devotees at ISKCON Vrindavan, Mayapur, Mumbai, Delhi and Bangalore who mention the use of neem leaves for the cure of diseases is respectively 12%, 31%, 9%, 17% and 19%; of those who mention the use of herbal jelly is respectively 24%, 27%, 41%, 38% and 26%; of those who mention the use of herbal powder is respectively 35%, 32%, 48% 39% and 41%; of those who mention the use of ayurvedic tablets and capsules is respectively 29% 10%, 2%, 6% and 14%.

SUMMING UP

- ISKCON is a popular religious movement of the twentieth century which is chiefly concerned with the spread of the teachings of Lord Krishna.
- The ISKCON devotees lead a simple life and observe the rules of discipline.
- ISKCON keeps its devotees in an organised way through discipline, sanctity and the programmes of Krishna Consciousness.
- ISKCON teaches its devotees the value and importance of ayurved and herbal treatment, and motivates them to undergo only ayurved and herbal treatment.
- The botanical gardens, green-surroundings, basil-plants at places, cow-worship and the use of cow-milk, gau-mootra for medicinal purposes etc, are some of the things in ISKCON that speak of the devotees' love of ayurved and herbs.
- The spiritual environment, the meditation and their undergoing yoga exercises reveal their love of yoga.
- All the religions teach their followers the importance and value of ayurved and herbal treatment, but it is only the Hindu religion that chiefly values them.
- Some of the sages, saints and scholars that are playing their role in bringing the people of the world closer to the ayurved and herbs are- Swami Ramdev, Acharya Balkrishna and Kripaluji Maharaj.
- ISKCON is playing an immense role in making the herbal renaissance successful by growing herbal plants in its gardens, having ayurvedic aushdhalayas and by motivating its devotees to undergo yoga and spiritual meditation.
- Ayurved is much better than Alopahy, and that Ayurved can cure every disease.

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THE IMPACT OF TELEVISION ADVERTISING ON CHILDREN'S HEALTH

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ABSTRACT

Advertising has become so integral part of our life & society that we cannot imagine any event, newspaper, magazine, TV serial, Cinema etc. without advertising. Advertising is a vital marketing tool as well as powerful communication medium. The basic objective of any advertisement is to stimulate sales, direct or indirect by trying to make tall claims about product performance. The degree of impact of advertising on adults may be problematic but the outcome is devastating for children. Advertisers of children's television used to appeal to the parents earlier but now they appeal directly to children who do not have the emotional or cognitive tools to evaluate what's being sold to them. Television is no more just a source of entertainment for children. They showcase the must haves for a kid making them a consumer even before they have reached the age of 3. Thus the influence of the media on the psychosocial development of children is profound. Thus, it is important for the parents to know their child's exposure to media and to provide guidance on age-appropriate use of all media, including television, radio, music, video games and the Internet. The objectives of this research paper are to explore both the beneficial and harmful effects of media on children's mental and physical health, and to identify how the advertising industry can be regulated by formulating unified laws to prevent the over-exposure of children to the ad world. We are also emphasizing on directing children's towards imbibing healthy food habits in them by suggesting parents to be more aware & regulating the advertisement targeted on children. We also have taken a review on what kind of regulations are implemented in some parts of world regarding advertisements targeting children's & what kind of steps are being taken in India in this direction.

KEYWORDS

Children, Television, Marketing, Advertising.

INTRODUCTION

Marketing race to put the brand on the top of the mind, creating brand equity, maintaining the brand loyalty has extended its net to influence children to a extent that it has lost its path and walking on the unethical grounds, leaving our children in a vulnerable conditions. Of all marketing weapons advertising has the leading impact as its exposure is more, and is the most attractive media for children. The need is to establish certain standards to restrict advertising aimed at children.

The desire to restrict advertising aimed at children is based on three concerns, first, it is believed that advertising promote superficiality and values founded in material goods and consumption. Second, children are considered inexperienced consumers and easy prey for the sophisticated persuasion of advertisers. Third, advertising influences children demand for everything from toy to snack food. These demands create an environment of child-parent conflict. Parents' finds themselves having to say no over and over again to children whose desire are piqued by effective advertising.

This paper seeks to link between television advertising and its influence on child health and family spending. Television advertising found to influence diet habit particularly in terms of tendency to buy unhealthy food. The second factor is family disturbance due child influence on family spending

CHILDREN ARE DEFENSELESS

Children are innocent and not so mature. When a marketer advertises a product on television, they do not understand that it is a business and their main aim is to sell. They do not understand that advertisers try to push their products and market in such a way that children want to buy it. Children take everything at face value and believe without a doubt the messages in the advertisements. Advertisements are made in such a way as to attract the attention of children. Children do not understand it to be marketing strategy. Children are an extremely vulnerable target audience and get easily carried away.

JUNK FOOD ADVERTISING AND CHILDREN

Research has shown that junk food advertisements influence children greatly leading to an increased demand for junk food by children. When children watch young adults in good shape eating junk foods in the advertisements they assume that it is good for the health. They do not know that junk food is not good for health. They are unaware of the fact that junk food does not contain nutritional value. They may even think that by eating these junk foods they might become like the thin and fit models in the advertisements. A research conducted has shown that children increased their consumption of junk foods after seeing these advertisements. They are seen to be so influenced by these ads that they almost doubled their consumption of these unhealthy snacks and foods.

RESULTING IN THE NAG FACTOR

Children may pester their parents for the products advertised. They may insist on a particular pair of branded jeans only and be against the other brands of clothing in the store. They may also insist on living a life as portrayed in advertisements. Children may make excessive demands on their parents for the products they see in the advertisements. At times, they cry, pinch, pull and will not keep quiet till the parents purchase the product. Some parents who cannot control their children may give in to the tantrums of children left with no choice. When children see these advertisements it gives a wrong impression on their young minds and they start giving a lot of importance to materialistic joys.

WHAT PARENTS CAN DO?

Nowadays, with so much openness and exposure in media and commercials parents are often worried about what all their children are watching. It has been noticed that children are often able to remember messages targeted towards adults also. Kids remember the content in advertisements aimed at adults. A few countries have banned marketing and advertising targeted at children below the age of twelve. One country has banned advertising of toys before 10 p.m. as it is at this time that children are mostly awake. Previously advertisers marketed children's products towards parents. Parents were their target audience for these products. But nowadays, marketers aim their messages directly at children. Advertisements are made specifically in such a way that they draw the attention of children. The marketing messages are aimed directly at the children. Parents should teach their children of how to be critical of ads and how to become less influenced by the messages in the ads. Parents need to teach their children the importance and value of money.

POSITIVE EFFECTS OF ADVERTISEMENT ON KIDS

- Advertising makes the kids aware of the new products available in the market. It increases their knowledge about the latest innovations, in the field of technology as well as otherwise.
- Convincing ads, which center around healthy food products, can help improve the diet of a child, if they are attractive enough.

NEGATIVE EFFECTS OF ADVERTISEMENT ON KIDS

- Advertisements encourage the children to persuade their parents to purchase the products shown in the commercials, whether useful or not. The little ones tend to get adamant, if they are not bought the product.
- Children often tend to misinterpret the messages conveyed in commercials. They overlook the positive side and concentrate more on the negatives.
- Many advertisements in the present times include dangerous stunts, which can be performed only by experts. Even though the commercials broadcast the statutory warnings with the ad, the kids often try to imitate the stunts at home, with fatal results.
- The flashy advertisements broadcast in television generate impulse shopping in children.
- Children, after watching the glitter of commercials, often lose the ability to live a life without materialistic joy.
- The kids usually get more attracted towards the costly branded products, such as jeans and accessories. They disregard the inexpensive, but useful, ones that are not shown in the commercials.
- Advertisements have an indirect effect on the behavior of children. They might develop temper tantrums, when deprived of the latest toys and clothes that are shown in the commercials.
- The personal preferences in clothing, toys, food and luxurious of children are altered by the advertisements, to a great extent.
- Junk foods, such as pizzas, burgers and soft drinks, are heavily promoted during children's TV viewing time. This develops a craving for fatty, sugary and fast foods in kids, thereby affecting their health adversely.

OBJECTIVE OF THE STUDY

- 1) To study television advertising and its influence on child health.
- 2) To study television advertising and its impact on family spending.

RESEARCH METHODOLOGY

For the purpose of study random sampling method is used. The sample size was limited to 200 parents of child aged between 3-12 years in coimbatore district of Tamilnadu. Correlation tool is used to analyze the relationship of television advertising and its impact on child health and family spending.

ANALYSIS AND INTERPRETATION

TABLE 4.1: REGULATION OF FOOD ADS

S.No	Regulation	No of respondents	Percentage
1	Ban food ads	21	7
2	Regulate fast food ads	114	41
3	Regulate the ads during the certain time period	123	38
4	Other	42	14

Sources: Primary data

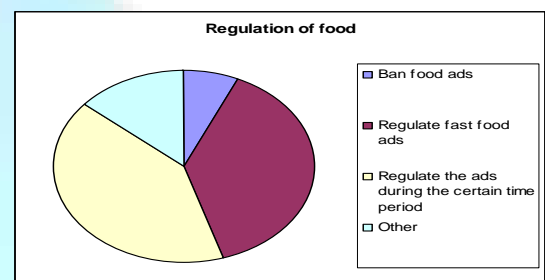


TABLE- 4.2: CHILD WATCHING TV WHILE EATING

S.No	watching TV while eating	No of respondents	Percentage
1	Yes	252	84
2	No	48	16

Sources: Primary data

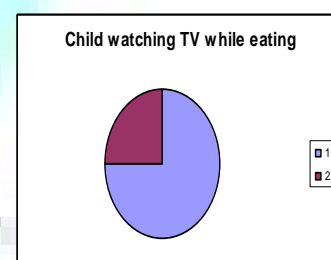


TABLE 4.3: TV PROGRAMS VIEWED BY CHILDREN

S.no	TV programs viewed by children	No of respondents	Percentage
1	Cartoons	78	234
2	Serials	13	39
3	Advertisements	3	9
4	Movies	6	18

Sources: Primary data

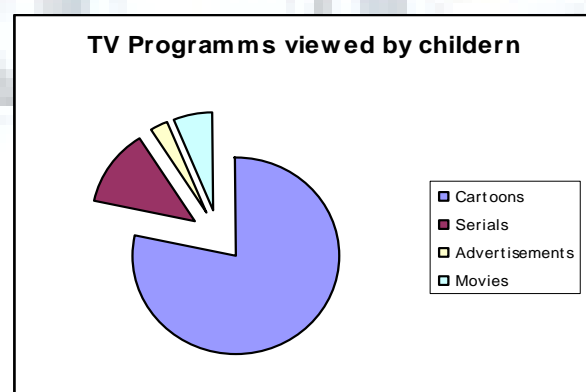
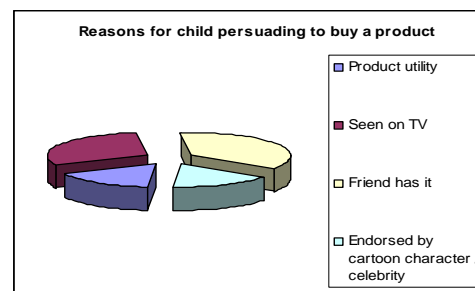


TABLE - 4.4: REASONS FOR CHILD PERSUADING TO BUY A PRODUCT

S.no	Reasons for buy a product	No of respondents	Percentage
1	Product utility	51	17
2	Seen on TV	90	30
3	Friend has it	108	38
4	Endorsed by cartoon character / celebrity	51	17

data



Sources:
Primary

TABLE - 4.5: TIME SPEND BY CHILDREN WATCHING TV

S.no	Time spent	No of respondents	Percentage
1	0-1 hour	87	29
2	1-2 hour	105	35
3	2-3 hour	69	23
4	3-4 hour	39	13

Sources: Primary data

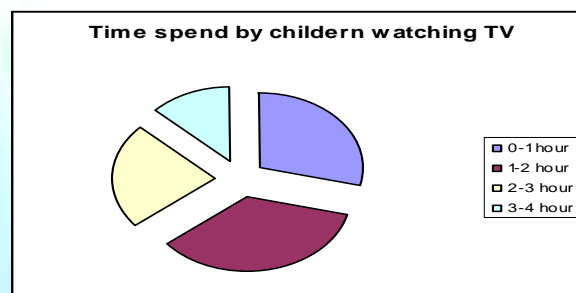


TABLE 4.6 CORRELATION ANALYSIS ON THE BASIS OF AGE GROUP, DIET AND FAMILY SPENDING

Influencing factor	3-6 years	6-9 years	9-12 years
Mean hours spend watching television	2.32	3.12	3.45
Influence of television advertisement on diet habits of children r=	0.32	0.51	0.38
Influence of television advertisement on family spending r=	0.23	0.38	0.69

Sources: Primary data

FINDINGS

TABLE 1: When asked the parents of children if their child helps them while making any shopping decision, in 55% of the cases it was found that the child used to influence the buying decision of the parents particularly buying clothes, food items, toys, FMCG items including cosmetics and fashion accessories.

TABLE 2: 86 % of the parents surveyed feel that there is need for regulation as far as food related advertisements are concerned. Of these about 7% say that all the food ADs targeting children should be banned, about 41% say that ADs should be regulated during certain time period while children's programmes are being telecasted and around 38% feel that only fast food ADs should be regulated.

TABLE 3: Around 78% of the children watch cartoon channels, so they are more exposed to the characters shown there and the products endorsed by these cartoon characters which may imbibe bad food habits in children as most of the ADs projected are fast food and cold drink related and not about healthy diet!

TABLE 4: Around 62% of the parents surveyed said that they do discuss the advertisements related to fast foods, cosmetics and funny ADs but rarely the social and health related ADs with their kids. The kids buy a particular product mostly because he has seen it on TV or some of his friend has it.

TABLE 5: Surprisingly children from the age group of 3-6 years, (most of whom who cannot distinguish between advertisements and programs) who do not have the emotional or cognitive tools to evaluate what's being sold to them also demand for product of their choice (most of the times advertised products). They want the advertised product which give pleasure because its glorified, fantasy and puffery appeal.

TABLE 6: The survey was conducted, which reveals the close association of television advertising with the child's diet habits and family spending Correlation is measured as; 0.32, 0.51 and 0.83 for age group of 3-6, 6-9, and 9-12 years respectively.

SUGGESTION

1) EDUCATION AND PARENTAL INVOLVEMENT

Parental involvement in determining desirable programming is the best choice. Parents have to monitor and control their children's viewing habits. Studies show that parents play an important role in their children's social learning, but if a parent's views are not discussed explicitly with children, the medium may teach and influence by default. Other media, such as magazines, radio, video games and the Internet, also have the potential to influence children's eating habits, exercise habits, buying habits and mental health. If children are allowed to be exposed to these media without adult supervision, they may have the same deleterious effects as television.

2) ROLE OF SCHOOLS

Schools can also play a very active role in making sure that students get healthy diet at its canteen. It is very important that schools do not stock junk food in their canteen, by getting lured by approach of fast food and soft drink companies to stock their stuff. Since children spend most of their time in school, schools can imbibe on children's mind what a healthy diet should consist of.

3) STATUTORY WARNING

Since the intake of junk food & carbonated drinks causes numerous diseases such as obesity, hypertension, cardiovascular diseases (CVDs), gall bladder ailments, cancer, psycho-social problems, breathlessness, sleep disorders, asthma, arthritis, weak bones and reproductive hormone abnormalities. So it should come with statutory warnings as in the case of cigarettes & milk powder such as "Intake of this food more than twice a week is not good for health."

4) ADVERTISEMENT CODE

To be monitored by an organization this will take care of the following:

A) Before any AD is aired on television, the most sought medium by children some code of conduct should be followed. Any food ADs should be scrutinized with regards to the claims they are making & the food ingredients should meet some standards laid down by recognized organization like WHO.

B) The stipulated time limit for advertisement is followed by the companies or not. TV Channels generally do not follow any rules regarding advertising air time. Doordarshan poses a limit on advertising time which is a maximum of 7.5 minutes of advertisements in a 30 minute programme. Private TV channels are free to air as many advertisements they like. This is primarily the reason why on some private channels, a 30-minute TV programme gets stretched to 45 minutes or even more.

CONCLUSION

This paper discusses the television advertisement and its impact on child health and family spending. The study has revealed a positive co relationship exists between time spent with television and its impact on the buying behavior of a child and its influence on family spending. Parents should make the kids more aware of the surrounding so that starts taking proper & logical decision. Parents should be aware that advertising is going on, and it's influencing their children more than they think. Also government's role is important here. It can do it by implementing proper food laws and harmonization of various laws into single unified law.

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WORK-LIFE BALANCE AND TOTAL REWARD OPTIMIZATION - STRATEGIC TOOLS TO RETAIN AND MANAGE HUMAN CAPITAL

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ABSTRACT

It has been shown through various studies that the work/life balance programs go a long way in helping firms of all sizes attract and retain high-quality professionals and are a key factor in employee satisfaction. The employees who once were addressed as the workforce are now treated as the internal customers and undoubtedly stated as the Human capital. Therefore retaining the efficient Human capital has become a challenge to the modern corporate. More than a decade has passed since the corporate started to implement work/life-balance-friendly policies, but only a few firms are claiming the success. Human resource professionals seek innovative ways to attain their organization's competitive advantage in the marketplace and in this series have found that work-life balance challenges and total reward optimization techniques as the win-win solutions. Work and family balance has highlighted the benefits and compensation as the key factors in generating employee satisfaction. Through qualitative, appropriate work-life balance activities and HR metrics the organizations are able to improve employee morale, retain employees with valuable company knowledge, and keep pace with workplace trends. This article offers the perspective that human resource professionals can assist their companies to capitalize on these factors by using work/life initiatives and the Total Reward Optimization technique.

KEYWORDS

Work-life balance, W-L benefits, employee retention, Human capital, Total Reward Optimization.

INTRODUCTION

For the organizations the challenge of work-life balance has emerged to the concern of top of many employers' and employees' consciousness. In today's rapidly changing society in all aspects of economy, culture, education, social stratification, political changes etc, the human resource professionals seek options of how to positively influence the bottom line of their companies. Ideally, work-life balance programs are very effective recruitment and retention tools for the organizations but still it is an irony that many companies don't deliver it and expect the retention of the quality work-force. It's not been too long since the leading corporations installed certain work-life programs designed aiming at drawing more talent into the workplace and helped employees more focused. Workplace surveys in recent studies still register high levels of employee stress stemming from work-life conflicts. And surprisingly in many cases, the work-life programs and benefits have reached only the employees who need them least.

WORK-LIFE BALANCE- THE CHALLENGES AHEAD

The complex society of ours makes the individuals with conflicting responsibilities and commitments; hence the work-life balance has become a predominant issue at the workplace. The major factors such as the global competition, the renewed interest in personal lives/ family values; and managing the workforce etc. have made it more significant. Studies have revealed that human resource professionals seek innovative ways to attain their organization's competitive advantage in the marketplace and it is found that work-life balance activities offer a win-win solution in this regard.

THE ORIGIN OF WORK/LIFE BALANCE: It is a state of equilibrium in which the demands of a person's job and that of his personal life are equal. ⁽¹⁾ The term "work-life balance" was coined in 1986, although its usage in everyday language was being made for a number of years. Interestingly, work/life programs existed as early as the 1930s. The policies and procedures established by an organization with the goal to enable employees to efficiently do their jobs and at the same time provide flexibility to handle personal concerns or problems at their family front. In fact, dual-wage-earning families in general are working longer hours. Catalyst, a nonprofit research and advisory organization in New York, found the combined weekly work hours of wage-earning couples rose to 91 hours in 2002--up more than 8% in just 10 years. Writing for the New York Times, Judith Shulevitz cited a Families and Work Institute study, that found younger college-educated workers were less willing "to sacrifice everything to advance their careers" than baby boomers were. People entering the workforce today are more likely to turn down promotions if the new job means longer days and having to bring more work home.

ORGANIZATIONAL ENVIRONMENT AND CULTURE: It is an organization's culture, work-climate, and how it acknowledges and respects the family responsibilities and obligations of its employees and encourages management and employees to work together to meet their personal and work needs. Before establishing any kind of work-life initiatives, it is foremost to know if the organization's culture is open and ready to support work-life balance programs. It is important to determine culture readiness inside the organization. As with most change initiatives, work-life programs require support from senior management. In addition, for the work environment to be ready for work/life benefits, it is helpful to have a "corporate culture that encourages employees to look at business in an

entirely different way and supports and accepts employees as individuals with priorities beyond the workplace.⁽¹²⁾ Following are a few changed dimensions of the personal, family and social forefront that compels the corporate to draft the HR policies in altogether different stride.

a. Personal Lives and Family Values to the Forefront: In recent years personal and family lives have become critical values that Americans are less willing to ignore, for the sake of work. Over time, the American workforce has begun to change course from being willing to spend every hour working to learning to manage the complexities of modern living. In addition, the impact of the terrorist attacks of September 11 has led many people to re-evaluate their lives and consider the meaning of work. Consequently, Americans are looking for options that allow for both a personal and family life, and many seek ways to have a balance between the two. As a result, the U.S. management philosophy that expects employees to put work first, ahead of personal lives and family commitments, is becoming accepted.

b. The Changing Modes of Family Structure: With the inevitable growing diversity of family structures, day by day represented in the workforce in the new millennium, it is important that human resource professionals do understand the interface of work and family relationships better and the resulting impact in the workplace. Research by Parasuraman and Greenhaus documented that segments of the workforce may be subject to unique work/family pressures, yet often has few sources of support.⁽³⁾ The under-representation of these groups of individuals with potentially difficult types of work/family pressures represents a major gap in work/family research and employers' understanding of their needs. Typically, studies have focused on employed men and women who are married or living with a partner or those with children. From the employer and employee viewpoint, the changing nature of family is one of the biggest complications of today's society. In a popular book, *Work and Family--Allies or Enemies*, Friedman and Greenhaus, two leaders in work/life balance, bring forth new evidence to help us understand choices we make as employers and individuals regarding work and family.⁽⁴⁾ This pioneering study of more than 800 business professionals considered values, work, and family lives and found that "work and family, the dominant life roles for most employed women and men in contemporary society, can either help or hurt each other."⁽⁵⁾ Conflict between work environment and expected roles in the job as well as family responsibilities, obligations etc have real consequences and significantly affect the quality of family life and career attainment. The studies have revealed a compensatory effect between these two forms of psychological interference i.e., work-to-family and family-to-work.

c. Work-Life balance: As a stress remover: The employee-driven solutions help reduce overtime, stress, and workloads, and increase flexibility and family and leisure time. The increasing levels of stress could definitely lead to low employee morale, poor productivity, and decreasing job satisfaction. Some of the specific symptoms that relate directly to productivity in the work environment are abuse of sick time, cheating, chronic absenteeism, distrust, embezzlement, organizational sabotage, tardiness, task avoidance, and violence in the workplace.

d. Life Cycle Stage of Employees for the Work-Life Facilities: Life cycle stage of the employees too is another important consideration, as people need different things at different times of their lives. Now days the employers have started realizing that work should be intrinsically interesting and satisfying to the employees, and this is the workforce that produces the best work if treated in a desired way. One of the challenges of work-life initiatives--from both the employer and the employee viewpoints is equitability, which has been cited as a major concern regarding work-life initiatives.⁽⁶⁾ At the time of establishing work-life programs, it is important to consider the objectives of the programs and whom they would serve and in what ways. Also organizational readiness for work/life programs from the employees' point of view is being judged. Thus the studies too, confirmed that a supportive work-family culture is directly related to positive work attitudes and less turnover of the employees in the organization.

WORK-LIFE BALANCE AND RETENTION OF HUMAN CAPITAL: AN INDIAN CONTEXT

President Kalam has highlighted five factors i.e., agriculture, education, healthcare, and information technology and infrastructure development which would help in uplifting the 260 million people living below the poverty line while simultaneously sustaining the 7% growth in GDP. In India 540 million people below the age of 25 years; no other country has such a big bank of workable people who can work wonders. India has the greatest advantage of its talented workable force.

Indian companies are giving due response to their human capital and are exploring ways to keep their employees happy. "I always focus on growing talent within the company and I think it is important to share the credit for good work. We may not have too many heroes in our company but we certainly have people who work very well together. My mantra is to focus on the people who have the ability to learn, says Shanghvi. Auto-manufacturer Mahindra and Mahindra has introduced two new schemes which are in pipeline for its top level managers in order to bring balance in their work and personal life. Company has changed its leave policy wherein it has introduced a compulsory 15-days leave for its middle and top-level officials. We want our employees to spend value time with their family at home". The company is also focusing on training and development programme for the career mapping of the employees and provides them with a meaning professional career ahead.

TACTICS IN RETENTION OF HUMAN CAPITAL: Employee retention is critical to the long term health and success of an organization. Top Management agree that retaining talented employees ensures customer satisfaction, product sales, satisfied co-workers and reporting staff, effective succession planning and deeply imbedded organizational knowledge and learning.

(a) A satisfied employee knows clearly what is expected from him every day at work. Changing expectations keep people on edge and create unhealthy stress.

(b) The quality of the supervision an employee receives is critical to employee retention. Frequent employee complaints center on these areas:

- (i) Lack of clarity about expectations
- (ii) Lack of feedback about performance
- (iii) Failure to hold scheduled meetings
- (iv) Failure to provide a framework within which the employee perceives that he can succeed.

(c) The ability of the employee to speak his or her mind freely within the organization is another key factor in employee retention.

(d) Talent and skill utilization is another environmental factor the key employees seek in the workplace.

ADVANTAGES OF WORK-LIFE INITIATIVES: Work-life initiatives create positive employer branding, and support diversity initiatives. There are various factors which determine the effectiveness of these programs as follows:

(i) Saving employee's time: One of the most direct and measurable financial benefits of work/life initiatives is that these work life initiatives are able to save the amount of time of the employees by assisting, them in solving their personal problems. WFD conducted research with clients across industries with 300 employees and documented that an average of 17 hours per year were saved when employees used a consulting service that provided counseling, referrals, and research in areas such as parenting, education, childcare, adoption, and eldercare.

(ii) Enhanced Employee Retention: The cost of employee turnover and accompanying loss of valuable company knowledge can be significant. Work-life programs enhanced the qualitative employee retention. A prime example is IBM'S 1992 workforce survey that documented "the highest performers are the most likely to consider their ability to balance work and personal responsibilities in a decision to stay with the company."⁽⁷⁾

(iii) Increased Motivation and Productivity: Research indicates that company commitment to work/life initiatives is closely aligned with employee motivation and productivity. A study focusing on work, well-being and stress illustrates this link, finding that "45% of men and 50% of women would turn down a promotion if the new position would leave them with less time for their personal or family life."⁽⁸⁾

(iv) Reduced Absenteeism: It is revealed from various studies that the sound work-life programs reduce absenteeism and too many leaves. Johnson & Johnson "found that there was a 50% decline in absenteeism among employees who used flexible work options and family leave policies."⁽⁹⁾

(v) Decline in Stress-Related problems among the employees: Work/life programs are becoming an intelligent choice of today's globalised corporate to help lower the stress among the employees. According to the American Institute on Stress, 1 million workers are absent due to stress-related complaints, and American firms lose more than 5 million workdays annually due to illness, more than half stress-related. A 1992 study by Northwestern National Life Insurance Co. found that "72% of all workers surveyed experienced three or more stress-related illnesses 'somewhat or very often.'"⁽¹⁰⁾

PRODUCING TALENT-BIGGEST CHALLENGE FOR INDIAN INSTITUTES

It is another big challenge to first produce the talent in the country, before actually formulating the strategies to manage and retain them in the same organizational periphery. As per the QS world University Ranking India is not able to make its place in the top 10, rather it has 187th rank bagged by IIT Mumbai. The following are the details as per the latest study made:

TOP TEN EDUCATIONAL INSTITUTES PROVIDING QUALITY PROFESSIONALS AS PER QS RANKINGS 2010

QS Rankings 2010	The World University Rankings 2010-11	Institution	Country
1	6	University of Cambridge	United Kingdom
2	1	Harvard University	United States
3	10	Yale University	United States
4	22	UCL(University College of London)	United Kingdom
5	3	Massachusetts Institute of Technology (MIT)	United States
6	6	University of Oxford	United Kingdom
7	9	Imperial College London	United Kingdom
8	12	University of Chicago	United States
9	2	California Institute of Technology (Caltech)	United States
10	5	Princeton University	United States

Source: Hindustan Times, New Delhi, 22-9-2010

PARAMETERS OF EVALUATION OF EDUCATIONAL INSTITUTES UNDER QUALITY PROFESSIONALS AS PER QS RANKINGS 2010

QS World University Ranking	World	Academic Reputation	Employer Reputation	Faculty Student	Citations per Faculty	International Faculty	International Students
Top 10 Institutes	Rank	Rank	Rank	Rank	Rank	Rank	Rank
IIT Mumbai	187	138	50	301	291	301	301
IIT Delhi	202	162	74	292	238	301	301
IIT Kanpur	249	239	158	301	185		301
IIT Madras	262	226	120	301	239		
IIT Kharagpur	311	301	191	286	201		
University of Delhi	371	166	113	301	301	301	301
IIT Roorkee	401-450	301	278	278	301	301	301
University of Mumbai	451-500	301	161	301	301		
University of Calcutta	501-550	261	293	301	301	301	301
IIT Guwahati	501-550	301	301	292	301		301

Source: Hindustan Times, New Delhi, 22-9-2010

To obtain the quality professionals or employees we need to focus on imparting quality education, research and knowledge transfer to the students to cultivate into a strong Human Capital for the country. It is believed that the employability component, unique to the QS system- introduces a particular relevance for prospective students, who would regulate the industrial performance and ultimately the economic up gradation of the nation.

WORK-LIFE BALANCE-THE TRENDS AHEAD

The challenge of work-life balance in our society is unlikely to disappear. The concept of work/life balance is gaining a great deal of attention in both the academic and corporate worlds. A 2003 study reveals that employees are often preoccupied with work when not working, and when in the company of family and loved ones, experience an inability to be meaningfully engaged in no work spheres. ⁽¹¹⁾ As researcher Ezzedein explains, "modern work has become more knowledge based, fluid, and intellectual; overworked people think about work all of the time. For many people, work has become cognitively intrusive." To understand work/life balance, Professor Swiercz and Doctoral Candidate Ezzedein of The George Washington University developed and tested a cognitive approach, the "Cognitive Intrusion of Work." In simple terms, this means that work/life balance is not just about finding "physical time" to do all that needs to be done. Instead, and more importantly, it is about the "cognitive space" necessary to process, organize, and respond to the thinking demands of life within a complex society. Commenting on the potential impact of this research on organization policies and practices, Professor Swiercz states, "this research not only gives employers a new benchmarking tool, it also provides a new theoretical basis for understanding this important social issue from a research perspective."

TOTAL LIFE PLANNING- A NEW APPROACH TOWARDS WORK-LIFE BALANCE: Total life planning is latest and innovative approach to work/life benefits that helps employees understand the important aspects of their professional life, personal lives and their relativity. Their goal is "to encourage employees to look at their lives as a whole and assess relationships, emotional and physical wellbeing, careers, spirituality, and their personal financial situation. From these programs, employees can assess their available choices to improve balance in their lives and develop an individualized life plan the most successful programs set a goal-oriented environment with a meaningful and transformational component for each individual." ⁽¹²⁾ The concept of total life has the major benefits such as renewed employee energy, enthusiasm and attachment for work, and enhanced productivity. Total life planning programs may be offered in conjunction with benefits such as health, life, and disability insurance, or on a standalone basis.

TOTAL REWARDS OPTIMIZATION

A company can calculate exactly how much it needs to spend on benefits to keep employees happy and still not feeling the dent due to it. It makes evident that leveraging the rewards would not only attract the best talent in the market, but also retain it up to its productivity. To this exercise they call Total Rewards Optimization (TRO). The TRO tool is a short, fun and engaging survey to measure employee preferences through a simple process trade-offs. Using a technique called conjoint, that has been in the market for almost 25 years, and employees' preferences are checked for various benefits. When asked them directly what they want, they'll say everything, which is not actionable. But things are easier to infer if it's in the form of trade-offs. It's the same sort of trade-offs made by any common man everyday such as where to go for lunch, what road to take to work, what computer or clothes to buy and from where, etc. Unconsciously these decisions are made all the time and that's the trade-off which can be mimicked through the TRO exercise. It is really about bringing a voice to the employee. Often, this is the voice that is left out when companies plan their rewards package. Companies are not known if the employees are interested in the rewards offer or what he or she would like instead. Once, the preferences for different rewards are known, the companies can deliver them to their important internal clients.

RETENTION: THE MOTTO OF TRO: Retention is a key outcome that companies look for, from optimizing total rewards. But the other important things are attraction-to have a package of rewards that people in the growth market like India will be attracted to and that competing companies may not offer-& productivity that can be pushed up by optimizing the rewards package. When there is more productivity, there is more money to spend on rewards. It is found that 10-15% of the money spent on benefits which are not valued much. This problem can be fixed by shifting the money around, reducing the expenditure on benefits they don't appreciate, and increasing it on benefits that they do. So for most of the firms it may not be about saving the costs spent on rewards, but

spending their rewards currency more effectively. It's a win-win situation for both the employees and the company. The trade-off that the TRO tool uses is between the kind of rewards and services people can get and what they're looking for. With respect to this another concept the *cost of delivering those services* has come into picture.

Cash is always important, but may not be the most efficient way for a company to spend its rewards currency. An example in the United States is the child care subsidies. Suppose an employee earns \$50,000 a year and gets a hike of about \$5,000. But he's recently had a child, and spends the entire additional money on childcare. In effect, the raise is now gone. But suppose the company gave him a raise of \$2,500 instead of \$5,000, and also offered him subsidies to use some sort of high quality childcare service. The company would still be paying \$2,500, but the employees perceive this as something better that they got for half the amount. Similarly, some employees may value housing benefits, others value tuition and training. The TRO tool lets companies allocate benefits among employees according to who likes what, and everybody is happy.

THE FOCUS OF INDIAN COMPANIES: While looking at the core range of items that you're currently spending money on salary changes, allowances, medical, etc. Indian companies should think outside the box. If the company is offering the same rewards as everyone else, an employee doesn't get a reason to join it. It is to take care and plan about the reward system or benefits that would encourage clients to inculcate the next generation features, like flexi hours. The thing understands exactly what employees are looking for. The policy makers think they know, but until actually talked to employees, it is mere guess. The TRO tool, instead of guessing, brings some empirical evidence to the company's decision-making on rewards. Important considerations from Indian perspective are:

- Different segments of employees seek different rewards packages. Younger workers seek more training and development benefits or more paid time off. Older workers prefer different retirement benefits. Focus should be on whom the company wants to attract and work out the rewards accordingly.
- Let employees work out their own rewards package. By talking to them, listening to them, taking their opinion on the current rewards package being offered, rather than simply guessing their choices.
- A good rewards package is not only a hook to lure the best talent in the market, but also a good tool to retain that talent.
- Think out of the-Box i.e., something very different and appealing compared to the competitors and this would definitely be able to scoop the best talent.
- Spend efficiently on rewards- In a dynamic economy like India, rewards tend to get undervalued very quickly. Therefore companies need to keep up, and revisit the rewards they offered earlier as much as possible.
- Never benchmark your compensation to the marketplace. The company needs to be consistent with the rewards offered, and should not keep changing them too often. Preference of employees' gives more stability than some companies might imagine.
- Employee prefers and would be pleased more with a bunch of smaller rewards, than one big benefit. Companies need to mix and match before deciding over the benefits to be offered.

CONCLUSION

It can thus be concluded that a sound work-life program has the potential to significantly improve employee morale, motivate them constantly, reduce absenteeism and turnover, and retain organizational knowledge, particularly during difficult economic times. In today's global marketplace, as companies aim to reduce costs, it falls to the human resource professional to understand the critical yet significant issues of work-life balance programs. The companies losing critical knowledge when employees leave for other opportunities, work-life programs offer a win-win situation for employers and employees. It is always to review and reformulate the human resources strategy to check whether it is in accordance to the company's mission. Through questionnaires, focus groups, or any other mode of feedback the employers should find out what employees feel about work-life balance. Alignment of work-life initiatives with HR strategy ensures the retention of a smart, qualitative, internal customer or the employees.

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EMPIRICAL STUDY ON EXPATRIATE'S OFFICIAL, CULTURAL AND FAMILY PROBLEMS WITH REFERENCE TO BANGALORE, INDIA

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ABSTRACT

The empirical study is intended to assess the expatriates' job related issues, family issues and cultural issues of the host country. The main objective is classified into sub-objectives and formulated as hypothesis. The sub-objectives were to test whether age and satisfaction with monetary benefits are dependent; whether there is a relationship between number of years of experience and pre-departure training given by the company; whether previous international experience and expatriates work satisfaction are dependent; whether there is a relationship between expatriates preference to travel abroad and ability of spouse to adjust; and whether marital status and willingness to return to India are dependent. Most of the respondents in the study belonged to the high-tech (computers, software, electronics and communication industry). Data was collected from 75 respondents, only from Bangalore, India. Percentages, correlation and chi-square were used to analyze the collected data. The results revealed that, for all the research questions, the alternate hypothesis was accepted; which meant that age and satisfaction with monetary benefits are dependent; there is a relationship between number of years of experience and pre-departure training given by the company; previous international experience and expatriates' work satisfaction are dependent; there is a relationship between expatriates preferring to travel abroad and the ability of spouse to adjust to the culture of the foreign country; marital status and willingness to return to India are dependent on each other.

KEY WORD

Culture, Expatriates, Problems, Training.

INTRODUCTION

Localization, privatization and globalization of the Indian market have changed the corporate setup. With increased dependence on other countries, the problems encountered in dealing with varied cultures, governments, interpersonal behaviors and social settings are manifold. Multinational Companies (MNCs) are finding it as a challenge to establish and succeed in their countries of operation. Because of the diversity in business settings, different strategies are adopted in different countries. They understand that they cannot follow 'one size fits all method'. They need not and should not follow the multinational giants as role models in their pursuit of capturing international markets (Baruch, Steele, and Quantrill, 2002). A 'tailor-made' approach helps the MNCs to succeed in their international ventures. Thus, the need of the hour is to formulate a different strategy, policy and practice for their international operations, specifically for people management, (Baruch, Steele, and Quantrill, 2002) because, they are depending on Parent Country Nationals, Host Country Nationals and even Third Country Nationals. Employees who are selected for international assignments and are relocated to an overseas operation for an extended period of time are technically termed as 'Expatriates'. Any individual will be ready to take up foreign assignment only if he has the right frame of mind (Baruch, Steele, and Quantrill, 2002). The adventurousness facet, assesses one's predisposition toward new food, travel and variety over routine, has considerable potential to inform the understanding of how personality can influence manager's willingness to assume different types of global assignments. (Konapaskie. et al., 2009). Similarly, personality traits such as extroversion, sociability and openness to new experience are considered important for expatriates (Caliguiri P., 2000). As expatriates are relocating themselves, sometimes along with their family, at an extended cost by the organization itself, they are pressurized to accomplish their assigned task within the period of their stay. It may not be possible for all expatriates to perform outstandingly in their overseas venture always, because, they may face manifold problems and hence become unsuccessful. These unsuccessful assignments are a huge cost to the company and managers are attempting to reduce the uncertainty gap by familiarizing the new place through cross cultural training. Expatriate literature has defined failure rate as the number of percentage of employees who return home early, prior to the official end of an agreed term abroad because of poor performance and/or personal problems (Forster Nick, 1997). Premature re-entry is a very inadequate way to measure expatriate failure (Harzing, 1995). Although expatriate failure rate is considered to be high, there is no substantial empirical study to prove it to be so (Harzing, 1995; Forster, 1997). The myth of high expatriate failure rate is created only by misquotations (Harzing, 1995). Nevertheless, all expatriates continually have concerns during their expatriation and repatriation. The article aims to analyze the cultural, official and family problems faced by expatriates by adopting a structured questionnaire.

EXPATRIATES AND OFFICIAL PROBLEMS

Sustained company support is critical for any expatriate when he is overseas. He expects support in settling in the foreign land with accommodation, school, hospital assistance; induction into the new organization; language and etiquettes training; cultural, political and regional understanding of the new place. Companies design the training programme depending on the duration of the assignment. The more the period of stay in the host country, the longer will be the training given (Dowling, Welch., 2009). Most companies do not support giving training to its expatriates, because they opine that culture is something which cannot be learnt through training; it has to be experienced by an individual to know what to do and what not to do. However, when companies are giving training to expatriates, it creates awareness to the expatriates that these kinds of difficulties will be experienced in the new place and thereby, mentally helps in reducing the culture shock (Katz and David, 1996). Though, the company provides initial *survival* training and assistance when he is moving to the host country, most employers do not heed to the expatriates after a specific term. They behave like as if "Out of sight is out of mind" (Baruch, 2002). More than the experience of being an expat, they feel that repatriation is dreadful because there is no guarantee of your job upon return. One executive was told he had six months to find a place in the company or else he would have to start looking elsewhere (Mendenhall., Oddou., 2001). Further, he might have lost his promotion opportunities during his stint abroad. Expatriates also grumble that the experience they gained was not recognized (Baruch, 2002).

EXPATRIATES AND CULTURAL PROBLEMS

Values, attitudes, beliefs, aspirations and culture determine a person's behavior (Baruch, 2002). In the words of Geert Hofstede, "Culture is the collective programming of the mind that distinguishes one group or category of people from another. Culture is a construct-not directly accessible to observation but inferable from verbal statements and other behaviors and useful in predicting still other observable and measurable verbal and non-verbal behavior" (Hofstede 1993). It is difficult to differentiate whether a particular behavior is caused due to attitudes, values, beliefs or culture. An individual's personality is determined by the sum total of all these variables. When a person is characterized by ethnocentrism or parochialism, it may be very difficult to acclimatize in the new atmosphere. On the other hand, if he is culturally empathetic, he is likely to become successful overseas. The first step in cultural awareness is recognizing and accepting other cultures (Harrison, 1994). Several researchers have defined the attributes required in an overseas assignment. When an expatriate possess personality traits as Openness and sociability, his cross-cultural adjustment will be greater (Caliguiri, 2000). In a survey of expatriate managers of 40 multinational companies in Japan, the results showed that understanding of the firm's mission, leadership ability, understanding of host nation's culture, communication skills and overseas business experience were the most important requirements for an expatriate manager to be successful (Hogan and Goodson, 1990).

EXPATRIATES AND FAMILY PROBLEMS

Literature reviews prove that inability of the spouse and children to adjust is the predominant reason for high expatriate failure rates (Katz and David, 1996). Partners / spouses are the ones who are interacting with their neighbors, struggling to buy groceries, communicating with their child's teachers, and therefore they should be given cross-cultural training (Frazee, 1999). In order to assist the family in resolving its issues, the company provides special training to spouse and children. Also, companies facilitate in providing employment assistance to the spouse, if they are a dual-career couple. A family pre-departure orientation is emphasized, as it can make the foreign assignment as a motivational force rather than as a stressful experience for the expatriate (Hogan and Goodson, 1990). Literature review on problems of expatriation has testimonials that the human resource managers are taking ample measures to set-right the issues. Nevertheless, problems are problems and it continues to be disturbing successful international assignment.

REVIEW OF LITERATURE

An expatriate is an employee who is working and temporarily residing in a foreign country (Dowling, Welch, 2009). Some companies call such employees "international assignees". To operate in an international environment, a human resource department must engage in a number of activities, which would not be necessary in a domestic environment (Dowling, Welch, 2009). Apart from the company supporting the expatriates during their assignments, the expatriate faces difficulties in terms of inability to adapt, difficulties with family adjustment in the new location, difficulties associated with different management styles, culture and language difficulties, issues associated with the accompanying partner's career development. In cases where the potential candidates do not possess the requisite skills or abilities, MNCs need to develop a well-designed training that is administered before the individuals leave for their overseas assignment and then evaluated later to determine the overall effectiveness. People aren't fired because they lack technical competence; they are fired because they can't get along (Caudron, 1992). Hodgetts, Doh and Luthans (2006), states that training helps expat managers to understand the customs, cultures, and work habits of the local place. Jean McEnery and Gaston DesHarnais (1990) states that knowledge of the business practices in the relevant country, human relations skills and foreign language skills are the important skills required for an international assignment. Surprisingly, in their survey, respondents rated knowledge of the target culture as the least critical skill.

It has been observed that age of an expatriate could be a relevant factor in adjusting to a foreign location (Jan Selmer, Jakob Luring, Yunxia Feng, 2009). It is believed that as one gets older; satisfaction with monetary benefits becomes lesser while compared to other benefits. Family status is also the most important demographic variable in relation to cross-cultural assignments (Sims, Robert 2004). Despite the apparent importance of the family, less than half of MNCs interviewed the spouse in the expatriate selection process. Apart from career related issues, the spouse may experience high levels of stress due to disruption of children's education and loss of self-identity. But, if the expatriate is travelling frequently, there is a possibility that the spouse may become habituated to exploring and adjusting in new places.

Another variable which can reduce the problems of expatriates is previous international experience. It is logical to assume that previous experience living overseas – especially in the same foreign country to which a person is currently assigned should facilitate adjustment, even though some culture shock will still occur (Black, Mendenhall, Oddou, 1991). According to Black (1999), previous international experience can help expatriate candidates know what to expect when relocating to a new country. It greatly reduces uncertainty and may help them to adjust better.

Despite several research insights on cross-cultural training and cultural shock, there are very few empirical researches linking age and monetary benefits, number of years of experience and pre-departure training, previous international experience and expatriate's work satisfaction and relationship between expatriates enjoying to travel abroad and ability of spouse to adjust.

BACKGROUND OF THE STUDY

The conceptual definition of expatriates' as per the researcher in this study is 'any employee who is sent on company-initiated assignment to overseas location for a definite period of time, and returns back to India after his successful completion of the assignment'. The empirical study is intended to assess the expatriates' job related issues, family issues and cultural issues of the host country. The main objectives are further divided into sub-objectives and hypotheses are formulated. Review of literature provides detailed understanding of the problems faced by expatriates along with the resolution strategies. The researcher here tries to understand whether Indian expatriates' still face similar problems, in spite of the organization taking measures to solve them.

PRIMARY OBJECTIVE

1. To understand the official, cultural and family problems of expatriates.

SECONDARY OBJECTIVE

To test whether-

1. Age and satisfaction with monetary benefits are dependent?
2. There is a relationship between number of years of experience and pre-departure training given by the company?
3. Previous international experience and expatriates work satisfaction are dependent?
4. There is a relationship between expatriates enjoying to travel abroad and ability of spouse to adjust to the culture of the foreign country?
5. Marital status of expatriates and willingness to return to India are dependent?

Rank the factors that were more satisfactory in the foreign country.

METHODOLOGY

The data was collected during January 2009 and June 2009. Employees who had travelled on international assignments for a minimum period of three months to two years were considered as respondents for this study. The respondents were chosen by adopting snowball sampling technique. A total of 107 expatriates were contacted and 75 had responded for a response rate of 70 percent. Structured questionnaire along with semi-structured interviews were used for collecting data. The questionnaire consisted of demographic details of expatriates, followed by questions relating to job, family and cultural issues of expatriates.

The questionnaire was formulated using a 5 point likert scale. Responses were collected personally as well as through email. Three people were identified for the semi-structured interview. Appointments were fixed over telephone and then the respondent was interviewed as per the convenience of the researcher and the respondent. During the interview the respondent was allowed to explain his own experiences and problems during expatriation leading to fewer questions from the researcher. This helped the researcher to identify minute difficulties of expatriates. The questionnaire tested for cronbach's alpha revealed 0.793, 0.861 and 0.724 on job-related, family related and culture related questions respectively. Descriptive statistics like percentage, correlation, ranking and inference statistics like chi-square were used to analyze data. Qualitative judgments were used to interpret data relating to semi-structured interviews.

DATA ANALYSIS

Results of descriptive statistics revealed the following information. 91% were male and 9% were female in this study. A majority of the respondents belonged to the high-tech (computer, software, electronic and communication) industry. Also, most of the respondents belonged to the age group of 26-30. 41% were having less than 5 years of working experience, whereas, 39% had 6-10 years of working experience. Pre-departure training was given to 65% of the expatriates. Only 21% opined that they received post departure training in their host country. Only 56% gave the opinion that the training given by the Indian office was purposeful and helpful. Offshore assignments, being very lucrative, only 68% were satisfied with the monetary benefits there. The company also helped in relocating back to India after their assignments (55%). 34% agreed that their spouse could adjust to the new place. Only 13% could employ their spouse easily there. When asked whether it was challenging to adapt to their culture, 31 % were neutral to it, and 34% agreed that it was challenging to adapt. A majority of 48% disagreed that the social values of the country are similar to our values, and nearly 20 % were neutral to it. They were not discriminated as a 'foreigner' during their stay abroad (65%).

The secondary objectives were tested by formulating hypothesis.

1. *To test whether age and satisfaction with monetary benefits are dependent, the null and alternate hypotheses was-*

H_0 : Age and satisfaction with monetary benefits are independent.

H_1 : Age and satisfaction with monetary benefits are dependent.

χ^2 test was used to test the hypothesis

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.975 ^a	16	.144
Likelihood Ratio	23.478	16	.102
Linear-by-Linear Association	.023	1	.880
N of Valid Cases	75		

a. 20 cells (80.0%) have expected count less than 5. The minimum expected count is .03.

Since the p-value (0.144) is greater at 0.05 level of significance the null hypothesis is rejected and the alternate hypothesis is accepted. Therefore, there is no sample evidence to say that age and satisfaction with monetary benefits are independent.

2. *To test whether there is a relationship between number of years of experience and pre-departure training given by the company, the null and alternate hypotheses formulated was*

H_0 : There is a no relationship between number of years of experience and pre-departure training given by the company

H_1 : There is a relationship between number of years of experience and pre-departure training given by the company

The hypothesis was tested by using χ^2 tests.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	21.488 ^a	20	.369
Likelihood Ratio	21.231	20	.384
Linear-by-Linear Association	2.398	1	.121
N of Valid Cases	75		

a. 26 cells (86.7%) have expected count less than 5. The Minimum expected count is .04.

Since the calculated χ^2 value is greater (0.369) at 0.05 level of significance, the null hypothesis is rejected and the alternate hypothesis is accepted.

The calculated correlation value (0.180) indicates that there exists a weak positive correlation, as the value is nearing zero. Therefore, the sample evidence supports that there is a relationship between number of years of experience and pre-departure training given by the company.

3. *To test whether previous international experience and expatriates work satisfaction are dependent, the hypotheses formulated were-*

H_0 : Previous international experience and expatriates' work satisfaction are independent

H_1 : Previous international experience and expatriates' work satisfaction are dependent.

χ^2 test was used to test the hypothesis

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.042 ^a	5	.694
Likelihood Ratio	3.653	5	.600
Linear-by-Linear Association	.449	1	.503
N of Valid Cases	75		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is .31.

p-value of χ^2 is 0.694 and it is greater than 0.05 level of significance. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted. Therefore, the sample evidence support that previous international experience and expatriates' work satisfaction are dependent.

4. To test whether there is a relationship between expatriates enjoying to travel abroad and ability of spouse to adjust to the culture of the foreign county, the null and alternate hypotheses was-

H₀: There is no relationship between expatriate preferring to travel abroad and the ability of spouse to adjust to the culture of the foreign country.

H₁: There is a relationship between expatriate preferring to travel abroad and the ability of spouse to adjust to the culture of the foreign country.

Test Used: χ^2 test

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.438 ^a	3	.329
Likelihood Ratio	2.796	3	.424
Linear-by-Linear Association	.003	1	.955
N of Valid Cases	74		

a. 4 cells (50.0%) have expected count less than 5. The minimum expected count is .69.

The χ^2 value of 0.329 indicates that it is greater at 0.05 level of significance. Correlation results proved that there is a negative relationship (-.007) between these two factors. Therefore, the null hypothesis is rejected and the alternate hypothesis is accepted.

We can assert from this sample, that there is a relationship between expatriates preferring to travel abroad and the ability of spouse to adjust to the culture of the foreign country.

5. To test whether marital status of expatriates and willingness to return to India are dependent, the hypotheses were formulated as

H₀: Marital status and willingness to return to India are independent.

H₁: Marital status and willingness to return to India are dependent.

Test used: χ^2 test

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.813 ^a	5	.055
Likelihood Ratio	13.384	5	.020
Linear-by-Linear Association	4.555	1	.033
N of Valid Cases	75		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is .44.

As the p-value is 0.055 at 0.05 level of significance the null hypothesis is rejected and the alternate hypothesis is accepted

Hence, marital status and willingness to return to India are dependent on each other.

On ranking factors like people, climate, food, city/country, job and branch office on a scale of 1-6, the following were the ranks given by the respondents: The table 1 below indicates that respondent's ranked city/country of visit as the most satisfying attribute followed by the job undertaken, people of that country, climate, the branch office and finally food.

TABLE 1: SHOWING RANKS GIVEN TO VARIOUS ATTRIBUTES BY RESPONDENTS

Rank	Attributes
First	City/Country
Second	Job
Third	People
Fourth	Climate
Fifth	Branch Office
Sixth	Food

DISCUSSION

Research findings of this sample show that the pre-departure training given by the company was not very useful for expatriates, so, companies can think of any other ways of training /orienting them. Other method suggested could be to invite other expatriates who had travelled to the same destination country and engage in a one-on-one discussion rather than hosting a typical training session. This would facilitate the employee to become mentally prepared for the new environment. Pre-departure training should be compulsorily given for less-experienced people. As they are naïve and may not know the new culture, they may experience severe culture shock, compared to those who have significant work experience. In this study, most of the respondents belonged to the 26-30 age group. Therefore, it is suggested to create awareness of the new things that they will face and thereby reduce the severity of culture shock.

The sample in this study supports the view that previous international experience and work satisfaction are dependent. Hence, it would be ideal to identify and send expatriates with onsite experience abroad. It is logical to assume that their previous experience will facilitate adjustment in a new setting (Black, Mendenhall, Oddou, 1991). Contrary to this point, even though 75% (43% had visited atleast two countries + 32% had visited two to four countries) of the respondents had previous international experience, still they found it challenging to adapt to the new culture. During interviews with expatriates, they also gave the opinion that adapting and liking a culture cannot be taught literally, but proper training definitely acts as a facilitator. It also depends on the individual personality dimensions of the expatriate whether the new culture suits him for adaptability or not (Black, Mendenhall, Oddou, 1991; Mendenhall, Oddou, 2001; Furuya, Stevens, Bird, Oddou, Mendenhall, 2008; Caligiuri, 2000). Similar to pre-departure training, post-departure training also should be given equal importance. As expatriates will deal with real time issues in the host country, they will be able to relate to their training and this would help them settle with all their problems (Sims, Shraeder, 2004). The more they are associated with the company and understand the new culture, the less would be their problems. The sample in this study claimed that a meager 21% received post-departure training.

It is also proven through this study that as the expatriate travels more, the ability of spouse to adjust increases. If the expatriate prefers to travel more, the spouse should be adaptable, only then the work can accomplish. Other research studies have proven that inability of spouse to adjust is a foremost reason for an unsuccessful international assignment (Frazee, 1999; Sims, Shraeder, 2004; Jaffrey, David, 1996; Lee, 2007). Also, marital status and willingness to return to India are dependent on each other. When obligations increase, post marriage, the need to return back is also more. The study of this sample proves this view point. It is also found through this research that companies do not help much in relocating back to India.

SCOPE FOR THE FUTURE STUDY

The study focused on expatriates who had travelled to any foreign location. Future research could focus on country specific problems faced by expatriates. When employees travel to diverse culture, the acculturation process is very difficult. Considering Geert Hofstede's value dimensions, expatriates' experiences can be researched upon. Also longitudinal study could bring out more intensive problems faced during their assignment. Though literature is abundant on individual dimensions of problems, not many have given importance on the comprehensive outlook to the problems which can link one to the other.

CONCLUSION

Even though companies are supporting expatriates during their onsite assignments, still they are facing problems pertaining to adaptation and acculturation. It is the personal ability of the individual to be culturally sensitive and flexible in their country of operation. The study emphasized on the problems faced by the expatriates' family, job and cultural perspectives. The results showed that with the sample selected, the age and satisfaction with monetary benefits are dependent; there is a relationship between number of years of experience and pre-departure training given by the company; previous international experience and expatriates work satisfaction are dependent; there is a relationship between expatriates' preferring to travel abroad and the ability of spouse to adjust to the culture of foreign country; marital status and willingness to return to India are dependent. In spite of the problems faced, the study reveals that a whopping 80 percent would like to revisit the same country, if given an opportunity. This shows that expatriates still have the liking to visit places and explore them too. But, the family, job and cultural issues of expatriates are still prevalent.

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IMPACT OF QUALITY WORK LIFE OF THE HOTEL EMPLOYEES IN CUSTOMER SATISFACTION – A STUDY ON STAR HOTELS IN BANGALORE

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ABSTRACT

This Study, based on the Five star Hotels in Bangalore, indicates that the Hospitality & Tourism Industry requires more adequate policies and standards in the Human Resources Management in order to minimise the highest rate attrition prevailing in this sector. Since the Employee satisfaction is directly linked with customer satisfaction, it is very important that Hotel Management gives more focus on to retention of their employees and improve their work culture in order to optimise the productivity and the satisfaction. This study reveals major areas where the hotel employees expressed their dissatisfaction. It is also the fact that all the five star Hotels in Bangalore are understaffed. Catering Institutes are not able to support the industry because of many other lucrative job options are available for the Hospitality graduates. It is clear from the study that it is high time now to revamp the Human Resources policies and strategies so as to give importance to employee satisfaction there by retaining their customers with highest satisfaction index.

KEYWORDS

Motivation, decision making process, satisfaction, Branding, Attrition, Work culture, QWL, multinational. WTTC, Loyalty, Zero Defections, Service quality, Professional Approach, TQM, Employability.

INTRODUCTION

The hospitality industry in India is experiencing good business, better than ever before. Hotels across all segments are reporting strong occupancies and average rate. A buoyant domestic economy, the aviation and real estate boom, initiatives to liberalize foreign investment and improve infrastructure and, perhaps, most importantly, efforts to communicate the Brand India message have contributed to strong demand conditions in most cities across the country, with the result that India is, today, one of the world's fastest growing hotel markets.

In recent times, the hotels in Bangalore have encountered difficulties due to the increase in customer demands and the strong competition developed in the industry. However, hospitality Industries main concern across the globe is to cater for its customer needs and their desires, which are mostly addressed through personal services. Therefore, the hotels that are able to provide quality services to ever demanding customers in a warm and efficient manner, are the ones likely to obtain long term competitive advantage over their rivals.

This study is based on five star hotels in Bangalore, indicates that the Hospitality industry requires more adequate and comprehensive policy and strategy to compete with the multinational brands and also to make each customer satisfied with quality of service offered to them. This study emphasizes the importance of minimizing the gap between the customer expectations and the quality of service and employee satisfaction. There are many factors directly involved in determining the customer satisfaction especially in Hotel Industry. The major one would be the challenges in this particular sector where in, this study reveals one of the major challenges and provide indications for how to face these challenges without losing their existing customers. Similarly, it also throws some light towards the importance of customer satisfaction through employee satisfaction. Importance is given for comprehensive Human Resources policies for Hotel Employees so as to reduce the rate of attrition and also to ensure the quality output from the employees.

GROWTH OF HOTEL INDUSTRY IN INDIA

Indian Hotel industry had only seven or eight brand hotel Market till few years before. But there are forty brand hotel markets by the end the year 2010. It shows tremendous growth by redefining both personality and structure of the hospitality Industry as it stands today. There are very important changes expected at macro and micro level, and these changes will become the important issues for the industry in the forthcoming years. There will be tremendous competition between international and national brands where in Indian Hospitality service Sector will witness major alterations in its organisation and management and the industries impact will be felt in other corporate sectors of the business. The entry of new branded properties will be stiff competition for talent. According to preliminary estimates, there are about 55,000-60,000 rooms presently under construction and this amount accounts for only 50% of the estimated demand of 100,000-125,000 rooms over a five-year horizon. At an average of 1.5 employees per room, there will be demand for 187,500 new jobs in operations and at the managerial level. Money will no longer be the only motivation; those seeking to make a career in hospitality will closely evaluate the hotel's/company's work environment and work culture and opportunities to learn and grow. There will be some of the international companies having larger operations in India than several domestic players.

