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AN INQUIRY INTO THE PRODUCTIVITY OF INDIAN PHARMACEUTICAL INDUSTRY: APPLICATION OF DATA ENVELOPMENT ANALYSIS

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ABSTRACT

Pharmaceutical industry is an important and significant industry in India. The common practice by experts, would-be investors and stakeholders of a pharmaceutical firm is to observe the year-end or quarterly financial figures of a firm and then use them to assess firm's future growth and competitive standing against rivals. However, over the past few years, there is a strange environment in which paid consultants and scamsters are making false and conflicting claims about the performance and future growth of the companies. The researchers, however, by means of Data Envelopment Analysis (DEA) have attempted to get past all this by benchmarking the companies based on the conversion of input to outputs. The advantage of using DEA is that by simply using the figures from the financial reports, it brings a more rigorous quantitative analysis to make a comparison of the peers with the best virtual firm in their neighborhood. The technique itself may suggest measures for improvement. It is illustrated in the analysis by observing the slacks and targets about various companies from pharmaceutical sector i.e., decision making units (DMU).

KEYWORDS

DEA, input-output, Pharmaceutical.

1. INTRODUCTION

1.1 INDUSTRY PERSPECTIVE

The pharmaceutical industry has been one of the success stories of India. The reasons are many including; that good quality essential drugs are now available at affordable prices to the vast population of the country, which is not so affluent. The Indian pharmaceutical companies are also competing with some of the best names in the global markets. The industry is capital-intensive and intellectual in nature and is in the front rank of India's science-based industries. India's pharmaceutical industry is currently the 3rd largest in the world in terms of volume and 14th in terms of value. Reason for this lower value share lies in the fact that in India, the cost of drugs ranges from 5% to 50% less as compared to the developed countries. The March 2012 estimates peg sales from pharmaceuticals to go from 11 billion US\$ currently to 74 billion US\$ by 2020. The increasing population of the higher-income group in the country will open a potential \$ 8 billion market by 2015*. Besides this, the report said that the domestic pharmaceutical market is likely to touch \$20 billion by 2015, making India a lucrative destination for clinical trials for global giants.

The accelerated growth over the years has been fuelled by exports to more than 200 countries with a sizeable share in the advanced regulated markets of US and Western Europe. 40% of the world's active ingredient requirement is met by India.

Pharmaceutical industry in India ranks very high in terms of technology, quality and range of medicines manufactured. Many different medicine varieties are now made domestically by Indian industries. The industry has made significant progress in creation of required infrastructure, meeting global needs for supply of quality medicines and active pharmaceutical ingredients (APIs), as also entering into the highly opportune area of contract research and manufacturing (CRAM) and clinical trials. Export of pharmaceutical products from India showed a compounded annual growth rate (CAGR) of 21.25% during three consecutive years ending 2008-09 but grew only by 13% in 2009-10¹.

India tops the world in exporting generic medicines worth of \$11 billion. According to a report published by PricewaterhouseCoopers (PwC) in April 2010, India will join the league of top 10 global pharmaceuticals markets in terms of sales by 2020 with the total value reaching \$ 50 billion. The sector is estimated to have so far created 4.2 million employment opportunities with more than 20,000 registered units. Despite the fragmentation and price competition, the leading 250 pharmaceutical companies control 70% of the market with the leader holding nearly 7% of the market share. India currently exports drug intermediates, APIs, Finished Dosage Formulations (FDs), bio-pharmaceuticals, clinical services to various parts of the world. High quality medicines at attractive prices can easily be found in India and because of this cost of medical treatment is low promoting medical tourism. Apart from all that an increase in demand of special drugs and the niche demand for Ayurvedic drugs is also expected to rise with the current union Tourism Minister Subodh Kant Sahai recently announcing desire to double the number of tourists by promoting medical and wellness tourism.

1.2 THREATS AND CHALLENGES

Competing pharmaceutical companies have several similar bio-equivalent products in the same market manufactured at facilities that have been approved by the highest regulatory authorities. All of them stay focused on the same markets resulting into price decrease (therefore price sensitivity is tested) and margins get eroded. The challenges are greater for those Indian manufacturers who have similar production facilities. It is also common to find managers with similar talents and experiences in the industry.

1.3 POLICY ATTRACTIVENESS

FDI up to 100% is permitted for the manufacture of drugs and pharmaceuticals with some restrictions². The Patents Act, 2005 (Amendment to The Patents Act, 1970), introduces product patent regime for food, chemical and pharmaceutical products and made it TRIPs compliant. It has helped in making the environment favorable for MNCs to operate in India.

Consolidation is likely in the fragmented Pharmaceutical industry due to recent legislation and policy updates. Good Manufacturing Practices (GMP) outlined in Schedule M to the Drugs and Cosmetics Rules are also being revised. Manufacturing units are required to comply with the WHO and international standards of production³.

¹Facts and figures correspond to as reported in annual reports of GlaxoSmithKline, Ranbaxy, Cipla.(2009-10, 2010-11) and Asia-Pacific Business & Technology report October 2011 and Corporate catalyst India 2012 report.

² provided the activity does not attract compulsory licensing or involve the use of recombinant DNA technology and specific cell/tissue targeted formulations

Given the perspectives, threats and challenges and policy attractiveness of pharmaceutical sector, it is worthwhile to study different companies and analyze them. This will help practicing managers and investors to benchmark companies. Within a firm also, decision makers will need some targets in terms of inputs and outputs, which are well-defined and set the pace and direction of their subsequent decisions.

2. OBJECTIVE

2.1 AN ATTEMPT TO EFFECTIVELY EVALUATE THE PHARMACEUTICAL SECTOR BY FOCUSING ON INPUT-OUTPUT RELATIONSHIP

The current available reports on pharmaceutical sector seem to be lacking in the focus on the input and output relationship of the companies that they study. However this is also an important parameter to judge success and failure of Pharmaceutical firms over the years (Mazumdar and Rajeev, 2009)[1].

2.2 ISSUES WITH CURRENT BENCHMARKING METHODS SUCH AS FINANCIAL MULTIPLES/RATIOS

The financial multiples/ratios approach is focused on taking performance of a firm on a particular date. There is a tendency to come up with better numbers so as to get preference of investors and stakeholders both inside and outside the firm. In the process many financial jargons may take shape and structure with layers and layers of falsified information. It results into confusion among the investors and they may not be able to take appropriate decisions. For the decision makers in the firms also, it is a challenge to get a well-defined target so that they can channelize their efforts operationally. DEA on the other hand finds out the performance level of the firm by converting inputs to outputs. The factors (both input and output) which make the firm efficient do get known in the process. This helps the decision makers in the in-efficient firms in setting the targets for their managers.

3. DATABASE AND FIRMS

3.1 FIRMS TO INCLUDE

The common practice followed while selecting firms was to see whether they had an overall market capitalization above the median for all the firms for whom the data was available. As per the records of Sectoral Companies on Economic Times intelligence group (ETIG) as on 25 Jun 2012 the firms which did not have a minimum market capitalization of 1000 crore rupees were rejected. Also firms which did not have records for financial year 2010-11 on Capitaline⁴ were rejected.

3.2 FIGURES USED

The various inputs and output headings were taken from Capitaline database and Economic Times intelligence group report available online.

4. PERIOD OF STUDY

The data was collected for the period 2010-11 from the various data sources as mentioned above. The above period for the study was chosen as latest financial results for the year 2011-2012 are not available.

5. METHODOLOGY

5.1 DATA ENVELOPMENT ANALYSIS (DEA)

DEA is a linear programming technique that produces a best practices frontier composed of efficient DMUs. (Farrell 1957) [2] attempted to measure the production efficiency in a single input and output model. His work was further extended to multi input and output model by (Charnes, Cooper and Rhodes 1978) [3] who coined the term DEA. This technique involves use of linear programming to solve a set of inter-related problems to determine the relative efficiency of DMUs. Hence the first DEA model was developed by (Charnes, Cooper and Rhodes 1978)[3]. A DMU is efficient if there exists no other DMU or linear combination of DMUs that produces the same vector of output with a smaller vector of inputs (in the input-oriented model) or produces a larger vector of outputs with the same vector of inputs (in the output-oriented model).

DEA has several desirable features that make it preferable to other performance measurement techniques such as traditional ratio analysis and Stochastic Frontier Analysis. First, being non parametric in nature, DEA does not require the specification of an a priori, well-defined functional form for the particular production process being analyzed. This "flexibility" makes it particularly useful when it is impossible to determine the mode in which a set of resources (inputs) are employed in combination to realize a multiplicity of products (outputs). Second, DEA permits the simultaneous management of more than one input and output because of its capacity to maximize the relationship between a "virtual" output and a "virtual" input; appropriately weighted sums of the vectors of inputs and outputs typical of pharmaceutical activity. Third, depending on the particular model selected, DEA can distinguish technical inefficiency from scale and scope inefficiency, since each firm is compared to a peer group homogeneous in terms of size and product mix. DEA has proven to be a popular technique for performance analysis in general. (Charnes, Cooper and Rhodes 1978)[3] define efficiency by reference to the orientation selected: (i) output orientated model, a DMU is not efficient if we can change outputs without increasing inputs or decreasing any other output; and (ii) input orientated model, a DMU is inefficient when we can decrease inputs without increasing other inputs and without decreasing any output. The pharmaceutical sector, in this regard, has a series of characteristics that make it particularly suitable for study through DEA: Its multi-input and multi-output nature, the non-linearity of its input-output relationships, the non-physical nature of some fundamental resources and products, and the impossibility of drawing on market prices for some of them. (Charnes, Cooper and Rhodes CCR 1978)[3] suggested an input oriented model under the assumption of constant returns to scale. Let us take N DMUs (Decision making units) whose efficiency has to be compared. Let kth be the reference DMU and its efficiency can be found by solving the following CCR model (Charnes and Cooper 1962), (Charnes et.al 1978), (Coelli 1996)[4][3][5]:

$$\text{Max } z = \sum_{r \in S} u_{rk} * y_r;$$

Subject to;

$$\sum_{i \in M} v_{ik} * x_i = 1;$$

$$\sum_{r \in S} u_r * y_{rj} - \sum_{i \in M} v_i * x_{ij} \leq 0; \text{ for every } j$$

$$u_r, v_j \geq 0, \text{ for every } r, i$$

This model aims at deriving the values of the weights i.e. v_i and u_r (res being the total number of outputs) i.e. the input and output weights of the n DMUs in such a manner so that the efficiency of the kth DMU is maximized subject to the condition that the efficiency measure for other DMUs with same weights are less than or equal to one.

If the efficiency score comes out to be 1, then the firm is said to be efficient and lies on the efficiency frontier. Otherwise the firm is relatively inefficient. In order to find the efficiency score for other firms, such mathematical model has to be formulated separately for each firm. (Banker, Charnes and Cooper 1984)[6] proposed that this basic CRS model can be extended to variable returns to scale i.e. VRS model by adding the convexity constraint to it as shown below where the convexity constraint variable is unrestricted and declared free of the non-negativity constraint.

$$\text{Max } z = \sum_{r \in S} u_{rk} * y_r + u_0;$$

³ The TRIPS agreement of the WTO is also noteworthy of being mentioned here as the Doha declaration 2001, President's Emergency Plan for AIDS Relief (PEPFAR) 2003, and subsequent revisions of the agreement have led to changes in the role patents played in maintaining high drug costs, export of drugs and drugs for dealing with public health crisis.

⁴<http://www.capitaline.com> is a reputed online database.

Subject to;

$$\sum_{i \in m} v_{ik} * x_i = 1;$$

$$\sum_{r \in s} u_r * y_{rj} - \sum_{i \in m} v_i * x_{ij} + u_o \leq 0; \text{ for every } j$$

$u_r, v_j \geq 0$, for every r, i, u_o is unrestricted

This paper uses the BCC VRS model to analyze the performance of Indian Pharmaceutical Firms. Building on the ideas of (Farrell 1957)[2], here (Charnes, Cooper & Rhodes 1978)[3] applies linear programming to estimate an empirical production technology frontier for the first time

5.2 INPUTS AND OUTPUTS

We are using the following Outputs and Inputs for comparing different firms:

| Outputs | Inputs |
|----------------|-----------------------------------|
| Sales Turnover | Employee Cost |
| Excise Duty | Other Manufacturing Expenses |
| Net Sales | Selling & Administration Expenses |
| Other Income | Miscellaneous Expenses |

6. EMPIRICAL ANALYSIS

There is an attempt here to analyze the relative efficiencies of the top pharmaceutical companies of India for the year 2010-11. The below are the findings of the empirical analysis where we have used the BCC VRS DEA model with multi stage calculation of slacks.

6.1 EFFICIENCY SUMMARY

The findings of the data envelopment analysis given in Exhibit 1 suggest that there are 14 and 19 firms out of the 26 selected which are lying on the efficient frontier and have the optimal utilization of resources by the constant returns to scale and variable returns to scale efficiencies respectively. This means that under the more realistic assumption of VRS, 5 firms which had CRS inefficiencies shifted on the efficient frontier. We can also observe the scale efficiencies. From the research of the literature done by prior investigators we know that a unit is scale efficient when any change in its size of operations will lead to undesirable change in its efficiency. The scale efficiency can be estimated from the CRS efficiency by dividing it with the VRS efficiency. The closer the firm is to 1 i.e. the highest permissible efficiency the lesser is the scope for improvement by changes in the scale of the operations of the firm. Hence the firm must improve its technical efficiency in order to improve its overall VRS efficiency. Technical efficiency can be improved by a review of the technology which the supposed virtual firm is using and how far can we go to adopt the technology which the firms constituting the virtual firm are using. Dual scores given by DEA also guides us to understand how much of each firm's contribution to technology we can consider which means that it will give the managers direction to understand how much of each firm to study and try to match its new implementation with the peer firm. Peer firms have been explained in more detail in section 6.3. From Exhibit 2 the dual scores are available for the inefficient firms upon solving the DEA linear program. Attention Directing has been attempted in the paper when DEA solutions are intended as a guide to managerial action (e.g. goal setting) or policy making, it is important to recognize that the calculated improvements in input and/or outputs are indicative of potential performance increases by DMU,s located below the efficient frontiers. In a sense, the DMU-specific solutions should be used as an attention directing device.

6.2 SUMMARY OF INPUT TARGETS

The Exhibit 2 has the changed and suggested levels for Inputs. The decision makers of the firm can take the input targets as suggestions to scale up or scale down there specific size. This can help the firm get closer to a maximum permissible scale efficiency of 1. This is because although these are very similar firms but still they operate on different technologies but nevertheless they provide a starting point and give basic idea for the direction and extent of change required to achieve operational efficiency.

6.3 SUMMARY OF PEERS

According to the DEA technique it is possible for a pharmaceutical firm (DMU) to become efficient if it achieves exceptionally better results in terms of one output but performs below average in terms of other outputs. An easy way to test these kinds of efficient units is by identifying the peers for inefficient units. As per the understanding of the researchers the term peers is used in the context that if the inefficient DMU was to scale up or scale down its inputs according to the suggestions then it can come in the vicinity of the virtual firm and hence be considered "an equal" or a "peer" to the constituent firms in its neighborhood. If the unit is genuinely efficient it is expected, that there are some inefficient units in its vicinity so that it is considered a peer for these inefficient units. However if the unit is not a peer for any efficient unit its best performance is questionable. See Exhibit 3.

6.4 DISCUSSIONS AND CONCLUSION

The efficiencies of the companies that we have tried to compare and contrast in this paper present interesting facts. The DMUs that are performing well show inefficiencies and the not so well performing DMUs show higher inefficiencies which can be attributed to the fact that efficiencies change over time (Srinivas Talluri 2000)[7]. By "doing well" the researchers mean in terms of performance against competitors in their respective markets (i.e., market capitalization) and not in the conversion of inputs to outputs which DEA is concerned with. This is attributable in part to the fact that a firm's performance is governed by both the interactions with micro and macro environment and also on the relationship that it develops with its supply chain partners. This fact is key to a good performance as the recent news report highlight the importance of marketing representatives influence on the drugs which are prescribed by the doctors.

There is also evidence both from the analysis and outside sources which suggest that the benefits of technological improvement are decreasing. (Boldrin and Levin 2005)[8] suggest that the technology operated by the pharmaceutical industry – the manufacturing method, used to make the medicines and provide them to ultimate consumer; meet the conditions of constant returns to scale. That is, the cost of the hundredth batch of medicine is about the same as that of the first. So the old assumption that a new technology platform for testing drugs will simplify the process and bring long-term benefits to the pharmaceutical industry has now lost its validity. Hence the policy suggestions that would help the industry to gain global dominance are that apart from the FDI cap removal it can give tax benefits on R&D because the benefits from that are decreasing. Exports need to be stressed more.

The analysis can also be used by investors and venture capitalists and the like to select which firms to invest in.

7. SCOPE FOR FURTHER RESEARCH

7.1 ALTERNATIVE METHODOLOGY AND SELECTION OF FIRMS

The alternative approach could have been to select firms that are in the same risk class of the top firms. But in that case it would have been hard to find out firms as that will require a thorough analysis of the firms fundamentals to come up if they can be put in the same risk buckets or not.

7.2 ACCOUNTING FIGURES AND PRACTICES

The researchers have tries as far as possible to maintain similarity of the figures used. All facts were taken from recognized authentic sources. However for the lack of uniform measurements e.g. Financial year ending in March for some and December for others) and different accounting assumptions taken there would be some acceptable deviation from the actual figure. However as our technique does not take into account the production function used to convert inputs into outputs the effects of variations are reduced as more than half companies are from bulk pharmaceutical companies sector or the mass generic drugs sector of India.

7.3 ALTERNATIVE FORMULATIONS OF DEA

The formulation used by the researchers is a well-recognized and time tested. There are certain variables we have not looked at. A solution for that is to complement the current analysis with a model to take in consideration returns to scale and uncertainty.

8. EXHIBITS

EXHIBIT 1

| S. No. | Name of the Firm | CRSTE | VRSTE | SE |
|--------|------------------------------------|-------|-------|-------|
| 1 | Sun Pharmaceuticals Industries Ltd | 1 | 1 | 1 |
| 2 | DrReddys Laboratories Ltd | 0.543 | 1 | 0.543 |
| 3 | Cipla Ltd | 0.85 | 1 | 0.85 |
| 4 | Ranbaxy Laboratories Ltd | 0.602 | 1 | 0.602 |
| 5 | GlaxosmithklinePharma Ltd | 1 | 1 | 1 |
| 6 | Cadila Healthcare Ltd | 0.511 | 0.631 | 0.809 |
| 7 | Divis Laboratories Ltd | 1 | 1 | 1 |
| 8 | Wockhardt Ltd | 1 | 1 | 1 |
| 9 | Glenmark Pharmaceuticals Ltd | 0.68 | 0.708 | 0.961 |
| 10 | Piramal Healthcare Ltd | 1 | 1 | 1 |
| 11 | Torrent Pharmaceuticals Ltd | 0.59 | 0.671 | 0.879 |
| 12 | Sanofi India Ltd | 0.719 | 0.767 | 0.937 |
| 13 | AstrazenecaPharma India Ltd | 1 | 1 | 1 |
| 14 | Strides Arcolab Ltd | 1 | 1 | 1 |
| 15 | Pfizer Ltd | 0.847 | 1 | 0.847 |
| 16 | AurobindoPharma Ltd | 1 | 1 | 1 |
| 17 | Abbott India Ltd | 1 | 1 | 1 |
| 18 | Jubilant Life Sciences Ltd | 1 | 1 | 1 |
| 19 | Novartis India Ltd | 0.439 | 0.542 | 0.81 |
| 20 | Wyeth Ltd | 1 | 1 | 1 |
| 21 | FDC Ltd | 0.689 | 0.839 | 0.821 |
| 22 | Plethico Pharmaceuticals Ltd | 1 | 1 | 1 |
| 23 | Unichem Laboratories Ltd | 1 | 1 | 1 |
| 24 | Claris Lifesciences Ltd | 1 | 1 | 1 |
| 25 | NatcoPharma Ltd | 0.479 | 1 | 0.479 |
| 26 | Alembic Pharmaceuticals Ltd | 0.872 | 0.931 | 0.937 |

Note:

CRSTE = TECHNICAL EFFICIENCY FROM CRS DEA

VRSTE = TECHNICAL EFFICIENCY FROM VRS DEA

SCALE = SCALE EFFICIENCY = CRSTE/VRSTE'

EXHIBIT 2

| | Sun Pharma. | GlaxoSmith.P | PiramalHC | Abbott (I) | Jubilant Lif |
|-------------------------------------|-------------|--------------|-----------|------------|--------------|
| CadilaHealt | 325.96 | 70.57 | 23.12 | 248.55 | 9.97 |
| Employee Cost ⁵ | 80.11 | 20.08 | 5.89 | 78.43 | 3.79 |
| Other Manufacturing Expenses | 41.55 | 5.35 | 1.63 | 5.51 | 3.14 |
| Selling and Administration Expenses | 194.92 | 19.90 | 10.43 | 146.46 | 2.99 |
| Miscellaneous Expenses | 9.39 | 25.23 | 5.17 | 18.15 | 0.05 |

| | Divi's Lab | Piramal HC | Strides Arco | Abbott (I) |
|-------------------------------------|------------|------------|--------------|------------|
| GlenmarkPha | 75.39 | 45.20 | 48.27 | 187.41 |
| Employee Cost | 26.90 | 11.52 | 15.21 | 59.14 |
| Other Manufacturing Expenses | 13.84 | 3.18 | 4.79 | 4.15 |
| Selling and Administration Expenses | 29.30 | 20.39 | 24.64 | 110.43 |
| Miscellaneous Expenses | 5.36 | 10.11 | 3.64 | 13.69 |

| | Sun Pharma. | GlaxoSmith.P | Divi's Lab | Wockhardt | Abbott (I) |
|-------------------------------------|-------------|--------------|------------|-----------|------------|
| Torrent Phar | 145.51 | 40.88 | 92.42 | 20.25 | 182.38 |
| Employee Cost | 35.76 | 11.63 | 32.97 | 3.78 | 57.55 |
| Other Manufacturing Expenses | 18.55 | 3.1 | 16.96 | 0.83 | 4.04 |
| Selling and Administration Expenses | 87.01 | 11.53 | 35.92 | 5.23 | 107.46 |
| Miscellaneous Expenses | 4.19 | 14.62 | 6.57 | 10.4 | 13.32 |

⁵The target employee cost contribution from Sun Pharma (efficient firm) for Cadila (inefficient firm) was obtained by multiplying the dual score from solution of the VRS DEA linear program. The same was for the other efficient firms in the vicinity of inefficient firm and the gross input target for employee cost for the inefficient firm or in another understanding the virtual firm can be obtained by summing up the employee cost row. The same has been done for all firms and all other output targets respectively.

| | GlaxoSmith.P | Piramal | Abbott | Jubilant | Wyeth | PlethicoPhrm |
|-------------------------------------|--------------|---------|--------|----------|-------|--------------|
| Sanofi India | 28.73 | 6.35 | 153.09 | 82.98 | 89.49 | 5.48 |
| Employee Cost | 8.17 | 1.62 | 48.31 | 31.55 | 25.29 | 4.74 |
| Other Manufacturing Expenses | 2.18 | 0.45 | 3.39 | 26.14 | 5.54 | 0.11 |
| Selling and Administration Expenses | 8.1 | 2.86 | 90.21 | 24.84 | 55.98 | 0.52 |
| Miscellaneous Expenses | 10.27 | 1.42 | 11.18 | 0.45 | 2.69 | 0.12 |

| | Divi's Lab | PiramalHC | Strides Arco | NatcoPharma |
|-------------------------------------|------------|-----------|--------------|-------------|
| Novartis (I) | 45.61 | 1.16 | 73.49 | 46.25 |
| Employee Cost | 16.27 | 0.30 | 23.15 | 17.14 |
| Other Manufacturing Expenses | 8.37 | 0.08 | 7.29 | 9.68 |
| Selling and Administration Expenses | 17.73 | 0.52 | 37.51 | 15.42 |
| Miscellaneous Expenses | 3.24 | 0.26 | 5.54 | 4.01 |

| | Strides Arco | Jubilant Lif | Wyeth | PlethicoPhr | NatcoPharma |
|-------------------------------------|--------------|--------------|-------|-------------|-------------|
| FDC | 87.16 | 29.50 | 18.48 | 17.75 | 32.43 |
| Employee Cost | 27.45 | 11.22 | 5.22 | 15.35 | 12.02 |
| Other Manufacturing Expenses | 8.65 | 9.29 | 1.14 | 0.35 | 6.79 |
| Selling and Administration Expenses | 44.48 | 8.83 | 11.56 | 1.67 | 10.81 |
| Miscellaneous Expenses | 6.57 | 0.16 | 0.56 | 0.37 | 2.81 |

| | Sun Pharma. | Wyeth | Unichem Lab |
|-------------------------------------|-------------|--------|-------------|
| Alembic Pharma | 167.88 | 133.99 | 34.40 |
| Employee Cost | 41.26 | 37.86 | 9.48 |
| Other Manufacturing Expenses | 21.40 | 8.29 | 2.49 |
| Selling and Administration Expenses | 100.39 | 83.81 | 22.23 |
| Miscellaneous Expenses | 4.83 | 4.03 | 0.21 |

EXHIBIT 3

| Firm | Peers | | | | | |
|---------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Cadila Health | Sun Pharma. | GlaxoSmith.P | Piramal HC | Abbott (I) | Jubilant Lif | |
| GlenmarkPha | Divi's Lab | Piramal HC | Strides Arco | Abbott (I) | | |
| Torrent Phar | Sun Pharma. | GlaxoSmith.P | Divi's Lab | Wockhardt | Abbott (I) | |
| Sanofi India | GlaxoSmith.P | Piramal HC | Abbott (I) | Jubilant Lif | Wyeth | PlethicoPhr |
| Novartis (I) | Divi's Lab | Piramal HC | Strides Arco | NatcoPharma | | |
| FDC | Strides Arco | Jubilant Lif | Wyeth | PlethicoPhr | NatcoPharma | |
| Alembic Phar | Sun Pharma. | Wyeth | Unichem Lab | | | |

EXHIBIT 4

| Firm | Employee Cost | Other Manufacturing Expenses | Selling and Administration Expenses | Miscellaneous Expenses |
|--------------|---------------|------------------------------|-------------------------------------|------------------------|
| Sun Pharma. | 207.5 | 107.61 | 504.87 | 24.31 |
| Dr.Reddy's | 700.6 | 271.4 | 1,252.30 | 96.7 |
| Cipla | 445.6 | 538.84 | 913.03 | 120.44 |
| Ranbaxy Lab. | 859.2 | 313.08 | 2,716.96 | 3,838.53 |
| GlaxoSmith.P | 279.48 | 74.5 | 277.03 | 351.22 |
| CadilaHealt | 335.7 | 90.6 | 752.1 | 91.9 |
| Divi's Lab | 80.48 | 41.4 | 87.68 | 16.03 |
| Wockhardt | 154.31 | 34.08 | 213.51 | 424.58 |
| GlenmarkPha | 143.1 | 32.21 | 338.85 | 60.75 |
| Piramal HC | 144.92 | 40 | 256.55 | 127.12 |
| Torrent Phar | 211.08 | 64.78 | 368.19 | 73.14 |
| Sanofi India | 173.74 | 49.28 | 237.88 | 34.05 |
| Astrazen.Ph. | 148.15 | 9.17 | 142.79 | 7.06 |
| Strides Arco | 50.11 | 15.79 | 81.19 | 12 |
| Pfizer | 224.41 | 65.95 | 261.17 | 37.57 |
| AurobindoPh | 300.13 | 257.3 | 210.85 | 51.01 |
| Abbott (I) | 163.56 | 11.49 | 305.43 | 37.86 |
| Jubilant Lif | 173.18 | 143.5 | 136.33 | 2.45 |
| Novartis (I) | 104.89 | 46.97 | 131.32 | 28.44 |
| Wyeth | 54.46 | 11.93 | 120.56 | 5.79 |
| FDC | 84.9 | 31.24 | 92.16 | 23.17 |
| PlethicoPhr | 267.27 | 6.05 | 29.11 | 6.48 |
| Unichem Lab | 89.44 | 23.49 | 209.76 | 1.96 |
| Claris Life | 40.48 | 26.33 | 95.79 | 9.85 |
| NatcoPharma | 51.34 | 28.99 | 46.2 | 12.02 |
| Alembic Phar | 141.48 | 34.57 | 231.72 | 9.74 |

The Input data for chosen firms from our secondary data sources

EXHIBIT 5

| Firm | Sales Turnover | Excise Duty | Net Sales | Other Income |
|--------------|----------------|-------------|-----------|--------------|
| Sun Pharma. | 3,157.36 | 52.66 | 3,104.70 | 194.76 |
| Dr.Reddy's | 5,340.10 | 97.3 | 5,242.80 | 119.6 |
| Cipla | 6,183.87 | 48.71 | 6,135.16 | 298.72 |
| Ranbaxy Lab. | 7,609.23 | 19.05 | 7,590.18 | 446.2 |
| GlaxoSmith.P | 2,391.73 | 53.7 | 2,338.03 | 199.21 |
| CadilaHealt | 2,211.30 | 35.1 | 2,176.20 | 801.8 |
| Divi's Lab | 1,319.49 | 14.05 | 1,305.44 | 38.6 |
| Wockhardt | 1,740.85 | 3.98 | 1,736.87 | 85.13 |
| GlenmarkPha | 1,212.25 | 10.9 | 1,201.35 | 81.14 |
| Piramal HC | 827.02 | 12.58 | 814.44 | 16,895.93 |
| Torrent Phar | 1,747.41 | 3.27 | 1,744.14 | 66.47 |
| Sanofi India | 1,258.61 | 28.86 | 1,229.75 | 227.19 |
| Astrazen.Ph. | 605.34 | 11.83 | 593.51 | 6 |
| Strides Arco | 714.32 | 4.81 | 709.51 | 119.57 |
| Pfizer | 1,215.01 | 45.45 | 1,169.56 | 175.79 |
| AurobindoPh | 4,179.57 | 96.87 | 4,082.70 | 107.44 |
| Abbott (I) | 1,536.93 | 18.18 | 1,518.75 | 51.24 |
| Jubilant Lif | 2,277.70 | 76.81 | 2,200.89 | 29.58 |
| Novartis (I) | 710.07 | 1.66 | 708.41 | 100.59 |
| Wyeth | 653.03 | 16.55 | 636.48 | 23.12 |
| FDC | 707.1 | 10.79 | 696.31 | 31.89 |
| PlethicoPhr | 412.94 | 5.74 | 407.2 | 84.26 |
| Unichem Lab | 766.29 | 5.48 | 760.81 | 11.89 |
| Claris Life | 658.92 | 9.25 | 649.67 | 17.64 |
| NatcoPharma | 349.97 | 5.4 | 344.57 | 8.96 |
| Alembic Phar | 1,154.75 | 14.3 | 1,140.45 | 21.62 |

The Output data for chosen firms from our secondary data sources

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GLOBALIZATION AND GROWTH OF INDIAN LIFE INSURANCE INDUSTRY

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ABSTRACT

India, though one of the largest populated countries, spread of awareness and number of persons insured is very low in comparison with other developed countries. Globalization of Indian life insurance sector and entry of private players resulted positively in this sector. Companies selling life insurance products are now geared up to meet the challenges of increasing market share, meeting the customers expectation and providing the better services to customers. Penetration of life insurance products in India now has increased significantly along with many advantages to the customers. This study is a sincere effort to understand the impact of globalization on life insurance industry in India. Secondary data have been collected for this study. The outcome of this study is an insight into the changes occurred in Indian life insurance industry after globalization in 2000.

KEYWORDS

Globalization, Impact of globalization, Life insurance.

INTRODUCTION

A flourishing insurance sector is of vital importance to modern economy for every country. Firstly, it encourages the habit of saving and secondly, it provides a safety net to rural and urban enterprises and productive individuals. And perhaps most importantly, it generates long-term invisible funds for infrastructure building.

The life insurance industry, though existing prior to independence in India, it was nationalized in 1956 in order to spread life insurance much more widely and in particular to the rural areas (Brief history of insurance, 2010). But experiences showed that the ultimate objective remained unfulfilled due to the relatively low spread of insurance products in the country. The Life Insurance market in India is an underdeveloped market that was only tapped by the state owned LIC till the entry of private insurers. The penetration of life insurance products was 19 percent of the total 400 million of the insurable population (LIC India life insurance, 2010). The insurance was sold as a tax saving instrument prior to entry of private players. The Indian customers were under-insured with no flexibility or transparency in the products (Insurance 2010, p. 1).

For wide spread, efficient and quality functioning of the public sector insurance companies, capturing the untapped potential market and mobilizing long term financial resources, the Government set up an insurance returns Committee in April, 1993 under the chairmanship of R. N. Malhotra (Vijayakumar, 2004). The committee submitted its report to union finance minister in January, 1994 recommending a phased program of private sector entry and restructuring of LIC. Based on the recommendations of the Malhotra Committee report, in 1999, an autonomous body Insurance Regulatory and Development Authority (IRDA) was constituted with the aim of promotion of competition so as to enhance customer satisfaction through increased consumer choice and lower premiums, while ensuring the financial insurance products and insurance market. The IRDA opened up the Indian insurance market in August 2000 for private players to enter, invest and operate their business. Private players were allowed ownership of up to 26% (History of insurance in India, 2009).

This study is an effort to understand the impact of globalization of Indian insurance industry and transformation in this industry over a period of time after globalization.

METHODOLOGY

The descriptive research design has been used for this study. The nature of data collected and its source of collection is secondary. Some of the secondary sources of relevant and required data are various internet sites, research journals, reports issued by insurance organizations and Insurance Regulatory and Development Authority, India.

LITERATURE REVIEW

Rao (2000) stated the year 1999-2000 as landmark in the history of Indian insurance industry. He further said that year 2007 is going to be another turning point for the industry. According to him, detariffication from January 2007 will bring a lot of changes in the non-life industry. The insurance industry will have to play an important role by providing many other products for the poor.

Vijayakumar (2004) argues that opening up of the insurance sector will foster competition, innovation, and product variations. However, in this context one has to consider various issues at stake including demand for pension plan, separateness of banking from insurance sector, role of IT, possible use of postal network for selling insurance products and above all, the role of Insurance Regulatory Authority.

Jain (2004) revealed that liberalization of Indian insurance industry has done wonders to raise the insurance occupation to the status of a career with bright future. He pointed out that these changes in insurance industry will be capable of bringing corrections to average mindset, particularly of younger generation in India.

'Transformation of insurance in India' (2004) indicated that during the last three decades, global insurance penetration as a percentage of the gross domestic product has more than doubled from around 3.5 per cent in 1970. The insurance sector thus has grown more strongly than the overall economy. Insurance is one sector whose contribution to GDP has been quite significant.

Sukla (2006) reviewed that in last six years into competitive market, the Indian insurance industry exhibited a healthy growth trend of new business and market share. He also viewed that with liberalization, India is penning the script of "insurance convergence (catch up) and not insurance divergence (falling behind)".

Jagendra (2008) pointed out the development of Indian life insurance industry during the globalization phase. He also mentioned about the reasons of high awareness, low penetration, and untapped potential of the industry.

Rao (2007) reported that insurance is a vital economic activity and there is an excellent scope for its growth in emerging markets. He also said that opening up of the insurance sector has raised high hopes among people both in India and abroad.

Sabera (2007) indicated that Government decisions to liberalize the insurance sector has allowed foreign players to enter into the market and start their operations in India, which has resulted in restructuring and revitalizing of public sector companies.

IMPACT OF GLOBALIZATION

According to hand book on "Indian Insurance Statistics 2007-08" published by IRDA, during past nine financial years after globalization (2001-02 to 2008-09), 20 private sector insurance companies (Table Number – 1) entered the life insurance market in India to make the total number of insurers as 21 including one state owned insurance company Life Insurance Corporation (LIC).

TABLE – 1: ENTRY OF PRIVATE PLAYERS IN INDIAN LIFE INSURANCE INDUSTRY

| Sl. No. | Insurers | Year of Operation |
|---------|---|-------------------|
| 1. | HDFC Standard Life Insurance Co. Ltd. | 2000-01 |
| 2. | Max New York Life Insurance Co. Ltd. | 2000-01 |
| 3. | ICICI-Prudential Life Insurance Co. Ltd. | 2000-01 |
| 4. | Birla Sun Life Insurance Co. Ltd. | 2000-01 |
| 5. | Tata-AIG Life Insurance Co. Ltd. | 2000-01 |
| 6. | Om Kotak Life Insurance Co. Ltd. | 2001-02 |
| 7. | SBI Life Insurance Co. Ltd. | 2001-02 |
| 8. | ING Vysya Life Insurance Co. Ltd. | 2001-02 |
| 9. | Allianz Bajaj Life Insurance Co. Ltd. | 2001-02 |
| 10. | Metlife India Insurance Co. Ltd. | 2001-02 |
| 11. | Reliance Life Insurance Co. Ltd. | 2001-02 |
| 12. | AVIVA | 2002-03 |
| 13. | Sahara Life Insurance Co. Ltd. | 2004-05 |
| 14. | Shriram Life Insurance Co. Ltd. | 2005-06 |
| 15. | Bharti AXA Life Insurance Co. Ltd. | 2006-07 |
| 16. | Future Generali Life Insurance Company Ltd. | 2007-08 |
| 17. | IDBI Fortis Life Insurance Company Ltd. | 2007-08 |
| 18. | Canara HSBC OBC Life Insurance Company Ltd. | 2008-09 |
| 19. | Aegon Religare Life Insurance Company Ltd. | 2008-09 |
| 20. | DLF Pramerica Life Insurance Co. Ltd. | 2008-09 |

Source: Hand book on Indian Insurance Statistics 2007-2008, IRDA.

The entry of private players in the industry has brought sea change to Indian life insurance industry. In the post globalization period, the life insurance industry in India has seen a high growth. Growth of life insurance products can be seen through the following table – 2:

TABLE – 2: PENETRATION OF LIFE INSURANCE PRODUCTS

| Year | Life Insurance Penetration (ratio of premium in US \$ to total population) (In %) |
|------|---|
| 2001 | 9.1 |
| 2003 | 12.9 |
| 2005 | 18.3 |
| 2007 | 40.4 |

Source: Hand book on Indian Insurance Statistics 2007-2008, IRDA.

Surprising and exceptionally high growth in premium penetration measured in monetary value to the total population of India during above mentioned six years that is from mere 9.1% to 40.4% clearly indicates the effect of globalization on life insurance industry in India.

The significant growth of this industry is also visible through the table – 3 about the growing number of life insurance offices of some major players of this industry year wise. It can be clearly interpreted that the private players have been expanding their business every year since their inception in Indian insurance market.

Looking at the number of new insurance offices opened by all private players every year, which has grown with almost 200% growth rate, it can be concluded that private players are all set to penetrate the Indian insurance market in India.

TABLE – 3: NUMBER OF LIFE INSURANCE OFFICES (As on 31st March)

| Insurers | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Aviva | 213 | 140 | 110 | 50 | 22 | 12 | 3 | |
| Bajaj Allianz | 1007 | 877 | 567 | 153 | 49 | 33 | 17 | 1 |
| Birla Sunlife | 538 | 148 | 97 | 53 | 41 | 29 | 19 | 2 |
| HDFC Std | 569 | 448 | 150 | 90 | 26 | 18 | 4 | |
| ICICI Pru | 1958 | 583 | 175 | 109 | 69 | 29 | 14 | 6 |
| ING Vysya | 265 | 183 | 68 | 38 | 26 | 16 | 4 | |
| Reliance Life | 745 | 159 | 157 | 80 | 48 | 35 | 17 | |
| SBI Life | 200 | 138 | 46 | 31 | 19 | 10 | 5 | 1 |
| Tata AIG | 283 | 89 | 72 | 40 | 26 | 13 | 6 | 3 |
| Private (Others) | 613 | 307 | 203 | 160 | 90 | 59 | 27 | 0 |
| Private Total | 6391 | 3072 | 1645 | 804 | 416 | 254 | 116 | 13 |
| LIC | 2522 | 2301 | 2220 | 2197 | 2196 | 2191 | 2190 | 2186 |
| Industry Total | 8913 | 5373 | 3865 | 3001 | 2612 | 2445 | 2306 | 2199 |

Source: Hand book on Indian Insurance Statistics 2007-2008, IRDA.

Still the state owned insurance company LIC has largest number of offices and wide coverage all over India with highest market share in this industry. Some of the major players along with their market share in financial year 2007-08 are:

TABLE – 4: MARKET SHARE OF MAJOR INSURANCE COMPANIES
(Measured as % of premium earned by respective insurer to total premium earned)

| Insurance companies | Market share 2007-08 (%) | Market share 2001-02 (%) |
|---------------------|--------------------------|--------------------------|
| LIC | 74.39 | 99.46 |
| ICICI Prud. | 6.74 | 0.23 |
| Bajaj Allianz | 4.83 | 0.01 |
| SBI Life | 2.79 | 0.03 |
| HDFC | 2.41 | 0.07 |
| Birla Sun Life | 1.63 | 0.06 |
| Max NY Life | 1.35 | 0.08 |
| Tata AIG | 1.02 | 0.04 |
| Others | 6.04 | 0.02 |

Source: Hand book on Indian Insurance Statistics 2007-2008, IRDA.

The aggression and wider reach by the private players are very competitive and have introduced competition to the state owned insurance company LIC, which were enjoying monopoly of the insurance market prior to globalization in India. Since the entry of the private players in the market, the industry has seen new, innovative and competitive steps taken by the players in the sector. The new players have introduced wider variety of products and improved the service quality of the insurance. As a result LIC down the years have witnessed downfall in its market share. LIC's market share was distributed among the private players. Though LIC could hold 74.4% of the life insurance sector by 2007-08 and have been enjoying the market leadership, but its market share has decreased from 99.5% since the year of entry of private players. And the upcoming nature and aggressive marketing of these private players will give more competition to LIC in the near future.

The slowdown in market share of LIC can also be seen through table – 5 about comparing the number of new policies issued by LIC and private players over a span of six years after globalization.

TABLE – 5: NEW POLICIES ISSUED (figures in bracket indicate the growth rate)

| Insurer | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|----------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|
| LIC | 37612599 (-1.61) | 38229292 (21.01) | 31590707 (31.75) | 23978123 (-11.09) | 26968069 (9.87) | 24545580 (96.75) |
| Private sector | 13261558 (67.40) | 7922274 (104.64) | 3871410 (73.37) | 2233075 (34.62) | 1658847 (101.05) | 825094 (3.25) |
| Total | 50874157 | 46151566 | 35462117 | 26211198 | 28626916 | 25370674 |

Source: Hand book on Indian Insurance Statistics 2007-2008, IRDA.

By comparing the growth of number of policies sold by private players and state owned insurer, it can be easily identified that private players are penetrating the market with exceptionally high pace.

Not only by numbers mentioned in above tables, the change or impact in Indian life insurance industry can be seen through many qualitative aspects such as introduction of more varied products, customized and flexible products, transparency in products, speed and efficient processing, availability of more information, easy and fast mode of premium payment and settlements of claims to beneficiaries, and overall improved and efficient process to serve the customer in more satisfactory ways.

CONCLUSION

From the above said figures, it is clear that private insurance companies are all set to penetrate the untapped Indian insurance market and capture it with high pace. Figures related to growth of life insurance market penetration support the same. A large number of companies have jumped into the field with competitive pricing, services and process, which has not only changed the industry numerically and more policies sold but also in dimensions of competitive pricing, better and fast services, and personal security and so healthy life styles. It can also be concluded that objectives of globalizing this industry is being fulfilled in terms of safety to rural and urban population, encouraging savings, and utilizing the fund in creating long term funds for infrastructure development.

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ASSESSMENT OF THE LEVEL AND FACTORS INFLUENCING ADMITTED CUSTOMERS' SATISFACTION WITH HEALTH CARE SERVICE IN UNIVERSITY OF GONDAR TEACHING HOSPITAL, NORTH WEST ETHIOPIA

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ABSTRACT

The study is to assess the level of satisfaction and to examine factors influencing admitted customers' satisfaction with health care service in University of Gondar teaching hospital. A cross-sectional survey was conducted from November 2011 to January 2011. A total of 294 admitted customers from five wards were participated in this study. The overall proportion of admitted customers who were satisfied 36.4%. Majority of the respondents (85%) rated the nurse's service orientation as high. The Doctors service orientation rated as favourable was also 58%. Lesser proportion of patients were rated the service accessibility, the health care service process and physical facility of the hospital as high. Treatment cost was perceived as high (unfair) by most of the service users. The regression analysis shows that the four dimensions (Doctors service orientation, physical facility, service accessibility and nurses' service orientation) are predictors of the overall satisfaction score ($p < 0.05$).

KEYWORDS

admitted customer (inpatient) satisfaction, health care service.

INTRODUCTION

Customers' satisfaction from healthcare decides the fate of healthcare providers and healthcare delivery system, and hence it needs to be periodically measured to enhance the quality of services (Iftikhar and Sirajud, 2010).

Patient satisfaction studies allow service users' voice to be heard and affirm the importance of their experience for improved health care planning (Donabedian, 1988).

Recent researches has shown that service satisfaction can significantly enhance patients' quality of life and enable service providers to determine specific problems of customers, on which corrective action can then be taken (Dagger and Sweeney, 2006).

It is important to conduct such kind of research in developing countries like Ethiopia, to promote patient oriented health services. As Jama (2004) explained the patient satisfaction studies received comparatively little attention in public or government sponsored settings in developing countries in particular. The output of this study will be utilized to enhance customer's satisfaction and it helps as inputs to improve the quality of services delivered by the hospital.

REVIEW OF LITERATURE

LEVEL OF PATIENT SATISFACTION IN DIFFERENT COUNTRIES

A cross-sectional study at Kuwait by Ibrahim, *et al.* (2005) revealed that the overall satisfaction as reported by subjects was high-99.6%. A qualitative research done in rural Bangladesh by Jorge, *et al.* (2001) showed that, a total of 68% of patients expressed satisfaction with the services usually rendered. In a descriptive cross-sectional survey conducted at the eye clinic of the University of Ilorin Teaching Hospital, Nigeria by DS Ademola-P 'opoola, *et al.*, (2005) showed that; most of the patients (94.2%) were satisfied with the services they received. And a survey conducted in Harari region; Eastern Ethiopia by Birna (2006) revealed that, the overall satisfaction level of the patients was 54.1%.

A cross sectional facility based study in central Ethiopia by Birhanu, *et al.* (2010) found that, 62.6% of the patients reported that they have been satisfied with their visit.

A cross-sectional study that involved an exit interview was conducted by Abebe, *et al.*, (2008) in purposively selected government health centers and general hospitals in six regions of Ethiopia depicted that the percentage for high mean score satisfaction with health providers' characteristics ranged from 77.25% to 93.23%; with service characteristics 68.64% to 86.48%; and satisfaction with cleanliness ranged from 76.50% to 90.57%.

In a survey undertaken by Afework, *et al.* (2003) in private clinics in Addis Ababa, high rates of satisfaction (64-99%) were found in all aspects of medical care except affordability of service charges.

In a cross sectional study done by Fekadu, *et al.* (2011) in Jimma University specialized hospital the overall client satisfaction level with the health services rendered at the hospital was 77%. Another cross sectional survey conducted by Mitike, *et al.* (2002) in the hospitals of Amhara region was found that, the level of satisfaction was 22%-50%.

DETERMINANTS OF PATIENT SATISFACTION IN HEALTH CARE SERVICE

A study conducted in Bangladeshi by Andaleeb, *et al.* (2007) on patient satisfaction with health services showed that, Service orientation of doctors was found to be the strongest factor influencing patient satisfaction in hospitals.

Similarly, A study conducted by Habib (2011) on the topic of patient satisfaction in tertiary private hospital in Dhaka revealed that, cost of treatment, physical evidence, doctor services, nurse services and feedback from patient lead to a higher level of patient satisfaction. He revealed that among these variables doctors' service orientation was the most important factor explaining patient satisfaction.

A hospital based study carried out in Thailand by Amin (2007) explained that, the level of patient satisfaction is influenced by factors like socio-demographic factors, accessibility and availability of health care facilities.

SIGNIFICANCE OF THE STUDY

Primarily it provides information for University of Gondar teaching hospital on how to improve the quality of services. It helps policy makers as an insight to devise effective health care operational plans.

Furthermore, it will help as a source document and as a stepping stone for those researchers who want to make further study on the area afterwards.

STATEMENT OF THE PROBLEM

The health sector occupies an enormously important position in ensuring sustainable overall socio-economic advancement in developing countries (Andaleeb *et al.*, 2007).

Patient satisfaction represents a key indicator for the quality of health care delivery and this internationally accepted factor needs to be studied repeatedly for smooth functioning of the health care systems (Almujali, et.al., 2009, Aldana, et.al, 2002 and Prasanna, et.al., 2009). This is also supported and emphasized by Fitzpatrick (1991) who stated that patient satisfaction is a means of choosing alternative strategies in health care provision. Hence assessing satisfaction is not a onetime action; instead it needs continuous monitoring and evaluation.

Despite this fact, the level of patient satisfaction in health care services delivered in the University of Gondar teaching hospital was studied long years back. And it is very low compared to other areas.

Based on this fact, assessing the level of admitted customer's satisfaction and examine the factors influencing admitted customers satisfaction is important in the country and the University of Gondar teaching hospital in particular.

OBJECTIVES OF THE STUDY

GENERAL OBJECTIVE

To assess the level and factors influencing admitted customers' satisfaction with the health care service of the University of Gondar teaching hospital.

SPECIFIC OBJECTIVES

1. To evaluate the satisfaction level of admitted customers' in University of Gondar teaching hospital
2. To examine how factors that affect satisfaction rated by patients
3. To find out the key factors that affect customers' satisfaction

RESEARCH QUESTIONS

1. Are patients satisfied with inpatient department service at University of Gondar teaching hospital?
2. To what extent admitted customers' are satisfied in the health care services of UOGTH?
3. How factors were rated by all admitted patients?
4. What are the major factors influencing admitted customers' satisfaction in University of Gondar teaching hospital health care services?

RESEARCH METHODOLOGY

STUDY DESIGN: A hospital based cross sectional survey with quantitative component was conducted from November 2011-December 2011.

STUDY AREA: This study was conducted in University of Gondar teaching hospital.

STUDY POPULATION: All inpatient customers who visited the five wards during the data collection period and who were selected using the stratified sampling technique after the sample is proportionally allocated to each wards were the study population.

SAMPLE SIZE DETERMINATION

The sample size was calculated based on the following assumptions:

Proportion of admitted customers being satisfied with health care service as 77% by Fekadu, et al. (2011). (P=0.77)

Level of significance to be 5% ($\alpha = 0.05$), $Z_{\alpha/2} = 1.96$ and

Absolute precision or margin of error to be 5% ($d = 0.05$).

$$n = \frac{(z_{\alpha/2})^2 P(1-P)}{d^2} = \frac{1.96^2 \times 0.77(0.23)}{(0.05)^2}$$

$n=272$. Adding non responses rate of 10% $N=299$ admitted customers making the final minimum sample size.

SAMPLING PROCEDURE

To select the study participants, the total sample size was allocated proportionally to five strata (wards). Then the required number of respondents was selected based on the number of customers who visited the hospital. The study subjects were selected through random sampling from admitted customers who visited the University of Gondar teaching hospital.

VARIABLES OF THE STUDY

DEPENDENT VARIABLE

Level of admitted Customers' satisfaction

INDEPENDENT VARIABLES

- Admitted customers' socio demographic characteristics
- Doctors' service orientation
- Nurses' service orientation
- Tangibility
- Accessibility
- Health care service process
- Treatment cost

SOURCE OF DATA

To obtain information relevant to the study primary data were used.

RESEARCH INSTRUMENTS

The first draft of English questionnaire was produced based on the SERVQUAL frame work of Parasurama, et al. (1991, 1993), which was refined by Andoleeb (2000, 2001) adapted in to this study.

In general the questionnaire was comprised of eight dimensions with 38 items.

DATA COLLECTION PROCEDURE

Five data collectors who were final year students of the University teaching hospital were recruited for administering the questionnaire. Three supervisors also recruited to monitor the process of data collection. The information was collected through a pre-tested, structured questionnaire with five likert scale types (having a scale of range 1 strongly disagree to 5 strongly agree).

VALIDITY AND RELIABILITY OF DATA COLLECTION INSTRUMENT

Validity of data was assured through the following:

- Careful modification of the data collection tool (SERVQUAL) according to Ethiopian situation
- The data collection tool was pre-tested,
- Data collectors and supervisors were trained
- Coding and data cleaning were done (checked frequencies and cross-tab for each item)
- The data reliability was tested through Cranbach's alpha value of 0.857

METHODS OF DATA ANALYSIS

Data were entered, cleaned and analyzed using SPSS version 16.0. To determine relationship between nominal variables such as socio-demographic variables and admitted customer's level of satisfaction chi square test of association was computed, and to determining the most predicting explanatory variables of customer satisfaction in health care service stepwise linear multiple regressions were employed.

ETHICAL ISSUES

Ethical clearance was obtained from Faculty of Business and Economics, University of Gondar. Then formal letter of cooperation was written to University of Gondar teaching hospital director. Responses of clients were unnamed and data collectors were informed the clients that they have full right to discontinued or refused to participate in the study.

RESULTS

SOCIO-DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

A total of two hundred ninety-four admitted customers from 5 major inpatient wards were interviewed. Out of the total respondents, 25.2% were from medical wards, 27.9% were from surgical wards, 24.8% were from Gynecology wards, 15.6% from pediatric wards and the rest 6.5% were from ophthalmology wards.

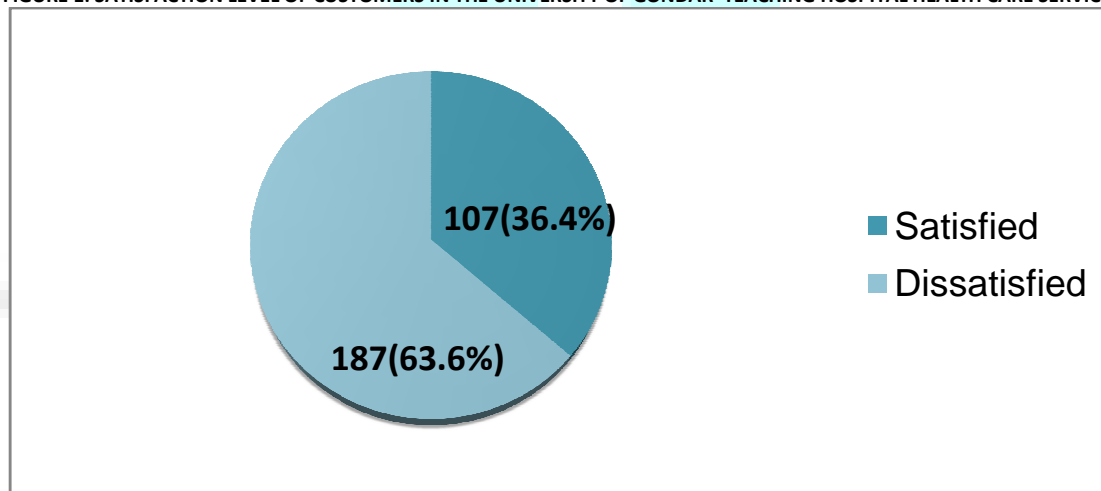
TABLE 1: SOCIO DEMOGRAPHIC CHARACTERISTICS OF ADMITTED PATIENTS IN UNIVERSITY OF GONDAR TEACHING HOSPITAL, NORTH WEST ETHIOPIA, 2011 (N = 294)

| Characteristics | Total N =294 N (%) |
|---------------------------|-----------------------|
| Sex | |
| Male | 134(45.5) |
| Female | 160(54.4) |
| Age(in years) | |
| <15 | 54(18.4) |
| 16-29 | 93(31.6) |
| 30-44 | 69(23.5) |
| >45 | 78(26.5) |
| Marital status | |
| Single | 111(37.7) |
| Married | 148(50.3) |
| Divorced | 28(9.5) |
| Widowed | 7(2.3) |
| Educational status | |
| Illiterate | 140(47.7) |
| Grade 1-8 | 87(29.6) |
| Grade 9-12 | 43(14.6) |
| Diploma | 18(6) |
| Degree and above | 6(2) |
| Residence | |
| Urban | 128(43.5) |
| Rural | 166(56.4) |
| Occupation | |
| Government employee | 25(8.5) |
| Merchant | 33(11.2) |
| Farmer | 104(35.4) |
| House wife | 30(10.1) |
| Student | 68(23.5) |
| Others | 34(11.5) |
| Days admitted | |
| <10 | 154(52) |
| 10-20 | 70(23.2) |
| 21-30 | 42(14.2) |
| >31 | 29(9.9) |

ADMITTED CUSTOMERS' LEVEL OF SATISFACTION

107 (36.4%) of admitted customers were satisfied and more than half of the respondents, 187 (63.6%) were dissatisfied in the hospital health care services (figure 1).

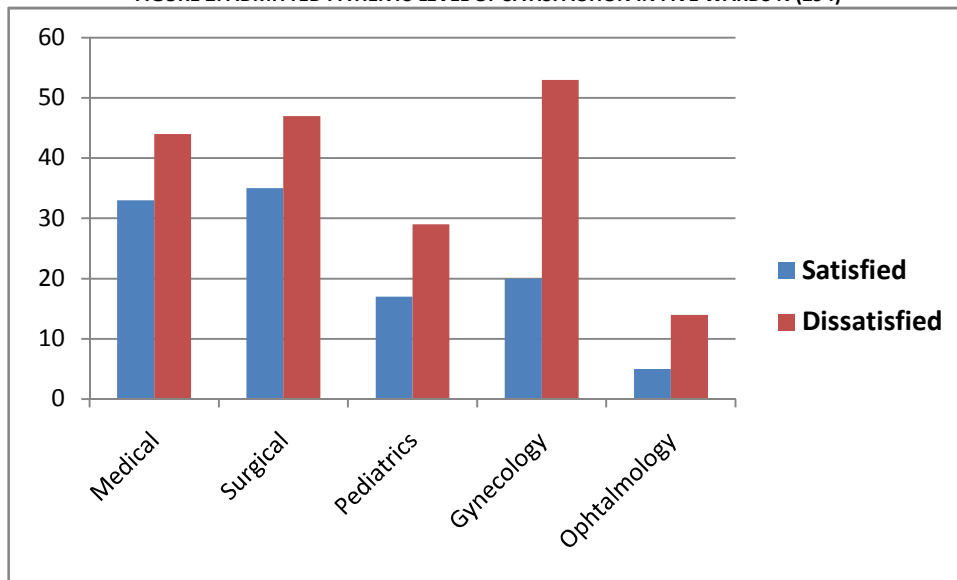
FIGURE 1: SATISFACTION LEVEL OF CUSTOMERS IN THE UNIVERSITY OF GONDAR TEACHING HOSPITAL HEALTH CARE SERVICES



LEVEL OF PATIENTS' SATISFACTION IN FIVE WARDS

Patients in all wards were dissatisfied. Among 74 patients who were admitted in medical ward, only 30 (40.5%) were satisfied and 44 (59.5%) were dissatisfied. In surgical ward, 35 (42.7%) of patients were satisfied but 47 (57.3%) of them were dissatisfied. In pediatrics ward, 17 (40%) of patients were satisfied and 29(60%) of them were dissatisfied. In gynecology ward, 20 (27.4%) of patients were satisfied and 53 (72.6%) were dissatisfied. In Ophthalmology ward, 5(26.3%) of patients were satisfied and the rest 14(73.7%) of them were dissatisfied.

FIGURE 2: ADMITTED PATIENTS LEVEL OF SATISFACTION IN FIVE WARDS N (294)



RATE OF THE GIVEN DIMENSIONS OF SATISFACTION BY PATIENTS

Doctors’ and nurses’ service orientation were rated high by more than half of admitted customers. Whereas, below an average of the respondents rated the rest dimensions as high. But, service accessibility was rated low in all wards. Physical facility of the hospital is also rated low except in gynecology and ophthalmology wards. Treatment cost was rated as high (unfair) in all wards.

TABLE 2: RATE OF DIMENSIONS IN THE FIVE WARDS (N=294)

| Dimensions | High N (%) | Low N (%) | Total |
|-----------------------------|------------|-----------|-----------|
| Medical ward | | | |
| Doctors service orientation | 43(16.4) | 31(10.5) | 74 (25.2) |
| Nurse service orientation | 52(17.7) | 22(7.5) | 74 (25.2) |
| Physical tangibility | 9(3.1) | 65(22.1) | 74 (25.2) |
| Service Accessibility | 18(6.1) | 56(19) | 74 (25.2) |
| Health care service process | 36(12.2) | 38(12.9) | 74 (25.2) |
| Treatment cost | 49(16.7) | 25(8.5) | 74 (25.2) |
| Surgical ward | | | |
| Doctors service orientation | 48(16.3) | 34(11.6) | 82(27.9) |
| Nurse service orientation | 68(23.1) | 14(4.8) | 82(27.9) |
| Physical tangibility | 10(3.4) | 72(24.5) | 82(27.9) |
| Service Accessibility | 16(5.4) | 66(22.4) | 82(27.9) |
| Health care service process | 33(13.3) | 49(9.5) | 82(27.9) |
| Treatment cost | 58(19.7) | 24(8.2) | 82(27.9) |
| Pediatrics | | | |
| Doctors service orientation | 31(10.5) | 15(5.1) | 46(15.6) |
| Nurse service orientation | 44(15.1) | 2(0.7) | 46(15.6) |
| Physical tangibility | 12(4.1) | 34(11.6) | 46(15.6) |
| Service Accessibility | 19(6.5) | 27(9.2) | 46(15.6) |
| Health care service process | 28(9.5) | 18(6.1) | 46(15.6) |
| Treatment cost | 30(10.2) | 16(5.4) | 46(15.6) |
| Gynecology | | | |
| Doctors service orientation | 39(13.3) | 34(11.6) | 73 (24.8) |
| Nurse service orientation | 68(23.1) | 5(1.7) | 73 (24.8) |
| Physical tangibility | 52(17.7) | 21(7.1) | 73 (24.8) |
| Service Accessibility | 18(6.1) | 55(18.7) | 73 (24.8) |
| Health care service process | 26(8.8) | 47(16.0) | 73 (24.8) |
| Treatment cost | 43(14.6) | 30(10.2) | 73 (24.8) |
| Ophthalmology | | | |
| Doctors service orientation | 12(4.1) | 7(2.4) | 19(6.5) |
| Nurse service orientation | 18(6.1) | 1(0.3) | 19(6.5) |
| Physical tangibility | 19(6.5) | 0 | 19(6.5) |
| Service Accessibility | 7(2.4) | 12(4.1) | 19(6.5) |
| Health care service process | 6(2.0) | 13(4.4) | 19(6.5) |
| Treatment cost | 14(4.8) | 5(1.7) | 19(6.5) |

ASSOCIATION BETWEEN ADMITTED CUSTOMERS' SATISFACTION AND SOCIO-DEMOGRAPHIC CHARACTERISTICS

Only residence and occupation of respondents had significant association with admitted customer's satisfaction (P<0.05).

