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CONTENTS

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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ii

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iii

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iv

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v

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NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

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ACKNOWLEDGMENTS

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APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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vi

HR 2.0: A SOCIAL MEDIA BASED FRAMEWORK FOR EMPLOYEE ENGAGEMENT

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ABSTRACT

This paper intends to explore the different uses of Web 2.0 social media applications in human resource management and specifically in employee engagement. The objective is to present a conceptual framework that delineates variety of meanings the engagement construct comprehends and the research works that support those meanings. The paper highlights and organizes the variety of literature relevant to employee engagement in connection to Web 2.0 as a facilitating medium for the same. This paper establishes a conceptual framework that identifies opportunities for future research in the domain of social media and employee engagement. The proposed framework, thus suggests that the basic advantage of leveraging social media for employee engagement, from an organizational perspective, would be to promote and facilitate a culture of knowledge management for a sustainable competitive advantage.

KEYWORDS
Employee engagement, HR 2.0, Social media, Web 2.0.

INTRODUCTION

This paper progresses by discussing the concept of Web 1.0, Web 2.0 and its significance in context of employee engagement and as a social collaboration tool. The advent of Internet or Web 1.0 reshaped the organizational strategies and introduced new terms and their applications in several functions of the organization. The Internet has overwhelmingly changed the human experience. The Internet was primarily used to find information, buy and sell products, watch television shows, seek mates, search for entertainment, and participate in political and religious spheres (Gil de Zúñiga, Puig, & Rojas, 2009; Gil de Zúñiga, Veenstra, Vraga, & Shah, 2010). Internet was quickly realized as a technological enabler for different functions and divisions of an organization and was having a strong influence on organization value chain and its primary and secondary value creating activities (Yang & Messon, 1998). The human resource department leveraged Internet for recruitment, selection and training and as a Web based interface to interact with current and potential employees (Florkowski & Olivas-Lujan, 2006). The Internet was used as content delivery system and the role of Internet was limited to E-mail and voice/video-mail for engagement and interaction at work.

In 2004, Tim O'Reilly defined Web 2.0 as second generation of Internet-based services that facilitate interactive information sharing, social networking, collaboration and end user participation (O' Reilly, 2005). As Web 2.0 has become a popular communication channel, organizations are redefining their strategies to leverage Web 2.0 popularity. Web 2.0 represents a radical shift in how individuals communicate, collaborate and share information with others (Martin et al., 2009). While many of these technologies have been used for public communication, content sharing and social interactions (e.g., Wikipedia, YouTube, Facebook, Flickr etc.), organizations are just beginning to explore their use in day-to-day operations. Due to relatively recent introduction and public popularity, Web 2.0 has led to a resurgent focus on how organizations can once again leverage modern technology within the organization for virtual and mass collaboration. Table 1 provides a description of some of the most well-known Web 2.0 tools. Web 2.0 refers generally to web tools that, rather than serve as a forum for authorities to impart information to a passive, receptive audience, actually invite site visitors to comment, collaborate, and edit information, creating a more distributed form of authority in which the boundaries between site creator and visitor are blurred.

Tools which are generally acknowledged to belong to Web 2.0 are: Blogs, Wikis, podcasting, Social networking or peer-to-peer networking, Really Simple Syndication (RSS feeds) and other mash-ups or aggregations of content from multiple sources, file sharing, message boards and chat rooms, instant messenger and other web services for online coordination. What these tools have all in common is that they are community driven and gaining influence rapidly.

TABLE 1: WEB 2.0 TOOLS

Tool	Description
Blogs – diaries or personal journals and filters	Diaries: "web pages that contain newsgroup-like articles in a chronological order with the newest article first" and "owners write down information important to them on a regular basis" (Kolbitsch and Maurer, 2006) Filters: "collections of links to external web-sites that are supplemented with abstracts or brief comments on the contents of the corresponding page (Kolbitsch and Maurer, 2006)
Wikis	"… self-organising web-sites, where anyone on the Internet can edit existing pages and add new documents any time they wish" (Kolbitsch and Maurer, 2006)
Podcasts	"audio content that can be listened to on demand" …"system that provides content resembling radio programmes" (Kolbitsch and Maurer, 2006)
File sharing tools	Web based systems where files can be shared with other users with the opportunity to organize the information (Kolbitsch and Maurer, 2006).
Social networks	Community of like-minded individuals. (Koblitsch and Maurer, 2006). Based on the "six degrees of separation" and a "genuine" social network of about 150 people (Kolbitsch and Maurer, 2006) "making new connections, the underlying assumption is that having a mutual acquaintance or being connected via a chain of acquaintances provides context for connecting" (Bonhard et al., 2007)
RSS feeds	"Really Simple Syndication or Rich Site Summary (RSS) is a lightweight XML format designed for sharing headlines and other web content. It provides a simple way to quickly view rapidly changing content such as news headlines, blog entries or podcast" (Martin et al., 2009)

Organizations are exploring that Web 2.0 social engagement tools can facilitate external and internal interactions (e.g., with customers, within workgroups, prospective hires etc.). The perceived differences of Web 2.0 technologies in term of ease of use and accessibility from traditional organizational communication and collaboration technologies and platforms are the driving force for integrating Web 2.0 into existing organizational infrastructures (Millen et. al, 2008).

Some researcher associate the term Web 2.0 mainly with online user participatory applications and the term Social Media with the social interaction aspects of Web 2.0 applications like participation, openness, conversation, community, connectedness (Spanner, 2007).

The interactive capabilities of Web 2.0 applications can be used to attract, create, build and strengthen relationships with stakeholders, internally with employees and externally with customers, partners, investors or prospective employees and customers (Caron, 2009). Web 1.0 sites enabled only one-way

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1

passive communication rather than the multi-directional communication necessary to build meaningful relationships. The Marketing department of several organizations became early adopters of web 2.0 and recognized the huge potential for attracting prospects and deepening relationships with customers by reaching a mass audience, targeting niche markets, personalizing messages and creating great customer experiences in a cost-effective way. The term Marketing 2.0 describes the whole marketing processes redefined by used of Web 2.0. As the popularity of Web 2.0 based social interaction application is increasing exponentially, the literature proposes that Human Resource (HR) departments can also leverage social networks to attract and engage potential job candidates, strengthen relationships with employees and encourage alumnus to keep in touch (McKinsey, 2007). The Web 2.0 tools are proposed to be used internally to foster collaboration, interact with senior management, as well as to develop and retain talent. The literature suggest HR 2.0 as a new term for the collective human resource management processes enabled and facilitated by Web 2.0 based applications (McAdams, 2008).

The idea of employee engagement is relatively a novel one. It is defined as a heightened emotional connection that an employee feels for his or her organization that influences him or her to exert greater discretionary effort to his or her work (Soldati, 2007).

Gallup, Inc. (2010) defines employee engagement as an individual's involvement and satisfaction with as well as enthusiasm for work.

Engagement, in literature has been referred to in various ways, as a psychological state (e.g., involvement, commitment, attachment, mood), as a performance construct (e.g., effort, prosocial behavior and organizational citizenship behavior [OCB]), as disposition (e.g., positive affect), or some combination of the above (Macey and Schneider, 2008).

Employee engagement has a conclusive and compelling relationship between engagement and profitability through higher productivity, sales, customer satisfaction, and employee retention (Hewitt Associates LLC, 2005, p. 1). Thus it clearly portrays that employee engagement drives the bottom-line results. Researchers view engagement as a concept that has evolved from prior research on work attitudes, which further implies that this newer concept adds interpretive value that extends beyond the boundaries of those traditions (Macey and Schneider, 2008).

FIGURE 1: IMPACT OF WEB 2.0 ON ENGAGEMENT AT THREE LEVELS
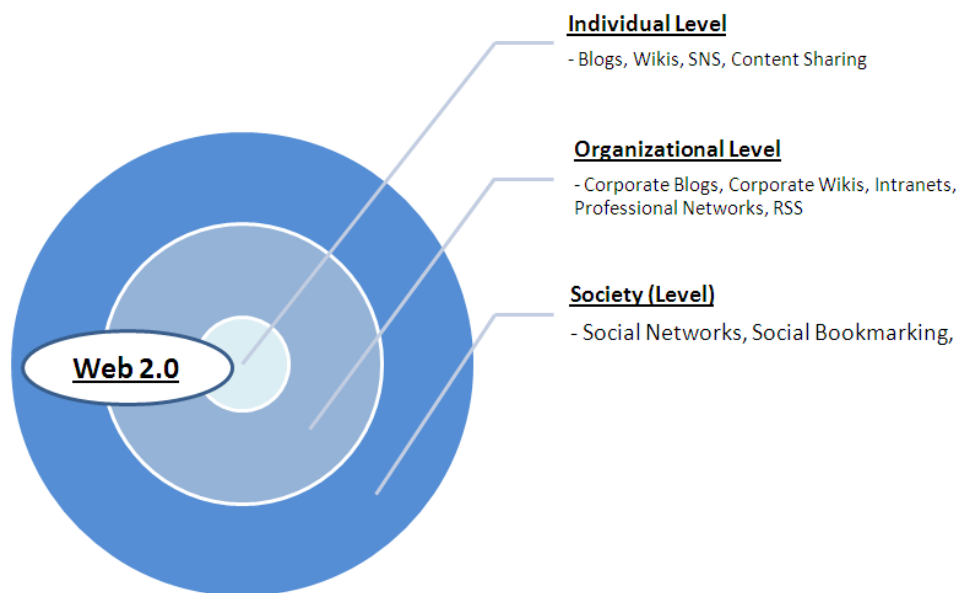
PURPOSE

The purpose of this paper is to explore the different uses of Web 2.0 social media applications in human resource management and specifically in employee engagement. The objective is to present a conceptual framework that delineates the variety of meanings the engagement construct comprehends and the research works that support those meanings. We believe that this paper contributes by providing a working model for the research literature on the topic. Furthermore, as we highlight and organize the variety of literatures relevant to engagement, we establish a research framework that identifies opportunities for future research in the domain of social media and employee engagement.

DESIGN & METHODOLOGY

Social media allows employees to communicate, share knowledge about similar interests, discuss favourite topics, review and rate ideas and implementations, etc. Even though social media use as employee engagement is still in its infancy, it holds a potential success for human resource management division if it is carefully used and planned. The paper begins with a literature review to understand the Web 2.0 as a new phenomenon and discuss the impact of Web 2.0 social media on the employee engagement. Finally, the potential after-effects of leveraging Web 2.0 based social media in the whore human resource management processes are discussed.

The proposed HR 2.0 Framework (Figure 2) shows the different processes of the human resource management that can be facilitated by using the Web 2.0 tools and how organizations can leverage the same for knowledge management.

RECRUITMENT

The Recruitment is the process of searching the candidate for employment and stimulating them to apply for jobs in the organisation. Since the early authors (Bartram, 2000; Capelli, 2001) have published their work on the use of Internet in the recruitment and selection process, research in this area has grown. However, the research focuses mainly on the use of Web 1.0 rather than Web 2.0, while trends in e-recruitment may be influenced substantially by the second generation of Internet-based communities and services known as Web 2.0.

Overview of available literature suggests that the use of Web 2.0 can be especially beneficial in reaching passive job seekers, branding, relationship building and during the selection process (Martin et al., 2009). Web 2.0 based tools and techniques like corporate Intranets, Blogs and Professional Networks can be used to create a talent pool of candidates to enable the selection of best candidates for the organisation, by attracting more and more employees to apply in the organisation. This is comparable to most of earlier findings on the use of Internet in recruitment. It has suggested that Web 2.0 offer far more innovative, targeted and creative ways of reaching active and passive jobseekers and it has stated that the web has "the ability to reach passive as well as active customers, people who may not have been aware of a job, or even looking for a move" (Furness, 2008). Fricko (2007) indicates that social online networks, such as LinkedIn, are increasingly used to recruit candidates in a cost-efficient manner.

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2

FIGURE 2: THE PROPOSED HR 2.0 FRAMEWORK BASED ON SOCIAL MEDIA

Recruitment
Advertising for the job opportunities on corporate blogs, intranet and other social networking sites.

Selection
Screening of applications based on online user profiles.
Personal background checks based on social networks.

Socialization
Online social communities, Professional Networks.

Engagement
Blogging, Micro- Blogging (e.g., Twitter), Instant Messaging, Social Networking (e.g., Orkut, Facebook).

Knowledge Management
Corporate Wikis, Professional Collaborative workgroups.

SELECTION

Selection involves the series of steps by which the candidates are screened for choosing the most suitable persons for vacant posts. The basic purpose of selection process is to choose the right candidate to fill the various positions in the organisation. The Web 2.0 tools are now being used as reference checks by human resource (HR) personnel. Potential employers begin to search through them for information concerning job applicants. Searches on social networking websites allow employers to look into what is done "after hours," socially or privately, by the applicant. A résumé may be just a snapshot of a job applicant, while other personal information may be found online (Rodriquez, 2006).

Schramm (2007) indicates that Web 2.0 supports "the development of integrated technologies capable of culling multiple data sources and coming up with detailed supporting information on job candidates- information such as that posted on social networking sites or blogs and possibly not appearing on resumes and not requested on standard application".

Many companies that recruit on college campuses look up applicants on MySpace, Facebook, LinkedIn, and other sites. What they find on these sites presents a dilemma for the recruiters. Students and job applicants post comments that they may think are private but can be read by many. These posts can be provocative comments on any subject from drinking to recreational drugs to sexual exploits. Recruiters are warning universities' career resource centres that they are looking at social networking websites and that it would be best to work with students about how they are presenting themselves on these sites. The lifestyle the students are presenting online may not be what corporate recruiters or graduate school admission officers want in potential applicants (Finder, 2006).

Companies that have included searches on social networking websites such as LinkedIn as part of their job searches include Microsoft, Starbucks, Goldman Sachs, and Deloitte. LinkedIn has been particularly helpful for some of these companies in finding out additional information about job applicants (Roberts and Roach, 2009).

SOCIALIZATION

Socialization is defined as the process by which an individual acquires the social knowledge and skills necessary to assume an organizational role. Organizational socialization is the process through which organizational culture is perpetuated; by which newcomers learn the appropriate roles and behaviours to become effective and participating members (Louis, 1990).

Web 2.0 based social communities websites have mechanisms that create and connect relationships between individuals to work collectively for common organizational goals. Critical among these mechanisms are those that result in sharing information and make the cognitive map of individuals, as employees, accessible for the greater value; thus creating collective knowledge. Organizations learn and create knowledge through dynamic interactions happens during socialization between employees (Nonaka and Takeuchi, 1995).

Web 2.0 tools that are categorized under communicative, collaborative publishing, generative and interactive, support socialization processes separately and in grouping (Boateng, Mbarika, & Thomas, 2010). They enable sharing and capturing of individual knowledge and create a space for interaction between the seekers and the keepers of knowledge. The Web 2.0 tools like Podcasting, Wikis, Blogs and Mashups can be used in the training of the new employees.

ENGAGEMENT

Employee Engagement is defined as "a heightened emotional connection that an employee feels for his or her organization, that influences him or her to exert greater discretionary effort to his or her work" (Soldati, 2007). Employees feel engaged when they find personal meaning and motivation in their work, receive positive interpersonal support, and operate in an efficient work environment (Kaye and Jordan-Evans, 2003).

Employee engagement has emerged as a critical driver of business success in today's competitive marketplace. Further, employee engagement can be a deciding factor in organizational success. Not only does engagement have the potential to significantly affect employee retention, productivity and loyalty, it is also a key link to customer satisfaction, company reputation and overall stakeholder value. Thus, to gain a competitive edge, organizations are turning to HR to set the agenda for employee engagement and commitment (Lockwood, 2007).

Clear, consistent and honest communication is an important management tool for employee engagement. Human resource departments should promote thoughtful communication strategies that encourage employee engagement by keeping the workforce energized, focused and productive. Such strategies are critical to long-term organizational success. In addition, strategic and continuous communication lends credibility to the organization's leadership. On the other hand, lack of communication or poorly communicated information can lead to distrust, dissatisfaction, scepticism, cynicism and unwanted turnover (Kress, 2005).

Web 2.0 social media messages spread rapidly and feedback is nearly as fast, affective and altering personal perceptions. Blogs and tools like Twitter offer personal opinions and can help leadership deliver messages to employees and obtain instant feedback. Instant messaging, text messaging and social networks can spread news and perceptions quickly through an electronic grapevine that can help internal communicators. The Web 2.0 communicative tools like social networking, blogs, audio blogs, video blogs, instant messaging tools, podcasts and web-conferencing to share ideas, information, and creations.

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3

KNOWLEDGE MANAGEMENT

The adoption of Web 2.0 tools in businesses is driven by their capacity to capture the way in which employees search and collect relevant information in their work contexts, and to make interaction patterns within organisations visible. Web 2.0-based enterprise platforms support dynamic knowledge exchange and the emergence of a corporate information structure, which represents the genuine interests and competence domains of employees.

Individuals exchange and combine their explicit knowledge through exchange platforms like social interaction processes and information storage mechanisms. Innovative tools of Web 2.0 facilitate integration of different bodies of explicit knowledge into one large accessible system; topping the list are Wikis, Blogs and Mashups. These applications allow better contextualization, organization and accessibility of knowledge.

Shimazo and Koike (2007) discuss the influence of Web 2.0 impact on KM and argue that the concept of collective intelligence has the biggest impact. Collective intelligence is defined as the set of all digital information stored in a company including blog data or information in social networks or wikis. Knowledge Management 2.0 is defined as "a model that places collective intelligence at its core and promotes its use by accelerating the distribution of information."

The goal to retrieve web pages for knowledge search is being replaced by the desire to discover communities of knowledge and acquire collective intelligence. This change of knowledge management from technology-centric to people-centric approach resulted in a new knowledge management approach called Knowledge Management-2.0 (KM -2.0) (Zettsu and Kiyoki, 2006).

McKinsey (2007) found that executives of companies use Web 2.0 tools to communicate with customers, partners and to collaborate inside their company. The new forecasted trends in KM has argued that with the transformation to Web 2.0 enterprises, social networks, blogs and wikis have become more and more important for knowledge management (McAffee, 2006).

DISCUSSION

This paper discuss that how Web 2.0 based social engagement tools can be used to support human resource management processes like recruitment, selection, training or socialization, engagement and knowledge management. These tools are cost effective and are a suitable candidate to become more prevalent in the employer communication toolkit (AON Consulting, 2009). Primarily, the paper focuses on how web and internet based level two services (Web 2.0) can be used efficiently in human resource process of socialization and employee engagement in an organization. Furthermore, "HR 2.0 Framework" is proposed in this paper (Figure 2), which shows that how the processes of recruitment, selection and training facilitate employee engagement in an organization, thus facilitating knowledge management in an organization. Though the concept of knowledge management has not been intensively talked of in this paper, but the framework suggests that the basic advantage of leveraging social media for employee engagement, from an organizational perspective, would be to promote and facilitate a culture of collaboration and knowledge management to maintain and create newer growth platforms in the competitive market.

ORIGINALITY VALUE

This paper links a discussion of Web 2.0 based social media applications to human resource management and the process of employee engagement. Particular attention is paid to employee work place interactions policies and organisational structures which pre-determine the successful application of Web 2.0 technologies for human resource management.

LIMITATIONS & FURTHER SCOPE

The successful implementation of Web 2.0 based applications like corporate blogs, Wiki's and social networks need careful planning and several information security concerns are also involved with this. Further, once the applications are deployed, the motivation of employees to use these applications is also play a vital part for successful HR 2.0 process. Moreover, the use of Web 2.0 media is most effective if trust and credibility have been built with and among employees. Research results portray that social media is something that is used for consumers, and rarely for internal communications in an organizations. It is suggested that social media could be well leveraged as a tool for employee and organizational development.

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CHALLENGES FACED BY ACCOUNTING ACADEMICS

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ABSTRACT

The aim of this Article is to identify and discuss the challenges faced by accounting academics. It examines the number of key challenges such as survival in the future, shortage of Accounting Academics, ageing, pressure of accreditation, balance between teaching and research, Financial pressure, pressure in society, leading Accounting Profession, role of Higher education, technology and Globalisation and complexity in Accounting facing by the accounting academics.

KEYWORDS
Accounting, Academics, Challenges.

INTRODUCTION

Due to the influence of complex social, economic, technological, and demographic developments, the higher education setting is currently undergoing many changes (Honan & Teferra, 2001; Woods, 1965). These changes significantly impact the accounting education compared to other business disciplines. Consequently, accounting academic profession has been under considerable pressure. Previous studies have extensively discussed the reasons behind a downward trend of accounting education (Albrecht, 2000; Irvine, 2010; Marge, 2008; Evans, 2010) Most of the reasons are not only linked with accounting education but also create direct pressure on accounting academics.

SURVIVE IN THE FUTURE

The major challenge for accounting academics is to find out how to survive in a commercialised higher education system. Higher education was a social/public good for most of the countries in past but it transferred to the thinking of knowledge as a private asset which generates profits for the institutions. Consequently, university education has becomes a marketable product. According to a discussion paper of Institute of Chartered Accountants of Australia , estimated that there were 1.65 million university students in 2001 studying outside their country of origin. At the same time governments tend to reduce their funding to higher education in order to manage tight budgets. This will lead universities and other higher education institutions to focus on self-generated funding instead of government funding.

In contrast, quality of higher education system has been declining with the time due to various reasons. At present, the higher education authorities' major target is to run more university program at lower prices to make high profits for the institutions. According to the universities view points, faculties who offer business programs including accounting program are the key players in revenue generating for universities (Institute of Chartered Accountants of Australia). So, regardless of quality, business programs try to enhance number of program at lower prices for their survival.

Though the universities introduce different programs on accounting, student enrolment is challenging. Enrolments for the accounting stream has been decreasing over the period of time and attract future students become crucial factor today. (Albrecht & Sack, 2000) Some of the best students select other business courses while rejecting accounting education. Albrecht and Sack in 2000, have suggested that lower starting salaries, more attractive careers than accounting careers, student's willingness to choose risky areas, lack of information & considerable misinformation on accounting and high opportunity cost of studying accounting subjects are the reasons behind decreasing trend of student enrolment in accounting. But, these findings confused the findings of William et al., 2003. According to the William et al., 2003, students consider only prestige of the profession and the high long term salary when they choosing their subjects. Only the profession of Chartered Accountants can earn both high long term salary and the prestige. But it has found that students not choosing accounting due to negative perception. According to them, accounting subjects are boring and uninteresting.

SHORTAGE OF ACCOUNTING ACADEMICS

Accounting has been identified as one of a few disciplines under "most pressure" from the current academic shortage (Healy, 2008c: cited at Irvine, 2010). According to the prediction in 2003 by Association to Advance Collegiate Schools of Business, there was a shortage of 1100 accounting professors by 2007 and this would be over 2400 by 2012. Recruitment of academics to Accounting also recorded as 21.7% in 2010 and it is not a remarkable increase over 2000 (15.7%). This not only will indicate that there is a shortage in accounting academics, but also a real threat to entire higher education system in a country. Because, academics accomplish certain activities (curriculum development, paper settings, paper marking, supervision, administrative work, counselling etc.) and are significantly important to a healthy education system. 'Shortage of accounting academics' tend limit the time of an academic to a lecture halls. This will affect to other works done by academics including researches. It is an obstacle to a development of knowledge on accounting. The situation is growing worse because of severe shortage in accounting PhDs to teach next generation. A 2005 study by the American Accounting Association (AAA) and the Accounting Program Leadership Group (APLG) projected that supply of graduating PhDs will meet only 50% of the demand from 2005 to 2008 (Marge & David, 2008). Further, there is a common assumption such as high-quality education programs must be taught by PhD qualified academics. Association to Advance Collegiate Schools of Business's (AACSB) standards regarding 'quality' faculty require majority of those teaching in an accounting program should be PhD qualified (Discussion paper Institute of Chartered Accountants of Australia, 2010).

AGEING

Ageing of accounting workforce provides a "fundamental challenge" to universities (Helen et al., 2010). Over half of accounting academics are 55 or older. (Irvine, Moerman, & Rudkin, 2010). Many Academics will approach retirement within the next decade and this aggravating the existing severe academic shortage. In a certain countries, starting point of the ageing is recruitment process. PhD is an entry level qualification to an academic staff and universities treated academics as a temporary staff until finish his PhD. It will take many years to complete the PhD degree and he will reach at least 40-45 of his age at the time he finish it. An issue of ageing academic workforce emerge other problems as well. Firstly, academic already reached to half of his age when he is entering and this result people unsatisfied. Hickson and Oshasbeni (1999) have suggested that ageing negatively affect to teaching satisfaction of an academic.

Secondly, it had increased the necessity of hiring and retaining people who have higher degrees in accounting. If not, it will influence to the quality of future accounting education and will widening the shortage of accounting academics. Even though universities able to hire young academics, it is difficult to give 30/ 40 years experience to them. It will take considerable time to train them and replace senior accounting academics. (Healy, 2008c: cited by (Irvine et al., 2010). Therefore, the challenge of training, supervision and producing a junior accounting academic is on the shoulder of senior accounting academics.

PRESSURE OF ACCREDITATIONS

Higher education programs are being examined by outside authorities around the world. Recently, professional accreditations and quality assurance had become important for University education. Universities compete to gain professional accreditations like AACSB which stand for the Association to Advance

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6

Collegiate Schools of Business. It advances quality management education worldwide through accreditation. Quality assurance in university sector ensures two important aspects relation to higher education. First, it confirms that academic processes are in line with the international standards. Second, it checks whether the set goals are being achieved and finally enhance the overall quality.

Accreditations, quality assurance, performance based pay systems, inspections/site visits etc. are certain strategies to control the work of academics. (Honan & Teferra, 2001). This will imply that academics should be more efficient and productive than in the past. All these examination by outside authorities create high pressure on academics in higher education institutions including accounting academics. (Irvine, 2010). They have to work towards the satisfaction of criteria mentioned by the accreditation authorities while doing other normal duties. AACSB need universities/program to complete stated requirement to grant the accreditation. One requirement is delivery of lectures by PhD qualified academics. It is an additional burden for existing academic staff to gain PhD qualification as soon as possible. According to the Henninger, 1998, the requirement of PhD is creating *'up (to the [PhD] degree) or out'* culture in accounting departments. All these examination by outside authorities has been significantly increasing the workload of academic staff.

BALANCE BETWEEN TEACHING AND RESEARCH

To have a satisfied and successful career, academic should be both passionate teacher and the dedicated researcher. Balancing these two is not simple. Academics tend to divert from teaching to research due to newly introduced research grants, performance based pay systems etc. New Zealand Tertiary Education Advisory Commission in 2001 introduced the Performance Based Research Fund (PBRF) to ensure that excellent research in the tertiary education sector is encouraged and rewarded (Tertiary Education Advisory Commission -Quality Evaluation Guidelines 2012) . PBRF is totally depending on the evidence of peer- reviewed publications while ignoring most important learning related activities. Universities also give weight on researches than the teaching when promoting the staff. There are marking schemes and marks were allocated to the criteria which are teaching skills, research skills, social works etc. More weight is owned by research activities and teaching becomes a second place. This gives a negative picture to junior staff as teaching is not so important. There is a significant imbalance between teaching and researching specially in the case of senior academics. Some of them entirely deviate from teaching by handing over all lectures to junior staff. Specially in accounting, senior academics try to avoid from teaching due to the reason of not updating their knowledge. Accounting is ever changing subject than the other business disciplines. Introduction of new standards, alteration of accounting standards and changes of accounting and tax policies are not new to accounting field and academics should well aware of it.

As a result, the balance between teaching and researching are now in threat. More research with less teaching creates huge problems in the higher education. Future of the world is depending on the current students and the academics are responsible for prepare them to achieve it. Public criticism for these practices were well documented in the literature (Honan & Teferra, 2001). Therefore, understanding of sharper edges of teaching and research are necessary.

FINANCIAL PRESSURE

Currently, low salary is recorded as the burning problem of academics in universities around the world. Growth rate of salary is also not up to the satisfactory level. Doctor rate Salary of an academic is raised only by 8.4% in 2010. Doctor rate salary of other disciplines such as Quantitative methods/operations, Marketing, Management and Management Information System gone up by 21.7%, 9.3%, 16.4% and 28% respectively. But, salary of accounting doctorate increased by only 6.4% and is lower than other disciplines. (The Association to Advance Collegiate Schools of Business, 2011). These two reasons; low salary and the less growth rate increase the financial pressure of academics. According to the previous studies, high social status was not only limited to some special professionals such as professionals in business management, accounting, finance, law, medicines but also to academics (Smolentseva, 2003). They enjoyed high prestige, acceptable standard of living and a stable career. But the same level of social status is not clearly apparent today and the salary which received to academics is adequate only for the middleclass lifestyle. In certain cases the salary they have been receiving is not enough even to meet their family responsibilities. The only option that rest with academics is earn additional income by doing profitable projects, consultations, part time jobs etc. This situation is critical to accounting academics since accounting professionals have been benefitting previous prestige and high class social status. This implies that if not adequetly remunerated to the accounting academics, it will results occupational stress among accounting academics, role conflicts, loss of attractiveness of the profession. (Winefield and Jarrett, 2001: cited by(Njokua, Heijdenb, & Inangac, 2008).

PRESSURE IN SOCIETY

Due to the inefficiencies of accounting profession, more complications had elevated in the past decades. Accounting profession lost their public trust and at the same time authorities had imposed regulation on accounting profession. The problem is who is going to be responsible for these inefficiencies. Even though the society criticise the accounting profession, researchers have pointed out that there is a specific risk on accounting educators. Jack and Wilkerson (2010) have expressed that educators generally bound by two social contracts. One is involved in higher education and the other is involved in various professions they serve. In general, educators engage in tertiary education system to fulfil above mention first task but accounting educators have to accomplish both. Because he is a member of the academy as well as an educator allied with the accounting profession (Jack & Wilkerson, 2010)So society has been expecting accounting academics to full fill dual responsibilities in order to well function of these two aspects. If he failed to achieve either one of a task, it will leads to a violation of social contract and finally it will lead to loss of public trust (Colby, A., and W. M. Sullivan. 2008 ; cited by (Jack & Wilkerson, 2010).

Further, it is common for all countries that accounting academics generally engage in consultations and projects which bring them substantial profits. It minimise financial difficulties of academics since they have not been being well paid by universities or authorities. This situation is critical in developing countries than the developed countries. China and India are the countries which have the largest and the third largest academic systems in the world. It is expected to expand the enrolment in developing countries than the developed countries. But, the conditions of the academic profession are not positive in developing countries. Specially remuneration is not adequate. (Altbach). Salary of average level of academic position of developing countries is less than the developed countries. Senior Academic of Canada, USA Japan and Malaysia earn monthly salary of US $ 6548, 5816, 4112 and 3107 respectively. But, India, China and Sri Lanka recorded only US $ 1547, 1182 and 722 respectively. ('International Comparison of Academic Studies' 2008 by Boston College Study). Therefore, most of academics tend to engage with alternative income sources. (International conference on Academic freedom and the Social Responsibility of Academics and Researchers in Africa, 2010). But society has been criticising accounting academics stating that they not involve to significant issues which relate to society as a whole. (Oliverio, 2003)

LEADING ACCOUNTING PROFESSION

A significant growth rate is apparent in private sectors with the changes of economic situation of countries. Accounting professionals play a vital role within new environment and therefore, society will expect accounting practitioners to perform in line with the emerging environment (International Education Guideline, 2001). But according to the International Education Guideline No.9, the gap between what accounting practitioners want and what accounting educators provide have widen. Further, it defines the goal of accounting education as *"producing competent professional accountants capable of making a positive contribution over their life time to the profession and society in which they work"*. Accordingly, the performances of accounting academics are not up to the expected level. The problem is why academics do not perform in an expected way. Lack of motivation, less autonomy, job insecurity, non competitiveness, time constraints, financial pressure, slow carrier advancement, lack of opportunity to decision making may be some possible reasons which may influence quality of academics work.

Only a few academics are in the area of accounting and previous studies have clearly highlighted that there is a severe shortage as well as high demand for accounting academics. Further, they are the people who contribute to produce accounting professional which is the most demanded carrier in the world. As a result, it is not unfair to expect respect from others, high salary, authority, become a role model, acceptance by society etc. But unfortunately, most of the

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societies not concern on these. Finally, all mentioned reasons formulate a negative mind set in accounting academics. Therefore, it is vital to take necessary actions to overcome this situation without continuing further.

ROLE OF HIGHER EDUCATION

Accounting academics are the heart of accounting higher education. They have to accomplish number of responsibilities for better existence of higher education sector. The role of accounting academics start from before the enrolment of student and it is ending with producing high quality accounting profession. Gather new knowledge by reading and researching, disseminating knowledge, revising curriculum according to the new requirements are some activities which have been expecting from academics as general. These are common for accounting academics as well. But, in certain cases they have to go beyond the stated line. Because, most of the accounting students' aspiration is to practice learned theorise in the future. Educators, have to equip them with combination of theoretical knowledge, technical knowledge and practical knowledge. But there is a strong argument against accounting academics in the society. Oliverio (2003, pp 456) have expressed that *"Accounting academics expect students to gain a thorough understanding of theoretical, technical, and practical knowledge and then understand concepts and cope with the expansion of knowledge in the field that they will need to master as they participate in the profession. Accounting academics only provide the courses they teach and supervision to them."* This situation highlights the inadequacy learning for the university education. Further, Accounting academics will be expected to educate on ethical standards expect from practitioners and to develop basic skills of accounting such as effective written and oral communications. But, there are number of complaints against practitioners due to ineffective communication skills. Some have argued that they are not accountants and just apply on what the educators told them. (Oliverio, 2003)

TECHNOLOGY AND GLOBALISATION

Certainly, application of technology simplifies work load and reduces it up to the controllable level. (Honan & Teferra, 2001)Advancement of technology makes prompt changes in all sectors and it is common for the higher education as well. Unlike the past, traditional higher education system is being challenged by online universities, private universities which armed with new technologies. Therefore, it is necessary to face the challenge of integrating learning with new technologies. And thereby improve relevance of accounting education in order to compete with other business disciplines.

In addition, it is hard to disregard the Influence of globalisation. It makes significant changes to each and every aspect of the country including education. Therefore, it is important to adhere to positive changes which are formed by globalisation. Accounting is defined as a language and as a result of globalisation, now accounting has become a global language. Therefore, accounting education should go in line with the international education. In general terms, curriculum on accounting should set according to the international standards. Curriculum development and revising is a major task of academics and therefore have to assign high weight to it. It is not simple to know each and every thing unless link with technology and gain advantages of new changes. Therefore, it is a challenge for accounting academics to acquire technical accounting knowledge, incorporate learning experiences to allow our students to develop practice skills, provide services that meet the needs of the new world of e-commerce, knowledge management, and increased global trade etc. (Colby and Sullivan. 2008; cited by Jack 2010, Country presentation-East Asia Accounting Roundtable in 2000, Discussion paper Institute of Chartered Accountants of Australia, 2010). President of the American Accounting Association, Williams, Jan R in his report of 'Challenges facing accounting education' in 2000, have stated 8 challenges faced by accounting academics and out of it 7 challenges named Resource challenged, Globalising curriculum, integrating technology throughout the curriculum and developing students' skills, Delivering technical subject matters, Integration challenge, Relevance and finally Competition challenge are directly related to technology.

COMPLEXITY IN ACCOUNTING

The changes in accounting area such as removal of accounting standards, emerging of new standards with different applications, requirement of professional judgements in different instances etc. seem to increase. Complexity of accounting has been growing day by day. These changes do not allow staying with the existing knowledge and understanding and updating knowledge becomes a compulsory requirement. This became a crucial factor to accounting academics due to the reasons of lack of opportunities for training and development, lack of opportunities to participate training sessions or workshops organised by private sector due to financial difficulties, insufficient time to alert on developments in accounting etc. Further, complexity in accounting creates an issue for each and every challenge faced by accounting academics.

According to the Accounting Policy and Practice Report in 2007, there is a gap in education and training that may be broader and get deeper than the level we understood. This has implied that there is a huge problem either in accounting educators side or practitioners' side.

Generally, in order to become a practitioner has to complete particular education. Therefore it is accounting educators' responsibility to cope with theses complexities in a proper way.

CONCLUSION

This article attempts to identify and discuss the challenges faced by Accounting Academics in general. Study mainly focused on academics in accounting area in tertiary education system. Challenges faced by accounting academics are varied and these can results negative mind set and finally create high pressure on them. Even though the accounting Academics are highly qualified personal, pressure will put them down and it affects their career advancement.

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9

THE EFFECT OF EXECUTIVE BOARD AND OWNERSHIP CONTROL ON QUALITY OF ACCOUNTING EARNINGS

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ABSTRACT

The study takes on the effect of executive board and ownership control of companies on quality of accounting earnings reported by companies listed in the Tehran Stock Exchange. The experimental data, which have been collected using information of 10 companies during 2005 to 2010, results of T-test and regression test. The adjusted Jones model has been used to analyze the quality of earnings via measuring discretionary accrual accounting. Our findings suggest that the quality of the reported earnings is more important for companies with higher ownership concentration rank in contrast with companies with lower ownership concentration; moreover, the executive board members who constitute 63% of directors of companies and intend to keep and continue their cooperation with their companies put more emphases on the quantity of reported earnings while they underestimate the quality of such earnings. This fact is approved by the inverse meaningful relationship between two above-mentioned variables. Furthermore, more general control and stewardship as well as more political pressures imposed on large-size corporations entail issuance of high quality earnings reports by companies while given the emphasis put on achieving the budgeted earnings and paying them timely to the government account pave the way for earnings to be manipulated more; hence, the quality of the reported earnings is ignored. Their negative meaningful relationship approves this fact.

KEYWORDS
Accounting earnings quality, Executive board, ownership control.

INTRODUCTION
By virtue of the conceptual framework of both international and Iranian accounting standards, earning quality is considered as a vital element to allocate efficient resources to capital markets. Reporting earnings that fail to reflect correct economic performance leads to loss of investors, staff, other companies and finally the economy as a whole (Watts and Zimmerman, 1990). Analysis of facts on accounting scandals and bankruptcies of great companies such as Enron, Worldcom, Xerox and Parmalat in USA and *One-Tel* Company in Australia all have shown that the main cause of such occurrences is arisen from income manipulations and reporting false earnings and artificial incomes. Relying on fraudulent procedures such as designing and conducting fraudulent transactions, managers of such companies have decreased the quality of earnings to the lowest possible rate in order to manage the earnings, therefore, many stockholders have lost their confidence to these companies. Corporate governance rules became the most important tool to get back the lost confidence, thus, it can be expected that quality of earnings and corporate governance are intertwined with each other. As the Iranian Corporate Governance Guideline (2006) specifies making sure about financial reporting process is one of the significant tasks of the corporate governance. A proper structure and eligible performance of board members and their monitoring role on quality of the financial reports may decrease dramatically such kind of violations.

PRIOR RESEARCH AND DEVELOPMENT HYPOTHESIS
(Ahmadpour 2009) have made it clear that discretionary accruals are not able to justify volatility of incomes and when there are massive incentives to manipulate earnings, both nonexecutive board and holding investors play a weak role in decreasing abnormalities of non-discretionary accruals. Yazdanian (2006) and Mashaiekh & Esmaili (2006) have come to the result that whenever ownership percentage of the holding investors in companies is more than 45%, the earnings management falls. Moreover, recent findings imply that there is not any relationship amongst nonexecutive managers of the board, lack of CEO/Chair duality i.e., the *CEO* also performing those functions as *Chairman/vice chairman* of the Board, internal auditors in the Iranian companies and earning management. Mashaiekh and Esmaili (2006) did not observe any meaningful relationship among the performance and presence of internal auditor and performance and presence of the non-executive board members; however, they found a positive meaningful relationship between holding investors and performance of companies listed in TSE. Ramsey et al (2005) and Anderssen et al (2008) have concluded that there is a linear relationship between ownership percentage of board members and quality of earnings and also there is a positive relationship between independent managers of the board and quality of earnings; moreover, given the total accruals there is not any relationship between size of board and quality of earnings. Flora and Niu (2006) have confirmed the positive relationship and effect of corporate governance on return of market (earning quality index) based on return-income model and the negative relationship between corporate governance and nondiscretionary accruals (earning quality index) based on the adjusted Jones model. Sanchez Ballesta and Shen et al (2007) and Wan (2009) have approved the nonlinear relationship between intra-organizational individuals' ownership and discretionary accruals and also between the intra-organizational ownership and explanatory power of earning for returns. The results emphasize the hypothesis that intra-organizational individuals' ownership strengthens informative aspect of the earnings and limits earnings management when the stocks held by the-above-mentioned people is

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10

trivial. Hsiang et al (2010) have dealt with the effect of monitoring role of the board to improve and enhance transparency of companies and they found that paying premiums to the independent managers improves the performance of companies. Milika et al in a study in Serbia have found that the major stockholders always play the main role to select managers and board members of Serbian firms and minor stockholders are not able to play a same role and firms suffer the lack of sufficient transparency prior to privatization; moreover, the privatization either makes firms transparent or decreases influence of policy makers. Yu (2010), Vinita et al (2007) have embarked on examining the relation between ownership structure and performance of company based on their life cycles. They have found that the ownership concentration during recession and growth periods affects the performance of corporations meaningfully and positively, but ownership control during recession and growth periods has a negative and positive relationship with the performance, respectively.

The main objective of this study is to analyze the effect of two corporate governance components on the reported accounting earnings quality. To do so, three following hypotheses have been employed:

1.   The more the executive board ratio is, the higher the reported accounting quality of earnings by the company will be;
2.   There is a meaningful relationship between ownership control and the reported accounting quality of earnings by companies.

METHODOLOGY
DEFINITION OF VARIABLES AND PROCEDURE TO MEASURE
INDEPENDENT VARIABLE
1. *Executive board ratio*: The board members who are responsible for conducting executive tasks and are obliged to act in the company full-time according to the Iranian Trade Law are treated as executive board members while other members are not bound to pass their whole time in the companies. Thus, to measure the executive board ratio, it is just sufficient to divide number of the executive board members, based on the annual reports of the company, by number of all members of the board which must be at least 5 people in Iran.

3. in order to measure ownership control variable in companies, ownership concentration degree has been measured. Major stockholders of companies are mainly banks, insurance corporations, investment corporations and semi-governmental legal entities. According to Iran's stock market law, there are certain formulae and standards on stock float which can be transacted by ordinary people and major stockholders avoid increasing the stock float quantity in order to maintain and control the company. In this study, Herfindahl-Hirschman Index (HHI) has been used to measure ownership concentration degree. The index is measured for 5 main and first stockholders of each company, so initially stock percent of each major stockholder was measured then they were squared and finally their squared results are added to each other. The final figure may be at most 10000, so, the more the index figure is closed to 10000, the most the ownership concentration will be in the company.

$$HHI = \sum \left(\left(\frac{Pi}{p}\right) * 100\right)^2)$$ (Equation 1)

Where, HHI is index and rank of ownership concentration of each company, p_i is total numbers of 5 main stockholders of each company and p is total stocks of the company.

DEPENDENT VARIABLE
Quality of earnings is considered as the independent variable. In this study, the adjusted Jones model has been used in which "earning quality" is treated as the relation and vicinity of the earning with net cash flow of operation. The less the earnings are manipulated and are closer to actual event of economic, the more the quality of the reported earnings will be.

$$DA_{it} = \frac{TA_{it}}{A_{it-1}} - NDA_{it}$$ (Equation 2)

Where, DA: earning management index with discretionary accruals of each company, TA: Total accruals of each company. A: total assets of each company in the beginning of the fiscal year and NDA: total non-discretionary accruals of each company (Royaie et al 2009).

CONTROL VARIABLE
Size of corporations has been measured using revenue logarithm and the financial leverage has been calculated through dividing total liabilities by total assets and type of ownership of companies includes arrangement of stockholders of the company in terms of governmental or private origins. According to the Iranian laws, if 50% or over stocks of a company belong directly or indirectly to the government, the company will classified as a public or governmental firm otherwise it is sorted as a private firm.

Out of a total of 408 listed companies in TSE, 50 investment and financial brokerage companies and 73 companies because of their inconsistent time period were elided. Then 102 companies randomly were selected among the remaining corporations.

RESEARCH MODEL

$$DA_{it} = a_0 + a_1 \% \, Exe \, Board + a_2 * Owner \, Contr + a_3 Gove + a_4 Size_{it} + a_5 Leve_{it} + \varepsilon$$ (Equation 3)

Where,
DA: discretionary accruals
%Exe Board: percent of executive board members
Owner Contr: rank of each company for number of management and control stocks
Gove: arrangement of stockholders in terms of public/private origins
Size: size of the corporation
Leve: financial leverage
ε: the assessable error which its mean and variance are supposed as zero and invariant.

DESCRIPTIVE STATISTICS

TABLE 1: SUMMARIZES RESULTS OF DESCRIPTIVE STATISTICS OF ALL VARIABLES

Variance	Average	Number of observation	Variable
0.192	0.762	510	Discretionary accrual item
0.0005	0.633	510	Executive board
0.147	7432	510	Ownership Concentration
0.392	5.87	510	Size
0.048	0.641	510	Leverage
0.141	0.493	510	Public-Owner

As it can be seen in the above table, the average earning management index is a large figure and it is almost similar in all companies given their relatively small variance, the average executive board members ratio is 63% which shows the major share of such members in boards, so, the nonexecutive board members ratio is 37%, hence the probability of the manipulated figures by managers would be canceled and the conflict interests of the executive manager and stockholders may be manifested in the earning figures report. Ownership concentration rank which indicates percent of the major stockholders of companies is

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11

a large figure, the largest figure is 10000 which completely belongs to an individual; in other words, the floating stocks available for general public and the dispersed stock are very trivial and the major stockholder has compelled the board to conduct his/her own guidelines and expects them to fulfill his/her policies; moreover all board members are selected by the major stockholder. Variance of size of corporations shows such difference among companies. Financial leverage of firms is a large figure too and about 64% of companies take advantage of liability and facilities which represent such companies are threatened by the failure to timely repay the liability risk, so managers of companies are under pressures imposed by major stockholders and creditors in two opposite sides for reporting earnings and liquidity. Almost half of Iranian companies are public firms and pursue the governmental policies on earnings and taxes such as paying the predicted earning in the national budget approved by the legal agencies.

TABLE 2: RESULTS OF THE STATISTICAL TEST OF RESEARCH HYPOTHESES AND CONTROL VARIABLES SIMULTANEOUSLY

$DA_{it} = a_o + a_1 \% \ Exe\ Board + a_2\ e\ Owner\ Contr + a_2 Gove + a_4 Size_{it} + a_5 Leve_{it} + \varepsilon$							Adjusted Jones model
Result	sign	T statistic	Standardized Coefficients	Un standardized Coefficients		Dependent: DA	
			Beta	Std. Error	B		
confirm	0.01	2.626	0.475-	0.666	o.194-	Executive board	Independent
confirm	0.04	2.049	0.383	0.002	1.335	Ownership concentration	
confirm	0.03	2.039	0.331	0.094	0.197	Size of corporation	Control
confirm	0.01	2.347	0.454	0.239	0.337	Leverage	
confirm	0.03	2.052	0.397-	0.11	0.093-	Type of Owner	

As the above table represents, the positive, direct and meaningful effect of all above variables on reported accounting quality of earnings has been approved but they are different in terms of effectivity intense. Companies whose executive board members are more than non-executive ones are exposed to more possibility of earning manipulation because they intend to keep and provide their own personal interests and/or holding and major stockholders. The executive managers have less independence in contrast to nonexecutives hence it is verified theoretically a well. The effect of high financial leverage ratio on the reported quality of earnings has been approved too which it means that both companies and their managers always worry about meeting creditors' interests, so they submit their reports so that financial providers do not cast any doubt over them. Furthermore, the relation and effect of the ownership concentration across companies on quality of earnings has been confirmed, i.e. the major stockholders are sensitive to the reported earnings by companies and mangers take such sensitivities into account as the effect of type of public ownership has been confirmed. Managers have to meet the governments' requests to provide the predicted earning in the national budget for the company, of course the larger companies enjoy higher sensitivity to the value of the reported earnings and their managers have to consider this issue.

DISCUSSION AND CONCLUSION

Theoretically, it is expected that the executive board members who serve the company full time and are obliged to be accountable for their performance have contradict interests with stockholders based on the agency theory and they are encountered with moral hazards with other interested parties in terms of performance. Analysis of the research hypotheses has approved the effect of the executive board members on the quality of earnings via measuring discretionary accruals index but their relation was negative and meaningful. It confirmed the effects of the agency theory on the relationship between managers and interested parties in the Iranian firms; moreover, in the second hypothesis either stockholders arrangement or lack of observing rights for minority imposed by majority was confirmed. In this hypothesis, the relationship between the major stockholders and the reported quality of earnings by companies as a meaningful and positive relationship has been verified; thus, the more the stockholders are dispersed, the less the earnings would be manipulated given the stockholders interests and the more the ownership concentration is higher in a firm, the more positive and meaningful the effect of their requests on quality of earnings will be. According to the agency theory, the effect of size of corporations on the reported quality of earnings has been confirmed; also, the managers of the larger firms are informed about sensitivity of this issue and take it into account. As the legislator has demanded, the effect caused by imposing the governmental policies on companies has compelled the managers of the public firms to focus on achieving the predicted earnings figures in the approved national budget, thus they are likely to manipulate both income and expense figures, the negative mark of two variables is consistent with the mentioned remarks. As a result, this study affirms the agency theory domination in the Iranian firms which has been posed and confirmed by Watts and Zimmerman (1990) Ramsey et al (2005), Anderssen et al (2008), Milika et al (2010).

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MALAYSIAN REAL ESTATE INVESTMENT TRUSTS (M-REITS) AND THE FINANCIAL CRISIS: A PERFORMANCE AND COMPARATIVE ANALYSIS

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ABSTRACT

This study examines the performance of Malaysian real estate investment trusts (M-REITs) during year 2001 to 2010. The observation years were segregated into three categories which are pre-crisis, crisis and post-crisis period to investigate the effects of the 2008 U.S. subprime mortgage crisis on the performance of M-REITs. The M-REITs stock prices were benchmarked against the FTSE Bursa Malaysia (FBM) equity indices. Besides that, this study also compares the level of returns, degree of risks and correlations of M-REITs with regional peers, namely, the Hong Kong, Singapore and Taiwan REIT market. The results indicate that M-REITs underperformed the broader market for both pre-crisis (2001-2007) and post-crisis (2009-2010) periods. However, M-REITs displayed superior performance relative to the broader market during the financial crisis period. This study also concludes that M-REITs possess lower degree of overall risk or volatility as compared to the broader market. In addition, M-REIT market has had emerging performance among regional REIT markets in the post-crisis years and investment in M-REITs is effective mean to hedge against the culminating inflationary pressures in Malaysia.

KEYWORDS

Real estate investment trust (REIT), Sharpe Index, financial crisis.

INTRODUCTION

Conventionally, investments in real estate could be in the form of owning physical properties or investing in publicly listed property stocks as well as property related debt securities such as bonds issued on developing property projects. Continuous financial innovation has expanded the investment spectrum within the real estate sector with the advent of Real Estate Investment Trusts. Real Estate Investment Trusts or known globally as REITs is one of the forms of unit trusts or trust funds which specialize on real estate or property investments.

REITs were firstly introduced back in the 1960s in the U.S. when the Congress of United States passed on a bill that enabled groups of small investors to pool their resources in the form of trust funds and invest in income-producing properties. REITs are collective investment vehicle where investors' capital are pooled and primarily invested in real estate assets and other real estate related assets. Real estate assets may consist of residential or commercial buildings, retail or industrial lots, hospitals or health care facilities, resorts or hotels and specialty-built buildings. REITs generate investment returns from the rental income collected plus any capital appreciation arising from holding the real estate or property over the period. Investors in REITs, called unit holders (similar to that of ordinary unit trusts), receive their returns in the form of dividends as well as any capital gains during the holding period.

Real estate investment trusts (REITs) are previously known as listed property trusts (LPTs) in Malaysia. In Asia, Malaysia was the first country in Asia to introduce property trusts. The first property trust was listed on the Kuala Lumpur Stock Exchange (KLSE) in 1989. Prior to 2005, there were four property trusts listed on the KLSE, namely, Arab-Malaysian First Property Trust (August 1989), First Malaysia Property Trust (November 1989), Amanah Harta Tanah PNB (December 1990) and Mayban Property Trust Fund One (March 1997) (Ooi, Newell & Sing, 2006). These property trusts were, however, not popular among the institutional investors as their public listings had received mild responses from investors (Newell, Ting & Acheampong, 2002). Back then, the regulatory framework approved by the Bank Negara Malaysia (BNM) in 1986 was restrictive and provided no tax transparency for REITs net income. Other issues that impeded the sector were potential conflicts of interest, lack of focus on asset management and relatively thin trading volume. Even a revision of the property trust guidelines by Bank Negara Malaysia in 1995 failed to spark any interest among domestic investors. The most recent liberalisation in the guidelines was announced by Securities Commission (SC) in February 2005. Prime features of the revision focus on granting tax transparency status to REITs and liberalizing a REIT's borrowing (debt) limits to 35% of total asset value. Listed property trust funds will also be renamed REITs, which is a standardized global term.

Additional listings of Malaysian REITs (M-REITs) continued in 2005 subsequent to further revision on REITs guidelines with Axis REIT being the first new REIT listed in the main board of KLSE in August 2005. As at 2010, the two most recent REITs listing in Bursa Malaysia are Sunway City REIT (known as SUNREIT), which is the largest IPO of REIT in Malaysia, and CapitaMalls Malaysia Trust REIT (known CMMT), which is the first foreign-sponsored REIT in Malaysia. As at January 31, 2011, there are 14 REITs listed in Bursa Malaysia with an aggregate market capitalisation of around USD3.50 billion (RM10.679 billion, RM 3.05/USD 1). The M-REITs market is relatively small as compared to its regional peers such as Singapore, Hong Kong and Taiwan. The current M-REITs market has seen increasing appeal to domestic and foreign investors, especially in the past 3 years. Despite that, market sentiment, especially from individual investors still relatively mild even with continuous listings of M-REITs on Bursa Malaysia. Given the vast potential of the domestic property sector through the initialising of the Government's Economic Transformation Plan (ETP) which highlights and targets a significant boost to the domestic property sector in the medium to long-term, it is timely to conduct a study in order to evaluate the performance of all M-REITs stocks in relative to the broader equity market as well as with regional peers. In addition, this paper examines the correlation between return on M-REITs share prices and return on broader market prices being proxied by several Bursa Malaysia indices which has not been documented in previous M-REIT literature.

The documented evidence of REIT studies in Malaysia have been conducted predominantly on M-REITs prior to and until 2005 which primarily focus only on the performance of the initial four LPTs, and emphasised on attribution of the infamous Asian financial crisis in 1997 (see, for example, Newell, Ting & Acheampong, 2002; Sing, Ho & Mak, 2002; Ooi, Newell & Sing, 2006; Ting & Yunus, 2007; Hamzah, Rozali & Tahir, 2010). This paper differs from previous studies in that it attempts to highlight the more recent externalities that affected the global financial market such as the recovery of massive sell down of global equities from the September 2001 attack on the World Trade Centre (WTC), inflating of global property bubbles during 2004 to 2007 due to low interest rate levels in the U.S. and more critically, the subsequent burst of the U.S. subprime mortgage bubble in 2007 and the most recent Euro credit crunch as well as collapse of Dubai property sector in 2008 and 2009 respectively, that sent a tidal of equity sell down and created major instability in the global financial market. All these externalities occur during the time frame of 2001 to 2010.

This paper is organised as follows. Section 2 reviews the methodologies, theoretical background and some empirical findings on REITs. Section 3 describes the data and methodology. Section 4 contains summary of the results and discussion, and Section 5 conclusions.

LITERATURE REVIEW

Generally, most equity investments depend on capital gain as main source of return for investors. When there is a positive movement on share prices, investors will gain and loss if the share prices move otherwise. REIT shares have been deemed to have less than favourable capital gains due to lower stock price fluctuations, but they have had stable and sizeable dividend payouts annually. Investments in REITs and the real estate market have certain similarity that both of them would result in ownership of the properties being invested through stock market or physical property market but the prime difference is that REITs are more liquid than real estate because with REITs, investors can easily get in and out from buying and selling of the REITs stocks through the stock market,

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13

whereas buying and selling of real estates such as landed properties and shop lots would take much longer time for bargaining or looking for potential buyer and seller.

Study done by Corgel and Roger (1991) suggested that the returns of REITs vary widely with the stock market in the short run spectrum, but tend to be higher correlated over longer holding periods. Still, the REITs' returns are more reflective of the changes in the rentals and values of the underlying real estates in the trusts' portfolios. Myer and Webb (1993) posited that equity REIT returns appear to be much more strongly related to closed-end funds or those on non-securitised commercial real estates and the equity REIT index returns were found to Granger caused the non-securitised real estate returns for most of the real estate or property indices. Bley and Olson (2003) found that both stocks and REITs display mean reversion after large declines and the equity REITs market should be avoided for about four months after a large monthly gain. Glascock, Michvluk and Neuhauser (2004) found that the decline in REIT stock value was about the one-half as large as the decline of non-REIT stocks and REITs like defensive stocks in general that they are less significant declines during the market-wide disturbances in New York on 1997. More recently, Basse, Friedrich and Bea (2009) found that investing in REIT is more risky than utility stocks during financial crisis in U.S. from 1999 until 2009.

In Malaysia, Tan (2009) examined the performance of M-REIT stocks relative to Bursa Malaysia stock index during the period 2007 through 2009 and found that the correlation between Bursa indices return and M-REITs return is definite but low and the systematic risks of M-REITs are lower than that of the broader market. Tan also concluded that the performance of M-REITs is influenced by the stock market movement over the same period through Granger causality factor. Hamzah, Rozali and Tahir (2010) examined the performance of REITs or LPTs in Malaysia for the period of 1995 to 2005 with three standard performance measurements (Sharpe Index, Treynor Index and Jensen Index) and found that the risk-adjusted performance of REITs vary over time and the average systematic risks of REITs were slightly higher than the market portfolio during the pre-crisis and crisis period but were significantly lower in the post-crisis period.

DATA AND METHODOLOGY

The sample is drawn from all the public listed M-REITs in Malaysia from 2001 to 2010. The sample period selected provides a focus on more recent financial externalities particularly the U.S. subprime mortgage crisis in 2008 on the performance of M-REITs.[1] Weekly M-REITs stock prices, FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI), FTSE Bursa Malaysia Property Index (FBM KLPI), FTSE Bursa Malaysia EMAS Index (FBM EMAS), and regional REITs indices (Hong Kong, HK; Singapore, SG; and Taiwan, TW) are obtained from Bursa Malaysia archives and Bloomberg database, while the 3-month Malaysian T-bill rates and national annual inflation rates are sourced from Bank Negara Malaysia (BNM) statistical database.

The monthly returns of M-REITs stocks were first derived from the adjusted and weighted prices of M-REITs stocks on each final week of the month. The monthly return in stock price is computed based on:-

$$R_t = (P_t - P_{t-1})/P_{t-1} \qquad\qquad \text{(Eq-1)}$$

where R_t is M-REIT stock return for month t, P_t is closing stock price of M-REIT at final week of month t and P_{t-1} is closing stock price of M-REIT at final week of month prior to month t.

Similarly, the monthly returns for FBM KLCI, FBM KLPI, FBM EMAS and regional REITs indices are computed as follows:

$$Rindex_t = (index_t - index_{t-1})/index_{t-1} \qquad\qquad \text{(Eq-2)}$$

where $Rindex_t$ is equity index return for month t, $index_t$ is closing index value at final week of month t and $index_{t-1}$ is closing index value at final week of month prior to month t.

Subsequently, the 10-year total annual return of each M-REITs, FBM equity indices and regional REITs indices are computed by summing up all the monthly returns for each of the year. In addition, the annual M-REITs' dividend yields are calculated to compare the yields with the national inflation rates for the purpose to determine whether investment in M-REITs provide a mean to hedge against the inflationary pressure. The annual M-REIT dividend yield (%) is determined as follows:

Annual Dividend Yield = Total dividend payouts for year t/Average stock price for the year t   (Eq-3)

The 10-year sampling period is segregated into three distinctive period categories which are namely, (i) pre-crisis period, from year 2001 to 2007; (ii) crisis period, in year 2008; and (iii) post-crisis period, from year 2009 to 2010. This segregation is done in order to present a vivid illustration on how the cataclysmic U.S. subprime mortgage crisis in 2008 could affect the M-REITs as well as the broader market performances.

To examine and compare the performance of M-REITs along with each of the other indices, the average standard deviation (ASD) are computed for each M-REITs, FBM equity indices and regional REITs indices by summing up the annual standard deviations for each period (pre-crisis, crisis and post-crisis) and divided by the number of years included for the respective periods. Sharpe's Index (SI) is then calculated as:

Sharpe's Index (SI) = (Total monthly return − Risk-free return)/ASD   (Eq-4)

As compared with Treynor Index and Jensen Alpha Index measures, which are commonly used to measure investment performances, Sharpe's measure appears to be more practical and concrete in measuring each M-REITs performance. This is because both Treynor and Jensen Alpha measurements are subjected to generic weaknesses of the Capital Asset Pricing Model (CAPM), under which, both measures assumed that all investors have fully diversified their portfolio by holding 20 or more securities. Hence, only systematic risk is taken into account (non-systematic risk is assumed to be fully diversified) in computing Treynor and Jensen Alpha measures while Sharpe's measure accounts for both systematic and non-systematic risks in evaluating level of investment returns and its performance. If portfolio diversification assumption is relaxed, or where only individual security is being assessed instead of a portfolio, Sharpe's measurement would be practically more appropriate than Treynor and Jensen Alpha measures.

EMPIRICAL RESULTS

Table 1 shows that the average REITs' return in Malaysia is lower during the market decline stage. The finding is similar with Glascock (2004) that when the general stock market prices are declining, share prices of REITs also exhibit similar pattern. As the market rebounded in the post-crisis period, investors in Malaysia are able to capture the rebounding effect with REITs as implied by the notable price appreciation of M-REITs during the market recovery stage.

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[1] The selection of this period is deemed to allow a time period that is sufficient to reduce the lagging impact from the infamous 1997 Asian financial crisis towards the M-REITs stock returns by providing three years of buffering.