Most of the Indian cities now witness the presence of new hotel projects either by an Indian Hotel group or a multinational brand. A city like Bangalore would be having around 10,000 more rooms added to the approved category of Hospitality service sector (Express Hotelier & caterer-2008- July) As such there are cut throat competition prevailing among all the existing hotels at Bangalore.

However, it would be more aggressive by the end of 2011 since 39 more projects are in the pipeline (Express Hotelier & caterer- July 2008)

Ultimately, it is become the responsibility of each hotel group to think in terms of increased customer satisfaction there by highest percentage of repeated customers so as to sustain in the market in the long run.

The World Tourism and Travel Council (WTTC) have recently notified India as one of the fastest Growing tourist economies in the world as per the statistics provided based on the past seven years contribution of Indian tourism Industry . The GDP has increased from 958.17 billion to 2190.24 billion and the employment in the Industry has increased has increased from 21.9 billion to 25. 6 billion. The growth in the Indian tourism Industry both in terms of tourist arrival and foreign exchange has also improved. Indian Tourism Industry is expected to have a growth rate of 8.8% over the next decade as per WTTC. It also states that India is the highest in the world with a target to reach a figure of 10 million tourist arrival in the year 2010. The Contribution in the gross domestic

product has been estimated to be up to INR 8,50,000 crores and the Industry will be employing 8.78% of the total employment which shows that there will be huge demand of skilled and trained manpower in the Industry. There are some issues like poor infrastructure in terms of lack good roads, rail, airports and Hotels more over huge tax structure of the govt: lack of qualified and competent staff in the Hospitality service sector which include both operational and managerial levels, huge gap between supply of manpower required and the demand for the same exists in the market.

OBJECTIVES OF THE STUDY

1. To understand how the quality of work life of the Hotel Employees affects the customer satisfaction level.
2. To identify the weak points of the Hospitality HR policies from the view point of an employee or a trainee.
3. Bring forth a clear picture in terms of availability of skilled works force every year and the demand exists in the market.
4. Gain an Insight into the reasons for the huge gap in terms of supply and demand of work force in the Hotel Industry.

RESEARCH METHODOLOGY

1. The Primary source of information would be through an elaborate questionnaire which would cover the employees, trainees and Customers of the star hotels in Bangalore.
2. The questionnaire would be sent to the employees of all five star category hotels in Bangalore.
3. The first stage of this research would focus on the five star hotels in Bangalore city therefore; the target would be approximately 300 employees.
4. The collected data would be quantified and each question would be analysed through data interpretation and linkages.

LIMITATIONS OF THE STUDY

1. Since the study is based on Bangalore Hotels, it may not be the same in other parts of the country. Hence it cannot be generalised for all hotel employees across the country.
2. This study includes the trainees of the Hotels who are in the age group of 20- 24 years. Therefore, there is a possibility that they would not have thought about their profession and career seriously at this juncture.

REVIEW OF LITERATURE

CUSTOMER SATISFACTION

The concept of customer satisfaction has a long history in marketing thought. Since Cardozo's (1965) initial study of customer effort, expectations, and satisfaction, the body of work in this field has expanded greatly, with more than 900 articles focusing on customer satisfaction and dissatisfaction and complaining behavior in 1982-1990 alone (Perkins, 1991). Studies of consumer behavior emphasize customer satisfaction as the core of the post purchase period (Westbrook & Oliver, 1991). Because customer satisfaction presumably leads to repeat purchases and favorable word-of-mouth publicity (Cardozo, 1965; Fornell, 1992; Halstead & Page, 1992), the concept is essential to marketers. In saturated markets, customer satisfaction is thought to be one of the most valuable assets of a firm. Customer satisfaction serves as an exit barrier, thereby helping the firm to retain its customers (Fornell, 1992; Halstead & Page, 1992). The impact of loyal customers is considerable; for many industries, the profitability of a firm increases proportionally with the number of loyal customers, and up to 60% of sales to new customers can be attributed to word-of-mouth referrals (Reichheld & Sasser, 1990).

Frequently presented as a promising tool for increased customer satisfaction, total quality management (TQM) has entered the vocabulary of businesses and industries, governments, and public services around the world. Sashkin and Kiser (1993) argued that TQM implies that the organization's culture is defined by and supports constant attainment of customer satisfaction through an integrated system of tools, techniques, and training. This involves continuous improvement of organizational processes, resulting in high-quality products and services.

Research on quality issues concentrates mainly on process issues. For instance, TQM argues for an approach in which every member of the organization is included in the process and statistical tools are employed to track performance. Reichheld and Sasser (1990) emphasized a "zero defections" approach, in which any failures are tracked through interviews with lost and dissatisfied customers, and corrected accordingly by the organization. Keeping the amount of failures to a minimum is marketed as the secret to quality assurance in the TQM literature, although few attempts have been made to identify which areas are genuinely important to the customer when quality is evaluated.

Another problem is that despite the overwhelming attention given to TQM, practitioners committed to customer satisfaction still experience difficulties when trying to implement total customer satisfaction programs. Comment cards, satisfaction surveys, and more or less systematic registration of customer compliments and complaints are examples of instruments practitioners use in their effort to track customer satisfaction. These efforts frequently suffer from low response rates, and more importantly, the information yielded is often insufficient to provide actionable feedback to managers. The trade press offers simple solutions with little consideration for conceptual developments in customer satisfaction research and for industry-specific needs and characteristics. The academic press, on the other hand, focuses largely on conceptual issues and underlying processes, paying less attention to the more pragmatic task of measuring and improving customer satisfaction.

Hospitality operators around the world concur on this issue--human resource concerns are consistently listed as the number one item of concern for hotel and restaurant operators (Enz, 2004; Enz, 2001). The study of human resource management (HRM) in hospitality is so crucial and specific to the industry that some argue that it warrants its own line of inquiry and sphere of academic journals separate to generic HRM theory (Lucas & Deery, 2004). A service organization's human resources are its potential for competitive advantage. According to the resource-based view (RBV) of gaining competitive advantage, differences in firm profitability are often due to the capabilities that are internal to a firm--including expertise, systems, and knowledge (Voola, Carlson, & West, 2004). Apart from the relatively rare scenario of a natural-resource monopoly, the intangible resources of a firm, particularly its human resources, internal functions and processes, are more likely to produce a real competitive advantage--because engaged and committed employees who render quality service. Another strategic approach used in gaining competitive advantage comes through a 'service orientation'. Such an 'orientation' can be thought of as a strategic response and a distinctive way of implementing the firm's marketing concept, competing by means of outstanding service to enhance competitive advantage and customer value. There is mounting interest in the service orientation concept--both conceptually and empirically--as it appears to be one defining factor in the creation of superior customer value (Lytle & Timmerman, 2006). A service orientation only exists if it is perceived by the employee. This point is particularly salient in service businesses where face-to-face service encounters take place regularly, as it is the perceptions of employees as to the extent to which the firm's leaders practise service excellence that most influence the quality of customer interactions. Ices are difficult for competitors to emulate (Hitt, Bierman, Shimizu, & Kochar, 2001). One notable exception, in this regard, is the SERVQUAL scale presented by Parasuraman et al. (1988). Based on focus group interviews, it was found that service firm customers evaluate quality along five dimensions, which led to SERVQUAL, a measuring instrument for each of these dimensions. However, the usefulness of the SERVQUAL scale is questionable, for a number of reasons. First, empiric studies have produced inconsistent results regarding whether expectations should be included as a variable in measuring perceived service quality (Cronin & Taylor, 1992; Teas, 1993). Second, several studies (e.g., Cronin & Taylor, 1992; Finn & Lamb, 1991) have failed to detect the same dimensions as Parasuraman et al. (1988) when applying the SERVQUAL scale across different service industries. Finally, it is difficult to see what service industries such as pest control, banking, hospitality establishments, and so forth have in common, except for the fact that they all provide some sort of service to their customers. The diversity among service industries gives one reason to question the appropriateness of generic service quality measurement scales such as SERVQUAL, and indicates that customization to the specific market-industry context is more pertinent.

SERVICE QUALITY

Parasuraman, Zeithaml and Berry (1985) developed a widely accepted conceptual model of service quality. They argued that customer satisfaction comes from the difference between customer's perceptions and expectation of the service. De moranville and Beinstock (2003) identify service quality as a measure to assess service performance, diagnose service problems, manage service delivery and also as base for employee and corporate rewards. However, expectations are established from word of mouth, personal needs, past experiences, and external communication. Whereas the perceived service quality is created through the moments of truth. When the perceived service is beyond customer's expectations, the customer is satisfied. However, when the service is below expectations, the customer is dissatisfied. Service quality has been defined in different ways. Garvin (1984) believed that service quality derives not from customers objective evaluation but from subject recognition of service. It is also considered as an attitude about an overall evaluation of service. Bitner, Booms & Mohr (1994) proposed that service quality comes from customers subjective decisions. Therefore, it is always better to be defined as a subjective perception referring to the evaluation of the service that customer encountered and focusing especially on interactions with the service provider. The main responsibility of the hoteliers is the delivery of quality service to the customers (Su-2004) (Hanny, Felix-2005) suggesting that to be successful in the industry, hoteliers must provide with customer satisfaction.

HOTEL CUSTOMER SATISFACTION INDEX

India being one of the most upcoming tourist destinations in the world, foreign guests ratio is very high in five star deluxe and five star hotels especially in the cities like Bangalore and New Delhi as compared to Goa, Mumbai, Kolkatta and Chennai. (As per the survey report of FHRAI- HVS-2008). However, repeat guest ratio is the lowest in five stars deluxe and five star hotels amongst all hotel categories.

Average Percentage of Repeat guests in the Major cities in India -2008

Bangalore: 40%
Chennai: 35%
Delhi : 28%
Mumbai: 56%
Kolkatta: 36%

Source:- FHRAI-HVS Survey Report- 2008

GLOBAL AVERAGE IN HOTEL CUSTOMER SATISFACTION INDEX

As per the survey report published by J D Power Associates- 2009. The Following table provides information on the global scenario 2009 European Hotel Customer satisfaction Index

Upper upscale Hotels average index	=	78%
Upscale segment average index	=	74%
Midscale segment average index	=	74%
Economy segment average index	=	69%
Repeat Customers average Index	=	67%

Source: JD Power associates-2009

2009 American Hotel Customer satisfaction Index

Upper upscale Hotels average index	=	81%
Upscale segment average index	=	78%
Midscale segment average index	=	74%
Economy segment average index	=	76%
Repeat customers average index	=	61%

Source J D Power associates-2009

Unfortunately, there are no such surveys or researches conducted yet in the Indian Hotels by any professional organization. As such, no authentic information is available regarding the average customer satisfaction index. However, as per the report published by FHRAI & HVS in the year 2008. The National average index of Repeat customers in the year 2008 is 44% only. Therefore, it is clear from the above that there is a wide gap between Global average of repeat customers and the Indian scenario. Hotels in Bangalore experienced that 40 % customers are their repeat customers. Where in, the global average is 60% therefore, it is clear that there is a scope for gap analysis in the customer expectation and perception.

Hence, this peculiar situation of the Indian hotel should be analyzed and examined to find out the root causes for the low percentage of repeat customers in Indian hotels and provide adequate solutions to improve.

2009-Asian Hotels customer satisfaction Index (based on Japan & Hongkong Hotels)

Upper upscale Hotels average index	=	73%
Upscale segment average index	=	68%
Midscale segment average index	=	66%
Economy segment average index	=	64%
Repeat customers average index	=	52%

Source: J D power associates- 2009

QUALITY WORK LIFE OF EMPLOYEES

The Term that has been used to describe values that relate to the quality of human experiences in the work place. Quality work life (QWL) is affected at a composite of factors on the job, including factors that relate to work itself, to the work environment, and the employee personally. People are the key factor in improving productivity. If the productivity is to be improved, both the nature of people and the organizations in which they work must be understood. People are the highest order of resources and, as such, are responsible for controlling and utilizing all other resources.

Increased productivity means motivation, dignity and greater personal participation in the design and performance of the work in the food service organization. It means developing individuals whose lives can be productive in the fullest sense. (Introduction to food service-by June Payne-Palcio & Monica Theis . PP 445).

A classic Study conducted a number of years ago by Khan & Katz(1960), two behavioral science researchers, found that a particular leadership style was more effective in increasing employee satisfaction and the customer satisfaction. The characteristics of this style of leadership are 1. General Supervision rather than close, detailed supervision of employees. 2. Willingness to permit the employees to participate in the decision making process, 3. Better working environment and welfare of the employees. 4. Much attention to planning of work and special tasks. 5. safety and security of the employees.

WORK ENVIRONMENT

One of the goals of human engineering is the prevention of fatigue. The Manager of a food service may find that the fatigue or tiredness of some workers, with a resultant drop in their energy, enthusiasm, and production output are due to external factors these factors are linked with the attitude of the employee. A better working environment consist of specified hours of work, better pay packages, motivation, that can minimize the fatigue and boost up the morale and

self motivation results in increased job satisfaction of the employees, which in turn leads to better customer satisfaction. (June Payne-Palcio & Monica Theis. PP 446).

CHALLENGES IN THE HOSPITALITY SERVICE SECTOR IN INDIA

HIGHEST RATE OF EMPLOYEE ATTRITION

A study conducted by an industry chamber located in New Delhi reveals that the attrition rate in the hospitality industry in India is set to double to nearly 50 per cent by 2010, up from the earlier 25 per cent growing at an alarming rate of 10 per cent per annum. A hospitality professional once said that "the source of recruiting new people for us is the hotel management and catering training institutes. Many people join us at levels of operational trainees, front and back office management, in kitchen or service but not many stay back. They move on either to some other country or industries like BPO, Banking, Call centres etc. Moreover, they explore better opportunities in the West Asia and Europe as well. As per estimates about 80 per cent of people prefer going to UK and Dubai to join the food and retail industry. Since Radisson Hotel was amongst the frontrunners to set foot in Punjab, we have seen youngsters treating it as a training ground and later shifting base. The attrition rate here is also growing between five-10 per cent per annum" The industry is losing its professionals at the top management level. Supporting this view, the Federation of Hotel & Restaurant Association of India (FHRAI) has gone on record saying that the industry leaders are worried about losing qualified trained professionals to outer shores. But owing to the development in the hospitality sector, the hotel management institutes in India have mushroomed from just 18 to over 280 at this time. Most of us claim that high attrition rates are a serious issue in the hospitality industry. We have new scientific methods, international consultants, high-tech software, but we conveniently forget that human resources only want yes men for the job who will not rock the boat. Many students, after their first industrial training during the hotel management course, decide not to join the hotel industry. A hotel management graduate after putting in three to four years of hard work is offered a much lower salary by hotels as compared to other industries. The only exceptions are those who are sourced directly from the campus by reputed hotel chains. The solution is to compare remuneration with other service industries and take corrective. One of those frequently asked questions is that if a hotel works for 24 hours, how many hours is an individual expected to work? We must accept that every human being must maintain a work-life balance. The software /BPO industry allows flexi timings and its employees work five days a week.

POOR PAY PACKAGES

The hotel industry is facing a manpower crunch especially at entry and junior management levels. More than half of the students, who pass out from catering institutes, are not as keen to serve the budgeted hotels. On the contrary, they opt for overseas jobs, cruise liners, and airlines, which offer attractive remuneration. This again has created problems for hoteliers to recruit qualify staff at entry level. Estimates reveal that an assistant housekeeping manager with two to three years experience on the cruise lines makes about INR 80,000/- a month. An assistant purser front desk receptionist for the same liner, with some experience, will get about INR-70,000/- a month.. Where in, the salary structure for these positions in India would be around INR- 10,000/- and 8,000/- per month respectively. The travel and tourism sector is clearly enjoying the fruits of boom time. On the other hand, the hospitality industry is witnessing a significant churn. Today, attrition in hotels is not restricted solely to entry level. With a large number of new properties on the anvil and lucrative opportunities in other service segments, the churn at senior levels is happening. In order to cope, hotel chains are putting retention programmes in place, while poaching from other industries like financial services. At this juncture, manpower crunch - especially skilled and trained manpower, is a major issue. Mere mushrooming of catering institutes and colleges will not suffice. The industry should work on how to attract good talent and how to retain existing talent. And, naturally, poaching has become the order of the day, resulting in at least 30 to 35 per cent attrition. India has a hotel room inventory of over 1,10,000 across all categories in the organised hospitality sector.

LACK OF JOB SATISFACTION AT THE LOWER LEVEL STAFF

Satisfied employees provide a higher level of external service quality, the service experience that customers receive and evaluate, which leads to increased customer satisfaction (Arnett, Laverie & McLane, 2002; Griffith, 2001; Heskett, Sasser, & Schlesinger, 1997; Johnson, 1996; Ryan, Schmit & Johnson, 1996; Spinelli & Canavos, 2000). Arnett, Laverie and McLane found that employee satisfaction is linked to positive employee behaviour such as having a customer orientation.

Most of the lower level employees expressed their views that they are not really satisfied with the kind of job what they do. There are several factors responsible for the highest rate of dissatisfaction. Society plays a major role in this regard. Lack of self esteem, lack of respect from others and superiors, odd working hours, Poor pay packages, more physical stress and lack of career growth contributes to the highest rate of Job dissatisfaction among the Hotel employees. Since more number of works force is required at the lower level jobs, and the applicants are not many for such jobs makes the hotel Human Resource department to keep the existing manpower without career growth as much as possible, leads to attrition. Most of the catering Institute students in India are not interested to join the hotel Industry at the entry level job positions, because of the work culture and the poor pay package persist. Further, Most of the catering Institutes levy high fees for their three year or four year Degree course in Hotel Management because of high investments required to operate the Hotel Management programs and high operating cost compared to other degree programs. Therefore, students look at the rate of return after completing the course.

AVAILABILITY OF OTHER JOB OPTIONS IN THE MARKET

It is the fact that the other job options available in the market at present for the hotel Management graduates or diploma holders with better pay scale and work timings attract them very much. For example, Retail market segment, Airlines, Cruise lines etc. These sector of industries offer better pay package and it is considered as lucrative and also makes them feel respected by the society. Following table shows the comparative analysis of the pay package offered in Bangalore.

TABLE 1.1

sno	Job title	Five star hotel	Airline	Cruise line	Retail segment
01	Front desk operation (fresher)	INR- 8,000/- Pm	INR- 15,000/pm	INR- 25,800/-pm	INR-20,000/pm
02	Food & Beverage service staff (Fresher)	INR- 8,000/-pm	INR- 18,000/- pm	INR-28,000/-pm	INR- 25,000/-pm
03	Kitchen Staff (Fresher)	INR-10,000/-pm	NA	INR-30,000/-	NA
04	House keeping (Fresher)	INR-7,000/-pm	INR-15,000/-pm	INR-28,000/- Pm	INR-15,000/- Pm

Source: Offer letters & official announcement from Hotels, Kingfisher Airlines, P & O Cruise line & Metro Cash & Carry

LACK OF PROFESSIONAL APPROACH

Most of the placement coordinators of the catering Institutes opined that, there is no professionalism followed while recruiting catering students. For example, one of the leading Hotel groups based at Madhya Pradesh had announced their recruitment program for entry level positions and specified that there will be a presentation about the Hotel group, written test, Group discussion, first interview and final Interview. The salary would be INR 6,000/- Pm. One of the students immediately replied that, "sir what is the difference between my maid servant and me? Because, my Dad pays INR 6,000/- pm to our maid servant. I have spent lakhs of rupees and four years of study, gets the same amount then what is the use of this degree?". There are lots of investments happening in the Hospitality service sector, more and more projects are coming up but the professional approach has to be initiated to retain the employees.

DECREASE IN THE NUMBER OF INTAKES (SOUTH INDIA)

It is clear from the following table1.2. that the catering Institutes across the country are struggling a lot for admitting students every year because of considerable amount of decrease in the numbers of students opting for Hospitality Management programs.

TABLE 1.2

SL	city	No: of catering colleges	Total permitted Intake	Actual admissions made	No seats vacant
01	Bangalore	15	1080	682	398
02	Mangalore	06	540	233	307
03	Coimbatore	08	700	160	540
04	Chennai	12	1200	712	488
05	Cochin	04	600	317	283
06	Hyderabad	10	940	497	443

Source: Registered applicants data base from Bangalore University, Bharathiar University, and Ministry of tourism , Osmania University- & Madras University – 2009- 2010. It is clear from the above table 1.2 that there is a steep down fall in the number of students opt for Hospitality Management program. It is always a last option for students.

HYPOTHETICAL ANALYSIS

Lack of adequate number of employees in each service and production oriented departments of Hotels reflect in the quality of service extended to the customer. Moreover, the existing employees will have to work more than the stipulated time frame which would in turn make them less productive and also to compromise on the standard procedures to be followed. Therefore, it will have an adverse impact on overall customer satisfaction.

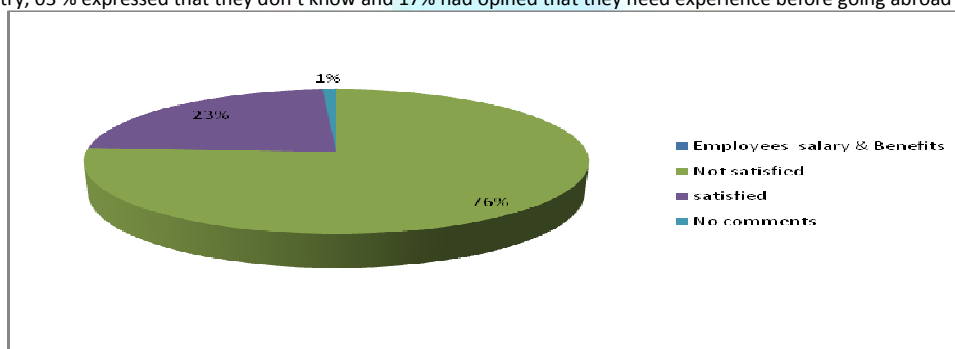
Employability of the available Human resources with Hotels and the multiple options available for the hotel employees with better pay package and other benefits in other sectors will force the hotel Management to compromise on the quality of the service standards and personnel, which would reflect in the overall customer satisfaction Index.

DATA ANALYSIS

Out of 300 questionnaires to the hotel employees, 237 filled questionnaires were received back and the analysis of the same is given below.

REASON FOR JOINING HOTEL INDUSTRY

56% of the employees opined that they have joined the Hotel Industry because they did not have any other option. 24 % of the employees stated that they like Hospitality service Industry, 03 % expressed that they don't know and 17% had opined that they need experience before going abroad for better prospects.



INDUCTION AND ORIENTATION PROGRAM

68% of the employees have expressed satisfaction on the induction and orientation program conducted by the hotels during their initial stage of employment. 02 % employees do not have any opinion on Induction program. 17% of employees were not undergone any such program. 15% of the employees expressed their views that they are not satisfied with their hotels Induction and orientation program.

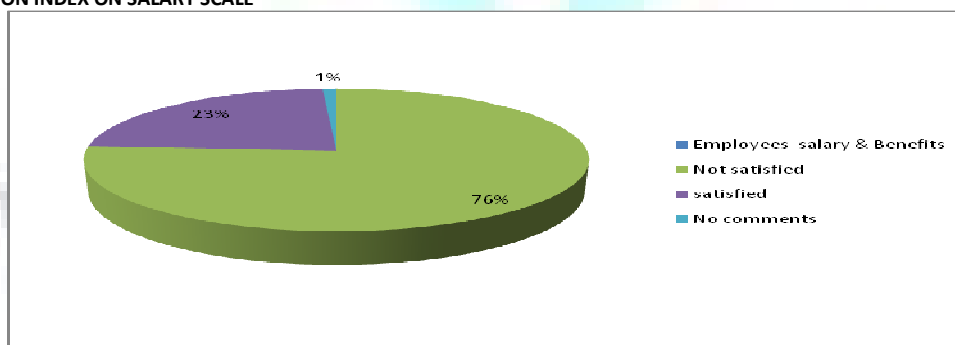
WORKING HOURS OF THE HOTEL EMPLOYEES

51% of the employees opined that they are satisfied with existing system. 46% of them expressed their interest in having straight shift system rather than Break shift system. 03 % of the employees were not interested to comment.

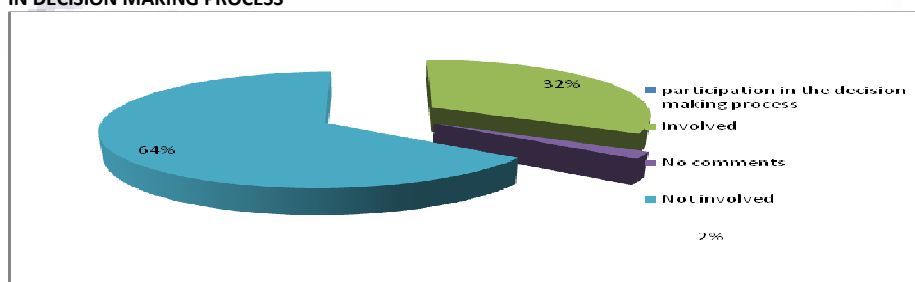
SALARIES AND OTHER BENEFITS OFFERED AT PRESENT

76% of the employees opined that salary and other benefits persist in the Hotel Industry is not satisfactory. 01% doesn't have any comments. and 23 % of the employees were satisfied with the present scale of pay.

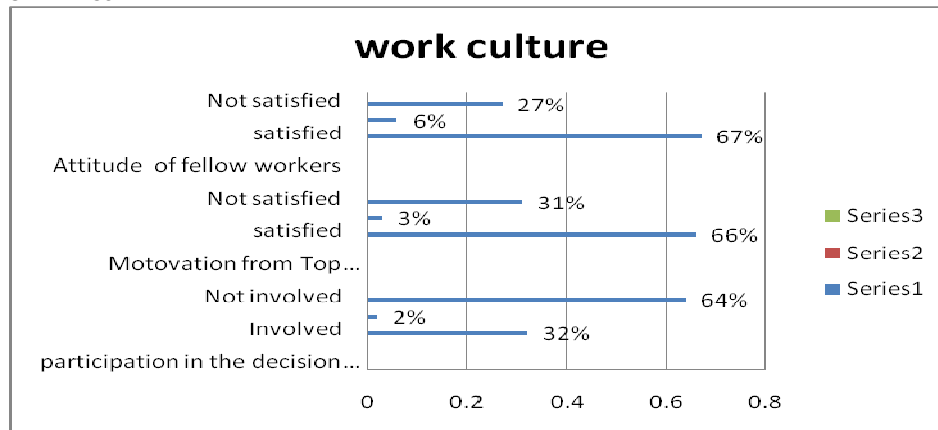
EMPLOYEES SATISFACTION INDEX ON SALARY SCALE



EMPLOYEE INVOLVEMENT IN DECISION MAKING PROCESS



WORK CULTURE IN THE HOTEL INDUSTRY



CONCLUSION

The findings of the study indicate the inspiring facts to study the performance measurement system in India. Mounting pressure of customer demand and competitiveness has changed the Indian hotel industry very much, not only in adoption of change but also to upgrade their quality of service. The emphasis is on providing the personalized service to improve the market share by gaining the customer's belief. The strategic objectives get more priority than the financial objectives. The performance measurement approach followed by hotels and restaurants services is also indicating the same trend. The gap between the global and Indian companies in terms of performance measurement practices is reducing. As the multinational companies in hotels and restaurant sector are coming to India, this gap would further reduce and practices in sector would become of international standard. The sector is mainly aiming for the customer satisfaction, improving market share and providing quality and personalized services as strategic objective. Hotel services uses mainly the activity based costing approach, which is having high impact on the performance of the organization. The human behaviour is the main distortion factor in the performance measurement system. The cost based strategy is mostly adopted by the companies in hotels to achieve the stated objectives. Most important performance indicator for this sector is customer satisfaction. Customer behaviour, competition level, change in business objectives and approach have all combined in such a way to make the change in business system in the hotel industry India.

Out of 237 employees participated in the survey, the highest dissatisfaction reflected on the salaries and other benefits offered at present, followed by Work culture decision making process persist at present. Since Hospitality Industry is an absolute service oriented Industry, Job satisfaction of the people involved in the process of extending service to the customers are highly important in terms of achieving optimal customer satisfaction. Therefore, it is very much important to concentrate more on developing a comprehensive Human Resources policy and professional manpower management system to minimise the highest attrition rate existing in the Hotel Industry especially in a city like Bangalore, and also to have more loyal and reliable employees who possess high self esteem and positive attitude towards their career in the hospitality Industry. Further, the pay package prevailing in the industry at present is already out dated. Since major dissatisfaction of the employees has been noticed on the kind of remuneration what they get. It is quite clear from the study that, most of the issues related to the Human Resources management of the Hotel employees could be solved if the employees are well paid. Most of the Hotel Management Institutions across the country are unable to fill their seats for almost past three years. Though the demand for trained and skill oriented manpower is quite high in the Indian Hospitality & Tourism Sector, but many are not coming forward. It gives a clear indication that the present generation of students are losing interest in the Hospitality & Tourism sector because it is not rewarding as compared to other sectors. Therefore, lack of required number of Manpower, Highest attrition rate, Poor pay structure and work culture in the Hotel Industry are the major reasons resulting in lower customer satisfaction in the Hotel Industries in Bangalore. Strong relationships between employees and customers may actually keep both from fleeing the company. "Good customer relationships may actually be a factor in employee retention," by DeSanto.

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CULTURE AND DIVERSITY MANAGEMENT- A PERSPECTIVE

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ABSTRACT

Globalisation has created international managers honed with varying skills of which diversity management holds prime importance. Culture plays an all important role in creating diversity as people cross borders. Varied ideas about diversity, its origins and its management have been presented. This paper contributes another perspective on diversity: Roosevelt discusses about how in the American society, Nathan Glazer offered his ideas regarding diversity decisions, yet he articulates about how important it is to have consensus with the ideals that bind us and the necessity to create an environment that works for all, along with a willingness to change and explore. He delivers five conditions, which, if compromised, escalates diversity tension, along with the threat of contentious divisiveness. Caslione presents the idea of Global manifest destiny, which is compelling businesses to look at themselves in completely new and revolutionary ways. Stevenson conveys his concept of a 'cultural' citizenship, which is more the product of the free mobility of goods and peoples than legally formulated rights and obligations. According to Caslione, a global corporate culture is a system of shared goals, values, and behaviors. Global culture involves using a global mind-set to develop a global strategic vision. Assimilating a global culture can present dilemmas to different people as is observed in the Dilemma theory, which has been developed by Hampden-Turner and is an attempt to pick up the pieces of those extraordinary and moving experiences of a genuine community.

KEYWORDS

Cultural citizen, Global manifest destiny, global corporate culture, dilemma theory.

INTRODUCTION

Today's international managers face the challenge of creating work environments that address the needs of a culturally diverse workforce. For that to happen, international managers need to be involved and move beyond their own cultural frame of reference to a multicultural one. The international manager needs to know that to be successful in the global business world; he or she must know their particular field of functional expertise and act on that. Knowing the culture they are working with proves more important. Since every culture has its own perceptions about the proper roles of the manager and the employee, there is nothing instinctively natural about the way the two groups interact. Individual culture shapes the ideas and norms for both parties and it is critical that the international manager be aware of this. Characteristics of an effective, efficient international manager are hard to define. The key to being a good international manager is first learning about the new culture and then adapting one's "old" ways to fit in with the new culture and employees. (Adekola, 2007) Globalisation, which has led to the development of the international manager, is not really a novel trend as it appears to be.

The new global economy is actually a vision as old as time itself, one that arguably began not with the European age of maritime exploration five centuries ago, but with the Phoenicians, Vikings, Chinese, and other great trading peoples who dreamed of the unification of markets. The new global economy is not a new phenomenon. The expansion around the Nile in 3000 B.C. and the European colonialism of the 18th and 19th centuries were both global manifest destiny in their eras, just as the globalization movement is today. (Caslione, 2001) Yet the current globalization has a set of requirements that are more complex in nature to that of the globalization envisioned centuries ago.

The pervasive globalization trends... require visionary thinking, creativity, information focus, considerable investments, and organizational change so that corporate management can effectively respond to the emerging global challenges and opportunities. In today's global markets, while consumption patterns, consumer expectations, and overall consumer behavior patterns are becoming increasingly harmonized, certain infrastructural and cultural peculiarities of individual national markets continue to pose difficult managerial problems. Today's corporate management has to deal simultaneously with converging commonality and persistent diversity in various global markets. Such contrary trends created by globalization processes seem to require globalized strategies but localized marketing and management practices. Depending upon the extent of globalization taking place in specific industries, management is finding that customer needs and behaviors the world over are increasingly homogenized. Following this development, both traditional and new competitors think and behave globally, forcing global orientation on the part of many other enterprises. Without such global orientation, enterprises may be missing out on the opportunities for substantial economies of scale or scope in their key value-creating activities. Hence, management is forced to perceive the world as a global village and formulate business strategies on an integrated worldwide basis. Further, they need to aggressively and effectively implement their global strategies with large investments, technological innovations, and strategic alliances. In general, global competitors are well-managed companies. (Rao, 2000) The necessity of working with diversity has not been a tranquil assignment for international managers who have to transact with a wholly original environment in the new country of operations.

Working with diversity and learning how to do business in different cultures have created many problems. In India for example, some companies have found it difficult to deal with centralized government regulations to do business. Many businesses see tremendous opportunities in Mexico, Malaysia and India as a result of a growing middle class and a demand for more products. Companies will have to learn to deal with different ways of life and cultural norms in conducting business. Managers will have to value diversity in working with indigenous workers, adapt to changes in business practices, and empower people who work in remote field locations. (Minor, 1995) The culture may diverge not only between countries, but also within countries, as many countries themselves are multicultural, calling for multicultural decision-making skills.

Noting that managers are multicultural is necessary not only when they work with people from other countries but also with people from the same country, who speak the same language, have the same national heritage and yet, have different ways of looking at the world. An economy per se is multicultural nowadays. In fact, international management involves planning, organizing, leading, and controlling of employees and other resources to achieve organizational goals across unique multicultural and multinational boundaries. An international manager is someone who must handle things, ideas, and people belonging to different cultural environments while ensuring that allocating and directing of human resources achieves the goals of the organization, while respecting the beliefs,

traditions, and values of the native or host country (Pierre, 1980) (Adekola, 2007). Transnational corporations have recognized the value of adhering to diversity. International human resource managers have been viewing Human Resource Development (HRD) as involving a diverse working environment.

The adolescent HRD is now entering a phase where it too is being viewed from a more critical stance. Perhaps it is now time to examine the terms – both “HRD” and “critical” – that we use to describe our own work and identity. For example, there is a potential crisis looming regarding the actual label appropriate to capture the diverse and dynamic features of work-related learning and development. (Trehn, 2004) Overall and comprehensive economic integration on a global scale appears imperative as is propounded by the global manifest destiny notion.

GLOBAL MANIFEST DESTINY

Global manifest destiny takes the long view of what is happening today and explains it within a historical context. Events that are taking place today are only snap-shots of what humans have been trying to accomplish since the beginning of recorded history: total and complete economic integration on a global scale. Global manifest destiny is compelling businesses to look at themselves in completely new and revolutionary ways. Because of it, markets for goods, services, finance, and information have moved rapidly and tightly across borders. Barriers to the flow of trade and investment have begun to fall, and deregulation is spreading throughout the world as ideological divisions collapse and the cost of communication and data transmission plummet. Global manifest destiny is providing firms with enormous opportunities to not only sell and invest in previously sheltered markets and form growing global alliances, but also to leverage technological breakthroughs to sell to expanded markets. Companies can access components and technology globally, secure financing by tapping world markets, and obtain human talent from a multitude of nations.

Although global manifest destiny has been with us since the origin of civilization, three drivers are enlarging its current scope: increasing global interdependence, accelerating rate of change, and new information technology.

THE BUSINESS PHASES OF GLOBAL MANIFEST DESTINY

From a business perspective, global manifest destiny has traditionally revealed itself in one of two forms: first, as a period of rapid growth, high sales, and oftentimes, but not always, high profits. Additionally during this period, there is heightened competition for limited resources and arrogance on the part of customers, suppliers, governments, etc., and constructive partnerships among and between customers, suppliers, and governments are relatively low. Also, a specific infrastructure and unique behavioral mode of collective thinking and actions prevail. This is the accelerated reactivity phase of global manifest destiny. Conversely, the contrasting second period of slower economic growth of global manifest destiny is characterized by comparatively lower sales and profits, reduced competition for limited resources, i.e., a talent pool of workers, much easier compliance on the part of customers, suppliers, and governments, with a bias for more constructive alliancing and partnerships. During this time, a very different, but equally specific, infrastructure dominates and a very different mode of behavior prevails. This is the decelerated proactivity phase of global manifest destiny. The phase of accelerated reactivity is usually the time when companies most often build greater profits. The pace of business is usually faster and more subject to wild fluctuations in the marketplace than during the decelerated proactivity phase. The accelerated reactivity phase typically reveals higher growth rates in both sales and profits than does the decelerated proactivity phase. (Casliane, 2001)

DIVERSITY DECISIONS

Roosevelt discusses about how in the American society, Nathan Glazer offered his ideas regarding diversity decisions, yet he articulates about how important it is to have consensus with the ideals that bind us and the necessity to create an environment that works for all, along with a willingness to change and explore. He delivers five conditions, which, if compromised, escalates diversity tension, along with the threat of contentious divisiveness. Nathan Glazer argues that over time, three diversity decisions evolved. These decisions, he writes, “. . . were not taken all at once, or absolutely, or in full consciousness of their implications, but the major tendencies of American thought and political action have regularly given their assent to them.” First, according to Glazer, “The entire world would be allowed to enter the United States,” and the definition of an American would turn not on ethnicity, but rather on a “commitment to ideals” and a community defined by these ideals. Second, he wrote, “No separate ethnic group was to be allowed to establish an independent polity in the United States.” Third, “No group would be required to give up its group character and distinctiveness as the price of full entry into the American society and polity.”

The diversity decisions delineated by Glazer don't manifest themselves in a vacuum. They can only be implemented if five conditions exist: 1. We must have consensus about the ideals that bind us. The greater this consensus, the easier it is to create an environment that works for all. 2. We must be open to change and willing to explore, continually and carefully, the appropriateness of existing values and ideals. Schlesinger writes, “The American identity will never be fixed and final; it will always be in the making.” The challenge will be to permit this evolution without compromising “national integration.” 3. Citizens must assimilate willingly around the consensus ideals and values. A challenge (and significant source of diversity tension) is that encouragement to retain ethnic distinctiveness counters the needed assimilation. 4. Citizens must understand the “diversity decisions” and trust that they are operative if they are to support them. If they don't, fear of becoming a numerical minority will lead people to worry excessively about their parochial interests. 5. Citizens must possess the ability to manage diversity. That is, they must master the craft of making quality decisions amid the inevitable differences, similarities, and related tensions that result from welcoming all and allowing ethnic groups to retain their character. If any of the five conditions is compromised, diversity tension escalates, along with the threat of contentious divisiveness.

Huntington identifies three ways in which a country can relate to the world: 1. Cosmopolitan. A country can embrace the world and allow its internal culture to be reshaped by external forces. 2. Imperial. A country can reshape world peoples and cultures in terms of its own culture. 3. National. A country can recognize, accept, and protect what distinguishes it from other societies. (Roosevelt, 2005) To be able to understand diversity and adhere to it, it is indispensable to be a cultural citizen, as envisaged by Stevenson.

A CULTURAL CITIZEN

A cultural citizen is a polyglot who is able to move comfortably within multiple and diverse communities while resisting the temptation to search for a purer and less complex identity. Conversely, John Urry (1995) suggests that we become cultural citizens through the growth of a ‘surface’ cosmopolitanism that has helped produce a certain ‘openness’ to the rich patterns of geographical and historical cultures the globe has to offer. On this reading, ‘cultural’ citizenship is more the product of the free mobility of goods and peoples than legally formulated rights and obligations.

The other key social development that has ignited questions of cultural citizenship has been globalization. The ‘cultural’ aspects of globalization are by now well known and include a number of processes encompassing the growing intensification of the movement of people and symbols across national borders. This has fostered a number of complex and often contradictory developments. The first and most obvious has been the growing penetration of the cultural sphere by economics and instrumental reason. Huge conglomerates specializing in the production of a range of cultural goods now dominate world markets. However new levels of cultural intermixing partially breaking down older more homogeneous cultures have also coupled this development. . . . Processes of globalization then can be read ambivalently in that they have provided new zones of cultural intermixing while progressively commodifying the cultural realm. (Stevenson, 2001) The question that arises here is that, in assimilating that cultural citizenship is mandatory, there a compulsion for global corporations to identify that they are destined to have a global corporate culture.

A GLOBAL CORPORATE CULTURE

A global corporate culture is a system of shared goals, values, and behaviors. A global culture is often characterized by the following: • Indifference to nationality, race, color, and creed • Respect for cultural differences • Shared core values • A behavioral as well as a common lingua franca. A global culture is an

assimilation of the best characteristics of a wide variety of individuals from diverse backgrounds who feel they are actively encouraged to contribute to the greater goals of the company. It is an integration of these people, ideas, and innovations into the entire corporate culture. Global culture is much more than a global mind-set. A global mind-set is primarily an appreciation of other cultures. Global culture involves using a global mind-set to develop a global strategic vision. To create a global culture requires leadership that intuitively and viscerally embraces venturing into the global unknown and, moreover, possesses the strength and skills to take a company into the new global economy.

There is hope, however, and global manifest destiny holds the promise. By recognizing, embracing, and assimilating global manifest destiny as part of the very fabric of their organizations, forward-thinking leaders will undoubtedly be the ones who benefit from the inevitable economic integration of humankind. Those who fail to do so will eventually be disregarded and easily forgotten. (Caslione, 2001)

Members of one culture can, by the force of imaginative insight, understand (what Vico called *entrare*) the values, the ideals, the form of life of another culture or society, even those remote in time or space. They may find these values unacceptable, but if they open their minds sufficiently they can grasp how one might be a full human being, with whom one could communicate, and at the same time live in the light of values widely different from one's own, but which nevertheless one can see to be values, ends of life, by the realisation of which men could be fulfilled. (Berlin, 1990: 10) (Alred, 2006)

Importantly, it includes the concept of critical cultural awareness: an ability to evaluate critically and on the basis of explicit criteria perspectives, practices and products in one's own and other cultures and countries. (Byram, 1997: 53) What is at stake is the ability to decentre from one's own culture and its practices and products and to gain insight into another. With the help of a comparative juxtaposition, one is able to apprehend what might otherwise be too familiar in one's own culture or too strange in another... This competence is not a *sine qua non* of intercultural communication, but is an educational objective, that is, an objective that is to be pursued where the teacher of language and culture takes responsibility for the education of pupils and not just the development of their communication skills. It is this aspect of the model that is to be compared with models for political education and education for citizenship. (Alred, 2006)



Figure 6.1 The components of intercultural communicative competence

Alred, Geof (Editor); Byram, Michael (Editor); Fleming, Mike (Editor). Education for Intercultural Citizenship : Concepts and Comparisons. Clevedon, GBR: Multilingual Matters Limited, 2006. P 125.

EXCERPTS FROM THE MOTOROLA EXPERIENCE OF MANAGING DIVERSITY

Motorola has experimented successfully with the concept of working with a diverse human resources force: Our goal at Motorola is to create a globally diverse business environment and to be recognized by our customers, shareholders, employees, and communities as the premier company for which to work, from which to buy products, and in which to invest. Having a diverse organization results in a stronger business. Diversity is not about employing more women; it is about being a better company that can find better solutions. At Motorola we appreciate different ways of looking at an issue. Our mission is very simple: to ensure the long-term success of the company by empowering "Motorolans" with diverse backgrounds, styles, cultures, and abilities to turn global diversity into a competitive advantage. To be a successful company (after all, what really counts is what your stakeholders think about your business), you need experienced employees with diverse backgrounds.

What do we do at Motorola to improve retention and advancement? First, we try to include diversity in all of our strategic business plans. Catalyst has recognized Motorola for doing a very, very good job in evaluating and promoting people to senior management positions. However, before individuals can be promoted, they have to be prepared to succeed. Training is a very important aspect of an employee's career path. To help us identify and sponsor candidates for development, Motorola established a special human resources task force to develop systems for selecting and promoting qualified individuals, especially minorities.

What would we like to accomplish through our diversity efforts? If we are successful, the most qualified women and minority engineers will stay with Motorola. Women and minority engineers will rise without barriers through corporate and organizational ranks, based on their personal talents, interests, and ethics. Overall, the number of engineers will remain at a healthy level and will reflect a vibrant, multicultural workforce...We did a focus group study at one of the Motorola labs I manage in the United States.

The lab has 75 employees. Thirty-six employees were randomly assigned to be part of five focus groups on diversity-related topics. The first question was: What factors contribute to your overall job satisfaction in the Motorola Advanced Technology Center? The participants had several answers, such as "ideas are always welcome" and "there is a lot of freedom and openness for engineers' creativity." They also mentioned respect for peers and coworkers, the cultural mix, including women, welcoming and friendly people and interaction. Clearly, diversity was important even though no one specifically mentioned "diversity." Being open and including people from different cultures is more important than having specific numbers of women and minorities in your organization. The second question was: Do we recognize people fairly well? I was very pleased with the answer from my team on this point. My senior management is very sensitive to recognizing people when they make an impact. I think that this is the most important kind of recognition. If you recognize contributions at the right time and in the right place, everybody benefits, and the organization becomes much better.

We asked the focus groups if they feel that employees, regardless of their gender, ethnicity, or sexual orientation, are treated fairly by peers, supervisors, and managers. One response was that we have the most diverse organization they have seen. Another response was that we have a good mix of people. We don't favor any special group; we favor very good performance. We are not judgmental, and we have an open-door policy. The lab works well because of the diversity and exposure to different cultures. People are open-minded and treat each other with respect. These are simple, small steps an organization can take to be more successful. There is no magic behind it. Responsiveness and strong leadership involve more than simply measuring the minority numbers.

We also asked how they felt about diversity business councils. The response was that they contribute to networking and awareness, but some employees weren't sure what the councils do. Employees also wanted to know why only certain groups had business councils. If an employee is already comfortable and functioning well in a diverse environment, he or she might not feel the need to associate with a special group, might not want to be singled out in that way.

TABLE 3 Motorola Diversity Awards

100 Best Companies for Working Mothers (1992–2000), *Working Mother*
 The Best Companies to Work for and Why (1992–2000), National Society of Black Engineers
 Executive Director's Award for Community Partnership (2000), National Society of Black Engineers Bridge Legacy Program
 Hispanic Corporate 100 List (2000), *Hispanic Magazine*
 Pride in Excellence Employer of the Year Award (2000), Project Equality, Inc.
 Secretary of Labor's Opportunity 2000 Award, U.S. Department of Labor
 Top 100 Employers of the Class of 2000, *The Black Collegian*
 Top 50 Companies for Diversity (2001), DiversityInc.com
 Top Gay-Friendly Public Companies in Corporate America for 2001, The Gay Financial Network
 America's Top 50 Corporations (2001), Div2000.com
 Corporation of the Year (2001), National Society of Hispanic MBAs
 2001 "Outie" Award for significant achievement, Out and Equal Workplace Advocates

NOTE: For more information on Motorola's awards related to diversity, see <<http://www.motorolacareers.com/ufsd2/diversity/awards.cfm>>.

Finally, we asked our employees for suggestions for improving our diversity programs. Some said we didn't need to do anything more because we are already diverse. In my opinion, however, if you are not moving forward, you are losing ground. The focus group's response indicated that they appreciated our very good, diverse organization but that not all groups in Motorola are as diverse as we are. Thus, there is still work to do. (NAES, 2002)

The dilemma theory needs to be explained here because of the paradoxes faced by a culture and its intimidations about getting entwined in a global culture that may threaten certain features of its particular culture.

A LOOK AT THE DILEMMA THEORY

Dilemma theory is an attempt to pick up the pieces of those extraordinary and moving experiences of a genuine community. A Summary: 1. Values deemed virtuous, god-like, and personified by heroes inevitably conflict and must achieve harmony if protagonists are not to clash tragically. 2. Among conflicting values, one is often consciously and culturally preferred to the other which is buried and repressed. 3. The personality constantly struggles for consistency and may successfully integrate opposing values or repress and deny one side. 4. These values, properly conceived, are differences on an often tacit continuum and thereby structure the patterns of a culture and the minds of its members. 5. These combinations of values may grow synergistically and humanistically, or regress with catastrophic consequences. 6. Much of this inherent opposition and unity has been found in contrasting brain functions. 7. Values form open systems which spontaneously self-organize and steer by getting feedback from their environment. 8. Many of the tensions within living systems have been found in organization behavior. Industries and workplaces confront dilemmas which they must resolve to generate wealth. 9. Similar dilemmas pattern the politics and sociology of American and other societies and must be resolved if those societies are to continue developing. 10. The ways Americans resolve dilemmas are often the mirror image of the ways East Asians resolve theirs, leading to considerable misunderstandings and culture shock. 11. Searching into and resolving dilemmas is a form of human and organizational learning. 12. It requires creativity and innovation. 13. May involve moral development. 14. Is reflected in architecture and design. 15. And enables us to bring order to chaotic events and manage the fractal patterns which arise. (Hampden-Turner, 2000)

CONCLUDING REMARKS

The modern world offers a realisation of cultural dominance. Culture may begin in technology, if it does not begin in language: the first tools must, along with the first efforts to speak, have been the foundation of what made us specifically human. To consider the impact of technology on culture is therefore to go to its heart, for without technological development, the development of culture itself is severely circumscribed... This is tied in with the idea that we are leaving an industrial society to enter a technological one based upon the dissemination of information that technology is so adept at making possible... Adorno was right to argue that culture in the contemporary world is effectively being stolen from us, turned into a pure commodity controlled by the Culture Industry, which has permeated society so much that it does make it difficult for us to recognise our real desires or to realise our wishes. Instead we are prey to management strategies that degrade all cultural forms. (Richardson, 2001). In our attempts to conform and derive a global culture-based diverse management community, let not our identities or freedom be curtailed.

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A STUDY ON FACTORS INFLUENCING RURAL CONSUMER BUYING BEHAVIOUR TOWARDS PERSONAL CARE PRODUCTS IN COIMBATORE DISTRICT

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ABSTRACT

Rural India accounts for more than 700 Million consumers, or 70% of the Indian population and accounts for 50% of the total FMCG market. Personal care category in India was valued at Rs. 54.6 billion. An average Indian spends 8% of his income on personal care products. Personal care mainly consists of Hair Care, Skin Care, Oral Care, Personal Wash (Soaps), Cosmetic and Toiletries, Feminine Hygiene. The study is conducted in two blocks of the Coimbatore district and a sample of 100 respondents was taken. The study intends to identify the level of influence of various factors on the purchase of personal care products by rural consumers. The study shows that rural consumers give more importance to the 'quality' of the personal care brands they buy. Further the variation of the influence of different factors across gender, marital status, age group and educational level of respondents was also analyzed in this article.

KEYWORDS

Buying behavior, Demographic factors, Personal Care and Rural consumer.

INTRODUCTION

The Indian FMCG sector with a market size of US\$13.1 billion is the fourth largest sector in the economy. A well-established distribution network, intense competition between the organized and unorganized segments characterize the sector. FMCG Sector is expected to grow by over 60% by 2010. That will translate into an annual growth of 10% over a 5-year period. It has been estimated that FMCG sector will rise from around Rs 56,500 crores in 2005 to Rs 92,100 crores in 2010. Hair care, household care, male grooming, female hygiene, and the chocolates and confectionery categories are estimated to be the fastest growing segments, says an HSBC report. Though the sector witnessed a slower growth in 2002-2004, it has been able to make a fine recovery since then. For example, Hindustan Levers Limited (HLL) has shown a healthy growth in the last quarter. An estimated double-digit growth over the next few years shows that the good times are likely to continue.

GROWTH OF PERSONAL CARE INDUSTRY

With the presence of 12.2% of the world population in the villages of India, the Indian rural FMCG market is something no one can overlook. Increased focus on farm sector will boost rural incomes, hence providing better growth prospects to the FMCG companies. Better infrastructure facilities will improve their supply chain. FMCG sector is also likely to benefit from growing demand in the market. Because of the low per capita consumption for almost all the products in the country, FMCG companies have immense possibilities for growth. And if the companies are able to change the mindset of the consumers, i.e. if they are able to take the consumers to branded products and offer new generation products, they would be able to generate higher growth in the near future. It is expected that the rural income will rise in 2007, boosting purchasing power in the countryside. However, the demand in urban areas would be the key growth driver over the long term. Also, increase in the urban population, along with increase in income levels and the availability of new categories, would help the urban areas maintain their position in terms of consumption. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%. However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban areas. Personal care category in India was valued at Rs. 54.6 billion. An average Indian spends 8% of his income on personal care products. Personal care mainly consists of Hair Care, Skin Care, Oral Care, Personal Wash (Soaps), Cosmetic and Toiletries, Feminine Hygiene. Till 2002-2003, Personal care products, except those in oral care category, were regarded as luxury items, and attracted a high excise duty of 120%. But the taxation reforms in India after 1991 have lowered the excise duty rates that make these products more affordable. It is divided into two segments:

- The premium segment
- The popular segment

The premium segment caters mainly to urban high class and upper middle class, and is more brand conscious and less price sensitive. The popular segment caters to mass segments in urban and rural markets; prices here are around 40% of the premium segment prices.

With the increase in rural income and improvement in distribution network (i.e. road development projects), the penetration levels are set to increase. Since the consumption level in urban areas is already high in most of the categories, the growth can come only from deeper penetration and higher consumption in rural areas. In the year 2005-06, the sector witnessed growth because of the increase in consumer demand from urban and rural areas. In addition to demand, prices also went up. Also, with the increase in disposable income, some consumers have moved up in the value chain. The growth for FMCG products in February 2006 was the highest in 5 years, on YoY (year over year) basis. Hence a need arose to find out the influence of various factors on the purchase behaviour of rural consumers in Coimbatore district.

OBJECTIVES OF THE STUDY

- To analyze about the various factors affecting the rural consumer buying behavior towards personal care products
- To identify the level of influence of various factors on the purchase of personal care products by rural consumers of Coimbatore district.
- To analyze the variation among rural respondents with regard to their gender, marital status, age group and education level for each of the influencing factors.

HYPOTHESIS

H01: There is no significant difference in the mean scores of various influencing factors of rural consumers belonging to various levels of education.

H02: There is no significant difference in the mean scores of various influencing factors of rural consumers belonging to different age groups.

H03: There is no significant difference in the mean scores of male and female respondents for each of the influencing factors.

H04: There is no significant difference in the mean scores of married and single respondents for each of the influencing factors.

REVIEW OF LITERATURE

Anandan. C et al. (2007) found that quality was the major driver to prefer a particular brand in washing soaps in the rural market. If preferred brands were not available, customers buy the available brands. It is found that there was a significant relationship between the age of the respondent and the factors influencing the customer's brand preferences. It is also found that there was no significant relationship between the type of income of the respondent and the factors influencing the customer's brand preferences. High price and non-availability were the key reasons for dissatisfaction of the rural consumers.

Garga, P., Ghuman, K., and Dogra, B (2009) through their study conducted among 300 rural respondents of 3 districts in Punjab found that, majority of rural respondent's preferred FMCG products in medium package sizes at medium price range. This is contrary to the prevalent belief that rural world prefer smaller packages at lower price. They wanted more value for money products. The researchers suggest that, as rural consumer's buying behaviour was statistically found to be dependent on the district to which the respondent belonged, the rural market in a State couldn't be taken as a single homogeneous market. Hence, the FMCG companies must tap the rural market potential in a phased manner.

Madhavi, C and Arul Kumar, S (2006) explains that most of the rural consumers are influenced by quality of the product. So the FMCG companies should strictly adhere to the quality standards. Price is the second factor that influences the purchase of the product with reasonable price. Thus Value for Money products has a better scope for rural market penetration. They concluded that FMCG companies could significantly increase the market share by extending attention to rural areas. More generic products with different advertisement campaign surely helps to attract non-users of the product.

Nagaraja (2004) in his study investigated the impact of socio-economic influences on rural consumer behaviour in terms of their buying practices, to the social status and level of income. The study revealed that rural consumer was more rational as a buyer and exhibits a higher level of rationality compared to the urban consumer. Rural consumer tries to get value for each and every rupee spent by him on purchase of goods. Their rationality often leads to bargaining. It was an attempt of the consumers to keep the selling cost of a product lower or equal to the utility or satisfaction that they derive from that particular product. 56 sample buyers belonging to the income groups of less than Rs. 10000 opined 'easy availability' as the influential factor, 27 sample buyers belonging to the income group of Rs. 10001 to Rs. 25000 opined 'Price' as the influential factor. Finally 18 sample buyers belonging to the income group of more than Rs. 25000 opined 'Quality' as the most influential factor.

Selvaraj, A (2007) conducted research regarding rural consumer behaviour. In the competitive world, there were many problems in marketing of goods. India is a developing country, and so most of the people are living in rural areas. Rural marketing is an important one to develop a country. The rural consumers earn low income; have low level of literacy, low level of brand awareness, communication and transportation facilities. The consumers were having problems in selecting non-durable goods for their consumption. In this study, it is found that all the sample respondents have ranked the factor 'nearness' first, and hence it is the most significant factor influencing their purchase of the non-durables. It was found that high price was another important problem for rural consumers.

RESEARCH METHODOLOGY

The study has a descriptive research design. The study area includes rural villages of Coimbatore District. The sampling method used is Stratified Random Sampling. A sample of 100 respondents is taken for the study of which 50 respondents are from Periannaickenpalayam block (Coimbatore Division) and 50 respondents are from Annamalai block (Pollachi Division). The primary data was collected using an Interview Schedule.

ANALYSIS & FINDINGS

The levels of influence of various factors on rural consumers' purchase were studied with respect to personal care products. The percentage of various levels of influence of 14 factors on rural consumer buying behaviour is shown in Table 1.

TABLE 1: PERCENTAGE OF INFLUENCE OF FACTORS ON PERSONAL CARE BRAND PURCHASE DECISION OF RURAL RESPONDENTS

S.No	Factors	High Influence %	Moderate Influence %	Low Influence %
1	Price	52	27	21
2	Package	40	37	23
3	Brand Name/Image	72	21	7
4	Quality	81	18	1
5	Quantity	34	50	16
6	Availability	18	41	41
7	Nearness to Selling Point	50	13	37
8	Habitual	52	37	11
9	Personal Preference	43	52	5
10	Family Preference	50	48	2
11	Friends/Social group	30	16	54
12	Income	58	36	6
13	Brand Benefits	60	33	7
14	Retailer	20	46	34

From the table we find that the factor 'Quality' is the highest influencing factor with 81%, followed by Brand Name/Image with 72% and Brand Benefits with 60%. The factor 'Friends/Social Group' has the lowest influence of 54% followed by 'Availability' as the lowest influencing factor to about 41% of respondents.

H01: There is no significant difference in the mean scores of various influencing factors of rural consumers belonging to various levels of education.