TABLE 3: ASSOCIATION BETWEEN ADMITTED CUSTOMERS' SATISFACTION AND SOCIO-DEMOGRAPHIC CHARACTERISTICS IN UOGTH, ETHIOPIA, (N=294)

| Characteristics | Satisfied N (%) | Dissatisfied N (%) | Chi-square | P value |
|---------------------------|-----------------|--------------------|------------|---------|
| Sex | | | 0.003 | 0.956 |
| Male | 49(16.7) | 85(28.9) | | |
| Female | 58(17.6) | 102(34.7) | | |
| Age of patients | | | 1.539 | 0.673 |
| <15 | 18(6.1) | 36(12.2) | | |
| 16-29 | 37(12.6) | 56(19) | | |
| 30-44 | 27(9.2) | 42(14.3) | | |
| >45 | 25(8.5) | 53(18) | | |
| Marital status | | | 7.232 | 0.065 |
| Single | 50(17) | 61(20.7) | | |
| Married | 48(16.3) | 100(34) | | |
| Divorced | 7(2.4) | 21(7.1) | | |
| Widowed | 2(0.7) | 5(1.7) | | |
| Educational status | | | 7.136 | 0.129 |
| Illiterate | 45(18.7) | 95(32.3) | | |
| Grade 1-8 | 34(13.3) | 53(18) | | |
| Grade 9-12 | 16(5.4) | 27(9.2) | | |
| Diploma | 11(3.7) | 7(2.4) | | |
| Degree and above | 1(0.3) | 5(1.7) | | |
| Residence | | | 6.484 | 0.011 |
| Urban | 47(16) | 71(24.1) | | |
| Rural | 70(2.8) | 116(39.5) | | |
| Occupation | | | 17.798 | 0.003 |
| Government employee | 11(3.7) | 14(4.8) | | |
| Merchant | 21(7.1) | 12(4.1) | | |
| Farmer | 26(8.8) | 78(26.5) | | |
| House wife | 10(3.4) | 20(6.8) | | |
| Student | 27(9.2) | 41(13.9) | | |
| Others | 12(4.1) | 22(7.5) | | |

FACTORS INFLUENCE ADMITTED CUSTOMERS' SATISFACTION

Among the six variables, four were found to be significantly related to the dependent variable; customer satisfaction.

TABLE 4: DIMENSIONS THAT INFLUENCE ADMITTED CUSTOMERS' SATISFACTION

| Model | Standardized Coefficients | | | Collinearity Statistics | |
|-----------------|---------------------------|----------------|---------|-------------------------|-------|
| | Unstandardized B | Standardized B | P value | Tolerance | VIF |
| (constant) | 0.945 | | P<0.001 | | |
| Doctors service | 0.137 | 0.267 | P<0.001 | 0.746 | 1.341 |
| Tangibility | 0.119 | 0.231 | P<0.001 | 0.875 | 1.143 |
| Accessibility | 0.110 | 0.208 | P<0.001 | 0.734 | 1.363 |
| Nurses service | 0.064 | 0.123 | 0.018 | 0.852 | 1.174 |

DISCUSSION

The overall proportion of admitted customers' who were satisfied with the hospital service was 36.4%. This percentage is very low compared to other studies - 88.6% in Thailand by Amin (2007), 68% in Bangladesh by Jorge, et al. (2001), 94.2% in University of Ilorin Teaching Hospital, Nigeria by DS Ademola-P'opoola, et al. (2005), 99.6% Kuwait by Ibrahim, et al. (2005), 54.1% in central Ethiopia by Birhanu, et al. (2010) and 77% in Jimma University teaching hospital by Fekadu, et al. (2011). The difference might be due to the research setting.

But it is comparable to studies conducted in the hospitals of the Amhara region, 22.0% to 50%, Mitike, et al. (2002), a report from Tigray zonal hospitals (43.60%) by Grmay (2006). This result is somewhat better than the previous community based study conducted in University of Gondar teaching hospital - 22% by Dagne and Zakus (1997).

The rate of nurses' service orientation (85% is comparable with the cross sectional study done by Abebe, et al. (2008) in central Ethiopia (77.25% to 93.23%). Regarding to accessibility, this result is contrary to a hospital based study in Thailand by Amin (2007), which showed highest rate in convenient of physical facility (84%) and in good accessibility of service (64.9%)

Tangibility (cleanliness of toilets, bath rooms and beddings) was rated very low (65.3%). This result is very low compared to a cross-sectional study conducted by Abebe, et al. (2008) in health centers and general hospitals of six regions of Ethiopia (76.5% to 79.6%).

Treatment cost was rated as high by majority of customers (66%), this result is divergent to a research conducted by Andoleeb et al. (2007) i.e. treatment cost is perceived as low in both public and foreign hospitals.

Residence and occupation of patients had significant association with patients' satisfaction. But the rest socio-demographic variables were not found to be associated with patient satisfaction.

More than 50% of patients were dissatisfied with the physical facilities of the hospital except patients who were admitted in ophthalmology and gynecology wards. This might be due to, fistula ward is one category of gynecology wards, and it was the new ward which began to deliver services in the year of 2011 same as ophthalmology ward.

The regression analysis results indicated that among the six variables that were expected to be related to patient satisfaction, only four were found significantly related to the dependent variable (patient satisfaction score).

The doctors' service orientation, physical facility, accessibility and nurses' service orientation are predictors of patient satisfaction score. A similar finding was reported by Andaleeb, et al. (2007) in Bangladesh showed that, service orientation of doctors was found to be the strongest factor influencing patient satisfaction in hospital.

Service accessibility (ease to get bed, waiting time to get service and availability of service providers) in University of Gondar teaching hospital was rated low in 216 (73.5%) of customers. Since most of patients were from rural residents and traveled a long distance, they can be easily disappointed when they get the service they need was not accessible.

Treatment cost (laboratory cost, drug and total medication cost) was rated high in 194 (66%) of respondents. Since, most service users of the University hospital were farmers 104 (35.4%), they may not ready to spend higher cost.

Yet, the overall ratings of doctors and nurses in this study are positive. Whether this represents a social desirability bias among patients evaluating the 'esteemed' doctor or it is due to the sample from hospital based.

CONCLUSION

The existing level of admitted customers' satisfaction with service provision of the inpatient departments of the hospital is found to be very low. Level of satisfaction of customers in all wards was below an average.

More than an average of respondents rated the service accessibility, physical facility and health care service process of the hospital as low. The physical facility cleanness is not up to the expected standard. However; physical facility of the hospital was rated high in gynecology and ophthalmology wards. Treatment cost is also perceived as high (unfair) in this hospital service user. The service orientation of nurse and doctors was rated better than the other factors in all wards.

Among the socio demographic characteristics resident and occupation of customers had association with satisfaction. Respondents who were farmers and from rural area were cover more percentage. Customers who recommend this hospital to other service users and willing to come back to use services again were very low percentage.

This study shows that doctors service orientation, nurse service orientation, accessibility of service and physical facilities were the main predictors of admitted customers' satisfaction.

RECOMMENDATIONS

1. Administrators, practitioners and evaluators of health care service of the hospital should give attention to enhance the level of customers' satisfaction.
2. The hospital administrator should improve the accessibility of services, like ease to get bed, reducing waiting time to obtain health care services and increase the proportion of health service providers with the number of customers so as to make maximum utilization of their services and in turn to benefit the patients.
3. It will be better to set reasonable treatment cost as it is a public hospital and with assuming that a large number of service users were from rural areas.
4. The hospital administrators should give attention to physical facility in a way that may employ additional cleaners who can clean toilets, bath rooms and bedding as every time it needs to be cleaned. Likewise, giving orientation to patients and their attendants on how to use these facilities properly will be helpful to keep its cleanness.
5. Adopting customer oriented policies and procedures. The concerned body needs to understand the extent of the problem and stimulate changes that are required to close the gap between the care provided and the care that should be provide.
6. It will be better for health care managers to consider doctors service orientation, physical facility of the hospital, service accessibility and nurses' orientation in the process of overall service delivery process.

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STOCK MARKET CRISIS AND VALUE RELEVANCE OF ACCOUNTING INFORMATION: IMPACT ON QUOTED CEMENT MANUFACTURING FIRMS IN NIGERIA

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ABSTRACT

Studies in value relevance research have examined the relationship between stock market prices and accounting information contained in financial statements; and several of these studies from different countries have shown contradictory results partly because accounting regulations differ between countries. In this respect, little is also known about the value relevance of accounting information and market share prices of listed cement manufacturing firms in Nigeria especially during the stock market crisis. Most studies in this area had been undertaken in relation to the value relevance of accounting numbers, and their fluctuations in the Nigerian stock market. This study however examined the value relevance of accounting information of quoted cement manufacturing firms during the stock market crisis. The study used secondary data obtained from the Nigerian Stock Exchange Factbooks, and Cashcraft Management Limited. It adopted and modified the Ohlson Residual Income Model to regress the relationship between earnings per share, book value per share, and market share prices of the quoted cement manufacturing firms in Nigeria during the stock market crisis. The study found that a significant positive relationship exists between earnings per share, book value per share and market share prices of cement manufacturing firms in Nigeria during the stock market crisis. The study recommended that quoted cement manufacturing firms in Nigeria should recapitalize through mergers and acquisitions to enhance their capacity to absorb the stock crisis. These measures are anticipated would increase investors' confidence in accounting information of these quoted cement manufacturing firms in Nigeria.

KEYWORDS

Book Value Per Share, Clean Surplus Relation, Earnings Per Share, Value Relevance.

INTRODUCTION

Accounting information is a necessity for the functioning of capital markets, and it is important to recognize that financial statements provide the most widely available data on a firm's economic activities (Vazquez, Valdes and Herrera, 2007) as such, active stock investors turn to financial statement analysis to ascertain the fundamental value of firms, and they also rely on these statements to assess the firm's plans and performances; so, financial information is a pre-requisite for a well functioning capital market; as it is assumed that one function of accounting information is to reflect economic income (returns), and this is represented by market prices. Financial reports assist investors in equity valuation; hence for accounting information to be value relevant, it must be related to current firm value. Where there is no association between accounting information and firm value, accounting information cannot be value relevant, which implies that financial reports are unable to fulfill one of its primary objectives.

Beaver (2002) believes that less and less of stock prices seems to be explained by accounting information, which he attributed to a gray zone where other factors are at play. Various value relevance studies have examined whether there has been a change in the value relevance of accounting information due to, for example, decreased timeliness of financial statement information, increased reporting of losses and increased importance of unreported intangible assets (Amir and Lev, 1996; Lev and Zarowin, 1999; Francis and Schipper, 1999; Nilsson, 2003 as referenced in Svensson and Larsson, 2009). Accordingly, Lev (1989), concludes that there are several reasons why the value relevance of earnings is weak. He refers to manipulation by management, investor irrationality, and biases induced by accounting measurement and valuation principles. He also notes that information other than earnings has an impact on stock prices.

In the light of the above, during the stock market crisis of the mid-2000's, most Nigerian firms were valued at billions of naira as shown in their financial statements, yet not declaring any profits. The question of value relevance of the financial statement information becomes even more important. Can investors' trust the accounting information contained in these financial statements for purposes of investment decisions?

REVIEW OF THE LITERATURE

Value relevance literature that examined the association between accounting information and prices or returns extends back at least 40 years (Miller and Modigliani, 1966). However, Amir, Harris, and Veuti (1993) were about the first in their study to use the term value relevance. In defining value relevance, Barth, Beaver and Landsman (2001) simply state that value relevance research examines the association between accounting amounts and equity market values. Market value relevance shows that there is a statistical relationship between financial information and share prices, and that accounting based measures explain market prices sufficiently, given that under the efficient market assumption prices reflect available information (Francis and Schipper, 1999). Investors believe that relevant information is that information which contributes to their equity investments decisions; as such one objective of financial reporting, is to assist investors in equity valuation. So, for financial information to be value relevant, accounting numbers must be related to current firm value (Beisland, 2009).

The benchmark for assessing the characteristics of accounting information is the amount implicitly assessed by investors, because equity market values lead accounting amounts in reflecting value relevant information (Beaver, Lambert and Morse, 1980; Beaver, Lambert, and Ryan, 1987), thus, using equity market values as a benchmark for assessing value relevance of accounting information is consistent with SFAC No. 1 which states that an objective of financial statements is to aid investors in estimating the amount and timing of future cash flows.

The relevance of accounting information in determining the value of the firm is influenced by the market's perception of the reliability of that information. When the reliability of earnings declines, the market may place less reliance on earnings and look for other sources of information, such as book value. However, as book value is only one of a number of alternate sources of information, the decline in the value relevance of earnings may not be exactly offset by the increase in the value relevance of book value. Earnings and book value are expected to have a positive association with market value reflecting the value-relevance of these accounting measures

The value-relevance of earnings is demonstrated in the early works of Ball and Brown (1968), Beaver and Dukes (1972) and Patell and Kaplan (1977), but the study by Dechow (1994) was one of the first to investigate the relative superiority. Therefore, the permanence of earnings influences the value relevance of earnings, with the market assigning greater weight to permanent earnings than to those that are perceived as transitory (Kormendi and Lipe 1987; Collins and Kothari 1989; Lipe 1990; Ali and Zarowin 1992; Cheng, Lui and Schaefer 1996; Sloan 1996 as referenced in Nilsson, 2003).

The potential lack of reliability of the earnings figure has led investors to look to book value as measure of value. Collins, Maydew and Weiss (1997) investigated the causes of the shift in focus from earnings to book value, and these include the increasing magnitude and frequency of abnormal and extraordinary items; the increasing occurrence of reported losses; the decline in firm size, and the increase in the incidence of intangibles. These factors, which are linked to a reduction in the value-relevance of earnings, have also been shown to be associated with an increase in the value relevance of book value (Berger, Ofek and Swary 1996; Burgstahler and Dichev 1997; Collins, Maydew and Weiss 1997; Barth, Beaver and Landsman 1998, as referenced in Van Cauwenberge, 2007).

The relative value relevance of earnings and book value has also been examined in the context of return on equity (Burgstahler and Dichev 1997; Penman 1998). Burgstahler and Dichev (1997) develop an option-style valuation model in which market value is a convex non-additive function of earnings and book value; a high return on equity (ROE) suggests that the firm is using its assets efficiently and will therefore continue to employ the assets in the same manner. Therefore, future earnings are expected to be similar to current earnings. This perception of permanence may result in value relevant earnings. Conversely, if ROE is low, the firm will look for a better way to employ its assets. This would result in the need to revise the expectation of earnings and thus book value becomes more relevant as the predictability of earnings declines. A similar result was found by Penman and Sougiannis (1998) who combined earnings and book value multipliers in a valuation model. Weights were calculated for capitalized earnings and book value dependent on the relative size of each measure. It was found that the weights varied non-linearly with respect to the difference between the measures.

STATEMENT OF THE PROBLEM

Studies by Adeyemi and Ogundele (2003) was limited to communications in accounting, problems and solutions; Kantudu (2005) on the other hand studied the relevance of financial statement to stakeholders’ investment decisions; while Babatunde and Mokuolu (2005) studied the stock market development and economic growth in Nigeria; so far, there are no any significant existing empirical studies that has investigated the value relevance of accounting information and market share prices of quoted cement manufacturing firms in Nigeria during the stock market crisis.

OBJECTIVES

This study investigates the value relevance of accounting information of quoted cement manufacturing firms during the stock market crisis in Nigeria. Specifically, the objectives of the study are to;

- (i) Examine the relationship between earnings per share and market price per share of quoted cement manufacturing firms in Nigeria.
- (ii) Assess the relationship between book value per share and market share price of quoted cement manufacturing firms in Nigeria.

HYPOTHESES

H₀₁. There is no significant relationship between earnings per share and market price per share of quoted cement manufacturing firms in Nigeria during the stock crisis.

H₀₂. There is no significant relationship between book value per share and market price per share of quoted cement manufacturing firms in Nigeria during the stock crisis.

RESEARCH METHODOLOGY

Ohlson (1995) developed a formal model relating firm value to accounting variables. This study follows this model in accordance with the methodology used by Collins, Maydew, and Weiss (1997) to analyze its implications with data of quoted Nigerian cement manufacturing firms. Ohlson (1995) started with a dividend discounting model under the residual income valuation assumptions. The original assumption of the Ohlson model imposes a time-series structure on the abnormal earnings process that affects value. Also, the present value relation of the dividend discount model stipulates that the market value of a firms equity (*p_t*) equals the present value of its expected future dividends (*E_t[d_t]*) discounted at the risk-free interest rate (*R_f*). Applying the risk-free interest rate (*R_f*) as a discount factor reflects the assumption of risk-neutral investors, as it is also assumed to be constant.

The Clean Surplus Relation (CSR) ties up accounting data so all flows pass through the income statement. CSR ensures that all changes in the book value of equity (BV_t) are reported as either accounting earnings (E_t) or dividends (d_t). Another assumption of the Ohlson model approximates the time series behavior of abnormal earnings as linear and stationary, which Ohlson denominated as the Linear Information Dynamics (LIDOM) relation, where abnormal earnings are defined by the Abnormal Earnings Relation (AER) as the difference between accounting earnings (E_t) and normal earnings. Normal earnings represent a firm’s normal earnings return on the capital invested at the beginning of the period, which is the net book value of equity multiplied by the interest rate.

Ohlson’s (1995) book value-abnormal earnings model can be expressed as a function of current earnings and lagged book value. According to Collins, Pincus, and Xie’s (1999), the preliminaries of the Ohlson model are based on the CSR which is;

$$P_t = BV_{t-1} + E_t - d_t \dots\dots\dots (1)$$

where BV_t = book value of equity at time t, E_t = earnings for period t, and d_t = dividend in period t. The definition of abnormal earnings is;

$$Ex_t^a = E_t - (R_f - 1)BV_{t-1} \dots\dots\dots (2)$$

where R_f is one plus the risk-free rate. The stochastic process assumption for abnormal earnings (where ε_t is other non-accounting value-relevant information) is:

$$E_{t-1}^a = \alpha E_t^a + \varepsilon_{t+1} \dots\dots\dots (3)$$

Given that Ohlson’s (1995) initial book value-abnormal earnings valuation model is;

$$P_t = BV_t + \sum R_f^{-t} (E_{t+1}^a) \dots\dots\dots (4)$$

where p_t is the firm’s stock price at time t. Ohlson (1995) shows that with the standard assumptions underlying the dividend discount model together with equation (1) and (2), his equation can be rewritten as;

$$P_t = BV_t + \alpha_1 E_t^a + \alpha_2 \varepsilon_t \dots\dots\dots (5)$$

By substituting the definition of abnormal earnings (E_t^a) from above into equation (5), Ohlson (1995) shows that price can be expressed as a function of current period earnings, book value at time t, and other information. Ohlson notes that in this form, the valuation function shows how earnings and book values operate as the primary value indicators. Collins, Maydew, and Weiss (1997) and Collins, Pincus, and Xie (1999) complied with the empirical methodology of the Ohlson (1995) model that specify;

$$P_{it} = \alpha_0 + \alpha_1 BV_{it} + \alpha_2 E_{it} + \varepsilon_{it} \dots\dots\dots (6)$$

where;

P_{it} - Price of firm i share at the date on which annual report is issued.

BV_{it} - Book value per share of firm i at the end of year t.

E_{it} . Earnings per share of firm i during year t.

ε_{it} . Other non – accounting value-relevant information

α₀ -Coefficient for each independent variable

t -Time dimension

i -Individual firm.

The functional relationship between market share price and the independent variables is regressed from our data as;

$$MPS_{it} = \alpha_0 + \alpha_1 BV_{it} + \alpha_2 EPS_{it} + \alpha_3 SMC_{it} + \varepsilon_{it}$$

Where; MPS_{it} is the dependent variable, a_0, a_1, a_2, a_3 are regression coefficients with unknown values. BVS, EPS and SMC are the independent variables. ϵ is the other non- accounting value-relevant information.

FINDINGS

This section of the study is devoted to presentation of the results of the analysis performed on the data collected to enable the test of the propositions of the study.

TABLE - 1: VARIABLES AND VALUES FOR EQUATION PARAMETERS

| FIRMS | YEARS | VARIABLES | | | |
|---------------------------------|-------|-----------|-------|---------|-----|
| | | MPS | BVS | EPS | SMC |
| Ashaka Cement | 2009 | 11.55 | 13.20 | 47.00 | 1 |
| | 2008 | 17.01 | 17.49 | 121.00 | 1 |
| | 2007 | 53.12 | 16.81 | 110.00 | 1 |
| | 2006 | 55.00 | 17.21 | 231.00 | 1 |
| | 2005 | 34.20 | 16.53 | 303.00 | 0 |
| | 2004 | 22.50 | 17.22 | 385.30 | 0 |
| | 2003 | 17.75 | 15.13 | 242.00 | 0 |
| | 2002 | 13.99 | 13.66 | 173.50 | 0 |
| | 2001 | 20.89 | 17.09 | 316.40 | 0 |
| Lafarge Wapco Cement | 2009 | 30.00 | 29.13 | 168.00 | 1 |
| | 2008 | 25.50 | 26.96 | 375.00 | 1 |
| | 2007 | 79.80 | 21.86 | 356.00 | 1 |
| | 2006 | 53.99 | 17.02 | 365.00 | 1 |
| | 2005 | 17.30 | 10.33 | 101.00 | 0 |
| | 2004 | 11.30 | 27.24 | -198.00 | 0 |
| | 2003 | 18.51 | 21.92 | -185.00 | 0 |
| | 2002 | 14.15 | 24.71 | -81.00 | 0 |
| | 2001 | 21.84 | 30.88 | 86.00 | 0 |
| Cement Company Northern Nigeria | 2009 | 12.46 | 6.71 | 184.00 | 1 |
| | 2008 | 5.33 | 6.33 | 134.00 | 1 |
| | 2007 | 23.00 | 5.01 | 11.00 | 1 |
| | 2006 | 21.59 | 2.85 | -3.20 | 1 |
| | 2005 | 7.95 | 2.97 | 20.70 | 0 |
| | 2004 | 6.63 | 3.43 | 85.12 | 0 |
| | 2003 | 3.83 | 2.05 | -14.70 | 0 |
| | 2002 | 3.07 | 3.18 | -93.20 | 0 |
| | 2001 | 4.55 | 1.35 | -146.60 | 0 |

Source: NSE Fact Books; Cashcraft Management Limited

Where: MPS - Market Price per Share; BVS - Book Value per Share; EPS - Earning Per Share; SMC - Stock Market Crisis

Note: SMC Figures of "0" indicate the periods without stock market crisis, and "1" indicate the Periods with stock market crisis. The computation results obtained are presented in table 2 below and subsequently interpreted.

TABLE-2: STATISTICAL RESULTS

| VARIABLES | MPS | BVS | EPS | SMC |
|-------------------------|----------|-------|-------|-------|
| Beta | N/A | 0.303 | 0.372 | 0.349 |
| Standard Error | 5.454 | 0.308 | 0.017 | 5.634 |
| t-values | 0.619 | 2.004 | 2.336 | 2.258 |
| T significance | 0.542 | 0.057 | 0.029 | 0.034 |
| Tolerance | N/A | 0.935 | 0.844 | 0.894 |
| VIF | N/A | 1.070 | 1.185 | 1.113 |
| R | .712 | | | |
| R Square | 0.507 | | | |
| Adjusted R square | 0.443 | | | |
| Std. Error of Estimates | 13.78673 | | | |
| F. Statistics | 7.883 | | | |
| Sig. F change | 0.001 | | | |
| Durbin Watson | 1.573 | | | |

Source: SPSS Regression Results

N/A= Not Applicable

The statistical results in table 2 indicate a significant positive correlation between MPS and BVS, EPS and SMC . 50.7% of the variations in the MPS of quoted cement manufacturing firms in Nigeria are explained by BVS, EPS and SMC ; this means that BVS, EPS and SMC have a significant influence on the market share price of these firms. It further reveals the overall fitness of the adjusted Ohlson Regression Model with the adjusted coefficients of determination (R^2) of 0.507. Additionally, the adjusted R -Square value showed a positive 0.443.

In order to assess the multicollinearity and autocorrelation of the variables, the Tolerance, VIF (Variance Inflation Factor) and Durbin-Watson (DW) values are used. Whereas the Tolerance and VIF values assess the multicollinearity of values, DW is used to assess autocorrelation of the values. From table 2 above, the Tolerance values of the variables are consistently smaller than 1.0, which shows a complete absence of multicollinearity (Tobachnick and Fidell, 1996; Musa, 2005 as referenced in Abubakar, 2010). As suggested by Neter, Kutner, Nachtsheim and Wasserman (1996), Cassey and Anderson (1999) and Musa (2005), the VIF values which are consistently lower than ten (10) reaffirm the complete absence of multicollinearity among the variables considered. As for autocorrelation of the values, the DW value 1.573 falls within the range of 1.5 – 3.5 and this signifies a complete absence of autocorrelation.

The regression equation as stated earlier is;

$$MPS_{it} = a_0 + a_1BVS_{it} + a_2EPS_{it} + a_3SMC_{it} + \epsilon_{it} \dots\dots\dots(1)$$

Substituting the computed beta values of the variables in the above equation, we have;

$$MPS_{it} = 3.378 + 0.303BVS + 0.372EPS + 0.349SMC + 13.78673 \dots\dots\dots(2)$$

From equation (2) *BVS*, *EPS* and *SMC* all have a positive beta coefficients and can influence a positive change in the market share price when there is an increment in them. This indicates that whenever there is *N1* increment in *BVS* and *EPS*, the market share price will increase by 30.3% and 37.2% respectively. The calculated t-value of *BVS*, *EPS* and *SMC* gives 2.004, 2.336 and 2.258, which are less than the table critical t-value of 3.078, in each case at 1% levels of significance. The t-significance values for *BVS*, *EPS* and *SMC* indicate that there is a significant relationship between the three variables and the *MPS* at 1% level of significance. The F-statistics gives a positive value of 7.883 which indicates a strong positive significant relationship. These results provide evidence that the regression model is well fitted and that accounting information published in financial statements of quoted cement manufacturing firms in Nigeria during the stock market crisis is value relevant.

CONCLUSION AND RECOMMENDATION

Several studies have shown that earnings and book value are found to correlate with stock prices, and investors are able to take advantage of this kind of information and this is reflected in market share prices. While we have not assessed the total contributions of value relevance studies to valuation, because of the different valuation models and the set of variables used in these analysis; we however have studied the links between accounting information and market share prices of quoted cement manufacturing firms in Nigeria during the stock market crisis. The Ohlson model (1995) was used to empirically measure the value relevance of accounting information of quoted cement manufacturing firms in Nigerian. The study found that there is a significant positive relationship between earnings per share, book value per share and market price per share of these quoted cement manufacturing firms in Nigeria during the stock market crisis. The study therefore concludes that there is a significant relationship between stock market crisis and the market share prices of cement manufacturing firms in Nigeria. Following the findings of this study, we recommend that quoted cement manufacturing firms in Nigeria should recapitalize through mergers and acquisitions as obtained in the Nigerian banking sector; this will enhance the capacity of these quoted cement manufacturing firms to absorb the shock of the stock crisis. This measure is anticipated would increase investors' confidence in the accounting information of quoted cement manufacturing firms in Nigeria.

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SERVANT LEADERSHIP: A NEW PARADIGM OF LEADERSHIP IN BANGLADESH**MD. SAJJAD HOSSAIN****LECTURER****DEPARTMENT OF BUSINESS ADMINISTRATION****EAST WEST UNIVERSITY****BANGLADESH****ULLAH S M EBRAHIM****GRADUATE STUDENT****DEPARTMENT OF BUSINESS ADMINISTRATION****SCHOOL OF BUSINESS****YEUNGNAM UNIVERSITY****REPUBLIC OF KOREA****ABSTRACT**

This study explores the theoretical framework and in-depth meaning of the servant leadership. Mainly, a vast of literature reviews was examined to build up the main frame of this study. Besides that, a simple survey was conducted to explore the future of servant leadership in Bangladesh. University students, faculty members as well as teachers from different educational institutes, political members and employees of some business organizations participated in the survey. Besides that face to face interview was conducted to understand the demand of servant leadership while Bangladeshi leadership styles are changing day by day. 165 respondent's data and 15 respondents comprehensive interview were used to discuss the prospective fields of servant leadership application. Three major fields such as education, business organization and social development related with political behavior were selected to test the applicability of the servant leadership. Finally some practical implications were given through the discussion on data analysis as well as focusing on previous well established literature. Moreover, practical implications also support latest scholarly work of servant leadership in Asia region. Though the literature review is still in an infant stage in Asian region but the importance of servant leadership is immense among the developing nations like Bangladesh. Servant leadership creates great demand of further research both in practical fields as well as academic research field.

KEYWORDS

Leadership, Management, HRM, Bangladesh.

INTRODUCTION

Modern civilization is the blessing of collective efforts of human being from the very beginning of social formation as a system. Collective effort needs specific directions to fuel human civilization. And the term leadership erupts from the perspective of leading, motivating and empowering. By the changing of time, our general views of leadership behavior also change (Van Dierendonck, 2011). The 21st century has opened the door of vast human resources through the research of leadership behavior (Dierendonck & Nuijten, 2011). Nowadays it is believed that the role of leadership should be ethical in practice where the leaders will promote good behavior in work place and prevent influencing bad pro-actors (Neubert et al. 2008). Relating with ethical behavior, leadership turned into people centered approaches in the organization. So there is no point of argument that innovation and employee well being are given high priority to keep pace with the universal challenging era (Van Dierendonck, 2011). So the scholars like Luthans (2002); Macik-Frey, Quick, & Cooper (2009) believe that leadership behavior is one of the most influencing factor for empowering employees and flourishing organizations in the field of positive organizational behavior. Avolio, Walumbwa, & Weber (2009) stated that during few decades the leadership studies changed its direction like transformational leadership towards a shared, relational and universal arena where leader communicates directly without maintaining organizational hierarchy. According to Davis, Schoorman, & Donaldson (1997) "The importance of moving management theory beyond the principles of agency theory- with its assumption of the homo economicus who is individualistic, opportunistic, and self-serving to governance based on viewing individuals as pro-organizational, self-actualizing, and trustworthy". Keeping a relationship with the moving management theory a new leadership approach was developed by Robert k. Greenleaf in 1970. Though Greenleaf conceptualize the approach of servant leadership but he did not show any measurement of mathematical application. However, servant leadership has brought a new dimension of leadership behavior and it is the first approach which thinks serving and emphasizing the need of followers first (Patterson, 2003).

REVIEW OF LITERATURE

What is Leadership: If we analyze the ancient social structure and system, we find the tendency of leading as well as leadership. Leadership is the term that comes from leading something and it might be any of the part of a society. Leadership has been defined in a different way by the scholars in the present academic world (Stogdill, 1974). Machiavelli insisted that leadership was virtuous only if the good of the community was sought out and achieved above all else. According to Jago (1982) "Leadership is both a process and a property. The process of leadership is the use of no coercive influence to direct and coordinate the activities of the members of an organized group toward the accomplishment of group objectives. As a property, leadership is the set of qualities or characteristics attributed to those who are perceived to successfully employ such influence". A good leader is a steward of the community. When we are called upon to lead, what kind of custodian we will depend greatly on what we understand a custodian to be, on how we think about other people, and on how we determine what is right and worth holding in trust. So leadership does not mean the activities of forcing and coercion rather it emphasizes much on managing with friendly supervision (Gibb, 1969; Jacobs, 1971; Jago, 1982). We can understand from the vast sources of literature that leadership is very important issue of research not only in the present age but also it studied few decades ago. Gibb (1954) first coined the issue of sharing leadership rather central management style. Some other scholars also stated the same thing that leadership is not a matter of one person in an organization rather it accumulates all members' efforts and leads toward a common vision. From this point of view we find the concept of shared leadership but Greenleaf (1970) described his concern differently. He clarified that the job of the leaders is to serve first to their members or followers and then the common vision will come in hand automatically. Greenleaf described in a different perspectives but he did not prove it with mathematical analysis. However, leadership is classified mainly based on universal versus contingency theories and trait versus behavior theories (Jago, 1982). As we mentioned in our article that nowadays leadership emphasize much on people centered management so our focal issue is behavior as well as universal approach centered. In this regard we believe that servant leadership plays a vital role in this competitive world and it is the first leadership practice which values employees' interest first rather profit oriented behavior. Change is a natural process of human civilization and we think servant leadership will be the change maker of our society. Here we should discuss much on servant leadership now.

What is Servant Leadership: Servant leadership is the name of organizational philosophy which is adopted by different companies in some countries of the world. The term "Servant Leadership" was first coined by Robert K. Greenleaf in "The Servant as Leader" an essay that he first published in 1970. Greenleaf

defined, "The Servant-Leader is servant first. . . . It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. . . . The best test, and difficult to administer is this: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, and more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit, or at least not further be harmed?" (1977:7). That was the first definition given by the father of servant leadership. In addition to that Greenleaf also emphasized "going beyond one's self interest" as the focal issue of servant leadership. After Greenleaf, a lot of scholars came to the decision with their scholarly works that servant leadership is one of the most effective leadership practices in the profit and non-profit seeking organization (Spears, 1995; Laub, 1999; Russel and Stone, 2002, Luthans & Avolio, 2003; Patterson, 2003; Neubert et al. 2008; Van Dierendonck, 2011). So it is a very important to re-search that why servant leadership has got much popularity among scholars and business researchers. According to Luthans & Avolio (2003), "The servant leader is governed by creating within the organization opportunities to help followers grow". Similarly, Greenleaf (1977), Stone et al. (2004) agreed upon the issue that comparing with other leadership approaches, a servant leader is much more concerned for the well being of his/her followers as well as serving them. And that people centered leadership approach makes a safe and relationship network oriented organization and success comes naturally on that organization (Van Dierendonck, 2011). Moreover, followers or employees feel that leader is their guardian and organization is their family. If we go deeper than we can find that how Greenleaf developed this idea. On the basis of reading a novel "Journey to the East" written by Herman Hesse's (1956) a boy named "Leo" became the pioneer to lead a group though he was a servant first. Leo's story shows that how a servant become the leader naturally from his everyday activities. Greenleaf himself said that the feelings of leadership, "begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead" (Greenleaf, 1977, p. 13). Though the concept was coined at 1970 but the empirical studies or theory development started only 10 years ago (Laub, 1999). Shortly after Laub (1999), Daft and Lengel (2000, p.176) defined the core issue of servant leadership a little bit differently, "the desire to serve others takes precedence over the desire to be in a formal leadership position". Also some scholars think that the concept and practice relates with religious theology while the novel "Journey to the East" has a close relationship with Hinduism (S. Sendjaya et al. 2008). In addition to that servant leadership has rooted from Judeo-Christian theology (Sendjaya and Sarros, 2002). Besides that, a lot of literature supports its close relationship with Christian belief (Banks and Powell, 2000; Blackaby and Blackaby, 2001; Ford, 1991; Sanders, 1994). Moreover, Kurth (2003) stated that the focal point of service has been supported by all major religions like Islam, Christianity, Judaism, Hinduism & Buddhism as well as other non-religious philosophy like Siddha Yoga and Taoism. Sendjaya and Sarros (2002) also found that the servant leadership has a close relation with the classical literature of serving people. More specifically, Jaworski (1997) argued that servant leaders portray a strong character to serve people and it is a strong commitment towards an organization as well as to the employees. In summary, we have found that the concept of servant leadership is not an in born idea by the Greenleaf rather it was practiced early in the religious arena for a long time. Greenleaf successfully termed this concept for business organization and the general use of it.

Noted Characteristics of Servant Leadership & Models: Though Greenleaf coined the definition of servant leadership but the whole concept was not clear till some other scholars researched it. Servant leadership models are clarified and researched since last 10 years and many scholars pointed the key features differently. A few models were much more significant and influential nowadays among all scholarly works like Spears (1995), Laub (1999), Daft and lengel (2000), Russel and Stone (2002), Patterson (2003) and Dierendonck & Nuijten (2011). After 25 years of Greenleaf's definition, it was the first scholar Spears (1995) identified 10 most noted characteristics of servant leadership. He was the former director of Greenleaf Center for Servant Leadership and closely scrutinized all pros and cons of servant leadership concept. He distinguished 10 characteristics and those are: 1) Listening, 2) Empathy, 3) Healing, 4) Awareness, 5) Persuasion, 6) Conceptualization, 7) Foresight, 8) Stewardship, 9) Commitment to the growth of people, 10) Building community. After that, Laub (1999) developed six cluster of servant leadership based on vast literature search and following Spears' (1995) models. To a broad view, Russel and Stone (2002) identified functional characteristics specifically. They showed nine functional characteristics and eleven additional characteristics of servant leadership. Though some scholars argued the confusion between functional and additional characteristics of Russel and Stone's (2002) model but they brought a new dimension in the research field of servant leadership. Shortly after that Patterson (2003) developed another influential model encompassing seven dimensions. In addition with previous models, Dierendonck & Nuijten (2011) developed the latest model which comprises eight influential characteristics. They are: 1) Empowerment, 2) Accountability, 3) Standing back, 4) Humility, 5) Authenticity, 6) Courage, 7) Interpersonal acceptance 8) Stewardship. On the same time Van Dierendonck (2011) argued in his scholarly article that six characteristics emphasized much on servant leadership so far and those are stated below:

- 1) **Empower and Develop people:** Laub (1999) argues that empowerment aims at fostering a proactive, self confident attitude among followers and gives them a sense of personal power. Moreover, Konczak et al. (2000) stated "Empowering leadership behavior includes aspects like encouraging self directed decision making and information sharing and coaching for innovative performance". More specifically empowerment makes an environment where employees or followers feel themselves important for the organization and try to develop it as their own organization.
- 2) **Humility:** Patterson (2003) defined, "Humility refers to the ability to put one's own accomplishments and talents in a proper perspective". Servant leadership tries to identify both strong and weak points and put effective actions to overcome all visible limitations (Dierendonck & Nuijten, 2011). It is one of the approaches which contribute to accomplish talents in a fruitful way for the organization.
- 3) **Authenticity:** Peterson & Seligman (2004) defined, "Authenticity is about being true to oneself, accurately representing- privately and publicly- internal states, intentions, and commitments". Authenticity refers also the true expression of an individual which is relevant with what he/she feels and thinks.
- 4) **Interpersonal Acceptance:** Van Dierendonck (2011) defined, "Interpersonal acceptance includes the perspective- taking element of empathy that focuses on being able to cognitively adopt the psychological perspectives of other people and experience feelings of warmth, compassion, and forgiveness in terms of concern for others even when confronted with offences, arguments, and mistakes". In this paradigm, interpersonal acceptance drives the fear if followers make mistakes because servant leaders accept mistakes and correct it in a friendly way.
- 5) **Providing Direction:** It is usual that leaders give direction but in case of servant leadership, leader feels that providing direction is their sole duty and utmost responsibility towards the follower. Both Ferris et al. (2009), Russel & Stone (2002) argued that providing direction is the right degree of accountability and it's the main features for building strong interpersonal relationship and a new way to overcome old problems.
- 6) **Stewardship:** It is the will power which invigorates to carry responsibility for the big organization and approach for service instead of central control and own interest (Spears, 1995). It stimulates the inner power of all the employees and leader leads them to work for the common interest. More specifically, it has a strong relationship with social responsibility, loyalty, and team work (Van Dierendonck 2011).

So these are the main and most influential characteristics based on past scholarly works for the servant leadership and these are the latest addition for making servant leadership comfortable for the followers as well as leaders. Already we have discussed the main contents of all models and based on them Van Dierendonck (2011) described these six influential characteristics which really garnish the perspectives of servant leadership.

Practices of Servant Leadership: Servant leadership is not only a concept but also the philosophy of practice. We have found that servant leadership was practiced in the religious culture in earlier times. As it is the era of change and development so we should find the better fields of application of servant leadership. Greenleaf coined this concept at 1970 and he practiced and found the fruits of servant leadership in his own career at AT & T for 40 years. We must say that Larry C. Spears is the first scholar who brought and discussed elaborately on servant leadership. He had an opportunity to visualize the life of Greenleaf as he was a colleague of Greenleaf. Greenleaf enjoyed his last 25 years career on consulting at different major institutions like foundation, the R.K. Mellon Foundation, the Mead Corporation, the American Foundation for Management Research, and the Lilly Endowment (Spears, 2004). Also we know that Greenleaf founded the Center for Applied Ethics in 1964 & renamed in 1985 as Robert K. Greenleaf Center. In the phase of time Servant leadership made an impression in the field of leadership, management, service, education, non profit organization & personal growth (Spears & Lawrence, 2002). In addition to that some noted management leaders like Stephen Covey, Peter Senge, Max DePree, Margaret Wheatley, Ken Blanchard come to a decision point that servant leadership can manage organizations effectively and efficiently (Spears, 2004). We also find from the article of Spears (2004) that some companies already adopted the philosophy of servant leadership like Toro Company (Minneapolis, Minnesota), Synovus Financial Corporation (Columbus, Georgia), Service Master Company (Downers Grove, Illinois), the Men's Wear house (Fremont, California), South-west Airlines (Dallas, Texas), and TDIndustries (Dallas, Texas). Moreover, servant leadership has impressed some thought leaders and they also praised its philosophy. Max DePree, former Chairman of the Herman Miller Company and author of 'Leadership Is an Art and Leadership Jazz' has said, "The servant hood of leadership needs to be felt, understood, believed, and practiced." Garber et al.

(2009) first tested the servant leadership over the healthcare organization and have found a strong positive correlation between collaboration and servant leadership among nurses, physicians and residents. It was the first tested servant leadership application in hospital industries. S. Sendjaya et al. (2008) found strong demand of application of servant leadership among professionals at profit and non-profit organizations in Australia. It was a major contribution towards the Servant Leadership Behavior Scale (SLBS) (S. Sendjaya et al. 2008). Waterman (2011) showed the demand of servant leadership at health and social care program. He proved that servant leadership is one of the most influential actors to promote service, community and vision. Crippen (2005) showed that the educational institutions need effective leadership styles and in this regard servant leadership can manage activities more effectively and efficiently. Moreover, Neill et al. (2007) again tested the applicability of servant leadership for inter professional practice and they found the strong demand of servant leadership in this case. If we closely examine all tested application of servant leadership than we may find that it was held in western countries. So it makes a clear stance that servant leadership might be the best solution of growing leadership tension era in the eastern countries.

IMPORTANCE OF THE STUDY

Leadership Practices in Bangladesh: The perspectives of leadership practices in Bangladesh are not well discussed in the academic literature. Still we did not find enough evidence that elaborated the application of various leadership practices. Aatur Rahman Belal (2001) discussed the situation of Corporate Social Responsibility in Bangladeshi corporations but it contains little about leadership practices. Though the Industrialization has begun near about two decades ago but traditional leadership styles are still followed. Companies are divided by the regulation authority like privately managed, public-private ownership, government ownership. We find a clear distinction among all types of company leadership. Still government owned companies like Bank, Insurances, Production based industries, Research firms that follow traditional leadership styles like bureaucratic styles or hierarchy based management. On the other hand, private and multinationals are trying to follow modern leadership styles like flat rate management or democratic and participative leadership style. Recently, Bangladesh has drawn attention of multinational companies for its potential economic prosperity and country is opening its territory for global business. So it is the high time to change traditional leadership style to modern leadership policy. More specifically, multinationals and national private organizations are trying to change the traditional management policies for keeping pace with global business growth. In this regard, servant leadership is a new paradigm which may facilitates the growth of leadership horizon in Bangladesh. Not only the business sector but also the education and political sectors need a radical change of leadership patterns for its further growth. In this regard, we think that servant leadership might be a change maker in three sectors like business, education and Politics.

STATEMENT OF THE PROBLEM

As we mentioned earlier that there is a scarcity of the well established literature review in the field of leadership practices in Bangladesh. Besides that traditional leadership practices failed to bring prosperity in business, education and social development arena. Servant leadership proved its effectiveness in some western countries as well as some Asian countries like China and Philipines. In this critical stage, we feel that servant leadership will also bring an effective change in the leadership styles in Bangladesh. We searched the feasibility as well as the acceptability of servant leadership in Bangladesh.

OBJECTIVES

The purpose of our research article is to test the definition and feasibility of the application in a developing nation like Bangladesh. Though it was developed and practiced since 1970 but all measurements were tested in the developed nations or western countries. Most of the scholars come to a point of view that servant leadership will bring a prosperous future in the organization in today's world. Keeping trust with the scholars view, we want to test the definition and potential applicable sectors in Bangladesh.

HYPOTHESES

H1: Servant leadership will be accepted among the employees of business organizations, students and teachers in the educational institute, political or social workers in Bangladesh.

H2: Traditional leadership practices will be changed with servant leadership in Bangladesh.

RESEARCH METHODOLOGY

We gathered all publications, books, articles etc from the Greenleaf Center for theory development. Besides that, a vast scholarly works were scrutinized for its conceptualization. Spears scholarly works were followed to understand all applicable sources of servant leadership. Moreover, we tried to understand the deep meaning of servant leadership through some religious scripture which are related to that leadership styles. We did not use any structured measurement scales from previous literature for data analysis. For a simple understanding, we distributed 200 printed questionnaires among students of Dhaka University, faculty members as well as teachers of different educational institutions and political leaders. Only 15 questions were used and they were followed by dichotomous scales. Questionnaire items were given at appendix. Finally, we analyzed 165 questionnaires by MS Excel and rest of them was distracted for their incomplete answers. Besides that we interviewed some respondents. Three important field of application were chosen like education, business organization especially employee behavior and social development close to political leadership.

RESULTS AND DISCUSSIONS

There were 95 male and 70 female among the 165 respondents. All of them were in the range of 21-25 years old. All of the students from the University of Dhaka. Few faculty members possessed from Dhaka University but others belong to colleges and schools. We have taken respondents from few student leaders those who want to be a politician in future. Besides that, we interviewed some of the respondents for the understanding of servant leadership and its prospective fields. Results are shown below in the chart:

FIG. 1: AVERAGE RESPONSES REGARDING ALL QUESTIONS

| Questions | Asked | Respondent Answers in Percentage (%) | | |
|--------------|-------|--------------------------------------|--------|------------|
| | | Yes | No | Don't Know |
| Q.1 | | 80 | 15 | 5 |
| Q.2 | | 95 | 5 | 0 |
| Q.3 | | 30 | 60 | 10 |
| Q.4 | | 35 | 60 | 5 |
| Q.5 | | 70 | 25 | 5 |
| Q.6 | | 85 | 15 | 0 |
| Q.7 | | 65 | 10 | 25 |
| Q.8 | | 70 | 15 | 15 |
| Q.9 | | 90 | 5 | 5 |
| Q.10 | | 65 | 15 | 20 |
| Q.11 | | 90 | 5 | 5 |
| Q.12 | | 80 | 15 | 5 |
| Q.13 | | 95 | 5 | 0 |
| Q.14 | | 55 | 40 | 5 |
| Q.15 | | 75 | 5 | 20 |
| Avg. Outcome | | 72 | 19.667 | 8.333333 |

This figure illustrates that 72% of respondents know the term "Servant Leadership" and agree upon the effectiveness of its effective general application. On the other hand, 19.67% respondents also know the term "Servant Leadership" but they think that this concept will not bring any positive outcome in business, education and political fields. However, 8.33% of the total respondents do not know anything about Servant leadership and we did not find any positive results from them. More specifically, we interviewed 15 respondents among them and their answers were both positive and negative in aspects. We tried to get the main theme of Servant leadership from them but they think that it will be hard to implement both in educational and political sector as these two sectors still follow traditional leadership styles. So, the results show that H1 is accepted and H2 is partially accepted.

FINDINGS

Servant leadership is not a new concept in the scholarly worlds as well as it was practiced by many western companies successfully. Truly, it is untouched in the Asian business practice. So there is a bright possibility to flourish servant leadership in Bangladeshi business and non-profit organizations. We interviewed several respondents and they think that servant leadership will bring a new horizon in the leadership practice in Bangladesh. But the first task is to introduce servant leadership among employees and the benefits of it among the mass people. Bernhart & Kamal (1994) conducted a study to identify attributes that distinguishes high performing non governmental organizations and their contributions to family planning as well as community services. Here, we can find the most important issue of service and that can be well organized through the characteristics of servant leadership. Because the key characteristics of servant leadership approaches to the heart of general people too. In our methodology part, we identified three important sectors of servant leadership practices and we will discuss it one by one. Crippen (2004) conducted a visionary study over changing leadership style in education sector. He introduced servant leadership and its application among 200 educators and they reported positively about servant leadership. Similarly, Neill et al. (2007) conducted a study based on professional career selection among students and it resulted that servant leadership might remove the barrier to find good career selection among students. So these two contemporary studies reveal both the importance and utility of servant leadership in education sector. In relation with that, we find the same opinion while we interviewed the students about the concept and utility of servant leadership. Students feel that they have a communication barrier with the teachers and administrative officers in University and it affects adversely in their educational life. So most of the students gave a positive opinion towards the application of servant leadership in education sector and it will eradicate the communication barrier as well as bureaucratic hierarchies. In addition to that it will affect positively to select their future career too. Secondly, the most important sector is business organization. Nowadays executives prioritize the behavior of employees to serve the organization best. Neubert et al. (2008) have found in their study that servant leadership and the structure are unique leadership formula that can bring radical positive outcome. Moreover, Neubert (2008) stated that, "By modeling initiating structure, leaders induce in employees a focus of security, obligations, and loss avoidance, or, in contrast, by modeling servant leadership, leaders induce in employees a focus on nurturance, aspirations, and gains." While we took our data from employees of different organizations, they also raise the concern about the behavioral pattern which leads to security, evaluation and performance based treatment. It clearly makes conflict with hierarchy based management style and resembles with servant leadership or participative leadership. Here, the scholarly article of Bandura (1986) argues that work regulatory focus is a conscious awareness of one's mindset and on the other hand there is an unconscious effect which arises from leader behavior. In addition to that leader behavior also influence on building positive employee attitude and organizational commitment (Meyer et al. 2004). In that case, we can say strongly that servant leadership will build the employees attitude positively which is an influential actor of organizational commitment as well as organizational performance. Thirdly, we found a strong demand of change in political leadership which will be more people centered and welfare focused. Social development and community services are also included with political leadership. Sperandio (2005) conducted a major study over the social entrepreneurs and educational leadership in Bangladesh. That study revealed that "social entrepreneurship has the potential to make major contributions to education in three key areas: experimenting with innovative methods of teaching and learning; developing models of collaboration including support networks and partnerships with educational enterprises in the private sector, and modeling nontraditional leadership for educational institutions." So this study strongly supports to change traditional leadership style. On the other hand respondents also support the issue of creating collaborative network and service based community for social development. Moreover, service based leadership will focus more on well being of mass people. All that major findings support our notion that political leadership should be modified with the concept of servant leadership.

RECOMMENDATIONS

Managerial implications should be more specific while servant leadership will be applied in the educational, organizational, political or social development sectors. Hereby we recommend explaining the features and effectiveness of servant leadership among the mass people first. Most of the people do not know about the servant leadership. Specifically, business organization might get best output to manage employees by the practicing of servant leadership. Still business leaders in Bangladesh practice traditional approaches and they fear about that type of participative styles of leadership. Most of them think that it will decrease their authority in the organization. So long time training is needed to eradicate those sorts of misconceptions. In addition to that, educational field has a strong demand of servant leadership but teachers or administrators also fear about their authority. Here we also recommend organizing a lot of seminars as well as workshop for better understanding and applications. Still the mass people think that political area is mostly affected by centered leadership styles. It has the strongest need to change but too much difficult to change it. Here we recommend developing mass awareness programs and the bright pictures of servant leadership among the general people. In that way peoples' view will be changed to servant leadership and social system will be forced to change it.

CONCLUSIONS

The core objective of this study was to test the theoretical framework of the servant leadership and the prospective applicable fields in Bangladesh. Though we have several limitations in our study but it has some new ideas and horizons of leadership in Bangladesh. Both the academic and organizational perspectives have bright future over servant leadership. In academic research, servant leadership is a new field and Bangladeshi corporate culture may discover new

paradigm of this new leadership practice. Moreover, we believe that this philosophy will act as a change maker in our society. As most of the respondents welcome servant leadership, so it might affect positively our society. For the theoretical development, we followed Van Dierendonck (2011) latest work of Servant leadership and he followed all previous studies to develop the main characteristics which are much recognizable nowadays. In addition to that, Williamson (2008) found a close relationship of servant leadership with Plato's "The Republic", so servant leadership may change our society and it will focus the good of the whole. We hope servant leadership will open the new horizon of corporate culture and academic research in Bangladesh.

SCOPE FOR FUTURE RESEARCH

We tried to focus on the theoretical framework of servant leadership in our study but it has several aspects of limitations too. Whetstone (2002) argued that any study should be followed by three aspects. First of all, any theory or new concept should be tested through several measures. In addition to that, Van Dierendonck (2011) stated, "A multidimensional measure is definitely required for future studies in order to get an in-depth insight into servant leadership." Secondly, the term of servant leadership has some confusing explanations. Cultural paradigms should be concerned in case of testing. Usually most of Asian countries belong to high power distance and they practice hierarchy based management. So the term "Servant" make managers confused and they take it negatively. To some extent, they think that servant leadership practice is a way of loosing authority. Here Van Dierendonck (2011) suggested that the six characteristics might be a solution of that type of misunderstanding as all of them are recognized by managers for necessary leadership practice. Thirdly, the risk of manipulation by followers (Whetstone, 2002). The core concept of servant leadership believes that people like to work, take responsibility but opposite of that belief may happen also. So a leader should think both of the parts like to give direction and motivate them to do so. More specifically, we did not test the concept through any valid measure. Actually, most of the people do not know about the term servant leadership so we wanted to know that how do people feel about the new concept of leadership. We relied mostly upon the empirical studies of servant leadership. For future research, we suggest to test all aspects of servant leadership through the valid measurement. Moreover, we did not have enough respondents in our study. In future, studies should be taken in a broad aspect of society and all sorts of respondents should be taken and that will increase the generalizability of the study. There is a severe limitation of our study that we did not find enough literature review to scrutiny of the leadership practices in Bangladesh. For future research, we suggest to take more oral interview to test in depth of the leadership practice as we have scarcity of vast literature review. Hale and Fields (2007) first studied an empirical view over servant leadership. Moreover, Sun and Wang (2009) recently studied over the servant leadership behavior in context of performance and job satisfaction in China. In addition to that, West et al. (2009) showed a comparative analysis of servant leadership between USA and Filipino context and they showed strong relation of job satisfaction and organizational commitment. But our study purpose was different that these Asian context study. For future research, we feel to overview all Asian context studies based on Servant leadership.

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APPENDIX

The questions of the survey are given below:

- 1) Do you think you will be a leader one day?
- 2) Is leadership an important issue to you?
- 3) Do you like hierarchical system in the organization?
- 4) Should leader be authoritative?
- 5) Do you like to change current leadership style?
- 6) Have you ever heard the term "Servant Leadership"?
- 7) Do you like to be a Servant Leader?
- 8) Will it make organization and society more dynamic?
- 9) Do you think that Servant Leadership will reduce power distance in society?
- 10) Would you like to adopt this philosophy in education?
- 11) Do you like to express opinion freely?
- 12) Do you like to participate in decision making?
- 13) Do you expect cordial behavior from the leader?
- 14) Would you like to change in your own organization especially in leadership style?
- 15) Are you interested about Servant Leadership?

PERFORMANCE ANALYSIS OF INTERNALLY GENERATED REVENUE MOBILISATION IN ABURA-ASEBU-KWAMANKESE DISTRICT ASSEMBLY, GHANA

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ABSTRACT

District Assemblies in Ghana are mandated to collect internally generated revenue. It is against this background that this study was embarked with the aim of analysing the performance of internally generated revenue in Abura-Asebu-Kwamankese District Assembly. The study made use of the trial balance for the district from 2005 to 2010 for the analysis. The indicators used in the study were actual internally generated revenue / development expenditure and actual internally generated revenue / internally generated revenue estimated in the budget. The result indicated that the internally generated revenue collected by the District Assembly was not enough to meet its development needs. Measures such as innovation and human resource development are needed to improve internally generated revenue levels.

KEYWORDS

Internally Generated Revenue, Performance Analysis, Revenue Analysis, Revenue Performance, Revenue and District Assemblies

INTRODUCTION

According to Ebel and Yilmaz (2002) the shift from central to local governance, thus decentralisation, has resulted in a shift of focus. To them, the concept of requirements for achieving the development objectives is changing and many countries around the world are now implementing fiscal decentralisation reforms. However, the practice of decentralisation results in a shift of responsibility and discretion in decision-making from the central government to the decentralised units. The issue of responsibility in the hands of the local governments brings up the need for financial resources usually referred to as fiscal decentralisation. Ikeanyionwu (2001) and Bandie (2003: 4) support the need for decentralised units to be provided with adequate financial resources for the discharge of their decentralised functions. This act of providing financial resources to the decentralised unit is known as fiscal decentralisation. Yaw-Nsiah (1997:12) defines fiscal decentralisation as the transfer to sub-national governments of the power to mobilise, allocate and manage financial resources according to locally determined priorities.

Fiscal decentralisation (which is divided into two: externally and internally generated revenue sources) has therefore become the main issue in the decentralisation process in many developing countries. It has been considered crucial for the effectiveness of the decentralised institutions, without which the local governments cannot achieve the desired developmental goals at the local level. Thus, the absence of fiscal decentralisation implies the decentralised institutions would not have the financial means to implement projects. Bahl and Linn (1992:368) argue that fiscal decentralisation has the tendency to increase the satisfaction with government services by local people.

Fiscal decentralisation in Ghana has been considered as one of the main causes of failures of successive local government systems in the country (Asibuo and Nsarkoh, 1994; Kessey, 1995). Kokor and Kroés (2000) identifies that in terms of financing, the Central Government has assigned a number of independent internal sources of revenue from which revenue could be mobilised by the Metropolitan, Municipal and District Assemblies (MMDAs), but for the majority of the District Assemblies, revenues generated from these sources are hardly sufficient to cover their administrative and other recurrent expenses much more to finance the deliver and running of basic infrastructure and services that directly benefits their communities (Adom, 2000; King, Azeem, Abbey, Boateng & Mevuta, 2003; Nicol, 2005).

REVIEW OF LITERATURE

Decentralisation is broadly defined to include the transfer of authority from central to local governments and the management arrangements that relocate responsibilities away from the centre. United Nations (1962: 13) defines decentralisation as "the transfer of authority on a geographic basis whether by de-concentration of administrative authority to field units of the same department or level of government or by political devolution of authority to local government units, or by delegation to special statutory bodies".

INTERNALLY GENERATED REVENUE MOBILISATION CHALLENGES IN GHANA

Challenges, in this study are the impediments, weaknesses, disincentives or difficulties that do hinder the maximisation of revenue collections internally at the sub-national and local government levels. Studies conducted by King et al. (2003) reveals that the external sources of funds available to the MMDAs mainly, the constitutionally established District Assembly Common Fund (DACF) have faced some practical challenges. Some of these challenges identified were delayed payments, payments never made or withheld; through judiciary directives and payments attracting unnecessary deductions from source. This has seriously undermined the functions of the District Assemblies. For example, the local Government Act of 1992, Act 462 mandates the MMDAs to ensure the overall development of its area of jurisdiction. To facilitate this function, the MMDAs have been given the legal backing to tax economic activities within its jurisdiction and to channel the revenue mobilised for its development.

Nicol (2005) the challenges are weak collection and monitoring systems, under declaration of revenue, leakages/corruption, lack of credible and reliable database on taxable economic activities, lack of training for revenue collection and administration staff etc.

Challenges take the form of inadequate personnel to undertake the difficult task of revenue collections in a very rural setting, the absence of clear data that can help in revenue collections, the attitudes of the citizenry towards tax payments generally and how effectively the laws can be enforced or a certain level of overdependence on central government grants (Oduro-Mensah, undated). Ebel and Vaillancourt (1995) admit that the system of financing local governance in many countries is characterised by dependence on the central government on transfers and shared taxes, and almost complete lack of robust generation of own revenue sources. Boachie-Danquah (1996) cautions that if local governments have to depend primarily on central government funding and other external resources to enable them deliver the services required of them, then that over dependence is a sure recipe for disaster in as far as the concept of decentralisation is concerned.

Institutionally, revenue collections have been hampered by the absence of logistics for the revenue collectors who are supposed to reach every potential tax or ratepayer for the purposes of tax collections (Oduro-Mensah, undated). The laxity or inertia may arise out of complacency on the part of the local authorities or the sub-nationals resulting from access to grants or loans that are so reliable and does not require many efforts to acquire.

Kelly (1995) notes that tax payments anywhere in the world are very unpleasant to the payers. People generally do not want to pay taxes voluntarily. The challenges that confront local authorities in many developing countries in as far as revenue collection is concerned, have to do first with the attitudes of people generally towards the payment of taxes of whatever forms. The second challenge has got to do with those engaged to collect the taxes on behalf of the local authorities who either short change the local institutions by underpaying what they collect or sometimes engage in outright fraud through fake receipt printing (Zanu, 1994). The structures that serve as checks and enhance efficient tax/rate collections are very weak. In some cases the revenue collectors collect less than

they are expected to collect from those who are expected to pay those taxes and in return, no receipts are issued for the payments, thus making accounting very difficult. There are indeed programme design problems in internal revenue collections, implementation problems and above all attitudinal problems.