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TABLE 1: AVERAGE ANNUAL RETURN FOR M-REITS (%)

M-REITs	Time Categories		
	Pre-Crisis	Crisis	Post-Crisis
AHP	3.34	(8.83)	13.11
AHP2*	2.31	(6.16)	21.65
AXREIT	5.21	(47.18)	40.64
ALAQAR**	(0.74)	(9.21)	13.40
BSDREIT**	19.88	(32.23)	19.34
AMFIRST	(1.32)	(12.32)	21.41
ARREIT	5.63	(13.46)	4.54
ATRIUM	0.65	(49.13)	29.49
QCAPITA	1.75	(33.88)	11.31
CMMT***	-	-	7.79
SUNREIT***	-	-	10.43
HEKTAR	49.06	(68.12)	30.25
STAREIT	(6.37)	(22.19)	10.46
TWREIT	18.48	(48.03)	21.62
UOA	15.26	(37.20)	26.20

Notes: * denotes delisted, ** denotes Islamic REITs company, *** denotes newly listed M-REITs in 2010.

Further findings in Table 2 show that all the three FBM equity indices have lacklustre performance with negative returns in year 2001, 2002 and 2005 during the pre-crisis period. During the financial crisis in 2008, these indices had shown dramatic decline with the FBM KLPI plummeting the most by falling 62.55 percent in terms of annual return. This is consistent with the fact that the financial crisis was caused primarily by the bursting of property bubble in the U.S. which caused instability in the global property market and thus, the domestic property sector was also negatively affected. These indices however have strong positive returns in post-crisis period with the FBM KLPI achieved the highest annual return among the three market indices.

TABLE 2: ANNUAL RETURN FOR FBM EQUITY INDICES (%)

FBM Equity Indices	Time Categories									
	Pre Crisis							Crisis	Post-Crisis	
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
FBM KLCI	(0.61)	(4.85)	19.26	16.07	(0.59)	20.21	29.14	(48.78)	39.05	18.97
FBM EMAS	(1.92)	(4.15)	22.03	11.96	(6.34)	22.95	32.85	(51.09)	41.43	20.42
FBM KLPI	(1.60)	(8.34)	32.86	(0.83)	(30.12)	29.02	40.73	(62.55)	43.12	30.65

The annual return for the regional REIT indices of Hong Kong (HK), Singapore (SG) and Taiwan (TW) are shown in Table 3, together with M-REIT index. Similar to that of M-REITs and FBM equity indices, the REIT market in Malaysia and its regional peers are also affected by the subprime mortgage crisis in 2008, as shown with negative annual return for all markets, with Singapore REIT index tumbled the most. During the crisis, M-REIT index has shown relatively resilient behaviour by yielding lower negative return of 20 percent as compared to both Singapore (negative 61 percent) and Hong Kong (negative 22 percent) markets. In the post-crisis period, however, Singapore and Hong Kong REIT indices shown highest positive aggregate annual return of 74 percent followed by M-REIT index of 54 percent. Taiwan REIT index yielded lowest positive annual return of 40 percent by comparison. These findings implied that M-REIT market is relatively less affected by the severity of the financial crisis and concluded that the degree of resiliency of M-REIT market is relatively higher as compared to other regional REIT markets.

TABLE 3: ANNUAL RETURN FOR REGIONAL REIT INDICES (%)

Regional REIT Indices	Time Categories					
	Pre Crisis			Crisis	Post-Crisis	
	2005	2006	2007	2008	2009	2010
HK-REIT	4.87	7.66	12.09	(22.23)	48.19	26.41
SG-REIT	3.45	41.88	9.53	(60.92)	54.84	20.16
TW-REIT	0.36	10.06	(13.19)	(5.32)	28.99	11.02
M-REIT	(7.94)	(2.66)	18.98	(19.90)	34.55	20.27

In terms of the volatility of returns for the REITs, Table 4 shows that QCAPITA is the riskiest M-REITs with the highest average standard deviation (AVSD) in the pre-crisis period of 9.64 percent while ARREIT is the least volatile M-REITs with lowest AVSD of only 1.99 percent for the same period. Among the FBM equity benchmarks, FBM KLPI has the highest volatility (5.85 percent) followed by FBM EMAS (4.66 percent) and FBM KLCI (4.02 percent). There are 4 M-REITs which display lower volatility than the broader market which are ARREIT, ALAQAR, AMFIRST and ATRIUM while all M-REITs are less risky than FBM KLPI except TWRREIT, AHP2, AXREIT, HEKTAR and QCAPITA. On the other hand, M-REITs market is relatively less volatile than Hong Kong and Singapore REITs market among regional peers in pre-crisis period.

During the crisis period, AHP2, ALAQAR, BSDREIT, AMFIRST, ARREIT and STAREIT are less volatile than the broader market as a whole. The AVSD for FBM KLCI, FBM EMAS and FBM KLPI is 4.72 percent, 5.12 percent and 5.93 percent respectively. HEKTAR has a highest AVSD of 7.54 percent and the return of the year is negative 68.12 percent, the lowest negative returns among M-REITs.

During the recovery period, all M-REITs except AHP2 shown lower volatility than FBM KLPI, which is the riskiest among the FBM equity indices, due to its announcement of delisting back in March 2009 subsequent to reports of subpar performance by its unit holders,. Overall, AHP, ARREIT and SUNREIT displayed lower risk than the broader market as a whole, on average. Their AVSD for the period is lower than that of FBM KLCI of 3.38 percent, which is the least volatile among FBM equity benchmarks.

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15

TABLE 4: AVERAGE STANDARD DEVIATION FOR M-REITS, FBM EQUITY AND REGIONAL REIT INDICES

M-REITs	Time Categories		
	Pre-crisis	Crisis	Post-Crisis
AHP	4.03	7.16	2.76
AHP2	5.92	3.74	12.50
AXREIT	6.02	6.56	5.66
ALAQAR	2.56	4.44	3.57
BSDREIT	4.52	4.07	4.17
AMFIRST	3.82	4.66	3.93
ARREIT	1.99	3.37	3.28
ATRIUM	4.00	5.36	4.73
QCAPITA	9.84	5.23	3.66
CMMT	-	-	4.08
SUNREIT	-	-	2.41
HEKTAR	8.97	7.54	5.12
STAREIT	4.26	2.43	3.54
TWREIT	5.54	6.45	4.78
UOA	4.10	5.23	3.54
FBM Equity Indices			
FBM KLCI	4.02	4.72	3.38
FBM EMAS	4.66	5.12	3.76
FBM KLPI	5.85	5.93	5.87
Regional REIT Indices			
HK-REIT	4.89	9.06	5.33
SG-REIT	5.43	8.60	5.65
TW-REIT	2.71	7.21	3.36
M-REIT	3.07	3.33	2.43

Notes: The average standard deviation is calculated from all available data within each window periods.

In terms of regional REIT market volatility, M-REIT market has displayed higher stability as compared to its peers over the three window periods, as shown by M-REIT index's relatively low and consistent AVSD ranging from 2 percent to 3 percent across the different sub-periods. These findings imply that M-REIT market does possess lower overall risk as compared to its more developed regional peers.

Based on the average risk-adjusted performance, shown in Table 5, two M-REITs, namely HEKTAR and BSDREIT, have outperformed the broader market during the pre-crisis period with their Sharpe's ranking higher than that of FBM KLCI, FBM EMAS and FBM KLPI. Apart from that, TWREIT and ARREIT have both outperformed FBM KLPI during the same period. The other M-REITs have lagged behind the broader market during this period.

TABLE 5: AVERAGE SHARPE'S MEASURE AND RANKING FOR M-REITS AND FBM EQUITY INDICES

M-REITs	Pre-crisis	*Ranking*	Crisis	*Ranking*	Post-crisis	*Ranking*
AHP	0.55	8	(1.71)	**1**	4.01	9
AHP2	(0.04)	9	(2.55)	**2**	1.54	16
AXREIT	(0.29)	11	(7.70)	**7**	8.28	**1**
ALAQAR	(1.32)	15	(2.80)	**3**	3.13	13
BSDREIT	3.63	**2**	(8.76)	**10**	3.90	10
AMFIRST	(1.24)	14	(3.37)	**4**	4.96	8
ARREIT	1.10	*6*	(5.01)	**5**	1.13	18
ATRIUM	(0.70)	13	(9.79)	**12**	5.87	*4*
QCAPITA	(0.17)	10	(7.13)	**6**	2.31	14
CMMT	-	-	-	-	1.21	17
SUNREIT	-	-	-	-	3.15	12
HEKTAR	5.08	**1**	(9.49)	**11**	5.54	7
STAREIT	(4.34)	16	(10.54)	**13**	1.96	15
TWREIT	1.37	*5*	(7.97)	**9**	3.57	11
UOA	(0.52)	12	(7.77)	**8**	5.61	6
FBM Equity Indices						
FBM KLCI	2.36	3	(11.05)	15	7.61	2
FBM EMAS	2.14	4	(10.64)	14	7.38	3
FBM KLPI	0.58	7	(11.11)	16	5.85	5

During the crisis period in 2008, all the M-REITs have outperformed the broader market with all the FBM equity benchmarks showing dismal performances due to beaten down equity returns during that year. All three FBM equity benchmarks have the lowest Sharpe's ranking for the period. These findings conclude that M-REITs have displayed certain degree of resiliency during financial or economic crisis. In the recovery years, where the FBM equity benchmarks shown significant improvements, AXREIT still manage to outrank the broader market in terms of risk-adjusted performance while ATRIUM has outperformed the FBM KLPI during the same period. During this recovery period, the remaining M-REITs are seen to have relatively dismal performance when being compared to the FBM equity benchmarks.

These findings in this study reveal that M-REITs underperformed the broader market adjusted to overall risk during both pre-crisis and post-crisis periods but during the financial crisis period, M-REITs demonstrate superior overall risk-adjusted performance relative to the equity market in Malaysia, which is similar to the findings obtained in Tan (2009). Investors would thus, be better protected from the downturn effects in both the equity and property market during financial crisis period with investments in M-REITs.

The results in Table 6 show that among the four REIT markets, Singapore REIT market is the best performer during pre-crisis period followed by Hong Kong. During the financial crisis year, all REIT markets showed negative Sharpe's values indicating dismal performances in tandem with the global equity market slump. However, Taiwan REIT market has outperformed all other markets during the period with lowest negative Sharpe's value. Post-crisis period has seen the emerging of M-REIT market as the best performer among its regional peers with an overwhelming Sharpe's value way above Hong Kong, Singapore and Taiwan indicating the M-REIT market is beginning to gain momentum in catching up in terms of providing solid performance to investors.

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16

TABLE 6: AVERAGE SHARPE'S MEASURE AND RANKING FOR REGIONAL REIT INDICES

Regional REIT Indices	Pre-crisis	*Ranking*	Crisis	*Ranking*	Post-crisis	*Ranking*
HK-REIT	1.20	2	(2.83)	2	6.97	2
SG-REIT	2.85	**1**	(7.48)	4	5.82	3
TW-REIT	(1.35)	4	(1.21)	**1**	4.88	4
M-REIT	(0.91)	3	(6.99)	3	10.73	**1**

A closer examination at the relationship between M-REITs and FBM equity indices in Table 7 reveals that most M-REITs are significantly correlated with the FBM equity indices although with a relatively weak correlation as indicated by their low positive correlation coefficient values (except CMMT and SUNREIT).[2] On the other hand, ALAQAR is not significantly correlated with FBM KLCI probably due to the nature of the company (in health care) as well as within the 30 large cap companies in FBM KLCI, no listed health care company is indicated.

TABLE 7: SPEARMAN RANK CORRELATION COEFFICIENT BETWEEN M-REITS AND FBM EQUITY INDICES

M-REITs	FBM KLCI	FBM EMAS	FBM KLPI
AHP	0.3569**	0.3332**	0.4221**
AHP2	0.1518	0.15578	0.2535*
AXREIT	0.3603**	0.4214**	0.3979**
ALAQAR	0.2048	0.2993*	0.3801**
BSDREIT	0.4434**	0.5180**	0.5288**
AMFIRST	0.4428**	0.3014*	0.5848**
ARREIT	0.3464*	0.3246*	0.3259*
ATRIUM	0.3645*	0.4437**	0.3988**
QCAPITA	0.4404**	0.4839**	0.4349**
CMMT	-0.7000	-0.3000	-0.1000
SUNREIT	-0.5000	0.2000	0.4000
HEKTAR	0.4472**	0.3553*	0.4154**
STAREIT	0.5054**	0.3817**	0.4943**
TWREIT	0.4564**	0.4457**	0.4900**
UOA	0.4635**	0.3904**	0.5456**

Notes: * significant at the 5% level, ** significant at the 1% level.

As shown in Table 8, M-REIT index is significantly correlated with Singapore REIT index at 1 percent level and with Hong Kong REIT index at 10 percent level. No statistical significant correlation is found between M-REIT index and Taiwan REIT index in this study.[3] Among the three regional peers, the M-REIT index displayed highest correlation with Singapore REIT index. Nevertheless, the correlation between M-REIT index and its regional peers is relatively weak given their low correlation coefficient values.

TABLE 8: SPEARMAN RANK CORRELATION COEFFICIENT OF REGIONAL REIT INDICES

Regional REIT Indices	Spearman Correlation with M-REIT Index
HK-REIT	0.2438*
SG-REIT	0.3335**
TW-REIT	0.0830

Notes: * significant at the 10% level, ** significant at the 1% level.

REITs are current income-focused securities, it is therefore essential to examine the degree of effectiveness of M-REITs being used as a mean to hedge against annual inflation to protect investment values in Malaysia. Findings in Table 9 reveal that the average annual dividend yield for all M-REITs for each year is consistently higher than the prevailing annual inflation rate in that particular year across the sampling period of 10 years from 2001 to 2010. In year 2008, the inflation rate is highest at 5.4 percent due to surging global crude oil prices, the average M-REITs' dividend yield for the year still outpaced at 8.34 percent. In terms of the prevalent trend on M-REITs dividend yield, the trend is improving over the years, especially during the last three years with almost all M-REITs having higher dividend payouts as compared to the years before with year 2009 being the highest dividend yielding year at a notable 9.4 percent. It should also be noted that the dividend yield for M-REITs remain relatively high even during the subprime mortgage crisis year in 2008 whereby almost all other sectors companies are reducing or eliminating their dividend payouts to shareholders and also, given the fact that the crisis has caused severe meltdown to global property market. In fact, the average dividend yield for M-REITs in 2008 at 8.34 percent is still higher as compared to their average yields during the pre-crisis years.

TABLE 9: COMPARISON BETWEEN INFLATION AND AVERAGE M-REITS DIVIDEND YIELD (2001 - 2010)

Years	Inflation Rate (%)	Average M-REITs Dividend Yield (%)
2001	1.4	8.26
2002	1.8	3.75
2003	1.1	6.14
2004	1.4	4.83
2005	3	6.31
2006	3.6	5.37
2007	2	5.14
2008	5.4	8.34
2009	0.6	9.4
2010	1.7	7.59

The M-REITs on average are good inflation hedge since the returns typically exceed the rate of inflation, except CMMT and SUNREIT (see Table 10). Findings in Table 10 further reveal that AXREIT is the best M-REIT paymaster with its average dividend yield across the years at 10.99 percent outpacing the rest. HEKTAR with average dividend yield of 8.38 percent ranks second in terms of dividend payout followed by UOA (7.91 percent), ATRIUM (7.62 percent), TWRREIT (7.46 percent), ARREIT (7.33 percent), AMFIRST (7.18 percent) and AHP (7.07 percent). The delisted AHP2 has had the lowest average dividend yield with 4.61 percent. (The dividend yields for both CMMT and SUNREIT are yet to be conclusive due to the fact that they are new listings back in July 2010 and had yet to declare their full annual dividend to date.)

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[2] This may primarily due to CMMT and SUNREIT are newly listed M-REITs in July 2010, under which less than six months of monthly return are available. Thus, results on their Spearman correlation values might be inconclusive.
[3] Taiwan REIT market is rather new in the region given its relatively shorter period of existence, thus no definite trend could be observed.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   17

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TABLE 10: COMPARISON BETWEEN AVERAGE INFLATION AND AVERAGE M-REITS DIVIDEND YIELD

Average Inflation Rate (%)	2.2
M-REITs	**Average Dividend Yield (%)**
AHP	7.07
AHP2	4.61
AXREIT	10.99
ALAQAR	6.24
BSDREIT	6.97
AMFIRST	7.18
ARREIT	7.33
ATRIUM	7.62
QCAPITA	6.17
CMMT	-
SUNREIT	1.57
HEKTAR	8.38
TWREIT	7.46
STAREIT	6.92
UOA	7.91

Notes: The average results for inflation and M-REITs dividend yield are computed based on all the available data from 2001 to 2010.

CONCLUSIONS

Based on the empirical findings in this study, most M-REITs underperformed the broader market during both the pre-crisis and post-crisis periods, with few exceptions which shown otherwise. Nevertheless, all M-REITs displayed superior performance relative to the broader market during the crisis period. These findings are consistent with Tan (2009) and Hamzah, Rozali and Tahir (2010). Furthermore, M-REITs possess lower degree of overall risk or volatility as compared to the broader market, especially with the property market as a whole. In terms of correlation of returns, there is statistically significant but low correlation between M-REITs with the market portfolio. Additionally, M-REIT market has had emerging performance among regional REIT markets in the post-crisis years and M-REITs do provide an effective mean of hedging against inflationary pressures over the sampling period.

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ASSESSMENT OF RECEIVABLES MANAGEMENT OF MANUFACTURING COMPANIES IN ETHIOPIA

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ABSTRACT

The sale of goods on credit basis is an essential part of modern competitive economic system that is used to attract customers and to increase profit. Since credit sales are used to increase sales volume, receivables created due to credit sales are important tool through which the firm competes in its industry either to maintain or to increase its market share. If the credit policies and procedures of collection are successful, receivables are the main source of revenue and help the organization to ensure timely collection of receivables and to minimize losses from uncollectible accounts. Granting credit and creating debtors amount are blocking the firm's fund and as substantial amounts are tied up with receivables, it needs effective and careful analysis of credit management. This implies that there is lack of understanding the correct procedure for management of receivables of the organizations. Therefore, this study is primarily concerned with the receivables management of Mesfin Industrial Engineering Plc in order to assess whether there is a proper understanding of the correct procedure for management of receivables or not.

KEYWORDS

Credit sales, Receivable Management, Manufacturing Companies, Mesfin Industrial Engineering.

INTRODUCTION

In the world, different organizations exists which run business activity in order to maximize profit. The sale of goods on credit basis is an essential part of modern competitive economic system that is used to attract customers and to increase profit. Since credit sales are used to increase sales volume, receivables created due to credit sales are important tool through which the firm competes in its industry either to maintain or to increase its market share. If the credit policies and procedures of collection are successful, receivables are the main source of revenue and help the organization to ensure timely collection of receivables and to minimize losses from uncollectible accounts. Having these benefits and costs of receivables, the present study is focused on the management of receivables in Mesfin Industrial Engineering PLC.

Mesfin Industrial engineering (MIE), which is run under the ownership of Endowment Fund for the Rehabilitation of Tigray (EFFORT), was founded in 1992 with an initial paid up capital of Br. 3 million and authorized share capital of Br. 10 million. The authorized share capital is 500,000 ordinary shares with per value of Br. 20 each. Today the authorized share capital is fully paid in cash and contribution in kind. The major shareholder is the parent company and holds 484,999 shares out of the total authorized shares.

The name of the company Mesfin is taken from a farmer heroic TPLF fighter who was fighting for the freedom of his people. MIE was initially established as an engineering company to design, manufacturer, educate workers for mining, energy construction, agricultural, and transport sectors. Even though during its infancy the company involved in rendering support to workshops and small business as well as in reconditioning engines. MIE's major objective was to establish a capable industrial engineering firm and equipment manufacturer that would play a critical role in the country's industrial development. Now a days the company has became the leading manufacturing company in East Africa that producers diversified products, which are used by various industries and other customers. The company is producing its products under a shaded facility of more than 35,000 within 120,000 plots of land. It is equipped with state of art technologies including computerized pantograph and specialized mega rolling plant. MIE has grown well and achieved satisfactory results owning to its basic competitive advantages that are attributable to its distinctive competencies.

The company has competitive advantage over its competitors mainly on two areas. First MIE has latest equipment and machineries with up to date technology, which is imported on continuous basis. Second, the company has motivated and qualified human resources. Hence, efficiency in human resources is one of the drivers of competitive advantage.

In order to help the company to compete successfully in today's competitive market, MIE has well qualified and trained workers such as engineers, certified welders and quality assurance experts. It also has material testing laboratory, which is equipped with modern equipment and Instruments including radiographic testes. It also has concrete batching plants, trans-mixers, tippers and other construction equipment. It also involved in the manufacturer and construction of steel bridge and steel buildings.

It is also with annual capacity of 3,000 trailers and semi trailers, and biggest single trailer manufacturer in Africa. It designs and manufactures vehicle bodies, trailers as well as high and low bed semi trailers. Currently the company has 1495 workers and owns four factories.

1. Vehicle Equipment and Trailer Factory (VETF)
2. Industrial and Construction Equipments, and Electromechanical Workers (ICEEMLW)
3. Automotive Assembly Factory (AAF)
4. Vehicle Maintenance and Rent department (VMR)

The name of the factories is self explanatory as to what each factory produces. Details of products that the company produces and intends to produce are listed below together the discussion of the companies objectives. Previously MIE has not clearly defined vision, mission, and objectives. But now it has established strategic vision, mission and objectives, these are presented below.

VISION OF MIE

Basically, the vision of MIE stems from the vision of EFFORT, and these are:

- To be successful competitor in the global market
- To be on the line of continual development and improvement
- To be a good example of corporate citizen in the engineering.

MISSION OF MIE

To maximize the wealth of EFFORT by continually earning profit

EFFORT has established various profits generating organization in order to perform its activities successfully and on a sustainable manner. Like the other organizations, which are organized under EFFORT, MIE is engaged in profit generating areas. It is obvious that MIE cannot involve in activities, which do not yield revenue and play no role in EFFORT's wealth maximization.

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19

ENVIRONMENTAL DEVELOPMENT

Though MIE is involved in profit generating activities so as to meet the objective of EFFORT, it believes that the areas of activities that the company undertakes should contribute to the development of the environment. Moreover the activities should create working environment for local development partners and that create job opportunity for citizens.

OBJECTIVES OF MIE

- MIE produces products that promote government policies, enhance farmers' productivity and agro processing activities and create favorable market condition sustainable base.
- Production of construction and handling equipments such as crushing plants, asphalt batching plants, concrete batching plants and earth moving machines.
- Rendering industrial maintenance to all organizations under EFFORT and all factories in Ethiopia. Such services include mechanical maintenance repair service, electrical repair service and electronics repair service.
- Under taking the electromechanical and steel structure erection services like electromechanical erection of factories and components, such as, components for cement, brewery, textile and tannery factories etc. production of different spare parts such as: ducts conveyor, hopper, silos, overhead crane, waste water treatment plant, multipurpose storage tanks and different spare parts.
- Production of different types of equipment that serve for hydropower generation transmission and distribution such as: Penstock, gets, generators turbines, transformer, transmission towers, distribution towers.

STATEMENT OF THE PROBLEM

Credit grants as marketing tools are intended to promote sales and thereby profits. However, extension of credit involves risk and costs. The customers who buy on credit may be risky to pay on the due date and granter incurred different kinds of costs like collection costs, capital cost and bad debt expense. So that costs should be analyzed with profits. Granting credit and creating debtors amount are blocking the firm's fund and as substantial amounts are tied up with receivables, it needs effective and careful analysis of credit management. This implies that there is lack of understanding the correct procedure for management of receivables of the organizations. Therefore, this study is primarily concerned with the receivables management of Mesfin Industrial Engineering Plc in order to assess whether there is a proper understanding of the correct procedure for management of receivables or not. And also to the best of the researcher's knowledge, there is no previous research study in "Assessment of Receivable Management of Mesfin Industrial Engineering Manufacturing Company".

OBJECTIVE OF THE STUDY

1. To see the accounting issues relating to receivables management.
2. To show the importance of proper credit and collections policy.
3. To identify the credit standards those are used in the organization.

SIGNIFICANCE OF THE STUDY

This paper is useful because it discusses the effect of not having proper credit and collection policy but also analyses the effect of having large of receivables for long period of time. It is also helpful to evaluate and recommend the procedures and management of credit policy of manufacturing companies.

METHODOLOGY

This research work was designed as a case study type with the purpose of analyzing receivable management in Mesfin Industrial Engineering Manufacturing Company. The judgmental sampling technique was used in order to select the employees for conducting interviews. Both secondary and primary data sources were used. The secondary sources of the data for this was from Financial Statements of the company, news papers, articles and books. The primary data was collected through interviews with purposely selected employees of the company who are working related to managing receivables. The researcher has also made physical observation on the documents utilized in the company.

SCOPE OF THE STUDY

This paper was concerned only receivables management of MIE typically accounts receivables and special emphasis is given to bad debates, credit policy and collection procedures.

LIMITATIONS OF THE STUDY

The study was limited to conduct at MIE head office, Mekelle and the data was collected from the head office only. The study period was limited from 2006 to 2009.

DISCUSSION AND ANALYSIS

This part focuses on the analysis and discussion of the data collection from both primary and secondary source about management of receivables of Mesfin Industrial Engineering.

RECEIVABLES AND THEIR CLASSIFICATION

Receivables include various receipts from clients and other entities; the party against whom the firm has claim settles them through payment of cash or assets or else provision of service. Based on the time they are outstanding, receivables can be classified as current and non-current. If they are expected to be collected within a period of one year or current operating cycle they are called current receivables. Otherwise, they are non current receivables. Receivables can be classified in the balance sheet as trade and non trade receivables.

Receivables of MIE are classified in the chart of accounts of the company into four groups. These are trade debtors, staff debtors, sundry debtors and sister companies (to mean receivables from sister companies). Each group is controlling account for a number of subsidiary ledger accounts. It can be shown on the following of table-1.

TABLE-1: GROUP OF RECEIVABLES AND THEIR ACCOUNT NUMBER

Account No	Account Description	Account Type
1330	Staff debtors	Account Receivables
	Trade Debtors	Account Receivables
	Sundry debtors	Account Receivables
	Sister companies	Account Receivables

Source: The Chart of Accounts of MIE

The term debtor represents claims against other parties arising from operations of the company so it has equivalent meaning to the term receivables. For example staff debtors designate claim from employees of the company. This classification is not in accordance with how receivables are classified in many books

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20

for financial statements purpose as reviewed easier. Basis of classifying receivables as trade and non trade or current and non-current are not taken in to accounts.

MIE'S receivables are classified according to the nature of the initially recorded transaction made with specific party or customer. If the first transaction is related to the ordinary business activity, it is recorded as trade debtor on the other hand. If a given customer initial transaction is not related to the ordinary business of the company his/her account is always maintained under the group of receivables called sundry debtors, again in this case it does not matter what the nature of subsequent transaction made between the customer and the company.

Receivables of any nature that are due from sister companies are categorized as receivables from sister companies with account number 1330. As the receivables from these grow from time to time, MIE realized that maintaining a separate account for them is helpful in managing and controlling its receivables.

Staff debtors are another group of receivables which are claims against the staff (employees) of the company included in this category are salary advances, business advance, loans, premium advances and medical advances with separate respective subsidiary ledger account. Staff debtors arise when MIE gives money to its employees either in the form of advance or loan on a refundable basis.

FACTORS TO BE CONSIDERED IN VALUATION AND RECOGNITION OF RECEIVABLES

Recognition and valuation of receivables are crucial accounting issues that warrant due attention. In recognizing receivables, at time of recording transactions, factors such as discounts, returns and allowance should be considered when receivables are valued. Factors to be considered are uncollectible account receivables. They are recorded and reported on the balance sheet at a value equal to total accounts receivables less allowance for uncollectible accounts. Almost all of the factors mentioned above are taken into account when MIE's receivables are recognized and valued. One exception is sales returns and allowance. This factor is not considered and even not experienced by the company. This may be perhaps, because MIE produces most of its products on Job order basis so that product specifications are met.

In addition the above mentioned factors in recognizing receivables of MIE, the company follows that a number of factors are considered in the valuation of prospective cash inflows from receivables. One factor is the profitability of the company that receivable actual will be collected. For specific receivables of the company this will be difficult, but for large groups of receivables, can be estimated. Another factor the considered is the length of time until collection.

Accordingly, to bourn profitability of the company MIE gives more credit than other factory in Ethiopia. On average, 80 million and above credit is given to customers.

The following table is described the amount of birr given to the customers.

TABLE-2: CREDITS GIVEN TO DEBTORS

No	2006	2007	2008	2009
Amount (birr)	109 million	101 million	84 million	114 million

Source: Financial Statements of MIE (Various Issues)

ANALYSIS OF MIE'S UNCOLLECTIBLE

MIE has large number of customers spread all over the country. This is associated to the fact that the company uses credit sales as a means of expanding its market share and boosting its sales volume. Ofcourse for most customers it would also be difficult to pay their bills on time of the sale like any other business forms MIE cannot make a total (100 %) collection of credit sales. In effect, as the volume of credit sales increase the risk of uncollectible also rises at the same time.

Review of the financial statements of the company reveals that bad debts have shown an increasing trend for the last years. This can be shown on the following table.

TABLE-3: UNCOLLECTIBLE BY VOLUME YEAR AND PERCENTAGE

Bad debts				
No	Fiscal year	Amount in birr	As %of total	% increase or decrease
1	2006	5,746,388	16.50	-
2	2007	7,300,000	20.96	3.71
3	2008	9,689,822	27.82	6.81
4	2009	12,091,082	34.72	6.85
Total		34,827,292	100	-

Source: MIE Financial Statements (Various Issues)

The above table shows that the magnitude of uncollectible increases from year to year. Bad debts have increased by 3.71, 6.81 and 6.85 % in the fiscal years 2007, 2008 and 2009 respectively. In addition the table shows the increase in bad debts by companying each year's bad debts to that of four years total. Bad debts in 2007, 2008 and 2009 occupy 20.96, 27.82 and 34.72 percents of the sum (total) respectively. Specifically in these two years (2008 and 2009) there is high increasing in bad debts and this shows increase in sales volume, which is an indication of growth and in parallel increase in receivables. It shows that here are some customers who do not pay according to the contract. At this juncture the company should take necessary legal actions against the client who fail to pay within due date. Because of various reasons, MIE does not need to institute a legal action up on its customers, but the company could not consider the time valve of money by extending its credit sales.

Rather it loses a considerable sum of receivables, which could not be earned in short period of time. These receivables are outstanding receivables not for months farther for years.

Of the uncollectible accounts in the table above, the 6 (5. 75) million is already written off, because of its uncollectible. In addition the 7.3 million is also in court process. In this case the company profitability is decreasing from time to time.

ACCOUNTING AND FINANCIAL POLICIES FOR RECEIVABLES OF MIE

Accounting and financial policies are crucial to any business firm to maintain consistent accounting and financial methods. Techniques and procedures, consistent accounting procedures are prescribed by GAAP to be adhered when preparing financial reports MIE as a business entity has developed accounting policies. The accounting manual specifies such policies and procedures. The accounting policy of MIE covers many aspects of accounting activities practiced by the company.

This does not mean that those policies cover every point regarding the accounting task of the company. The credit policy of the company specified in the marketing and sales manual describe few points about credit standards on the bases of which of credit customer should be selected. These are listed bellows

- Credit sales shall be given to upon and after careful consideration and evaluation of company liquidity, quantity advantage, credit worthiness of buyer, product shelf life and other factors.
- For credit sales legally accept contract agreement/purchase. Orders shall have to be received from the buyer.

MIE has clear credit and collection policies. However, those credit policy some projects are not fully applied in practice and, variables like credit term, which includes credit period and discount techniques and collection, are missing. Hence, it is possible to say that MIE has clear credit and collection policy but not fully practiced.

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21

COLLECTION METHODS OF RECEIVABLES IN MIE

Although the company has clear credit and collection policies, it does not fully apply in all projects of the company. It is already experiences the costs and benefits related to credit sales. The presence of credit sales indicates that the importance of collection efforts, which gives rise to a position of the cost of credit sales these collection efforts necessitate some of level of expenditure.

The level of expenditure varies depending on the methods of collection employed. The methods of collection practiced by MIE are letters, telephone calls, personal visit and legal action. Collection letter is used as a first step in the process a formal better that clearly indicates the amount that appears in the customer's account in four or MIE, together with statements of account is sent to the customer.

If efforts through letter seem to fall telephone calls are made to discuss with the customers on the issue. If the money is not collected yet, a cashier is sent to the customer's premises and collects the money intact on the spot. If all these efforts seem to be fruitless a legal action is taken as a last resort.

IMPORTANCE OF RECEIVABLES IN MIE

Receivables refer to amounts due from individuals and others companies or they are manual claims expected the collected on cash against people and organizations. If all take attention, because they are immediate source of cash for the company. If it is moneyed efficiently it attracts customers and bourn (expand sales volume) of the company according to the response of the finance manager of the company.

The finance manager added that unless they are properly moneyed and controlled, the company will suffer firm huge losses and even the company will not be able to finance its operations properly. In addition, poor screening of applicants and in efficient collection policy may result in large loss.

Hence, the finance manager concludes that strong accounting controls and effective management of receivables are typical characteristics of MIE currently.

INTERNAL CONTROL OVER RECEIVABLES

The task of recording credit sales and collecting accounts receivables should be separated from cash related tasks such as handling cash receipts and preparing bank reconciliation. If a single person carries these tasks control could be lacking.

- In MIE accounting and financial tasks are well segregated the tasks of recording sales and accounts involved in cash related activities and bank reconciliation. All the accounting records are done at the general accounts division of finance department. The actual cash receipts, deposits, withdrawal and disbursements are made by the cashier who has a separate office from the general accounts division recording subsidiary ledger accounts and general ledger are also done by different employees. So that the work as one could be reconciled against that of the other.

Credit is usually approved by three persons on MIE, i.e. up to 20000 by the finance head, up to 500000 by the DGM (deputy general manager) and above 500000 by the general manager a delegated party, but the task of sales person is just kindling customers and inform to the management. Hence the sales person is not involved in credit approved. Because MIE has no separate credit department adjustments for subsequent valuation of receivables are made by higher bodies in the firm. All these procedures are helpful in controlling accounts receivables. For the purpose of efficient management of receivables, according to their segregated responsibility on the company (MIE) on time invoicing, on time reconciliation, aging uncollectible doubtful accounts and application of appropriate accounting policies like ERP (Enterprise Resource Planning) are introduced and by finance department or MIE and applied in Mekelle (head office) and in Emad (its garage). In addition it controls its credit risk by ascertainment of credit worthiness of its customers, monitoring of debt on continuous basis and by applying credit limits to its customers.

MAJOR CAUSES FOR UNCOLLECTIBLE ACCOUNTS IN MIE

The major valuation problem in MIE is to evaluate the property that customers will pay their accounts. When goods or service are sold without immediate receipt of cash, apart of the claim against customers usually proves to be uncollectible.

According to the interview with the finance head of the company the major causes for the uncollectible accounts are in efficient control mechanism because the screening of credit customers is not effective in the company. Due to this the company follows negation mechanism to collect its credit sales.

CORE CONSTRAINTS FOR UNCOLLECTIBLE IN MIE

Bankruptcy are the debtor or some other problems of are debtor is one of the most positive indications of particular total worthlessness of receivables on the company. The most core constraints of the company to collect the uncollectible accounts are legal process (court process) e.g. in legal process it takes for more than stress to collect the uncollectible accounts. Due to this company takes an action to be write offs the doubtful accounts. According to the financial statement 2009 of the company write offs from the previous year uncollectible accounts amounted 5746368.

CONSEQUENCES OF POOR MANAGEMENT OF RECEIVABLES IN MIE

When the receivables of the company are not collected on the specified period, it cause a long term for legal court case and high cost for all actions and follow ups. Finally, if this process is not successful, it may cause liquidation of the general company.

CONCLUSIONS

The purpose of this paper is to examine management of receivables in MIE. Receivables of MIE are classified in to four groups: trade debtors, staff, debtors, sundry debtors and sister companies.

Sister companies are group of receivables recently established. The classification of receivables in MIE is not as trade or non-trade receivables. It's based on the initial transaction. If initial transaction made between the company and customer is purchase of company's products or services than the customer's account is classified as trade debtors other with it is classified as sundry debtors.

MIE considers all receivables as account receivables as evidenced by the chart of accounts newly developed. In MIE, returns and allowances are not common uncollectible of the company are estimated by selecting some customers, which the company believes, are going to default payment and adding their account balances.

This practice matches neither the direct write off nor allowance method of recording uncollectible. The company's accounting manual fails to include the method and procedures used to manage and control receivables and related uncollectible. Without phase policies it is very difficult to manage receivables effectively and efficiently. In practice, the company has very liberal credit policy to sister companies but very strict credit policy for other customers. But it introduces new accounting method i.e. enterprise resource planning and applied in Mekelle head office and its part of the company.

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22

IMPACT OF SOCIO ECONOMIC VARIABLES ON THE FOREST AREA OF PAKISTAN (1972-2005)

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ABSTRACT

Pakistan has low forest area and a high rate of deforestation. Socio economic activities are adversely affecting this area. The study highlights some socio economic factors. These factors are analyzed by taking time series data from 1972 to 2005. Multiple regression technique is applied. The data has been log transformed. In order to check the stationarity of a given time series Augmented Dickey Fuller test is applied, while for existence of co integration Johnson's Likelihood criterion is used. Eight variables are non-stationary when both intercept and trend is included. One variable (Forest production) is non-stationary whether trend is included or not. The test results further show that the variables are co integrating and they have long-term relationships. The study shows that human population, livestock population, construction sector growth has no negative effects on the forest area of the country rather cultivated area and manufacturing growth has impacted adversely. Road construction has also affected forest area but the effect is minor. Increase in irrigated area has also adversely affected forest area. The result about forest production shows that illicit felling is far more than the legal extraction. The study recommends proper implementation of land use policy, control on encroachment and compilation of accurate data on forest production.

KEYWORDS
Deforestation, Forest area, Socio economic factors, Effect's level and multiple regressions.

INTRODUCTION

A forest is best defined as an ecosystem or assemblage of ecosystems dominated by trees and other woody vegetation (Mehmood, 2003). All definitions of forests stress the importance of trees in the system and include places where tree cover ranges from 5% to as high as 100%. Pakistan has low forest area and is ranked 113 among 140 countries (GOP, 2005). In Pakistan only 5.2% of area is under forests, which was 4.28% in 1996-97. According to FAO (2005) each year about 13 million hectares of the world's forests are lost due to deforestation. The annual net loss of forest area between 2000 and 2005 was 7.3 million hectares/year. This is equivalent to a net loss of 0.18 percent of the world's forests annually. Forests now cover nearly 4 billion hectares or 30 percent of the world's land area.

Pakistan experienced deforestation at a rate of 1.1 percent (55000 ha) annually (Hasan, 2001).Fuel wood is an important component of household economies in Pakistan. It covers about 53% of total annual domestic energy needs. It has also been estimated that 70-79% of Pakistani households use fuel wood as a main source of energy (Jawad and Benjaminsen, 2004). Pakistan consumes about 50 million m3 of firewood and timber each year, whereas the growth of fuel wood and timber in forests and plantations is 8.8 million m3 per year. If the current rate of planting (about 92 million seedlings on about 46000 ha per year) on private and community lands continues, the annual growth will increase by the year 2018 to about 22.5 million m3 that is still less than the demand (GOP., 1992). Forests are cut down for cultivation, for construction of houses, for factories, for road construction etc. Road length was 97 thousand Km. in 1981 that increased by 164% to 256 thousand in 2003-04 so growing at an average growth of 4.4% (GOP, 2005). All these factors effect is however not equal and different from one another. The present study is focusing on some objectives that are related to the effects of some factors effecting on forest area in Pakistan.

Wannitikul (2005) studied that population in Thailand have the highest negative effect but he mentioned that this perspective of blaming population growth alone for natural resource destruction in developing economies is an oversimplification of a complex social problem instead, government policy on infrastructural development, including the forest clearances and increasing cash crop production are considered as likely causes. Similarly a study by Ali, et al. (2006) also mentioned that population is not the most responsible factor in forest depletion. Write and Muller (2006) mentioned that although in the past the relationship was inverse but now because of fast urbanization and slow growth of population has now positive and less destructive effects that lead to increase in forested area and forest regeneration.

Ali (1999) and Hooper et al. (2005) supported livestock population growth for seed dispersal because insufficient seed dispersal is a major limitation to natural regeneration. The majority of tropical tree species has animal-dispersed fruits but most animals, don't enter far into these deforested areas. Munroe and Abigail (2003) mentioned that the abandonment of agriculture land and changing agriculture profitability is leading to private forest re-growth. Wannitikul (2005) showed that no correlation was found between the area of irrigation systems (IRG) and forest cover in Thailand. Knight (2000) mentioned that in recent decades domestic timber has been replaced by imports and forest tourism has emerged. Schlich (1922) found that in the British Empire the import of forest products mainly timber steadily increased since 1884. Nadkarni, et al. (1989) mentioned that on Karnataka forests among the interested parties, the first one is the locals and second is commercial and industrial interests that used forests as a source of raw material. Wilkie et al. (2000) showed positive relationship between road density and land degradation in eighteen nations in Africa.

OBJECTIVES OF THE STUDY
1. To identify socio economic factors that hinder the growth of forest area in the country.
2. To analyze the selected socio economic factors that affect forest area in the country, like human and livestock population growth, cultivated area in the country, irrigated area, manufacturing growth, construction and forest production.

MATERIALS AND METHODS
The present study has focused on the analysis of macro economic data of Pakistan. To achieve the objectives of the study, secondary data from 1972-2005 taken from Economic Survey of Pakistan various issues have been used for selected variables. In order to check the statioanrity of a given time series an Augmented Dickey Fuller test is used, while for existence of co integration Johnson's Likelihood criterion is used. The following multiple regression models were used for analysis.

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23

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots\ldots\ldots\ldots\ldots\ldots \beta_k X_k + \varepsilon \quad (1)$$

Where Y represents forest area of Pakistan and $X_1 \ldots . Xk$ represent the explanatory variables. The error term ε represents the collective unobservable omitted variables.

The estimated regression parameters, or regression coefficients, for the model denoted by $\hat{Y}$ are given by

$$\hat{Y} = b_0 + b_1 X_1 + b_2 X_2 + \ldots\ldots\ldots\ldots b_k X_k \quad (2)$$

$Y^{\wedge}$ = Log Forest area Pakistan   X1 = Log Population
X2 = Log Livestock Population   X3 = Log Cultivated Area
X4= Log Irrigated Area   X5 = Log Forest Production
X6 = Construction Growth   X7= Manufacturing Growth
X8 = Log Road Length

RESULTS AND DISCUSSION
STATIOANRITY OF THE TIME SERIES
Table I present the results of the unit root test. Eight variables are non-stationary when intercept is included only, and after inclusion of trend the variables remain non-stationary. One variable (Forest production) is non-stationary whether trend is included or not.

TABLE I: ADF TEST FOR STATIOANRITY

Variables	Include intercept only		Include intercept and trend		Result
	Computed Value	Critical Value	Computed Value	Critical Value	
Forest Area	-0.5584[0]	-3.6422	-3.2196[1]	-4.2712	I(1)*
	-6.8127[1]	-3.6576	-6.7772[1]	-4.2826	I(1)**
Population	-1.2746[1]	-3.6496	-0.1545[0]	-4.2605	I(1)*
	-4.4768[0]	-3.6496	-4.6746[0]	-4.2712	I(1)**
Livestock	-1.3840[0]	-3.6422	-3.9230[0]	-4.2605	I(1)*
	-7.8726[0]	-3.6496	-5.3036[1]	-4.2826	I(1)**
Cultivation	-2.3718[1]	-3.6496	-2.8324[0]	-4.2605	I(1)*
	-3.8668[1]	-3.6576	-8.7968[0]	-4.2712	I(1)**
Irrigation	-1.3569[0]	-3.6422	-1.9322[1]	-4.2712	I(1)*
	-6.3292[1]	-3.6576	-8.6578[0]	-4.2712	I(1)**
Forest Prod	-4.7016[0]	-3.6422	-4.6603[0]	-4.2605	I(0)*
					I(0)**
Cons Gro	-2.8764[0]	-3.6496	-2.9750[1]	-4.2605	I(1)*
	-5.3877[1]	-3.6576	-10.280[1]	-4.2712	I(1)**
Manu Gro	-3.3654[0]	-3.6422	-3.3423[0]	-4.2605	I(1)*
	-5.6437[1]	-3.6576	-7.4723[1]	-4.2712	I(1)**
Road Length	-2.6544[0]	-3.6422	-1.8234[1]	-4.2712	I(1)*
	-6.0182[0]	-3.6496	-6.9850[0]	-4.2605	I(1)**

CO-INTEGRATION OF THE VARIABLES– THE JOHANSEN TEST
Johansen Likelihood Ratio (LR) test is used to find out the co integration in the regressions used for analysis. The result of Likelihood Ratio (LR) test is depicted in table II. The Likelihood Ratio (LR) test results point out that the assumption of no co integration has been rejected for all equations by Likelihood Ratio (LR) statistics. The test denotes the existence of five co integrating equations as the calculated values of Likelihood Ratio (LR) statistics are greater than the critical values at 5 percent as well as 1 percent. The test results show that the variables are co integrating and they have long-term relationships.

TABLE II: JOHANSEN CO INTEGRATION TEST RESULT WITH INTERCEPT (NO TREND) IN CE AND NO INTERCEPT IN VAR
(Variables included in the co integrating vector: FA P LS CV IR FP CG MG RL).Test assumption: No deterministic trend in the data. Lag interval is 1 to 1

Eigenvalue	Likelihood Ratio	5 Percent Critical Value	1 Percent Critical Value	Hypothesized No. of CE(s)
0.926885	319.7203	192.89	204.95	None **
0.880772	236.0172	156.00	168.36	At most 1 **
0.802162	167.9622	124.24	133.57	At most 2 **
0.746425	116.1123	94.15	103.18	At most 3 **
0.606873	72.20528	68.52	76.07	At most 4 *
0.475137	42.32940	47.21	54.46	At most 5
0.287983	21.70163	29.68	35.65	At most 6
0.259061	10.83274	15.41	20.04	At most 7
0.037947	1.237953	3.76	6.65	At most 8

*(**) denotes rejection of the hypothesis at 5%(1%) significance level
L.R. test indicates 5 co integrating equation(s) at 5% significance level

RESULT OF MULTIPLE REGRESSION MODELS
The results of multiple regressions are given in table 3. Each variable is separately explained under the following title.
1 GROWTH IN HUMAN POPULATION
Population is generally considered as one of the most important factor that is responsible for deforestation. But the model results show that population of Pakistan has not negatively affected the forest area of the country. A unit increase in the population of the country has brought about 0.83 positive changes in the forest area. This leads to the conclusion that effects of population may be positive or negative depending on the situation in the country that whether it is used as human resource for natural resource generation or as a source of only consumption. This also implies that if population growth has slow down then its effects are not adverse. Population growth has decreased from 3% in 1970s to 2.6% during 1990s

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24

2   INCREASE IN LIVESTOCK POPULATION

Grazing pressure destroys the upper fertile layer of soil, uprooted young tree crops thus putting negative pressure on forest resources. But the model results show that livestock population has positive impacts on the forest area of Pakistan. A unit increase in livestock population has 0.04 units increase in the forest area. Increase in livestock population is not causing any negative pressure on forest area mainly because the growth in its population is slow in Pakistan. As compare to the past decades free grazing is now limited and stall-feeding is gaining importance. In areas where there is less stall feeding people have started planting those trees (fodder trees) which they can use for their animals.

3   CULTIVATED AREA

It was assumed that as the cultivated area in the country is increased forest area is depleted. The model shows the same results in Pakistan that cultivated area of the country has negative impacts on the forest area of Pakistan. The people of the area first encroach to forest areas and then start cultivation and construction especially on terraces. The model shows that one unit increase in cultivated area of the country brings about 2.3081 units decrease in the forest area of Pakistan. In the overall regression model, the factor with highest effect is (T= -2.56   P=0.017) the cultivated area affecting on forest area of the country. Its negative effect on forest area is higher than construction and manufacturing sector in Pakistan.

4   IRRIGATED AREA

The model results show negative effects of irrigated area on the forest area of Pakistan. As one unit change is made in the area of irrigation, 0.3170 units decrease in the forest area. The important fact is with increasing irrigation facilities agriculture activities for food production has increased in Pakistan.

5   FOREST PRODUCTION

Firewood production, timber production, production of chipboard and hardboard all effect on forests growth but it depends whether it is sustainably produced or not. The model shows that the effect of forest production is 0.05300 units. The effect is however found positive. The model results imply two important things; one the unit effect is minor and secondly the effect is not adverse on the forest area. These results are opposite to general information. The main reasons are that illicit felling for which data was not available. Secondly firewood is mainly obtained from plantation in Punjab and the official figures for firewood production are not accommodating production from private farm plantation.

6   CONSTRUCTION GROWTH

It is generally assumed that increase in the construction activities deplete the forest resources. The model results show that increase in the construction sector growth has effects at minor rate of 0.02% on the forest area. However this effect is not negative. Govt. of Pakistan (1986) however mentioned that projects in areas like housing schemes, ports and harbors, roads, mining, dams and reservoirs, energy, fertilizers, industrial irrigation and many others do consider forest cutting, land clearing and restoration of the disturbed areas etc.

7   MANUFACTURING SECTOR GROWTH

The effect of increase in manufacturing growth in the country has negative effects on the forest area of Pakistan. If there is one percent increase in the value of manufacturing it results in decrease in forest area of Pakistan at a rate of 0.12 %.

8   ROAD CONSTRUCTION

Road construction destroys forests because these are built by cutting trees. Roads in Pakistan has negative but minor effect on the forest area i.e. a one unit increase in the road leads to decrease forest area by 0.00285 units on the forest area of Pakistan.

TABLE 3: REGRESSION RESULTS, DEPENDENT VARIABLE = LOG FOREST AREA PAKISTAN

Predictor	Coef	StDev	T	P	VIF
Constant	2.0516	0.9149	2.24	0.034*	
Log popu	0.8356	0.1450	5.76	0.000*	71.7
Log live	0.04389	0.03134	1.40	0.174	13.8
Log cult	-2.3081	0.9020	-2.56	0.017*	66.6
Log irri	-0.3170	0.3178	-1.00	0.328	50.5
Log Fore	0.05300	0.02797	1.90	0.070*	1.6
Construc	0.0002240	0.0003836	0.58	0.565	1.4
Manufact	-0.0015281	0.0007087	-2.16	0.041*	1.6
Log road	-0.00285	0.04661	-0.06	0.952	33.1

* shows it is significant

S = 0.01229   R-Sq = 96.4%   R-Sq(adj) = 95.3%

F= 84.57   P=0.000,   Durbin-Watson statistic = 1.89

CONCLUSION AND RECOMMENDATIONS

Pakistan has low forest area and a high rate of deforestation. Although the forest production has increased but still the demand supply gap is high. The pressure on forests comes from different areas including socio economic activities of the population both at micro and macro level, for example, cultivation, construction of houses, factories, road construction, human and livestock population growth etc.

The study revealed that human population growth has slow down so its effect is not adverse on the forest area of Pakistan. Livestock population and grazing is also found not a threat to forest area depletion because of check on free grazing and increasing trend of stall feeding. Irrigated area has negative contribution towards forest area. However, cultivated area has shown high negative effects on forest area of Pakistan. Its negative effect is not only high but also higher than manufacturing and road construction. Construction sector has grown but in areas other than forest areas so its effect is not negative. Results about forest production are against the general assumption that these have negative effects on forest area but since most of fuel wood and timber is extracted illegally in Pakistan so the official data is not the true representative of forest production.

On the basis of above analysis it is suggested that cultivated area is increased at the costs of forest area so there is a need to clearly demarcate the forest area. Further land use policy should be strictly implemented and terraces without permission should not be allowed to cultivate. The data for fuel wood and timber should be properly maintained or at least proper estimation for illicit felling should be constructed so as to get better analysis of the situation.

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THE IMPACT OF NON-PERFORMING ASSETS ON THE PROFITABILITY OF INDIAN SCHEDULED COMMERCIAL BANKS: AN EMPIRICAL EVIDENCE

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ABSTRACT

This paper deals with the assessment of non-performing assets on profitability, its magnitude and impact. Credit of total advances was in the form of doubtful asset in the past and has an adverse impact on profitability of public sector banks at comprehensive level representative high degree of riskiness in credit portfolio on the credit appraisal. The profitability of all public sector banks affected at very large extent when non-performing assets (NPAs) work with other banking and also affect productivity and efficiency of the banking groups. Banks directly or indirectly affect trade and industry development. In India, banks were purely limited to urban areas and provided credit to the business and trading community.

KEYWORDS

Profitability, Non-performing assets, Economy, Business and development.

PREAMBLE

In the globalisation era, banking and financial sector get high priority. Indian banking sector of having a serious problem due to non performing assets. The earning capacity and profitability of the bank are highly affected. While the primary function of banks is to lend funds as loans to various sectors such as agriculture, trade, personal loans, housing loans etc., in recent times the banks have become very careful in increase loans. The reason being increasing non-performing assets (NPAs). NPA is cleared as an advance for which interest or repayment of principal or both remain outstanding for a period of more than 180 days. The level of NPA act as an indicator viewing the bankers credit risks and competence of allocation of resource.

REASONS FOR NPA

Over hang component:
Overhang component is due to the environment reasons, economic cycle and etc.
Incremental component:
Incremental component may be due to internal bank management, credit policy, terms of credit.

MANAGEMENT OF NPA

During initial sage the percentage of NPA was higher. This was due to show ineffective recovery of bank credit, lacuna in credit recovery system, inadequate legal provision etc. Various steps have been taken by the government to recover and reduce NPAs.
- Settlement / compromise scheme
- Lok adalats
- Debt Recovery Tribunals
- Securitization and reconstruction of financial assets
- Corporate Reconstruction Companies
- Credit information on defaulters and role of credit information

REVIEW OF LITERATURE

There are several empirical studies carried out on the problem of Non-performing Assets of commercial banks in India. Present review deals with the observed in Indian context on Non performing Assets in weaker sections of public sector banks and private sector banks. Nagananthini.T (2007) attempted to "Profitability, Efficiency and Non-Performing Assets – A critical analysis with reference to the State Bank of India and its Associates" to study the trends in profitability, efficiency and non-performing assets of SBI and its associate banks considering interest, working funds, interest expense, gross profits, net profits, spread, etc., that the profitability is on an increasing trend. "Per employee" and "per branch" indicators were worked out and they showed that the efficiency of the firms has increased for all the banks during the study period and declined in gross and net NPA.

OBJECTIVES OF THE STUDY

i)   To analyse the impact of non–performing assets on the profitability of banks.
ii) To evaluate the impact of non-performing assets on profitability with other variables

RESEARCH METHDOLOGY

The study is analytical in nature, and the present study uses the most recent available published secondary data for the years 2000-2010 compiled from Report on Trends and Progress of Banking in India. The scope of the study is limited to ten years data. The data has been analyzed using ratio. The study is related to SBI Group, Nationalized Banks Group and Private Banks Group.

ANALYSIS AND RESULTS

The increase in the profitability of a bank is always preceded by the composition of assets and liability. Hence, the following ratios are calculated to identify the optimal mix of banks in relation to profitability.
i)   Ratio of Gross NPA to Gross Advances
ii)   Ratio of Net NPA to Net Advances
iii) Ratio of Gross NPA to Total Assets
iv)   Ratio of Net NPA to Total Assets

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27

RATIO OF GROSS NPA TO GROSS ADVANCES

The ratio of Gross NPA to Gross Advances of all commercial banks grouped under three heads: SBI group, Nationalized Banks group and Private Bank's group. Group-wise, the ratio was more consistent in terms of dispersion for Private Banks group (C.V. 0.51 per cent) followed by Nationalized group (C.V. 0.50 per cent) and less consistent for SBI group (C.V. 0.49 per cent).

An insight into the SBI group reveals that this ratio fluctuated between 14.41 per cent in 2000-2001 and 1.92 per cent in 2009-2010. The average of this ratio for this group during the study period stood at 9.02 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (1.92 per cent) during 2009-2010 and maximum (14.70 per cent) during 2001-2002.

TABLE 1: RATIO OF GROSS NPA TO GROSS ADVANCES

Year	Ratio of Gross NPA to Gross Advances		
	SBI Group	Nationalized Banks Group	Private Banks Group
2000 – 2001	14.41	16.02	8.67
2001 – 2002	14.70	15.89	10.81
2002 – 2003	12.71	13.98	8.18
2003 – 2004	11.41	12.37	8.37
2004 – 2005	10.41	11.09	9.64
2005 – 2006	8.83	9.36	8.07
2006 – 2007	7.18	7.79	5.84
2007 - 2008	5.25	5.66	4.44
2008 - 2009	3.34	3.71	2.45
2009 - 2010	1.92	2.40	0.41
Mean	9.02	9.83	6.69
SD	4.51	4.88	3.33
CV	0.49	0.50	0.51

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years

An analysis of this ratio reveals that the Nationalized Banks group varied between 16.02 per cent in 2000-2001 and 2.40 per cent in 2009 - 2010. The average of this ratio was worked out at 9.83 per cent over the period of study. Among this group, this ratio was minimum (2.40 per cent) during 2009-2010 and maximum (16.02 per cent) during 2000-2001.

The Private banks group witnessed an average ratio of 6.69 per cent over the study period. This ratio varied between 8.67 per cent in 2000-2001 and 0.41 per cent in 2009-2010. Among this group, this ratio was minimum (0.41 per cent) during 2009-2010 and maximum (10.81 per cent) during 2001-2002. The least variability in the ratio in terms of dispersion was found. Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Government securities to assets during the period under study.

RATIO OF NET NPA TO NET ADVANCES

The ratio of Net NPA to Net Advances of all commercial banks grouped under three heads: SBI group, Nationalized banks group and Private banks group. Group-wise, the ratio was more consistent in terms of dispersion for Private Banks group (C.V. 0.61 per cent) followed by Nationalized group (C.V. 0.59 per cent) and less consistent for SBI group (C.V. 0.59 per cent)

An insight into the SBI group reveals that this ratio fluctuated between 7.30 per cent in 2000-2001 and 0.67 per cent in 2009-2010. The average of this ratio for this group during the study period stood at 4.41 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (0.67 per cent) during 2009-2010 and maximum (7.63 per cent) during 2001-2002.

An analysis of this ratio reveals that the Nationalized Banks group varied between 8.15 per cent in 2000-2001 and 0.74 per cent in 2009 – 2010. The average of this ratio was worked out at 4.80 per cent over the period of study. Among this group, this ratio was minimum (0.74 per cent) during 2009-2010 and maximum (8.15 per cent) for during 2000-2001.

The Private banks group witnessed an average ratio of 3.82 per cent over the study period. This ratio varied between 5.26 per cent in 2000 – 2001 and 0.44 per cent in 2009-2010. Among this group, this ratio was minimum (0.44 per cent) during 2009-2010 and maximum (7.41 per cent) during 2001-2002. The least variability in the ratio in terms of dispersion was found.

TABLE 2: RATIO OF NET NPA TO NET ADVANCES

Year	Ratio of Net NPA to Net Advances		
	SBI Group	Nationalized Banks Group	Private Banks Group
2000 – 2001	7.30	8.15	5.26
2001 – 2002	7.63	8.13	7.41
2002 – 2003	6.77	7.42	5.41
2003 – 2004	6.17	6.74	5.44
2004 – 2005	5.50	5.82	5.73
2005 – 2006	4.01	4.53	2.85
2006 – 2007	2.83	3.06	2.42
2007 - 2008	2.00	2.06	2.20
2008 - 2009	1.22	1.32	1.01
2009 - 2010	0.67	0.74	0.44
Mean	4.41	4.80	3.82
SD	2.61	2.85	2.32
CV	0.59	0.59	0.61

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years

Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Government securities to investment during the period under study.

RATIO OF GROSS NPA TO TOTAL ASSETS

The ratio of Gross NPA to Total Assets of all commercial banks grouped under three heads: SBI group, Nationalized banks group and Private banks group. Group-wise, the ratio was more consistent in terms of dispersion for Private banks group (C.V. 0.34 per cent) followed by Nationalized group (C.V. 0.44 per cent) and less consistent for SBI group (C.V. 0.45 per cent)

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28

An insight into the SBI group reveals that this ratio fluctuated between 6.4 per cent in 2000-2001 and 1.02 per cent in 2009-2010. The average of this ratio for this group during the study period stood at 4.05 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (1.02 per cent) during 2009 - 2010 and maximum (6.4 per cent) during 2000-2001.

An analysis of this ratio reveals that the Nationalized Banks group varied between 7 per cent in 2000-2001 and 1.4 per cent in 2009-2010. The average of this ratio was worked out at 4.39 per cent over the period of study. Among this group, this ratio was minimum (1.4 per cent) during 2009-2010 and maximum (7 per cent) during 2000 - 2001.

The Private banks group witnessed an average ratio of 3.13 per cent over the study period. This ratio varied between 3.3 per cent in 2000-2001 and 1.29 per cent in 2009 - 2010. Among this group, this ratio was minimum 1.29 per cent) during 2009-2010 and maximum (4.55 per cent) during 2004 - 2005. The least variability in the ratio in terms of dispersion was found.

TABLE 3: RATIO OF GROSS NPA TO TOTAL ASSETS

Year	Ratio of Gross NPA to Total Assets		
	SBI Group	**Nationalized Banks Group**	**Private Banks Group**
2000 - 2001	6.4	7	3.3
2001 - 2002	6.2	6.7	4.05
2002 - 2003	5.5	6	3.4
2003 - 2004	4.9	5.3	3.6
2004 - 2005	4.6	4.9	4.55
2005 - 2006	4.1	4.2	4.05
2006 - 2007	3.3	3.5	3
2007 - 2008	2.6	2.8	2.35
2008 - 2009	1.9	2.1	1.75
2009 - 2010	1.02	1.4	1.29
Mean	4.05	4.39	3.13
SD	1.82	1.93	1.05
CV	0.45	0.44	0.34

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years

Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Approved Securities to Total Assets during the period under study.