TABLE 2: SUMMARY OF ONE WAY ANOVA FOR EDUCATION OF RESPONDENTS * FACTOR INFLUENCING PURCHASE OF PERSONAL CARE BRANDS

		Sum of Squares	Mean Square	F Value	Sig.	Remark for H01
Price	Between Groups	4.537	1.512	2.467	.067	Accepted
	Within Groups	58.853	.613			
	Total	63.390				
Package	Between Groups	2.363	.788	1.310	.276	Accepted
	Within Groups	57.747	.602			
	Total	60.110				
Brand Name	Between Groups	1.037	.346	.929	.430	Accepted
	Within Groups	35.713	.372			
	Total	36.750				
Quality	Between Groups	1.937	.646	3.858**	.012	Rejected
	Within Groups	16.063	.167			
	Total	18.000				
Quantity	Between Groups	.163	.054	.112	.953	Accepted
	Within Groups	46.597	.485			
	Total	46.760				
Availability	Between Groups	.130	.043	.078	.972	Accepted
	Within Groups	53.580	.558			
	Total	53.710				
Nearness to Selling Point	Between Groups	10.347	3.449	4.417**	.006	Rejected
	Within Groups	74.963	.781			
	Total	85.310				
Habitual	Between Groups	1.387	.462	.990	.401	Accepted
	Within Groups	44.803	.467			
	Total	46.190				
Personal Preference	Between Groups	.030	.010	.029	.993	Accepted
	Within Groups	33.530	.349			
	Total	33.560				
Family Preference	Between Groups	.530	.177	.597	.619	Accepted
	Within Groups	28.430	.296			
	Total	28.960				
Friends/ Social Group	Between Groups	3.590	1.197	1.539	.209	Accepted
	Within Groups	74.650	.778			
	Total	78.240				
Income	Between Groups	1.057	.352	.942	.424	Accepted
	Within Groups	35.903	.374			
	Total	36.960				
Brand Benefits	Between Groups	2.397	.799	2.100	.105	Accepted
	Within Groups	36.513	.380			
	Total	38.910				
Retailer	Between Groups	6.670	2.223	4.704**	.004	Rejected
	Within Groups	45.370	.473			
	Total	52.040				

** Significant at 0.05 level

From Table 2, it can be found that there is a significant difference across respondents of varying education levels, with regard to the influence of Quality, Nearness to Selling Point and Retailer factors. The respondents with 'No formal Education' are some what ignorant and do not give much importance to quality as compared to respondent in other educational groups. Then incase of "Nearness to Selling Point" factor, respondents with PG degree do not give more importance to nearby shops, while respondents with no formal education are more influenced by nearness to selling point, since they have become regular customer to a particular kirana store and often avail credit facilities on their monthly purchase. They also rely on local retailers for personal care brand information. Respondents with no formal education were found to be more influenced by Retailers than other group of respondents.

H02: There is no significant difference in the mean scores of various influencing factors of rural consumers belonging to different age groups.

TABLE 3: SUMMARY OF ONE WAY ANOVA FOR AGE GROUP OF RESPONDENTS * FACTOR INFLUENCING PURCHASE OF PERSONAL CARE BRANDS

		Sum of Squares	Mean Square	F Value	Sig.	Remark for H02
Price	Between Groups	1.414	.283	.429	.827	Accepted
	Within Groups	61.976	.659			
	Total	63.390				
Package	Between Groups	6.839	1.368	2.413**	.042	Rejected
	Within Groups	53.271	.567			
	Total	60.110				
Brand Name	Between Groups	2.350	.470	1.284	.277	Accepted
	Within Groups	34.400	.366			
	Total	36.750				
Quality	Between Groups	.650	.130	.704	.622	Accepted
	Within Groups	17.350	.185			
	Total	18.000				
Quantity	Between Groups	2.216	.443	.935	.462	Accepted
	Within Groups	44.544	.474			
	Total	46.760				
Availability	Between Groups	2.541	.508	.934	.463	Accepted
	Within Groups	51.169	.544			
	Total	53.710				
Nearness to Selling Point	Between Groups	8.876	1.775	2.183	.062	Accepted
	Within Groups	76.434	.813			
	Total	85.310				
Habitual	Between Groups	11.080	2.216	5.933**	.000	Rejected
	Within Groups	35.110	.374			
	Total	46.190				
Personal Preference	Between Groups	1.154	.231	.669	.648	Accepted
	Within Groups	32.406	.345			
	Total	33.560				
Family Preference	Between Groups	1.633	.327	1.123	.353	Accepted
	Within Groups	27.327	.291			
	Total	28.960				
Friends/ Social Group	Between Groups	4.266	.853	1.084	.374	Accepted
	Within Groups	73.974	.787			
	Total	78.240				
Income	Between Groups	.669	.134	.347	.883	Accepted
	Within Groups	36.291	.386			
	Total	36.960				
Brand Benefits	Between Groups	1.305	.261	.653	.660	Accepted
	Within Groups	37.605	.400			
	Total	38.910				
Retailer	Between Groups	5.831	1.166	2.372**	.045	Rejected
	Within Groups	46.209	.492			
	Total	52.040				

** Significant at 0.05 level

Table 3 reveals a significant difference across age group of respondents with regard to the influence of Package, Habitual and Retailer factors. Hence Null Hypothesis H02 is rejected in these cases.

H03: There is no significant difference in the mean scores of male and female respondents for each of the influencing factors.

TABLE 4: SUMMARY OF T-TEST FOR GENDER OF RESPONDENT * FACTOR INFLUENCING PURCHASE OF PERSONAL CARE BRANDS

		N	Mean	t-value	Sig. (2-tailed)	Remark for H03
Price	Male	50	2.16	1.899	.060	Accepted
	Female	50	2.46			
Package	Male	50	2.24	.897	.372	Accepted
	Female	50	2.10			
Brand Name	Male	50	2.74	1.486	.140	Accepted
	Female	50	2.56			
Quality	Male	50	2.84	.938	.351	Accepted
	Female	50	2.76			
Quantity	Male	50	2.16	.290	.773	Accepted
	Female	50	2.20			
Availability	Male	50	1.80	.406	.686	Accepted
	Female	50	1.74			
Nearness to Selling Point	Male	50	2.30	1.854	.067	Accepted
	Female	50	1.96			
Habitual	Male	50	2.38	.437	.663	Accepted
	Female	50	2.44			
Personal Preference	Male	50	2.40	.342	.733	Accepted
	Female	50	2.36			
Family Preference	Male	50	2.50	.368	.714	Accepted
	Female	50	2.46			
Friends/Social Group	Male	50	1.80	.448	.655	Accepted
	Female	50	1.72			
Income	Male	50	2.36	2.701**	.008	Rejected
	Female	50	2.68			
Brand Benefits	Male	50	2.54	.159	.874	Accepted
	Female	50	2.52			
Retailer	Male	50	1.86	.000	1.000	Accepted
	Female	50	1.86			

** Significant at 0.05 level

Female respondents were found be more influenced by 'Income' factor compared to their Male counterparts and made their purchase decisions by mostly considering their monthly budget. This is evident from Table 4.

H04: There is no significant difference in the mean scores of married and single respondents for each of the influencing factors.

TABLE 5: SUMMARY OF T-TEST FOR MARITAL STATUS OF RESPONDENT * FACTOR INFLUENCING PURCHASE OF PERSONAL CARE BRANDS

		N	Mean	t-value	Sig. (2-tailed)	Remark for H04
Price	Married	56	2.36	.663	.509	Accepted
	Single	44	2.25			
Package	Married	56	2.04	1.972	.051	Accepted
	Single	44	2.34			
Brand Name	Married	56	2.52	2.512**	.014	Rejected
	Single	44	2.82			
Quality	Married	56	2.73	1.816	.072	Accepted
	Single	44	2.89			
Quantity	Married	56	2.14	.608	.545	Accepted
	Single	44	2.23			
Availability	Married	56	1.80	.512	.610	Accepted
	Single	44	1.73			
Nearness to Selling Point	Married	56	2.14	.155	.877	Accepted
	Single	44	2.11			
Habitual	Married	56	2.50	1.496	.138	Accepted
	Single	44	2.30			
Personal Preference	Married	56	2.32	1.137	.258	Accepted
	Single	44	2.45			
Family Preference	Married	56	2.48	.044	.965	Accepted
	Single	44	2.48			
Friends/Social Group	Married	56	1.57	2.453**	.016	Rejected
	Single	44	2.00			
Income	Married	56	2.68	3.048**	.003	Rejected
	Single	44	2.32			
Brand Benefits	Married	56	2.46	1.185	.239	Accepted
	Single	44	2.61			
Retailer	Married	56	1.93	1.068	.288	Accepted
	Single	44	1.77			

** Significant at 0.05 level

Table 5 shows the variations across marital status of respondent, incase of Brand Name, Friends/Social Group and Income factors. Respondents who are 'Single' were found to be more influenced by Brand Name and Friends/Social groups than the married respondents. On the other hand married respondents were more concerned about their budget and were significantly influenced by 'income' factor while purchasing their personal care products, than the respondents who are single.

IMPLICATIONS OF THE STUDY

The Study shows that the rural consumers are more concerned about the quality, brand name and brand benefits of the personal care products purchased by them. Further it was also found that once the rural consumers found that certain brands are suitable to them, they do not change it easily due to influence of friends/social group and lack of availability of their usual brands. Incase of non availability of their personal care brand at the store where they purchase regularly, they often go to another retail store to get their preferred brand and do not compromise easily.

Local retailers were found to play a vital role, especially when the respondents are illiterate. These store keepers introduce and inform them about the brand, its benefits and also about the promotional offers. Hence the marketer has to develop a good rapport with the local retailers to reach the illiterate rural consumers. Support and cooperation from local retailers also helps in getting a competitive edge over local brands sold in rural areas. Friends/Social group were found to have considerable influence on respondents who were single, as they involve in brand discussions to decide their purchase. Package factor has considerable influence on younger respondents as they prefer attractive package colors and design, while illiterates often identify their brand with the color of the package rather than the brand name.

CONCLUSIONS

The study focused on gaining insight into the influence of various factors on the purchase behavior of rural consumers. The factors included were related to the personal care brands and rural consumers. The study did not take into consideration about the influence of advertising and other promotional factors. From the study it is evident that quality of personal care brands were given more emphasis and the difference in educational level of respondents is significant incase of certain factors namely quality, nearness to selling point and retailer. With increased education the rational thinking of rural consumers is improved and impulse buying is reduced. They make more rational decisions even though they belong to the rural regions. Income had a significant difference across Marital Status and Gender of respondents in influencing their purchase decision. Majority of the consumers do not mind visiting towns/city to purchase good quality brands of Personal care products. Further, the marketers must constantly monitor the rural consumer purchase behavior through local retailers and seek their assistance in curbing fake brands.

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THE DETERMINANTS OF PROFITABILITY: AN EMPIRICAL INVESTIGATION USING INDIAN AUTOMOBILE INDUSTRY

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ABSTRACT

The profit of a business may be measured by studying the profitability of investment in it. It is the test of efficiency, powerful motivational factor and the measure of control in any business. Profitability is highly sensitive economic variable which is affected by host of factors operating through a variety of ways. The objective of this study is to examine the determinants of profitability of selected Automobile Industry. Determinants of profitability are analyzed using the techniques of ordinary least squares. It is evident from the results that size is the strongest determinants of profitability of Indian Automobile Industry followed by the variables vertical integration, past profitability, growth rate of assets and inventory turnover ratio. The study concluded that industry should consider all these possible determinants while considering its profitability.

KEYWORDS

Automobile Industry, Corporate Profitability, Determinants of Profitability, Profitability and Leverage and Vertical Integration.

INTRODUCTION

Industrialization has an important role to play in the economic development of a country. The corporate sector is the backbone of the Indian Economy so far as it provides a vital, effective and organized system for the growth of the Industrial as well as non-industrial sectors of the economy. The contribution of the corporate sector towards the balanced development of various areas of an organized economic activity can easily be seen in the combined efforts of various companies in achieving the goal of industrialization and increased production. Ultimately, the gross domestic product and the tax revenue to the Government in the form of both direct and indirect taxes are maximized. The rapid growth of the corporate sector in India and the increasing scale of its operations and investments have turned it into the most dominant form of economic organization. Therefore, corporate sector have attracted several academicians, professional institutions, researchers and administrators to conduct diversified studies in the area.

A Joint-stock company is not only an institution for the maximization of the shareholders wealth, but also an administrative and social organization processing the capacity for initiating its own growth. Such growth is based on its success and profit is the primary test of the success of an enterprise. The growth of a company can be measured. And it can be determined in terms of a change in investment or sales leading ultimately to profit. Profitability refers to the profit in relation to the sales, investment etc. Thus, growth in profitability means all round growth of a business enterprise. Hence, an analysis of profitability in the corporate sector is felt relevant.

The question of determination of profit is of great importance. The profit of a business may be measured by studying the profitability of investment in it. Profitability is a relative term and its measurement can be achieved by profit and its relation with the other objects by which the profit is affected. It is the test of efficiency, powerful motivational factor and the measure of control in any business. Actually profitability is highly sensitive economic variable which is affected by a host of factors operating through a variety of ways. Some of them affect product prices and quantities; some affect the cost of production while others make changes in capital stock, size, market share and growth of the firm. Further, corporate policy relating to various functions will affect profitability. Some of them are relevant in short run while others have impact in the long run. It is doubtful to build a theory of profitability, which accounts for all such factors. Because of these difficulties, it is quite natural to analyse the variation in profitability by taking the partial approach i.e., to find the effect of certain major variables, ignoring the implications of other left out independent variables at a time. The present study is a step towards this direction.

THEORETICAL BACKGROUND AND THE DEVELOPMENT OF HYPOTHESES

The study of how and why firms attain profitability levels has been the main pre-occupation of Industrial organization economists for the last five decades. In determining factors influencing performance (profitability) diversity, literature dealing with such work suggests that industrial performance and performance differences among firms can be explained as arising from various characteristics; those which are firm – specific and those which are industry specific (Capon, Farley & Hoenig, 1990). Many of the theoretical and empirical developments on the determinants of corporate profit margin emanate from the two basic paradigm notions, i.e., Collusion hypotheses and the efficient market Hypotheses.

The traditional notion or the collusion hypotheses follows the Structure – Conduct – Performance (SCP) Paradigm. According to this hypothesis, firm profitability depends to monopolistic conduct, and these conduct dependents on industry structure. This conduct enables firms to set prices above the costs, thus, making abnormal profit (Bain 1951). Industry organization economists point to industry effects (i.e., concentration levels, Industry Growth, Barriers of entry) using the Structure – Conduct – Performance model (SCP) as the main factor determining firm profitability. (Scherer, 1980; Conyon and Machin, 1991; Porter, 1981; James Ted Mc Donald, 1997; Simon Feeny, 2000).

On the other hand, efficient market hypothesis argued the traditional theory (efficient market theory) postulating that firms' profitability depends on a proxy relationship between superior efficiency, market share and concentration. (Porter, 1981) has noted that firm profitability can be decomposed in to effects steaming from industry structural characteristics and the firms strategic positioning within its industry. On the other hand, the resource – based view (Barney, 1991; Peteraf, 1993; Nagarajan & Barthwal, 1990; Grinyer & McKiernan, 1991; Peter H. Grinyer and Peter McKiernan, 1991; Chandrasekaran, 1993; Geroski et al., 1997; Kaur, 1997; Sindhu and Bhatia, 1998; Vijayakumar, 1998; Fenny and Rogers, 1999; Simon Feeny, 2000; Kaen and Baumann, 2000; Kakani et al., 2001; Vijayakumar, 2002; Arthar S. Leahy, 2004; Claver et al., 2006; Ho and Fukao, 2006; Agiomirgianakis Voulgaris and Papadogonas, 2006; Thirumavalavan, 2006) suggests that the explanation for the existence of more or less profitable firms within the same industry must be found in the internal factors of each company (for example market share, firm size, R & D expenses, capital intensity, inventory management, growth of sales, past profitability, diversification, age etc.). These firms – effect factors favour the achievement and maintenance of competitive advantages of each firm, which eventually lead to different profitability levels among firms belonging to the same industry (Amato & Wilder, 1990).

Despite the influence, either negative or positive on the firms' profitability, specific strategic responses might strengthen in prevailing serious impediments to firm success. Other firm specific factors such as Leverage, Current ratio, Inventory turnover ratio, Fixed Assets turnover ratio, Operating expenses to sales ratio, Vertical Integration and Growth rate of assets also affect profitability. Extending the argument, this study is a logical approach to add to this literature, in studying the determinants of profitability by examining the major factors such as firm size, Leverage, Current ratio, Inventory Turnover Ratio, Fixed Assets Turnover ratio, Operating Expenses to sales ratio, Vertical Integration, Past profitability and Growth rate of assets. The following is a separate discussion for each factor leading to the development of the hypotheses.

PROFITABILITY

Many researchers use different measures of firm profitability in the analysis of the determinants of profitability. Among, return on assets (Hall & Weiss, 1967; Shepherd, 1972; Bothwell et al., 1984; Amato & Wilder, 1990;) and Return on sales (Samuels and Smyth, 1968; Nagarajan and Barthwal, 1990; Amit Mallick and Debasish Sur, 1998; Vijayakumar, 2002) are widely used measures of profitability – It is assumed that management may be concerned with effective utilization of all resources and these two measures could be proper in this line of arguments. The profit rates measured by sales will give a short-term perspective of profitability because sales are annual flows. On the other hand, the return on assets will give us long- term perspective of profitability. In this study, ratio of profit margin on sales is used as dependent variable in the specified model.

SIZE

Firm size is one of the most acknowledged determinants of a firm's profits in terms of its effect on competitive market power in given industry (Beard & Dess, 1981). Economies of scale, raw material costs and production strategy are a few of the benefits larger firms employ because their structure allows for the minimization of operational costs (Sidhu and Bhatia, 1998) and higher returns on account of access to capital market (Hall and Weiss, 1967). Hence, generally a positive hypothesis is set for size – profitability relationship. The size – profitability relationship is perhaps best explained as a curvi – linear relationship where beyond a certain point, scale economies cease to exist and the relationship then may reverse owing to the problems associated with size (enlarged demand, imperfections, increased tariff protection and inflationary conditions in the Economy). Therefore, impact of firm size on profitability can not be determined a priori. Thus, from this theoretical background, the study advances the following hypothesis.

H₀ 1: Firm size is significantly associated with profitability.

The existing literature mentions an array of alternative measures of firm size. Generally, two sizes measures are employed, they are assets (Shepherd, 1972; Amato & Wilder, 1990; Sidhu & Bhatia, 1998) and sales turnover (Amirkhalkhali et al, 1993; Abdurahman et al., 2003; Vijayakumar 2002). Assets express amount of resources utilised for producing output whereas sales is an output variable. Sales are an annual flow depending upon output produced and sold in the market. Therefore, in this study the log of total assets as the measure of size has been employed.

LEVERAGE

Leverage has been employed widely as a measure of risk in previous studies of financial performance reflecting a trade – off between shareholders returns and risk (Hall & Weiss, 1967; Scott & Pascoe, 1986; Pant, 1991). The usual supposition is that a leveraged firm with relatively more borrowed capital represents a greater financial risk to equity holders than a firm with relatively low debt (Bothwell, Cooley & Hall, 1984). Depending on the cost of debt, the effect of Leverage may be favorable or unfavorable. When the cost of debt is lower than the company's rate of return, Shareholders' earnings will be magnified. However, when the rate of return on the company's assets is lower than the cost of debt capital, then the leverage effect will be unfavorable. It seems that the relationship between leverage and rate of return is indeterminate a priori. Based on this theoretical background, the study advances the following Hypothesis:

H₀ 2: Leverage is significantly associated with profitability.

The debt equity ratio as the measure of leverage has been employed in this study.

CURRENT RATIO

The management of working capital involves decisions about the amount and composition of current assets and how they are financed. Such decisions involve a trade off between solvency and profitability. In inter-firm comparison, the firm with higher current ratio has better liquidity. A high ratio of current assets to current liabilities may be indicative of slack management practices, as it might signal poor credit management in terms of over-extended accounts receivables. So far as these current assets are kept for meeting the working capital requirements, it may exert positive influence on profitability through growth, otherwise, negative effect on profitability can be expected. Therefore, the study proposes the following hypothesis:

H₀ 3: Current ratio is significantly associated with profitability.**INVENTORY TURNOVER RATIO**

Another variable, which can influence the profitability is the inventory turnover ratio. It is the ratio of sales to inventory which indicates the number of times inventory is replaced during the year. Instead of taking year end stock of inventory, an average of the opening and closing stock of inventory is considered. A high ratio implies good inventory management. But low inventory will adversely affect the ability of a firm to meet customer demand and in turn will affect profitability. On the other hand, a very low inventory turnover ratio signifies excessive inventory or over investment in inventory and high carrying cost. The sign of inventory coefficient is ambiguous. With the respect to the above line of argument, the study proposes the following hypothesis:

H₀ 4: Inventory turnover ratio is significantly associated with profitability.**FIXED ASSETS TURNOVER RATIO**

Sarkaria and Shergill (2000) suggest that firms seeking to improve profitability performance must shift from labour intensive to capital intensive methodologies. This would lead to process modernization, improved product quality, wastage reduction and better cost of production. It should be noted however that large investment made in fixed assets may find a firm to a certain business even if the business is declining. Moreover, whether capital intensity increases profitability would also depend on the cost of input (Sidhu & Bhatia, 1998). Based on this argument, the study proposes the following hypothesis:

H₀ 5: Fixed Assets Turnover ratio is significantly associated with profitability.**OPERATING EXPENSES TO SALES RATIO**

Apart from the above discussed factors operating expenses ratio is included as an explanatory variable in this study. A low operating ratio is by and large a test of operational efficiency. The implication of low operating expenses ratio is that relatively a high percentage share of sales is available for meeting financial liabilities like interest, taxes and dividends. Therefore, a negative relationship is expected with operating expenses and profitability. Therefore, the study proposes the following hypothesis:

H₀ 6: Operating Expenses to Sales ratio is significantly associated with profitability.**VERTICAL INTEGRATION**

Firm-specific vertical integration motivated by considerations such as the avoidance of costs incurred in using the market to organize production, government policies and also consideration of market power is an important determinant of profitability. The costs of using the market alternatively known as transaction costs include search cost, cost of drawing up contracts, monitoring costs, etc., In our context government policies assume an important role in determining vertical integration. The degree of vertical integration is sought to be measured by the value added to sales ratio in the analysis. Value added is defined as total sales revenue less costs of purchased inputs, repair charges and customs and excise duty. With respect to the research presented above, the study advances the following hypothesis:

H₀ 7: Vertical Integration is significantly associated with profitability.**PAST PROFITABILITY**

The hypothesis that the level of future profitability of a company will reflect its past profitability is one of appealing simplicity. (Geoffrey Whittington, 1971). However, the future cannot be analyzed; it is only an expectation, and any such expectation, would not be dependable unless based on the past experience. So, Past Profitability (P_{t-1}) may have the relevance as a determinant of current profitability. If profitability depends on the quality of a firm's management, or on the monopoly power which the firm enjoys or on both of these factors, we should expect to find some persistency in the profitability of firms over successive years. (Singh and Whittington, 1968). Since there is usually some continuity of good management and of monopoly power, so we expect that profitability in the previous year will determine the profitability in the current year. But if profitability in the previous years, is purely a chance phenomenon, then it may not affect the profitability in the current year. In order to test this general notion, the study postulates the following hypothesis:

H₀ 8: Past profitability is significantly affects profitability.**GROWTH RATE OF ASSETS**

The other variable, which is considered, is growth of firm. Growth is essential to a firm even if it is not among the firm's major objectives. The reason is that growth helps in providing the firm finances for attaining its objective by increasing the size of its profit growth, by providing room for initiatives and exercise managerial ability, stimulates managerial efficiency leading to a lower capital output ratio and consequently higher profit rate. It is thus, likely to have positive association with profitability. Growth rate is measured in this study by the ratio of simple growth rate of assets. Thus, according to this literature, the study postulates the following hypothesis:

H₀ 9: Growth rate of assets positively affects profitability.

METHODOLOGY

Keeping in view the scope of the study, it is decided to include all the companies under Automobile Industry working before or from the year 1991-92 to 2003-04. But, owing to several constraints such as non-availability of financial statements or non-working of a company in a particular year etc., it is compelled to restrict the number of sample companies to 18. Therefore, this study is ex post facto based on survey method making a survey of eighteen companies in Indian Automobile Industry. There are 26 companies operating in the Indian Automobile Industry. The companies under Automobile Industry are classified into three sectors namely; Commercial Vehicles, Passenger Cars and Multiutility Vehicles and Two and Three wheelers.

For the purpose of the study all the three sectors have been selected. The selected sectors include 26 companies. Out of 26 companies, 5 are under commercial vehicles, 8 under passenger cars and multiutility vehicles and 13 under two and three wheelers sector. Out of 26 companies of the selected sectors, 13 years data is available for 18 companies only. Therefore, all the 18 companies are included in the sample (Table 5). It accounts for 69.23 per cent of the total companies available in the Indian Automobile Industry. The selected 18 companies include 5 under commercial vehicles, 4 under passenger cars and multiutility vehicles and 9 under two and three wheeler sectors. It is inferred that sample company represents 98.74 percentage of market share in Commercial Vehicles, 89.76 percentage of market share in Passenger Cars and Multiutility Vehicles and 99.81 percentage of market share in Two and Three Wheelers. Thus, the findings based on the occurrence of such representative sample may be presumed to be true representative of Automobile Industry in the country.

The period 1991-92 to 2003-04 is selected for this study of Indian Automobile Industry. This 13 years period is chosen in order to have a fairly long, cyclically well balanced period, for which reasonably homogeneous, reliable and up to-date financial data would be available. Further, the span chosen for the study is the period of the beginning of liberalization measures introduced by the Government of India. Hence, the period 1991-92 to 2003-04 is an era of growth of corporate performance in the manufacturing sector, particularly Automobile Industry and has got genuine economic significance of its own.

The study is mainly based on secondary data. The major source of data analysed and interpreted in this study related to all those companies selected is collected from "PROWESS" database, which is the most reliable on the empowered corporate database of Centre for Monitoring Indian Economy (CMIE). Besides prowess database, relevant secondary data have also been collected from BSE Stock Exchange Official Directory, CIME Publications, Annual Survey of Industry, Business newspapers, Reports on Currency and Finance, Libraries of various Research Institutions, through Internet etc. The study required variety of data; therefore, websites like <http://indiaonline.com>, www.indiastat.com and www.google.com have been comprehensively searched.

SPECIFICATION OF PROFITABILITY MODEL

In order to explain the profitability determinants of Indian automobile Industry, the study considered the following regression model.

$$PM = \alpha_0 + \beta_1 (\log \text{size}_{t,y}) + \beta_2 (\text{Leverage}) + \beta_3 (CR_{t,y}) + \beta_4 (ITR_{t,y}) + \beta_5 (FATR_{t,y}) + \beta_6 (OPES_{t,y}) + \beta_7 (VI_{t,y}) + \beta_8 (PP_{t,y}) + \beta_9 (\text{Growth}_{t,y}) + I_{t,y}$$

Where

PM: Measures the corporations' financial profitability with ratio of profit margin on sales for firm (f) in year (y).

α_0 - Constant term for firm (f) in year (y)

β - Regression co-efficient.

$\log \text{size}_{t,y}$ - Logarithms of firm size (total assets) for firm (f) in year (y)

Leverage_{t,y} - Debt equity ratio for firm (f) in year (y)

CR_{t,y} - Current ratio for firm (f) in year (y)

ITR_{t,y} - Inventory Turnover Ratio for firm (f) in year (y)

FATR_{t,y} - Fixed Assets Turnover Ratio for firm (f) in year (y)

OPES_{t,y} - Operating Expenses to Sales ratio for firm (f) in year (y)

VI_{t,y} - Vertical Integration for firm (f) in year (y)

PP_{t,y} - Past Profitability (P_{t-1}) for firm (f) in year (y)

Growth_{t,y} - Growth of assets for firm (f) in year (y)

I_{t,y} - Disturbance term for firm (f) in year (y).

RESULTS AND INTERPRETATION

The model described above has been estimated for all the selected sectors of automobile industry and whole industry and the results are presented in Table 1 to 4. It presents beta co-efficient and t values of the variables.

WHOLE INDUSTRY

For the whole automobile industry, model explains 99 percentage of variation in profitability of firms included in the industry (Table 1). The analysis shows that all the variables except past profitability are found to be statistically significant in explaining profitability of Indian automobile industry. It is evident from the results that size is stronger determinant of profitability followed by vertical integration, current ratio, growth rate of assets, past profitability, leverage, inventory turnover ratio, fixed assets turnover ratio and operating expenses to sales ratio. As expected size, leverage, operation expenses to sales ratio, vertical integration and growth rate of assets did support our hypothesis with the expected sign. However the co-efficient of current ratio, inventory turnover ratio, fixed assets turnover ratio and past profitability did not support our hypothesis rather these appear with opposite sign.

It is evident from the result that co-efficient of size shows the increase of 16.48 percent in profitability as a result of one per cent increase in size, which is statistically significant at 5 per cent level. The co-efficient of leverage indicates that a decrease of 0.49 per cent in profitability as a result of one per cent increase in leverage which is significant at 10 per cent level. It is appeared from the result that value of one per cent increase in current ratio resulted in 10.79 per cent increase in profitability, which is significant at 5 percent level. Further, one per cent increase in inventory turnover ratio, fixed assets turnover ratio and operating expenses to sales ratio shows 0.71 per cent, 3.57 per cent and 9.76 per cent decrease in profitability respectively during the study period. All these co-efficient are statistically significant. It is also apparent from the table that co-efficient of vertical integration and growth rate of assets show 13.05 per cent and 0.20 per cent increases in profitability as the result of one per cent increase, which is significant at 5 per cent level. However, the co-efficient of past profitability shows that 0.07 per cent decrease in profitability as a result of one per cent increase in past profitability. This is not statistically significant.

The overall explanatory power of regression appears to be good. This may be inferred from the co-efficient of determination (R²) which is the measure of extent of movement in the dependent variable that is explained by the independent variables. It is 99 per cent and the adjusted explanation is around 95 per cent.

COMMERCIAL VEHICLES

For the commercial vehicles, model explains 94 percentage of variation in profitability of firms included in the industry (Table 2). The analysis shows that all the variables except current ratio and growth rate of assets are found to be statistically significant in explaining profitability of commercial vehicles sector. It is evident from the results that size is stronger determinant of profitability followed by vertical integration, fixed assets turnover ratio, past profitability, growth rate of assets, inventory turnover ratio, leverage, current ratio and operating expenses to sales ratio. As expected size, leverage, current ratio, fixed assets turnover ratio, operating expenses to sales ratio, vertical integration and past profitability did support our hypothesis with the expected sign. However the co-efficient of inventory turnover ratio and growth rate of assets did not support our hypothesis rather these appear with opposite sign.

It is evident from the results that co-efficient of size shows the increase of 16.11 per cent in profitability as a result of one per cent increase in size, which is statistically significant at 5 per cent level. Further, one per cent increase in leverage, current ratio and inventory turnover ratio shows 0.98 per cent, 14.38 per cent and 0.18 per cent decrease in profitability respectively during the study period. All these co-efficient are statistically significant except current ratio. The co-efficient of fixed assets turnover ratio shows the increase of 5.27 per cent in profitability as a result of one per cent increase in fixed assets turnover ratio, which is statistically significant at 5 per cent level. The co-efficient of operating expenses to sales ratio decrease to 30.63 per cent in profitability as a result of one per cent increase in operating expenses to sales ratio which is significant at 5 per cent level. Further one per cent increase in vertical integration and past profitability shows 13.32 per cent and 0.38 per cent increase in profitability respectively during the study period. All these co-efficient are statistically significant at 10 per cent level. However, the co-efficient of growth rate of assets shows that 0.02 per cent decrease in profitability as a result of one per cent increase in growth rate of assets. This is not statistically significant.

The overall explanatory power of regression appears to be good. This may be inferred from the co-efficient of determination (R^2) which is the measure of extent of movement in the dependent variable that is explained by the independent variables. It is 94 per cent and adjusted explanation is around 77 per cent.

PASSENGER CARS AND MULTIUTILITY VEHICLES

For the passenger cars and multiutility vehicles, model explains 95 percentage of variation in profitability of firms included in the industry (Table 3). The analysis shows that all the variables except past profitability are found to be statistically significant in explaining profitability of passenger cars and multiutility vehicles sectors. It is evident from the results that size is the strongest determinant of profitability followed by current ratio, fixed assets turnover ratio, past profitability, growth rate of assets, leverage, inventory turnover ratio, vertical integration and operating expenses to sales ratio. As expected size, leverage, fixed assets turnover ratio, operating expenses to sales ratio and past profitability did support our hypothesis with the expected sign. However the co-efficient of current ratio, inventory turnover ratio, vertical integration and growth rate of assets did not support our hypothesis rather these appear with opposite sign.

It is evident from the results that co-efficient of size shows the increase of 84.36 per cent in profitability as a result of one per cent increase in size, which is statistically significant at 5 per cent level. The co-efficient of leverage indicates that a decrease at 2.63 per cent in profitability as a result of one per cent increase in leverage which is significant at 10 per cent level. It is appeared from the result that value of one per cent increase in current ratio resulted in 20.89 per cent increase in profitability, which is statistically significant at 10 per cent level. Further, one per cent increase in inventory turnover ratio, operating expenses to sales ratio, vertical integration and growth rate of assets shows 3.35 per cent, 497.41 per cent, 482.28 per cent and 0.98 per cent decrease in profitability respectively during the study period. All these co-efficient are statistically significant. It is evident from the result that value of one per cent increase in fixed assets turnover ratio resulted in 9.01 per cent increase in profitability, which is significant at 5 per cent level. However, the co-efficient of past profitability shows that 0.13 per cent increase in profitability as a result of one per cent increase in past profitability. This is not statistically significant.

The overall explanatory power of regression appears to be good. This may be inferred from the co-efficient of determination (R^2) which is the measure of extent of movement in the dependent variable that is explained by the independent variables. It is 95 per cent and adjusted explanation is around 79 per cent.

TWO AND THREE WHEELERS

For the two and three wheelers, model explains 94 percentage of variation in profitability of firms included in the industry (Table 4). The analysis shows that all the variables except leverage and growth rate of assets are found to be statistically significant in explaining profitability of two and three wheelers sector. It is evident from the results that size is stronger determinant of profitability followed by inventory turnover ratio, past profitability, growth rate of assets, leverage, vertical integration, fixed assets turnover ratio, operating expenses to sales ratio and current ratio. As expected size, leverage, current ratio, inventory turnover ratio, operating expenses to sales ratio and past profitability did support our hypothesis with the expected sign. However the co-efficient of fixed assets turnover ratio, vertical integration and growth rate of assets did not support our hypothesis rather these appear with opposite sign.

It is evident from the results that co-efficient of size shows the increase of 23.53 per cent in profitability as a result of one per cent increase in size, which is statistically significant at 5 per cent level. The co-efficient of leverage indicates that a decrease of 1.41 per cent in profitability as a result of one per cent increase in leverage. This is not statistically significant. It is appeared from the result that a decrease of 37.66 per cent in profitability as a result at one per cent increase in current ratio, which is statistically significant at 5 per cent level. It is also apparent from the table that co-efficient of inventory turnover ratio and past profitability shows 3.72 per cent and 1.33 per cent increase in profitability as the result of one per cent increase, which is statistically significant. Further, one per cent increase in fixed assets turnover ratio, operating expenses to sales ratio and vertical integration shows 5.53 per cent, 29.34 per cent and 3.71 per cent decreases in profitability respectively during the study period. All these co-efficient are statistically significant at 10 per cent level. However, the co-efficient of growth rate of assets shows that 0.03 per cent decrease in profitability as a result of one per cent increase in growth rate of assets. This is not statistically significant.

The overall explanatory power of regression appears to be good. This may be inferred from the co-efficient of determination (R^2) which is the measure of extent of movement in the dependent variable that is explained by the independent variables. It is 94 per cent and the adjusted explanation is around 75 per cent.

CONCLUSION

It can be concluded from the above analysis that the selected variables explain 99 per cent of variation in profitability in Indian automobile industry, 94 per cent in commercial vehicles sector, 95 per cent in passenger cars and Multiutility vehicles sector and 94 per cent in two and three wheelers sector. It is evident from the results that size is the strongest determinant of profitability followed by the variables vertical integration, past profitability, growth rate of assets and inventory turnover ratio. The selected variables have both positive and negative contribution in variation of profit rate. In nutshell, it can be concluded that firms should consider all these possible determinants while considering its profitability.

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TABLES

TABLE 1: DETERMINANTS OF PROFITABILITY IN INDIAN AUTOMOBILE INDUSTRY

- Multiple Regression Model

[Dependent Variable: Ratio of profit margin on sales (P)]

[P = 32.59 + 16.48 S - 0.49 L + 10.79 CR - 0.71 ITR - 3.57 FATR - 9.76

OESR + 13.05 VI - 0.07 PP + 0.20 GRA]

Variables	Beta Co-efficient	t value	Significant / Not significant
Constant	32.59	2.878	
Size (S)	16.48	3.625*	Significant
Leverage (L)	-0.49	1.648**	Significant
Current Ratio (CR)	10.79	3.472*	Significant
Inventory Turnover Ratio (ITR)	-0.71	3.215*	Significant
Fixed Assets Turnover Ratio (FATR)	-3.57	4.416*	Significant
Operating Expenses to Sales Ratio (OESR)	-9.76	4.316*	Significant
Vertical Integration (VI)	13.05	5.759*	Significant
Past Profitability (PP)	-0.07	0.705	Not significant
Growth Rate of Assets (GRA)	0.20	6.054*	Significant
R^2	= 0.99		
Adj R^2	= 0.95		
F	= 27.30		
D.W	= 2.03		

D.W - Durbin - Watson statistics; * - significant at 0.05 level; ** - significant at 0.10 level

Source: Computed

TABLE 2: DETERMINANTS OF PROFITABILITY IN COMMERCIAL VEHICLES SECTOR

- Multiple Regression Model

[Dependent Variable: Ratio of profit margin on sales (P)]

[P = -26.09 + 16.11 S - 0.98 L - 14.38 CR - 0.18 ITR + 5.27 FATR - 30.63

OESR + 13.32 VI + 0.38 PP - 0.02 GRA]

Variables	Beta Co-efficient	t value	Significant / Not significant
Constant	-26.09	2.275	
Size (S)	16.11	2.922*	Significant
Leverage (L)	-0.98	2.611*	Significant
Current Ratio (CR)	-14.38	1.398	Not significant
Inventory Turnover Ratio (ITR)	-0.18	2.062*	Significant
Fixed Assets Turnover Ratio (FATR)	5.27	3.154*	Significant
Operating Expenses to Sales Ratio (OESR)	-30.63	3.276*	Significant
Vertical Integration (VI)	13.32	1.967**	Significant
Past Profitability (PP)	0.38	2.331**	Significant
Growth Rate of Assets (GRA)	-0.02	1.226	Not significant
R^2	= 0.94		
Adj R^2	= 0.77		
F	= 15.38		
D.W	= 2.16		

D.W - Durbin - Watson statistics; * - significant at 0.05 level; ** - significant at 0.10 level

Source: Computed

TABLE 3: DETERMINANTS OF PROFITABILITY IN PASSENGER CARS AND MULTIUTILITY VEHICLES SECTOR

- Multiple Regression Model

[Dependent Variable: Ratio of profit margin on sales (P)]

[P = 256.59 + 84.36 S - 2.63 L + 20.89 CR - 3.35 ITR + 9.01

Variables	Beta Co-efficient	t value	Significant / Not significant
Constant	256.59	2.488	
Size (S)	84.36	2.682*	Significant
Leverage (L)	-2.63	1.683**	Significant
Current Ratio (CR)	20.89	1.787**	Significant
Inventory Turnover Ratio (ITR)	-3.35	2.843*	Significant
Fixed Assets Turnover Ratio (FATR)	9.01	2.369*	Significant
Operating Expenses to Sales Ratio (OESR)	-497.41	3.062*	Significant
Vertical Integration (VI)	-482.28	2.992*	Significant
Past profitability (PP)	0.13	0.274	Not significant
Growth Rate of Assets (GRA)	-0.98	3.046*	Significant
R^2	= 0.95		
Adj R^2	= 0.79		
F	= 11.02		
D.W	= 1.93		

FATR - 497.41 OESR - 482.28 VI + 0.13 PP - 0.98 GRA]

D.W - Durbin - Watson statistics ; * - significant at 0.05 level; ** - significant at 0.10 level

Source: Computed

TABLE 4: DETERMINANTS OF PROFITABILITY IN TWO AND THREE WHEELERS SECTOR

- Multiple Regression Model

[Dependent Variable: Ratio of profit margin on sales (P)]

[P = 70.63 + 23.53 S – 1.41 L – 37.66 CR + 3.72 ITR – 5.53 FATR – 29.34

OESR – 3.71 VI + 1.33 PP - 0.03 GRA]

Variables	Beta Co-efficient	t value	Significant / Not significant
Constant	70.63	2.112	
Size (S)	23.53	1.998**	Significant
Leverage (L)	-1.41	0.634	Not significant
Current Ratio (CR)	-37.66	2.364*	Significant
Inventory Turnover Ratio (ITR)	3.72	2.268**	Significant
Fixed Assets Turnover Ratio (FATR)	-5.53	1.667**	Significant
Operating Expenses to Sales Ratio (OESR)	-29.34	1.639**	Significant
Vertical Integration (VI)	-3.71	1.652**	Significant
Past Profitability (PP)	1.33	3.682*	Significant
Growth Rate of Assets (GRA)	-0.03	0.647	Not significant
R²	= 0.94		
Adj R²	= 0.75		
F	= 11.65		
D.W	= 2.12		

D.W-Durbin -Watson statistics ; * - significant at 0.05 level; ** - significant at 0.10 level

Source: Computed

TABLE 5: LIST OF SAMPLE COMPANIES INCLUDED IN THE PRESENT STUDY

Sl. No.	Sectors / Companies	Year of Incorporation	Ownership	Market share (%)	Total market share (%)
	Commercial Vehicles (5)				
1.	Ashok Leyland Ltd	1956	Hinduja Group	35.62	98.74
2.	Tata Motors Ltd	1956	Tata Group	34.22	
3.	Bajaj Tempo Ltd	1958	Firodia Group	11.50	
4.	Eicher Motors Ltd	1982	Eicher Group	10.65	
5.	Swaraj Mazder Ltd	1983	State and Private Sector	6.75	
	Passenger Cars and Multiutility Vehicles (4)				
6.	Hindustan Motors Ltd	1942	Birla C.K.Group	8.31	89.76
7.	Mahindra and Mahindra Ltd	1945	Mahindra and Mahindra	42.17	
8.	Maruti Udyog Ltd	1981	Private (Foreign)	36.60	
9.	Daewoo Motors India Ltd	1983	Private (Foreign)	2.68	
	Two and Three Wheelers (9)				
10.	Bajaj Auto Ltd	1945	Bajaj Group	18.80	99.81
11.	LML Ltd	1972	LML Group	11.58	
12.	Maharashtra Scooters Ltd	1975	Bajaj Group	7.80	
13.	TVS Motor Company Ltd	1982	T.V.S. Group	12.93	
14.	Kinetic Motor Company Ltd	1984	Firodia Group	11.75	
15.	Hero Honda Motors Ltd	1984	Hero (Munsals) Groups	10.54	
16.	Kinetic Engineering Ltd	1970	Firodia Group	9.72	
17.	Majestic Auto Ltd	1986	Hero Group	9.04	
18.	Scooters India Ltd	1972	Central Govt. Commercial Enterprise	7.65	

BANKING EFFICIENCY: APPLICATION OF DATA ENVELOPMENT APPROACH (DEA)

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ABSTRACT

The paper attempts to examine the efficiency of the banking sector in India. India being a developing country with wide industrial base relies heavily on the banks for their credit demands. There have been many previous studies which have considered different models for checking the efficiency of the banks. The prime focus was to measure the lending efficiency of the banks. This takes into consideration the model in which one can measure loans as output and assets and deposits as inputs. In other words how well banks are transferring funds from house-holds to the industries, thereby performing the basic task for which they have been conceived. From deposit mobilization to lending a comparison was made and found that there is no significant difference between private and public sector banks. Also there has not been significant increase in the efficiency of bank. The paper concludes that, as the economy grows and more and more opportunities come into the system banks must focus on increasing their efficiency so that they can provide a firm support in the financial market for the industries to develop.

KEYWORDS

DEA Model, Indian Banking Environment, non parametric.

GEL CODES

G21, G 15, C 12, N 10, D 61.

PROLOGUE

Reserve Bank of India (RBI) was constituted as an apex bank without major government ownership. Banking Regulations Act was passed in 1949, with wide ranging powers for supervision, control, licencing powers and inspection of the banks .RBI acquired control of the Imperial Bank of India, which was renamed as State Bank of India. In 1959, SBI took over control of eight private banks floated in the erstwhile princely states, making them as its 100% subsidiaries.

RBI was empowered in 1960, to force compulsory merger of weak banks with the strong ones, this resulted in reduction of banks from 566 in 1951 to 85 in 1969. In July 1969, government nationalised 14 banks having deposits of Rs.50 crores and above, so that banks can play the role of catalytic agents for economic growth. The Narasimham Committee report suggested wide ranging reforms for the banking sector in 1992 to introduce internationally accepted banking practices.

REVIEW OF LITERATURE

Analysis of efficiency of financial institution has gained a lot of importance in the last few years. Various approaches have been defined to determine the efficiency of the financial institutions. These approaches broadly fall under two types-parametric and non parametric. The primary difference between these as explained by Berger and Humprey (1997), is the assumptions imposed on the data in terms of

- The functional form of the best practice frontier
- Consideration of random error
- If there is a random error the probability distribution assumed for the inefficiencies.

Thus the shape of the frontier and the distributional assumptions on the random error and inefficiency are key parameters on which the main approaches to determine the efficiency of financial institutions differs. The non parametric programming was initiated by Charnes et al. They gave relatively little specification of the best practice frontier as in the case of nonparametric approaches such as Data Envelopment Approach (DEA) and Free Disposal Hull (FDH). The most widely used nonparametric technique is DEA, as it is proven to be valuable tool for strategic, policy and operational problems, besides to develop benchmarks. At present, DEA has been widely accepted as a tool to measure the efficiency of the financial institutions over the parametric methods.

Bauer et al applied different approaches to the study of the efficiency of the US banks over the period 1977-88. They found that nonparametric methods were generally consistent with each other as far as identifying efficient and inefficient firms were concerned, but parametric and nonparametric measures were not consistent with each other.

The wide acceptance of DEA as a measurement tool for measuring efficiency of the financial institution can be attributed to certain strengths of this approach. The main advantages of using DEA are as follows. The data may not necessarily assume any functional form. DEA leads to a comparison of one Decision Making Unit against peer or combinations of peer. The units of input and output may vary as they do not affect the value of efficiency measure. This model can handle multiple inputs and outputs. However, there are a few limitations as well. There is no assumption of statistical noise, thus the noise element gets reflected in the measured inefficiency of the DMU. Further DEA does not give absolute efficiency measures. DEA results are sample-specific. An inherent limitation of this nonparametric method is that it makes hypothesis testing difficult.

THE CONSTANT RETURNS TO SCALE MODEL

Charnes et al. proposed this model with the assumption of constant returns to scale. It's also called the CCR model after the researchers Charnes, Cooper and Rhodes. The present study suggests that banks produce certain inputs to produce certain outputs. Thus, the efficiency of banks is measured in terms of how efficiently they are able to utilize their inputs given their outputs. In this model, efficiency is measured by the ratio of weighted outputs to weighted inputs. The ratio is of the form:

$$\frac{u_1 y_1 + u_2 y_2 + \dots + u_n y_n}{v_1 x_1 + v_2 x_2 + \dots + v_m x_m}$$

Where, u and v are weights for outputs (y_1, \dots, y_n) and inputs (x_1, \dots, x_m) respectively. Assume that for each of the n firms there is a data on K inputs and m outputs and represented by column vectors x_i and y_i respectively for the i^{th} firm. This may be expressed as $u'y_i / v'x_i$ where u is $M \times 1$ vector of output weights and v is $K \times 1$ vector of input weights. To arrive at the optimal weights, we define the following linear programming model as:

$$\begin{aligned} &\text{Max}_{u,v} (u'y_i / v'x_i) \\ &\text{Subject to, } u'y_j / v'x_j \leq 1, \quad j=1, 2, 3, \dots, n. \\ &u, v \geq 0 \end{aligned} \quad \dots(1)$$

Solving Eq. 1, values for u and v may be obtained such that the efficiency measure for each firm is maximised. A pertinent constraint with this model formation is that it can have infinite number of solutions. Thus an additional constraint is added, $v'x_i=1$, so the problem can be removed. The new model, known as the transformation model, thus becomes

$$\begin{aligned} &\text{Max}_{u,v} (u'y_i) \\ &\text{Subject to, } v'x_i = 1 \\ &u'y_j - v'x_j \leq 0, \quad j=1, 2, 3, \dots, n. \\ &u, v \geq 0 \end{aligned} \quad \dots(2)$$

This form in Eq. 2, is known as the multiplier form of the DEA linear programming problem. Using duality in linear programming, an equivalent envelopment form of this problem may be obtained.

$$\begin{aligned} &\text{Max}_{\theta, \lambda} (\theta) \\ &\text{Subject to, } -y_i + \gamma \lambda \geq 0 \\ &\theta x_i - \lambda \geq 0, \quad j=1, 2, 3, \dots, n. \\ &\lambda \geq 0 \end{aligned} \quad \dots(3)$$

where, θ is scalar and λ is a $N \times 1$ vector of constraints.

The efficiency for the j^{th} DMU is reflected by the value of θ .

For each DMU taken in study a separate linear programming model would be solved. The technically efficient DMU will have a $\theta=1$, and all other DMU will have a $\theta < 1$, implying that the efficiency scores of all other DMU's will be measured relative to the technically efficient units that have a score of $\theta=1$. In this study, each bank under observation is considered a DMU.

RESEARCH METHODOLOGY

The paper evaluates the technical efficiency of the banks operating in India using the DEA methodology. An important aspect in the dynamic business environment, in the wake of continuous reforms initiated by the RBI, is that the efficiency scores may vary from year to year. Hence a separate frontier was derived for each of the years taken during the study period.

CHOICE OF INPUT AND OUTPUT

It has been a matter of constant debate when it comes to defining inputs and outputs. There are mainly two approaches that have been discussed in existing literatures. The first is the 'intermediation approach'. Here banks are viewed as intermediaries between the provider of the funds and users of the funds. In this approach, deposits are regarded as being converted into loans. This approach takes into account interest expense, which accounts for a large proportion of bank's cost. In this approach, output may be taken as money value of deposits and loans, and the inputs considered include money value of labour, fixed assets and equipments, and loanable funds. In contrast the second approach, 'production approach' is the one in which banks are considered to be producing deposits and loans using capital and labour. This approach takes into account physical quantities of input and output, and does not assign monetary value to inputs or outputs. This approach does not take into account the interest costs, hence the criticism. The paper uses the second approach.

The data has been mostly secondary data i.e. collected from various places like, Prowess, BSE website, reports published by Govt. of India, Annual Reports of Banks etc.

SAMPLING UNIT

The banking index of BSE i.e. BANKEX served as the sampling for the data because it is a robust measure for measuring the performance of the banking sector of India. It has been scientifically designed and therefore provides the basis for the calculations and functions used to analyse the data. The study is based on a period of six years i.e. 2004-2009. Thus all the data used pertains to the same period.

ANALYSIS AND INTERPRETATION OF DATA

EFFICIENCY OF BANKS

	RANKING ON THE BASIS OF AVERAGE	RANKING ON THE BASIS OF THE LAST YEAR
1	IDBI	Kotak Mahindra
2	Oriental Bank	Yes Bank
3	Kotak Mahindra	ICICI
4	Yes Bank	IDBI
5	Bank of India	Axis Bank
6	Indian Overseas Bank	Federal Bank
7	Canara Bank	IndusInd
8	Karnataka Bank	Karnataka Bank
9	Punjab National Bank	Indian Overseas Bank
10	Union Bank of India	Canara Bank
11	State Bank of India	Bank of Baroda
12	Federal Bank	Bank of India
13	ICICI	Punjab National Bank
14	Bank of Baroda	HDFC
15	Allahabad Bank	Union Bank of India
16	Axis Bank	Oriental Bank
17	HDFC	Allahabad Bank
18	IndusInd	State Bank of India

On the basis of average performance of the five years IDBI, Oriental Bank and Kotak Mahindra were top performers. But if the last year's performance is seen then Kotak Mahindra, ICICI and Yes Bank has fared well. One of the most worst performing bank has been SBI which scored last on the previous year and eleventh on the average.

PUBLIC VS PRIVATE BANKS (GROUP STATISTICS)

	public_vs_private	N	Mean	Std. Deviation	Std. Error Mean
Efficiency	Public	60	.7473	.16376	.02114
	Private	48	.7360	.20098	.02901

So far as the difference in performance of the private sector and public sector banks are concerned very significant differences were not found. In terms of giving loans both public sector and private sector banks have performed equally.

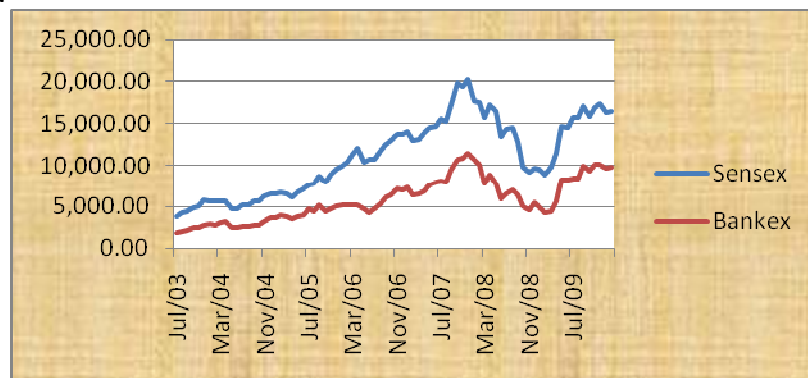
INDEPENDENT SAMPLES TEST

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Efficiency	Equal variances assumed	.942	.334	.320	106	.749	.01124	.03509	-.05833	.08081
	Equal variances not assumed			.313	89.968	.755	.01124	.03590	-.06008	.08255

BANK WISE:		Dependent Variable: efficiency				
(I) company_wise	(J) company_wise	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
IDBI	Allahabad bank	-.34990*	.16583	.038	-.6794	-.0204
	Axis bank	-.33788*	.16583	.045	-.6673	-.0084
	Bank of Baroda	-.37689*	.16583	.025	-.7063	-.0474
	Bank of India	-.49539*	.16583	.004	-.8248	-.1659
	Canara Bank	-.47344*	.16583	.005	-.8029	-.1440
	Federal Bank	-.41244*	.16583	.015	-.7419	-.0830
	HDFC	-.28865	.16583	.085	-.6181	.0408
	ICICI	-.40662*	.16583	.016	-.7361	-.0772
	Indian Overseas Bank	-.47543*	.16583	.005	-.8049	-.1460
	IndusInd	-.24542	.16583	.142	-.5749	.0840
	Karnataka Bank	-.44317*	.16583	.009	-.7726	-.1137
	Kotak Mahindra	-.53137*	.16583	.002	-.8608	-.2019
	Oriental Bank	-.55142*	.16583	.001	-.8809	-.2220
	PNB	-.43633*	.16583	.010	-.7658	-.1069
	SBI	-.42129*	.16583	.013	-.7507	-.0918
	Union Bank of India	-.42387*	.16583	.012	-.7533	-.0944
	Yes Bank	-.52431*	.16583	.002	-.8538	-.1949

IDBI has performed significantly different from all other banks but in a negative sense.

BANKEX VS SENSEX REGRESSION



As observed by the graph there exists a very high correlation between Sensex and Bankex, this is due to the fact that banking and economy are very closely related and hence they follow each other closely.

REGRESSION

Regression Statistics		Coefficients	
Multiple R	0.977975708		
R Square	0.956436486	β_0	-327.5508226
Adjusted R Square	0.95587798	β_1	0.555338589
Standard Error	543.4932694		
Observations	80		

Depending on the Sensex one can predict the Bankex future as

$$\text{Bankex} = 327.5508226 + 0.555338589 * \text{Sensex}$$

YEAR WISE COMPARISON: On applying T-test it was found that there is not much significant difference in efficiency between the years except for the year 2004 and others. This explains that banks have not been increasing their efficiency and continue to go at the same pace. **Descriptive**

EFFICIENCY

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
2004.00	18	.5836	.24590	.05796	.4613	.7059	.00	1.00
2005.00	18	.7428	.17750	.04184	.6545	.8310	.47	1.00
2006.00	18	.7442	.13222	.03116	.6785	.8100	.49	1.00
2007.00	18	.8088	.11678	.02753	.7507	.8668	.58	1.00
2008.00	18	.8366	.12097	.02851	.7764	.8967	.60	1.00
2009.00	18	.7376	.16264	.03834	.6567	.8185	.40	1.00
Total	108	.7423	.18045	.01736	.7078	.7767	.00	1.00

ANOVA

EFFICIENCY

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.693	5	.139	5.067	.000
Within Groups	2.791	102	.027		
Total	3.484	107			

MULTIPLE COMPARISONS

DEPENDENT VARIABLE: EFFICIENCY

	(I) year	(J) year	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
LSD	2004.00	2005.00	-.15912*	.05514	.005	-.2685	-.0498
		2006.00	-.16059*	.05514	.004	-.2700	-.0512
		2007.00	-.22513*	.05514	.000	-.3345	-.1158
		2008.00	-.25296*	.05514	.000	-.3623	-.1436
		2009.00	-.15398*	.05514	.006	-.2633	-.0446

FUTURE PREDICTIONS

	Life sciences	Food and Agriculture	Infra	Engineering	Technology media and telecommunication	Others
Growth	9.5	9	17	15	7	11
2008-2009	1	1	1	1	1	1
2009-2010	1.095	1.09	1.17	1.15	1.07	1.11
2010-2011	1.199025	1.1881	1.3689	1.3225	1.1449	1.2321
2011-2012	1.312932	1.295029	1.601613	1.520875	1.225043	1.367631
2012-2013	1.437661	1.411582	1.873887	1.749006	1.310796	1.51807
2013-2014	1.574239	1.538624	2.192448	2.011357	1.402552	1.685058
2014-2015	1.723791	1.6771	2.565164	2.313061	1.50073	1.870415

The following sectors are the sunrise or priority sectors of the Indian Market. Either they do not have investors ready or they are being developed by govt. The banking sector has more or less neglected the growth opportunities in these sectors. Based on the different statistics predicted by Govt. of India and McKinsey, the various growth rates have been taken into consideration and growth predicted at the given rates predict that by 2015 banking sector is going to grow at about twice the volume it is operating at now.

Year		Life sciences	food and agriculture	Infra	Engineering	Technology media and telecommunication	Others
2008-2009		7	22	15	17	13	26
	percent share	0.07	0.22	0.15	0.17	0.13	0.26
2009-2010	increase	7.665	23.98	17.55	19.55	13.91	28.86
	redistribute	7.80605	24.5333	16.72725	18.95755	14.49695	28.9939
2010-2011	increase	8.54762475	26.741297	19.5708825	21.8011825	15.5117365	32.183229
	redistribute	8.70491666	27.3583095	18.6533928	21.1405119	16.1662738	32.3325476
2011-2012	increase	9.53188374	29.8205573	21.8244696	24.3115887	17.297913	35.8891278
	redistribute	9.70728781	30.5086188	20.801331	23.5748418	18.0278202	36.0556404
2012-2013	increase	10.6294802	33.2543945	24.3375573	27.1110681	19.2897676	40.0217609
	redistribute	10.825082	34.0216863	23.1966043	26.2894849	20.1037237	40.2074474
2013-2014	increase	11.8534648	37.0836381	27.140027	30.2329076	21.5109844	44.6302667
	redistribute	12.0715902	37.9392835	25.8676933	29.316719	22.4186675	44.837335
2014-2015	increase	13.2183913	41.353819	30.2652011	33.7142269	23.9879742	49.7694419

But the problem with the previous growth model was that all the sectors are not capable of absorbing the same amount of funds, hence there are funds that are left unused. The solution could be that the funds at the end of each year are invested at the ratio in which they are invested now.