Appeah (2003) and Aboagye (1994) states that the process of revenue mobilisation is the current and almost moribund and unscientific method whereby technocrats prepare revenue and expenditure estimates for the fiscal year in close collaboration with the Finance and Administration Sub-Committee of the Assembly (some of whose members in many District Assemblies have no knowledge about budgeting and its related issues) for discussions. The current estimates are based on a percentage increase over the previous year's estimates. Not much consideration is given to the fact that the previous set targets were either achieved or not achieved. No serious analysis is done in areas where set targets were not achieved to identify the reasons for the failures or successes, whichever the case might be and advise on remedies to correct the problems or improve upon the successes. Also, efforts aimed at bringing potential revenue sources into the tax net are met with serious resistance with its attendant political upheavals and blackmail.

If the tax payers believe that they do not benefit from the taxes they pay, they are not likely to comply (Aboagye, 1994). According to Aboagye, District Assemblies have a responsibility to build confidence in the people as regards what they (Assemblies) do with the monies they collect from them. It is a big challenge for the District Assemblies to let the people know and appreciate the fact that the revenues they pay help contribute towards their standard of living by way of development projects. Most of the revenue collectors are poorly motivated. Job or career progression for many of the revenue collectors particularly, the commissioned collectors are non-existent because of their educational background.

Over and above all, one of the biggest challenges that impede revenue generation for the sub-nationals is the fact that they are not allowed to borrow externally to develop any viable project (Adedokun, 2004).

Good or effective revenue mobilization and management structure has the ability to reduce the cost of revenue collection. If revenue collection goes down, we expect total revenue collected or mobilised to increase and made available for District development.

IMPORTANCE OF THE STUDY

The study has the tendency to benefit various stakeholders. First it would serve as a reference material to the academics and as basis for further studies. To the local government, this study would provide an insight in dealing with its low revenue mobilisation levels. It is expected that this study would help Abura-Asebu-Kwamankese District Assembly to maintain a reasonable balance between its development expenditure and revenue. The information gathered would aid the preparation of special training courses for revenue staff and other people interested in studying local government revenue systems.

General public, who constitute tax payers would enjoy better infrastructure in the district such as schools, roads, health, potable water, sanitation. This would manifest in good roads, quality education and potable water. It is also expected to increase the tax compliance levels.

STATEMENT OF THE PROBLEM

Records from the Office of the Chief Local Government Inspector, Central Region Coordinating Council indicates that Abura-Asebu-Kwamankese District, is well noted for its low internally generated revenue. The District Assembly has for a long time suffered the problem of persistent non-implementation of development projects in the district's five-year medium term development term plans, mainly due to inadequate funds. Successive medium term development plans have not successfully been implemented leading to the decline in fulfilling the District Assembly's mandate to spearhead its entire local level development. It is against this backdrop that this study was embarked on to unearth the performance analysis of internally generated revenue mobilisation. Though decentralisation has different forms, this study concentrated on decentralisation of fiscal resources to the local level, which is supposed to result in local governments and local service delivery.

Out of 7 revenue items available to the District, only four of the revenue provision (target) was realized and the remaining three representing almost fifty percent of the revenue items was not realized. It can also be seen that mobilisation levels from the various actual revenues items realized were low. For example, records from the Annual Estimate, 2010 for Abura-Asebu-Kwamankese District, indicates that GH¢31,630 was mobilised from property rate for the year 2009. However, a simple analysis of 111,329 houses (estimated from the Population and houses census, 2000) currently available in the district multiplied by the minimum among the property rates of GH¢4.00 (Abura-Asebu-Kwamankese District, 2009) should result in GH¢445,316 and not GH¢31,630; which was recorded.

OBJECTIVES OF THE STUDY

The general objective of this study was to investigate the performance of internally generated revenue mobilisation in Abura-Asebu-Kwanamankese District Assembly in order to suggest sustainable measures to address the mobilisation problems. The specific objectives are to:

1. analyze the performance of internally generated revenue from 2005 to 2010; and
2. make recommendation(s) to improve revenue levels in District Assembly.

RESEARCH HYPOTHESIS

The hypothesis set for the study was to answer the question: is there any statistical difference between the targeted and actual internally generated revenue mobilised for the district?

RESEARCH METHODOLOGY

A better understanding of how the District has been performing in terms of internally generated revenue mobilization and generation was sought and historical or time series research became the appropriate method. This allowed the study of trends over the past six years (6) years from 2005 to 2010. The Trial Balance report of Abura-Asebu Kwamankese District Assembly was used. Statistical Product and Service Solutions (SPSS) software version 16 and Microsoft excel were the data analysis tools used.

RESULTS AND DISCUSSION

The performance of internally generated revenue in District Assemblies' finances is very important as it helps to determine the efficiency and effectiveness of the revenue collection system (Bandie, 2003: 161). The two main indicators used in the study were actual internally generated revenue / development expenditure and actual internally generated revenue / internally generated revenue estimated in the budget. Internally generated revenue / development expenditure is a readily available indicator that gives a sense of the fiscal pressure. Comparing internally generated revenue to development expenditure ratio of districts with similar economic and revenue structures gives a sense of the relative effectiveness of the revenue administration (Gill, 2003). However, this indicator needs to be used with caution, because internally generated revenue raised in a district is a function of spending choices, expenditure needs and the availability of resources from other sources. Nevertheless, times series data on internally generated revenue to development expenditure ratio, for a given revenue administration, adjusted for changes in revenue rates and the revenue base, is useful in determining changes in its effectiveness over time.

Actual internally generated revenue / estimated internally generated revenue indicator, on the other hand, shows whether the revenue administration is able to meet the revenue targets set in the budget. However, optimistic revenue estimates, often resulting from political pressures, are a common problem in many countries and suitable allowances need to be made for this tendency.

PLANNED VERSUS ACTUAL IGR IN RELATION TO TOTAL REVENUE

Table 1 presents the estimated and actual performances of total revenue and Internally Generated Revenue (IGR) for the study period (2005- 2010). The actual total revenue of the district has steadily improved from GH¢ 1052560 in the year 2005 to GH¢ 1207890 in the year 2010. Mean while the actual Internally

Generated Revenue, as part of the total revenue of the district has increased dramatically from GH¢ 12,402.49 in 2005 to as high as GH¢ 77,507.40. Planned versus actual internally generated revenue analysis was considered appropriate because it brings out the actual performance of revenue collectors in achieving their set targets. When actual mobilisations are compared with total district development revenue, it tells us how internally generated revenues are contributing toward total development expenditure of the district.

From Table 1, the percentage share of internally generated revenue (IGR) for the district has been less than 10% for the first four years (2005-2008) under study. The share reached 97.82% in 2009 and fell again in 2010 to 5.36%. The worse figure was recorded in 2007; where the percentage share was 2.48%. This indicates the extent and the importance of externally generated revenue to the district's development expenditure. It was realized that investment and miscellaneous was leading. Two constituents of miscellaneous item are the common fund and grants from development partners. These items attract bank's interest when deposited. Common fund and grants are externally generated revenue and due to their size and relevance in the revenue system of the district, has been able to influence these internally generated revenue items to lead internally generated revenue through interest earnings.

TABLE 1: ACTUAL AND ESTIMATED IGR AND TOTAL REVENUE OF THE DISTRICT ASSEMBLY

| Year | Total Revenue (Gh.¢) | | | Internally Generated Revenue (Gh.¢) | | | percentage share of IGR in total actual revenue |
|------|----------------------|-----------|--------|-------------------------------------|----------|--------|---|
| | Estimated | Actual | % | Estimated | Actual | % | |
| 2005 | 1052560 | 662900.92 | 62.98 | 26760 | 12402.49 | 46.347 | 1.87 |
| 2006 | 1052560 | 856770.53 | 81.399 | 26760 | 49662.65 | 185.59 | 5.8 |
| 2007 | 1402180 | 2019323.4 | 144.01 | 66180 | 50077.2 | 75.668 | 2.48 |
| 2008 | 1402180 | 923694.48 | 65.876 | 66180 | 87864.65 | 132.77 | 9.51 |
| 2009 | 1207890 | 996782.75 | 82.523 | 93890 | 975016.3 | 1038.5 | 97.82 |
| 2010 | 1207890 | 1446114.9 | 119.72 | 93890 | 77507.4 | 82.551 | 5.36 |

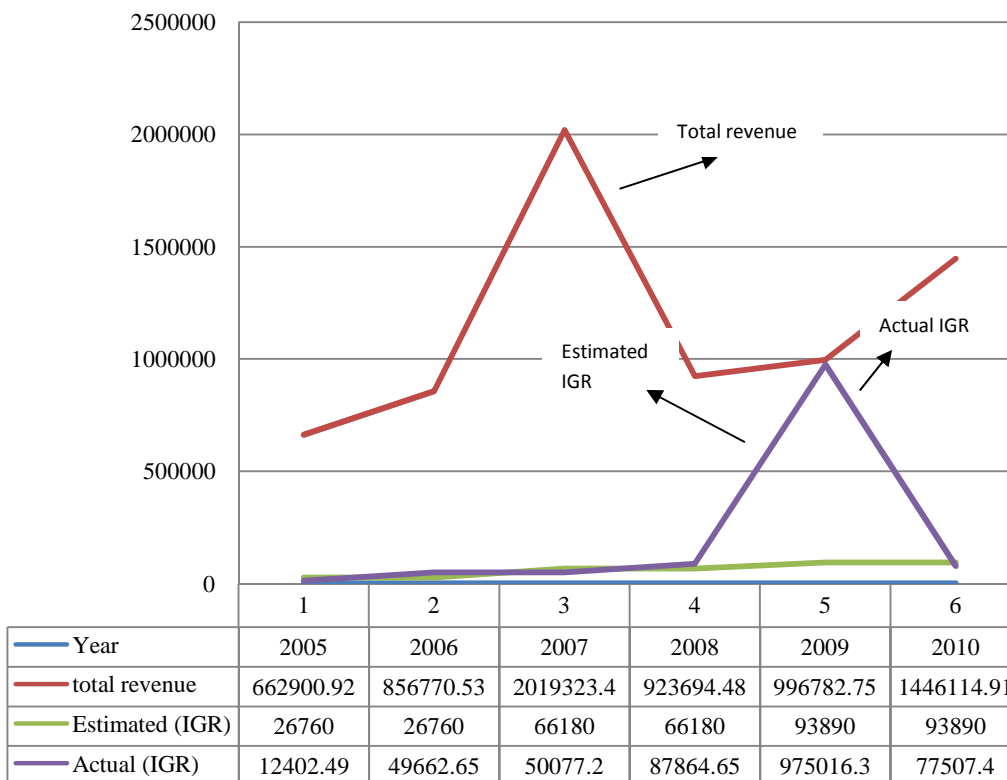
Source: Calculated from AAK District, Annual Trial Balances (2005-2010)

The Revenue Collection Index (RCI) concept was used to develop the percentages in Table 1. This is used to assess the effectiveness and efficiency of the revenue collection systems of the District Assembly. It measures the ratio of actual revenue collected to the estimated budget of the DAs. The higher the RCI (that is close to unity; that is, 1 or above), the higher the collection effort and for that matter the effectiveness of the system and vice-versa. When RCI is expressed as a percentage, one gets the revenue collection rate (Bandie, 2003).

From Figure 1, the relationship between actual and estimated internally generated revenue has been closely related. The trend remains similar from 2005 to 2008. With this result, it can be said that the gap between actual internally generated revenue and estimated internally generated revenue amounts was not wide, until 2009, where the gap between them really became wide and came back to normal in 2010. The reason attributed to the wide gap experienced was that 2009 was the injunction placed on the District Assembly Common Fund for the District and failure on the side of the District to attract external source of funds from development partners. There was therefore the need to intensify the mobilisation efforts of internally generated revenue to cater for development expenditure for that particular year. It can also be attributable to the change in District Superintendent for the district during the period.

The year 2009 experienced the best performance for actual internally generated revenue mobilisation (Figure 1 and Table 1). The reason for this tremendous performance, according to the District Finance Officer was due to the following factors; a change in revenue superintendent and a drastic cut in the district's external source of revenue. According to the trial balance for the district, the year 2009 recorded zero for Non Governmental Organization grant, highly indebted and Poor Country fund and Assembly grant. Only the District Assembly Common Fund was available. The District Assembly had no other choice than to intensify internally generated revenue to execute development projects.

FIGURE 1: TREND OF ACTUAL TOTAL REVENUE AND INTERNALLY GENERATED REVENUE



Source: Plotted from AAK District, Annual Trial Balances (2005-2010)

The situation above reflects overdependence on the District Assemblies Common Fund and other forms of external sources of revenue for local development. In a study of selected sub-Saharan Africa, Asia and the Pacific countries, Bird (2003) notes, at the national level, that revenue performance, in the last decade, has been disappointing. Bird adds that even though empirical testing of the relationship between revenues and foreign aid is fraught with difficulties, the results of

the test suggests that an increase in foreign aid and grants to most developing nations cause overall domestic revenues in those developing nations to decline, a situation Boachie-Danquah (1996) describes as deceptive prosperity. However, what is true at the national level is true at the District Assembly level. Table 2 illustrates the percentage contribution of internally generated revenue to the development expenditure for the district within the period under study. Empirically, the period from 2005 to 2007 recorded less than 6% contribution to total development expenditure. However, the situation got better in 2008 and 2009; where internally generated revenue contributed close to 12% and fell down slightly above the usual less than 6% recorded from 2005 to 2007 in 2010. The situation supports the findings from a study conducted by Bird in 2003. Bird identifies poor internally generated revenue performance as a problem to most local governments in developing countries.

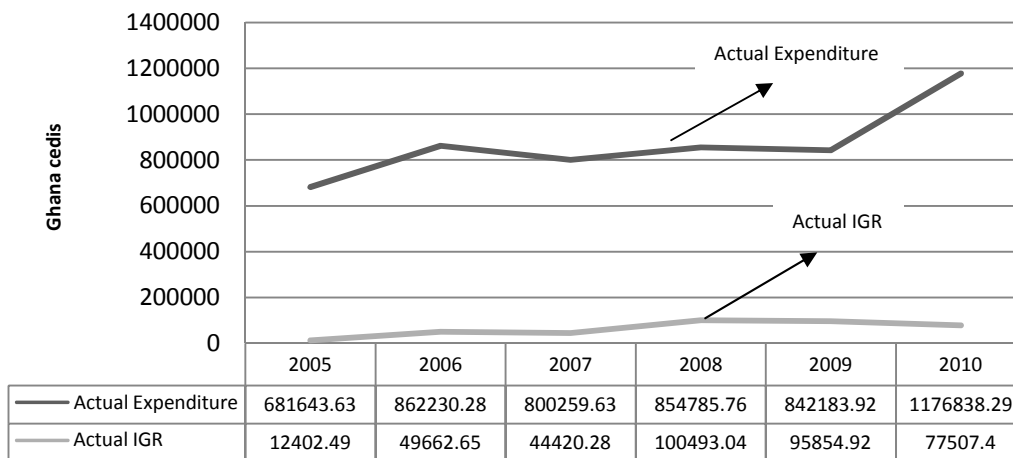
TABLE 2: PERCENTAGE CONTRIBUTION OF INTERNALLY GENERATED REVENUE TO TOTAL DEVELOPMENT EXPENDITURE

| Year | Actual expenditure (Gh.¢) | Actual IGR (Gh.¢) | Percentage |
|------|---------------------------|-------------------|------------|
| 2005 | 681643.63 | 12402.49 | 1.82 |
| 2006 | 862230.28 | 49662.65 | 5.76 |
| 2007 | 800259.63 | 44420.28 | 5.55 |
| 2008 | 854785.76 | 100493.04 | 11.76 |
| 2009 | 842183.92 | 95854.92 | 11.38 |
| 2010 | 1176838.29 | 77507.4 | 6.59 |

Source: Annual Trial Balances of Abura-Asebu-Kwamankese District Assembly (2005-10)

This result (Table 2) confirms the assertions of low levels of revenue mobilisation in most literature on sub-national governments' own generated revenue sources (Smoke, 2001). Thus, this internally generated revenue is simple not enough to finance the enormous development roles given them by the central government. Ebel and Vaillancourt (1995) further states that the financing local governance in many countries is characterized by dependence on the central government on transfers and shared revenues and almost complete lack of robust generation of internally generated revenue. As long as this situation prevails, it will not be possible for local governments to contribute to their nation's fiscal health unless they increase their own revenue efforts.

FIGURE 2: RELATIONSHIP BETWEEN ACTUAL IGR AND TOTAL DISTRICT EXPENDITURE



Source: Annual Trial Balances of Abura-Asebu-Kwamankese District Assembly (2005- 10)

FINDINGS

REVENUE MOBILISATION PERFORMANCE

The district is really doing well in mobilising non-revenue internally generated revenue compared with the revenue related internally generated revenue items. It was found from the study that non-revenue items (investments and miscellaneous) contributed 78.36% averagely to the total internally generated revenue mobilised over the period of study (2005-2010). Taxable items, on the other hand, contributed 21.64%. Out of the taxable items (21.64%), rates contributed almost half of the taxable items while licenses contributed 5%. Thus the two taxable items jointly pulled 67% of taxable items.

REVENUE COLLECTION EFFORT

The revenue collection section of the internally generated revenue section or unit is really performing well in its revenue collection efforts. Statistically, the test conducted revealed that the estimated and actual revenue mobilisation levels were the same. However, the major problem therefore lies in how the revenue targets were set? Was it scientific or not? The study revealed that revenue target setting for the years ahead are done using the intuitive methods. The major reason for the adoption of this method is the unavailability of credible and reliable revenue database of all taxable economic activities in the district.

CONTRIBUTION OF INTERNALLY GENERATED REVENUE TO EXPENDITURE

The contribution of internally generated revenue to total development expenditure for the district within the period of study (2005-2010) was very low. It was realised empirically that internally generated revenue for the district contributed a maximum of 11.7% in 2008 to as low as 1.8% in 2005 (refer to Table 2). The internally generated revenue is simply not enough to finance the enormous development roles given them by the central government as enshrined in the Act of Local Government, Act 462. This supports Smoke's (2001) argument that assigned revenues are almost never adequate to meet local expenditure requirements in most developing countries

EXTERNAL VERSUS INTERNAL SOURCES OF REVENUE

External revenue has a dominating importance in the structure of the District Assembly's revenue.

RECOMMENDATIONS

The study has put forward recommendations for stakeholders. These are:

Privatization of internally generated revenue collection in the district. For example, the association of palm wine tappers, akpeteshie tappers, market women association can be put in charge of the collection of those revenue and handed over to the District Assembly. This method will ensure expanded coverage in revenue collection, reduction in the cost of revenue collection and finally, increase voluntary compliance. Additionally, privatization of particular revenue zones, especially Amosima and Moree should be considered with immediate effect.

Capacity building for internally generated revenue staff is needed to deal with the existing poor institutional capacity expressed in terms of human, organizational and system limitations. At least to improve the human capacity, the district needs to design capacity building training programs for revenue officials and revenue collectors.

The District Assembly, as a result of narrow revenue bases, should take it upon itself to introduce other sources of revenue for the district. This will increase its revenue and thereby be able to perform its development functions effectively.

CONCLUSION

As part of the fiscal decentralization program, district assemblies in Ghana are legally mandated to mobilise internally generated fund from different sources. The study revealed that there are a couple of issues needed to be considered if there is a real demand for improving the internally generated revenue performance and there by the entire decentralization program.

Insufficiency of the available internally generated revenue sources for ever increasing expenditure demand, existence of two institutions that are separate but working for common goal and weak organizational structure are some of the findings of the thesis. Committed and qualified leadership and personnel along with strong policy and legal backing are needed to restructure the prevailing challenges.

The issues, lessons learnt and recommendations made will not only contribute to debate on decentralization in general, but will, to a large extent improve on the operationalisation of fiscal decentralization in the country.

SCOPE FOR FURTHER RESEARCH

Application of digital technology in revenue collection in Abura-Asebu-Kwamankese District: Prospects and challenges. This will give the revenue office much control over the activities of revenue collectors on field. It will also ensure that revenue collectors are not tempted to keep monies mobilised with them for long before declaring them at the nearest rural bank. The digital technology will render the accounts at the end of the day and at the same time issue receipt for any payments made. Revenue officers can therefore track from their office, daily collections of various revenue collectors. Also, the large informal sector within the revenue payers therefore makes it makes it imperative for such a move; and Strategies for the participation of key stakeholders in revenue planning and collection. Realistic target can therefore be developed so that revenue payers will not feel cheated in the process. Stakeholders will therefore help the District Assembly to map out effective strategies in the collection of those revenues. They can also perform a watchdog role on the activities of revenue collectors within their areas. They can also channel their grievances to the District Assembly.

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APPENDIX

APPENDIX A: QUESTIONNAIRE FOR DISTRICT ASSEMBLY FINANCE OFFICER

Please complete the tables below:

| Fiscal Year | Total IGR mobilised (Actual) | IGR (Estimated) | Amount spent on IGR mobilization | Estimated Budget for the year |
|-------------|------------------------------|-----------------|----------------------------------|-------------------------------|
| 2005 | | | | |
| 2006 | | | | |
| 2007 | | | | |
| 2008 | | | | |
| 2009 | | | | |
| 2010 | | | | |

AN EMPIRICAL STUDY OF ENVIRONMENTAL CONSTRAINTS FACED BY PUBLIC PRIVATE PARTNERSHIP (PPP) IN INDIA WITH SPECIAL REFERENCE TO UTTAR PRADESH

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ABSTRACT

Private sector participation through Public Private Partnerships is increasingly being used as a means for delivering physical infrastructure amidst increasingly constrained public budgets and inadequate service delivery. The Government of India, which is currently grappling with a crippling infrastructure deficit, has pursued a number of strategies to encourage Public Private Partnerships in the infrastructure. However, these efforts have met with mixed success. The researcher has delved into the perceptual mapping of top management people of public and private sector as regards to the constraints coming across the PPP development and implementation. The environmental constraints pertaining to political, legal, financial, social and policy framework have been questioned in 5 points likert scale. Internal consistency of the questionnaire has been found statistically reliable. The core components of environmental constraints which have been identified are effect of change of ruling party, biased government procurement, non preferential political move towards corruption, restriction on participation of foreign investors, inadequate provision in law for environmental protection, under developed pension, insurance and equity markets, lack of clear authority and responsibility in PPP policy, transparency of tendering process and lack of awareness programs regarding importance of PPP projects and importance of user pays principle. It is anticipated that the identification of the relative importance of the constraints as perceived by stakeholders, will help the Uttar Pradesh government in developing measures and strategies to mitigate the constraints thus facilitating the speedy implementation and deal closure of Public Private Partnership initiatives with the ensuing benefits.

KEYWORDS

contractual partnerships, environmental constraints, infrastructure projects, public private partnership, regulatory framework.

INTRODUCTION

The most significant criteria for a continued growth rate of an economy depends on the provision of a quality infrastructure. According to the Planning Commission, an approximation of 8 percent of the Gross Domestic Product needs to be invested. This would help in acquiring a prospective economy as stated in the 11th Five Year Plan. Fund investment of over US \$ 494 billion has been conceived of according to the 11th Five Year Plan with effective from 2007 to 2012. The investment sectors under consideration are inclusive of telecommunications, electric power, transport, road, rail, air, water supply as well as irrigation which amounts to about Rs. 20,27,169 crore according to 2006-07 prices.

In order to meet such demands, various Public Private Partnerships or PPPs are being promoted for implementation of infrastructure projects. PPP is often described as a private business investment where two parties comprising government as well as a private sector undertaking form a partnership.

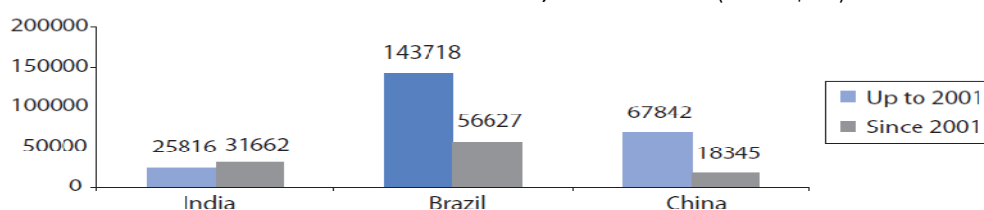
Public Private Partnerships (PPPs) broadly refer to long-term, contractual partnerships between the public and private sector agencies, specifically targeted towards financing, designing, implementing, and operating infrastructure facilities and services that were traditionally provided by the public sector.

Under the PPP format, the government role gets redefined as one of facilitator and enabler, while the private partner plays the role of financier, builder, and operator of the service or facility. PPPs aim to combine the skills, expertise, and experience of both the public and private sectors to deliver higher standard of services to customers or citizens. The public sector contributes assurance in terms of stable governance, citizens' support, financing, and also assumes social, environmental, and political risks. The private sector brings along operational efficiencies, innovative technologies, managerial effectiveness, access to additional finances, and construction and commercial risk sharing.

The emergence of PPPs is seen as a sustainable financing and institutional mechanism with the potential of bridging the infrastructure gap. The foremost benefit of adopting the PPP route is the ability to access capital funding from the private sector. PPPs deliver efficiency gains and enhanced impact of the investments. The efficient use of resources, availability of modern technology, better project design and implementation, and improved operations combine to deliver efficiency and effectiveness gains which are not readily produced in a public sector project. PPP projects also lead to faster implementation, reduced lifecycle costs, and optimal risk allocation.

India has, since the early 1990s, been looking to the private sector to fill investment gaps in infrastructure. Investment here did not initially grow as rapidly as in Latin America or East Asia, as policy reforms here were slower. However, with the increasing emphasis, over time, on public private partnerships in key sectors, such as telecom and transport, India has seen a trend increase in investment with none of the corrections seen elsewhere. The years 2004 and 2005 saw the highest levels of investment to date. This success in attracting investment has meant that over the period 1990–2005, India attracted US\$57.5 billion of investment in infrastructure projects with private participation. Since 2001, India has attracted approximately 9 % of all investment in these projects for low and middle-income countries, and is second only to Brazil, and above China (Figure 1 below).

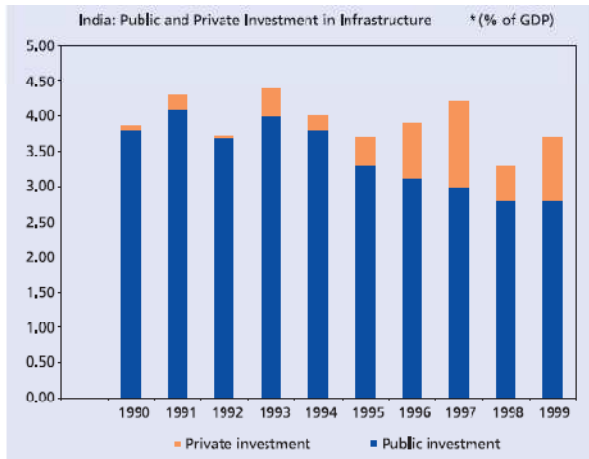
FIGURE 1: INVESTMENT TRENDS IN BRAZIL, CHINA AND INDIA (2005 US\$ mn)



(Source: World Bank/PPIAF Private Participation in Infrastructure (PPI) Project Database)

The figures given below shows public and private investment in infrastructure in India:

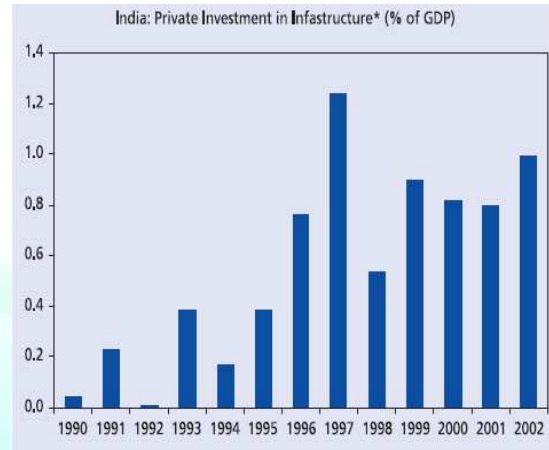
FIGURE 2: INVESTMENT IN INFRASTRUCTURE IN INDIA



* In energy, transport, telecoms and water supply & sanitation.

Source: World Bank WDI Database.

FIGURE 3: PRIVATE INVESTMENT IN INFRASTRUCTURE IN INDIA



* In energy, transport, telecoms and water supply & sanitation.

Source: World Bank WDI Database.

LITERATURE REVIEW

Aurelio Menendez (1998) summarizes the key obstacles to the expansion of PPP initiatives in case of transport projects and highlights the structuring principles that can help to define and develop those initiatives in a better way. The paper explores various institutional factors like poor regulatory framework and an unstable sector policy environment which undermine the credibility of PPP initiatives. This paper suggests measures to improve the interactions among the stakeholders in order to reduce the risks as perceived by each stakeholder (and for the project as a whole), and subsequently spur the development of transport infrastructure. The paper also identifies constraints to the expansion of PPP projects as political, regulatory, financial and methodological constraints and further explores measures to address these constraints and create opportunities for PPP Transport projects.

Stephen F. Jooste (2009) explores the problem of institutional capacity shortfalls that governments face when they employ Public Private Partnerships (PPPs) for infrastructure provision. He specifically explores the variety of organizational forms (governance bridges) that have arisen in response to this problem, using an organization field-level analysis to identify the institutional forces that these organizations are subjected to. It also presents a brief discussion of the institutional change process that surrounds them. Finally the paper draws attention to a field level aspect which is of particular salience to the study of governance bridges.

The last two decades have seen significant changes in the modes of government intervention in many developed countries. Reforms in countries like Great Britain and New Zealand have been at the forefront of this movement, largely driven by two broad factors: perceived public sector inefficiencies, and the ascendance of liberal economic ideology (Salamon, 2002). Changes have broadly involved a reduction in the role of government or, more accurately, a change in the functions it performs, and greater private sector involvement (Hood, 1991; Kaul, 1997; Osborne & Gaebler, 1992; Peters & Pierre, 2002; Rhodes, 1996; Salamon, 2002). For infrastructure development this has meant a move toward increased reliance on Public Private Partnerships (PPPs) that involve private companies in the financing and provision of infrastructure. In most countries these PPP arrangements have been aimed at overcoming two broad public sector constraints: (i) a lack of public capital; and (ii) a lack of public sector capacity – the resources and specialized expertise to develop, manage, and operate infrastructure assets (Bovaird, 2004; Kumaraswamy & Zhang, 2001).

The pervasive failures of infrastructure PPPs in recent years (Guasch et al., 2002) illustrate the need to address four challenges: (i) market failures associated with private infrastructure provision (rooted in the natural monopoly characteristics and externalities of infrastructure) (Goldberg, 1976; Mody, 1996; Savas, 2000); (ii) agency failures relating to the limited capacity of public entities; (iii) perceived legitimacy issues surrounding private provision of public infrastructure; and (iv) government opportunism stemming from the fact that infrastructure is plagued by what has been called the “obsolescing bargain” —once the facility is completed and in operation, the private developer loses much of its bargaining power in subsequent negotiations over tariffs or other matters (Ramamurti & Doh, 2004; Woodhouse, 2005).

Bovaird, T published a paper titled “Public-Private Partnerships: from Contested Concepts to Prevalent Practice” in the Review of Administrative Sciences, 70(2), 199-215 in 2004. In this paper, he analyses public-private partnership arrangements which are becoming increasingly common in numerous countries around the world. The article discusses the formation of partnerships, their pros and cons and what the future may hold for these organisations. Bovaird argues that it is still early days to make definitive judgements about their effectiveness in various sectors. He also stresses the need for the application of good governance in future PPPs and make sure their functions are relevant to the context they are implemented in.

CONSTRAINTS TO PUBLIC PRIVATE PARTNERSHIP

A comprehensive literature review enabled the identification of twenty-three constraints to the development and implementation of Public Private Partnerships in Uttar Pradesh. These include: state government support, effect of change of ruling party, fairness & transparency of government procurement, political commitment to eradicate corruption, red tapism, coordination between central & state department which act as political constraints.

In addition, restriction on participation of foreign investors, clarity of legal basis for private participation and adequate environment protection laws have been identified as legal constraints to Public Private Partnership.

Restrictive conditions imposed by lack of provision in budget for cost over-run, lack of provision in budget for cost escalation, underdeveloped pension and insurance markets, under developed bond market, under developed equity market, unavailability of long term loans act as financial constraints.

Institutional challenges such as policy obscurity of authority & responsibility, lack of clearly defined stages, lack of framework that generates profitable & affordable proposals and transparency of tendering process have been identified as policy constraints.

The social constraints have been identified as lack of public support and cooperation, absence of public perception of PPP as viable means of providing infrastructure & basic services, lack of awareness programs which focus on importance of PPP and to educate people about user-pays principle.

OBJECTIVE

The core objective is to study the environmental constraints faced by Public Private Partnership (PPP) and to develop a framework for successful implementation of PPP projects in India (with special reference to Uttar Pradesh).

SUB-OBJECTIVES OF THE STUDY

1. To study the current status of PPP projects in India and its role in economic growth and development of the country.
2. To identify the various environmental constraints faced by Public Private Partnership (PPP) projects in Uttar Pradesh.
3. To study the political and bureaucratic constraints which affect the implementation of PPP projects in Uttar Pradesh.
4. To study the legal and regulatory constraints which affect the implementation of PPP projects in Uttar Pradesh.
5. To study the financial constraints which affect the implementation of PPP projects in Uttar Pradesh.
6. To study the constraints to PPP policy framework which affect the implementation of PPP projects in Uttar Pradesh.
7. To study the constraints to social support system which affect the implementation of PPP projects in Uttar Pradesh.

RESEARCH METHODOLOGY

The primary data was collected by interaction with the top level employees in government departments, organizations and private companies that are involved in the development of PPP projects in Uttar Pradesh. An empirical questionnaire survey was undertaken from November 2011 to March 2012 to elicit the respondents' level of agreement with statements regarding environmental constraints to PPP. The quantitative data collected was analyzed using the SPSS.

Sampling Technique: Judgmental sampling and snowball sampling

Statistical Tests: Cronbach's alpha, Frequency test, Description statistics.

Sampling unit: The sampling unit consisted of twenty four top level managerial level staff of various government departments/organizations and private agencies involved in PPP projects in Uttar Pradesh. It included the following agencies: UPPWD, UPPCL, UPEIDA, Yamuna Expressway Authority, Jaypee Group, Reliance Energy, Torrent Power, etc.

RESULTS AND DISCUSSION

The data collected was analysed using SPSS. The reliability of the five point Likert scale used in the survey questionnaire was tested for internal consistency using the reliability coefficient Cronbach's alpha. Internal consistency means the ability of a scale item to correlate with other items in the scale that are intended to measure the same construct. Items measuring the same construct are expected to be positively correlated with other. If the reliability is found to be below the acceptable value, the scale can be revised by altering or deleting those items which have lower scores. Alpha values greater than 0.70 are an acceptable indication of the reliability of the scale. Hair et al. (1998) suggests that reliability estimates between 0.60 and 0.70 represent the lower limit of acceptability for reliability estimates.

TABLE 1: RELIABILITY STATISTICS OF THE CORE COMPONENTS OF ENVIRONMENTAL CONSTRAINTS

| Scale | Cronbach's Alpha | N of Items |
|-----------------------|------------------|------------|
| Political environment | .761 | 6 |
| Legal environment | .726 | 3 |
| Financial environment | .680 | 6 |
| Policy framework | .704 | 4 |
| Social environment | .713 | 4 |

The results of tests for reliability coefficient suggests that the Alpha values for political environment, legal environment, policy framework and social environment are greater than 0.70 which is an acceptable indication of the reliability of the scale. Only in case of financial environment, value of alpha is 0.680 which represents the lower limit of acceptability.

The tables given below show the frequency and mean of the responses obtained through respondents to understand the relative importance of various environmental constraints.

TABLE 2: POLITICAL CONSTRAINTS

| S.No | Items | | SD | D | NAN D | A | SA | Total | Mean |
|------|--|-----------|-----|------|-------|------|-----|-------|------|
| 1 | There exists broad state government support for PPP | Frequency | 2 | 3 | 6 | 12 | 1 | 24 | 3.29 |
| | | Percent | 8.3 | 12.5 | 25.0 | 50.0 | 4.2 | 100.0 | |
| 2 | Change of ruling party has no effect on ongoing projects | Frequency | 2 | 9 | 5 | 7 | 1 | 24 | 2.83 |
| | | Percent | 8.3 | 37.5 | 20.8 | 29.2 | 4.2 | 100.0 | |
| 3 | Govt procurement is fair & transparent | Frequency | 2 | 10 | 3 | 9 | 0 | 24 | 2.79 |
| | | Percent | 8.3 | 41.7 | 12.5 | 37.5 | 0 | 100.0 | |
| 4 | There exists political commitment to eradicate corruption | Frequency | 1 | 12 | 3 | 8 | 0 | 24 | 2.75 |
| | | Percent | 4.2 | 50.0 | 12.5 | 33.3 | 0 | 100.0 | |
| 5 | Presence of Red-tapism does not interfere with the implementation of PPP projects | Frequency | 2 | 8 | 4 | 9 | 1 | 24 | 2.96 |
| | | Percent | 8.3 | 33.3 | 16.7 | 37.5 | 4.2 | 100.0 | |
| 6 | Coordination between central & state department regarding implementation of PPP projects | Frequency | 0 | 5 | 6 | 12 | 1 | 24 | 3.37 |
| | | Percent | 0 | 20.8 | 25.0 | 50.0 | 4.2 | 100.0 | |

Key: SD: Strongly Agree, D: Disagree, NAND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

The table 2 shows that half of the respondents (50.0%) agree that there exists broad state government support towards PPP in Uttar Pradesh. A majority of respondents (37.5%) do not agree that there is no effect of change of ruling party on PPP projects in Uttar Pradesh. This means that the change of ruling party has a negative effect on the implementation of PPP projects initiated by the previous government.

There is a mixed response from respondents regarding fairness and transparency of government procurement with 41.7% respondents disagreeing and 37.5% respondents agreeing to the statement. A majority of respondents (50.0%) disagree about the existence of political commitment to eradicate corruption.

When asked whether presence of red-tapism does not interfere with the implementation of PPP projects in Uttar Pradesh, 37.5% respondents agree whereas 33.3% disagree. A majority of respondents (50.0%) agree that there is coordination between central and state government departments regarding implementation of PPP projects.

The mean is calculated by weighted average of responses. The mean is classified into the following three ranges:

- 1 to 2.5 = Lower range, i.e. Lower level of agreement
- 2.5 to 3.5 = Medium range
- 3.5 to 5 = Higher range, i.e. Higher level of agreement

The mean of responses in Table 2 lies in the medium range of agreement for all the items. It indicates that the overall mean of responses by public and private sector authorities for each item is not towards either extreme but lies in the middle. Thus, the respondents moderately agree with the items.

TABLE 3: LEGAL CONSTRAINTS

| | Items | | SD | D | NAND | A | SA | Total | Mean |
|---|--|-----------|-----|------|------|------|------|-------|------|
| 1 | Legal basis for private participation is clearly defined | Frequency | 0 | 6 | 7 | 8 | 3 | 24 | 3.33 |
| | | Percent | 0 | 25.0 | 29.2 | 33.3 | 12.5 | 100.0 | |
| 2 | There is limited restriction on participation of foreign investors | Frequency | 0 | 10 | 6 | 8 | 0 | 24 | 2.92 |
| | | Percent | 0 | 41.7 | 25.0 | 33.3 | 0 | 100.0 | |
| 3 | Environment protection is adequate with clear and transparent laws | Frequency | 1 | 11 | 5 | 7 | 0 | 24 | 2.75 |
| | | Percent | 4.2 | 45.8 | 20.8 | 29.2 | 0 | 100.0 | |

Key: SD: Strongly Agree, D: Disagree, NAND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

The table 3 shows that 33.3% of the respondents agree that legal basis for private participation is clearly defined. 41.7% of the respondents disagree that there is limited restriction on participation of foreign investors. 45.8% of the respondents disagree that there exists adequate environment protection laws. In Table 3, the mean of responses lies in the medium range of agreement for all the items. The overall mean of responses by public and private sector authorities for each item lies in the middle. Thus, the respondents moderately agree with the statements.

TABLE 4: FINANCIAL CONSTRAINTS

| S. No | Items | | SD | D | NAND | A | SA | Total | Mean |
|-------|--|-----------|-----|------|------|------|-----|-------|------|
| 1 | There is provision in budget for cost over-run | Frequency | 1 | 7 | 6 | 10 | 0 | 24 | 3.04 |
| | | Percent | 4.2 | 29.2 | 25.0 | 41.7 | 0 | 100.0 | |
| 2 | There is provision in budget for cost escalation | Frequency | 0 | 8 | 6 | 10 | 0 | 24 | 3.08 |
| | | Percent | 0 | 33.3 | 25.0 | 41.7 | 0 | 100.0 | |
| 3 | There exists developed pension and insurance markets | Frequency | 0 | 8 | 10 | 6 | 0 | 24 | 2.92 |
| | | Percent | 0 | 33.3 | 41.7 | 25.0 | 0 | 100.0 | |
| 4 | There exists bond market | Frequency | 0 | 2 | 6 | 16 | 0 | 24 | 3.58 |
| | | Percent | 0 | 8.3 | 25.0 | 66.7 | 0 | 100.0 | |
| 5 | There exists developed equity market | Frequency | 0 | 13 | 7 | 4 | 0 | 24 | 2.62 |
| | | Percent | 0 | 54.2 | 29.2 | 16.7 | 0 | 100.0 | |
| 6 | Long term loans are readily available for PPP projects | Frequency | 0 | 5 | 6 | 11 | 2 | 24 | 3.41 |
| | | Percent | 0 | 20.8 | 25.0 | 45.8 | 8.3 | 100.0 | |

Key: SD: Strongly Agree, D: Disagree, NAND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

The table 4 shows that 41.7% of the respondents agree that there is provision in state government budget for cost over-run whereas 29.2% disagree. 41.7% of the respondents agree that there is provision in state government budget for cost escalation whereas 33.3% respondents disagree.

There is a mixed response to the existence of developed pension and insurance markets. 41.7% of the respondents neither agree nor disagree whereas 33.3% of the respondents disagree about the existence of developed pension and insurance markets. 66.7% of the respondents agree that there exists developed bond market for PPP projects in Uttar Pradesh.

A majority of respondents (54.2%) disagree that there exists developed equity market for PPP projects in Uttar Pradesh. When asked about long term loans, 45.8% of the respondents agree that long term loans are readily available for PPP projects in Uttar Pradesh.

The mean of responses in Table 4 lies in the medium range of agreement for all the items. It indicates that the overall mean of responses by public and private sector authorities for each item is not towards either extreme but lies in the middle. Thus, the respondents moderately agree with the items. Only in one instance, when asked about the existence of bond market, the mean tends towards a higher level of agreement. It indicates that both public and private sector respondents show a higher level of agreement towards existence of bond market.

TABLE 5: PPP POLICY FRAMEWORK

| S.No | Items | | SD | D | NAND | A | SA | Total | Mean |
|------|--|-----------|------|------|------|------|-----|-------|------|
| 1 | PPP Policy has clearly allocated authority & responsibility | Frequency | 2 | 9 | 5 | 6 | 2 | 24 | 2.87 |
| | | Percent | 8.3 | 37.5 | 20.8 | 25.0 | 8.3 | 100.0 | |
| 2 | PPP has clearly defined stages | Frequency | 0 | 4 | 8 | 11 | 1 | 24 | 3.37 |
| | | Percent | 0 | 16.7 | 33.3 | 45.8 | 4.2 | 100.0 | |
| 3 | Policy Framework generates profitable & affordable proposals | Frequency | 0 | 6 | 6 | 11 | 1 | 24 | 3.29 |
| | | Percent | 0 | 25.0 | 25.0 | 45.8 | 4.2 | 100.0 | |
| 4 | Tendering process is transparent | Frequency | 3 | 8 | 4 | 9 | 0 | 24 | 2.79 |
| | | Percent | 12.5 | 33.3 | 16.7 | 37.5 | 0 | 100.0 | |

Key: SD: Strongly Agree, D: Disagree, NAND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

A majority of respondents disagree (37.5%) that PPP policy in Uttar Pradesh has clear authority and responsibility within parts of the government. 45.8% of the respondents agree that PPP has clearly defined stages. A majority of respondents (45.8%) agree that the PPP framework generates profitable and affordable proposals. There is mixed response regarding transparency of tendering process. 37.5% respondents agree that tendering process is transparent whereas 33.3% disagree.

The mean of responses in Table 5 lies in the medium range of agreement for all the items. It indicates that the overall mean of responses by public and private sector authorities for each item is not towards either extreme but lies in the middle. Thus, the respondents moderately agree with the items.

TABLE 6: SOCIAL CONSTRAINTS

| S.No | Items | | SD | D | NAND | A | SA | Total | Mean |
|------|---|-----------|------|------|------|------|----|-------|------|
| 1 | There exists public support and cooperation for PPP | Frequency | 2 | 7 | 4 | 11 | 0 | 24 | 3.00 |
| | | Percent | 8.3 | 29.2 | 16.7 | 45.8 | 0 | 100.0 | |
| 2 | Public perceives PPP as viable means of providing infrastructure & basic services | Frequency | 1 | 5 | 6 | 12 | 0 | 24 | 3.20 |
| | | Percent | 4.2 | 20.8 | 25.0 | 50.0 | 0 | 100.0 | |
| 3 | Government conducts awareness programme about importance of PPP | Frequency | 3 | 9 | 5 | 7 | 0 | 24 | 2.67 |
| | | Percent | 12.5 | 37.5 | 20.8 | 29.2 | 0 | 100.0 | |
| 4 | Government conducts awareness program about user-pays principle | Frequency | 2 | 9 | 5 | 8 | 0 | 24 | 2.79 |
| | | Percent | 8.3 | 37.5 | 20.8 | 33.3 | 0 | 100.0 | |

Key: SD: Strongly Agree, D: Disagree, NAND: Neither Agree nor Disagree, A: Agree, SA: Strongly Agree

45.8% of the respondents agree that there exists public support and cooperation for PPP projects in Uttar Pradesh. 50% of the respondents agree that public perceives PPP as a viable means of providing infrastructure and basic services. A majority of respondents (37.5%) disagree that government conducts awareness programme about the importance of PPP projects. 37.5% of the respondents disagree that government conducts awareness programme about user-pays

principle of PPP. In Table 6, the mean of responses lies in the medium range of agreement for all the items. Thus, the overall mean of responses by public and private sector authorities for each item lies in the middle level of agreement. Thus, the respondents moderately agree with the statements.

The Table 7 shows the mean and standard deviation of the responses of Public sector and Private sector authorities. The results obtained can help us to know whether there is a difference between the perception of Public and Private sector authorities regarding constraints faced by Public Private Partnership projects in Uttar Pradesh.

TABLE 7: GROUP STATISTICS

| S.No. | Item | Sector | N | Mean | Standard Deviation |
|-------|---|---------|----|--------|--------------------|
| 1 | There exists broad state government support for PPP | Public | 13 | 3.8462 | .55470 |
| | | Private | 11 | 2.6364 | 1.12006 |
| 2 | Change of ruling party has no effect on ongoing projects | Public | 13 | 3.3077 | 1.18213 |
| | | Private | 11 | 2.2727 | .64667 |
| 3 | Govt procurement is fair & transparent | Public | 13 | 3.4615 | .87706 |
| | | Private | 11 | 2.0000 | .63246 |
| 4 | There exists political commitment to eradicate corruption | Public | 13 | 3.2308 | .92681 |
| | | Private | 11 | 2.1818 | .75076 |
| 5 | Presence of Red-tapism does not interfere with the implementation of PPP projects | Public | 13 | 3.4615 | .96742 |
| | | Private | 11 | 2.3636 | 1.02691 |
| 6 | Coordination between central & state departments regarding implementation of PPP projects | Public | 13 | 3.5385 | .87706 |
| | | Private | 11 | 3.1818 | .87386 |
| 7 | Legal basis for private participation is clearly defined | Public | 13 | 3.9231 | .86232 |
| | | Private | 11 | 2.6364 | .67420 |
| 8 | There is limited restriction on participation of foreign investors | Public | 13 | 3.1538 | .89872 |
| | | Private | 11 | 2.6364 | .80904 |
| 9 | Environment protection is adequate with clear and transparent laws | Public | 13 | 3.3077 | .85485 |
| | | Private | 11 | 2.0909 | .53936 |
| 10 | There is provision in budget for cost over-run | Public | 13 | 3.6154 | .65044 |
| | | Private | 11 | 2.3636 | .80904 |
| 11 | There is provision in budget for cost escalation | Public | 13 | 3.5385 | .77625 |
| | | Private | 11 | 2.5455 | .68755 |
| 12 | There exists developed pension and insurance markets | Public | 13 | 3.2308 | .83205 |
| | | Private | 11 | 2.5455 | .52223 |
| 13 | There exists developed bond market | Public | 13 | 3.5385 | .66023 |
| | | Private | 11 | 3.6364 | .67420 |
| 14 | There exists developed equity market | Public | 13 | 2.9231 | .86232 |
| | | Private | 11 | 2.2727 | .46710 |
| 15 | Long term loans are readily available for PPP projects | Public | 13 | 3.9231 | .75955 |
| | | Private | 11 | 2.8182 | .75076 |
| 16 | PPP Policy has clearly allocated authority & responsibility | Public | 13 | 3.6154 | .96077 |
| | | Private | 11 | 2.0000 | .63246 |
| 17 | PPP has clearly defined stages | Public | 13 | 3.7692 | .59914 |
| | | Private | 11 | 2.9091 | .83121 |
| 18 | Policy framework generates profitable & affordable proposals | Public | 13 | 3.8462 | .55470 |
| | | Private | 11 | 2.6364 | .80904 |
| 19 | Tendering process is transparent | Public | 13 | 3.5385 | .77625 |
| | | Private | 11 | 1.9091 | .70065 |
| 20 | There exists public support and cooperation for PPP | Public | 13 | 3.6154 | .86972 |
| | | Private | 11 | 2.3636 | 1.02691 |
| 21 | Public perceives PPP as viable means of providing infrastructure & basic services | Public | 13 | 3.3846 | .76795 |
| | | Private | 11 | 3.0000 | 1.09545 |
| 22 | Government conducts awareness programme about importance of PPP | Public | 13 | 3.3846 | .76795 |
| | | Private | 11 | 1.8182 | .60302 |
| 23 | Government conducts awareness program about user-pays principle | Public | 13 | 3.4615 | .77625 |
| | | Private | 11 | 2.0000 | .63246 |

The table above shows that there is a difference between the perception of Public and Private sector authorities regarding constraints faced by Public Private Partnership projects in Uttar Pradesh. In most of the cases, the responses of Public sector authorities lie in the higher range (3.5 to 5) which represents a higher level of agreement with the statements. On the other hand, the responses of Private sector authorities fall in the lower range (1-2.5) which represents a lower level of agreement with the statements.

However, in some cases, there is similarity in perception of Public and Private sector authorities regarding constraints faced by Public Private Partnership projects in Uttar Pradesh. These include statements asking about coordination between central & state departments regarding implementation of PPP projects, existence of bond market in Uttar Pradesh, developed equity market, public perception about PPP as a viable means of providing infrastructure & basic services.

FINDINGS

The review of literature enabled the identification of constraints to the development and implementation of Public Private Partnership projects in Uttar Pradesh. These were incorporated into a survey questionnaire aimed at determining the relative importance of the identified constraints as perceived by the top level public and private sector authorities involved in PPP projects in Uttar Pradesh. By studying Table 2 to Table 6, the most significant constraints were identified as those whose frequency of disagreement was highest with statements regarding environmental constraints to PPP. The results show that the following were identified as the most significant constraints to the development of PPP projects in Uttar Pradesh:

- 1. Political constraints:** Change of ruling party, unfair and non-transparent government procurement and lack of political commitment to eradicate corruption.
- 2. Legal constraints:** Restriction on participation of foreign investors and inadequate environment protection laws.
- 3. Financial constraints:** Underdeveloped pension and insurance markets and lack of equity market to finance PPP projects.
- 4. Policy framework:** Unclear authority and responsibility within parts of the government and non-transparent tendering process.
- 5. Social constraints:** Government does not conduct awareness programme regarding importance of PPP projects and to educate public about the importance of user pays principle.

By studying Table 2 to Table 6, the comparatively less significant constraints were identified as those whose frequency of disagreement was less with statements regarding environmental constraints to PPP. Although having low frequency, it does not mean that the constraints below are totally absent in the PPP projects in Uttar Pradesh:

1. **Political constraints:** Lack of state government support towards PPP projects, presence of red-tapism and lack of coordination between central and state government departments regarding implementation of PPP projects.
2. **Legal constraints:** Lack of clearly defined legal basis for private sector participation in PPP.
3. **Financial constraints:** Inadequate provision in state government budget for cost over-run and cost escalation, unavailability of long-term loans readily to PPP infrastructure projects in Uttar Pradesh.
4. **Policy framework:** Unclearly defined stages of project identification, selection and contracting, non-generation of profitable and affordable project proposals for private players.
5. **Social constraints:** Low level of public support and cooperation for PPP infrastructure projects, lack of perception of PPP as viable means of providing infrastructure and basic services.

RECOMMENDATIONS

Governments embarking on PPP programs should develop new policy, legal, financial and institutional frameworks to provide the required organizational and individual capacities. These should extend beyond that needed to originate and financially close PPP deals, and they must also ensure that these deals are affordable to users and the public sector and provide ex-post evaluation of the success of PPPs in meeting their objectives. This framework needs to be in place in Uttar Pradesh to ensure a robust and successful PPPs program.

When infrastructure is developed as PPPs the process is often characterized by detailed risk and cost appraisal, complex and long bidding procedures, difficult stakeholder management, and long-drawn negotiations to financial closure. This means that PPPs are critically dependent on sustained and explicit support of the sponsoring government. To deal with these procedural complexities and potential pitfalls of PPPs, governments need to be clear, committed, and technically capable to handle the legal, regulatory, policy, and governance issues.

CONCLUSION

The findings from the study suggests that there is a difference between the perception of public and private sector authorities regarding constraints faced by PPP projects in Uttar Pradesh. This is probably due to the reason that public sector respondents avoided choosing extreme options in order to portray themselves or their organization in a more favorable light. On the other hand, the responses of private sector authorities were probably more unbiased as their frequency of disagreement with the statements was higher. The public sector authorities should shed this defensive attitude and focus on the constraints to PPP and the remedial measures to overcome these constraints. The government authorities should accept that they are accountable to the public. In recent times, "Bijli-Sadak-Paani" is emerging as the voter's mandate from the erstwhile "Roti-Kapda-Makaan". PPPs result in improved delivery of public services and also promote public sector reforms. Therefore, the government should take concrete steps to overcome the constraints to PPP through pragmatic regulatory and policy measures.

The findings from the study are valuable in the process of identifying strategies and measures to facilitate the speedy implementation and completion of PPP projects. In addition, the findings provide an insight into the kind of constraints to PPP projects in Uttar Pradesh. This information will be beneficial to the government planning for undertaking infrastructure project through Public Private Partnership route.

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PERFORMANCE OF INDIAN BANK WITH REFERENCE TO NON PERFORMING ASSETS – AN OVERVIEW**B. SELVARAJAN****RESEARCH SCHOLAR, ANNA UNIVERSITY OF TECHNOLOGY, COIMBATORE****PROFESSOR****OAA – MAVMM SCHOOL OF MANAGEMENT****MADURAI****DR. G. VADIVALAGAN****DIRECTOR****DHANALAKSHMI SRINIVASAN INSTITUTE OF MANAGEMENT****PERAMBALUR****DR. M. CHANDRASEKAR****PROFESSOR****DHANALAKSHMI SRINIVASAN COLLEGE OF ARTS & SCIENCE FOR WOMEN'S****PERAMBALUR****ABSTRACT**

Over the few years Indian banking, attempts to integrate with the global banking has been facing lots of hurdles in its way due to certain inherent weakness, despite its high sounding claims and lofty achievements. In a developing country, banking is seen as an important instrument of development, while with the demanding Non Performing Assets (NPAs), banks have become burden on the economy. Non Performing Assets are not merely non remunerative, but they add cost to the credit Management. The fear of Non Performing Assets permeates the psychology of bank managers in entertaining new projects for credit expansion. Non Performing Assets is not a dilemma facing exclusively the bankers; it is in fact an all pervasive national scourge swaying the entire Indian economy. Non Performing Asset is a sore throat of the Indian economy as a whole. Non Performing Assets have affected the profitability, liquidity and competitive functioning of banks and developmental of financial institutions and finally the psychology of the bankers in respect of their disposition towards credit delivery and credit expansion. NPAs do not generate any income for the banks, but at the same time banks are required to make provisions for such NPAs from their current profits. Apart from internal and external complexities, increases in NPAs directly affects banks' profitability sometimes even their existence. Published statistics revealed before five years that for every Rs of 100 in NPA the bank is losing Rs. 30 per annum. The quality of loan assets is the most important factor for the basic viability of the banking system. The overdue advances of banks in India are mounting and in consequence, the NPAs in their portfolio are on the rise, impinging on the banks' viability. Lower level of Non Performing assets helps the bank in consolidating their position and gives credence to efficiency of the management. Pre – credit and post – credit appraisals are to be done by the bank more objectively. Close monitoring of borrower accounts, site visits, factory visits, etc are to be done regularly. Rehabilitation of viable sick units is essential. Consultancy and technical services must be provided to the borrower units wherever necessary. It is necessary for the bank to adopt proper credit monitoring mechanism, with periodical inspection of the units along with regular flow of information from them pertaining to their financial liquidity, annual accounts, stock reports, etc., besides comparative risk analysis and compliance of terms and conditions of sanction. Bank is expected to make sincere efforts to recover the amount from assets which have already slipped into NPAs category.

KEYWORDS

Cost of Non Performing Assets, Gross and Net Non Performing Assets, Provisions for Non Performing Assets, Corporate Debt Recon structuring.

INTRODUCTION

The Indian Banking sector has played a commendable role in fuelling and sustaining growth in the economy. In the recent past a large part of the banking sector's growth has been on the back of financing consumption, as reflected in the growth of retail banking. Profitability and viability of development financial institutions are directly affected by quality and performance of advances. Indian banks are weighted down by enormous amounts of bad loans that threaten the very health of the banking system. In fact banks extended large number of loans to all sector at the behest of politicians, but their experience with these borrowers has not been satisfactory. RBI has been specifically commenting on Non Performing Assets.

The implementation of prudential norms of Narasimham committee was the step towards introduction of transparency in accounting practices as per the norms of international accounting standards. Banking is the key sector of any economy. It can influence economic growth by enhancing resources in the direction of national objectives. Its energy and vitality indicate the health and prosperity of any nation. In the liberalized economy, banking and financial sector reforms assume high priority.

The new economic reforms have given a new thrust to the banking sector as a whole and private sector in particular. In spite of commanding role of the Indian banking sector in last five decades under the competitive global environmental conditions, the banking sector currently suffers from a number of weakness such as low recovery rate of credit, high costs, poor management practices, trade union pressures, political interferences, unprofitable branches and mounting Non Performing Assets (NPAs). The banking system in the country has undergone a sea - change with the introduction of prudential norms on income recognition, asset classification and their provisioning.

However, the system requires a combination of new technologies, well guarded risk and credit appraisal, treasury management, product diversification, internal control, external regulations and professional as well as skilled human resources to achieve heights of the international excellence and to play a critical role meeting the global challenges.

Over the few years Indian banking, attempts to integrate with the global banking has been facing lots of hurdles in its way due to this inherent weakness, despite its high sounding claims and lofty achievements. In a developing country, banking is seen as an important instrument of development, while with the demanding Non Performing Assets (NPAs), banks have become burden on the economy.

Looking to the changing scenario at the world level, the problem becomes more ironical, because Indian banking cannot afford to remain unresponsive to the global requirements. The banks are aware of the grim situation and are trying their level best to reduce the Non Performing Assets (NPAs) ever since the regulatory authorities ie, Reserve Bank of India and Government of India are seriously chasing up the issue. The study focuses on the cost of Non Performing Assets in Banks with special reference to Indian Bank and it deals with steps to reduce the Non Performing Assets (NPAs).

STATEMENT OF PROBLEM

Credit risk is associated with lending highly and whenever a party enters into an obligation to make payment or deliver value to the bank. The nature and extent of credit risk depend on quality of loan assets and soundness of investments. Based on the income, expenditure, net interest income, NPAs and capital adequacy one can comment on the profitability and the long run sustenance of the bank. When the money is blocked, inadequate cash at hand this leads to borrowing of money for short period of time which adds additional cost to the bank. Time and efforts of management cause indirect cost which bank has to bear due to Non Performing Assets. Now - a - days, banks have special employees to deal with and handle Non Performing Assets, which is also an additional cost to the bank. Bank is facing problem of Non Performing Assets as it adversely affects the value of bank in terms of market credit. It will lose its goodwill, brand image and credit which have negative impact on the people who are putting their money in the banks.

Non Performing Assets are not merely non remunerative but they add cost to the credit management. The fear of Non Performing Assets permeates the psychology of bank managers in entertaining new projects for credit expansion. Non Performing Assets is not a dilemma facing exclusively the bankers; it is in fact an all pervasive national scourge swaying the entire Indian economy. Non Performing Asset is a sore throat of the Indian economy as a whole. The banks are only the ultimate victims, where life cycle of the virus is terminated. Non Performing Assets can be arrested only through internal remedies, ie improving efficiency of credit assessment and credit delivery operations at the point of the financing bank in the first instance. The bank will face the problem of NPAs because of poor recovery of advances granted by the bank and several other reasons. When the loan is not recovered by the bank effectively and efficiently it will become NPA to the bank and it may affect banks' net profit.

In advanced economics, the financial markets are well – developed and segmented, with various players operating in identified niches, catering to various user/risk segments. This constitutes an effective institutional mechanism for targeting risks to players with an appetite for such risks. Commercial banking is conducted in a highly risk managed and mitigated ambience, unlike its Indian counterparts who are often required to take unmitigated risks as a part of business policy.

NON PERFORMING ASSETS – CONCEPT AND TYPES

Non Performing assets are those assets that cease to generate income for banks. The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 defines Non Performing Assets as “an asset or account of a borrower, which has been classified by a bank or financial institution as sub – standard, doubtful or loss assets in accordance with the direction and guidelines relating to asset classification issued by the RBI”. From 31st March 2004 an asset is considered to have gone bad when the borrower has defaulted on principal and interest repayment for more than one quarter or 90 days.