RATIO OF NET NPA TO TOTAL ASSETS

The ratio of Net NPA to Total Assets of all commercial banks grouped under three heads: SBI group, Nationalized banks group and Private banks group. Group-wise, the ratio was more consistent in terms of dispersion for Private Banks group (C.V. 0.48 per cent) followed by Nationalized banks group (C.V. 0.54 per cent) and less consistent for SBI group (C.V. 0.52 per cent)

An insight into the SBI group reveals that this ratio fluctuated between 3 per cent in 2000-2001 and 0.45 per cent in 2009 - 2010. The average of this ratio for this group during the study period stood at 1.84 per cent, the least amongst all the three groups. Among this group, this ratio was minimum (0.45 per cent) during 2009 - 2010 and maximum (3per cent) during 2000-2001.

An analysis of this ratio reveals that the Nationalized Banks group varied between 3.30 per cent in 2000-2001 and 0.39 per cent in 2009-2010. The average of this ratio was worked out at 1.67 per cent over the period of study. Among this group, this ratio was minimum (0.39 per cent) during 2009-2010 and maximum (3.30per cent) for during 2000-2001.

The Private banks group witnessed an average ratio of 1.67 per cent over the study period. This ratio varied between 2 per cent in 2000-2001 and 0.38 per cent in 2009 - 2010. Among this group, this ratio was minimum (0.38 per cent) during 2009-2010 and maximum (2.60 per cent) during 2001-2002. The least variability in the ratio in terms of dispersion was found.

TABLE 4: RATIO OF NET NPA TO TOTAL ASSETS

Year	Net NPA to Total Assets		
	SBI Group	**Nationalized Banks Group**	**Private Banks Group**
2000 - 2001	3.00	3.30	2.00
2001 - 2002	2.90	3.10	2.60
2002 - 2003	2.70	2.90	2.20
2003 - 2004	2.50	2.70	2.25
2004 - 2005	2.30	2.40	2.65
2005 - 2006	1.80	1.90	1.60
2006 - 2007	1.20	1.30	1.30
2007 - 2008	0.90	1.00	1.10
2008 - 2009	0.70	0.70	0.65
2009 - 2010	0.45	0.39	0.38
Mean	1.84	1.97	1.67
SD	0.97	1.06	0.80
CV	0.52	0.54	0.48

Source: Data calculated from Statistical Tables Relating to Banks in India, R.B.I., Mumbai Issues of relevant years.

Thus, it can be inferred that SBI group Private banks group and Nationalized banks group in that order have Investment to Assets during the period under study.

FINDINGS OF THE STUDY

While assessing the Impact of Non-Performing Assets on the Profitability, the researcher has observed that Ratio of Gross NPA to Gross Advances is 9.83 % by Nationalized banks, Ratio of Net NPA to Net Advances of Nationalised bank group has secured 4.80%, Ratio of Gross NPA to Total Assets is found to be 4.39% by Nationalised bank group; Ratio of Net NPA to Total Assets of Nationalised bank group with 1.97 % which is more than SBI and its Associates and private bank group. When the overall position was assessed, it is found that Nationalised bank group has secured the first place and the second place was taken by SBI and its Associates.

RECOMMENDATIONS FOR REDUCING NPAs

✧ It is the onus on the concerned bank which has given the loan to tackle the problem of NPA. Therefore the recommendations of Narasimham Committee which suggest that the asset management companies or asset reconstruction fund must redress the NPAs to be reviewed.

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✧ A strong Banker-Borrower relationship should be improved. Forceful recovery by the banks, which is against corporate. Debt recovery will be much easier in a friendly atmosphere.

✧ Supporting the borrowers in developing his entrepreneurial skills will establish a good relation between the borrowers. but also help the bankers to maintain a track of their resources.

✧ Commercial Banks should be allowed to come up with their own method to address the problem of NPAs. It include surrendering and reducing the principal and interest on such loans, extending the loans, or settling the loan accounts. They should be fully authorized and apply all the privileged policies granted to the asset management companies.

✧ Another way to manage the NPAs by the banks is Compromise Settlement Schemes or One Time Settlement Schemes. Under these situations, it is necessary to bring more simplicity in such deals so that any mistake could be removed.

CONCLUSION

Indian banking sector is facing a serious problem of NPA. The extent of NPA is comparatively higher in public sectors banks. To improve the efficiency and profitability, the NPA has to be scheduled. Various steps have been taken by government to reduce the NPA. It is highly impossible to have zero percentage NPA. But at least Indian banks can try competing with foreign banks to maintain international standard. The study observed that there is increase in advances over the period of the study. However, the decline in ratio of NPAs indicates improvement in the asset quality of SBI Groups, Nationalised banks group and private sector banks. It is found on the basis of analysis that there is considerable development in the management of nonperforming assets in India. The study finally viewed that the prudential norms and other schemes has rushed banks to improve their performance and accordingly resulted into orderly down of NPA as well as enhancement in the financial strength of the Indian banking structure.

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30

EVALUATING SERVICE PERFORMANCE OF ADVERTISING FIRMS: STUDY ON BANGLADESHI ADVERTISING COMPANIES

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ABSTRACT
Communication takes place to promote, aware the target market about the various offerings, information about the organization and it considers as the window of the organizations through which organization interacts with their target market. The promotion campaign mostly is conducted by the external organization like advertising firms. Very few of them are successful and well recognized to the clients because of their work performance and quality of the service. In this study, we have revealed some factors which are considered by the clients to analyze the performance of the advertising agencies. We have also provided some guidelines to the advertising agencies which will be helpful to formulate their marketing strategy.

KEYWORDS
Advertising Agencies, Service Performance, Clients' Evaluation, Strategic Planning, Competitive Advantage.

INTRODUCTION
Communication is one of the important marketing mixes in a business. Marketing strategy without communication is beyond the imagination. Therefore a company needs to inform its clients or customers through communication mixes about the organizations' offerings. Otherwise their products or services would be only an innovation to the problem solving elements of consumer needs and wants, not to aware the consumers.

In this regard advertising agencies are playing the pivotal role in developing and delivering necessary information to the target audiences or customers in creative way. Ad agencies are familiar for print ad, TV ad, banner, festoon, event management and so on. The main objective is to convey the messages about products services, or company so that the target customers get their desired information. This will lead the target customers to behave favorably towards the companies' offerings.

Advertising industry in our country was not so focused during the last decades (before 2000). Media strategy got the creative touch since 2000. A lot of creative and informative ad was produced during the last 5 years. Among of them **"Din Bodoler Pala (Journey to change the day) – Banglalink"; "Khaile Chatben Na khaile Postaiben (If you eat, you will enjoy otherwise you will miss)- Nokia" got the International Award**. Some GP's advertisement is also memorable. With that emerging creative communication edge, advertising agencies needs to be very creative and dynamic.

Since year 2000, there was a few numbers of advertising agencies in our country. Among of them **Asiatic** was leader in this industry. After the year 2000, this industry has become so lucrative that some MNC ad companies invested in our country. The World leading advertising firm **"Gray Worldwide"** started their operation since 1996. Another giant company **TBWA** started their operation jointly with **Benchmark** from May 2008. With that intense competition within this industry, Ad agencies (those who are local based company) are facing lots of threats from the other end. That is why, local companies need to rethink about the new competition. They should boost up their effort to compete with the global companies.

Therefore, evaluating the agency performance is the key to find out the effective advertising firms. Clients usually maintain a long term relationship with that organization to whom they are satisfied (Kotler, Armstrong, et all). Our study focuses on the factors affecting the clients' judgment to evaluate the service performance of advertising agency for their marketing communication.

PURPOSE OF THE STUDY
Providing standard service to the clients is harder than offering products. So, satisfying clients through providing service is complex in nature (Zeithaml, Bitner and Gremler). In addition to this concept, there are few criterion to perform standard service is sometimes unknown to the organization and also, the characteristics of service is heterogeneous (Zeithaml, Bitner and Gremler) that is service performance vary according to the different situation, among the different people. Clients are also unable to judge the service performance equally (Zeithaml, Bitner and Gremler). Keep these in mind; we have conducted this study to unveil the significant factors which are considered by the clients to evaluate service performance. Therefore,
a) We want to discover the significant factors to evaluate service performance of the advertising firm.
b) To develop a conceptual model based on the exploratory study to postulate the understanding of the service performance.
c) Advertising firms will be able to comprehend the clients' demand of the service offerings and to formulate their marketing strategy as well.
d) Finally, the proposed model will be helpful for the further research.

MODEL AND HYPOTHESIS
Performance evaluation is very extensive job that requires a specialized effort. There are no unique systems by which the performances of the all organizations can be measured and evaluated. Evaluation system with target and goal is not always work to ensure the performance (Humme and Wright, 2010). It requires a continuous effort to discover the mechanism to measure the service performance. On the other hand variability of the service confuses the consumers to judge the performance of the service (Zeithaml, Bitner and Gremler). Therefore factors for evaluating service performance vary among the different nature of companies.

Cornnely, Laura J. mentions the following factors are important to evaluate advertising effectiveness. The factors are - Creativity, Ad Techniques, logic, testimonial, emotions, information presented in the ads. She told that advertising helps to promote new products or services, save money, compare between products, and tell you about the sales.
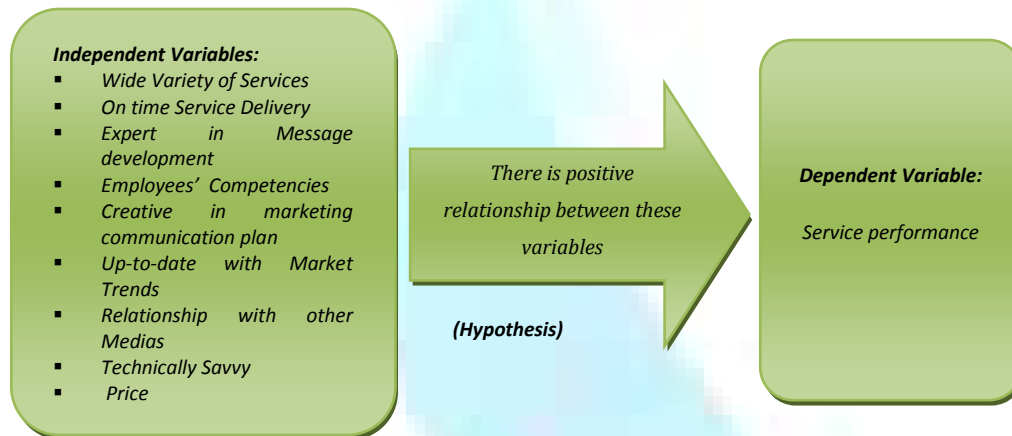
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31

Clients evaluate their adverting agency continuously because to get the better service. They become loyal to those agencies that provide the desired service. From the research it is found that clients evaluate their agencies on the basis of these criteria - Account Management, Creativity, Consumer Planning/Research, Production, Media Planning, Media Buying, Direct/Relationship Marketing, Interactive, Public Relations, Budget and Financial, Agency Management.

McBride & Associates (2002) contributes some factors to the study to evaluate the agency performances. They evaluate the performance of the advertising agencies on the basis of following criteria - Reliability, communication skills, business focus, or leadership, a relationship between, the business strategies of the advertiser and to accurately appraise the agency's contributions, advertiser/agency relationship is a joint venture with the mutual dependency that implies.

According to Roy, Don (2011), service encounter can be accessed through the touch point of the service, for example - greetings, salesperson's product knowledge, selling skills demonstrated, closing attempts, and transaction execution.

From the above study, we propose the following model to evaluate service performance of the advertising firm. This model postulates that clients' considerations about the service performance depends on the factors such as, Service variety, on time service, Expert in Massage Development, Employees' Competency, Creative in preparing marketing communication plan, Up-to-date with market trends, Relationship with other medias, technically Savvy, Reasonable Price, that lead them to measure service performance. Although there could have some situational considerations to evaluate service performance which are ignored in this study. Because the situational factors (war, recession, monopoly situation, less expert clients etc.) are uncontrollable can be present anytime of evaluation (Management theory), organization should get ready accept the truth and adopt these factors. Therefore, we propose that - **There is a significant relationship between the stated independent variables and dependent variable (Hypothesis).**

FIGURE 1: PROPOSED MODEL TO EVALUATE SERVICE PERFORMANCE OF THE ADVERTISING AGENCY

Independent Variables:
- *Wide Variety of Services*
- *On time Service Delivery*
- *Expert in Message development*
- *Employees' Competencies*
- *Creative in marketing communication plan*
- *Up-to-date with Market Trends*
- *Relationship with other Medias*
- *Technically Savvy*
- *Price*

There is positive relationship between these variables

(Hypothesis)

Dependent Variable:

Service performance

METHODOLOGY

The study is exploratory in nature and based on primary and secondary information. Secondary information is collected from the different journals, internet and periodicals of the organizational news. Primary information is gathered using survey methods. To elicit the responses, a detailed questionnaire has been designed and surveyed by the well trained interviewers. Information is obtained from the employees of the advertising agencies and their clients.

A preliminary questionnaire is developed using Likert scales. The independent and dependent variables are identified and there is one question for each of the variables. The questionnaire is pre-tested several times to arrive at appropriate wording, format, length and sequencing of the questions. Pre-test feedback is used to refine the questionnaire until it is ready for data collection.

After fixing the questions for the independent and dependent variables based on the type of questions different values are assigned to the Likert scale. For a positive statement highest number (7) is assigned for 'strongly agree' and lowest number (1) for 'strongly disagree' responses. For a negative statement highest number (7) is assigned for 'strongly disagree' and lowest number (1) for 'strongly agree' responses.

8 advertisement firms have been selected randomly. They are- Grey World Wide, Unitrend Limited, Asiatic Marketing Communication Ltd, Madonna Advertising Ltd, TBWA\Benchmark, Interspeed Advertising, Bitopi Advertising, Adcomm Ltd. 80 clients have given their opinion which are selected using convenience sampling technique. For analyzing the survey data we have used the multiple regression to get the output.

REGRESSION MODEL FOR TESTING THE HYPOTHESIS

The present study investigates the relationship between Service variety, on time service, Expert in Massage Development, Employees' Competency, Creative in preparing marketing communication plan, Up-to-date with market trends, Relationship with other medias, technically Savvy, Price and service performance. For this research two sets of variables are selected.

- The dependent variable here is the clients' evaluation toward service performance of company.
- The independent variables are Service variety, on time service, Expert in Massage Development, Employees' Competency, Creative in preparing marketing communication plan, Up-to-date with market trends, Relationship with other medias, technically Savvy, Price

The basic model is being tested in the study therefore is:

$Y = a + b_1 * X_1 + b_2 * X_2 + b_3 * X_3 + b_4 * X_4 + b_5 * X_5 + b_6 * X_6 + b_7 * X_7 + b_8 * X_8 + b_9 * X_9 + error$

DEPENDENT VARIABLE
- *Service performance = Y*

INDEPENDENT VARIABLES
- Variety of Service = X_1
- On time Service = X_2
- Expert in message development= X_3
- Employees' competencies = X_4
- Creative in preparing marketing communication plan= X_5
- Up -to-date with business trends= X_6
- Relationship with other medias = X_7
- Technically savvy= X_8
- Price= X_9

ANALYSIS

In the regression analysis, model summery describe the strength of association between independent variables and dependent variable. Hypothesis is tested by the ANOVA table where level of significance is considered at 0.05. And finally, we have got the value of coefficient of independent variables individually with level of significant.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT 32
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STRENGTH OF ASSOCIATION BETWEEN INDEPENDENT VARIABLES AND DEPENDENT VARIABLES

TABLE -1: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878(a)	.771	.741	.599

Source: SPSS Output

a Predictors: (Constant), price, up to date with business trends, relationship with other medias, technically savvy, on time service, expert in message development., variety of service, employees' competencies, creative in marketing communication plan

FINDINGS

As the R^2 value is 0.771 which is closer to 1, it indicates there is strong relationship among the dependent variable (clients' attitude towards the service performance of advertising firms) and the independent (Service variety, on time service, Massage Development, Employees' Competency, Creative in preparing marketing communication plan, Up-to date with business trends, Relationship with other medias, technically Savvy, Price) variables considered in this model. Here the value of adjusted R^2 (0.741) is closer to the R^2 value and both are closer to 1. This suggests that adding each of the additional 9 independent variables after the 1st independent variable, makes a significant contribution in explaining the variation in the dependent variable clients' attitude towards the overall services of the ad companies.

HYPOTHESIS OF THE MODEL

TABLE - 2: ANOVA (b)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	84.396	9	9.377	26.161	.000(a)
	Residual	25.091	70	.358		
	Total	109.487	79			

Source: SPSS Output

a Predictors: (Constant), price, up to date with business trends, relationship with other medias, technically savvy, on time service, expert in message development., variety of service, employees' competencies, creative in preparing marketing communication plan

b. Dependent Variable: service performance

FINDINGS

From the above table it is found that the significance level of the F value (0.000001) is below α = 0.05. At 9 & 70 degrees of freedom the calculated value of F is also greater than the table value. These indicate that the independent variables have significant relationship with the dependent variables. So our hypothesis is accepted. This indicates that the independent variables (Constant), Service variety, on time service, Massage Development, Employees' Competency, Creative in preparing marketing communication plan, Up-to-date with business trends, Relationship with other medias, technically Savvy, Price of the ad firms have significant relationship with the dependent variable clients' attitude towards the service performance of the advertising firms.

COEFFICIENTS ANALYSIS

Analysis of co-efficient provides us which independent variables have significant relationship with the dependent variables. Here With (n-2) = (80-2) = 78 degrees of freedom and α = 0.05, critical value of t = 1.9908

TABLE- 3: COEFFICIENTS (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.496	.420		-3.563	.001
	Variety of service	.185	.052	.252	3.552	.001
	On time service	.084	.053	.095	1.574	.120
	Expert in message development	.155	.058	.194	2.662	.010
	Employees' competencies	.126	.058	.158	2.193	.032
	Creative in preparing marketing communication plan	.215	.060	.279	3.561	.001
	Up-to-date with business trends	.096	.055	.104	1.732	.088
	Relationship with other medias	.107	.064	.135	1.671	.099
	Technically savvy	.193	.054	.212	3.603	.001
	Price	.155	.060	.164	2.609	.011

Source: SPSS Output

a Dependent Variable: service performance

FINDINGS

From the table we can see that only the significance level of Variety of Service (0.001), Expert in Communicating Message Development (0.010), Employees' Competencies (0.032), Creative in Preparing Marketing Communication Plan (0.001), Technically Savvy (0.001), and Price (0.001) are below 0.05, which indicates that these independent variables have significant relationships with the dependent variable service performance of advertising firms.

On the other hand, other variables have significance level value more than 0.05, which indicates that other variables [on time service (0.120), up-to-date with business trends (0.088), and relationship with other medias (0.099)] have not any significant relationship with the dependent variable –service performance.

Therefore, we can present our desired equation to measure the service performance of advertising firms is –

So, Service Performance ($\hat{Y}$) = -1.496 + 0.185* Service Variety (X_1) + 0.155* Expert in message development (X_3) + 0.126* Employees' competencies (X_4) + 0.215* Creative in preparing marketing communication plan (X_5) + 0.193* technically savvy (X_8) + 0.155* price (X_9).

That means clients consider the performance of the advertising firms on the basis of

- Variety of service, Expert in communicating message development, Employees' competencies, Creative in Preparing Marketing Communication Plan, Technically savvy, Price
- On the other hand clients do not consider the factors like- On timely service, Up-to-date with business trends, and Relationship with other medias to measure the performance of the advertising firms.

RECOMMENDATIONS & CONCLUSION

From the above analysis some recommendations can be made to the advertising forms on the following areas to formulate their strategic planning to achieve competitive advantage over the competitors.

- Advertising companies should put more focus on their ability to perform creative works and be very strategic to develop marketing communication plan. Creative communication plan guides the client's organization to fulfill their marketing objectives

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33

- Employees are the key to provide better quality services to the clients. Company should train up their employees to be more competent to perform tasks. In this regard, they should hire the efficient employees.
- Those who are providing wide variety of services, people usually will take the advantages to get services. So ad companies are supposed to widen their service offerings to the clients. Usually clients want "one stop service" because it saves time and money.
- Company should also increase their technical abilities, so that they can fit with the situation if technological innovation takes place. Clients also consider the reasonable price charged to conduct any promotional campaign by the advertising firms. Therefore, ad firms should maintain a reasonable price for their service performed.

Therefore we can conclude that advertising firms should give more focused to strengthen their strengths' to gain competitive advantages in the current market. These factors – (Variety of service, Expert in communicating message development, Employees' competencies, Creative in preparing Marketing Plan, technically savvy, Price) are very important to the clients to evaluate the service performance. If the clients remain satisfy with the present service, they tend to be loyal. As a result, advertising companies can gain greater market share over its competitors.

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34

SOCIOECONOMIC ANALYSIS OF POVERTY INCIDENCE AND FOOD INSECURITY IN KANO STATE-NIGERIA: 1990 - 2007

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ABSTRACT

The paper investigates the interconnectedness of poverty incidence and food insecurity in Kano state vis-à-vis their socioeconomic implications. The two concepts are not only independent but they are correlated as poverty leads to food insecurity. A survey was conducted where information on people living in poverty, poverty incidence, income inequality, calories intake and underweight children were obtained from the records of the relevant State Ministries, Departments and Agencies. The paper reveals that poverty trend in Kano State is on the increase. This is evident by the high relative (67.4%) and extreme (67.1%) poverty levels, the incidence of poverty at 68.2% and the underweight children at 41.8%. The findings indicates that, almost 70 percent of Kano State population lived on less thanUS$1 a day, and the scenario is more severe in the rural areas. The paper also shows the steady fall in the quality and quantity of food people take which resulted to rising level of absolute poverty in the State. The effort to reduce poverty as encapsulated in the Kano State Economic Empowerment and Development Strategy (K-SEEDS), and the integrated agricultural input support initiative amongst others, are likely to reduce the proportion of poor in the State when implemented judiciously.

KEYWORDS
Poverty incidence, Food insecurity, Gini coefficient, Kano.

INTRODUCTION

Alleviation of poverty and achieving equitable distribution of income has for some time been a major development objective in Nigeria. Income distribution explains well the access or otherwise of people to basic facilities, and improved overall living standard. Poverty, therefore, is a state in which an individual is unable to meet the minimum conditions required to sustain livelihood in a given society. These conditions include adequate food, portable water, decent shelter, health care and education. An individual is classified as poor if s/he does not have enough of these basic needs. Poverty could be measured in absolute or relative terms. Food insecurity, hunger and poverty are closely linked. To some extent, food insecurity is a sub set of poverty, but the paper considers them as independent but interrelated concepts. They are interrelated in the sense that, the two are correlated, where poverty incidence is high, food insecurity also tends to be high and vice versa. The level of poverty in Nigeria is high and the percentage of food insecure households was reported to be 18% in 1986 and over 40% in 1998, the level in 2005 is not known (Ajani, 2006).

This paper analyses poverty incidence and the level of food insecurity in Kano state with a view to ascertaining their socioeconomic implications. Those implications would go a long way when ascertained in shedding light on the causes and effects of the two most pressing problems that all developing economies are taking very seriously in their policy formulations. The paper intends to study Kano state being the most populous and one of the victims of poverty and hunger in the country, with the hope that the findings could be of help in explaining similar problems in other states or regions in the country and beyond. The paper covers a period of 17 years (1990 – 2007) and data were obtained with the aid of questionnaires administered to relevant Ministries, Departments and Agencies (MDAs) in Kano. Supplementary data were obtained mainly from the National Bureau of Statistics (NBS) and Central Bank of Nigeria (CBN). These data were analyses with the aid of both descriptive and inferential techniques. Essentially, Gini-coefficient, percentages, diagrams and figures were employed.

To this end, the paper is organized into four sections. The first section covers introduction where the objectives and methodology of the paper were spelt out. Section two covers conceptual and empirical issues, discussion of results were presented in section three and the last section contains concluding remarks.

THEORETICAL AND EMPIRICAL ISSUES

POVERTY
Poverty is a plague afflicting people all over the world. Poverty is linked to the shortage of vital resources and the endurance of "harsh and inhospitable environments", including the breakdown of economic, demographic, cultural and social systems and bad governance which they claim sustains systematic poverty in developing countries (Onibokun and Kumuyi, 1995). In another perspective, poverty is recognized as a way of life characterized by low calorie intake, inaccessibility to adequate health facilities, low quality education system, low life expectancy, high infant mortality, low income, unemployment and underemployment and inaccessibility to various housing and societal facilities. In real terms, poverty denies its victims of the most basic survival needs, which are also fundamental human rights, such as water, food, clothing and shelter (CBN/World Bank, 1999; Gass and Adetunmbi, 2000). On that note, poverty manifests itself not only in economic deprivation but also in terms of an individual's inability to access basic social amenities. In Kano, most of social vices are attributable to poverty, particularly income poverty whereby people are living below $1 per day. This is because social problems are the functions of employment and access to social amenities.

FOOD SECURITY
Food security means "access to adequate food by the members of the household, at all times for the maintenance of a healthy and active life" (ICN, 1992). A secure supply of food is necessary for good nutrition, but it does not by itself ensure that people are well nourished. This is because there are other factors, which affect nutritional status such as meal frequency, energy concentration of meals, appetite (health status), birth spacing and women's work load.

Provision of food has become a policy issue because, the basic nutrients in diet (carbohydrates, fats, proteins, minerals, vitamins and water) are all necessary for proper body functions. These functions include the production of energy for body activities, the promotion of growth, the maintenance and repair of body tissues, the regulation of body processes and the maintenance of a proper internal environment (Olayide, 1982 in Idris, 2009).

The nutrient requirements and food availabilities have created five major problems for human beings. These are the problems of hunger, famine, under nutrition, malnutrition, and over nutrition. An effective food policy of all governments would be to move populations from the over – nutrition and under-nutrition categories to the adequate nutrition category.

Kano state, in spite of its agricultural potential as highlighted below is characterized by food insecurity. Thus:

- Kano has an arable land of about 18,684 square km out of the total Land Area of 20,760 square km (Sani, 2005).
- Kano State has the largest irrigation projects in Nigeria, and had indeed constructed 22 earth dams for domestic, industrial and irrigation purposes as at 1999. The irrigation infrastructure includes the following:
- Kano River irrigation project phase 1 which covers 22,000 hectares;
- Watari River irrigation project;
- Gwarzo Road Dams project;
- Kafin Chiri Dam irrigation project;

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35

-    Thomas River project,
-    Gari River irrigation project;
- Kano state possesses the largest markets for agricultural produce in West Africa for example the famous Dawanau Market.
- Kano is one of the biggest terminals where all agricultural produce are bought and channeled to all major cities of the country and other cities of West Africa. These include neighbouring cities of Niger Republic, Mauritania, Mali, among others.
- Kano State also has potentials for fish farming as given the above Dam projects.

FOOD INSECURITY

Having conceptualized food security, understanding food insecurity becomes easy. One needs to look at the reverse of former with all the characteristics and requirements to mean the latter. However, in Kano State, each locality has its own way of describing food insecurity. There are different terminologies used depending on the community, but the terms are usually associated with the event to which a household is food insecure or the number of months in a year during which a household does not have adequate food (Idris, 2009). The most common names use to denote food insecurity in Kano State include *Zulumi*, *Tararrabi* and *Matsala* (Idris, 2009).

Household food insecurity in Kano as observed by (KNSG/FAO, 1997 in Idris, 2009) is caused by among other factors: -

a.   Low wages and income;
b.   Low percapita productivity in both animal and plant foods;
c.   Lack of knowledge of Food values; and
d.   Poor processing, distribution and marketing systems that result in excessive loses of food produce;
e.   Small sized and fragmented land;
f.   Crude technology and decreasing productivity;
g.   Lack of adequate institutional and support structures;
h.   Lack of storage facilities;
i.   Sales of food to cater for daily expenses; and
j.   Migration to urban areas in search of paid jobs.

POVERTY INCIDENCE AND FOOD INSECURITY

Poverty and hunger have constituted two major challenges that Nigeria has faced. The trend in relative poverty has been an increasing one with the percentage of the population in poverty rising from 46.3% in 1982 to 54.4% in 2004. The National Bureau of Statistics estimates for 2004 also shows that more than half of the population lived below the international bench mark of $1 per day, an estimate that is even considered conservative (Taiwo, 2008.) Best on self – assessment, Nigerians are generally more critical of their poverty status. In 2004, more than three – quarter of Nigerians were considered poor and food unsecured (Idris, 2009).

The incidence of poverty varies markedly between states. For instance, based on relative poverty, poverty incidence in 2004 was highest in Jigawa, Kebbi, Kogi, Bauchi and Kwara States. In Jigawa for example, more than 96% of the population lived below the poverty line. The poverty incidence was less than 25% in Bayelsa, Anambra, Abia and Oyo states. The poverty incidence in Kano state was about 61.3% (Taiwo, 2008 in Idris, 2009).

Food insecurity is an important index of poverty. Household are food secure when they have year – round access to the quality and quantity of foods their members need to lead active and healthy lives. Food shortages, whenever they occur lead to anxiety and even national insecurity. In addition, adequate food availability and security is important for health, national productivity, and mental and physical development of citizen. Similarly, price stability is a major factor facilitating access to food in Nigeria.

PRESENTATION AND ANALYSIS OF DATA

TABLE 3.1: POVERTY INCIDENCE IN KANO

Indicators	1990	1996	2000	2003	2004	2005	2006	2007
Percentage of people living in relative poverty	42.6	61.9	57.2	53.5	69.1	67.4	67.8	71.9
Percentage of population living in extreme poverty(consuming 2,900 calories or lower daily)	24.6	37.5	46.2	53.9	59.6	67.1	58.2	62.4
Percentage of underweight children	18.3	26.7	39.6	46.9	44.3	41.8	49.9	51.8
Poverty incidence in the State	42.7	65.6	73.3	59.6	54.4	68.2	65.4	73.8
Dollar per day poverty incidence (%)							76.8	
Income inequality in the State (Gini coefficient)	0.19	0.29	0.31	0.36	0.466	0.39	0.497	0.42

Source(s): (i) Aighbokhan, B. E. (2000); (ii) National Bureau of Statistics (2006); (iii) K-SEEDS, (2005); (iv) Nigeria MDGs Report (2005); (v) UNDP (2004)

From table 3.1 above, absolute poverty was found to have a steady increasing trend from 24.6% in the early 1990's to 67.5% in 2005. In 2006 and 2007, a total of 58.2 percent and 62.4 percent households were discovered to live in extreme poverty in the State respectively. Meaning that over 70% of the population spends more than one-third of their income on food. By the national poverty line (1/3 of the average annual expenditure), 76.8 percent of households in Kano are poor in 2006. However, relative poverty that compares the welfare of those with the lowest amount of resources with others in the society without necessarily specifying minimum requirement was found to portray a higher incidence of poverty. Over 40 percent of the households were classified as poor in 1990. The relative poverty increased to 53.5% in 2003, 67.4 in 2005 and 71.9 in 2007. This represents 9.1 annual average percentage growth rate of relative poverty in the State given the specified years. On self classification of household economic situation, almost half (44.6%) of households reported their household economic situation now as better than before, while over one-fourth (29.5%) of the households described their economic situations as worst now than one year ago.

Poverty incidence is more pronounced in rural areas with 50.9% of the households classified as poor than in the urban areas where 41% of households classified as poor lived. The incidence is higher among female - headed households. This by implication means, male – headed households are less poor in the State. The incidence is also high among people with disability. The poverty gap (Gini Coefficient) in Kano State was 0.39 in 2005 indicating that the state has a relatively significant level of income inequality. Since the magnitude and extent of poverty in any country depends on the average level of national income (per capita income) and the degree of inequality in its distribution, the Gini coefficient of 0.39 indicates greater inequality and the presence of absolute poverty. The situation is that the proportion of the population that live in absolute poverty from 1990 to 2006 was rather increasing significantly, from 0.19 in 1990 to 0.36 in 2003 and 0.49 in 2006. Attesting to the above fact, are the figures for dollar per day poverty incidence which is 76.8% indicating majority of the State population are living below poverty line. Further, there is the existence of high percentage of underweight children (50% as against the MDG target of 17.9%) resulting from malnutrition.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   36

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FIG. 1.1: POVERTY INCIDENCE IN KANO STATE
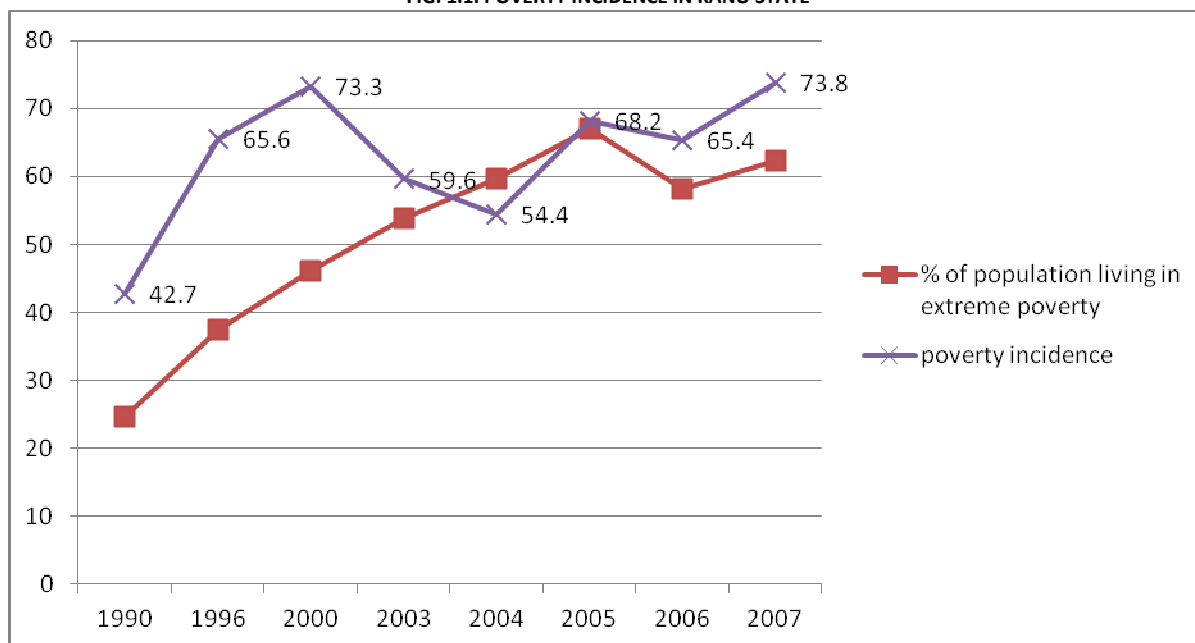
Another indicator of poverty incidence is, indeed, income inequality. Where the spread of income is fair, poverty incidence and purchasing power of people tends to be fair, but where it is lop-sided to some extent at extremes, poverty incidence used to be chronic and disastrous to growth and development. The paper presents and subsequently makes inferences from the Gini-coefficient results below.

FIG. 1.2: INCOME INEQUALITY IN THE STATE
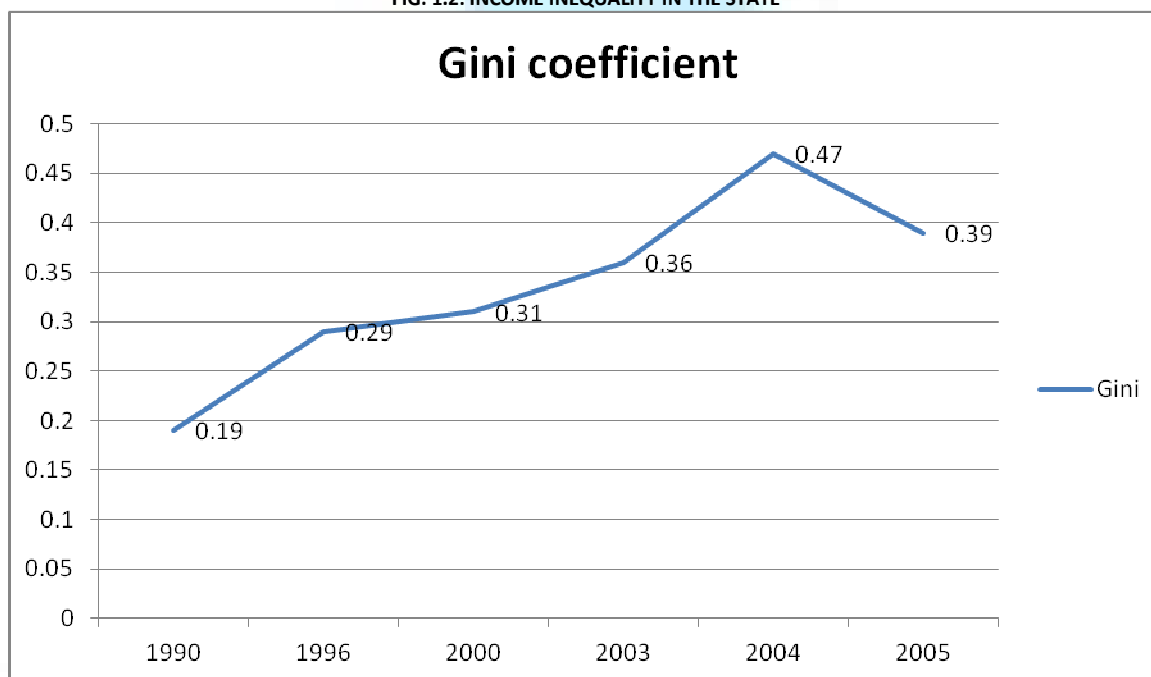
One variant version of poverty regards anybody who spends at least one-third of his income on food as poor. As such, households that have no year-round access to the quality and quantity of foods their members need to live active and healthy lives they are food in-secured.

TABLE 3.2: THE PROPORTION OF PEOPLE WHO SUFFER FROM HUNGER IN KANO STATE

Indicators	1990	1996	2000	2003	2004	2005	2006
Percentage of population below minimum level of dietary energy consumption (based on 2900 calories) or food poverty level as measured by 2900 calories	23.6	21.4	49.2	52.1	56.3	58.6	57.9
Percentage of underweight children	21.9	19.7	33.4	51.2	48.8	53.1	48.5

Source(s): (i) Kano Ministry of Health; (ii) Kano Ministry of agriculture

Food security is, therefore, an index of poverty. Where there is food security among people, productivity increases and poverty decreases. From the above table, the percentage of people below minimum level of dietary energy consumption and the percentage of underweight children (under – 5 years) in Kano state has an increasing trend from 23.6% and 21.9% in 1990 to 52.1% and 51.2% in 2003; and 57.9% and 48.5% in 2006 respectively. The steady fall in the quality and quantity of food people take as well as in the weight of their children shows the rising level of absolute poverty, and the, unlikely nature of achieving the objective of halving the proportion of people suffering from hunger. In fact, the state has one of the highest prevalence (51%) of chronic malnutrition among children under the age of five. The ever increasing prices of food stuff leading to fall in purchasing power and changes in the weather condition explain reasons for the limited access to food in the State.

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37

FIG. 1.3: PERCENTAGE OF POPULATION BELOW MINIMUM LEVEL OF DIETARY AND UNDERWEIGHT CHILDREN IN KANO STATE

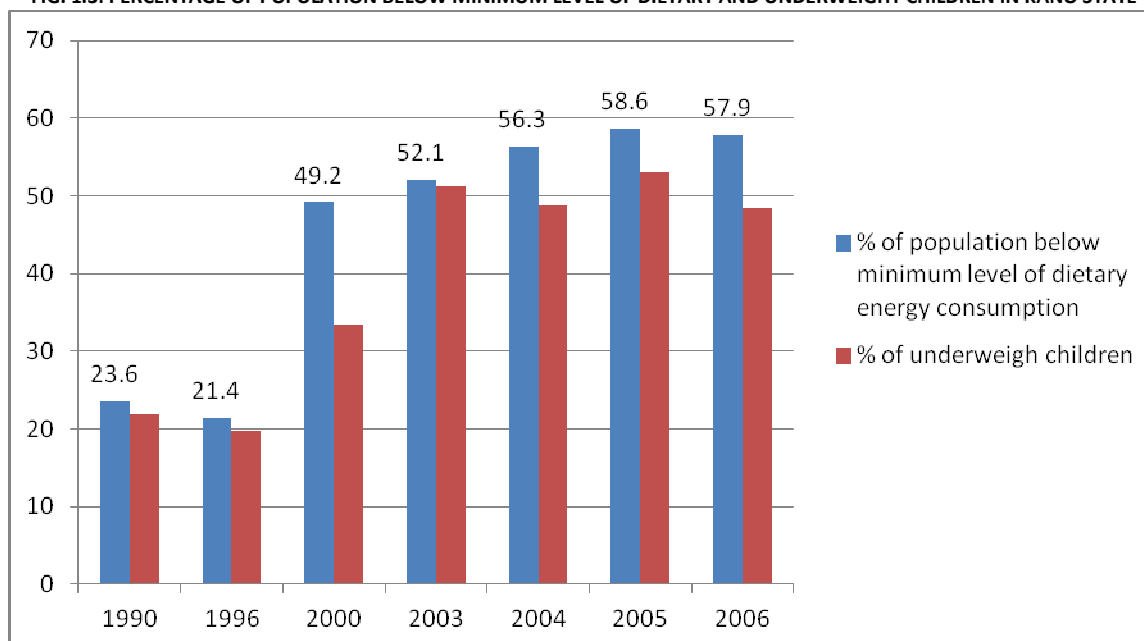Figure 1.3 above specifies clearly the incidence of poverty and the level of food insecurity in Kano state. It can be inferred from the chart that incidence of poverty in Kano is above 50% on the average and food insecurity, is therefore, more pronounced. Although, food insecurity is an index of poverty but where the poverty incidence is high, the level of food insecurity overshoots. Precisely, poverty causes food insecurity in Kano.

CONCLUSION AND RECOMMENDATIONS

Kano state is blessed with agricultural potentialities, commercial viability and population growth which could help in stimulating growth and eradicating poverty. However, insufficient political will to implement policies and programmes that have direct bearing with the living standard of people adequately, insufficient data at all levels, un-conducive investment climate, inadequate monitoring capacity, cultural inertia and insufficient investible fund have been some of the challenges of poverty reduction in the State. Other challenges are illiteracy, massive importation of cheap consumer goods, large families characterised by high dependency ratio, neglect of agriculture, policy inconsistency, insufficient funding and bureaucratic problems.

Furthermore, the existence of vast fertile land for farming and dams for irrigation activities gives the State an opportunity to be able to produce food for self sufficiency and for export. But, the sector could not provide the quantity required at home, talk less of export. These challenges if well managed; the state would go a long way in ensuring poverty reduction and food security.

- Research and Development (R&D) in the agricultural sector should be intensified thereby liaising with research centres and universities to conduct development oriented researches.
- Timely disbursement of fertilizer to farmers has an important implication on employment generation, supply of food and the food prices.
- Prices of agricultural outputs are the main disincentive factors that are contributing in crowding out investors. Where price does not cover significantly, the cost of production, investors often quit production, which could further generate food in-security
- Infrastructure in terms of rural road networks linking the farm and the market and improved storage facilities are among the challenges for the attainment of the goal of adequate food supply.
- Awareness should be created to avoid resistance to change due mainly to low level of education among farmers.
- Building and improving capacity of the available research centres and institutions
- Capacity building in terms of adopting an integrated agricultural and food security programmes in the state
- Assistance should be sought for from UN and Donor Agencies in the provision of basic infrastructure like rural roads and storage facilities.

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39

A MODEL SUPPLY- CHAIN MANAGEMENT FOR AUGMENTING MORE INCOME TO BASMATI FARMERS – FARMER EMPOWERMENT

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ABSTRACT

In today's Indian scenario the area and production of Basmati variety as well as the price of milled rice have increased. But the farmer is not reaping the benefit of this development because of the existing faulty supply-chain management involving numerous intermediaries. The farmer is compelled to bring his produce to a particular selling point known as "mandi" and forced to part with his produce at a pre-determined price of the intermediaries.   The farmer is the main sufferer today because he is not getting the remunerative prices. Hence, the need of the hour is to pass the "mandies", avoiding extra logistics and tax levied at different stages. The lacuna existing in the production, processing and marketing of this crop was studied and a new supply-chain management is formulated.

KEYWORDS

Basmati marketing, Procurement problems, Logistics constraints, Processing problems, Parboiled Basmati, Facilitation centre.

INTRODUCTION

Among aromatic rices, Basmati is well known and internationally preferred. It has certain unique characteristics, which owe its origin to the special agro-climatic conditions prevailing in the Indo-Gangetic plains*.* During the preceding decade Basmati rice exports have increased from 0.852 to 2.18 Metric Tonnes, with a corresponding increase from about USD 391 Million to USD 2200 million. Though the area of cultivation and productivity of this variety have increased, the farmer is not getting remunerative prices. Under the existing Basmati paddy (rough rice) trading practices in India, the farmers have to bring their produce to a far away marketing point known as *"mandi"* wherein the farmers are not able to get their expected price. Indian agriculture needs to get rid of outdated practices and methods in production, sales of Basmati and on the intermediate supply chain to help ride the wave of the rising global food demand. All these factors necessitate the bypassing of the "*mandi"* to avoid extra logistics and tax based costs.

MATERIALS & METHODS

CONSTRAINTS IN THE EXISTING PRACTICES IN RICE SECTOR

An in-depth study and analysis of the existing problems in the supply chain of Basmati from farm to fork have been categorized into five areas *viz*., (i) constraints in supply (ii) constraints in procurement (iii) constraints in processing (iv) logistics problems and (v) marketing constraints.

Basmati rice has been in cultivation in the states of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana, Uttrakhand and Western UP in India (Fig.1) and four districts of Pakistan, i.e. Gujaranwala, Hafizabad, Sheikhupura and Sialkot from time immemorial.

GROWING AREAS OF BASMATI RICE

FIGURE 1: BASMATI CULTIVATING AREAS

States	Districts
Punjab	Entire State
Haryana	Entire State
Delhi	Entire State
Himachal Pradesh	Entire State
Uttarakhand	Entire State
J & K	Jammu & Kathua
Uttar Pradesh	Agra, Aligarh, Budaun, Baghpat, Bareilly, Bijnore, Bulandshahr, Etah, Etawah, Farrukhabad, Firozabad, Gautam Budh Nagar, Ghaziabad, Hathras, J.P. Nagar, Kannuj, Mainpuri, Mathura, Meerut, Moradabad, Muzaffarnagar, Oraiya, Pilibhit, Rampur, Sahajahanpur, Saharanpur.

Due to increase in domestic and international demand, Basmati rice area has been increasing under its cultivation. During Kharif, 2010, 1.91 million hectare was covered under Basmati. Out of this 1.2 million was under Pusa Basmati 1121 followed by Taraori Basmati and Pusa Basmati -1 [Figure 2].

FIGURE 2: RICE KERNELS OF MAJOR BASMATI VARIETIES

Pusa Basmati - 1   Taraori Basmati   Pusa Basmati - 1121
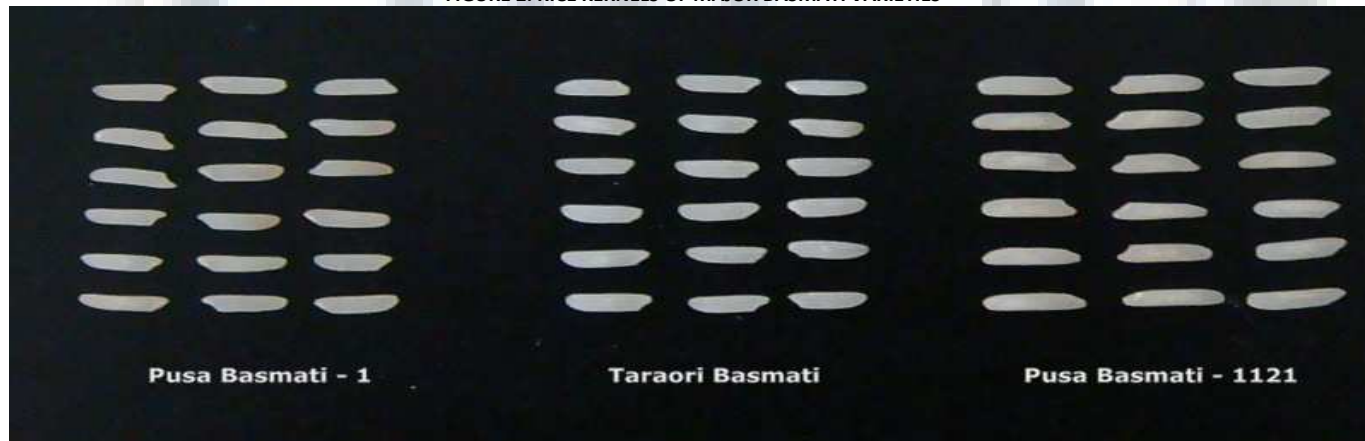
At present, there are 15 varieties of Basmati rice, which have been approved under the Seeds Act, 1966.

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40

LIST OF TRADITIONAL BASMATI VARIETIES

S.No.	Varieties	Date of Notification	Name of the Institutions	Parentage
1.	Basmati 370	361 – 30.06.1973 786 – 02.02.1976	Rice farm Kalashah Kaku (now in Pakistan)	Pure line selection from Dehradun traditional Basmati
2.	Type-3 (Dehraduni Basmati rice)	13 – 19.12. 1978	Rice Research Station, Nagina, UP	Pure line selection from Dehradun traditional Basmati
3.	Taraori Basmati (HBC-19 or Karnal Local)	1 (E) – 01.01.1996	Rice Research Station, (CCS- HAU), Kaul, Haryana	Pure line selection from Karnal local
4.	Basmati 217	4045 – 24.09.1969	Punjab Agriculture University, Ludhiana (Punjab)	Pure line selection from traditional local variety
5.	Ranbir Basmati	1 (E) – 01.01.1996	Sher-e-Kashmir University, Regional Agriculture Station, R.S. Pura, Jammu	A spontaneous early maturing mutant from Basmati - 370
6.	Basmati – 386	647 (E) – 09.09.1997	Rice Research Station, Kapurthala, Punjab Agriculture University, Ludhiana, Punjab	Pure line selection from Karnal local

S.No.	Varieties	Date of Notification	Name of the Institutions	Parentage
1.	Punjab Basmati – 1	596 (E) – 13.04.1984	Punjab Agriculture University, Ludhiana, Punjab	Sona / Basmati 370
2.	Pusa Basmati – 1 IET – 10364	915 (E) – 06.11.1989	IARI, New Delhi	Pusa 150 / Karnal local
3.	Kasturi IET – 8580	915 (E) – 06.11.1989	Directorate of Rice Research, Hyderabad, AP	Basmati 370 / CR 88-17-1-5
4.	Haryana Basmati – 1 IET – 10367	793 (E) – 22.11.1991	Rice Research Station, CCS-HAU, Kaul, Haryana	Sona / Basmati 370
5.	Mahi Sugandha IET – 12601	408 (E) – 04.05.1995	Rice Research Station, RAU, Banswara, Rajasthan	BK 79 / Basmati 370
6.	Pusa Basmati – 1121 IET – 18004	1566 (E) – 5.11.2005 2547(E) 29.10.2008	Indian Agricultural Research Institute (IARI), New Delhi	Pusa 614-1-2/ Pusa 614-2-4-3
7.	Improved Pusa Basmati – 1 IET – 18990	1178(E) – 20.07.2007	Indian Agricultural Research Institute (IARI), New Delhi	PusaBasmati-1//Pusa Basmati – 1/ IR BB-55
8.	Vallabh Basmati -22 IET – 19492	2187(E) – 27.08.2009	Sardar Vallabh Bhai Patel University of Ag. & Tech., Modipuram, UP.	Pusa 1121 / Type-3
9.	Pusa Basmati – 6 IET – 18005	733(E) – 01.04.2010	Indian Agricultural Research Institute (IARI), New Delhi	Pusa Basmati – 1/Pusa 1121-92-8-2-7-1

The details on the yearwise increase in the area and production in the Indo-gangetic plains for the total Basmati are represented below.
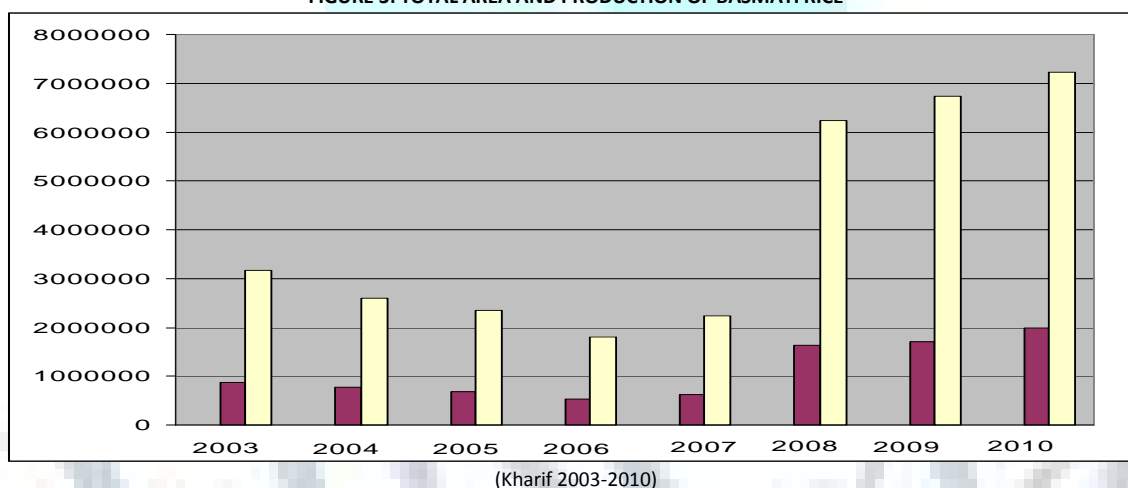
FIGURE 3: TOTAL AREA AND PRODUCTION OF BASMATI RICE

(Kharif 2003-2010)

The paddy is bought from various "*Mandies*" across the State of Punjab, Haryana, Uttar Pradesh, Delhi etc. The rice produced out of such paddy is sold at different times and different years due to ageing requirements. Backward traceability is not practical and also non-achievable.
Rice is sold for export through the following means:
- Direct Export out of India by Rice Miller.
- Export of Rice indirectly through recognized Export House, Trading House, Star Trading Houses etc.
- Export of Rice indirectly through registered Exporters traders.
- Export of Rice indirectly through other Rice Millers Exporters.

Ninety percentage of the crop is sold by farmers with small holdings to traders, who act as purchasing agents for buyers at a local, government-mandated marketplace, the "*mandi*". Farmers have only an approximate idea of price trends and have to accept the price offered to them at auctions on the day that they bring their grain to the "*mandi*". As a result, traders are well positioned to exploit both farmers and buyers through practices that sustain system-wide inefficiencies.

DISCUSSION AND RESULTS

There is considerable scope for increasing agricultural productivity through provision of high quality seeds and inputs, expansion of irrigation, better land and water management practices and infrastructure support. Small land holdings is not conducive to high productivity, hence the importance of promoting the formation of groups and clusters comprising a number of small farmers to take advantage of economics of scale in buying inputs and marketing.

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41

Industry's effort to involve farmers in the development process faced several problems such as non-availability of institutional finance to farmers and their consequent exploitation by intermediaries and evasion of tax by small players making value chain operations by the corporate sector unviable.

Risk taking capacity of farmers is low and therefore insurance has to play a vital role in risk mitigation emanating from weather as well as from markets. There is a need to promote auction houses and aggregating units at farm gate level and tax incentives provided on extension services.

Investment credit in the agriculture sector has been decreasing recently. To reverse this trend, there is a need to connect farmers with the corporate sector in contract farming to facilitate larger flows of credit to them. Technical expertise in banks needs to be strengthened to handle finance to farmers through self help groups.

Contract farming has the ability to eliminate constraints associated with rural extension, introduction and application of modern technology, finance and marketing and has become a necessity for the supply of high quality agricultural produce. Given the infancy of contract farming in India and its potential for agriculture development and rural poverty reduction, it is recommended that in collaboration with the private participants, a program is formulated which may accelerate contract farming in India as in Thailand for shrimp cultivation, high value crops, such as – coffee, tobacco, seed, etc. In the Philippines and Indonesia poultry, egg and pig farms have benefited from contract farming.

Efficient marketing is crucial for the future growth of agriculture. Issues facing this sector of low productivity, high wastage, low value addition and absence of linkages in the markets could be effectively dealt with by encouraging private sector investments in infrastructure projects followed by reforms in the market.

While several steps have been taken by the Government to introduce a more liberalized market regime such as liberalization of the Essential Commodities Act, introduction of the negotiable warehouse receipt system, opening up of future markets, risk management, formulation of integrated food laws and a Model Act on Agricultural Marketing, the agriculture sector has to be transformed from supply driven to demand driven to make it cost competitive. Soft infrastructure to facilitate flow of market information and agri-knowledge to farmers need developing alongside physical infrastructure.

Representatives from the private sector expressed the opinion that the market place was not always the most efficient way of handling trade in food grains. In several instances farm gate procurement was a better option and eliminated the need for double handling. Market yards function without any forward and backward linkages and were causing obstacles to establishing value addition.

FIVE STEPS OF THE INTERNATIONAL MARKETING PROCESS

The international marketing process comprises of five steps which marketers have to take as part of their integrated marketing effort:

1.   Analyzing international marketing opportunities to identify unfulfilled or under fulfilled needs that a marketer may satisfy through its products or services. This analysis can be done through information seeking and analysis or through market research (secondary or primary data collection and analysis). A marketer may have a product or service concept developed first and looks for the needs in the market that can be satisfied by these products or services. The marketer may also first identify unfulfilled or under fulfilled needs in the market and then develop a suitable product or service offer to satisfy these identified needs.

2.   Once the marketer has identified the potential opportunities in the first step now is the time to select the groups of potential international customers (target markets) to whom to sell the products or services. This step also involves identifying the potential buyers, demand measurement & forecasting, market segmentation, market targeting & market positioning. Segmentation involved identifying groups of potential customers from the total potential market that are homogeneous on certain aspects of identity and behavior and are heterogeneous on the same aspects from others in the target population. The aspects on which the segments are based must be relevant for the marketer to develop its products and services and the marketing programs. This step also requires the marketers to decide what key benefits in a product or service to offer to the selected target customers and on what aspects to differentiate from the competition.

3.   Since a firm needs to offer best value to the potential customers to make its products and services more salable compared with competitors, firms have to adopt appropriate business and marketing strategies. Many activities are to be undertaken in a firm by many people and in a number of departments to produce and deliver final products and services to its customers. This requires aligning and coordinating numerous activities and efforts. At the same time to achieve best value for the buyer and best profits for the firms, the firm needs to optimize all the activities, efforts undertaken and resource utilization. This requires the firm to adopt a coherent and appropriate logic or strategy to direct and control the alignment, coordination and optimization of its business and marketing effort. Various researchers have studied successful companies around the world and attempted to identify how these firms have aligned and coordinated their activities and efforts. Successful firms have adopted one of the three strategies, i.e., cost leadership, differentiation or focus. Further it has been identified that successful firms adopted strategies that were aligned with their market position, i.e., a market leader, challenger, follower & nicher strategies. It has also been also asserted that firms have achieved success in markets through adopting on of the three value discipline strategies, i.e., operational excellence, customer intimacy or product leadership.

4.   The fourth step in the marketing process is developing the international marketing mix, product, place, price & promotion. Marketing mix identifies four key areas for developing a well coordinated marketing strategy. To create a strong marketing impact a firm needs to develop appropriate programs in these four key areas and also need to ensure that all these four aspects of a firm's marketing program are well coordinated and in conformity with each other to give a clear image to the target market of the firm's brands and its products.

5.   Developing a good marketing program is not good enough for success. A firm also needs to manage the international marketing effort properly. Quite often firms fail not because they did not have a viable marketing program, but that they failed in properly implementing their well designed plans. Firms also need proper analysis, planning, implementation and control of their marketing programs

RESULTS

Group and cluster formations encourage the formation and mobilization of social and financial capital enabling the poor to interact with other social groups from an enhanced position of strength. By encouraging savings and internal lending among the members of the group augmented by revolving fund grants from the government and linkages with banks and other credit agencies would greatly enhance their prospects of creating sustainable enterprises. This would ensure a minimum level of employment and stability to the incomes of the poor giving them the opportunity to develop their collective strength and improve their economic position to reduce their vulnerability.

STRENGTHENING OF SUPPLY CHAIN

In order to strengthen the supply chain for the export of Basmati rice the following points are to be considered:

The government should promote the Indian Basmati brand in the international market.

An increase in supply would also help sell more Basmati rice. Basmati rice is marketed in four forms *viz.*, raw milled, parboiled milled, parboiled brown (after dehusking without milling) and white brown (after dehusking without milling). The milling capacity in India is impressive. But power-breakdowns pose a regular hazard. Producers use generators, but this is expensive in the long run. The farmers switch between Basmati rice and non-Basmati rice. Non-Basmati is preferred over Basmati since the yield in Basmati rice production is low because of (i) lack of technology advancement regarding efficient harvest of Basmati rice and control of insects, pests and diseases, (ii) lack of irrigation facilities and (iii) lack of access to information on Basmati rice export potential and price trends. More research and development is required for Basmati rice.