CONCLUSION

Conclusion: On the efficiency frontier it can be said with reasonable certainty that there is not much significant difference in efficiency between the years except for the year 2004 and others. This explains that banks have not been increasing their efficiency and continue to go at the same pace. So far as the difference in performance of the private sector and public sector banks are concerned very significant differences were not found. In terms of giving loans both public sector and private sector banks have performed equally. It was also found that there exists a very high correlation between Sensex and Bankex, this is due to the fact that banking and economy are very closely related and hence they follow each other closely. There is significant difference in the efficiencies of IDBI and other banks. This is due to the fact that IDBI being development bank has the backing of the Govt. So far as the comparison of investment patterns in different industries e.g. life sciences, food and agriculture, infrastructure, engineering and technology media and telecommunication is concerned it was found that the banking sector will outshine all the sectors in terms of its growth. The banking sector is expected to grow at double the present rate of growth.

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TABLES

WEIGHTAGE OF BANKEX			
Company Name	Weight	Company Name	Weight
Allahabad Bank	1.16	IndusInd Bank	1.19
Axis Bank	8.87	IOB	0.94
Bank of Baroda	4.15	Karnataka Bank	0.27
Bank of India	3.42	Kotak Mahindra	5.03
Canara Bank	3.13	Oriental Bank	1.34
Federal Bank	0.86	PNB	5.54
HDFC Bank	15.13	SBI	24.46
ICICI Bank	18.94	Union Bank	2.52
IDBI Bank	1.68	Yes Bank	1.39

EFFICIENCY TABLE						
Company Name/Efficiency	2004	2005	2006	2007	2008	2009
Allahabad Bank	0.640503	0.584424	0.632959	0.711209	0.778168	0.60624
Axis Bank	0.389283	0.554466	0.575388	0.696776	0.820669	0.844845
Bank of Baroda	0.571634	0.690338	0.694272	0.75915	0.735742	0.664297
Bank of India	0.769933	0.939401	0.781902	0.862828	0.808778	0.663633
Canara Bank	0.812495	1	0.814977	0.679329	0.71796	0.669979
Federal Bank	0.502876	0.57477	0.732077	0.799839	0.885867	0.833357
HDFC	0.435717	0.570774	0.592259	0.676841	0.666486	0.643945
ICICI	0.319067	0.471368	0.73667	0.836302	0.930442	1
IDBI	1	0.579917	-0.08682	-1.54	1	0.901025
Indian Overseas Bank	0.671538	0.813491	0.783509	0.823564	0.937579	0.677043
IndusInd	0.366822	0.533982	0.487329	0.576168	0.604741	0.757602
Karnataka Bank	0.674002	0.851676	0.680292	0.789089	0.797589	0.720501
Kotak Mahindra	0.402458	0.766222	0.873656	1	1	1
Oriental Bank	1	1	0.767604	0.839931	0.93557	0.619558
Punjab National Bank	0.701576	0.843031	0.701413	0.803628	0.773594	0.64884
State Bank of India	0.646781	0.792362	0.747745	0.864662	0.934084	0.396234
Union Bank of India	0.600647	0.803287	0.793875	0.838291	0.731377	0.629873
Yes Bank		1	1	1	1	1

KNOWLEDGE CENTRIC HUMAN RESOURCE MANAGEMENT PRACTICES - A COMPARATIVE STUDY BETWEEN SBI AND ICICI

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ABSTRACT

Knowledge Management is multi-disciplinary in nature, weaving together elements from sociology, psychology, technology, philosophy, economics and management theory. no attempt has been so far made in India to venture into the side of Knowledge Management in the banking industry. The peculiar feature of banking in that it is people's money versus banker's mind. In other words Knowledge Management plays a crucial role in the success or failure of any bank. The present study makes a maiden attempt to fill up this gap also. The present study makes an attempt to assess the knowledge-centric human resource management practices being adopted by banks in India with special reference to SBI and ICICI.

KEYWORDS

Knowledge, Human Resource Management, SBI, ICICI.

INTRODUCTION

Knowledge Management is multi-disciplinary in nature, weaving together elements from sociology, psychology, technology, philosophy, economics and management theory. Human Resource practices reinforce Knowledge Management practices. Infact, Human Resource plays a major role in making Knowledge Management Work. Hence, the Human Resource function is expected to create a mindset change across organizations in terms of the following paradigm changes:-

- Shift from thinking of Training to facilitate Learning.
- Shift from mastery of Roles and Functions to mastery of Change and Improvement.
- Shift from Reaching Agreement to Validating Truth.

KNOWLEDGE-CENTRIC HRM PRACTICES IN BANKS

The process, by which the organization manages, develops and releases the knowledge and full potential of their employees depends highly on the Human Resource Management practices within the organization. Thus, Human Resource Management practices and policies must give due recognition for knowledge management activities by educating the employees about knowledge management, recording the information and in turn using them as benchmarking. The IT-based tools and communication media is a boon for knowledge management.

Knowledge management initiatives are on upswing as managers at all levels within organizations face mounting pressure to work smarter and faster while wrestling with the demands of advanced technology and a shrinking workforce. Thus survival and success of banks in the drastically changed business environment depends on the effective management of human resource as the human resource occupies an unique and sensitive position in the banking industry as the need of the hour is delivering branded customer experience.

Knowledge centric HRM framework offers many strategic benefits to a bank of which the most important ones are:

1. Conducive work culture that encourages innovation, knowledge creation and sharing, and continuous learning.
 2. Enhanced competitiveness and hence profitability through significant cost reduction particularly through avoidance of intellectual loss from staff turnover.
- Thus, Knowledge Management calls for management styles that are conducive to create the right climate for sharing and caring. Managers will have to take on the role of knowledge brokers as well as of coach, mentor and facilitator. Encouragement to experimentation and risk taking should become a way of life as they add to the knowledge management excellence.

In many organizations, Knowledge Management strategy is based on the "budget" or "gadget". Instead, it has to be ideally driven by and should be a part of business strategy. Organisations all over the world use both 'codification strategy' and 'personalisation strategy' for Knowledge Management. Codification uses more and more use of documentation and database to capture, store and retrieve the knowledge. Personalisation involves formation of communities of practices across organizations and people networks whereby people relate to each other and share their knowledge.

REVIEW OF LITERATURE

To understand the present study in its proper perspective, it is important to know what has already been done in the field of Knowledge Management and Human Resource Management practices in the banking industry. This would enable the researcher to identify the gap so that he/she can proceed to fill up the same. Hence, the need for reviewing the existing literature relating to the problem under study for which this chapter has been allotted. In today's environment, managing the intangible asset (knowledge) possessed by the tangible asset (Human Resource) is rapidly becoming as important as managing the organisation's cash flows and asset-liability mix. Hence, several studies have been undertaken on this field and it is worthwhile to review some important studies conducted in the problem area selected for the study.

Swan, Robertson and Newell(1999) in their study "Prevent reinventing the wheel: Putting the people into Knowledge Management", have discussed about the survey aimed to assess the extent to which Information Technology and/or people-management issues pose problems for knowledge management practice in terms of learning across projects. The above survey identified the problems associated with the IT –tools based knowledge Management and emphasised the need to simulate alternative theorising about their use and impact within organizations. And it was also found that, the issues such as the willingness of people to share knowledge and the ways in which their companies reward knowledge sharing were crucially related to constraints on project development through lack of knowledge sharing. The study highlighted the need to demonstrate the importance of people-management issues on knowledge sharing.

The researchers W. Soo, F. Midgley, M. Devinney (2002) in their study on "The process and Knowledge Creation in Organisations" have attempted a comprehensive analysis of knowledge creation within the organization, exploring the relationships that exist between (1) knowledge acquisition, (2) problem-solving capability, (3) new knowledge creation, and (4) firm performance. They also investigated the environmental and organizational context within which

knowledge creation generally occurs. They concluded their study by saying that, knowledge acquired from a firm's network of interactions generates new knowledge (via its impact on problem solving capability), which, in turn, affects its level of innovation leading to improved firm performance and it was also found that, the quality of organizational problem solving is the major contributing factor to new knowledge creation and further that the firm's inherent creativity and ability to gain consensus around ideas and solutions are at least as important as its ability to collect and analyze comprehensive information.

It was followed by The research work entitled "Critical success factor of knowledge management" by Hasanali (2002) who has identified that the success of a Knowledge Management initiative depends on many factors, some within our control, some not. Typically, critical success factors can be categorised into five primary categories namely, leadership, culture, structure, roles, and responsibilities and information technology infrastructure and measurement.

Leadership plays a key role in ensuring success in almost any initiative within an organization. Its impact on KM is even more pronounced because this is a relatively new discipline. Nothing makes greater impact on an organisation than when leaders model the behavior they are trying to promote among employees. Culture is the combination of shared history, expectations, unwritten rules, and social customs that compel behaviors. It is the set of underlying beliefs that, while rarely exactly articulated, are always there to influence the perception of actions and communications of all employees.

There are many ways that organisations structure the governance of their KM initiatives. However, the structure is put in place to establish ownership and accountability. If there is no overall ownership of knowledge and learning within the organization and the leadership does not "walk the talk," it will be difficult to sustain any sharing behavior. Without a solid IT infrastructure, an organization cannot enable its employees to share information on a large scale. Yet the trap that most organizations fall into is not a lack of IT, but rather too much focus on IT. A KM initiative is not a software application; having a platform to share information and to communicate is only part of a KM initiative. Most people fear measurement because they see it as synonymous with ROI, and they are not sure how to link KM efforts to ROI. Although the ultimate goal of measuring the effectiveness of a KM initiative is to determine some type of ROI, there are many intervening variables that also affect the outcomes. Because many variables may affect an outcome but, it is important to correlate KM activities with business outcomes, while not claiming a pure cause-and-effect relationship. Thus, all critical success factors for an effective Knowledge Management were highlighted in her study.

Another research model that interconnects Knowledge Management factors was developed by Lee and Choi (2003) in their study entitled "Knowledge Management Enablers, Processes and Organizational Performance: An integrative view and Empirical Examination". This model includes seven enablers: collaboration, trust, learning, centralization, formalization, T-shaped skills and information technology support. The emphasis is on knowledge creation processes such as socialization, externalization, combination, and internalization. To establish credibility between knowledge creation and performance, organisational creativity is incorporated into the model. And it is concluded that from a practical point of view, the relationships among knowledge creation, organisational creativity, and organisational performance may provide a clue as to how firms can adjust knowledge creation processes to sustain their performance. Furthermore, managers will be better able to find which enablers are critical for knowledge creation. It is also, firms may not manage all modes of knowledge creation, they may need robust strategies that involve trade-offs.

Thus, the current findings of their study indicate the following avenues for further research. First, an analysis of different factors such as domain knowledge and other types of knowledge processes may lead to interesting implications. Secondly, the study shows which knowledge enablers can enhance a firm's capability to manage knowledge. Appropriate knowledge management strategies may be able to facilitate these enablers. Finding these strategies may be of interest. And finally, what is the effect of our findings on electronic commerce? Electronic commerce is changing the business world rapidly.

"KM Tools in Human Resource Systems at the world bank: Promoting empowerment and knowledge sharing" is another research study conducted by Egan (2004). According to her, today's knowledge manager and knowledge organizations have to contend with a landscape strewn with desperate and sometimes incompatible applications built to meet specific business demands. By taking the time to understand the impact of existing systems on the common, day-to-day working language and customs of the organisation, the knowledge enterprise can take full advantage of the technologies, accomplishments while correcting unintentional negative impacts to better achieve a knowledge-based result, potentially avoiding expensive and time consuming systems integration efforts.

Her findings were on the basis of the human resource systems at the World Bank. She has targeted three specific areas of HR focus – self service, information publishing and delivery, and integration and communication to illustrate two notions: That systems deployed to meet specific business needs without consideration of KM agenda still can be utilised as foundations for movement toward establishing the knowledge enterprise. And that with the application of KM practices, new applications can be introduced or old ones re-tasked that leverage unintentional outcomes and help sustain and enhance the knowledge enterprise as it moves forward.

The next study was undertaken on Knowledge Management in the field of banking and insurance industry. C H Fourie, Schilawa, and Cloete (2004) In their study entitled "The value of concept maps for knowledge management in the Banking and Insurance Industry : A German Case study" they have discussed about a survey conducted at a banking and insurance company to determine the employees' degree of satisfaction with the current knowledge management system; their familiarity with concept map technology; and their willingness to work with concept maps.

The results indicated that the employees are not fully satisfied with the current knowledge management system because of its unstructured character. The company's knowledge workers require knowledge, and therefore search for a wide range of knowledge currently spread over a number of different sources. Documents and other sources of knowledge are not sufficiently linked, and do not contain key words or descriptions for complex searches. This influences the acquisition of knowledge and search results negatively. However, a very positive reaction was thus expressed by employees concerning new concept map technology. Concept maps were familiar to a large portion of the participants, and an even higher percentage said they would use this new technology for knowledge acquisition and distribution. Thus, the value of concept maps for Knowledge Management particularly in banking and insurance industry was greatly highlighted in their study.

Mr. C. Mahalingam (2005) in his study, Knowledge Management is not a hobbyhorse, it's pure business insist that, Knowledge Management is not a program to be bought off-the-shelf and installed. On the contrary, Knowledge Management can be compared to an 'agricultural process' since it involves preparing the soil (organizational culture), sowing the seeds (initiating Knowledge Management steps), tendering with care (rewards and recognition for those who champion and practice Knowledge Management). It must be remembered that in implementing Knowledge Management, no mechanical approach of reengineering/microwaving for success is possible.

In this case the HR should play two major roles in implementing Knowledge Management practices. One involves viewing Knowledge Management as a key change management initiative and using time-tested approaches to managing change. The second involves approaching knowledge management as an organizational development effort and using models that are appropriate for making this happen.

The above review of literature clearly establishes the fact that, a very little attention has been paid to Knowledge-Centric Human Resource Management practices in India. Almost all the studies referred above have been conducted in abroad, which clearly shows that there is a big research gap in India relating to Knowledge Management studies as applicable to Human Resource. Hence, the present study makes an attempt to fill up this gap. Again, no attempt has been so far made in India to venture into the side of Knowledge Management in the banking industry. The peculiar feature of banking in that it is people's money versus banker's mind. In other words Knowledge Management plays a crucial role in the success or failure of any bank. The present study makes a maiden attempt to fill up this gap also.

RESEARCH MODEL

A thorough review of the earlier research studies conducted on the same field and which have been presented in the previous chapter clearly show the gaps that exist in those research studies. Accordingly, in the light of the above review and the discussion that followed, the researcher deems that, a study on "knowledge-centric Human Resource Management practices between SBI and ICICI" is every essential by adopting the research model outlined in this chapter. This chapter

contains a brief outline of the need for the study, statement of the problem, significance of the study, broad objectives, hypotheses formed, and operational definitions.

STATEMENT OF THE PROBLEM

In the contemporary business environments, organizations are faced with tremendous competitive pressures. In the past, a variety of techniques were developed to enhance a firm's ability to react to and cope with such pressures. It is very essential to create and sustain competitive advantage for the survival of any organisation. The resource - based view of the firm recognizes the importance of organisational resources and capabilities as the principal source of achieving and sustaining competitive advantage.

Within the resource – based perspective, information and knowledge have become increasingly recognised as competitive differentiators. In the knowledge – based view, organisational knowledge – such as operational routines, skills or know-hows – is acknowledged as the most valuable organisational asset. Knowledge sharing among employees, with customers with business partners has a tremendous potential pay-off in improved customer service, shorter delivery-cycle times and increased collaboration within the company. But, unfortunately the Knowledge Management is still at its infant level and no serious attempt has been made in India to pay adequate attention to Knowledge Management approaches to solve human resource problems.

The Knowledge Management system is in fact very diverse, It is not a single technology but instead, a collection of industry, classifying and information retrieved techniques coupled with methodologies, design to achieve results for the user. The use of Knowledge Management Systems has not been without problems. Moreover, the complexity of knowledge in organisations has further translated into complexity in designing and implementing enterprise- Wise approaches to Knowledge Management, utilizing approximate Knowledge Management Systems but also taking adequate account of human and organizational factors. The Knowledge Management System is an important enabler, but its value can only be realised by appropriate strategies, policies, procedures, processes, structures and cultures that recognize the complexity of managing organizational knowledge.

In this context, the Knowledge-centric Human Resource Management plays a very significant role in the success or failure of any service industry. Therefore, it is very vital to analyse the issues associated with knowledge-centric Human Resource Management, particularly in a service industry like banks. It is found that, the new born private sector banks play a significant role in Knowledge Management through the application of Information Communication Technology, whereas, the Public Sector banks face problems in adopting modern technologies in Knowledge – centric Human Resource Management.

Therefore, there is an imperative need to undertake a study of this nature to ascertain the extent of Knowledge – Centric Human resource Management practices adopted in banks and also to make a comparative study of Knowledge – Centric Human Resource Management practices of public sector banks with that of private sector banks.

OBJECTIVES OF THE STUDY

The following broad objectives have been laid down for the purpose of the present study.

1. To present a complete theoretical review on Knowledge Management System and Human Resource practices with a view to identifying the major factors influencing Knowledge Management.
2. To study the nature of the Human Resource Management policies, hierarchical structure, and Knowledge Management capabilities.
3. To study the importance of Knowledge Management domains of SBI and ICICI.
4. To study the Knowledge Management issues prevalent across SBI and ICICI.
5. To compare the Knowledge – centric Human Resource Management practices across SBI and ICICI.
6. To discuss the implications on the basis of the findings of the study.

HYPOTHESES

To study the above objectives, the following hypotheses have been framed.

- H 1: There is significant difference in the perception of SBI and ICICI employees on Human Resource Management policies in their respective banks.
- H 2: The employees of both SBI and ICICI have the same opinion on what would make their management effective.
- H 3: There is no significant difference between the SBI and ICICI employees in viewing the hierarchical Structure preferring performance over seniority.
- H 4: There is no significant difference between the SBI and ICICI employees with regard to the Knowledge Management capabilities
- H 5A: The importance of knowledge domains varies significantly between the employees of SBI and ICICI
- H 5B: There is significant difference between SBI and ICICI employees regarding Knowledge Management variables
- H 6: There is no significant difference in HRM policies for Knowledge Management between SBI and ICICI banks.
- H 7: The ICICI bank adopts better reward and remuneration policies oriented towards maintenance of Knowledge Management than SBI

This chapter forms the basis for the research methodology adopted in the forth coming chapter, which describes the research methodology adopted for the present study in detail.

RESEARCH METHODOLOGY

The methodology adopted in this study is presented in this chapter. The theoretical perspectives discussed in the first chapter, the review of relevant literature in the second chapter, the objectives and hypotheses developed in the third chapter form the basis for the formulation of the research methodology adopted in this study. The major purpose of this study is to capture the prevalence of Knowledge –centric Human Resource Management practices in banks with special reference to SBI and ICICI.

It was decided that a descriptive study using primary data would be appropriate to investigate the objectives and the hypothesis. The instrument used to collect the data was a questionnaire. The researcher has presented and interpreted the collected data supported by quantitative techniques.

This chapter contains the method adopted to design and administer the questionnaire, the sampling technique used and the justification for choosing the samples.

INSTRUMENTATION

For the purpose of studying the objectives and testing of hypotheses framed for the present study, a questionnaire was used as an instrument to collect the data. The questionnaire has two parts. First part contains tabulation of the background characteristics, and a second part contains human resource management practices with regard to knowledge management.

As discussed earlier, the variables relating to Human Resource policies, Knowledge creation, Knowledge sharing and Knowledge utilisation are used. However, there were subjected to validity and reliability tests. Hence, the items that constituted adequate coverage of the factors under the study were decided and agreed upon by the researcher.

Accordingly, the first part consisting of the background information included age captured as a direct measure, sex coded 1 for male and 2 for women, qualification assessed in one of four categories: 1=Undergraduate, 2=Post Graduate, 3=Professional, and 4=Doctorate. And discipline again captured as 1=Arts, 2=Science, 3=Engineering, 4=Medicine, 5=Agriculture, and 6=Management. Designation and Department again captured as a direct measure. Years of experience has been captured under two categories namely management cadre and clerical cadre. And finally Salary per month has been also obtained.

The second part of the instrument consisted of the characteristics of the Human Resource Management policies such as rigidity, flexibility, requirement of generalist, specialist, hierarchy structure preference, Knowledge management capabilities and the knowledge domains. The questionnaire further consist of the

items relating to Knowledge accumulation in the organization, knowledge creation in the organization by information understandings, knowledge creation by task understanding, knowledge internalization by education opportunity and organizational learning, knowledge internalization by task related knowledge, Knowledge Sharing, Knowledge utilization and finally the questions relating human resource management practices for knowledge management, so that a study on knowledge centric human resource management practices can be undertaken.

VALIDITY TEST

In order to collect reliable data and arrive at valid generalizations from the study, the drafted questionnaire was subject to face and content validity test. The test was conducted with assistance of four experts three drawn from academic and one from professional. The experts thoroughly scrutinised the various item according to the definition generated against the concepts of knowledge accumulation, knowledge creation, knowledge internalization, knowledge utilization and human resource management practices for knowledge management. The experts discussed among themselves the validity of each item in gathering the required information needed for the study. Their feedback was obtained on each of the items. Based on the feedback, the questionnaire was modified, deleting some questions, rewording certain others and adding some more items at appropriate places particularly on the advice of the professional expert viz., the banker.

THE PILOT STUDY

After finalizing the number of items in the research instrument, a pilot study was undertaken for the following reasons:

- To assess the reliability of the research instrument constructed.
- To ascertain the time taken to complete the questionnaire by the respondents.
- To modify and edit the research instrument if necessary.

To conduct the pilot study, it was decided to select ten employees from SBI and five employees from ICICI. These employees were selected from the area of the study on a convenient basis

RESULTS OF THE PILOT STUDY

The pilot study revealed that the instrument has adequate stimulus value to gather authentic responses from the respondents. The discussion with the respondent employees also reveals that the procedures adopted in administering the instruments are practicable. It has been found that the respondents took invariably between 30-40 minutes to completely fill the questionnaire. On the whole the pilot study gave the confidence that, the instrument used in the study would elicit the necessary data required from the respondents.

SAMPLING FRAME

A study of this nature required the selection of a suitable place where there is a heavy concentration of banks. Hence, the Madurai city was selected as a center for conducting the field study. The main reason for choosing Madurai city is that the investigator belongs to this area and is familiar with the place. Moreover, all the public and private sector banks are operating in the study area. Madurai is the nerve center for all business operations in the southern part of Tamil Nadu. Many business and industrial establishments have come up in and around Madurai due to the active financial support given by the commercial banks. The description about the banks functioning in the study area is briefly given below.

Commercial banks – Commercial banks are those banks which receives deposits from public, repayable on demand or otherwise and withdrawable by cheque, draft order or otherwise. A bank is basically a financial institution supplying various products and services to meet the varied requirements of the customers.

Public Sector banks – Those banks whose control is in the hands of the government are called public sector banks. Public sector banks include nationalized banks also. Among the public sector banks the SBI is the leading bank.

Private sector banks – Those banks which come under the control of private bodies are called private sector banks. These banks can be classified into old generation banks and new generation banks. Among the new generation banks the ICICI is the premier bank.

SAMPLING TECHNIQUE

Though many public sector banks are operating in and around Madurai, it has been decided to select the State Bank of India (SBI) and ICICI for conducting the field survey. The SBI has been selected since it is the biggest public sector bank operating in India. The SBI has the total strength of 205896 employees as on the 31st march 2009. Of this, 31.42 % were officers: 47.10 % were clerks and the remaining 21.48 % were sub-ordinate staff.¹ Since the respondents had to be selected among the management staff, it was easy to contact such staff in SBI where nearly 30% of the staff belong to the management cadre.

The respondents for the present study were selected by adopting convenient sampling, ofcourse by giving due representation to various categories of offices. Thus, the sample selected from SBI is shown in the following table III.1.

TABLE III.1: TABLE SHOWING THE SAMPLE RESPONDENTS FROM SBI

S.No	Nature of office	Total Respondents
1	Zonal Office	10
2	Main Office	20
3	Local Branches	21
	Total	51

Source: Primary Data

Similarly among the private sector banks, ICICI was selected since it is the biggest private new entrant bank. Moreover, according to the list compiled by the Human Resource Consulting Firm, Hewitt, in partnership with RBL Group and US Magazine Fortune it has been one among the top 12 companies in the Asian Pacific Region for being instrumental in building relationship capabilities within their organization. Hence it has been selected for the present study. Since the study centers around knowledge-centric Human Resource Management, it was decided to conduct the survey only among the managerial level employees working in these banks.

As regards ICICI bank is concerned, it is found that, each branch is managed by only few managers since, most of its operations are computerized from the very inspection. Moreover, no zonal office or main office is functioning at Madurai. Hence, the sample size has been reduced to only twenty five. They were also selected by adopting convenient sampling technique.

ADMINISTRATION

The questionnaire was administered on all the employees identified – 51 from SBI and 25 from ICICI. The researcher personally met the respondents and solicited their kind cooperation in filling up the questionnaire. The respondents were contacted particularly in the afternoon section when they were slightly free from their hectic work schedule. Thus they were approached during their convenient times without causing much dislocation to their routine work. They were also assured that their responses will be used only for academic purpose and were assured absolute confidentiality and anonymity on the information sought. Due to thorough follow up and friendly approach the researcher was able to collect necessary data from all the respondents selected for the study.

TECHNIQUES USED FOR ANALYSIS

The techniques used for the analysis of data for the present study are regression, ANOVA, MONOVA, median, standard deviation and chi square test. MANOVA was used to study knowledge accumulation, knowledge creation by information understanding, knowledge creation by task understanding, knowledge internatisation, knowledge sharing and knowledge utilization. ANOVA test was conducted to study the importance of knowledge management domains of SBI and ICICI. The Chi square test was conducted to ascertain the knowledge management effectiveness, preference for hierarchy structures, knowledge management capabilities in the organization and the importance of knowledge domains of the organization.

ANALYSIS AND INTERPRETATION

The data collected from the respondents was tabulated and analysed using appropriate statistical techniques mentioned in the research methodology. This chapter has two parts. The first part contains tabulation of the background characteristics, and the second part contains tables testing the objectives.

BACKGROUND CHARACTERISTICS

TABLE V.1: BACKGROUND CHARACTERISTICS

Items	Description	Frequency	Percent	Cumulative percentage
Sex	Male	55	72.4	72.4
	Female	21	27.6	
Qualification	Under graduate	51	67.1	67.1
	Post Graduate	6	7.9	75.0
	Professional	19	25.0	100
Discipline	Arts	27	35.5	35.5
	Science	30	39.5	75
	Engineering	4	5.3	80.3

Source: Primary Data

The background characteristics of the respondents are reported in table V.1. From the above table it is found that men constitute 72.4% of the total respondents and women constitute 27.6% of the respondents. 67.1% of the respondents hold an UG degree 7.9% of them PG degree and 25% of them hold a professional degree. 35.5% of them are from Arts stream, 39.5% of them are from Science Stream and 5.3% of them are from Engineering discipline.

TABLE V.1a: TABLE SHOWING THE MEAN AND STANDARD DEVIATION OF AGE, SALARY, AND EXPERIENCE

Items	Mean	Std Deviation
Age	40.90	11.76
Experience	17.57	12.11
Salary	28754.34	9686.26

The mean age of the employees is 40.90 with a standard deviation of 11.76. Mean experience in Clerical cadre is 11.64 with a standard deviation of 11.19. The mean experience in Management Cadre is 6.44 with a standard deviation of 7.82. The mean experience of the employees in this bank is 17.57 with a standard deviation of 12.11 and the mean salary of the employees is Rs. 28754.34 with a standard deviation of 9686.26. The mean values indicate that the employees of the bank are significantly older in age with more number of years of experience in the bank as well as the cadre. This indicates a higher retention rate in the banks under study which signify that the respondents surveyed would have perceptible knowledge about the information sought in this study.

OBJECTIVE 1: TO STUDY THE NATURE OF THE HRM POLICIES, HIERARCHICAL STRUCTURE, AND KNOWLEDGE MANAGEMENT CAPABILITIES OF SBI AND ICICI.

The researcher has studied the orientation of the management of SBI and ICICI, the banks under study. Accordingly, the results are tabulated here below. The researcher has used percentage analysis to study this objective. Also, Chi-square was used to study the association, if any exists.

TABLE V.2: TABLE SHOWING THE HRM POLICIES OF THE ORGANISATION

	Frequency	Percent	Cumulative Percent
Rigid	12	15.8	15.8
Flexible	45	59.2	75.0
Both	19	25.0	100.0
Total	76	100.0	

Source: Primary data

TABLE V.3: TABLE SHOWING CROSS TABULATION ACROSS SBI AND ICICI ON HRM POLICIES OF THE BANKS

Statement	Name of the Bank		Total
	SBI	ICICI	
HRM policies of our organisation are			
Rigid	6	6	12
Flexible	44	1	45
Both	1	18	19
Total	51	25	76

Chi-square = 53.66; sig = 0.00

The Table V.2 shows that 15.8% of the respondents view that their organizations HR policies are rigid 59.2% feels that they are flexible and 25% of the respondents feel that their HR policies are a combination of both. On examination of the opinion of the respondents in Table V.3 on the HR policies across SBI and ICICI, it was found that 6 each from SBI and ICICI say that their HR policies are rigid, 44 of SBI say that they are flexible compared to 1 of ICICI and 1 of SBI says it is both flexible and rigid as that of 18 of ICICI. Chi-square across SBI and ICICI on HR practices is 53.66 with a significant value of 0.000. It is seen that the view of the SBI and ICICI employees differ on their perception on the HRM policies of their respective banks. Hence, the hypothesis(H1) framed for the study, that there is significant difference in the perception of SBI and ICICI employees on Human Resource Management policies in their respective banks is accepted. The researcher has studied the view of the employees of the banks on what would make their organization effective. Percentage analysis results are given below:

TABLE V. 4: SHOWING WHAT WOULD MAKE THEIR MANAGEMENT EFFECTIVE

	Frequency	Percent	Cumulative Percent
Generalist	5	6.6	6.6
Specialist	9	11.8	18.4
Both	62	81.6	100.0
Total	76	100.0	

It is found in the table above that 6.6% of the employees say that they need generalists to make their management effective 11.8% of them require specialist and 81.6% of them say that they need both generalists and specialists to make their management effective. The results of the chi-square statistics are given below:

TABLE V. 5: SHOWING CROSS TABULATION ACROSS SBI AND ICICI ON EFFECTIVE MANAGEMENT

Statement		Name of the Bank		Total
		SBI	ICICI	
Effective mgt of our org requires	Generalist	5	-	5
	Specialist	7	2	9
	Both	39	23	62
Total		51	25	76

Chi-square = 3.411; p = 0.182

The above Table shows that 5 of SBI employees say that they require Generalists to make their management effective whereas no one from ICICI has expressed that they require Generalists. 7 of SBI say that they require specialists and 2 of ICICI say that they require specialists. 39 of SBI say that they require generalists and specialists whereas 23 of ICICI say that they require both generalists and specialist. Chi-square statistic (=3.411) suggests that it is not significant and hence, the opinion of the SBI and ICICI employees on what would make their management effective is the same across the employees of the banks. Therefore, the hypothesis (H2) that, The employees of both SBI and ICICI have the same opinion on what would make their management effective is accepted.

The researcher has studied the hierarchy structure the respondents prefer in their organization. The results are tabulated in Table V.6

TABLE V.6: SHOWING HIERARCHY STRUCTURE PREFERRED IN ORGANIZATIONS

	Frequency	Percent	Cumulative Percent
Seniority	5	6.6	6.6
Performance	31	40.8	47.4
Both	40	52.6	100.0
Total	76	100.0	

Source: Primary Data

Table V.6 shows that 6.6% of the respondents view seniority as preferred structure in their organisation 40.8% prefer performance based hierarchical structure, 52.6% of them preferred a combination of both seniority and performance based hierarchical structure in their organization

The preference of the hierarchical structure across the SBI and ICICI banks was studied. The results are given in Table V.7

TABLE V. 7: SHOWING THE PREFERENCE OF THE HIERARCHICAL STRUCTURE ACROSS SBI AND ICICI

Statement		Name of the Bank		Total
		SBI	ICICI	
Hierarchy structure in ur org prefers	Seniority	5		5
	Performance	11	20	31
	Both	35	5	40
Total		51	25	76

Chi-Square = 24.031; p = 0.000

Table V.7 shows that 5 of the SBI employees prefer seniority to be the preferred hierarchical structure and no one in ICICI preferred seniority. 11 of the SBI respondents preferred performance to be the preferred hierarchical structure and 20 of ICICI preferred performance as their preferred hierarchical structure. 35 of SBI preferred a combination of both seniority and performance based hierarchical structure as compared to 5 from ICICI. On examination of the chi-square results, it is found that it is significant and hence, it is seen that respondents from SBI and ICICI have different perspective on the preferred hierarchical structure. Since the result of chi square is 0.000 it is proved beyond doubt that there is significant difference between the SBI and ICICI employees in viewing their hierarchical structure, preferring performance over seniority. Hence the hypothesis (H3) is rejected.

The researcher has studied the most needed Knowledge Management capabilities in their organisations. The results are tabulated in Table V.8

TABLE V.8: SHOWING THE MOST NEEDED KNOWLEDGE MANAGEMENT CAPABILITY IN THE ORGANIZATION

Most needed KM capability	Frequency	Percent	Cumulative Percent
Product	12	15.8	15.8
Service	12	15.8	31.6
Both	52	68.4	100.0
Total	76	100.0	

Source: Primary Data

Table V.8 shows the most needed knowledge management (KM) capability in the banks. It is seen that 15.8% of the employees say that product is the most needed KM capability in the organization, 15.8% of them say that service and 68.4% of them say that both product and service are needed KM capabilities in the organisation.

The most needed KM capabilities were tested for significance across the SBI and ICICI. The results are given in Table V.9.

TABLE V.9: SHOWING THE CROSS TABULATION OF THE MOST NEEDED KM CAPABILITIES

Most needed KM capability	Name of the Bank		Total
	SBI	ICICI	
Product	8	4	12
Service	11	1	12
Both	32	20	52
Total	51	25	76

Chi-square = 4.011; p = .135

The results of the cross tabulation and chi-square are tabulated in Table V.9. It is seen that 8 of SBI respondents feel that product is the most needed KM capabilities and 4 of ICICI respondents feel that product is the most important KM capabilities. 11 of SBI respondents feel that service is the most important needed KM capabilities and 1 of ICICI and 32 of the SBI feel that both product and service are the most needed KM capabilities and 20 of ICICI respondents feel that both product and service are the most needed KM capabilities. On examination of the chi-square (=4.011) results, it is seen that chi-square statistic is not significant (p = 0.135).

This means the respondents across SBI and ICICI have the same opinion on the most needed KM capabilities. Hence, the hypothesis framed for the study (H4) that there is no significant difference between the SBI and ICICI employees with regard to the Knowledge Management capabilities has been accepted.

OBJECTIVE 2: TO STUDY THE IMPORTANCE OF KNOWLEDGE MANAGEMENT DOMAINS OF SBI AND ICICI

To study objective 2, the researcher has conducted Friedman Two – Way ANOVA because the respondents were asked to rank 6 knowledge domains as they view them through. The 6 knowledge domains are marketing/sales, customer service, competition, internal company operations and human resource. The results are given in Table V.10.

TABLE V.10: SHOWING THE IMPORTANCE OF KNOWLEDGE DOMAINS OF THE ORGANIZATION

S.No	Items	Mean Rank
1	Marketing/sales	2.34
2	Customer service	1.49
3	Competition	3.47
4	Internal company operations	3.82
5	Human Resources	3.88

Chi-square = 133.63; $p = 0.000$

Table V.10 shows the results of Friedman Two Way ANOVA. On examination of the mean ranks, it is seen that human resource is the most important knowledge domains of the organisation followed by internal company operations, competition, marketing/sales and customer service.

Chi-square statistic (= 133.63) shows that it is significant at 0.05 level and hence it is proved that the importance of knowledge domains significantly differ for the respondents and hence the hypothesis (5A) that the importance of knowledge domains varies significantly between the employees of SBI and ICICI has been rejected.

OBJECTIVE 3: TO STUDY THE KNOWLEDGE MANAGEMENT ISSUES PREVALENT ACROSS SBI AND ICICI

To study this objective, the researcher has conducted MANOVA. The variables that entered the MANOVA model are banks, knowledge accumulation, Knowledge creation by information understandings, Knowledge Creation by task understanding, Knowledge internalization by education opportunity and organisational learning, Knowledge internalisation by task-related knowledge, Knowledge sharing and Knowledge utilization. The variable banks entered the model as a fixed factor and the remaining variables entered as dependent variables.

There are four different test statistics namely, Pillai's trace, Wilk's Lambda (Λ), Hotelling-Lawley's trace, Roy's Greatest Root, each with its own associated F statistic. Pillai's Trace is the most robust of the four tests since it is least sensitive to departures. From the assumptions (Olson, 1976; Johnson, & Wichern, 2002) and Hotelling's Trace is the most common and traditional test, where the independent variable is formed of two groups. Wilk's Lambda is the most common and traditional test when there are more than two groups formed by the independent variables and Roy's Largest Root is seldom used. A significance feature of this MANOVA design is that, all the four test statistic give identical F values.

TABLE V.11: SHOWING MULTIVARIATE TESTS

	Value	F	Hypothesis df	Error df	Sig.
Pillai's Trace	.354	5.316	7.000	68.000	.000
Wilks' Lambda	.646	5.316	7.000	68.000	.000
Hotelling's Trace	.547	5.316	7.000	68.000	.000
Roy's Largest Root	.547	5.316	7.000	68.000	.000

The Table V.11 shows the results of the hypothesis test. To determine the significance of the omnibus test, taking the composite of all the knowledge management variables, the researcher examined the F - static, and the significance value p . On examination of the Table, it is found that F – static is significant at $p = 0.05$. This means, there is a significant difference between SBI and ICICI across the knowledge management variables Hotelling's Trace $\Lambda = .547$, $F(7,68) = 5.31$, $p = 0.000$ (< 0.05) and it clearly shows that the hypothesis framed for the study (H5b) that there is significant difference between SBI and ICICI employees regarding Knowledge Management variables has been accepted.

Since the results of the MANOVA are significant, the 'Tests of Between Subjects Effects' (univariate results) are examined to determine whether the independent variables are significant for each of the knowledge management variables. Table V.12 shows the results of the tests of between subject effects.

TABLE V.12: SHOWING TESTS OF BETWEEN-SUBJECTS EFFECTS

Source	Dependent Variable	Sum of Squares	Df	Mean Square	F	Sig.
BANK	knowledge accumulation	.918	1	.918	5.908	.017
	knowledge creation	3.122E-02	1	3.122E-02	.124	.726
	knowledge creation by task understanding	2.108	1	2.108	7.551	.008
	Knowledge internalisation	.489	1	.489	2.297	.134
	knowledge internalisation by task-related knowledge	3.043	1	3.043	12.308	.001
	knowledge sharing	1.871	1	1.871	8.543	.005
	knowledge utilisation	2.097	1	2.097	7.060	.010

a R Squared = .074 (Adjusted R Squared = .061)

b R Squared = .002 (Adjusted R Squared = -.012)

c R Squared = .093 (Adjusted R Squared = .080)

d R Squared = .030 (Adjusted R Squared = .017)

e R Squared = .143 (Adjusted R Squared = .131)

f R Squared = .103 (Adjusted R Squared = .091)

g R Squared = .087 (Adjusted R Squared = .075)

On examination of the Table, it is found that there is significant difference for knowledge accumulation ($F = 5.908$, $p = 0.017$), knowledge creation by task understanding ($F = 7.551$, $p = 0.008$), and knowledge internalization by task – related knowledge ($F = 12.308$, $p = 0.001$), knowledge sharing ($F = 8.543$, $p = 0.005$) and knowledge utilisation ($F = 7.060$, $p = 0.01$) are significant. As the independent variable has only two groups, multiple comparisons using Post-Hoc are not conducted.

TABLE V.13: SHOWING DESCRIPTIVE STATISTICS ACROSS BANKS ON KNOWLEDGE MANAGEMENT VARIABLES

	Name of the Bank	Mean	Std. Deviation
knowledge accumulation	SBI	3.9832	.41171
	ICICI	4.2171	.35504
	Total	4.0602	.40692
Knowledge creation	SBI	4.0931	.56338
	ICICI	4.0500	.33850
	Total	4.0789	.49868
Knowledge creation by task understanding	SBI	3.9412	.47472
	ICICI	3.5867	.62568
	Total	3.8246	.55102
Knowledge Internalisation	SBI	4.0667	.52409
	ICICI	3.8960	.28937
	Total	4.0105	.46521
knowledge internalisation by task-related knowledge	SBI	4.3725	.54425
	ICICI	3.9467	.38103
	Total	4.2325	.53339
Knowledge sharing	SBI	4.3039	.52515
	ICICI	3.9700	.31721
	Total	4.1941	.49092
knowledge utilization	SBI	3.9216	.62107
	ICICI	3.5680	.33506
	Total	3.8053	.56660

Further, on examination of the univariate descriptive results of those knowledge management variables that are significant shown in Table V.13, it has been found that SBI reported less knowledge accumulation and ICICI reported less knowledge creation by task understanding (mean = 3.5867) than SBI (mean = 3.9412), less knowledge internalization by task-related knowledge (mean = 3.9467 versus 4.3725), and less knowledge sharing (mean = 3.9700 versus 4.3039) and less knowledge utilization (mean = 3.5680) than SBI (mean = 3.9216).

OBJECTIVE 4: TO COMPARE THE KNOWLEDGE-CENTRIC HRM PRACTICES ACROSS SBI AND ICICI

To study objective 4, the researcher has conducted MANOVA. The variables that entered the MANOVA model are banks, general HRM policies for Knowledge management, recruitment and selection, performance management, rewards and remuneration and training and development. The variable banks entered the model as a fixed factor and the remaining variables entered as dependent variables.

There are four different test statistics namely, Pillai's trace, Wilk's Lambda (Λ), Hotelling-Lawley's trace, Roy's Greatest Root, each with its own associated F statistic. Pillai's Trace is the most robust of the four tests since it is least sensitive to departures from the assumptions (Olson, 1976; Johnson, & Wichern, 2002) and Hotelling's Trace is the most common and traditional test, where the independent variable is formed of two groups. Wilk's Lambda is the most common and traditional test when there are more than two groups formed by the independent variables and Roy's Largest Root is seldom used. A significance feature of this MANOVA design is that, all the four test statistic give identical F values.

TABLE V.14: SHOWING MULTIVARIATE TESTS

	Value	F	Hypothesis df	Error df	Sig.
Pillai's Trace	.382	8.649	5.000	70.000	.000
Wilks' Lambda	.618	8.649	5.000	70.000	.000
Hotelling's Trace	.618	8.649	5.000	70.000	.000
Roy's Largest Root	.618	8.649	5.000	70.000	.000

The Table V.14 shows the results of the hypothesis test. To determine the significance of the omnibus test, taking the composite of all the knowledge management variables, the researcher examined the F -static, and the significance value p . On examination of the Table, it is found that F -static is significant at $p = 0.05$. This means, there is a significant difference between SBI and ICICI across the knowledge management variables Hotelling's Trace $\Lambda = .618$, $F(7,70) = 8.649$, $p = 0.000$ (< 0.05).

Since the results of the MANOVA are significant, the 'Tests of Between Subjects Effects' (univariate results) are examined to determine whether the independent variables are significant for each of the knowledge management variables. Table V.15 shows the results of the tests of between subject effects.

TABLE V.15: SHOWING TESTS OF BETWEEN-SUBJECTS EFFECTS

Source	Dependent Variable	Sum of Squares	Df	Mean Square	F	Sig.
BANK	HRM policies for Knowledge Management	3.583	1	3.583	13.307	.000
	recruitment and selection	8.236E-02	1	8.236E-02	.259	.612
	performance management	.413	1	.413	.274	.602
	Reward and remuneration	10.161	1	10.161	22.025	.000
	Training and Development	6.408E-02	1	6.408E-02	.314	.577

a R Squared = .152 (Adjusted R Squared = .141)

b R Squared = .003 (Adjusted R Squared = -.010)

c R Squared = .004 (Adjusted R Squared = .010)

d R Squared = .229 (Adjusted R Squared = .219)

e R Squared = .004 (Adjusted R Squared = .009)

On examination of the Table, it is found that there is significant difference for HRM policies in knowledge management ($F = 13.307$, $p = 0.000$) and reward and remuneration ($F = 22.025$, $p = 0.000$) are significant. As the independent variable has only two groups, multiple comparisons using Post-Hoc are not conducted.

TABLE V.16: SHOWING DESCRIPTIVE STATISTICS ACROSS BANKS ON KNOWLEDGE MANAGEMENT VARIABLES

	Name of the Bank	Mean	Std. Deviation
HRM policies for Knowledge Management	SBI	3.8941	.55332
	ICICI	3.4320	.43848
	Total	3.7421	.55982
recruitment and selection	SBI	3.8366	.57878
	ICICI	3.9067	.53159
	Total	3.8596	.56112
Performance management	SBI	3.8431	.53610
	ICICI	4.0000	.201298
	Total	3.8947	.122220
Reward and remuneration	SBI	3.4118	.68888
	ICICI	4.1900	.65860
	Total	3.6678	.76854
Training and Development	SBI	4.0902	.50804
	ICICI	4.1520	.30155
	Total	4.1105	.44947

Further, on examination of the univariate descriptive results of those HRM practice variables that are significant shown in Table V.16, it has been found that SBI (mean = 3.8941) has better HRM policies for knowledge management than compared to ICICI (mean = 3.4320). Since the SBI has better Human Resource Policies for knowledge management than ICICI, the hypothesis (H6) that, there is no significant policies for knowledge management between SBI and ICICI is rejected. ICICI (mean = 4.1900) has better reward and remuneration policies oriented toward maintenance of knowledge management than SBI (mean = 3.4118). It also clearly supports the hypothesis (H7) that, the ICICI bank adopts better reward and a remuneration policy oriented towards maintenance of Knowledge Management than SBI is accepted.

SUMMARY OF HYPOTHESES

A number of hypotheses have been framed to test the significance of various items that influence knowledge-centric Human Resource Management practices adopted by SBI and ICICI. A summary of those hypotheses tested in the study is shown in the Table VI.1. The letter S indicates supported and NS Not Supported. Table VI.1

TABLE SHOWING SUMMARY OF HYPOTHESES TESTING

S.No	Hypotheses	Result
1	There is significant difference in the perception of SBI and ICICI employees on Human Resource Management policies in their respective banks.	S
2	The employees of both SBI and ICICI have the same opinion on what would make their management effective.	S
3	There is no significant difference between the SBI and ICICI employees in viewing the hierarchical Structure preferring performance over seniority.	NS
4	There is no significant difference between the SBI and ICICI employees with regard to the Knowledge Management capabilities	S
5A	The importance of knowledge domains varies significantly between the employees of SBI and ICICI	NS
5B	There is significant difference between SBI and ICICI employees regarding Knowledge Management variables	S
6	There is no significant difference in HRM policies for Knowledge Management between SBI and ICICI banks.	NS
7	The ICICI bank adopts better reward and remuneration policies oriented towards maintenance of Knowledge Management than SBI	S

IMPLICATIONS

The present study sheds light on the extent of knowledge management oriented human resource concepts in the banking industry in India and may be regarded as a guide to encourage bank management to implement these concepts through the integration of knowledge creation, sharing, acquisition and integration between management and employees. This study has important implications for both organisations and employees as it has the potential to benefit both of them. The implications of knowledge-centric human resource management practices are discussed in this chapter.

Firstly, the Human Resource Development has become an important corporate philosophy in recent times and it has emerged as a profession in itself with tremendous relevance to the service sector like banking. The emphasis of Human Resource Development is not only on production and productivity but also on the overall quality of work-life. In fact an effective Human Resource management enables an individual to improve his overall personality and career prospects and helps him to perform existing and future roles effectively. The Human Resource Management policies have to be highly flexible in nature particularly in banks so that, there is a high level of operational flexibility and functional autonomy so that they may achieve better operational efficiency and higher productivity in all fields. The rigidity in human resource policies as disclosed by the present study should be dispensed with.

Secondly, the results of the study show that, for effective management, the banks prefer both generalist as well as specialist. Traditionally there exists a generalist orientation in recruitment to make the management effective but it is often found that, service organisations like banks require specialist also to handle innovative products like merchant banking, mutual funds, factoring, leasing, securitization of debt, derivatives etc., The need of the hour is to recruit specialist staff at entry level and even at lateral levels. Candidates with specialist background and expertise can be selected as per requirements. A bank needs leadership and skillful people with professional expertise. Such people are needed for decision making process in problem solving, codification strategies, efficiency of new knowledge and operations based on a knowledge basis.

Thirdly, the study reveals the importance given to the seniority in the hierarchy structure preference by the SBI, while performance is given importance by ICICI in the study area. For top management it is necessary to improve their human capital and their employees' participation in solving problems by improving their knowledge and experience so as to achieve strategic objectives in the long run. Such improvement may be achieved through restructuring of their human resources and their organisational hierarchy. It is preferable to have people at the top management having both seniority and performance whereas in the middle management seniority can be insisted upon and at the operational level it is always advisable to recruit good performers.

Fourthly, while analysing the most needed knowledge management capabilities, the study reveals that, least attention is paid to customer service. This is an area where most of the Indian banks need to focus and improve upon. It is well accepted fact that in today's world cut-throat competition, customer – centricity has emerged as a strategic imperative for all service organizations including banks. Consequently, firms are vying for enhancing their customer service by putting in place latest management practices like customer relationship management (CRM). Knowledge Management along with sufficient information technology support can be used as a powerful enabler of CRM. The application of the customer relationship management concept on the organisations as well as the customer touch-points gives rise to enterprise CRM. This cyclical closed loop business process seeks to identify, maintain and enlarge the 'best' customers of an organisation.

Further, it seeks, to drive its business growth and profitability through creation of life-time value and long standing relationships with such customers. Enterprise CRM systems in banks, what is expected out of knowledge management is proper maintenance of relevant and up-to-date customer database through use of latest Information Technology application packages which in turn generate meaningful reports and statements. Thus, decision making on aspects such as

launching new and innovative products, modifying the existing ones, customer segmentation based on different parameters, selection of right customer groups/segments for specific products and the like becomes very scientific and meaningful. Further, this ensures customer optimisation and better operational efficiency. Today, very advanced software is available for data mining that can be used for increasing value of customers and also for retaining good customers. Data mining also helps in marketing of bank products as it helps to target the right customers more accurately.

Fifthly, an analysis of the various Knowledge Management variables across the banks selected for the present study shows that less importance is given to almost all variables like knowledge accumulation, knowledge creation, knowledge sharing and knowledge utilisation. In fact, knowledge management is a systematic and holistic approach to capture the collective experience, wisdom including the tacit knowledge which is the intellectual property of the individuals and makes it available and useful to everyone in the organisation.

Knowledge management is not simply a onetime activity but a continuous and ongoing process. It is the transformation process and a process of creating, capturing, storing, sharing and applying such knowledge for achieving business goals. To achieve this bank's management needs new information to improve its website and to improve communication contacts with its customers and other organizations within its business environment. Thus, an updated technology is needed for an effective knowledge management system. The study suggests that, practices of knowledge are still at the beginning stage and are still not effective in their operations. Knowledge sharing individually or collectively by the banking management adds value when new knowledge management is practised in a knowledge-intensive organisation. It is advisable to introduce a typical knowledge management based human resource management system with a view to creating a conducive work culture that encourages innovation, knowledge creation and sharing and above all continuous learning. Such a system would also provide enhanced competitiveness through avoidance of intellectual loss from staff turnover. Similarly, banks should not resort to reckless downsizing, since it may lead to knowledge walk outs. It is noted that the cost of knowledge acquisition or sophistication is much more than that of harnessing knowledge gains of the employees.

Sixthly, to encourage the employees to have access to various sources of knowledge, the management should stimulate employees motivation so that, they may develop knowledge management skills and experience. For instance, retrieving knowledge for a situation so as to make a decision. Again information technology is a vital factor to support the process of storing and distribution knowledge for sharing. For this purpose skills in information technology and time management skill have to be inculcated in the minds of the employees. Information technology would give the bank management a new dimension in managing its knowledge and help in carrying out and maximising the management's initiatives in harmonising the appropriate strategies in the short and long term.

Seventhly, employees should be motivated to share new ideas and inventions. In fact the organisation's policy should be in such a way as to discuss with its employees and absorb new ideas and innovations. Knowledge Management contributes substantially to bring about both product and process innovation. There is no doubt regarding the fact that any business innovation is not caused by chance; rather, it is the result of a deliberate and systematic effort by the organisation towards achieving the same after a careful analysis of the opportunities in the environment vis-à-vis its own strengths and weaknesses. Knowledge Management can act as important enabler for the innovation efforts of a bank, since it can provide the latest and relevant information and other decision inputs. The basic point behind product or process innovation, being factors such as changing customer preferences, tastes, aspirations, profitability considerations etc., a typical knowledge management system can provide the entire relevant information and can prove itself to be a vital prerequisite for effective business innovation. Knowledge management systems can make development of new products and processes very systematic, fast and cost effective.

Eighthly, it is very vital that, the employees must be exposed to the latest developments in the field of banking with reference to products and services. It is also vital to broaden the vision of the employees by providing them suitable opportunities for an inter change of experience within and outside the industry. It requires proper training. If there is a climate of training, then employees become more efficient, their motivation is increased and their standard of work improves. In fact a learning climate aids the management pin-point areas of service needs and helps to give a better response to pressure. Though there are many on the job and off the job methods, it is advisable to adopt modern methods of training.

Banking companies should go for automated training of employees and the most sensible method is to employ a knowledge management system. A knowledge management system provides a suite of diverse catalog courses, content management, reliable reporting, online authoring, ease of use, and scalability that can be adjusted as the company grows and changes. Companies of various sizes have the ability to give their employees the latest and greatest training available by using a knowledge management system. A knowledge management system is very flexible and can be adjusted for the size of the company that is using the knowledge management system. Another great benefit of utilising a knowledge management system is that one can control the scheduling of the training sessions much easier. Instead of taking many employees away from work at one time to do training in a classroom setting, Internet and intranet can be utilised and allow each individual employee to participate in the knowledge management system at the most efficient time possible. Businesses can even offer the knowledge management system training to their employees from their home itself, if the need arises.

CONCLUSION

The 21st century will offer major challenges to our human resource capacities as one enters a period of rapid social, technological and economic fluctuations. To meet these challenges employees must be knowledgeable, trained, competitive and inventive. The Knowledge Management is not only a process of creating and transferring knowledge right across the organisation but also adds value to the existing treasure of knowledge. It is an asset which can be leveraged for customer delight, operational excellence, product innovation and for enhancing profits and organizational effectiveness.

The objectives of Knowledge Management System may encompass the optimum use of knowledge besides other assets. It also aims to leverage internal and external expertise and intellectual abilities to the competitive business advantage, to provide right knowledge at the right time to the right person and to inculcate a habit of continuous learning among the work force to drive the organisation towards a 'learning organisation'. Therefore, if the above implications of the present study are duly considered by the authorities concerned, it would go a long way in improving the knowledge-centric human resource management practices of banks, besides enhancing their productivity and efficiency in all directions.

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A COMPARATIVE STUDY OF NON-PERFORMING ASSETS OF PUBLIC AND PRIVATE SECTOR BANKS

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ABSTRACT

Non-performing assets are one of the major concerns for banks in India. NPAs reflect the performance of banks. A high level of NPAs suggests high probability of a large number of credit defaults that affect the profitability and net-worth of banks and also erodes the value of the asset. The NPAs growth involves the necessity of provisions, which reduces the overall profits and shareholders' value. The issue of Non Performing Assets has been discussed at length for financial system all over the India. The problem of NPAs is not only affecting the banks but also the whole economy. In fact high level of NPAs in Indian banks is nothing but a reflection of the state of health of the industry and trade. The Indian banking sector is facing a serious problem of NPAs. The extent of NPAs is comparatively higher in public sectors banks. To improve the efficiency and profitability, the NPAs have to be scheduled. Various steps have been taken by government to reduce the NPAs. It is highly impossible to have zero percentage NPAs. But at least Indian banks can try competing with foreign banks to maintain international standard. The problem of losses and lower profitability of Non-Performing Assets (NPAs) and liability mismatch in banks and financial sector depend on how various risks are managed in their business. An attempt is made in the paper that what is NPAs? The factors contributing to NPAs, the magnitude of NPAs, reasons for high NPAs and their impact on Indian banking operations. Besides capital to risk weight age assets ratio of Public and Private sector banks, management of credit risk and measures to control the menace of NPAs are also discussed.

KEYWORDS

NPA, Bank, Financial Sector.

INTRODUCTION

The Indian banking sector has played a commendable role in fuelling and sustaining growth in the economy. The banking system in India comprises commercial and cooperative banks, of which the former accounts for more than 90 per cent of banking system's assets. Besides a few foreign and Indian private banks, the commercial banks comprise nationalized banks (majority equity holding is with the Government), the State Bank of India (SBI) (majority equity holding being with the Reserve Bank of India) and the associate banks of SBI (majority holding being with State Bank of India). These banks, along with regional rural banks, constitute the public sector (state owned) banking system in India

The public sector banks have emerged strong across all key indicators as the global financial turmoil and slowing domestic economy put the banking sector on a test. The public banks have not only reduced the lending rates but have also managed to record higher average net profit and lower NPAs level than their private sector banks, (an Assocham Financial Pulse (AFP) study).

The Public Sector Banks have shown very good performance over the private sector banks as far as the financial operations are concerned. The Public Sector Banks have also shown comparatively good result. However, the only problem of the Public Sector Banks these days are the increasing level of the non performing assets. The non performing assets of the Public Sector Banks have been increasing regularly year by year. If we glance on the numbers of non performing assets we may come to know that in the year 1995 the NPAs were Rs. 38385 crore and reached to Rs. 44042 crore in 2009 in Public sector banks and comparatively in the year 2001 the NPAs were Rs. 6410 crore and reached to Rs. 16887 crore in 2009 in Private sector banks. The only problem that hampers the possible financial performance of the Public and private Sector Banks are the increasing results of the non performing assets. The non performing assets impact drastically to the working of the banks. The efficiency of a bank is not always reflected only by the size of its balance sheet but by the level of return on its assets. NPAs do not generate interest income for the banks, but at the same time banks are required to make provisions for such NPAs from their current profits. NPAs have a deleterious effect on the return on assets in several ways –

- They erode current profits through provisioning requirements
- They result in reduced interest income
- They require higher provisioning requirements affecting profits and accretion to capital funds and capacity to increase good quality risk assets in future, and
- They limit recycling of funds, set in asset-liability mismatches, etc.

The RBI has also tried to develop many schemes and tools to reduce the non performing assets by introducing internal checks and control scheme, relationship managers as stated by RBI who have complete knowledge of the borrowers, credit rating system, and early warning system and so on. The RBI has also tried to improve the securitization Act and SRFAESI Act and other acts related to the pattern of the borrowings. Though RBI has taken number of measures to reduce the level of the non performing assets the results is not up to the expectations. To improve NPAs each bank should be motivated to introduce their own precautionary steps. Before lending the banks must evaluate the feasible financial and operational prospective results of the borrowing companies. They must evaluate the business of borrowing companies by keeping in considerations the overall impacts of all the factors that influence the business.