The following are the RBI guidelines for NPA classification and provisioning:

STANDARD ASSETS

Standard assets, which are not NPAs, but involve business risks, require a minimum of 0.25% provision on global portfolio but not on domestic portfolio.

SUB – STANDARD ASSETS

These are those accounts which have been classified as NPAs for a period less than or equal to 18 months. The general provision of 10% of total outstanding principal plus entire outstanding interest should be made on sub - standard assets.

DOUBTFUL ASSETS

These are those accounts which have remained as NPAs for a period exceeding 18 months. On these assets the banks are required to provide 100% for the unsecured portion and additional provision of 20% to 50% advances, if doubtful for 3 and above 3 years.

LOSS ASSETS

Loss asset is a credit facility where the bank's internal or external auditors or the RBI inspectors have identified as loss but the amount hasn't been written off, wholly or partly. Provisions required are 100 percent of the outstanding balance of the loss assets.

Standard assets are treated as performing assets and the remaining categories of assets such as sub standard, doubtful and loss assets are known as Non Performing Assets.

REVIEW OF LITERATURE

1. **Dr. C.H. Rajesham and Dr. K. Rajendar (June 2007)** studied the management of non performing assets in Indian scheduled commercial banks. The results of these studies were unfavorable of Non Performing assets in banks. Both the authors found that stringent measures are required at the levels of RBI, banks and judiciary to control the NPA problem. Further, they found NPAs have negative impact on banks.
2. **T. N. Anantharam Iyer (June 1999)** in his paper “Bank supervision and the management of Non Performing Advances” he studied how much risk each bank undertakes for recovering, managing the Non Performing Assets. It is revealed that early identification of problem assets helps the success of remedial action and effective recovery of the Non Performing Assets.
3. **Shri T C G Nambodiri (March 2002)** in his study entitled “NPA - Prevention is better than cure”, he pointed out the problem of Non Performing Assets in Indian Banks. He observed certain simple but important basic points that a banker has to apply while appraising a credit proposal. He suggested to several points such as 5Cs (Character, Capital, Capacity, Conditions, Collateral), 6Ms (Man, Money, Machine, Material, Market, Men), and 7Ps (Product, Project, Purpose, Place, People, Policies, Profit). These 18 points mentioned play considerable role in credit risk management and can be used for a SWOT analysis of the venture before financing.
4. **Dr. B. Samal (April 2002)** in his paper on “The NPA overhang: Magnitude, Solution and Legal Reforms” reviewed the overall recovery machinery and legal reforms of banks for the period of 1994 – 2001. The study found that NPAs derivative of financial reforms cannot be avoided by the banks; rather they should be dealt with more critically and consciously. However, it is pointed out that it is not possible to eliminate totally Non Performing Assets in the banking business but can only be minimized.
5. **K.J. Taori (June 2000)** in their study entitled, “Problems and issues relating to management of NPAs of banks in India” studies the growth of NPAs of banks in India. The analysis revealed about priority sector and Non priority sector NPAs and set up the guidelines for bankers and borrowers. It was concluded that an effective legal framework will be needed to bring recovery suits to their logical conclusion and effect recoveries, within a reasonable time frame.

OBJECTIVES OF THE STUDY

1. To analyze the cost of Non Performing Assets in Indian Bank
2. To find out the reasons for Non Performing Assets in Banks
3. To offer suitable suggestion based on findings of this study

METHODOLOGY

The study is based on secondary data. The period of the study covers ten years from 2000-2001 to 2009 – 2010. The relevant data required for the study has been collected from

- ❖ RBI's Annual reports and Indian Bank's annual reports
- ❖ Reports on trend and progress of banking in India
- ❖ Government publications, books and websites
- ❖ Various banking journals

The data collected has been tabulated to facilitate the analysis with the help of mean, percentage, statistical tools (F test, t test) etc.

COST OF NON PERFORMING ASSETS

Non Performing Assets affect the profitability, liquidity and competitive functioning of banks and developmental financial institutions and finally the psychology of the bankers in respect of their disposition towards credit delivery and credit expansion. Non Performing assets cause high cost for the bank, as these assets do not improve any of the following:

- ✓ Profits
- ✓ Capital adequacy
- ✓ Reduction of other costs
- ✓ Capital market perception

HYPOTHESIS

H₀: There is no significance difference between the total advances and Gross NPAs in the last 10 years.

H_a: There is significance difference between the total advances and Gross NPAs in the last 10 years.

ANALYSIS AND INTERPRETATION

Table – I depicts the gross advances and gross NPAs of Indian bank for the period of 10 years from 2000 – 2001 to 2009 – 2010 using this data attempt has been made to calculate the opportunity cost and maintenance cost of Non Performing Assets for Indian Bank. For the purpose of calculation, the level of gross NPAs, over and above the 5% level (assuming that to be the international standard for Non Performing Assets), has been taken into account. The opportunity cost of Non Performing Assets has been found to be very high. Maintenance cost of Non Performing Assets is 11% for Indian Bank.

From this table - I, it is clearly inferred that Indian bank has incurred a total loss of Rs. 96.97 crores because of maintenance and opportunity cost of Non Performing Assets in a decade. If it continues, the bank will not concentrate on other areas, like profit, EPS, etc. From this total loss, bank spends more towards maintenance cost than any other costs.

From the year 2000 – 2001, the maintenance cost is reduced from Rs. 12.97 crores to Rs. 2.52 crores in the year 2008 – 2009. It is almost decreased by an amount of Rs. 10.44 crores. But the same time in the year 2009 – 2010 the maintenance cost is increased to Rs. 2.81 crores. So, the bank should take steps to reduce the maintenance and opportunity cost. If the bank takes more efforts to reduce the cost, it will get more profit and fewer burdens.

GROSS NPAs TO TOTAL ASSETS

Gross NPAs to total assets reflects the portfolio of non – standard assets to total assets of the bank. It is observed from Table – II that the total asset has been constantly increasing from 2000 – 2001 to 2009 – 2010. A net increase of Rs. 74748.77 crores (280.58%) has been registered in ten years of the study period. During the same period, the gross NPA level has come down drastically from Rs. 2359.07 crore in 2000 – 2001 to Rs. 459.18 crore in 2008 – 2009. A net reduction of Rs.1899.89 crore (80.53%) has been viewed in the NPA level. A marginal increase in NPA is noticed in the year of 2009 - 2010. The ratio of gross NPA to Total assets has been brought down from 8.86 to 0.50 in a decade of study.

The inference derived from Table – II is that Indian Bank has been increasing its assets portfolio and at the same time reducing the Gross NPA level. The bank takes enough steps to recover the loan through proper follow up with the borrower. Thus Indian Bank maintains the ratio of Gross NPA to Total assets at a comfortable minimum average level of 2.95 for the period of ten years.

NET NPAs TO TOTAL ASSETS

Net NPAs to total assets reflects the portfolio of non – standard assets to total assets of the bank. It is observed from Table – III that the total asset has been constantly increasing from 2000 – 2001 to 2009 – 2010. A net increase of Rs. 74748.77 crores (280.58%) has been registered in ten years of the study period. During the same period, the Net NPA level has come down drastically from Rs. 949.93 crore in 2000 – 2001 to Rs. 93.81 crore in 2008 – 2009. A net reduction of Rs.856.12 crore (90.12%) has been viewed in the NPA level. However a marked increase is noticed in the Net NPA level in the year of 2009 - 2010. The ratio of Net NPA to Total assets has been brought down from 3.57 to 0.14 during the decade of study.

The inference derived from Table – III is that Indian Bank has been increasing its assets portfolio and simultaneously reducing the Net NPA level. The bank takes appropriate steps to recover the loan and make adequate provision. Therefore, Indian Bank could maintain the ratio of Net NPA to Total assets at an average level of 1.12 for the period of ten years.

GROSS NPAs TO TOAL ADVANCES

This ratio related to NPA not provided for to advances. It is an important parameter of examining of a bank. It also indicates how good banks' are provisioning practices. The following table IV and V explain the above points.

It is found from Table – IV that the total advances have been constantly increasing from 2000 – 2001 to 2009 – 2010. A net increase of Rs. 50046.89 crores (530.80%) has been registered in ten years of the study period. During the same period, the gross NPA level has come down drastically from Rs. 2359.07 crore in 2000 – 2001 to Rs. 459.18 crore in 2008 – 2009. A net reduction of Rs.1848.96 crore has been viewed in the NPA level. The ratio of Gross NPA to Total Advances has been brought down from 25.01 to 0.86 during the period of study.

The inference derived from Table – IV is that Indian Bank has been increasing advances and reducing the Gross NPA level. The bank has given more loans to the borrowers and takes appropriate steps to recover the loan through proper follow up with the borrower. Indian Bank could maintain the ratio of Gross NPA level to total advances at an average level of 7.86 for the period of ten years.

NET NPAs TO TOTAL ADVANCES

It is found from Table – V that the total advances have been constantly increasing from 2000 – 2001 to 2009 – 2010. A net increase of Rs. 50046.89 crores (530.80%) has been registered in ten years of the study period. During the same period, the Net NPA level has come down drastically from Rs. 949.93 crore in 2000 – 2001 to Rs. 93.81 crore in 2008 – 2009. A net reduction of Rs.805 crore has been viewed in the NPA level. The ratio of Net NPA to Total advances has been brought down from 10.07 to 0.24 during the study period.

The inference derived from Table – V is that Indian Bank has been highly increasing its advances level and drastically reducing the Net NPA level. The bank has given more loans to the borrowers and takes prompt steps to recover the loans through proper follow up with the borrowers. Indian Bank could maintain the ratio of Net NPA to total advances at an average level of 3.04 for the period of ten years.

NET PROFIT TO GROSS NPAs

The efficiency of a bank is not always reflected only by the size of its balance sheet but the level of return on its assets and profit level of the bank. The measuring the efficiency of banks, actual return on assets and Profits are considered as superior parameter than that of size of balance sheet level of any bank. The following table VI and VII are shows the relationship of profit level and Gross & Net NPAs.

It is observed from Table – VI that the Net profit has been constantly increasing from 2000 – 2001 to 2009 – 2010. A net increase of Rs. 1828.99 crores has been registered in ten years of the study period. During the same period, the gross NPA level has come down drastically from Rs. 2359.07 crore in 2000 – 2001 to Rs. 459.18 crore in 2008 – 2009. A net reduction of Rs.1848.96 crore has been viewed in the NPA level. The ratio of Net Profit to gross NPA has been improved to 304.83. The inference derived from Table – VI is that Indian Bank takes more efforts for increasing profit level and reducing the Gross NPA level. Indian Bank could maintain the ratio of Net Profit to Gross NPA level at an average level of 100.96 for the period of ten years.

NET PROFIT TO NET NPAs

It is observed from Table – VII that the Net profit has been constantly increasing from 2000 – 2001 to 2009 – 2010. A net increase of Rs. 1828.99 crores has been registered in ten years of the study period. During the same period, the Net NPA level has come down drastically from Rs. 949.93 crore in 2000 – 2001 to Rs. 93.81 crore in 2008 – 2009. A net reduction of Rs.856.12 crore (90.12%) has been view in the NPA level except in the year of 2009 - 2010. The ratio of Net Profit to Net NPA has increased to Rs. 473.43crore.

The inference derived from Table – VII is that the bank takes steps to fulfill the shareholders' requirements and expectations by increasing the profit level. Indian Bank has maintained the ratio of Net Profit to Net NPA level at an average level of 476.32 for the period of ten years.

PROVISIONS FOR NPAs

NPAs do not generate any income for the banks, but at the same time banks are required to make provisions for such NPAs from their current profits. Apart from internal and external complexities, increase in NPAs directly affects banks' profitability and sometimes even their existence. Statistics revealed before five years states that for every Rs of 100 in NPA the bank is losing Rs. 30 per annum. The detail of the loss is as follows:

Rs. 8 towards average interest paying on deposits

Rs. 10 towards provisioning

Rs. 12 towards Non recognition of income and

With in 3 years the loss amounts to the size of principal

As per RBI guidelines, gross advance means all outstanding loans and advances including advances for which refinance has been received but excluding rediscounted bills and advances written off at head office level (technical write off). RBI has advised that while reporting, banks have to reduce the technical write off accounts from gross advances. The following are deducted from gross NPA to arrive at net NPA.

- Balance in interest suspense account, if applicable
- DIGGC / ECGC claims settled and received and held pending for adjustment
- Part payment received and kept in suspense account
- Total provisions made excluding technical write off made at head office

The gross NPA and gross advances includes interest suspense account where the bank is following the accounting practice of debiting interest to customers' account and crediting interest suspense account. After proper classification of loan assets the banks are required to make sufficient provisions against each of the NPA account for possible loan losses as per prudential norms. The minimum amount of provision required to be made against a loan asset is different for different types of asset.

- Standard asset – At present, no provision is required. However, banks should make a general provision of a minimum of 0.25% against standard assets. Provisions on standard assets should not be reckoned for arriving at net NPAs.
- A general provision of 10% of the total outstanding is required to be made without making any further allowance for DICGC/ECGC guarantee cover and securities available against such advances.
- The quantum of provision in case of doubtful assets depends upon the realizable value of security and the age of doubtfulness of the asset. Provision required is 100% of the security shortfall i.e. the extent to which the advance is not covered by the realizable value of security to which the bank has the valid recourse and the realizable value is estimated on realistic basis.
- Provision required is 10% to 50% of the secured portion depending upon the period for which the asset has remained doubtful
- Provision required is 100% of the outstanding balance of the loss asset.

The following table VIII shows the provisions level maintained by the Indian Bank.

| | |
|------------------|-----|
| Gross NPA | XXX |
| Less: Deductions | XXX |
| Net NPA | XXX |

From the VIII table, the gross NPA level has come down from Rs. 2359.07 crore in 2000 – 2001 to Rs. 510.118 crore in 2009 – 2010. Thus a net reduction of Rs.1848.89 crore has been viewed in the NPA level. The Net NPA level has come down from Rs. 949.93 crore in 2000 – 2001 to Rs. 144.93 crore in 2009 – 2010. Thus a net reduction of Rs.805 crore has been viewed in the Net NPA level. Provisions are decreased during the of the study period. In 2000 – 2001, the provisions are Rs. 1409.14 crores and it decreased to Rs. 365.18 crores in the year of 2009 – 2010. The Net reduction of Rs. 1043.96 crores has been in viewed in the quantum of provisions. It is inferred from this table VIII that the provisioning requirement on mounting NPA is reduced gradually taking good efforts by Indian Bank. It is very good healthy for banking operations.

MOVEMENT OF GROSS NPAs

The quality of loan assets is the most important factor for the basic viability of the banking system. The overdue advances of banks in India are mounting and in consequence, the NPAs in their portfolio are on the rise, impinging on the banks' viability. The following table clearly shows the movement of Non Performing Assets for ten years in Indian Bank.

It is inferred from the table IX that the quantum of Non Performing Assets of Indian Bank decreased from 2359.07crores in the year 2000 – 2001 to Rs. 459.18 crores in the year of 2008 – 2009 but in the year of 2009 – 2010 the NPAs increased to Rs. 510.11 crores. The decreased percentage of Non Performing Assets from 2000 – 2001 to 2008 – 2009 is 80.53 except in the year of 2009 – 2010. The additions and deductions value are varied for ten years. Both the additions and deductions value for NPAs have fluctuations throughout the decade. Indian Bank takes appropriate steps every year to reduce the Net NPAs.

RECOVERY OF NON PERFORMING ASSETS

Banks have been able to recover NPAs through the use of Legal measures, which is a good sign of their efforts. Indian Bank successfully implemented various new channels like Asset Reconstruction India Limited, Securitizations Act to recover NPAs. From the available data for the years 2000 – 2001 to 2009 – 2010, the annual growth rate in the recovery of NPAs in Indian Bank is worked out.

As evident from this table – X, the recovery of Non Performing Assets increased considerably over the given period. It is increased from Rs. 284.02 crores in the year of 2001 – 2002 to Rs. 587.48 crores in the year of 2009 – 2010. In the year of 2006 – 2007, the recovery of NPA is well and good. It is inferred from this table X, the Indian bank takes more efforts for recovery of Non Performing Assets. It showed appreciable progress in terms of recovery performance in the NPAs of Indian Bank

REASONS FOR NON PERFORMING ASSETS

The following reasons are being responsible for the growth of Non Repayment of credit and Non Performing Assets in India. The points that are derived by the Reserve Bank of India recently on 800 top non repayment of credit and NPAs account in 25 banks, revealed interesting insights into the problem of non repayment of credit and NPAs. The study identified factors such as:

- ❖ Diversion of funds mostly for expansion or for promoting associate concerns
- ❖ Marketing failure in related field of area
- ❖ Inefficient Management of funds
- ❖ Inappropriate technology adopted by the business and other areas
- ❖ Labour unrest and poor financial disclosure
- ❖ Excessive exposure in high risk sources
- ❖ Huge misallocation of corporate funds reinforced
- ❖ Unfavorable macro economic environment like recession
- ❖ Infrastructural bottlenecks, time and cost over runs
- ❖ Changes in the government economic policies and
- ❖ Delays in the sanction of loans

HYPOTHESIS

H_0 : There is no significance difference between the total advances and Gross NPAs in the last 10 years.

H_a : There is significance difference between the total advances and Gross NPAs in the last 10 years.

Statistic – I: t - test

$$t = \frac{\overline{x - y}}{SE} \quad \text{where } SE = \sqrt{\frac{(x - \bar{x})^2 + (y - \bar{y})^2}{m + n - 2}}$$

| Year | Total Advances | Gross NPAs | (X- X̄)² | (Y- Ȳ)² |
|-----------------------------------|------------------|-----------------|----------------------|-------------------|
| 2000 - 2001 | 9433.90 | 2359.07 | 299677299.22 | 1642344.77 |
| 2001 - 2002 | 10908.35 | 2175.35 | 250802333.83 | 1205208.75 |
| 2002 - 2003 | 12274.98 | 1629.82 | 209384083.41 | 305024.24 |
| 2003 - 2004 | 14126.07 | 1191.78 | 159239665.76 | 13053.06 |
| 2004 - 2005 | 18380.09 | 748.35 | 69973225.00 | 108359.47 |
| 2005 - 2006 | 22484.63 | 668.99 | 18151519.41 | 166904.93 |
| 2006 - 2007 | 29058.11 | 545.81 | 5350061.52 | 282726.16 |
| 2007 - 2008 | 39838.71 | 486.87 | 171442884.70 | 348879.24 |
| 2008 - 2009 | 51465.27 | 459.18 | 611087299.23 | 382356.72 |
| 2009 - 2010 | 59480.79 | 510.11 | 1071626054.49 | 321965.46 |
| TOTAL | 267450.90 | 10775.33 | 2866734426.58 | 4776822.81 |
| Mean | 26745.09 | 1077.53 | | |
| S.E | 12630.46 | | | |
| t | 2.03 | | | |
| The Hypothesis is Accepted | | | | |

Using t test - Table Value at 18 level of Significance = 2.101 then 2.03 < 2.101,

So, H₀ is accepted

HYPOTHESIS

H₀: There is no significance difference between the total advances and Gross NPAs in the last 10 years.

H_a: There is significance difference between the total advances and Gross NPAs in the last 10 years.

Statistic – II: F - test

$$F = \frac{S_1^2}{S_2^2} \quad \text{where } S = \sqrt{\frac{(x - \bar{x})^2}{m - 1}}$$

| Year | Total Advances | Gross NPAs | (X- X̄)² | (Y- Ȳ)² |
|-----------------------------------|------------------|-----------------|--|--------------------|
| 2000 - 2001 | 9433.90 | 2359.07 | 299677299.22 | 1642344.77 |
| 2001 - 2002 | 10908.35 | 2175.35 | 250802333.83 | 1205208.75 |
| 2002 - 2003 | 12274.98 | 1629.82 | 209384083.41 | 305024.24 |
| 2003 - 2004 | 14126.07 | 1191.78 | 159239665.76 | 13053.06 |
| 2004 - 2005 | 18380.09 | 748.35 | 69973225.00 | 108359.47 |
| 2005 - 2006 | 22484.63 | 668.99 | 18151519.41 | 166904.93 |
| 2006 - 2007 | 29058.11 | 545.81 | 5350061.52 | 282726.16 |
| 2007 - 2008 | 39838.71 | 486.87 | 171442884.70 | 348879.24 |
| 2008 - 2009 | 51465.27 | 459.18 | 611087299.23 | 382356.72 |
| 2009 - 2010 | 59480.79 | 510.11 | 1071626054.49 | 321965.46 |
| TOTAL | 267450.90 | 10775.33 | 2866734426.58 | 4776822.81 |
| Mean | 26745.09 | 1077.53 | 318526047.4 | 530758.0897 |
| S | | | 17847.29804 | 728.531461 |
| F Ratio | 24.50 | | Table Value at (9, 9) level of Signi is = 3.18 | |
| The Hypothesis is Rejected | | | | |

Using f test - Table Value at (9, 9) level of Significance = 24.50 then 3.18 > 24.50

So, H₀ is rejected.

From the above statistical analysis, two types of tools present the solutions in different manner. They are as follows:

1. **Using t test** - Table Value at 18 level of Significance = 2.101 then 2.03 < 2.101, So, H₀ is accepted. There is no significant difference between the advances and Gross NPAs in the last 10 years.
2. **Using f test** - Table Value at (9, 9) level of Significance = 24.50 then 3.18 > 24.50, So, H₀ is rejected. There is no significant difference between the advances and Gross NPAs in the last 10 years

FINDINGS

- Indian bank for past ten years sum of Rs. 96.97 crores because of maintenance and opportunity cost of Non Performing Assets. If it continues, the bank will not concentrate to other areas, like profit, EPS and etc. From this total loss, bank spends more expenses to maintenance cost compare with opportunity costs.
- Indian Bank could maintain the ratio of total assets to Gross NPA level at a comfortable least minimum average level of 2.95 for the period of ten years.
- Indian Bank has been increasing assets value and reducing the Net NPA level. The bank takes enough call to recover the loan through proper follow with the borrower. Therefore, Indian Bank could maintain the ratio of total assets to Net NPA level at average level of 1.12 for the period of ten years.
- Indian Bank could maintain the ratio of total advances to Gross NPA level at average level of 7.85 for the period of ten years.
- Indian Bank has been highly increasing advances and drastically reducing the Net NPA level. The bank has given more loans to the borrowers and takes enough call to recover the loans through proper follow with the borrower. Indian Bank could maintain the ratio of total advances to Net NPA level at average level of 3.03 for the period of ten years.

- The bank has concentrate profit level as well as reducing NPAs. Indian Bank could maintain the ratio of Net Profit to Gross NPA level at average level of 108.79 for the period of ten years.
- The bank concentrates to fulfill the shareholders' requirements and expectations for increasing the profit level. Indian Bank has maintained the ratio of total advances to Net NPA level at average level of 473.73 for the period of ten years.
- Provisioning requirement on mounting NPA is adversely affecting capital adequacy and also banks profitability. Indian Bank took very good efforts of reducing the provisions. It is very good health for banking operations.
- The Indian Bank concentrate of monitoring of loan, follow up, and other steps taken year by year. It will continue the NPAs level may be reached to Zero Gross NPAs or Zero Net NPAs.
- The Indian bank takes more efforts for recovery of Non Performing Assets. It showed appreciable progress in terms of recovery performance in the NPAs of Indian Bank

SUGGESTIONS

Indian bank has realized that a higher level of Non Performing Assets in their credit portfolio is dangerous and will affect on their profitability which is already under strain. Quality of loan assets is the most important factor for the basic viability of the banking system. Lower level of Non Performing assets helps the Indian bank in consolidating their position and gives credence to efficiency of the management. Indian bank can control this problem of reducing the Non Performing Assets taking two measures namely;

1. Preventive Measures
2. Corrective Measures

1. PREVENTIVE MEASURES

It is required to arrest the fresh inflow of Non Performing Assets. Indian bank need to ensure that only genuine proposals are accepted and projects having inherited weakness are to be rejected at the first instances. It needs to upgrade the credit appraisal skills which are highly inadequate. Economic viability, technical feasibility, quality of management and financial position of the borrower should be evaluated properly. Pre – credit and post – credit appraisals are to be done by Indian bank more objectively. Close monitoring of borrower accounts, site visits, factory visits, etc are to be done regularly. Rehabilitation of viable sick units is essential. Consultancy and technical services must be provided to the borrower units wherever necessary.

2. CORRECTIVE MEASURES

Corrective measures are required to recover the money out of assets, which have already fallen into NPA category. Normally, after sanctioning and disbursement of loans the bank should have an effective follow-up, monitoring and supervision over the credit. Indian Bank is necessary to adopt proper credit monitoring mechanism, with periodical inspection of the units along with regular flow of information from them pertaining to their financial liquidity, annual accounts, stock reports, etc., comparative risk analysis and compliance of terms and conditions of sanction. Indian Bank is needed to make sincere efforts to recover the amount from assets which have already slipped into NPAs category. Further, the following strategies have successfully been tried by Indian bank in bringing down the Non Performing Assets:

LEGAL MEASURES

The following are the important tribunals, committees and agencies for recovering the Non Performing Assets initiated by Reserve Bank of India.

- a. Debt recovery Tribunals (DRT)
- b. Corporate Debt Restructuring (CDR)
- c. Asset Reconstruction Company India Limited (ARCIL)
- d. Credit Information Bureau (CIB)
- e. Lok adalats
- f. Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Indian Bank is maintaining a proper database of their NPA portfolio on well – designed formats to provide meaningful inferences which would help them in evolving effecting strategies as well as account specific action plans for reduction in Non Performing Assets.

CONCLUSION

Non Performing Assets have been a big worry for the banks in India. It is just not a problem for the banks; they are bad for the economy too. The money locked up in Non Performing Assets is not available for productive use and hence they have an adverse effect on banks' profitability. If the bank could reduce the cost of Non Performing Assets, cost will reduce and the profit and return on equity and assets will increase. It is not possible to eliminate totally the Non Performing Assets in the banking business but can only be minimized. It is always wise to follow the proper policy appraisal, supervision and follow up of advances to avoid creation of Non Performing Assets. The banks should take steps for reducing present non performing assets, but necessary precaution should also be taken to avoid future Non Performing Assets.

The banking industry is facing yet another period of change, perhaps greater than the one experienced in the immediate past and there is no doubt that Indian Bank has to manage its function successfully and skillfully during the present era, replete with significant economic, competitive and technological challenges in order to improve its deposits, advances, profitability and to reduce the Non Performing Assets.

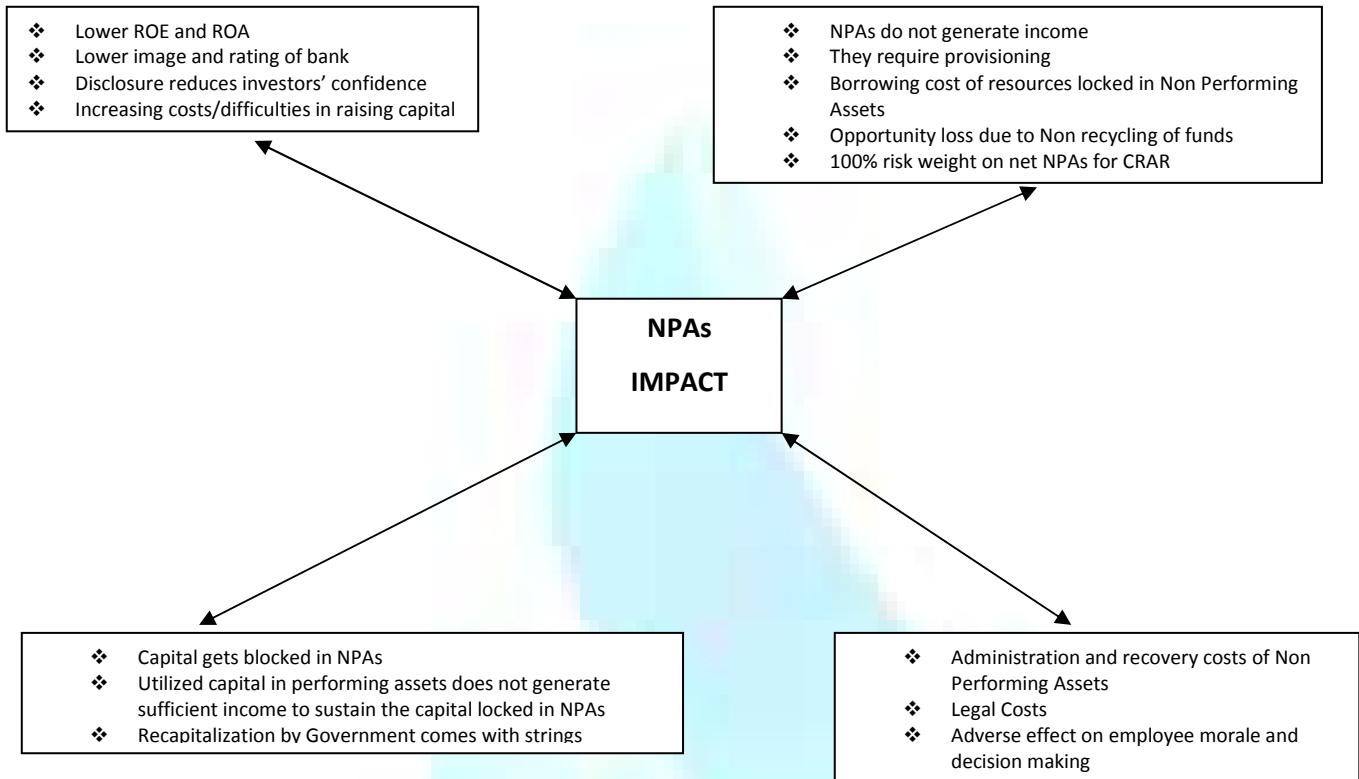
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ANNEXURE

IMPACT OF NON PERFORMING ASSETS



GROSS NPAs TO TOTAL ASSETS

TABLE – II Amount (Rs.in Crores)

| YEAR | GROSS NPAs | TOTAL ASSETS | RATIO |
|--------------|-----------------|------------------|--------------|
| 2000 - 2001 | 2359.07 | 26640.54 | 8.86 |
| 2001 - 2002 | 2175.35 | 30262.93 | 7.19 |
| 2002 - 2003 | 1629.82 | 35375.22 | 4.61 |
| 2003 - 2004 | 1191.78 | 39154.07 | 3.04 |
| 2004 - 2005 | 748.35 | 43860.71 | 1.71 |
| 2005 - 2006 | 668.99 | 47635.27 | 1.40 |
| 2006 - 2007 | 545.81 | 56148.64 | 0.97 |
| 2007 - 2008 | 486.87 | 70507.68 | 0.69 |
| 2008 - 2009 | 459.18 | 84121.74 | 0.55 |
| 2009 - 2010 | 510.11 | 101389.31 | 0.50 |
| TOTAL | 10775.33 | 535096.11 | 29.52 |
| MEAN | 1077.533 | 53509.611 | 2.95 |

Source: Indian Bank, Annual Report

NET NPAs TO TOTAL ASSETS

TABLE – III Amount (Rs.in Crores)

| YEAR | NET NPAs | TOTAL ASSETS | RATIO |
|--------------|----------------|------------------|--------------|
| 2000 - 2001 | 949.93 | 26640.54 | 3.57 |
| 2001 - 2002 | 903.58 | 30262.93 | 2.99 |
| 2002 - 2003 | 754.95 | 35375.22 | 2.13 |
| 2003 - 2004 | 383.21 | 39154.07 | 0.98 |
| 2004 - 2005 | 247.42 | 43860.71 | 0.56 |
| 2005 - 2006 | 176.66 | 47635.27 | 0.37 |
| 2006 - 2007 | 102.13 | 56148.64 | 0.18 |
| 2007 - 2008 | 97.59 | 70507.68 | 0.14 |
| 2008 - 2009 | 93.81 | 84121.74 | 0.11 |
| 2009 - 2010 | 144.93 | 101389.31 | 0.14 |
| TOTAL | 3854.21 | 535096.11 | 11.17 |
| MEAN | 385.421 | 53509.611 | 1.12 |

Source: Indian Bank, Annual Report

GROSS NPAs TO TOAL ADVANCES

TABLE – IV Amount (Rs.in Crores)

| YEAR | GROSS NPAs | TOTAL ADVANCES | RATIO |
|--------------|-----------------|------------------|--------------|
| 2000 – 2001 | 2359.07 | 9433.90 | 25.01 |
| 2001 – 2002 | 2175.35 | 10908.35 | 19.94 |
| 2002 – 2003 | 1629.82 | 12274.98 | 13.28 |
| 2003 – 2004 | 1191.78 | 14126.07 | 8.44 |
| 2004 – 2005 | 748.35 | 18380.09 | 4.07 |
| 2005 – 2006 | 668.99 | 22484.63 | 2.98 |
| 2006 – 2007 | 545.81 | 29058.11 | 1.88 |
| 2007 – 2008 | 486.87 | 39838.71 | 1.22 |
| 2008 – 2009 | 459.18 | 51465.27 | 0.89 |
| 2009 – 2010 | 510.11 | 59480.79 | 0.86 |
| TOTAL | 10775.33 | 267450.90 | 78.56 |
| MEAN | 1077.533 | 26745.09 | 7.86 |

Source: Indian Bank, Annual Report

NET NPAs TO TOTAL ADVANCES

TABLE – V Amount (Rs.in Crores)

| YEAR | NET NPAs | TOTAL ADVANCES | RATIO |
|--------------|----------------|------------------|--------------|
| 2000 - 2001 | 949.93 | 9433.90 | 10.07 |
| 2001 - 2002 | 903.58 | 10908.35 | 8.28 |
| 2002 - 2003 | 754.95 | 12274.98 | 6.15 |
| 2003 - 2004 | 383.21 | 14126.07 | 2.71 |
| 2004 - 2005 | 247.42 | 18380.09 | 1.35 |
| 2005 - 2006 | 176.66 | 22484.63 | 0.79 |
| 2006 - 2007 | 102.13 | 29058.11 | 0.35 |
| 2007 - 2008 | 97.59 | 39838.71 | 0.24 |
| 2008 - 2009 | 93.81 | 51465.27 | 0.18 |
| 2009 - 2010 | 144.93 | 59480.79 | 0.24 |
| TOTAL | 3854.21 | 267450.90 | 30.37 |
| MEAN | 385.421 | 26745.09 | 3.04 |

Source: Indian Bank, Annual Report

NET PROFIT TO GROSS NPAs

TABLE – VI Amount (Rs.in Crores)

| YEAR | NET PROFIT | GROSS NPAs | RATIO |
|--------------|----------------|-----------------|---------------|
| 2000 - 2001 | -274.01 | 2359.07 | - |
| 2001 - 2002 | 33.22 | 2175.35 | 1.53 |
| 2002 - 2003 | 188.83 | 1629.82 | 11.59 |
| 2003 - 2004 | 405.75 | 1191.78 | 34.05 |
| 2004 - 2005 | 408.49 | 748.35 | 54.59 |
| 2005 - 2006 | 504.48 | 668.99 | 75.41 |
| 2006 - 2007 | 759.77 | 545.81 | 139.20 |
| 2007 - 2008 | 1008.74 | 486.87 | 207.19 |
| 2008 - 2009 | 1245.32 | 459.18 | 271.21 |
| 2009 - 2010 | 1554.98 | 510.11 | 304.83 |
| TOTAL | 5835.57 | 10775.33 | 1009.6 |
| MEAN | 583.557 | 1077.533 | 100.96 |

Source: Indian Bank, Annual Report

NET PROFIT TO NET NPAs

TABLE – VII Amount (Rs.in Crores)

| YEAR | NET PROFIT | NET NPAs | RATIO |
|--------------|----------------|----------------|----------------|
| 2000 - 2001 | -274.01 | 949.93 | - |
| 2001 - 2002 | 33.22 | 903.58 | 3.68 |
| 2002 - 2003 | 188.83 | 754.95 | 25.01 |
| 2003 - 2004 | 405.75 | 383.21 | 105.88 |
| 2004 - 2005 | 408.49 | 247.42 | 165.10 |
| 2005 - 2006 | 504.48 | 176.66 | 285.57 |
| 2006 - 2007 | 759.77 | 102.13 | 743.92 |
| 2007 - 2008 | 1008.74 | 97.59 | 1033.65 |
| 2008 - 2009 | 1245.32 | 93.81 | 1327.49 |
| 2009 - 2010 | 1554.98 | 144.93 | 1072.92 |
| TOTAL | 5835.57 | 3854.21 | 4763.22 |
| MEAN | 583.557 | 385.421 | 476.32 |

Source: Indian Bank, Annual Report

PROVISIONS FOR NPAs

TABLE – VIII Amount (Rs.in Crores)

| YEAR | GROSS NPAs | PROVISIONS | NET NPAs |
|--------------|-----------------|----------------|----------------|
| 2000 - 2001 | 2359.07 | 1409.14 | 949.93 |
| 2001 - 2002 | 2175.35 | 1271.77 | 903.58 |
| 2002 - 2003 | 1629.82 | 874.87 | 754.95 |
| 2003 - 2004 | 1191.78 | 808.57 | 383.21 |
| 2004 - 2005 | 748.35 | 500.93 | 247.42 |
| 2005 - 2006 | 668.99 | 492.33 | 176.66 |
| 2006 - 2007 | 545.81 | 443.68 | 102.13 |
| 2007 - 2008 | 486.87 | 389.28 | 97.59 |
| 2008 - 2009 | 459.18 | 365.37 | 93.81 |
| 2009 - 2010 | 510.11 | 365.18 | 144.93 |
| TOTAL | 10775.33 | 6921.12 | 3854.21 |
| MEAN | 1077.533 | 692.112 | 385.421 |

Source: Indian Bank, Annual Report

MOVEMENT OF GROSS NPAs

TABLE – IX Amount (Rs.in Crores)

| YEAR | OPENING BALANCE | ADDITIONS | DEDUCTIONS | GROSS NPAs |
|--------------|-----------------|----------------|----------------|-----------------|
| 2000 - 2001 | 3354.57 | 399.81 | 1395.31 | 2359.07 |
| 2001 - 2002 | 2359.07 | 377.63 | 561.35 | 2175.35 |
| 2002 - 2003 | 2175.35 | 244.85 | 790.38 | 1629.82 |
| 2003 - 2004 | 1629.82 | 221.71 | 659.75 | 1191.78 |
| 2004 - 2005 | 1191.78 | 227.54 | 670.97 | 748.35 |
| 2005 - 2006 | 748.35 | 191.58 | 270.94 | 668.99 |
| 2006 - 2007 | 668.99 | 172.07 | 295.25 | 545.81 |
| 2007 - 2008 | 545.81 | 443.71 | 502.65 | 486.87 |
| 2008 - 2009 | 486.87 | 228.93 | 256.62 | 459.18 |
| 2009 - 2010 | 459.18 | 586.19 | 535.27 | 510.11 |
| TOTAL | 13619.79 | 3094.02 | 5848.49 | 10775.33 |
| MEAN | 1361.979 | 309.402 | 584.849 | 1077.533 |

Source: Indian Bank, Annual Report

RECOVERY OF NON PERFORMING ASSETS

TABLE – X Amount (Rs.in Crores)

| YEAR | RECOVERY OF NON PERFORMING ASSETS | INCREASE | DECREASE |
|--------------|-----------------------------------|---------------|---------------|
| 2000 - 2001 | 549.00 | - | - |
| 2001 - 2002 | 284.02 | - | 264.98 |
| 2002 - 2003 | 280.59 | - | 3.43 |
| 2003 - 2004 | 320.22 | 39.63 | - |
| 2004 - 2005 | 311.58 | - | 8.64 |
| 2005 - 2006 | 418.20 | 106.62 | - |
| 2006 - 2007 | 653.50 | 235.30 | - |
| 2007 - 2008 | 575.38 | - | 78.12 |
| 2008 - 2009 | 487.10 | - | 88.28 |
| 2009 - 2010 | 587.48 | 100.38 | - |
| TOTAL | 4467.07 | 481.93 | 443.45 |
| MEAN | 446.707 | 48.193 | 44.345 |

Source: Indian Bank, Annual Report

TABLE – I: COST OF NON PERFORMING ASSETS Amount (Rs.in Crores)

| YEAR | TOTAL ADVANCES | GROSS NPAs | GROSS NPA 5% OF TOTAL ADVANCES | MAINTENANCE COST @11% P.A | OPPORTUNITY COST AT BANK RATE COMPOUNDED WITH QUARTELY RESTS 7% P.A | TOTAL LOSS |
|--------------|------------------|-----------------|--------------------------------|---------------------------|---|------------------|
| 2000 - 2001 | 9433.90 | 2359.07 | 117.95 | 12.97 | 8.25 | 21.22 |
| 2001 - 2002 | 10908.35 | 2175.35 | 108.77 | 11.96 | 7.61 | 19.57 |
| 2002 - 2003 | 12274.98 | 1629.82 | 81.49 | 8.96 | 5.71 | 14.67 |
| 2003 - 2004 | 14126.07 | 1191.78 | 59.59 | 6.55 | 4.17 | 10.72 |
| 2004 - 2005 | 18380.09 | 748.35 | 37.42 | 4.12 | 2.62 | 6.74 |
| 2005 - 2006 | 22484.63 | 668.99 | 33.45 | 3.68 | 2.34 | 6.02 |
| 2006 - 2007 | 29058.11 | 545.81 | 27.29 | 3.00 | 1.91 | 4.91 |
| 2007 - 2008 | 39838.71 | 486.87 | 24.34 | 2.68 | 1.71 | 4.39 |
| 2008 - 2009 | 51465.27 | 459.18 | 22.96 | 2.53 | 1.61 | 4.14 |
| 2009 - 2010 | 59480.79 | 510.11 | 25.51 | 2.81 | 1.78 | 4.59 |
| TOTAL | 267450.90 | 10775.33 | 538.77 | 59.26 | 37.71 | 96.97 |
| MEAN | 26745.09 | 1077.533 | 53.87665 | 5.9264315 | 3.771 | 9.6974315 |

Source: Indian bank, Annual report

RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND LOYALTY AMONG PASSENGER CAR USERS (AN EMPIRICAL STUDY CONDUCTED IN BANGALORE CITY AMONG SMALL PASSENGER CAR USERS)

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ABSTRACT

Customer satisfaction is the extent to which a product's perceived performance matches buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted. The marketing companies, who want to be successful in the long run go out of the way to keep their customers satisfied and delighted. They strive to match customer expectations with company performance. Some companies aim to delight customers by promising only what they can deliver, than delivering more than they promise. This paper aims to emphasize the Relationship between satisfaction and loyalty of customers with specific reference to small passenger car brands like the Maruti, Hyundai and Chevrolet. To succeed in the business and to compete effectively, the firms must build long lasting relations with customers and also aim to create superior customer value. Loyalty comes out of satisfaction and loyal customers are likely to patronize a company's products and services for a long time. Therefore to attract and retain customers, an organization should constantly seek ways to deliver superior customer value and satisfaction. Finally the paper concludes the relationship between Customer satisfaction and loyalty.

KEYWORDS

Customer satisfaction, Loyalty, after-sales service.

INTRODUCTION

Product performance determines consumer satisfaction. A consumer compares the actual benefits. After this appraisal process, positive or negative feelings and emotions occur. Customer satisfaction is the outcome of positive opinions on products or service.

The benefits from the product usage and good customer service experiences leads to satisfied customers. Satisfied customers are the bases on which loyalty builds.

During the millennium, the Small passenger car market has globalized because of the foreign Companies starting their operations in the Indian market because of vast potential foreseen by these companies. CRISIL conducted a study during 2009, which indicated that Honda plans to launch Jazz in 2009. Ford Motors plans to double its existing capacity by 2010. The additional capacity will concentrate on manufacturing small/compact cars.

CRISIL Research expects the annual domestic passenger car sales to touch around 2.32 million units in 2012-13. Rising affordability due to the fall in the car prices with the launch of ultra low cost cars and new model launches are likely to boost demand.

Although hardening interest and augmenting fuel prices may impact demand as it would increase the ownership cost, the expected launch of low cost and growth in incomes will support growth.

Domestic demand is a function of affordability, determined by threshold income and players action in terms of price change. Rising affordability through the launch of ultra low cost cars and increase in disposable income will boost demand. The Automotive mission plan (2006-16) aims at the following:

- ❖ Aims to double the automobile sector contribution to GDP by increasing its turnover to \$145 Billion in 2016 from the current \$36 billion with special emphasis on export of small cars.
- ❖ Creation of automobile hubs near Mumbai, Chennai, Kolkata, Delhi and Bangalore, each equipped to handle 0.5 million vehicles annually by 2015.
- ❖ Global players such as Toyota, ford, and Honda are extending their presence in India across products as part of their strategy to enhance the country's contribution to total global sales. This along with the entry of new players such as Bajaj and Nissan signals the impending rise in competition in Indian Car Industry.
- ❖ As a result of this Intensifying competition, prices are forecast to fall. A shift in the product mix in favor of small cars is also in the offing. While International players are venturing into the mainstream small car segments. Process improvements and rising scale of operations factors that have majorly to the Industry's profitability in the past 5 years are expected to yield significant benefit upto 2012-13.
- ❖ In short the Indian Small Passenger car industry profitability will be determined by the following factors:
 - State of competition
 - Change in the product mix.
 - Productivity improvements-scale/prices.
 - Cost increases.

These factors made to undertake the research in the area of automobile with respect to small passenger cars with specific area of customer satisfaction and loyalty.

REVIEW OF LITERATURE

Edward Conlon, Sarv Devaraj, Khalil F Matta (2001) in this paper, relationship between quality represented by consumer rating and quality related activities by the consumer, represented by maintenance activities in the automotive industry.

Based on several converging theoretical perspectives, a model is presented and it is tested, relating vehicle initial quality ratings to consumers' routine maintenance. Three types of data were collected for the study: (1) vehicle service records at a local dealership, (2) primary data from a survey of vehicle owners, (3) consumer reports data on quality ratings and initial purchase prices. Results of structural equation analysis of the proposed model indicate significant link between quality and consumers' quality behavior. This link has important strategic implications for both automotive manufacturers and distributors particularly as "leasing" become more prevalent in the industry.

Audhesh K Paswan, Nancy Spears and Gopala Ganesh (2007) the purpose of this study is to focus on the feeling associated with being rejected by the preferred service brand, and its effect on consumer assessment of the alternate brand. Data for this study were collected using self-administered questionnaire in the context of higher education services targeted at the international market. Findings revealed that consumers who do manage to get their preferred service brand tend to be more satisfied with the features of the obtained brand and exhibit higher level of brand loyalty towards that brand. Managers should ensure that one's service brand is high in the consideration set. This has implications for service branding and brand positioning as well fulfilling service brand promise through services elements. It also has implications pertaining to winning over new customers and retaining through superior service delivery-particularly the service augmentation elements, and the selection and training of service delivery personnel.

Bernt Krohn Solvang (2007) through this paper develops and tests model to explain the variation in repurchase behavior between customers shopping for grocery products and furniture. The analysis and results of the research is based on interview data collected from 400 adult consumers in four different stores in Kristiansand, Norway.

While researching the question of what were the main differences in the factors influencing repurchase in grocery stores compared to the furniture stores. The furniture branch is a service branch, dependent on relations between the staff and the customer to a higher degree than a grocery shop. Accordingly, the service quality has stronger effects on satisfaction in the furniture branch than the grocery branch. This study revealed that the effect of service quality on the repurchase is clearly stronger in the furniture branch compared to the grocery branch.

Larry P Pleshko, Samar M. Bager (2008) this study investigates the relationships among customer satisfaction, customer loyalty and market share in a sample of students pertaining to their usage of health club. Data for the study was gathered from a buyer group in a large university town in Southeast USA. Sampling framework comprised of Relationship between customer satisfaction and loyalty under graduate business students. The data are from self-administered questionnaire. 5 health clubs are included for the study based on their membership strength. The spearman rank correlation coefficient is used to analyze the association between the variables in the model. Results of the study indicate that the model is not a broad ranging as might be expected since one of the three proposed relationships are not supported. Findings also suggest that there is a positive relationship in health clubs between loyalty and market share. It is also found that there is Relationship between customer satisfaction and loyalty negative relationship between satisfaction and market share. This is not totally unexpected in service where smaller volumes allow for better customer service.

John Andy Wood (2008) in this paper explains the influence of environmental factors on organizational buyers' satisfaction with service providers using survey data from a cross section of organizational types in a business research context. This research introduces and tests on explicit conceptual connection between perceptions of the environment and buyers' assessments of satisfaction through the evaluation set of alternatives in a structural equation model. Further, the model tests the positive relationship between satisfaction and intention to continue in the exchange relationship. Anchoring the study with customer loyalty or intentions to remain in the relationship, as a direct outcome of a buyer's satisfaction with the service relationship, family grounds the research into the existent literature.

The model demonstrates that if the customer is not satisfied, then his or her intention to continue with that supplier is not reinforced and the customer will increase his or her search for a viable alternative. This model also provides insights into the influence of a buyer's perceptions of both the internal and external environment. The supplier must also be aware that perceptions of external environmental uncertainty will cause buyers to increase the search for available alternatives. It is also possible that as conditions of uncertainty decreases; the perceived value of the alternative will increase to the point that they become viable substitutes for the existing service provider. Thus this model indicates that in a business service contest, customer satisfaction is still a viable indicator of relationship status.

To conclude, the literature review highlights studies based on consumer buying behavior with special reference to cars. In the Indian context such studies are very few in numbers. There are innumerable studies on Customer Satisfaction and Loyalty. But it is also very significant that such studies have not been conducted in India especially in the context of purchase of cars.

NEED FOR THE STUDY

The above study will aim to explore the buying behavior of car purchasers in the Indian context. The Customer satisfaction in the context of purchase process, after sales service will be explored. An attempt is undertaken to understand consumers' expectations and customer satisfaction and its effect of loyalty towards the Next purchase.

STATEMENT OF PROBLEM

The Problem under study is to find out the relationship between customer satisfaction and loyalty. The effect of loyalty in repeat purchase of the brand of car will also be studied.

OBJECTIVES OF THE RESEARCH STUDY

Based on Research Literature Review and Gaps identified, the objectives of the research study undertaken are as follows:

1. To study the significance relationship between gender and Loyalty with reference to the Brands of Car owned.
2. To explore the relationship between Dimensions of Customer Satisfaction
3. To find out the association between age and the Brand of cars owned by the users.

SCOPE OF THE STUDY

The study will be conducted among small car owners of Maruti, Hyundai and Chevrolet. These are the three prominent players in the small car segment. The brand owners of **Swift, Alto and Zen from the Maruti Udyog Limited** will be considered for the study.

Owners of **Santro, Getz and i10 from the Hyundai** stable will be the respondents for the study. From **Chevrolet owners** of Spark, Aveo and Aveo U-VA will be third set of respondents considered.

RESPONDENTS

Car owners from each company adding up to a total of 450 respondents and 50 respondents from Tata Nano will be empirically tested for the study. Owners of more than two years and less than six years are considered for the study, as they are the potential customers who will plan to either go in for a new car in the same segment. Small cars owners who will plan to upgrade from a small car to a medium size/luxury car will also be considered for the study. Samples will be restricted to Bangalore.

HYPOTHESIS

The hypothesis indicates the degree of association between variables. There were 3 major hypothesis formulated for the purpose of study which was as follows:

Hypothesis 1: There is significant positive relationship between gender and loyalty with respect to the brand of cars owned.

Hypothesis 2: There is significant positive relationship between Dimensions of customer satisfaction.

Hypothesis 3: There is no significant association between age and the Brand of cars owned.

METHODOLOGY

Questionnaire was constructed addressing to the objectives of the study. Reliability was checked for the instrument.

- **Research Design:** An exploratory study followed with Descriptive study.
- **Sampling Method:** Convenience sampling method was used.
- For the main study, the **sample size** was 500.
- Through Regression analysis conceptual model will be verified to find out the effect of satisfaction during purchase process, satisfaction on after sales service and satisfaction on performance of the car and perceived value and its effects on Loyalty.

LIMITATIONS OF THE STUDY

Since the study is conducted only in Bangalore the results might not be representative of all small car owners throughout India.

ANALYSIS

A Pilot Study was undertaken for 50 customers (Users) of Small Car. The actual sample for the final study will be 500 Small Passenger Car Users. As a thumb rule 10% of the Sample i.e. 50 was selected for Pilot Study. The Questionnaire was administered to 500 selected samples. Detailed Statistical Analysis was carried out using SPSS Software. Some of the Results of Study are discussed in Further Section of this paper.

RELIABILITY ANALYSIS RESULTS

TABLE 1: INDICATING RELIABILITY VALUES

| Cronbach's Alpha | Internal Consistency |
|------------------|----------------------|
| a> .9 | Excellent |
| .9> a > .8 | Good |
| .8> a > .7 | Acceptable |
| .7> a > .6 | Questionable |
| .6> a > .5 | Poor |
| .5> a | Unacceptable |

The Results of reliability test are as shown in Table 2 Cronbach alpha is the coefficient of reliability of test score for a sample of respondents. Cronbach alpha will generally increase as the inter-correlations among the test items increase and is thus known as consistency estimate of reliability of test scores. In general a value of 0.7 is acceptable.

(George D.A.Mallery.P. (2003). SPSS for Windows step by step: A simple guide and reference 11.0. Update (4th Ed.). (Boston Allyn & Bacon). According to above Table cronbach value of 0.7 is acceptable. The scores, which are within the limits of the acceptable range, are used for further statistical applications.

From Table 2 it can be seen that the alpha value for the first variable viz. Purchase Process to the fifth variable perceived value before purchase is within the acceptable range, i.e. the alpha values were good.

Inference: The range of alpha values for all the variables is between 0.7 and 0.9. Thus the instrument was highly reliable.

TABLE 2: INDICATING CRONBACH ALPHA VALUES FOR VARIABLES

| Sl.No | Variables | No of items | Cronbach alpha value |
|-------|---|-------------|----------------------|
| 1 | Feedback on Dealer: Purchase Process | 7 | 0.8643 |
| 2 | After sales service | 6 | 0.8143 |
| 3 | Vehicle performance and perceived value | 10 | 0.8620 |
| 4 | Loyalty | 10 | 0.7472 |
| 5 | Perceived value before purchase | 8 | 0.9058 |

TABLE 3: INDICATING COMBINED MEANS, SD, VARIANCE, SKEWNESS AND KURTOSIS VALUES OF Q9-Q13

| Variables in Q9-13 | Mean | Std. Deviation | Variance | Skewness | | Kurtosis | |
|---|-----------|----------------|-----------|-----------|------------|-----------|------------|
| | Statistic | Statistic | Statistic | Statistic | Std. Error | Statistic | Std. Error |
| Purchase process | 28.36 | 3.885 | 15.092 | -.586 | .337 | -.019 | .662 |
| After sales service | 22.58 | 3.928 | 15.432 | -.309 | .337 | -.491 | .662 |
| Vehicle performance and perceived value | 39.16 | 5.449 | 29.688 | .103 | .337 | -.802 | .662 |
| Loyalty | 38.24 | 4.805 | 23.084 | -.270 | .337 | -.568 | .662 |
| Perceived Value Before Purchase | 35.76 | 9.352 | 87.451 | -.789 | .337 | -.276 | .662 |

The **Table 3** indicates the analysis of descriptive statistics for the variables that are reliable. The variables from Question 9-13 Includes the purchase process (Includes 7 sub variables), after sales service (Includes 6 sub variables), vehicle performance and perceived value (Include 10 sub variables), loyalty (Includes 10 sub variables), perceived value before purchase (Includes 8 sub variables).

From the above **Table 3** it is evident that combined means of the variables except purchase process and after sales service is between 35 and 39. This indicates that the majority of customers are quite happy with these factors i.e. vehicle performance, loyalty, and perceived value before purchase with respect to the Brands Maruti, Hyundai and Chevrolet.

Skewness measures to what extent a distribution of values deviates from symmetry around the mean. A value of Zero (0) represents a symmetric or evenly balanced.

DISTRIBUTION: A positive skewness indicates a greater number of smaller values and a negative value of skewness indicates a greater no of larger values and a value between ±1 .0 is considered excellent for most psychometric purposes.

From the above Table 3 it is seen that except variable 11, all the other variables have negative skewness value. It indicates that the variables have greater number of larger values.

Kurtosis is a measure of the peakedness or flatness of a distribution. A kurtosis value near zero indicates shape close to normal. A positive value of the Kurtosis indicates a distribution more peaked than normal. A negative value of Kurtosis indicates a shape flatter than normal. A kurtosis value of ±1 is considered excellent for most psychometric purposes.

Finally from the above Table 3, it is indicative that all the variables have a value of Kurtosis, which is negative and one of the values are towards zero. The negative value indicates that the curve is more peak. The first variable i.e. Purchase process has a value which is closer to zero.

T-Test Results

Hypothesis 1: There is significant positive relationship between gender and loyalty with respect to the brand of cars owned.

For the hypothesis I, Independent Sample T Test*, was used to test the above hypothesis, which was related to **objective 1**, the results of which are discussed in the following sections. The Independent Sample T Test output Table is indicated in **Appendix Table AB 1-AB 9**.

TABLE 4: INDICATING INDEPENDENT SAMPLE T TEST TABLE FOR H₁ FOR BRAND MARUTI

| Dimensions of CS | Gender | N | Mean | Std. Deviation | T value | P Value |
|------------------|--------|-----|-------|----------------|---------|---------|
| Loyalty | Male | 127 | 33.97 | 3.899 | 1.830 | 0.069 |
| | Female | 23 | 35.52 | 2.695 | | |

Results: Since the P value is greater than 0.05 in case of brand Maruti, with reference to Male Respondents, the hypothesis is accepted at 5 percent level of significance. Hence it is concluded that there is significant positive relationship between gender and loyalty, with reference to the Brand Maruti.

Discussions: It is seen that the Mean value of male customers is less than that of female customers with respect to the brand Maruti. It is also observed that female customers are more loyal as compared to male customers with respect to the brand Maruti

TABLE 5: INDICATING INDEPENDENT SAMPLE T TEST TABLE FOR H₁ (B) FOR BRAND HYUNDAI

| Dimensions of CS | Gender | N | Mean | Std. Deviation | T value | P Value |
|------------------|--------|-----|-------|----------------|---------|---------|
| Loyalty | Male | 104 | 32.26 | 3.491 | 1.008 | 0.315 |
| | Female | 46 | 31.57 | 3.769 | | |

Results: The P value is greater than 0.05 in case of the brand Hyundai; the hypothesis is accepted at 5% significance level. Hence it is concluded that there is significant positive relationship between gender and loyalty for the brand Hyundai.

Discussions: In case of the brand Hyundai, the Mean Value of Male customers are marginally greater than that of female customers. Hence it is observed Male customers exhibit more loyalty as compared to female customers towards the brand Hyundai.

TABLE 6: INDICATING INDEPENDENT SAMPLE T TEST TABLE FOR H₁ (C) FOR BRAND CHEVROLET

| Dimensions of CS | Gender | N | Mean | Std. Deviation | T Value | P Value |
|------------------|--------|-----|-------|----------------|---------|---------|
| Loyalty | Male | 134 | 33.08 | 4.913 | 1.057 | 0.292 |
| | Female | 16 | 34.44 | 4.211 | | |

Results: The P value is greater than 0.05 in case of the brand Chevrolet; the hypothesis is accepted at 5% significance level. Hence it is concluded that there is significant positive relationship between gender and loyalty for the brand Chevrolet.

Discussions: In case of the brand Chevrolet, the Mean Value of Male customers are significantly lesser than that of female customers. Hence it is observed female customers exhibit more loyalty as compared to male customers towards the brand Chevrolet.

TABLE 7: INDICATING INDEPENDENT SAMPLE T TEST TABLE FOR H₁ (D) FOR BRAND TATA NANO

| Dimensions of CS | Gender | N | Mean | Std. Deviation | T Value | P Value |
|------------------|--------|----|-------|----------------|---------|---------|
| Loyalty | Male | 44 | 31.93 | 2.999 | 0.782 | 0.438 |
| | Female | 6 | 30.83 | 4.750 | | |

Results: the P value is greater than 0.05 in case of the brand Tata Nano, in case of both male and female customers; the hypothesis is accepted at 5% significance level. Hence it is concluded that there is significant positive relationship between genders with respect loyalty in the case of the Brand Tata Nano.

Discussions: In case of Tata Nano, the Mean value of Male customers is significantly greater than that of female customers; hence they are more loyal towards the brand Tata Nano as compared female customers.

Hypothesis 2: There is significant Positive association between Dimensions of customer Satisfaction

For Testing the above Hypothesis, Correlation Analysis was used. The results of Correlation are given below.

TABLE 8: INDICATING CORRELATION COEFFICIENT BETWEEN DIMENSIONS

| Dimensions of customer satisfaction | Purchase process | After sales service | Vehicle performance and perceived value | Perceived Value before Purchase | Loyalty |
|---|------------------|---------------------|---|---------------------------------|----------|
| Purchase process | 1 | .569(**) | .498(**) | .443(**) | .181(**) |
| After sales service | - | 1 | .572(**) | .489(**) | .220(**) |
| Vehicle performance and perceived value | - | - | 1 | .498(**) | .235(**) |
| Perceived Value before Purchase | - | - | - | 1 | .248(**) |
| Loyalty | - | - | - | - | 1 |

* Correlation is significant at the 0.05 level (2-tailed)

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

Results: The correlation coefficient between purchase process and after sales service is 0.569 which indicates nearly 57% positive relationship between purchase process and after sales service and is significance at 1% level. The correlation coefficient between purchase process and vehicle performance is 0.498, which indicates nearly 50% of positive relationship between purchase process and vehicle performance and perceived value and is significant at 1% level.

The correlation coefficient between purchase process and perceived value before purchase is 0.443, which indicates nearly 43% positive relationship between purchase process and perceived value before purchase and is significant at 1% level. The correlation coefficient between purchase process and loyalty is 0.181, which indicates nearly 18% of positive relationship between purchase process and loyalty and is significant at 1% level.