OPERATIONAL MODEL FOR SUPPLY CHAIN

Setting up "facilitation centre" at the production centers will go a long way in providing good quality produce to the millers / consumers: this will also enable the producer to get a fair share of the price. Today, the need of the hour is bypassing the "*mandi*" and thus avoiding extra logistics and tax based costs resulting in the strengthening of the supply chain. The model proposed is as follows:

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PROPOSED MODEL FOR PROCUREMENT OF BASMATI PADDY

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Farmer → Facilitation Centre/Terminal → Rice Miller → Merchant Exporter

Rice Miller → Wholesale Market
Rice Miller → Stockist

Stockist → Distributor → Retailer → Consumers
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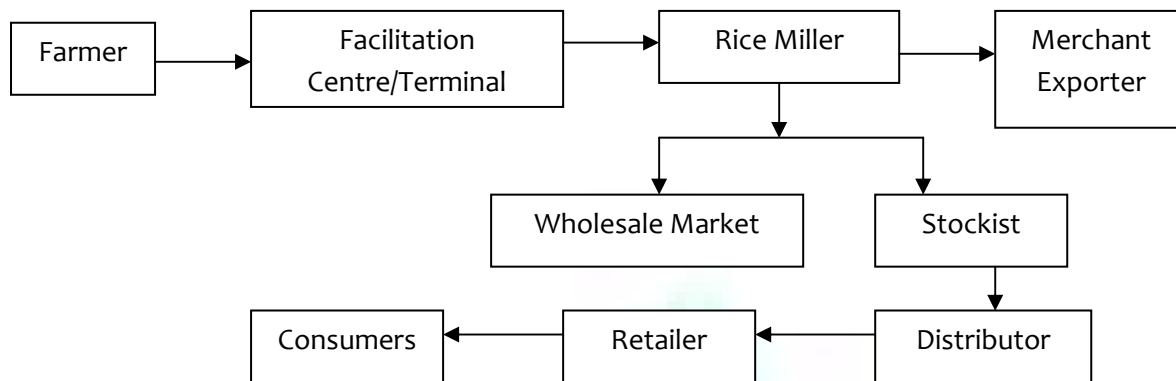
To achieve this, a study was undertaken analyzing the existing scenario in the production, processing and marketing of the Dollar earning Basmati crop. The lacuna existing at each phase has been initially analyzed. Based on this, a model has been developed to bring in more awareness among producers. Producer-processor linkage is to be strengthened in the supply chain by establishing a facilitation centre in the production belt at district Khatua of Jammu and Kashmir state to begin with. The role of each stake-holders including the participation of the State and Central Governments has been defined for strengthening of supply chain for the export of Basmati rice.

ACKNOWLEDGEMENTS

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43

THE MICROFINANCE, ENTREPRENEURSHIP AND SUSTAINABILITY AS AN EFFECTIVE TOOLS FOR REDUCING POVERTY IN INDIA

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ABSTRACT

A significant challenge for microfinance, to serve as a sustainable poverty alleviation tool, is reaching sufficient scale to fulfill demand for financial services. The role of Micro-finance and Enterprises in socio-economic development as a means for sustainable development is increasingly recognized in developing economies. Indian microfinance promoters and public sector banks have invested heavily in the Self Help Group (SHG) approach to providing loans to the poor on micro and small scale enterprises. The Indian microfinance community rightfully takes great pride in this most impressive achievement, especially when one considers that the SHG movement really took off just over a decade ago. A widespread impression has formed that SHGs, when linked to banks, form a sustainable model for providing access to financial services for India's low income families. The general perception, reinforced by many bankers themselves, is that SHGs are profitable clients for banks, and that SHGs are the vehicle through which banks can most effectively reach out into rural communities. The "Large-scale sustainable microfinance helps create an enabling environment for the growth of political participation and democracy." Thus, the economics of microenterprise make it a compelling anti-poverty strategy Hence, the present study aims to seek the answer to what extend does microfinance empower entrepreneurship in India, and are these processes economically and environmentally sustainable?

KEYWORDS
Entrepreneurship and Microfinance, Poverty and Sustainability.

INTRODUCTION
The role of Micro-finance and Enterprises in socio-economic development as a means for sustainable development is increasingly recognized in developing economies. Indian microfinance promoters and public sector banks have invested heavily in the Self Help Group (SHG) approach to providing loans to the poor on micro and small scale enterprises. The Indian microfinance community rightfully takes great pride in this most impressive achievement, especially when one considers that the SHG movement really took off just over a decade ago. A widespread impression has formed that SHGs, when linked to banks, form a sustainable model for providing access to financial services for India's low income families. The general perception, reinforced by many bankers themselves, is that SHGs are profitable clients for banks, and that SHGs are the vehicle through which banks can most effectively reach out into rural communities.

About 60 percent of the poor people in the country are lack access to financial services from institutions, either for credit or savings, which further fuels the "Vicious Cycle of Poverty" (Fig. 1). If the people of a country have a limited capacity to invest in capital; productivity is restricted, incomes are inhibited, domestic savings remain low, and again, any increases in productivity are prevented. A lack of access to financial institutions also hinders the ability for entrepreneurs to engage in new business ventures, inhibiting economic growth, and often, the sources and consequences of entrepreneurial activities are neither financially nor environmentally sustainable. Microfinance serves as a means to empower the poor, and provides a valuable tool to assist the economic development process. However, unavoidably, various barriers and obstacles limit the roles of microfinance, entrepreneurship and sustainability in reducing poverty in the country and around the world.

FIGURE: 1. THE VICIOUS CYCLE OF POVERTY

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44

It is impossible to evaluate a development process without criteria to be addressed. Thus, economic development can be defined as "the process of improving the quality of all human lives", (Todaro, 1994), which incorporates three equally important aspects: raising incomes and consumption; fostering self-esteem through institutions that promote human dignity and respect; and increasing people's freedoms. This criterion has a distinct application to this particular development process. Robinson (2002), contends that "the first thing that many poor families do when their incomes rise is improve their nutrition, and send their children to school." This is fundamental to economic development, but also, "Because financial services help the poor expand their economic activities and increase their incomes and assets, their self-confidence grows simultaneously." And finally, "Large-scale sustainable microfinance helps create an enabling environment for the growth of political participation and democracy." Thus, the economics of microenterprise make it a compelling anti-poverty strategy (Rubinstein, 1993). Hence, the present study aims to seek the answer to w*hat extend does microfinance empower entrepreneurship in India, and are these processes economically and environmentally sustainable?*

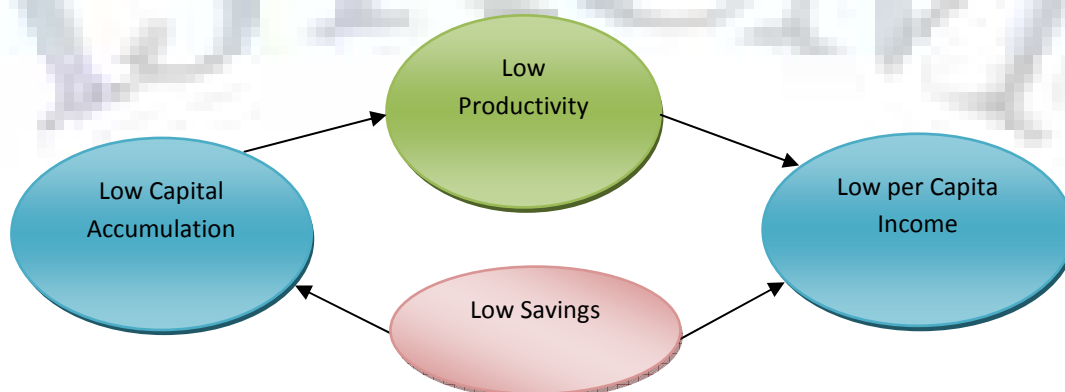## THE RELATIONSHIPS BETWEEN MICROFINANCE, ENTREPRENEURSHIP AND SUSTAINABILITY IN REDUCING POVERTY IN THE COUNTRY

The extent to which microfinance, entrepreneurship and sustainability are interrelated is dependent on the extent to which it addresses the economic development process. Yunus (1994), claims, "If we are looking for one single action which will enable the poor to overcome their poverty, I would go for credit. Money is power." Credit invested in an income-generating enterprise as working capital or for productive assets leads to establishment of a new enterprise or growth of an existing one. Profit from the enterprise provides income, and a general strengthening of income sources. A variety of financial institutions, worldwide, have found ways to make lending to the poor sustainable and to build on the fact that even the poor self-employed repay their loans and seek savings opportunities. The challenge is to build capacity in the financial sector drawing on lessons from international best practices in micro, small enterprises and rural finance. However, ensuring environmental sustainability is equally important as sustaining microenterprises financially.

The extent to which microfinance, entrepreneurship and sustainability are interdependent is becoming increasingly recognised by experts in their respective fields of work, associated with economic development. Over 500 million poor people around the world run profitable microenterprises and often cite credit as the primary constraint to business growth (IFC, 2004) thus, credit is essential for poor entrepreneurs in India. Additionally, firms supplying the finance to these entrepreneurs are equally dependent on them for business, and to expand their services to more villages or urban areas. However, this dependency belies the assumption that microfinance can be profitable in India. Robinson (2002), a prominent expert in the field of microfinance, notes that "The formal sector has begun to realise that financing the poor can be both economically and socially profitable." The dependency of environmentally sustainable initiatives, however, can be slightly more controversial. The Environmental Business Finance Program (EBFB) suggests that, "Private sector support is crucial to help solve the world's environmental problems", however, "incremental costs deter the private sector from pursuing many environmental business opportunities. This is particularly true among small enterprises due to a lack of access to finance.

The interrelationships and interdependency of microfinance, entrepreneurship and sustainability in India further exemplify the informal practice of "sustainable micro-entrepreneurship" among the world's poor. But although interrelated and interdependent, each of the aspects must be further explored individually to gain a greater understanding of the complexities of the connection between them. This will also aid in evaluating the case of sustainable micro-entrepreneurship in reducing poverty in India.

THE ROLE OF MICROFINANCE IN REDUCING POVERTY IN INDIA

Microfinance sector has traversed a long journey from micro savings to micro credit and then to micro enterprises and now entered the field of micro insurance, micro remittance and micro pension. This gradual and evolutionary growth process has given a great opportunity to the rural poor in India to attain reasonable economic, social and cultural empowerment, leading to better living standard and quality of life for participating households. Financial institutions in the country continued to play a leading role in the microfinance programme for nearly two decades now. They have joined hands proactively with informal delivery channels to give microfinance sector the necessary momentum. During the current year too, microfinance has registered an impressive expansion at the grass root level. Loans in India are made for a variety of purposes. Loans are made for housing and for "start up" loans so farmers can buy inputs to agricultural production: rice seeds, fertilizers and agricultural tools. But loans might also be used for a variety of non-crop activities such as: dairy cow raising, cattle fattening, poultry farming, weaving, basket making, leasing farm and other capital machinery and woodworking. Of course, funds may be used for a number of other activities, such as crop and animal trading, cloth trading and pottery manufacture. Credit is also issued to groups consisting of a number of borrowers for collective enterprises, such as: irrigation pumps, building sanitary latrines, power looms, leasing markets or leasing land for cooperative farming. Loans provide a source of income for diverse activities chosen specifically by the borrower, to create their *own* life.

The table 1 presents the overall progress of micro-finance in during the last three. It reveals detail of savings of SHGs with banks, Bank loans disbursed during the year and Bank loans outstanding with SHGs and growth performance with SHG-Bank Linkage Model.

TABLE 1: OVERALL PROGRESS UNDER MICRO-FINANCE DURING THE LAST THREE YEARS (RS.IN CRORE)

Particular		2007-08		2008-09		% Growth (2008-90)		2009-10		% Growth (2009-10)	
A. SHG-Bank Linkage Model											
Savings of SHGs with Bank as on 31 March	Total SHGs	5009794	3785.39	6121147	5545.62	22.2	46.5	6953250	6198.71	13.6	11.8
	Out of which SGSY	1203070	809.51	1505581	1563.38	25.1	93.1	1693910	1292.62	12.5	(17.3)
Bank Loans Disbursed during the year	Total SHGs	1227770	8849.26	1609586	12253.51	31.1	38.5	1586822	14453.30	(1.4)	17.9
	Out of which SGSY	246649	1857.74	264653	2015.22	7.3	8.5	267403	267403	1.0	9.1
Bank Loans Outstanding with SHGs as on March	Total SHGs	3625941	16999.91	4224338	22679.84	16.5	33.4	4851356	28038.28	14.8	23.6
	Out of which SGSY	916978	4816.87	976887	5861.72	6.5	21.7	21.7	6251.08	27.5	6.6

Source: NABARD, (2009-10), "Report on Status of Microfinance in India", Bandra, Mumbai, INDIA, www.nabard.org.

TABLE: 2: OVERALL PROGRESS UNDER MICRO-FINANCE DURING THE LAST THREE YEARS (Rs.in Crore)

Particular	2007-08		2008-09		% Growth (2008-90)		2009-10		% Growth (2009-10)	
B. MFI-Bank Linkage Model										
	No. MFIs	Amount	No. MFIs	Amount	No. MFIs	Amount	No. MFIs	Amount	No. MFIs	Amount
Bank Loans Disbursed to MFIs during the year	518	1970.15	581	3732.33	12.2%	89.4%	691	8062.74	18.9%	116.0%
Bank Loans Outstanding with MFIs as on 31 March	1109	2748.84	1915	5009.09	72.7%	82.2%	1513	10147.54	(21%)	102.6%

Source: NABARD, (2009-10), "Report on Status of Microfinance in India", Bandra, Mumbai, INDIA, www.nabard.org.

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45

The table 2 reveals the overall progress of micro-finance with MFI-Bank Linkage Model. It depicts the details of Bank loans disbursed to MFIs during the year and Bank loans outstanding with MFIs and growth performance in India. Strategies to promote the capability and capacity of microfinance to reach the world's poor are a primary objective of the World Bank Group. They have announced a "strategy to increase access to financial services and low-income households", which addresses three principal areas:

➢ Fundamental framework: the policy, legal and regulatory frameworks that allow innovative financial institutions to develop and operate effectively.
➢ Institution building: exposure to and training in best practices that banks and microfinance organizations need to expand their outreach and develop sustainable operations, along with performance-based support for capacity building; and
➢ Innovative approaches: leasing, lending and other products to increase access of small- and medium-size enterprises to financial services.

Despite the apparent benefits of microfinance in reducing poverty, inevitable controversy exists. Microfinance has its critics. In a Research and Impact Assessment by the Department for International Development (DFID), it was noted that, "International microfinance experience indicates that microcredit is not a suitable tool to assist the chronically poor", suggesting instead, "savings, can assist them to ride out crises by strengthening their economic security. Hickson (2001) claims "Most MFIs have far to go in finding ways of reaching extremely poor households. This possible belies a lack of understanding of the dynamics of poverty and the opportunities that exist for the provision of financial services to the extremely poor (Hickson, Robert, 2001). Opponents of microfinance have pointed out that valuable aid money from fatigued donor agencies has been diverted to untested and non-viable microfinance programmes - away from vital programmes on health, education etc. that are in dire need of such money (Srinivas, Hari, 2004). Additional barriers to microfinance included the perceived 'myths' surrounding the industry, such as that poor people are bad borrowers, especially women; or that microfinance is not profitable. However, in the 80s and 90s, microfinance programs bucked conventional wisdom and showed that poor people, especially women, had excellent repayment rates, sometimes better than formal banks in most developing countries. Experience has also shown that the poor are willing and able to pay interest rates that allow microfinance institutions to cover their costs (World Bank, 2004). Thus, conflicting views exist regarding microfinance, and its effectiveness at reducing poverty in India.

THE ROLE OF ENTREPRENEURSHIP IN REDUCING POVERTY IN INDIA

Entrepreneurship is the active process of recognising an economic demand in an economy, and supplying the factors of production (land, labour and capital) to satisfy that demand, usually to generate a profit. High levels of poverty combined with slow economic growth in the formal sector have forced a large part of the developing world's population into self-employment and informal activities (Financial Sector of the World Bank Group, 2000). But this is not necessarily negative; microenterprises contribute significantly to economic growth, social stability and equity. The sector is one of the most important vehicles through which low-income people can escape poverty. With limited skills and education to compete for formal sector jobs, these men and women find economic opportunities in microenterprises as business owners and employees (The IDB and Microenterprise, 2004). If successful, entrepreneurship is likely to result in a small- to medium-enterprise (SME). They include a variety of firms – village handicrafts makers, small machine shops, restaurants, and computer software firms – that possess a wide range of sophistication and skills, and operate in very different markets and social environments. In most developing countries, microenterprises and small-scale enterprises account for the majority of firms and a large share of employment (refer to Fig. 1). Hence, the role of entrepreneurship in reducing poverty in India is promising.

It has already been identified that entrepreneurship is a major contributing factor to economic growth, however, entrepreneurial ability and leadership tend to be relatively lacking in India. Collier and Batty have identified five primary reasons for the shortage of entrepreneurs in India. Firstly, this includes the limited profit opportunities which exist in India as a result of lower per capita incomes and limited markets. Secondly, poorly developed capital markets make it difficult for potential entrepreneurs to borrow the funds needed to establish new businesses and take advantage of new investment opportunities. This ties in closely with the role of microfinance in empowering entrepreneurship. Thirdly, poorly developed infrastructures hinder the development of new commodity and resource markets as well as inhibiting the efficient operation of existing ones. Fourthly, sometimes social, cultural and religious beliefs and attitudes attach little importance to monetary gain, restrict economic and social mobility, or assign very low status to entrepreneurs. And fifthly, an unfavourable economic and political climate might discourage the development of entrepreneurial talent and initiative. It is often argued that in light of these barriers, governments hold the key in opening doors to aspiring entrepreneurs in India.

The governments of India can play an important role in improving the quantity and quality of entrepreneurs in a number of ways. Collier and Batty suggest a number of policies to reduce the shortage of entrepreneurs in India, such as the establishment of specialist educational institutions offering courses in business management and administration, and the establishment of specialist government agencies and departments to provide advice and assistance to local entrepreneurs about to take up a business venture are likely to aid the process. Additionally, tax relief, subsidies, investment allowances and other incentives may encourage entrepreneurial activities, similarly, the provision of credit facilities to finance appropriate new business ventures might help. And finally, the attempted maintenance of an economic, social and political climate, which is favourable to entrepreneurs, is essential. It has also been suggested that official policies often make business difficult for micro-entrepreneurs. Improved business regulations, tax regimes, licensing requirements, financial sector reform and bank supervision will promote better conditions for microenterprise development (The IDB and Microenterprise, 2004). A final optimistic suggestion, according to economic theory, implies that the income expenditure multiplier effect may also help to create chain reactions through developing economies, thus helping to break the cycle of poverty.

THE ROLE OF SUSTAINABILITY IN REDUCING POVERTY IN INDIA

The concept of sustainability is difficult to define, and its precise definition varies within differing contexts. However, regarding the development process, two primary aspects of sustainability emerge: economic and environmental sustainability. Both tie in with the notion of sustainable micro-entrepreneurship; economic sustainability refers to a continual supply of finance to meet a person/community's needs, usually in the form of secure and accessible loans from a microfinance institution; and environmental sustainability is the aim to preserve environmental resources for use by future generations. Littlefield (2004) claims, "If you're going to provide financial services permanently to people, they've got to be sustainable, and that means charging interest rates that cover your costs." Similarly, the IFC (2004) notes, "Well-managed microfinance institutions…have convincingly demonstrated that they can become profitable and sustainable institutions while making major contributions to poverty reduction by increasing economic opportunities and employment." This is core to sustainable micro-entrepreneurship.

Sustainable development bears relevance to the developing world, primarily due to the role of the private sector in reducing poverty (such as microfinance institutions, business organisations and multinational corporations). This affects them because the growing public awareness of corporate governance and of environmental and social issues is driving changes in consumer behaviour, investment, and policy or regulatory adjustments. All signs point to continued pressure on the private sector to demonstrate that economic growth and sustainability are compatible (IFC, 2004). In an examination of 'ordinary' businesses in India, who have strategically integrated sustainability into their operations, it was noted that, "the evidence confirms that there are compelling commercial reasons to take action, despite a common assumption that sustainability is a luxury which emerging markets cannot afford (Sustainability, 2004)". Thus, economic and environmental goals may be pursued simultaneously, and it is now becoming apparent that this may be in firms' interests.

Strategies exist to promote sustainable development in India all over the world. However, it is argued that, "Sustainable development will only be achieved by ensuring that the economic, social, cultural and environmental dimensions of development be addressed in an integrated and balanced manner. This requires breaking down institutional and mental barriers between different sectors of society (UN, 2001)", and in forging close cooperation between the sectors of India.

However, there are challenges as well as opportunities in putting a greater emphasis on sustainability in emerging markets. Some may argue that the business case for sustainability does not apply in markets where incomes are low and mostly spent on basic needs, but also firms might not see benefits from improving environmental or social performance. However, others argue that businesses resisting sustainable practices, may put themselves at a long-term competitive disadvantage by missing opportunities, such as economically efficient and environmentally sound production methods that allow new market entrants to produce for less. Such businesses may also face greater downside exposure to changes in the competitive environment and consumer behavior (IFC, 2004).

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   46
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Whereas non-sustainable operations were in the commercial interests of firms in the past, this may not be the case in the future, especially in the developing world, where efficiency and cleanliness are vital to the development process.

CONCLUSION

In India, despite the large size and depth of its financial system, the majority of the rural poor do not have access to formal finance and financial services. For this reason, innovative microfinance initiatives pioneered by nongovernmental organizations strove to create links between commercial banks, NGOs, and informal local groups to create the "SHG Bank Linkage" (World Bank, 2003). The success of SHG Bank Linkage has been largely attributed to good policy and strong leadership, in conjunction with facilitating government policy and legal framework. India's approach to microfinance – making it profitable and so widely available – helped the country reduce the incidence of poverty from about 40 percent of the population in the mid-1970's to about 11 percent in 1996 (Robinson, 2002). Members of SHG recognise that "several challenges lie ahead," but still believe it has "the right ingredients to be scaled-up into offering mass access to finance for the rural poor while improving sustainability" (World Bank, 2003).

The economic benefits of sustainable micro-entrepreneurship in India are compelling, and its potential effects on the development process are equally promising. In terms of development and social impact, the microfinance industry allows significant improvements in quality of life for the micro-entrepreneurs of India around the world. They can now stabilise the cash flow of their economic activity, bringing security to the enterprise. This allows them to better manage spending, which often generates savings; and this provides better standards of living to their family, and dependents in terms of housing, nutrition, health and education. Finally, an access to banking and increased security promotes a sense of entrepreneurship, and thus their self-esteem and reputation increase.

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47

MANAGING MULTICULTURAL ENVIRONMENT IN INDIAN IT SECTORS

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ABSTRACT

"Cross Cultural" became incorporated into official policies in several nations in the 1970s for reasons that varied from country to country. In Canada, it was adopted in 1971 in the aftermath of the Royal Commission on Bilingualism and Biculturalism, a government body set up in response to the grievances of Canada's French-speaking minority (concentrated in the Province of Quebec). The report of the Commission advocated that the Canadian government recognize Canada as a bilingual and bicultural society and adopt policies to preserve this character. Biculturalism was attacked from many directions. Progressive Conservative leader John Diefenbaker saw Cross Cultural as an attack on his vision of unhyphenated Canadianism. It did not satisfy the growing number of young francophones who gravitated towards Quebec nationalism. While many Canadians of British descent disliked the new policies of biculturalism and official bilingualism, the strongest opposition to biculturalism came from Canadians of neither English nor French descent, the so-called "Third Force" Canadians. Biculturalism did not accord with local realities in the western provinces, where the French population was tiny compared to other groups such as the Ukrainian Canadians, the group that was arguably most important in overturning the policy of biculturalism. To accommodate these groups, the formula was changed from "bilingualism and biculturalism" to "bilingualism and Cross Cultural." The Liberal government of Pierre Trudeau passed the Official Cross Cultural Act in 1971. Symbolically, this legislation affirmed that Canada was a multicultural nation. This policy has been supported by every subsequent government and was added to Canada's 1982 constitution. The other country to have most fully adopted Canada's view of Cross Cultural is Australia where many of these policies related to Cross Cultural are pursued, for example the formation of the Special Broadcasting Service. In the United States Cross Cultural is not an official policy at the federal level. At the state level, it is sometimes associated with English-Spanish bilingualism. However, the government, in recent years, moved to support many Cross Cultural policies. In some ways, the United States has gone even further than Canada and Australia with such policies. For instance, California drivers can take their exams in a number of languages and gerrymandered districts to guarantee minority representation in government. Cultural diversity includes the range of ways in which people experience a unique group identity, which includes gender, gender identity, sexual orientation, race, ethnicity and age. An organization's culture tends to determine the extent to which it is culturally diverse. While diversity in the workplace brings about many benefits to an organization[citation needed], it can also lead to many challenges. It is the responsibility of managers within organizations to use diversity as an influential resource in order to enhance organizational effectiveness.

KEYWORDS

Cross cultural, Organization culture, Bicultualism, official policies, multicultural.

INTRODUCTION

The doctrine that several different cultures (rather than one national culture) can coexist peacefully and equitably in a single country. It is the acceptance or promotion of multiple ethnic cultures, for practical reasons and/or for the sake of diversity and applied to the demographic make-up of a specific place, usually at the organizational level. As more and more companies have started recruiting people irrespective of their race, religion, gender and nationality, they are bound to face some of the common problems associated with Multicultural Workforce. The concept of "Multicultural Workforce" is gaining currency in the US, as a large number of US business conglomerates is recruiting people of different nations for operating their worldwide business smoothly. In reality, multicultural workforce is associated with a number of advantages that have overshadowed some of its trivial disadvantages like cultural difference, personality conflict and communication problem. Cross Cultural has a number of different meanings. At one level the term means the appreciation, acceptance or promotion of multiple cultures, applied to the demographic make-up of a specific place, usually at the organizational level, For e.g. schools, businesses, neighborhoods, cities or nations. In this sense Cross Cultural approximates to respect for diversity. The term may also describe people who have more than one culture in them (people who grew up with more than one cultural identity, also sometimes called bicultural).

In a political context the term has come to mean the advocacy of extending equitable status to distinct ethnic and religious groups without promoting any specific ethnic, religious, and/or cultural community values as central. Cross Cultural as "cultural mosaic" is often contrasted with the concepts assimilationism and social integration and has been described as a "salad bowl" rather than a "melting pot."

"Cross Cultural or cultural pluralism is a policy, ideal, or reality that emphasizes the unique characteristics of different cultures in the world, especially as they relate to one another in immigrant receiving nations." ~ First used in 1957 to describe Switzerland, but first came into common currency in Canada in the late 1960s. It quickly spread to other English-speaking countries.

Cross Cultural is a term often used to describe societies with a proliferation of different cultures. Around the world wealthy countries have large numbers of immigrants with their own cultures and languages. This multicultural reality has caused problems in some nations, but also has led to cultural exchanges that have benefited both groups. For instance the introduction of the cuisine of the Indian subcontinent to the United Kingdom has revolutionized British eating.

The term "multicultural" can also be used to refer to localities in cities where people of different cultures co-exist. The actions of planners and those engaged in formulating public housing policy can result in some areas remaining monoculture, often due to pressure groups active in the local political arena. Workplace diversity refers to the variety of differences between people in an organization. That sounds simple, but diversity encompasses race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more. Diversity not only involves how people perceive themselves, but how they perceive others. Those perceptions affect their interactions. For a wide assortment of employees to function effectively as an organization, human resource professionals need to deal effectively with issues such as communication, adaptability and change. Diversity will increase significantly in the coming years. Successful organizations recognize the need for immediate action and are ready and willing to spend resources on managing diversity in the workplace now.

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48

The "business case for diversity" theorizes that, in a global marketplace, a company that employs a diverse workforce (both men and women, people of many generations, people from ethnically and racially diverse backgrounds etc.) is better able to understand the demographics of the marketplace it serves and is thus better equipped to thrive in that marketplace than a company that has a more limited range of employee demographics.

An additional corollary suggests that a company that supports the diversity of its workforce can also improve employee satisfaction, productivity, and retention. This portion of the business case, often referred to as inclusion, relates to how an organization utilizes its various relevant diversities. If a workforce is diverse, but the employer takes little or no advantage of that breadth of that experience, then it cannot monetize whatever benefits background diversity might offer.

MANAGING MULTICULTURAL FACTORS

Multicultural concerns have long informed India's history and traditions, constitution and political arrangements. Much of the writings on Indian history, culture and politics are marked by some kind of multicultural concern. The central question addressed in this paper is how a vast multi-ethnic country – in terms of religion, language, community, caste and tribe – has survived as a state in conditions of underdevelopment, mass poverty, illiteracy and extreme regional disparities. Placed in relation to the failures of many less diverse and plural post-colonial and "socialist" states, India's record of relative political unity and stability seems remarkable indeed. It is argued that at the heart of the resolution of many ethnic conflicts in India lies a set of multicultural state policies. The Indian Constitution as the source of these policies can be said to be a basic multicultural document, in the sense of providing for political and institutional measures for the recognition and accommodation of the country's diversity.

The culture of India has been shaped by its long history, unique geography and diverse demography. India's languages, religions, dance, music, architecture and customs differ from place to place within the country, but nevertheless possess a commonality. The culture of India is an amalgamation of these diverse sub-cultures spread all over the Indian subcontinent and traditions that are several millennia old.

The term Cross Cultural is not much used in India, except in the recent times by the left-liberals and the communists. The term diversity (within the Indian culture) is the term which is used by the Indians more often.

Religiously, the Orthodox Hindus form the majority, followed by the Muslims. The actual statistics are: Hindu (80.5%), Muslim (13.4%, including both Shia and Sunni), Christian (2.3%), Sikh (2.1%), Buddhist, Bahá'í, Ahmadi, Jain, Jew and Parsi populations.[60] Linguistically, the two main language families in India are Indo-Aryan (a branch of Indo-European) and Dravidian. India officially follows a three-language policy. Hindi is the federal official language, English has the federal status of associate/subsidiary official language and each state has its own state official language (in the Hindi sprachraum, this reduces to bilingualism). The Republic of India's state boundaries are largely drawn based on linguistic groups; this decision led to the preservation and continuation of local ethno-linguistic sub-cultures, except for the Hindi sprachraum which is itself divided into many states. Thus, most states differ from one another in language, culture, cuisine, clothing, literary style, architecture, music and festivities. See Culture of India for more information.

FIG 1.1: SMITH STREET SOLUTIONS MAINTAINS AN INTERNATIONAL CLIENT BASE, AND INTERACTS WITH A WIDE VARIETY OF DIFFERING BUSINESS CULTURES

CULRURAL FACTORS IN INDIAN IT SECTORS

Infosys Technologies Ltd. INDIA (NASDAQ: INFY) was started in 1981 by seven people with US$ 250. Today, they are a global leader in the "next generation" of IT and consulting with revenues of US$ 5.7 billion (LTM Dec-10). Infosys defines, designs and delivers technology-enabled business solutions that help Global 2000 companies win in a Flat World. Infosys also provides a complete range of services by leveraging our domain and business expertise and strategic alliances with leading technology providers, offerings span business and technology consulting, application services, systems integration, product engineering, custom software development, maintenance, re-engineering, independent testing and validation services, IT infrastructure services and business process outsourcing.

Infosys pioneered the Global Delivery Model (GDM), which emerged as a disruptive force in the industry leading to the rise of offshore outsourcing. The GDM is based on the principle of taking work to the location where the best talent is available, where it makes the best economic sense, with the least amount of acceptable risk. Infosys has a global footprint with 65 offices and 59 development centers in India, China, Australia, the Czech Republic, Poland, the UK, Canada and Japan. Infosys and its subsidiaries have 127,779 employees as on December 31, 2010. Infosys takes pride in building strategic long-term client relationships. Over 97% of our revenues come from existing customers (FY 10).

A global company must reflect the diversity of the world it serves. Infosys' employees represent the widest possible variety of nationalities, cultures, genders and gender identities, employment histories, and levels of physical ability. We recruit employees from global talent pools and provide paths for professional growth to all members of the society. Within such a diverse company, people bring to the workplace contrasting opinions and worldviews. As these people interact, they develop new ideas, methods and perspectives. Infosys recognizes and promotes this power of diversity to drive innovation. Infosys actively fosters inclusivity across business units and company offices.

Infosys was the first Indian IT company to establish an office for diversity and inclusivity. Today, we have employees from 83 countries. Women constitute more than 32% of our workforce. Infosys Women Inclusivity Network (IWIN) promotes a gender-sensitive work environment. IWIN recognizes the unique aspirations and needs of women. It provides avenues for vocational, personal and psychological counsel to enable professional and personal development. Our new Family Matters Network provides support to employees on parenting matters. The American Society for Training and Development (ASTD) has honored Infosys for excellence in inclusivity and Infosys BPO for diversity hiring.

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49

CHALLENGES OF DIVERSITY IN WORKPLACE

Taking full advantage of the benefits of diversity in the workplace is not without its challenges. Some of those challenges are:

Communication - Perceptual, cultural and language barriers need to be overcome for diversity programs to succeed. Ineffective communication of key objectives results in confusion, lack of teamwork and low morale.

Resistance to change - There are always employees who will refuse to accept the fact that the social and cultural makeup of their workplace is changing. The "we've always done it this way" mentality silences new ideas and inhibits progress.

Implementation of diversity in the workplace policies - This can be the overriding challenge to all diversity advocates. Armed with the results of employee assessments and research data, they must build and implement a customized strategy to maximize the effects of diversity in the workplace for their particular organization.

Successful Management of Diversity in the Workplace - Diversity training alone is not sufficient for your organization's diversity management plan. A strategy must be created and implemented to create a culture of diversity that permeates every department and function of the organization.

Culture - Culture refers to the cumulative deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving.

-Culture is communication, communication is culture.

-Culture is the systems of knowledge shared by a relatively large group of people.

Sub Culture - A social group within a national culture that has distinctive patterns of behaviour and beliefs, A subdivision of a national culture or an enclave within it with a distinct integrated network of behaviour, beliefs, and attitudes

Cross Cultural - The doctrine that several different cultures (rather than one national culture) can coexist peacefully and equitably in a single country. It is the acceptance or promotion of multiple ethnic cultures, for practical reasons and/or for the sake of diversity and applied to the demographic make-up of a specific place, usually at the organizational level.

Example- schools, businesses, neighborhoods, cities or nations.

FIG 1.2: CROSS CULTURE ISSUES/WORRIES
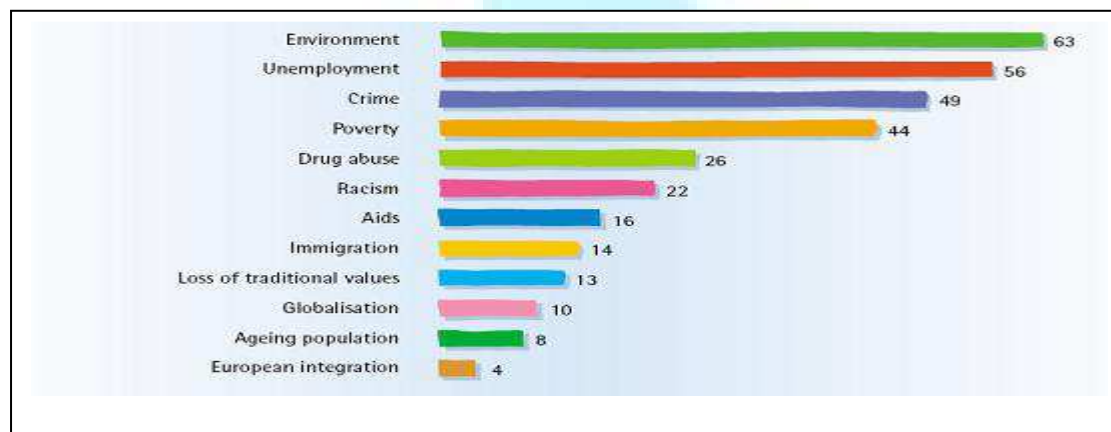
(Source:- Young European –Continuous tracking surveys 47.1)

INFOSYS CROSS CULTURAL AND INCLUSION APPROACH

Infosys technologies limited see challenges as opportunities to create an inclusive work culture where everybody enthusiastically takes ownership for the future of the corporation and becomes a change agent in transforming the organization.

 N.R. Narayana Murthy, Chief Mentor, Infosys

Infosys have differences and commonalities, some differences are obvious and need to be recognized for creating an inclusive work place. The intent is to help in removing the barriers that they may face, prevent dissimilarities affecting the business decisions and leverage the advantages that diversity offers. It is important to recognize that workplace integration needs arising from these changes for establishing and providing appropriate support systems, policies and practices. They are an equal oppurtunity employer and recruitment and promotion policies based on meritocracy. The diversity and inclusion approach is incremental and business drives, the diversity tam at Infosys focus on propagating and promoting diversity and inclusivity among employees (internal perspective) through ACTION, before proceeding with the external stakeholders (suppliers, vendors, marketplace) focus.

ACTION stands for:

Audit inclusivity and diversity levels,

Create change agents,

Train the managers,

Initiate and implement alternate work models,

Organize and assist affinity groups,

Network with external bodies to bench mark practices.

To foster inclusivity, Infosys encourages the employees to participate and contribute their views through focus based networks. They have been experiencing diversity in terms of gender, national origin, physical ability, parental status, and work experience.

Infosys Women's Inclusivity network (IWIN) – To create gender sensitive and inclusive work environment. This addresses their work life balance and development needs of women employees.

Infyability – To support consciously with physical disabilities through equal opportunities tam. Establishing a platform to share knowledge and experience. Also they focus on skill enhancement, training campaign, celebrating world disability day.

Family matters Network – To parenting work life balance issues. Employees given online expert counseling and providing referral service on daycare and information on schools for their children.

RECOMMENDATIONS

Recommended steps that have been proven successful in world class organizations are:

Assessment of diversity in the workplace - Top companies make assessing and evaluating theirdiversity process an integral part of their management system. A customizable employee satisfaction survey can accomplish this assessment for your company efficiently and conveniently. It can help your management team

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determine which challenges and obstacles to diversity are present in your workplace and which policies need to be added or eliminated. Reassessment can then determine the success of you diversity in the workplace plan implementation.

Development of diversity in the workplace plan - Choosing a survey provider that provides comprehensive reporting is a key decision. That report will be the beginning structure of your diversity in the workplace plan. The plan must be comprehensive, attainable and measurable. An organization must decide what changes need to be made and a timeline for that change to be attained.

Implementation of diversity in the workplace plan - The personal commitment of executive and managerial teams is a must. Leaders and managers within organizations must incorporate diversity policies into every aspect of the organization's function and purpose. Attitudes toward diversity originate at the top and filter downward. Management cooperation and participation is required to create a culture conducive to the success of your organization's plan.

Ward off change resistance with inclusion. - Involve every employee possible in formulating and executing diversity initiatives in your workplace.

Foster an attitude of openness in your organization. - Encourage employees to express their ideas and opinions and attribute a sense of equal value to all.

Promote diversity in leadership positions. - This practice provides visibility and realizes the benefits of diversity in the workplace.

Utilize diversity training. - Use it as a tool to shape your diversity policy.

CONCLUSION

Launching a customizable employee satisfaction survey that provides comprehensive reporting. - Use the results to build and implement successful multicultural climate in the workplace policies. As the economy becomes increasingly global, our workforce becomes increasingly diverse. Organizational success and competitiveness will depend on the ability to manage diversity in the Workplace effectively. Evaluating your organization's diversity policies and plan for the future, starting today because *"HAPPY EMPLOYEES ARE NOT PRODUCTIVE EMPLOYYES FOREVER".*

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51

IMPACT OF BASIS RISK ON THE PERFORMANCE OF RAINFALL INSURANCE SCHEME FOR COFFEE: A PERCEPTUAL ANALYSIS

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ABSTRACT

The purpose of this paper is to explore the impact of basis risk on the performance of Rainfall Insurance Scheme for Coffee in Karnataka, India. The method used is quantitative design with some qualitative elements. Data were collected through a field survey of 240 growers who have purchased the rainfall insurance contracts. Correlation and regression analyze were used to test the performance of RISC programme in view of plausible negative impact of basis risk. The study revealed the existence of high levels of basis risk impacting the performance of Rainfall Insurance Scheme for Coffee. It was found that the insurance company has not taken cognizance of existence of basis risk. The solution lies in the localization of automatic reference rainfall stations that could substantially minimize the basis risk and improve the performance of rainfall insurance scheme for coffee. The study highlights the problem of basis risk and the effects on the performance of RISC. The findings reveal the need for initiating steps to minimize basis risk. The paper is based on core findings of a pilot study that addresses the current gap in the understanding of basis risk and performance of rainfall insurance. It is particularly valuable for both the growers and insurance company.

KEYWORDS
Basis risk, Growers, Rainfall insurance scheme for coffee, Rainfall risk protection.

INTRODUCTION
Rainfall Insurance Scheme for Coffee was introduced by Agriculture Insurance Company of India Limited in 2007. This Scheme has been used to share coffee production risk and to stabilize the farm income of the growers. The insurance company will make a payment on the basis of variation in rainfall which leads to decrease in the coffee production. Of India's total coffee production, 70% of the coffee is produced by the Karnataka state. Coffee cultivation is confined mostly to hilly tracts of Western and Eastern Ghats of southern state of Karnataka with large differences in weather patterns within only a few miles. In highly spatially heterogeneous production areas, basis risk is likely to be so high as to make index insurance problematic. Under these conditions, index insurance will work only if it is highly localized (USAID 2006). This paper is based on a premise the basis risk is likely to hinder the performance of Rainfall Insurance Scheme for Coffee.

RAINFALL INSURANCE SCHEME FOR COFFEE (RISC) PROGRAMME
Rainfall insurance Scheme for Coffee is designed by the Agriculture Insurance Company of India Limited in consultation with Coffee Board, Central Coffee Research Institute and the coffee growers covering both varieties Arabica and Robusta.
This policy covers rainfall during the prime cropping season running approximately from March to August. The contract divides the cropping season into three phases corresponding to (1) blossom showers, (2) backing showers and (3) monsoon showers. Phase payouts are based on accumulated rainfall between the start and end dates of the phase, measured at a nearby reference weather station or rain gauge. Insurance payouts in the first two phases are linked to low rainfall. Insurance payout in the third phase is linked to excess rainfall.

REVIEW OF LITERATURE
Basis risk is defined as mismatch between coverage and the actual results. This risk is always there with weather index based insurance programmes since rainfall received at farm field may not always match with that received at weather station (Mapfumo 2007).
The rainfall measured at the local weather station is not perfectly correlated with rainfall at an individual plot. An important limitation of index insurance is that policyholders are exposed to basis risk. In this context, basis risk refers to the fact that the index and the losses experienced by the policyholder are not perfectly correlated. It is possible for the policyholder to experience a loss and yet receive no index insurance indemnity. Likewise it is possible for the policyholder to receive an index insurance indemnity and yet experience no loss (Sinha 2004: World Bank 2006; Skees et al., 2007: Gine,Townsend et al., 2007: Manfredo and Richards 2009).
Barnett and Mahul (2008) opined that there are two potential sources of basis risk. First, losses may be caused by disease, insect infestation, or any number of factors other than the weather variable on which the index is based. Unless the index is based on a weather variable that is the dominant cause of loss in the region, basis risk will be unacceptably high. Second, the weather variable being used as the index may not be highly spatially covariate. Thus, the measure of the

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52

weather variable at the farm or household may be quite different than the measure at the weather station. Basis risk can be reduced by offering weather index insurance only in areas where a particular, highly covariate, weather variable (e.g., drought or extreme temperatures) is the dominant cause of loss.

USAID (2006) report disclosed that, with an index insurance contract, there is basis risk. Too much basis risk will deter interest because individuals will feel that the index will not be representative of their loss experience and will therefore offer them poor protection against risk. Reshmy (2010) observed that the poor density of weather stations has been a major handicap in the spread of this product. Basis risk is perhaps the largest hurdle to successfully scaling up index insurance (Barrett and Barnett et al 2007). Skees and Hess (2003) argued that still, it is important to recognize where weather insurance products might add value and where they would not be the appropriate instrument due to large basis risk.

While studying RISC programme variables such as knowledge, risk protection, trigger rainfall, payouts etc., the following research model has been developed to study the impact of basis risk on the performance of RISC, which has been identified based on current state of literature. Figure 1 shows the impact of basis risk on the performance of RISC

FIG 1: RESEARCH MODEL
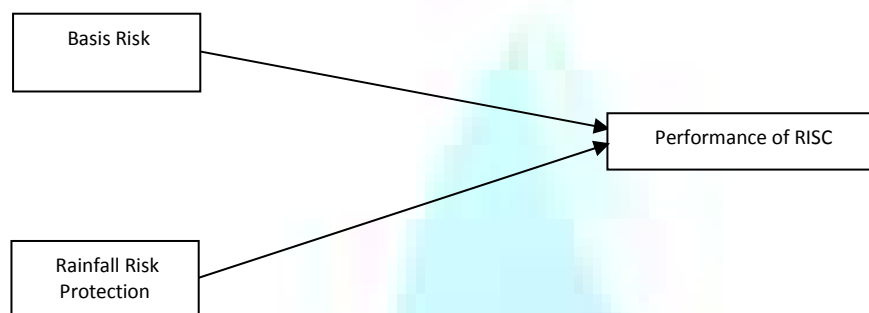
Source: Authors

OBJECTIVES OF THE STUDY

The objective of the present study is to examine the impact of basis risk on performance of RISC. In this framework, an attempt is made to achieve the following specific goals:

1. Analysis of rationale underlying introduction of RISC programme.
2. Evaluation of the degree of basis risk underlying RISC programme on the basis of perceptions of coffee growers.
3. Examining the extent to which the basis risk is factored into the RISC model.
4. Evaluation of performance of RISC programme.

HYPOTHESES

To achieve the objectives of the study, the following research hypotheses are formulated.

H_1: "There exists a high degree of basis risk that underscores RISC programme".

H_2: "Basis risk is not effectively factored into RISC model leading to inadequate risk protection".

H_3: "The performance of RISC programme is adversely impacted by high degree of perception of basis risk".

METHODOLOGY

The study is basically an analysis of perception of targeted stakeholder group concerning basis risk. It is based on the primary data gathered through actual field survey.

SAMPLE

The present study was designed with the co-operation of Agriculture Insurance Company of India Limited and the growers from three districts of Kodagu, Hassan and Chikkamangalore of Karnataka State. The number of insurance contracts purchased by the growers in the year 2007, 2008 and 2009 was 12,286/ 8,387 and 5,604 respectively of which 240 responses were collected from the growers.

RESEARCH INSTRUMENT

The research instrument used for the study is based on structured questionnaire. This questionnaire was pretested before the survey. It consists of 'Yes or No' questions and Five-point Likert Scale is employed with anchor ratings where 1= very low, to 5= very high. The questionnaire has four parts. Part 'A' (General) consists of the questions regarding the profile of the growers. In part 'B' (Rainfall risk) the questions were asked to know the growers perception of rainfall risk. In Part 'C' (RISC) questions were focused on various factors affecting the performance of RISC and in part 'D' (uninsured) the questions were asked to know the reasons for not buying the insurance contrasts. This study uses Part 'C' questions to know the performance of RISC programme.

DATA COLLECTION AND ANALYSIS

The primary data on 240 responses were collected from targeted group in Karnataka (i.e., Kodagu, Hassan and Chikkamagalur Districts) using the research instrument. The questionnaire was personally administered to the growers during the growers meeting and during the mass contact programme conducted by the Coffee Board. During meetings, the discussion was held with the growers to fill up the questionnaire and to collect the additional information.

Descriptive statistics such as averages and standard deviations were used to know the rainfall risk protection and the performance of RISC programme. Correlation and regression analysis were used to test the relationship between dependent and independent variables. Statistical Software, SPSS (V 18.0) was used to tabulate and analyse the data.

TABLE 1: GROWERS PERCEPTION OF BASIS RISK

	Frequency	Percent
Yes	230	95.8
No	10	4.2
Total	240	100.0

Source: Field survey

Table 1 demonstrates the perception of growers about the basis risk. Majority of respondents (95.8 %) opine that their estate exists far away from automatic rainfall station. This implies that there exist high levels of basis risk.

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TABLE 2: DESCRIPTIVE STATISTICS

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Basis Risk	236	1.00	5.00	4.6059	.64198
Rainfall risk protection	240	1.00	5.00	1.4833	.64375
Performance of RISC	240	1.00	4.00	2.0250	.66550

Source: Field survey

The Basis risk average is 4.605. The rainfall risk protection average is 1.483 and the performance of RISC average is 2.025. These indicate that, the higher level of difference in the rainfall received in the automatic weather stations and individual plot, and the inadequate rainfall risk protection leads to the lower performance of RISC.

TABLE 3: CORRELATIONS BETWEEN THE VARIABLES

Variable	Variable	Correlation	Sig. (2-tailed)
Basis Risk	Rainfall risk protection	-.184[**]	.005
Basis Risk	Performance of RISC	-.545[**]	.000
Rainfall risk protection	Performance of RISC	.356[**]	.000

** Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey

Table 3 highlights that there is a significant relationship among the variables at 0.01significance level. The results show that, there is a significant positive relationship between rainfall risk protection and performance of RISC ($p < 0.01$) and there is a significant negative relationship between the basis risk and rainfall risk coverage ($p < 0.01$). It was found that higher the basis risk lower the performance.

TABLE 4: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.602[a]	.362	.357	.52844

a.   Predictors: (Constant), Basis Risk, Rainfall risk protection,
b.   Source: Field survey

Table 4 explains the model representing the relationship between the independent variables and dependent variable is moderately high with the R value of 0.602. With the standard error 0.5284, these variables explained 36.2(R^2) percent of the variance in performance of RISC.

TABLE 5: COEFFICIENTS

	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Beta			
(Constant)	3.974	.280		14.202	.000
Basis Risk	-.511	.055	-.498	-9.356	.000
Rainfall risk protection	.263	.054	.258	4.852	.000

Dependent Variable: Performance of RISC. $p < 0.01$

Source: Field survey

TESTING OF HYPOTHESES

For the purpose of testing, the following null hypotheses and alternative hypotheses are formulated.

TESTING OF FIRST HYPOTHESIS

H_{01}: "There is no high degree of basis risk that underscores RISC programme"
H_{a1}: "There exists a high degree of basis risk that underscores RISC programme"

TABLE 6: ONE-SAMPLE STATISTICS

	N	Mean	Std. Deviation	Std. Error Mean
Basis risk	236	4.6059	.64198	.04179

Source: Field survey

TABLE 7: ONE-SAMPLE TEST

	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
Basis risk	38.429	235	.000	1.60593	1.5236	1.6883

Source: Field survey

For testing of first hypothesis T test is used. As per table 6 and 7 the mean of the Basis Risk underlying RISC programme is 4.6059, which is statistically significantly different from the test value of 3 and as p-value equivalent to 0.000, null hypothesis will be rejected because p-value is less than the significance level 0.05. The first alternative hypothesis "There exists a high degree of basis risk that underscores RISC programme" stands proved.

TESTING OF SECOND HYPOTHESIS

H_{02}: "Basis risk is effectively factored into RISC model leading to inadequate risk protection".
H_{a2}: "Basis risk is not effectively factored into RISC model leading to inadequate risk protection".

Table 3 exhibits the correlation coefficient between basis risk and rainfall risk protection -0.184 (observed p value is 0.000 which is less than set value 0.01) indicating that there is a negative significant relationship between basis risk and rainfall risk protection. It implies that basis risk is not effectively factored into RISC model leading to inadequate risk Protection. Hence, the null hypothesis is rejected. Therefore the second alternative hypothesis of the research is proved.

TESTING OF THIRD HYPOTHESIS

H_{03}: "The performance of RISC programme is not adversely impacted by high degree of perception of basis risk".
H_{a3}: "The performance of RISC programme is adversely impacted by high degree of perception of basis risk".

As per table 5 the beta co-efficient value for the third hypothesis is - 0.498. It indicates that there is an inverse significant relationship between basis risk and the performance of RISC. As p-value equivalent to 0.000, null hypothesis will be rejected because p-value is less than the significance level 0.01. The third alternative hypothesis "The performance of RISC programme is adversely impacted by high degree of perception of basis risk" stands proved.

DISCUSSION

The study covers various important aspects of RISC such as rainfall risk protection, basis risk and the performance. Majority of the respondents agree that there is a high degree of difference between rainfall received in the reference rainfall station and individual plot. It was found that the high degree of basis risk exists on mountain sides. Due to existence of high basis risk both insured and insurer are not happy with this programme, because insured growers who have suffered

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54

a loss due to adverse rainfall were not able to receive the payout. The insurance company made the payout to those insured growers who have not actually suffered a loss. Therefore the payout ratio is more than premium collected. It leads to ambiguous operation of the RISC programme.

The results for the first hypothesis indicate that the average of basis risk is higher than the test value of RISC programme. This implies that there exists a high degree of Basis risk underlying RISC programme.

The results for the second alternative hypothesis indicate that a negative relationship between basis risk and rainfall risk protection of RISC programme. Since the basis risk is not effectively factored into RISC model, it is inadequate to protect the growers from loss due to adverse rainfall and adversely affects the performance of RISC.

The results for the third hypothesis show that the other independent variable the basis risk is significantly related to performance of RISC programme. There is an inverse relationship between the basis risk and performance of RISC programme. Therefore the performance of RISC programme is adversely impacted by high degree of basis risk.

THEORETICAL AND PRACTICAL IMPLICATIONS

Results from this study have potentially important implications for future research and practice. In general, the results of this research argue for examining basis risk and rainfall risk protection aspects related to the performance of RISC. The results of this study do support the view that basis risk and rainfall risk protection are critical variables to measure the performance of RISC. The basis risk is an important factor involved in the operation of rainfall insurance scheme; further research is warranted to establish the significant relationship between basis risk and rainfall risk protection, payouts etc., and also to establish the relationship between performance of RISC and other factors. It is also recommended that the localization of automatic reference rainfall stations could substantially minimize the basis risk and improve the performance of rainfall insurance scheme for coffee.

Further research is required to improve the results by carrying out an empirical analysis of data relating to rainfall at the gauge stations v/s individual plots and to make out cost benefit analysis of localization of automatic reference rainfall stations. It is suggested that the insurance company can select one taluk for localization of automatic reference rainfall stations as pilot project to see the cost and benefits to growers and the insurance company. On the basis of success of RISC, localization of automatic reference rainfall stations can be extended to other areas.

LIMITATIONS OF THE STUDY

The study has covered only 240 growers from among 5604 insured in Karnataka state in the year 2009. Hence, the sample size is 4.28% of the insured growers at present. The study covers only the plantation crop coffee grows on mountain sides; therefore, the research may not afford generalizability to other crops. The performance of RISC in the study has not covered the other factors i.e., impact of basis risk on payouts, sum insured, premium etc.

CONCLUSIONS

The performance of index based weather insurance depends upon the various factors. The important factor among them is basis risk. The rainfall insurance scheme for coffee operated on mountain sides involves high levels of basis risk, adversely affecting the performance and is likely to lose the confidence of the growers. This study reveals the need for initiating steps to minimize the basis risk. The problem of basis risk can be resolved with the help of localization of automatic reference rainfall stations. It implies that the automatic reference rainfall stations should be installed at the Grama panchayath level, which is nearest to the growers' individual plot. It is negating one of the advantages of index based rainfall insurance i.e. minimization of cost. But it substantially reduces the basis risk and leads to adequate protection against rainfall risk. This is likely to improve transparency and performance of the rainfall insurance scheme.

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WIDELY FLUCTUATING RUPEE AND ITS IMPACT ON INDIAN EXPORT PERFORMANCE FOR THE LAST TEN YEARS FROM 2000 TO 2009

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ABSTRACT

A clear understanding and analysis of rupee vis a vis dollar and other major currencies from 2000 to 2008 shows a high degree of volatility in their movements. Rupee which had been trading around at RS 50 in year 2000-01 currently trades at Rs 43 (2008 July) and it would be appropriately pertinent to say that the same rupee was trading at Rs 39 in March April 2008.Major export oriented industries like IT, ITES, Textiles and others have been badly impacted due to highly volatile rupee. These are those industries that generate large scale employment and this kind of situation has wrecked havoc and disturbed the industry and economy in a big way. The research paper tries to analyze these fluctuations in the rupee against dollar and its impact on Indian export market for period 2000 onwards. The paper will also try to recommend strategies to be adopted by Indian Government to utilize the opportunity of appreciating rupee against dollar.

KEYWORDS

Rupee, Dollar, Indian Exports, Fluctuating Rupee.

INTRODUCTION

India's Share in total Global Exports has remained abysmally low from time in memorial. All economic policies and measures have been adopted, implemented and directed with a clear ambition of achieving the target export and earn reach and valuable foreign exchange reserves that has its own significance and role to play like payment of imports, determination of rupee value against global currencies and others.

India, with the advent of liberalization and embracing globalization as a path to economic development has adopted plethora of policy measures in this direction to prepare itself to integrate with global markets and developed economies.

Intermittent , irregular and unanticipated quantum of flow of foreign exchange reserves (inbound / outbound) due to flexible measures like FDI, FII, NRI investments, current account convertibility, mergers and acquisitions , takeovers etc have clear and conspicuous impact on rupee against the global currencies.

A clear understanding and analysis of rupee vis a vis dollar and other major currencies from 2000 to 2008 shows a high degree of volatility in their movements. Rupee which had been trading around at RS 50 in year 2000-01 currently trades at Rs 43 (2008 July) and it would be appropriately pertinent to say that the same rupee was trading at Rs 39 in March April 2008.

This frequent, unpredictable and violent fluctuating has exposed foreign exchange currency markets and India's benchmark sectors namely manufacturing, services and agriculture to an unanswerable predicament.

Major export oriented industries like IT, ITES, Textiles and others have been badly impacted due to highly volatile rupee. These are those industries that generate large scale employment and this kind of situation has wrecked havoc and disturbed the industry and economy in a big way.

The top line, bottom line and the operating cost of India Inc., have come under tremendous pressure. If the trend continues to persist in future ahead, it can heavily and badly paralyze the export sector, its performance, and its employment generating capacity and importantly Balance of Payment position and foreign exchange reserves.

Ways and means should be devised and adopted properly and timely so as to overcome a situation as mentioned.

DATA ON INDIAN EXPORTS, IMPORTS, TRADE DEFICIT FOR THE LAST DECADE AND RUPEE VS DOLLAR VALUE

TRENDS IN INDIA'S FOREIGN TRADE

The Foreign Trade Policy (FTP) 2004-09 with clearly enunciated objectives & strategies and initiatives taken by the Government from time to time have been instrumental in putting exports on a higher growth trajectory. With merchandise exports growing at an average rate of more than 25 percent per annum during 2004-08 period, India has improved its rank in world merchandise exports from 30 in 2004 to 26 in 2008. During this period, the imports grew at a much higher pace, increasing at an average rate of 32 percent per annum to meet the expanding requirements of a growing economy.

During the last five year period i.e. 2004-2008, Indian exports have done very well in comparison to the performance recorded by some of the major exporting nations both developed as well as emerging markets. In fact, India's average annual growth rate of merchandise exports at 25.0 percent was the third fastest after Russia (28.5 percent) and China (26.8 percent).

In the face of global slowdown and financial crisis, Indian exports have shown a good measure of resilience during 2008 as the deceleration in the exports growth was less marked in case of India as compared to a sharp decline in exports growth recorded by other leading exporting countries like USA, Germany, Japan, China etc. In fact, India recorded a marginally higher growth rate of 21.8 percent during 2008 as compaared to 21.5 percent during 2007. As compared to this, export growth of China, the fastest growing economy in the world, in 2008 dropped sharply to 17.2 percent as compared to 25.8 percent in 2007 reflecting a greater effect of the global slowdown on its exports. Russia also experienced a higher rate of growth of exports in 2008 at 33.1 percent as compared to 16.7 percent in 2007. However, this is due to high petroleum prices during the first half of 2008 resulting in a higher value of petroleum exports of Russia. The chart below shows a comparative picture of average growth rate of merchandise exports of major countries of the world.

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56

INDIA'S TRADE PERFORMANCE

EXPORTS

India's merchandise exports reached a level US $ 163.0 billion during the year 2007-08 registering a growth of 29.1 percent over the previous year. During 2007-08 the major drivers of export growth were Engineering Goods (27.4 percent); Petroleum Products (52.0 percent); Chemicals (21.5 percent); Gems & Jewellery (23.3 percent); Agriculture & allied Products (55.6 percent); Ores & Minerals (30.4 percent) and Cotton Raw incl. Waste (63.3 percent). Exports of Gems & Jewellery, Textiles, Handicrafts and Sports Goods, which were badly hit during 2006-07 due to appreciation of Rupee vis-a-vis US $ (since September 2006), showed improvement during 2007-08. The spectacular achievement of export during 2007-08 was accomplished despite economic slow-down in some of our major export destinations and steep appreciation of Rupee. In spite of all these adverse conditions beyond our control, the exporters have risen to the occasion showing great resilience.

During 2008-09, India's exports reached a level of US $ 168.7 billion, registering a growth of 3.5 percent as compared to a growth of 29.1 percent during the previous year. The growth of exports during the year has exhibited a significant slow-down from September 2008 onwards. While, during the first half of the year 2008-09, April-September, exports increased by 31.3 percent with almost all the major commodity groups, except marine products, handicrafts and carpets, recording significant growth. In the second half of the year 2008-09, October-March, exports recorded a decline of (-) 19.2 percent with almost all the major commodity groups recording significant negative growth. In fact, commodities like Engineering Goods, Petroleum Products, Chemicals & related Products, Agriculture & Allied Products and Plantation which recorded overall positive growth during the year as a whole, also recorded negative growth during the second half.

Global economy has witnessed one of the most severe downturn following the worsening of financial crisis since September 2008. WTO Press Release 23rd March 2009 has indicated deceleration in the growth of Real Global Output to 1.7 percent in 2008 as compared to 3.5 percent in 2007 and Merchandise Trade, in volume terms, to 2 percent in 2008 as compared to 6 percent in 2007. Similarly, IMF's World Economic Outlook, April 2009 has also estimated growth in World Output only by 3.2 percent in 2008 (down from 5.2 percent in 2007) and World Trade Volume, both Goods & Services, by 3.3 percent in 2008 (down from 7.2 percent in 2007).