While gross NPAs reflects the quality of the loans made by banks, net NPA shows the actual burden of banks. Now it is increasingly evident that the major defaulters are the big borrowers coming from the non-priority sector. The banks and financial institutions have to take the initiative to reduce NPAs in a time bound strategic approach. Public sector banks figure prominently in the debate not only because they dominate the banking industries, but also since they have much larger NPAs compared with the private sector banks. This raises a concern in the industry and academia because it is generally felt that NPAs reduce the profitability of banks, weaken its financial health and erode its solvency. For the recovery of NPAs a broad framework has evolved for the management of NPAs under which several options are provided for debt recovery and restructuring. Banks and FIs have the freedom to design and implement their own policies for recovery and write-off incorporating compromise and negotiated settlements.

NON-PERFORMING ASSETS OF PUBLIC AND PRIVATE SECTOR BANKS

The quality of Indian banks' assets is likely to deteriorate over the next two years. This will be driven by the slowdown in the economy, and by the aging of loans made in recent years. The NPAs are considered as an important parameter to judge the performance and financial health of banks. The level of NPAs is one of

the drivers of financial stability and growth of the banking sector. The Financial companies and institutions are nowadays facing a major problem of managing the Non Performing Assets (NPAs) as these assets are proving to become a major setback for the growth of the economy. NPAs in simple words may be defined as the borrower does not pay principal and interest for a period of 180 days. However, it is taken into consideration now that default status would be given to a borrower if dues are not paid for 90 days. If any advance or credit facility granted by the bank to a borrower becomes non-performing, then the bank will have to treat all the advances/credit facilities granted to that borrower as non-performing without having any regard to the fact that there may still exist certain advances / credit facilities having performing status.

ASSET CLASSIFICATION

CATEGORIES OF NPAS

STANDARD ASSETS:

Standard assets are the ones in which the bank is receiving interest as well as the principal amount of the loan regularly from the customer. Here it is also very important that in this case the arrears of interest and the principal amount of loan do not exceed 90 days at the end of financial year. If asset fails to be in category of standard asset that is amount due more than 90 days then it is NPA and NPAs are further need to classify in sub categories. Banks are required to classify non-performing assets further into the following three categories based on the period for which the asset has remained non-performing and the reliability of the dues:

(1) SUB-STANDARD ASSETS

With effect from 31 March 2005, a sub standard asset would be one, which has remained NPA for a period less than or equal to 12 month. The following features are exhibited by sub standard assets: the current net worth of the borrowers / guarantor or the current market value of the security charged is not enough to ensure recovery of the dues to the banks in full; and the asset has well-defined credit weaknesses that jeopardize the liquidation of the debt and are characterized by the distinct possibility that the banks will sustain some loss, if deficiencies are not corrected.

(2) DOUBTFUL ASSETS

A loan classified as doubtful has all the weaknesses inherent in assets that were classified as sub-standard, with the added characteristic that the weaknesses make collection or liquidation in full, – on the basis of currently known facts, conditions and values – highly questionable and improbable.

With effect from March 31, 2005, an asset would be classified as doubtful if it remained in the sub-standard category for 12 months.

(3) LOSS ASSETS

A loss asset is one which considered uncollectible and of such little value that its continuance as a bankable asset is not warranted- although there may be some salvage or recovery value. Also, these assets would have been identified as 'loss assets' by the bank or internal or external auditors or the RBI inspection but the amount would not have been written-off wholly.

FACTORS FOR RISE IN NPAS

The banking sector has been facing the serious problems of the rising NPAs. But the problem of NPAs is more in public sector banks when compared to private sector banks and foreign banks. The NPAs in PSB are growing due to external as well as internal factors.

EXTERNAL FACTORS

- Ineffective Recovery

The Govt. has set of numbers of recovery tribunals, which works for recovery of loans and advances. Due to their negligence and ineffectiveness in their work the bank suffers the consequence of non-recovery, their by reducing their profitability and liquidity.

- Willful Defaults

There are borrowers who are able to pay back loans but are intentionally withdrawing it. These groups of people should be identified and proper measures should be taken in order to get back the money extended to them as advances and loans.

-Natural Calamities

This is the measure factor, which is creating alarming rise in NPAs of the PSBs. every now and then India is hit by major natural calamities thus making the borrowers unable to pay back there loans. Thus the bank has to make large amount of provisions in order to compensate those loans, hence end up the fiscal with a reduced profit.

- Industrial Sickness

Improper project handling , ineffective management , lack of adequate resources , lack of advance technology , day to day changing govt. Policies give birth to industrial sickness. Hence the banks that finance those industries ultimately end up with a low recovery of their loans reducing their profit and liquidity.

- Lack of Demand

Entrepreneurs in India could not foresee their product demand and starts production which ultimately piles up their product thus making them unable to pay back the money they borrow to operate these activities. The banks recover the amount by selling of their assets, which covers a minimum label. Thus the banks record the non recovered part as NPAs and has to make provision for it.

-Change on Govt. Policies

With every new govt. banking sector gets new policies for its operation. Thus it has to cope with the changing principles and policies for the regulation of the rising of NPAs.

INTERNAL FACTORS

- Defective Lending Process

There are three cardinal principles of bank lending that have been followed by the commercial banks since long.

- i. Principle of safety
- ii. Principle of liquidity
- iii. Principle of profitability

- Inappropriate Technology

Due to inappropriate technology and management information system, market driven decisions on real time basis cannot be taken. Proper MIS and financial accounting system is not implemented in the banks, which leads to poor credit collection, thus NPAs. All the branches of the bank should be computerized.

- Improper SWOT Analysis

The improper strength, weakness, opportunity and threat analysis is another reason for rise in NPAs. While providing unsecured advances the banks depend more on the honesty, integrity, and financial soundness and credit worthiness of the borrower.

- Poor Credit Appraisal System

Poor credit appraisal is another factor for the rise in NPAs. Due to poor credit appraisal the bank gives advances to those who are not able to repay it back. They should use good credit appraisal to decrease the NPAs.

-Managerial Deficiencies

The banker should always select the borrower very carefully and should take tangible assets as security to safe guard its interests. When accepting securities banks should consider the:

1. Marketability
2. Acceptability
3. Safety
4. Transferability.

The banker should follow the principle of diversification of risk based on the famous maxim "*do not keep all the eggs in one basket*", it means that the banker should not grant advances to a few big firms only or to concentrate them in few industries or in a few cities. If a new big customer meets misfortune or certain traders or industries affected adversely, the overall position of the bank will not be affected.

- Absence of Regular Industrial Visit

The irregularities in spot visit also increases the NPAs. Absence of regularly visit of bank officials to the customer point decreases the collection of interest and principals on the loan. The NPAs due to willful defaulters can be collected by regular visits.

- Re Loaning Process

Non remittance of recoveries to higher financing agencies and re-lending of the same have already affected the smooth operation of the credit cycle. The developing economy has been much affected due to high fiscal deficit, poor infrastructure facilities, sticky legal system, cutting of exposures to emerging Markets by Financial Institutions, etc. Under such a situation, it goes without saying that banks are no exception and are bound to face the heat of a global downturn. Bankers have realized that unless the level of NPAs is reduced drastically, they will find it difficult to survive. The core banking business is of mobilizing the deposits and utilizing it for lending to industry. Lending business is generally encouraged because it has the effect of funds being transferred from the system to productive purposes which results into economic growth. The debtor take the funds from the bank in the form of credit and he have to pay back the principle amount with the interest to the creditor as a result the creditor (Bank) gets the profit in the form of interest and again this profit is reinvested leading to the growth of the economy. However lending also carries credit risk, which arises from the failure of borrower to fulfill its contractual obligations either during the course of a transaction or on a future obligation. Due to non performance of the fund the financial institutions become bankrupt and failed to provide investors with clearer and more complete information thereby introducing a degree of risk that many investors could neither anticipate nor welcome. The history of financial institutions also reveals the fact that the biggest banking failures were due to credit risk.

As a result, banks nowadays are restricting their lending operations to secured avenues only with adequate collateral security over which the company can overtake its right of authority. What is needed is having adequate preventive measures in place namely, fixing pre-sanctioning appraisal responsibility and having an effective post-disbursement supervision. Banks concerned should continuously monitor loans to identify accounts that have potential to become non-performing. However, increasing NPAs have a direct impact on banks profitability, as legally banks are not allowed to book income on such accounts and at the same time banks are forced to make provision on such assets as per the Reserve Bank of India (RBI) guidelines. Also, with increasing deposits made by the public in the banking system, the banking industry cannot afford defaults by borrower s since NPAs affects the repayment capacity of banks.

REVIEW OF LITERATURE

Goven (1993) in his article, "NPAs on account of priority sector lending", it was pointed out that there may be only a marginal difference in the NPAs of banks' lending to priority sector and the bank's lending to private corporate sector. Against this background, the study suggests that given the deficiencies in these areas, it is imperative that banks need to be guided by fairness based on economic and financial decisions rather than system of conventions, if reform has to serve the meaningful purpose. Experience shows that policies of liberalization, deregulation and enabling environment of comfortable liquidity at a reasonable price do not automatically translate themselves into enhanced credit flow. Although public sector banks have recorded improvements in profitability, efficiency (in terms of intermediation costs) and asset quality in the 1990s, they continue to have higher interest rate spreads but at the same time earn lower rates of return, reflecting higher operating costs.

Bakshi (1998) in his article, "NPAs Management in Banks" discussed that there was a health code system which classify the assets in 1998 but the norm was not so effective. RBI introduced prudential norms to regulate NPAs which involves asset classification, recognition of income and provisioning norm. After introduction of the norm NPAs are in decreasing mood both net NPAs and gross NPAs.

Prashanth K Reddy (2002) in his thesis titled, "A comparative study of Non Performing Assets in India in the Global context - similarities and dissimilarities, remedial measures" highlighted that financial sector reform in India has progressed rapidly on aspects like interest rate deregulation, reduction in reserve requirements, barriers to entry, prudential norms and risk-based supervision. But progress on the structural-institutional aspects has been much slower and is a cause for concern. The sheltering of weak institutions while liberalizing operational rules of the game is making implementation of operational changes difficult and ineffective. Changes required to tackle the NPA problem would have to span the entire gamut of judiciary, polity and the bureaucracy to be truly effective. The study deals with the experiences of other Asian countries in handling of NPAs. It further looks into the effect of the reforms on the level of NPAs and suggests mechanisms to handle the problem by drawing on experiences from other countries.

JAIN (2002) in his thesis titled, " Non-performing Assets in Commercial and Development Banks in India" highlighted that the future profitability of banks would depend on their alertness, operational efficiency, customer orientation, creation of large volume of performing assets, attainment of optimum levels of productivity. Since retail customers are fast becoming more demanding in the current competitive environment, banks have to offer value-added services. Harnessing technology to improve productivity, to ensure required standard of customer service and internal efficiency, continual product innovation and strengthening of competitive edge on an ongoing basis to mass business will be the key factors that will impact banking sector in the days to come. Ensuring optimum performance by each manager and staff will also be vital. Another critical factor upon which would hinge the future of banking system would be the ability and competence of banks to build up large volumes of quality assets in a constantly increasing competitive environment, while adhering to prudential norms and maintaining prescribed levels of capital adequacy on risk assets simultaneously. Productivity and efficiency will be the watchwords in the banking industry in the years ahead. Continuous quest for skill up gradation at all levels, development of vision, mission and commitment are some of the aspects, which require urgent attention by the banking industry in future. Darwin's principle of survival of the fittest may, in all likelihood, operate in the case of banks too. Banks, which are pro-active, respond quickly to the changing needs of the customer, and give adequate attention to the changing scenario, alone can survive successfully, perform well and prosper.

Bidani (2002) in his book titled, "Managing Non-Performing Assets in Banks," highlighted that banks are concerned with their heavy NPA portfolio which was impairing their profitability and are taking all possible steps to contain the same. Banks have achieved a reasonable degree of success to bring down their existing NPAs but due to heavy slippage of standard accounts to NPA category the overall position continued to deteriorate. The main reasons responsible for such a situation include - slow economic and industrial growth, slump in capital market, financial indiscipline, Willful defaults by the borrowers, overburdened and slow judiciary, competition faced by local industries from the multi-nationals, lack of support to the borrowers from the banks at the time of the need, etc. In this book, the author has made an effort to deal with the practical aspects of the problem of management of NPAs right from identification stage till recovery of the dues including other aspects connected with the subject like asset classification, assessment of provision, pre-sanction appraisal and post-sanction appraisal and post sanction supervision, monitoring system for existing and likely NPAs, capital adequacy, reduction of NPAs, rehabilitation of sick non-performing units etc.

Rajput (2003) in his thesis titled, "Banking Sector Reforms in India - A study of Post-Liberalization Period", highlighted that decade of nineties in last century brought revolution in Indian banking sector. Banks were made free from the clutches of hefty regulations and allowed to decide their own fate. Author suggested that Indian banks especially public sector banks will have to learn to live up with competitive environment. They must make persistent efforts to improve their profitability. On the revenue side, they should increase non-interest income by diversifying their operation into Para banking activities on the lines of new private banks. On the expenditure side, they must bring efficiency in their operations to minimize cost and strive hard to control the booming NPAs.

Kumar (2003) in his paper titled, "The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002", discussed in detail the need, process, summary, positive as well as negative aspects of the Act. He analyzed that this Act empowered banks and financial institutions to directly enforce the security interest which was pledged to them at the time of sanctioning the loan without going through the judicial process of DRT or Civil Courts.

Misra (2003) in his article, "Managing Non-Performing Assets: A Professional Approach", highlighted that the profitability of the financial institutions largely depended upon the level of income generated through optimum use of the assets after paying the cost of fund for acquiring them and other administrative costs

involved therein. Redefined objective of managing NPAs through profit maximization approach and risk management approach were suggested. The author further concluded that the high rise in gross and net NPAs of the banking sector in the recent past was at an exponential rate giving an indication that present ongoing recession was taking a heavy toll on corporate credit discipline.

Reddy (2003) in their research paper, "NPAs: Threat to Financial Stability", confirmed that financial stability is an essential prerequisite for sustainable long-term economic growth of any country. Banking system being the largest component of financial system should take care to immunize itself from the macro economic shocks through maintaining optimal and quality asset portfolios to achieve the objective of smooth flow of funds into the most economic channels. The non-performing assets were posing a serious threat to this objective of the banking system. The authors concluded that macro and micro level reforms and adherence to cleaner practices on the part of banks, regulator, borrowers and government will enable the system to get rid of the NPAs overhang and let financial system be an essential adjunct for economic growth.

Khan and Singh (2005) in their Report on "Effectiveness of DRTs in Recovery of Bank Dues", have evaluated the performance of DRTs in recovery of bank dues during the years 1996 to 2004. They have highlighted major defects in DRT system and also gave recommendations to overcome them. They have concluded that the DRTs were effective in recovery of banks' dues to a certain extent and would become more effective, provided the given suggestions were implemented in letter and spirit.

Saggar (2005) in her research book titled, "commercial Banks in India", stated that it has been found over the years that the performance of banking sector has been a mixed one i.e. strong in widening the business coverage but weak in terms of sustainability and viability. Overtime, the viability particularly of a number of public sector banks has become a matter of great concern. According to author, profitability of banks is influenced by a combination of factors such as quality of asset-liability management, productivity levels, operating costs, organisational culture and most critical issue in present context, i.e., the non-performing assets (NPAs). She concluded that the public sector banks should move from deposit orientation to profit orientation. Profit plans should be developed to help them in recasting their cost estimates for their activities.

Khasnobis (2005) in his article, "NPAs Emerging Challenges in India" studied that the Indian banking sector has played a commendable role in fuelling and sustaining growth in the economy. In the recent past a large part of the banking sector's growth has been on the back of financing consumption, as reflected in the growth of retail banking. While the progress on this front is likely to continue, sustaining this growth in the coming years may require focus on the supply side – capacity building. A growth driver in this phase would involve financing the emerging Small & Medium Enterprises (SMEs) sector of the economy. As such, banks would have to gear up for the challenges of managing growth and consequent risks in the SME sector financing. Addressing this issue and putting in place a suitable risk mitigation mechanism is going to be a fairly daunting challenge. One way of ensuring focus would be to free up capital – both financial and human – and make them available for sustaining the growth in assets and profitability. Farming out the banks' Non- Performing Assets (NPAs) portfolio to asset-recovery companies, which specialize in this segment of the financial sector, could be an option worth evaluating.

Kumar (2005) in his article, "Non-Performing Assets in Indian Banks" studied that the Indian banking sector faced a serious problem of NPAs. The extent of NPAs has comparatively higher in public sectors banks. To improve the efficiency and profitability, the NPAs have to be scheduled. Various steps have been taken by government to reduce the NPAs. It is highly impossible to have zero percentage NPAs. But at least Indian banks can try competing with foreign banks to maintain international standard.

Bose (2005) in his research paper, "SERFAESI Act: An Effective Recovery Tool", elaborated while there have been several schemes in the past to facilitate the recovery from NPAs, the success of such efforts in terms of NPAs reduction has been far from satisfactory. SERFAESI Act, it was hoped, would greatly help banks in their efforts to reduce and recover money from NPAs. Nonetheless, the recent developments have also brought out the limitations of the Act, thereby creating apprehensions amongst banks and financial institutions. Notwithstanding this, to take full advantage of the Act, the cool causes of NPAs, which were evident in the system, may have to be addressed first. The author has made an attempt to provide a glimpse of the SERFAESI Act against this backdrop.

Chugh (2005), in his research book titled, "Indian banking today-Impact of Reforms", has attempted to investigate whether new private sector banks were serving properly to different segments of the economic sectors of India specially to economically weaker sector of the society or not and were the employees of these banks satisfied. Some other important parameters such as assets size, level of NPAs, interest and other incomes etc. were selected to make comparison between new private sector banks and public sector banks. Impact of economic reforms on banking sector has also been examined in the study. He concluded that public sector banks were coming up fastly to meet the challenges of open competition in financial markets in India. They were adopting latest banking technologies day by day and providing quality services to their respective customers at lower cost.

Harpreet (2006) in her thesis titled "Credit management and problem of NPAs in Public Sector Banks" highlighted the problem of non-performing assets in public sector banks. Various developments in the banking sector in India have been analyzed by studying the growth of banking sector in Pre-and Post - Independence era. The study has covered the prudential norms given by RBI and also analyzed the NPA management policies of public sector banks. Viewpoints of the managers regarding problem of NPAs have also been studied by selecting 120 managers from various branches of public sector banks in Punjab. Perceptions of borrowers contributing to NPAs have also been studied by selecting 100 defaulters from public sector banks in Punjab. Author suggested that for effective handling of NPAs, there is an urgent need for creating proper awareness about the adverse impact of NPAs on profitability amongst bank staff, particularly the field functionaries. Bankers should have frequent interactions and meeting with the borrowers for creating better understanding and mutual trust.

Kumar (2006) in his research book titled, "Banking Sector Efficiency in Globalize Economy," highlighted that the performance of the banks both in the public and private sectors has become more market driven with growing emphasis on better performance. Author has explored the broad structure of banking system in India, analyzed the overall efficiency of the system in terms of financial parameters into two components: technical efficiency and allocation efficiency. He concluded that the much-publicized fact that public sector banks are inefficient is based on a piecemeal analysis in the form of simple, static, partial and isolated ratios having some hidden and often misconceived assumptions about the structure. The study concluded that there was an urgent need of the time to go in for this kind of system wide analysis to explore the intricacies of the complex system.

Murali and Krishna (2006) in their paper, "Ensuring Qualitative Credit Growth through Effective Monitoring of Advances", observed that there has been a spirit in the lending activity of banks, in the recent past. This is due to two factors, viz. availability of huge surplus funds with the banks and the losses suffered by the banks in investment and treasury activities. While credit growth is needed for survival, it is imperative to ensure that the credit growth does not result in non-performing advances later. For this banks have to resort to effective pre-disbursement as well as post-disbursement monitoring. The authors concluded that negligence in monitoring a loan was less excusable than an error at the appraisal stage.

Bhatia (2007) in his research paper entitled, "Non-Performing Assets of Indian Public, Private and Foreign Sector Banks: An Empirical Assessment", explores an empirical approach to the analysis of Non-Performing Assets (NPAs) of public, private, and foreign sector banks in India. The NPAs are considered as an important parameter to judge the performance and financial health of banks. The level of NPAs is one of the drivers of financial stability and growth of the banking sector. This paper aims to find the fundamental factors which impact NPAs of banks. A model consisting of two types of factors, viz., macroeconomic factors and bank-specific parameters, is developed and the behavior of NPAs of the three categories of banks is observed.

Karunakar (2008) in his article, "Are non - Performing Assets Gloomy or Greedy from Indian Perspective?" has discussed that the economic reforms initiated by the then finance minister and present prime minister of India Dr. Manmohan Singh would have been remained incomplete without the overhaul of Indian banking sector. The problem of losses and lower profitability of Non-Performing Assets (NPAs) and liability mismatch in banks and financial sector depend on how various risks are managed in their business. An attempt is made in the paper that what are NPAs? The factors contributing to NPAs, the magnitude of NPAs, reasons for high NPAs and their impact on Indian banking operations. Besides capital to risk weightage assets ratio of public sector banks, management of credit risk and measures to control the menace of NPAs are also discussed. The lasting solution to the problem of NPAs can be achieved only with proper credit assessment and risk management mechanism. It is better to avoid NPAs at the market stage of credit consolidation by putting in place of rigorous and appropriate credit appraisal mechanisms.

Sharma (2009) in his research paper entitled, "Performance Analysis of the Indian Banking Sector", stated that the public sector banks have emerged strong across all key indicators as the global financial turmoil and slowing domestic economy put the banking sector on a test. The public banks have not only reduced the lending rates but have also managed to record higher average net profit and lower NPAs level than their private sector counterparts. According to the study the public sector banks (PSBs) have shown impressive performance across all the significant banking parameters. While they have reduced their prime lending rates, by private banks, their credit growth has far surpassed the latter registered by private banks. Despite lower lending rates, the net interest income growth of the PSBs was much higher than the private banks which fuelled the bottom line growth of public banks. Progressing upon bringing a significant shift in their conventional image, the public sector banks have considerably improved their quality of assets. The rise in Net NPAs of the private banks was far higher than the public sector banks.

ANALYSIS

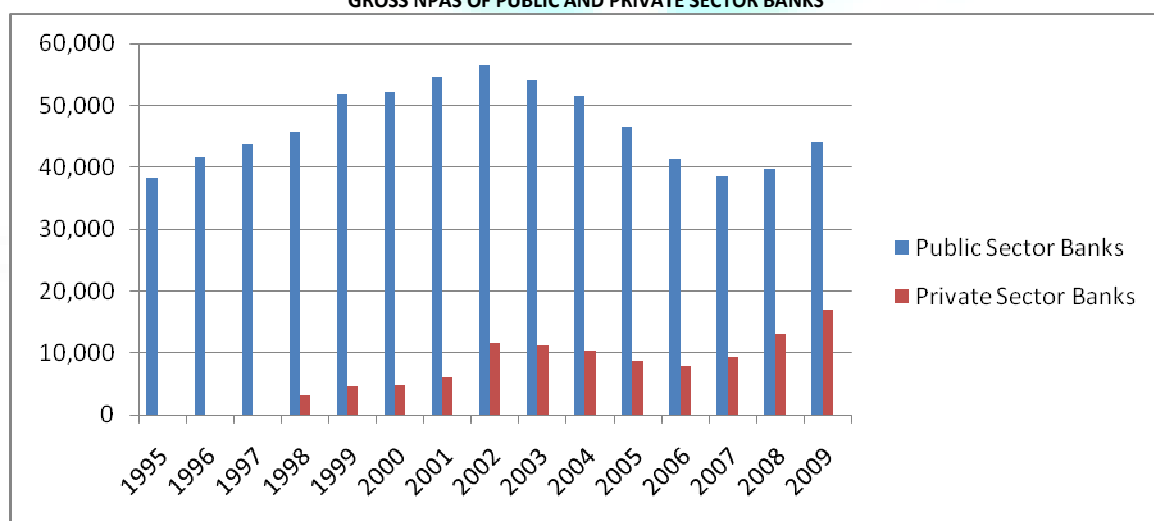
Table 1.1 both types of banks showed a declining trend in gross and net NPAs over the period of the study but public sector banks higher ratio as compare to private sector banks reason behind this is that private sector banks have a secured loan policy as compares to public sector banks. Gross and net NPAs have increased in absolute terms till 2002 and started declining after that, yet they have declined significantly in relative terms in the given period. It is observed that gross NPAs as absolute and in percentage terms with gross advances of PSBs have declined from Rs. 38,384 crore (19.5%) to Rs. **44039 crore** (2.1 %) in the period of 1994-95 to 2008-09, whereas gross NPAs as percentage with gross advances of Private sector banks have declined from Rs. 3186 crore (8.7%) to Rs. **16983 crore** (3.2 %) during the period, of 1997-98 to 2008-09. On the other hand net NPAs of Public sector banks in absolute and in percentage terms have also come down from Rs.17,567 crore (10.70 %) in 1994-95 to Rs. 21,033 crore (0.70 %) in 2008-09 but comparatively in private sector banks net NPAs as absolute and in percentage terms to net advances have also come down from Rs. 1863 crore (8.20 %) in 1997-98 to Rs. 7418 crore (1.50%) in 2008-09 So, even after implementation of prudential norms in early nineties and serious concern raised by govt. about growing size of NPAs, Public Sector Banks paid least attention to all these warnings, which subsequently led to turning fresh loans of banks into non-performing category. So, falling ratio of NPAs in terms of advances is not a true indicator of performance of PSBs in the field of NPAs. In fact, growing size of gross NPAs in absolute form has been real cause of worry However; there is a silver lining, on account of the steps taken by the banks under the Securitization Act. The gross as well as net NPAs of Public and Private sector banks have started declining after 2002 this showed the reverse trend in contrast to the earlier years.

TABLE 1.1 GROSS AND NET NPAS OF PUBLIC AND PRIVATE SECTOR BANKS

Years	Public Sector Banks		Private Sector Banks		Public Sector Banks		Private Sector Banks	
	Gross NPAs (Rs. in crore)	% of Gross NPAs to Gross Advances	Gross NPAs (Rs. in crore)	% of Gross NPAs to Gross Advances	Net NPAs (Rs. in crore)	% of Net NPAs to Net Advances	Net NPAs (Rs. in crore)	% of Net NPAs to Net Advances
1995	38,384	19.50	NA	NA	17,567	10.70	NA	NA
1996	41,661	18.00	NA	NA	18,298	08.90	NA	NA
1997	43,577	17.84	NA	NA	20,285	9.18	NA	NA
1998	45,653	16.02	3186	8.7	21,232	8.15	1863	8.20
1999	51,710	15.90	4655	10.40	24,211	8.13	2943	8.10
2000	52,241	14.0	4761	8.17	26,107	7.42	3031	5.41
2001	54,672	12.4	5933	8.32	27,977	6.70	3700	2.27
2002	56,473	11.1	11662	9.64	27,958	5.80	6676	2.49
2003	54,089	9.4	11082	8.07	24,868	4.50	3913	2.32
2004	51,541	7.8	10381	5.8	18,860	3.00	4128	1.32
2005	46,596	5.4	8782	3.9	16,983	2.06	4212	1.85
2006	41,379	3.9	7811	2.6	14,560	1.70	3171	1.09
2007	38602	2.8	9256	2.4	15,145	1.10	4028	0.97
2008	39749	2.3	12997	2.7	17,836	0.80	5647	1.20
2009	44039	2.1	16983	3.2	21,033	0.70	7418	1.50

SOURCE: (RBI) REPORT ON TREND AND PROGRESS OF BANKING IN INDIA, VARIOUS ISSUES.

GROSS NPAS OF PUBLIC AND PRIVATE SECTOR BANKS



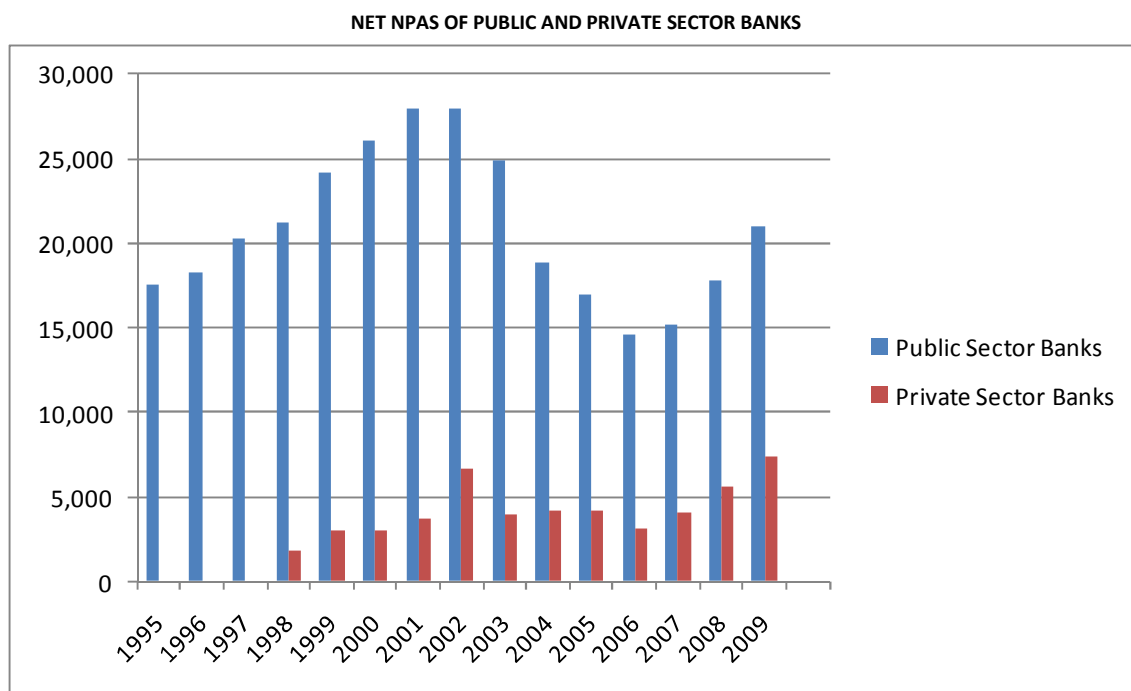


TABLE 1.2 and 1.3 shows the distribution of NPAs among the Public and Private sector banks in different sectors for the period of 1994-95 to 2008-09. As far as the public sector banks are concerned, about 60% of non-performing assets belong to the priority sector lending. Non-priority sector accounts for 39.27% of the total NPAs in public sector banks. In case of private sector banks, non priority sector constitutes 68.75%. It is observed that NPAs of priority sector in public sector banks are Rs. 24318 crore as compared to Rs. 3640 crore in private sector banks. The proportion of Non Priority Sector NPAs is high as compare to Private sector banks in public sector banks in the initial years. But In 2009 total NPAs of Private sector banks are increased all the sectors in private sector banks are Rs.9239.48 crore as compare to Public sector banks NPAs of Rs. 44042 crore. But comparatively the proportion of Non Priority Sector NPAs of Private sector banks is very low as compare to public sector banks. NPAs of Private sector banks are Rs. 13172 crore (78%) as compare to public sector banks NPAs of Rs. 19251 crore (43.7%). The reason behind this is that private sector banks use a secured loan policy than public sector banks. Public sector and nationalized banks are subjected to provide more loans to priority sector, which results in higher nonperforming assets. These banks are more exposed to political interference; they are not allowed to act in a professional manner, which results in high level of non- performing assets.

For all categories of banks except the foreign banks, agriculture is an important source of non- performing assets. Agriculture sector is still an important component of Indian economy and banks cannot ignore the need requirements of the agriculture sector. However, politics rather than pure business considerations influence the sanctioning of agricultural loans in comparison to other categories of loans.

TABLE 1.2: SECTOR-WISE NPAS OF PUBLIC SECTOR BANKS (Amount in Rs. Crore)

Year	Priority Sector		Public Sector		Non-Priority Sector		Total	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1995	19209	50.0	1316	3.4	17861	46.5	38385	100
1996	19106	48.3	1411	3.6	19067	48.2	39584	100
1997	20774	47.7	1461	3.4	21341	49.0	43576	100
1998	21184	46.4	1362	3.0	23107	50.6	45653	100
1999	22606	43.7	1496	2.9	27608	53.4	51710	100
2000	23715	44.5	1055	2.0	28524	53.5	53294	100
2001	24156	45.4	1711	3.2	27307	51.4	53174	100
2002	25139	44.5	1116	2.0	30251	53.5	56506	100
2003	24938	47.2	1087	2.1	26781	50.7	52807	100
2004	23840	47.5	610	1.2	25698	51.2	50148	100
2005	23397	49.1	450	0.9	23849	50.0	47696	100
2006	22374	54.1	341	0.8	18664	45.1	41378	100
2007	22954	59.5	490	1.3	15158	39.3	38602	100
2008	25287	63.6	299	0.7	14163	35.6	39749	100
2009	24318	55.2	474	1.1	19251	43.7	44042	100

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

SECTOR-WISE NPAS OF PUBLIC SECTOR BANKS

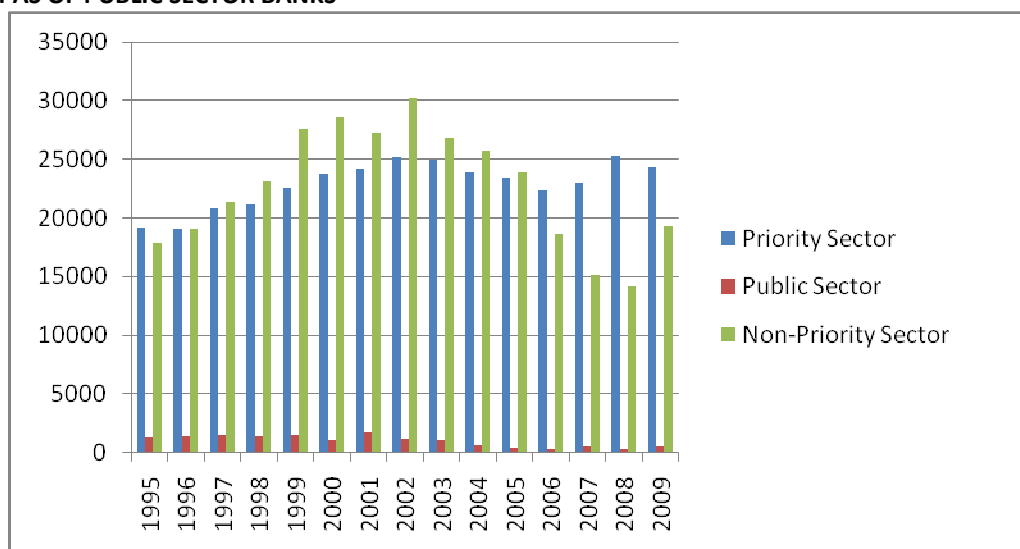
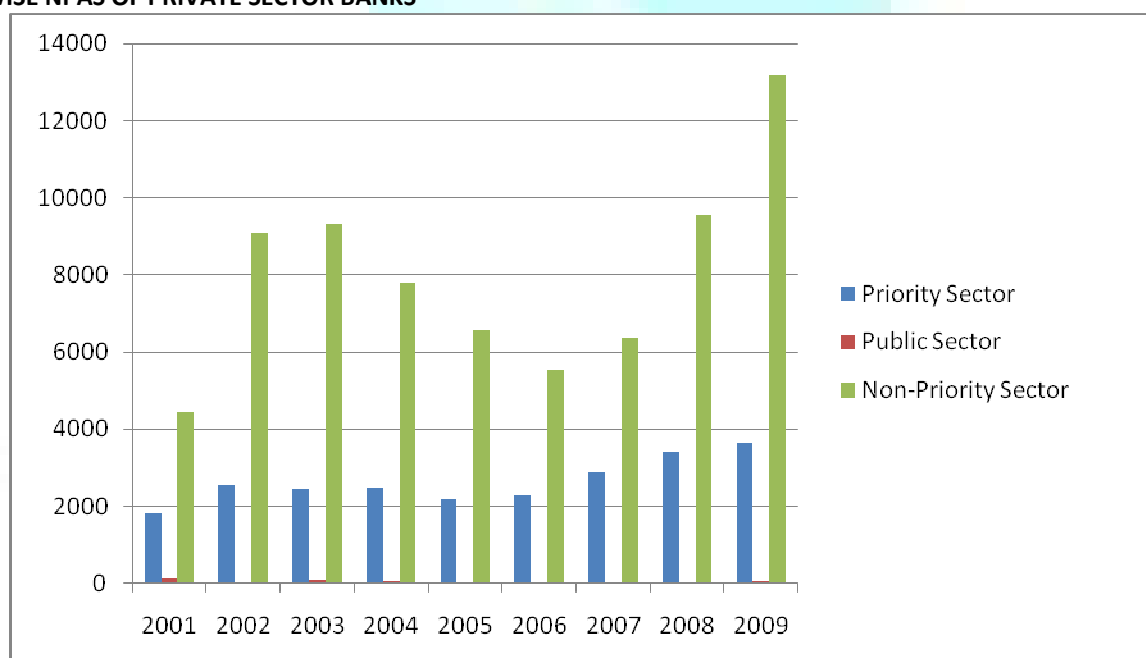


TABLE 1.3: SECTOR-WISE NPAS OF PRIVATE SECTOR BANKS (Amount in Rs. Crore)

Year	Priority Sector		Public Sector		Non-Priority Sector		Total	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
2001	1835	28.6	123	1.9	4452	69.5	6410	100
2002	2546	21.8	31	0.3	9090	77.9	11667	100
2003	2445	20.6	95	0.8	9327	78.6	11866	100
2004	2482	24.0	75	0.7	7796	75.3	10352	100
2005	2188	24.9	42	0.5	6569	74.7	8799	100
2006	2284	29.2	4	0.1	5541	70.8	7829	100
2007	2884	31.2	2.79	0.03	6352.51	68.75	9239.48	100
2008	3419	26.3	.01	-	9557	73.6	12976	100
2009	3640	21.6	75	.4	13172	78.0	16887	100

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

SECTOR-WISE NPAS OF PRIVATE SECTOR BANKS



RECOVERY OF NPAS IN PUBLIC AND PRIVATE SECTOR BANKS

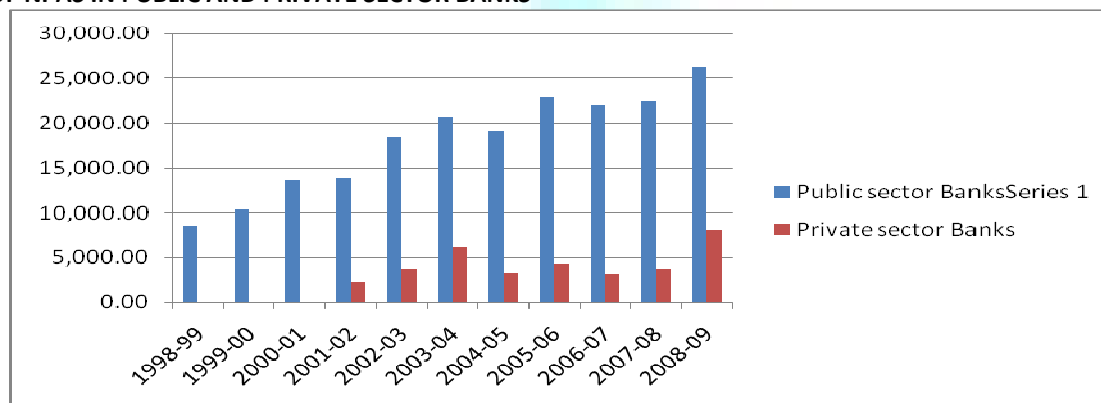
In view of several options available to banks for dealing with NPAs, banks have been able to recover a significant amount of NPAs (Table 1.4). An improved industrial climate contributed to a better recovery position. The recourse to aggressive restructuring by banks in 2004-05 also helped in reducing the level of NPAs. Both public and private sector banks recovered a higher amount of NPAs during 2008-09 than that during the previous year. Though the total amount recovered Rs.26271 crore in Public sector banks and Rs. 8089 crore in private sector banks in 2008-09 was higher than Rs.22466 crore in Public sector banks and Rs. 3773 crore in private sector banks in 2007-08. Banks have been able to recover NPAs through the use of legal measures which are a good sign for Banks. Among the various channels of recovery available to banks for dealing with bad loans, the SARFAESI Act and the Debt Recovery Tribunals (DRTs) have been the most effective in terms of amount recovered.

TABLE 1.4 RECOVERY OF NPAS IN PUBLIC AND PRIVATE SECTOR BANKS (Amount in Rs. Crore)

Year	Public sector Banks	% increase	Private sector Banks	% increase
1998-99	8,438.00	-	NA	--
1999-00	10,367.00	22.9	NA	--
2000-01	13,628.00	31.5	NA	--
2001-02	13,833.24	1.5	2238.90	--
2002-03	18,452.00	33.38	3686.00	64.63
2003-04	20,685.00	12.1	6156.00	67.01
2004-05	19,080.00	(0.07)	3274.00	(46.82)
2005-06	23040.00	20.75	4320.00	31.95
2006-07	22004.00	(4.5)	3157.00	(26.93)
2007-08	22466.00	2.1	3773.00	19.51
2008-09	26,271.00	16.94	8089.00	114.39

Source: (RBI) Report on Trend and Progress of Banking in India, various issues.

RECOVERY OF NPAS IN PUBLIC AND PRIVATE SECTOR BANKS



CONCLUSION

The NPAs have always been a big worry for the banks in India. It is just not a problem for the banks; they are bad for the economy too. The money locked up in NPAs is not available for productive use and adverse effect on banks' profitability is there. The extent of NPA is comparatively higher in public sectors banks. To improve the efficiency and profitability, the NPAs have to be scheduled. Various steps have been taken by government to reduce the NPAs. This has led to decline in the level of NPAs of the Indian banking sector. But a lot more needs to be done. The NPAs level of our banks is still high as compared to the international standards. It is highly impossible to have zero percentage NPAs. But at least Indian banks can try competing with foreign banks to maintain international standard. One cannot ignore the fact that a part of the reduction in NPAs is due to the writing off bad loans by the banks. The Indian banks should take care to ensure that they give loans to creditworthy customers as prevention is always better than cure.

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STRAIGHTEN OUT RENTAL (AND OTHER RETAIL LEASE) DISPUTES BY CONNOISSEUR FORTITUDE

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ABSTRACT

Historically, Indians landlords hold the negotiating power. Specialty shop tenants occupying 30% of the floor space of shopping centers typically generate 70% + of their "value". Their information systems are poor, resulting in tenants operating in an uninformed environment. Legislation is inconsistent and there is a reluctance to enforce it. Experts can be called in when landlords and tenants cannot agree on the current market rent and this article seeks to help valuers to navigate the expert determination minefield and to avoid their findings being challenged. This paper concentrates on the retail property market.

KEYWORDS

IAMA, Market rents, Shopping centre industry.

INTRODUCTION

 Expert determination is not for the faint hearted. A party wishing to retain its position may frustrate proceedings. Related issues which the parties want the determining valuer to resolve should be isolated from the rental dispute but, if relevant, quantified and weighted. This article illustrates how the Institute of Arbitrators & Mediators' (IAMA) expert determination and arbitration training may assist valuers to settle rental disputes.

HERE ARE IMPORTANT ISSUES FOR VALUERS TO CONSIDER

- Firstly, the procedure advocated by IAMA.
- Secondly, the consequences if market rent is not properly quantified.
- Thirdly, there are some valuers who still fail to understand that the rental market can rise and fall (except for some old leases with ratchet clauses not yet outlawed by state tenancy legislation, with legislation taking precedent over a lease). We often read about the negative outcomes of determinations but seldom about positive outcomes or dispute resolutions. Those in fiduciary positions are better protected in an informed, transparent market. The valuer is only mentioned when a determination does not comply with the contract. Which falls under legislation or market rent as defined or when a party seeks an unrealistic result or attacks a weakness in the determination? This paper seeks to reduce the possibility of determinations being challenged. It also considers the consequences if rental income streams do not reflect market rent and capital value if the statutory provisions of the retail lease legislation are not complied.

BACKGROUND

The greater the disparity between "engineered" rents and market rents, the greater the need to settle disputes by Expert Determination for financiers, landlords, tenants, franchisors, franchisees, investors, developers, legislators and regulators. The greater the disparity between "engineered" rents and market rents, the greater the need to settle disputes by Expert Determination for financiers, landlords, tenants, franchisors, franchisees, investors, developers, legislators and regulators.

1. Distorted markets.
2. Not legislated for compulsory mediation and reference to expert determinations if mediation fails.
3. Limited independent information such as lease registers, centre, specialty shop, category performance levels and occupancy cost data (for informed negotiations).
4. Little unconscionable conduct precedent.

This has important consequences. At the rents charged, the centre owners via LPT's add more supply because the floor price is above "market rent" and businesses trade over longer hours viz. 7 days, incurring higher variable costs and producing riskier income streams. Eventually, the fiduciary responsibility of officers of our major corporations will be called to question and the asset valuer could become a scapegoat for these imbalances. Landlords instruct Asset valuers to revalue shopping centers on a "passing rental" basis with little reference to defined "market rent".

There is extensive research by organizations like Urbis JHD but few have analyzed the consequence of rent disproportionate with business opportunity, particularly in the retail arena. The wider industry's aim is to maximize income streams for the stronger party who "controls" the weaker party's "business" environment. In the Indian a tenant has an automatic right of renewal and rental disputes can be settled by expert determination thus moderating rentals whereas rentals in India have risen over a sustained period without adjustment and governments here do not appreciate the pressure placed on specialty shop operators by those in the retail industry, many of whom also earn performance fees as a percentage of all revenue collected. It is for these reasons that mall relationships here are adversarial. Our media does not understand or cover these issues, resulting in an "uninformed" market. Landlords, particularly in shopping centers, require tenants to disclose their trading figures, giving a landlord a significant advantage over the tenant's "business". Originally, this data was used to calculate turnover rent and manage tenancy mixes.

INTERNATIONAL ACCOUNTING STANDARDS AASB 138, THE INDIANS EQUIVALENT

The accountability of intangibles, AASB 138, includes leases and is critical for financiers, landlords and tenants, accountants, valuers (for consideration and weighting where rent is above market rent), legislators and regulators. Depending on tenure, rent paid, lease flexibility and extent of fit out, a business might have positive or negative value attached to its lease. If a business costs 1, 20, 00,000 Rupees (INR) to set up with negative lease terms, it might be reduced on the balance sheet! This will change every year but will decline over the lease period. A problem with the lease will act as a warning to a buyer. If a high percentage of businesses have little "value", fewer tenants will take up leases. Valuers will be forced not to capitalize unsustainable short-term, high-risk income streams into long-term capital, which could be fraudulent for reporting purposes.

FACTORS ADDING OR DECREASING THE "VALUE" OF A LEASE

Factors adding "value"	Reducing or negative value	Comment
Long tenure say 5+5+5 years	Shorter tenure say 4 – 6 years	Leases in the INDIA can be 10+10+10 years, with automatic renewals. With less tenure, one must amortize set-up costs over shorter term.
"Market rent" can be ordered by court in INDIA	Rent well above "market rent"	Rent established using principles in tenancy legislation and definition of market rent.
Lower set-up costs	Higher set-up costs	Affects amount to amortize over term and residual available for rent.
Flexible lease terms, regular reviews to market rent	Inflexible lease, rigid rental structure viz. CPI + 1.5% pa	Flexible leases result in market rental outcomes and lower risk on income streams. Rents must be able to rise and fall without a ratchet.
A combination of the above	Same	With no options or renewal opportunity, a business must proceed with selling down stock and close.

Other factors which will increase and decrease the value of a lease

Good and poor management of tenancy mix	Diminution of cash flows must be taken into account under AASB 138, e.g. Failure to manage tenancy mixes, causing higher risk.
Valuers who do not adopt market rental into rental valuations or cannot interpret "evidence"	A valuer who cannot adopt or "test" evidence and separate the business and site goodwill should not determine market rents and produce inflated valuations which often require forensic financial analysis.
Failure to provide quiet use and enjoyment	Reduces business potential and decreases value of lease.
Failure by Tribunals and Courts to enforce legislations and make decisions in equity	This will put pressure and force our judicial systems to award damages in equity.
Investment in a court or tribunal action	An "investment" to protect one's position viz. a director of a retail business, forced to protect their asset under corporations law via a court action, might see a favorable outcome as an "asset" on the balance sheet.

SOME EXAMPLES

Two scenarios, two businesses in two similar centers with similar business potential:

- First, the landlord with flexible leases and security of tenure who manages tenancy mixes, procures, apportions, charges and audits outgoings and utility charges efficiently properly promotes and allows market forces to drive development.
- Secondly, the landlord who develops centers he owns and manages, duplicates tenancy mixes erodes the cash-flow via profit on management fees, outgoings and utility charges inflates refits via subsidiary companies before they are depreciated. Whose leases are inflexible, have fixed increments and limited/short tenure. Comparing and contrasting the two is easy. Dough nut franchise one will have a strong balance sheet and goodwill whereas franchise two, which also cost 1,20,00,000 (INR) to set up, will have little or negative value because AASB 138 requires the value of the lease to reflect any negative value of the intangible assets, including the lease.

DOUBLE WHAMMY – INTELLECTUAL PROPERTY AND GOODWILL

The double whammy will be the adverse affect on intellectual property, trademarks and goodwill of a business. Staff with limited employment, because the business has no tenure, will move on intellectual property associated with the business or customer lists and addresses, shown as an "asset", must be given negative "value". A business making no net return has negative goodwill, so the host that houses it – a shopping centre will have significantly diminished value! AASB 138 will become an important consideration, from a valuer's point of view, to determine rents and asset valuations and will provide a "check and balancing factor" for the professional valuer to lean on.

THE NOMINATION AND APPOINTMENT

Firstly, the valuer is nominated to determine the market rent as an expert. Often this appointment is made by a Tribunal Registrar and in some states, the API Divisional President for some retail leases (and commercial and industrial leases). The process commences with a referral to valuation by an express term in a lease. Sometimes there is an attempt to reach agreement on a valuer by submitting the names of three valuers who are often rejected due to perceptions of bias or a matter of protocol. On being nominated by the Registrar, one should seek as many details as possible in order to avoid any conflict of interest. If there is any doubt, one should disclose a possible conflict, at which time the parties can accept or reject the appointee. There is nothing precluding a valuer from making a submission on behalf of a party to an appointed expert.

CONFIRMATION OF VALUER'S ACCEPTANCE AND TERMS OF APPOINTMENT

A standard letter of appointment can become a binding "Expert Determination Agreement" and many principles and procedures from IAMA are of considerable use, and must observe the requirements of the legislation.

- Acknowledge this is a "dispute" to be settled by determination.
- Address both parties in the same letter, signaling that they will be treated equally.
- Confirm that natural justice and fairness can be expected.
- Point out how the appointment has arisen.
- Set out one's professional fees and payment terms.
- Use a method of charging to assist to settle the dispute.
- Ask the parties for information that will be required.

Establish whether there are other agreements that could affect the outcome e.g. verbal or customary practice.

The last point implies that retail rental valuations are more subjective than objective. A landlord may seek a rent of X based on development costs, plus return, letting up time etc, but a tenant, with fiduciary responsibilities not to trade as an insolvent company, may see no merit in the "asking" rent. In simple terms, no "acceptance" for a binding contract, free from duress, misrepresentation and so on no agreement and no lease. The test, under the definition and legislation, would fail and so would the determination under the particular retail lease with a particular permitted use because willing, informed hypothetical parties should not accept lease terms that are not market based. The expert must determine the rent according to the "contractual provisions giving rise to the Expert Determination" where legislation applies under that Act. If the expert acts outside the terms of the agreement and the prescriptive requirements under legislation, his determination is susceptible to attack.

LEASES AND LEASE TERMS

The original motivation to write "Market rent: what is it?" (Gilbert 1995), was to define market rent in a retail context. Until then little research had been done, even world-wide. Since the IVSC introduced its definition in 2008, the topic has been extensively written about - see Google. Early research showed that leases prepared by different landlords each instructed valuers how to do their task in various ways, which could distort the rent. Without prescriptive lease rent renewal dispute resolution mechanisms in legislation, it could be used as a sword at lease renewal. The greater the disparity with leases procured under non-market conditions, the greater the risk that income streams and capital value distortion will increase, raising the stakes for reporting and governance reducing the process to a single definition would reduce subjectivity. It follows that any term in a lease that contradicts the Act or definition could be null and void. On the other hand, relevant instructions that carry weight and do not contradict legislation can be taken into account. The valuer must peruse the lease before commencing with a market valuation.

HANDLING PROCEDURE

The state Commercial Arbitration Acts refer to "misconduct.". "Misconduct" must be avoided and IAMA's "Expert Determination Rules" introduce a framework and procedures to prevent an expert from inadvertently carrying out an act where one is guilty of misconduct.

- Role of the Expert Rule 5 to: determine the dispute as an expert and not as an arbitrator avoid delays and expenses adopt suitable procedure be independent act fairly, give opportunity to submit its case and make submissions; and the "Rules" or "Process" (including the Expert's jurisdiction) shall be submitted and determined by the expert.
- General Duty of the Parties Rule 6 to: do all things to assist with the Process attend the Preliminary Conference (or be represented) comply with directions or ruling ordered by the Expert take steps to obtain decisions of a Court on questions of law.
- Confidentiality Rule 7 to: keep all information confidential sign Confidentiality Agreements except if compelled by law or the extent necessary to give effect to the Agreement or enforce the determination.
- Preliminary Conferences Rule 8: the Expert shall convene a Preliminary Conference unless otherwise agreed, to discuss issues in dispute, formulate procedure, plan and agree on Process, sign Confidentiality Agreements, make any other planning administration arrangements including the terms of appointment of the Expert.
- Conduct of the Process Rule 9: subject to rule of law or equity or agreement the Expert makes directions rulings with regard to Process as he or she sees fit and to agree in writing as to how procedure should be followed.
- The Expert's Determination Rule 10: that the Expert must determine the Dispute in writing as soon as reasonably practicable, that the determination shall contain reasons, that the expert may correct a clerical mistake, error from accidental slips or an omission, a material miscalculation or material mistake, description of person, thing matter or defect of form.

To avoid "misconduct", arbitration proceedings prohibit the arbitrator dealing with either party on his or her own. The Royal Institute of Chartered Surveyors "RICS" encourages representation by written documents rather than meetings and expects an Expert to make his own decisions. Unrepresented parties do not always make written submissions and should be encouraged to seek assistance. Sometimes the Specialist Retail Valuer might be entrusted to be the "gatekeeper" with confidential business records, so some discretion might be called for with regard to retail rent determinations.

A pro-forma questionnaire is useful, divided into centre/property specific, centre performance and business specific questions. These "benchmark" the hypothetical and actual status of the parties and one can form some views of how they are relevant. Finally, both parties should have the right to add anything they believe is relevant for the valuer to consider.

EVIDENCE AND SUBMISSIONS FROM THE PARTIES

The aim of this paper is not to tell the valuer what evidence to use or not use, what is arms-length and what is not, only how to avoid the valuation being challenged. The job is to ensure the determination is carried out to satisfy the legal and contractual provisions that gave rise to it. To avoid "misconduct", applying the common law rules of natural justice is essential. Where the laws of evidence do not apply, an arbitrator may adopt an inquisitorial approach (rules of natural justice) and what is relevant is whether the procedure adopted by the valuer is fair. The evidence submitted by the landlord or tenant may be relevant or irrelevant. The evidence must be capable of being tested and given appropriate weight. Some valuers do not "test" evidence or adjust evidence for size, frontage, location, permitted use, terms of the lease or business opportunity, etc. What is appropriate is that, not only must natural justice and fairness be seen to be done: it must be reflected in the outcome.

THE REPORT

The report should set out the basis of the dispute; reasons for the appointment; the lease and lease terms references to legislation definitions reasons for the determination agreed facts and issues and documents reports and material relied upon. The report should be set out simply and clearly. This information can remain on file in case a determination is challenged. From this information, a report can focus on evidence: evidence relevant to the catchment; relevant to the use or similar permitted uses relevant to similar socio-economic factors. Adjustments can then be made for many reasons viz. flexible vs rigid lease terms but, usually, if one's weighting is right and one's assumptions are reasonable, no adjustment is required.

METHODOLOGY TO ANALYZE EVIDENCE

A. DIRECT COMPARISON

Obviously, direct comparison is the primary method of forming an opinion of rents in the market place. The evidence must be arms-length and stand up to prescriptive requirements under legislation, common law precedent, definitions, etc. From an article the author wrote in the *Indians Retail Magazine*, (April 2009), comparison is extremely relevant. Local market evidence (similar catchments) must carry more weight due to similar demographic profiles and competition.

B. HYPOTHETICAL RENT AS A RESIDUAL METHOD

Just as the Hypothetical Development Method is a method used to calculate site value for income producing properties, in conjunction with Direct Comparison, so a mini Business Plan based on a business's known trading performance can be used viz. "Rent as a Residual Method" can establish the reasonable capacity to pay rent. After meeting reasonable operating costs, wages, amortization of set-up costs over the lease term, this leaves a sum reasonably payable to the landlord in the form of "rent".

The Hypothetical Rent as a Residual Method:

- Can stand on its own when there is no comparable information; and
- Can support "tested" evidence from the market.

C. LEGITIMATE BENCHMARK SOURCES – USEFUL AS A "GUIDE" AND "STRESS TESTING"

Specialist Retail Valuers should develop a working knowledge across a wide range of retail businesses and apply this convention for most business categories. Benchmarks can be compared to the "actual" business performance levels, provided they meet the attributes of the "average hypothetical" business operator. If not, adjustments must be made for high (or low) factors. Benchmarks are not absolutes and adjustments must be made for local market conditions, socio economic factors, local competition, actual turnover levels and margins and for that type of permitted use (even within a given permitted use the capacity to pay can vary substantially).

INCLUSIONS IN TENANCY LEGISLATION AND “HIDING BEHIND THE CORPORATE VEIL”

Our state arbitration, legislation and procedures drawn up by IAMA provide useful pointers for the API and state legislators to protect valuers and users of their services. Allowing valuers with a letter of appointment to be able to request lease rental data from any party/person/organization to assist with determinations. There are many ways to “test” evidence such as industry and accountancy benchmarks a “rent as residual” exercise involving a forensic interpretation of financial records one may seek and test market evidence, opening up many avenues that will assist an intelligent, objective valuer with a determination. Whilst state licensing authorities must review valuers who repeatedly breach prescriptive

CONCLUSIONS

The truth about shopping centers”, concluded, “It is only a matter of time before there is major litigation, which will expose the ‘insider trading’ nature of this investment (shopping centre industry) sector.”

This is not an objective market: it is subjective and subverted. Indians Wheat Board Ltd “AWB” is a case in point where court action is possible for aiding and abetting non- market practices. The greater the disparity between “market rent” and the rents charged for leases negotiated in non-market conditions, the more rental disputes there will be. Executive decision-makers will refer disputes to expert determination. If one cannot evaluate and test evidence, understand property - business - and economics per se, expert determination should be avoided. If one cannot determine the “reasonable rent” rather avoid accepting appointments. Courts and Tribunals must back the experts they appoint.

Property is a “sunk cost”. No matter what it cost to build, no-one is entitled to an automatic return, not even the largest corporations. Retail property is dependent on “custom”. Market rent is a function of that and market value a function of that, not the other way around. An efficient market is environmentally sound. There is no reason why this Profession must “create” value rather than act as purveyors and interpreters of the nation’s wealth. That is the role of developers, owners and managers. Unfortunately, due to the “culture” of the wider industry, we are undermining our own success story.

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AN ANALYTICAL STUDY OF MANAGERIAL ISSUES OF HANDLOOM INDUSTRY IN JAIPUR DISTRICT

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ABSTRACT

The Handloom textile constitutes a timeless facet of the rich cultural heritage of India. It is unparalleled in its flexibility and versatility, permitting experimentation and encouraging innovation. The government of India is constantly making efforts to enhance the productivity and marketing of handloom sector through various initiatives, still it can be seen that weavers are facing severe livelihood crisis and the industry is enduring weak marketing linkages and technological obsolescence. Thus this paper discusses the various managerial issues such as procurement of yarn, production and marketing of handloom products and the constraints encountered. The paper further gives a way forward for the challenges at every step.