Similarly, the correlation coefficient between after sales service and vehicle performance is 0.572, which indicates nearly 57% positive relationship between the 2 dimensions and is significant at 1% level. The correlation coefficient between after sales service and perceived value before purchase is 0.489, which indicates nearly 49% positive relationship between the two dimensions and is significant at 1% level.

The correlation coefficient between after sales service and loyalty is 0.220 which indicates nearly 22% positive relationship between after sales service and loyalty and is significant at 1% level

Similarly the correlation coefficient vehicle performance and perceived value before purchase is 0.498 which indicates nearly 50% of positive relationship between vehicle performance and perceived value and is significant at 1% level. The correlation coefficient between vehicle performance and loyalty is 0.235 which indicates 24% positive relationship between vehicle performance and loyalty and is significant at 1% level.

Lastly the correlation coefficient between perceived value before purchase and loyalty is 0.248 which indicates nearly 25% of positive relationship between perceived value before purchase and loyalty and is significant at 1% level.

Since the P value is less than 0.01, the null hypothesis is rejected at 1 percent significance level. Hence it is concluded that there is relationship between the dimensions of customer satisfaction.

Discussions: The upper portion of each cell identifies the corresponding correlations between the dimensions of customer satisfaction accurate to three decimals. The middle portion indicates the significance of each corresponding correlations. The lower portion records the number of subjects involved in each correlation. The notes below the table identify the meaning of the asterisks and indicate whether the significance levels are one tailed or two tailed. The diagonal of 1.000s shows that a variable is perfectly correlated with itself. It is seen from the table that all the dimensions of customer satisfaction are perfectly correlated with itself. It is also noticed that there is strong positive relationship between loyalty and perceived value before purchase which has (r = .248, p

<.001). Similarly it is also noticed that all the dimensions of customer satisfaction have strong positive correlation p values. The correlation Table is Indicated in Table 8.

Hypothesis 3: There is no significant association between age group and Brand of cars owned.

For testing this hypothesis, Chi Square was used; its results and Clustered Bar Charts are indicated below.

CLUSTERED BAR CHART 6.5: INDICATING ASSOCIATION BETWEEN AGE AND INCOME

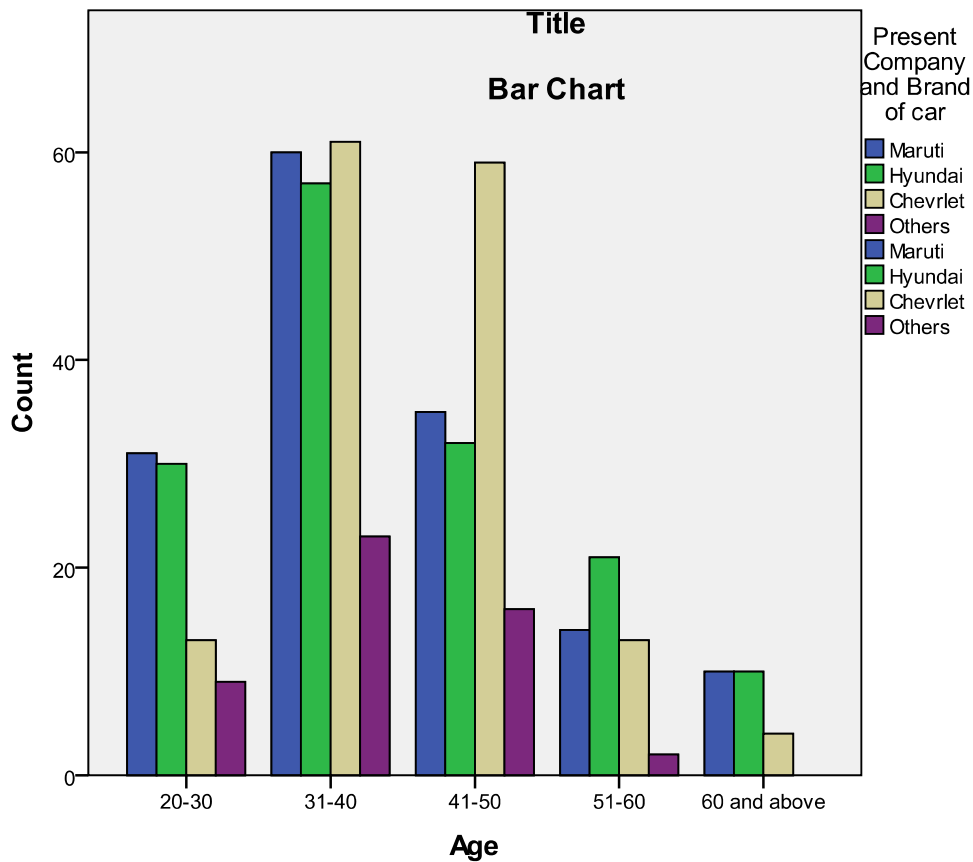


TABLE 9: INDICATING CHI-SQUARE OUTPUT FOR AGE GROUP VS BRAND OF CARS FOR HYPOTHESIS III

| Age Group of Respondents | Present Company and Brand of car | | | | Total | Chi-Square Value | P Value |
|--------------------------|----------------------------------|------------------------|------------------------|------------------------|------------|------------------|-------------|
| | Maruti | Hyundai | Chevrolet | Others | | | |
| 20-30 | 31 (24.9) [37.3] | 30 (24.9) [36.1] | 13 (24.9) [5.7] | 9 (8.3) [10.8] | 83 | 29.962 | ** 0.003 |
| 31-40 | 60 (60.3) [29.9] | 57 (60.3) [28.4] | 61 (60.3) [30.3] | 23 (20.1) [11.4] | 201 | | |
| 41-50 | 35 (42.6) [24.6] | 32 (42.6) [22.5] | 59 (42.6) [41.5] | 16 (14.2) [11.3] | 142 | | |
| 51-60 | 14 (15.0) [28.0] | 21 (15.0) [42.0] | 13 (15.0) [26.0] | 2 (5.0) [4.0] | 50 | | |
| 60 and above | 10 (7.2) [41.7] | 10 (7.2) [41.7] | 4 (7.2) [16.7] | 0 (2.4) [0] | 24 | | |
| Total | 150 | 150 | 150 | 50 | 500 | | |

Note: () indicates Row Total, [] Indicates Column Total,

** Indicates Significant at 1 percent level

Results and Discussions: Since the P Value is less than 0.01, for the variables Age, the hypothesis is rejected at 1 percent significance level. Hence it is concluded that there is significant association between Brands of car with respect to age of the users.

Discussions: It is indicated from the clustered bar diagram and Table 9 that, in the age group of 20-30, Maruti was preferred by maximum number of users, followed by Hyundai, Chevrolet and Tata Nano. In the age group 31-40 and 41-50, Chevrolet was preferred the most followed by Maruti, Hyundai and Tata Nano. In the age group 51-60, Hyundai, Maruti were the most preferred brands, followed by Chevrolet and Tata Nano. Similarly in the senior citizen age group Maruti, Hyundai had equal preferences, while Chevrolet had third preference with Tata Nano having no preferences in the Senior Citizen (above 60 age group

Interpretation: The Leading brands like Maruti, Hyundai and Chevrolet was preferred by all age groups, while Tata Nano was preferred by all age groups except senior citizens.

FINDINGS

The following are some of the key findings of the study

- It was seen that there was a positive relationship between gender and loyalty.
- It was inferred that females depict greater loyalty as compared to male customer for the Brand Maruti.
- Male customers exhibit more loyalty as compared to female customers towards the brand Hyundai.
- It was also inferred that Female customers are more loyal as compared to male customers towards the Brand Chevrolet.
- In case of Tata Nano, the Male Customers were more loyal as compared to female customers.
- Loyalty is one of the variable influencing purchase dimensions.
- There is positive association between the Dimensions of customer satisfaction such as Loyalty and other Dimensions such as Purchase Process, After sales service, Vehicle performance and perceived value and perceived value before purchase.
- It was found that the in the age group of 20-30, the most preferred brands was Maruti. Similarly in the age group of 31-40 and 41-50, Chevrolet and Maruti were the most preferred brands. In the age group of 51-60, Hyundai and Maruti were the most preferred brands, followed by Chevrolet and Tata Nano. Lastly in the senior citizen age group of above 60, Maruti and Hyundai had equal preferences, while Chevrolet had the third preference. The Brand Tata Nano did not have any preference among the Senior Citizen age group.

CONCLUSIONS

The study is indicative that there is a positive relationship between Gender and Loyalty with reference to Brand of cars owned.

The Dimensions of customer satisfaction namely loyalty and other dimensions of customer satisfaction such as purchase process, after sales service, vehicle performance and perceived value and perceived.

There is significant association between age group and Brand of cars owned by the user.

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INFLUENCE OF QUALITY CIRCLES ON ORGANISATIONAL PERFORMANCE: AN EMPIRICAL STUDY

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ABSTRACT

In the present environment human resources are the most valuable and unique assets of any organization. In the highly competitive globalization era, work productivity and organization productivity has emerged as important issues and every organization is focusing on improving its work productivity. It is expected that by the higher productivity, organization is gaining competitiveness and the organization will have better performance and be more profitable. It is important to understand how the quality circle will increase productivity. The present study is to analyse the role of quality circle and its outcome as perceived by the employees in different organizations of manufacturing, services and trading sector. This assessment includes technical aspects, length of participation, training, members' feelings about QCs, job satisfaction and job commitment. The study illustrates the impacts of participation on 130 QCs members from some selected companies engaged in manufacturing and service organization located in the SIDCUL area of Haridwar and Dehradun. The outcome of the study includes significant improvement in the organizational outlook, Improved quality of work life and overall organizational productivity, Innovativeness in productivity improvement, Greater participation in enriching knowledge, Improvement in the safety and work process, Improved work knowledge and reduced breakdown, Improved communication and commitment, The composite mean of various outcomes across the different level of the educational background of the respondent in the different nature of industries were studied.

KEYWORDS

Quality Circle, Business Process, Job Commitment, Continuous Improvement Processes.

INTRODUCTION

Human resources are the most valuable and unique assets of an organization. The successful management of an organization's human resources is an exciting, dynamic and challenging task, especially at a time when the world has become a global village and economies are in a state of flux. The scarcity of talented resources and the growing expectations of the modern day worker have further increased the complexity of the human resource function. Even though specific human resource functions/activities are the responsibility of the human resource department, the actual management of human resources is the responsibility of all the managers in an organization. As human resources have become viewed as more critical to organizational success, many organizations have realized that it is the people in an organization that can provide competitive advantage. Economy, international competitive pressures and demands for higher quality, high cost, decreasing profit margins, inconsistent quality of delivery and competitors in local markets are the primary forces of change. That encouraged many organizations to focus on ways to increase the contribution of employees to improvements in quality and productivity.

REVIEW OF RELATED LITERATURE

Literature on the impact of the quality circle was reviewed upon both individual and organizational outcomes and, on average, demonstrated the intervention's effectiveness. In most of the literature quality circles have been variously praised for their impact on an organization's effectiveness. Included among the extensive list of organizational and individual outcomes that are claimed to be affected by the quality circle process are productivity (Srinivason, 1983;), quality (Jenkins & Shimada, 1983), absenteeism (Wolfe, 1985), grievance rates (Hunt, 1981), job satisfaction (Jenkins & Shimada, 1983), organizational commitment (Benjamin, 1983;), and morale (Horn, 1982). Although these studies generally fail to specify a theoretical model, it is assumed that these outcomes are either directly or indirectly affected by the quality circle intervention.

The benefits of QCC described in the literature can be categorized into two types; First, QCCs benefit the organization from a technical system outcomes perspective, (Dale & Lees, 1985; Barrick & Alexander, 1987; Gryna, 2001). The overall productivity of the organization, for example, can be increased as a result of QCC. This sort of improvement can enhance the competitive strength of the organization (Buch & Spangler, 1990). Bradley and Hill (1983) believed that the economic effects of QCC were not comprehensive, as QCC failures were normally not reported. However, there are reliable reports from a number of firms of considerable cost savings and efficiency gains resulting from the introduction of QCC activities. The error rate waiting times, and other types of waste may be reduced. The total production volume may be increased, and quality may be improved. Quality could be described from seven different aspects and each aspect can be improved by QCC implementation. The seven aspects are production, product, value, competition customer, society-oriented quality, and operational quality (Lillrank, 1998; Silen, 1998; Tervonen Pahkala & Haapasalo, 2008). In addition, QCC can help employees avoid accidents and can decrease the number of incidents. Finally, managers and engineers can focus attention on solving challenging problems instead of focusing on, operational problems.

Second, QCCs can also lead to improved social system outcomes for both organizations and individuals (Dale & Lees, 1985; Gryna, 2001). Employee commitment to the organization can be increased due to QCC program implementations. QCC members have been shown to be more committed to the organization than non-members. Chinen and Enomoto (2004) investigated the impact of QCC and work education on perceived organizational commitment from 18 factories in Mexico using Meyer, Allen, and Smith's (MAS's) (1993) scale. The three components of the MAS's scale measure of organizational commitment are affective continuance, and normative commitment. The impact of QCC to organizational commitment could not be identified because of low scale reliability. However, this, study indicated that QCC members were more committed than non-members to the organization and employees with skills, knowledge, and the ability tended to accept greater responsibility.

Some researchers have stated that QCC can improve organizational performance metrics related to not only quality and productivity, but also to job satisfaction and hence overall employee morale, as well as workplace communications (Dale & Lees, 1985). Mohr and Zoghi (2008) studied the relationship between job

satisfaction and high-involvement work design, which includes quality circles, using approximately 25,000 observations spanning four years and every major Canadian industry. These research results found that QCC members reported higher levels of job satisfaction, compared to non-members. In addition, QCC creates opportunities for workers to be more valuable employees, who are more responsible, have higher morale, and exhibit higher levels of cooperation (Dale & Lees, 1985).

Gryna (1981) classified the benefits to employee into three categories: individual, characteristics, individuals' relations with others, and individual attitudes toward the company. Buch and Spangler (1990) stated that QCC members received significantly greater performance ratings and were promoted more frequently than nonmembers. They tested the effects of QCC on job performance and promotion comparing 118 QCC members and 118 non-QCC employees, and concluded that QCCs were a potentially powerful employee development tool. Marks et al. (1986), investigated the impact of participation in a QCC on employee quality of work life, attitude, productivity, and absenteeism. The results suggested that QCC involvement, acted more to provide social support to buffer participants from negative contextual factors than to enhance the quality of work life.

Initially the quality circle was practiced in manufacturing industry but after getting the enhanced benefit it is being practiced in the service organization also. In the Present paper, researcher tries to explore the quality circle and its perceived outcome in some selected organization of Uttarakhand. In general, the concept of QCs revolves around the principles of voluntary participation and collaborative decision making. In a few words, the QC group has to function effectively as a multi-disciplinary team, focusing on improving selected work processes. The outcome is usually to aid continuous quality improvement. The concept seems too simple but the implementation and the effort needed to keep the circles functioning effectively require strong support and commitment from management Goh, M., 2000

Several studies have been conducted that identify difficulties and the complexity of achieving QCs successes in service area. Quality Circles have been used primarily with blue-collar production workers. However, the production sphere encompasses large numbers of service employees who may benefit from the use of this technique. Thus, the service employees should also be considered. Mixed success has been reported in Japan in programs tested with its service workforce. The self initiated nature of much service work, the difficulty of establishing precise performance measures and the attitudes of individualism may serve as barriers to effective Quality Circles programs with service workers. Richards, B., 1984 pointed out that utilizing QCs in service work brings positive implications. However, service circles require a more tailored approach considering the complexities of its use and application. Even though there are time and installation costs involved in setting up service circles, the improvement in productivity of white collar circles far outweigh that of the blue-collar circles. Bank of America also noted that a drastic improvement in productivity and increased morale through QCs. In addition, the study pointed out that there may be gains in productivity and quality through Quality Circles as this concept has not been widely implemented in the rapidly growing and dynamic service work.

Quality Circles in service organizations are more challenging and complex than that in the manufacturing organizations. Several authors also pointed out that service sector circle programmes appear to face additional difficulties to those in manufacturing, such as the intangible nature of many circle projects, circle members finding the time to meet, organizational instability and a need to form multidiscipline circles because of the small number of people employed in many service departments/sections. Nevertheless, the authors stated that service organizations should not be discouraged to implement service circles in their organizations. Instead, service industries should always realize the complexities arising due to the labor-intensive nature of service organizations. Hence, this paper is to find out whether QCs in service sector are performing as effective as manufacturing counterparts do.

Various studies have been conducted on the implementation of quality circles in different organization and the results were very encouraging. Study conducted by S K Dey, *et al.* involving quality circles for a steady reduction in chemical wastage proved to be very gainful to the industries related to the material wastage. Also study conducted by Reddy, *et al.* on dimensional quality control of casting gives a result of good quality casting at minimum cost. Another study conducted by Shiva Gonde, *et al.* which was different from other studies in the sense that he has implemented quality circle approach in technical education systems for solving work related problems and found that there were major dimensional change in decisions and actions, conventional bureaucratic approach to self empowering employees along with the responsibilities of managing the institutions.

The success of the quality circles depends solely on the attitude of the top management and plays an important role to ensure the success of implementation of quality circles in the organization. Steering committee called middle management consists of chief executive heads of different divisions or a coordinator plays a positive role in quality circles activities for the success of the efforts. The meetings are conveyed at least once in one to two months interval. Coordinator also acts as facilitators is an individual responsible for coordinating and directing the quality circles activities within an organization and carries out such functions as would make the operations of quality circles smooth, effective and self-sustainable. Facilitator also acts as a catalyst, innovator, promoter and teacher and is nominated by the management. Leader of the quality circles is chosen by the members among themselves and they may decide to have a leader by rotation since the members are the basic elements of the structure of quality circle. Members of the quality circles are the small group of people from the same work area or doing similar type of work whereas non-members are those who are not members of the quality circle but may be involved in the circle recommendation.

OBJECTIVES AND METHODOLOGY

Adequate measurement of the success of quality circle programs is difficult. Thus research has tried to explore the outcome of quality circles as perceived by the quality circle members as well as employees associated with the quality circles. The present research work has been taken up with the objective to assess the awareness of employees about Quality Circle practices for improving productivity and analyse the effectiveness of quality circle in raising the productivity as perceived by the employees. To achieve the stated objective data was collected using questionnaire. Majority of the questions being of the close-ended type. After having been slightly modified, was mailed to a sample of 10 companies in SIDCUL Haridwar and Dehradun. The most senior persons with explicit responsibility for quality QCs were requested to distribute the questionnaires to QCs members'. Follow up calls were made to these companies. After one-month duration, one hundred and thirty (130) questionnaires were returned. The data collected from the questionnaires were analyzed. The analytical tools used such as Bivariate data analysis techniques, like Chi square test, and one-way ANOVA, which are very powerful tools to build statistical relationship between variables are also used in this study. One way ANOVA was done to compare the attitude of the two groups of employees, The ANOVA was done to determine if there was a significant difference in attitude towards the organization in which the two groups worked. The table 1 presents the demographic characteristics of respondents:

TABLE - 1: DEMOGRAPHIC CHARACTERISTICS

| | Categories | Count | Percentage |
|-----------------|--------------------------------------|-------|------------|
| Gender | Male | 92 | 70.8 |
| | Female | 38 | 29.2 |
| Age | Upto 25 years | 17 | 13.1 |
| | From 25 to 35 years | 57 | 43.8 |
| | From 36 to 45 Year | 30 | 23.1 |
| | From 46 to 55 Years | 12 | 9.2 |
| | From 56 to 65 Years | 8 | 6.2 |
| | Above 65 years | 6 | 4.6 |
| Marital Status | Married | 97 | 74.6 |
| | Unmarried | 33 | 25.4 |
| Education Level | Upto Graduation | 9 | 6.9 |
| | Upto Post Graduation | 89 | 68.5 |
| | Professional and other qualification | 32 | 24.6 |

The analysis presented in the above table reveals that sample is dominated by the young category respondent ranging in the age group of 25-35 years as it contributes 41% in the sample. Majority of the respondent are male and married category. Analysis also projects that sample is composed of highly educated respondents.

TABLE – 2: NATURE OF ORGANISATION

| Sl No. | Description | Frequency | Percent |
|--------|---------------|-----------|---------|
| A | Manufacturing | 13 | 10.0 |
| B | Trading | 14 | 10.8 |
| C | Services | 103 | 79.2 |
| D | Total | 130 | 100.0 |

Quality Circle is one of the employee participation methods. It implies the development of skills, capabilities, confidence and creativity of the people through cumulative process of education, training, work experience and participation. Quality Circles are relevant for factories, firms, schools, hospitals, universities, research institutes, banks, government offices etc. Analysis indicates that sample is dominated by those respondents who belong to service organization as it was indicated by 79.2% respondents in the sample. Employees of manufacturing and trading sector organization accounts for 10% and 10.8% respectively.

TABLE – 3: YEAR OF ESTABLISHMENT

| Description | No. of Respondents | Percentage |
|-----------------------|--------------------|------------|
| Before 1990 | 14 | 10.8 |
| Between 1990 to 1995 | 7 | 5.4 |
| Between 1995 and 2000 | 50 | 38.5 |
| Between 2000 and 2005 | 13 | 10.0 |
| Between 2005 and 2010 | 35 | 26.9 |
| After 2010 | 11 | 8.5 |
| Total | 130 | 100.0 |

"Quality is everyone's responsibility." TQM refers to an integrated approach by management to focus all functions and levels of an organization on quality and continuous improvement. It is seen that Older is the organization better the system of execution. Study indicates that majority of the respondents belongs to the organization which came into existence between 1995 to 2000 as it was indicated by almost 38.5 % respondents in the sample.

TABLE – 4: NUMBER OF EMPLOYEES WORKING WITH THE ORGANIZATION

| Sl No. | Description | Frequency | Percent |
|--------|-----------------|-----------|---------|
| A | Upto 25 | 9 | 6.9 |
| B | From 25 to 50 | 45 | 34.6 |
| C | From 50 to 100 | 47 | 36.2 |
| D | From 100 to 200 | 10 | 7.7 |
| E | From 200 to 500 | 19 | 14.6 |
| | Total | 130 | 100.0 |

There is no single right way to form a quality control circle. The size and general nature of the company involved will often impact the organizational structure of the group. Study indicates that sample is dominated by those units where their are 50 to 100 workers are doing their job as it was indicated by 36.2% respondents. It was followed by the organization where 25-50 employees are working.

TABLE – 5: EXISTENCE OF QUALITY CIRCLE IN THE ORGANIZATION

| Sl No. | Description | Frequency | Percent |
|--------|-------------|-----------|---------|
| A | Yes | 109 | 83.8 |
| B | No | 14 | 10.8 |
| C | Cant Say | 7 | 5.4 |
| D | Total | 130 | 100.0 |

A quality circle is a participatory management technique that enlists the help of employees in solving problems related to their own jobs. It is "a small group of employees doing similar or related work who meet regularly to identify, analyze, and solve product-quality and production problems and to improve general operations. It's a sort of brain storming circle where in all the participants will try to contribute their doubts, study reveals that majority of the respondents in the sample are of the opinion that there exist a quality circle in their organsiation as it was indicated by 83.8% respondents in the sample.

TABLE – 6: NO OF PEOPLE INVOLVED IN THE QUALITY CIRCLE

| Sl No. | Description | Frequency | Percent |
|--------|-------------|-----------|---------|
| A | Bolow10 | 75 | 57.7 |
| B | Above 10 | 36 | 27.7 |
| C | Above 15 | 19 | 14.6 |
| D | Total | 130 | 100.0 |

The success of the quality circles depends solely on the attitude of the top management who plays an important role to ensure the success of implementation of quality circles in the organization. Study reveals that majority of the respondent in the sample say the number of quality circle member in the organization are restricted upto 10 member as it was indicated by 57.7% respondents in the sample.

TABLE – 7: PERIOD OF PARTICIPATING IN QUALITY CIRCLE

| Sl No. | Description | Frequency | Percent |
|--------|-------------------|-----------|---------|
| A | Less than 6 Month | 57 | 43.8 |
| B | 7to 12 Month | 39 | 30.0 |
| C | 13 to 18 month | 16 | 12.3 |
| D | 19 to 24 month | 1 | .8 |
| E | 31 to 60 month | 16 | 12.3 |
| F | More than 5 Year | 1 | .8 |
| | Total | 130 | 100.0 |

The length of participation in QC process is considered as a measure that indicates the longevity of the program. This measure has been widely used to identify the effectiveness of the program. about 43.8 % of service QC members participated in the program for last six month, about 30% employees participated since last 7month to 12 month. Very few employees are participating in QC programme since last 5 year which is considered as long term, This indicates that QC members of selected sample are new to QCs and have less experiences in the success or failure of QCs.

TABLE – 8: FREQUENCY OF ORGAISING QUALITY CIRCLE MEETING

| Sl No. | Description | Frequency | Percent |
|--------|---------------|-----------|---------|
| A | Once a Week | 41 | 31.5 |
| B | Twice a month | 54 | 41.5 |
| C | Once a month | 35 | 26.9 |
| D | Total | 130 | 100.0 |

An attempt was made to know the frequency of quality circle meeting organized in their organization. Analysis indicates that more than one third (41.5%) employees attend QC meeting twice a month. About 31.5% employees attend QC meeting at least once in week. Little more than one fourth (26.9%) attend QC meeting once in month.

TABLE – 9: PREFERENCE OF QUALITY CIRCLE MEMBER FOR MEETING

| Sl No. | Description | Frequency | Percent |
|--------|--------------------------|-----------|---------|
| A | More than once in Week | 28 | 21.5 |
| B | One a Week | 47 | 36.2 |
| C | Twice a Month | 38 | 29.2 |
| D | Once a month | 15 | 11.5 |
| E | Whenever It is Necessary | 2 | 1.5 |
| | Total | 130 | 100.0 |

It was felt necessary to assess the employee’s preference regarding how frequent they want to have quality circle meeting in their organization. Analysis indicates that more than one third (36.2) employees prefer to have QC meeting more than once in a week. About 29.2% employees want to have QC meeting twice in month. Little less than one fourth (21.5%) prefer to have QC meeting more than once a week. Concept of as and when required was preferred by very less number of employees.

ANALYSIS AND DISCUSSION

Researcher is interested to investigate the perceive outcome from Available QCs literature from different sources and studied minutely to find out the outcome variable which can be used to evaluate the effectiveness of QCs' activities in an organization. After a thorough analysis of various published resources, comments, viewpoints, discussions and observations of many researchers as well as practitioners, this researcher has come to the conclusion that for judging QCs' effectiveness and its role in improving organisation productivity, the critical factors can broadly be classified into two categories: quantitative and qualitative. Some factors like QC tenure (age of a QC), number of problems/ projects solved, money saved as a result of QC solutions, attendance rate in QC meetings constitute quantitative evaluative criteria. In regard to qualitative factors, employee development through QC participation and organizational development as a result of QCs' functioning have been taken as evaluative criteria.

TABLE 10: MEAN OF VARIOUS ORGANIZATIONAL OUTCOME OF QUALITY CIRCLES

| Factor | Name of Dimension | Statement | Mean Score |
|----------|---|---|------------|
| Outcome1 | Improvement in the organizational outlook | Operation knowledge has improved after joing QC | 3.734 |
| | | Knowledge about machine have improved | 3.74 |
| | | Decreased number of rejection of products | 3.62 |
| | | Quality of job has increased after attending QC meeting | 3.95 |
| | | Management and company look has improved | 3.96 |
| Outcome2 | Improved quality of work life and overall organizational productivity | willingness to expand effort has increased | 3.45 |
| | | Our QC has promoted best practices for competitiveness | 2.907 |
| | | My level of satisfaction towards job has increased | 3.43 |
| | | Our QC has been invited by local organizations to help them establish QCs | 3.24 |
| | | Organisation profitability has increased substantially | 3.08 |
| | | QC has helped in improving quality of work life of employees | 3.26 |
| | | Wastage has reduced significantly | 3.65 |
| | | Resource utilization has been optimized | 3.42 |
| Outcome3 | Innovativeness in productivity improvement | Individual productivity has increased | 3.61 |
| | | Allow employees to use intelligence experience and innovative ability | 3.62 |
| | | Qc has helped to be competitive at national and world level | 3.23 |
| Outcome4 | Greater participation in enriching knowledge | QC has increased employees participation | 3.56 |
| | | Knowledge about handling machine and process has improved | 4.05 |
| Outcome5 | Improvement in the safety and work process | Safety on the factory floor/ work environment has increased | 3.53 |
| | | Flow of materials and job has become effective | 3.54 |
| | | Process time is reduced | 3.35 |
| Outcome6 | Improved work knowledge and reduced breakdown | Breakdown of the machine reduced significantly | 3.92 |
| | | My knowledge about the work has increased | 4.215 |
| Outcome7 | Improved communication and commitment | Better communication has established through QC | 3.745 |
| | | My level of commitment to the job has increased | 3.05 |

The various outcomes are grouped into seven area and are classified as, Improvement in the organizational outlook, Improved quality of work life and overall organizational productivity, Innovativeness in productivity improvement, Greater participation in enriching knowledge, Improvement in the safety and work process, Improved work knowledge and reduced breakdown, Improved communication and commitment, The composite mean of various outcomes are calculated with the help of SPSS-15 software and is presented in the table below. Mean score of individual out come variable were taken and is presented in the table.

TABLE 10: MEAN OF VARIOUS OUTCOME OF QUALITY CIRCLE AMONG DIFFERENT LEVEL OF EDUCATIONAL CATEGORIES OF RESPONDENTS

| Education Qualification wise Classification | Improvement in the organizational outlook | Improved quality of work life and overall organizational productivity | Innovativeness in productivity improvement | Greater participation in enriching knowledge | Improvement in the safety and work process | Improved work knowledge and reduced breakdown | Improved communication and commitment |
|---|---|---|--|--|--|---|---------------------------------------|
| Upto Graduation | 3.0667 | 3.3056 | 3.6667 | 2.7222 | 3.7778 | 4.4444 | 3.1667 |
| Upto Post Graduation | 4.1034 | 3.2486 | 3.5468 | 3.9270 | 3.3670 | 4.0787 | 3.2360 |
| Professional and other qualification | 3.1875 | 3.5508 | 3.2708 | 3.7656 | 3.6875 | 3.9219 | 3.9219 |
| Total | 3.8062 | 3.3269 | 3.4872 | 3.8038 | 3.4744 | 4.0654 | 3.4000 |

Analysis of mean of different factor among different level of education of respondents reveals that means ratings of perceived outcome like improved work knowledge and reduced breakdown scored highest across the respondents of different level of education.

TABLE – 11: ANOVA WITH DIFFERENT LEVEL OF EDUCATION

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|----------------|----------------|-----|-------------|--------|------|
| Improvement in the organizational outlook | Between Groups | 25.031 | 2 | 12.516 | 39.973 | .000 |
| | Within Groups | 39.764 | 127 | .313 | | |
| | Total | 64.795 | 129 | | | |
| Improved quality of work life and overall organizational productivity | Between Groups | 2.154 | 2 | 1.077 | 1.718 | .184 |
| | Within Groups | 79.608 | 127 | .627 | | |
| | Total | 81.762 | 129 | | | |
| Innovativeness in productivity improvement | Between Groups | 2.104 | 2 | 1.052 | 3.462 | .034 |
| | Within Groups | 38.597 | 127 | .304 | | |
| | Total | 40.701 | 129 | | | |
| Greater participation in enriching knowledge | Between Groups | 11.925 | 2 | 5.963 | 10.692 | .000 |
| | Within Groups | 70.823 | 127 | .558 | | |
| | Total | 82.748 | 129 | | | |
| Improvement in the safety and work process | Between Groups | 3.307 | 2 | 1.654 | 2.369 | .098 |
| | Within Groups | 88.663 | 127 | .698 | | |
| | Total | 91.970 | 129 | | | |
| Improved work knowledge and reduced breakdown | Between Groups | 1.968 | 2 | .984 | 1.377 | .256 |
| | Within Groups | 90.726 | 127 | .714 | | |
| | Total | 92.694 | 129 | | | |
| Improved communication and commitment | Between Groups | 11.600 | 2 | 5.800 | 17.497 | .000 |
| | Within Groups | 42.100 | 127 | .331 | | |
| | Total | 53.700 | 129 | | | |

Inference: One way Anova was carried out to check the hypothesis that there is no significance difference in the mean of different quality circles outcome among different level of education of respondents. From the table it is clear that calculated value of F is less than the tabulated value of F (2.99) At (p< 0.05) level of significance in the case of outcome like Improved quality of work life and overall organizational productivity, Improvement in the safety and work process and Improved work knowledge and reduced breakdown . Hence null hypothesis is accepted indicating that there is no significant difference in the mean of different perceived outcome across the different level of education. However calculated value of F is greater than the tabulated value in the case Improvement in the organizational outlook, Innovativeness in productivity improvement, Greater participation in enriching knowledge, and improved communication and commitment. Hence null hypothesis is rejected indicating that there is significant difference in the mean of different perceived outcome across the different level of education.

TABLE 12: MEAN OF MOTIVATING FACTORS INFLUENCING FACTOR OF QUALITY CIRCLE AMONG DIFFERENT NATURE OF INDUSTRY

| Nature of Organisation | Improvement in the organizational outlook | Improved quality of work life and overall organizational productivity | Innovativeness in productivity improvement | Greater participation in enriching knowledge | Improvement in the safety and work process | Improved work knowledge and reduced breakdown | Improved communication and commitment |
|------------------------|---|---|--|--|--|---|---------------------------------------|
| Manufacturing | 2.9846 | 3.0192 | 2.8718 | 2.8077 | 3.4615 | 3.2308 | 2.8462 |
| Trading | 3.9714 | 3.6607 | 2.7381 | 4.0357 | 3.5952 | 4.9286 | 3.0000 |
| Services | 3.8874 | 3.3204 | 3.6667 | 3.8981 | 3.4595 | 4.0534 | 3.5243 |
| Total | 3.8062 | 3.3269 | 3.4872 | 3.8038 | 3.4744 | 4.0654 | 3.4000 |

Analysis of mean of different outcome among the employees of different nature of organization reveals that mean ratings of perceived outcome like improved work knowledge and reduced breakdown scored highest across the respondents of trading organization. However improvement in the organizational outlook has scored highest in service sector organization.

TABLE – 13: ANOVA WITH DIFFERENT NATURE OF INDUSTRY

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|----------------|----------------|-----|-------------|--------|------|
| Improvement in the organizational outlook | Between Groups | 9.836 | 2 | 4.918 | 11.365 | .000 |
| | Within Groups | 54.959 | 127 | .433 | | |
| | Total | 64.795 | 129 | | | |
| Improved quality of work life and overall organizational productivity | Between Groups | 2.795 | 2 | 1.397 | 2.248 | .110 |
| | Within Groups | 78.967 | 127 | .622 | | |
| | Total | 81.762 | 129 | | | |
| Innovativeness in productivity improvement | Between Groups | 16.097 | 2 | 8.049 | 41.545 | .000 |
| | Within Groups | 24.604 | 127 | .194 | | |
| | Total | 40.701 | 129 | | | |
| Greater participation in enriching knowledge | Between Groups | 14.567 | 2 | 7.284 | 13.567 | .000 |
| | Within Groups | 68.181 | 127 | .537 | | |
| | Total | 82.748 | 129 | | | |
| Improvement in the safety and work process | Between Groups | .229 | 2 | .115 | .159 | .853 |
| | Within Groups | 91.741 | 127 | .722 | | |
| | Total | 91.970 | 129 | | | |
| Improved work knowledge and reduced breakdown | Between Groups | 19.502 | 2 | 9.751 | 16.919 | .000 |
| | Within Groups | 73.193 | 127 | .576 | | |
| | Total | 92.694 | 129 | | | |
| Improved communication and commitment | Between Groups | 7.818 | 2 | 3.909 | 10.821 | .000 |
| | Within Groups | 45.882 | 127 | .361 | | |
| | Total | 53.700 | 129 | | | |

Inference: One way Anova was carried out to check the hypothesis that there is no significance difference in the mean of different quality circles outcome among employees of different nature of organization. From the table it is clear that calculated value of F is less than the tabulated value of F (2.99) At ($p < 0.05$) level of significance in the case of outcome like Improved quality of work life and overall organizational productivity and Improvement in the safety and work process. Hence null hypothesis is accepted indicating that there is no significant difference in the mean of different perceived outcome across the different nature of organisation. However calculated value of F is greater than the tabulated value in the case Improvement in the organizational outlook, Innovativeness in productivity improvement, Greater participation in enriching knowledge, Improved work knowledge and reduced breakdown, and Improved communication and commitment. Hence null hypothesis is rejected indicating that there is significant difference in the mean of different perceived outcome across the different nature of organization. .

CONCLUSION

The general aim of the analysis is to analyse the perceived outcome of quality circle and its relationship with the demographic characteristics of the respondents and nature of organization which they are associated with. . This is to determine whether QCs in one sector are performing more effectively than the other. QC members in both sectors were asked how often they hold QC meetings. This is to determine a level of employee involvement in terms of discussing activities and projects during meetings. One-way ANOVA analysis was performed to determine the significant difference between the two groups towards perceived outcome. The result of the results is shown in Table 11 and table 13. The results from the table indicates there is no significant difference in the perception of outcome of quality circle in the variable like Improved quality of work life and overall organizational productivity, Improvement in the safety and work process and Improved work knowledge and reduced breakdown across the different level of education of the employees. Hence null hypothesis is accepted indicating that there is no significant difference in the mean of different perceived outcome across the different level of education. However table 13 indicates that there is significant difference in the perceived outcome of quality circle across the employees working in different nature of organization.

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PERFORMANCE OF TAX SAVING FUNDS OF SELECTED ASSET MANAGEMENT COMPANIES: A COMPARATIVE ANALYSIS

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ABSTRACT

Different investment avenues are available to investors. Mutual funds also offer good investment opportunities to the investors. Like all investments, they also carry certain risks. The investors should compare the risks and expected yields after adjustment of tax on various instruments while taking investment decisions. The investors may seek advice from experts and consultants including agents and distributors of mutual funds schemes while making investment decisions. With an objective to make the investors aware of performance of mutual funds, an attempt has been made to provide information on the comparison of tax saving funds of selected Asset Management Companies such as HDFC, FRANKLIN INDIA, RELIANCE, SBI and ICICI which may help the investors in taking investment decisions. The analysis is also compared with the calculations based on the Standard deviation, Beta values, Benchmarks, and also Sharpe ratio, Treynors ratio, Jensen measures for the period 2007-11. This paper is carried out to find out the returns of funds thereby studying the performance of the selected tax saving funds in the market. The investor invests the funds based on the returns, net asset value and also the trend prevailing in the market.

KEYWORDS

Asset Management Companies, Performance, Tax saving funds.

INTRODUCTION

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. Mutual funds are one of the best investments ever created because they are very cost efficient and very easy to invest in. Investors in India opt for the tax-saving mutual fund schemes for the simple reason that it helps them to save money. The tax-saving mutual funds or the equity-linked savings schemes (ELSS) receive certain tax exemptions under Section 88 of the Income Tax Act. That is one of the reasons why the investors in India add the tax-saving mutual fund schemes to their portfolio. The tax-saving mutual fund schemes are one of the important types of mutual funds in India that investors can opt for.

The present study is carried out to find out the returns of funds thereby studying the performance of the tax saving funds in the market. The investor invests the funds based on the returns, net asset value and also the trend prevailing in the market. Hence it becomes necessary to study the above to facilitate the HDFC in the Mutual fund Sector. Since the market being high volatile there is a need to study the performance and comparative statement of various tax saving funds performing in the market.

REVIEW OF THE LITERATURE

Early studies on mutual funds included the several works of Sharpe (1966) and Treynor (1965), Jensen (1968), who used the capital asset pricing model to compare risk-adjusted returns of funds with that of a benchmark market portfolio. The findings of Sharpe and Jensen demonstrated that mutual funds under perform market indexes and suggest that the returns were not sufficient to compensate investors for the diverse mutual fund charges

John and Donald (1974) examined the relationship between the stated fund objectives and their risks-return attributes and concluded that on an average, the fund managers appeared to keep their portfolios within the stated risk. **Ippolito (1989)** concludes that mutual funds on aggregate offer superior returns but they are offset by expenses and load charges.

Barua, Raghunathan and Varma (1991) evaluated the performance of Master Share during the period 1987 to 1991 using Sharpe, Jensen and Treynor measures and concluded that the fund performed better than the market, but not so well as compared to the Capital Market Line.

Although emerging markets such as India have attracted the attention of investors all over the world, they have remained devoid of much systematic research, especially in the area of mutual funds. In an effort to plug this gap, a study by **Gupta and Aggarwal (2007)** sought to check the performance of mutual funds operation in India. In this regard, quarterly returns performance of all the equity-diversified mutual funds during the period from January 2002 to December 2006 was tested.

Guha (2008) focused on return-based style analysis of equity mutual funds in India using quadratic optimization of an asset class factor model proposed by William Sharpe. The study found the "Style Benchmarks" of each of its sample of equity funds as optimum exposure to 11 passive asset class indexes. The study also analyzed the relative performance of the funds with respect to their style benchmarks. The results of the study showed that the funds have not been able to beat their style benchmarks on the average.

Anand and Murugaiah (2008) examined the components and sources of investment performance in order to attribute it to specific activities of Indian fund managers. They also attempted to identify a part of observed return which is due to the ability to pick up the best securities at given level of risk. For this purpose, Fama's methodology is adopted here. The study covers the period between April 1999 and March 2003 and evaluates the performance of mutual funds based on 113 selected schemes having exposure more than 90 percent of corpus to equity stocks of 25 fund houses. The empirical results reported reveal the fact that the mutual funds were not able to compensate the investors for the additional risk that they have taken by investing in the mutual funds.

NEED FOR THE STUDY

Generally most of the investors investing in mutual funds in order to avail tax benefits and also to earn returns, in this connection they would park their funds in the tax saving schemes. A study required to analyze the performance of selected tax saving schemes to fulfill the objectives of the investors. Hence the study has been undertaken.

OBJECTIVES OF THE STUDY

The main objective of the study is to make investors aware of performance and provide information on the comparison of tax saving funds of selected asset management companies.

The specific objectives are:

1. To study and analyze the performance of tax saving funds.
2. To compare the performance of selected tax saving funds with their benchmarks
3. To compare the selected tax saving funds through performance measures

RESEARCH METHODOLOGY

The following research methodology has been adopted for assessing the performance of tax saving funds of selected Asset Management Companies in the market.

Data Sources

The present study is purely based on secondary data. The data is collected from the fact sheets, reports and websites of the selected asset management companies such as HDFC, FRANKLIN INDIA, RELIANCE, SBI and ICICI. Further, magazines, books and journals etc. are considered.

Tools for analysis

In this study, the tools used for the analysis are Standard Deviation, Beta, Treynor’s Ratio, Sharp Ratio and Jensen Measure for a period of 5 years from 2007 to 2011.

Variance and standard deviation

The following steps are involved in calculating variance or standard deviation of returns of assets or securities using historical returns:

Calculate the average rate of return using equation

$$\text{Average Return}(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(1)$$

Calculate the deviation of individual rates of return from the average rate of return and square it. i.e.,

$$(R - \bar{R})^2 \dots\dots\dots(2)$$

Calculate the sum of the squares of the deviations as determined in the preceding step and divide it by the number of periods (or observations) less one to obtain variance

$$\text{Variance}(V) = \frac{\sum(R-R)^2}{n-1} \dots\dots\dots(3)$$

Calculate the square root of the variance to determine the standard deviation

$$\text{Standard Deviation}(S.D.) = \sqrt{V} \dots\dots\dots(4)$$

Calculation of Beta

A measure of risk commonly advocated is beta. The beta of a portfolio is computed the way the beta of an individual security is computed, to calculate the beta of a portfolio, regress the rate or return of the portfolio on the rate of return of a market index. The slope of this regression line is the portfolio beta. Remember that is reflects the systematic risk of the portfolio.

$$\text{Beta}(\beta) = \frac{n \sum XY - (\sum X + \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(5)$$

Performance measures

For evaluating the performance of a portfolio it is necessary to consider both risk and return. The three popularly employed portfolio performance measure are treynor measure, the Sharpe measure and the Jensen measure.

Treynor measure

According to Jack Treynor, systematic risk or beta is the appropriate measure of risk, as suggested by the capital asset pricing model. The treynor measure of portfolio relates the excess return on a portfolio to the portfolio beta

$$\text{Treynor Ratio} = \frac{\text{Average Return on Portfolio} - \text{average return of return on risk free investment}}{\text{S.D.of Return on Portfolio}} \dots\dots\dots(6)$$

$$\text{Treynor ratio} = \frac{\bar{R}_p - R_f}{\beta_p} \dots\dots\dots(7)$$

The numerator of the treynor measure is the risk premium earned by the portfolio; the denominator, the systematic risk (beta). Hence, the treynor measure reflects the excess return earned per unit of risk. As systematic risk is the measure of risk, the treynor measure implicitly assumes that the portfolio is well diversified.

Sharpe ratio

The Sharpe measure is the similar to the treynor measure except that it employs standard deviation, not beta, as the measure of risk.

Thus,

$$\text{Sharp Ratio} = \frac{\text{Average Return on Portfolio} - \text{average return of return on risk free investment}}{\text{S.D.of return of portfolio}} \dots\dots\dots(8)$$

$$\text{Sharp Ratio} = \frac{\bar{R}_p - R_f}{\sigma_p} \dots\dots\dots(9)$$

Hence the Sharpe ratio measure reflects the excess return earned on a portfolio per unit of total risk (standard deviation)

Jensen measure

Like the Treynor measure, the Jensen measure or Jensen’s alpha is based on the capital asset pricing model. It reflects the difference between the return actually earned on a portfolio and the portfolio was supposed to earn, given its beta as per the capital asset pricing model. Thus, the Jensen measure is:

$$\text{Jensen Measure} = \text{Average rate of return on Portfolio} - \left[\text{Risk Free return} + \beta_{\text{portfolio}} \left[\text{Average return on market portfolio} - \text{Risk Free return} \right] \right] \dots\dots\dots(10)$$

$$\text{Jensen Measure} = \bar{R}_p - [R_f + \beta_p[\bar{R}_m - R_f]] \dots\dots\dots(11)$$

RESULTS AND DISCUSSION

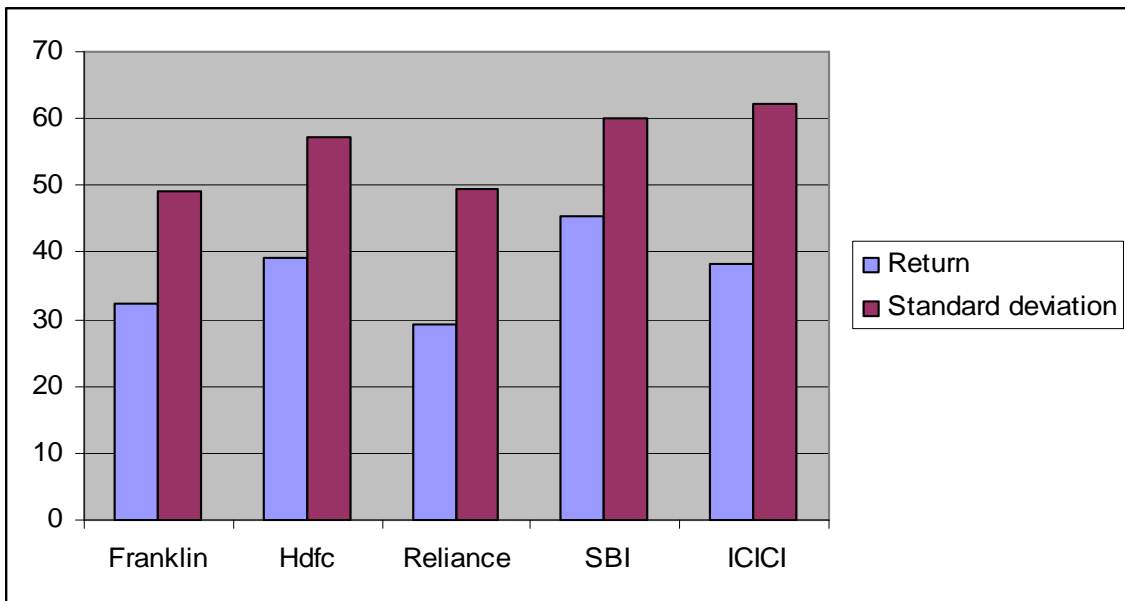
STANDARD DEVIATION AND RETURN OF FIVE FUNDS

TABLE 6: SHOWING RETURN VS. RISK

| Fund | Return | Standard deviation |
|----------|--------|--------------------|
| Franklin | 32.34 | 49.17 |
| HDFC | 39.18 | 57.26 |
| Reliance | 29.20 | 49.36 |
| SBI | 45.57 | 59.99 |
| ICICI | 38.37 | 62.07 |

Source: Compiled from Secondary data (Refer Annexure)

GRAPH 1: SHOWING RETURN VS RISK



INFERENCE: SBI Magnum Tax Gain has a risk (standard deviation) of 59.99, which has given the highest return among selected funds.
COMPARISON BETWEEN RETURNS OF FUND AND BENCHMARK RETURNS

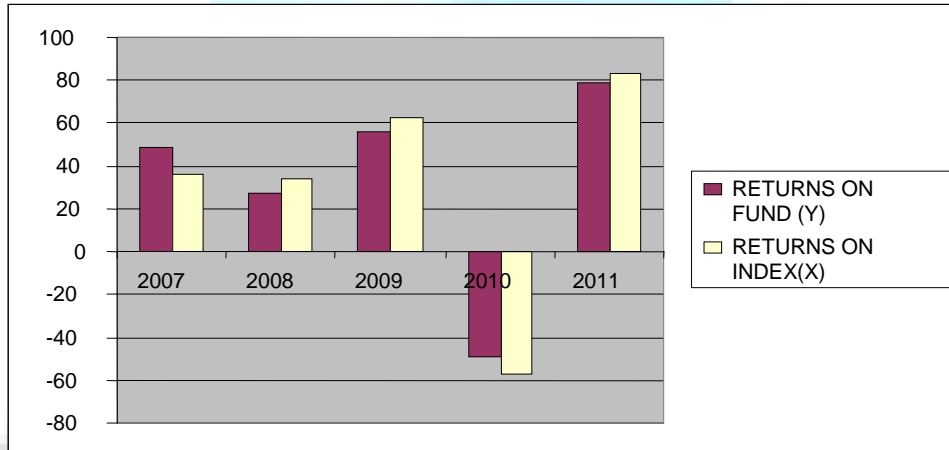
1. FRANKLIN INDIA TAX SHIELD

TABLE 7: RETURN OF FRANKLIN INDIA TAX SHIELD VS BENCHMARK'S RETURN

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) |
|------|---------------------|---------------------|
| 2007 | 48.93 | 36.25 |
| 2008 | 27.17 | 33.98 |
| 2009 | 56.02 | 62.25 |
| 2010 | -49.22 | -57.126 |
| 2011 | 78.81 | 83.34 |

Source: Compiled from Secondary data

GRAPH 2: RETURN OF FRANKLIN INDIA TAX SHIELD VS BENCHMARK'S RETURN



INFERENCE

From the above diagram it is found that the fund yielded 48.93% return while index return is 36.25% in 2005. In the year 2008 index return is -57.126% while fund return is -49.21%

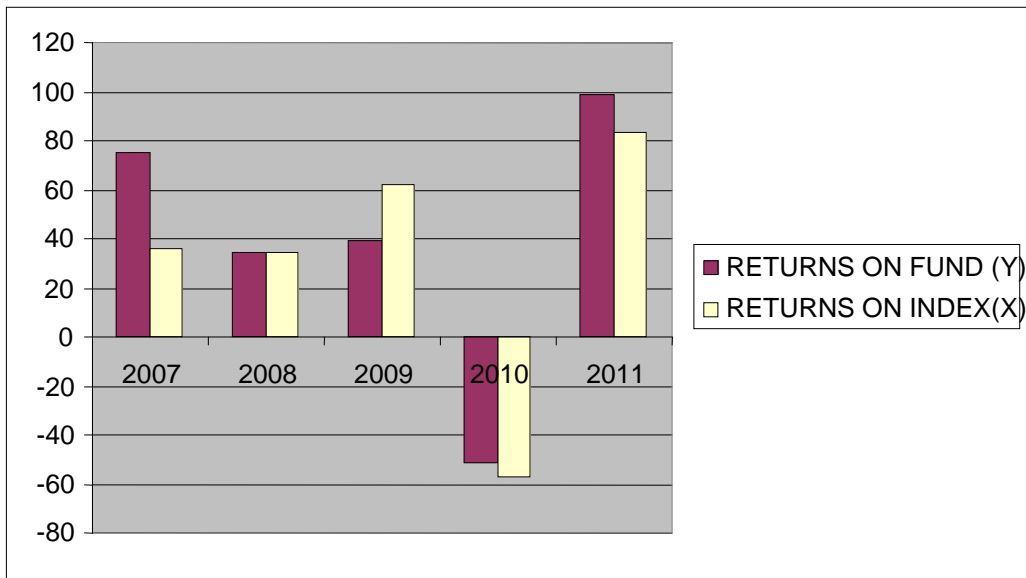
2. HDFC TAX SAVER

TABLE 8: RETURN OF HDFC TAX SAVER FUND VS BENCHMARK'S RETURN

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) |
|------|---------------------|---------------------|
| 2007 | 74.84 | 36.25 |
| 2008 | 34.12 | 33.98 |
| 2009 | 39.44 | 62.25 |
| 2010 | -51.55 | -57.126 |
| 2011 | 99.07 | 83.34 |

Source: Compiled from Secondary data

GRAPH 3: RETURN OF HDFC TAX SAVER FUND VS BENCHMARK'S RETURN



INFERENCE

From the above diagram it is found that the fund yielded 74.84% return while index return is 36.25% in 2005. In the year 2008 index return is -57.126% while fund return is -51.55%.

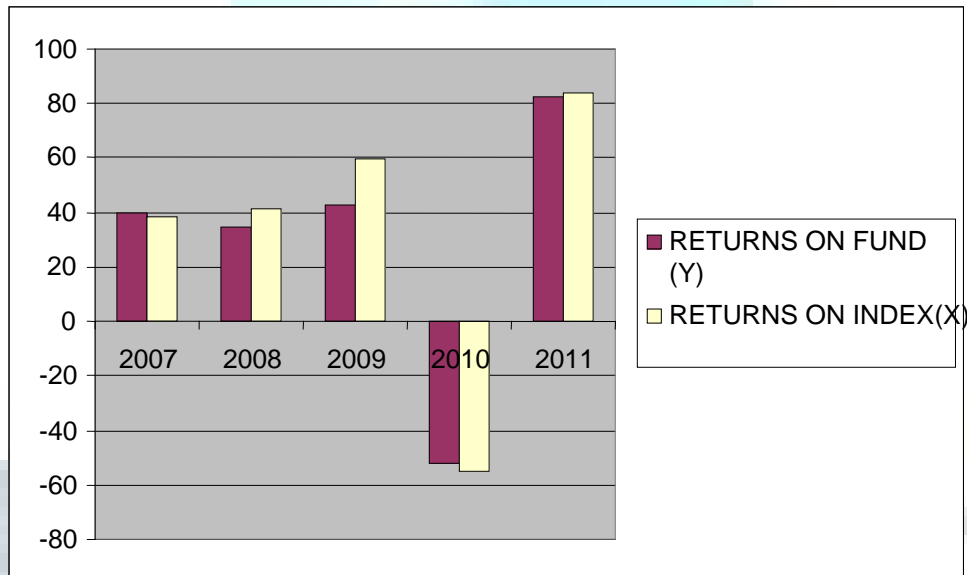
3. RELIANCE TAX SAVING FUND

TABLE 9: RETURN OF RELIANCE TAX SAVING FUND VS BENCHMARK'S FUND

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) |
|------|---------------------|---------------------|
| 2007 | 39.44 | 38.3466 |
| 2008 | 34.49 | 40.9684 |
| 2009 | 42.40 | 59.7449 |
| 2010 | -52.35 | -55.2814 |
| 2011 | 82.01 | 83.79 |

Source: Compiled from Secondary data

GRAPH 4: RETURN OF RELIANCE TAX SAVING FUND VS BENCHMARK'S FUND



INFERENCE

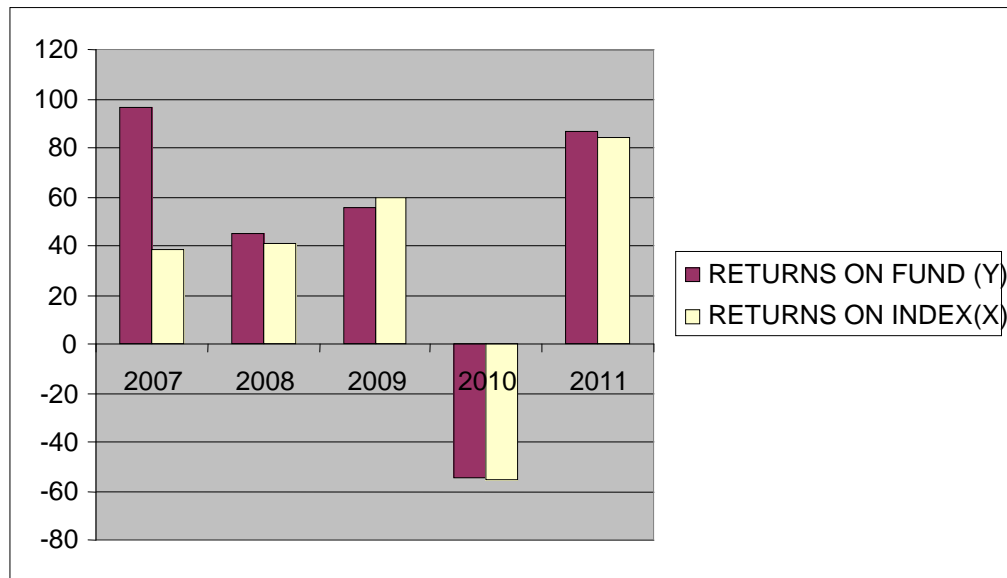
From the above diagram it is found that the fund yielded 39.44% return while index return is 38.34% in 2005. In the year 2008 index return is -55.28% while fund return is -52.35%.

4. SBI MAGNUM TAX GAIN

TABLE 10: RETURN OF SBI MAGNUM TAX GAIN FUND VS BENCHMARK'S FUND

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) |
|------|---------------------|---------------------|
| 2007 | 96.06 | 38.3466 |
| 2008 | 44.96 | 40.9684 |
| 2009 | 55.27 | 59.7449 |
| 2010 | -54.86 | -55.2814 |
| 2011 | 86.42 | 83.79 |

GRAPH 5: RETURN OF SBI MAGNUM TAX GAIN FUND VS BENCHMARK'S FUND



Source: Compiled from Secondary data

INFERENCE: From the above diagram it is found that the fund yielded 96.06% return while index return is 38.34% in 2005. In the year 2008 index return is - 55.28% while fund return is -54.86%.

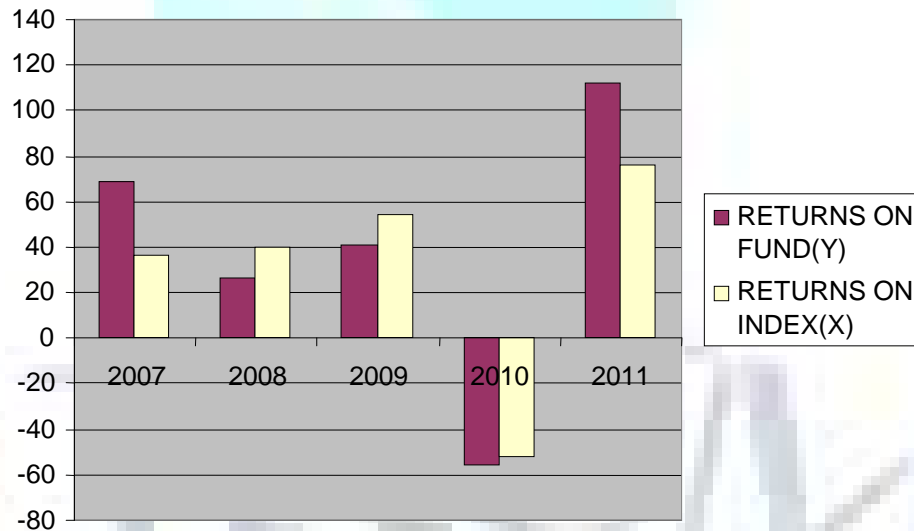
5. ICICI PRUDENTIAL TAX PLAN

TABLE 11: RETURN OF ICICI PRU.TAX PLAN VS BENCHMARK'S FUND

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) |
|------|---------------------|---------------------|
| 2007 | 68.80 | 36.34 |
| 2008 | 26.15 | 39.83 |
| 2009 | 40.95 | 54.77 |
| 2010 | -56.03 | -51.79 |
| 2011 | 112 | 75.76 |

Source: Compiled from Secondary data

GRAPH 6: RETURN OF ICICI PRU.TAX PLAN VS BENCHMARK'S FUND



INFERENCE: From the above diagram it is found that the fund yielded 40.95% return while index return is 54.77 % in 2007. In the year 2008 index return is - 51.79% while fund return is -56.03%.

CALCULATION OF BETA VLAUES

1. FRANKLIN INDIA TAX SHIELD

TABLE 12: BETA CALCULATION FOR FRANKLIN INDIA TAX SHIELD

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) | XY | X ² |
|-------|---------------------|---------------------|-------------|----------------|
| 2007 | 48.93 | 36.25 | 1773.7125 | 1314.0625 |
| 2008 | 27.17 | 33.98 | 923.2366 | 1154.6404 |
| 2009 | 56.02 | 62.25 | 3487.245 | 3875.0625 |
| 2010 | -49.22 | -57.126 | 2811.74172 | 3263.3798 |
| 2011 | 78.81 | 83.34 | 6568.0254 | 6945.5556 |
| TOTAL | 161.71 | 158.694 | 15563.96122 | 16552.7008 |

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(12)$$

$$= 5(15563.96122) - (158.694 * 161.710) / 5 * 16552.7008 - (158.694 * 158.694)$$

$$= 0.9058$$

INFERENCE

The fund beta value is 0.9058 (< 1) so the stock is defensive. If the market goes up it will also move up but a little bit lower.