IMPACT OF GLOBAL SLOW-DOWN ON INDIA'S EXPORTS

The global slowdown has affected India's exports by way of

- default in payment or delayed realization for exports resulting in cash flow difficulties for the exporters;
- difficulty in executing orders in hand owing to lack of additional credit limit;
- difficulty in providing covers for high risk countries/ buyers by Export Credit Guarantee Corporation (ECGC);
- reluctance of exporters to execute orders for fear of defaults; and
- Tougher 'due diligence' by Banks in extending Pre and Post-shipment credit and insurance cover by ECGC

As per the IMF forecast, while the World Output is likely to fall by (-) 1.3 percent, the World Trade Volume is projected to fall by a significant (-) 11 percent in 2009. With a projected significant fall in non-fuel commodity prices by (-) 27.9 percent, export by emerging and developing economies, is estimated to fall by (-) 6.4 percent. WTO Press Release 23rd March, 2009 has also observed similar trend in the world merchandise trade which has been projected to fall by 9 percent in volume terms in 2009 with Developing Countries' export shrinking by 2-3 percent. Given these projections, significant policy supports are needed for the export sector to maintain our share in the global trade.

IMPORTS

Imports, in US $ terms, registered a growth of 35.5 percent during 2007-08 over the previous year. While the import of POL increased by 39.6 percent, the Non-POL import registered a growth of 33.7 percent. The commodities which registered significant growth are POL, Transport Equipment, Machinery, Iron & Steel, Organic Chemicals, Coal, Fertilizer, Artificial Resin, Manufactures of Metals, Machine Tools, Pulses, etc.

During 2008-09, imports reached a level of US $ 287.8 billion registering a growth of 14.4 percent. Oil imports were valued at US $ 93.2 billion, which was higher by 16.9 percent over the previous year. Non-Oil imports increased to US $ 194.6 billion, which was higher by 13.2 percent. Items which registered significant growth are Pearl, Precious & Semi-Precious Stones, Crude & Manufactured Fertilizer, Coal, Inorganic Chemicals, Project Goods, etc. Import of Gold and Transport Equipment registered significant decline.

EXPORTS BY PRINCIPAL COMMODITIES

Disaggregated data on exports by Principal Commodities, in Rupee terms, available for the period 2008-09 (April–February) as compared with the corresponding period of the previous year are given in Table. Exports during the period was mainly driven by Engineering Goods, Chemical & related products, Agriculture & allied products, Electronic goods, Plantation and Sports goods.

PLANTATION CROPS

Export of plantation crops during 2008-09 (April–February), increased by 29.7 per cent in rupee terms compared with the corresponding period of the previous year. Export of Coffee registered a positive growth of 31.3 per cent, the value increasing from Rs. 1496.95 crore to Rs. 1966.11 crore. Export of Tea also increased by 28.4 per cent.

AGRICULTURE AND ALLIED PRODUCTS

Agriculture and Allied Products as a group include Cereals, Pulses, Tobacco, Spices, Nuts and Seeds, Oil Meals, Guargum Meals, Castor Oil, Shellac, Sugar & Molasses, Processed Food, Meat & Meat Products, etc. During 2008-09 (April–February), exports of commodities under this group registered a growth of 22.2 per cent with the value of exports rising from Rs. 48,542.30 crore in the previous year to Rs. 59,312.03 crore during the current year.

ORES AND MINERALS

Exports of Ores and Minerals were estimated at Rs. 32,965.35 crore during 2008-09 (April-February) registering a growth of 3.0 per cent over the same period of the previous year. Sub groups viz. Processed Minerals, and Coal have recorded a growth of, 30.7 per cent and -2.9 per cent respectively. Mica and Processed Minerals have registered significant growth of 61.8 and -4.8 percent respectively.

LEATHER AND LEATHER MANUFACTURES

Export of Leather and Leather Manufactures recorded a growth of 16.3 per cent during 2008-09 (April-February). The value of exports increased to Rs. 15,011.43 crore from Rs. 12,908.45 crore during the same period of the previous year. Exports of Leather and Manufactures have registered a growth of 17.5 per cent whereas Leather Footwear registered a growth of 14.8 per cent.

GEMS AND JEWELLERY

The export of Gems and Jewelry during 2008-09 (April-February), increased to Rs. 78,260.37 crore from Rs. 71,868.27 crore during the corresponding period of last year showing a growth of 8.9 per cent.

CHEMICALS AND RELATED PRODUCTS

During the period 2008-09 (April-February), the value of exports of Chemicals and Allied Products increased to Rs. 98,389.29 crore from Rs. 78,795.29 crore during the same period of the previous year registering a growth of 24.9 per cent. Rubber, Glass & Other Products; Residual Chemicals & Allied Products and Basic Chemicals, Pharmaceuticals & Cosmetics and Plastic & Linoleum have registered a positive growth.

ENGINEERING GOODS

Items under this group consist of Machinery, Iron & Steel and Other Engineering items. Export from this sector during the period 2008-09 (April-February) stood at Rs. 166,206.40 crore compared with Rs. 119,545.55 crore during the same period of the previous year, registering an overall growth of 39.0 per cent. Export of Machine Tools and Transport Equipments have registered growth of 30.6 and 86.1 per cent respectively.

ELECTRONIC GOODS & COMPUTER SOFTWARE IN PHYSICAL FORM

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During the period 2008-09 (April-February), exports of Electronic Goods as a group were estimated at Rs. 18,461.51 crore compared with Rs. 12,520.54 crore during the corresponding period of last year, registering a growth of 47.4 per cent. Computer Software in Physical form has shown a growth of 49.8 per cent and the exports of electronics registered a growth of 47.4 per cent.

TEXTILES

During the period 2008-09 (April-February), the value of Textiles exports was estimated at Rs. 77,211.03 crore compared with Rs. 66,609.56 crore in the corresponding period of the previous year, recording a growth of 15.9 per cent. The exports of Natural Silk Textiles and Manmade Textiles & Made Ups have shown a positive growth of 12.3 and 18.4 per cent respectively.

HANDICRAFTS AND CARPETS

Exports of Handicrafts declined to Rs. 1272.93 crore during 2008-09 (April-February), from Rs. 1918.46 crore during the corresponding period of the previous year registering a negative growth of 33.6 per cent. Export of carpets decreased marginally to Rs. 3,301.50 crore from Rs. 3590.88 crore during the same period last year registering a negative growth of 8.1 per cent.

PROJECT GOODS

During 2008-09 (April-February), the export of Project Goods were estimated at Rs. 595.42 crore compared with Rs. 558.86 crore during the corresponding period of last year registering a growth of 6.5 per cent.

PETROLEUM PRODUCTS

Export of Petroleum Products increased to Rs. 113270.16 crore during 2008-09 (April-February), as compared with Rs. 97803.47 crore during the same period of last year recording a growth of 15.8 per cent.

COTTON RAW INCLUDING WASTE

There was a negative growth in the exports of Cotton Raw including waste by 62.0 per cent from Rs 6596.59 crore in 2007-08 (April-February) to Rs. 2,507.18 crore during 2008-09 (April-February).

IMPORTS BY PRINCIPAL COMMODITIES

Disaggregated data on imports by principal commodities, in Rupee terms, available for the period 2008-09 (April–February), as compared to the corresponding period of the previous year are given in Table 2.5. Imports during the period was mainly driven by commodities such as Petroleum crude & products, Fertilizers manufactured, Pearls Precious and semi-precious stones, Coal, coke & briquettes, inorganic chemicals, vegetable oils, manufactures of metals, project goods etc. The share of top five Principal Commodity in India's total imports during 2008-09 (April-February) is given at Chart 2.4.The import performance by top five Principal commodities during 2008-09 (April–February) vis-a-vis the corresponding period of the previous year is shown at Chart 2.5.

FERTILIZERS

During 2008-09 (April-February), import of Fertilizers (manufactured) increased to Rs. 52,992.64 crore from Rs. 17498.95 crore in April-February 2008 recording a growth of 202.8 per cent.

PETROLEUM CRUDE & PRODUCTS

The import of Petroleum Crude & Products stood at Rs. 393,076.28 crore during April - February, 2009 against Rs. 284,029.31 crore during the same period of the previous year registering a growth of 38.4 per cent.

PEARLS, PRECIOUS AND SEMI-PRECIOUS STONES

Import of Pearls and Precious and Semi-Precious Stones during 2008-09 (April-February) increased to Rs. 58,237.02 crore from Rs. 29,181.14 crore during the corresponding period of the previous year registering a growth of 99.6 per cent.

CAPITAL GOODS

Import of Capital Goods, largely comprising Machinery, including Transport Equipment and Electrical Machinery recorded a notable increase during 2008-09 (April-February) over the same period of last year. Import of Machine Tools, Non-Electrical Machinery, Electrical Machinery and Transport Equipment registered a growth of 20.3 per cent, 21.1 per cent, 27.5 per cent, and 11.0 per cent respectively.

ORGANIC AND INORGANIC CHEMICALS

During 2008-09 (April-February), import of Organic and Inorganic Chemicals increased to Rs. 51705.33 crore from Rs. 36467.51 crore during the same period of last year, registering a growth of 41.8 per cent. Import of Medicinal and Pharmaceutical Products also increased to Rs. 7,587.94 crore from Rs. 6182.9 crore during the corresponding period of last year registering a growth of 22.7 per cent.

During the period 2008-09 (April-February), the share of Asia and ASEAN region comprising South Asia, East Asia, Mid-Eastern and Gulf countries accounted for 51.4 per cent of India's total exports. The share of Europe and America in India's exports stood at 23.8 per cent and 16.5 per cent respectively of which EU countries (27) comprises 22.3 per cent. During the period, USA (12.0 per cent), has been the most important country of export destination followed by United Arab Emirates (10.8 per cent), China (5.1 per cent), Singapore (4.7 per cent), Netherland (3.7 per cent), Hong Kong (3.7 per cent), U.K. (3.6 per cent), Germany (3.4 per cent), Saudi Arabia (3.0 per cent), Belgium (2.6 per cent) and Italy (2.2 per cent).

Asia and ASEAN accounted for 61.7 per cent of India's total imports during the period followed by Europe (18.7 per cent) and America (10.1 per cent). Among individual countries the share of China stood highest at (10.7 per cent) followed by Saudi Arabia (7.1 per cent), UAE (6.4 per cent) and USA (6.0 per cent), Iran (4.3 per cent), Switzerland (4.2 per cent), Germany (3.6 per cent), Kuwait (3.4 per cent), Nigeria (3.2 per cent), and Iraq (2.8 per cent).

IMPORT OF SENSITIVE ITEMS DURING APRIL 08-MARCH 09

The total import of sensitive items for the period April-March 2008-09 has been Rs.45877.3 crores as compared to Rs.35919.3 crores during the corresponding period of last year thereby showing an increase of 27.7 percent. The gross import of all commodities during same period of current year was Rs.1305503 crores as compared to Rs 1012312 crores during the same period of last year. Thus imports of sensitive items constitute 3.5 percent of the gross imports during last year as well as current year. The summary of import of Sensitive items is given in Table.

Imports of spices and food grains have shown a decline at broad group level during the period. Imports of all other items viz. edible oil, fruits & vegetables (including nuts), automobiles, cotton & silk, products of SSI, rubber, alcoholic beverages, marble & granite, tea & coffee and milk & milk products have shown increase during the period under reference.

In the edible oil segment, the import has increased from Rs 10942.54 crores last year to Rs 15873.60 crores for the corresponding period of this year. The imports of both crude edible oil as well as refined oil have gone up by 34.4 percent and 120 percent respectively. The increase in edible oil import is mainly due to substantial increase in import of crude palm oil and its fractions.

Imports of sensitive items from Indonesia, China P RP, Korea RP, Myanmar, Malaysia, Japan, United States of America, Germany, Brazil, Thailand, Cote D' Ivoire, Tanzania, Italy, Australia, Czech Republic, Ukraine, Guinea Bissau etc. have gone up while those from Argentina, Canada etc. have shown a decrease.

SIGNIFICANCE OF THE STUDY

The significance of the study stems from the fact that due changing currency prices and highly unpredictable value of rupee vis a vis currencies like dollar, pound and euro India's export sector growth is hampered damaging the performance of Industries like IT, ITES, Textiles and other export oriented industries. This, of course, largely affects the foreign exchanges reserves, employment generating capacity and eventually act as detrimental in the overall economic growth of the nation.

SCOPE OF STUDY

The study is limited for the duration of 2000 to 2009. Any other period will be out of scope of study. The study is in context of India's Export & Rupee. The results may vary with some other countries and some other currencies.

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58

OBJECTIVES OF RESEARCH

1. TO STUDY THE RATE OF RUPEE AGAINST DOLLAR DURING THE LAST 10 YEARS
2. TO STUDY THE INDIAN EXPORT PERFORMANCE DURING THE LAST 10 YEARS
3. TO STUDY THE RATE RUPEE AGAINST DOLLAR VIS A VIS INDIAN EXPORT PERFORMANCE DURING THE LAST 10 YEARS .

RESEARCH DESIGN AND METHODOLOGY

The research is of Exploratory nature .The research is purely based on Secondary data being collected from different journals , books , newspapers and other sources . To some extent the expert's opinion is taken from experts in the field. The data collection is limited to the duration 2001 to 2009 only .

DATA ANALYSIS

TABLE NO. 1: INDIA'S RANK IN THE WORLD MERCHANDISE TRADE

Year	Exports	Imports
2004	30	23
2005	29	17
2006	28	17
2007	26	18
2008*	26	17

Source: International Trade Statistics(WTO)
* Sourced from WTO : 2009 Press Release dated 23rd March, 2009

TABLE NO. 2: EXPORT, IMPORTS & BALANCE OF TRADE (Values in Rs. Crore)

Year	Exports	Growth Rate (%)	Imports	Growth Rate (%)	Balance of Trade
2003-2004	293367	15.0	359108	20.8	-65741
2004-2005	375340	27.9	501065	39.5	-125725
2005-2006	456418	21.6	660409	31.8	-203991
2006-2007	571779	25.3	840506	27.3	-268727
2007-2008	655864	14.7	1012312	20.4	-356448
2008-2009(P)	766935	16.9	1305503	29.0	-538568

GRAPH NO. 1: INDIAN RUPEE TO ONE U.S.DOLLAR

India / U.S. Foreign Exchange Rate: Indian Rupees to One U.S. Dollar

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59
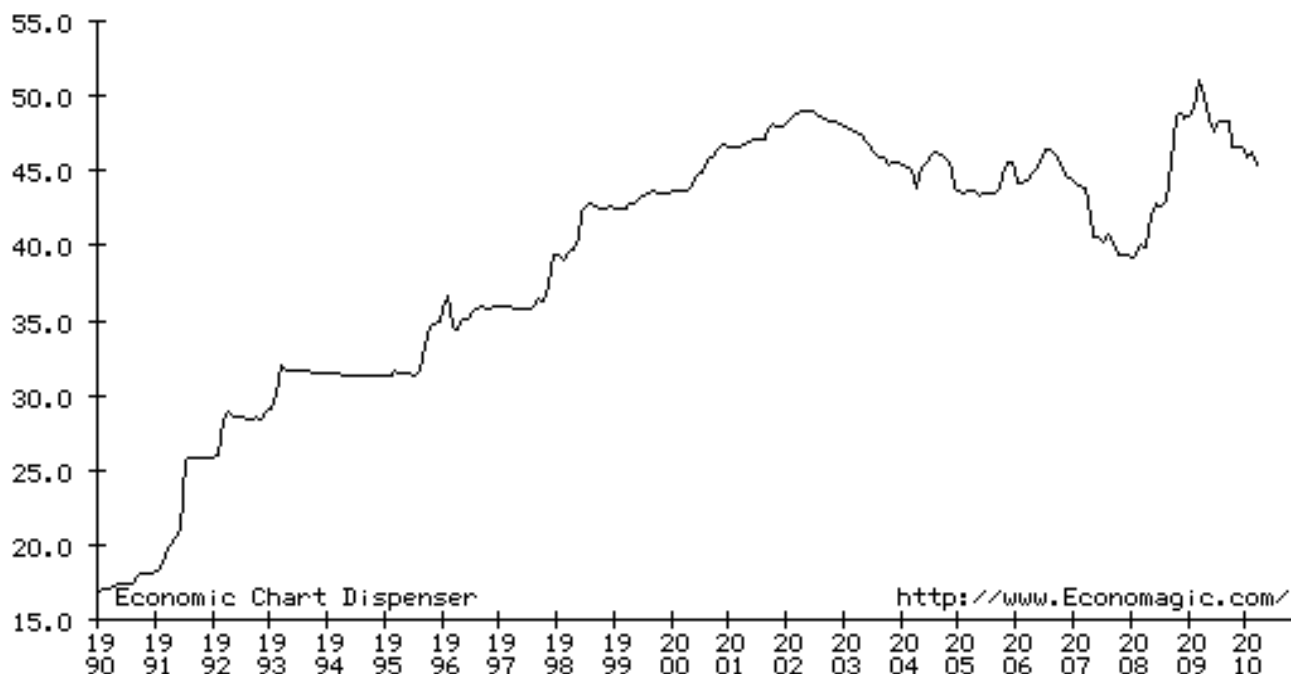
GRAPH NO. 2: SHARE OF FIVE COMMODITY IN INDIAS EXPORTS	GRAPH NO. 3: MAJOR DESTINATIONS OF INDIA'S EXPORTS
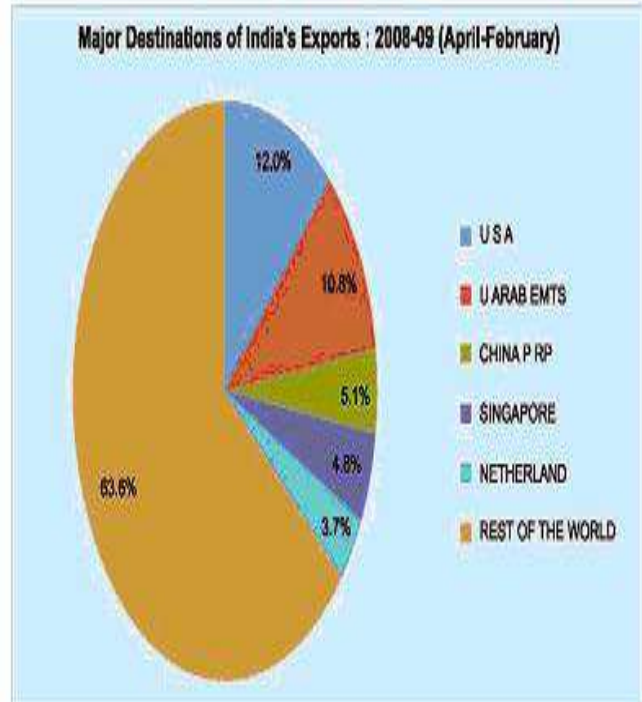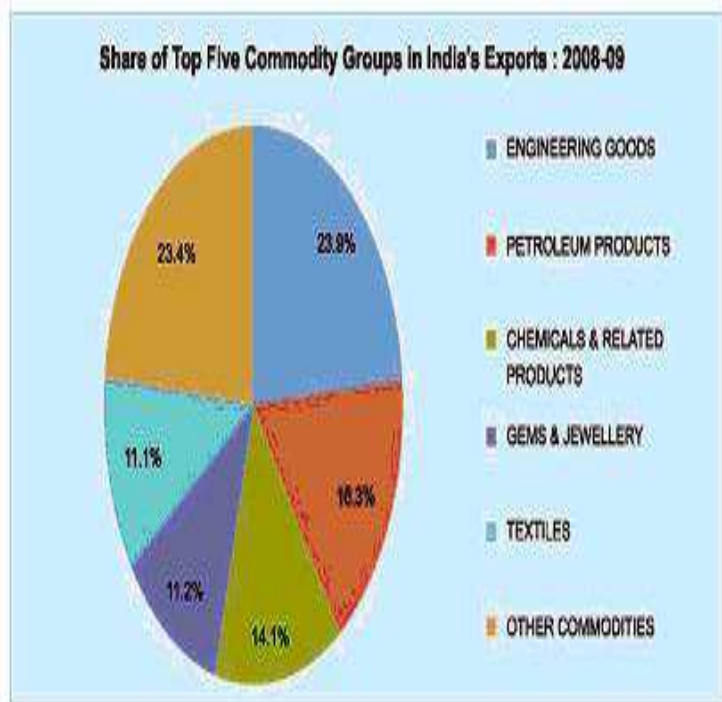
GRAPH NO. 4: MAJOR SOURCES OF INDIA'S IMPORTS	GRAPH NO. 05: GROWTH IN RS. IN INDIA'S IMPORT
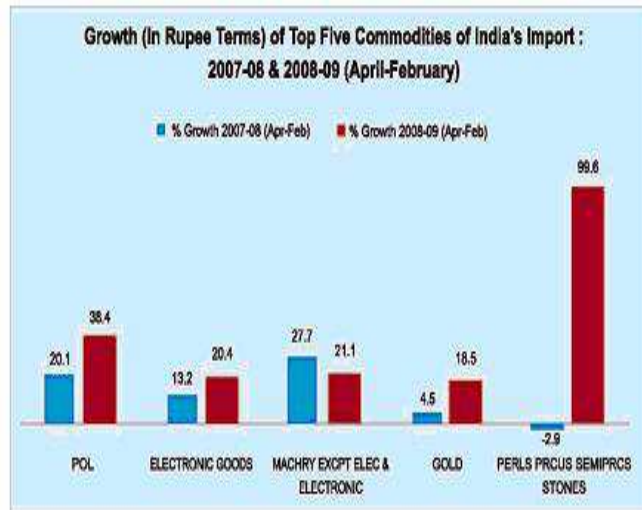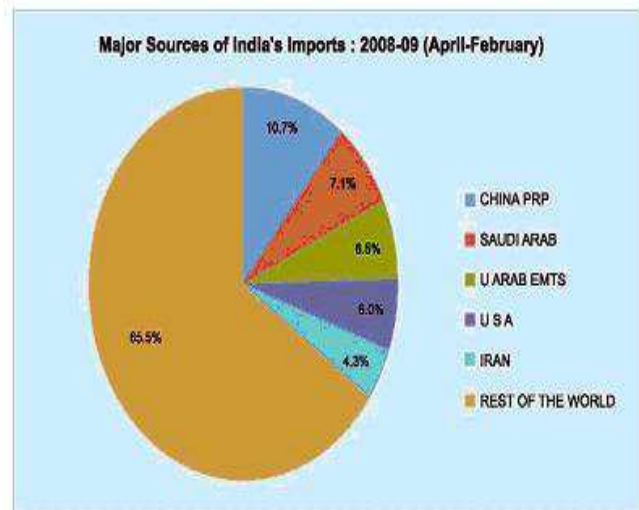
FINDINGS

1. From the graphs and trends it is revealed that rupee has been appreciated to a lot extent in the last 10 years. Also it is found that the rupee rate against us dollar was very much fluctuating.

2. From the statistical figures it is found that major export and imports of India are from US. So the fluctuations in the rupee rate against us dollar has impacted the trade performance of India.

Government should intervene in forex market and control the movement of rupee (appreciation against dollar) and the same time purchase dollar from foreign exchange market thereby creating artificial demand for dollar.

LIMITATIONS

The findings and conclusions are purely based on the data collected. The results may not be universal and opinions may differ from country to country.

CONCLUSION

Intermittent, irregular and unanticipated quantum of flow of foreign exchange reserves (inbound / outbound) due to flexible measures like FDI, FII, NRI investments, current account convertibility, mergers and acquisitions, takeovers etc have clear and conspicuous impact on rupee against the global currencies. It is very important government, RBI pay attention to monetary policies and control the fluctuations taking place in rupee value.

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61

CORPORATE FINANCIAL DISTRESS – AN EMPIRICAL STUDY

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ABSTRACT

Financial distress is a tight cash situation in which a business cannot pay the owed amounts on the due date. When a firm is under financial distress, the situation sharply reduces its market value and larger customers may cancel their orders. A firm in financial distress may face bankruptcy or liquidation leading to delay in meeting its liabilities. Altman's Z-score model has been employed in this paper to predict the risk of financial distress of the Bombay Dyeing and Manufacturing Company Limited, from the year 2002-2011. The results indicated that the liquidity, working capital turnover efficiency and solvency position of the company has not been satisfactory. The Z-score analysis revealed that the company is suffering from financial distress and there are indications of turnaround activities undertaken by the company to improve the performance.

KEYWORDS

Bankruptcy, Financial Distress, Liquidity, Solvency.

INTRODUCTION

A situation where a company cannot meet or has difficulty in paying off its current obligations is called financial distress. The symptoms of financial distress include erosion of net worth, negative operating results, factory layoff, dividend reductions and plummeting share prices. Financial distress in companies is shaky to top management positions leading to the problem of managerial inefficiencies. If prolonged, this situation can force the owning entity into bankruptcy or forced liquidation. It is compounded by the fact that banks and other financial institutions refuse to lend to those in serious distress.

The chance of financial distress increases when a firm has high fixed costs, illiquid assets or revenues that are sensitive to economic downturns. An organization has to successfully manage its finances to achieve overall efficiency and a healthy growth in its operations. The present study focuses on the financial health of the Bombay Dyeing and Manufacturing Company Limited, which had reported continued operating losses.

ABOUT THE COMPANY

Bombay Dyeing and Manufacturing Company Limited (BDMCL) was incorporated in 1879 at Mumbai under the house of Wadias. The company is a flagship brand of the Wadia group, which has a presence across foods and dairy, airlines, chemicals, plantations, laminates, electronics, healthcare, architecture and clinical research. Bombay Dyeing is one of India's largest producers of textiles. The daily production at Bombay Dyeing exceeds 300,000 meters of fabrics and it has a distribution chain consisting of 600 plus exclusive shops spread all over the country. Bombay Dyeing, exports to advanced countries such as USA, countries in European Union, Australia and New Zealand. BDMCL manufactures cotton textile, non-woven fabrics and Di-Methyl Terephthalate (DMT). The textile division was initially located at Worli, Mumbai, but has been relocated to Ranjangaon near Pune. This division continued to report operating losses in FY10.

OBJECTIVES

- To analyse the financial performance of the company through liquidity, current assets movement and solvency ratios.
- To measure the financial health of the company.

METHODOLOGY AND TOOLS

Data were collected from Prowess, a corporate database of CMIE(Centre for Monitoring Indian Economy) for ten years from 2002 to 2011 for the purpose of financial analysis and to measure the financial health of the company.
Altman's Z score test has been employed to assess the financial health of the company.

EMPIRICAL ANALYSIS AND RESULTS

(a) TEST OF LIQUIDITY

Liquidity is the ability to convert an asset into cash quickly, to meet the current obligations. The liquidity ratios are used to measure the short-term solvency. The short-term obligations are met by realizing amounts from current assets. If current assets can pay off current liabilities, then liquidity position will be satisfactory.
In order to test the liquidity of the company, two most popular ratios, viz., current ratio and quick ratio were calculated and presented in Table 1 and Exhibit 1.

FORMULATION

Current Ratio   =   Current Assets / Current Liabilities
Quick Ratio   =   Quick Assets / Current Liabilities

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62

TABLE 1: LIQUIDITY RATIOS

Year	Current Ratio (in times)	Quick Ratio (in times)
2002	0.90	0.30
2003	0.82	0.23
2004	0.73	0.24
2005	1.19	0.37
2006	1.64	0.83
2007	0.85	0.55
2008	0.79	0.50
2009	1.20	0.62
2010	1.82	1.40
2011	3.29	0.86

Source: Annual Reports- Results Computed

EXHIBIT 1
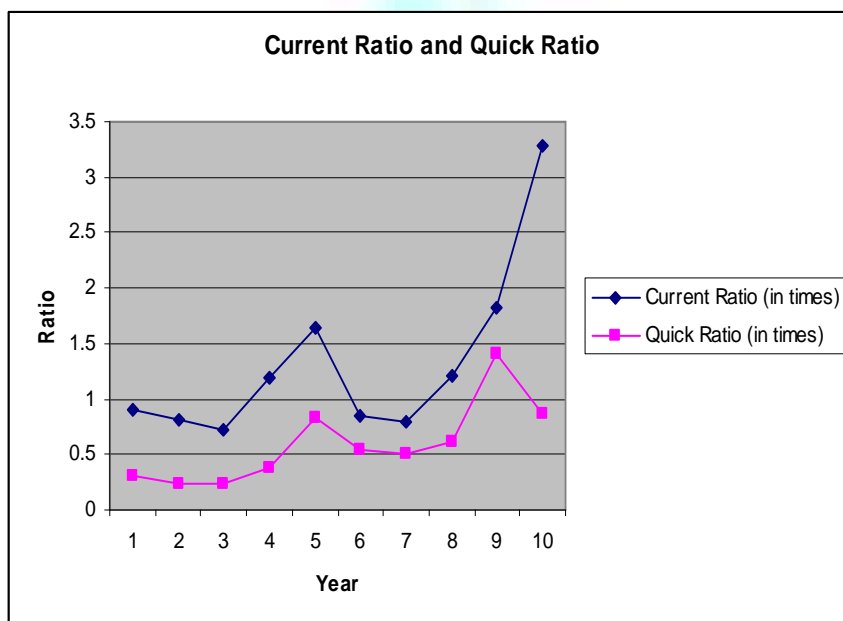
Current Ratios of the company are less than the standard norm of 2:1 during the study period except in the year 2011. Quick Ratios are also lower than the standard ratio of 1:1 except the year 2010, indicating the poor liquidity position of the company.

(b) EFFICIENCY IN UTILISATION OF WORKING CAPITAL

Efficiency ratios provide information about management's ability to utilize working capital and to earn a return on the resources committed to the business. A blockage occurs when money becomes tied up in slow paying debtors or in slow moving stock, leaving little liquidity. The following efficiency ratios have been computed.

- Inventory Turnover Ratio
- Day's Inventory Outstanding
- Debtors Turnover Ratio
- Day's Sales Outstanding

FORMULATION

Inventory Turnover Ratio = Cost of Goods sold / Average Inventory
Day's Inventory Outstanding = 365/ Inventory Turnover Ratio
Debtors Turnover Ratio = Annual net credit sales / Average accounts receivables
Day's Sales Outstanding = 365 / Debtors Turnover Ratio

TABLE 2: EFFICIENCY RATIOS

Year	Inventory Turnover Ratio	Day's Stock Outstanding	Debtors Turnover Ratio	Day's Sales Outstanding
2002	4.27	86	4.93	74
2003	4.79	76	7.80	47
2004	4.84	75	9.21	40
2005	5.88	62	9.60	38
2006	4.96	74	6.20	59
2007	2.37	154	1.60	229
2008	5.59	65	2.25	162
2009	5.85	62	2.87	127
2010	6.41	57	2.74	133
2011	3.14	116	3.33	109

Source: Annual Reports- Results Computed

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63

EXHIBIT 2 (a)

EXHIBIT 2 (b)

A perusal of Table.2 shows that inventory turnover ratio had a fluctuating trend during the study period. This ratio varied between 2.37 times in the year 2007 to 6.41 times in 2010. This shows increase in the cost of goods sold. The Day's stock outstanding stood higher at 154 days in the year 2007 which got reduced in the subsequent periods. The debtors' turnover ratio indicated wider variations from 1.60 to 9.60 times. The later years of the study period showed lower ratios indicating that the credit sales have come down. Day's sales outstanding varied from 38 days to 162 days during the study period. It could be inferred that the company failed to adopt an effective collection policy reflecting on the inefficiency in the management of receivables.

(c) TEST OF SOLVENCY

Solvency is the ability to meet long-term obligations and accomplish long-term expansion and growth. A number of financial ratios are calculated to detect signs of looming bankruptcy. Each ratio being unique, the true financial health of the company is not reflected. Five ratios have been computed in this respect and shown in Table 3.

TABLE 3: SOLVENCY RATIOS

Year	WC/TA (X_1)	RE/TA (X_2)	EBIT/TA (X_3)	EQ/TA (X_4)	SA/TA (X_5)
2002	0.02	-0.12	-0.24	0.22	0.96
2003	0.02	0.05	0.18	0.22	0.99
2004	0.02	0.08	0.30	0.24	1.06
2005	0.04	0.04	0.18	0.25	1.37
2006	0.04	0.07	0.24	0.24	0.98
2007	0.01	-0.03	0.06	0.14	0.28
2008	0.01	-0.03	0.12	0.11	0.45
2009	0.01	-0.11	-0.01	0.09	0.62
2010	0.01	0.01	0.30	0.05	0.80
2011	0.02	0.01	0.22	0.23	0.74

Source: Annual Reports- Results Computed

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64

EXHIBIT 3
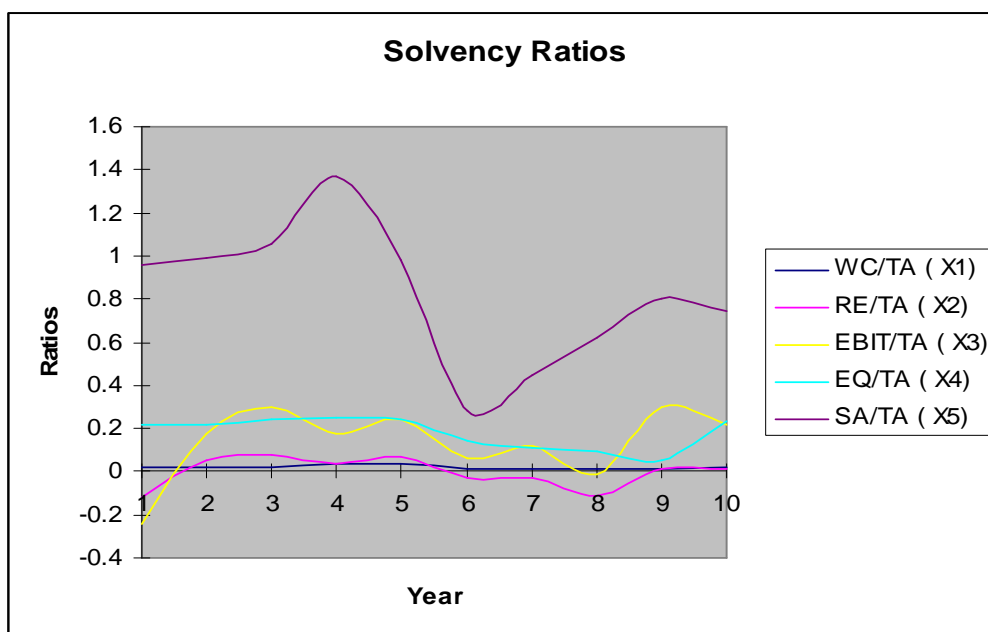
Table 3 evidences that the content of working capital to total assets has been low. Retained earnings mobilization has also been low during all the periods. The content of EBIT to Total Assets stood negative during 2002 and 2009 indicating the inability of the company to meet interest payments. The proportion of Equity to Total Assets was recorded low and varied from 0.05 to 0.25. It shows that the interest of the shareholders has been low due to the financial ill health of the company. The sales content to total assets presented wide fluctuations, in a range of 0.28 and 1.37.

ALTMAN's Z-SCORE TEST

Edward Altman built a model that distills the five key performance ratios into a single score which gives pretty good snapshot of corporate financial health, which has been applied in the present study with the calculated solvency ratios.

The Z-score formula is a measurement of the financial health of the company and is a powerful diagnostic tool that forecasts the probability of a company entering bankruptcy with a two-year period.

$Z = 0.012 X_1 + 0.014\ X_2 + 0.033\ X_3 + 0.006\ X_4 + 0.999\ X_5$

Where;

X_1 = Working Capital to Total Assets

X_2 = Retained Earnings to Total Assets

X_3 = EBIT to Total Assets

X_4 = Equity to Total Assets

X_5 = Sales to Total Assets

Test

Z < 1.8 indicates bad performance and is considered to be in bankruptcy zone.

Z > 1.8 and Z < 3 indicates gray area, uncertain to predict.

Z > 3 indicates good financial performance.

TABLE 4: Z SCORE VALUE

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Z Score	0.84	1.45	1.71	1.88	1.57	0.45	0.65	0.60	1.18	1.22

Source: Computed

It is observed from the analysis presented in Table 4 that the company's Z score has been below 1.8 in the entire period excluding 2005 indicative of bad financial performance leading to bankruptcy. The Z scores have been found to be very low during 2007 to 2009. However, the Z score has increased from 0.60 in 2009 to 1.22 in 2011 which indicates that the company has already taken turnaround activities to increase its financial performance.

CONCLUSION

The Bombay Dyeing and Manufacturing Company Limited established in 1879 is the flagship company of the Wadia Group, engaged mainly in the business of Textiles. From the analysis, it is clear that the liquidity, working capital turnover efficiency and solvency position of the company has not been good. The Z score values indicated less than satisfactory financial performance leading to financial distress. However, the increased Z score during 2010 and 2011 reflects the turnaround activities of the company to improve its financial performance.

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65

WOMEN IN MANGEMENT

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ABSTRACT

Organizations require effective managers and successful management interactions. By assisting women managers in understanding and leveraging their leadership, management and communication activities, a harmonious and productive working environment is achieved. The business also benefits by tapping into the strengths and unique capabilities that women managers can provide. The last several decades in the world have been a transforming period for women in the workplace. Women are moving steadily into new occupations and new responsibilities. Governments, businesses, unions, and women's organizations worldwide have devoted lots of thought and energy to removing obstacles to women in the workplace. Women bring a creative spark, intelligence, personality, professional ability and motivation to senior roles. Women typically take on the dual role of business leaders and managers at home. Today's businesswoman must often make difficult choices. The commitment required to become a successful leader is often in direct conflict with the commitment required to raise successful children. Women have made it to top managerial posts all over the world, forcing a magazine like Fortune for the first time to evaluate and rank America's 50 most powerful women. This study aims at studying the perceptions of Women Managers as regards their relationship with their Head Office. The primary data required for the study was collected by distributing questionnaires to nearly 100 Women Managers. Factor analysis has been applied to investigate the underlying structure of the variables that influence the Women manager's relationship with their head office.

KEYWORDS

Head Office, relationship factors, Women managers.

INTRODUCTION

rganizations require effective managers and successful management interactions. By assisting women managers in understanding and leveraging their leadership, management and communication activities, a harmonious and productive working environment is achieved. The business also benefits by tapping into the strengths and unique capabilities that women managers can provide.

The last several decades in the world have been a transforming period for women in the workplace. Women are moving steadily into new occupations and new responsibilities. Governments, businesses, unions, and women's organizations worldwide have devoted lots of thought and energy to remove obstacles to women in the workplace. Women bring a creative spark, intelligence, personality, professional ability and motivation to senior roles. Women typically take on the dual role of business leaders and managers at home. Today's businesswoman must often make difficult choices. The commitment required to become a successful leader is often in direct conflict with the commitment required to raise successful children.

RESEARCH OBJECTIVES

This study aims at studying the perceptions of Women Managers as regards their relationship with their Head Office.

RESEARCH METHODOLOGY

The primary data required for the study was collected by distributing questionnaires to nearly 100 Women Managers. The questionnaire is divided into two parts. Part I reflects Women Managers' perceptions as regards their relationship with Head Office. Part II deals with the general information like name, area of operation, age, working hours of branch, staff strength, qualification and experience.

ANALYSIS OF DATA

To study the relationship of women managers with their head office a scale was developed consisting of twelve statements namely, women managers are consulted in setting targets, women managers gets recognition for better performance, performance evaluation criteria is acceptable, etc., The women managers were asked to rate each item on a 5 point scale namely, strongly agree, agree, neither agree or disagree, disagree and strongly disagree and 5,4,3,2,1 weights/points were assigned to these responses respectively. The reliability of the scale measuring women managers' perception as regards their relationship with their head office, estimated by Cronbach's Alpha is 0.8412 which may be considered as adequate reliability.

FACTOR ANALYSIS FOR IDENTIFYING RELATIONSHIP FACTORS

Factor analysis has been applied to investigate the underlying structure of the variables that influence the Women manager's relationship with their head office. KMO measure of sampling adequacy is 0.889 and Bartlett's test shows a significance of 0.000. Therefore factor analysis can be applied to 9 variables measuring women managers' perceptions on their relationship with their head office. All measures of sampling adequacy (MSA) being more than 0.5, all the 9 variables can be subjected to factor analysis.

GROUPING OF VARIABLES

The Principal Component Analysis by factor extraction method and Varimax rotation method have been used to group the variables of perception of women managers' as regards their relationship with head office into factors. Tables 1 and 2 show the factor extraction of perception of women managers' as regards their relationship with head office.

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66

FACTOR EXTRACTION OF WOMEN MANAGERS' PERCEPTION AS REGARDS THEIR RELATIONSHIP WITH HEAD OFFICE

Variables	Communality	Initial Eigen value and extraction sum of squares loadings				Rotation sum of squared loadings		
		Factor	Eigen value	% of variance	Cumulative %	Total	% of variance	Cumulative %
HO is supportive	0.601	1	4.524	50.263	50.263	2.946	32.739	32.739
Policies are progressive	0.802	2	0.997	11.078	61.341	2.574	28.602	61.341
Policies are appreciable	0.731							
Targets are achievable	0.561							
There is Internal democracy	0.568							
Women managers are consulted in setting targets	0.695							
Performance evaluation criteria is acceptable	0.549							
There is openness & transparency	0.531							
Women managers gets recognition for better performance	0.482							

ROTATED COMPONENT MATRIX

Variables	Component 1	Component 2
HO is supportive	0.886	0.133
Policies are progressive	0.820	0.242
Policies are appreciable	0.718	0.291
Targets are achievable	0.565	0.403
There is Internal democracy	0.0582	0.832
Women managers are consulted in setting targets	0.242	0.709
Performance evaluation criteria is acceptable	0.415	0.629
There is openness & transparency	0.411	0.617
Women managers gets recognition for better performance	0.500	0.530

Extraction method: Principal Component Analysis.

Rotation method: Varimax with Kaiser Normalization.

Source: Survey data – Questionnaire

Nine variables have been reduced to two factors. Out of the nine variables, the first factor namely 'Head Office plans and policies', includes four variables namely, policies are progressive, policies are appreciable, head office is supportive and women managers gets recognition for better performance. These statements deal with the head office plans and policies. So the first factor is named as Head Office Plans and policies. While the remaining five variables are included, in the second factor, namely, women managers are consulted in setting targets, targets are achievable, there is internal democracy, performance evaluation criteria is acceptable and that there is openness and transparency. The statements loaded in the second factor consist of certain variables which involves daily operations relating to their performance. So the second factor is named as Operational responsiveness.

WOMEN MANAGERS' PERCEPTION VARIABLES IN RESPECTIVE FACTORS

Factors	Variables	Factor loadings
Factor 1 Head office plans & policies	Policies are progressive	0.886
	Policies are appreciable	0.820
	Head office is supportive	0.718
	Women managers gets recognition for better performance	0.565
Factor 2 Operational responsiveness	Women managers are consulted in setting targets	0.832
	Targets are achievable	0.709
	There is internal democracy in the bank	0.629
	Women managers performance evaluation criteria is acceptable	0.617
	There is openness and transparency	0.530

Source: Survey data – Questionnaire

"Head office plans and policy" factor contains four variables namely, policies are progressive, policies are appreciable, head office is supportive and Women managers gets recognition for better performance and it explains 32.74% variance and it is the most dominant factor. It is followed by "Operational responsiveness factor" with five variables namely, Women managers are consulted in setting targets, targets are achievable, there is internal democracy, Women managers performance evaluation criteria is acceptable and there is openness and transparency and it explains 28.60% variance and is the second factor. Chi-square test was applied and it was seen that both the factors were significant.

SUGGESTIONS

1. Right work environment should be provided.
2. Adequate and proper training should be given.
3. There should be good support systems at home.
4. Child day care centers should be available at work place.
5. Stress management, time management and meditation techniques should be taught.
6. Legislation providing two years leave with full benefits to look after the kids should be compulsorily implemented at all levels of management.

CONCLUSION

Society and culture provide myths and epics, but there are no epics or myths where women take a journey and an adventure to unfold their lives to discover who they are. Positive sentiments gives the woman the best of options…..to be a warm and caring family woman at home and the efficient and no-nonsense boss in the office. Women managers have shown that they can deliver and excel too. For companies to succeed in the current economic environment, they must attract and retain the best talent, including both women and men.

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INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   67

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INDIAN BRANDS IN THE INDIANS' CONTEXT

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ABSTRACT

India is considered to be a market that cannot be ignored by any FMCG company that desires to be successful in the global market. It has become inevitable for any international company to understand the needs and preferences of the Indian consumers. Though, the world is promoting the concept of globalization, the mutli-national corporations come forward to customise their offering in order to suit the preferences of Indian consumers. It is obvious that the role of Indian consumers is imperative in determination of the future of many MNCs. Perhaps, it is the fact that the companies from the developed nations depend upon the consumers of this developing country – India, to maximize their wealth. However, it is worth mentioning here is that there are few Indian Brands perform on par with the foreign brands. Therefore, it is the interest of the researchers to understand how the Indian consumers look at Indian Brands. This study was aimed at finding out the significance of the Indian brands in the Indians' context. It was found that there is significant awareness of the Indian brands in the market with aided recall. The preference of Indian brands is also comparatively significant when compared with foreign brands. It is suggested that the Indian companies should further emphasise on superior quality, product innovation, durability and a variety of products to the customers in order to gain a better market share. Go India, go...

KEYWORDS
Brand, Brand identity, perceived qualities, positioning,

INTRODUCTION

There is a general agreement that source of successful companies is the presence of big brands in their portfolio. Every company wants to create and own the ageless brands and does append a lot of money towards this objective. Yet, many top executives are not very comfortable with following a structured approach to branding.

Building a brand driven culture is a lifelong commitment to a mindset and a way of life that takes time, planning and perseverance that produces intangible outputs which include greater customer satisfaction, reduced price sensitivity, fewer customer defections, greater share of customers' wallets, more referrals, and a higher percentage of repeat business. Customers value their relationship with their branded possessions and with marketing agents and institutions that own and manage the brand. The brand identity needs to focus on points of differentiation that offer sustainable competitive advantage to the firm.

Brand image is everything. Brand image may be the best, single marketable investment a firm can make. Creating or revitalizing a positive brand image is a basic component of every business and lays a foundation on which firms can build their future.

Brand identity is based on a thorough understanding of the firm's customers, competitors, and business environment. The brand identity needs to reflect the business strategy and the firm's willingness to invest in the programs needed for the brand to live up to its promise to customers. Strong brands enjoy customer loyalty, the potential to charge premium prices, and considerable brand power to support new product and service launches. Companies need to have thorough understanding of customer belief, behavior, product or service attributes, and competitors.

Gone are the days when a company could be assured of its success in its strong hold position. Today with the economy opening up, it becomes more accessible to multinationals with their proven track record can displace any domestic brand. Hence, it is becoming increasingly important for the Indian brands to establish their superiority in their own country.

BRAND – MEANING

A brand is a distinguishing name and / or symbol (such as logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical (Aaker, 1991). Brands provide the basis upon which consumers can identify and bond with a product or service or a group of products or services (Weilbacher, 1995).

From the customers' point of view, a brand can be defined as the total accumulation of all his / her experiences, and is built at all points of contact with the customer (Kapferer, 2004). A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely (Chernatony and McDonald, 1998).

According to Park et.al. (1986), many brands offer a mixture of symbolic, functional, and experimental benefits. Functional needs are defined as those that motivate the search for products that solve consumption related problems (e.g. solve a current problem, resolve conflict, and restructure a frustrating situation). A brand with a functional concept is defined as desires for products that fulfill internally generated needs for self-enhancement, role position, group membership, or ego identification. A brand with a symbolic concept is one, designed to associate the individual with a desired group, role, or self-image. Experiential needs are defined as desires for products that provide sensory pleasure, variety, and / or cognitive stimulation. A brand with an experiential concept is designed to fulfill these internally generated needs for stimulation and / or variety.

OBJECTIVES OF THE STUDY

This study has the following objectives:

- To find out the awareness level of Indian Customers on Indian brands
- To study the impact of Indian brands in the buying decision making of Indian customers
- To know whether Indian brand image has influenced on customers' buying behavior in certain product categories
- To identify the factors that decide the selection of Indian brands in certain product categories

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68

RESEARCH METHODOLOGY

RESEARCH DESIGN

The research design used in this study is exploratory research design that has the goal of formulating problems more precisely, gathering explanation, gaining insight, eliminating impractical ideas, and forming hypotheses. The major emphasise of this research design is on gaining ideas and insight; it is essentially helpful in breaking broad, vague problem statements into smaller, more precise sub problem statements.

This study has two stages. *First stage* involves the construction of the questionnaire incorporating all the questions required to collect data pertinent to the objectives of the study. A pilot study was conducted with twenty five samples, chosen from *Chennai city* which is the area of the study. The *Second stage* involves the actual survey of collecting primary data through structured undisguised questionnaire revised after the pilot study for accuracy. The collected data was then tabulated and interpreted.

SAMPLING

For the purpose of this study, samples were collected from different parts of Chennai city, the Capital of Tamilnadu State in India. The sample size is 200. It consisted of men and women from different educational and occupational background of various geographical areas in Chennai. This study has been made, using convenient sampling. Obviously, this method is used when the researcher is interested in getting an inexpensive approximation of the truth.

STATISTICAL TOOLS, USED

The data collected from the respondents of the study have been analysed by applying various statistical tools, viz., percentages, pie chart and bar diagram, and Chi square test.

REVIEW OF LITERATURE

As the researcher could not find much literature on the area of Indians' perception on Indian Brands, he has presented what has been available on the given topic and also presented the literature, related to the concept 'Brand'. In a study, done by Jin and Bal (1989) on "Brand Origin in an emerging market: perceptions of Indian consumers", resulted that most consumers can recognize the brand origin correctly but the power of recognition decreases when the brand has a long history of 'Localization'.

Another source has stated that unlike Chinese & Russians, Indians prefer local luxury brands (Temp.2007). It has stated that global luxury goods makers may be betting big on India, but Indians would rather go for a home grown brand than a foreign one when it comes to splurging on luxury.

According to a new survey, conducted by US-based Time magazine, it is the men-focused products, that too in the apparel segment, that come on the top among luxury brands in India, with Indian women still prefer the traditional saree. Four out of five most familiar brands in the minds of young Indians are, Park Avenue, Allen Solly, Reid and Taylor and Wills Lifestyle, the domestic labels and that too belonging to the menswear category. Swiss Watch Rolex is the only foreign brand that has made to the top five luxury brands in India, the Time magazine said. The same study, by Time magazine has found that in India, 58 percent prefer high quality, 55 percent go for high reputation of the brand and 50 percent stress on high fashion.

Another study, done in Bangalore by SilliconIndia on 11th July 2011 on the topic, 'Indians are most brand conscious in the world' has resulted that India's growth and development is fastest and the upscale consumers have finally made Indians to rank in top 5 when it comes to brand consciousness. Buying branded gives them a sense of pleasure and status. Price consciousness has become a secondary thing. People prefer to buy the best and long lasting quality goods. The study by Neilsen on 'The global luxury brand study' revealed that nearly 35% of Indians prefer buying luxury brands which is the third highest. The brands have taken a lot of effort to establish and bring a goodwill which has created strong foundation to stay in Indian market. People are no more hesitant to buy the branded goods.

According to Keller (2003), consumer's brand knowledge can be defined in terms of the personal meaning about a brand stored in consumer memory, that is all descriptive and evaluative brand related information. Different sources and levels of knowledge such as awareness, attributes, benefits, images, thoughts, feelings, attitude, and experiences get linked to a brand and its understanding by the consumer.

The Brand, in a sense, acts as a credible guarantee for that product or service, allowing the consumer to identify and specify products which genuinely offer added value (Murphy, 1998).

Powerful brands provide long-term security and growth, higher sustainable profits, and increased asset value because they achieve competitive differentiation, premium prices, higher sales volumes, economies of scale and reduced costs, and greater security of demand (Temporal, 2000). The brand 'Promise' is the essence of the benefits (both functional and emotional) that customers can expect to receive from experiencing a brand's products / services, which reflects the heart, soul, and spirit of the brand (Knapp, 2000).

A brand essence that is based on emotional and self-expressive benefits provides a higher-order basis for relationship which can be less vulnerable to product-related changes or easily applied to new contexts (Aaker and Joachimsthaler, 2000).

Brands evolve over time. The first level pertains to express the identity of the producer (i.e. label). The second level is known as functional superiority (perceived by customer as differentiation). While the third level is referred to as emotional touch, fourth level pertains to the power of self-expression. At the top of the pyramid, the highest level (i.e. fifth level) is known as cult (Shahabdeen 2010).

ANALYSIS AND INTERPRETATION OF DATA

The researcher intended to collect primary data from 200 samples using questionnaire. However, only 170 respondents that include 60 males and 110 females responded and provided the data. It means that 65% of the sample size stands for females and the rest 35% stands for males. The collected data has been analysed and interpreted in this section.

It is observed that 18% of the respondents are below 20years, 38% of the respondents belong to the age group of 20-30 years, 21% aged between 30-40 years, 14% with the age group of 40-50 years and the remaining 9% are above 50 years.

With regard to the occupation of the respondents, 23% were homemakers, 18% of them are students, 12% of them were business people, another 35% are employees and the balance 12% are professionals.

As far as the monthly income of the respondents is concerned, 41% are dependents with no income at their own, 9% have income below RS.10,000, 24% have the income between Rs. 10,000-20,000, another 14% of them have the income between Rs. 20,000-30,000 and the remaining 12% of them make the income which is above Rs. 30,000.

In relation to the awareness level of the respondents on Indian Brands, 61% of them are aware of the Indian brands, whereas the remaining 39% are not aware of the Indian Brands.

TABLE - 1: THE TOP FIVE INDIAN BRANDS, IDENTIFIED BY THE RESPONDENTS

Top 5 Indian Brands, identified	No.of respondents	Total	% of the respondents
TATA	98	170	58
RELIANCE	80	170	47
AMUL	70	170	41
HUL	60	170	35
BRITANNIA	50	170	29

From the table-1, it can be observed that 58% of the respondents have identified Tata, 47% have identified Reliance, 41% have known Amul, 35% of the have known HUL Products and 29% of them have identified Britannia as their top known Indian brand.

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69

TABLE – 2: THE PERCEIVED CHARACTERISTICS OF A GOOD BRAND

Perceived Important Characteristics of Indian Brands	No. of respondents	Total	% of the respondents
Reasonable Price	110	170	65
Quality	120	170	71
Durability	80	170	47
Availability	70	170	41

From table-2, it could be understood that 65% of the respondents perceive reasonable price as an important attribute, 71% perceive quality is top of the important characteristics, they look for in a brand, 47% of the respondents suggested that durability is the most important characteristic of a brand and the remaining 41% of the respondents value the availability of a brand as an important characteristic.

When an attempt was made to know how many of the respondents prefer to buy Indian Brands, it was found that 59% of them prefer Indian Brands and the remaining 41% of them do not prefer Indian Brands.

TABLE – 3: THE REASON FOR THE PREFERENCE OF INDIAN BRANDS

Reasons for the preference of Indian Brands	No.of respondents	% of the respondents
Availability	30	36
Low Price	40	40
Quality	20	20
Service	10	10
Total	*100*	*100*
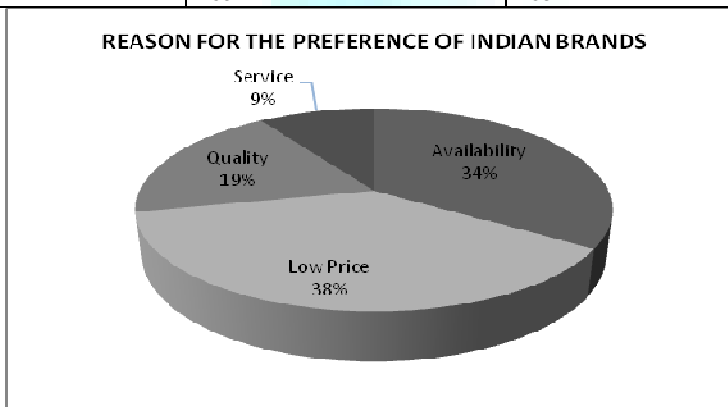
From table-3, it can be observed that from among the 100 respondents out of 170 (59%) who prefer Indian Brands, 30% prefer Indian Brands for their availability, 40% prefer them for their low price, 20% favour the Indian Brands for their quality and the remaining 10% prefer Indian Brands for the associated service with them

The 41% of the respondents who do not prefer Indian Brands came out with their reasons. 43% of them do not prefer Indian brands because of their quality deficiencies, 20% due non-availability, 23% find Indian brands with very limited choices and varieties and the remaining 14% said that since the Indian brands are less / no popular, they do not prefer them.

With regard to the usage of Indian Brands, it was found that 71% of the respondents use Amul Butter, 100% of them use Britannia, 47% use Gold Winner, 35% use Parachute and 45% of them use Titan products.

The main findings that are specifically related to the five popular and most favourable Indian Brands are presented as below:

AMUL BUTTER
- It was identified that 63% of the respondents are using Amul Butter for more than 5 years.
- Television advertisements play the major role in attracting the people to buy Amul Butter.
- Taste and the name are the two main reasons that motivate the buyers to prefer to the brand 'Amul'.

BRITANNIA
- It was identified that 100% of the respondents are using Britannia for more than 5 years.
- The main reason for purchasing Britannia is for the availability and reasonable price.
- Television commercials play the major role in attracting the people to buy Britannia.
- The quality and price of Britannia are perceived to be more attractive than that of other brands.

GOLD WINNER
- It was identified that 62% of the respondents are using Gold Winner for more than 5 years.
- The role of television is vital in the promotion of Gold Winner with the slogan:- G- for Gold and H- for Health.
- The focus of Gold winner as a product that helps the consumers to keep up their health in good condition and its' availability are the major reasons for the preference of Gold Winner by the Consumers in India.
- The perceived quality and the promotional campaign are more impressive than that of other brands in the product category.

PARACHUTE
- It was identified that 60% of the respondents are using Parachute for more than 5 years.
- The main reason for purchasing Parachute is for the reasonable price and quality of the brand.
- The quality and price of the brand are more impressive than other brands.

TITAN
- It is found that 66% of the respondents are using Titan for a period more than 5 years.
- Magazine and Television promotions have played major role in the popularity of Titan.
- The quality and durability of the brand are more impressive and great motivation to the consumers.

OTHER FINDINGS AS PER THE RESULTS OF CHI-SQUARE TEST
- It is also found that there is no relationship between age and awareness of the Indian brands.
- There is no relationship between income and preferences of Indian brands.
- There is no relationship between occupation and awareness of the Indian Brands at 5% level of significance.
- There is a relationship between occupation and awareness of Indian brands @1% level of significance.

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70

RECOMMENDATIONS OF THE STUDY

- A major portion of Indian customers are not able to differentiate Indian Brands from foreign brands, thus the Indian Companies should take care to establish their place of origin of the product.
- The customers are not able to identify Indian brands when they are directly asked to list out Indian brands but they were able to identify them only with some aided recall tools. The customer's mindset should be converted into unaided recall.
- The preference of Indian brands is nearly 60% and this should be further increased with the promotion of 'Brand India'.
- The Indian brands should emphasise more on quality and service of their goods and services.
- The Indian brands are not that much long lasting and thus, they should emphasise on the durability of the products.
- There is less choice among Indian brands. So, many Indian players should come into the market.
- The reputation of Indian brands is comparatively less when compared with foreign brands and this challenge should be overcome.

CONCLUSION

Branding needs a shift of tactics and thinking on the part of marketing executives. With ever increasing customer awareness levels, marketers can no longer afford to be complacent about their brands & branding strategies.

Successful brand needs a structured approach with due attention to what seem to be very minor details. It becomes difficult for Indian brands to create a market for themselves because of the quality, and proven credibility of the foreign brands.

This study was aimed at finding out the significance of the Indian brands in the Indian context. It was found that there is significant awareness of the Indian brands in the market with aided recall. The preference of Indian brands is also comparatively significant when compared with foreign brands. The Indian companies should further emphasise on superior quality, product innovation, durability and a variety of products to the customers in order to gain a better market share.

Understanding the differences in the perception of customers is the key to unlocking the market potential. Marketers are advised to understand the credibility, positive association and additional valuation that a customer attaches with successful brands. The perception of the quality that is associated with the foreign brands is difficult to unlock but it is easier to create opportunities for Indian brands by creating a positive brand image / positioning in the minds of the customers.

Finally, the task does not stop with the onetime creation of a successful brand. The companies have to measure its' customer-connect and consistently revitalize the Indian brands to keep them relevant to the ever changing tastes and preferences of the Indian consumers.

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INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   71
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STRESS-WORK LIFE BALANCE - PSYCHOLOGICAL WELLBEING OF WOMEN MECHANICS IN BMTC

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ABSTRACT

The world of work and business has undergone a paradigm shift in the recent past that could be analyzed at global, national and the individual level. While IT revolution, globalization, free trade etc have taken place at the global level, urbanization, demand and enrolment in technical education, women participation in education and employment etc are seen at the national level. At the individual level, it has affected the work and personal life of individuals. This has resulted in many changes at the workplace and also in the employee demographics resulting in an increased concern for the boundary between employee work and non work lives.In addition, due to the increase in the availability of women technical resources and the administrative support women are hired into certain technical jobs that were hitherto considered to be domain of men. In this light, in the present study an effort is made to identify the causes and impact of stress on the work-life balance and psychological well-being and family life satisfaction of women mechanics at BMTC. The sample for the study consisted of Women mechanics working in BMTC at various depots at Bangalore city. The results of the correlation analysis show a significant positive correlation between work life balance and psychological well being. The correlations among other variables of the study were not significant. However a negative correlation was observed between work life balance and stress. The result show that married women mechanics have relatively a higher degree of psychological well being, work life balance but also tend to have a higher degree of stress compared to those unmarried. Unmarried mechanics on the other hand tend to have external locus of control and a greater degree of family life satisfaction. The implications of the findings of the study are also discussed.

KEYWORDS
Family life satisfaction, Psychological well being, Work-life balance.

INTRODUCTION

The world of work and business has undergone a paradigm shift in the recent past. While IT revolution, globalization, liberalization, free trade etc are seen at the macro level, moving towards urbanization, demand for technical education, increased number of women in higher education and employment etc are the typical features at the national level. One of the major consequences of these changes is an increased concern for the boundary between employee work and non work lives (Hochschild, 1997). Due to the fact that more women are joining the workforce dual career couples are becoming increasingly common (Moorhead, Steele, Alexander, Stephen and Duffin 1997). In addition, today's workforce is a mosaic of different genders, ages, races, ethnic groups, religions marked by varied lifestyles (Esty, Griffin & Schoor Hirsch, 1995). Remarkable demographic and social changes mean a host of new challenges for today's workers as they struggle to cope with the often competing pressures of work demands and personal responsibilities. As a result of these the traditional model explaining the coordination between work and family is no longer valid for the modern work force.