KEYWORD

Marketing, Procurement, Production, Rajasthan Rajya Bunkar Sahakari Sangh (RRBSS), Rajasthan Handloom Development Corporation (RHDC)

INTRODUCTION

Handloom weaving is India's biggest cottage and labour intensive sector, which has been playing a vital role in the country's economy by forming part of its rich heritage, and exemplifying the artistry of the weavers. Indian artisans are famous for hand spinning, hand-printing and hand-dyeing. They are accustomed to the art of weaving as a hereditary occupation. The handloom sector plays an important role in the country's economy. Today handloom production in India is the 2nd largest employment generating activity after agriculture. Handloom households as per the third handloom census are 27.8 lakh (National Council of Applied Economic Research, 2009-10)

The individualist production base of Handloom industry is a tremendous asset, making it capable of producing the most fanciful colours and designs for regional, national and international markets in small quantities. Handloom is a cost-effective mode of textile production, primarily because of its low capital cost and the environmental and social advantages of dispersed production. The products of the Indian Handloom industry are breathtakingly diverse and highly variegated. The Handloom weavers weave a range of fibers like cotton, silk, tussar, jute, wool and synthetic blends. While at the lower end coarse lungis, dhotis and sarees in low counts are produced by majority of weavers in a large number of Handloom centers/clusters, at the higher end are the more expensive Handloom specific silk and cotton brands, with their unique designs and exclusive clientele. In between, there is a wide range of moderately priced cotton and silk varieties that cater to the middle class clientele. States, individually, churn out their own unique variety of Handlooms. The Tussar of West Bengal, Paithani of Maharashtra, Chanderi of Madhya Pradesh, Patola of Gujarat, etc are well known. Likewise, Panipat is known for its carpets and durries, Assam for its eri and muga silk Hand Woven textiles etc.

HANDLOOM INDUSTRY IN RAJASTHAN

Handloom constitutes an important part of the non formal sector of the states economy. However handloom has not been given an important place in plan allocations, because it is not organized, it is unable to influence government policies to a significant extent. However there is significant scope for the development of this Sector in Rajasthan since there is lot of demand of handloom products in the rural areas.

In Rajasthan for the development of handloom industry and weavers in cooperative fold Bunkar sahakari sangh is working as an apex organization in the state. It was established in 1957. The main objectives of bunker sangh is to provide raw material to purchase or receive for sale finished products of the member-societies and sell the same to the best, to arrange for the training of weavers (Samarika, 2001)

Another government organization is Rajasthan Handloom Development Corporation (RHDC) which was established in March 1984. The main objective was to promote aid and assist the growth and development of handloom industry. It not only provides raw material necessary for the manufacture of handloom fabric but also work for their marketing of handloom cloth in wholesale, retail or for commission. (Memorandum of association, RHDC, 2005). RHDC and RRBSS are state level organizations.

Jaipur being the capital city the head offices of these organizations are situated here. It is the central place from where all the managerial decisions are done and implemented throughout the state for the development of Handloom industry. An organization functions effectively only if there is good management. In the last decade due to brutal competition from other sectors, handloom has lost much of its significance and market share, by giving life to this down-falling industry. This calls for the preparation and implementation of proper action plan in which all the stake-holders i.e., the government, the weavers and the other interest groups get fully involved.

OBJECTIVE OF THE STUDY

The main objective of the present study is to identify the issues and challenges related to procurement, production and marketing and to offer some feasible suggestions to overcome drawbacks.

RESEARCH METHODOLOGY

The study was carried out in Jaipur district. The sample selected for this study includes beneficiaries and senior officials of the two government organizations i.e. Rajasthan Rajya Bunkar Sahkari sangh (RRBSS), Rajasthan Handloom Development Corporation (RHDC). To draw the pertaining information administrative set up of Handloom organizations were studied. The entire senior officials (50) were included. For collecting the data interview schedule was prepared for senior officials. An insight on the views of beneficiaries attached was also included in the study, for this 33 handloom societies comprising of 500 weavers were administered with the semi structured questionnaire.

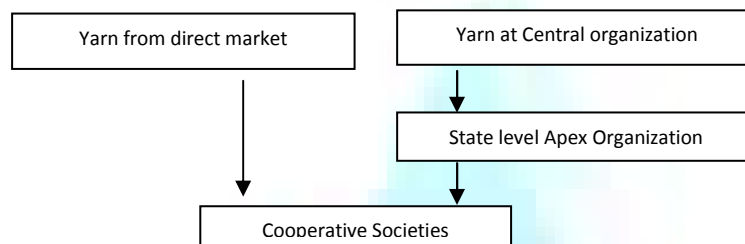
THE OVER VIEW OF HANDLOOM INDUSTRY

Though weaving is one of the important sector for Indian textile industry, it has not been given due attention like spinning sector. Moreover structure of the industry plays a major role in making it competitive. Nature of this sector is mainly unorganized. The structure of handloom industry includes procurement of yarn, production and market of handloom industry.

PROCUREMENT

The yarn is purchased from different central organizations such as NHDC Luknow, Spinfed units (Ganaganagar, Gulabpura, and Hanumangarah) and National Textile Corporation by the state apex body & state handloom corporation. Payment of the raw material to the yarn providing organization is done in advance. Then these state handloom organization supplies the yarn to the cooperative societies. The type of yarn being supplied is cotton and poly cotton. Frequency of purchasing yarn depends on their share capital and orders of handloom products received from various government departments within the states. Some of the yarn is purchased by cooperative societies directly from the market. The process of procurement of yarn can be seen in Fig.1.

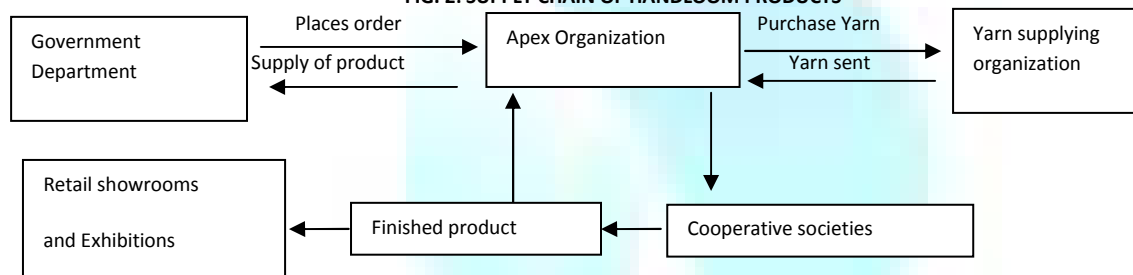
FIG. 1: FLOW CHART OF YARN PROCUREMENT



The government department gives the order for the production of required product to the handloom apex organization. The apex body releases the demand letter of the order to the cooperative society and supplies the yarn to them. (Fig.2)

The society for placing the order is selected on the basis of clearance of balance sheet, audit should be clear and their capacity to fulfill the order on time. After production the cooperative society submits the bill increased by 10% to the apex organization along with the goods. The apex organization passes the bill to the government department & the products. The government department releases the D.D. to the apex organization, the apex organization keeps the 10% with them of total amount and rest gives to society. This process may take 15 days to 3 months. The finished products further reach to consumer through retail showrooms and exhibitions. (Fig.2)

FIG. 2: SUPPLY CHAIN OF HANDLOOM PRODUCTS



PRODUCTION

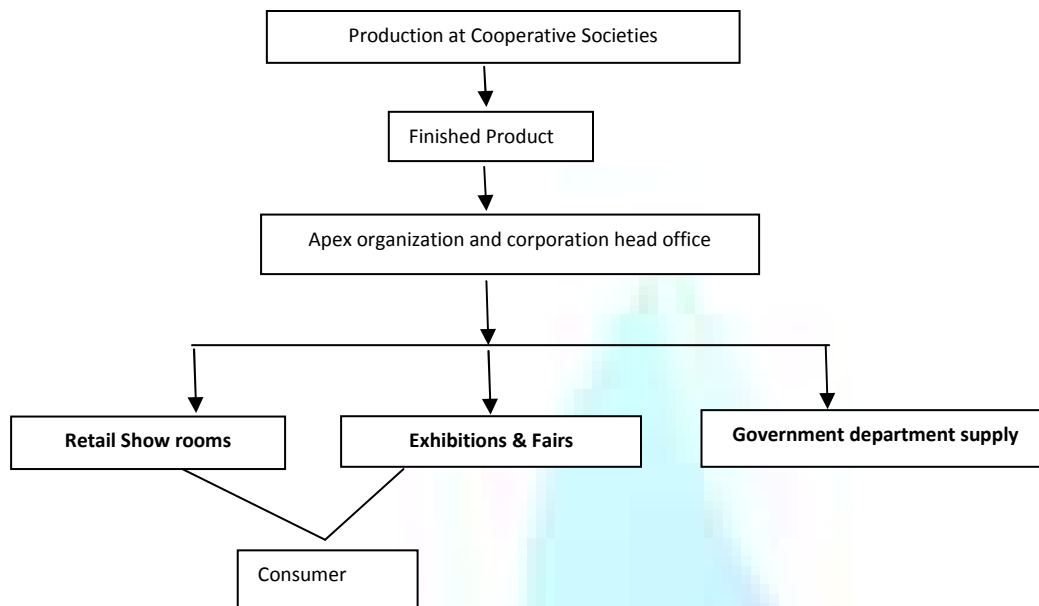
Production of handloom cloth involves several processes. These processes can be broadly categorized as pre loom and post loom activities in addition to weaving. The pre loom processes include bobbin winding, warping, denting, drawing on heeled frame and tie up motion. The post loom process includes printing, bleaching and dyeing.

The various products made by handloom weavers of Jaipur district can be classified in two categories depending on the potential consumer of these products. There are certain products which are being supplied to few government departments like Government Hospital, Social welfare department, Government schools, and other government organizations. The products that are supplied to them are Durrie Patti, Gauge bandage, Bed sheet and Suiting material. For the products to reach to customers there are two channels in the open market. One is through weavers selling in the retail shops and the other is participation in national & international fairs through RRBSS & RHDC. The weavers produce various home linens such as Khes, Durries, Gamcha, Bed sheet, Grey material and Dusters

MARKETING

The channel of marketing means the intermediaries or the process through which the goods or products are transferred from the producer to the ultimate user. Here three channels are being used for the products to reach to the consumer. The different channels can be seen in Fig.3.

FIG. 3: DISTRIBUTION CHANNEL OF MARKET OF HANDLOOM PRODUCTS



The RRBSS has its 2 retail showrooms, where all the products woven from all over Rajasthan are displayed and sold. To sale out the products one of the channel is participation in fairs and exhibitions, at national level the products are displayed and sold in cities such as Jaipur, Delhi, Calcutta, Bangalore, Mumbai, Madras and at international level only once RRBSS have participated at Frankfurt (Germany). The supply of handloom products to government departments is another channel of market. The products that are supplied to government departments are Durries Patti, Gauge bandage, Bed sheet and Suiting material.

ISSUES & CHALLENGES OF HANDLOOM INDUSTRY

Handloom is unparalleled in its flexibility and versatility, permitting experimentation and encouraging innovation. However, in the present context of globalization and rapid technological developments, handloom sector is beset with many issues and challenges, which mainly focus on procurement of yarn, production and distribution

PROCUREMENT

The major problems related to procurement of yarn were poor quality (54 percent), not available on time (30 percent), required count of yarn not available (20 percent), not available in required quantity (13 percent) and 10 percent faced all the problems. (Table 1)

TABLE1: ISSUES RELATED TO PROCUREMENT n=500

S.No.	Issues	Weavers*	%
1	Not available on time	150	30%
2	Not available in required quantity	66	13%
3	Poor quality	270	54%
4	Required count of yarn not available	100	20%
5	All of the above	50	10%

*Multiple responses

The reason for these constraints is that the spinning mills are not in the same city and transportation of yarn from one place to another consumes time, and most spinning mills are becoming dormant because of lack of proper financial assistance the other reason may be improper distribution of yarn,. Even though new private spinning mills have come up, their focus is more on cone yarn (used in powerlooms) and exports. Similarly, Ministry of Textiles Government of India revised the Hank Yarn packing obligation scheme in 2003 which made a cut in the mandatory hank yarn obligation for spinning mills from 50 percent to 40 percent. (Narendranath.K.G. 2003) Finding similar to these was observed by Mamatha & Naik (1997) and Jayaram (1997).

PRODUCTION

The weavers have to face many constraints during the process of production such as lack of upgraded looms(70 percent),lack of innovative designs(76 percent),unaware about latest market trends(54 percent),no provision of bonus/incentives for weavers(100 percent) and lack of motivation(50 percent) as seen in Table 2.

TABLE 2: PROBLEMS RELATED TO PRODUCTION n=500

S.No.	Problems	Weavers*	%
1	Lack of upgraded looms	350	70%
2	Lack of innovative designs	380	76%
3	Unaware about latest market trends	270	54%
4	No Bonus/incentives for weavers	500	100%
5	Lack of motivation	250	50%

*Multiple responses

To make themselves sustainable and viable in the market they need to explore the urban and niche market. Instead the weavers are making age-old pattern of these products with no changes in their designs and patterns as their looms are outdated. Additional attachments such as dobby, jacquard were not available to the weavers, which were prerequisites for producing value added fabrics. Weavers are technically upgraded through training programme but don't have the necessary equipments that hinder them to use the new techniques.

The finishing and the designs of the products reaching to the open market are not efficient and innovative which is directly affecting the marketing of the handloom products. With the fast changing trends in the textile industry the consumer wants something new, innovative and attractive design.

MARKETING

Promotion of the product is yet another important component of marketing management. In this competitive era no efficient promotional measures are seen thus affecting the sales of the product.

TABLE 3: CONSTRAINTS FACED IN UNDERTAKING PROMOTIONAL ACTIVITIES n=50

S.No.	Constraints	Senior officials*	%
1	The entire production programme is based on the imprecise reports of the showroom managers	5	10%
2	Absence of a scientific market research	10	20%
3	Insufficient budget	40	80%
4	Improper planning of the promotional activities.	20	40%

*Multiple responses

The information collected through primary data also reveals the constraints faced by the senior officials in promotion of handloom products in the market. Table 3 shows that insufficient budget was the major constraint faced by the senior officials as revealed by majority (80 percent) of the respondents. For 40 percent of the respondents it was improper planning of promotional activities, and there was absence of scientific market research (20 percent) and the entire production programme was based on imprecise reports of the showroom manager (10 percent)

Promotion activities are planned to influence the customer in such a way that he purchases the product and patronizes the same brand in future too. If proper promotional activities are not planned and implemented they will directly affect the sales of the product further resulting in losses. For all this adequate funds are required, and the major problem faced by the organization is insufficient budget. The organization ought to plan their budget and promotional activity in such a manner that the volume of sales continues to rise. There was no clear cut strategy for marketing the handloom products. No promotional methods such as advertising, sales promotion and publicity was done. The only promotional method adopted is participation in Exhibitions and fairs

Another bottle neck is that the government rates are fixed for various products which are supplied to govt.dept, these have not been revised since last 10 years, and the weavers are getting payment on the basis of the 10 year old fixed prices. The product marketed to the customer are priced high reason being expensive yarn, time lag from production to selling point which add to the price and stock piling due to which a reasonable amount of customer hesitates to purchase handloom stuff. The other constraint was delayed payment by the government departments to the apex handloom organization. It sometimes took 6-12 months, which hindered further payments. Transportation was another problem, the organization didn't have adequate facility of transportation to supply the products on time.

Finishing & Packaging has not received due attention as a necessary marketing activity as a means of promotion and product protection resulting into diminishing the pace value of the product.

WAY FORWARD

To bridge gap and overcome the drawbacks in future and for sustainability and success of this industry, some of the following measures can be considered:

Electronic Data Interchange, or EDI, is a supply chain management implementation in which the transmission of orders and other types of information between the members of a supply chain is done by electronic means. In this way, paper orders are replaced by automated electronic messages. The greatest advantage of EDI is that it greatly reduces the lag periods or lead times that are generated while orders are processed downstream in a supply chain. Development of website of the Rajasthan handloom apex organization and corporation should be urgently done.

To make the weavers sustainable and viable in the market they need to explore the urban and niche market. The handloom organization must regularly be in touch with handloom weavers through campaign seminars and workshops. A regular buyer seller meet is required so that the weavers get a platform to market their products. The organization need to do trend analysis every 6 months so that new products can be made and value addition can be done to the existing product. The president of cooperative society should be trained and assisted to modernize their production units, to produce materials of worthy quality, which are attractively designed. Designing institutions can help in training the weavers with innovative designs and color combination. Quality testing and color fastness must be done for every product. Management institutions can help the cooperative societies by giving their inputs for better management of the organization. Packaging of the product should be improved. The sales mechanism needs to be restructured so that the wastage could be avoided, for these invite experts to suggest dynamic organizational marketing structure.

CONCLUSION

The handloom industry plays a vital role in the growth of the rural economy. The strength of Handloom lies in the introducing innovative designs which cannot be replicated by the Power loom sector. Since the handloom products from Jaipur district have two types of consumers i.e. government sector & general customers, one can identify few cooperative societies which can only make handloom goods for government sector and the potential & enthusiastic weaver can be trained in the design & quality aspect to meet the demand of the customer.

For this government should prepare a long term perspective plan for the development of the handloom industry. The technological developments occurring in the handloom industry should be publicized to the weavers and they should be encouraged to use latest technology. The entire exercise from planning the production till the marketing should be based on the information available on the trends in fashion, size of market and consumer preference.

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CORPORATE SOCIAL RESPONSIBILITY AND FUTURE MANAGERS – A PERCEPTION ANALYSIS

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ABSTRACT

The objective of this study is to find out the different groups of components influencing the perceptions of the future managers towards Corporate Social Responsibility (CSR). A survey through the self administered questionnaire on ten statements of CSR has been conducted among 200 post graduate management students spread over 20 management colleges in Warangal District of the state of Andhra Pradesh. The responses have been analyzed through Factor Analysis with the help of SPSS-17. The analysis resulted in grouping the ten statements into three factors – CSR Practices, CSR Approach, and CSR Viewpoint. Five components constituted CSR Practice factor which showed high factor score at 8.2 indicating its prominence in framing the perceptions, followed by another three components grouped into the factor of CSR Approach with a factor score of 4.814. Another two components are grouped into a third factor – CSR Viewpoint, which showed a score of 1.022. Finally, the study concludes that the CSR practices are the influencing components of perceptions among future managers regarding CSR.

KEYWORDS

Perceptions, Corporate Social Responsibility (CSR), Future managers, Indian business, Factor Analysis.

INTRODUCTION

n action alone be thy interest, Never on its fruits. Let not the fruits of action be thy motive, nor be thy attachment to inaction. “- says The Bhagavadgita. Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. CSR is often referred to as an organization's response on environmental, social and economic issues. Positive actions that reduce the negative impact of an organization on these issues can be seen as a way of managing risk. In developing countries like India, business can succeed only if industries maintain good relationships with all their stakeholders. These relationships can be strengthened, if organizations fulfill their obligations towards the stakeholders. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing various CSR programs.

World Business Council for Sustainable Development defines CSR as ‘The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.’ The European Commission advocates CSR as ‘Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing more into human capital, the environment and relations with stakeholders.’

The Work Foundation report (Stephen et al, 2004) entitled *Achieving High Performance: CSR at the Heart of Business*, claims that there was ‘a sufficient weight of empirical evidence’ to suggest that building CSR activities into the heart of business strategy leads to higher productivity and profitability. Those companies who placed CSR policy and practice at the very heart of their business strategy gain most in terms of performance outcomes. The report concludes that CSR is longer merely fashionable, but is an essential component in delivering improved performance.

Recently, the role of international business in the development of society has been widely debated and many companies are formalizing and expanding the scope of their voluntary environmental and social activities. In developing countries, such as India, many responsibilities previously carried out by the state have been shifted to the corporate sector. In India, this shift is partly due to the failure of the state to handle the emerging social and environmental problems (Rowe, 2005). Furthermore, India's recent economic progress has not only increased pressure on the environment, but also generated social tension by increasing the gap between India's middle class and the poor. Consequently, it has become even more important for corporations to consider their broader impact on society (Balasubramanian, 2003). A failure to handle social and environmental problems may threaten the long-term stability and sustainability of India (Lovins et al, 1999).

These trends, together with pressure from consumers in developed countries and historical mistrust towards international business, has put demand on especially multinational corporations (MNCs) to CSR strategies to handle the increased responsibilities (Kumar et al., 2001). CSR strategy refers to a company's voluntary activities “demonstrating the inclusion of social and environmental concerns in business operations and the interaction of stakeholders” (van Marrewijk & Were, 2003). Porter and Kramer (2002) stress that if a firm's CSR-strategy is related to its core business, the strategy has the potential to create social benefits beyond what is possible for individual donors, foundations and governments. Hence, if firms are able to meet the expectations in social and environmental areas, while still keeping core business, profit making and survival in mind, firms with CSR engagement may play a central role in stimulating sustainable development in India.

The concept of corporate social responsibility is not new to India. It has been a well-established tradition in a number of organizations, particularly family-based companies with a strong community ethos. While CSR has been a well-understood notion for many years, perceptions about the basic role of the corporation appear to have been changing in India in recent times. This has traditionally been closely related to family-based businesses or state-owned enterprises (SOEs) and has been governed accordingly. Since deregulation and with the pressure to ‘corporatize’ and ‘sell off’ many SOEs, the concern for efficiency, effectiveness and profitability has been considerable. The Millennium Poll, 1999 indicated that Indians were 3 to 4.5 times more likely than North Americans to believe that a company's role is simply to make profits, pay taxes, provide jobs and obey laws (MORI, 1999) while 89% of Americans believed that the corporation's role was to exceed these expectations.

However, during the last decade, expectations on what the state should and should not do appear to be shifting in India. As India has moved towards a liberalized and market-oriented economy, the public's expectations on corporate support have increased. This trend is common for developing countries since their laws and the implementation of these laws are generally not as strict as in developed countries when it comes to environmental issues or the protection of individuals. In addition, developing countries often lack a strong state and have weaknesses in social systems as well as in laws that regulate business conduct (Sood & Arora, 2006).

Good corporate citizenship and CSR initiatives are inextricably linked with improved brand reputation, which is one of the most important drivers of CSR identified. The other key drivers of CSR in India were diverse ranging from stated philosophy of founding fathers to improving relationship with local communities to enhanced shareholder value (Ashwani and Prema, 2004). The Business World (2003) survey clearly revealed that impressive financials were not

enough to earn respect. The corporates were respected not because they were big and powerful, but because they were transparent, the stakeholders trusted their policies, they were ethical, and contributed to society.

Just a few years ago, the concept of triple bottom line reporting – assessing and providing an accounting of a company's social, environmental and economic impact and performance – was embraced by only an enlightened few. Today, such reporting is embraced by the majority to prove they are acting responsibly. Of course, with the intense spotlight on the subject, the interest in CSR is spreading in India as well. The Corporate Social Responsibility Survey 2002–India, jointly conducted by the United Nations Development Programme, British Council, Confederation of Indian Industry and Pricewaterhouse Coopers covering 19 industry sectors revealed that this interest is growing as more and more companies in India are keen to project themselves as good corporate citizens. In the shaping of a society, common values and norms play a central role. During a long period of emphasis on the importance of public policy for social development the government elite have had a strong influence on the formation of societal values. Today, business leaders and the civil society play a greater role in the transformation of value systems and institutional arrangements.

The perceptions of future business leaders towards CSR are therefore one of the central elements that will influence future progress in the areas of social responsibility. Even at an earlier stage in their careers, young professionals' positive perception of CSR may stimulate CSR activities. Therefore, the present study attempts to factorize and analyze the influencing components of perceptions among the future business leaders regarding CSR practices.

REVIEW OF LITERATURE

A study (Matilda & Martin, 2007) of the attitudes towards sustainable development and corporate social responsibility among future business leaders in Bangalore, India in 2007 found a positive attitude towards CSR and suggest that top students evaluate the attractiveness of a future employer partly through its CSR work.

In a survey (Albaum & Peterson, 2006) of nearly 3,000 undergraduate business students from 58 universities and colleges in 32 states of the United States regarding certain general ethics-related attitudes and the degree of ethicality these students possess, it was found that the female survey participants were slightly but significantly more ethically inclined than male survey participants.

An extensive survey (PWC, 2002) was jointly undertaken by the United Nations Development Programme, the British Council, the Confederation of Indian Industry and Price Waterhouse Coopers. Answers from 102 Indian corporations to 43 questions gave detailed information regarding the 'how and why' of CSR in Indian industry, the barriers to CSR, and apprehensions and expectations for the future.

The results from the TERI-Europe poll (TERI, 2001) showed that attitudes to CSR were definitely changing also in India. The poll investigated attitudes to and expectations on the social, economic, and environmental responsibilities of companies operating in India among the Indian middle class, workers, and corporate executives. A third of the respondents reported that they considered environmental, labor, and social issues as most important when forming an opinion about a company.

Another study (Matilda & Martin, 2007) conducted by the Indian Institute of Management, Bangalore showed how Indian young professionals from the urban elite considered CSR issues important, although they tended to view urban issues as more of a major concern than rural issues. The overall results point towards an increasing awareness of CSR in India. The survey findings indicated that around 70% of the respondents believed that social responsibility was not only a government role but also a corporate one. A significantly smaller proportion -17%, agreed with the proposition that social obligations are the responsibility of government, not corporations. Nearly 80% agreed that codes of conduct are necessary elements to encourage accountability and transparency. Surprisingly, a majority of respondents – 72%, agreed that CSR expenses should be seen as a 'cost of operations, not as an appropriation of profits' and that 'corporates must discharge social responsibility obligations' (86%).

The Millennium Poll (EI, 1999) which interviewed 23,000 average citizens worldwide highlighted the rising expectations on companies to not only make profits, pay taxes, employ people and obey laws, but also to contribute to broader societal goals. However, the study showed that Indian citizens did not agree with this to the same extent as for example North Americans.

NEED OF THE STUDY

The numerous surveys addressing CSR in India during the last decade are a reflection of the heterogeneity and shows differences not only over time, but also among different groups within the Indian society. Furthermore, the studies differ in both response group and purpose. Therefore previous studies are used to generally describe the situation in India. The present study aims at filling the gap by studying the perceptions of the future business leaders towards CSR in Indian context.

OBJECTIVE OF THE STUDY

The main purpose of this study is to find out the factors of perception regarding CSR among India's future business elite. The next generation's business leaders are today's students of management courses in various institutes. Furthermore, the rapidly growing business sector has created competition among corporations in recruitment of talented graduates in India. In this context, the researchers felt that it would be appropriate to explore the factors that influence the perceptions of the future business leaders towards CSR in India to provide direction to the Indian business regarding the social responsibility.

METHODOLOGY

The sample for this study comprises of 200 students of postgraduate management course spread over 20 management institutes in Warangal district of the state of Andhra Pradesh. Only the students who are in their final semester who were expected to be employed by the companies in the very near future are selected for the study. Given the purpose of the study, to investigate the perceptions regarding CSR among India's future leaders in Warangal region, the sample group should represent the population of management students in Warangal. Hence all the institutes offering management course were selected and ten students of final term from each college were randomly selected for sampling, thus making the sample highly representative.

The primary data is collected through administration of the pre-designed questionnaire in the form of a battery of ten different statements related to CSR, to be marked on a five-point scale against each statement being the value 1= Disagree and 5=Agree. The battery of statements is given in Table No-1. The data was processed in SPSS – 17 for Factor Analysis which is the most appropriate multivariate technique to identify the groups of determinants. Factor Analysis identifies common factors from the observed variables that link together the seemingly unrelated variables and provides insight into the underlying structure of the data.

TABLE – 1: BATTERY OF STATEMENTS

SL NO.	STATEMENTS.
1.	Business has wider responsibility towards society than merely earning profits.
2.	Private business should share the social responsibilities along with the governments.
3.	The socially responsible companies enjoy positive image and good respect in the society.
4.	The MNCs are more responsible than domestic businesses towards CSR.
5.	The companies should follow self regulation regarding CSR efforts.
6.	There must be a strong legislation regarding CSR of business in India.
7.	The expenditure on CSR should be treated as part of the operational cost by the businesses.
8.	The companies must design and implement CSR programmes on their own.
9.	I prefer to join the company with good CSR practices.
10.	Companies must utilize their managerial & technical expertise to make CSR more effective.

In this study, Bartlett's Test of Sphericity has been used to test the validity of Factor Analysis and The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is run for establishing the effectiveness of Factor Analysis. Taken together, these two critical tests provide a minimum standard which should be passed before conducting a Factor Analysis. The statistical technique of Factor Analysis helps to summarize most of the original information into a minimum number of factors for prediction purpose based on the total variance explained.

Another technique used is Rotated Component Matrix. Varimax rotation is one of the most popular methods used to simplify the factor structure by maximizing the variance. After identifying the factors, factor scores are estimated for each factor. The reliability of each factor score is established with the help of Cronbach's alpha - a widely used measure of internal consistency, that is, how closely related a set of items are as a group.

RESULTS AND ANALYSIS

VALIDITY

Initially, Bartlett's Test of Sphericity (Table-2) is used to test the validity of Factor Analysis.

TABLE-2: KMO AND BARTLETT'S TEST RESULTS (SPSS OUTPUT)

Kaiser-Meyer-Olkin Measure of Sampling Adequacy. .691		
Bartlett's Test of Sphericity	Approx. Chi-Square	1856.607
	df	45
	Sig.	.000

It is observed from Table-2 that the Chi-Square value is 1856.607 with a significance value of less than 0.05 indicates that the Factor Analysis is valid in case of the present study at 5% significance level. Also, the KMO Coefficient is 0.691 which is greater than 0.5 implying that the use of Factor Analysis for data reduction is effective. This measure varies between 0 and 1, and values closer to 1 are better. A value of 0.6 is a suggested minimum.

EIGEN VALUES

TABLE-3: TOTAL VARIANCE EXPLAINED (SPSS OUTPUT)

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.134	41.344	41.344	4.134	41.344	41.344	3.574	35.744	35.744
2	2.499	24.993	66.337	2.499	24.993	66.337	2.684	26.841	62.585
3	1.554	15.538	81.875	1.554	15.538	81.875	1.929	19.289	81.875
4	.772	7.721	89.595						
5	.386	3.863	93.458						
6	.260	2.595	96.053						
7	.179	1.788	97.842						
8	.090	.903	98.745						
9	.081	.806	99.550						
10	.045	.450	100.000						

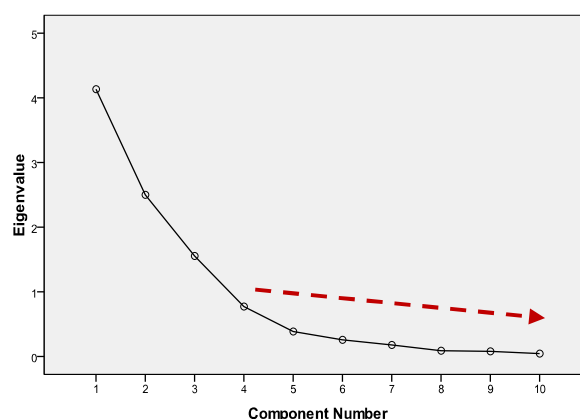
Extraction Method: Principal Component Analysis.

The initial number of factors is the same as the number of components/variables used in factor analysis. From Table-3, it is evident that only three factors have eigen values greater than one. Hence the present study has three factors under which all the ten components can be regrouped into. The third row shows a cumulative value of 81.875. This means that these three factors together account for 81.875% of the total variance.

SCREE PLOT

The Scree Plot in Graph-1 depicts the eigen values from table-3, against the component number. It is very clear that the values of the first three columns are higher than one. From the fourth component onwards, the line is more or less running flat, meaning that each successive component, other than the first three, is accounting for smaller and smaller amounts of the total variance. Hence the point of principal component analysis is to redistribute the variance in the correlation matrix, using the method of eigen value decomposition, to redistribute the variance to first components extracted.

GRAPH - 1: SCREE PLOT (SPSS OUTPUT)



CONSTITUENT COMPONENTS OF THE FACTORS

TABLE-4: ROTATED COMPONENT MATRIX^A (SPSS OUTPUT)

Components	Factor		
	1	2	3
8. The companies must design and implement CSR programs on their own.	.916	.110	
7. The expenditure on CSR should be treated as part of the operational cost by the businesses.	.886	.118	.117
10. Companies must utilize their managerial & technical expertise to make CSR more effective.	.807	.171	-.147
6. There must be a strong legislation regarding CSR of business in India.	.806		.342
5. The companies should follow self regulation regarding CSR efforts.	.763		.414
1. Business has wider responsibility towards society than merely earning profits.		.967	
9. I prefer to join the company with good CSR practices.		.921	
3. The socially responsible companies enjoy positive image and good respect in the society.	.105	.912	
4. The MNCs are more responsible than domestic businesses towards CSR.	.210		.896
2. Private business should share the social responsibilities along with the governments.		.105	.893

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

The orthogonal rotation method VARIMAX was used to identify a meaningful pattern in the factors. VARIMAX minimizes the number of variables that have high loadings on each factor. The rotated factor loadings are presented in table 4 which are the correlations between the component and the factor. A high loading makes the component representative of the factor. The overall goal of the study is to find components, which measure either CSR Practices or CSR Approach or CSR Viewpoint aspects and therefore primarily load onto one dimension. The rotated component matrix identifies the constituent components of the factor. As we can observe from Table-4, that three rotated factors have been extracted. As per the output of the rotated component matrix, the constituents of the three factors are as follows.

TABLE-5: FACTORS AND CONSTITUENT COMPONENTS

Factors	Components with respective numbers in question battery.
Factor-1 (CSR Practices)	5. The companies should follow self regulation regarding CSR efforts. 6. There must be a strong legislation regarding CSR of business in India. 7. The expenditure on CSR should be treated as part of the operational cost by the businesses. 8. The companies must design and implement CSR programs on their own. 10. Companies must utilize their managerial & technical expertise to make CSR more effective.
Factor-2 (CSR Approach)	1. Business has wider responsibility towards society than merely earning profits. 3. The socially responsible companies enjoy positive image and good respect in the society. 9. I prefer to join the company with good CSR practices.
Factor-3 (CSR Viewpoints)	2. Private business should share the social responsibilities along with the governments. 4. The MNCs are more responsible than domestic businesses towards CSR.

THE FACTORS AND SCORES

By understanding the constituent components of each factor, we can assign appropriate title to each factor as follows.

- Factor-1: CSR Practices
- Factor-2: CSR Approach, and
- Factor-3: CSR Viewpoints.

The factor scores calculated basing on the component score coefficient matrix generated by SPSS-17, are as follows:

TABLE-6: FACTOR SCORES

Factor Name	Factor Score
CSR Practices	8.200
CSR Approach	4.010
CSR Viewpoints	1.022

RELIABILITY

TABLE-7: RELIABILITY STATISTICS FOR THE FACTORS

Factor Name	Cronbach's Alpha	N of Items
CSR Practices	.906	5
CSR Approach	.932	3
CSR Viewpoints	.841	2

To establish the internal consistency of the factor scores, Cronbach's alpha is used. From table-7, it can be seen that the Cronbach's Alpha values for the factors are 0.906; 0.932; and 0.841 respectively. A high value of alpha is often used as evidence that the items measure an underlying construct. Hence it can be concluded that the factor scores are highly reliable.

DISCUSSION

The Principal components analysis of the responses on the ten statements provides a good insight into the perceptions of the future managers regarding CSR. The given ten components are principally segregated under three major factors which are named as CSR Practices; CSR Approaches; and CSR Viewpoints.

CSR PRACTICES

Five of the components are grouped into the factor named as CSR Practices. This shows the importance of the practical aspects of CSR in framing the perceptions among the people. The description of the components is as follows:

- The companies should follow self regulation regarding CSR efforts.
- There must be a strong legislation regarding CSR of business in India.
- The expenditure on CSR should be treated as part of the operational cost by the businesses.
- The companies must design and implement CSR programs on their own.
- Companies must utilize their managerial & technical expertise to make CSR more effective.

The CSR practices such as companies following self regulation regarding CSR efforts; supporting a strong legislation towards CSR; designing the CSR programmes on their own by utilizing their managerial expertise; and considering the expenditure on CSR as an integral part of the operational cost, are the major determinants of the perceptions of future managers regarding CSR. Moreover, the factor of CSR Practices has yielded high factor score (8.200) indicating that this is the major influencing factor in influencing perceptions among the future business leaders regarding CSR.

CSR APPROACH

Three components have been loaded into the factor named CSR Approach. The three components are as follows:

- Business has wider responsibility towards society than merely earning profits.
- The socially responsible companies enjoy positive image and good respect in the society.
- I prefer to join the company with good CSR practices.

Naturally the CSR practices frame the perceptions which serve as a basis for their approach. The components of CSR Approach are beliefs such as business has a wider responsibility towards society than merely earning profits; socially responsible companies enjoy positive image and good respect; and the respondents prefer to join companies with good CSR practices. The factor score of CSR Approach derived from component score coefficient matrix (SPSS output) is 4.010.

CSR VIEWPOINT

The third factor identified by factor analysis is CSR Viewpoint with a factor score of 1.022. Two components were loaded into this factor. The description of the components is as follows:

- Private business should share the social responsibilities along with the governments.
- The MNCs are more responsible than domestic businesses towards CSR.

The components such as private business should share the social responsibility along with governments and MNCs are more responsible towards society make less impact on the perceptions of the respondents.

CONCLUSION

Thus, the study concludes that the future business leaders in Warangal region do care about CSR. The results of the survey show that the management students have a great deal of knowledge and positive perceptions towards CSR. Moreover, it is evident that these perceptions affect students' preferences to apply to a company. As discussed in the introduction, these positive attitudes among the future business leaders serve as guiding principles for the corporate sector to attract good talent. The study confirms the popular opinion that the corporate practices regarding social responsibility are the major determinants of the perceptions among people and specifically among the management students who will handle the managerial responsibilities in near future. The corporate attitude towards CSR expressed in terms of orientation towards CSR, accounting as operational cost, utilizing the expertise for the development of the society are the principal components influencing the perceptions which help forming the approach towards CSR. Hence companies must try to follow good and transparent CSR practices to create a positive perception among the prospective employees and develop good corporate image in the society for long time sustainability.

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CUSTOMER RELATIONSHIP MANAGEMENT: MAHA MANTRA OF SUCCESS

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ABSTRACT

In the current era of hyper competition, organisations are struggling for their survival. Apart from realising the significance of cutting cost and increasing internal efficiencies, they are forced to contemplate on how to strengthen their core competencies for existence in the market. Parameters of competitive advantages may be different for different organisations but ultimately it is crystal clear that 'client contentment' by having 'close connection' with them for the sake of getting updates about what new they expect from goods and services and making an immediate attempt to provide them is paramount and it is, in fact 'Maha Mantra' for success. That is why 'Customer Satisfaction is our Motto' is the punch line of so many business giants as they know that this is the best way to cherish their dream of increasing profitability. Put is differently, customer expectations are changing almost on daily basis. Newly empowered and awarded customer knows about different goods and service providers. Any casual approach to handle their complains and regular request provides them a chance to change the provider. Customer's philosophy of change brings challenge for the companies and forces them to prepare the strategies for maintaining and improving relationship with them and help them to stay long. Customer Relationship Management is an information industry term for methodologies, software, and usually internet capabilities that help an enterprise to manage relationships with customers in an organized and efficient manner. In many cases, an enterprise builds a database about its customers. This database describes relationship in sufficient detail so that management, salespeople and customer service representatives can access information and match customer needs with product and services they offer.

KEYWORDS

Competencies, Paramount, Mantra, Motto, Punch line.

INTRODUCTION

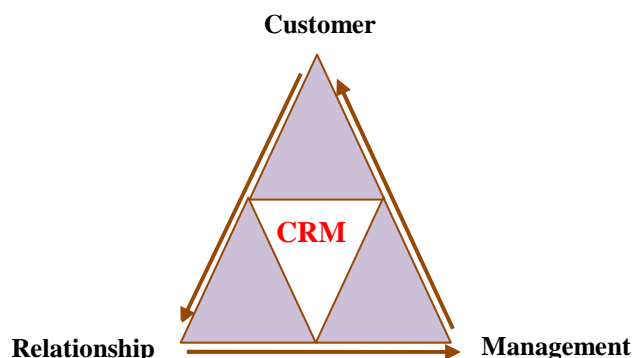
Customer Retention' through 'Customer Relationship' is now an established and accepted fact. Customer expectations are increasing on the one hand and their preferences and needs are changing on the other. They want certain questions to be answered quickly and correctly else they can knock at the door of other provider. Need of the hour is to have proper communication and interaction with them for what they want from the company and providing them the same. As long as the client has the possibility of changing his provider, it becomes harder to keep him loyal. A loyal customer is an asset for any of the business. Too many businesses neglect this loyal customer base in pursuit of new customers. However, since the cost to attract new customer is significantly more than to maintain relationship with existing ones, so efforts toward building customer loyalty certainly payoff. It is therefore, important for the company to own a system that could shorten the response time to customer request and complain for strengthening their relationship with them and offering support and quality for its service. Apparently, this situation represents the concept of Customer Relationship Management. The paper seeks to analyse the following issues on customer relationship management

1. Conceptual framework.
2. Impetus for CRM.
3. Future of CRM.
4. CRM solution models.
5. Benefits of CRM.
6. Conclusion and suggestions.

CONCEPTUAL FRAMEWORK

The most important thing in sales and marketing is to attract and retain most profitable business customers. In order to accomplish this feat, organisations need to devise and implement a customer strategy that builds, fosters, nurtures and extends relationships with customers. Such relationship management activities have been touted as central to a firm's success. Indeed, they have spawned a number of related technologies that have changed the way salespeople build and maintain customer relationships (Anderson, 1996). Customer Relationship Management is a strategic business approach that is concerned with creating improved shareholder value through the development of appropriate relationship with key customer and customer segment (Payne & Flow, 2005). The overall goals are to find, attract, and win new clients, nurture and retain those the company already has, entice former clients back into the fold, and reduce the costs of marketing and client service (Gartner, 2009). CRM is primarily a strategic business process issue rather than technology which consists of three components: 1. Customer 2. Relationship 3. Management. (Gray & Byun, 2001)

FIGURE 1: COMPONENTS OF CRM



CUSTOMER: Customers are the source of the company's profit and of course the base for future growth. However, constantly change in their buying behaviour may sometimes compel them to switch to other service provider. In this situation need arises not only to retain existing number of customers but also multiply it.

RELATIONSHIP: Long term profitability can be assured by creating and maintaining continuous interaction with customers. Regular interface with them provides an opportunity to the organisations to collect tremendous information about their behaviour, need & preferences etc.

MANAGEMENT: Functions of management does not confined to effective utilization of available resources only. It also involves continuous change in strategies, culture and processes. The customer information collected is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities.

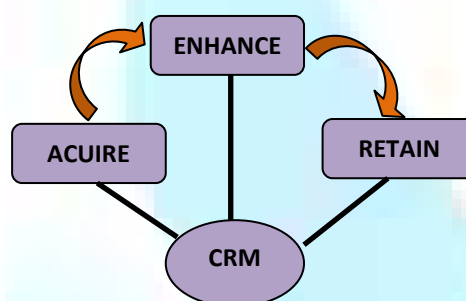
CRM is generally intended to strengthen relationship with key customers, while improving the total customer experience over time (Neal Kokemuller, 2011). The concentration on building beneficial relations with customers is not a new approach in the field of business. The increasing competition and decreasing customer loyalty have shaped the need for implementing new tools to help companies to succeed the competition and win customers' loyalty by providing more customized products and services (Mohammad Almotairi, 2009). All business processes need to be incorporated into a CRM solution. If there is a business process that is not related in some way to a customer sale then its very existence demands an explanation. At a slightly less pervasive level, perhaps it is better to say that a CRM solution needs to extend its reach to all of the customer touch points so that the business understands everything that a customer does and is able to provide a consistent and personalised response (Bellman, B. Research, 2000). Three phases in which CRM support the relationship between a business and its customers are to:

ACQUIRE: CRM can help a business to acquire new customers through contact management, campaign management, relationship management, direct selling and fulfilment.

ENHANCE: Web-enabled CRM combined with customer service tools offers customers service from a team of sales and service specialists, which offers the convenience of one-stop shopping.

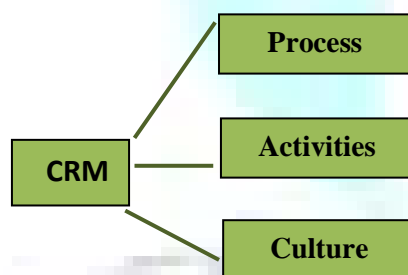
RETAIN: CRM software and databases enable a business to identify and reward its loyal customers and further develop its targeted marketing and relationship marketing activities (J A. O'Brien & Marakas, 2009).

FIGURE 2: PHASES IN CRM



Traditional marketing strategies used to focus on the four Ps (price, product, promotion and place) to increase market share. The main concern was to increase the volume of transactions between seller and buyer (Wyner, 1999). Volume of transactions is considered a good measure of the performance of marketing strategies and tactics (Paul Gray, 2003)

FIGURE 3: CRM STRATEGY



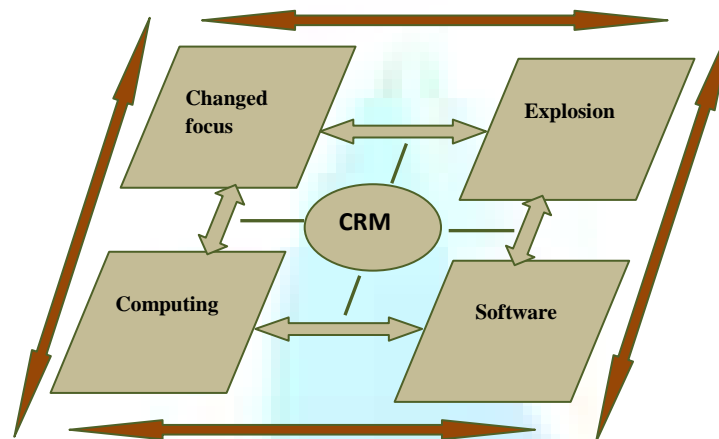
Focus of CRM as business strategy is to increase profitability and performance by strengthening the relationship with the customers. Customer relationship management is a business philosophy describing a strategy which places the customer at the heart of an organization's process, activities and culture (Rodgers & Howlett, 2000). To achieve CRM, a company use wide set of tools, technologies, and procedures to promote the relationship with the customer and to increase sales (Sweeney Group, 2000). A CRM strategy directs managers to take advantage of the breadth of available customer relationship technologies in managing customer relations (Arandt Aaron, 2005). CRM required a comprehensive change in the organization and its people. CRM may be regarded as a set of technological and organizational mechanisms intended to buffer market instability through better knowledge of environmental variables, particularly market variables, in order to anticipate customer's needs, rendering production activities more stable and programmable (Rajola, 2003). As market consolidates and supply become more effective in delivering product and service, it become harder to differentiate among rival offering. What differentiate one toothpaste from another? What distinguishes different stock market price information service? At the same time as the quality of product and service improve so customer expectation increase. As long as the customer has the ability to switch supplier relatively painlessly, it becomes harder and harder to keep loyalty (Rodgers & Howlett, 2000). The philosophy of customer relationship management is the recognition of the fact that a long term relationship with customer is an attempt to win their faith and making them loyal toward the company. Loyal customers are the assets of the company as they provide competitive advantage (Russell S. Winer, 2001).

IMPETUS FOR CRM

Over the past decades there has been an explosion of interest in customer relationship by both academics and executives. Thrust for interest in CRM came from different studies conducted time to time by researchers and CRM analysts and of course, from strong push given to this business activity by CRM consultants, CRM services providers and CRM vendors etc. They all had common view that little effort for increase in customer retention rates could bring remarkable increase in profit. For example, Reichheld (1990) and Rigby (2002) in their studies showed that as little as a 5% increase in retention had impacts as high as 95% on the net present value delivered by customers (advertising agencies) with a low of 35% (computer software). Concluding remarks of different studies

conducted by different authors including two mentioned above have paved the way for the enterprises to ponder more and more about how to delight the existing customers so that they could stay connected with them as this is the royal path to cherish their dream of high profitability. An attempt to repeat customers generate over twice as much gross income than new customers. The considerable improvements in technology and innovation in CRM-related products have made it much easier to deliver on the promise of greater profitability from reduced customer "churn." (McKinsey Consultancy). Competition for customers is intense. From a purely economic point of view, firms learned that it is less costly to retain a customer than to find a new one. It is assumed that 20% of a company's customers generate 80% of its profits. In industrial sales, it takes an average of 8 to 10 physical calls in person to sell a new customer, 2 to 3 calls to sell an existing customer. It is 5 to 10 times more expensive to acquire a new customer than obtain repeat business from an existing customer. (Based on Pareto's Principles) the costs to market to existing Web customers is \$6.80 compared to \$34 to acquire a new web customers. A typical dissatisfied customer tells 8 to 10 people about his or her experience. (Paul gray, 2001). Several factors have recently contributed to the rise in the use of CRM in the marketplace (Wagner Kamakura et al).

FIGURE 4: FACTOR CONTRIBUTING TO RISE IN CRM



1. A shift in focus in many organisations, towards increasing the share of requirement amongst their current customers rather than fighting for new customers.
2. An explosion in data acquired about customers, through the integration of internal databases and acquisition of external syndicated data.
3. Computing power is increasing exponentially.
4. Software and tools are being developed to exploit these data and computers, bringing the analytical tools to the decision maker, rather than restricting their access to analysis.

FUTURE OF CRM

Bob Thomson in his vision statement had made certain predictions about future of CRM industry. He mentioned seven trends defining the future of CRM

1. Wherever you live your customers will have more choices for products and services. Companies with lean, responsive and customer-friendly business models will prosper.
2. CRM must, and will, become more of personal commitment by all employees, and not just a corporate philosophy or a technology initiative.
3. If you aim for a competitive advantage and not just a simple return on a (CRM) IT investment, then you'll need to focus on the value and experience your organization delivers to your customers.
4. Every company must compete within an ecosystem of buy-side suppliers and sell-side distributors and partners, which collectively form a Customer Value Network.
5. Overall, CRM software-as-service will take about 25 percent of the CRM industry revenue.
6. Emergence of integrated voice-of-customer and customer experience management applications, aimed at listening to customers and delivering the experience that they value. Increasingly, real-time analytic applications will guide decision-making.
7. The CRM trend started with marketing, so Chief Marketing Officers will clearly be the driving force in framing CRM strategy. This customer strategy can then be executed with tactical marketing and sales campaigns and customer service operations.

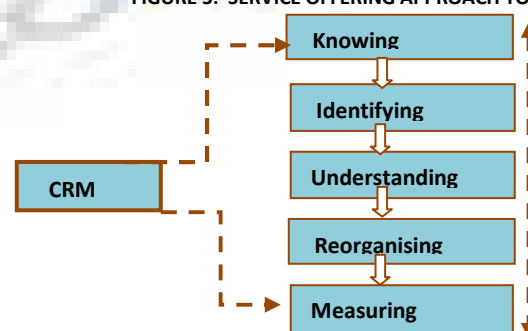
CRM SOLUTION MODELS

CRM carries different meaning to different people. Some people stress the significance of information technology in CRM, some argue that CRM means a customer centric organisation, some believe CRM is a functional (marketing strategy) other emphasize that CRM is primarily a business strategy. So, different situations demand different methods to be implemented in order to get rid from the problem which may arise due to weak CRM practices. Consequently, out of so many CRM solution models suggested by researchers, CRM service providers, CRM consultants, Business analysts etc., following selected models for discussion will set the road map for practitioners and policy makers for fulfilling their aim of more profitability and high return on investment.

MODEL 1: CRM AS SERVICE TOOL

According to Kevin O'Conner, the founder of Booz Allen Consultancy, CRM solution should be based on the knowledge that a customer relationship with an organization is composed of ongoing experience. He propounded that history of customers experience can be foundation stone for any of the organization to frame strategies according to what they demand because this is the best way to retain them. So effective CRM framework demands systematic study of following stages.

FIGURE 5: SERVICE OFFERING APPROACH TO CRM

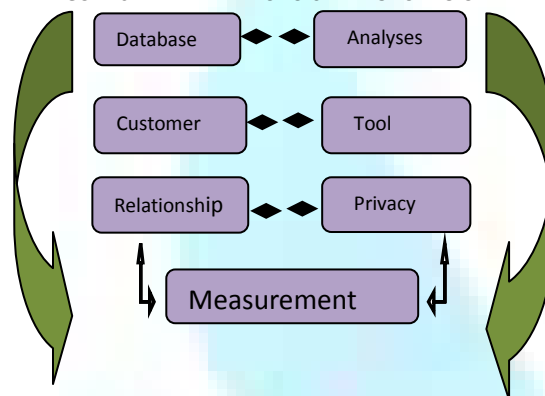


- Knowing your customer.
- Identifying acute customer problem.
- Understanding what customers do as a result of those problems.
- Reorganising how you respond to your customer based on their goals.
- Measuring the impact on continuous improvement on behaviour and cost.

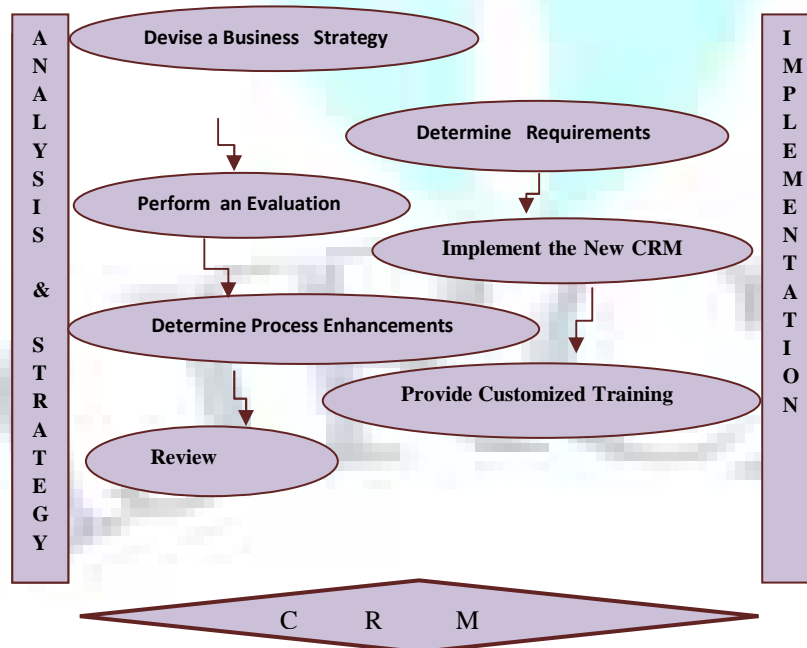
MODEL 2: CRM AS MARKETING TOOL

Russell S. Winer (2001) in his paper has suggested managerially useful, end-to-end view of the CRM process from a marketing perspective. The basic perspective taken by him is that of the customer, not the company. In his view managers need to know about their customers and that information could be used to develop a complete CRM perspective. According to him, A complete CRM solution demands and depends on a set of 7 components:

1. A database of customer activity
2. Analyses of the database.
3. Given the analyses, decisions about which customers to target.
4. Tools for targeting the customers
5. How to build relationships with the targeted customers.
6. Privacy issues.
7. Metrics for measuring the success of the CRM program.

FIGURE 6: MARKET PRACTICES APPROACH TO CRM**MODEL 3: CRM AS TOOL TO SUPPORT WHOLE BUSINESS**

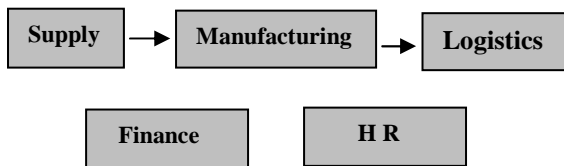
Peter M. Dascalos (SEI Information Technology) is of the view that the success or failure of a CRM solution depends on how clearly your goals and objectives are defined. According to him a complete CRM solution demand careful study of certain steps based on two phases. Phase one emphasises on the need to devise a business strategy and to perform an evaluation, where all groups that plan to use the system (i.e. Sales, Marketing, Service, or Support) need to provide or create an outline of their current business or sales processes and actual solution provided in phase 2.

FIGURE 7: BUSINESS PUSH APPROACH TO CRM**MODEL 4: CRM FROM BUSINESS AND TECHNOLOGY PERSPECTIVE**

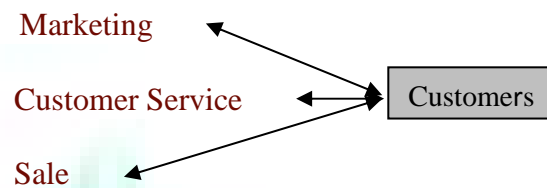
According to Keith Rodgers and Dennis Howlett (TBC Research, 2000), much of the attention in CRM so far, has been focused on the front office function of sale, marketing and customer services. Because early pioneers preferred a piecemeal approach to CRM. Many of today's IT reference sites centres on process automation at a departmental level perhaps through sales-based contact management or campaign management in the marketing function. The fact here is that CRM is an enterprise-wide issue from both business and technology perspective. It requires effective communication and information sharing in every part of

the organisation including supply chain and finance. The key to successful customer management is to build a unified view of each client, drawing together data from a wide variety of sources, making it available in a relevant format to business managers and users.

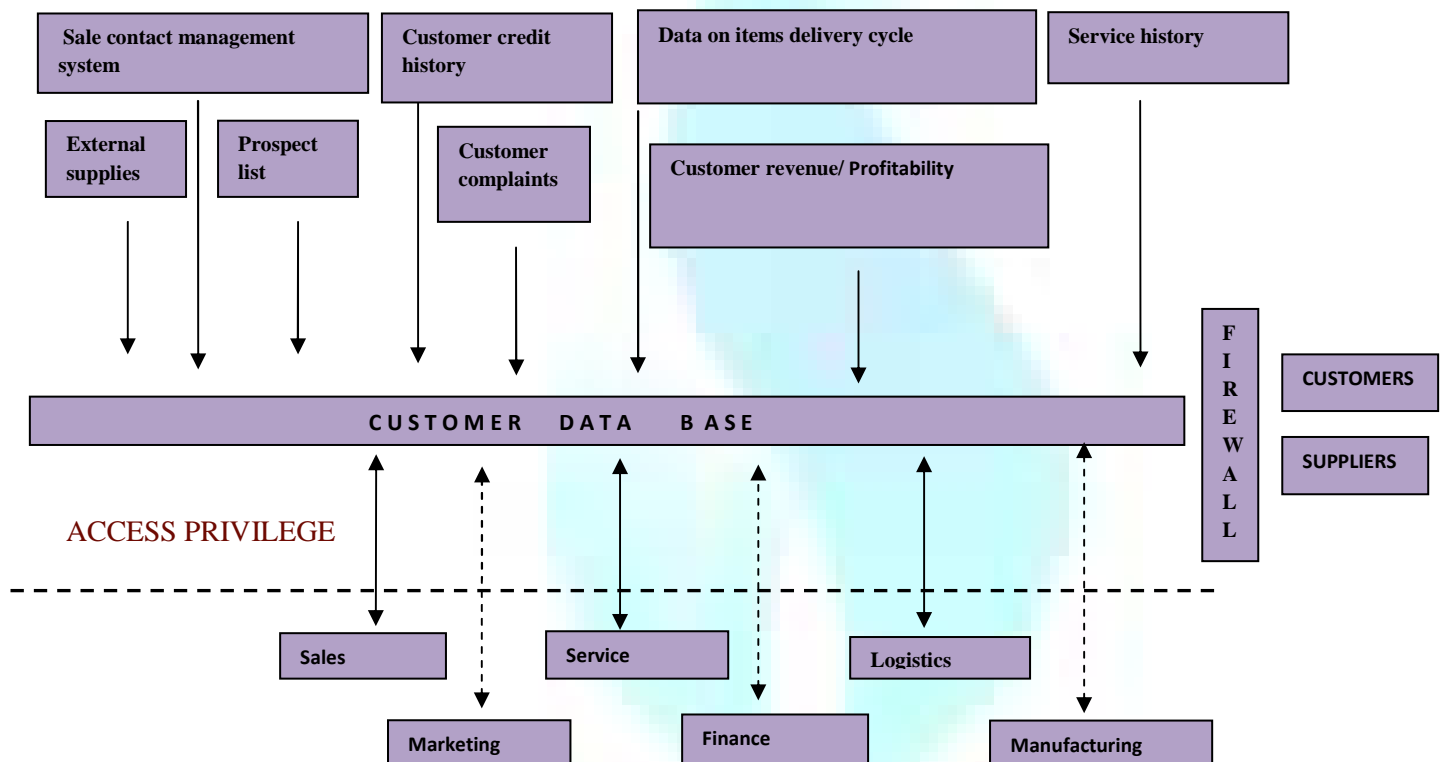
BACK OFFICE



FRONT OFFICE



UNIFIED VIEW OF CUSTOMER



Source: A White Paper by TBC Research in association with Front Range Solutions UK

Characteristics of Modern Structure.	Characteristics of Traditional Structure.
<ul style="list-style-type: none"> Departments linked around same data. Visibility across enterprise. Better customer service. More Effective front- and back-office operations 	<ul style="list-style-type: none"> Silo of information. Different views of customer, even in front Office. Limited communication among departments. No transparency through supply chain.