2. HDFC TAX SAVER

TABLE 13: BETA CALCULATION FOR HDFC TAX SAVER

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) | XY | X ² |
|-------|---------------------|---------------------|------------|----------------|
| 2007 | 74.84 | 36.25 | 2712.95 | 1314.0625 |
| 2008 | 34.12 | 33.98 | 1159.3976 | 1154.6404 |
| 2009 | 39.44 | 62.25 | 2455.14 | 3875.0625 |
| 2010 | -51.55 | -57.126 | 2944.8453 | 3263.3798 |
| 2011 | 99.07 | 83.34 | 8256.4938 | 6945.5556 |
| TOTAL | 195.92 | 158.694 | 17528.8267 | 16552.7008 |

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(13)$$

$$= 5(17528.8267) - (158.694 * 195.92) / 5 * 16552.7008 - (158.694 * 158.694)$$

$$= 0.9821$$

INFERENCE

The fund beta value is 0.9821 (< 1) so the stock is defensive. If the market goes up it will also move up but a little bit lower.

3. RELIANCE TAX SAVING FUND

TABLE 14: BETA CALCULATION FOR RELIANCE TAX SAVING FUND

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) | XY | X ² |
|-------|---------------------|---------------------|-----------|----------------|
| 2007 | 39.44 | 38.3466 | 1512.3899 | 1470.4617 |
| 2008 | 34.49 | 40.9684 | 1413.0001 | 1678.4078 |
| 2009 | 42.40 | 59.7449 | 2533.1838 | 3569.4530 |
| 2010 | -52.35 | -55.2814 | 2893.9813 | 3056.0331 |
| 2011 | 82.01 | 83.79 | 6871.6179 | 7020.7641 |
| TOTAL | 145.99 | 167.5685 | 15224.173 | 16795.1197 |

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(14)$$

$$= 5(15224.173) - (145.99 * 167.5685) / 5 * 16795.1197 - (167.5685 * 167.5685)$$

$$= 0.9241$$

INFERENCE

The fund beta value is 0.9241 (< 1) so the stock is defensive. If the market goes up it will also move up but a little bit lower.

4. SBI MAGNUM TAX GAIN

TABLE 15: BETA CALCULATION FOR SBI MAGNUM TAX GAIN

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) | XY | X ² |
|-------|---------------------|---------------------|------------|----------------|
| 2007 | 96.06 | 38.3466 | 3683.5743 | 1470.4617 |
| 2008 | 44.96 | 40.9684 | 1841.9392 | 1678.4078 |
| 2009 | 55.27 | 59.7449 | 3302.1006 | 3569.4530 |
| 2010 | -54.86 | -55.2814 | 3032.7376 | 3056.0331 |
| 2011 | 86.42 | 83.79 | 7241.1318 | 7020.7641 |
| TOTAL | 227.85 | 167.5685 | 19101.4835 | 16795.1197 |

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(15)$$

$$= 5(19101.4835) - (227.85 * 167.5685) / 5 * 16795.1197 - (167.5685 * 167.5685)$$

$$= 1.0255$$

INFERENCE

The fund beta value is 1.0255 (> 1) so the stock is aggressive. If the market goes up it will also move up but a little bit higher.

5. ICICI PRUDENTIAL TAX PLAN

TABLE 16: BETA CALCULATION FOR ICICI PRU.TAX PLAN

| YEAR | RETURNS ON FUND (Y) | RETURNS ON INDEX(X) | XY | X ² |
|-------|---------------------|---------------------|------------|----------------|
| 2007 | 68.80 | 36.34 | 2500.192 | 1320.5956 |
| 2008 | 26.15 | 39.83 | 1041.5545 | 1586.4289 |
| 2009 | 40.95 | 54.77 | 2242.8135 | 2999.7529 |
| 2010 | -56.03 | -51.79 | 2901.7937 | 2682.2041 |
| 2011 | 112 | 75.76 | 8485.12 | 5739.5776 |
| TOTAL | 191.87 | 154.91 | 17171.4737 | 14328.5591 |

Source: Compiled from Secondary data

$$Beta(\beta) = \frac{n \sum XY - (\sum X * \sum Y)}{n \sum X^2 - (\sum X)^2} \dots\dots\dots(16)$$

$$= 5(17171.4737) - (154.91 * 191.87) / 5 * 14328.5591 - (154.91 * 154.91)$$

$$= 1.1781$$

INFERENCE

The fund beta value is 1.1781 (> 1) so the stock is aggressive. If the market goes up it will also move up but a little bit higher.

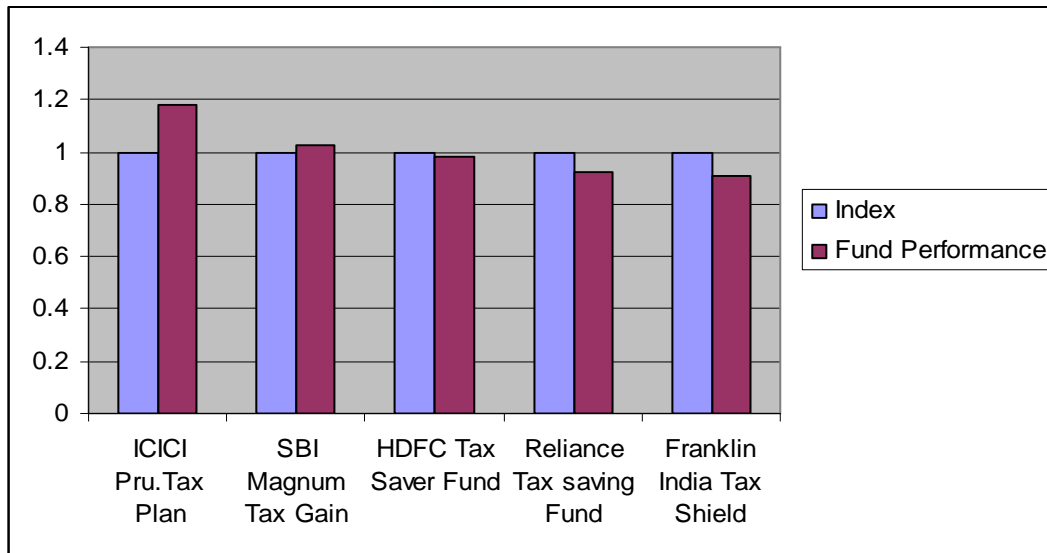
BETA VALUES OF FIVE SCHEMES

TABLE 17: BETA VALUES OF ALL FUNDS

| Fund Name | Beta Values | Findings |
|---------------------------|-------------|------------|
| ICICI Pru.Tax Plan | 1.1781 | Aggressive |
| SBI Magnum Tax Gain | 1.0255 | |
| HDFC Tax Saver Fund | 0.9821 | |
| Reliance Tax saving Fund | 0.9241 | Defensive |
| Franklin India Tax Shield | 0.9058 | |

Source: Compiled from Secondary data

GRAPH 7: PLOTTED WITH THE SELECTED FUND BETA VALUES



INFERENCE

ICICI Pru.Tax Plan & SBI are Aggressive funds with beta values of > 1 (1.1781 & 1.025)

MEASURING THE PERFORMANCE OF THE SCHEMES

1. Treynor Ratio

$$Treynor\ ratio = \frac{R_p - R_f}{\beta_p} \dots\dots\dots(17)$$

| | | | |
|----------|---|--------------------|-----------|
| FRANKLIN | = | 32.34 - 9 / 0.9058 | = 25.7672 |
| HDFC | = | 39.18 - 9 / 0.9821 | = 30.7300 |
| RELIANCE | = | 29.20 - 9 / 0.9241 | = 21.8591 |
| SBI | = | 45.57 - 9 / 1.0255 | = 35.6606 |
| ICICI | = | 38.37 - 9 / 1.1781 | = 24.9299 |

INFERENCE

As per Treynors ratio SBI Magnum Tax Gain has performed well.

2. Sharpe Ratio

$$Sharp\ Ratio = \frac{R_p - R_f}{\sigma_p} \dots\dots\dots(18)$$

| | | | |
|----------|---|-------------------|----------|
| FRANKLIN | = | 32.34 - 9 / 49.17 | = 0.4746 |
| HDFC | = | 39.18 - 9 / 57.26 | = 0.5270 |
| RELIANCE | = | 29.20 - 9 / 49.36 | = 0.4092 |
| SBI | = | 45.57 - 9 / 59.99 | = 0.6096 |
| ICICI | = | 38.37 - 9 / 62.07 | = 0.4731 |

INFERENCE

As per Sharpe ratio SBI Magnum Tax Gain has performed well

3. Jensen Measure

$$Jensen\ Measure = \bar{R}_p - [R_f + \beta_p[\bar{R}_m - R_f]] \dots\dots\dots(19)$$

| | | | |
|----------|---|-------------------------------------|---------|
| FRANKLIN | = | 32.34 - [(9 + 0.9058(31.7388 - 9))] | = 2.75 |
| HDFC | = | 39.18 - [(9 + 0.9821(31.7388 - 9))] | = 7.85 |
| RELIANCE | = | 29.20 - [(9 + 0.9241(33.5137 - 9))] | = -2.45 |
| SBI | = | 45.57 - [(9 + 1.0255(33.5137 - 9))] | = 11.44 |
| ICICI | = | 38.37 - [(9 + 1.1781(30.982 - 9))] | = 3.47 |

INFERENCE

As per Jensen's ratio SBI Magnum Tax Gain has performed well.

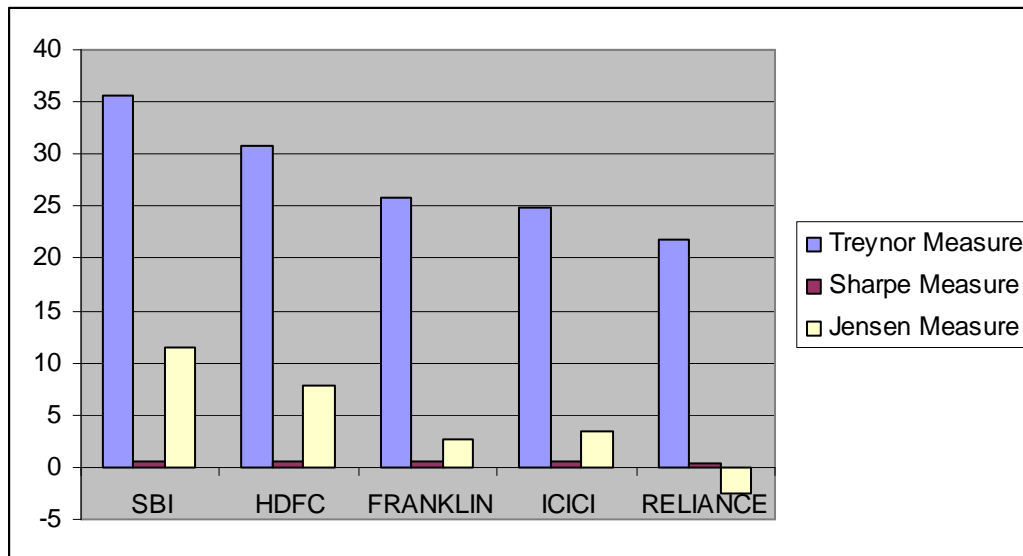
STATISTICAL ANALYSIS OF FUND PERFORMANCE

TABLE 18: STATISTICAL ANALYSIS OF FUND PERFORMANCE

| FUND | Treynor Measure | Sharpe Measure | Jensen Measure |
|----------|-----------------|----------------|----------------|
| SBI | 35.6606 | 0.6096 | 11.44 |
| HDFC | 30.7300 | 0.5270 | 7.85 |
| FRANKLIN | 25.7672 | 0.4746 | 2.75 |
| ICICI | 24.9299 | 0.4731 | 3.47 |
| RELIANCE | 21.8591 | 0.4092 | -2.45 |

Source: Compiled from Secondary data

GRAPH 8: STATISTICAL ANALYSIS OF FUND PERFORMANCE



INFERENCE

As per performance measures, SBI is in 1ST place and Reliance is in 5th place

SUMMARY AND CONCLUSION

MAJOR FINDINGS

After analyzing the data, it is understood that the SBI Magnum Tax Gain and HDFC Tax saver fund have performed better with average return of 45.57% and 39.18% respectively when compared to its benchmark return BSE 100 and S&P CNX 500 of 33.5137% and 31.7388%. Further, SBI Magnum Tax Gain has a risk (standard deviation) of 59.99, which has given the highest return among selected funds. In the case of return, the Reliance Tax saving Fund has given less return when compared to its benchmark BSE 100 with a high risk (standard deviation) of 49.36%. With the beta calculation it is found that the ICICI Prudential Tax Plan and SBI are Aggressive funds with beta values of > 1 (1.1781 & 1.025). Using the financial tools, it is analyzed and found that SBI Magnum Tax Gain is in the first place and Reliance Tax saving Fund is in the last place in performance among the selected funds.

SUGGESTIONS

- Investors can go ahead in investing in HDFC Tax Saver fund and SBI Magnum Tax Gain for acquiring better returns as well as tax savings.
- Reliance AMC has to revise Reliance Tax saving Fund portfolio to increase fund returns and provide to the investors a more secure investment option along with tax saving.
- AMC's should take more efforts on spreading awareness about taxing mutual funds as these investment instruments provides a higher return with tax saving

CONCLUSION

Mutual funds are one of the best investments ever created because they are very cost efficient and very easy to invest in. All the selected schemes have allocated majority of corpus to large cap stock and some schemes also have allocation to mid cap. Various external causes affect the fund performance. It is suggestable for the investors to choose the right scheme according to their risk apatite tolerance and objective of the scheme. And it is always suggested to invest in equity schemes for longer tenure. Investors while investing in the mutual funds is very cautious. ICICI Prudential Tax Plan and SBI Magnum Tax Gain fund's beta is more than one, so these funds are having aggressive relationship with market.

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- <http://www.valueresearchonline.com>

ANNEXURE

CALCULATION OF STANDARD DEVIATION OF SELECTED FUNDS

1. HDFC TAX SAVER

TABLE 1: SD FOR HDFC TAX SAVER

| YEAR | RETURN(R) | AVERAGE RETURN(\bar{R}_p) | $(R - \bar{R})$ | $(R - \bar{R})^2$ |
|-------|-----------|-------------------------------|-----------------|-------------------|
| 2007 | 74.84 | 39.18 | 35.66 | 1271.6356 |
| 2008 | 34.12 | 39.18 | -5.06 | 25.6036 |
| 2009 | 39.44 | 39.18 | 0.26 | 0.0676 |
| 2010 | -51.55 | 39.18 | -90.73 | 8231.9329 |
| 2011 | 99.07 | 39.18 | 59.89 | 3586.8121 |
| TOTAL | 195.92 | | | 13116.051 |

Source: Compiled from Secondary data

$Average\ Return(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(20)$

= 195.92/5

= 39.184

$\sum(R - \bar{R})^2 = 3116.0518$

$Variance(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(21)$

= 13116.0518/4

= 3279.01295

$Standard\ Deviation(S.D.) = \sqrt{V} = 57.26$

2. FRANKLIN INDIA TAX SHIELD

TABLE 2: SD FOR FRANKLIN INDIA TAX SHIELD

| YEAR | RETURN(R) | AVERAGE RETURN(\bar{R}_p) | $(R - \bar{R})$ | $(R - \bar{R})^2$ |
|-------|-----------|-------------------------------|-----------------|-------------------|
| 2007 | 48.93 | 32.34 | 16.59 | 275.2281 |
| 2008 | 27.17 | 32.34 | -5.17 | 26.7289 |
| 2009 | 56.02 | 32.34 | 23.68 | 560.7424 |
| 2010 | -49.22 | 32.34 | -81.56 | 6652.0336 |
| 2011 | 78.81 | 32.34 | 46.47 | 2159.4609 |
| TOTAL | 161.71 | | | 9674.1939 |

Source: Compiled from Secondary data

$Average\ Return(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(22)$

= 161.71/5

= 32.34

$\sum(R - \bar{R})^2 = 9674.1939$

$Variance(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(23)$

= 9674.1939/4

= 2418.548475

$Standard\ Deviation(S.D.) = \sqrt{V}$

= 49.17

3. RELIANCE TAX SAVING FUND

TABLE 3: SD FOR RELIANCE TAX SAVING FUND

| YEAR | RETURN(R) | AVERAGE RETURN(\bar{R}_p) | $(R - \bar{R})$ | $(R - \bar{R})^2$ |
|-------|-----------|-------------------------------|-----------------|-------------------|
| 2007 | 39.44 | 29.20 | 10.24 | 104.8576 |
| 2008 | 34.49 | 29.20 | 5.29 | 27.9841 |
| 2009 | 42.40 | 29.20 | 13.20 | 174.24 |
| 2010 | -52.35 | 29.20 | -81.55 | 6650.4025 |
| 2011 | 82.01 | 29.20 | 52.81 | 2788.8961 |
| TOTAL | 145.99 | | | 9746.3803 |

Source: Compiled from Secondary data

$Average\ Return(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(24)$

= 145.99/5

= 29.20

$\sum(R - \bar{R})^2 = 9746.3803$

$Variance(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(25)$

= 9746.3803/4

= 2436.595

$Standard\ Deviation(S.D.) = \sqrt{V}$

= 49.36

4. SBI MAGNUM TAX GAIN

TABLE 4: SD FOR SBI MAGNUM TAX GAIN

| YEAR | RETURN(R) | AVERAGE RETURN(\bar{R}_p) | $(R - \bar{R})$ | $(R - \bar{R})^2$ |
|-------|-----------|-------------------------------|-----------------|-------------------|
| 2007 | 96.06 | 45.57 | 50.49 | 2549.2401 |
| 2008 | 44.96 | 45.57 | -0.61 | 0.3721 |
| 2009 | 55.27 | 45.57 | 9.7 | 94.09 |
| 2010 | -54.86 | 45.57 | -100.43 | 10086.1849 |
| 2011 | 86.42 | 45.57 | 40.85 | 1668.7225 |
| TOTAL | 227.85 | | | 14398.6096 |

Source: Compiled from Secondary data

$$\text{Average Return}(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(26)$$

$$= 227.85/5$$

$$= 45.57$$

$$\sum(R - \bar{R})^2 = 14398.6096$$

$$\text{Variance}(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(27)$$

$$= 14398.6096/4$$

$$= 3599.6524$$

$$\text{Standard Deviation}(S.D.) = \sqrt{V}$$

$$= 59.99$$

5. PRUDENTIAL ICICI TAX PLAN

TABLE 5: SD FOR ICICI PRU. TAX PLAN

| YEAR | RETURN(R) | AVERAGE RETURN(\bar{R}_p) | ($R - \bar{R}$) | ($R - \bar{R}$) ² |
|-------|-----------|-------------------------------|-------------------|--------------------------------|
| 2007 | 68.80 | 38.37 | 30.43 | 925.9849 |
| 2008 | 26.15 | 38.37 | -12.22 | 149.3284 |
| 2009 | 40.95 | 38.37 | 2.58 | 6.6564 |
| 2010 | -56.03 | 38.37 | -94.4 | 8911.36 |
| 2011 | 112 | 38.37 | 73.63 | 5421.3769 |
| TOTAL | 191.87 | | | 15414.7066 |

Source: Compiled from Secondary data

$$\text{Average Return}(\bar{R}_p) = \frac{\sum R_p}{N} \dots\dots\dots(28)$$

$$= 191.87/5$$

$$= 38.37$$

$$\sum(R - \bar{R})^2 = 15414.7066$$

$$\text{Variance}(V) = \frac{\sum(R - \bar{R})^2}{n-1} \dots\dots\dots(29)$$

$$= 15414.7066/4$$

$$= 3853.67665$$

$$\text{Standard Deviation}(S.D.) = \sqrt{V}$$

$$= 62.07$$

IMPACT OF MICRO - CREDIT TO WOMEN SHGs – A STUDY WITH REFERENCE TO NAGAPATTINAM DISTRICT, TAMIL NADU

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ABSTRACT

Micro Finance is an innovative credit delivery scheme, it facilitate viable financial service to the rural poorer. The major form of micro credit in India is routed through Women' SHGs. Micro Financial institution and SHGs are the two dominant form of Micro finance in India in this content, the study was undertaken to analyse impact of micro credit to women SHGs in Nagapattinam District for the purpose of analysis, the researcher have used frequency analysis and to test the hypothesis ANOVA techniques have been used . The study was concluded that SHGs have a positive impact on income earning capacity and purchasing power of SHGs.

KEYWORDS

Micro finance, Women SHGs, Micro credit, Family income, Family expenditure, Family saving, Individual development.

INTRODUCTION

In developing countries helping the rural poor and meeting their basic needs have become additional goals of Rural Development. The low economic growth of these countries was perceived to be due to lack of capital resources especially in rural areas. A vicious cycle of low capital, low productivity low incomes, low savings, and consequently a weak capital base was perceived to be operating, perpetuating a permanent poverty syndrome. Improving the access of the poor to the financial services is one of the effective tools to tackle poverty and for broad-basing the economic growth. It is a means to increase the asset base of the poor, for providing opportunities to gainfully employ them and enhance their contributions to the development of the country.

MICRO FINANCE A TOOL TO POVERTY ALLEVIATION

Microfinance can be an important tool to fight poverty. Poor could access savings, credit, insurance and other services is making the core poor to come out of strong clutches of poverty hold. Micro credit is a financial innovation which originated in developing countries where it has successfully enabled extremely impoverished people to engage in self-employment projects that allow them to generate an income, begin to build wealth and exit from poverty. Micro credit is the extension of very small loans to the entrepreneurs and to others living in poverty who are not considered bankable. These peoples lack collateral, steady employment and a verifiable credit history and therefore cannot meet even the most minimal qualifications to gain access to traditional credit.

WOMEN EMPOWERMENT THROUGH MICRO FINANCE

The economic development of a nation can be achieved only through gender equalities. Women participation is required to alleviate poverty and development of economy. The importance of women to the economic development of India was first recognized during the country's struggle for independence. Empowerment is a social action process that promotes participation of people, organization and communities in gaining control over their lives in their community. There is urgent need of empowering women especially in rural areas. The formation of Self Help Group and Micro Financing will enhance their socio economic position in the society.

SCOPE OF THE STUDY

The emerging changes in the values and attitudes of the members of the SHGs are a clear manifestation of socio-economic empowerment intervention yielding relatively quicker results. The socio-economic programme reinforces each other and promotes all round development of the children, women in the households and the society at large. It is a process, which ultimately leads to self-fulfillment of each member of the society. It is in a direction that SHGs are moving towards their objective with a meaningful strategic direction. SHGs have a greater vision of empowerment of rural women for overall human development. These groups involved in poverty alleviation programmes through institutionalization. This movement developed thrift as a habit among the rural poor women and paved the way for decision-making power for women in the family. It increase school enrolment of their children and reduce the drop out rates in school in their villages. The groups have taken total care of hundred percent immunization of village children and activity involved in the pulse polio programme launched by health department. A majority of women beneficiaries of SHGs have also undergone family planning operation. This movement has created awareness among the women groups about socio-economic and political conditions prevailing in and around the society. Throughout the world SHGs have a positive impact, the study is conducted in order to know the impact of Microfinance to women SHGs at Nagapattinam District, Tamil Nadu.

OBJECTIVES OF THE STUDY

1. To assess the impact of micro finance on income, expenditure and savings of sample Respondents.
2. To assess the individual development through their personal factors of sample respondents after getting micro-credit.

HYPOTHESIS

Having identified the objectives of the Study, the following hypothesis have been formulated and tested during the study period.

1. Individual development differs significantly among different age group.
2. Individual development differs significantly with respect to marital status.
3. Individual development differs significantly with respect to nature of the family.
4. Individual development differs significantly with respect to the size of the family.
5. Individual development differs significantly with respect to the community base

METHODOLOGY

The present study is based on both Primary as well as Secondary data. A Pre-tested schedule was employed for gathering primary information from the 82 members of SHGs in the 3 blocks. The secondary data were collected from newspapers, journals and books.

SAMPLE SIZE

The present study has covered three blocks in Nagapattinam District viz., Kuttalam, Mayiladuthurai and Sembanarkoil, totally 82 respondents were randomly selected on disproportionate basis among the three blocks.

DATA ANALYSIS

The collected data are analysed by using SPSS (Statistical Package for Social Science) computer packages. The tools used were frequency analysis and ANOVA techniques.

TABLE 1: PURPOSE OF LOAN

| Purposes | Frequency | Percentage | Cumulative percentage |
|-------------------------|-----------|------------|-----------------------|
| Family expenditure | 48 | 58.5 | 58.5 |
| Agri. & live stock exp. | 16 | 19.5 | 78.0 |
| Business exp. | 15 | 18.3 | 96.3 |
| Others | 3 | 3.7 | 100 |
| Total | 82 | 100 | |

Source: Field Survey

The Table 1 indicates that the sample respondents utilized their micro credit for various purposes. Out of 82 women SHGS' members only 18.3 percent of them used it for their business purposes, where as 58.5 percent of them availed loan for their family expenditure. It leads to more than one-half of them spend their micro credit for non- economic activities in the study area.

TABLE 2: AMOUNT OF LOAN

| Amount in Rs. | Frequency | Percentage | Cumulative percentage |
|------------------|-----------|------------|-----------------------|
| Up to 10,000 | 31 | 37.8 | 37.8 |
| 10,001 to 20,000 | 27 | 32.9 | 70.7 |
| 20,001 to 30,000 | 11 | 13.4 | 84.1 |
| Above 30,000 | 13 | 15.9 | 100 |
| Total | 82 | 100 | |

Source: Field Survey

The Table 2 shows that the amount of loan availed by the sample respondents. More than one – third of them obtained loan amounting to Rs.10, 000, whereas 15.9 percent of them get loan above Rs.30, 000. It is observed from the analysis that 37.8 percent of them get a small size of loan, which is not enough for productive economic activities.

TABLE 3: MONTHLY FAMILY INCOMES BEFORE AND AFTER GETTING LOAN

| Income in Rs. | Before getting loan | | After getting loan | |
|------------------|---------------------|-------------|--------------------|------------|
| | Frequency | Percent age | Frequency | percentage |
| Up to 5,000 | 54 | 65.9 | 22 | 26.8 |
| 5,001 to 10,000 | 27 | 18.3 | 38 | 46.3 |
| 10,001 to 15,000 | 7 | 8.5 | 10 | 12.2 |
| Above 15,000 | 6 | 7.3 | 12 | 14.6 |
| Total | 82 | 100 | 82 | 100 |

Source: Field Survey

From Table 3, it observed that the income earning capacity at all levels is increased compared to before and after getting loan, except the category of income up to Rs. 5,000. But the decreasing trend in this category has a positive impact, as most of the respondents shifted to the categories of above Rs. 5,000.

TABLE 4: MONTHLY FAMILY EXPENDITURES BEFORE AND AFTER GETTING LOAN

| Expenditure in Rs. | Before getting loan | | After getting loan | |
|--------------------|---------------------|-------------|--------------------|------------|
| | Frequency | Percent age | Frequency | percentage |
| Up to 5,000 | 43 | 52.4 | 21 | 25.6 |
| 5,001 to 10,000 | 28 | 34.1 | 34 | 41.5 |
| 10,001 to 15,000 | 6 | 7.3 | 18 | 22.0 |
| Above 15,000 | 5 | 6.1 | 9 | 11.0 |
| Total | 82 | 100 | 82 | 100 |

Source: Field Survey

It has been seen from the Table 4 that monthly family expenditure incurred by the sample respondents up to Rs. 5, 000, registered a decreasing trend i.e., from 52.4% to 25.6% in terms of before and after getting loan . Because, they have secured more purchasing power and uplifted to spend a greater amount for their monthly family expenditures.

TABLE 5: MONTHLY FAMILY SAVINGS BEFORE AND AFTER GETTING LOAN

| Saving in Rs. | Before getting loan | | After getting loan | |
|----------------|---------------------|-------------|--------------------|------------|
| | Frequency | Percent age | Frequency | percentage |
| Up to 2,000 | 51 | 62.5 | 23 | 28.0 |
| 2,001 to 4,000 | 22 | 26.8 | 31 | 37.8 |
| 4,001 to 6,000 | 5 | 6.1 | 18 | 22.0 |
| Above 6,000 | 4 | 4.9 | 10 | 12.2 |
| Total | 82 | 100 | 82 | 100 |

Source: Field Survey

Out of 82 sample respondents , 62.5 percent of them before getting loan their pooled monthly saving up to Rs. 2, 000, Where as they are after getting a loan from women SHG, They are reduced to 28 percent, because their amount of saving increased to the next level. It is seen from the above analysis that the sample respondents' incremental income level also leads to at chives a grater amount of saving for them in the study area.

For the fulfillment of the second objectives of the study namely, to assess the individual development through their personal factors of sample respondents after getting micro- credit, the sample respondents opinion on individual development gathered and tabulated with various personal factors as under.

TABLE 6: INDIVIDUAL DEVELOPMENTS

| S. No | Personal Factors | | | | | | Total |
|-------|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | | Very High | High | Medium | Low | Very low | |
| 1 | Increases the status of women. | 12 (14.6) | 22 (26.8) | 42 (51.2) | 4 (4.9) | 2 (2.4) | 82 (100) |
| 2 | Awareness of self reliance. | 20 (24.4) | 37 (45.1) | 17 (20.7) | 6 (7.3) | 2 (2.4) | 82 (100) |
| 3 | Awareness about the small family | 14 (17.) | 21 (25.6) | 28 (34.1) | 14 (17.1) | 5 (6.1) | 82 (98.8) |
| 4 | The rate of children dropout from school. | 12 (14.6) | 16 (19.5) | 8 (9.8) | 7 (8.5) | 39 (47.6) | 82 (100) |
| 5 | Public speaking ability | 17 (20.7) | 22 (26.8) | 26 (31.7) | 5 (6.1) | 12 (14.6) | 82 (100) |
| 6 | Joint decisions on purchase of household assets and investments. | 30 (36.6) | 27 (32.9) | 13 (15.9) | 9 (11) | 3 (3.7) | 82 (100) |
| 7 | Contribution towards meeting the family needs. | 23 (28.0) | 29 (35.4) | 20 (24.4) | 5 (6.1) | 5 (6.1) | 82 (100) |
| 8 | Solving their problem. | 28 (34.1) | 22 (26.8) | 19 (23.2) | 9 (11.0) | 4 (4.9) | 82 (100) |
| 9 | Solving the village problems like drinking water and street light. | 27 (32.9) | 20 (24.4) | 17 (20.7) | 13 (15.9) | 5 (6.1) | 82 (100) |
| 10 | Participation in social activities. | 20 (24.4) | 16 (19.5) | 22 (26.8) | 11 (13.4) | 13 (15.9) | 82 (100) |

Source: field survey

The above table shows that the opinion on individual development of the sample respondents. Out of 82 respondents only 14.6 percent of them get a very high level of women status among the family, whereas 37 percent of them received awareness of self reliance. Awareness about the small family in the study area is medium. The rate of children dropout from school is very low (47.6 percent). After getting micro credit the sample respondent's Public speaking ability and Joint decisions on purchase of household assets and investments are increased 47.5 percent and 69.5 respectively. The economical contribution to the family expenditures by the sample respondents and their problem solving capacity are also increased in a notable percentage. The sample respondents are having a more courageous to solving the village problems like drinking water and streetlight. The sample respondents have more interest to participate in social activities in the study area.

It is seen from the above analysis clearly shows that how far catechized their individual development in the study area.

Ho 1: Individual development differs significantly among different age group.

ANOVA

TABLE 7: AGE GROUP AND INDIVIDUAL DEVELOPMENT

| Individual Development | Sum of squares | df | Mean square | F | Sig. |
|------------------------|----------------|----|-------------|-------|-------|
| Between groups | 147.528 | 3 | 49.176 | 1.113 | 0.349 |
| Within groups | 3446.960 | 78 | 44.192 | | |
| Total | 3594.488 | 81 | | | |

Source: Computed data

It has been seen from the table 6 shows that there is significant relationship between age and individual development. Hence the hypothesis (Ho.1) has been accepted.

Ho 2: Individual development differs significantly with respect to marital status..

ANOVA

TABLE 8 – MARITAL STATUS AND INDIVIDUAL DEVELOPMENT

| Individual Development | Sum of squares | df | Mean square | F | Sig. |
|------------------------|----------------|----|-------------|-------|-------|
| Between groups | 9.616 | 1 | 9.616 | 0.215 | 0.644 |
| Within groups | 3584.872 | 80 | 44.811 | | |
| Total | 3594.488 | 81 | | | |

Source: Computed data

It is observed from the Table 7 that there is no significant relationship between marital status and individual development. Here the hypothesis(Ho.2) has been rejected.

Ho 3: Individual development differs significantly with respect to nature of the family

ANOVA

TABLE 9: NATURE OF FAMILY AND INDIVIDUAL DEVELOPMENT

| Individual Development | Sum of squares | df | Mean square | F | Sig. |
|------------------------|----------------|----|-------------|-------|------|
| Between groups | 0.865 | 1 | 0.865 | 0.019 | 0.89 |
| Within groups | 3593.623 | 80 | 44.920 | | |
| Total | 3594.488 | 81 | | | |

Source: Computed data

It could be inferred from the above Table 8 that there is no significant relationship between nature of the family and individual development. Hence the hypothesis (Ho.3) has been rejected.

Ho 4: Individual development differs significantly with respect to the size of the family.

ANOVA

TABLE 10: SIZE OF THE FAMILY AND INDIVIDUAL DEVELOPMENT

| Individual Development | Sum of squares | Df | Mean square | F | Sig. |
|------------------------|----------------|----|-------------|-------|-------|
| Between groups | 124.489 | 3 | 41.496 | 0.933 | 0.429 |
| Within groups | 3469.999 | 78 | 44.487 | | |
| Total | 3594.488 | 81 | | | |

Source: Computed data

From the above Table 9 ascertained that there is no significant relationship between size of the family and individual development. So the hypothesis (Ho.4) has been rejected.

Ho 5: Individual development differs significantly with respect to the community base

ANOVA

TABLE 11: COMMUNITY BASE AND INDIVIDUAL DEVELOPMENT

| Individual Development | Sum of squares | df | Mean square | F | Sig. |
|------------------------|----------------|----|-------------|-------|-------|
| Between groups | 289.716 | 3 | 94.572 | 2.279 | 0.086 |
| Within groups | 3304.771 | 78 | 42.369 | | |
| Total | 3594.488 | 81 | | | |

Source: Computed data

It is seen from the Table 10, we can conclude with 91% confidence that there is significant difference among the individual development among different communities.

This may be due to the special financial assistance offered by the Government to the under privileged communities.

FINDING OF THE STUDY

Micro credit is emerging as a powerful instrument for poverty alleviation in the new economy. The following findings are extracted from the study.

1. It is seen from the study that 58.50% of the sample respondents availed loan for their family expenditure purposes. It leads to more than one-half of them spend their micro credit for non-economic activities in the study area.
2. It is observed from the study that 37.8-% of the sample respondents get small size of loan. (i.e. up to Rs.10,000) , which is not enough for productive economic activities.
3. It is ascertained from the study that the income earning capacity at all levels is increased compared to before and after getting loan.
4. It has been seen from the study that after getting micro credit by the sample respondents have secured more purchasing power and uplifted to spend a greater amount for their monthly family expenditures.
5. It is seen from the study that the sample respondents' incremental income level also leads to at achieved a greater amount of saving for them in the study area.
6. It is inferred from the study, demographic variables like age, marital status, nature of family and size of family doesn't affect the individual development of the respondents. However, individual developments vary among different communities.
7. After getting micro credit the sample respondent's Public speaking ability and Joint decisions on purchase of household assets and investments are increased 47.5 percent and 69.5 percent respectively
8. The economical contribution to the family expenditures by the sample respondents and their problem solving capacity are also increased in a notable percentage.

CONCLUSIONS

It is ascertained from the study that income and expenditure pattern of women has increased after joining in SHGs. The micro credit to SHGs has given tremendous growth in recent years. Micro Credit is a most important credit source for rural poor to alleviate poverty. This system provides useful financial assistance to the members of women SHGs, for developing themselves. However the size of micro credit may be increased by the Government and Bank for adequate amount invest in their economic activities. Micro finance contribution significantly to the women empowerment through SHGs

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MANAGERIAL EFFECTIVENESS AND COUNTERPRODUCTIVE WORK BEHAVIOUR: A COMPARISON AT DIFFERENT MANAGERIAL LEVEL

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ABSTRACT

Present study aims to compare the managerial effectiveness and counterproductive work behaviour among the junior, middle and senior level managers. Study will also identify the nature of relationship (positive or negative) between managerial effectiveness and counterproductive work behaviour among various level of management such as junior, middle and senior. The sample of managers included in the study was chosen from various manufacturing and service providing public, semi-govt., non-governmental organizations and private sector Indian enterprises as a non-randomized sample on the basis of availability of executives. Results and findings exhibited that managers who are at junior level differ significantly in their mean managerial effectiveness from middle and senior level managers but middle level managers did not differ considerably in their mean managerial effectiveness from the managers at senior level. Managers at different levels such as junior, middle and senior differed significantly with each other in their mean counterproductive work behaviour. Multiple regressions and β -value analysis for senior and middle level managers showed that the dimension of counterproductive work behaviour was significantly influencing their managerial effectiveness in negative manner whereas in the case of junior managers, multiple regressions and β -value confirmed no significant influencing value for counterproductive work behaviour as predictor of managerial effectiveness.

KEYWORDS

managerial effectiveness, counterproductive work behaviour, public sector, semi-government, non-governmental organizations and private sector.

INTRODUCTION

MANAGERIAL EFFECTIVENESS

In today's globalized era of technological advancement, organizations can continue to exist and develop only by employing highly result-oriented managers. Recruitment of highly talented personnel has become a tedious job. HR managers of well performing organizations are struggling for hiring potentially effective and result-oriented managers. Understanding simply, effective managers are those who can create results by adding standards and values to the various services delivered by them to the organization. Researchers have tried to define the concept of managerial effectiveness. Mintzberg (1973) observed that all managerial jobs can be described by certain common behaviours or roles. He put forward ten managerial roles falling under three categories: (1) interpersonal (figurehead, leader and liaison), (2) informational (monitor, disseminator, spokesperson), and (3) decisional (entrepreneur, disturbance handler, resource allocator and negotiator). According to Mintzberg, managers working in different positions could be effective depending on the combination of these ten roles. Reddin (1970) has defined managerial effectiveness as "the extent to which a manager achieves the output requirements of his position." Das (1991) compared Mintzberg's managerial roles with Indian managerial roles and found certain skills such as interpersonal relations, crisis management, employee counselling, oral communication, etc. as critical to become an effective manager in India.

COUNTERPRODUCTIVE WORK BEHAVIOUR

Counterproductive work behavior (CWB) is a set of destructive behaviours executed by the people in organization and such behaviours can harmfully limit the process of progress and development of an organization or its stakeholders. These behaviors include the actions which can cause destruction of mild to very severe nature to the organization or its people. Counterproductive work behaviors are carried out with or without intention to harm or limit the process of achievement of goal of an employee, stakeholder, department or organization itself. According to Robinson, S. L., & Bennett, R. J. (1995) the set of acts which includes the counterproductive work behaviour are categorized as: (1) Production deviance, involving behaviors like leaving early, intentionally working slow, or taking long breaks; (2) Property deviance, involving sabotage of equipment, theft of property, and taking kickbacks; (3) Political deviance, involving showing favoritism, gossiping, or blaming others; and (4) Personal aggression, involving harassment, verbal abuse, and endangerment. Bayram, N., Gursakal, N., & Bilgel, N. (2009) has proposed the five factors of counterproductive work behaviour: (1) Abuse against others; (2) Production deviance; (3) Sabotage; (4) Theft; and (5) Withdrawal. One of the larger set of counterproductive work behaviour propounded by Gruys, M. L., & Sackett, P. R. (2003) includes eleven categories of CWBs and these are (1) Theft of property; (2) Destruction of property; (3) Misuse of information; (4) Misuse of time and resources; (5) Unsafe behavior; (6) Poor attendance; (7) Poor quality of work; (8) Alcohol use; (9) Drug use; (10) Inappropriate verbal action; and (11) Inappropriate physical action.

It is worth noting here that counterproductive work behaviours are the activities which involves the violation of already set, decided and legally bound code of behaviour and rules & regulations of an organization. Counterproductive work behaviours therefore do not include the acts that lack volition, such as the inability to successfully complete a task, nor do CWBs include involvement in accidental activities, although purposeful avoidance rules that may have led to the loss, damage, harm, hindrance and limitation would represent a CWB.

Both the nature and frequency of counterproductive work behaviour poses a serious threat to organizations and its stakeholders. Counterproductive work behaviour has significant financial, social, psychosocial, infrastructural and time related costs for the people working with organizations. Besides this, it has substantial organizational costs associated with high staff turnover, abuse avoidance, and protective behaviour, all of which reduces the overall productivity of the organizations.

MANAGERIAL EFFECTIVENESS AND COUNTERPRODUCTIVE WORK BEHAVIOUR

Researchers are trying to understand and establish the relationship of counterproductive work behaviors with other elements of organizational functioning and development and it has already been studied with respect to various factors of organizational development. Mount (2006) found that, personality influences job satisfaction, which in turn, has an effect on Counter Productive Behaviors. The study of Flaherty & Moss, (2007) asserts organizational justice to be a mediator of CWB, as it suggests that individuals who perceived their own workgroup to receive more justice than other units engaged in less counterproductive work behavior. The study conducted by Deshpande (2005) found that, respondents with high EI (Emotional Intelligence) perceived counterproductive behaviors to be more unethical than those with low EI. Kelloway et al., (2002) suggests counterproductive work behaviors and organizational citizenship behaviors are negatively correlated. In this study it is hypothesized that counterproductive work behaviors and organizational citizenship behaviors are negatively correlated.

NEED OF STUDY

Extensive literature survey has been conducted for investigating and finding out the existing facts, information and data which is directly/ indirectly related to the field area of present study. No direct study or research could be located in the written and electronic form of literature. So the need of study was justified. Otherwise also, the findings and results of the proposed research will help the academia, managers and organizations to understand and interpret the interrelationship of managerial effectiveness and counterproductive work behaviour for the better development of management executives and organizations.

OBJECTIVE OF THE STUDY

This study was carried out with the following objectives.

- 1) To compare the managerial effectiveness of all the three groups of junior, middle and senior level managers included in the study.
- 2) To compare the counterproductive work behaviour of all the three groups of junior, middle and senior level managers included in the study.
- 3) To ascertain the nature of relationship between managerial effectiveness and counterproductive work behaviour.

HYPOTHESES

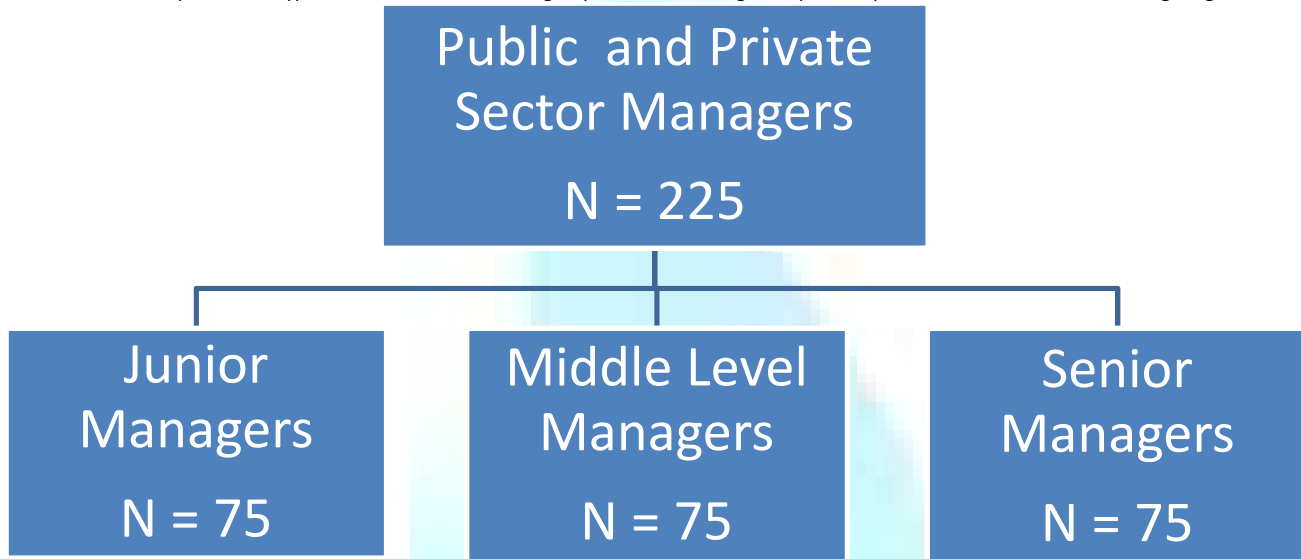
Based on the review of relevant literature, the following hypotheses were formulated and verified in the study.

- 1) H1. All the three groups of junior, middle and senior level managers included in the study will significantly differ with respect to their mean managerial effectiveness.
- 2) H2. All the three groups of junior, middle and senior level managers included in the study will significantly differ with respect to their mean counterproductive work behaviour.
- 3) H3. There will be negative relationship between managerial effectiveness and counterproductive work behaviour.

METHODOLOGY

RESEARCH DESIGN

Present research is an experimental type of research based on 1x3 group of research design. Graphical representation of the research design is given hereunder



Research was conducted to investigate and compare the relationship between the managerial effectiveness and counterproductive work behaviour among three different levels of managers of public and private sector organizations, working at junior, middle and senior level of management. Identified relationships of various groups were compared and differentiated to find the degree of correlation at junior, middle and senior level management between managerial effectiveness and counterproductive work behaviour. Criteria used for the selection of junior, middle and senior level managers from the public and private sector organizations involved in the study is as under:

Junior level manager: A management executive managing a of team 15-20 employees

Middle level manager: A management executive managing 3-4 junior level management teams or 21-40 employees

Senior level manager: A management executive managing 3-4 middle level management teams or 41-80 employees.

SAMPLE

All the management executives working at the positions specified above in the research design in the various public, semi-govt., private and non-governmental voluntary organizations is considered as population for this study.

A sample of total 225 management executives from both the public and private sector organizations were taken 75 management executives, each of junior, middle and senior level management from different public, semi-govt., non-governmental organizations and private sector were taken as a non-randomized sample on the basis of availability of executives. Group-wise details of sample size are already given in the research design

TOOLS

The Managerial Effectiveness Scale developed by Gupta (1996) was used to measure the managerial effectiveness. It has positively and negatively worded items with a five point rating scale. Positive items are scored by assigning 5 to a rating of Always; 4 to Usually; 3 to Neutral; 2 to Sometimes; and 1 to Never. The test-retest reliability and split half reliability are 0.73 (Gupta 1996). The Cronbach alpha value computed in this study was 0.88.

The Counterproductive Work Behavior Checklist (CWB-C) developed by Spector, P. E., Fox, S., Penney, L. M., Bruursema, K., Goh, A., & Kessler, S. (2006) was used to measure the counterproductive work behaviour tendency among subject selected for this study. The internal consistency reliability measured by coefficient alpha method was 0.90.

DATA COLLECTION

Data were collected by using The Managerial Effectiveness Scale developed by Gupta (1996) for managerial effectiveness and Counterproductive Work Behaviour Checklist (CWB-C) for the counterproductive work behavior tendency among the sample of junior, middle and senior level managers chosen for the study by adopting the criteria mentioned in the research design. Three hundred and eighty (380) sets of questionnaires for managerial effectiveness test and counterproductive work behaviour checklist were administered and total 258 sets of both the questionnaires of managerial effectiveness and counterproductive work behaviour were received back from the subjects. Some of the questionnaires were disposed off because of incomplete information and lastly 225 sets of both the tests were selected for research purpose. These sets were consisting of 75 sets of questionnaires received from junior, middle and senior level each.

STATISTICAL TOOLS

Correlation and multiple regressions methods were used for testing the hypotheses and finding out the relationship between managerial effectiveness and counter-productive work behavior. Data were operated through SPSS 15 Version.

RESULTS AND DISCUSSION

RESULTS AND DISCUSSION FOR INTERGROUP COMPARISONS

Three different groups of managers were selected for this study and all of these three groups were tested for the dimensions of managerial effectiveness and counterproductive work behaviour. Junior, middle and senior level managers were included in the group no. 1, group no. 2 and group no. 3 respectively. To find

out the differences among the managerial effectiveness and counterproductive work behaviour of junior, middle, and senior level manager's, means of different groups on both dimensions of managerial effectiveness and counterproductive work behaviour were calculated. Analysis of variance (ANOVA) and Duncan's multiple comparison tests were used for data interpretation. Separate results of all the three groups on each of the dimension have been given in the following tables.

TABLE 1: MEAN MANAGERIAL EFFECTIVENESS SCORES IN ASCENDING ORDER, F-VALUE AND RESULTS OF DUNCAN'S MULTIPLE COMPARISON TESTS

| Groups | Junior Managers | Middle Level Managers | Senior Managers |
|-------------------------------|-----------------|-----------------------|-----------------|
| Group No. | (1) | (2) | (3) |
| N | 75 | 75 | 75 |
| Means | 393.68a | 422.17b | 434.49b |
| F= (4, 170) =24.176; P < 0.01 | | | |

Means with different subscripts differ significantly at 0.05 levels.

Means with similar subscripts do not differ significantly.

A perusal of Table 1 shows that mean managerial effectiveness scores of junior, middle and senior level managers were 393.68, 422.17 and 434.49 respectively. F-ratio between two groups was 24.176, which was significant at 0.01, level of significance. Since F-ratio between groups came to be significant it means that there exists significant difference between mean managerial effectiveness scores of at least two groups, hence, Duncan's multiple comparison of means test was applied to see significant differences among means of different groups. The comparisons were made at 0.05, level of significance.

The results of Duncan's multiple comparison of means displays that mean managerial effectiveness scores in ascending order were of junior, middle and senior level managers. It is apparent from Table 1 that managers who are at junior level differ significantly in their mean from middle and senior level managers but middle level managers did not differ considerably in their mean from the managers at senior level.

TABLE 2: MEAN COUNTERPRODUCTIVE WORK BEHAVIOUR SCORES IN ASCENDING ORDER, F-VALUE AND RESULTS OF DUNCAN'S MULTIPLE COMPARISON TEST

| Groups | Junior Managers | Middle Level Managers | Senior Managers |
|------------------------------|-----------------|-----------------------|-----------------|
| Group No. | (1) | (2) | (3) |
| N | 75 | 75 | 75 |
| Means | 205.62a | 233.85b | 261.42c |
| F= (4, 170) =54.54; P < 0.01 | | | |

Means with different subscripts differ significantly at 0.05 levels.

Means with similar subscripts do not differ significantly.

Table 2 exhibits that mean counterproductive work behaviour scores of junior, middle and senior level managers were 205.62, 233.85 and 261.42 respectively. F-ratio between groups was 54.54, which was significant at 0.01, level of significance. Since F-ratio was obtained significant it means that there exists significant difference between mean counterproductive work behaviour scores of at least two groups. Hence, Duncan's multiple comparison of means test was applied to see significant differences among mean of different groups. The comparisons were made at 0.05, level of significance.

The results of Duncan's multiple comparison of means shows that mean counterproductive work behaviour scores in ascending order were of the junior, middle and senior level managers. Table 2 depicts that managers at junior level differed significantly in their mean from middle level managers; middle level managers differed significantly in their mean from the senior level managers.

Results And Discussion Of Regression Analysis

Regression analysis was performed to see how much variance in criteria (dependent variable) is influenced by predictors. In regression analysis managerial effectiveness was treated as dependent variable and counterproductive work behaviour as predictor.

TABLE 3 (A): MULTIPLE REGRESSIONS FOR SENIOR MANAGERS. (MANAGERIAL EFFECTIVENESS AS CRITERIA AND COUNTERPRODUCTIVE WORK BEHAVIOUR AS PREDICTOR)

| Multiple R | R ² | Adjusted R ² | Standard error | F-Value |
|------------|----------------|-------------------------|----------------|---------|
| 0.49 | 0.24 | 0.16 | 62.70 | 3.27 |

TABLE 3 (B): BETA VALUE FOR PREDICTOR OF MANAGERIAL EFFECTIVENESS OF SENIOR MANAGERS

| | Predictor | β | t | LOS |
|------------|----------------------------------|------|------|-------|
| Beta Value | Counterproductive work behaviour | 3.33 | 1.57 | <0.05 |

Table 3 (A) depicts that for senior managers Multiple R was 0.49. It means relationship between managerial effectiveness and counterproductive work behaviour was 0.49. Adjusted R2 was 0.16. It indicated that only 16% of the variance in managerial effectiveness was explained by counterproductive work behavior remaining 84% variance were unexplained by these factors. 'F' value also corroborated by F-value - (F= 3.27: <0.01). Beta value showed significant value for the predictor of counterproductive work behaviour.

Table 3 (B) showed β-value for counterproductive work behaviour which were significant and it was influencing managerial effectiveness.

TABLE 4 (A): RESULTS OF MULTIPLE REGRESSIONS FOR MIDDLE LEVEL MANAGERS. (MANAGERIAL EFFECTIVENESS AS CRITERIA AND COUNTERPRODUCTIVE WORK BEHAVIOUR AS PREDICTOR)

| Multiple R | R ² | Adjusted R ² | Standard error | F-Value |
|------------|----------------|-------------------------|----------------|---------|
| 0.57 | 0.33 | 0.269 | 38.44 | 5.17 |

TABLE 4 (B): BETA VALUE FOR PREDICTOR OF MANAGERIAL EFFECTIVENESS OF MIDDLE LEVEL MANAGERS

| | Predictors | β | t | LOS |
|------------|----------------------------------|------|------|-------|
| Beta Value | Counterproductive work behaviour | 1.32 | 1.90 | <0.05 |

Table 4 (A), shows that in middle Level Managers multiple R was 0.57, which means relationship between managerial effectiveness and counterproductive work behaviour, was 0.57. Adjusted R2 was 0.27. It indicated that only 27% of the variance in self-image was explained by counterproductive work behaviour and remaining 63% variance were explained by other factors. F-value also corroborated by F-value (F=5.17; < 0.01). Beta value showed significant values for the predictor of counterproductive work behaviour.

Table 4 (B) showed β-values for counterproductive work behaviour which were significant and it was influencing managerial effectiveness.

TABLE 5 (A): MULTIPLE REGRESSIONS FOR JUNIOR MANAGERS (MANAGERIAL EFFECTIVENESS AS CRITERIA AND COUNTERPRODUCTIVE WORK BEHAVIOUR AS PREDICTOR)

| Multiple R | R ² | Adjusted R ² | Standard error | F-Value |
|------------|----------------|-------------------------|----------------|---------|
| 0.22 | 0.05 | 0.039 | 60.19 | 0.569 |

TABLE 5 (B): BETA VALUE FOR PREDICTOR OF MANAGERIAL EFFECTIVENESS OF JUNIOR MANAGERS

| | Predictors | β | t | LOS |
|------------|----------------------------------|------|------|------|
| Beta Value | Counterproductive work behaviour | 0.24 | 0.93 | N.S. |

Table 5 (A) shows that in Junior Managers Multiple R was 0.228 it means relationship between managerial effectiveness and counterproductive work behaviour was 0.228. Adjusted R2 was 0.04. It is indicated that only 4% of the variance in self-image is explained by counterproductive work behaviour and remaining 96%

variance were unexplained by these factors, which is verified by F-value (0.569; <0.01). Beta value also shows no significant value for individual predictor of counterproductive work behaviour.

CONCLUSIONS & IMPLICATIONS

The study reveals that both the employees' characteristics of managerial effectiveness and counterproductive work behaviour differ among all the three levels of management i.e. junior, middle and senior. There exist a negative relationship between managerial effectiveness and counterproductive work behaviour among the groups of senior and middle level managers but there is no relationship (i.e. neither negative nor positive) between the managerial effectiveness and counterproductive work behaviour at junior level management. So hypotheses H₁ and H₂ were approved by the study, but H₃ is accepted partially. So the study has not only achieved its objectives but also justified its need.

The findings and results of the present research will help the trainers, academia, managers and organizations to utilize the newly acquired understanding and knowledge to interpret the concepts of managerial effectiveness and counterproductive work behaviour and their interrelationship in the new light of knowledge for the better way and appropriate development of management executives and organizations.

LIMITATIONS AND SUGGESTIONS

Because of limited resources, sample size taken for the study was very small, if a larger size sample can be managed more exact finding can be deduced.

Only two dimensions of relationship between managerial effectiveness and counterproductive work behaviour are studied, other objectives may be developed by including more variables and findings can accordingly be worked out for exact results and findings.

Present study is limited to some of the states of India, a comparative study may be conducted on national/ international level and finding can be worked out and analyzed to control the counterproductive work behaviour among managers and ultimately improving the managerial effectiveness.

Present study has taken a heterogeneous sample because the participants are from several public, semi-govt., non-governmental organizations and private sector organizations. However, it is argued that heterogeneity of a sample contributes towards wider generalization of the findings and therefore it can be considered to be the strength rather than the weakness of a research (Kaur 1992, Shukla 1988, Srivastava 1990).

The sample taken for the study is also debatable as the non-random sampling method was chosen for the collection of data for this research, which further put constraints on the generalization of the findings. So data may be collected by using a well designed randomized method and exactness of the findings can be improved.

Another limitation of this study is that all the tools used to measure the variables are self-report assessments, so some other method can be used for better results and findings.

While extending this research, future studies could focus on selecting a particular sector of industry to enhance the focus of the study.

Also, the future studies can focus exclusively on any one level of management of the corporate sector to study the effect of variables taken for study.

Future studies can also use qualitative data sources like 360 degree feedback or observation method for better results.

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A STUDY ON HEALTH INSURANCE PRODUCT PERFORMANCE AT HDFC, BANGALORE

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ABSTRACT

This study quantifies the Performance of Health insurance Product performance. It aims to gain an features of select Heath Insurance Products of HDFC and To analyze the select Heath Insurance product performance. Several notable factors that influence health insurance that are Policy holders income, available policies, competitors, Market share, Opportunity to Use providing protection against risks, removing uncertainty or risks insurance gives a feeling of security and also Health insurance gives not only for feeling of security to the insured but also gives an opportunity to save out his current income for the evening of his life. This report is formulated after a thorough research and is based on the information given by the company personal and through questionnaire filled by the policy holders. In due course of our project I have visited the company and interacted with the people concerned. Here I also got the opportunity to learn about measuring performance of HDFC Bank. In this study if found that majority of the policy holders are looking to take long term policies, Most of the policy holders are Satisfied with Premium rates, tax benefits and documentation procedures. And also majority of the policy holders are satisfied with benefits available in all three select policies. Most of the insurance policy holders are having a feel to take Critical illness insurance and health cards. It also suggested that give more awareness programmes to rural people and to provide more policies to senior citizens.

KEYWORDS

Claim, Fee for Service, Certificate of insurance, Benefit period, additional insured.

INTRODUCTION

PRESENT SCENARIO OF INSURANCE INDUSTRY IN INDIA

India with about 200 million middle class household shows a huge untapped potential for players in the insurance industry. Saturation of markets in many developed economies has made the Indian market even more attractive for global insurance majors. The insurance sector in India has come to a position of very high potential and competitiveness in the market. Indians, have always seen life insurance as a tax saving device, are now suddenly turning to the private sector that are providing them new products and variety for their choice.

Consumers remain the most important centre of the insurance sector. After the entry of the foreign players the industry is seeing a lot of competition and thus improvement of the customer service in the industry. Computerization of operations and updating of technology has become imperative in the current scenario. Foreign players are bringing in international best practices in service through use of latest technologies

The insurance agents still remain the main source through which insurance products are sold. The concept is very well established in the country like India but still the increasing use of other sources is imperative. At present the distribution channels that are available in the market are listed below.

- Direct selling
- Corporate agents
- Group selling
- Brokers and cooperative societies
- Bank assurance

Customers have tremendous choice from a large variety of products from pure term (risk) insurance to unit-linked investment products. Customers are offered unbundled products with a variety of benefits as riders from which they can choose. More customers are buying products and services based on their true needs and not just traditional money back policies, which is not considered very appropriate for long-term protection and savings. There is lots of saving and investment plans in the market. However, there are still some key new products yet to be introduced - e.g. health products.

The rural consumer is now exhibiting an increasing propensity for insurance products. A research conducted exhibited that the rural consumers are willing to dole out anything between Rs 3,500 and Rs 2,900 as premium each year. In the insurance the awareness level for life insurance is the highest in rural India, but the consumers are also aware about motor, accidents and cattle insurance. In a study conducted by MART the results showed that nearly one third said that they had purchased some kind of insurance with the maximum penetration skewed in favor of life insurance. The study also pointed out the private companies have huge task to play in creating awareness and credibility among the rural populace. The perceived benefits of buying a life policy range from security of income bulk return in future, daughter's marriage, children's education and good return on savings, in that order, the study adds.

MARKET SHARE OF INDIAN INSURANCE INDUSTRY

The introduction of private players in the industry has added value to the industry. The initiatives taken by the private players are very competitive and have given immense competition to the on time monopoly of the market LIC. Since the advent of the private players in the market the industry has seen new and innovative steps taken by the players in this sector. The new players have improved the service quality of the insurance. As a result LIC down the years have seen the declining phase in its career. The market share was distributed among the private players. Though LIC still holds the 75% of the insurance sector but the upcoming natures of these private players are enough to give more competition to LIC in the near future.