Balancing work and family roles has become an issue of concern not only for women, but also their spouses and families, Organizations as well as the State (Rajadhyaksha, 2004). The issue of work life balance is of a major concern for Indian organizations as the percentage of women of employees is steadily on the increase. Women today do not have any reservations in joining organizations that were hitherto male dominated. Dynamics of work life balance for women in non traditional sectors are different hence it is the need of the hour to analyze it.

A survey of literature have repeatedly shown that the stress and work life balance among women and employees serving in service organizations are relatively high and is contingent upon the social support system available to them both at the home and at the work place. Prevailing organizational culture, reward systems were found to moderate the work life balance and stress profile of the employees especially in the government and service sector Lori and Bradley(2000) Mohan and Chauhan (1999) Kim and Kim et.al (2007) .

A survey conducted by Padma (2008), on working women in different professions at Hyderabad city revealed that majority of women are working 40-45 hours per week and 53% of the respondents report that they are struggling to achieve work-life balance.

Despite accumulating evidence that work and family life are interrelated, the available research literature, in the Indian context, is limited. Even, in the area of work-life balance and locus of control, only a few studies have explored the interaction between these variables. The present study aims at investigating mechanics serving in a service sector on a technical job role perceive their occupation and how their perceptions affect work-life balance and psychological well-being.

PRESENT STUDY

PROBLEM
To study the effect of work-life balance and work-locus of control on perceived stress, psychological well-being and family life satisfaction of women mechanics.

OBJECTIVES
The concept of work life balance has evolved as a result of changing work environment and work culture. Women in the modern days are entering into newer professions that call for the ability to balance between work and life. Hence in the present study an attempt is made to examine the relationship between work life balance and work-locus of control with psychological well-being, stress and family life satisfaction of women mechanics. Keeping this in view the following objectives have been identified.

1. To assess the degree of work-life balance (WLB) and work-locus of control(WLC) among women employed in technical field.
2. To study the effect of work-life balance on psychological well-being (PWB), stress and family life satisfaction (FLS).
3. To study the effect of work-locus of control on psychological well being, stress(S) and family life satisfaction.
4. To examine the relationship between the work- locus of control with work life balance, stress, psychological well- being and family life satisfaction.

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72

OPERATIONAL DEFINITIONS

1. WORK-LIFE BALANCE: Work-life balance refers to the simultaneous pursuing of the roles in work and life without any conflict or imbalance (Fisher –McAuley et.al.2003)

2. STRESS: The term stress is typically been used to refer both to the adjustive demands placed on an organism and to the organisms internal biological and psychological responses to such demands (Hanzs Selye, 1956, 1976a).

3. WORK-LOCUS OF CONTROL: A generalized expectancies about control of reinforcements or rewards at work (Spector P.E. 1988)

4. PSYCHOLOGICALWELL-BEING: psychological well-being represents people's evaluation of their lives and includes happiness, pleasant emotions, life satisfaction and a relative absence of unpleasant moods and emotions (Diener & Diener, 2000).

5. FAMILY LIFE SATISFACTION: life satisfaction is an overall assessment feelings and attitudes about one's life at a particular point in time ranging from negative to positive. It is one of three major indicators of well-being. Life satisfaction, positive affect and negative affect. (Diener, 1984)

HYPOTHESES

1. There is no relationship between the work-life balance, perceived stress, psychological well-being, and family life satisfaction.
2. There is no relationship between Work-locus of control and perceived stress, psychological well-being and family life satisfaction.
3. There is no relationship between Work- Locus of control and work-life –balance.

PROCEDURE

A single group design is used consisting of a sample of 30 women mechanics drawn from the various depots of BMTC.

SAMPLE

The sample consisted of 30 women mechanics of which -15 married and 15 unmarried. The age of the sample ranged from 21 years to35 years, with the job experience ranging from 2 to 12 years. Women mechanics who volunteered to participate were only selected for the study. Women mechanics were interviewed at their place of work and data was collected from those who volunteered to participate. On an average each individual required 30-45 minutes to complete the process.

ASSESSMENT TOOLS

In the initial stage the mechanics were interviewed using the schedule developed by the department of psychology, Bangalore university, Bangalore.
To fulfill the objectives of the study the following tools are utilized in the present study.

TABLE SHOWING PROPERTIES OF ASSESSMENT TOOLS

Sl. No.	Variable	Tool	Author	Psychometric Properties
1.	Locus of Control	Work locus of control scale	Paul E. Spector, (1988),	Coefficient of alpha ranging from .80 to .85 Test retest reliability .60
2.	Work-life balance	Work-life balance scale	Fisher – McAuley et.al (2003)	Cronbach alpha Value ranging from 0.69 to 0.93
3.	Occupational stress	Stress questionnaire	Latha (1984),	Test-retest reliability Coefficient for the source of stress, coping mechanisms and somatization scale are .81,.86 and .79 respectively
4.	Psychological well-being.	Psychological well-being questionnaire	Bhogle & Prakash (1995).	Internal consistency co-efficient 0.84 Split-half consistency 0.91 Test- retest reliability 0.72
5.	Family-life satisfaction	Family life questionnaire	Bernard Gurney Jr. (1976)	Test retest r=0.61
6.	Information schedule		Devised by the researcher	

ANALYSIS OF DATA

Keeping the objectives of the study, the data were analyzed using the SPSS (12.0 version) and discussed.

RESULTS AND DISCUSSION

The primary objective of this study was to compare the psychological profile of women mechanics at Bangalore Metropolitan Transport Corporation. The psychological profile constituted measuring the work-life balance, work-locus of control, psychological well-being, stress and family life satisfaction. Among these variables work-life balance and work-locus of control were treated as the independent variables where as psychological well-being, stress and family life satisfaction constituted the dependent variables of the study. The data was collected from a total of 30 (15 married and 15 unmarried) women mechanics working at BMTC. The responses were scored using the standard procedure and discussed.

Table 1 depicts the descriptive statistics in terms of mean standard deviation and the range of scores on all the variables of the study. Based on the possible maximum and minimum score one could get on all the variables of the study and the obtained mean score of the sample on all the variables it is observed that work life balance is above average, greater orientation towards external locus of control, higher degree of psychological well being. Women mechanics also were found to be experiencing a high degree of family life satisfaction and a moderate degree of occupational stress.

One of the objectives of the study is to analyze the relationship among the variables of the study.   Table 2 depicts the correlation among the different variables of the study.

The results of the correlation analysis show a significant positive correlation between work life balance and psychological well being. The correlations among other variables of the study were not significant. However a negative correlation was observed between work life balance and stress. Earlier research by Bruke and Greenglass,(1987); Eckenrode and Gore,(1990); Greenhaus and Beutell,(1985)have also observed the negative correlation between work life balance and stress implying that individuals with low degree of work life balance tend to experience higher degree of stress. Similarly the observed negative correlation between work locus of control and stress also finds support from the earlier study by Meng, (2008). Significant correlation among the subscales of occupational stress scale only provide proof for the psychometric property of the tool.

In summary, the above results it is clear that higher the degree of psychological well-being higher will be the work-life balance. Higher degree of family life satisfaction leads to higher degree of work-life balance. This finding is in accordance with the findings of the study which states that working women whether employed out of necessity or out of their own choice- have been able to combine their role as worker with that of wife and household successfully (Kapur, 1970). As there is a lower degree of stress higher will be the work-life balance (-0.099). The obtained correlation in the negative direction between work-life balance and stress (though not significant)is in accordance with the theoretical views.

Further a comparison is made among married and unmarried mechanics. The result show that married women mechanics have relatively a higher degree of psychological well being, work life balance but also tend to have a higher degree of stress compared to those unmarried. Unmarried mechanics on the other hand tend to have external locus of control and a greater degree of family life satisfaction.   The results as depicted in table no.3.shows mean scores obtained by the married and unmarried mechanics do not differ significantly which is in accordance with the study conducted by Srinivasan, (2006) on work-life balance

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   73

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among women IT professionals. The study showed that marital status does not lead to women dropping out but they moved within the industry. So marital status does not impact work-life balance but parental status does.

The above findings were also supported by their responses to the personal interview aimed at collecting information about their perception about the job, peer group, organization etc. In general it was reported by the women mechanics that they are getting co-operation from their family members, peers and their immediate supervisors.

The somatic symptoms related to stress were reported by only 5 out of 30 mechanics. The predominant somatic symptom were found to be Inability to relax (9.99%), problem with voice during stress (6.6%) and problems with speech, sleep disturbances and a feeling of blood rushing towards the head during anger (3.33% each).

The common coping strategies used by the employees to overcome the stress were to attend some entertainment programme (50%), withdrawal from social relationships (41%), escaping from the difficult situations (41%), reading books as a means of relaxation (41%) etc were reported by the mechanics.

Since mechanical roles at BMTC were hitherto were performed by male and women are taking up these jobs currently, perception of the role senders i.e. their immediate supervisors was also obtained.

The overall opinions of the 10 immediate supervisors about their women mechanics are as follows:

1. Women mechanics cannot be assigned all the jobs due to their inherent difficulties such as the job requiring too much of physical power.
2. They lack appropriate job orientation and job training.
3. Their interpersonal relationship with the peer is found to be good with mutual co-operation ensuring mutual personal benefits is detrimental to the organization.
4. Interpersonal relationship between mechanics with their supervisors is found to be very poor.
5. Nine out of ten supervisors believe that women mechanics have a bleak professional future as they cannot find similar employment in any other organization.
6. Most of the supervisors have suggested that by assigning job which is demanding less physical energy. Eg. Seat cover stitching, assembling certain parts in the central work-shop etc productivity of women mechanics could be enhanced.

IMPLICATIONS OF THE STUDY

Recruitment and placement of women especially on mechanical job require providing sufficient job knowledge and training.

Induction training could provide more confidence and skills to perform functions to the degree to which their male counterparts are performing.

Training in gender sensitization to both male and female mechanics is the need of the hour as the job requirement and training being the same for both the gender the discrepancy observed while assigning the job could be more objective without gender discrimination.

Interpersonal relationship needs to be enhanced.

To enhance the degree of work-life balance among women mechanics a healthy environment should be created in the workplace.

SUMMARY AND CONCLUSIONS

The women mechanics working at BMTC were studied to analyze their degree of work-life-balance, nature of work-locus of control and its relationship with psychological well-being, family life satisfaction and stress. From the findings of the study it is evident that a lower degree of stress has lead to a higher degree of work-life balance. Higher degree of psychological well-being and family life satisfaction accounts for the higher degree of work-life balance. An orientation towards extrinsic work-locus of control has lead to a higher degree of work-life balance, psychological well-being, family life satisfaction and a lower degree of stress in the mechanics.

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APPENDICES

TABLE NO.1 DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
PSYCHOLOGICALWELL-BEING	30	14.00	28.00	24.2333	2.80004
WORK-LOCUS OF CONTROL	30	42.00	69.00	54.6333	7.87174
WORK LIFE BALANCE	30	55.00	88.00	66.2667	8.15764
FAMILY LIFE SATISFACTION	30	55.00	78.00	68.0333	5.47397
STRESS	30	113.00	210.00	146.3333	23.53769
FAMILY	30	15.00	31.00	21.3333	3.83571
PERSONAL	30	7.00	30.00	13.1000	6.26071
OCCUPATIONAL	30	10.00	26.00	18.7667	5.11039
HEALTH	30	5.00	14.00	7.8333	2.43655
FINANCIAL	30	6.00	18.00	10.7333	3.39303
MARITAL	30	.00	16.00	3.9333	4.64560
Valid N (listwise)	30				

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74

TABLE NO.2: SHOWING THE CORRELATIONS BETWEEN THE VARIABLES

	PWB	WLC	WLB	FLS	TS	Family	Personal	Occupnl	Health	Financial	Marital Status
PWB	1	.151	.387*	-.124	-.111	-.187	-.228	-.059	-.151	-.011	.060
	.	.426	.035	.513	.559	.322	.226	.758	.426	.952	.755
	30	30	30	30	30	30	30	30	30	30	30
WLC	.151	1	.168	.106	-.016	.041	-.027	-.064	-.075	.067	-.176
	.426	.	.375	.577	.933	.831	.889	.737	.693	.724	.352
	30	30	30	30	30	30	30	30	30	30	30
WLB	.387*	.168	1	.348	-.099	-.156	-.242	.195	-.159	.180	-.077
	.035	.375	.	.059	.603	.410	.197	.302	.401	.342	.686
	30	30	30	30	30	30	30	30	30	30	30
FLS	-.124	.106	.348*	1	.208	.119	.116	.339	-.175	.303	-.310
	.513	.577	.059	.	.269	.530	.543	.067	.354	.103	.095
	30	30	30	30	30	30	30	30	30	30	30
TS	-.111	-.016	-.099	.208	1	.668**	.672**	.587**	.371*	.497**	.334
	.559	.933	.603	.269	.	.000	.000	.001	.044	.005	.071
	30	30	30	30	30	30	30	30	30	30	30
FAMILY	-.187	.041	-.156	.119	.668**	1	.666**	.076	.427*	.121	.158
	.322	.831	.410	.530	.000	.	.000	.689	.019	.524	.404
	30	30	30	30	30	30	30	30	30	30	30
PERSONAL	-.228	-.027	-.242	.116	.672**	.666**	1	.104	.318	.095	-.102
	.226	.889	.197	.543	.000	.000	.	.584	.087	.616	.593
	30	30	30	30	30	30	30	30	30	30	30
OCCU PATIONAL	-.059	-.064	.195	.339	.587**	.076	.104	1	.052	.690**	.129
	.758	.737	.302	.067	.001	.689	.584	.	.784	.000	.498
	30	30	30	30	30	30	30	30	30	30	30
HEALTH	-.151	-.075	-.159	-.175	.371*	.427*	.318	.052	1	-.206	.100
	.426	.693	.401	.354	.044	.019	.087	.784	.	.275	.601
	30	30	30	30	30	30	30	30	30	30	30
FINANCIAL	-.011	.067	.180	.303	.497**	.121	.095	.690**	-.206	1	.132
	.952	.724	.342	.103	.005	.524	.616	.000	.275	.	.486
	30	30	30	30	30	30	30	30	30	30	30
MARI TALS	.060	-.176	-.077	-.310	.334	.158	-.102	.129	.100	.132	1
	.755	.352	.686	.095	.071	.404	.593	.498	.601	.486	.
	30	30	30	30	30	30	30	30	30	30	30

PWB=Psychological Well-being
WLC=Work-locus of control
WLB=Work-life balance
FLS=Family life satisfaction
TS=Total stress

TABLE NO. 3: SHOWING THE GROUP STATISTICS OF MARRIED AND UNMARRIED WOMEN MECHANICS

	MARITAL	N	Mean	Std. Deviation	Std. Error Mean
PWB	1.00	15	24.6667	2.25726	.58282
	2.00	15	23.8000	3.27763	.84628
WLC	1.00	15	52.9333	7.86917	2.03181
	2.00	15	56.3333	7.76132	2.00396
WLB	1.00	15	66.8000	9.17450	2.36885
	2.00	15	65.7333	7.28469	1.88090
FLS	1.00	15	66.6000	4.99714	1.29026
	2.00	15	69.4667	5.71797	1.47637
TS	1.00	15	148.2667	22.04044	5.69082
	2.00	15	144.4000	25.57007	6.60216
FAMILY	1.00	15	20.5333	4.56488	1.17865
	2.00	15	22.1333	2.87518	.74237
PERSONAL	1.00	15	11.0000	5.26444	1.35927
	2.00	15	15.2000	6.63540	1.71325
OCCU PATIONAL	1.00	15	19.4000	4.96847	1.28285
	2.00	15	18.1333	5.34344	1.37967
HEALTH	1.00	15	7.2000	2.95683	.76345
	2.00	15	8.4667	1.64172	.42389
FINANCIAL	1.00	15	11.5333	3.31375	.85561
	2.00	15	9.9333	3.39046	.87541
MARITAL	1.00	15	7.8667	3.39888	.87759
	2.00	15	.0000	.00000	.00000

Note:
1.00 = Married
2.00 = Unmarried

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75

DEPTH OF OUTREACH OF SELF HELP GROUPS - A STUDY OF SBS NAGAR DISTRICT OF PUNJAB

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ABSTRACT

At present, India is brimming with Self Help Groups (SHGs). Such a growth is though heart warming but this expanded outreach should be examined from the qualitative aspect. The qualitative dimension is studied from the width and depth of outreach achieved. It is good to know how many people are covered under Self Help Bank Linkage Programme (SBLP) but at the same time it is equally important to know that who are being covered under this programme. Are the marginalised are being targeted or the better off's being served? This paper examines the depth of outreach of SHGs in terms of who actually are the SHG members and leaders? Does the programme penetrates to the absolute have nots? Study was conducted on 100 SHGs of SBS Nagar district of Punjab. Data collection was done through interview schedule and group discussions with the members and the Self Help Group Promoting Institutions (SHPIs) . For data collection 2 women (one member and other leader of the group) were selected. In terms of selected social and economic parameters: wealth rank, caste, economic activity, schooling etc, this paper explores the true beneficiaries of the SBLP. Findings reveal that theory of outreach does not match exactly with the results of the study. Microfinance Policy makers should focus to weed out the disparities as the benefits do not accrue to those who actually need them.

KEYWORDS

Microfinance, Outreach, Self Help Groups, SBLP, Social and Economic Parameters.

INTRODUCTION

At present India is brimming with self help groups. But this saga of Indian struggle for microfinance dates back to 1969, when after independence, nationalisation of banks was considered to be a milestone and it was anticipated that India would achieve the target of financial inclusion in the coming times. But unfortunately, in spite of the wide spread of formal banking institutions, poor remained out of the preview of these institutions. Indian banking system failed to address the small and frequent credit needs of most of the poor. This led to the search for an alternative mechanism which could reach out to the poor to satisfy their credit requirements. Then in 1986-87, first official interest in informal group lending in India took shape. National Bank for Agriculture and Rural Development (NABARD) supported and funded an action research project on Savings and Credit Management of Self Help Groups of an NGO called Mysore Resettlement and Development Agency (MYRADA). NABARD provided MYRADA with a grant of Rs. 1 million to enable it to invest resources to identify affinity groups, to build their capacity and to match their savings after a period of 3-6 months. Subsequently, similar grants were provided to other NGOs. And it was almost after three decades of nationalisation, in 1992, NABARD launched the SHG-Bank Linkage programme (starting with a Pilot project to link 500 SHGs) with the support from the Reserve Bank of India, Government of India and of several States, notably Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka and supported strongly by thousands of NGOs and the banking sector, as well as by Multilateral Agencies notably IFAD. Since then there was no looking back and this home grown model progressed by leaps and bounds. According to the latest microfinance status report of NABARD, there are around 69.53 lakhs of SHGs with a total saving to the tune of Rs6198.71 crores operating across the country.

In India microfinance exists in two forms; Self Help Groups Bank Linkage Programme (SBLP) and Microfinance Institutions (MFI'S). The SBLP approach is the most dominant in terms of number of borrowers and outstanding loans. Also, it is considered to be the largest micro finance model in the world in terms of coverage (Reserve Bank of India). Under the SBLP approach, the following three different linkage models have emerged:

- Model I: SHGs promoted, guided and financed by banks.
- Model II: SHGs promoted by NGOs/ Government agencies and financed by banks.
- Model III: SHGs promoted by NGOs and financed by banks using NGOs/ formal agencies as financial intermediaries.

BACKGROUND OF THE PROBLEM

The SHG-Bank Linkage Programme is the flagship microfinance intervention of NABARD. NABARD has a vision to facilitate sustained access to financial services for the unreached poor in rural areas through various microfinance innovations in a cost effective and sustainable manner. The guiding spirit behind NABARD's microfinance initiatives has the following contours:

- Offers cost effective approaches to formal institutions for expanding outreach to the poor.
- Develop collateral substitutes.
- Focus on rural poor, especially women.
- Facilitate empowerment of the poor and
- Effectively pursue the macro-economic objectives of growth

NABARD has a mission to link nearly 9.2 crore households by the end of year 2015. This means coverage of more than 50% women through SHG bank linkage programme. **"Table 1"** shows the details of total number of women SHGs saving linked, credit linked and loans outstanding for the year 2009-10.

TABLE NO. 1: POSITION OF WOMEN SHGs (In crores)

Particulars	Total SHGs		Exclusive women SHGs		% age of women SHGs to total SHGs	
	No.	Amt	No.	Amt	No.	Amt
Saving linked SHGs	6953250	6198.71	5310436	4498.66	76.4	72.6
Loans disbursed	1586822	14453.30	1294476	12429.37	81.6	86.0
Loans outstanding	4851356	28038.28	3897797	23030.36	80.3	82.1

Source: NABARD Status of Microfinance in India 2009-10

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76

There had been tremendous growth in the number of groups formed and women linked to the banks. According to NABARD web site, this is over 400 women per hour, which in itself is quite fascinating. SHGs represent a unique approach to financial intermediation which combines access to low cost financial services along with a process of self management. SHGs are seen to confer many benefits, both economic and social through bank linkages and other development programmes. Women have been seen as the true beneficiaries of the programme. SHGs enable women to grow their savings and to access the credit which banks are happily willing to lend to women members. SHGs provide women a platform not to enjoy financial freedom but also to raise their voice against the social evils like the abuse of women, dowry system, female foeticide, right to education etc.

Even though, the so far achievements made and the targets set for future are very promising but still there are a lot of issues that need to be answered at this moment of time. Most important of them are about the outreach of these groups. Are they just numbers or quality is also a concern? **(Sinha et al. 2006)** put forward these questions: what is the outreach of these groups? Are they really benefiting the people for whom they are meant? Do the poorest benefit? Do they not join at all or if they do join, are they more likely to drop out?

OBJECTIVES OF THE STUDY

Study had been conducted to focus on the following objectives:

1. To study the wealth ranking of the SHG members.
2. To study the social and economic status (including education, economic activity and caste profile) of the SHG members.
3. To study the profile of the SHG leaders.
4. To generate an idea about the overall workings of the SHG groups.

REVIEW OF LITERATURE

The most important findings of the last two decades reveal that the poor can save, can borrow (can indeed decide on loans to fellow poor) and can certainly repay loans (**Sirinivasan & Sriram, 2003**). Spark for microfinance was started by the Grameen Bank in Bangladesh and it ignited the milestone project in Indian history called the Self Help Group Linkage Programme (SBLP). Programme had set priorities to reach the unbankable poor **(NABARD)**. This home grown model of SHG has gained momentum as witnessed by the figures provided by the apex agricultural bank. SHGs as a registered or unregistered group come together to save small amounts regularly, giving contribution to a common fund to meet the emergency needs on mutual help basis **(RBI).** The distinguishing feature of peer pressure ensures proper end use of credit and timely repayment thereof. Another feature of SBLP is that it has generally targeted poor women thereby improving the status of women within the family and the community **(Kumaresan and Chitrakala, 2009)**. Facts and figures revealing the outreach of the groups are tempting as the women groups linked during 2009-10 had gone up to 12.94 lakhs. **(Patil and Bhuvaneswari, 2005)** emphasise that rural poor people have peculiar credit requirements, to fulfil which, they need microfinance. **(Syed, 2008)** also feels that there is value in using SHGs as a conduit for poverty alleviation initiatives**. (Chakrabarti, 2005)** finds that microfinance is gaining momentum in India and SHG model has become an accepted part of rural finance. **(Sarangi, 2003; Umanshankar, 2006)** advocate the significance of the role played by SHGs in the empowerment of women. **(Sathayprabha, 2000)** in a study conducted in one of the district of Tamil Nadu found that women have become politically, socially and economically empowered after joining SHGs. **(Moyle et al. 2006)** reveals that SHG members experienced positive appraisals of self-worth, purpose and independence and had negative appraisals of pressure, challenge and stress. But at the same time it shouldn't be forgotten that banking sector India is benchmarked as "quantitatively impressive but qualitatively week" **(Misra, 2006)**.The expanded outreach and increased loan disbursement of SBLP should be seen in the context of the quality of what has been achieved.

(**Srinivasan, 2008**), says that "the quality dimension is basically examined from the width and depth of outreach achieved. The distribution of the microfinance services across the country and also the coverage of the most vulnerable sections of population are matters for closer scrutiny". In some of studies conducted across different states of India, it is difficult to conclude that the most poor have been prioritised. Coverage of the programme is limited to the upper strata of the poor and not so much to the ultra poor. **(Sinha et al, 2006**) found that only 51 percent of the sample SHG members were poor. Another study carried out by **(NCAER, 2007) National Council of Applied Economic Research** showed that in Uttar Pradesh, Andhra Pradesh and Maharashtra, SHGs with majority non-poor members was as high as 63, 43 and 34 percent respectively**. (Isern et al, 2007)** found that out of the five NGOs studied only one had the deepest outreach: almost all SHG members were tribal people or members of scheduled castes and were also the poorest having no homestead land or having marginal non agricultural landholdings**. (Medhabati Devi and Upadhyay, 2008)** in a study conducted in Assam found that more than 55% of the sample lives above the poverty line. Literacy rate of members is high. Other castes (46%) were dominant in membership followed by SC (28%), BC (17%) and ST (8.5%). Review of literature shows that SHG model is progressing fast conferring different social and economic benefits on its members but at the same time some studies found that the programme is not reaching the targeted poor.

METHODOLOGY

Major objective of the paper is to see as to who the true beneficiaries of the SBLP. In order to discover the depth of the outreach of the programme the most appropriate approach was to reach the SHG members. Population for the study is the Self Help Groups operating in the rural areas of SBS Nagar (earlier called Nawanshahr) district of Punjab. In this district, only the government agency is active in forming and operating the self help group. There is no NGO operating in the area. This situation is quite similar to the rest of Punjab state. In most of the districts there are no NGOs or Banks facilitating the formation of groups or acting as SHPI for them **(Punjab State Level Bankers Committee Report, 2008)**. Child Development Project Officer's normally called as CDPOs are given the responsibility to form the groups and to look after them. CDPO's coordinate and implement the Integrated Child Development Services (ICDS) programme and are responsible for managing the project. They supervise and guide the entire project team including the Mukhya Sevika's and Anganwadi workers. CDPOs give their responsibility to the Mukhya Sevikas, who are in turn in charge of particular circles in a block. These circle supervisors further delegate their responsibility to the anganwadi workers who are having thorough knowledge of the village and the women residents. **"Figure 1"** shows the delegation of authority and responsibility by the CDPO's.

FIGURE 1: DELEGATION OF RESPONSIBILITY

CDPO'S (BLOK LEVEL)

⬇

CIRCLE SUPERVISOR'S (Mukhya Sevika's)

⬇

ANGANWADI WORKERS

A total sample of 100 women SHGs had been taken for the study. Further in each SHG, two members (one member and one leader) were covered making the total number of respondents to 200. The study is based on primary data collection and the respondents be covered were the rural women of the district.

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77

Based on the objectives of the study interview schedule was prepared for data collection. Group Discussions with the SHG members and the promoting agencies (SHPIs) gave an indepth insight into the workings of the groups. **"Table 2"** shows the selection of the SHGs:

TABLE NO. 2: RANDOM SELECTION OF THE SHGS IN SBS NAGAR DISTRICT

Blocks	Total no of SHGs	Rural SHGs	Sample	% age of the total
Saroya	112	112	13	12.73%
Nawanshahr	450	388	44	44.09%
Aur	100	100	11	11.36%
Balachaur	150	104	12	11.82%
Banga	200	176	20	20%
Total	1012	880	100	

List of the SHGs was obtained from the CDPO offices located in each block. And there after random selection of 100 SHGs was made as per the table above.

WEALTH RANKING
Poverty assessment of the SHG members was done on the basis of wealth ranking matrix as developed by the **EDA Rural Systems Private Ltd (2006)**. There are four wealth ranking categories namely Very Poor, Poor, Borderline and Non poor. Different indicators based on housing, assets, food security, income sources, education etc are used to assign a wealth category for the SHG member.

DATA ANALYSIS
Data was analysed using statistical data analysis tool called SPSS (version 14). Depending on the objective of the study data has been analysed and presented through charts and tables. Frequencies have been analysed as a percentage within the sample to show the findings.

FINDINGS OF THE STUDY
AGE AND MARITAL PROFILE OF THE SHG MEMBERS
Majority of the SHG members are married. Few members are from the vulnerable class i.e. widows and divorcees. Unmarried women have less involvement in the groups **"Figure1"**. Widows and other disadvantaged classes of women can earn a respectable livelihood through this programme. Moreover women from young generation can come up with enthusiasm to implement this scheme in its true spirits. In the sample data, women aging between 35-35 score a high percentage in the SHGs followed by those from the age group of 45-55. Women from age groups of 25-35 and above 55 account for an equal percentage. Only 10% of the respondents are from the age group of 18-25 **"Figure 2"**.

FIGURE NO. 1: MARITAL STATUS
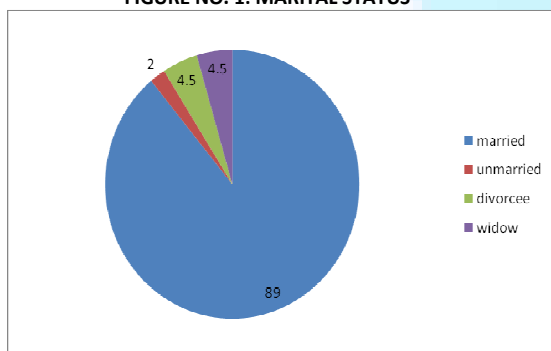
FIGURE NO. 2: AGE PROFILE
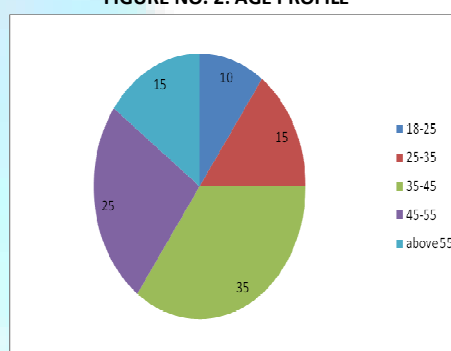
TIME PERIOD OF MEMBERSHIP
Period of membership shows that 56.5% of the women are members for around 4-6 years. This is a fairly large period to bring change in one's socio and economic status.25.5 % is member of SHGs for over 6 years. 8% are members for less than two years and 11% are member for 2 to 4 years. Mature SHGs not only prove that they are working for the betterment of women but also they assure about the sustainability of the groups. If the groups are sustainable then only they can reap the benefits of the programme.

FIGURE NO. 3: PERIOD OF MEMBERSHIP
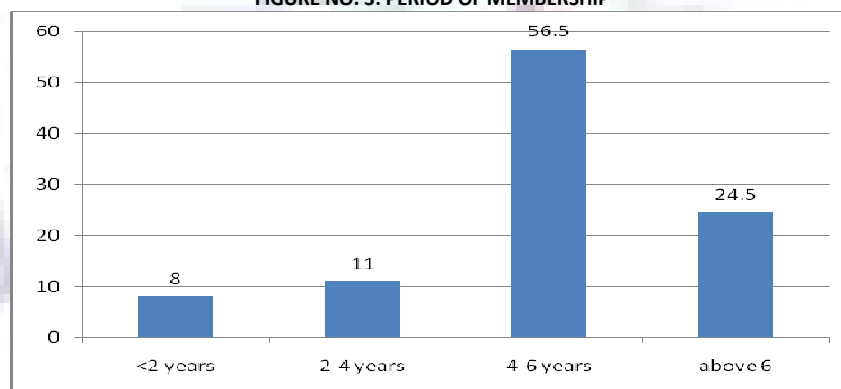
DEPTH OF OUTREACH: INCLUSION OF THE POOR
WEALTH CATEGORY
Assessment of the poverty of the respondents was done through the **EDA's** wealth ranking matrix. **"Table 3"** shows the wealth ranking of SHG members.

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78

TABLE NO. 3: WEALTH RANKING OF SHG MEMBERS

Wealth category	Frequency	Percentage
Very poor	6	3
Poor	37	18.5
Borderline	45	22.5
Non poor	112	56
Total	200	100

Just contrary to the theory of the microfinance, only 21.5% of the respondents fall under the category of very poor + poor. Borderline members account for 22.5% while non poor have a high percentage of 56. According to NABARD, the main objective of SBLP is to reach the poor sections of the society but the sample data shows that non poor are benefitting more from the scheme.

UNDERPRIVILEGED CATEGORY

In India scheduled castes, minority (Muslims) and backward classes are considered to be the underprivileged ones and as such SBLP targets to reach such people. Following table shows the caste distribution of the members:

TABLE NO. 4: CASTE DISTRIBUTION OF SHG MEMBERS

Caste	Frequency	Percentage
Scheduled castes	140	70
Minority	5	2.5
Backward classes	11	5.5
General	44	22

Scheduled castes are Indian population groupings that are explicitly recognized by the Constitution of India and were previously called the "depressed classes". In the sample data 70% of the respondents are from scheduled castes while minority and backward classes together comprise of 8% of the sample. 22% of the respondents fall into the general category. Data shows that this programme is reaching to the underprivileged classes.

WEALTH VS CASTE CATEGORY

Simply judgng the caste profile of the members will not give a satisfactory answer to the coverage of the disadvantaged class by SBLP. What matters the most is their wealth profile also. Majority of the SC covered are those from the well off families which can be taken as inappropriate coverage of the deprived section of the society. It is also worth mentioning that general category may not be financially strong as there SC counterparts. So not only the caste profile but the economic status of the SHG members should be considered before determining the outreach.

TABLE NO. 5: WEALTH AND CASTE CATEGORIES OF THE SHG MEMBERS

	Scheduled caste	Minority	Backward castes	General
Very poor	4.3% (6)	-	-	-
Poor	20% (28)	-	9.1% (1)	18.2% (8)
Borderline	19.3% (27)	40% (2)	27.3% (3)	29.5% (13)
Non poor	56.4% (79)	60% (5)	63.6% (7)	52.3% (23)

Note: figures in parentheses show the actual number of the members.

Apart from caste, a vulnerable and under-privileged group amongst women are the widows. **"Table 6"** shows that in the study sample, only 3% of the SHG members are widows. Women head of household are the ladies who do not have a male earner in the family. In the sample, 5% of the SHG members are women heads of households. None category comprises of married women not falling into the above two categories and they have a highest percentage of 92 in the sample.

TABLE NO. 6: WIDOWS AND WOMEN HEADS OF HOUSEHOLDS (WHH)

Category	Frequency	Percentage
Widows	6	3
Women head of households	10	5
None	184	92

SHG MEMBERS- WORK AND LITERACY

High percentage (33%) of women is from the salaried class. It sounds surprising but these women are employed in the anganwardi's as workers or helpers. Group discussions with the Circle Supervisors revealed that CDPO's force the circle supervisors, who are already overburdened with the work from ICDS, to form SHGs. These supervisors further give targets to the anganwadi workers who too are reluctant to burden themselves with this work. These anganwadi workers along with their helpers and some **"convenient"** ladies from the village form the groups. Second main activity is animal husbandry (27.5 %) whereby the ladies mainly keeping a cow or a buffalo (milch animals) to earn a living. Non farm enterprises (18%) rank third. It mainly includes small beauty parlour, stitching and embroidery work, making sweaters and other woollen clothes. 9.5% of women engaged in agriculture and casual wage employment and only a small percentage of 2.5 doing house work **"figure 4".**

FIGURE NO. 4: MAIN ACTIVITIES REPORTED BY SHG MEMBERS
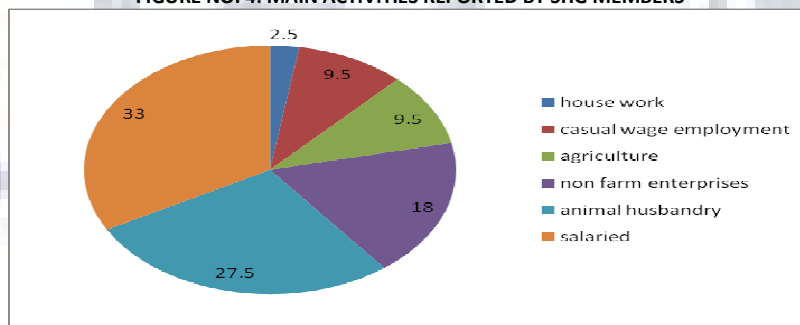
Schooling levels of the SHG members as shown in **"figure 5"** are not that good but still better as compared to other states **(Sinha et al, 2006)**. Only 4.5% have no schooling and 11 % are neo literate (able to read and write some words/ numbers with difficulty, though a bit more than just signing their names). 10 % had some schooling while 17.5 % completed primary. 29.5 % of the SHG members had some high school and 23.5 % completed high school (again this ratio is high because of involvement of anganwadi workers and helpers who are well educated than rest of the SHG members). 3.5% have some college and a small percentage of 0.5 are graduates.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   79
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FIGURE NO. 5: SCHOOLING OF SHG MEMBERS
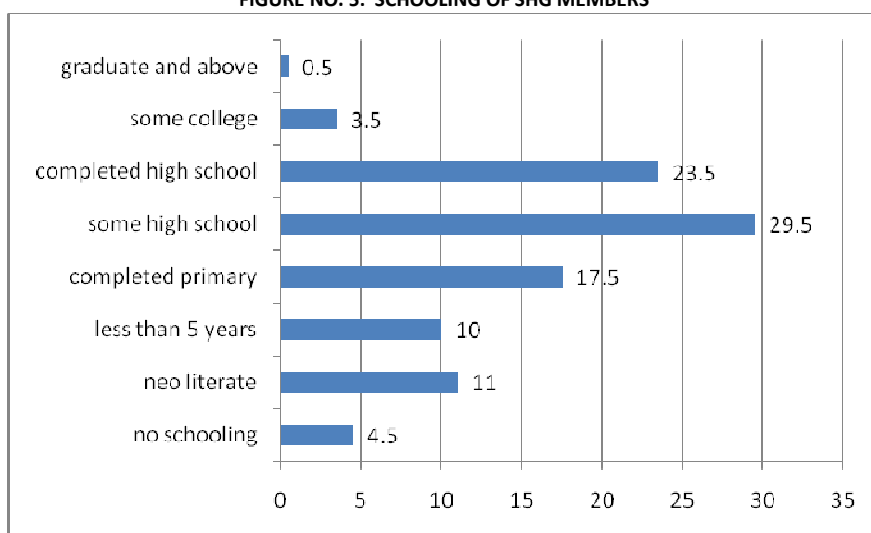
SHG LEADERS

Each SHG has usually three leaders namely a president, secretary and a treasurer. 50% of the sample i.e. 100 respondents were group leaders who were deliberately chosen to see whether they are well of than the members. Leader's caste usually reflects the caste composition of the SHG, in comparison with the overall membership profile. **"Table7"** shows that SHG leaders are more likely to be non-poor and have had good schooling. NABARD in its guidlines has clearly mentioned that poor people by playing leadership roles in the group will learn to do the things by themselves.But if they are not given a chance to hold the responsible positions they can never develop the confidence to do something.

TABLE NO. 7: LEADERS WITHIN THE SOCIO- ECONOMIC CATEGORIES

	Very poor	poor	Boderline	Non poor		
Within wealth rank	4% (2%)	13% (24%)	20% (25%)	63% (49%)		
	SC	MN	BC	Gen.		
Within caste	67% (73%)	2% (3%)	6% (5%)	25% (19%)		
	Neo-lit	< primary	primary	Some high school	High school	Some college
Within levels of schooling	13% (9%)	9% (11%)	18% (17%)	30% (29%)	26% (21%)	4% 3%

Note: figures in the parentheses show the comparative percentage of the women who are only members of SHGs but not leaders.

OBSERVATIONS MADE DURING GROUP DISCUSSIONS WITH SHG SUPERVISORS AND SHG MEMBERS (LEADERS AND MEMBERS)

In one of the group, though the group ws shown working in the records, had no member. All the members were fake and the anganwadi worker, who was the leader of the group, contibuted 100 Rs from herself for the group, showing a contribution of Rs 10 each by the fake members. She told that the circle supervisor is aware of this but she told her not to close the group and to show it operating in the records. This seriuosly put a question mark on the workings of the group.
Maojority of the groups are showing that they are doing some group enterprise like soap making, bag making etc. in the records but in reality no such enterprises are being run. When supervisors were asked about this, some blammed the SHG members for not showing willingness to start any enterprise and some told that banks not helpful in providing loans. Even if banks give loan the amonut is not enough to start an enterprise even at micro level. On the contrary, SHG members accused the supervisors for not taking initiative to start some work.
The ICDS department has so much work to do regarding the child and mother health care that the supervisors find it difficult to get time to look after the SHG scheme. Not only this, they are even responsible for the distribution of pensions to the elderly persons in the villages. Amid such a hectic schedule they do not get time to perform there SHG related duties properly.
Anganwadi workers too find it difficult to form and operate the groups. Though they appreciate the scheme but find it difficult to recover the loans form the SHG members. In some of the villages where there are more than one anganwadi's, workers and helpers of these anganwadi together form the group in order to avoid the problem of recovery from the other ladies of the village.
Almost all SHG leaders reported non availability of record keeping registers in lieu of which they are forced to records the group operatins on simple note books.

DISCUSSION AND RECOMMENDATION

Present study attempted to analyse the depth of outrach of the self help groups through a sample of 100 SHG covering 200 SHG members. This study cannot claim any statistical confidence since the quantum of groups covered is so small as compared to the whole country or even to whole of the state. This study aimed to analyse, even though on small basis, as to who are the SHG members and who are the leaders in terms of selected social and economic indicators of wealth rank, caste, economic activity and schooling. The results of the study are quite similar to the studies earlier conducted by EDA Rural Systems and NCAER where by it has been shown that SBLP scheme is not reaching the poor or the poorest rather non poor people are benefitting from this scheme. The underpriveliged classes are no longer the one who were oppressed and deprived. Study shows that majority(56.4%) of the SC members are non poor. Rather going by number of the disadventaged community it should be viewed as to how many poor underpriveliged people were covered. Even though the schooling level of respondents is good yet more educated members can play a better role in group functioning and maintenance of group records. Scheme is not reaching to common individuals but has been restricted to the workers of the ICDS or well off women in the villages. The most disappointing thing explored in the study is the pessimistic role of the government agencies. Study puts a question mark on the performance of the government machinery with regard to the working of the SHGs. There is a serious flaw in carrying out the programme. There is a lack of voluntry organisations in punjab who can to take up this noble cause of financial equality and poverty reduction.
Findings of the study can help the policy makers and those implementing the policies, to address the flaws in the system. Policies should incorporate such by laws that the scheme reaches the women who truely desrerve this. Infact,attempt should be made to set up a special department for the implementation of the scheme, whose sole aim should be to work full heartedly, to achieve the targets set by NABARD that too not only quantiaively but also qualitatively. NGOs like MYARDA, SEWA, APMAS etc. working in other states can be requested to work in Punjab. There is alot of imbalance in the growth of the programme across the

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country. NABARD should focus on correcting the imbalances and to sponsor studies in all the states to know the true situation prevailing there. Just reporting of the consolidated numbers is not enough to make the scheme successful. Present study was restricted to small sample covering only one of the districts of Punjab state. Study was unable to cover several issues like the droup outs, reasons for dropping, non-members, reasons for not joining, broken or not functioning groups, views of bankers about the scheme. These topics have the potential to strengthen the quest for the outreach of the Self Help Groups. The true spirit of the scheme lies in making it assessable to those for whom it is framed.

CONCLUSION

To conclude, the study attempted to figure out what actually is the reach of SHGs both in social and economic context. It had been explored that even though the number of groups is increasing by leaps and bounds yet the qualitative aspect needs to be strengthened a lot. Benefits of the scheme are not reaching the ultra poor who are in a dire need of it. Simply making polices inside closed AC rooms is not going to help anymore. To help the poor, policy makers should themselves know as to how ruthless poverty is. There is a need of coordination between the policy makers and those implementing it. No doubt, this SBLP model is one of its kind yet a lot has to be done to implement it in true sense.

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81

EMPLOYEES JOB SATISFACTION: A STUDY OF PRIVATE PROFESSIONAL COLLEGES IN HARYANA STATE

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ABSTRACT

Performance of an individual depends on job satisfaction. So job satisfaction plays a major role in the work performance of individual. The purpose of our study is to find out the level of job satisfaction and the factors that contribute to the low and high satisfaction among private professional colleges' employees. The researcher chooses a segment of select colleges of M.D University, Rohtak in Haryana State for study. The term 'job satisfaction' refers to the general attitude of an employee towards his/ her job. It is a relative term and varies from person to person. The study focuses on the relationship between the profile of the employees of selected colleges of M.D University, Rohtak and their overall attitude towards their jobs. The searcher used a number of statistical tools and tests like- Kaiser-Meyer-Olkin (KMO) Measure of sampling, Bartlett's Test of Sphericity, Factor analysis, Eigen value, Chi-square test .After using all above told tests then gives conclusion for each test.

KEYWORDS

Professional, Sphericity, Satisfaction Sampling, Segments.

INTRODUCTION

Job satisfaction of employees is the most important for the growth and development of any organization. In this case all the groups of are reasonably satisfied with their job but they differ in terms of degree of satisfaction. Job satisfaction has been widely studied over the years. Tziner and Vardi (1984) define work satisfaction as an effective response or reaction to a wide range of conditions or aspects of one's work such as pay, supervision, working conditions, and/or the work itself. Others define it as an effective orientation towards anticipated outcome (Wanous and Lawler, 1972), a statement that describe the feelings of employees about their work (Arches, 1991), or an employee's affective reactions to a job based on comparing actual outcomes with desired outcomes (Cranny et al., 1992). Porter and Steers (1973) argued that the extent of employee job satisfaction reflects the cumulative level of met worker expectations. That is, employees expect their job to provide a mix of features (e.g., pay, promotion, autonomy) for which the employee has certain preferential values.

OBJECTIVE OF THE STUDY

The following are the specific objective of the study.
- To explain the attitude of the employee towards their respective work.
- To examine the relationship between profile of the employee and their overall attitude towards their jobs.
- To measure the impact of independent variables on the job satisfaction of employees.
- To identify and study the factors influencing job satisfaction
- Try find out the major factors which are, can play the most important role to increase the job satisfaction of employees towards jobs.

METHODOLOGY

The study employs primary data as well as secondary data. Secondary data was collected from different published sources such as research articles, conference proceedings, books, magazines, periodicals, newspapers etc. Primary data was collected by survey using convenience sampling. A structured questionnaire containing 19 items was developed for the purpose of primary data collection. All items were measured by responses on a five-point Likert scale in satisfaction/ relevance with statements, ranging from 1= Highly Satisfied to 5= Highly Dissatisfied. The analysis of primary data was carried out using Statistical Package for the Social Sciences (SPSS) 17.0 for windows.

SAMPLE

The population for the study comprised the **private professional colleges' employees (Teaching)** from **M.D University Rohtak** in Haryana State. A sample of 120 respondents was selected on the basis of convenience sampling. The data has been collected personally with the help of well structured and non-disguised questionnaire. After scrutiny of the filled questionnaires, 100 were found to be fit for analysis; others were incomplete or lacked seriousness in response and weeded out.

TOOLS FOR ANALYSIS

The following statistical tools were used in the present study for analysis purpose. The Chi-square test has been used to test the hypothesis framed. The Factor analysis is used to find out the relationship between the different factors of jobs satisfaction. The Multiple Regression analysis to find out the impact of the various attitude indexes on overall job satisfaction of the employees.

ANALYSIS AND INTERPRETATION OF THE DATA

The results of the analysis of the collected data are presented under different heads.

- **GENDER OF THE RESPONDENTS AND THE LEVEL OF SATISFACTION TOWARDS JOB**

The gender-wise classification of the sample respondents and their level of satisfaction towards their job are given in Table1. In order to find out the association between the gender of the respondents and their level of satisfaction towards the jobs, the Chi-square test is applied.

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82

TABLE1: GENDER AND THE LEVEL OF SATISFACTION

S. No.	Gender	Level of Satisfaction					
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
1	Male	5 (5.25)	10 (13.5)	30 (30)	20 (17.25)	10 (9)	75
2	Female	2 (1.75)	8 (4.5)	10 (10)	3 (5.75)	2 (3)	75
	Total	7	18	40	23	12	100

Source: Survey data

Figures given in the brackets represent the Expected Frequency

NULL HYPOTHESIS: The association between the gender of the respondents and their level of satisfaction towards jobs is not significant.

As the calculated Chi-square value (**5.871**) is less than the table value (**9.488**) at 5% level of significance for 4 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the gender of the respondents and their level of satisfaction towards job is not significant.

- **AGE GROUP OF THE RESPONDENTS AND THE LEVEL OF SATISFACTION TOWARDS JOB**

The age-wise classification of the sample respondents and their level of satisfaction towards their job are given in Table2. In order to find out the association between the gender of the respondents and their level of satisfaction towards the jobs, the Chi-square test is applied.

NULL HYPOTHESIS: The association between the age group of the respondents and their level of satisfaction towards jobs is not significant.

As the calculated Chi-square value (**7.016**) is less than the table value (**21.026**) at 5% level of significance for 12 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the age group of the respondents and their level of satisfaction towards job is not significant.

TABLE2: AGE GROUP AND THE LEVEL OF SATISFACTION

S. No.	Age Group	Level of Satisfaction					
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
1	0-25	2 (1)	2 (3.2)	3 (3.7)	1 (1)	2 (1.1)	10
2	25-35	5 (4.5)	15 (14.4)	16 (16.6)	4 (4.5)	5 (4.95)	45
3	35-55	2 (3.5)	13 (11.2)	15 (12.9)	3 (3.5)	2 (3.85)	35
4	55-above	1 (1)	2 (3.2)	3 (3.7)	2 (1)	2 (1.1)	10
	Total	10	32	37	10	11	100

Source: Survey data

Figures given in the brackets represent the Expected Frequency

- **WORK EXPERIENCE OF THE RESPONDENTS AND THE LEVEL OF SATISFACTION TOWARDS JOB**

The experience-wise classification of the sample respondents and their level of satisfaction towards their job are given in Table 3. In order to find out the association between the experience of the respondents and their level of satisfaction towards the jobs, the Chi-square test is applied.

NULL HYPOTHESIS: The association between the experience of the respondents and their level of satisfaction towards jobs is not significant.

As the calculated Chi-square value (**12.34**) is less than the table value (**21.026**) at 5% level of significance for 12 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the experience of the respondents and their level of satisfaction towards job is not significant.

TABLE3: WORK EXPERIENCE AND THE LEVEL OF SATISFACTION

S. No.	Work Experience	Level of Satisfaction					
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
1	0-10	2 (1.2)	3 (3.7)	3 (4.3)	2 (1.3)	2 (1.4)	12
2	11-20	5 (4.3)	13 (13.3)	16 (15.5)	4 (4.7)	5 (5.2)	43
3	21-30	2 (3.7)	14 (11.5)	15 (13.3)	3 (4.1)	3 (4.4)	37
4	30-above	1 (0.8)	1 (2.5)	2 (2.9)	2 (.88)	2 (.96)	8
	Total	10	31	36	11	12	100

Source: Survey data

Figures given in the brackets represent the Expected Frequency

- **INCOME OF THE RESPONDENTS AND THE LEVEL OF SATISFACTION TOWARDS JOB**

The distribution of the respondents on the basis of their monthly income and their level of satisfaction towards their job are given in Table 4. In order to find out the association between the monthly income of the respondents and their level of satisfaction towards the jobs, the Chi-square test is applied.

NULL HYPOTHESIS: The association between the monthly income of the respondents and their level of satisfaction towards jobs is not significant.

As the calculated Chi-square value (**7.5343**) is less than the table value (**21.026**) at 5% level of significance for 12 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the monthly income of the respondents and their level of satisfaction towards job is not significant.

TABLE 4: MONTHLY INCOME AND THE LEVEL OF SATISFACTION

S.No	Monthly Income	Level of Satisfaction					
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
1	Below-10,000	5 (4.5)	10 (12.9)	10 (8.4)	4 (4.9)	6 (4.2)	35
2	10,000-20,000	4 (5.2)	15 (14.8)	10 (9.6)	6 (5.6)	5 (4.8)	40
3	20,000-30,000	2 (1.9)	8 (5.5)	2 (3.6)	2 (2.1)	1 (1.8)	15
4	30,000-above	2 (1.3)	4 (3.7)	2 (1.9)	2 (1.4)	0 (1.2)	10
	Total	13	37	24	14	12	100

Source: Survey data

Figures given in the brackets represent the Expected Frequency

- **QUALIFICATION OF THE RESPONDENTS AND THE LEVEL OF SATISFACTION TOWARDS JOB**

TABLE5: QUALIFICATION OF RESPONDENTS AND THE LEVEL OF SATISFACTION

S.No	Qualification	Level of Satisfaction					
		Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
1	Under Graduate	0	1	2	2	0	5
2	Graduate	2	2	6	3	2	15
3	Post Graduate	5	15	35	10	5	70
4	Any Other	1	2	3	4	0	10
		8	20	46	19	7	100

Source: Survey data

Figures given in the brackets represent the Expected Frequency

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83

The distribution of the respondents on the basis of their Qualification and their level of satisfaction towards their job are given in above Table 5. In order to find out the association between the monthly income of the respondents and their level of satisfaction towards the jobs, the Chi-square test is applied.

NULL HYPOTHESIS: The association between the qualification of the respondents and their level of satisfaction towards jobs is not significant.

As the calculated Chi-square value (**7.767**) is less than the table value (**21.026**) at 5% level of significance for 12 degrees of freedom, the null hypothesis is accepted and it could be concluded that the association between the qualification of the respondents and their level of satisfaction towards job is not significant.

FACTOR ANALYSIS

The dimensionality of the satisfaction was examined using the factor analysis based on the 17 individual statements of the questionnaire and the reliability of the subsequent factor structure was then tested for the internal consistency of the grouping of the items.

TABLE 6: KMO AND BARTLETT'S TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.537
Bartlett's Test of Sphericity	Approx. Chi-Square	272.843
	df	136
	Sig.	.000

The Kaiser- Meyer- Olkin measure of sampling adequacy index is .537, which indicates that the factor analysis is appropriate for the given data set. The KMO measure of sampling adequacy is an index to examine the appropriateness of the factor analysis. High values between 0.5 and 1.0 indicate that below 0.5 imply that the factor analysis may not be appropriate. The Bartlett's Test of Sphericity is used to examine the hypothesis that variables are uncorrelated. It is based on the Chi- Square transformation of the determinant of the correlation matrix. A large value of the test statistic will favour the rejection of the null hypothesis. In turn this would indicate the factor analysis is appropriate. The Bartlett's test of Sphericity Chi-square statistics is 272.843, which would mean that the 17 statement are correlated and hence as concluded in the KMO, the factor analysis is appropriate for the given data set.

TABLE7: DESCRIPTIVE STATISTIC

	Mean	Std. Deviation
VAR00001	2.8500	1.07661
VAR00002	3.2200	1.08786
VAR00003	3.2100	1.11278
VAR00004	3.6200	1.06154
VAR00005	3.2900	1.00800
VAR00006	3.4700	1.05844
VAR00007	3.7500	.43519
VAR00008	3.4400	1.00825
VAR00009	3.2800	1.10170
VAR00010	4.0400	1.17138
VAR00011	3.2000	1.14592
VAR00012	3.1300	1.22808
VAR00013	3.4200	1.12976
VAR00014	3.1000	1.17637
VAR00015	3.3300	1.07360
VAR00016	3.3400	1.04659
VAR00017	3.5300	1.09595

TABLE8: TOTAL VARIANCE EXPLAINED

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.415	14.204	14.204	2.415	14.204	14.204	1.907	11.219	11.219
2	2.032	11.952	26.156	2.032	11.952	26.156	1.835	10.792	22.012
3	1.597	9.394	35.550	1.597	9.394	35.550	1.693	9.957	31.968
4	1.472	8.660	44.210	1.472	8.660	44.210	1.582	9.307	41.275
5	1.202	7.071	51.281	1.202	7.071	51.281	1.487	8.744	50.020
6	1.156	6.799	58.080	1.156	6.799	58.080	1.370	8.060	58.080
7	.994	5.848	63.929						
8	.967	5.691	69.619						
9	.958	5.636	75.255						
10	.792	4.660	79.915						
11	.737	4.333	84.248						
12	.657	3.866	88.114						
13	.549	3.229	91.343						
14	.451	2.652	93.996						
15	.408	2.399	96.394						
16	.355	2.088	98.483						
17	.258	1.517	100.000						

Extraction Method: Principal Component Analysis.

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84

TABLE 9: COMPONENT MATRIX

	Component					
	1	2	3	4	5	6
VAR00001	-.352	-.715	-.175	-.018	-.072	.250
VAR00002	-.237	.015	.049	.569	.369	-.104
VAR00003	-.207	-.147	.158	.560	.262	-.027
VAR00004	.213	.340	.395	-.397	.100	.221
VAR00005	.145	.347	-.145	.167	-.060	.387
VAR00006	.128	-.326	-.181	.035	.008	-.517
VAR00007	-.610	.527	.062	-.056	.128	.066
VAR00008	.532	-.050	-.177	.352	-.435	.160
VAR00009	.276	.279	-.291	.516	.029	-.055
VAR00010	.738	.040	.014	.000	-.279	-.286
VAR00011	.535	-.103	-.382	-.277	.341	.159
VAR00012	.473	-.287	.042	-.032	.402	.300
VAR00013	.419	-.244	.339	.264	.344	.227
VAR00014	.116	-.257	.780	.034	-.186	.158
VAR00015	.158	.114	.578	.138	-.124	-.326
VAR00016	-.081	.339	-.055	.292	-.381	.421
VAR00017	.321	.670	.004	-.040	.321	-.162

Extraction Method: Principal Component Analysis.
a. 6 components extracted.

TABLE10: ROTATED COMPONENT MATRIX

	Component					
	1	2	3	4	5	6
VAR00001	-.831	-.102	.087	-.113	.047	-.101
VAR00002	.057	-.112	-.002	-.024	.717	-.015
VAR00003	-.105	-.057	.049	.124	.664	-.006
VAR00004	.368	-.259	.226	.302	-.387	.196
VAR00005	.162	.112	.075	-.145	.006	.528
VAR00006	-.059	.281	-.054	-.115	.078	-.565
VAR00007	.214	-.604	-.414	-.085	.119	.274
VAR00008	-.054	.748	.092	.011	-.029	.287
VAR00009	.305	.422	-.002	-.253	.366	.203
VAR00010	.327	.681	.122	.150	-.262	-.171
VAR00011	.131	.150	.602	-.417	-.274	-.095
VAR00012	-.023	.076	.744	.001	-.006	-.020
VAR00013	.026	.124	.637	.312	.264	.031
VAR00014	-.175	.005	.173	.828	-.038	.052
VAR00015	.291	.125	-.123	.603	.096	-.155
VAR00016	-.030	.150	-.232	.010	.044	.673
VAR00017	.809	-.038	.086	-.117	-.007	.076

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 7 iterations.

CONCLUSION

➢ **Chi- Square Analysis Conclusion:** In our study we found out followings:

• The gender-wise classification of the sample respondents and their level of satisfaction towards their job concluded that the association between the gender of the respondents and their level of satisfaction towards job is not significant.

• The age-wise classification of the sample respondents and their level of satisfaction towards their job concluded that the association between the age group of the respondents and their level of satisfaction towards job is not significant.

• The experience-wise classification of the sample respondents and their level of satisfaction towards their job concluded that the association between the experience of the respondents and their level of satisfaction towards job is not significant.

• The distribution of the respondents on the basis of their monthly income and their level of satisfaction towards their job concluded that the association between the monthly income of the respondents and their level of satisfaction towards job is not significant.

• The distribution of the respondents on the basis of their Qualification and their level of satisfaction towards their job concluded that the association between the qualification of the respondents and their level of satisfaction towards job is not significant.

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85

➤ **Factor Analysis Conclusion:**

TABLE11: ROTATED COMPONENT MATRIX

	Component					
	1	2	3	4	5	6
VAR00001 :Satisfied with job	.831					
VAR00017: Participation in Management	.809					
VAR00008: Comfort ability with job		.748				
VAR00010: Job assignment of the employee wise		.681				
VAR00007: Loan Advance Facility		.604				
VAR00009: Gender Relationship		.422				
VAR00012: Work environment			.744			
VAR00013: Promotional Opportunities			.637			
VAR00011: Grievances Handling System within job			.602			
VAR00014: Performance Appraisal System				.828		
VAR00015: Appreciation of work				.603		
VAR00002: Interpersonal Relationship					.717	
VAR00003: Communication Channel					.664	
VAR00004: Salary benefits						
VAR00016: Faculty Training and Development Programme						.673
VAR00006: Relationship with superiors and subordinates						.565
VAR00005: Job Security						.528

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

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INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT 86

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RECRUITMENT AND SELECTION PRACTICES ACROSS CULTURES

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ABSTRACT

It is important to understand the various human resource practices that are taking place in different countries as these differ from one country to another. Every country has its own set of cultural values on the basis of which these human resource practices take place. The work culture of countries also differs from one another. The current research focuses on the differences in the recruitment and selection practices in organizations in selected countries. It also lays emphasis on the influence of culture in creating the difference in these practices in Japan, USA and India. For the accomplishment of the study, both primary and secondary research was undertaken. Many HR managers along with others provided relevant information which was part of the primary data. The main findings of the study indicate that the work culture of Japan and India are similar, whereas the work culture of USA is extremely different from the other two countries. Finally it has been concluded that culture plays an extremely important role to determine the HR practices and functions of organizations situated in different countries.

KEYWORDS

Culture, Cultural Influence, Human Resource Management, Recruitment, Selection.

HUMAN RESOURCE MANAGEMENT

HRM can be defined as that part of the management that specializes in the management of people in work organizations. It emphasizes that employees are the primary resource for gaining sustainable competitive advantage to meet both efficiency and equity objectives. People in work organizations endowed with a range of abilities, talents and attitudes influence productivity, quality and profitability. People set overall strategies and goals, design work systems, produce goods and services, monitor quality, allocate financial resources, and market the products and services. Individuals, therefore, become "human resources" by virtue of the roles they assume in the work organization. The activities HRM managers undertake vary from one workplace to another and might be affected by such factors such as the size and structure of the organization. Human resource activities are highly interrelated. HRM activities aim to achieve two sets of objectives – first, to improve employee performance and second, to enhance organizational effectiveness.