BENEFITS OF CRM

The popularity of CRM is due to its fundamental and increased focus on customers. Implementation of CRM solution might involve considerable time and effort but there are many benefits of CRM, some of them are;

- CRM gives a complete set of tools that are required to improve overall efficiency of an organization.
- It helps in enhancing the sale through better timing due to anticipated need based on historic trends.
- Implementation of CRM tools helps to increase value from exciting customers and reduced cost associated with supporting and servicing them.
- CRM delivers personalized, informed service that customers expect which makes customers feel 'delighted'. This is because of a system that contains and provides a complete profile of the customer, including all past and present behaviour patterns.
- More repeat business is very much possible through CRM techniques. The repeat business actually comes from the delighted customers, who are turned from doubting clients into loyal advocates.
- By delivering the ultimate customer experience, organizations can cherish their dreams of spreading the boundaries of existing business and entering into new business.
- Strong relations with client offer a degree of protection against actions of competitors.
- CRM helps to make customers loyal and loyal customers are more profitable. Winning new customer is expensive, satisfied customer may buy more happy customers and may bring additional customer etc.

CONCLUSION AND SUGGESTIONS

Today, the strategic importance of CRM has become an essential capability to enable firms respond efficiently to customer needs in a highly competitive and volatile market in any industry (Benjamin A. Kubi et al, 2010). Business institutions are facing strong competition not only from existing players but also new other entrants from other sectors and indicated that CRM holds the promise to achieve corporate objectives in a highly competitive arena. (Karaskostas et al, 2004). A successful CRM therefore requires a combination of managerial commitment, cultural change and a combination of resource and technology to achieve the needed result (Adrian P. & Pennie Flow, 2005). Creating, developing and maintaining relationship with customers is the need of the hour and it is in fact a sharp edge weapon to fight competition and enjoy competitive advantage. In the present era, customer are more knowledgeable than ever before and because the customer are more knowledgeable, companies are required be faster, more agile and more creative than a few years ago (A Chand et al, 2010). Customer data needs to be collected, clean, stored in a format that makes it easily accessible for analysis and then analyzed by statisticians so that meaningful information regarding customer behaviour, friends and attitudes can be extracted. However, according to Paul Gray, overall processes and applications of CRM should be based on the following principles for bringing fruitful results.

Treat Customer Individually: Remember customers and treat them individually. CRM is based on philosophy of personalization. Personalization means the content and services to customer should be designed and based on customer preferences and behaviour. Personalization creates convenience to the customer and increases the cost of changing vendors.

Acquire & Retain Customer Loyalty Through Personal Relationship: Once personalization takes place, a company needs to sustain relationships with the customer. Continuous contacts with the customer especially when designed to meet customer preferences can create customer loyalty.

Select "Good" Customer Instead of "Bad" Customer Based On Lifetime Value: Find and keep the right customers who generate most profits. Through differentiation, a company can allocate its limited resources to obtain better returns. The best customers deserve the most customer care; the worst customers should be dropped. In summary, personalization, loyalty, and lifetime value are the main principles of effective CRM implementation and efficient business results.

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THE PROBLEM OF MAL NUTRITION IN TRIBAL SOCIETY (WITH SPECIAL REFERENCE TO MELGHAT REGION OF AMRAVATI DISTRICT)

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ABSTRACT

Today's children's are citizen of tomorrow. Today's youth are leader of tomorrow. The strength of our nation relies on them. But problem like malnutrition becomes obstacles in the way of progress. The problem like malnutrition is seen in Melghat among the tribal of Amravati District. There are many factors behind this problem. Malnutrition is the condition that results from taking on unbalanced diet in which certain nutrients are lacking in express or in the wrong proportions. The world health organization expresses malnutrition as the gravest single treat to the world's public health. They have suggested many measures for the reduction of this problem only for production of food grains is not essential, besides this the food grains should have nutritional value. Because of lack of nutrition, this problem is arising in large amount. Technology should be launched in agriculture. The development of irrigation is very essential. According to the world health organization, malnutrition is by far the biggest contributor to child mortality present in half of all cases. Malnourished children grow up with worse health & lower educational achievement. Malnutrition was previously seen as something that exacerbates the problems of diseases. Whole Melghat is surrounded by the problem of malnutrition. 45,000 Children dying each year due to malnutrition in Maharashtra, only around 12,000 are serve malnutrition cases. The remaining 33,000 children's succumb due to mild or moderate malnutrition. It is only duty of government but also N.G.O's and people endeavor to bring out next generation of our country from dark horse like malnutrition.

KEYWORDS

Malnutrition, Tribal, Amravati, Melghat.

INTRODUCTION

Tribal society is known for its features about living, culture and traditions. The society is away from all facilities of civilized life. Among all problems of this society, the major problem is malnutrition among children of this society. This problem occurs from many reasons. To identify the various reasons of malnutrition among the children of tribal society, THE PROBLEM OF MAL NUTRITION IN TRIBAL SOCIETY with special reference to Melghat Region of Amravati District is taken as the topic for research.

Malnutrition is the condition that results from taking an unbalanced diet in which certain nutrients are lacking, in excess (too high an intake), or in the wrong proportions. A number of different nutrition disorders may arise, depending on which nutrients are under or overabundant in the diet. The World Health Organization cites malnutrition as the gravest single threat to the world's public health. Improving nutrition is widely regarded as the most effective form of aid. Emergency measures include providing deficient micronutrients through fortified sachet powders, such as peanut butter, or directly through supplements. The famine relief model increasingly used by aid groups calls for giving cash or cash vouchers to the hungry to pay local farmers instead of buying food from donor countries, often required by law, as it wastes money on transport costs. Long term measures include investing in modern agriculture in places that lack them, such as fertilizers and irrigation, which largely eradicated hunger in the developed world. However, World Bank strictures restrict government subsidies for farmers and the spread of fertilizer use is hampered by some environmental groups. According to the World Health Organization, malnutrition is by far the biggest contributor to child mortality, present in half of all cases. Underweight births and inter-uterine growth restrictions cause 2.2 million child deaths a year. Poor or non-existent breastfeeding causes another 1.4 million. Other deficiencies, such as lack of vitamin A or zinc, for example, account for 1 million. Malnutrition in the first two years is irreversible. Malnourished children grow up with worse health and lower educational achievements. Their own children also tend to be smaller. Malnutrition was previously seen as something that exacerbates the problems of diseases as measles, pneumonia and diarrhea. But malnutrition actually causes diseases as well, and can be fatal in its own right. After the age of two or three years, the effects of chronic malnutrition in a baby will be irreversible. This means that to break the intergenerational transmission of poverty and malnutrition, it is essential that children at risk must be reached during their first two years of life. Of the estimated 45,000 children dying each year due to malnutrition in Maharashtra, only around 12,000 are severe malnutrition cases. The remaining 33,000 children succumb due to mild or moderate malnutrition. Also, malnutrition is the underlying cause in about 480 of the 2,850 maternal deaths each year in the state. Despite this high prevalence of malnutrition, the state government spends just 0.08% of its gross domestic product on the Integrated Child Development Scheme (ICDS) and the mid-day meal programme.

RESEARCH AREA

For this study the area was selected in the district of Amravati, namely Melghat. In this area most population of tribal's and their children occurs the malnutrition problem. Amravati district lies between 20.30deg. to 21.50deg North latitude and 76.35deg to 78.27deg East longitude. The district is bounded on the North of Madhya Pradesh on the East by Nagpur and Wardha districts and on the South and South West by Yavatmal, Akola and Buldhana district of Maharashtra state. The district is divided into two parts 1) Plain Zone comprising of Amravati, Achalpur, Warud, Chandur Rly. Daryapur, Anjangaon Surji, Chandur Bazar, Morshi, Tiwsa, Bhatkuli and Nandgaon, Khandeswar tahsils and 2) Hilly zones comprising of Chikhaldara and Western plateau of Dharni Tahsil.

OBJECTIVE OF STUDY

The chief objective of the study is to examine the reasons of malnutrition problem in tribal of melghat region of Amravati district,

IMPORTANCE OF STUDY

The importance of the study lies in the fact that it may be useful for administrators and policy decision makers engaged in making the policy and planning for tribes of melghat for malnutrition problem.

SAMPLE METHOD

A sample of 120 tribal family, using simple random sampling design, was drawn from the melghat region of amravati district for the study. Out of 120 respondents the 82 respondents gave response to questionnaires.

DATA COLLECTION METHOD

For the present study data was collected by primary sources and secondary source. In the primary source by the help of questioners data was collected. In the questioners 13 questions was asked to the responded in the form of statements. Each statement was given five options. In secondary source with the help of published and unpublished related matter data was collected.

VARIABLES

Variables are the conditions or characteristics that the experimenter manipulates, controls, or observes. A variable is any entity that can take on different values. Anything that can vary can be considered a variable. For instance, age can be considered a variable because age can take different values for different people or for the same person at different times. Similarly, country can be considered a variable because a person's country can be assigned a value. Variables aren't always 'quantitative' or numerical. The variable 'gender' consists of two text values: 'male' and 'female'. We can, if it is useful, assign quantitative values instead of (or in place of) the text values, but we don't have to assign numbers in order for something to be a variable. It's also important to realize that variables aren't only things that we measure in the traditional sense. For instance, in much social research and in program evaluation, we consider the treatment or program to be made up of one or more variables (i.e., the 'cause' can be considered a variable). An attribute is a specific value on a variable. For instance, the variable sex or gender has two attributes: male and female. Or, the variable agreement might be defined as having five attributes:

1 = strongly disagree, 2 = disagree, 3 = neutral/UD, 4 = agree, 5 = strongly agree

For the study of the given subject, survey Method was employed. For explaining my vision concerning to this subject I have taken simple random sample. Through this method, We reach on expected result. For analysis The Likert Method was employed. According to above explanation about variables, for the study 120 tribal families was a variables.

STATISTICAL ANALYSIS OF DATA

Collected data was analyzed by percentage and chi-square method. For the study of this topic, following statements were given:

1. Marriage at an early age.
2. Lack of nutritious diet.
3. Minimum age difference between two children.
4. Lack of nutritious and ample food results in deterioration of fetal growth.
5. Insufficient Breast-feeding resulting malnutrition.
6. Scarcity of pure drinking water.
7. Lack of transportation facility.
8. Local employment is available on a small scale.
9. They do not trust Government policy.
10. Less attention towards health and hygiene.
11. The tribal's are not motivated strongly to accept family planning.
12. They have a very low literacy level.

The pregnant mothers are quite ignorant about the care to be taken during pregnancy and child birth, delivery and post-delivery.

TABLE 1: MARRIAGE AT AN EARLY AGE

Opening	No. of Respondent	Percentage
01. SA	44	53.66%
02. A	11	13.41%
03. UD	12	14.63%
04. DA	08	09.76%
05. SD	07	08.54%
06. Total	82	100.00%

From above table, 'Marriage at an early age.' A table has been made 53.66% [44 Respondent] are strongly agree, 13.41% [11 Respondent] are agree, 14.63% [12 Respondent] are undecided, 09.76% [08 Respondent] are disagree, 08.54% [07 Respondent] are Strongly Disagree. After studying this, 53.66% (44 Respondent) are strongly agreed. About the statement, 'Marriage at an early age.'

	SA	A	UD	DA	SD	TOTAL
fo	44	11	12	08	07	82
fe	16.40	16.40	16.40	16.40	16.40	82
(fo-fe)	27.60	-5.40	-4.40	-8.40	-9.40	
(fo-fe) ²	762	9.16	19.36	70.56	88.36	
(fo-fe) ² /fe	46.46	1.78	1.19	4.30	5.39	

$$\text{Formula : } \chi^2 = \sum \frac{(fo-fe)^2}{fe}$$

fo - Observed frequency

fe - expected frequency

$$\chi^2 = 46.46 + 1.78 + 1.19 + 4.30 + 5.39 = 59.12$$

$$df = (C-1)(R-1)$$

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

$$= 04$$

df= Degree of Freedom

C=Column

R=Row

From above table, when the (df) is 04 & Significant level is 0.01. Given χ^2 table value is 13.28 & Calculated χ^2 value is 59.12. Calculated χ^2 Value is more. For this reason on 0.01 levels, it is significant.

CONCLUSION

From statistical Analysis of received data, obtained/Calculated value of χ^2 of the statements respectively 59.12, 70.80, 89.59, 118.12, 112.87, 113.25, 101.17 and given table value of χ^2 is 13.28 at 1 df. Hence all statements related to this study are significant at 0.01 level.

So main conclusion of from the study are Marriage of tribal woman at an early age. There is lack of nutritious diet as well as from the study it is found that there is minimum age difference between two children and Lack of nutritious and ample food results in deterioration of fetal growth. In the area of tribal there is scarcity of pure drinking water as well as local employment is available on a small scale. The tribal of Melghat do not trust government policies.

RECOMMENDATIONS

1) Most of the people of tribal region are unaware of the different schemes that are implemented by the government. These people are dispassionate about treatment. So it is necessary to explain the importance about health care to them. In the tribal region, parents do not take the proper care of their children because of poverty, lack of knowledge and superstitions. So it is necessary to educate the parents. And also is necessary to explain the utility about the diet of their children, feeding, and cleanliness and about to bring the child to health center for treatment if it is ill.

In the tribal region main reasons of the infant mortality because of malnutrition are the health of woman (mother) is not so good and the fault in uterus. So the children have to face the death. For that it is necessary to take care of the health of the mothers in this region, nutritious diet and the main thing is that to improve the status of woman in the society. If the care is taken in such a way, the health of woman should be improved. So the health of child means the next generation should be improved. Such enlightenment is very necessary for the tribal region. Government has to take the proper use of different Medias for the awakening. To take the health camp in the tribal region, radio, T.V., to send voluntary workers and *dai* to every house and hamlet and give the information about health, to give the information through posters, etc. are such programmer that have to reach to downtrodden of the tribe.

2) It is necessary to appoint a literate woman as *Arogya Sevika* in every remote and very remote tribal village and hamlet, considering 'Health Service to Every Village' is as a human right.

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WOMEN EMPOWERMENT AND SELF HELP GROUPS IN MAYILADUTHURAI BLOCK, NAGAPATTINAM DISTRICT, TAMILNADU

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ABSTRACT

Empowerment of women is the process of controlling power and strengthening of their vitality through basic categories of empowerment - economic, social and political. It is also a process, whereby women become able to organise themselves to increase their own self reliance, to assert their independent right to make choices and to control resource, which will assist in challenging and eliminating their own sub-ordination. There is a growing awareness to lead a better quality of life with a change in attitudes and life styles which presses them to be self-reliant and to take part in the economic development through Self Help Groups (SHGs). But, in some areas the SHGs are liquidating for one reason or other including inefficient leadership. The head of the SHGs who is termed as 'Animator' is also responsible for the success or failure of the group. So, there is an urgent need to motivate the Animators as well as the members of the group. This is an attempt to study about the demographic status of animators of SHGs, to ascertain the role of animators in SHGs, to evaluate the usability of training programmes provided to the animators in running the SHGs, to examine the decision making pattern of animators of the SHGs and to evaluate the problems faced by the motivators of the SHGs in the study area, Mayiladuthurai block in Nagapattinam district, Tamilnadu. Simple percentage has been used to analyse the data which were collected through the questionnaire. It is inferred from the results that more co-operation from the financial institutions, government and family members are required to reach the targets of SHGs.

KEYWORDS

Co-operation, Motivation, Self Help Groups, and Women Empowerment.

INTRODUCTION

Empowerment is a core concept of the new management model by which the organization harnesses individual talents to the fullest. The empowerment strategy enables the team based departments to become more enthusiastic, active and successful. "Empowerment", according to Webster's dictionary, means "to confer power upon," or "to authorize". "Empowerment is the oil that lubricates the exercise of learning. Talented and empowered human capital is becoming the prime ingredient of organizational success.

According to "THE HINDU" report dated 30th January, 2011, Baskaran D, Member Secretary of Tamilnadu State Council of Higher Education opined that women empowerment can be achieved at three levels – Education, Employment, and Empowerment. The government has provided all schemes for their empowerment. It is in their hand to make use of them. Entrepreneurship development of rural women through SHGs had brought about a sea change in the lives of rural women and remained key agents of sustainable development and women's equality as central to more holistic approach. The contribution of women and their role in the family as well as in economic development and social transformation is pivotal.

Women are a vital human resource contributing actively for the development of an organisation and society at large. A social development strategy in the recent past includes advancement, development and empowerment of women as the central issue. Women are seen as active change agent, breaking "the glass ceiling" or the "glass cage" and proving to be in equal footing with men. Women have proved their competence and worth in every field – be it justice or diplomacy, technology or politic, administration or astronauts.

Most women claimed to be ambitious, career oriented and more competent than their male counterparts. Many have achieved rapid career growth by open thinking and networking and applying the traditional roles of nurturing. The skills they use in their jobs, such as "conflict resolution" and "team building" are the ones they have learnt at home.

Development today is human development. The accent is on the formation of human capabilities such as improved health, knowledge and skills and the use to which these are put in order to improve the quality of life. The development paradigm, therefore, puts the focus of development on people and their participation. Human development implies that people are Alpha and Omega of development. Undoubtedly, human development and people's participation go together. As the UN Human development Report put it, "development must be participatory and for this people must have the opportunity to participate and to invest in the development of their capabilities. They also must have the opportunity to put their capabilities to use, to be fully involved in all aspects of life, to express them freely and collectively.

The early 90s saw the reshaping of strategies of socio-economic development and the emphasis is shifted from "development" to "empowerment". There was a realisation that women have limited access to capital market, education, skill training, extension advice and participation in the decision making process. The subject of women's development is multidimensional, multisectoral and multidisciplinary. Hence, several credits, income generation, skill building programmes were started under various policies and programmes for poverty alleviation through women.

Accordingly, the government of India had introduced various policies and programmes with the intention of poverty eradication. Such as integrated poverty eradication. Such as Integrated Rural Development (IRDP) training of Rural Youth for Self Employment (TRYSEM) Development of Women and children in Rural Areas (DWCRA) Supply of Improved toolkits to rural Artisans (SITRA). However all these programmes are concerned with the achieving of individual programme targets rather than focusing on the substantive issue of sustainable income generation. In order to rectify the situation, the government of India introduced a new programme known as "Swarna Jayanthi Gram Swarojgar Yojna" (SGSY) in April 1999. In Andhra Pradesh under SGSY Self Help Group programme has been introduced for socio-political and economic development of women.

An empowered woman leans to critically analyse the situation she is in and the data she has about people and events, conceptualises and develops new theories. Empowering means that a woman or a community learns to effectively deal with other women, men and besides, financing through SHGs reduces transaction costs for both lenders and borrowers. While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part a SHG cut down expenses on travel for completing paper work and on the loss of workdays in canvassing for loans.

MEANING OF SHGS

A Self-Help Group (SHG) is a registered or unregistered group of micro entrepreneurs having homogenous social and economic background voluntarily, coming together to save small amounts regularly, to mutually agree to contribute to a common fund and to meet their emergency needs on mutual help basis. The group members use collective wisdom and peer pressure to ensure proper end use of credit and timely repayment thereof. In fact, peer pressure has been recognised as an effective substitute for collaterals.

OBJECTIVES OF SHGS

The SHGs comprise very poor people who do not have access to formal financial institutions. They act as the forum for the members to provide space and support to each other. It also enables the members to learn, to cooperate and work in a group environment. The SHGs provide savings mechanism, which suits the needs of the members. It also provides a cost effective delivery mechanism for small credit to its members. The SHGs significantly contribute to the empowerment of poor women.

An economically poor individual gains strength as part of a group. Besides, financing through SHGs reduces transaction costs for both lenders and borrowers. While lenders have to handle only a single SHG account instead of a large number of small-sized individual accounts, borrowers as part of a SHG cut down expenses on travel for completing paper work and on the loss of workdays in canvassing for loans.

TABLE 1: SHGS-BANK LINKAGE CUMULATIVE PROGRESS IN INDIA

Year	No. of SHGs (cumulative)
2000-01	263825
2001-02	461478
2002-03	717360
2003-04	1079091
2004-05	1618456
2005-06	2238565
2006-07	3344314
2007-08	4572084

Source: NABARD Reports, 2000-2006 and 2006 -08 are provisional

AREA PROFILE

Nagapattinam, a coastal district of Tamilnadu, lies on the east coast, 326 km south of state capital, Chennai. The district capital Nagapattinam extends between 10° 10' N to 11° 20' N and 79°15'E to 79° 50'E. The district is well known for its rich religious heritage and communal harmony. The district has 2 revenue divisions, 7 taluks, 4 municipalities, 11 panchayat unions, 8 town panchayats, 434 village panchayats. Being in the tail of the Cauvery delta and uncertainty in the monsoons, failure of the rainfall and other constraints, the people of the district are searching for some other means of earning for their livelihood in the place of agriculture.

Project Implementation Unit (PIU), Mahalir Thittam, Nagapattinam was formed on December 1999 under the Chairmanship of District Collector and the Project Officer as member/Secretary. The district has taken steps to promote various activities, like training for Adolescent girls, Entrepreneurship training for SHG women, campaigns for 100% enrolment of girl children in schools, workshop on women rights, etc. The primary aim of the project is to bring about a change and to create an atmosphere, which would develop self-confidence and self-decision making among women and girls by involving voluntary organizations. As on 31.01.2011, in the Nagapattinam district there are 14,717 SHGs are functioning with 1,75,495 women members. The total savings of the SHGs is 43.10 crores. The loan assistance of Rs.52.89 crores have been sanctioned to 9100 SHGs by various commercial banks with NABARD assistance and under SGSY scheme. At the Mayiladuthurai block level, there are 54 panchayats having 1,656 women SHGs as on 31.3.2011.

REVIEW OF LITERATURE

Darling Selvi V (2007) in her study "Status of Women in Coir Industries" analysed major variables of women empowerment like self interest, low level of literacy, poverty, sharing family burden, provision of good education to children and found out 86% of the sample respondents are able to increase their income, 90% their expenditure, 100% savings, 50% have increased their fixed assets, 88% their household articles and 34% their livestock. The survey result shows a positive effect both on social and economic aspects. However they face some problems like health, continuous work, superior's ill treatment, shortage of raw materials and low payment and if these problems are properly analysed and tackled, their joy may be doubled and as such they can work more and be useful to themselves, to the families, to the society and thereby to the nation as a whole.

Bhaskara Rao V K's (2007) "Women Empowerment, an overview" says that in spite of several welfare measures by the governments, women are facing gender specific barriers to access the public services. The real solution to the problem of women empowerment lies in the adoption of holistic approach that deals with all major interrelated issues of economic welfare, social justice, education, health and customary traditions. Further, all sustainable efforts need to be pursued in the right spirit by the Government that would create an environment of making women economically self reliant and self confident. And also the government should monitor effectively the implementation of ongoing programmes for the empowerment of women and ensure remedial measures for elimination of all sorts of discrimination at social and economic levels against women.

Chalapathi B V, Raghavulu B V and Hari Prasad P(2008) in their article, "Gender Equality – Empowerment of Women" has studied the economic status, political status, cultural status of women and suggested some measures for effective empowerment of women like, enabling women to have access to and control over production resources, decision making at personal and societal level, handing over additional responsibilities like ration shops, setting up of Women's Economic Development Corporation to give loans to poor women, setting up of Women's Commission Act to improve the status of women in the society and to inquire into unfair practices affecting women for matters connected with or incidental. They also insist that every Indian woman should be given full freedom and a meaningful share in governance without any exploitation, discrimination and oppression of any kind. The governmental policies, plans, projects and programmes must focus on expansion of women capacity and empowerment to ensure better quality of life.

Abdul Khader P K(2008) in the article "Rural Women Employment through Kudumbasree Units" in Kerala" elaborates about the effective implementation of Kudumbasree, a three tier community based organisation in action with a objective of eradicating absolute poverty in 10 years through concerted community action under the leadership of local self government bodies. He concludes that the Kudumbasree mission is planning to leave its footprint in the sector by marketing its unique products. Over the last nine years, Kudumbasree mission has endeavoured to fulfil its objectives primarily by organising micro enterprises and selling its products through a strong marketing network. The marketing strategies adopted by the units have also helped to improve. It has left a mark in lives of thousands of women.

Arjun U Pangannavar(2009), in his article "Rural Development: Women Self Help Group" elaborated the government's various initiatives to develop the status of rural poor, measures taken by the governments and NGOs, the genesis and development of SHGs as a tool for rural empowerment and achievements of self help groups. Better education and training to earn more money to supplement family income, economic empowerment and consequent improvements in decision making, better access to credit and higher income are the outcomes of members of SHGs after joining the SHGs.

Baskar D (2009) in his study "Women Empowerment through Self Help Groups in Kancheepuram district" attempts to present a concrete picture of women SHGs promoted by the rural development trust, which is registered under the Rashtriya Mahila Kosh (RMK) in Kanchipuram district. The study reveals that the women

play an active role in the activities of SHGs. It was found that the income of women increased after joining the groups. Thereby, their monthly household expenditure also rose to a considerable level. The good practice of the women SHGs in the study area is repayment of loan in time. He concludes that the contribution of SHG is yet another step in the upliftment of the socio status of women and it also proved that the economic activities of SHGs are also quite successful thereby increasing their status in Kanchipuram district of Tamilnadu.

Chandramohan R and Thomas Victor Raja D(2010) in their article "Empowering Women: Five Year Plans" concluded that a clear vision is needed to remove the obstacles to the path of women's emancipation both from the government and women themselves. Efforts should be directed towards entire development of each and every section of Indian women by giving them their due share because even after the implementation of 11 Five Year Plans in India, the expected outcome, the overall empowerment has not been reached.

Ganapathi R and Seethalakshmy T V(2011) analysed in his paper "Economic empowerment through SHGs" the various facilities provided to SHGs, issues prevailing in SHGs, problems in empowerment and suggested remedial measures to solve the problems. According to them, there is a practice of hesitation to join in a SHG or to start business among the rural as well as urban women which should be eradicated by creating awareness among them to empower economically.

STATEMENT OF THE PROBLEM

There is a growing awareness to lead a better quality of life. The emerging change in attitudes and life styles is pressing them to be self-reliant thanks to the support of their families. It is gratifying to note that even among the village women, there is growing awareness. Some NGOs and SHGs are assisting them to realize their aspirations. This has brought about a sea change among the village women. Even though the governments, financial organisations and specialised agencies are planning and implementing various schemes to empower the whole women community, the outcome is not up to the expectations. Also, in some areas the SHGs are liquidating for one reason or other including inefficient leadership, non co-operation among the members, etc. The head of the SHG who is termed as 'motivator' is also responsible for the success or failure of the group. So, there is an urgent need to motivate the motivators as well as the members of the group and it is only in the hands of the women to make use of various schemes at an optimum level. Education, Enlightenment, Employment, and Emancipation can do a tremendous change in the economy.

OBJECTIVES OF THE STUDY

- 1) To study about the demographic status of animators of SHGs in the study area
- 2) To ascertain the role of animators in SHGs
- 3) To evaluate the usability of training programmes provided to the animators in running the SHGs
- 4) To examine the decision making pattern of animators of the SHGs
- 5) To evaluate the problems faced by the motivators of the SHGs
- 6) To record the findings and give suggestions to improve further development

METHODOLOGY

Both primary and secondary data of the study area for five years, from 2005 – 2010 was collected. Questionnaires were distributed to ascertain data regarding the performance of motivators of the SHGs. Purposive Judgement and Snowball Random sampling methods were used to select the 50 samples from the study area. Simple percentage has been used to analyse the data.

LIMITATIONS OF THE STUDY

The present study is confined only to the animators of the women SHGs of Mayiladuthurai block of Nagapattinam district of Tamilnadu. As the area of study has rural background in education and for the easy understanding, the questionnaire was prepared in vernacular language and data was collected by the researcher herself and while analysis translated into English for the study. The reliability of data depends upon the validity of the data furnished by the respondents.

RESULTS AND DISCUSSIONS

The demographic features determine the life and success of any business. Demographic status of the respondents, the SHG Animators, are analyzed and interpretations are given based on the analysis.

TABLE 2: PERIOD OF FUNCTIONING

Category	No. of respondents	Percentage
Within 3 years	5	10
3 to 5 years	11	22
More than 5 years	34	68
Total	50	100

Source: Primary data

INTERPRETATION

From the table 2, it is inferred that 68 % of the SHG are functioning more than 5 years, 22% are functioning from 3 to 5 years, and only 10% of the SHGs are functioning for the past 3 years.

TABLE 3: EDUCATIONAL QUALIFICATION OF THE ANIMATORS

Category	No. of respondents	Percentage
Illiterate	3	6
School Education	39	78
Above School Education	8	16
Total	50	100

Source: Primary data

INTERPRETATION

Table – 3 shows that 78% of the respondents are only having school education, 16 % are having above school education and only 6% are illiterates among the animators of SHGs.

TABLE 4: NO. OF MEMBERS IN ANIMATOR'S SHG

No. of members	No. of respondents	Percentage
Below 15	9	18
Between 15 and 20	35	70
Above 20	6	12
Total	50	100

Source: Primary data

INTERPRETATION

Normally during the formation of groups, the number of members will be lesser. When the group withstand, the number of members will be at its maximum level. As such, 70% of the SHGs are having members between 15 and 20, 18% of the SHGs are having below 15 members and 12 % of the SHGs are having above 20 members.

TABLE 5: PURPOSE OF FORMING SHGS

Purpose	No. of respondents	Percentage
To create awareness among members	7	14
For the self development of members	19	38
For the income generation of members	14	28
For socio-political empowerment of members	3	6
For overall development of members	6	12
For self development of animators	1	2
Others	-	-
Total	50	100

Source: Primary data

INTERPRETATION

The table 5 inferred that 38% of the respondents say that the SHGs are formed for the self development of members which will help the family to develop in all aspects. 28% of the respondents say that they have formed the groups for the income generation of the members which will supplement their family income. 14% has viewed the formation of SHGs are for creating awareness of empowerment among the members, 12 % say that they formed the groups for the overall development of members and only 1 respondent says that she formed the group for her own sake of self development.

TABLE 6: NATURE OF THE WORK OF THE ANIMATORS

Nature of work	No. of respondents	Percentage
Daily wage labourers	21	42
Farmers	10	20
Agro based business doers	10	20
Entrepreneurs	9	18
Others	-	-
Total	50	100

Source: Primary data

INTERPRETATION

Due to the failure in agriculture and mechanisation of agriculture, the employment opportunities are becoming less even in villages. As women, they are not considered as so fit for heavy works and outstation works due to family commitment and others, they have to rely on agro based industries which are mostly home based. The above table 6 shows that 42% of the respondents are daily wage labourers in agricultural fields, construction works and in various schemes of the government of Tamilnadu like Noorunal velai thittam, Vazhnthu kattuvom, Namakku Namae thittam., etc. 20 % of the respondents work in their own farms and another 20 % respondent's work in the agro based industries like coir making, sheep and goat rearing, home made products preparing like pickles, ready mix powders, etc. Only 18 % of the respondents have started small scale entrepreneurial activities like paper products making, tailoring, clay moulding, art works and handicrafts preparation, etc.

TABLE 7: PERIODICITY OF SHG MEETINGS

Periodicity	No. of respondents	Percentage
Weekly once	16	32
Every 15 days	21	42
Monthly once	13	26
Total	50	100

Source: Primary data

INTERPRETATION

The motivators have to meet their members frequently to motivate and encourage them to take part actively in the SHG movement and to share the developments of the activities of their members. The newly formed SHGs are meeting frequently than the groups formed earlier. From the above table 7, it is inferred that 42 % of the respondents meet in every 15 days, 32 % of the respondents meet in once in a week and 26 % of the respondents meet once in a month on an average.

TABLE 8: CONDUCT OF TRAINING PROGRAMMES BY THE ANIMATORS

Responses	No. of respondents	Percentage
Yes	46	92
No	4	8
Total	50	100

Source: Primary data

INTERPRETATION

Animators are democratically selected among the members of the group and the selection is through rooster basis and normally an animator is elected for the term of three years. After getting the position, the NGOs or the banks provide training facilities for them. So all the animators should undergo at least one training programme but training programmes arranged for the other members is up to the efficiency of the animator and requirement of the members. From the table – 8, 92 % of the animators in turn have conducted training programmes for their members for various purposes like conduct of meetings, record keeping, banking and official processes to approach, etc. A minimum of 5 members of their group are getting in each type of training programmes. Only 8% of the respondents are yet to arrange the training programmes who have just assumed responsibility as animators.

TABLE 9: TRAINING PROGRAMMES CONDUCTED

No. of training programmes	No. of respondents	Percentage
Training programmes conducted more than 3	22	44
1 – 3 programmes conducted	19	38
Training programmes yet to be conducted	9	18
Total	50	100

Source: Primary data

INTERPRETATION

Nearly half of the respondents have conducted more than three programmes for their members and average members benefited through each programme is around 10. 38 % of the respondents have conducted 1 to 3 training programmes, mostly organising meetings, record keeping, how to approach the bank and government officials, etc, only 18 % of the respondents are yet to conduct the training programmes.

TABLE 10: REPAYMENT OF LOAN DETAILS

Payment details	No. of respondents	Percentage
100 %	22	44
90 – 99%	10	20
80 – 89 %	11	22
70 – 79 %	6	12
Below 70 %	1	2
Total	50	100

Source: Primary data

INTERPRETATION

Table 10 shows that 44 % of the respondents are repaying the loans within the stipulated time, 20 % of them are repaying 90 – 99 % repayment, another 20 % are repaying 80 – 89 %, 12 % of the respondents from 70 – 79 % and only 2% of the respondents are repaying below 70 % of the loan amount. The leaders should be the role models for their followers. The motivators who are repaying the loan amount within the due date can insist the members of their group also to repay the amount within the time. It is also inferred that some of the respondents are repaying the loan amount even in well advance.

TABLE 11: DECISION MAKING OF ANIMATORS

Nature of decision making	No. of respondents	Percentage
Independently	2	4
Decision making after consultation with members	38	76
Members decision is final	7	14
Decision of NGOs is final	3	6
Others	-	-

Source: Primary data

INTERPRETATION

The table 11 explains that 76 % of the respondents are taking final decision only after consulting with the members to get consensus of the members. 14 % of the members are implementing the decisions of the members without personal inference, 6 % are following the decisions of the NGOs, and the remaining 4 % are taking decisions independently.

TABLE 12: DETAILS OF LOAN DISTRIBUTION

Amount of loan distributed	No. of respondents	Percentage
Upto 10 thousand	10	20
11 – 50 thousand	23	46
51 – 1 lakh	15	30
Above 1 lakh	2	4
Total	50	100

Source: Primary data

INTERPRETATION

46 % of the respondents are availing a loan amount of 11 to 50 thousand for household expenses, 30 % of the respondents are availing an amount of 51 thousand to 1 lakh for farm activities and house hold expenses, 20 % of the getting upto 10 thousand who are availing loan for emergency purposes like medical and festivals and only 4 % of the respondents are getting more than 1 lakh for starting new ventures like running cattle, sheep and poultry farms and running auto for hire.

TABLE 13: LOAN GIVEN TO MEMBERS

Loan given	No. of respondents	Percentage
Below 20 %	4	8
21 – 40 %	12	24
41 – 60 %	11	22
61 – 80 %	18	36
81 – 100 %	5	10
Total	50	100

Source: Primary data

INTERPRETATION

36 % of the respondents are distributing 61 – 80 % of their fund as loan, 24 % of the respondents are distributing 21 – 40 %, 22 % are distributing 41 – 60 %, 10 % are distributing 81 – 100 % and only 4 % of the respondents are distributing below 20 % of their funds as loan to their members.

TABLE 14 – PROBLEMS FACED BY THE ANIMATORS

No. of problems	No. of respondents	Percentage
Animators facing more than 2 problems	16	32
Animators facing 1 or 2 problems	22	44
Animators facing no problems	12	24
Total	50	100

Source: Primary data

INTERPRETATION

Nearly half of the animators, 44% are facing 1 or 2 problems like less co-operation among members of their group and problems in getting loan and delay in sanctioning loan. 32 % of the respondents in addition to the above said problems are facing like lack of family support, negligence of the officers and marketing problems of their products. Surprisingly, 24 % of the revealed that they are facing no problems at all.

FINDINGS OF THE STUDY

1. 68 % of the SHG are functioning more than 5 years. But, there is a constant interest among the rural people to join the SHGs to improve themselves. In fact, not only the economically poor people, but also who belong to the average income group are also interesting to join and empower themselves in one way or other.
2. 78% of the respondents are only having school education. It is inferred that the leadership positions in the SHGs does not require higher qualification needs but the intention and involvement make them as leaders.
3. 70% of the SHGs are having members between 15 and 20 and the newly formed groups are having below 15 members.
4. 38% of the respondents say that the SHGs are formed for the self development of members which may supplement the families of all members. It shows the attitude of mutual development; group behaviour and good inter relationship among the members of the group. 28 % of the respondents have mentioned that they have started the group for the income generation purposes.
5. 42% of the respondents are daily wage labourers in agricultural fields, construction works and in various schemes of the government of Tamilnadu like Noorunal velai thittam, Vazhnthu kattuvom, Namakku Namae thittam etc. 20% of the respondents work in their own fields, another 20 % respondents are engaged in other agro based industries and a small portion, 18 % of the respondents are engaging themselves in entrepreneurial activities.
6. 42 % of the respondents meet in every 15 days and newly formed groups and those who are in entrepreneurial activities meet once in a week to share their ideas and experiences and the attendance of the members is around 80 %.
7. 92 % of the animators have conducted training programmes for various purposes like conduct of meetings, record keeping, banking and official processes to approach, etc.
8. 44 % of the respondents have conducted more than three programmes for their members and average members benefited through each programme is around 10. Apart from these, 38 % of the animators have arranged training programmes on tailoring, home made products making using agro based products, paper plates and cup making, clay moulding, painting, etc
9. 44 % of the respondents are repaying the loans within the stipulated time. Only 2 % of the respondents are defaulters who repay the loan or interest amount only up to 70 %. This shows the commitment of the respondents in repaying the loan amount which maintains the goodwill between the bank and the SHGs.
10. 76 % of the respondents are taking final decision only after consulting with the members to get consensus of the members. This shows the democratic way of functioning of the SHGs through which a cordial relationship can be maintained among the members. Those who are illiterate and ignorant rely on the decision of the NGOs, who are the facilitators.
11. 46 % of the respondents are availing a loan amount of 11 to 50 thousand for agricultural and household expenses and 4 % of the respondents avail the loan amount above 1 lakh for starting new ventures.
12. 36 % of the respondents are distributing 61 – 80 % of their fund as loan. The distribution of fund depends upon the demand of the members and the promptness of the members.
13. 44% are facing 1 or 2 problems like less co-operation among members of their group and problems in getting loan and delay in sanctioning loan. The secondary problems they are facing are lack of support from the family members, negligence of the officials, and marketing their products. Surprisingly, 24% of the respondents have told that they are having no problems at all.

CONCLUSION

The study reveals the dominant role of the animators in successfully running the SHGs. However, the decisions are made only after consultation with the members of the group. It was found that the qualities like democratic decision making, team spirit, team work, social mobility, self confidence, boldness to meet the officials, mutual help and in total the leadership qualities have improved to a significant level after taking the role of animators. The major problems the animators facing are the non co-operation among the members of the group, less support among the family members and problems in getting the loan amount and that too in time. Mutual discussions and convincing the family members and members of the group will reduce the first two problems and the government's or bank's initiative to provide loans with easy procedures will help the groups to get the loans easily. But certainly, the functioning of the SHGs under the able leadership of animators initiate the entrepreneurial efforts for the productive function so as to transform their and nation's life in a positive way.

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A STUDY TO MEASURE EFFECTIVENESS AND PROFITABILITY OF WORKING CAPITAL MANAGEMENT IN PHARMASUTICLE INDUSTRY IN INDIA

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ABSTRACT

Working Capital Management has its impact on liquidity as well profitability. I have tried to find the impact on effectiveness and profitability of working capital on change in fixed assets, current assets and sales. For this I have taken two years data of 2009 and 2010 of three companies Mahindra & Mahindra, Tata Motors, Maruti Suzuki of Automobile industries of India and three companies Ranbaxy, Dr. Reddy's and Cipla to understand co-relevancy between liquidity, effectiveness and profitability. The effectiveness of working capital is measured on certain parameter Current Assets to Total Assets, Current Assets to Fixed Assets, working capital to sales. To know about the income generation capacity of a company, gross profit ratio is not sufficient. A major part of fund is also used for to operate day to day business. If working capital is not managed properly, company can reach to crucial financial situation. So working capital should be managed in a systematic ratio with fixed assets, total assets and sales, so that income generation capacity can be increased. We find that there is a significant negative relationship between liquidity and profitability. In this paper efforts are made to know is these ratios remained unchanged for any industry or varies from one industry to another.

KEYWORDS

Operating Cycle, Gross Operating Profitability, Working Capital Management, Current to Total Assets, Current Assets to Fixed Assets, working capital to sales.

INTRODUCTION

Working capital management refers to the administration of all aspects of current assets, namely cash, marketable securities, debtors and stocks and current liabilities. There is a direct relationship between a firm's growth and its working capital needs. As sales grow, the firm needs to invest more in components of working capital. So, the finance manager should be aware of such needs and finance them quickly. Financial manager should pay special attention to the management of current assets on a continuing basis to curtail unnecessary investment in current assets, and in turn, to manage working capital in the best possible way to get the maximum benefit.

Solvency refers to the firm's continuous ability to meet maturing obligations. To ensure solvency, the firm should be very liquid, which means larger current assets holdings. A liquid firm has very less risk of insolvency; it will hardly experience a cash shortage or stock-out situation. However, there is a cost associated with maintaining a sound liquidity position. A considerable amount of the funds will be tied up in current assets, and to the extent this investment is idle, the firm's profitability will suffer. To have higher profitability, the firm may sacrifice solvency and maintain a relatively low level of current assets. In turn, the solvency would be threatened and would be exposed to greater risk of cash shortage and stock-outs. Investment in current assets should be just adequate to the needs of the firm. Excessive investment in current assets impairs the firm's profitability, as idle investment earns nothing. On the other hand, inadequate (i.e., paucity) amount of working capital can threaten solvency of the firm because of its inability to meet its current obligations.

There are three important ratios, to understand the working capital management.

1. Current assets to Total Assets Ratio: This method is based on operating cycle period. Here, the working capital requirement can be compare with its total assets.
2. Ratio to sales method: The working capital requirements are estimated as a ratio of sales for each component of working capital.
3. Ratio of fixed assets and working capital: The working capital is estimated as a percentage of fixed investment

LITERATURE REVIEW

A significant portion of financial research is concerned with the management of working capital. This issue has been extensively investigated at both conceptual and empirical levels. Prasad (2001) conducted a research study on the working capital management in paper industry. His sample consisted of 21 paper mills from large, medium and small scale for a period of 10 years.

He reported that the chief executives properly recognised the role of efficient use of working capital in liquidity and profitability, but in practice they could not achieve it. The study also revealed that fifty percent of the executives followed budgetary method in planning working capital and working capital management was inefficient due to sub-optimum utilisation of working capital. Sarvanan (2001) made a study on working capital management in ten selected non-banking financial companies. For this he employed several statistical tools on different ratios to examine the effective management of working capital. He concluded that the sample firms had placed more importance upon the liquidity aspect compared to that of the profitability.

The **Indian pharmaceutical industry** currently tops the chart amongst India's science-based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian **pharmaceutical industry** is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. It ranks very high amongst all the third world countries, in terms of technology, quality and the vast range of medicines that are manufactured. It ranges from simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made in the **Indian pharmaceutical industry**. The Indian pharmaceutical industry is the second-fastest growing industry sector in the country. It has shown a revenue growth of 27.32 per cent (as per the latest data available) to touch Rs 25,196.48 crore (Rs 251.96 billion) in 2006-07. The industry also saw Indian drug companies buying out many small firms the world over as they expand their reach, markets and muscle.

Ranbaxy- Ranbaxy is India's largest pharmaceutical company with a 2007 turnover of Rs 4,198.96 crore (Rs 41.989 billion) by sales. The deal will create the 15th biggest drugmaker globally. With a 2007 turnover of Rs 4,198.96 crore (Rs 41.989 billion) by sales, Ranbaxy is the largest pharmaceutical company in India.

Dr Reddy's Laboratories- Founded in 1984 with \$160,000, Dr. Reddy's was the first Asia-Pacific pharmaceutical outside of Japan and the sixth Indian company to be listed on the New York Stock Exchange. It earned \$446 million in fiscal year 2005, deriving 66% of this income from the foreign market. In order to strengthen its global position, Dr. Reddy acquired UK-based BMS Laboratories and subsidiary Meridian Healthcare. Anji Reddy is the chairman of Dr.Reddy's. With the turnover of Rs 4,162.25 crore (Rs 41.622 billion), Dr Reddy's Laboratories is the second largest pharmaceutical company in India.

Cipla With the revenue of Rs 3,763.72 crore (Rs 37.637 billion) Cipla is the third largest pharmaceutical company in India. Cipla is one of the oldest drug manufacturers in India. It is led by Dr. Yusuf K. Hamied, Chairman and Managing Director. Cipla burst into the international consciousness in 2000 with Triumune, an AIDS treatment costing between \$300 and \$800 per year that infringed upon patents held by several companies who were selling the cocktail for \$12,000 per year. Long before this news, Cipla had been building a strong global presence, and it now distributes its 800-odd products in over 140 countries. Privately held Cipla holds a prominent spot in its home country as well; it is the leader in domestic sales, having just unseated GlaxoSmithKline for the first time in 28 years. Revenue in 2004 totaled \$552 million (using Rs 43.472 = \$1) about 75% of which was derived in India.

The **automobile industry** in India happens to be the ninth largest in the world. Following Japan, South Korea and Thailand, in 2009, India emerged as the fourth largest exporter of automobiles. Several Indian automobile manufacturers have spread their operations globally as well, asking for more investments in the Indian automobile sector by the MNCs.

Mahindra and Mahindra is the flagship company of **Mahindra Group**. It was set up in 1945 to make general purpose utility vehicles for the Indian market and soon it started manufacturing agricultural tractors and light commercial vehicles (LCV). The company has recently started a separate sector, Mahindra systems and automotive Technologies (MSAT) in order to focus on developing components as well as offering engineering services. Mahindra and Mahindra have two main operating divisions. One is the Automotive Division for the manufacturing of utility vehicles, LCV and three wheelers.

Tata Motors is the largest automobile manufacturing companies in India. Established way back in 1945 Tata Motors is a multinational automobile company with its headquarters in Mumbai. Previously known as Telco TATA Engineering and Locomotive Company Tata Motors belongs to Tata Group is also the third largest producer of passenger cars in India. This automobile company in India is listed on both the Bombay Stock Exchange and the New York Stock Exchange. The revenues earned by Tata Motors in 2010 accounted to \$20.572 billion.

Maruti Suzuki India Limited was established in 1981. A part of this company is owned by Suzuki Motor Corporation of Japan. It is the country's largest passenger car manufacturing company. Credited for having brought in the automobile revolution in the country Maruti Suzuki India Limited was known as Maruti Udyog Limited till 2007. With its headquarters in Delhi this automobile company in India happens to be the largest producer and market share holder of cars. The company accounted for consolidated revenues of US\$4.8 billion in 2010.

METHODOLOGY

The purpose of the research is to study the relationship between various ratios to know the impact of working capital on profit and sales and about the automobile industry and its working capital management. Further, this paper is an effort to know about a suitable ratio between gross working capital and total assets. Out of total assets till what extend contribution of current assets and fixed assets make more profitability.

The primary aim of this paper is to investigate the impact of WCM on corporate profitability and the relevancy between profitability and liquidity. This is achieved by developing a similar empirical framework first used by Shin and Soenen (1998) and the subsequent work of Deloof (2003). I extend my study by also analyzing the trends in working capital need of firms and to examine the possible causes for any significant differences between two industries. The study focuses exclusively on the automobile and pharmaceutical industry in three major company groups.

OBJECTIVES OF THE STUDY

The objective of the study is to examine the relationship between the working capital management efficiency and profitability of the Automobile and pharmaceutical industry in India.

The following are the specific objectives

- To analyze the firm's efficiency in Working capital management in the automobile and pharmaceutical industry in India.
- To analyze the relationship between Working capital management efficiency and profitability of selected companies in the automobile and pharmaceutical industry in India.

DATA SET & SAMPLE

The data used in this study was acquired from companies' website for a period of last two years from 2009 to 2010

VARIABLES

Choice of the variables is influenced by the previous research and studies on the working capital management. All the variable stated below have been used to test the hypotheses of our study. They include dependent, independent variables.

Current assets to Total Assets Ratio: This method is based on operating cycle period. Here, the working capital requirement can be compare with its total assets.

Ratio to sales method: The working capital requirements are estimated as a ratio of sales for each component of working capital.

Ratio of fixed assets and working capital: The working capital is estimated as a percentage of fixed investment

HYPOTHESIS TESTING

Since the objective of this study is to examine co-relevancy between gross working capital to other variables like fixed assets, total assets and sales. For this a set of testable hypotheses (the null hypothesis H0 versus the Alternatives ones H1) is decided and proved by correlation analysis

RESEARCH HYPOTHESES

HYPOTHESIS 1

H01: There is significant relationship among the gross working capital, fixed assets, total assets and sales

H11: There is negative relationship among the gross working capital, fixed assets, total assets and sales

HYPOTHESIS 2

H01: There is significant relationship among the liquidity ratios, management efficiency ratios and assets turnover ratio

H11: There is negative relationship among the liquidity ratios, management efficiency ratios and assets turnover ratio

HYPOTHESIS 3

H01: There is significant relationship among the Average Raw Material Holding period, Average Finished Goods Held period and Number of Days In Working Capital

H11: There is negative relationship among the Average Raw Material Holding period, Average Finished Goods Held period and Number of Days In Working Capital

TABLE-1: COMPARISON ON THE BASIS OF RELATIONSHIP AMONG, CURRENT ASSETS, FIXED ASSETS AND SALES OF TWO INDUSTRIES

AUTOMOBILES COMPANIES				
	M&M	Tata Motors	Maruti suzuki	Average
Sales	20,323.63	38,364.10	32,174.10	
Total Assets	10,710.38	31,591.38	12,656.50	
Current Assets	2,922.03	7,080.77	2,116.90	
Fixed Assets	7,788.35	24,510.61	10,539.60	
CA/TA	27.28	22.41	16.73	13.28
CA/FA	0.38	0.29	0.20	0.73
CA/Sales	14.38	18.46	6.58	7.88

PHARMACEUTICALS COMPANIES				
	Ranbaxy	Dr.Reddy	Cipla	Average
Sales	4797.49	4395.6	5657.85	
Total Assets	7482.99	6300	5919.16	
Current Assets	2790.6	3647.3	3125.61	
Fixed Assets	4692.39	2652.7	2793.55	
CA/FA	0.59	1.37	1.12	2.34
CA/TA	37.29	57.89	52.80	29.60
CA/Sales	58.17	82.98	55.24	39.28

TABLE-2: RATIO ANALYSIS FOR SHOWING COMPARISON BETWEEN LIQUIDITY AND EFFICIENCY RATIO

WCTR- Working capital turnover ratio

OPR- Operating profit ratio

(a)						
Pharmaceuticals Companies						
Liquidity position of working capital						
Company	Ranbaxy		Dr Reddys Laboratories		Cipla	
Liquidity And Solvency Ratios	Mar '09	Mar '10	Mar '09		Mar '09	Mar '10
Current Ratio	1.18	1.40	1.85	1.49	3.03	2.80
Quick Ratio	0.89	1.60	2.13	1.45	2.97	2.76
Management Efficiency Ratios						
	Mar '09	Mar '10	Mar '09		Mar '09	Mar '10
Inventory Turnover Ratio	4.05	3.95	6.09	5.39	14.60	17.48
Fixed Assets Turnover Ratio	2.00	2.13	1.91	1.86	0.10	0.16
Total Assets Turnover Ratio	0.66	0.61	0.69	0.69	2.08	3.20
Profitability Ratio						
	Mar '09	Mar '10	Mar '09		Mar '09	Mar '10
Gross Profit ratio	13.62	22.35	14.11	19.7	88.91	84.82
Net Profit ratio	11.72	19.74	13.2	18.48	57.80	55.25
Operating Profit ratio	13.62	22.35	18.95	24.76	77.24	71.01
(b)						
Automobiles Companies						
Liquidity position of working capital						
Company	Tata Motors		Maruti Suzuki		Mahendra & Mahendra	
Liquidity And Solvency Ratios	Mar '09	Mar '10	Mar '09		Mar '09	Mar '10
Current Ratio	0.44	0.44	1.51	0.91	0.90	1.11
Quick Ratio	0.58	0.44	1.26	0.68	0.83	0.86
Management Efficiency Ratios						
	Mar '09	Mar '10	Mar '09		Mar '09	Mar '10
Inventory Turnover Ratio	13.47	13.07	30.46	30.47	14.56	17.91
Fixed Assets Turnover Ratio	1.88	1.93	2.38	2.82	2.84	3.85
Total Assets Turnover Ratio	1.02	1.13	2.06	2.32	1.42	1.74
Profitability Ratio						
	Mar '09	Mar '10	Mar '09		Mar '09	Mar '10
Gross Profit ratio	3.3	8.84	5.77	9.93	7.59	14.29
Net Profit ratio	3.77	6.26	5.72	8.34	6.25	11.08
Operating Profit ratio	6.71	11.74	9.18	12.74	9.81	16.29

TABLE-6: COMPARISON ON THE BASIS OF OPERATING CYCLE PERIOD
Operating Cycle period for Automobile and Pharmaceuticals Industries for 2009 an 2010

Pharmaceuticals Industry						
	Ranbaxy		CIPLA		Dr. Reddy's Laboratory	
Average Raw Material Holding	137.88	134.51	203.3	168.92	108.84	104.48
Average Finished Goods Held	35.02	40.24	41.54	53.87	15.37	18.28
Number of Days In Working Capital	123.55	226.11	196.07	190.01	217.13	144.48
Automobile Industry						
	Tata Motors		Maruti Suzuki		Mahendra & Mahendra	
Average Raw Material Holding	20.9	15.66	13.21	10.66	16.05	15.22
Average Finished Goods Held	13.64	17.7	3.17	5.35	16.26	13.32
Number of Days In Working Capital	-28.19	-74.73	33.66	0.83	7.8	11.77

DATA ANALYSIS**[A] By Pearson's Correlation Coefficient**

Corelation among 5 top companies under automobile industry in India			
Corelation	Mahendra & Mahendra	Tata Motors	Maruti suzuki
CA/ TA	1.00	0.89	0.85
CA/FA	0.99	0.85	0.85
CA/Sales	0.92	0.88	0.85
CA/ Profit	0.75	0.82	0.58

Corelation among 5 top companies under automobile industry in India

Corelation	Ranbaxy	Dr.Reddy	Cipla
CA/ TA	0.92	0.73	0.98
CA/FA	-0.73	0.30	0.98
CA/Sales	0.83	0.90	0.98
CA/ Profit	0.37	0.84	0.95

[B] By Factor Analysis**COMMUNALITIES**

	Initial	Extraction
Sales	1	0.989
Total Assets	1	0.912
Current Assets	1	0.96
CA/TA	1	0.918
CA/Sales	1	0.897
CA/FA	1	0.918

Extraction Method: Principal Component Analysis.

TOTAL VARIANCE EXPLAINED

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			
	Total	%	% of Variance	Cumulative %	Total	%	% of Variance
1	4.297	71.625	71.625	4.297	71.625	71.625	71.625
2	1.297	21.624	93.249	1.297	21.624	93.249	93.249
3	0.3876	0.45299	0.701				
4	0.018	0.299	100				
5	2.623E-16	4.37E-15	100				
6	-4.14E-17	-6.90E-16	100				

Extraction Method: Principal Component Analysis.

COMMUNALITIES

	Component	
	1	2
Sales	0.99	-0.098
Total Assets	0.915	0.274
Current Assets	0.82	0.537
CA/TA	-0.937	0.203
CA/Sales	-0.233	0.918
CA/FA	0.937	-0.203

a. 2 components extracted.

TEST AND DATA ANALYSIS FOR WORKING CAPITAL ANALYSIS

The major components of gross working capital include stocks (raw materials, work-in-progress and finished goods), debtors, cash and bank balances. The composition of working capital depends on a multiple of factors, such as operating level, level of operational efficiency, inventory policies, book debt policies, technology used and nature of the industry. While inter- industry variation is expected to be high, the degree of variation is expected to be low for firms within the industry.

TABLE-1**A - PEARSON'S CORRELATION COEFFICIENT ANALYSIS**

Pearson's Correlation analysis is used to find the relation between two variables i.e. Gross working capital and Total assets, Gross working capital and Fixed Assets, Gross working capital and sales, Gross working capital and EBIT. One variable cause, is an independent and another variable result, will be a dependent variable. By using first three ratios efficiency can be measured and last one is for profitability. There is a positive relationship between first and second variable means liquidity may improve efficiency but it decrease profitability.

Presents Pearson correlation coefficients for the variables used to assess the impact of working capital management on profitability, measured by gross profit, net profit and operating profit. Profitability ratio is significantly positively correlated with OPM and capital-turnover ratio, but negatively correlated with the measures of WCM, except for the cash conversion cycle. This positive relation for CCC is consistent with the view that resources are blocked at the different stage of the supply chain, thus prolonging the operating cycle. This might increase profits due to increase sales, especially where the costs of tied up capital is lower than the benefits of holding more inventories and granting more trade credit to customers. Also the automobile industry may be able to obtain trade credit from the suppliers and this is supported by the higher proportion of current liabilities to total assets for all the companies in comparison to pharmaceutical companies.

If less working capital is used in total assets, means more efficient utilization of working capital is done. It is same with the fixed assets and sales. Working capital and EBIT has negative relationship. Positive correlation is showing highly significant relationship between the company's liquidity and effectivity. Results are showing the positive impact or positive correlation between two factors in Automobile industry. Sales in Mahendra & Mahendra are direct affected by current assets but less affect on the sales in other two companies in automobile industry. Maruti Suzuki is enjoying its profitability ratio to working capital. Results are same for **Pharmaceuticals Industry**. **Ranbaxy is not quite good at its earning capacity to working capital. Dr. Reddy and Ranbaxy have not perfect correction between its fixed and current ratio. CIPLA has a perfect correlation with its liquidity and profitability.**

B - FACTOR ANALYSIS

Factor analysis is used to find the relation between two variables i.e. Gross working capital v/s Total assets, Gross working capital and Fixed Assets v/s Gross working capital and sales v/s Gross working capital and EBIT. One variable cause, is an independent and another variable result, will be a dependent variable. By using first three ratios efficiency can be measured and last one is for profitability. There is a positive relationship between first and second variable means liquidity may improve efficiency but it decrease profitability. If less working capital is used in total assets, means more efficient utilization of working capital is done. It is same with the fixed assets and sales.