FIGURE 1.1

India Health Insurance Market Size & Growth Rate

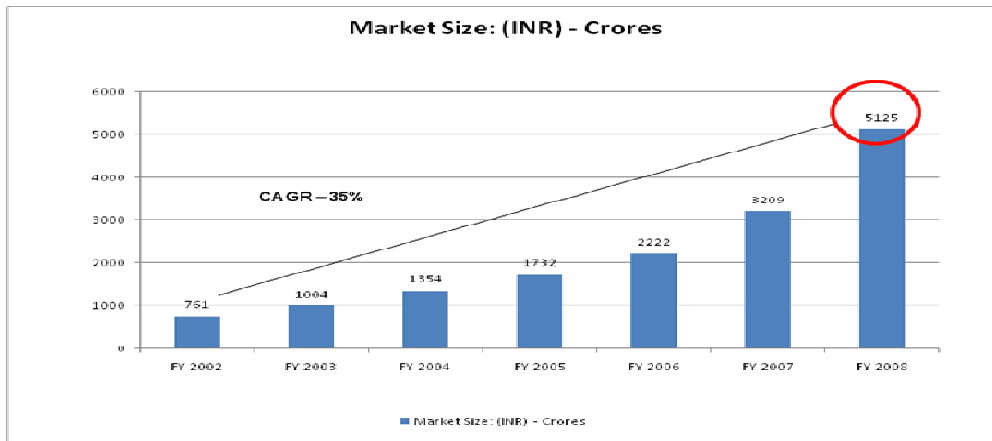


TABLE 1.1: NAME OF THE PLAYER & MARKET SHARE (%)

| Name of the Player | Market share (%) |
|-------------------------------------|------------------|
| LIFE INSURANCE CORPORATION OF INDIA | 82.3 |
| ICICI PRUDENTIAL | 5.63 |
| BIRLA SUN LIFE | 2.56 |
| BAJAJ ALLIANZ | 2.03 |
| SBI LIFE INSURANCE | 1.80 |
| HDFC STANDARD | 1.36 |
| TATA AIG | 1.29 |
| MAX NEW YORK | 0.90 |
| AVIVA | 0.79 |
| OM KOTAK MAHINDRA | 0.51 |
| ING VVSYA | 0.37 |
| MET LIFE | 0.21 |

INSURANCE GLOBAL SCENARIO – AN OVERVIEW

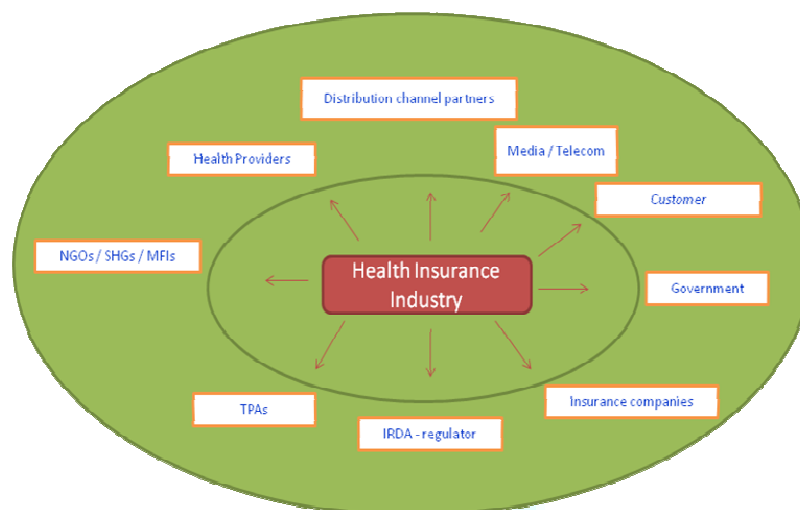
Revenues generated through healthcare facilities, healthcare distributors, healthcare services, including managed healthcare services is estimated to be over US \$ 3.6 trillion in 2004. During 2000-2004, the market has grown at a CAGR of over 8%. The market is estimated to grow at a CAGR of 7.8% to reach a value of US \$ 5.25 trillion by 2009. Managed healthcare (consisting of health insurance; hospital, medical and dental indemnity plans; fraternal, limited benefit plans and other miscellaneous insurance health products) accounts for a large chunk (51% - US \$ 1.84 trillion) of the global healthcare market in 2004. Other market sub-segments include healthcare facilities (US \$ 1.14 trillion), healthcare distribution (US \$ 0.5 trillion) and healthcare services sector (clinical laboratory based services – US \$ 0.13 trillion). USA is the largest market for healthcare, with 40% share in world, and the total revenue being US \$ 1.44 trillion in 2004. Other major markets were Asia Pacific (33.5%) and Europe (21%).

The health sector all over the world has changed to a great deal; whereby doctors have taken the role of service providers, and patients have become clients. This change in the dynamics of the relationship has transformed the health care into a market scenario. The health economists, therefore, distinguish this relationship in terms of demand and supply of health care. At times, this demand for health care is termed as “supplier induced demand”. This is considered as an example of a bad relationship if this is not based on mutual trust and care. The flaws within this relationship rest in unequal information to the patients about a particular service and also in artificial creation of circumstances for patients to utilize more health services comparative presentation of the state of poverty and out of pocket expenditure on health in developing countries in South & South East Asia

COUNTRY

| | |
|------------|-----------|
| Pakistan | 73.6 98 |
| Bangladesh | 82.8 85.8 |
| India | 79.9 97 |
| Nepal | 68.5 92.2 |
| Indonesia | 52.4 74.7 |
| Sri Lanka | 41.6 88.9 |
| China | 46.7 87.6 |

Source: World Bank. World Development Report. Development & the next generation. Washington, DC; World Health Organization. World Health Report. Working together for health.



HEALTH INSURANCE – AN OVERVIEW

It is indubitable that Health Insurance has become an important element in one's life owing to increasing medical costs these days & uncertain environment; it comes to your rescue acting as precautionary measure in today's tough time while acting as a life saver boat in case of any medical contingency. If you don't have Health Insurance, you end up paying hefty medical bills in the event of hospitalization out of illness or injury, therefore insuring your family against Health Insurance is a must thing & should surely be a part of your regular financial planning. All we have is our health which needs to be protected & taken care of by acquiring the best health insurance policy suited for us.

Health insurance expenditure in India is roughly 6% of GDP, much higher than most other countries with the same level of economic development. Of that, 4.7% is private and the rest is public. What is even more striking is that 4.5% are out of pocket expenditure (Berman, 1996). There has been an almost total failure of the public health care system in India. This creates an opportunity for the new insurance companies.

HEALTH INSURANCE - DEFINED

A type of insurance coverage that pays for medical and surgical expenses that are incurred by the insured. Health insurance can either reimburse the insured for expenses incurred from illness or injury or pay the care provider directly. Health insurance is often included in employer benefit packages as a means of enticing quality employee

HEALTH INSURANCE OPPORTUNITIES AND CHALLENGES

Opportunities -Quality health care -all

- quitable
- Affordable
- Challenges
- Financing
- Containing provider behavior
- Cost of treatment

TYPES OF HEALTH INSURANCE

● INDIVIDUAL MEDICAL CLAIM

The simplest form of health insurance is the **Individual Medical claim** policy. It covers the hospitalization expenses for an individual for up to the sum assured limit. The insurance premium is dependent on the sum assured value. Example : If you have 3 family members you can get an individual cover of Rs 2 lack each . In this case each of you are covered for 2 lack, if 3 members face a need for hospitalization , all 3 of them can get expenses recovered up to Rs 2 lack . All the 3 policies are independent.

● FAMILY FLOATER POLICY

Family Floater Policies are enhanced version of the medical claim policy. The sum assured value floats among the family members. i.e each opted family member comes under the policy, and it covers expenses for the entire family up to the sum assured limit. The premium for family floater plans is typically less than that for separate insurance cover for each family member. Example: In this case if suppose there are 3 family members, you can take a Family floater policy for Rs 6 lack in total. Now anyone can claim up to 6 lack in expenses, but then the cover will go down by that much amount for that year. So if one of the family members is hospitalized and the expenses are 4.5 lack. It will be paid and then the cover will be reduced to 1.5 lack for that particular year. Next year again it will start from fresh 6 lack. Family floater makes sense for a family because that way each one in family gets a big cover and probability of more than 1 getting hospitalized in same year is too low until and unless whole family is traveling together most of the times in a year.

● UNIT LINKED HEALTH PLANS

Taking the ULIP route, health insurance companies too have introduced Unit Linked Health Plans. Such plans combine health insurance with investment and pay back an amount at the end of the insurance term. The returns of course are dependent on market performance. These plans are very new and still in development phase. This is only recommended for people who can handle market linked products like ULIP and ULPP.

SIGNIFICANCE OF HEALTH INSURANCE

- By providing protection against risks.
- By removing uncertainty or risks insurance gives a feeling of security.
- Health insurance gives not only for feeling of security to the insured but also gives an opportunity to save out his current income for the evening of his life.
- Insurance ensures that the savings of individual policy holders accumulate with the insurance companies which invest them in Government and industrial securities .

REVIEW OF LITERATURE

Firstly, for the introduction and other aspects of literature was taken from training session taken in HDFC BANK, daily newspaper, business magazines, company journals, etc., for the second chapter research design of the study information and guidelines provided by the university.

Carrin G and James C (2010) in their article entitled Key performance indicators for the implementation of social health insurance explain that Several low- and middle-income countries are interested in extending their existing health insurance for specific groups to eventually cover their entire populations. For those countries interested in such an extension, it is important to understand what characterizes a well performing social health insurance scheme. This article provides a simple framework to analyse key performance issues related to the functions of health financing within the context of social health insurance.

Fredric Blavin (2010) in The Affordable Care Act's state health insurance exchanges for small businesses are estimated to cover nearly 10 million employees, in addition to the 15.3 million individuals who will gain coverage through the individual exchanges when the law is fully implemented, according to an article in the February issue of Health Affairs. The article by Fredric Blavin and colleagues at the Urban Institute, is part of a cluster of articles in the journal about the Small Business Health Care Options Program (SHOP), the formal name for the small business exchanges. The cluster of articles, supported by The Commonwealth Fund, examine SHOP's potential to provide affordable insurance options for small employers who now face high premiums and administrative costs when they insure their employees. Under the Affordable Care Act, the SHOP exchanges, along with the exchanges for individuals, are expected to be open for business on January 1, 2014

STATEMENT OF THE PROBLEM

Health is the primary concern of any individual. The cost of health risks and health care is mounting. Insuring health is essential. The insurance companies bring forth health insurance products in the interest of people. The closest competitor of HDFC in the field of insurance is ICICI bank; it is eating the market share of HDFC banks by providing good quality of services to the customers. For its survival HDFC has to offer attractive and useful products to the prospects. And therefore this study is conducted to ascertain the features of the select three health insurance products to suggest improvements to suit the needs of the customers.

RESEARCH ISSUES

- Increase in health care costs
- High financial burden on the poor
- Need for long term and nursing care for senior citizens
- Increasing burden of new diseases and health risks
- Due to underfunding, preventive and primary care and public health functions are yet to meet their objectives.

THE OBJECTIVES OF THE STUDY

- To Identify the Health Insurance Products at HDFC.
- To study the features of select Health Insurance Products of HDFC.
- To analyze the select Health Insurance product performance, and
- To help the Sample HDFC with constructive suggestions

HYPOTHESIS

The essence of health insurance products lies in a successful execution of the policy holder aspiration

SCOPE OF THE STUDY

The scope of the study includes India's Life and health Insurance scenario, Health Insurance products of HDFC, the Regulatory role of IRDA, policy holders attached to HDFC Premiums, health risks and so on.

METHODOLOGY

Descriptive and analytical methods of research are used.

DATA COLLECTION

Primary Data: collected through personal discussions with the staff to know the actual ALM practices followed in HDFC BANK and the problems which shall be faced in the course of exchanging information required for the management.

Secondary Data: collected from the annual reports of HDFC Bank, circulars of the South Indian Bank, reading material on ALM provided by the Bankers Staff websites and various journals. My source of information is the data available with the bank by on going through the annual reports. The study basically relies on secondary data supplied by the bank.

SAMPLING

Universe: All Health insurance Products of HDFC.

Sample Size: 3 Health Insurance Products and 60 Policy holders

Sampling technique to be used: Stratified Random Sampling.

PLAN OF ANALYSIS

The collected data have been analyzed with the help of statistical tools and techniques. Both Parametric and non parametric technique will be used to analyze the data. The chi square test used to test the null hypothesis. Tables. Charts and diagrams are used to analyze the data in a Presentable manner.

LIMITATIONS OF THE STUDY

- 1) The Bank employees being busy may not able to provide complete information.
- 2) The study was restricted to only three health insurance products and cannot give on accurate picture of the industry as a whole.
- 3) The study was limited to Bangalore city health insurance customers.

RESULTS AND DISCUSSIONS

The following table and charts depicts the analysis and interpretation of the study,

TABLE 2: PLAN WISE CLASSIFICATIONS OF THE RESPONDENTS

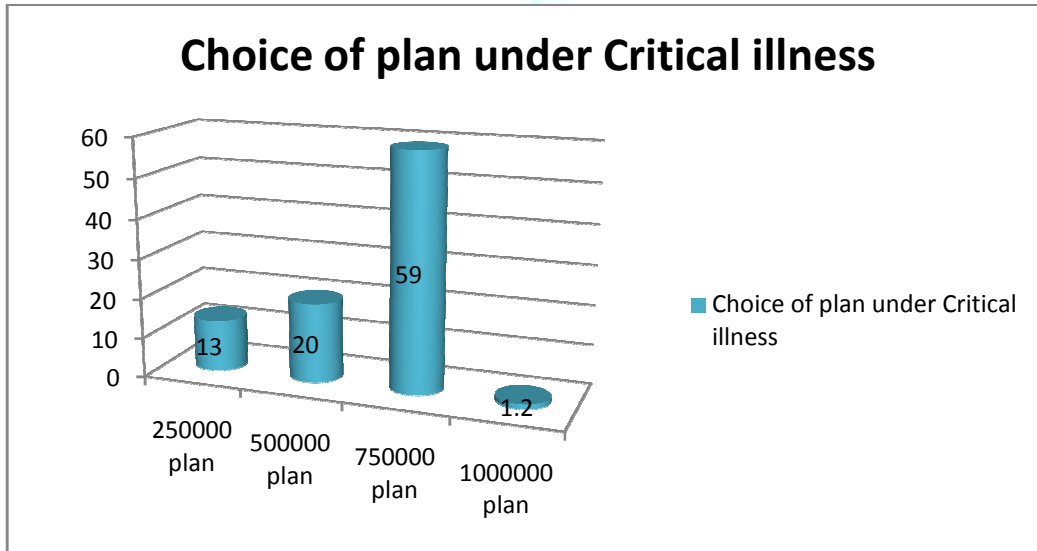
| Choice of plan under Critical illness | Respondents (N=60) | |
|---------------------------------------|--------------------|---------------|
| | Number | Percentage(%) |
| 250000 plan | 8 | 13 |
| 500000 plan | 12 | 20 |
| 750000 plan | 35 | 59 |
| 1000000 | 8 | 8 |
| Total | 60 | 100 |

(Source: primary Data)

Analysis

In this table it is seen that 59% of the policy holders are taken 750000 plan, 20% of the policy holders are taken 500000 plan, 13% of the policy holders are taken 250000 Plan and 8% of the policy holders are taken 1000000 plan.

FIGURE- 2: PLAN WISE CLASSIFICATIONS UNDER CRITICAL ILLNESS



Inference

It can be inferred that majority of the policy holders are taken 750000 plan because they want get a big amount in future in order to meet heavy medical treatments, and even some of the respondents are Selected 500000 plan to meet there medical expenses. Some of the policy holder are taken 250000 plan And less percentage of the respondents are taken 1000000 plan because middle class people are not able to take more amount of Premiums because there income level is low.

TABLE – 3: OPINION WISE CLASSIFICATIONS OF THE RESPONDENTS

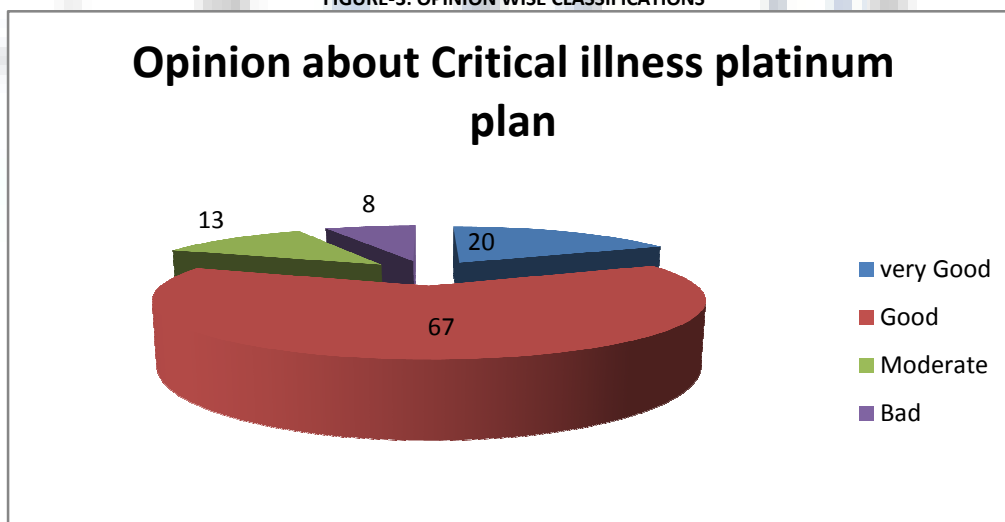
| Opinion about Critical illness platinum plan | Respondents – (60) | |
|--|-----------------------|----------------|
| | Number of respondents | Percentage (%) |
| Very Good | 12 | 20 |
| Good | 40 | 67 |
| Moderate | 8 | 13 |
| Bad | 0 | 0 |
| Total | 60 | 100 |

(Source: primary Data)

Analysis

In this table it is seen that 67% of the policy holders are having a Good opinion, 20% of the policy holders are having very good opinion about Critical illness platinum health insurance plan, 13% of the policy holders are having moderate opinion about Critical illness platinum plan and 0% are having Bad opinion about critical illness platinum plan.

FIGURE-3: OPINION WISE CLASSIFICATIONS



Inference

It can be inferred that majority of the policy holders are having a good opinion about Critical illness platinum plan because they are satisfied and happy with this plan, some of the policy holders are having very Good opinion because they are highly satisfied , some of the policy holders are having moderate opinion about critical illness platinum plan and Zero percentage of the policy holders are have bad opinion about Critical illness platinum plan it indicate positive performance of Critical illness platinum plan.

TABLE – 4: SUM ASSURANCE WISE CLASSIFICATIONS OF THE RESPONDENTS

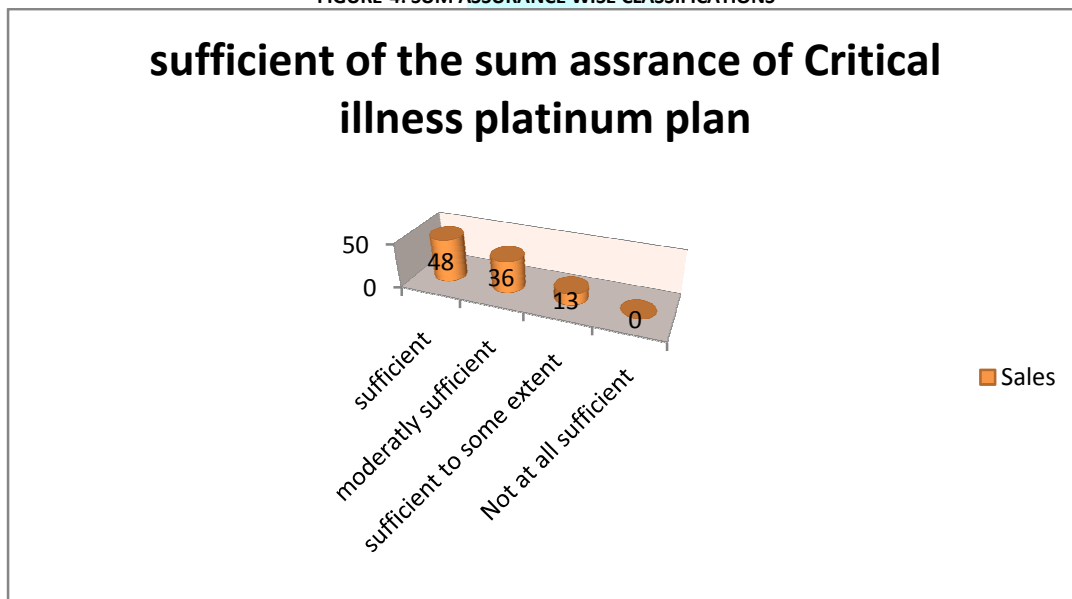
| Sum assured is sufficient under critical illness platinum plan | Respondents (N=60) | |
|--|--------------------|----------------|
| | Number | Percentage (%) |
| Sufficient | 29 | 48 |
| Moderately sufficient | 21 | 36 |
| Sufficient to some extent | 8 | 13 |
| Not at all sufficient | 2 | 3 |
| Total | 60 | 100 |

(Source: primary Data)

Analysis

In this table it is seen that 48% of the policy holders are telling that Critical illness platinum policy sum assurance sufficient, 36% of the policy holders are agreeing that sum assurance is moderately sufficient, 13% of the respondents are telling that sum assurance is sufficient to some extent and 3% of the respondents are telling that they sum assurance is not at all sufficient.

FIGURE-4: SUM ASSURANCE WISE CLASSIFICATIONS



Inference

It can be inferred that majority of the policy holders having a opinion that Critical illness platinum plan sum assurance is sufficient to cover any sort of any Critical illness, some of the policy holders are telling that the assurance is moderately sufficient to recover there Critical illness in future, Some of the policy holders are having a moderate opinion about sum assurance of Critical illness platinum plan so they are telling that sum assurance is sufficient, but some of the very less policy holders are telling that sum assurance is not at all sufficient under critical illness platinum plan.

TABLE-5: HOSPITAL NETWORK SATISFACTION WISE CLASSIFICATIONS OF THE RESPONDENTS

| Satisfaction level about Hospital network coverage. | Respondents (N=60) | |
|---|--------------------|----------------|
| | Number | Percentage (%) |
| Satisfied | 25 | 42 |
| Moderately Satisfied | 12 | 20 |
| Satisfied to some extent | 15 | 25 |
| Not at all Satisfied | 8 | 13 |
| Total | 60 | 100 |

(Source: primary Data)

Analysis

In this table it is seen that 42% of the respondents are satisfied, 20% of the policy holders are moderately satisfied, 25% of the policy holders are satisfied to some extent and 13% of the respondents are not at all satisfied.

Interpretation

It can be inferred that majority of the respondents are fully satisfied with the Hospital network coverage available under Critical illness platinum plan of HDFC because HDFC having a very good hospital network , some of the respondents are moderately satisfied, and some of the policy holders are satisfied to some extent, some policy holders are not satisfied with hospital net work coverage it shows policy holders need more reputed hospitals.

TABLE – 6: PREMIUM AND PERFORMANCE WISE CLASSIFICATIONS OF THE RESPONDENTS

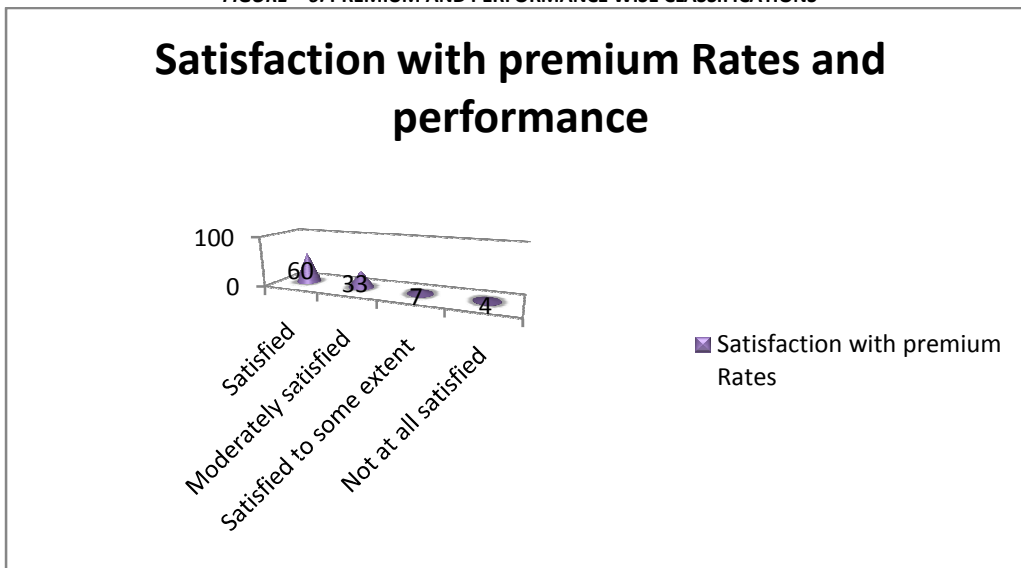
| Satisfaction about Premium & Performance | Respondents (N=60) | |
|--|--------------------|----------------|
| | Number | Percentage (%) |
| Satisfied | 36 | 60 |
| Moderately Satisfied | 20 | 33 |
| Satisfied to some extent | 4 | 7 |
| Not at all Satisfied | 0 | 0 |
| Total | 60 | 100 |

(Source: primary Data)

Analysis

In this table it is seen that 60% of the respondents fully satisfied, 33% of the policy holders are moderately satisfied, 7% of the policy holders are satisfied to some extent and 0% of the respondents are not at all satisfied.

FIGURE – 6: PREMIUM AND PERFORMANCE WISE CLASSIFICATIONS



Interpretation

It can be inferred that majority of the respondents are fully satisfied with the premium Rates and performance of HDFC, some of the respondents are moderately satisfied with Premium Rates and some of the policy holders are satisfied to some extent because they are attracted toward other insurance company plans, 0% police holders are not satisfied with HDFC premium rates and performance it indicates good performance of Critical illness platinum plan.

HYPOTHESIS TESTING

The essence of health insurance products lies in a successful execution of the policy holder aspiration

| Elements | Strongly agree | Agree | Neutral | Disagree | Strongly disagree | Total |
|-----------------------|----------------|-------|---------|----------|-------------------|-------|
| O | 32 | 10 | 9 | 6 | 3 | |
| E | 12 | 12 | 12 | 12 | 12 | |
| O-E | 10 | -2 | -3 | -6 | -9 | |
| (O-E) ² | 100 | 4 | 9 | 36 | 81 | |
| (O-E) ² /E | 8.33 | 0.33 | 0.75 | 3 | 6.75 | 19.16 |

Where,

- O = Observation
- E = expected value
- D/F = K-1 = 5-1 = 4
- Alpha = 0.05
- Table value = 9.49

Interpretation

Since the table value is less than the calculated hypothesis value that is table value (9.49) and hypothesis value (19.16). hence the hypothesis is accepted, therefore the essence of health insurance products lies in a successful execution of the policy holder aspiration.

SUMMARY OF FINDINGS

- It is Found that majority policy holders are between 30-40 years, insurance policy holders are more male than women, of 75% of the respondents are married because married person have more responsibilities than unmarried person, 34% respondents are belongs to Salaried, 25% of the respondents belongs to Business, 16% of the respondents are housewives this people are taking health Insurance from there Savings,
- 13% are Agriculturalist are invested in Health Insurance it is low because they don't have much knowledge on Health Insurance, 4% are Others, and students are 0%, majority of the are under graduates because they have more knowledge than others, 33% are Post graduates and most of the respondents income is below 50000 and between 50000 to 100000 because they are feeling they have very less income and in order to face future health risks most of them are investing in health insurance.
- Most of the respondents are looking toward to take long term policies and Family policy because they are planning to take long term benefits in order face future health problems.
- Majority of the respondents are moderately satisfied with the premium Rates of HDFC, some of the respondents are fully satisfied with Premium Rates and most of the policy holders are having a Good opinion that HDFC health insurance is performing because they are satisfied with the facilities afforded by the HDFC.
- 27% of the policy holders are having a good opinion about Pre and post hospitalization performance of Health suraksha, 37% of the policy holders are telling that health suraksha policy sum assurance moderately sufficient
- it found that Most of the policy holders are agree that there is simple documentation procedure and they find easy to take policy, majority of the Health Suraksha policy holders are taken 300000 plan because there income level is low and the premium rates are available according to their income and savings capacity, and also most of the Health suraksh policy holders are giving more preference for Hospitalization expenses, 23% of the policy holders are giving more preference to Pre and Post hospitalization expenses,
- many of the policy holders are willing to take Health card because they need easy procedure and to simplify the payment methods
- holders are strongly agree that there is simple documentation procedure.

RECOMMENDATIONS AND SUGGESTIONS

- Creating awareness on Rights & Responsibilities:

The company as to create a awareness Programmes in such a way that the General public should know the Rights and Responsibilities of their policy as it will increase a feel of security to the policy holders.

- Most of the Respondents are taking Health insurance because of tax benefits so the bank need Increased Tax benefit and Gradation of Health service providers.
- Pool for Senior Citizen by Proving Attractive Health insurance Schemes.
Senior citizens are people who are more concern about their health they do see for the a good health policy schemes so it is important to concentrate on Senior citizens by Proving beneficial schemes
- Compulsory Health Benefits for organized sector
It is a employers responsibilities Proving basic need to the employees so all employers as to take care policy on behalf of the employees for Health security employees and employees family
- Government role on mass healthcare initiatives
Govt is concern of the health of the citizens so its taking as much as care on the health by implementing rules that all Organization as to cover a health insurance policy
- Good attractive brochures
It is to attract the customers and make them to take policies to safeguard their health and to make them to invest on their health.
- More number of policies
As there are more income level people one person will not be in position to invest as another person so there are no of policies which can suit to their income
- Continuous up gradations
The mind of the people will not be same, it will be changing to the trend so it is important to up grade the policies according to the changing trend so the policy holder will not losses interest on the policies.
- Giving more Product knowledge
It is important to make the general public to know about the product and make them knowledgably regarding the project so that they will invest in the health products
- Awareness program for rural areas
Rural people are people who wont have much awareness regarding the health products so the company as to take steps to educate the people regarding the policies to make them invest.
- Providing more Customer care Services
After taking the policies it is important to take care of the customer to make them comfortable, that the company is taking care, and concerning, responding to the customers.

CONCLUSION

- The legal and regulatory framework of private health insurance, particularly because it operates in the voluntary market, should continually balance competing goals of access, affordability and quality of healthcare and provide health coverage to a larger fraction of the population with varying risk characteristics and ability to pay. Regulations, aside from their aim of providing protection of health insurance policyholders and beneficiaries, can be potent tools to promote access to healthcare, control pricing of health coverage vis-à-vis healthcare providers and enhance quality of healthcare. Allowing the participation of other entities that provide health coverage, such as Hospital and/or Professional entities, and self-insured health insurance schemes of Mutual Benefit Associations and Cooperatives would further increase the reach and depth of private health insurance. Licensing standards for compliance which are enforced on health care provider facilities as well as self-regulation in the medical profession and within provider groups are necessary for continuing improvement of healthcare quality. Private health insurance cannot grow if reasonable consumer expectations relating to access, cost and quality of healthcare remain promises rather than realities.

POLICY IMPLICATIONS AND SCOPE FOR FURTHER RESEARCH

In the post privatization of the insurance sector in India, number of private insurance players entered in to insurance sector both life and non life, the competition is very Sevier. New health insurance products are introduced by all the firms so also. Also the HDFC health insurance the number of products introduced by sample firm caters to different income group and occupation group. There are certain products of HDFC which are well accepted by the insurance firms and other products are not well received. The findings and suggestions giving in the present dissertation will help the HDFC health insurance to incorporate policy changes

SCOPE FOR FURTHER RESEARCH

- Health Insurance research – is having ample scope the earlier researchers have done remarkable progress in health insurance research however the following topic can be future researched.
- Revenue sharing between corporate hospitals and health insurance companies an policy holders of industrial sector
- Health Challenges and opportunities of health insurance products – A study
- Implication of children insurance policies with particular reference to HDFC Bangalore

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APPENDIX**QUESTIONNAIRE ON "HEALTH INSURANCE PRODUCT PERFORMANCE AT HDFC"****PART A**

1 Which age group you belong to?

- a) 20-30
- b) 30-40
- c) 40-50
- d) Above 50

2) Gender

- a) Male
- b) Female

3) Marital status

- a) Married
- b) Single

4) Which of the following category do you belong to:

- a) Professional
- b) Agriculturalist
- c) Housewives
- d) Business
- e) Salaried
- f) Student
- g) Others

5) Education level:

- a) SSLC/PUC
- c) Post graduate
- b) Under graduate
- d) others

6) Annual Income level:

- a) Below 50,000
- c)100,000-200,000
- b)50,000-100,000
- d) 2,00,000-3,00,000
- e) Above -300,000

PART B

7. Which type of health insurance policy are you looking for?

- a) Short term
- b) Long term

8. Which kind of policy you want/need?

- a) Individual policy
- b) Family policy
- c) Group policy

9. Are you satisfied with the premium rates of HDFC bank health insurance policy?

- a) Sufficient
- b) Moderately sufficient
- c) Sufficient to some extent
- d) Not at all sufficient

10. What is your opinion about performance of HDFC health insurance?

- a) Very good
- b) Good
- c) Satisfied
- d) Bad

HEALTH SURAKSHA

11. What is your opinion about pre and post hospitalization cost coverage's health suraksha policy?

- a) Very good
- b) Good
- c) Satisfied
- d) Bad

12. Do you feel health suraksha plan sum assured is sufficient enough to cover any sort of illness?

- a) Sufficient
- b) Moderately sufficient
- c) Sufficient to some extent
- d) Not at all sufficient

13. Which plan do you choose under health suraksha?

- a) 200,000
- b) 300,000
- c) 400,000

14. From the following health suraksha policy which benefits do you give more preference?

- a) Hospitalization expense
- b) Pre and post hospitalization expenses
- c) Day care procedure
- d) Domiciliary treatment
- e) Emergency ambulance
- f) Ayush benefit

15. Do you need health card?

- a) Yes
- b) No

What is your opinion about health suraksha policy performance?

CRITICAL ILLNESS PLAN

16. What is your opinion about critical illness plan?

- a) Very good
- b) Good
- c) Satisfied
- d) Bad

17. Do you feel critical illness plan sum assured is sufficient enough to cover any sort of illness?

- a) Sufficient
- b) Moderately sufficient
- c) Sufficient to some extent
- d) Not at all sufficient

18. Do you need critical illness insurance under critical illness plan?

- a) Yes
- b) No

19. Which plan do you want under critical illness plan?

- a) For 2,50,000
- b) For 5,00,000
- c) For 7,50,000
- d) For 10,00,000

CRITICAL ILLNESS PLATINUM POLICY

20. What is your opinion about critical illness platinum policy?

- a) Very good
- b) Good
- c) Satisfied
- d) Bad

21. Do you feel critical illness platinum plan sum assured is sufficient enough to cover any sort of illness?

- a) Sufficient
- b) Moderately sufficient
- c) Sufficient to some extent
- d) Not at all sufficient

22. Are you satisfied the hospital network coverage under critical illness platinum policy?

- a) Satisfied
- b) Moderately Satisfied
- c) Satisfied to some extent
- d) Not at all Satisfied

23. Are you satisfied with the premium and Performance of critical illness platinum plan?

- a) Satisfied
- b) Moderately Satisfied
- c) Satisfied to some extent
- d) Not at all Satisfied

24. Are you Agree with regard to tax benefits and documentation of critical illness platinum plan?

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree

A COMPARATIVE STUDY ON CUSTOMER RELATIONSHIP MANAGEMENT IN BANKING SECTOR IN INDIA (INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA AND STATE BANK OF INDIA)

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ABSTRACT

Change is a natural phenomenon. Time cycle necessities a change in perception because almost all use don't venture to go against the wind. A stage of fore competition is found existent in service sector organisations like Banks, Day-care Entertainment, Electrical, Telecommunications, Automobiles, Transport, Tourism, Hotels, Personal Care, Education, Hospitality, Consultancy etc. Liberalization, privatization and globalization of Indian economy made several changes in the Indian service sector. The current research is a comparative study on customer relationship management practices followed by the Indian banking industry. The data is collected from 150 respondents and analyzed by using chi-square to arrive conclusions. The research paper mainly reflects the relationship between theory and facts. As Marvin Harris (Cultural Materialism 1979:7)¹ observed, "facts are always unreliable without theories" On the other hand, theories without facts are meaningless. Chi-square test is used to analyze the primary data for arriving conclusions. Chi square is classical non-parametric approach to testing goodness of fit or the degree of correspondence between observed outcomes and expected outcome (as surveyed by Stuart, Ord and Arnold 1999, Ch. 2)². The findings reveal that both the banks SBI and ICICI follow most of the customer relationship practices to the fullest extent to satisfy and retain the customers. Other CRM practices like customized banking services are being implemented at ICICI only as per customers. Customer relationship is inevitable for today service organisations specially for banking industry to compete from competitors and to earn higher profits.

KEYWORDS

Customer relationship management, Chi-square, Liberalization, Privatization and Globalization.

INTRODUCTION

The successes of a service sector organisation today depends on its ability to serve the customer for "ever" and also making a number of services available to the customers by maintaining good relationship management with the customers, hence there is a need to study the impact of customer relationship management on business prospectus. In this background a study on customer relationship management becomes imperative.

CUSTOMER RELATIONSHIP MANAGEMENT

According to Philip Kotler Customer Relationship Management is the process of carefully managing detailed information about the individual customer and all customers' "touch points" to maximize customer loyalty. A customer touch point is any occasion on which a customer encounters the brand and product-from actual experience to personal or mass communication to casual observation.

AIM

As the objective of every business organisation is to earn profit, the growing competition among the service sector organisations forced banking industry to adopt different strategies to earn profits by satisfying, retaining and delighting the customers. So the present research topic aims at Customer Relationship Management practices followed by the banks to turn outstanding service into outstanding profitability.

OBJECTIVES OF THE RESEARCH

- The main objective of the study is to analyze the need and importance of Customer Relationship Management and its usefulness for the banking institutions to improve the customer loyalty.
- To identify the existing marketing strategies followed by these banks.
- To identify the association between implementation of CRM practices and loyalty of customers in the Indian retail banking sector.
- To identify the growth in customer attraction, retention, loyalty and find the new strategies to be implemented in CRM to improve the customer base.
- To identify the overall growth in business and make suitable suggestions to these banks for improving their customer base.

METHODS AND METHODOLOGY: CRM BEST PRACTICES SURVEY

Two organisations SBI and ICICI banks from banking industry in India are taken for the study. The data for the research collected is from two sources viz., primary and secondary. The primary data has been collected from the customers of the banks. In order to collect primary data the researchers have developed a questionnaire comprising two parts. The first part focuses on demographic factors and second part represents the best practices of CRM. 20 questionnaires were prepared after an extensive review of literature on CRM practices. The questionnaires were distributed to 150 customers of both selective banks and each bank contains 75 respondents selected on simple random sampling basis with an explanation of the meaning of best CRM practices. To support the first-hand information researchers also reviewed some secondary source like books, magazines, internet, journals and other published information. The demographic data collected during the study from the customers of the bank are analyzed and represented graphically in the form of charts. The analyzed and interpreted results of the study were carried out to accept and in some cases not to accept the aims and objectives of the study. The research was justified by adopting different methods of data collection and analysis. According to Miles and Huberman (1994 p.41)³ data analysis can "help by validating, interpreting, clarifying and illustrating findings as well strengthening and reversing theory". Finally this study deals with the analysis and interpretation of the primary data collected through questionnaires administered.

CRM AS A MARKETING STRATEGY

Relationship with customers and parties outside the organisation are helpful in many ways to service companies. Apart from gaining competitive advantage in transactions the relationship is helpful in having referred markets, employment markets, good quality and distinctive advantages. Relationship is possible only when a company fulfills its promises to the satisfaction of the respective parties. Research studies have shown that building relationship with a new customer is 9 times costly than retaining an existing customer. This is also helpful to the organisation to promote each party from the stage of prospect buyer, buyer to consumer, customer to client, client to supporter, supporter to an advocate and advocate to a partner in the hierarchy of relationships.

HOW CRM IS USED

Bruce Laval, former vice president of Disney coined a term "gusetology" to focus every ones attention on the importance of guest behavior and expectations. Guestology turns traditional management thinking upside down. Instead of focusing on organisational design, managerial hierarchy and production system to maximize organisational efficiency, it forces the firm to look systematically at the customer experience from the guest's point of view. Guestology involves systematically searching for the key factors that determine quality and value in the eyes of the guests, analyzing them measuring their impact on the customer experience, testing various strategies that might improve the quality of experience and then by providing a combination of factors or elements that attracts loyal customers.

Perhaps the greatest challenge that the banking sector all over the world will have to face is the one that emanates from foreign shores. With increased global interests in India, the number of foreign players eyeing in huge Indian market can only grow. It is a well-known fact that foreign banks have been exploring for "good buys" in the banking sector for some time now. The strategies in their game plan have been the regulatory issue which effectively debarred them from such activities. Relationship has spread a widespread term in the earliest of 21st century, but has long history under different names. The relationship notion was inherent in the Nordic School of thought (Goronnos, 1990 and 1993 and Gummesson, 1993 and 1997)⁴ and was an integral part of the interaction and network approach to industrial marketing of the IMP group (Hakansson, 1992 and Hakansson and Snehota 1995)⁵. It was also discussed as contemporary marketing practice (Brodie et al ... 1997; and Parvatiyar and Sheth 2000)⁶ and with Pyane it became more popular as the Anglo-Australian approach 1995. An early definition of relationship marketing as is provided by Gronoros (1990,p, 7)⁷ "The role of relationship marketing is to identify, establish, maintain and enhance relationships with customers and other stakeholders, at a profit so that the objectives of all other parties involved are met; and this is done by mutual exchange and fulfillment of promises". This definition is in consensus with Zablah et al. (2004, P.480)⁸, who defines the purposes of customer relationship management as "building and maintaining a profit maximizing portfolio of customer relationships" Gummesson (2002, p.3)⁹ however defines relationship marketing based on interaction with the networks of relationship. Morgan and Hunt (1994, p.22)¹⁰ also defines that all marketing activities are directed towards establishing developing and maintaining successful relational exchangers.

Customer satisfaction is the sum total of customers' expressions of service quality and depends upon the customers' own perceptions and expectations. Service quality is the ability of a product or service to perform its specified tasks (Ennew et al; 1993)¹¹. When a customer expects certain level of service and he actually perceives more than that of what he will be dissatisfied. Service quality is the gap between customer's expectations of service and his perceptions of service (Parusuraman 1985)¹². Customer's satisfaction implies necessary presence of a goal the customer's wants to achieve (Molina, et al... 2007)¹³. Service quality satisfaction is the outcome of resources and activities expanded to offer service against the expectations of the users from the same (Purohith and Pathardikar, 2007)¹⁴. Therefore it has also widely used by the academicians/researchers to measure service quality in banks (Kangis and Vouklatos, 1997, Bhat, 2003, Yuvas et al... 2004, Arasli et al ... 2005 Joshia and Koshi 2005 Lopez et al ... 2007 Wong et al.. 2008)¹⁵ as per the model customers' expectations and perceptions regarding service quality were compared on some dimensions i.e. reliability, responsiveness, compliance, access courtesy, communications, credibility, security, knowing the customers and tangibles.

CRM MEASUREMENT

It is necessary to measure customer satisfaction regularly by surveying the customer to know whether they are highly satisfied, indifferent, dissatisfied or highly dissatisfied. Customer complaints are one of the important sources to track the level of customer satisfaction. The speed and manner in which the company responds to the complaints made by the customer makes vast differences in consumer perceptions. In the words of Albrecht and Zemke between 54% to 70% of the customers who register a complaint will do business again with the organisation if their complaint is resolved. The figure goes up to a staggering 95% if the customer feels that the complaint was resolved quickly. Customer who had complained to an organisation and have had their complaints satisfactorily resolved usually tell an average of five people about the good treatment they received.

Every individual possess different acumen to judge performance of service providers. The following questionnaire is framed based on customer relationship management practices implemented by two banks SBI and ICICI. The responses from different customers were collected as primary data from both the banks – SBI and ICICI and compiled as shown in the tables (I to XXIII). Our analysis is divided into two parts, part I is based on the respondents' profile, containing in Tables I, II and III that give us the total number of respondents that occupy different profession/occupation, education level and income levels. Part II analysis is given from Tables IV to XXIII that is based on questionnaires using Chi Square analysis with the null hypothesis that customer relationship practices followed by both banks SBI and ICICI are same for respective customers.

TABLE I: OCCUPATION/PROFESSION OF THE RESPONDENTS - THE TYPE OF BANK SERVICE THEY ARE USING

| | Doctors | Engineers | Academicians | Consultants | Managers | Others | Total |
|-------|---------|-----------|--------------|-------------|----------|--------|-------|
| SBI | 2 | 3 | 26 | 2 | 2 | 40 | 75 |
| ICICI | 0 | 5 | 6 | 2 | 6 | 56 | 75 |
| Total | 2 | 8 | 32 | 4 | 8 | 91 | 150 |

Source: Primary data (compiled from tabulated response)

The above table shows different professions of customers with their respective banks. The ability to take informed decisions would largely depend on the profession/occupation level of the customer. Relationship with service provider would be affected by the customer's ability to scan in and around things to find the right opportunity. It is observed that most of customers at SBI are academicians and others-which includes business people and at ICICI majority of them are business people.

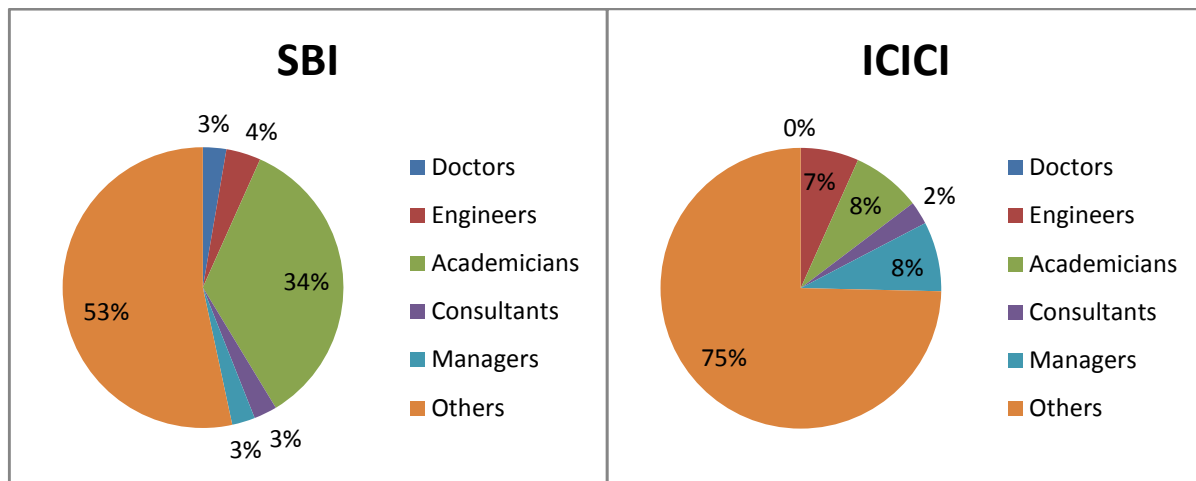
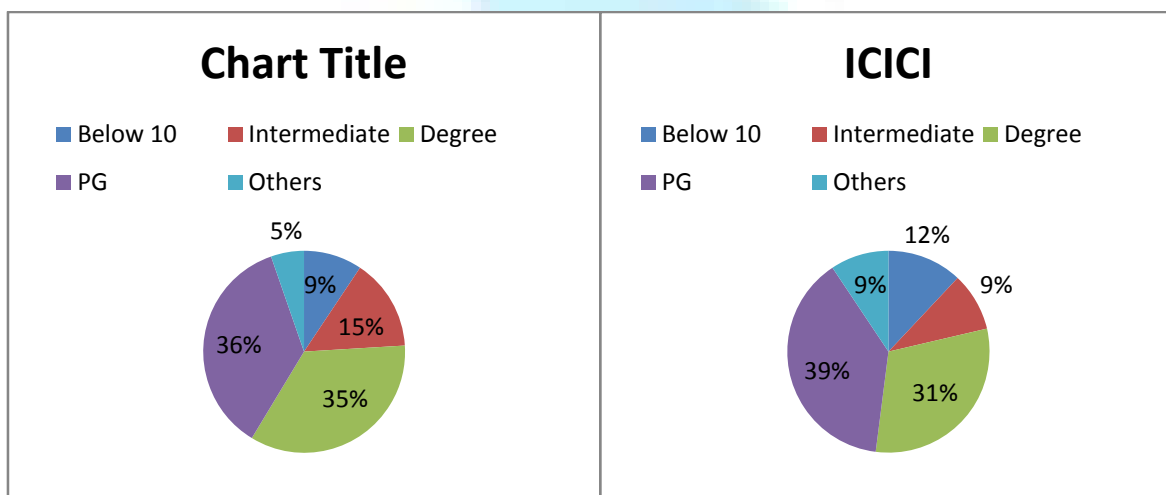


TABLE II: EDUCATIONAL QUALIFICATIONS OF THE RESPONDENTS – THE TYPE OF BANK SERVICE AVAILING

| Bank | Below 10 | Intermediate | Degree | PG | Others | Total |
|-------|----------|--------------|--------|----|--------|-------|
| SBI | 7 | 11 | 26 | 27 | 4 | 75 |
| ICICI | 9 | 7 | 23 | 29 | 7 | 75 |
| Total | 16 | 18 | 49 | 56 | 6 | 150 |

Source: Primary data (compiled from tabulated response)

Above table gives educational qualifications of different respondents associated with both the banks SBI and ICICI.



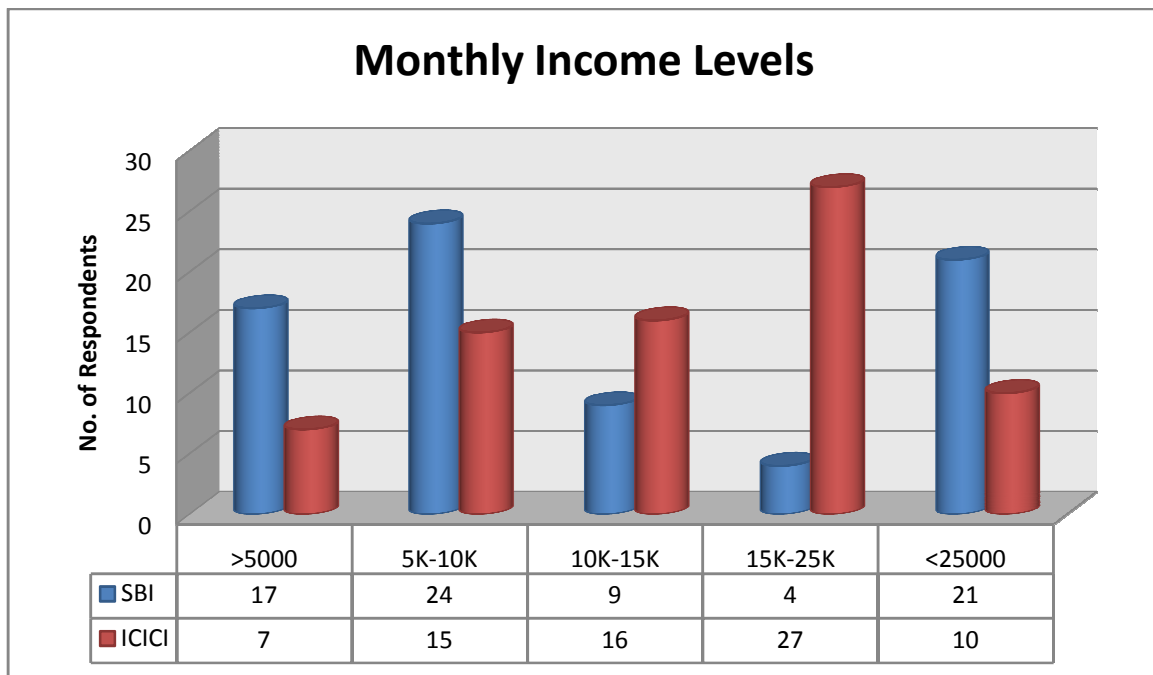
It is observed that majority of respondents from both the banks have qualification of either graduation or Post graduation.

TABLE III: MONTHLY INCOME LEVEL OF THE RESPONDENTS – TYPE OF THE BANK SERVICE AVAILING

| Bank | >5000 | 5K-10K | 10K-15K | 15K-25K | <25000 | Total |
|-------|-------|--------|---------|---------|--------|-------|
| SBI | 17 | 24 | 9 | 4 | 21 | 75 |
| ICICI | 7 | 15 | 16 | 27 | 10 | 75 |
| Total | 19 | 39 | 25 | 31 | 31 | 150 |

Source: Primary data (compiled from tabulated response)

Above table gives us the idea of different income levels of customers associated with the respective banks. Customers who are going for the bank mainly depend on the income level and habit of usage of their monthly income. From the table, it is observed that majority of customers from both the banks are under graduates or post graduates. Hence an understanding of the income levels of the respondents become necessary.



It is observed that above 5000 monthly income holders are visiting the banks frequently and more concentrated on the relationship practices followed by the bank. From the above table, it is observed that customers with income levels between 5000 and 10000 more customers are availing SBI services while 10000 to 25000 more customers are availing ICICI services.

II. The responses from customers from the respective banks were given below and are tested for hypothesis.
 Null hypothesis H_0 = Customers view the CRM practices implemented by both the banks are equal.
 Alternate Hypothesis H_1 = Customers view the CRM practices implemented by both the banks differ.
 The theoretical chi square value for $\{(2-1) \times (5-1) = 4\}$ $n=4$ degrees of freedom at 5% significance level is 9.488.

TABLE IV: Q. Your bank provides service very quickly

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|--------|----------|---------|----------|--------|-------|
| SBI | 4(2.5) | 7(10) | 5(8) | 46(44.5) | 13(10) | 75 |
| ICICI | 1(2.5) | 13(10) | 11(8) | 43(44.5) | 7(10) | 75 |
| Total | 5 | 20 | 16 | 89 | 20 | 150 |

Source: Primary data (compiled from tabulated response)

It is the responsibility of the banker to provide quick service facility so that customers can be retained with the banker. The observed chi square value is 7.75, whereas theoretical value is 9.488. From the analysis, the observed value falls below the theoretical value and we can infer that both the banks provide quick service.

TABLE V: Q. Quality of service provided by your bank is very good

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|------|----------|----------|----------|--------|-------|
| SBI | 5(3) | 5(7) | 11(11.5) | 36(39.5) | 18(14) | 75 |
| ICICI | 1(3) | 9(7) | 12(11.5) | 43(39.5) | 10(14) | 75 |
| Total | 6 | 14 | 23 | 79 | 28 | 150 |

Source: Primary data (compiled from tabulated response)

Providing un-interrupted services and to provide quality service is a challenging task for the service provider. This enables the company to get more market share and get more satisfied customers. The observed chi square value is 6.744, whereas theoretical value is 9.488. From the analysis, the observed value falls below the theoretical value and we can infer that the quality of service is very good at both the banks.

TABLE VI: Q. Your bank service is without disruption

| Bank | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Total |
|--------------|-------------------|----------|----------|--------|----------------|-------|
| SBI | 5(3.5) | 9(12.5) | 11(14.5) | 41(38) | 9(6.5) | 75 |
| ICICI | 2(3.5) | 16(12.5) | 18(14.5) | 35(38) | 4(6.5) | 75 |
| Total | 7 | 25 | 29 | 76 | 13 | 150 |

Source: Primary data (compiled from tabulated response)

Customers need quality and continuous services from the service provider. The observed chi square value is 7.328, whereas theoretical value is 9.488. We can conclude that both the banks are providing better and continuous services to all its customers.

TABLE VII: Q. I do not consider online financial transaction safe

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|---------|----------|---------|--------|----------|-------|
| SBI | 14(7.5) | 6(14.5) | 0(5.5) | 39(36) | 16(11.5) | 75 |
| ICICI | 1(7.5) | 23(14.5) | 11(5.5) | 33(36) | 7(11.5) | 75 |
| Total | 15 | 29 | 11 | 72 | 23 | 150 |

Source: Primary data (compiled from tabulated response)

Today, in this high technology based world doing an online financial transaction has become essential for customers due to many reasons. The choice of doing an online transaction largely depends on the time available to the customer. This would not only reduce the load of bank and making customer feel cared for, but also helps in reducing the traveling time of customers. But customers at times feel that online transaction may not be safe. So from customers point of view, technology may have many advantages and same way it also have some disadvantages like two sides of a coin. Technology helps the companies to regulate its activities and increase revenue. The observed chi square value is 36.02, whereas theoretical value is 9.488. The observed value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e., both customers of SBI and ICICI differ in their preferences. We can infer that most of ICICI customers disagree or are neutral to the questionnaire indicating they would prefer online transactions safe.

TABLE VIII. Q. Technology gives people more control over their life

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|--------|----------|---------|--------|--------|-------|
| SBI | 8(5.5) | 8(12.5) | 2(5) | 41(41) | 16(11) | 75 |
| ICICI | 3(5.5) | 17(12.5) | 8(5) | 41(41) | 6(11) | 75 |
| Total | 11 | 25 | 10 | 82 | 22 | 150 |

Source: Primary data (compiled from tabulated response)

Fast changing technology helps the people to improve their living standards, reduce time, control over their life. Both the customers as well as service providers are using information technology as it reduces the time for transactions for customers as well as for employees. The observed chi square value is 13.65, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e., both the customers of SBI and ICICI differ in their perceptions.

TABLE IX. Q. Your bank customer support lines are not useful due to language problem

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|-------|----------|---------|----------|----------|-------|
| SBI | 11(6) | 7(14.5) | 2(5.5) | 37(36.5) | 18(35.5) | 75 |
| ICICI | 1(6) | 22(14.5) | 9(5.5) | 34(36.5) | 9(35.5) | 75 |
| Total | 12 | 29 | 11 | 71 | 27 | 150 |

Source: Primary data (compiled from tabulated response)

Technology may have its own advantages but also has certain limitations. The observed chi square value is 23.72, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value, the customers of SBI and ICICI have different opinions with the statement. Some of the customers at SBI strongly disagree, some strongly agree while majority of them agree for the statement. Whereas at ICICI, majority of them agree, some disagree and few of them strongly agree.

TABLE X. Q. New technologies implemented by your bank is convenient to use

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|------|----------|---------|--------|----------|-------|
| SBI | 7(4) | 8(14.5) | 1(3) | 40(40) | 19(13.5) | 75 |
| ICICI | 1(4) | 21(14.5) | 5(3) | 40(40) | 8(13.5) | 75 |
| Total | 8 | 29 | 6 | 80 | 27 | 150 |

Source: Primary data (compiled from tabulated response)

New technologies are useful and convenient. Because of the new technologies customers are getting more benefits specially for banking industry like online transactions, extended working hours. Electronic banking services delivered online have spread quickly in recent years. The observed chi square value is 17.46, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e., both the customers of SBI and ICICI differ in their perceptions in using new technologies as some of the customers are not able to get the advantage of the technology. It is the responsibility of the company to guide customers in using new technologies implemented by them.

TABLE XI. Q. Your bank fulfills its promises in time

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|-------|----------|---------|--------|----------|-------|
| SBI | 11(8) | 11(13) | 8(8) | 29(33) | 16(13.5) | 75 |
| ICICI | 5(8) | 15(13) | 7(8) | 37(33) | 11(13.5) | 75 |
| Total | 16 | 26 | 15 | 66 | 27 | 150 |

Source: Primary data (compiled from tabulated response)

From the table, majority of the customers agree that both the banks, SBI and ICICI are fulfilling their promises in time. The observed chi square value is 4.75, whereas theoretical value is 9.488. The observed chi square value is smaller than that of theoretical value and we can infer that the null hypothesis is true i.e., both the customers of SBI and ICICI accept that the respective banks are fulfilling their promises in time.

TABLE XII. Q. Your bank shows a sincere interest in problem solving/grievance handling

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|--------|----------|---------|--------|--------|-------|
| SBI | 6(5.5) | 10(3.5) | 12(11) | 32(34) | 15(11) | 75 |
| ICICI | 5(5.5) | 17(3.5) | 10(11) | 36(34) | 7(11) | 75 |
| Total | 11 | 27 | 22 | 68 | 22 | 150 |

Source: Primary data (compiled from tabulated response)

It is the responsibility of the service provider to show sincere interest in problem solving. If not attended in time, this could spread bad publicity among others. The observed chi square value is 6, whereas theoretical value is 9.488. The observed chi square value is smaller than that of theoretical value and we can infer that the null hypothesis is true i.e., both the customers of SBI and ICICI accept that the respective banks shows interest in solving the problems of the customers.

TABLE XIII. Q. Your bank performs required service correctly in very first instance

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|--------------|--------|----------|----------|----------|--------|-------|
| SBI | 6(5.5) | 14(14.5) | 11(10.5) | 30(34.5) | 14(10) | 75 |
| ICICI | 5(5.5) | 15(14.5) | 10(10.5) | 39(34.5) | 6(10) | 75 |
| Total | 11 | 29 | 21 | 69 | 20 | 150 |

Source: Primary data (compiled from tabulated response)

The future of any organisation depends on its efficiency and effectiveness of its management policies and functions. The observed chi square value is 4.5, whereas theoretical value is 9.488. The observed chi square value is smaller than that of theoretical value and we can infer that the null hypothesis is true i.e., both the customers of SBI and ICICI accept that the respective banks perform required service correctly in very first instance.

TABLE XIV. Q. Your bank insists on error free records

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|------|----------|---------|----------|-------|-------|
| SBI | 7(6) | 11(13.5) | 15(13) | 30(31.5) | 12(9) | 75 |
| ICICI | 5(6) | 16(13.5) | 15(13) | 33(31.5) | 6(9) | 75 |
| Total | 12 | 27 | 30 | 63 | 18 | 150 |

Source: Primary data (compiled from tabulated response)

A transparent and error free transaction creates lot of confidence, faith and trust among customers. This can be successfully achieved only when the organisation maintains error free records. The observed chi square value is 3.38, whereas theoretical value is 9.488. The observed chi square value is smaller than that of theoretical value and we can infer that the null hypothesis is true i.e. both the customers of SBI and ICICI accept that the respective banks maintain error free records.

TABLE XV. Q. Your bank keeps customers informed about its present status, its future plans, newproducts to be launched, updating interest rates etc.

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|------|----------|----------|----------|---------|-------|
| SBI | 5(4) | 15(12.5) | 13(14.5) | 35(35.5) | 7(8.5) | 75 |
| ICICI | 3(4) | 10(12.5) | 16(14.5) | 36(35.5) | 10(8.5) | 75 |
| Total | 8 | 25 | 29 | 71 | 17 | 150 |

Source: Primary data (compiled from tabulated response)

Today's growing competition encourages the banks to perform such type of activities to retain the existing customers and attract the new customers. The observed chi square value is 2.33, whereas theoretical value is 9.488. The observed chi square value is smaller than that of theoretical value and we can infer that the null hypothesis is true i.e. both the customers of SBI and ICICI accept that the respective banks inform customers about its present status, its future plans, new products to be launched, updating interest rates etc.