One of the reasons for the added importance of HRM all over the world today is due to globalization. There has been a rapid growth in the field of information technology. The service sector has gained tremendous importance and it is seen that the world has moved towards a "knowledge driven economy". Over the last 20 years, the total value of import – export trade for United States has grown rapidly, crossing $857 billion in 1990. Major multinationals corporations have more than half of their sales in foreign markets rather than their home country. US based Coca – Cola, Colgate – Palmolive, Nestle (Switzerland), Philips (Netherlands) are just a few companies. The figures of foreign direct investment have exceeded in Europe, Japan, Korea, China , India etc.

We are rapidly moving away from a world in which national economies were relatively self contained entities, isolated from each other by barriers to cross – border trade and investment, by distance, time zones and languages and by national differences in government regulations, culture and business systems. Distance is shrinking due to advances in transportation and telecommunications technology. There is no doubt that cross – national relations have become much more important in the world today. Indeed, international and regional collaboration have become indispensable as a manner to resolve domestic and cross border difficulties in various fields under the era of globalization. Globalization and developments in communication technologies have transformed organizations all over the world. The successful management of this cultural diversity hinges on how well organizations understand the manifestations of this diversity and its effects in the organizational and international business contexts.

INTERNATIONAL HRM

Morgan (1994) defines International HRM as the interplay among three dimensions – human resource functions, types of employees and countries of operation. The complexities of operating in different countries and employing different national categories of workers are the main factors that differentiate domestic and international HRM. International HRM is more complex than domestic HRM. Dowling (1994) identified following factors that differentiate international HRM from domestic HRM. They are, more functions and activities; broader perspective; more involvement in employees' personal lives; changes in emphasis as the workforce mix of expatriates and locals varies; risk exposure and more external influences.

International HRM (IHRM) includes all the basic functions of HRM along with certain additional functions too. When an organization operates in different countries, employing citizens of different nationalities, there are greater complexities involved (Dowling, Schuler and Welch, 1994). A major part of IHRM is managing expatriates, employees who work outside their home countries. The company takes greater responsibility for expatriates than it does for domestic workers because it asks them to work outside their home countries. International human resource managers might help prepare expatriates to live in another country, find them housing, or arrange for the company to pay their taxes. When managing human resources, a global organization considers whether to take a consistent approach across countries, to handle each country as unique or something in between. The approach to IHRM often reflects an organization's international corporate strategy, and their appreciation of various cultures and their influences on organizational processes. IHR managers participate in the international strategic planning process, but usually in a limited way (Bird and Beechler 1995; Briscoe 1995; Miller et al. 1986)

CULTURE

Culture refers to a set of important assumptions often understated, shared by members of a community, consisting their beliefs about the world and how it works (Rokeach, 1968). Culture can be explained as a set of shared values, beliefs, norms, expectations and assumptions that bind people with people, people with work and people with organization, people with society and provide people with a sense of identity, facilitate commitment, initiative, communication and provide basis for stability, control and direction.

Research in the subject indicates that cultural differences in people's attitudes, values and beliefs impact the way management situations are viewed. As a result of accelerating globalization, it is important to know how to manage culturally diverse, cross – cultural and geographically dispersed organizations. Even if globalization and multinational corporate structures eventually cause national cultures to become more alike, it is improbable that indistinguishable values will emerge across cultures to produce the same management techniques and organizational behavior.

Hall (1976) has distinguished between high and low context cultures. USA has become the best example of low – context culture and Japan an icon of high – context culture.

In some cases, it is seen that people who are asked to work outside their home countries, often known as expatriate managers, are not able to give their best performance. This happens due to cultural differences they face in the host country. Every country has different reasons for the failure of expatriates. Research done by Tung (1982), talks about the reasons for failure in Europe, Japan and US. Tung's research also suggests that US based multinationals experienced a much higher expatriate failure rate than either European or Japanese multinationals. The following are the reasons for expatriate failure in the US multinationals in order of importance. These are – inability of spouse to adjust, manager's inability to adjust, other family problems manager's personal or emotional maturity

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

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87

and inability to cope with larger overseas responsibilities. Managers of European firms gave only one reason consistently to explain expatriate failure: the inability of the manager's spouse to adjust to a new environment. For the Japanese firms, the reasons for failure in order of importance were – inability to cope with larger overseas responsibilities, difficulties with new environment, personal or emotional problems, lack of technical competence and inability of spouse to adjust. In Europe and US the most important reason is the inability of the spouse to adjust while in Japan, it is the inability to cope with larger overseas responsibilities. The failure of spouses to adjust to a foreign posting seems to be related to a number of factors. Often spouses find themselves in a foreign country without the familiar network of family and friends. Language differences make it difficult for them to make new friends.

This can be further explained with the "***Case of the Floundering Expatriate***" *Harvard Business Review, (July – August 1995)*, in which a US manager who was a star performer in his country, failed to keep up with his performance when asked to work in Europe. This was because of the language problem that he faced at the work place, his family was not able to adjust in the host country and the European style of working was very different from his home country.

Hickson and Pugh (1995) regard the cross – cultural manager as someone who can cope with culture shock and for whom the learning experience in one culture helps with entry and effectiveness in another one. It is important to study the culture of a country, but along with that it is also essential to understand the meaning of work culture to further study the HR practices across the world. Work culture is defined as a set of specific learned work related norms based on shared values, beliefs, expectations and assumptions that influence and govern the work behavior in a society about what we do, why we do and how we do it and also provide us with a sense of identity with the job, colleagues and organization to facilitate commitment, initiative, communication, team work and value for the customer and also provide basis for stability, control and direction on the job. When studying the work culture of any country it is important to analyze the work culture based on the following characteristics or determinants – value or importance of work, value of worker, value of goal, value of performance and achievement, value of loyalty, value of professionalism, value of co – workers and working relationships that include trust and openness, value of expertise and experience, quality consciousness, value of time and discipline and finally the value of customer. These are the most important characteristics of work culture. For an international business with operations in different countries, of considerable importance is how a society's culture affects the values found in the work place. Management process and practices may need to vary according to culturally determined work related values. If the cultures of the United States and France result in different work – related values, an international business with operations in both countries should vary its management process and practices to take these differences into account.

Culture has a huge impact on various business issues. Every business has four main departments under which workers perform their respective functions. These departments are – marketing, production, finance and human resource. Culture plays an important role in all of these components. Every country has a different culture and therefore there way of conducting business would also differ greatly. For example, any product that is used worldwide would be marketed differently in every country depending upon their culture. The production features would remain the same but the way the whole process would be carried out would differ from country to country.

We would be emphasizing on the human resource aspect of businesses. Human resource management function varies on the basis of culture. The main functions of HRM are – selection and recruitment, training and development, performance appraisal and compensation. It is important to look at the studies that have been undertaken by researchers in order to justify that culture has an impact on all the HRM practices that are prevalent in companies.

RESEARCH OBJECTIVES
- To find out if there are any differences in the selection and recruitment practices in India, USA and Japan
- If yes, what are the differences
- To identify the reasons for these differences

METHODOLOGY
To objectively study the HRM practices in various countries; an exploratory research methodology will be used initially to formulate insights or hypotheses. Exploratory research provides an opportunity for considering different aspects of the problem under study. Thus it would mean formulating a problem, establishing priorities for further research and therefore clarifying topics. An inductive way of doing research seems to be justified as it would mean collecting rich and fresh insights.

Both primary and secondary data collection tools would be used, where primary data would be collected through structured interviews, that is, with the help of questionnaires. Another way of collecting primary data is through Semi – Structured interviews. Collecting data through secondary source would mean gathering information using published data such as books, journals etc.

SAMPLE
Here a non – probability sample is most practical. The sampling technique used will be purposive / judgmental.
- The data would be collected from Indian and multi–national corporations originating from selected countries.
- Information would also be collected from the High Commissions and Embassies of these countries located in Delhi.
- Convenience sampling would also be undertaken, two companies from each country would be selected and two – three HR executives would be interviewed.

RECRUITMENT AND SELECTION
Recruitment is defined as searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs. *Selection* is a process of gathering information for the purposes of evaluating and deciding who should be employed in particular jobs. A prominent issue in the international recruitment and selection is that of expatriate "failure", which is defined as the premature return of an expatriate manager. The work of Tung and others suggest that expatriate failure is a general problem for many MNE's and would be a problem particularly for US MNE's.

Culture plays a very important role in selecting and recruiting candidates. Local culture always influences recruitment and selection practices, and in some countries, local laws require a specific approach. It is very important that the right candidate is chosen for the right job. Different cultures emphasize different attributes in the selection process depending on whether they use achievement or ascriptive criteria. For example – in United States, it is illegal to select on the basis of race, age, gender, religion etc. While in Japan, companies only look for fresh graduates from elite universities. The Japanese recruit for a general position within the company rather than a specific job. Artise (1995) suggests modifying the basic process of selection for cultural differences. For example – after a Korean applicant responds, the interviewer should allow for a three to four second silent gap to take place, focusing on the applicant and displaying a subtle smile to allow non – verbal reading of the other's intentions (Artise 1995, p. 92)

When recruiting internationally, companies need to understand how to access equivalent labor pools. The selection process varies from country to country based on certain parameters. Differences in education systems make it difficult to figure out who has the right profile. For example, the age of college graduates may differ due to length of study. College graduates in Germany may not reach the job market until 28 years of age, compared to 22 years old for their British and Japanese counterparts. Local talent may also have very different types of skills and abilities owing to different national values placed on education: the amount and the subject. In Italy, the title of *Dottore* does not necessarily reflect the same level of education as in Germany. British recruiters pay very little attention to the actual subjects studied. In the United States, job candidates might hide their doctoral degree for fear of being overqualified for the position.

A study based on scenarios with 300 managers in 25 firms from France, Germany, Italy, Spain and the UK found considerable differences in attitudes towards hiring practices within Europe. For example, the English, French and the Italians chose multilingual employees with a generalist background, while the Germans and Spanish preferred to hire local employees with a more technical background. (Segalla,M., Sauquet,A., Turati, C. 2001). In the Netherlands and Germany, having a vocational or technical education does not mean the same thing as it does in the United States. Foreign multinationals may also have difficulty in

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88

accessing the most exclusive labor pools, as competition from local companies may be quite intense. Japanese companies aggressively outbid each other to try to secure graduates from the most prestigious institutions.

Citibank in Taiwan, having being frustrated in its attempts to hire talented locals, began to recruit more local women to become private bankers. (Adler, N.J. 1987)

Cultural differences do not just influence where companies need to recruit, but also how they have to go about it. For example, hiring in China may require going through government agencies, local labor bureaus and personal connections. In the United States such practices would be avoided. It is important to have a match between the person and the job description. Interviews conducted in 65 Chinese – Western joint ventures implemented in China regarding HRM practices, revealed selection and retention to be the major concern. Expatriates learned to play an active role in selection to make sure that the key selection criterion remained professional qualifications rather than just personal relationships. (Bjorkman, I., Lu, Yuan. 1999)

Looking for a job can also vary across cultures. One survey found that Greeks, Spanish and French were most likely to look for work through the Internet, while 43% of the Italians preferred to send resumes. One the other hand, only 15% Germans sent resumes. Responding to job advertisements was most popular in Spain but not in Italy. The British took the shortest time of 3 months to find new jobs, while the Spanish took the longest time of 6 months.

RECRUITMENT AND SELECTION IN JAPAN

The work culture of Japan can be understood according to Geert Hofstede's (1980) research, Japan is in the cluster of countries that values the group more than the individual. Hofstede's research indicates that the Japanese tend to avoid uncertainty and seek comfort in familiar situations and groups. Apart from this, Japan ranked first on the masculinity scale among the 40 countries, indicating its people are aggressive in the pursuit of worldly success and material possessions. Several studies have shown that the Japanese tend to place a high value on personal relationships, and they prefer to develop trust, or interpersonal attraction, before making business transactions (Abramson, Lane, Nagai & Takagi, 1993; Graham, Kim, Lin & Robinson, 1988; Sullivan &Peterson, 1982). The Japanese place a premium on long – term relationships between customers and suppliers, and they prefer to do business with minimum explanation and maximum cooperation (Harris & Moran, 1990). Large Japanese companies hire a group of new employees each year. These employees, blue – collar recruits from high schools and managers from universities form a cohort in the company for 15 years. Many even live together in the company dormitory. Workers rotate among departments to learn overall company operations. This increases loyalty to the organization (Dillon, L.S. 1990).

In Japanese companies, even the processes in line functions are categorized by team work. As a matter of principle, the performance of the group takes precedence over the performance of the individual. All important decisions will also be taken in the group, in a bottom – up approach. In Japan, promotions are much less frequent. An employee will be promoted every six to ten years. In addition to the capacity of an employee, his presence at work, his personality and also his age and his seniority will be taken as criteria for promotion. Personal development in Japan means permanently expanding the qualifications of the employees through job rotation and further internal training i.e. horizontal development. Usually employees enter a company at the age of about 22 and will only leave when they reach retirement age.

Many researchers have studied the ***recruitment and selection practices in Japan***. It is affirmed (Warner, 1992) that the Japanese system grades human potential through merit – based higher education, so that the best people go to the best organizations. In Japan, all new employees are perceived as interchangeable and are almost considered as non – entities since there is no difference between one individual and another. Most Japanese companies are more concerned with recruiting people who have the right attitude to learn than selecting those with the best existing skills for the job (Lorriman and Kenjo, 1994). The selection process varies greatly from company to company but have three common denominators. They are – interviewing, personal skills and teamwork and interpersonal skills.

The Japanese six recruitment premises firmly include –

1) Equal ability
2) Equal suitability for a position
3) Requirement of a university degree for promotion
4) Potential and scholastic ability indicated the level of difficulty for specific university admission
5) Attitude is more important than the field of study
6) Need to learn about business concepts

Large Japanese companies usually recruit at junior levels while senior positions are filled by internal promotion. Even though traditional life time employment is declining (Keys, Denton, & Miller, 1994), Japanese companies still place a great deal of emphasize on recruitment and selection because it is assumed that the employees will be with the company for a long time.

A *Business Week* article stated that the soft economy in Japan has dampened the recruiting of college graduates. Although Japanese firms still are offering generous pay packages to recruits, they are trimming expenses by reducing the number of new hires. Difficulties in recruiting Japanese talent have been a major factor limiting growth for foreign companies in Japan. Japanese employers can put tremendous pressures on employees who they suspect are thinking of leaving. The multinational recruiter must be prepared to spend a great deal of time with prospective Japanese executive recruits. These recruits will want to gather large amounts of information about the parent company before making a decision. This tendency is consistent with Hofstede's high uncertainty avoidance.

In Japan the focus is on team work, harmony, equal and fair treatment. Personnel selection in Japan does not focus on the specific qualifications of the applicants, but rather on personal qualities such as team work ability, commitment and loyalty. Japanese companies have adjusted to the fact that the new staff do not have any specific professional experience and that the company has to teach them everything that they need to know in order to fulfill the task with which they are entrusted. Japanese companies will not search for specialists for specific jobs, but for generalist capable of adjusting to changing requirements.

CULTURAL INFLUENCE

The culture of Japan permits life – long employment, the aim behind this system is to mould young employees for a life time career with the firm, developing their skills and abilities to create a stable and dedicated work force. but from the legal aspect, neither the company nor the employers are bound to each other. There is a lot of trust among the Japanese employers therefore for the regular employees there is no written contract according to which they have to work. There job is secured till their retirement age. The most important quality that the Japanese managers look for in administrative or junior executive staff members is good attitude.

The recruitment process in Japan as told by one of the employees is as follows. Graduates are recruited every year at about the same time. First, announcements are made in early summers indicating the number and different types of jobs available. Following steps including candidate's applications, personal contacts, written exams, interviews and medical checks, final decisions on acceptance are made in the fall and successful candidates are notified. Accepted candidates are required to submit a written promise to begin work from April following graduation. Companies issue their acceptance as early as possible in order to avoid losing good candidates to other companies. Graduation from one of the leading universities or higher schools is taken as a guarantee for the applicant's overall acceptability. Japanese companies give the acceptance letter to the employees on the 1ˢᵗ of April as this day is considered to be auspicious according to them.

In India, Maruti Udyog is one of the leading Japanese companies. Its success lies in the unique system of Japanese management practices. The philosophy and practices of the Japanese work culture became an intrinsic part of the Maruti organizational environment. In this company, emphasis is laid on egalitarian approach, trust and openness, teamwork, they also believe in the "we feeling" as against "us" and "them" discipline, commitment, common objective and mutual decision making. According to the culture of the Japanese, a lot of emphasis is laid on groups and workers are considered to be the key to increased productivity. Japanese believe in creating a family like atmosphere within the company. They are very close – knit are feel more comfortable to work in teams rather than performing individually.

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   89

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When conducting business in Japan relationships and loyalty to the group is critical for success. While hiring employees, there are many rounds of interviews that take place in which the employers ask the same questions over and over again to check the consistency of the employee and to actually know his/her mind. The first round of interview is taken by the lower staff member of the HR department. Then a senior manger would take another interview followed by an interview by the head of the department. Employees put the company first and not themselves. They are supposed to work for long hours, which may be 18 – 20 hours in a day. They also believe in dress to impress. Those who dress according to their status or position impress the Japanese. During interviews, it is very important to be in the most appropriate dress code. Punctuality and honestly are other two characteristics that are very important in the recruitment and selection process. Japanese avoid using large hand gestures, unusual facial expressions and any dramatic movements during interviews.

RECRUITMENT AND SELECTION IN INDIA

Indians tend to work with lifelong friends and colleagues and minimize risk – taking behavior. India also falls with those countries characterized by large power distances and a collectivist or group orientation. India clusters with the countries emphasizing individualism, an intermediate position that may reflect the nation's movement toward national and economic development. India has a high score on masculinity, which is consistent with the emphasis on male domination.

Indians place a great deal of importance on relationships. The building of long lasting relationships is tantamount for business success in India. Indians will also go to great lengths to save face and avoid embarrassment. Human resources or "the soft side of management" are the critical factor for the success of Indian economies in their globalization efforts. In India, workers do not believe in planning. They do not plan their tasks before hand. They are very fluid in their approach towards work. Indians are very flexible as far as work is concerned. They do not restrict themselves with time. The work culture of India is very different from that of other countries. Indians unlike others are dependent on one another. They do not have any faith in themselves neither do they trust others easily. They are also not in a habit of working in teams as there is no cooperation between the members of the organization. Indians are known for their stretchable concept of time. There is no punctuality in them. All their chores are delayed and they have a very laid back attitude towards work. Indians lay emphasis on personal relations than professional relations. According to them their personal life is more important than their professional life. They also expect a lot from their subordinates. They feel that their subordinates would be loyal to them unquestionably. They are not firm in their decisions and neither are they sincere about the work that they perform. Indians are work shirkers; they try to avoid work as much as possible. They also lack self – discipline and commitment towards work and others. In Indian companies, there is a lot of regional cultural diversity that is found. People from all parts of the countries, having varied cultures come and work together in the same company. Hence this diversity is found.

The *recruitment and selection practice in India* is as follows. The Indian labor market is characterized by an apparent abundancy of labor. The inadequacies of the education system results in the general and growing problem of non – availability of suitably trained work force. With too many people chasing limited number of jobs, there are social and political pressures tampering and influencing selection decisions.

There are two sources of carrying out recruitment in India. These are the internal sources and the external sources. The internal source means recruiting those people who are already on the pay – roll of the organization and those who served the organization in the past. There is merit in looking for internal sources since they provide opportunities for better deployment and utilization of existing human resources through planned placements and transfers or to motivate people through planned promotions and career development where vacancies exist in higher grades. On the other hand, Indians also recruit through external sources. Here organizations may look for people outside the organization. Entry level jobs are usually filled by new entrants from outside.

The methods for recruiting also differ from country to country. In India, there are four methods that have been adopted. These are direct method, indirect method, internal method and third – party method. Internal method is a practice of filling vacancies from within through transfers and promotions. All transfer decisions are usually taken by management. In the case of promotions, information about the vacancies is communicated through internal advertisement or circulation and applications are invited from eligible candidates who wish to be considered for the positions. The second method is the direct method. These include campus interviews and keeping a live register of job seekers. Usually under this method, information about jobs and profile of persons available for jobs is exchanged and preliminary screening is done. The third method is the indirect method. These include advertisement in print media, radio, television, trade, professional and technical journals etc. This method is appropriate where there is ample supply of talent which is geographically spread out and when the purpose of the organization is to reach out to a larger target group. The last method is the third – party method. This includes head – hunting services, consultancy firms, professional societies and temporary help agencies are among the newer sources of third – party help in recruitment which also uses computerized data bases.

In India, people are also recruited through web sites. All major companies have their own web sites where people give their application forms and as per the requirement of the company are called for interviews. Apart from this there are special sites that are only for the purpose of recruitment. These sits carry advertisements of all companies for all posts. The applicant searches for his/ her type of job and sends their resume. An example of these Indian sites is www. Naukri.com, www.jobsahead.com, www.monsterjobs.com.

There are also a number of placement centers or recruiting agencies that provide employment opportunities for the unemployed. Print media also helps in getting a job. Newspapers are the best way of advertising for a job vacancy as it attracts maximum viewers. The next best way of advertisement in India is through magazines that are published by the Government of India. These magazines carry news on government jobs.

After recruitment, the next step is selection. As per the Indian companies, the criteria of selection needs to be critical to the job. On a general basis, educational qualifications, technical skills and achievements are used as the basis for selection. A recent survey of the criteria for selection in managerial recruitment in 50 companies (Verma and Rajadhyaksha, 1986) notes that integrity, loyalty, initiative/ drive/ resourcefulness and intelligence/ mental alertness are the key attributes influencing the selection of managerial employees. The selection process begins with the job specification. The selection process covers the period from the job specification and initial contact with the applicant to his final acceptance or rejection. The successive stages in the selection process are referred to as hurdles that the applicants should cross. Not all selection processes, however, include all these stages. The complexity of the selection process usually increases with the increase in the skill level and job level of the position for which selection is being made.

Selection is very important as the demand for jobs is very high but the supply is very low. This means that qualified people for particular jobs are not easily available. Once applications are taken into consideration, written tests are taken. These written tests, in some cases are outsourced. At times biodata's that the company collects are also taken from an outside source. Many rounds of interviews take place. Not only this, group discussions also take place where the employers can compare applicants. Not much emphasis is laid on testing in India. Especially personality tests are not that important. But some multinationals in India, like GE do follow the assessment center method. Interviews in India are not structured. There are no defined objectives, neither are there any set questions that the interviewer would ask. Though there are many interviewers who take interviews, still they are not prepared for such interviews. The selection criteria, many a times is not clear. The whole selection process that is carried out in India is seemingly objective but actually very sensitive in nature. The major drawback in the Indian selection process is that external influences, biases and prejudices operate to a high degree especially in public owned companies but less so in private owned organizations.

The most important or essential criteria for selecting any employee is loyalty. Loyalty of an employee is valued a great deal and is rated very high. India also faces the problem of gender biases. Men are given all the important key positions in companies, while women are often discouraged to work. This also happens because of the Indian culture. In India, girls themselves do not want to take up marketing jobs or jobs that involve a lot of traveling. Hence the Indian culture creates this bias, which people are still following. Although trends have changed, but still people abide by the culture where they stay. Most of the Indian companies are not consistent in their selection procedures. Unless the organization is large, or it is a large multinational, the selection process is not systematic.

CULTURAL INFLUENCE

There are five levels of recruitment in India. These are – unskilled workers, skilled workers/ supervisors, engineers/ personnel or financial officers, middle/ top level managers and general managers/ vice – president/ director operations. The method of recruiting employees for every level is different keeping in mind the culture of India. Indian companies do not recruit the unskilled workers at all. The mindset of the managers is such that they feel; these people would be a liability

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   90

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for the company. The employers feel more comfortable in continuing work with the old staff rather than recruiting the unskilled workers, as they are difficult to manage. There is change in the trend these days. Now Indians want to modernize themselves because of globalization gaining popularity. If in case the company feels the need to recruit them, they are recruited for a short period on a casual basis and that also through a contract. If the performance level of these workers is high or the head of the department is personally influenced then only these workers are promoted to other levels.

The skilled workers are all technically trained. These are mostly students with a technical background who are called trainees. These people work for one year and if the company feels the need to keep them, the company absorbs them. This is an effective method of recruiting competent, effective and technical people. The only disadvantage in this type of recruitment is that if the demands of the employees are not met then they get into various union activities. Hence it is important to satisfy the demands of these workers.

The engineers/ personnel or financial officers are recruited through campus recruitment or they are also called fresh recruits. Depending upon the nature of the job, people of that particular college are recruited. These recruits are provided with on – the job training and the probation period is for two years. This category of workers either leave the organization themselves or are asked by the company to leave. Selection is either through interviews, group discussions or through project reports.

For middle level/ top-level managers it is the interviews that select the candidates. If recruitment takes place from within the organization, then observations and performance appraisals help in promotion. The major drawback of taking employees from outside is that there is no surety of them performing as per the standards of the company.

Finally, the category of general managers are again those who are promoted from the middle/ top-level managers. For the last 5 – 10 years all major, well-known companies have started taking people from outside. Earlier people who were aged and had a lot of experience in their field were taken into consideration, but now preference is given to youngsters who have the zeal to perform. Age and experience is no longer important.

RECRUITMENT AND SELECTION IN THE UNITED STATES OF AMERICA

In Hofstede's (1980) 40 – nation study of cultural values, the United States ranked first on individualism. The United States also clustered with those countries that accepted and even relished a high degree of uncertainty and risk in everyday life and that manifested a high degree of masculinity or aggressive and materialistic orientation to life. Americans also demonstrated a preference for informality, low power distance between individuals and groups, and weak hierarchical authority. The notion of specializing to compete is the principle ideal that Americans adhere to, practice, safeguard, and promote worldwide. From this perspective, Americans when asked what they do, immediately describe their occupation or profession, unlike the Japanese, who tend to respond with the name of the company in which they work.

The United States, once a "melting pot" of diverse cultures, is now being characterized as a "salad bowl" (Heuberger et al., 1999), where distinct subgroups or subcultures exist, with each subculture possessing its own value set. Research has shown that basic US cultural values include individualism, self – reliance, equality of opportunity, competitiveness, hard work, materialism, informality, directness, timeliness and a belief that change is good (Hofstede, 1983; Daniels and Radebaugh, 1995; Griffin and Pustay, 1996; Harris and Moran, 1996).

Americans live on a different time schedule. They come to work early and also leave their respective work place early. America as we all know is a very arrogant country. The women of America are also very aggressive. Women are more accepted in the work place in the United States. These women have the capability to succeed. Along with this they have a lot of energy and determination. In the United States, people always tell others the positive thing about the work they have done first and then only they will talk about the negative aspect. Americans are given a lot of independence and freedom to express their viewpoint without being interrupted. Americans generally go down in efficiency during summers. According to their policies, time is money and it should not be wasted. Americans place a lot of importance on the value of work.

For many Americans, time on the job is money. This often is reflected in the way they try to get as much done in as little time as possible. Americans also like to have things spelled out so that they know what is expected of them and by when their tasks are to be accomplished.

The evaluation and promotion of the personnel in American companies is very fast. Individuals who are not promoted rapidly often seek employment elsewhere. Americans want to be instantly rewarded for the work that they perform and if this does not happen they change their job.

The **recruitment and selection practices of USA** are as follows. USA is recognized as an industrialized nation with mature market economies and systems (Business Week, 1994) and predominantly white populations. For the US firms, walk – in – applicants, advertising and public employment agencies were the most frequently used sources for blue – collar recruitment, with the use of private employment agencies and campus interviews being the most limited. For the recruitment of white collar workers, US firms indicated that the campus interview was the most widely used tool, with public and private employment agencies and apprenticeship / intern programs being the least likely to be used. US uses more college campus recruiting. This may be related to the uncertainty of the quality of university applicants related to the expense involved with such recruiting efforts. US uses less valid and more risky selection tools, such as personality traits. Firms utilize newspapers (73%) and walk-ins (61%) the most but do utilize radio and employment agencies. Also, newspapers and walk-ins were rated more effective than other recruiting sources. The most utilized selection sources were interviews (93%), reference checks (85%), and application blanks (84%). Interviews, reference checks and drug tests were rated as the most effective selection procedures.

Americans have an elaborate recruitment process. Resumes are scanned for promising candidates, including those students who did not sign up for interviews. Top executives of companies give talks at colleges. Companies establish strong relationships with college placement offices and faculty. Students are recruited for various functions such as finance, manufacturing, marketing, research and sales. Big companies hire students from all major universities in general and from the big business schools such as Harvard, Wharton, Stanford and Northwestern in particular. Written tests are conducted to evaluate an applicant's aptitude for leadership and problem solving. Some companies have some important internal tests; the scores of these tests determine the applicant's selection and also measures the applicant's interpretative and reasoning skills. Candidates past experience and accomplishments are examined for leadership, problem solving capabilities, initiative, follow – through and ability to work with others.

American companies expect that the applicants should carry with them their curriculum vitae. Recruitment is either internal or external. Internal recruitment in American companies means, when the applicant calls up the HR manager and gives a reference of an already working employee in that same company. This HR manager then takes the biodata of the applicant over the phone and fixes an appointment. On the other hand, external recruitment means when applicants are recruited through newspaper advertisements. In this case they go in for walk – in interviews where they are interviewed. Interviews are taken by the members of the HR departments. In most of these companies there are approximately five rounds of interviews that take place, in which different people take interviews. Depending upon the job, written tests take place. If not required then only a verbal interview is sufficient to recruit the applicants. It is important that the qualification has to match with the companies profile or requirement. In most of the American companies, people are recruited for full – time jobs where educational qualification is essential and in some cases work experience also counts.

CULTURAL INFLUENCE

The culture of US is laying emphasis on the older generation. The US workforce is progressively getting older. The percentage of employees under the age of thirty-five is declining, while the percentage in the thirty – five to fifty – four age group is increasing. This development is as a result of many factors including the baby – boom generation, which accounts for the increasing number of workers in their forties, and the declining birth rate among the post – baby – boom generation, which helps explain the decline in the percentage of workers in their teens and twenties. A second contributing factor to an aging workforce is the nation's improved health and medical care, which is helping people live longer, more productive lives. Still another factor is the removal of mandatory retirement rules, allowing people who are capable of doing their jobs to continue working well into their sixties and beyond. American organizations generally cannot discriminate on the basis of age. Organizations in US, in recent years have made it clear that there is no such thing as lifetime employment. The era of downsizing has affected both older and younger employees of America.

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91

Women have been entering the work force in record numbers over the last four decades. By the turn of the century, women will make up almost half the work force. This diversity development can change the policies and day – to – day practices of organizations. The educational level of the US work force has been rising, while new entrants and existing employees have on an average more education, the other end of the spectrum, those with little or no education or basic knowledge is also increasing. In the work place, illiteracy and employees lack of basic knowledge can be devastating for organizations trying to move ahead. Those with high school educations will find that these skills will carry them only so far and additional training and education are needed.

Some companies screen all its entry-level applicants with tests that focus only on work related skills. The culture of US is such that the firms are not hesitant to use pencil and paper testing because this helps identify problems that might otherwise not be caught. Similarly, keeping in mind the culture in the American companies some organizations hire only at the entry level and uses testing in combination with other selection tools. Part of the process consists of pencil and paper cognitive testing, but all of it is directed towards finding out if the person possesses the key skills for doing the job.

SUMMARY AND CONCLUSION

After studying the recruitment and selection practices in select countries, which are, Japan, USA and India, we conclude that all these three countries are different from each other on the basis of cultural dimensions. Culture of these countries therefore shape the way the practices are undertaken. It is important to remember that there are a number of differences between the Asian and the Western workforces. While workers in the West prefer to work independently, Asian workers in general, seek a sense of belonging and take more pride in their organization than in their individual jobs. In order to get maximum output from an Asian employee, remembering his/her name or birthday may mean almost as much as money. There are also a variety of differences among the different countries in Asia. Companies in Asia are now "rightsizing" and employers are becoming more selective about hiring and also more aware of the need to keep the employees happy.

It is observed that the Western culture is very different from the Eastern culture. India and Japan follow a similar culture whereas USA shows a great difference in its HR practices. Japanese do not hold the Western style of management responsible for their success because their success lies in their own way of conducting business. On the other hand, Americans are following the Japanese style personnel management.

Hence, there is a great difference in the HR practices across countries which prove that culture plays a very important role and every country has their own style of conducting business.

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INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   92

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FINANCIAL ANALYSIS OF TATA STEEL LTD- A CASE STUDY

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ABSTRACT

Ratio analysis has been a primary tool of conducting financial analysis of any company. Different ratios highlight overall financial position of a company. This research paper aims at analyzing the financial performance of Tata Steel Ltd using the framework of ratio analysis. The basic objective of this paper is to evaluate and judge the performance of Tata Steel during the research period. The reference period for the study is 10 years beginning from year 2001-02 to 2010-11. Data for the study has been taken from the annual report of Tata steel for the year 2010-11. The study reveals that Tata Steel performed well in terms of return available to all the investors measured as return on average capital employed. It also revealed that Tata steel offered a higher return to equity shareholders measured in terms of return on equity and earnings per share during the reference period .However, declining return on average net worth on year on year basis is a cause of concern for TSL. Besides, this it was also found that debt policy of the company is very conservative as it uses lower degree of risk to avoid financial risk and insolvency risk. Though, TSL is performing well at least in terms of book value measures as highlighted above, markets don't seem to be favoring the stock of TSL as it is offering lower premium on its share in terms of low P/E Ratio which also offers an opportunity to conduct further research

KEYWORDS

Ratio, Return, net worth, equity, earnings.

INTRODUCTION

Financial analysis is an important activity of evaluating financial soundness of the companies. Ratio analysis being a primary tool of financial analysis helps in assessing and evaluating financial health of the companies using various types of ratios. Financial ratio analysis can be broadly classified into different categories viz, liquidity ratio, turnover ratio, profitability ratio, leverage ratio and valuation ratio. Ratio analysis is primarily conducted using figures drawn from profit and loss account and balance sheet which are publicly available. Ratio analysis thus provides an overall picture of financial position of the companies to the investors, regulators, stakeholders and analysts who are directly or indirectly interested in the performance evaluation of companies.

PROBLEM STATEMENT

The basic problem which is to be investigated in this study is the financial soundness of Tata Steel over a period of years. It thus aims at measuring financial performance of Tata Steel using ration analysis. Different ratios viz, profitability ratio, valuation ratio, leverage ratio, and turnover ratios are calculated to evaluate overall financial performance of the Tata Steel.

RESEARCH OBJECTIVE

The basic objective of this research paper is to analyze the financial position of Tata Steel during the last 10 years using different ratios and comment on the progress made by Tata steel during the study period.

LITERATURE REVIEW

The need for reliable financial statement data and the importance of financial ratios for analysis and prediction is well established in the literature. Beginning with Beaver's (1966) contention that standard financial ratios can predict the financial performance of firms, many subsequent studies have attempted to demonstrate the predictive value of various techniques for estimating actual business performance.

Altman (1981) attempted to improve conventional ratio analysis by using multivariate analysis on a sample of manufacturing firms, 105 bankrupt firms and 2,058 non bankrupt firms. Ohlson (1980) concluded from his research that firm size was directly related to firm financial performance with smaller firms more likely to fail than larger ones.

Zavgren (1985), using a sample of 45 bankrupt and 45 non bankrupt firms, identified seven variables that were used to predict the future financial performance of businesses. Deakin (1972) advanced the research of Beaver and Altman by including the fourteen important ratios identified by Beaver with the multivariate methodology of Altman. Using a sample of 32 failed and 32 nonfailed firms, Deakin found that cash flow coverage to total debt was important for predicting bankruptcy. Blum (1974) also used a failed versus non failed model in his research for predicting bankruptcy of a firm.

During the 1980s, the research emphasis in the area of ratio analysis turned to cash flow indicators following the study of Largay and Stickney (1980) of the failure of W. T. Grant. This largely single case study found that liquidity ratios and measures of cash flows from operations were the best predictors of the future success of a business. However, the conclusions of this study were questioned by the findings of Casey and Bartzca (1984 and 1985). Using a sample of 30 bankrupt firms, with another thirty firms held out for validation, Casey and Bartzca found that standard accounting ratios were better for predicting firm failure than cash flow measures. Unfortunately, the sample assumptions were not tested and this study did not take into consideration firm size when reaching conclusions

METHODOLOGY

Research was done based on secondary data drawn from Tata steel's annual report for the year 2010-11. Financial ratios for last 10 years were taken from this annual report. Research is thus historical in nature as it relies on historical data.

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93

CHART -1: EBIDTA/TURNOVER
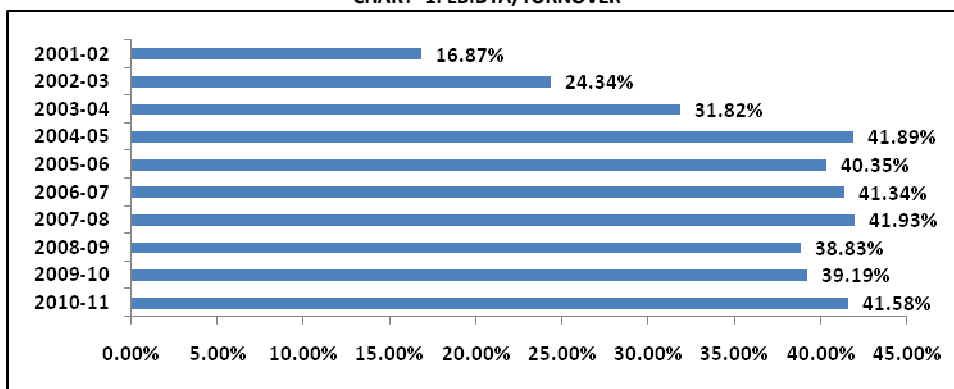
Source: Tata Steel Annual Report, year 2010-11

It is clearly shown form the chart-1 that EBITDA/turnover has increased from 16.87% in 2001-02 to 41.58% in 2010-11 which indicates significant jump in the earnings turn over. The average EBITDA/ turnover ratio works out to be 35.81% with a standard deviation of 10.67%.EBITDA turnover increased significantly during initial three years due to jump in the demand. In year 2008-09 EBITDA/ turn over slighthly decreased due to moderating demand an since then there has been erratic movement this ratio due to changing industry demand and rising input cots.
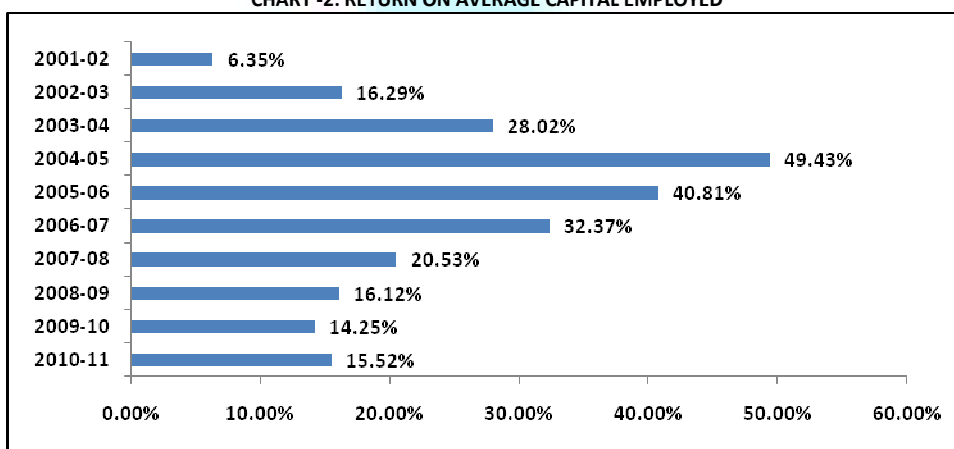
CHART -2: RETURN ON AVERAGE CAPITAL EMPLOYED

Source: Tata Steel Annual Report, year 2010-11

Return on average capital employed increased from 6.35% in 2001-02 to 15.52 in 2010-11 showing impressive growth in the returns earned on deployed capital. Average of return on capital employed worked out to be 23.97% with the standard deviation of 13.45% . In the year 2004-05 company posted almost one and half fold increase in its return on average capital employed indicating the efficient deployment of its fized assets. However since then, return has been declining consistently which is a worrying factor for the company. One of the reasons that could be attributed for this deterioration in return on average capital employed is acquisition of Chorus by TSL and its cascading effect on the financials of the company. As the acquisition was done using high degree of leverage it adversely affected the return on average capital employed in the company. However in the last fiscal year i.e. 2010-11 the return has improved marginally.

CHART - 3: RETURN ON AVERAGE NET WORTH
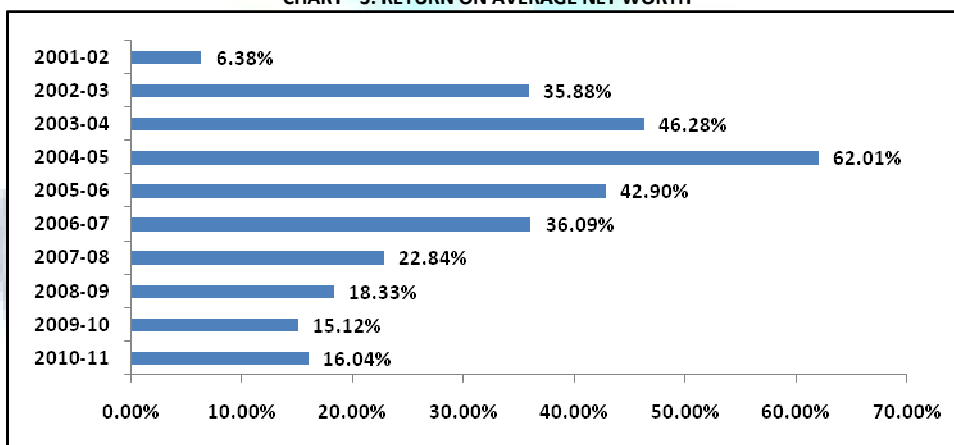
Source: Tata Steel Annual Report, Year 2010-11

Return on average net worth has witnessed two and half fold jump over a period 2001-11 with an average of 30.19% and standard deviation of 17.29%. Higher return on net worth indicates that TSL generated higher earnings for its shareholder showing efficient utilization of equity resources. However, return on average networh showed significant fluctuations over the period. In the year 2002-03 return increased from 6.38% to 35.88% where as it decreased to 42.09% in year 2005-06 from 62.01% in the year 2004-05. Since then, it has been declining consistently which indicates that TSL found it difficult to maintain higher return on net worth with the passage of time and could not manage the declining return giving a bad signal to shareholders when it comes to meeting their expectations.

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94

CHART – 4: ASSET TURNOVER

Year	Value
2001-02	63.07%
2002-03	77.97%
2003-04	100.41%
2004-05	110.13%
2005-06	108.13%
2006-07	76.54%
2007-08	105.36%
2008-09	99.17%
2009-10	94.83%
2010-11	79.88%
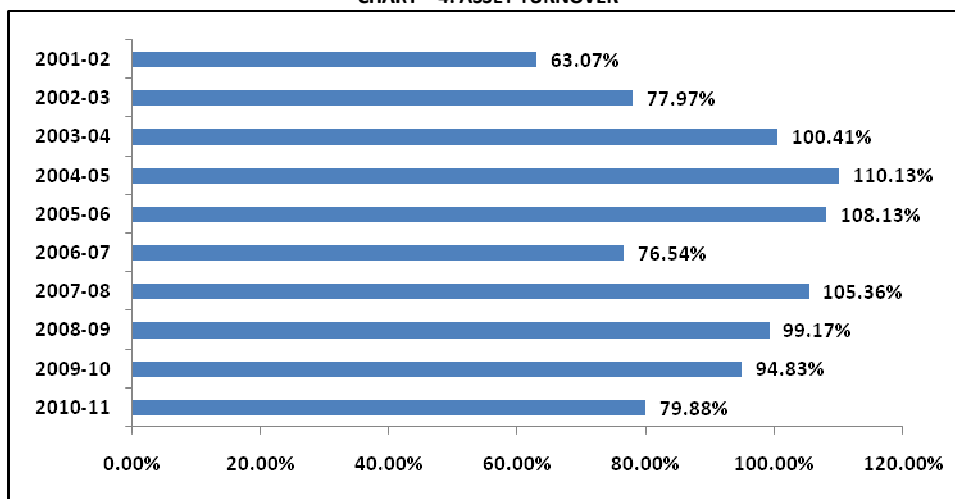
Source: Tata Steel Annual Report, Year 2010-11

Chart -4 depicts that asset turnover has significant changes over a period of time. On an average it remained 91.55% with a standard deviation of 16.04%. Figure of asset turn over indicates that company sales are very volatile as there has been a significant variation in the turnover ratios over a period of time. In the year 2003-04 TSL.

CHART – 5: NET DEBT TO EQUITY RATIO

Year	Value
2001-02	1.34
2002-03	1.15
2003-04	0.42
2004-05	0.18
2005-06	0.02
2006-07	-0.15
2007-08	0.81
2008-09	0.78
2009-10	0.61
2010-11	0.49
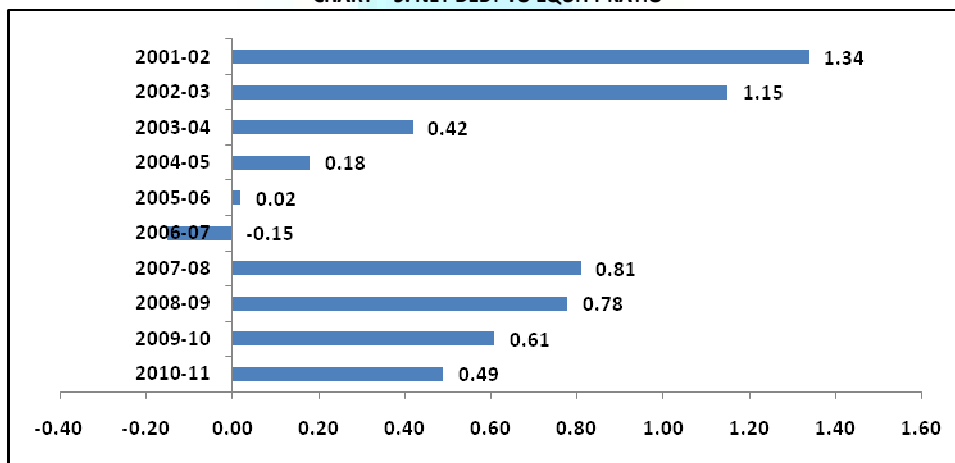
Source: Tata Steel Annual Report, Year 2010-11

As shown in chart-5 net debt to equity ratio of Tata Steel decreased significantly from 1.34 in year 2000-01 to .49 for the year 2010-11 indicating lower degree of financial leverage and hence less financial risk. On average net debt to equity ratio remained 0.565 with a standard deviation of 0.48.

CHART - 6: INTEREST COVER RATIO

Year	Value
2001-02	1.64
2002-03	5.14
2003-04	22.76
2004-05	29.21
2005-06	43.08
2006-07	37.01
2007-08	9.44
2008-09	7.35
2009-10	5.78
2010-11	8.52
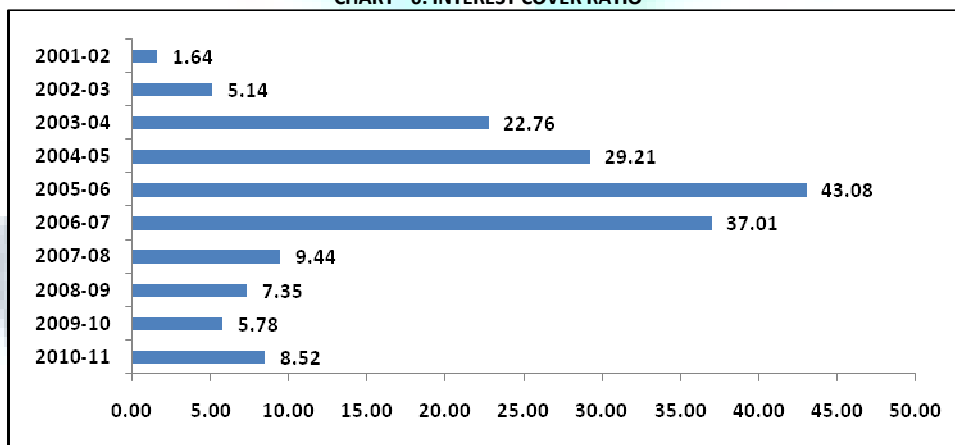
Source: Tata Steel Annual Report, Year 2010-11

Interest cover ratio has increased significantly from 1.64 to 8.52 witnessing a quantum jump of five times indicating robust earnings to cover the fixed interest obligations. Average interest cover ratio worked out to be 16.99 with a standard deviation of 14.86.This ratio thus indicates that Tata Steel is in comfortable position in meeting its debt obligations and may not face any insolvency risk as it has favorable high interest cover ratio.

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95

CHART – 7: EARNINGS PER SHARE (BASIC)
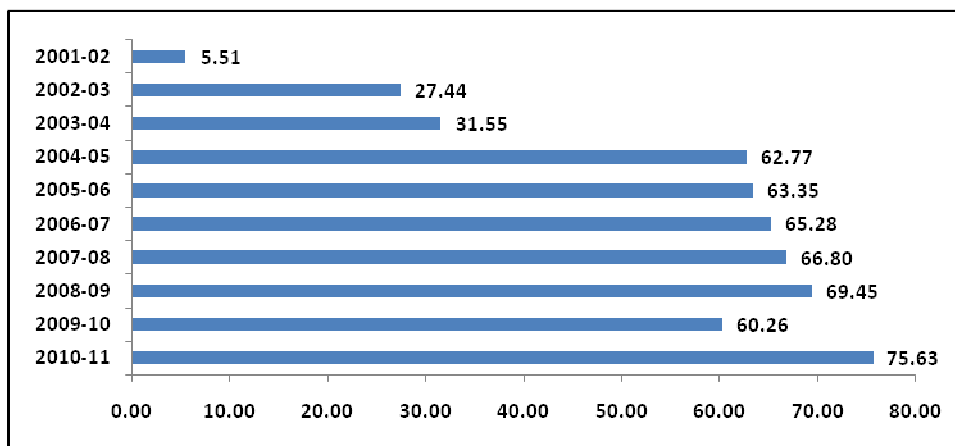
Source: Tata Steel Annual Report, Year 2010-11

Chart-7 depicts that earnings per share has increased by almost fifteen times over the period 2001-2011 indicating the earnings capacity of the Tata steel measured against number of equity shares outstanding. Looking at this figure it quite clear that Tata Steel has consistently performed well to magnify the earnings for its shareholders.

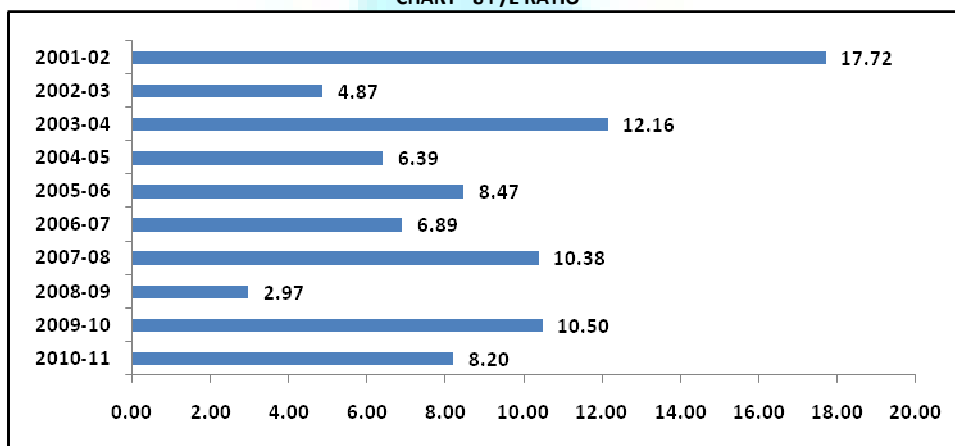**CHART - 8 P/E RATIO**

Source: Tata Steel Annual Report, Year 2010-11

P/E ratio of Tata steel has reduced significantly from 17.72 in 2001-02 to 8.20 in 2010-11 indicating that market is not ready to pay pre=high price for each rupee earned by Tata Steel. Declining P/E ratio thus indicates that market is not so bullish about the company's performance and may not be paying high price to acquire its stock.

DISCUSSION

HIGHER EBITDA/ TURNOVER

Tata Steel Ltd (henceforth referred to as TSL) has been able to generate higher EBITDA turnover which implies that company is generating higher earnings before the deduction of any financial charges which in turn indicates operating efficiently of the TSL. Analysts and investors will consider higher EBITDA turnover as a signal of operating efficiency of the company. This ratio indicates the extent to which TSL has generated earnings before meeting fixed obligations like interest and taxes and thus allow inter firm comparison within the industry. Looking at the trend of EBITDA /turnover it can be said that TSL has been performing consistently in terms of generating pre tax earnings.

DECLINING RETURN ON AVERAGE CAPITAL EMPLOYED

Declining return on average capital employed is a cause of concern for TSL. Since 2005-06 TSL has registered consistent declining return which raise question about the efficient deployment of capital and is ability to earn higher returns. TSL need to fine tune the deployment of resources to come out of this declining trajectory. In the last fiscal year TSL did manage to improve its return marginally but it is not sufficient to arrest the declining trend giving negative signals to the investors and stakeholders.

DECLINING RETURN ON AVERAGE NETWORTH

TSL's return on average networth has witnessed significant erosion as evidenced by the figures of different years. Declining return on average networth implies that TSL has not been able to earn higher return for its shareholder thus giving a negative signal to the shareholder. This also implies that shareholders may start thinking about alternative investment opportunities if the trend does not reverse and TSL could not get out of this trap of declining return on average networth. TSL may not be able to derive the benefit of trading on equity if it has not been able to generate higher return on networth.

INCREASING ASSET TURNOVER

TSL is comfortably placed as regards with asset turnover. Asset turnover has increased significantly in the initial few years of the study. It rose to highest level of 110.03% in the year 2004-05. Since then it has been moderating and has remained around 80% in the year 2010-11. On an average TSL has managed gerate stable turnover.

BALANCED FINANCIAL LEVERAGE

TSL has maintained balanced financial leverage as evidenced in the debt equity ratio. In the initial years, it did have high degree of leverage as the debt equity ratio was more than one. But since then it has reduced its debt exposure and maintained a balanced debt equity ratio at the end of year 2010-11 with debt ratio of 0.49. This implies that TSL has reduced its financial risk drastically be reducing is degree of financial leverage. This balanced financial leverage will help TSL to use leverage in future as and when required to magnify the earnings for shareholders.

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VOLATILE INTEREST COVER RATIO

Interest cover ratio of TSL witnessed a severe volatility as it witnessed whopping jump in the initial few years followed by a drastic fall in the subsequent years. This volatility in interest cover ratio is a cause of concern as it creditors will see be quite ken to se interest cover ratio either increasing or remaining stable. The volatility of interest cover ratio gives a negative signal to the creditors regarding the debt paying capacity of the company which needs to be investigated and addressed immediately.

INCREASING EARNINGS PER SHARE

In terms of gerating higher earnings per share TSL has performed really well as evidenced by increasing earnings per share on year on year basis. A higher earnings per share indicates that TSL has earned more money per share giving a positive signal to the market regarding the earning capacity of the company. Looking at the trend of earnings per share it can be concluded that TSL has performed exceedingly well while generating higher return per share.

VOLATILE PRICE EARNINGS RATIO

Price earnings ratio of TSL remained highly volatile. It decreased form 17.72 in year 2001-02 to 8.2 in 2010-11 showing almost a reduction of fifty percent. This implies that markets do not seem to be ready for paying higher price for each rupee earned by TSL. It also implies that investors are very cautious about buying and holding shares of TSL given as reflected in the volatile price earning ratio.

KEY FINDINGS

Return on average capital employed of TSL increased by two and half fold generating more return for all the categories of investors. It also implies that TSL has managed to deploy its resources fairly well in order to generate higher return on the deployed resources over the reference period. TSL also did exceedingly well in maximizing return available to its equity shareholders as its return on average net worth increased from 6.38% in 2001-02 to 16.04 %in 2010-11. But the return on average net worth has decreased on year on year basis triggering a cause of concern for TSL. Higher return on average net worth indicates that TSL is performing well in terms of the expectations of shareholder as. As far as leverage ratios are concerned. TSL is placed in a very safe position as it   has high interest coverage ratio and less debt equity ratio. TSL has managed to reduce its debt equity ratio from 1.34 in 2001-02 to .49 in 2010-11 indicating lower degree of financial leverage and less financial risk. This also implies that TSL has reserved its capacity of borrowing money in future and can benefit from trading on equity. Besides this, TSL's interest coverage ratio of 8.52 also indicates that it is in comfortable position when it comes to meeting its debt obligations. Higher interest coverage ratio also implies that TSL will find it easy to raise more fund from the market in future as it is consistently generating higher income to cover its interest expenses. TSL also witnessed a quantum jump in its earnings per share for the reference period. Its earning per share increased almost fifteen times form 5.51 in 2001-02 to 75.63 in 2010-11. Thus TSL managed to earn higher returns to its shareholders. P/E ratio of TSL has decreased from 17.72% to 8.20% indicating lower premium offered by shareholders in relation to earnings of TSL. It seems that investors are bearish about the fundamentals of TSL and may not be wiling to pay high premium for each rupee earned by TSL when it comes to buying a stock of TSL.

CONCLUSION

TSL has performed well almost on all the parameters. This study reveals that TSL has managed to earn consistently higher returns on its net worth and capital employed. Although, return on average net worth in the year 2010-11 was almost two and half fold than that of 2001-02 it decreased markedly on year on year basis which is a worrying factor for TSL. Low debt equity ratio of TSL also signals low risk and avoidance of insolvency risk. With high interest coverage ratio, TSL would be in a position to meet its debt obligations easily and can avoid the possibility of facing liquidity risk. Though TSL is performing well at least in terms of book value measures as highlighted above, markets don't seem to be favoring the stock of TSL as it is offering lower premium on its share in terms of low P/E Ratio which also offers an opportunity to conduct further research.

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97

CONTEMPORARY APPROACH TOWARDS EVALUATION OF SUSTAINABLE TOURISM DEVELOMENT: A CASE STUDY OF GOA

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ABSTRACT

Tourism is travel for recreational, leisure or business purposes. The World Tourism Organization defines tourists as people "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment. In India Goa has seen a tremendous growth in infrastructure, tourist numbers, expansion of urban area and increase in revenue. The tourism businesses in Goa gained the status of a full fledged industry in the year 2000 (Abreu, 2005). There has been staggering increase in number of tourists over the years. In the year 2006-07 the number of tourists to Goa were 2,479,068 (IANS, 2009), which is more than double the population of Goa. According to Brundtland Report (United Nations, 1987), "Development which meets the needs of the present without compromising the ability of future generations to meet their own needs is sustainable development". Most of the business concerns follow contemporary practices of sustainable tourism development but the case is not so always and tourism concerns are no exception. Against this backdrop, the present paper analyses the case study of Goa state and evaluates its sustainability based on the factors of sustainable tourism development. Statistical tests were applied in order to fulfill the objectives laid down for the study.

KEYWORDS

Carrying Capacity, Demonstration Effect, Economic Development, Sustainable tourism.

INTRODUCTION

Tourism in India is the largest service industry, with a contribution of 6.23% to the national GDP and 8.78% of the total employment in India. India witnesses more than 17.9 million annual foreign tourist arrivals and 740 million domestic tourism visits. The tourism industry in India generated about 100 US$ billion in 2008 and that is expected to increase to US$275.5 billion by 2018 at a 9.4% annual growth rate. In the year 2010, 17.9 million foreign tourists visited India.

The immense growth in the Indian tourism industry can be attributed to several factors. The boom in Indian economy has resulted in more disposable income in the hands of middle class, thereby prompting increasingly large number of people to spend money on vacations abroad or at home. India is also a booming IT hub and more people are coming to India on business trips (ILI, 2009). Recent aggressive advertising campaign "Incredible India" by Tourism Ministry has played a major role in changing the image of India in international markets. India also has tied up with the United Nations Development Programme (UNDP) to promote rural tourism (Trade, 2009). The outlook for the industry seems bright. Conde Nast ranked India amongst the top 10 tourist destinations and JBIC ranked her as the fifth most attractive investment destination (ILI, 2009). A market research report, "Indian Tourism Industry Outlook" has come up with following key findings (Bharat, 2008):

1. India is expected to see an influx of 10 Million international tourists by 2010, up from just 5 Million in 2007.
2. Andhra Pradesh, Uttar Pradesh, Tamil Nadu, Karnataka and Rajasthan are the leading tourism destinations in India in terms of total tourist arrivals.
3. India has been promoting its healthcare tourism by providing the visitors with private healthcare facilities. It is expected that the total market for medical tourism will reach US$ 2 Billion by 2012, representing a CAGR (Compound Annual Growth Rate)of 60.69%.
4. Personal disposable income during 2002-2007 grew at a CAGR of 14.16%, thereby driving domestic as well as outbound tourism.
5. Indian outbound tourist flow is expected to increase at a CAGR of 13.30% over the five-year period spanning from 2008 to 2012.
6. India's share in the global tourism is expected to reach 1.5% by 2010.

Though the future of India looks promising, there are many challenges which need to be dealt with. The major challenges include poverty, population explosion, illiteracy, unemployment, and the recent rural- urban divide (Economy, 2007). Experts say that these challenges can be overcome by the sustained and planned reforms.

GOA- AN OUTLINE

Goa is India's smallest state in terms of area and the fourth smallest in terms of population. Located on the west coast of India in the region known as the Konkan, it is bounded by the state of Maharashtra to the north, and by Karnataka to the east and south, while the Arabian Sea forms its western coast (Goa, 2009). The population of this union territory is 1,347,668. Panjim is the capital and Vasco da Gama the largest city. Famed for its colonial Portuguese and Catholic past, Goa is one of the most literate states in India with a literacy rate of 82 % according to 2001 census (Profile, 2004). The Portuguese first landed in Goa as merchants, in the early 16th century, and conquered it. The Portuguese overseas territory existed for about 450 years, until it was annexed by India in 1961(Goa, 2009). The historic city of Margao still exhibits the influence of Portuguese culture.