TABLE-2
RATIO ANALYSIS

Current ratio, Working capital turnover ratio and profitability ratio of three companies are calculated to measure dependency, relevancy and co-relationship with three parameters. There is among all three ratios. Positive correlation is showing highly significant relationship between the company's liquidity and effectivity.

In pharmaceutical industry there is high sufficient positive ratio on all three parameter. CIPLA is No. 1 position, having the highest profitability ratio, current ratio & quick ratio, then Dr. Reddy's Laboratory and Ranbaxy respectively.

We can rank them according their high sufficient ratio on the basis of three parameters. Analysis shows liquidity increase effectivity and ultimately increases the profitability. Mahendra & Mahendra is No. 1 then Tata Motors and then Maruti Suzuki respectively. Study is showing same positive result but Maruti Suzuki having high liquidity and highly effective ratios yet not much profitability and another company have.

It shows pharmaceutical industry is enjoying high profitability as compare to Automobile industry It is showing positive correlation between liquidity and effectiveness. Highly positive correlation is showing that all three companies of both industries are enjoying its effectiveness. To maintain effectiveness and liquidity, they required to maintain various ratios in an appropriate manner. It is indicating positive relationship between all three variable liquidity, efficiency and profitability.

TABLE 3

It is showing next two factor means if companies have good coordination, management over their working capital, they can improve their efficiency. This table is showing correlation between their holding time period and effectiveness. For this two ratios are taken i.e., working capital turnover ratio and operating profit ratio. There is negative relationship between holding time period of working capital and its profitability or effectiveness. The company which has the least holding period can be evaluate as more efficient.

We can rank them according their high sufficient ratio on the basis of these two parameters. Analysis shows less holding time is require in automobile industry as compare to pharmaceutical industry. Tata Motors is on No. 1 rank, then Maruti Suzuki and Mahendra & Mahendra respectively on the basis of data of 2010, which was different on the basis of data of 2009. Previously Tata Motors was on No. 1 rank, then Mahendra & Mahendra and Maruti Suzuki respectively.

For the pharmaceutical industry efficiency ranking according on the basis of 2009 is as i.e., Ranbaxy is No. 1 position, then CIPLA and Dr. Reddy's Laboratory respectively.

CONCLUSION

The study has analyzed the liquidity, efficiency and profitability relationship of automobile industry and pharmaceutical industry in India; some of the important ratios were used to measure the financial performance of these companies. Based on the above analysis the significant positive relationship is found between two variables. In total assets, if working capital is decreased still sales and operating profit is increasing means these assets are utilized in an effective manner that's why profitability will also increased.

The different analyses have identified critical management practices and are expected to assist managers in identifying areas where they might improve the financial performance of their operation. The results have provided owner-managers with information regarding the basic financial management practices used by their peers and their peers attitudes toward these practices. The working capital needs of an organization change over time as does its internal cash generation rate. As such, the small firms should ensure a good synchronization of its assets and liabilities.

Further, this research concludes that there is a pressing need for further empirical studies to be undertaken on small business financial management, in particular their working capital practices by extending the sample size so that an industry-wise analysis can help to uncover the factors that explain the better performance for both automobile and pharmaceutical industries and how these best practices could be extended to the other industries.

On basis of the above analysis we may further conclude that these results can be further strengthened if firm is managed its working capital management with more effective ways. It can be managed properly by taking care to maintain appropriate ratio of working capital to fixed assets, total assets and sales. So that efficiency and profitability can be enhanced but liquidity can be controlled.

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TABLES

5 Years Financial Data of Automobile Companies from 2006 to 2010				
Variables		Mahendra & Mahendra	Tata Motors	Maruti suzuki
Current Assets		1,775.10	3,055.68	1587.5
		1,995.26	3,818.91	1,575.40
		2,399.57	4,302.70	2,017.50
		2,739.93	4,423.18	2,060.20
		2,922.03	7,080.77	2,116.90
Fixed Assets		2,017.15	5,418.23	3,936.80
		3,193.66	7,059.98	5,909.30
		4,537.56	9,817.32	7,298.10
		6,556.80	21,136.65	7,983.60
		7,788.35	24,510.61	10,539.60
Sales		9,273.09	23,490.55	14,898.80
		11,231.99	31,089.69	17,358.40
		12,894.94	33,123.54	21,200.40
		14,668.13	28,538.20	23,381.50
		20,323.63	38,364.10	32,174.10
Total Assets		3,792.25	8,473.91	5,524.30
		5,188.92	10,878.89	7,484.70
		6,937.13	14,120.02	9,315.60
		9,296.73	25,559.83	10,043.80
		10,710.38	31,591.38	12,656.50
Operating Profit		871.55	2,146.36	1897.7
		1,136.23	2,586.51	2,256.10
		1,157.65	3,030.52	2,628.70
		1,284.55	1,723.10	1,976.60
		3,016.80	4,178.28	3,824.60

5 Years Financial Data of Pharmaseticle Companies from 2006 to 2010				
Variables	years	Ranbaxy	Dr.Reddy	Cipla
Current Assets	2006	2,620.99	2,398.87	2,292.28
	2007	2,922.42	4,028.55	2,834.68
	2008	6,509.98	3,348.00	3,743.98
	2009	5,486.90	3,870.40	4,419.57
	2010	6,965.28	3,647.30	5,483.42
Fixed Assets	2006	2,907.62	787.15	159.90
	2007	3,119.00	674.71	525.15
	2008	932.17	1,926.09	592.37
	2009	1,996.09	2,029.00	871.42
	2010	2,427.83	2,830.50	435.74
Sales	2006	4,218.98	2,101.97	3,103.62
	2007	4,344.39	3,872.92	3,656.92
	2008	4,676.21	3,428.40	4,293.95
	2009	4,797.49	4,080.40	5,295.33
	2010	5,687.33	4,469.60	5,657.85
Total Assets	2006	5,528.61	3,186.02	2,452.18
	2007	6,041.42	4,703.26	3,359.83
	2008	7,442.15	5,274.09	4,336.35
	2009	7,482.99	5,899.40	5,290.99
	2010	9,393.11	6,477.80	5,919.16
Operating Profit	2006	632.27	317.07	693.89
	2007	414.59	1,327.35	821.83
	2008	256.17	582.70	852.17
	2009	652.64	758.00	1,244.84
	2010	1,271.03	1,088.50	1,380.93

CUSTOMER PERCEPTIONS AND SATISFACTION TOWARDS HOME LOANS**RASHMI CHAUDHARY****ASST. PROFESSOR****DEPARTMENT OF BUSINESS MANAGEMENT****COLLEGE OF HORTICULTURE****DR. Y. S. PARMAR UNIVERSITY OF HORTICULTURE & FORESTRY****NAUNI – 173 230****YASMIN JANJHUA****ASST. PROFESSOR****DEPARTMENT OF BUSINESS MANAGEMENT****COLLEGE OF HORTICULTURE****DR. Y. S. PARMAR UNIVERSITY OF HORTICULTURE & FORESTRY****NAUNI – 173 230****ABSTRACT**

Himachal Pradesh has made a rapid stride in the development of urban cooperative banks with an aim to provide adequate and timely financial assistance to help the small entrepreneurs, middle class and weaker sections of the society. The present study was undertaken to analyze the perception of customers towards home loans of Baghat Urban Co-operative Bank Limited (BUCB), Himachal Pradesh. The paper examined the satisfaction level and problems faced by customers while availing loans. A sample of 120 customers of the bank comprising of public servants, private sector employees and self-employed from its three branches serving Solan town, Chambaghat and Parwanoo areas has been selected. The research has found that the customers of the bank were highly satisfied with the home loan services in relation to its services, transparency, time taken for loan approval, employee co-operation and query handling, prima facie of some problems like procedural delays, lack of knowledge and red-tapism. The results further revealed that the main reason for people to prefer this bank is the trust of the customers in the bank, lower interest rates and easy repayable installments.

KEYWORDS

Home Loans, Customer Perceptions, Customer Satisfaction, Cooperative banks, Financial Assistance

INTRODUCTION

Housing being one of the three basic human needs of life always remains among the top priorities of any person, society and economy. It accounts for a considerable portion of a nation's production activities through its backward linkages to land markets, building material industries and labour markets and forward linkages to financial markets. Boosting housing sector can rejuvenate the economy as this sector has maximum propensity to generate income and demand for materials, equipments and services and also create substantial employment opportunities. In the present competitive and globalised era, banking plays a crucial role in home financing but generally they exclude low-income households from access to formal housing finance. Co-operatives represent an alternative approach as against sole-proprietorship, partnership and company form of organizations which dominates the commercial activities. Cooperatives are based on the principles of cooperation and cooperative values of "self-help, self-responsibility, democracy and equality, equity and solidarity". Co-operative banks are the first government supported, sponsored and subsidized financial institutions in India which performs all the main banking functions i.e. deposit mobilization, advance loan by supplying the credit to the needy person and various other facilities. Urban cooperative banks not only finance small borrowers in industrial and trade sectors, but also provide financial assistance in the form of loan facilities like home finance, consumer finance, personal finance, education loan, vehicle loan, commercial vehicle loan, commercial building loan, mortgage loan, agricultural loan and also loan against security and salary. Himachal is one of the most dynamic hill states of India with significantly high indicators of human development. The state lit the flame of cooperative movement in the country when first cooperative society was established in Panjwar village of Una district in 1892. BUCB is registered under Cooperative Society Act and has completed 40 years of its existence and operations in the city of Solan. In the subsequent years, 1970 to 2005, the Bank has expanded its operational area with three branches serving Solan town, Chambaghat and Parwanoo in the Solan district. BUCB was incorporated to cater to the needs of local peoples by providing them all kind of financial help and various credit facilities to small and poor peoples and also to small traders. Housing loan scenario in India has changed drastically and has taken the front seat. Role of BUCB in providing housing finance has been reviewed from time to time and thus plays an important role in providing housing credit under various schemes to priority sector as well as to the weaker sections of the community.

OBJECTIVES

Main objectives of the present study are:

1. To know general perceptions about home loans of BUCB.
2. To study the satisfaction level of customers about home loans of BUCB.
3. To study the major problem faced by customers while availing home loans.

RESEARCH METHODOLOGY

In the present paper, random sampling technique has been used and a sample of 120 customers availing home loan facility of Baghat Urban Co-operative Bank Limited, Himachal Pradesh from its three branches serving Solan town, Chambaghat and Parwanoo areas has been selected. In order to make the sample representative, proper weightage has been assigned to the home loaners according to the number of customers of each branch. Data for measuring the satisfaction level and problems faced by home-loaners has been collected through a structured questionnaire based on five-point likert scale. Analysis of the collected data is done with the help of chi-square, skewness and mean.

GENERAL VIEWS OF THE RESPONDENTS REGARDING HOME LOANS OF BUCB**TABLE 1: PREFERENCE FOR BUCB FOR AVAILING HOME LOANS**

Reasons	Frequency	Percentage	Cumulative Percent
Low Interest Rates	30	25	25
Convenient Location	21	17.5	42.5
Reputation of the Bank	18	15	57.5
Prompt Services	42	35	92.5
Timely and Adequate Loan	9	7.5	100
Total	120	100	

Source: Primary Probe

It is revealed from Table 1 that 35 percent of the respondent's selection criteria of BUCB for availing home loans was the prompt services of the bank, followed by 25 percent who preferred the bank due to its low interest rates. Further, 17.5 percent respondents preferred the bank due to convenient location and 15 percent due to its good reputation in the city. Hence, from the above discussion it is inferred that most of the respondents preferred BUCB because of its prompt services. Majority of the respondents (35 percent) opinioned that the feature they like most about the bank is less paper work, followed by 27.5 percent who like simple and fast processing procedure of BUCB. Further, 15 percent of the respondents like longer repayment period provided by the bank and the same percentage like easy repayable installments. So, from the above discussion it can be inferred that most liked feature which respondent like is the less paper work and fast loan processing time.

TABLE 2: MOST LIKED FEATURE BY HOME LOANERS

Features	Frequency	Percentage	Cumulative Percent
Less Paper Work	42	35	35
Simple and Fast Processing	33	27.5	62.5
Transparency	9	7.5	70
Longer Repayment period	18	15	85
Easy repayable installments	18	15	100
Total	120	100	

Source: Primary Probe

Table 3 shows that 45 percent of the respondents were influenced for availing home loans from BUCB by their friends/relatives, followed by 35 percent of the respondents who were self-influenced due their trust in the bank. Further, nearly 20 percent of the respondents were motivated by the employees of the bank. Therefore, it can be concluded that a large majority of the respondents were influenced by their friends and relatives for selecting BUCB for availing home loans.

TABLE 3: INFLUENCING FACTOR FOR SELECTING BUCB

Factors	Frequency	Percentage	Cumulative Percent
Friends/ Relatives	54	45	45
Trust in the bank	42	35	80
Bank Employees	24	20	100
Total	120	100	

Source: Primary Probe

RESPONDENTS SATISFACTION TOWARDS HOME LOANS: AN ANALYSIS**INTEREST RATES**

The opinion of the respondents regarding the statement that whether interest rates of Baghat Urban Cooperative Bank Ltd are comparatively less than the other bank has been presented in the Table 4. Nearly 37.5 percent of the respondents were found satisfied, followed by 27.5 percent who were neither satisfied nor dissatisfied and 17.5 percent who were dissatisfied. The mean score of 3.05 indicates that the responses are concentrated towards the satisfaction level. Negative value of skewness (-0.438) also support the above finding and reflects that the large number of the respondents are satisfied with this statement. Hence, from the above discussion it is concluded that a large majority of the respondents are of the view that the interest rates of BUCB are less than other banks.

FAST AND EFFICIENT SERVICES

The opinion of the respondents regarding the statement that whether bank is providing fast and efficient services to meet customer requirements has been endorsed by more than 90 percent of the respondents. The value of mean score of 4.27 with negative value of skewness of -1.274 indicates that the distribution of the respondents is highly skewed towards higher side of the mean. The value of chi-square is significant at 1 and 5 percent levels of significance. From the above analysis it is concluded that the bank is providing efficient services to its customers.

PAPER WORK

The opinion of the respondents regarding the statement that whether paper work for loan processing is time consuming has been presented in Table 4. Majority of the respondents (45 percent) were neither satisfied nor dissatisfied with the statement, followed by 22.55 percent who are satisfied and the same percent who are highly dissatisfied with the statement. The mean score of average responses of 2.67 with negative value of skewness of -0.482 indicates that the responses of customers are concentrated towards satisfaction level. The value of chi-square is insignificant. Hence, from the above finding we conclude that there is a mixed response for the statement but more number of respondent feel that paper work regarding loan processing is time consuming.

Variables	Highly Satisfied	Satisfied	Neither Satisfied nor Dissatisfied	Dissatisfied	Highly Dissatisfied	Mean	Skewness	Chi-Square	P-Value
Interest Rates of BUCB are Comparatively Lesser	2 (5)	15 (37.5)	11 (27.5)	7 (17.5)	5 (12.5)	3.050	-.438	13.00	0.011
Fast and Efficient Services of the Bank Paper Work	16 (40)	21 (52.5)	1 (2.5)	2 (5)	-	4.275	-1.274	30.20	0.000
Bank Employees Co-operation	-	9 (22.5)	18 (45)	4 (10)	9 (22.5)	2.675	-0.482	10.20	0.017
Repayment Period	3 (7.5)	5 (12.5)	11 (27.5)	15 (37.5)	6 (15)	2.600	0.528	12.00	0.017
Professional at BUCB Assist and Serve you with Quick Response	14 (35)	22 (55)	4 (10)	-	-	4.250	-0.242	12.20	0.002
Time Taken for Loan approval	5 (12.5)	21 (52.5)	9 (22.5)	4 (10)	1 (2.5)	3.625	-0.796	30.50	0.000
Reliable and Transparent Services	7 (17.5)	10 (25)	10 (25)	7 (17.5)	6 (15)	3.125	-0.171	1.75	0.782
Easy Query Handling	9 (22.5)	15 (37.5)	10 (25)	1 (2.5)	5 (12.5)	3.550	-0.844	14.00	0.007
	6 (15)	23 (57.5)	3 (7.5)	6 (15)	2 (5)	3.625	-0.986	36.75	0.000

Source: Primary Probe

Note: The figures in Parenthesis are in Percentages.

CO-OPERATION OF BANK EMPLOYEES

The opinion of the respondents regarding bank employee's co-operation has a mean score of 2.60 which is almost equal to the average mean. Value of skewness (0.528) is low and positive depicting concentration of the opinion of respondents towards higher side of the mean. Thus, the opinion of the respondents is slightly skewed towards satisfaction with the cooperation of the bank employee at Baghat Bank.

REPAYMENT PERIOD

The opinion of the respondents regarding the repayment period provided by bank is endorsed by four-fifth of the respondents who were either satisfied or highly satisfied with the statement. The mean score of responses of 4.250 with negative value of skewness of -0.242 indicates that a large number of respondents are satisfied with the repayment period of the bank. There is a significant difference in the opinion of respondents at 5 percent level of significance. Hence, it is concluded that the respondents are satisfied with the repayment period of the bank under study.

FRIENDLINESS OF STAFF

More than half (65 percent) of the respondents are either satisfied or highly satisfied with the assistance provided to them by the employees of BUCB. The mean score of responses is 3.625 which is higher than the average mean of 2.5 indicates that the majority of respondents opinions are concentrated towards satisfaction level. Negative value of skewness (-.796) also supports the above findings. Therefore, it is concluded that the professionals at BUCB assist their customers satisfactorily.

TIME TAKEN FOR LOAN APPROVAL

The opinion of the respondents regarding the statement that whether they are satisfied with the time taken for loan approval at BUCB is exhibited in Table 4. The mean score of responses (3.125) indicates that the opinion of majority of the respondents is concentrated towards satisfaction level. Negative value of skewness (-.171) also indicates that the views of respondents are skewed towards higher side of the mean. Thus, it is inferred that a large majority of the respondents are satisfied with the time taken by the bank for loan approval.

RELIABLE AND TRANSPARENT SERVICES

Table 4 exhibits that 37.5 percent of the respondents are satisfied with the reliability and transparency of the services of BUCB, followed by 25 percent who are highly satisfied. The mean score of responses (3.55) indicates that the opinion of the majority of respondents lies towards satisfaction scale. Negative value of skewness (-0.844) supports the above finding and indicates that the respondents opinion is concentrated towards satisfaction level. Thus, it is concluded from the above analysis that the services of the Baghat Bank are reliable and transparent.

EASY QUERY HANDLING

The opinion of the respondents regarding easy query handling by the bank employees has been presented in Table 4. The mean score of responses is 3.625 with negative value of skewness of -0.986 which indicates that the responses are skewed towards higher side of the mean. Value of chi-square indicates significant difference in the opinion of respondents at 1 and 5 percent levels of significance. Thus, it is concluded from the above analysis that majority of the respondents are satisfied with the fact that bank employees easily handle the query of its customers.

PROBLEMS FACED BY THE RESPONDENTS**LACK OF KNOWLEDGE**

Nearly half of the respondents either disagree or strongly disagree with the problem of lack of knowledge presented in Table 5. The mean score of responses is 2.850 with positive value of skewness of 0.278 which indicate that the responses are skewed towards the satisfaction scale on five point scale. Thus, it is concluded that a large majority of the respondent are facing problem of lack of knowledge while availing home loan.

PROCEDURAL DELAYS

Mean score of 3.77 indicates that majority of the respondents either agree or strongly agree with the statement that there are procedural delays while availing home loan. Negative value of skewness (-0.440) indicates that the distribution of respondents is highly skewed towards higher side of the mean. Therefore, it is concluded from the above analysis that there are procedural delays in disbursing the home loan amount in bank under study.

TABLE 5: PROBLEMS FACED BY RESPONDENTS WHILE AVAILING HOME LOANS

Variables	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree	Mean	Skewness	Chi-Square	P-Value
Lack of Knowledge	8 (20)	5 (12.5)	8 (20)	11 (27.5)	8 (20)	2.85	.278	2.25	.690
Procedural Delays	12 (30)	14 (35)	7 (17.5)	7 (17.5)	-	3.77	-.440	3.80	.284
Unavailability of Guarantor	3 (7.5)	5 (12.5)	9 (22.5)	11 (27.5)	12 (30)	2.40	.565	7.50	.112
Non- Cooperation of Bank Employees	-	1 (2.5)	19 (47.5)	18 (45)	2 (5)	2.47	-.211	29.00	.000
Red -Tapism	7 (17.5)	21 (52.5)	2 (5)	7 (17.5)	3 (7.5)	3.55	-.832	29.00	.000

Source: Primary Probe

Note: The Figures in Parenthesis are in Percentages.

UNAVAILABILITY OF GUARANTOR

Opinion of the respondents regarding the statement that whether the guarantor is available or not is depicted in Table 5. The mean score of responses is 2.40 which indicates that a number of respondents do not agree with the statement. Positive value of skewness (0.565) points out that the distribution of respondents is skewed towards lower side of the mean. Hence, it is concluded from the above analysis that respondents do not face the problem of guarantors.

NON-COOPERATION OF BANK EMPLOYEES

The opinion of the respondents regarding the statement that whether customers are facing the problem of non cooperation of bank employees has been shown in Table 5. Nearly half of the respondents (47.5 percent) neither agree nor disagree with the statement. The mean score (2.47) and negative value of skewness (-0.211) indicates that the respondents do not agree with the statement. The highly significant value of chi-square statistically brings out the fact that there is a significant difference in the perceptions of the respondents.

RED – TAPISM

The opinion of the respondents regarding red-tapism has been presented in Table 5. The mean score of responses is 3.55 which is higher than the average mean of 2.5 and indicates that the majority of respondents (52.5 percent) agree with the statement. Negative value of skewness (-0.832) reflects that the distribution of respondents is skewed towards higher side of the mean. Value of chi-square supports the above findings that there is a significant difference in the opinion of the respondents at 5 percent level of significance. All these statistical values clearly indicate that a vast majority of the respondents are facing problem of bureaucracy prevailing at BUCB.

CONCLUSION

It was found that Cooperative Banks are very popular among the customers these days. The trust level that customer have with these banks is very high in comparison to other banks. Customer are associated with banks for many services that they require on regular basis and people tend to prefer banks which provide better facilities and convenient banking. From the overall analysis it can be said that the satisfaction level of workers in relation to the services provided by Baghat Urban Cooperative Bank Limited is very high. Different banks offer same product but their services differentiate and the bank has gone far in this direction.

The higher satisfaction level among the respondents indicates that the bank is responsive to the needs and problems of the customers. The success of the housing companies in the market rest on the availability of customized product and also the service quality offered to customers. The future growth of the companies depends upon its qualitative service to the customers. At this juncture, the banks should evaluate their services and identify their distinction from others. Changing customer needs and uncertain economic conditions in are exerting pressure on housing companies while testing their ability to survive. The only way to succeed in the market is the formulation of differentiated service to different customer segments.

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IMAGES OF WOMAN IN ADVERTISING AND ITS IMPACT ON THE SOCIETY

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ABSTRACT

Advertising is a powerful tool used by the marketers to persuade, manipulate and shape behavior of the consumers. The images of woman in advertising has been a matter of debate from considerable time since most of the advertisements use woman to represent their products and services as she is the one who makes majority purchases for her family. Women in advertisements are presented either in a sexually provocative manner or in a non-traditional role which has left a very bad impact on the society leading to various problems like depression, eating disorders, sexual crimes etc.

KEYWORDS

Advertising, Women, Marketing.

INTRODUCTION

Advertising is everywhere - in magazines, on television, in movie theaters, on countless web pages, on busses, in subways and on milk-cartons. In fact, advertisements are so common in our times that we don't even realize we are looking at them anymore. They invade not only our mailboxes, but our minds and in doing so, they contribute to the image we shape of women in our culture. From decades women have been portrayed as housewives, dependent on men & sex objects in advertisements. From past one decade, representation of women in advertisements has been experiencing a shift from the house wife centric ads to the career women ads. Advertising has tended to move from the role of the traditional housewife who is always in the Kitchen to the role of the new woman that we now recognize. In addition to keeping a Perfect house, these women also have successful careers and more than ever they are beautiful and fashionable. Kilbourne claims that the portrayal of women in advertising is negatively influencing the view men have of women in our society and how women view themselves. She claims that the constant barrage of images and texts depicted in advertisements, suggest the idea that 'the thinner a woman is, the better she is', has a strong influence, especially in female adolescence, that contributes to eating disorders and low self esteem issues.

IMPORTANCE OF WOMEN IN ADVERTISING

Why do you think most of the advertisements are focused on women? Maximum advertisements are women and family oriented. Women are the perfect home makers. And she is the one who makes majority purchases for her family. Starting from vegetables to clothes. Since woman plays a dominant role in the purchase activities, nowadays, many marketers are targeting women and are increasingly portraying them in their advertisements. With the passage of time the role of women in advertisements has witnessed a transformation - from that of a homemaker to prime purchaser. Women consumers have become more demanding nowadays. And it is a great challenge on the part of the marketers to cater to the needs of ever changing needs of the women consumer. The image of Indian women in advertising during 1970's was totally different from that of today. The improvements in the role of women in advertising offer both merits and demerits to the society.

THE ROLE OF WOMEN IN INDIAN ADVERTISEMENTS DURING 1970's

The role of Indian women was confined only to a perfect care giver in most of the advertisements during 1970's. Women were often portrayed as housewives and too infrequently as professionals. Women did not have individuality and they were portrayed often as dependent, requiring men to solve their problems. The advertisements in 1970's presented the following views about woman's role:

- (1) a woman's place is in the home,
- (2) women do not make important decisions,
- (3) women are dependent and need men's protection, and
- (4) men regard women primarily as sexual objects; they're not interested in women as people.

The Surf and the tajmahal advertisement of 1970's are the examples that depicted women in house hold activities. And her role was limited only to cleaning, washing clothes, cooking, taking care of her children, husband etc. "a perfect home maker". She was confined only to these works in order to please her husband. Studies have shown that advertisements portraying women as homemakers may activate the belief that women are nurturing, communal and domestically minded (Clifton, McGrath, & Wick, 1976; Nose Worthy & Lott, 1984; Six & Eckes, 1991). And women in the advertisements represent what Society, especially the men of society, holds as the ideal image for a woman. The image of woman in advertising under went a great change from a mere house wife to a professional during 1980,s.

WOMEN IN INDIAN ADVERTISEMENTS OF 1980's

The feminist movement which took place in America had a great impact all over the world including India. After the zenith of the feminist movement, women started to observe all they had accomplished. Indian Women finally had the potential to portray herself in society. They also realized that they have a separate world other than the kitchen. Advertisers quickly realized that their target audience would react best to advertisements that portrayed women's power. "Changes in advertising are, of course, changing as society changes" (Taflinger). Women began to strongly reject the traditional ideals. The Charlie advertisers were the first to realize that society had truly changed. And they "introduced the attractive independent woman who needed no one else in her life. Women no longer responded to advertisement depicting them as housewives with no potential. The marketers recognized that the new woman was the successful businesswoman. Women were responding to products and advertisements that provided a better image of women. Marketers studied what women responded well to. The Liril and the sun film advertisements in 1980's introduced the attractive independent woman who was confident and free. After these

advertisements were published, advertisements from perfume to jeans were all giving the same message: women could be successful. Indian Advertisements in 1980's were produced for women as they were viewed by them. During 1990's and subsequently the advertisers worked hard to build multiple possible identities for woman in advertising who can sell their products in a better way.

WOMEN IN INDIAN ADVERTISEMENTS OF 1990's

However, in the post-feministic 1990s and subsequently, advertisers have been attempting to construct multiple possible identities for women in an effort to change their stereotypical image and enhance their spending power. In Today's advertisements, women appear less frequently dependent upon men while men are less likely to be depicted in themes of sex appeal, dominance over women and as authority figures. Advertisements have also started portraying women more frequently as career-oriented and in non-traditional activities and are constructing the persona of the 'new Indian woman'. Where on one hand, the media is portraying this strong image of a modern day woman; the Ariel advertisement of 1990's portrayed woman as a confident, independent career oriented woman. There is also a section that is misusing this image. There are advertisements that are showcasing that if a woman wants to explore her talent she has to display her physical attributes. In the advertising industry whether a woman is promoting cosmetics, jewelers, fabrics, domestic gadgets or any other product; she is always projected as a sex object. The investigators and commentators have long speculated that repeated exposure to such images in advertising and media contribute to a broad range of social problems, including sexist attitudes and beliefs, sexual harassment, violence against women, eating disorders etc (Beckwith,1994;Kilbourne & Lazarus,1987; Lazier-Smith,1989). As woman in advertising was portrayed as independent and fashionable the advertisers used her as decorative object and women in advertisements were used to represent those products with which they were not at all concerned with. And the present day advertisements are highly sexualized to look at.

WOMEN IN PRESENT DAY INDIAN ADVERTISEMENTS

Women in present day advertisements are portrayed much as sexual and decorative objects. In a research study conducted by Lin (1997) demonstrated that women more often than men were shown in a state of undress, and exhibited more "sexiness", and were depicted as sexual objects. In an analysis of women appearing in advertisements in time and vogue from 1955 to 2002, Linder (2004) reported that an average of 40 percent of advertisements featured women as decorative objects. Women of today are portrayed as stronger and highly sexualized. But this time it is a new type of beauty and self-image. This new image is that of a tall, skinny, woman with perfect skin. New stereotypes are consolidated in order to portray women on television. Features that some years ago were unimaginable are now common in this new portrayal of women. They are more independent and self-confident. The role of women in today's advertisements is both at home and in the workplace, and they are also portrayed as an icon of beauty. Commercials in 2001 represent a new professional woman who had not reached some banned areas years ago. A good example for this is the commercial of the airlines where we can see the present day women professionally dressed and with an aspiration to reach the sky. And in the Lux soap advertisement we can see the woman portrayed as an icon of beauty.

IMPACT OF PORTRAYAL OF WOMAN IN ADVERTISING ON SOCIETY

Portraying woman in advertising in a wrong way causes a very bad impact on society as a whole. The commercials that females are mostly in are ones that portray them as thin and beautiful while some being subservient to men. The way women are dressed in advertisements do not depict the Indian culture. The negative effects of portraying women in advertising fall into a huge range of problems. The most common effect would be the constant increase of women's struggles with dieting and eating disorders. Kyra, Covell (1995) made an attempt to assess the influence of sexist advertisement portrayals of women by using four subscales of Burt's (1980) and came out with the findings that the media portrayals of women can influence sexual attitudes and beliefs. And males who see print media advertisements in which women are presented as sex objects are most likely to evidence increased sex role stereotypic and rape myth beliefs, and are likely to be more accepting of interpersonal violence (primarily against women), than are males exposed to other types of advertisements. In another study conducted by Natalie and Covell (1997) the researchers examined the impact of print advertisements on attitudes towards women and the impact of seeing sex images and progressive advertisements on attitude towards feminism and the women's movement and the researchers came out with the findings that there was presentation of women in advertisements as objects for sexual gratification which encouraged attitudes supportive of sexual aggression among young adults. Based on the findings the researcher suggested that the continuous exposure to such advertisements among young adults would hinder women's efforts of obtaining true equality with freedom from sexual aggression.

Kilbourne (2000) in her study concluded that dismemberment advertisements focus was on one part of the body, e.g. woman's legs. Sexual advertisements as well as dismemberment advertisements employ female body parts for the purpose of selling a product. Dismemberment advertisements promote the idea of separate entities. These advertisements overtly and covertly encouraged women in viewing their body as many individual pieces rather than a whole. These advertisements left many women with a feeling that their entire body was spoiled on account of one less than feature. Girls and women were conditioned from very young age to view their body as "work-in-progress" or something in constant need of alteration. In a study conducted by Kuntjara (2001) the researcher studied the different types of images of women portrayed in advertisements and came out with the findings that the images of women portrayed in advertisements usually created artificiality that established an impossible standard of physical perfection for women. And women in advertisements were depicted as an object chosen by men for their sexual gratification. Women were often portrayed as sexual object and the images of women in advertisements gave the message those women who had qualities of intelligence, cheerfulness, who was young, sexy, rich educated and lovable was considered as an ideal woman. Campbell (2003) conducted a research study and came out with the findings that "the respondents with high levels of exposure to fashion magazines advertisements exhibited significantly higher degrees of liking for ultra thin fashion models than did those respondents with low levels of exposure to fashion magazine advertisements". They found that the visual images depicted, had an impact on women's emotional status, when their bodies did not match the ideal type shown in the images. This led to the development of eating disorders.

Almost 90 percent of the Indian advertisements of the present day involve woman to represent their products and services since she is the one who make majority purchases for her family. It is pathetic to note that these women are portrayed as sex objects in most of the advertisements. These women emphasize the unhealthiness of our society and our national obsession with diets and eating disorders. And studies have indicated that portrayal of women as sex objects in advertising and media leads to negative psychological effects, such as depression, hopelessness and eating disorders among the youth as well as the adults. And can give women negative self image because of belief that their intelligence and competence are not being acknowledged.

CONCLUSION

Advertising is a powerful medium designed to sell products and aspirations. The repetition of commercials in the media though boring leaves an indelible mark on the minds of the people of the society. The images of woman in Indian advertisements have undergone a great change. And this change or development offers both advantages and disadvantages to the society. In the present day's advertisements women are portrayed depending upon the product they have to promote. And at the same time there are certain section of people who are misusing the image of women by portraying her as decorative and sex objects in which has left a very bad impact on the society leading to many problems like eating disorders, depression etc. Advertising or media cannot be fully blamed for such an effect. We the people of the society must be educated to decide what to accept and raise our voice against the derogatory portrayal of women in advertising and media.

SUGGESTIONS

1. Advertising play an important role in influencing and shaping values and attitudes of both adolescents and adults; Hence advertisers should ensure that it depicts a positive portrayal of women in advertisements.

2. There is a need to recognize the changing roles of women. Advertisement should show women working in a wide variety of career settings and in diverse roles such as education, decision maker, independent, self confident and self reliant.
3. Advertisements should also depict the average women instead of focusing only on the upper strata of the society.
4. Women in advertisements should not be used for attention seeking purpose.
5. There is a need for special committee to scrutinize all advertisements carefully to ensure that advertisers do not portray women in derogatory and stereotype ways.
6. It is necessary that society should be motivated and sensitized to the issues of portrayal of women in advertisements so that they can take necessary steps for healthy projection of women in advertising and media.

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EMPLOYEE SATISFACTION- A STUDY OF HCL LIMITED

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ABSTRACT

Job satisfaction has not lost its fame as an important measure to help assess employee perception and ownership about the work. Out of the many applaudable reasons for this distinct fame, one may be that job satisfaction is itself made up of a number of constructs like pay, nature of work and supervision, promotions etc and leads to a number of outcomes held in high primacy by the organizations. The current study assesses to study and understand the job satisfaction among the employees and other professionals of HCL. It also analyzes the various factors influencing job satisfaction and give suggestions for improving the same. This study have analysed that although paying the employees poorly will likely not attract high quality employees to the organization, or keep high performers, managers should realize that high pay alone is unlikely to create a satisfying work environment.

KEYWORDS

Employees, Environment, HCL, Job Satisfaction.

INTRODUCTION

HCL Technologies is one of India's leading global IT Services companies, providing Software led IT Solutions, remote infrastructure management services and BPO. The company leverages an extensive global offshore infrastructure and its global network of offices in 16 countries to deliver solutions across select verticals including Financial Services, Retail and Consumer, Life Sciences Aerospace, Automotive, Semiconductors, Telecom and MPE (Media Publishing and Entertainment). For the ending 31st March 2011, HCL Technologies, along with its subsidiaries had revenue of US \$ 1.7 billion and employed 48, 802 professionals.

The company has ventured into the field of IT training with an objective to meet the increasing demand for skilled professionals from organizations across the country. It has specially designed programs in high-end Software, Hardware and Networking solutions. There are more than 130 fully operational HCL training centers in all the major locations across the country. As the fountainhead of the most significant pursuit of human mind (IT), HCL strongly believes, "Only a Leader can transform you into a Leader" HCL Career Development Centre (CDC) is a formalization of this experience and credo which has been perfected over three decades. It is an initiative that enables aspiring individuals to benefit from HCL's longstanding expertise in the space and become Industry ready IT professionals.

JOB SATISFACTION

Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as a motivation to work. It is not the self satisfaction, happiness or self contentment but the satisfaction on the job. The happier people are within their job, the more satisfied they are said to be. The term relates to the total relationship between an individual and the employer for which she/he is paid. Satisfaction does mean the simple feeling-state accompanying the attainment of any goal; the end-state is feeling accompanying the attainment by an impulse of its objectives. Job satisfaction does mean absence of motivation at work. Research workers differently described the factors contributing to job satisfaction and job dissatisfaction. Job satisfaction is not the same as motivation, although it is clearly linked. Job design aims to enhance job satisfaction and performance; methods include job rotation, job enlargement and job enrichment. Other influences on satisfaction include the management style and culture, employee involvement, empowerment and autonomous work groups.

Job satisfaction relates to an individual's general attitude towards his job. It is a complex of several attitudes possessed by the worker. Blum defines job satisfaction as a general attitude which a worker has as a consequence of several specific attitudes in the following three areas: job factors, individual adjustment and group relationship outside the job. A job provides monetary benefits as well as satisfaction. Employees feel satisfied and happy while working on jobs or after completing jobs. Similarly, they may also develop negative attitudes on the satisfaction scale. Employees perceive jobs as satisfying or dissatisfying. Sometimes the employee's perception may not be in consonance with reality. However, cognitive satisfaction is the important factor to understand employee's satisfaction.

FACTORS DETERMINING JOB SATISFACTION

Factors affecting jobs are the main factors of job satisfaction, which may be challenging work, Reward systems, working conditions, colleagues, learning and personality. Many employees prefer challenging jobs as they acquire mental satisfaction. Many times people feel bored if a job is too simple and routine, but many employees also enjoy simple and routine jobs. The job characteristics are important factors for providing satisfaction. Reward systems, equitable rewards, equal pay for equal work, promotion avenues etc. are satisfying factors. Money is important to employees having unfulfilled basic and safety needs but their attitudes towards change once they are satisfied with their basic needs. Fairness in promotion, unbiased attitude of the management, responsibilities and social status are the factors that are said to be providing satisfaction to employees. Working conditions influence employee level of satisfaction. Under conducive working conditions, people prefer to work hard while in an adverse atmosphere people avoid work. Working conditions not only include the physical relationship between the employees and their managers have an important bearing on job satisfaction. Job satisfaction is greater in case the authority is sympathetic, friendly and willing to help the employees. Employees feel satisfied when their views are listened to and regarded by their higher authorities. The perception and personalities of employees are the deciding factors of job satisfaction. Personal attitudes and perceptions are the employees' angles of satisfaction, which should be taken into consideration while motivating people to arrive at job satisfaction.

IMPACT OF JOB SATISFACTION

Job satisfaction has a positive impact on productivity, presence and performance. Job satisfaction induces employees to remain with the organization. The behavior of an employee is improved when he works with satisfaction. The turnover is increased with satisfied employees and satisfied sales force. Market conditions, job opportunities, length of work tenures, promotional policies along with satisfied sales force will increase sales.

Dissatisfied employees prefer the channels of exit or neutral productivity. They do not like to work hard or demonstrate their capacities. They continue to work as routine and uninterested persons. If they are pressurized to unhealthy and disinterested jobs, they prefer to leave the jobs. Loyalty declines and criticism of the organization increases. Ultimately the image of the organization will suffer a lot.

Job design is created to help employees to get satisfaction perform better. The job content, functions and relationships are well designed to motivate employees for better results and achievement of organization goals.

REVIEW OF LITERATURE

Jaime Bonache, (2005) indicated that among expatriates, repatriates and domestic employees, there are some significant differences in the satisfaction ratings on job characteristics, career prospects, and internal communication. Rahman Abdul et.al (2008) revealed that job satisfaction and organizational commitment had negative effect on turnover intentions, whereas perceived alternative job opportunities had significant positive correlation with turnover intentions and is the major factor associated with turnover intention among IT Professionals in Pakistan. Saad H.S. et.al (2008) analyzed ten variables to measure Quality Work Life (QWL) namely support from organization, work-family conflict, relationship with peers, self competence, impact on job, meaningfulness of job, optimism on organizational change, autonomy, access to resources and time control. All these variables are tested the relationship with job satisfaction. The test indicated that each of the QWL variables on its own is a salient predictor of Job Satisfaction. However, 7 QWL variables are no longer significant predictors for job satisfaction when all the 10 QWL variables are entered into the regression equation. Using multiple linear regressions, only 3 QWL variables (meaningfulness of job, optimism on organizational change and autonomy) are significantly related to Job Satisfaction. Hayat M. et.al (2010) showed high job-satisfaction levels, insignificant staff turnover rate, and major dissatisfaction regarding emolument and packages among National Highway Authority employees. Furthermore, employees felt that instead of performance-based compensations, decisive factors were seniority, relationships and political influence. They also feel that Salary increase will enhance transparency, suppress corruption and increase performance of the employees.

OBJECTIVES OF THE STUDY

- To study and understand the job satisfaction among the employees and other professionals of HCL.
- To study the various factors influencing job satisfaction and give suggestions for improving the same.

RESEARCH METHODOLOGY

A sample design was constructed for the purpose of study including population all the employees of HCL CDC from assistant to managerial level who are the employees of HCL CDC present at Chandigarh Office. 50 employees from the total population are being selected. The samples are selected on the basis of convenience. Out of these 50 employees distribution is as follows:

Departments/ type of employees	Sample taken
Assistant and employees	30
Technical Engineers	17
Managers	3
Total	50

For collecting the data a survey was conducted amongst employees using questionnaires. For analyzing the data, Simple Percentage analysis and Two-way analysis are being used.

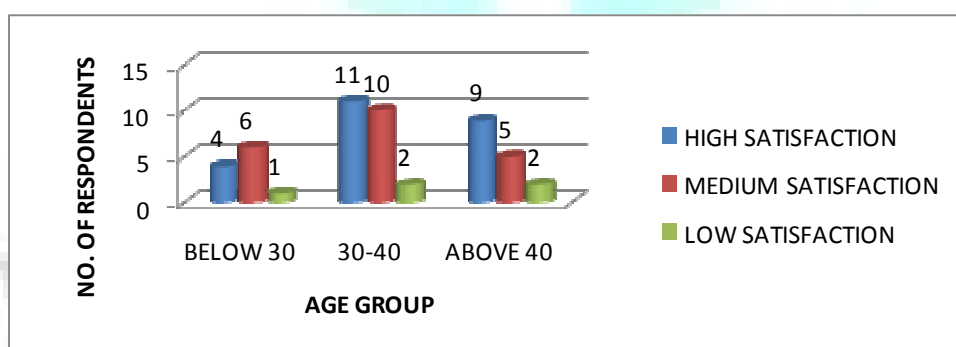
ANALYSIS AND INTERPRETATION

As per the two way analysis, it is analyzed that the respondents who falls between the score as up to 50 indicates less satisfaction of the respondents, from 51 – 70 are got average satisfaction and 71 – 100 respondents are highly satisfied.

TABLE 1: RELATIONSHIP BETWEEN AGE AND LEVEL OF SATISFACTION

AGE	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
BELOW 30	4 (36%)	6 (55%)	1 (9%)	11
30-40	11 (48%)	10 (43%)	2 (9%)	23
ABOVE 40	9 (56%)	5 (31%)	2 (13%)	16
TOTAL	24	21	5	50

CHART 1: RELATIONSHIP BETWEEN AGE AND LEVEL OF SATISFACTION

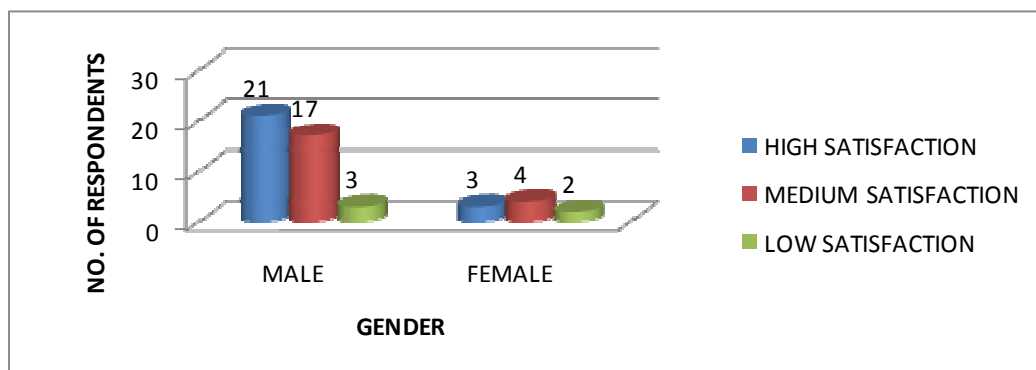


This reveals that the percentage of highly satisfied is in the above 40 group (56%) and 48% of highly satisfied in the middle age group and followed by young age group.

TABLE2: RELATIONSHIP BETWEEN GENDER AND LEVEL OF SATISFACTION

GENDER	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
MALE	21 (51%)	17 (41%)	3 (8%)	41
FEMALE	3 (33%)	4 (45%)	2 (22%)	9
TOTAL	24	21	5	50

CHART 2: RELATIONSHIP BETWEEN GENDER AND LEVEL OF SATISFACTION

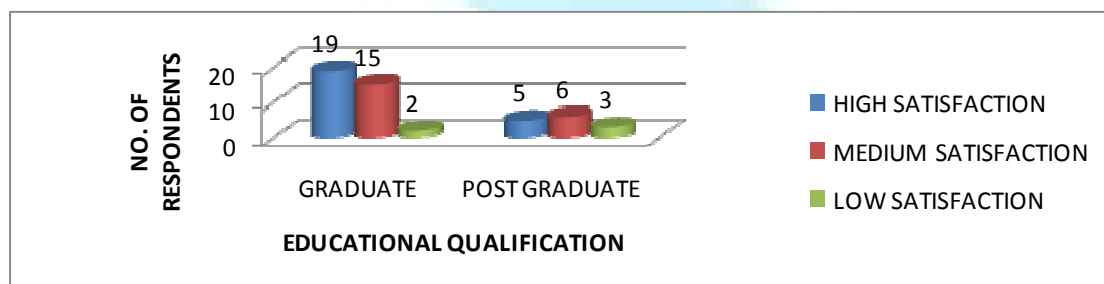


It is clear from the above chart that percentage of highly satisfied (51%) is in the male group followed by the female group. The percentage of medium satisfied is highest (45%) in female group.

TABLE3: RELATIONSHIP BETWEEN EDUCATIONAL STATUS AND LEVEL OF SATISFACTION

EDUCATIONAL QUALIFICATION	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
GRADUATE	19 (53%)	15 (42%)	2 (5%)	36
POST GRADUATE	5 (36%)	6 (43%)	3 (21%)	14
TOTAL	24	21	5	50

CHART 3: RELATIONSHIP BETWEEN EDUCATIONAL QUALIFICATION AND LEVEL OF SATISFACTION

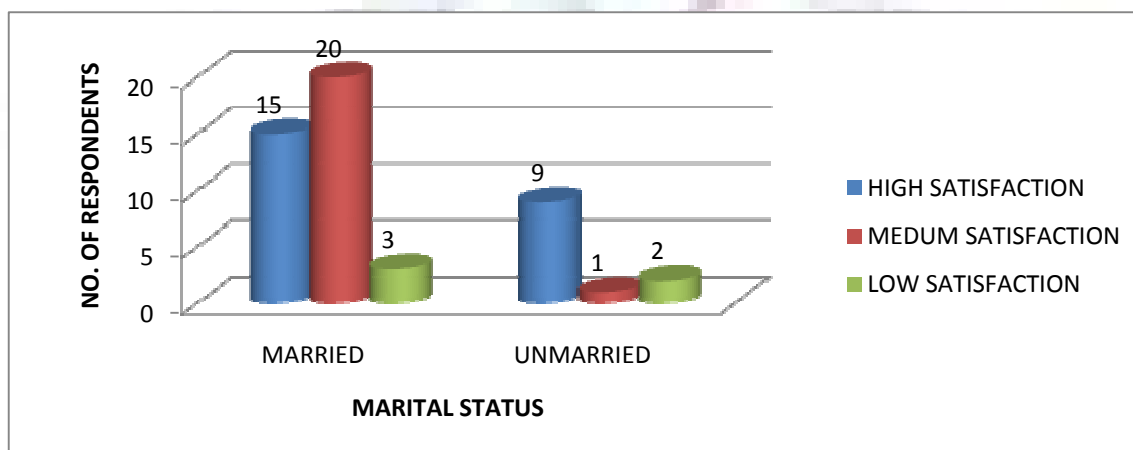


From the above table the percentage of highly satisfied is more among the respondents of graduate level group (53%) and followed by the post graduate group (36%). Percentages of post graduate respondents (21%) are more dissatisfied than graduates.

TABLE4: RELATIONSHIP BETWEEN MARITAL STATUS AND LEVEL OF SATISFACTION

MARITAL STATUS	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
MARRIED	15 (39%)	20 (53%)	3 (8%)	38
UNMARRIED	9 (75%)	1 (8%)	2 (17%)	12
TOTAL	24	21	5	50

CHART4: RELATIONSHIP BETWEEN MARITAL STATUS AND LEVEL OF SATISFACTION

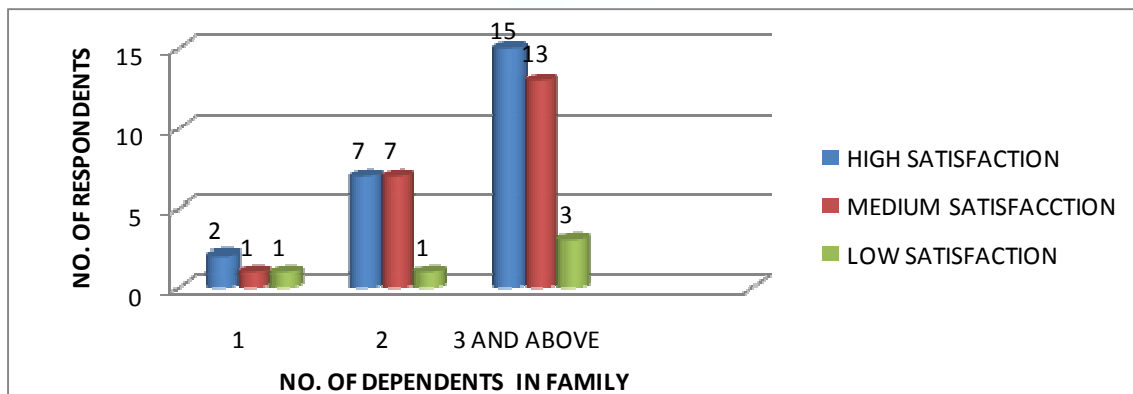


The above table reveals that the percentage of highly satisfied is in unmarried group (75%) followed by married group (39%). And in medium satisfaction highest percentage is in married group (53%) and followed by unmarried group.

TABLE 5: RELATIONSHIP BETWEEN NO. OF DEPENDENTS AND LEVEL OF SATISFACTION

NO OF DEPENDENTS	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
1	2 (50%)	1 (25%)	1 (25%)	4
2	7 (47%)	7 (47%)	1 (6%)	15
3 AND ABOVE	15 (48%)	13 (42%)	3 (10%)	31
TOTAL	24	21	5	50

CHART 5: RELATIONSHIP BETWEEN NO. OF DEPENDENTS AND LEVEL OF SATISFACTION

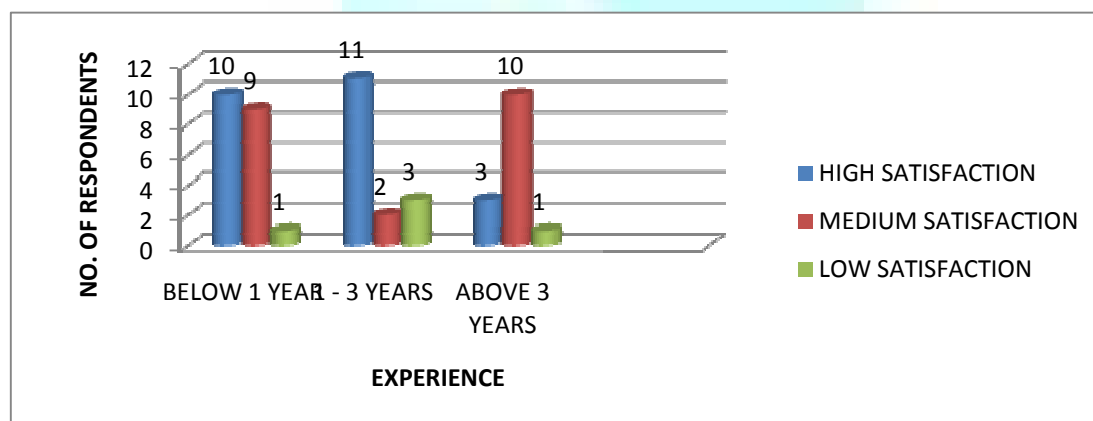


The above table shows that the percentage of highly satisfied respondents (50%) is in the group of 1 dependent in the family and it is followed by 3 and above members group. And in medium satisfaction the highest percentage is in 2 members group and followed by above 3 members group.

TABLE 6: RELATIONSHIP BETWEEN EXPERIENCE AND LEVEL OF SATISFACTION

EXPERIENCE	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
BELOW 1 YEAR	10 (50%)	9 (45%)	1 (5%)	20
1-3 YEARS	11 (69%)	2 (12%)	3 (19%)	16
ABOVE 3 YEARS	3 (21%)	10 (72%)	1 (7%)	14
TOTAL	24	21	5	50

CHART 6: RELATIONSHIP BETWEEN EXPERIENCE AND LEVEL OF SATISFACTION

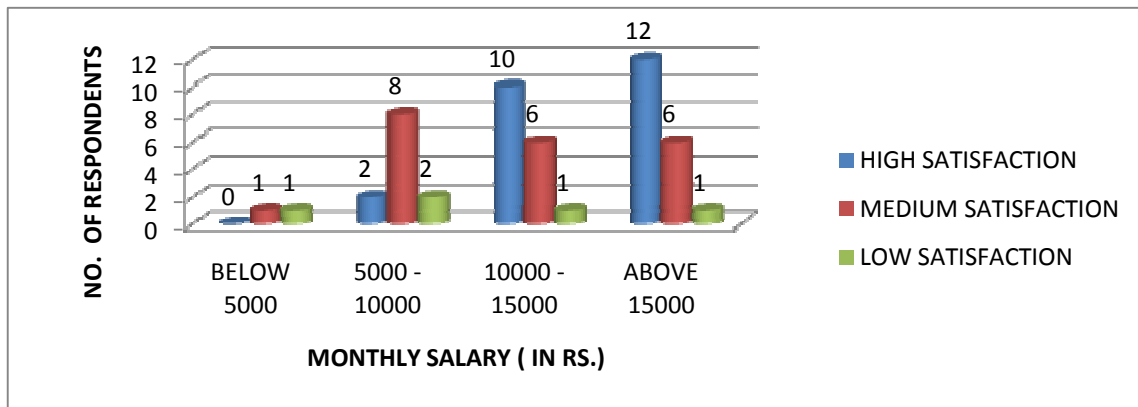


The above table reveals that the respondents from 1-3 years group (69%) have derived highest satisfaction. The percentage of medium satisfaction is highest in the category of above 3 years experience (72%) group.

TABLE 7: RELATIONSHIP BETWEEN MONTHLY SALARY AND LEVEL OF SATISFACTION

MONTHLY SALARY	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
BELOW 5000	0 (0%)	1 (50%)	1 (50%)	2
5000-10000	2 (17%)	8 (67%)	2 (16%)	12
10000-15000	10 (59%)	6 (35%)	1 (6%)	17
ABOVE 15000	12 (63%)	6 (32%)	1 (5%)	19
TOTAL	24	21	5	50

CHART 7: RELATIONSHIP BETWEEN MONTHLY SALARY AND LEVEL OF SATISFACTION

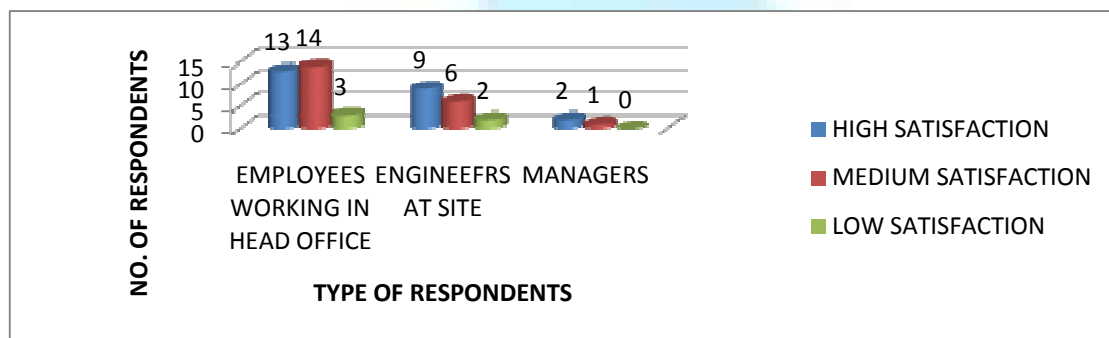


From the above table the percentage of highly satisfied respondents (63%) is more in the group above Rs.15, 000 and followed by the groups Rs.10, 000 – Rs.15, 000(59%). In medium satisfaction (67%) the highest percentage is in Rs.5, 000 – Rs.10, 000 group.

TABLE 8: RELATIONSHIP BETWEEN TYPE OF EMPLOYEE AND LEVEL OF SATISFACTION

MONTHLY SALARY	LEVEL OF SATISFACTION			TOTAL
	HIGH SATISFACTION	MEDIUM SATISFACTION	LOW SATISFACTION	
EMPLOYEES	13 (43%)	14 (47%)	3 (10%)	30
TECHNICAL ENGINEERS	9 (53%)	6 (35%)	2 (12%)	17
MANAGERS	2 (67%)	1 (33%)	0 (0%)	3
TOTAL	24	21	5	50

CHART 8: RELATIONSHIP BETWEEN TYPE OF RESPONDENTS AND LEVEL OF SATISFACTION



Majority percentages of managers (67%) are highly satisfied followed by engineers working at site (53%), majority of employees working at head office are medium satisfied followed by engineers and managers.

FINDINGS

- The two-way table shows that the high satisfaction is derived by the respondents who belong to above 40 age group.
- The table says that the high level of satisfaction is obtained by the male group.
- On the basis of educational qualification, the majority of the respondents are from graduate level group.
- Majority of respondents in this survey are working as employees and assistants (60%) in head office followed by engineers at site (34%) and managers (6%).
- Majority percentage of managers are highly satisfied (67%) followed by engineers at site (53%). Majority of employees working at head office have medium satisfaction (47%) followed by engineers (35%).

CONCLUSION

Although the job satisfaction level of HCL employees was at a high mark. But at the same time they came out with their view point of the areas of the improvement to be made. The most important thing managers can do to raise employee satisfaction is focus on the intrinsic parts of the job, such as making the work challenging and interesting and clear description of work employees have to perform. Although paying the employees poorly will likely not attract high quality employees to the organization, or keep high performers, managers should realize that high pay alone is unlikely to create a satisfying work environment. Creating a satisfied workforce is hardly a guarantee of successful organizational performance, but evidence strongly suggests that whatever managers can do to improve employee attitudes will like result in heightened organizational effectiveness.

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