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98

MAP OF INDIA SHOWING GOA

Source: http://www.portcities.org.uk/london/server/show/conMediaFile.1262/Map-of-India-showing-Goa.html

INFRASTRUCTURE: (Infra, 2004)

1. Airports: Goa has well developed international airport with facilities for chartered flights. Goa's Dabolim International Airport is 25 km away from the state capital, Panjim.
2. Water Transport: Goa has a well developed internal water transport network formed by a grid of navigable rivers. This offers industries a most economical mode of transport for their goods and raw material throughout the State.
3. Banking and Finance: Several all India Financial Institutions along with the State's Financial and Infrastructure Developmental Organizations help entrepreneurs to get a firm foothold in Goa without any inconvenience.
4. Roads: Goa has 195 km for every 100sq. Km, against the National average of 50 Kms of roads for 100 sq. km. There are two well connected national highways along the West coast, namely NH4A and NH17, besides the dense network of metallic roads connecting the state to other parts of the country.
5. Railway: South-Central Railway and Konkan Railway provide rail links with major cities.
6. Ports: There is an international port with multipurpose general cargo berth and fully containerized service operations. It can accommodate over 50 ships in outer anchorage. Port has mechanized loading facility, an oil berth and general Cargo berth. Minor ports are also available along the river.
7. Power: Compared to the National pattern of industrial power consumption, the share of the industrial sector in the Goa power is much larger. The power supply situated is therefore more than comfortable for industrial users. Goa's per capita power consumption which is 690 kwh is good indicator to current power supply situation. Abundant power is available through central grid from super thermal power stations.
8. Water: Goa has just sufficient water for domestic as well as industrial uses. To cater for the future requirement the state Government has initiated the Selaulim Water Supply project.
9. Telecom: The Telecom facilities in Goa are on par with other metro cities in the country. Optical fibre provides high speed access to a wide range of Internet related services. Goa is the second State of the country to achieve 100% automatic telephone system, with a very good network of Telephone Exchanges.

GOA TOURISM

Goa is also known as the "Rome of the East", and is famous for tourism world-wide. Tourism constitutes the main source of Goan economy (Abreu, 2005). Renowned for its beaches, places of worship and world heritage architecture, Goa is visited by hundreds of thousands of international and domestic tourists each year. It also has rich flora and fauna because of its location on the Western Ghats range and therefore, is classified as a biodiversity hotspot (Goa, 2009).

MAIN ATTRACTIONS: (Guides, 2009)

- As already mentioned, two of the most notable locations within Goa are Panjim and Vasco da Gama. There are many other beach resorts in Goa that have become more famous among the tourists. In these resorts water sports and bamboo beach shack accommodation can be found. Then there are beaches of Baga and Calangute which attract tourists all throughout the year.
- The state has much more to offer than beaches, fishing, water scooters, windsurfing and scuba diving. In recent years, Goa has gained fame throughout the region for its many night-long open-air raves, which are particularly popular at both Anjuna and Vagator. Furthermore, tourist attractions in Goa include elephant rides, football matches at Margao's Fatorda Stadium, many wildlife sanctuaries, bullfighting, nightclubs, fine dining and pleasure boat cruises, where one can spot dolphins and porpoises.
- There are historical monuments in Goa from the 16th-century like the Se Cathedral, which features a mixture of Portuguese and Gothic-style architecture. Next to another beach called Candolim, there is Fort Aguada which is an old lighthouse boasting great views of the area. Then there are the remains of Chapora Fort, Goa's Cabo Palace (Raj Bahavan), Mormugao Fort and Terekhol Fort, which also attract tourists.
- Goa has a number of cultural attractions too like museums and local Indian art galleries. Highlights include the Archaeological Museum and Portrait Gallery, various artifacts and old photographs at Panjim's State Museum, weaponry exhibits at the Naval Aviation Museum, various antiques and carvings at the Museum of Goa Daman and Diu, and some impressive paintings at the Art Chamber, next to Calangute Beach.

EVIDENCES FROM THE EXISTING LITERATURE

Over the time Goa has seen a tremendous growth in infrastructure, tourist numbers, expansion of urban area and increase in revenue. The tourism businesses in Goa gained the status of a full fledged industry in the year 2000 (Abreu, 2005). There has been staggering increase in number of tourists over the years. In the year 2006-07 the number to tourists to Goa were 2,479,068 (IANS, 2009), which is more than double the population of Goa. Tourism contributes Rs.15 billion (3 million USD) in revenue to the state government, which is virtually 50 percent of the state's income (ibid, 2009). The picture might look all rosy, but there is another side to this story. There are a lot of concerns and worries about the developing tourism industry in Goa. These concerns pertaining to sustainability will be highlighted in the next section.

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99

MAIN ISSUES ABOUT GOA'S SUSTAINABLE TOURISM DEVELOPMENT

CARRYING CAPACITY

As already mentioned, the number of tourists arriving at Goa during a five month period of tourist season (October to March) is outrageous. This year 5 million tourists are expected. The authorities have taken no action; instead they are worried about building new infrastructure to accommodate the extra tourists flow. Nobody is even bothered to at least address this issue. As one of their Public Works Minister puts it, "Goa will be finished if more tourists come to the state. If instead of 400,000 tourists, five million come here, what is the future of Goans?"(IANS, 2009).As the tourist population outnumbers the local host population in tourists season; this places additional stress on coastal resources (Planet, 2005). "There is a huge need to examine the carrying capacity of the state," quotes a website (Study, 2004).

INFRASTRUCTURE

Goa has a poorly planned infrastructure. There are two versions to it. According to some Goa needs to develop more infrastructure and renovate the existing one to accommodate and cater to the needs and wants of tourists. Goa tourism development authority says that the pressure on their already existing infrastructure is more than double (GTDC, 2009). The people, mostly businesses, blame central (federal) government for not giving enough tax breaks to build the infrastructure. Goa chamber of commerce and industry spokesperson says, "There is nothing in the budget for Goa to cheer about. Though Goa ranks very high as an international tourist destination, there is hardly any tourism infrastructure"(Budget, 2009). There are others who feel that there should not be any further addition of infrastructure. Goa is amidst constructing another international airport. The reaction of many to this is negative. State home minister, public works department minister and others oppose the decision. One of the ministers quoted, "The number of tourists coming in from the present airport at Dabolim is enough. We do not need more tourists, this is clear" (IANS, 2009). Some even ask for the reassessment of the benefits tourism brings in for the state. Moreover, once Goa scales up its infrastructure to meet the demands that arise in the peak season, the facilities remain under-utilized in the off-season (Planet, 2005).

URBANIZATION

To ease pressure on the existing tourism destinations, Goa is converting agricultural and rural areas into new destinations like amusement parks, water parks and marinas. The President of the Trade and Tourism Association of Goa (TTAG) Ralph D'Souza says that they have to create more infrastructure in rural areas to help easing away tourism from already congested urban areas (IANS, 2009). This has caused a whopping increase in the price of land in rural areas. Land is abandoned for speculation, traditional systems of cultivation are converted and agriculture becomes a part-time activity by active workers who have shifted to the service sector (Planet, 2005). There has been an increase in the dependence on other states for agricultural produce consumed in Goa (Study, 2004). Around 57 % of households in Assagao and 50 % in Arpora and Parra – all villages near the coastal areas of Goa, with stakes in tourism business, have stopped cultivating their agricultural land (Planet, 2005).

ENVIRONMENT

Environmental issues deserve urgent attention. There are problems about proper solid waste management, air pollution, water stress, preservation of heritage, sewage treatment, dirty beaches, degraded dunes, in short there is a whole environment fallout. Absence of efficient public transport has increased the number of motorbikes and cars substantially, which in turn has increased environmental pollution (Planet, 2005).One of the biggest problems Goa confronts is the solid waste disposal. Even though the court had passed an order directing the coastal panchayats (Local Bodies) to collect, segregate and dispose of the garbage by building composting units and also to collect plastic waste for recycling, piles of waste still gets accumulated (TOI, 2009). The reason for this discrepancy is that the panchayats have not been seriously dealing with the garbage disposal problems (ibid, 2009). Over the years offshore casinos have also been dumping garbage into the rivers which has been drastically increasing the organic content in the water, polluting fish and other marine organisms (Health, 2009).

Also, the beaches of Goa used to be very clean with dense vegetation and magnificent dunes three decades ago, but the over-exploitation of the beaches for tourism-related activities has severely degraded the sand dune habitats (Planet, 2005).

Another study warns that "groundwater in coastal Bardez (a county) is stressed due to tourism-related activities. Groundwater quality has deteriorated due to indiscriminate disposal of human-generated waste, including disposal from septic tanks and cesspools. The bacterial and nitrate concentrations are quite abnormal in almost all the coastal stretches of Bardez."(Planet, 2005)

SOCIAL DEGRADATION

Except for Goa, there are no casinos in India. In Indian culture gambling is socially unacceptable. Goa harbors 6 offshore casinos. There are claims by local people that many families have lost their lands and money to gambling and therefore, hold tourism responsible. This is a classic case of demonstration effect. A website (Casino, 2009) quotes, "Local residents too have opposed these casinos describing them as a major eyesore". Others feel that such huge number of tourists have destroyed their culture as another website quotes people saying, "They (tourists) lie around nude on our beaches and practice and propagate free love and free sex. Drugs are an integral part of their relaxed way of life"(Courier, 2000). There have also been cases wherein locals were involved in child and drug trafficking, cases of prostitution, excessive drinking, illegal late night partying and others. Even government has admitted that Goa is in danger of replacing Bangkok as Asia's prime sex resort (Ram and Bhat, 2006).

ECONOMIC SITUATION

Though the officials claim that their economy is burgeoning, the locals feel that the benefits are generally reaped by outsiders. From 1990's, taxi drivers throughout Goa protest against private tour operators who conduct excursion trips for foreigners, claiming that it affects their livelihood.(Taxi, 2008). A study cites that 80% of workforce employed in hotels of Goa are not "residents of Goa" (Study, 2004). Furthermore, because of depletion in agricultural practices, Goa depends on the neighboring states for its food products. It is evident that there is a high leakage of the potential income that could have been generated and gone to local economy (Planet, 2005). Estimates also show that around 65 % of rent-backs are owned by non-resident Goans, 20-25 % by Goans from India's metropolises, and just 10-15 % by natives residing in Goa (ibid, 2005). For people of Goa, the concept of local living economy seems to be a distant dream.

SAFETY AND SECURITY ISSUES

Murders, rapes, stealing, import of narcotics are common in Goa. There is a major issue of security in Goa. There is a blaming game going on amongst tourists, locals and authorities. For example, the superintendent of police blames the rising crime graph of Goa on the excise department for allowing bars to remain open till late in the night and says that foreigners themselves should be careful while traveling (Police, 2009). Tourists complain that police officials are not cooperative. Recent years have shown an increase in the number of crimes. Some of the unsolved recent cases include a British tourists rape and murder (Feb-2008), missing Pakistani student (Dec-2008), homicide of a Russian Teenager (Feb-2009) and others. Safety of tourists has become a major issue in this mass tourist destination of India. There are also other concerns which even though are not problems at the moment but if not checked can become hazards like Diseases from immigrant workers -AIDS and HIV, waterborne diseases from untreated water seeping into the main water bodies and disposal of biomedical hazardous solid waste.

EVALUATION OF SUSTAINABILITY

Concern for sustainable development is gaining importance day by day. The whole world seems to be aware of the concept. According to McIntosh, Goeldner and Ritchie (1995), "The concept of sustainable development has achieved prominence and acceptance in recent years and hopefully, it will permeate all levels of economic development and tourism development, from local to global in the future." If almost everybody is aware of sustainable tourism development, does that imply that all tourism destinations are sustainable? To get some perspectives about whether or not destinations are sustainable, an evaluation of a case study of Goa will be helpful.

In order to evaluate sustainability of Goa Tourism, two frameworks will be used. The first framework is a simplified description of the sustainable development spectrum, on which different sustainability positions and their defining characteristics have been briefly explained (Harris et al, 2002). The second framework is called Prism of sustainability, which evaluates case studies using four dimensions important in sustainable development viz- Institutional, environmental, social and economic (Berg, Bree and Cottrell, 2004, Adapted: Spangenberg and Valentine, 1999). Both the frameworks will be used simultaneously. A matrix (grid) will

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   100
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be formed (Table- 1). One side of the grid (Horizontal axis) will show the sustainability positions which can range from very weak to very strong and the other side of the grid (Vertical axis) will display the four dimensions of prism of sustainability. To indicate the sustainability position of a particular variable (Four Dimensions) of the case study, a check mark (X) will be made. In other words, a check mark will tell us where a particular variable of our case study stands against sustainable positions.

TABLE – 1: SUSTAINABILITY POSITIONS

	Very Weak	Weak	Strong	Very Strong
Institutional	X			
Social		X		
Environmental	X			
Economic		X		

(Row group labeled: Sustainability Dimensions)

DISCUSSION OF THE GRID

The matrix indicates that Goa ranks very low on the sustainability chart. The author evaluates the destination as being non- sustainable. To explain each position of the dimensions on sustainability spectrum, let us look at each one of them.

1. **INSTITUTIONAL DIMENSION:** As explained in issues and concerns, the law and order situation in Goa is extremely bad. Security of tourists is the main concern. The rules and regulations are not followed, be it about waste disposal by panchayats (Local governing bodies) or dumping garbage in rivers by casinos. According to a website, "Offshore casinos in Goa do not conform to the definition of the term "offshore" accepted by the global shipping community, which is 12 nautical miles from the shore"(Casino, 2009). Then there is no participation of local community in decision making. Locals are hardly involved. The case of local taxi drivers demanding closure of Tour Operator's facility of transportation to tourists has been looming on for a decade. This shows a 'very weak' stand of institutional framework in Goa.

2. **SOCIAL DIMENSION:** Looking at the social degradation issue, one can easily put this dimension of sustainability in the very weak category on sustainability spectrum. However, the fact the author did not come across any case of social discrimination, injustice to local community or a crime against indigenous population, made this dimension stand on a ' weak' sustainability position rather than 'very weak' position. This does not imply that Goa 's society is well off socially, culturally and economically, a lot needs to be done for total social up gradation.

3. **ENVIRONMENTAL DIMENSION:** Here, the author strongly believes that Goa stands on a very weak position on environmental front. There are hundreds of websites which provide details of what has been happening to the environment in Goa. Studies and researches have shown that the situation of Goa's natural environment is atrocious and the total ecology is in grave danger. Though there are laws to protect the environment, like the Environment Protection Act of 1986, The Coastal Regulation Zone (CRZ) of 1991 and also the regulatory bodies like Goa State Pollution Control Board (GSPCB) to implement these laws, nothing substantial is achieved. As mentioned above, the institutional dimension lacks sustainability and both of these dimensions are closely inter connected. Therefore, this could be one of the reasons for environmental dimension to be at a 'very weak' sustainability position.

4. **ECONOMIC DIMENSION:** This dimension takes on a position of 'Weak'. Though the findings indicate that Goa is not sustainably developed and should get a position of 'very weak' on sustainability position spectrum, some of the economic developments have upgraded the position from 'very weak' to 'weak'. For example, the construction of new international airport in north Goa can reduce the pressure on old airport in south Goa. This can provide employment to the locals. Moreover, as mentioned earlier 50 % of the revenue in the state comes from tourism industry. A study has shown that the structure of the tourism industry in north Goa involves a wide range of small indigenous family businesses (Wilson, 1998). There is another side to it too. As mentioned in the issues, there are many incidences which show how poorly the economic set up of Goa is functioning e.g; local youth are not given preference when applying for a job, leading to local unemployment. Instead, many non residents benefit more than the locals. Then there is leakage in local economy through imports from neighboring states. All these issues and many more indicate that Goa lands on a 'weak' position on sustainability spectrum.

METHODOLGY

The study is empirical in nature. The scope of the study extends to tourism sector of Goa state. A sample size of 50 was taken by using simple random sampling. The data was collected both from   primary as well as secondary sources. A questionnaire was framed on the basis of factors of sustainable tourism development in order to collect the primary data. The secondary data was collected from internet, journals, books, magazines, unpublished thesis etc. Statistical tools like descriptive statistics, mean, median, mode etc. were applied in the study.

A Questionnaire comprising of twenty items was constructed. Four dimensions which were taken are Institutional, Social, Environmental and Economic. Five items were taken for each dimension. A four point scale was used ranging from very weak to very strong. The questionnaire was administered to both tourists and locals. The same questionnaire was used as an interview schedule in many cases. The responses were fed into a computer and using a statistical software package SPSS, the results were derived. On the basis of both the primary and secondary data a grid had been used to reflect the findings.

TABLE 2: SCALE RELAIBILITY (RELIABILITY STATISTICS)

Cronbach's Alpha	N of Items
.730	20

The above table indicates that Cronbach's Alpha Value is .730 which is above .7 and hence confirms the reliability of items used in the scale.

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101

TABLE 3: ITEM STATISTICS

	Mean	Std. Deviation	N
The law and order in Goa is upto the mark.	1.6200	1.08590	50
There are safety and security measures for the tourists	1.6200	1.08590	50
The tourist grievance redressal system is satisfactory	1.6200	1.08590	50
Tourism legislation is at par with world class tourism destinations	1.6200	1.08590	50
There is an effective public private partnership to enhance tourism development	1.6200	1.08590	50
Demonstration effect is visible among the local population	2.3000	.73540	50
Locals face shortage in the essential commodities during peak tourist season	2.4800	.73512	50
There is an effective local community participation	2.4800	.73512	50
Locals show resentment against tourists	2.4800	.73512	50
The social fabric gets disturbed as a result of tourism	2.4800	.73512	50
Tourist inflow is regulated in regard to the carrying capacity	1.3400	.68839	50
Tourism results in the pollution of the environment	1.5000	.95298	50
There are laws to protect environment	1.5000	.95298	50
There is a provision in the budget for the investment in mitigating pollution	1.5000	.95298	50
Innovative measures are taken for the protection of environment while developing tourism	1.5000	.95298	50
The infrastructure is appropriate	2.5200	.81416	50
Locals are getting a due share in employment	2.3600	.69282	50
Money generated from tourism is well circulated within the local economy	2.3600	.69282	50
Environmental degradation	2.3600	.69282	50
While providing tourism related services there is a visible leakage	2.3600	.69282	50

ANALYSIS AND INTERPREATION

TABLE 4: THE LAW AND ORDER IN GOA IS UPTO THE MARK.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very weak	36	72.0	72.0	72.0
	weak	3	6.0	6.0	78.0
	strong	5	10.0	10.0	88.0
	very strong	6	12.0	12.0	100.0
	Total	50	100.0	100.0	

Interpretation: In the above table, 72 % of the respondents showed their responses as very weak regarding the law and order situation in Goa, 6 % of the respondents showed their responses as weak, 10 % of the respondents showed their respondents as strong and 12 % of the respondents showed their responses as very strong. (Refer to annexure)

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT   102

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FIG. A

The law and order in Goa is upto the mark.

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TABLE 5: DEMONSTRATION EFFECT IS VISIBLE AMONG THE LOCAL POPULATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very weak	3	6.0	6.0	6.0
	weak	34	68.0	68.0	74.0
	strong	8	16.0	16.0	90.0
	very strong	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

Interpretation: In the above table, 6 % of the respondents showed their responses as very weak regarding the demonstration effect in Goa, 68 % of the respondents showed their responses as weak, 16 % of the respondents showed their respondents as strong and 10 % of the respondents showed their responses as very strong. (Refer to annexure)

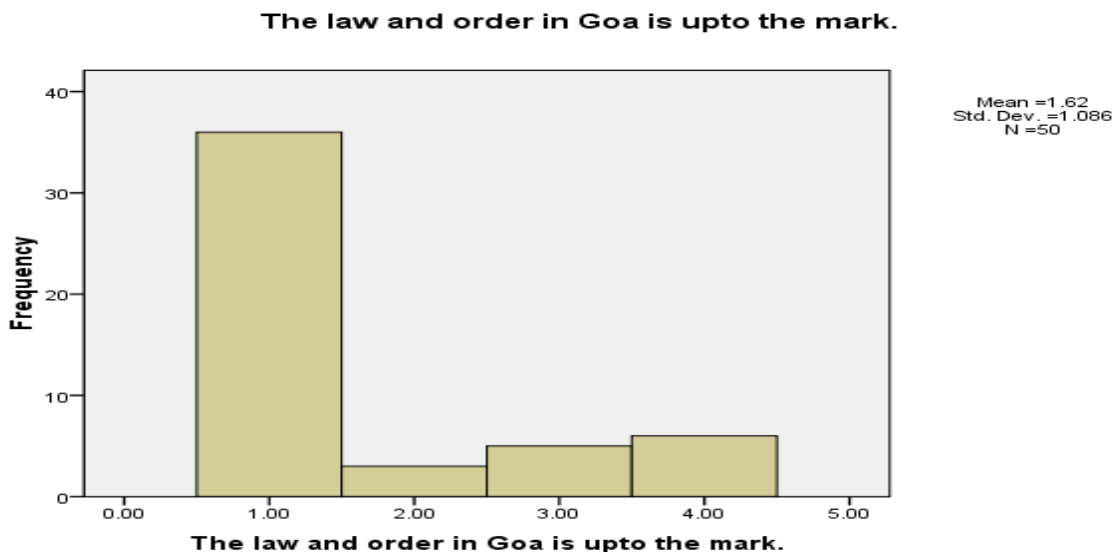## CONCLUSION

After evaluating the case study of Goa, it can be concluded that sustainability in Goa tourism industry is at a very early and fragile stage. Though the concept of sustainability in Goa is not new but everybody- locals, tourists, authorities and non-residents seem to ignore it. It is a fact that one cannot know everything about sustainability, but the author argues that one at least knows the basics- like not littering the place, not disposing off garbage into fresh and clean water bodies, recycling, etc. All these things have to start at a unit level which in our case is an individual. Proactive, instead of a reactive, attitude is what is the need of the hour. Starting with one individual, a whole community can be involved. If not huge, but significant difference can be made. While local people can 'propagate' sustainable tourism development, authorities can 'ensure' sustainable tourism development. This evaluation of Goa brought to light various discrepancies on behalf of the authorities at local, regional and national levels. From security and safety issues, environmental deterioration, health hazards and social evils to economic downturn, cultural degradation and infrastructural problems- all can be dealt with if authorities play an active role. Active action and participation of authorities in all activities is of the utmost importance. Ensuring following of proper rules, regulations and laws will promote proper order in the state. Involvement of locals in decision making, provision of financial assistance to locals, employing more locals and promoting local economy will form a huge chunk of sustainable tourism development and this has to be done with proper planning and management by authorities.

In nutshell, an integrated approach to sustainability, which involves all- tourists, businesses, locals and authorities, has to be launched and executed. Each one of us, has to develop a conscious behavior which works towards a sustainable world, as McIntosh et al (1995) puts it, "If it (sustainability) is to work, sustainable development must become a normal way of thinking and acting by a majority of the global community. It cannot be the exclusive purview of the enlightened segments of a society or of an industry."

RECOMMENDATIONS

1. No doubt that every nation is in the process of increasing the tourist flow to their destinations. But one should not over utilize resources. Goa is being over-exploited. The state is in urgent need of environment impact assessment. The first step that the authorities should take is to reassess the carrying capacity of the region.
2. Lawlessness is rampant. The state is not at all safe for anyone. Authorities are playing blaming games. The Central (Federal) Government should intervene and take stringent actions against the local authorities who have showed no improvement on law and order situations in Goa. Furthermore, special units like CBI (Central Bureau of Investigation) should have a presence in the state in order to deal with complicated crime rings.
3. For the deteriorated beaches, an ecolabel certification is recommended. None of the beaches in Goa have the international certification of 'Blue Flag'. This will provide many benefits like employment to local community, and the most important thing is that the beaches will surely remain clean with clear waters.
4. Casinos need to be shut down. Not only do these casinos dump their untreated waste in rivers but also they don't conform to the rules of keeping away at a distance of more than 12 nautical miles from the shores. Moreover, gambling has caused social and cultural degradation. Indigenous people are loosing their ethnicity, their land, their morals to gambling. The authorities do claim that the revenue from these casinos is tremendous, but the losses weigh more.
5. Panchayats (local bodies) should be made aware of the impacts solid waste causes on environment. Through proper communication and educational programs awareness has to be generated. Those who don't follow the procedures should be reprimanded.
6. Businesses should be encouraged to follow green practices. Principles of 'travel ecology' and 'green globe' certification can be introduced, so that businesses can take a sustainable development path and at the same time get encouraged to do so as these principles also help in increasing profits.
7. A law should be passed which ensures that the employment opportunities in both public as well as private sector should be available to local community. At least 70 % of the jobs should be reserved for the residents of Goa. This will have many benefits. Locals understand their surroundings well. This will help in better tourist experiences, less conflicts, economic benefits to locals and better management of natural resources.

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www.ijrcm.org.in
103

8. Making tourists aware of the sensitive local culture so that locals don't feel threatened by foreigners. Foreigners should be educated about the acceptable norms in local community. Excessive drinking and lying nude on beaches should be prohibited.

9. Instead of buying more motorbikes and cars and complaining about public transport, biking culture should be introduced. Not only will this save energy resources and cut cost but it will also reduce air pollution drastically. The government should follow some successful examples like Bike Fort Collins.

10. The problem of solid waste management is huge. Even the authorities claim that solid waste has become difficult to deal with. They have hired private consultants too. What is needed is to cut the problem at the source which means reducing the production of solid waste. More recyclable materials should be encouraged. Disposable should be used in minimum. Composting of organic waste should be promoted.

11. Scientific methods of planning and managing tourism industry should be utilized. Programs like VIM (Visitor Impact Management), VERP (Visitor Experience and Resource Protection framework), VAMP (Visitor Auditing Management and Planning), LAC (Limits of Acceptable Change) should be used in assessing the state's tourism industry.

12. Rural areas should not be developed to ease pressure on main tourist hubs. This has caused a loss of indigenous agricultural practices. Instead, a proper plan should be put to practice which limits the number of tourists in peak season. For example, the tourist flow can be diverted to neighboring beach resorts of other states like Maharashtra and Karnataka. Locals should be encouraged to cultivate agricultural crops. A 'local living economy' will promote sustainability.

13. To encourage local entrepreneurship, Goa residents should be provided financial incentives and subsidies. The recent budget of 2009 does not have these provisions. The authorities are content with foreign direct investments but they don't realize the consequences. Financial assistance to locals will allow money to circulate locally thereby improvising the condition of local economy.

14. Lastly, change in promotion of Goa as a hip and happening beach bash to a clean, clear and pristine beach resort is very much needed. This change in advertising strategy will encourage ecologically conscious tourists to visit Goa instead of simply partying groups. This is also a way of helping Goa in attaining sustainable development.

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104

ANNEXURE

QUESTIONNAIRE

A brief preview of the Questionnaire (Interview Schedule) that was administered is given below. It will be pertinent to mention here that twenty statements were included. Five statements were taken for each dimension.

Institutional

1. The law and order in Goa is upto the mark.
2. There are safety and security measures for the tourists
3. The tourist grievance redressal system is satisfactory
4. Tourism legislation is at par with world class tourism destinations
5. There is an effective public private partnership to enhance tourism development

SOCIAL

1) Demonstration effect is visible among the local population
2) Locals face shortage in the essential commodities during peak tourist season
3) There is an effective local community participation
4) Locals show resentment against tourists
5) The social fabric gets disturbed as a result of tourism

ENVIRONMENTAL

1) Tourist inflow is regulated in regard to the carrying capacity
2) Tourism results in the pollution of the environment
3) There are laws to protect environment
4) There is a provision in the budget for the investment in mitigating pollution
5) Innovative measures are taken for the protection of environment while developing tourism

ECONOMIC

1) The infrastructure is appropriate
2) Locals are getting a due share in employment
3) Money generated from tourism is well circulated within the local economy
4) Environmental degradation
5) While providing tourism related services there is a visible leakage.

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105

CUSTOMER SATISFACTION WITH SERVICE QUALITY: AN EMPIRICAL STUDY OF PUBLIC AND PRIVATE SECTOR BANKS IN TIRUPATI REGION

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ABSTRACT

Customer service is an integral part of any facet of banking and it defines the future of any banking organization. In India, this realm has undergone vast changes induced by regulatory and competitive forces and the banking industry has undergone revolutionary changes since 1991. For a service sector like banking industry, the whole range of activity and generation of income swivels around the customer. It is necessary to identify the key success factors in the banking industry, in terms of customer satisfaction keeping in view the increasing market size and intense competition. This study compares customers' perceptions of service quality of public and private banks of Tirupati region. The service quality of both the banks has been measured using SERVQUAL (service quality) scale. SERVQUA scale was used to determine different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF (service performance) dimensions (tangibility, reliability, responsiveness, assurance and empathy) on customer satisfaction. It was found that customers of public sector banks are more satisfied with the service quality, than those of private sector banks.

KEYWORDS

Consumer Satisfaction, Service Quality, Public Sector Banks, Private Sector Banks.

INTRODUCTION

In the first decade of the 18th century, banking in India originated (in 1786) with The General Bank of India followed by Bank of Hindustan. Both these banks are now defunct. The oldest bank in subsistence in India is the State Bank of India (SBI) which was established as 'The Bank of Bengal' Calcutta in June 1806.

By the 1900s, the bank market expanded with the establishment of banks like Punjab National Bank (PNB) in 1895 in Lahore and Bank of India in 1906 in Mumbai. Since 1935, the RBI formally took on the responsibility of regulating the Indian banking sector.

The banking industry in India has undergone revolutionary changes due to liberalization and globalization measures initiated since 1991. This measure, along with the rapid growth in the Indian economy has transformed the banking sector in India, with strong contribution from government, private and foreign banks. Deregulation, entry of private players, increased competition, technological blend and attitudinal transformation among bankers have made banks sensitive to customers' needs and satisfaction.

For a service sector, the whole range of activity and generation of income swivels around the customer. It is necessary to identify the key success factors in the banking industry in terms of customer satisfaction, keeping in view the increasing market size and intense competition. This revelation would help players in this industry to meet customer expectations. For delivering quality service, it is vital to have customer orientation as a bank culture. Customer orientation builds long-term relationships leading to customer satisfaction and cash flow to the bank.

This paper attempts to understand the dimensions of SERVQUAL, which will ensure maximum customer satisfaction. This study compares customers of public sector and private sector banks in terms of their SERVQUAL perceptions. For this purpose, the study uses the service performance (SERVPERF) scale which was developed by Cronin and Taylor (1992).

SERVICE QUALITY PERCEPTIONS: THEORETICAL FRAMEWORK

Service quality is defined as "a global judgment or attitude, relating to the overall superiority of the service" (Parasuraman et al., 1988, p. 16). Service quality is a focused evaluation that exhibits the customer's perception of: reliability, assurance, responsiveness, empathy and tangibles. Satisfaction is influenced by perceptions of service quality, product quality and price as well as personal and situational factors.

SERVICE PERFORMANCE MEASURES

A SERVQUAL measure designated SERVQUAL was developed by Parasuraman et al. (1985, 1988 and 1991). This measure states that the customers' assessment of overall SERVQUAL is established by the degree and direction of the gap between their perceptions and expectations of actual performance levels. The perceived SERVQUAL can be illustrated as:

PERCEIVED SERVQUAL= CUSTOMER PERCEPTIONS - CUSTOMER EXPECTATIONS

SERVQUAL has been used to measure SERVQUAL in various service settings, viz., banks, hotels, dental clinic, insurance companies, health care organizations, telecommunications, etc. The scale has been used extensively in India to measure the quality of services provided by retail stores (Kaul, 2005), telecommunications companies (Madhavaiah, 2005), hospitals (Oeshpande, 2006), hotels (Siva Kumar and Srinivasan, 2003) and fast food restaurants (Jain and Gupta, 2004).

However, the SERVQUAL scale has been criticized for its validity and reliability. In the empirical work, Cronin and Taylor (1992 and 1994) demonstrated that the measures of SERVPERF perform better than SERVQUAL. Hence, this study used SERVPERF in measuring banking service.

OBJECTIVE

The objective of the study is to identify the dimensions of SERVQUAL that ensures maximum satisfaction for customers in the banking sector. Accordingly, this hypothesis is proposed:

HYPOTHESIS: Superior service quality performance in certain dimension(s) ensures maximum customer satisfaction in banking industry.

RESEARCH METHODOLOGY

This study is based on a survey conducted in Tirupati region. Primary as well as secondary data were collected. The theoretical foundation of the study is based on various secondary sources such as texts on service quality, articles, quality magazines, article features and published and non-published papers. For the purpose of the study, a questionnaire was designed on 5 point Likert scale, where '1' represents highly dissatisfied and '5' represents highly satisfied, and respondents were asked to respond to the statements in the SERVQUAL scale. Public sector, private sector and foreign banks operating in Tirupati region form the universe of the study. Two public sector banks-SBI and PNB-and two private sector banks – ICICI and Axis were selected for the study. The study is based on the assumption that all banks belong to the same category. This categorization was based on the responses of the customers.

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www.ijrcm.org.in

106

100 questionnaires were distributed, out of which 90 were usable. Forty fiver customers belonged to public sector banks and 45 belonged to private sector banks. The demographic details of the respondents are represented in Table 1. Chi-square test is used to find a significant difference among bank groups regarding service performance.

FINDINGS AND ANALYSIS

SAMPLE CHARACTERISTICS

The demographic profile of the respondents is presented in Table 1. Although there were differences between the two samples of public sector and private sector bank customers, there were also some similarities.

TABLE I: DEMOGRAPHIC PROFILE OF THE RESPONDENTS			
Bank Type	**Public Sector**	**Private Sector**	**Overall**
Sex			
Male	48.4	51.6	72.7
Female	54.2	45.8	27.3
Martial Status			
Single	42.9	57.1	15.9
Married	51.4	48.6	84.1
Age			
Under 30 years	36.4	63.6	12.5
31-40 years	21.4	78.6	47.7
41-50 years	85.7	14.3	31.8
51 years above	100.0	0.0	8.0
Qualification			
Graduate	64.4	35.6	67.0
Post Graduate	20.7	79.3	33.0
Profession			
Student	36.4	63.6	12.5
Service Class	53.6	46.4	63.6
Business Class	33.3	66.7	13.6
Housewife	66.7	33.3	10.3
Monthly Income			
Dependent	50.0	50.0	22.7
Below Rs. 15,000	22.2	77.8	10.2
Rs. 15,000-25,000	51.0	49.0	58.0
Above Rs. 25,000	75.0	25.0	9.1

MEASURE VALIDATION

The next step of analysis dealt with how well the SERVPERF measures exhibited reliability when used in banking services of public and private sector in Tirupati region. Individual measures were subjected to a reliability analysis in accordance with predicted SERVPERF dimensions. Using coefficient alpha (Cronbach, 1951) and on analysis, all the dimensions reflected acceptable reliability; the alpha values of all the measures were greater than 0.7 (Table 2), the cutoff recommended by Nunnally (1978) for the basic research. Hence, the reliability analysis predicted the trust worthiness of the data obtained from the questionnaires.

TABLE 2: CRONBACH'S COEFFICIENT ALPHAS FOR SERVPERF DIMENSIONS		
Dimension	**Cronbach's Alpha**	
	Private Sector Bank	**Public Sector Bank**
Tangibility	0.73	0.77
Reliability	0.81	0.84
Responsiveness	0.74	0.76
Assurance	0.88	0.83
Empathy	0.84	0.79

SERVPERF MEASURES

The respondents of public and private sector banks were asked to evaluate the quality of services provided by the respective banks in which they held accounts utilizing the overall measures and various SERVPERF scale items. The results are summarized in Table 3. The individuals of public sector bank sample are highly satisfied with the bank service in comparison to the individuals of private sector. The highly rated factors in private bank sample compared to public bank sample were - Employees are well-dressed and neat (Mean = 3.64), service promises are kept (Mean = 4.12), employees are always willing to help customers (Mean = 3.08) and timely bank statements (Mean = 3.56). The highly rated factors in public bank sample compared to private bank sample were-the bank statement gives complete information (Mean = 4), the bank service keeps records accurately (Mean = 4.12), and the employee knows what your needs are (Mean = 3.96). In particular, there was an interesting contrast between samples on assurance and empathy dimensions. For the three statements measuring assurance dimension, public bank samples evaluated banks services more favorable than the private bank samples. Similarly, in the empathy dimension of service quality, the public bank sample was more favorable-than the private bank sample. The t-test value (-0.63) reveals that customers of public sector banks are more satisfied with the quality of the services in comparison to the private sector banks. However, in both the cases, the level of satisfaction is not on the higher side and the level falls in above average. The two statements measuring the empathy dimension (t-value: -2.25 and -3.1) evaluated the SERVQUAL of public sector banks more favorably than the private sector banks. Correspondingly, there was a noticeable difference in the rating of the statement "employees are well-dressed and neat of tangibles(t-value 3.11) and the statement "the bank service of sending time a measuring responsiveness (t-value 2.84) of private and public sector services. Private bank customers rated the respective statements of two dimensions higher than the public bank customers.

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107

TABLE 3: SERVPERF MEASURES-RESULTS OF THE T-TEST			
Variables	**Mean**		**t-value**
	Private Sector	**Public Sector**	
Overall			
I am satisfied with the service of the bank	3.60	3.76	-0.63
Tangibles			
The bank's premises is visually appealing	3.72	3.40	1.36
The bank service has up-to-date equipment	3.60	3.76	-0.71
Employees are well-dressed and neat	3.64	2.90	3.11
Pamphlets are clear and give complete information	3.36	3.28	0.31
The bank statements gives complete information	3.88	4.00	-0.43
Reliability			
The bank service keeps promises	4.12	3.96	0.63
The bank service of handling customer problems	3.32	3.28	0.17
The bank service keeps time	3.08	2.72	1.38
The bank service keeps records accurately	3.84	4.12	-1.11
Responsiveness			
You receive prompt service from the bank	3.24	3.32	-0.29
Employees are always willing to help customers	3.08	2.88	0.70
The bank service of sending timely bank statement	3.56	2.68	2.84
Assurance			
Employees are polite	3.28	3.44	-0.54
Employees are eager to instill confidence	2.90	3.04	-0.31
Employees are courteous	2.96	3.04	-0.25
Empathy			
The bank service provides best interest at heart	3.04	3.60	-2.25
Employees know what your needs are	3.12	3.96	-3.10

CHI-SQUARE ANALYSIS

A chi-square analysis was performed on each sample to determine the impact of SERVPERF on customer satisfaction with banking services. The results are summarized in Tables 4 and 5. It is evident from Table 3 that the chi-square calculated value (43.6) is higher than the table value at 5% level of significance. Hence, the SERVPERF dimensions have an impact on the satisfaction level of private banks sample.

TABLE 4: IMPACT OF SERVPERF ON CUSTOMER SATISFACTION- RESPONSES OF PRIVATE BANKS SAMPLE						
Level of Satisfaction	**SERVPERF Dimensions**					
	Tangibility	**Reliability**	**Responsiveness**	**Assurance**	**Empathy**	**Total**
High	73	58	25	21	20	**197**
Medium	46	30	37	35	15	**163**
Low	6	12	13	19	15	**65**
Total	**125**	**100**	**75**	**75**	50	425
Note: Chi-square calculated value = 43.6, Table value = 15.5 (5% level of significance).						

TABLE 5: IMPACT OF SERVPERF ON CUSTOMER SATISFACTION-RESPONSES OF PUBLIC BANKS SAMPLE						
Level of Satisfaction	**SERVPERF Dimensions**					
	Tangibility	**Reliability**	**Responsiveness**	**Assurance**	**Empathy**	**Total**
High	57	49	26	28	32	**192**
Medium	49	34	27	22	13	**145**
Low	19	17	22	25	5	**88**
Total	**125**	**100**	**75**	**75**	50	425
Note: Chi-square calculated value = 23.2, Table value = 15.5 (5% level of significance).						

It can be seen from table 4 that the SERVPERF dimensions have an impact on the satisfaction level of a public bank sample, as the computed chi-square value (23.2) is higher than the table value at 5% level of significance.

SUGGESTIONS

In the emerging competitive environment and IT era, with little or no distinction in the product offerings, it is the quality of service that sets one bank apart from another. The results of the study indicate that tangibility and reliability provides maximum satisfaction to customers of private as well as public sector banks. The banks need to focus on other dimensions of SERVPERF such as responsiveness, assurance and empathy which play an important role in service quality. Superior SERVQUAL performance will ensure maximum customer satisfaction and also help in attaining customer's loyalty. Improved customer satisfaction through SERVQUAL would result in a positive word-of-mouth and consequently better customer acquisition and retention.

LIMITATIONS

The limitation associated with this study is that the sample is taken only from four banks, i.e., two public sector and two private sector banks. This is done in consideration of the limited number of private banks available in tirupati region. The sample size is 100, as there are only two public sector banks (SBI and PNB) with a major market share and limited private sector banks with minor market share. Hence, the sample size was 50 each for public sector and private sector banks. Future research needs to examine a wider sample extending to maximum number of public and private sector banks.

Second, the time period of this study was during the recovery post recession phase of the business cycle, where the organizations were focusing on cost cutting. The performance of the bank services may be different during growth.

Third, this study considered the influence of two factors (tangibles and intangibles) on customer satisfaction in banks. There might be other situational factors like advertising, price, and repurchase intention and word-of-mouth recommendation. Subsequent empirical research should look at the impact of these factors on customer expectations (Zeithaml et al., 1993).

Fourth, the results obtained through the study relate to only those respondents chosen through convenience sampling, and since the profile of the sample is not a model of actual market share of different public and private sector banks in India, this study should be seen as giving a direction for future research and

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generalization from this study to a wider population of retail banking industry should be done with some caution. Also, in order to measure customer satisfaction, overall satisfaction and SERVQUAL measures have been considered. Service loyalty as an after effect of satisfaction could be added as an additional variable for further research.

CONCLUSIONS

Customer service is an integral part of any facet of banking and it defines the future of any banking organization. In India, this realm has undergone vast changes induced by regulatory and competitive forces and the banking industry has undergone revolutionary changes since 1991. For a service sector like banking industry, the whole range of activity and generation of income swivels around the customer. It is necessary to identify the key success factors in the banking industry, in terms of customer satisfaction keeping in view the increasing market size and intense competition. The service quality of both the banks has been measured using SERVQUAL (service quality) scale. SERVQUA scale was used to determine different dimensions of service quality and chi-square analysis was used to understand the impact of SERVPERF (service performance) dimensions (tangibility, reliability, responsiveness, assurance and empathy) on customer satisfaction. It was found that customers of public sector banks are more satisfied with the service quality, than those of private sector banks.

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109

GREEN BANKING: A UNIQUE CORPORATE SOCIAL RESPONSIBILITY OF INDIAN BANKS

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JAIPUR

ABSTRACT

This paper analyzed the evolution of green banking concepts in Indian banking and its developments in Indian banks. Indian Banks are now becoming more conscious on CSR and one of the main CSR is green banking. Banks are the real catalysts, as they are having big hand in development of economy, so Indian banks can play big role in implementation of green banking in India. The study is divided in two parts, one studied the growth of green banking among banks and other studied the awareness about the activities done by selected banks at Jaipur, 10th largest banking center in India. The study concluded that only few of Indian banks have adopted green banking and financed some of green banking based projects. There is negligible awareness of green banking among bank staff and customer. Along with increase of their banking business, banks can enhance their overall image and can serve for the community and earth.

KEYWORDS

Carbon business, Corporate Social Responsibility, Green Banking, Green Marketing.

INTRODUCTION

CSR AND INDIAN BANKS

Indian banking has traveled from non- nationalization phase to nationalization phase, then after two reforms stages have strengthen. It is only due to RBI regulation and supervision it have remained crisis proof from global financial crisis. After reforms in 1992 Indian banking have adopted integrated approach of CSR with customer satisfaction voluntarily. From the year 2004 to 201 all Indian Banks are doing societal marketing under CSR. All PSU, Private and Foreign banks have implemented CSR and doing societal marketing to not only customer satisfaction but also to increase performance and image among stakeholders.

CSR MEANING

CSR was coined by Bowen in 1953 when he raised the question on business people on responsibility towards society. Then after A.B Carroll has studied CSR elaborately and widen the scope of CSR in business organizations. CSR involves the management toward good work for community. CSR has been identified as a tool to contribute Indian banking bottom line and also ensure its long term sustainability. It is a form of corporate self-regulation with a social flavor integrated into banking business. Under CSR banks normally earmark responsibility for the impact of their activities on Environment, Consumers, Employees, Communities, Stakeholders, all other members of the public sphere. All above responsibility are integrated in the CSR model of banking at all over world. Indian banking is gradually coming to realize that there is need for a shift from the '**profit, profit and profit motive to 'planet, people and profit'** orientation for sustainable development in the long run. Studies over the recent have revealed the organizations involved in CSR activities continued to sustain for much longer durations than those not involved in CSR activities. Carroll (1999) has advocated CSR and provided CSR pyramid presenting company's social obligation as comprising economic, legal, ethical and philanthropic responsibility. Carroll (1991) has also studied all above factors and suggested that all organizations actively engaged in programs to promote human welfare and goodwill.

CSR MODEL IN INDIAN BANKING

In Indian context very little systematic documentation of CSR initiatives is available so far. The study done by Business Community Foundations of TERI (The Energy and Resources Institute) is the only work done under CSR. RBI has also directed Indian banks through his notification in December, 2007 to undertake CSR initiatives for sustainable development. RBI also asked banks to begin non-financial reporting. Non-financial reporting is a system whereby organizations report their activities especially those pertaining to environmental, social and economic accounting. Banks can easily implement CSR as they are life-line of whole economy. After RBI directions, most of the Indian banks have adopted CSR and integrated it as a part of corporate management strategy. CSR is mainly shaped at Head office and implemented throughout respective banking operations. They have implemented it as image building tool and marketing tool to retain existing customers and attract potential customers. Reserve Bank of India(2007) stated that CSR entails the integration of social and environmental concern by companies in their business operations and also integration with their stakeholders.

The CSR model shown in figure 1, has integrated all stakeholders and environment. This model is implemented by big banks and they have adopted best CSR practices according to model. Indian Banks have adopted CSR to achieve goals:

1) Image makeover
2) Building Relationship
3) Accountability
4) Maximizing Gains
5) Maximizing profits
6) Long Term sustainability

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110

FIGURE 1: CSR MODEL IN INDIAN BANKING

CSR PRACTICES

CSR was adopted by most of the bank during 2005 and main types of CSR practices are:

1. Rural Development	2. Woman Empowerment	3. Poverty Eradication
4. Community Welfare	5. Vocational Training	6. Education and Employment

The main CSR activity adopted by bank is rural development and other practices are the part of rural development itself. There are two types of CSR program implemented by most of the bank to achieve their objectives under CSR, they are Financial Inclusion and Green Banking Initiatives. Green Banking is the unique CSR that has been emerged in 2009.

CSR PRACTICES

CSR was adopted by all banks from the year of 2005 and main types of CSR practices are Rural Development, Woman Empowerment, Poverty Eradication, Community Welfare, Vocational Training, Education and Employment, **Green Banking.**

OBJECTIVES OF STUDY

The main objectives of this study are to find out;

- Demographic study of Jaipurites for banking
- Green banking evolution in India and its approach in Indian banks.
- Awareness of bank customer about green banking

RESEARCH METHODOLOGY

The study was conducted at Jaipur, one of the largest banking centers in India. It is 11th largest city in the country with total population is 23 million. The number of banks working at Jaipur is 44 with 384 numbers of branches. At Jaipur 6048 number of persons is catered by one branch. Jaipur ranked at 11 position in deposits and 9 in Credit by RBI (as on September,2010). The study was conducted with sample of 275 different customers of 11 large banks operating at Jaipur.The 25 customers were selected on random basis from each bank. The names of banks are SBI, PNB, SBBJ, BOB, ICICI Bank, HDFC Bank, Axis Bank, Bank of Rajasthan, CitiBank, HSBC and Standard Chartered. This group includes 4 PSU, 4 Private and 3 Foreign banks. To collect data interview based questionnaire was prepared and respondent were asked to fill while they are visiting their bank.

REVIEW OF LITERATURE

Suresh Chandra Bihari and Sudeepta Pradhan (2011) have attempted to map the corporate social responsibility practices of major players in the Indian Banking and found that CSR has positive impact on the performance and image of the bank. Their stud has reflected that due to increase of CSR activities among Indian banks, the work done for society has passed to corporate and enhance their value.

Lynette M. McDonald and Sharyn Rundle- Thiele (2008) have suggested that managers have to understand the CSR and its impact on the customer satisfaction. They have studied the gaps in the CSR and its total impact on the performance and outcome for the organizations.

Nishi Sharma (2009) has studied the CSR in Indian Banking and said that in the developed countries have incorporated CSR in their annual budget but in the developing countries it is under root and it must be grown for the benefit of communities and for environment. This CSR will lead to sustainable development and performance will increase in the long run. She concluded that due to absence of stringent compliance and regulations Indian banking has not adopted the CSR in full sprit. But some of bank have adopted CSR as marketing tool to increase loyalty of customers. She has analysed the CSR practices and its reporting in the Indian Banking.

Pravakar Sahoo and Bibhu Prasad Nayak (2008) have studied that in a globalised economy, the industries and firms are vulnerable to stringent environmental policies, severe law suits or consumer boycotts. Since banking sector is one of the major stake holders in the Industrial sector, it can find itself faced with credit risk and liability risks. Further, environmental impact might affect the quality of assets and also rate of return of banks in the long-run. Thus the banks should go green and play a pro-active role to take environmental and ecological aspects as part of their lending principle, which would force industries to go for mandated investment for environmental management, use of appropriate technologies and management systems.

GROWTH OF GREEN BANKING

The most important themes of twenty first century are the Environmental protection and sustainable ecological balance and it become a important issue that must be considered by all functional areas including banking. Green banking involves environmental and social responsibility. This word is new in Indian banking and it appeared in 2009 when there were concern on environment conservation and it was realized that banks can play a big role in this movement. Green Banking encompasses a wide variety of banking services. The banks are providing finance to primary metallurgical industries, paper and pulp, pesticides /

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Insecticides, fertilizers, chemical / pharmaceuticals, textiles etc and bank may play a big role by scrutiny of investment projects from the environmental angle. Banks are now started to obtain NOC from respective state pollution control board. Many banks are promoting online banking services as a form of green banking. Benefits of online banking include less paperwork and less driving to branch offices by bank customers. Green banking also reduces the expenditure of bank and branch by minimizing the use of paper work and mailing fees.

Thus green banking not only important for environmental point of view but also mitigate the credit risk, legal risk and reputation risk. Following are the few banks who have adopted green banking in their banking business:

RBI-CENTRAL BANK OF INDIA

RBI is very attentive on this issue and notified all commercial banks on the issues of CSR, Sustainable development and non-financial reporting and advised all banks must incorporate these issues in their banking business. Though RBI has advised but only few banks have started green banking. In-spite of all instructions by RBI, regulator Indian banking is far behind than global counterparts. Except one or two banks from private or foreign banks are participating in "Financial Times Sustainable Banking Awards". In 2009, only YES bank, NABARD and SIDBI from India have participated in this award. Recently some banks have adopted measures for reducing carbon emissions, as India has committed to reduce its carbon intensity by 20-25 % from 2005 levels by 2020. Some of the banks have initiatives in this sector. The details of these banks are as under:

STATE BANK OF INDIA

SBI has launched green banking policy and set up windmills in Tamil Nadu, Maharashtra and Gujarat to generate 15 MW power. This is the first bank in India which is in green banking and promoting green power projects. SBI has launched Green Housing or Green Home project to support projects those will be environment friendly. In this scheme bank offer various concessions- reduced margins, lower rate of interest and zero processing fee. These loans will be sanctioned for projects rated by Indian Green Building Council (IGBC).

ICICI BANK

ICICI bank has made tie up with Bombay Natural History Society to sensitize projects related with wildlife biodiversity, projects suiting environment. Bank is offering 50 % concession on fuel efficient car models. Bank has also assisted a company in the development of eco-friendly air- conditioner, these will consume only 35 % power based on compressor based technology.

INDUSIND BANK

IndusInd bank has installed first ATM based on solar power at Mumbai. Bank has green banking under name "Hum Aur Hariyali" and also prepared Green Office Manual.

UNION BANK OF INDIA

Union bank of India has decided to undertake an electrical energy audit annually. Bank has also installed solar water heaters at various facilities.

YES BANK

Bank has started 'Planet Earth' project to create awareness in local communities surrounding their bank branches. The themes of this project are pollution prevention, recycling and minimizing waste, conserving energy, conserving water and improving sanitation and cleanliness.

GREEN BANKING AT JAIPUR CITY

Data was collected from 227 sampled bank customer and their responses were analyzed as per table below:

DEMOGRAPHIC PROFILE

TABLE 1.1: GENDER PROFILE OF JAPURITES

Gender	Public		Private		Foreign		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Male	76	34.08	82	36.77	65	29.15	223	100
Female	24	46.15	18	34.62	10	19.23	52	100

Source: Field Survey

Table 1.1 shows that out of 275 customers 223 are males and 52 are females. This shows that 81% of male Japurites are having their bank relationship while only 19% female Jaipurites have bank relationship. The banking at Jaipur is male dominate one. Private banks are the favorite of Male Jaipurites as 36% are banking with private banks, while 34% are banking with Public Sector Banks (PSBs) and 29% are banking with foreign banks. Female Jaipurites (46%) are banking with PSBs while only 19% female are dealing with foreign banks.

TABLE 1.2: AGE PROFILE OF CUSTOMERS

Age	Public		Private		Foreign		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Below 25 years	19	50.00	12	31.58	7	18.42	38	100
25- 35 years	23	25.84	37	41.57	29	32.59	89	100
36- 45 years	39	35.14	40	36.04	32	28.82	111	100
46 - 60 years	14	48.28	9	31.04	6	20.68	29	100
Above 60 years	5	62.50	2	25.00	1	12.50	8	100

Source: Field Survey

Table 1.2 shows that 40 % of Jaipurites, who are in the age in between 36 to 45 years, have their bank relationship. While 32 % young Jaipurites from age 25 to 35 are also having bank account. This shows that banking is mainly utilized by young Jaipurites. 50% customers belongs to age group below 25 years mainly dealing with PSBs. 41% of Jaipurites from age 25 to 35 mainly banking with private banks, while only 25% of the same age group are dealing with PBSs. Jaipurites who are above 60 years are mainly banking with PSBs as 62% of Jaipurites are dealing with PSBs but this percentage is only 12% in foreign banks.

TABLE 1.3: RELIGION PROFILE OF CUSTOMERS

Religion	Public		Private		Foreign		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Hindu	82	32.93	94	37.75	73	29.32	249	100
Muslim	12	70.59	4	23.53	1	5.88	17	100
Others	6	66.67	2	22.22	1	11.11	9	100

Source: Field Survey

Table 1.3 shows that 90% of Hindu is having bank account while only 6% of Muslims are having bank account. 37 % Hindus are banking with private banks while Muslims (70%) are only banking with PSBs. 66% of other religion such as Sikh, Christians are mainly banking with PSBs. Foreign banks are least preferred by Muslim as only 5.88% Muslims have bank account in foreign banks.

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112

TABLE 1.4: EDUCATION PROFILE OF CUSTOMERS

Education	Public		Private		Foreign		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Sen. Secondary	12	100	0	0	0	0	12	100
Graduate	48	55.17	21	24.14	18	20.69	87	100
Post graduate	28	27.18	52	50.49	23	22.33	103	100
Professional	10	14.08	27	38.03	34	47.89	71	100
Illiterate	2	100	0	0	0	0	2	100

Source: Field Survey

Table 1.4 shows that 94% customers are well educated and belong to education background above senior secondary. 37% of customers are post graduate and out of these customers 50% customers are dealing private banks. While 555 of graduate customers are banking with PSBs. Customers who are senior secondary are 100% dealing with PSBs. 47% of the customers with professional education are mainly dealing with foreign banks followed by private banks (38%). These banks are the preferred by professional customers. Only 14% professional customers are maintaining their accounts in PSBs. Illiterate customers are dealing with PSBs only.

TABLE 1.5: OCCUPATION PROFILE OF CUSTOMERS

Occupation	Public		Private		Foreign		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Salaried	35	39.77	39	44.32	14	15.91	88	100
Self- employed	3	75	1	25	0	0	4	100
Professional	25	28.74	31	35.63	31	35.63	87	100
Business	21	27.27	27	35.06	29	37.66	77	100
Retired	7	87.5	1	12.5	0	0	8	100
Housewife	9	81.82	1	9.09	1	9.09	11	100

Source: Field Survey

Occupation is a predominant factor that reveals the customer's social class, life style and willingness to buy & ability to buy because it provided income which influences the purchases capacity. Table 1.5 shows that majority of customers belong to three category viz. salary, professional and business. 32% of bank customers are salaried one and 31% from professional occupation. 28% customers are from business occupation. Only 4% of housewives have their bank account. 44% salaried customers are maintaining their salary account in private banks followed by PSBs (39%). Foreign banks have only 15% salary accounts. 75% self-employed customers are mainly dealing with PSBs followed by private banks. Foreign banks are least preferred by self employed customers. Customers who are in professional occupation are equally served by private and foreign (35%) banks followed by PSBs (28%). Businessmen prefer to have their accounts in private and foreign banks. 37% of businessmen are banking with foreign banks followed by private banks (35%). Retired Jaipurites prefer to have their accounts in PSBs only as 87% of retired Jaipurites are banking with PSBs. They don't have any account in foreign banks. Housewives are mainly dealing with PSBs as 81% of housewives are maintaining account in PSBs. They give least preference to open account in private and foreign banks.

TABLE 1.6: INCOME PROFILE OF CUSTOMERS

Annual Income (In Rs.)	Public		Private		Foreign		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Less than 1 Lakh	14	87.5	2	12.5	0	0	16	100
1 – 2 Lakh	28	49.12	27	47.37	2	3.51	57	100
2 – 3 Lakh	39	35.78	42	38.53	28	25.69	109	100
3 - 5 Lakh	12	15.19	27	34.18	40	50.63	79	100
Above 5 Lakh	7	50	2	14.29	5	35.71	14	100

Source: Field Survey

Table 1.6 shows that 39% of customer's annual income is in between 2 lac to 3 lac and 28% customer's annual income is in between 3 lac to 4 lac. The study shows that 14% customers whom income is less than one lac are mainly dealing with PSBs. Such customers give least preference to maintain their account in private and foreign banks. Customers which belong to income group ranges from 3 lac to 5 lacs, 50% of such customers are maintaining their account in foreign banks. 50% of the customers whom income is above 5 lacs give preference to PSBs. Table 1.6 show that PSBs are mainly preferred either by lower income group or by higher income group. While private banks are mainly preferred by middle income group customers.

TABLE 1.7: GREEN BANKING AT JAIPUR

Name of Activities	Public		Private		Foreign		TOTAL	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Green Banking Finance	0	0	2	0.727	1	0.364	3	1.091
Plantation	82	29.8	30	10.91	3	1.091	115	41.82

Source: Field Survey

Plantation: Most of the bank at Jaipur is conducting plantation program in the rainy season to save our environment. This is main CSR activity of Jaipur operated banks. They plant trees, grass at local gardens, schools or colleges. Table 1.7 shows that Public sector Banks are more CSR conscious as 30% respondents rated their banks for plantation.

Green Banking Finance: Table 1.7 shows that there is negligible awareness about green banking products and services. PSBs are nil in green banking finance, only some private and foreign banks have implemented green banking but there is also little scope. Banks have to design green banking products and market these products to increase awareness to save our Earth.

GREEN BANKING STRATEGIES

Indian Banks can adopt green banking as business model for sustainable banking. Some of following strategies little reflected in their banking business or must be adopted by banks.

1. **Carbon Credit Business:** Under the Kyoto Protocol, all nations must reduce green house gases emission and reduce carbon to protect our environment. These emission must be certified by Certified Emission Reductions (CERs) ,commonly known as carbon credit. The Indian Bank may start this business as in London the business of carbon credit is around 30 billion Euro.

2. **Green Banking Financial Products**: Banks can develop innovative green based products or may offer green loans on low rate of interest. As Housing and Car loan segments are the main portfolio of all banks so they adopt green loans facility. SME loans on the basis of National Environmental Policy and its certification ISO 14000.

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113

3. **Paperless Banking**: All banks are shifting on CBS or ATM platform, also providing electronic banking products and services. So there is ample scope for banks to adopt paperless or lee-paper banking. Private and foreign banks are using electronics for their office correspondence but still in PSU banks they are using huge paper quantity.

4. **Energy Consciousness**: Banks have to install energy efficient equipments in their office, use CFL and avoid mis-utilization of these equipments. Banks have to transform this green banking in Hardware, waste Management in office, Energy efficient Technology products. Banks can **Donate Energy Saving Equipments to school, hospitals etc.**

5. **Using Mass Transportations Systems**: Banks have to provide common transport for groups of officials posted at one office.

6. **Green Buildings**: Banks have their residential houses, branches or ATMs, so bank may adopt green building to protect our environment.

7. **Plantation**: Most of the banks at Jaipur are conducting plantation program in the rainy season to save our environment. They plant trees, grass etc at local gardens, schools or colleges and shows that banks are very careful about environment.

MARKETING OF GREEN BANKING

Indian Banks can transform green banking for marketing of other products and services or launch green banking based products and services. Their marketing team can easily transform green banking and offer save earth based products. In marketing dept one of officials must be assigned these duties and he has to conduct all type of promotional activities to market green banking. Most of the banks have circulated internal circular to implement green banking but the bank staff are not aware or they are not accountable for this.

CONCLUSION

The study concludes that in-spite of a lot of opportunity in green banking, RBI notifications, Indian banks are far behind in the implementation of green banking only some of banks have initiated towards green banking. There is more scope for all banks and they can not only save our earth but can transform the whole world towards energy conscious. Banks must literate their customers about green banking and adopt all strategies to save earth and build banks image.

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115

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