TABLE XVI. Q. Your bank employees provide prompt service

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|--------|----------|---------|--------|---------|-------|
| SBI | 6(4.5) | 4(8) | 15(16) | 40(40) | 10(6.5) | 75 |
| ICICI | 3(4.5) | 12(8) | 17(16) | 40(40) | 3(6.5) | 75 |
| Total | 9 | 16 | 32 | 80 | 13 | 150 |

Source: Primary data (compiled from tabulated response)

Employees need to provide prompt service to the customers. Customer expects best services from the company. Customer who do not receive the same and desired service, will leave the existing service provider. The observed chi square value is 8.88, whereas theoretical value is 9.488. The observed chi square value is smaller than that of theoretical value and we can infer that the null hypothesis is true i.e. both the customers of SBI and ICICI agree that the respective banks provide prompt service to customers.

TABLE XVII. Q. Employees in company always willing to help me and provide customized service

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|------|----------|---------|--------|---------|-------|
| SBI | 5(4) | 8(9.5) | 4(8) | 44(45) | 3(8.5) | 75 |
| ICICI | 3(4) | 11(9.5) | 12(8) | 46(45) | 14(8.5) | 75 |
| Total | 8 | 19 | 16 | 90 | 17 | 150 |

Source: Primary data (compiled from tabulated response)

Service providers should give required and desired attention to the customers to retain the existing customers and to attract the new customers. It helps in gaining the market share if it utilizes resources in a proper way and pays attention on small aspects like providing etc. to maintain customer loyalty. The observed chi square value is 12.1, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e. both the customers of SBI and ICICI do not accept that the respective banks pay desired attention to customers. Few customers from ICICI bank do strongly agree for the statement, and it can be concluded that private sector banks are ahead of public sector banks in providing personalized services to the customers.

TABLE XVIII. Q. Bank employees understand your needs

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|--------|----------|----------|----------|--------|-------|
| SBI | 9(5.5) | 14(14) | 5(14.5) | 40(36.5) | 7(4.5) | 75 |
| ICICI | 2(5.5) | 14(14) | 24(14.5) | 33(36.5) | 2(4.5) | 75 |
| Total | 11 | 28 | 29 | 73 | 9 | 150 |

Source: Primary data (compiled from tabulated response)

All service organisations are working for need recognition and satisfaction of the customer groups, which enables them to enhance the loyal customers. Customer expectations from the banks have been changing from time to time and in turn banks need to fulfill these expectations. The observed chi square value is 20.26, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e. both the customers of SBI and ICICI do not accept that the respective bank employees do understand the needs of customers. Though most of the respondents from both banks agree for the statement, few respondents from ICICI strongly disagree and some are neutral for the statement.

TABLE XIX. Q. Operating hours of your bank are Convenient

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|-------|----------|----------|--------|--------|-------|
| SBI | 11(7) | 14(18) | 13(15.5) | 31(30) | 6(4.5) | 75 |
| ICICI | 3(7) | 22(18) | 18(15.5) | 29(30) | 3(4.5) | 75 |
| Total | 14 | 36 | 31 | 60 | 9 | 150 |

Source: Primary data (compiled from tabulated response)

Both working men and women need flexible banking hours. Because of these banks are working in both morning and evening hours. The observed chi square value is 8.18, whereas theoretical value is 9.488. The observed chi square value is less than that theoretical value and we can infer that the null hypothesis is true i.e. both the customers of SBI and ICICI do accept that the operating hours of respective banks are convenient to use.

TABLE XX. Q. Your bank has modern equipment

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|------|----------|---------|--------|----------|-------|
| SBI | 6(4) | 12(8) | 7(7.5) | 33(42) | 17(13.5) | 75 |
| ICICI | 2(4) | 4(8) | 8(7.5) | 51(42) | 10(13.5) | 75 |
| Total | 8 | 16 | 15 | 84 | 27 | 150 |

Source: Primary data (compiled from tabulated response)

After the globalization of Indian economy, banking industry got drastically changes like use of new technologies, modernization of the banking premises, anywhere banking though online, maintain customer care department etc. The observed chi square value is 11.72, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e., both the customers of SBI and ICICI disagree that the respective banks have modern equipment. Most of the respondents from ICICI agree, few customers from SBI disagree with the statement.

TABLE XXI. Q. Your bank's physical facilities has visual appeal

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|------|----------|---------|----------|----------|-------|
| SBI | 6(3) | 10(6) | 8(9) | 38(44.5) | 13(12.5) | 75 |
| ICICI | 0(3) | 2(6) | 10(9) | 51(44.5) | 12(12.5) | 75 |
| Total | 6 | 12 | 18 | 89 | 25 | 150 |

Source: Primary data (compiled from tabulated response)

Bank's physical facilities like directions for customers, drinking water, chairs etc, satisfies customer once he enters a bank. The observed chi square value is 13.46, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e., both the customers of SBI and ICICI disagree that the respective banks' physical facilities has visual appeal. More customers from ICICI agree that while few customers from SBI strongly disagree with the statement.

TABLE XXII. Q. Your bank's employees are well dressed, professional and neat & clean

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|--------|----------|---------|----------|--------|-------|
| SBI | 7(3.5) | 10(6.5) | 6(9.5) | 35(40.5) | 17(15) | 75 |
| ICICI | 0(3.5) | 3(6.5) | 13(9.5) | 46(40.5) | 13(15) | 75 |
| Total | 7 | 13 | 19 | 81 | 30 | 150 |

Source: Primary data (compiled from tabulated response)

Customer relationship management not only insists on qualitative work to be delivered but also employee behavior and their well dressing. The observed chi square value is 15.32, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true i.e., both the customers of SBI and ICICI disagree with the statement.

TABLE XXIII. Q. Your bank premises is neat and clean

| Bank | SD | Disagree | Neutral | Agree | SA | Total |
|-------|--------|----------|---------|--------|--------|-------|
| SBI | 6(3.5) | 10(6) | 4(7.5) | 39(42) | 16(16) | 75 |
| ICICI | 1(3.5) | 2(6) | 11(7.5) | 45(42) | 16(16) | 75 |
| Total | 7 | 12 | 15 | 84 | 32 | 150 |

Source: Primary data (compiled from tabulated response)

Banks can look into this aspect and try to focus on having unanimous "excellent" vote for cleanliness, as this is one aspect which affects the mood of the customer interacting at a particular time. If the ambience is good, customer might not mind to wait for some more time. With the existence of private players in banking industry, public sector banks also follow some of the strategies like maintaining premises clean and neat. The observed chi square value is 12.54, whereas theoretical value is 9.488. The observed chi square value is greater than that of theoretical value and we can infer that the null hypothesis is not true. Though most of the customers from both SBI and ICICI agree, few customers from SBI strongly disagree and few from ICICI are neutral for the statement.

CONCLUSION

The banking industry in India has undergone volatile changes during the last decade and one of the major areas of change has been customer service. Customers of today demand 'universal banking'. Prior empirical work implies that more relationship building is not necessarily better, but rather building the right type of relationship is the key performance improvement. "Customer is the king and he/she is always right" is the universal truth. If a satisfied customer can add 100 new customers, than a dis-satisfied customer can deduct 1000 customers. From the analysis it is observed that academicians prefer to use public sector bank services and business people prefer to use private sectors. The analysis has shown that there is association between customers and CRM practices implemented by the banks. Customers of both SBI and ICICI are satisfied with the operating timings, reliability of bank's transactions, knowledgeability and the attitude of the bank employees etc. On the basis of the analysis it can be concluded that large and majority of the customers are satisfied with the present functioning of bank and would be definitely be delighted if the bank changed its exchange with customers to become more cognitive, emotional, physical pleasing and well connected. To embrace CRM in public sector banks, it must transform its focus from a product oriented view to a customer oriented view, something that requires an architecture that is able to change the organisational culture and operations as well, in order to bring about closer cooperation between CRM and the various stakeholders. ICICI looked for niche areas and did their marketing and are considerably doing well. Public sector banks are lagging behind in this competition and it will be very difficult for them to survive, unless they change themselves. Public sector bank should understand that they live in a competitive environment and they have to develop some amount of competitive advantage. Regardless of the scope of operations and background it is becoming clear that they all have to be more customers focused in their operations. In today business environment the overall corporate brand perception plays big role in the market place, as does the utility value of the product/service provided by it.

LIMITATIONS FOR THE STUDY

This study has taken a sample of 150.75 customers from each bank, due to time and cost constraint. More sample size may be taken for improved judgment. The conclusions derived from the study is applicable only for these banks but not for the entire industry. The results applicable for the current year possible to vary in future.

SCOPE FOR FURTHER RESEARCH

Though there are number of studies made on Customer Relationship Management (CRM), there is an ample scope for further research in the critical areas like customer retention, customer delight, customer excitement, and customer loyalty in service sector which could be explored in many dimensions. The impact of Customer Relationship Management may be examined by taking an enlarged sample by considering both Public and Private sector organisations, (or) only public

sector organisations (or) only private sector organisations. The study mainly focused on the selected service sector organisation such as banking both under public and private sector operations. The researchers mainly focused on this sector because of cut-throat competition and rapid growth in this sector. One could use more than three organisations and the study can be extended to modern organisations, such as Hospitality, Health Care, Personal Care, Transport & Tourism, Educational services, Information Technology, etc. in retaining the existing customers, and also to attract the new and potential customers.

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WORK ETHICS AND ITS IMPACT ON JOB SATISFACTION OF INDIAN MANAGEMENT TEACHERS - AN EMPIRICAL STUDY

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ABSTRACT

Better corporate governance and greater accountability have once again surfaced as exigent issues. Organizations continue to recognize the value of an ethical culture. One recent survey found that 94% of employee respondents strongly stated the need for an ethical employer and that 36% said they have left a job in disagreement with a company's ethical standards (Yahr, Bryan, & Schimmel, 2009).⁶ In the recent past, numerous examples of the lack of ethics have emerged. The collapse of companies like Arthur Andersen, LLP was the result of lapses in ethical judgment. Business schools and business students compete with people from across the globe with diverse cultural orientations. Critics claim that business schools focus too much on the achievement of the bottom-line at all costs and that this indoctrination has led to unethical behaviors and scandals associated with Enron, Tyco, WorldCom, and other such firms (Mitroff, 2004).⁷ To improve ethical decision making, the role of parents, churches, elementary and secondary schools, colleges and universities, businesses, communities and corporations had increase manifold. These efforts include implementing and improving training, awareness and education, as well as instituting codes of conduct. A conflict between ethical values of the employees and the organization's ethical climate will lead to lower level of job Satisfaction. This is expected to lead to dissatisfaction among employees. Thus, the purpose of this study was to explore a relationship between work ethics and its impact on the job satisfaction of Indian Management Teachers from diversified institution like management colleges of state university, central university and private university, besides IIMs.

KEYWORDS

Job Satisfaction, Management education, Work Ethics

I. INTRODUCTION

Every individual of this world wants to live in an ideal world, where he seeks to determine the norms, ideals and standards of the particular society or organization. It is generally observed that there are three ideals of human life i.e. *truth, beauty & goodness*. They correspond to three aspects of our experience - *thinking, feeling & willing*. The ideals of goodness refer to the 'Ethics'.

Manuel G. Velasquez, "Ethics is the discipline that examines one's moral standard or moral standards of society".⁸

Ethics has been woven into every aspect of professional education since the first professional schools were established in the great river civilization of China, Egypt and Sumeria. Moral education was the primary goal of the first U.S. College and the 'Central Goal' of the curriculum. The entire college environment was to develop sensitivity to moral responsibilities to teach ethical thought and action and to develop student's character says McNeil, 1994.⁹

In the recent past, numerous examples of the lack of ethics has emerged. The collapse of companies like Arthur Andersen, LLP was the result of lapses in ethical judgment. Arthur Andersen was indicted on criminal charges for its role in obstructing the government's investigation into Enron's accounting practices. As a result, Arthur Andersen now ceases to exist. Also, in the absence of ethical judgment, many companies had to file for bankruptcy. The dearth of ethical decision making has also had significant impact on companies like Tyco International Ltd., KPMG LLP, Tyson Foods, Inc. and Wal-Mart Stores, Inc. Dennis and many others. Poor ethical decision making can destroy individuals, companies, and their reputations, having significant negative impact on all those who are involved.

Many faculties and other stakeholder attempting to articulate the goals or purposes under girding ethics teaching efforts are entering into territory that has been relatively unexplored. Business schools and business students compete with people from across the globe with diverse cultural orientations. Critics claim that business schools focus too much on the achievement of the bottom-line at all costs and that this indoctrination has led to unethical behaviors and scandals associated with Enron, Tyco, WorldCom, and other such firms (Mitroff, 2004).¹⁰ (Ghoshal S., 2005) states that "business schools have actively freed their students from any sense of moral responsibility" because faculty members teach theories that are ideological in nature (2005, p. 76).¹¹

To improve ethical decision making, the role of parents, churches, elementary and secondary schools, colleges and universities, businesses, communities and corporations had increase manifold. These efforts include implementing and improving training, awareness and education, as well as instituting codes of conduct. Ethics has come to be considered a management discipline, especially since the birth of the social responsibility movement in the 1960s. Sumantra Ghoshal, a respected business academician, argued that the way MBA students are taught freed them from any sense of moral responsibility for what they subsequently do in their business lives (Ghoshal S. 3., 2005).¹² Ghoshal would have a winning argument if business schools were not including ethical education within required coursework. Most business schools are integrating ethical decision making within the required core courses of all business majors as well as requiring a separate business ethics class. Business schools are giving a balanced picture that you can both make money and keep your moral standards, that success and ethics are not mutually exclusive. Ghoshal's argument shows that business schools do have to develop ethical decision making skills in their students. Business colleges and universities need to balance the instruction of business skills with the teaching of ethics. Omission of ethics within the curriculum will lead students and others to the conclusion that business schools are guilty by omission of abdicating their responsibilities in the area of ethical behavior. Integrating ethics into the business school curriculum will truly change an important dimension of the learning process for the student. Business schools need to

⁶ Yahr, M., Bryan, L., & Schimmel, K. (2009). *Perceptions of College and University Codes of Ethics*. Journal of Academic and Business Ethics, 1-10.

⁷ Mitroff, I.I. (2004). *An Open Letter to the Deans and Faculties of American Business Schools*. Journal of Business Ethics, 185-189.

⁸ Manuel G. Velasquez (1998). *Business Ethics : Concepts and Cases*. Fourth Edition, Prentice Hall Inc., Upper Saddle River, N.J.

⁹ McNeil, S. P. (1994). *College Teaching and Student Moral Development in J.R. Rest and D. Narva'ez (eds.), Moral Development in the Professions : Psychology and Applied Ethics*. Lawrence Erlbaum Associates, Publishers, Hillsdale, NJ, pp. 27-49.

¹⁰ Mitroff, I.I. (2004). *An Open Letter to the Deans and Faculties of American Business Schools*. Journal of Business Ethics, 185-189.

¹¹ Ghoshal, S.3. (2005). *School of Scandal*. The Economist.

¹² Ghoshal, S.3. (2005). *School of Scandal*. The Economist.

be part of the collaborative effort of restoring ethics to the business world as well as improving the image of business professionals. Another argument for teaching ethics as part of the business curriculum is that it is the beginning of the student's business career (Merritt, 2003). Therefore start fresh with an ethical perspective and maintain this perspective throughout your professional career.

Ethical situation in organization are becoming increasingly more complex, involving issues such as societal expectation, legal protection & rights and social responsibilities. At an organizational level, much results can be found from understanding the, if any, between a firm's ethical behaviour and performance (e.g. financial performance). On an individual level, consequences such as job satisfaction, stress, motivation, commitment or job performance can have significant impact on organization.

Another factor job satisfaction is also studied which is related with work ethics. Job satisfaction is defined as "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs" (Spector, 2000)¹³. Job satisfaction has been a matter for worries now-a-days. Organizations realized that employees Job satisfaction is a key element for increasing customer satisfaction and keep their business running as competition. Employee dissatisfaction that has a problem will spread the problem to his/her workmate, and will be affected on the organization operating. Even the employees, who are not satisfied, can be a useful source of information for the organization to develop business strategies, and the formulation of tactical decisions.

Job satisfaction is one of the most researched areas of organizational behaviour and education. It is perceived as an attitudinal variable measuring the degree to which employees like their jobs and the various aspects of their jobs (Spector, 1997)¹⁴. This is an important area of research because job satisfaction is correlated to enhanced job performance, positive work values, high levels of employee motivation, and lower rates of absenteeism, turnover and burnout (Begley & Czajka, 1993)¹⁵; (Tharenou, 1993)¹⁶.

As many of the corporate scandals are the results of unethical behaviour of the professional. These ethical lapses of senior executives which lead to major scandals which had caused financial challenges that the world is facing today, targets business schools and their graduates. Thus, for maintaining corporate governance and greater accountability, business organizations and academic institutions play's a major role. As a training ground of Professional Manager, the effort must first start in the management schools. At initial level, it is the academician who are accountable for developing ethical behaviour among the students as they act as a model for students, disseminate knowledge and skills to students, educate and inculcate moral values, inculcate good behaviour, develop students' potentials intellectually, spiritually, emotionally and physically.

Now the question arises what are the factors which are responsible for the ethical environment of the organization and how these factors affects the ethics of the management teachers and also how it has an impact on the job satisfaction of management teachers.

II. REVIEW OF LITERATURE

Management Ethics became important these days in management institution. Management in management colleges should be such that it increases staff satisfaction for work environment and should provide effective education methods for the learners. In the research, Saks et.al found that a stronger belief in work ethics has a direct relationship with job satisfaction and organizational commitment and indirect relationship with less inclination to leave the job [19].

In another research by Schwepker conducted among the sales managers, it was found that the creation of an ethical environment depended upon ethical rules and regulations which will lead to a higher job satisfaction and organizational commitment and therefore a lower rate of job dropouts¹⁷. In a research by Pettijohn & Charles performed in a business company, it was found that there was a positive relationship between seller's understanding level of work ethics principles set by employers and consuming behavior and its effect on job satisfaction of the sellers¹⁸.

Okpara and Wynn¹⁹ conducted a survey on the effect of work ethics on job satisfaction and organizational commitment in Nigeria and concluded that there was a meaningful relationship between work ethics and job commitment and job satisfaction. Boo & Koh, (2004)²⁰ - This study examines the relationship between organizational ethics and organizational outcomes based on the justice theory and cognitive dissonance theory. The sample data are derived from a questionnaire survey of 237 managers in Singapore. Results obtained from decision trees indicate significant and positive links between ethical culture constructs (i.e. top management support for ethical behavior and the association between ethical behavior and career success within the organization) and job satisfaction. Further, there is a significant and positive link between job satisfaction and organizational commitment. Also, for different levels of job satisfaction, particular aspects of organizational ethics are associated with organizational commitment. The results suggest that organizational leaders can use organizational ethics as a means to generate favorable organizational outcome.

III. NEED/IMPORTANCE OF THE STUDY

As many of the corporate scandals are the results of unethical behaviour of the professional. These ethical lapses of senior executives which lead to major scandals which had caused financial challenges that the world is facing today, targets business schools and their graduates. Thus, for maintaining corporate governance and greater accountability, business organizations and academic institutions play's a major role. As a training ground of Professional Manager, the effort must first start in the management schools. At initial level, it is the academician who are accountable for developing ethical behaviour among the students as they act as a model for students, disseminate knowledge and skills to students, educate and inculcate moral values, inculcate good behaviour, develop students' potentials intellectually, spiritually, emotionally and physically. Now the question arises what are the factors which are responsible for the ethical environment of the organization and how these factors affects the ethics of the management teachers and also how it has an impact on the job satisfaction of management teachers.

IV. STATEMENT OF THE PROBLEM

After considering the research work already done, following problem have been identified in the proposed field of investigation:-

- Specific study on the work ethics of management teachers have not been found out by researchers
- Study related to the interrelationship between work ethics and job satisfaction of management teachers have not been found out by researcher.
- A specific study on impact of work ethics on job satisfaction of management teachers have not been found out by researcher.

V. OBJECTIVES

The proposed research study has been undertaken to contribute towards the following broad objectives:-

- To study the interrelationship between the work ethics and job satisfaction.

¹³ Spector, P.E., (2000). *Industrial & Organizational Psychology*. 2nd Edition, New York: John Wiley & Sons.

¹⁴ Spector, P.E., (1997). *Job Satisfaction: Application, Assessment, Cause, and Consequences*. California: Sage Publication, Inc.

¹⁵ Begley, T., & Czajka, J., (1993). *Panel Analysis of the Moderating Effects of Commitment on Satisfaction, Intent to Quit and Health Following Organizational Change*. Journal of Applied Psychology, 552-556.

¹⁶ Tharenou, P., (1993). *A Test of Reciprocal Causality of Absenteeism*. Journal of Organizational Behaviour, 269-290.

¹⁷ Schwepker Jr. C. H. (2001). *Ethical Climates Relationship to Job Satisfaction or Organizational Commitment, and Turnover Intention in the Sales for Company*. Journal of Business Research, Vol. 54 (72), pp. 520-571.

¹⁸ Pettijohn, M., Charles. B. (2008). *Salesperson Perceptions of Ethical Behaviors : Their Influence on Job Satisfaction and Turnover Intention*. Journal of Business Ethics, Vol. 4(78), pp. 547-557.

¹⁹ Okpara, J.O., Wynn. P. (2008). *The Impact of Ethical Climate on Job Satisfaction, and Commitment in Nigeria. Implication for Management Development*. Journal of Management Development, Vol. 9(27), pp. 935-950.

²⁰ Boo, E.H., & Koh, H.C. (2004). *Organizational Ethics and Employee Satisfaction and Commitment*. Management Decision, 42(5), 677-693.

- b) To understand the various dimensions of work ethics for management teachers.
- c) To understand the various dimensions of job satisfaction.
- d) To study the impact of ethics on the different aspects of professional life of a management teacher.
- e) To assess the impact of work ethics on job satisfaction level of the management Teacher.

VI. HYPOTHESIS

In the course of study, following hypothesis were tested:-

- 1) There is a positive relationship between Work Ethics as 'Independent variable' and Job Satisfaction as 'Dependent variable' on Management Teachers.
- 2) Work ethics as "independent variable" puts significant impact on each aspect of professional life and ultimately puts significant impact on Job Satisfaction.

VII. RESEARCH METHODOLOGY

A) RESPONDENTS/PARTICIPANTS

The random sample of the study consisted of 100 Management Teachers who worked at various management colleges (both public and Private Institution) in the India.

B) INSTRUMENTS

Work Ethics: About 25 statements from the Work Ethic Inventory (WEI) were used to provide a self-assessment of each management faculty perceived work ethics level. The dimensions of work ethic assessed by this tool are: Administration, Teaching, Colleagues, Self and Student. A five-point Likert scale response format ranging from highly satisfied to highly dissatisfied were used to score each item.

Job Satisfaction: A set of 20 statements from the Job Satisfaction was used to provide a self assessment of each management faculty perceived job satisfaction level. The three dimensions of job satisfaction assessed by this tool are: Administrative Policies, Boss/Head, Colleagues, Supervisor. A five-point Likert responds format ranging from highly satisfied to highly dissatisfied be used to score each item.

VIII. ANALYSIS AND INTERPRETATION

To see the relationship between different dimension of work ethics and job satisfaction, factor analysis was applied in order to draw factors from work ethics. On application of factor analysis, six factors were derived each having 'Eigen value' more than 1 and the total variance explained by these six factors was 66.976% which quite good. The six factors which were extracted were Rules and Regulation, Relationship with colleagues, Teaching Methodology, Mentoring and Guiding, Administration and Research Innovation.

TABLE - 1: RESULT OF EIGEN VALUES AND VARIANCE

| Factor | Initial Eigen Values | | | Rotation Sums of Squared Loadings | | |
|------------------------------|----------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| Rules and Regulation | 9.306 | 37.222 | 37.222 | 3.801 | 15.204 | 15.204 |
| Relationship with colleagues | 2.178 | 8.711 | 45.934 | 3.607 | 14.430 | 29.633 |
| Teaching Methodology | 1.505 | 6.019 | 51.953 | 3.225 | 12.900 | 42.534 |
| Mentoring and Guiding, | 1.487 | 5.948 | 57.901 | 2.279 | 9.117 | 51.651 |
| Administration | 1.246 | 4.986 | 62.887 | 2.096 | 8.385 | 60.036 |
| Research Innovation | 1.022 | 4.089 | 66.976 | 1.735 | 6.940 | 66.976 |

The six factors which were extracted were Rules and Regulation, Relationship with colleagues, Teaching Methodology, Mentoring and Guiding, Administration and Research Innovation. The factor means score was derived for each factor which ranged between 3(neutral) to 4 (Satisfied).

TABLE - 2: RESULT OF FACTOR MEAN SCORE

| | |
|------------------------------|------|
| Rules and Regulation | 4.21 |
| Relationship with colleagues | 3.85 |
| Teaching Methodology | 4.11 |
| Mentoring and guiding | 4.07 |
| Administration | 3.22 |
| Research Innovation | 3.70 |

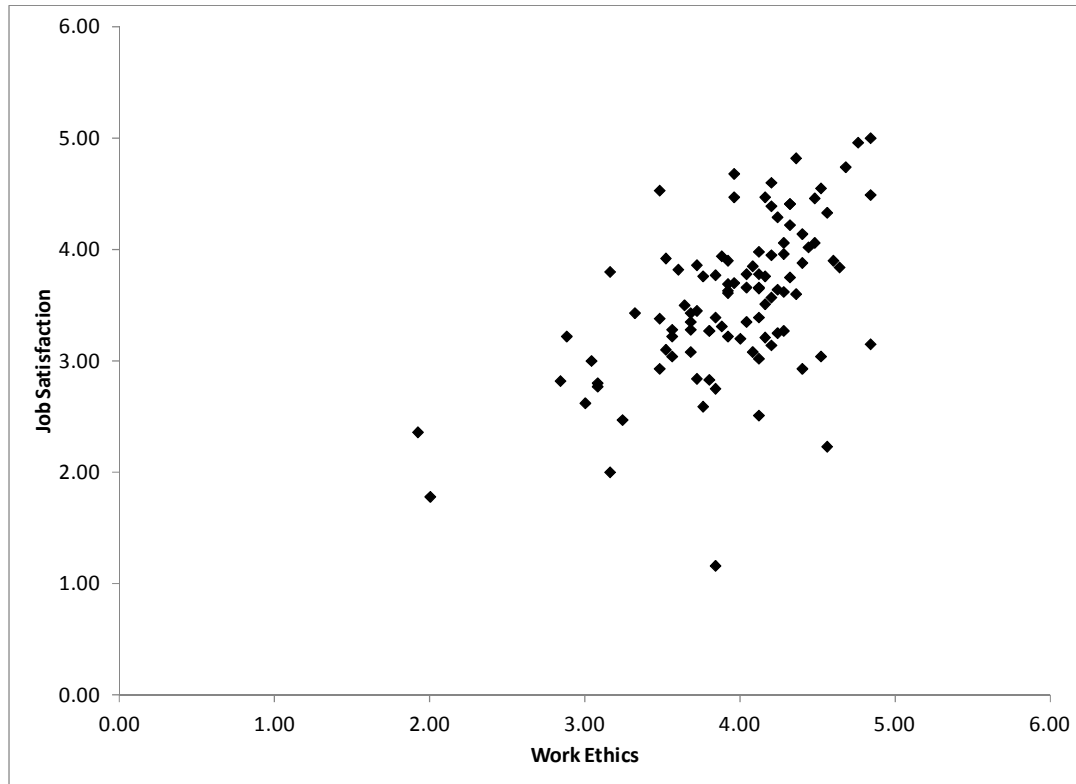
- 1 The factor Mean score of Rules and Regulation (first factor) is 4.21 which show that the management faculty is satisfied with working procedures adopted by the organization. They feel that procedures followed by the organization are a requirement and they feel satisfied when they follow them. Organization provides rules, regulations, code of conduct and protocols etc which provide guidelines for working and make it easier for management faculty to work.
- 2 The factor Mean score of Relationship with colleagues (Second Factor) is 3.85 shows that it gives them a feeling of satisfaction when they are in working with a group. They feel that colleagues helps in reducing the insecurity of standing alone, makes them feel stronger, reduced self doubts, helps in providing recognition, status, self esteem. A congenial relationship with the colleagues also helps in completing the assignment on time.
- 3 The factor Mean score of Teaching Methodology (Third Factor) is 4.11 shows a satisfaction level of management faculty toward self and students. They feel that quality teaching and method will help to develop and nurture students. They feel satisfied when they bring changes in curriculum and methodology also as teaching is multidimensional which has wide variety of practices and methods.
- 4 The factor Mean score of Mentoring and Guiding (Fourth factor) is 4.07 shows that management faculty feels satisfied when they act as guide or mentor to their student and other faculty members as by acting as a mentor they provide encouragement and support, demonstrate professional and scholarly integrity, create stimulating environment and dynamic of reciprocity, that facilitates the personal and professional development of the faculty member and the student alike.
- 5 The factor Mean score of Administrative working (fifth factor) is 3.22 shows that management faculty feels satisfied when they participate in the decision making process of the administration as these decision has an ultimate effect on their working environment. The working pattern affects the ethics of management faculty.
- 6 The factor Mean score of Research Innovation (sixth Factor) is 3.70 shows that it gives them a feeling of satisfaction when they promote and implement research based best educational practices. All these innovation helps in bringing more innovative practices of teaching.

Also, Person's correlation coefficient was applied to assess the work ethics relationships with job satisfaction. The results are shown in table 3.

TABLE – 3: CORRELATION BETWEEN WORK ETHICS AND JOB SATISFACTION

| Work Ethic Factors | R | Significance | N |
|------------------------------|-------|--------------|-----|
| Overall | 0.567 | *** | 100 |
| Rules and Regulation | 0.313 | *** | 100 |
| Relationship with colleagues | 0.503 | *** | 100 |
| Teaching Methodology | 0.501 | *** | 100 |
| Mentoring and Guiding | 0.384 | *** | 100 |
| Administrative working | 0.426 | *** | 100 |
| Research Innovation | 0.380 | *** | 100 |

GRAPH - 1: CORRELATION BETWEEN WORK ETHICS AND JOB SATISFACTION



Graph 1 shows there is a significant positively relationship between six dimensions of work ethic (Rules and Regulation, Relationship with colleagues, Teaching Methodology, Mentoring and Guiding, Administrative working and Research Innovation) and Job satisfaction.

IX. DISCUSSION AND CONCLUSION

The multi-dimension finding in this research has many things to say. First, the research showed that faculty understandings of work ethics have a positive and meaningful relationship with job satisfaction. In other words, the research shows that the more the faculty feels the dominant rule of ethics in work environment, the more they will be satisfied with their job experience. Even there is a significant correlation between work ethics and job satisfaction which shows that when the organization follow ethical rules and procedures, and have ethical work environment, ultimately affects the satisfaction level of faculty. The more ethics is followed, the satisfaction is derived. This finding is similar to the findings of the previous researches conducted by Yusuf²¹, Schwepker²², Okpara and Vein²³. The above surveys have discussed and expressed the positive relationship between organizational ethics and job attitudes (namely commitment, job satisfaction and sympathy with job. The studies performed in Iran also approves the findings of the present research. Haghiri²⁴ for example, showed that ethical management improves organizational commitment and job interest. Attarian²⁵ found the relationship of organizational ethics with job satisfaction. Saboori²⁶ found that ethical behavior of managers has affected the consumption behavior model of staff in executive jobs in public organizations. In general, to explain the research findings, it can be argued that work ethics is based on philosophical, social, cultural and psychological principles; each has its own effects on behavior of staff. Philosophically, assumption, values, individuals, as well as group and organizational beliefs and thoughts of managers toward society, organization and work environment, will cultivate their hypothetical and practical principles of etc

²¹ Yusuf, D.A. (2000). *Organizational Commitment and Job Satisfaction as Predictors Attitudes Toward Organizational Change in a Non- Western Setting*. Journal of Personnel Review, Vol. 5 (29), pp. 56-70.
²² Schwepker Jr. C.H. (2001). *Ethical Climates Relationship to Job Satisfaction or Organizational Commitment, and Turnover Intention in the Sales for Company*. Journal of Business Research, Vol. 54 (72), pp. 520.571.
²³ Okpara, J.O., Wynn. P. (2008). *The Impact of Ethical Climate on Job Satisfaction and Commitment in Nigeria. Implication for Management Development*. Journal of Management Development, Vol. 9(27), pp. 935- 950.
²⁴ Haghiri, A. (2009). *The Relationship Between Managers, Ethicsiam with Personnels Organizational Commitment and Job Involvement in School Districts in Semnan Provinc*. Garmsar: Islamic Azad University, Garmsar Branch, 2009.
²⁵ Atarian, S. (2008). *The Relationship Between Organizational Ethic and Job Satisfaction*. (Master Thesis). Tehran: Allameh Tabatabaei University, 2008.
²⁶ Sabori, D. (2010). *The Relationship Ethical Behavior of Managers with Model of Consumption Behavior in Public Organization*. Garmsar: Islamic Azad University, Garmsar Branch, 2010.

X. RECOMMENDATION

The study reveals that more focus should be placed on integrating ethical practices in personal and professional life of students, institutions and teachers should work on ethical practices also, ethics teaching should be done at Indian as well as global levels, promotion of more practical aspect rather than just theory, develop real case studies on domestic models of ethics, pedagogy should be based on innovative teaching. As the scams and corruption are rising high, there is urgency to dig over out the roots of these problems. Business curriculum need to integrate concepts and issues of ethics. Therefore, the need of the hour for the Business schools to groom the students with socially responsible values for a qualitative and sustainable business and society.

XI. SCOPE FOR FURTHER RESEARCH

More light can be thrown through further study by exploring implication of ethics through management education by examining and comparing differences between Business Schools of India and at an international level.

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**AN APPRAISAL OF QUALITY OF SERVICES IN URBAN HOSPITALS
(A STUDY ON THREE URBAN HOSPITALS IN GUNTUR DISTRICT, ANDHRA PRADESH)**

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ABSTRACT

A hospital is an institution of health care providing treatment with specialized staff and equipment, but not always providing for long-term patient stay. Today hospitals are centers of professional health care provided by physicians and nurses. Hospitals are usually funded by the state, health organizations, health insurances or charities, including direct charitable donations. The important goals of hospitals are to deliver high quality health services and to respond to the needs of the patients. Patient satisfaction is one of the most sensitive indicators of the quality of their services. The concept of patient satisfaction has encouraged the adoption of marketing culture in service sector including health care services. This article reports the findings of a survey aimed at understanding the extent of patient satisfaction with patient services. In this study the patient refers to Outpatient.

KEYWORDS

Hospitals, Physician, Patient Satisfaction, Quality.

INTRODUCTION

Patient Satisfaction is the important goals of the any health care system, but it is difficult to measure the satisfaction and gauge the responsiveness of the health systems as not only the clinical but also non-clinical outcomes of care influence the patient satisfaction.^[1] The health care industry is undergoing a rapid transformation to meet the ever-increasing needs and demands of its patient population. Hospitals are shifting from viewing patients as uneducated and with little health care choice, to recognizing that the educated consumer has many service demands and health care choices available.^[2] Quality information is important to consumers and providers alike. However, the essential elements of "quality" may be understood in quite different ways and ranked with different priorities among various consumer and professional groups.^[3] The success or failure of any hospital is largely depends on the satisfaction met by the patients on various services offered. Patients' satisfaction is a combination of psychological, physiological and other health care related factors that make a patient to feel happy. Patient satisfaction has been considered as a state where patients express their feelings, prepares to attend for the same hospital more number of times, accept the services and promote the image and goodwill of the hospital more happily. Satisfaction of patients is an emotion, a feeling and a matter of perception. It arises from the patients' appraisal of experience in hospital services; it involves likes and dislikes which are internal and external to the patients.^[4] Satisfaction is a psychological concept which is defined in different ways. Sometimes satisfaction is considered as a judgment of individuals regarding any object or event after gathering some experience over time.^[5]

Outpatient department is the Patients' first point of contact in the Hospital. It is the shop window of hospital. The service quality provided by this department would makes or mars the hospital image. A quality OPD service can reduce the load on in-patient services and also improve the perception of the patients and his/her attendants about the hospital. In the today's' healthcare competitive environment it is very important to provide the quality Outpatient Department (OPD) services to the patients.^[6] The up to date technological growth and advancement in equipment, subject knowledge of doctors and other experts lead to improve and perceive the service quality of hospitals and satisfaction of patients who are visiting the hospitals.^[7]

Out patient Department in any hospital is considered to be shop window of the hospital. There are various problems faced by the patients in out patient department like over crowding, delay in consultation, lack of proper guidance etc that leads to patient dissatisfaction. Now days, the patients are looking for hassle free and quick services in this fast growing world. This is only possible with optimum utility of the resources through multitasking in a single window system in the OPD for better services.^[8] Patient (Consumer) satisfaction is one of the established yardsticks to measure success of the services being provided in hospitals.^[9] It is assumed that these patients have formed a positive attitude with regard to the service performance of the provider based on prior use of services.^[10] Patients carry certain expectations before their visit and the resultant satisfaction or dissatisfaction is the outcome of their actual experience.^[11] Assessment of quality of services provided by the hospitals in these days has been a serious concern for the hospitals and health care organizations owing to the excessive demands imposed on them by the users, consumers, government and the society at large. As a result, many hospitals have resorted to such assessment not only for the reasons of compliance but for the improvement of the services to the satisfaction of the users.^[12] The concept of patient satisfaction is rapidly changing to customers' delight which means the patient is not only cured of his ailment during the hospital stay.^[13] The degree of patient satisfaction can be used as a means of assessing the quality of health care and the personnel. It reflects the ability of the provider to meet the patients' needs. Satisfied patients are more likely than the unsatisfied ones to continue using the health care services, maintaining their relationships with specific health care providers and complying with the care regimens.^[14] In order to find out the performance and users satisfaction in sample hospital an attempt has been made to elicit the opinions from outpatients. In this part of the questionnaire, the researcher tried to elicit the information from the outpatients. The important areas covered include Registration procedure, consultation and treatment facilities, Investigation procedure, Behaviour of the staff and other related items.

PATIENT SATISFACTION

It is essential to have an overview of theoretical notions of satisfactions and expectations of the customers, generalities in planning intensive care units, social system, doctor patient relationships, physician role and behavior, nurse behavior patient role and opinions. An organization exists to achieve its goal, the goal of hospital, whatever one may say, is always primarily to provide highest quality of patient care and other objectives are secondary.

There are various factors which influence customer's expectations of services. They include efficiency, confidence, helpfulness, personal interest reliability. These are intrinsic factors. They influence the response of the hospital staff to the patient and his relatives. Intrinsic factors are susceptible to training. They can be improved by training when the performance does not reach the set standards. Accordingly, external factors exist. These are the outside reasons given by the employee. They include media influence, experience of others and contributes to customers expectations.

AIMS AND OBJECTIVES OF THE STUDY

In order to find out the performance and users satisfaction in sample hospital an attempt has been made to elicit the opinions from patients. In this part the researcher administered questionnaire to elicit the information from the patients. The important areas covered include Registration procedure, consultation and treatment facilities, Investigation procedure, Behaviour of the staff and other related items.

1. To study the satisfaction levels of the patient in sample hospitals.
2. To suggest measures to strengthen the administrative practices that improves patient satisfaction in hospitals in India.

COLLECTION OF DATA

The data has been collected from both sources i.e. primary and secondary. For collection of data from primary sources, efforts were made to elicit the opinions of almost all key personnel in the organisations through observation, personal interviews, questionnaire and schedules. The data for the study was collected by administering the questionnaire schedules and through observation method. Observation method is one of the most important and extensively used method. All the times it is not possible to use quantitative techniques. In those circumstances, observation method bridges the gap. On the other hand questionnaire is widely used for data collection in social sciences research particularly in surveys.

Procedure: First of all permission was sought from the selected three hospitals. Then the researcher went to them as and when time was given. Questionnaire was distributed to personnel who were selected as sample and in some cases researcher explained the implications of the questions. Respondents were asked to fill up the set of questions as per instructions mentioned on them. They were specifically requested not to read all the items at once but to go through each individual statement and answer it and then only move the next. Respondents were assured of the confidentiality of their responses. All respondents were encouraged to express their opinion freely and fairly. Precautions were also taken to obtain unbiased results. Schedules are explained by the researcher personally in a vernacular language and were filled by him personally.

Methodology for Data Analysis: The count of responses are considered and for each type of response (Strongly Agree, Agree, Can't say, Disagree and Strongly disagree) and for each hospital the percentage are calculated.

Selection of Sample size and its justification: There are more than 800 hospitals in Guntur district. It is difficult for a researcher to take up all the hospitals and study the existing management patterns. For this reason a detailed study of three hospitals that run on direct lines were taken up for study. In each hospital, the sample is taken from patients. Questionnaire was prepared for patients. The sample respondents were drawn through stratified random sampling. The patients were taken based on average number of patients per day for each hospital.

TABLE 1: SELECTED HOSPITALS – RESPONDENTS (PATIENT)

| Public/Govt. | Autonomous | Private/Corporate |
|--------------|------------|-------------------|
| GGH – 110 | SJGH – 90 | NRI – 120 |

The schedules were distributed to 120 patients in GGH and 110 respondents were selected for final analysis. In case of NRI, out of 125 respondents 120 respondents opinion were taken for final analysis. In SJGH, out of 100, 90 respondents opinion were taken for final analysis.

TABLE 2: SOCIO – ECONOMIC INFORMATION OF SAMPLE PATIENTS

| S. No. | Particulars | GGH | SJGH | NRI | |
|--------|-------------|------------------------|------|-----|-----|
| 1 | Age | Below 30 Years | 41 | 41 | 56 |
| | | 31-50 years | 52 | 27 | 32 |
| | | Above 50 years | 17 | 22 | 32 |
| | | Total | 110 | 90 | 120 |
| 2 | Sex | Male | 63 | 55 | 60 |
| | | Female | 47 | 35 | 60 |
| | | Total | 110 | 90 | 120 |
| 3 | Education | No formal Education | 30 | 22 | 35 |
| | | Below X Class | 47 | 49 | 49 |
| | | X class to Degree | 23 | 08 | 21 |
| | | Above Degree | 10 | 11 | 15 |
| | | Total | 110 | 90 | 120 |
| 4 | Profession | Govt./Public Sector | 27 | 17 | 30 |
| | | Private Sector | 13 | 16 | 24 |
| | | Business | 21 | 13 | 22 |
| | | Agricultural Labourers | 24 | 25 | 28 |
| | | Unemployed | 25 | 19 | 16 |
| | | Total | 110 | 90 | 120 |
| 5 | Income | Below Rs.2,000 | 41 | 38 | 35 |
| | | Rs.2,001-Rs.5,000 | 35 | 23 | 41 |
| | | Rs.5,0001-Rs.10,000 | 20 | 24 | 30 |
| | | Above Rs.10,000 | 14 | 05 | 14 |
| | | Total | 110 | 90 | 120 |
| 6 | Nativity | Rural | 50 | 44 | 58 |
| | | Urban | 60 | 46 | 62 |
| | | Total | 110 | 90 | 120 |

PERCEPTION OF PATIENTS

In order to find out the performance and users satisfaction in sample hospital an attempt has been made to elicit the opinions from patients. In this part of In this part the researcher administered questionnaire to elicit the information from the patients. The important areas covered include Registration procedure, consultation and treatment facilities, Investigation procedure, Behavior of the staff and other reacted items.

TABLE 3: PERCEPTIONS OF THE PATIENTS TOWARDS REGISTRATION PROCEDURE

| No. | Particulars | | GGH | SJGH | NRI |
|-----|--|-------------------|------------|-----------|------------|
| 1 | Reception Services are good | Strongly Agree | 18.18 | 77.78 | 69.17 |
| | | Agree | 10.90 | 04.44 | 08.33 |
| | | Can't Say | 05.46 | 05.56 | 05.83 |
| | | Disagree | 50.91 | 08.89 | 13.34 |
| | | Strongly Disagree | 14.55 | 03.33 | 03.33 |
| | | Total | 110 | 90 | 120 |
| 2 | Counters provided for registration are enough | Strongly Agree | 26.36 | 61.11 | 73.33 |
| | | Agree | 13.64 | 07.77 | 06.67 |
| | | Can't Say | 07.27 | 03.33 | 03.33 |
| | | Disagree | 30.91 | 21.11 | 09.17 |
| | | Strongly Disagree | 21.82 | 06.68 | 07.50 |
| | | Total | 110 | 90 | 120 |
| 3 | Present Queue system at registration is satisfactory | Strongly Agree | 23.64 | 72.22 | 70.83 |
| | | Agree | 13.64 | 07.78 | 06.67 |
| | | Can't Say | 09.09 | 06.67 | 05.83 |
| | | Disagree | 49.09 | 07.78 | 07.50 |
| | | Strongly Disagree | 4.54 | 05.55 | 09.17 |
| | | Total | 110 | 90 | 120 |
| 4 | People at registration counter are supportive | Strongly Agree | 03.63 | 28.89 | 20.83 |
| | | Agree | 03.64 | 36.67 | 30.83 |
| | | Can't Say | 02.73 | 03.33 | 04.18 |
| | | Disagree | 50.91 | 21.11 | 35.83 |
| | | Strongly Disagree | 39.09 | 10.00 | 08.33 |
| | | Total | 110 | 90 | 120 |
| 5 | Registration time is reasonable | Strongly Agree | 11.82 | 27.78 | 24.16 |
| | | Agree | 06.36 | 31.11 | 26.67 |
| | | Can't Say | 08.18 | 05.56 | 04.17 |
| | | Disagree | 42.73 | 21.11 | 27.50 |
| | | Strongly Disagree | 30.91 | 14.44 | 17.50 |
| | | Total | 110 | 90 | 120 |
| 6 | Seating Arrangements at registration counter is good | Strongly Agree | 05.45 | 34.45 | 15.83 |
| | | Agree | 04.55 | 25.56 | 30.83 |
| | | Can't Say | 08.18 | 04.44 | 05.83 |
| | | Disagree | 52.73 | 24.44 | 30.83 |
| | | Strongly Disagree | 29.09 | 11.11 | 16.68 |
| | | Total | 110 | 90 | 120 |
| 7 | On the whole, the registration procedure is good | Strongly Agree | 16.36 | 37.78 | 67.51 |
| | | Agree | 04.55 | 26.67 | 03.33 |
| | | Can't Say | 05.45 | 04.44 | 02.50 |
| | | Disagree | 30.91 | 06.67 | 13.33 |
| | | Strongly Disagree | 42.73 | 24.44 | 13.33 |
| | | Total | 110 | 90 | 120 |

From the above discussion it can be concluded that majority of respondents in SJGH expressed their satisfaction towards the reception services. Considerable part of GGH respondents are opined that counters provided for registration are not sufficient. Present queue system is good in SJGH and NRI. In government hospital registration counter people are not supportive. Registration time is good in SJGH. Seating arrangements are not good in Government hospital. On whole registration procedure is good in NRI.

TABLE 4: PERCEPTIONS OF THE PATIENTS TOWARDS CONSULTATION AND TREATMENT FACILITIES

| No. | Particulars | | GGH | SJGH | NRI |
|-----|---|-------------------|-----------|------------|-------|
| 1 | Procedure adopted before consulting the doctor is satisfactory | Strongly Agree | 23.63 | 82.12 | 78.33 |
| | | Agree | 06.36 | 04.44 | 04.17 |
| | | Can't Say | 03.64 | 04.44 | 03.33 |
| | | Disagree | 32.73 | 04.56 | 12.50 |
| | | Strongly Disagree | 33.64 | 4.44 | 1.67 |
| | Total | 110 | 90 | 120 | |
| 2 | Time interval between patient arrival and consulting the doctor is reasonable | Strongly Agree | 18.19 | 54.44 | 86.67 |
| | | Agree | 06.36 | 05.56 | 03.33 |
| | | Can't Say | 03.64 | 04.44 | 04.17 |
| | | Disagree | 36.36 | 26.67 | 04.17 |
| | | Strongly Disagree | 35.45 | 08.89 | 1.66 |
| | Total | 110 | 90 | 120 | |
| 3 | Space and physical facilities at consulting room are satisfactory | Strongly Agree | 24.55 | 77.78 | 81.67 |
| | | Agree | 11.82 | 06.67 | 04.17 |
| | | Can't Say | 09.09 | 04.44 | 05.83 |
| | | Disagree | 30.91 | 06.67 | 03.33 |
| | | Strongly Disagree | 23.63 | 04.44 | 05.00 |
| | Total | 110 | 90 | 120 | |
| 4 | Doctor has given enough time to narrate the illness | Strongly Agree | 33.64 | 76.67 | 81.67 |
| | | Agree | 05.45 | 13.33 | 07.50 |
| | | Can't Say | 6.36 | 04.44 | 03.33 |
| | | Disagree | 28.19 | 05.56 | 04.17 |
| | | Strongly Disagree | 26.36 | 0 | 03.33 |
| | Total | 110 | 90 | 120 | |
| 5 | Are you satisfied with doctor after consultation | Strongly Agree | 23.63 | 36.67 | 24.17 |
| | | Agree | 12.73 | 31.12 | 23.33 |
| | | Can't Say | 04.55 | 02.22 | 02.50 |
| | | Disagree | 36.36 | 21.11 | 25.83 |
| | | Strongly Disagree | 22.73 | 08.88 | 24.17 |
| | Total | 110 | 90 | 120 | |
| 6 | Facilities at investigation room are good | Strongly Agree | 06.35 | 34.44 | 26.67 |
| | | Agree | 03.64 | 35.56 | 23.33 |
| | | Can't Say | 04.55 | 03.33 | 02.50 |
| | | Disagree | 60.91 | 21.11 | 25.83 |
| | | Strongly Disagree | 24.55 | 5.56 | 21.67 |
| | Total | 110 | 90 | 120 | |

From the above discussion it can be said that consulting procedure is good in SJGH. Time interval between patient arrival and consulting doctors is not good in GGH. Space and physical facilities are sufficient in SJGH. Government hospital doctors are not give enough time to narrate the illness. SJGH Patients are happy with the doctor after consultation. Facilities are not good in Government hospitals.

TABLE 5: PERCEPTIONS OF THE PATIENTS TOWARDS INVESTIGATION PROCEDURE

| No. | Particulars | | GGH | SJGH | NRI |
|-----|---|-------------------|-------|-------|-------|
| 1 | Many Investigations are done for the ailment | Strongly Agree | 61.82 | 58.89 | 74.17 |
| | | Agree | 07.27 | 08.89 | 04.17 |
| | | Can't Say | 03.64 | 06.67 | 07.50 |
| | | Disagree | 17.27 | 14.44 | 08.33 |
| | | Strongly Disagree | 10.00 | 11.11 | 05.83 |
| | | Total | 110 | 90 | 120 |
| 2 | Investigations done at outpatient department are satisfactory | Strongly Agree | 12.73 | 74.44 | 77.5 |
| | | Agree | 13.64 | 08.89 | 05.83 |
| | | Can't Say | 03.64 | 03.33 | 04.17 |
| | | Disagree | 45.44 | 05.56 | 06.67 |
| | | Strongly Disagree | 24.55 | 07.78 | 05.83 |
| | | Total | 110 | 90 | 120 |
| 3 | Required medicines are available in the hospital premises | Strongly Agree | 26.36 | 86.68 | 81.67 |
| | | Agree | 04.55 | 02.22 | 06.67 |
| | | Can't Say | 02.73 | 03.33 | 04.17 |
| | | Disagree | 27.27 | 04.44 | 05.83 |
| | | Strongly Disagree | 39.09 | 03.33 | 01.66 |
| | | Total | 110 | 90 | 120 |
| 4 | Sophisticated equipment is used for investigation | Strongly Agree | 25.45 | 71.11 | 84.17 |
| | | Agree | 03.64 | 03.33 | 02.50 |
| | | Can't Say | 04.55 | 04.45 | 03.33 |
| | | Disagree | 40.91 | 08.89 | 06.67 |
| | | Strongly Disagree | 25.45 | 12.22 | 03.33 |
| | | Total | 110 | 90 | 120 |
| 5 | Laboratory tests were done in time | Strongly Agree | 06.35 | 35.56 | 28.33 |
| | | Agree | 03.64 | 25.56 | 30.83 |
| | | Can't Say | 04.55 | 03.33 | 03.33 |
| | | Disagree | 50.91 | 26.67 | 20.83 |
| | | Strongly Disagree | 34.55 | 8.88 | 16.68 |
| | | Total | 110 | 90 | 120 |
| 6 | Facilities at investigation room are good | Strongly Agree | 06.35 | 34.44 | 26.67 |
| | | Agree | 04.55 | 35.56 | 24.17 |
| | | Can't Say | 03.64 | 03.33 | 02.50 |
| | | Disagree | 60.91 | 21.11 | 25.83 |
| | | Strongly Disagree | 24.55 | 5.56 | 20.83 |
| | | Total | 110 | 90 | 120 |

In the sample hospitals, it is observed that many investigations are done for the ailment and high percentage of respondents told that the investigations are done satisfactorily. Required medicines are not available at government hospital premises. Sophisticated equipment is being used for investigation in SJGH. Laboratory tests were not done in time and investigation procedures are not good in government hospitals.

TABLE 6: PERCEPTIONS OF THE PATIENTS TOWARDS THE BEHAVIOUR OF THE STAFF

| No. | Particulars | | GGH | SJGH | NRI |
|-----|---------------------------------------|-------------------|-------|-------|-------|
| 1 | Doctor behaviour is good | Strongly Agree | 26.36 | 68.89 | 85 |
| | | Agree | 4.55 | 5.56 | 5.83 |
| | | Can't Say | 3.64 | 4.44 | 3.33 |
| | | Disagree | 36.36 | 13.33 | 4.17 |
| | | Strongly Disagree | 29.09 | 7.78 | 1.67 |
| | | Total | 115 | 90 | 120 |
| 2 | Nursing Staff behaviour is good | Strongly Agree | 18.18 | 75.56 | 77.74 |
| | | Agree | 3.64 | 3.33 | 8.33 |
| | | Can't Say | 4.54 | 4.44 | 5.83 |
| | | Disagree | 44.55 | 5.56 | 4.77 |
| | | Strongly Disagree | 29.09 | 11.11 | 3.33 |
| | | Total | 115 | 90 | 120 |
| 3 | Staff are sympathetic | Strongly Agree | 26.36 | 74.44 | 84.17 |
| | | Agree | 13.64 | 4.44 | 2.5 |
| | | Can't Say | 4.55 | 3.33 | 3.33 |
| | | Disagree | 30 | 11.12 | 4.17 |
| | | Strongly Disagree | 25.45 | 6.67 | 5.83 |
| | | Total | 115 | 90 | 120 |
| 4 | Staff listen your version | Strongly Agree | 19.1 | 82.22 | 78.33 |
| | | Agree | 7.27 | 5.56 | 5.84 |
| | | Can't Say | 6.36 | 4.44 | 3.33 |
| | | Disagree | 29.09 | 3.33 | 10.83 |
| | | Strongly Disagree | 38.18 | 4.45 | 1.67 |
| | | Total | 115 | 90 | 120 |
| 5 | Staff services and level care is good | Strongly Agree | 17.39 | 47.78 | 51.67 |
| | | Agree | 4.35 | 13.33 | 8.33 |
| | | Can't Say | 5.22 | 6.67 | 3.33 |
| | | Disagree | 38.26 | 22.22 | 30.83 |
| | | Strongly Disagree | 34.78 | 10 | 5.84 |
| | | Total | 115 | 90 | 120 |

From the above discussion it can be said that, doctor’s behaviour is good in voluntary hospital and corporate hospital. Nursing staff behaviour is not supportive at Government hospitals and staff are sympathetic in NRI and SJGH. Government hospital staff are not listen their patient’s version. Level of care and staff services is good in SJGH and NRI.

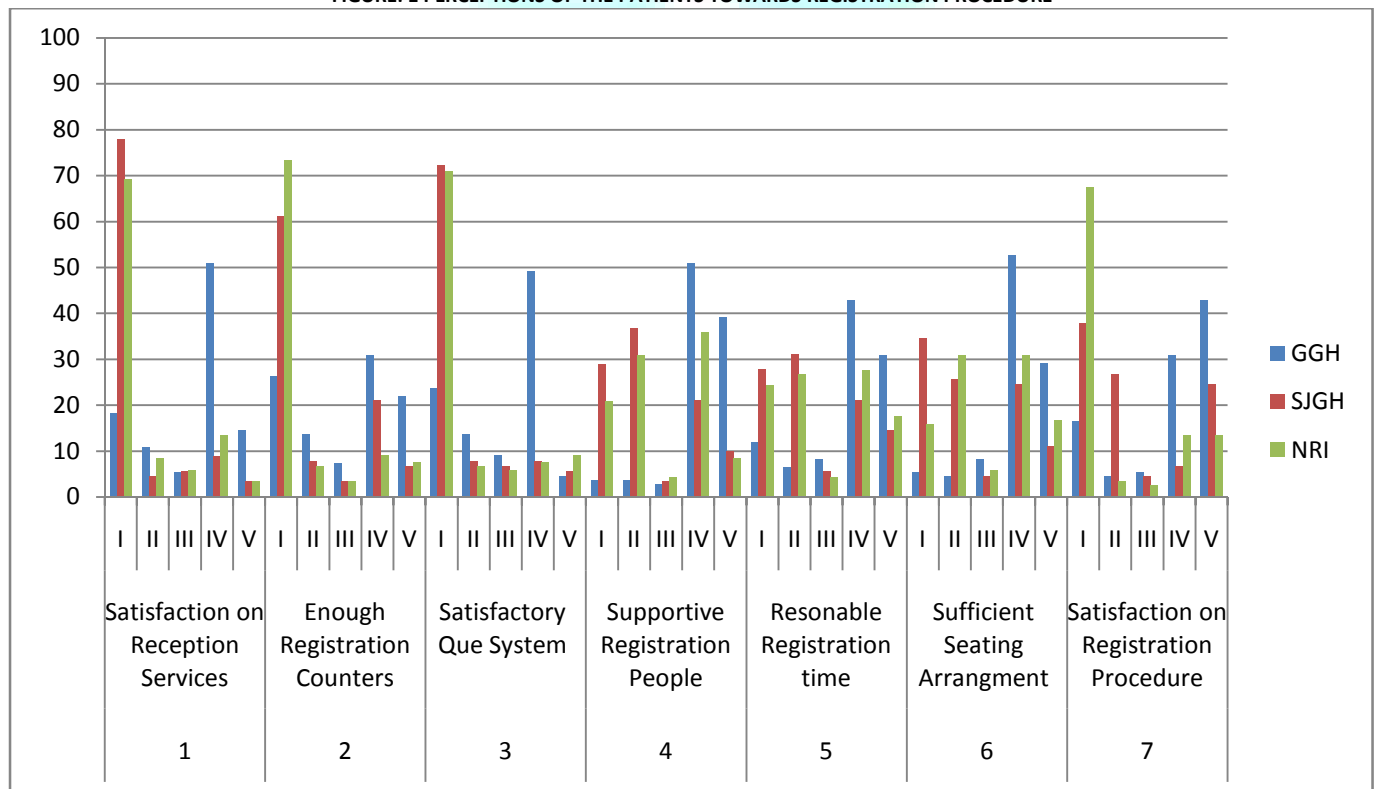
TABLE 7: PERCEPTIONS OF THE PATIENTS TOWARDS OTHER RELATED ITEMS

| S.No. | Particulars | | GGH | SJGH | NRI |
|-------|---|-------------------|-------|-------|-------|
| 1 | Timing of the outpatient department are satisfactory | Strongly Agree | 26.36 | 68.89 | 84.17 |
| | | Agree | 4.55 | 5.56 | 5.83 |
| | | Can't Say | 3.64 | 4.44 | 2.5 |
| | | Disagree | 36.36 | 13.33 | 3.33 |
| | | Strongly Disagree | 29.09 | 7.78 | 4.17 |
| | | Total | 110 | 90 | 120 |
| 2 | Do you recommend this hospital to your friends and relatives if necessary | Strongly Agree | 18.17 | 75.56 | 78.33 |
| | | Agree | 3.64 | 3.33 | 8.33 |
| | | Can't Say | 4.55 | 5.56 | 5.83 |
| | | Disagree | 44.55 | 4.44 | 4.18 |
| | | Strongly Disagree | 29.09 | 11.11 | 3.33 |
| | | Total | 110 | 90 | 120 |
| 3 | Performance of the outpatient department is satisfactory | Strongly Agree | 26.36 | 74.45 | 83.33 |
| | | Agree | 13.64 | 4.44 | 2.5 |
| | | Can't Say | 4.55 | 3.33 | 4.17 |
| | | Disagree | 29.09 | 11.11 | 5.83 |
| | | Strongly Disagree | 26.36 | 6.67 | 4.17 |
| | | Total | 110 | 90 | 120 |
| 4 | Do you prefer to come to this hospital again if necessary | Strongly Agree | 19.09 | 82.22 | 78.33 |
| | | Agree | 7.28 | 5.57 | 5.84 |
| | | Can't Say | 6.36 | 4.44 | 3.33 |
| | | Disagree | 29.09 | 3.33 | 6.67 |
| | | Strongly Disagree | 38.18 | 4.44 | 5.83 |
| | | Total | 110 | 90 | 120 |
| 5 | Pharmacy services are good | Strongly Agree | 10.91 | 71.11 | 67.33 |
| | | Agree | 8.19 | 7.78 | 4.16 |
| | | Can't Say | 6.36 | 4.44 | 3.36 |
| | | Disagree | 38.18 | 11.11 | 15.15 |
| | | Strongly Disagree | 36.36 | 5.56 | 10 |
| | | Total | 110 | 90 | 120 |

From the above discussion it can be concluded that outpatient department timings are good in SJGH and NRI. Government hospital respondents are not recommended this hospital again. Performance of outpatient department is not good GGH. SJGH and NRI hospitals are preferred by patient. Pharmacy services are not good in GGH.

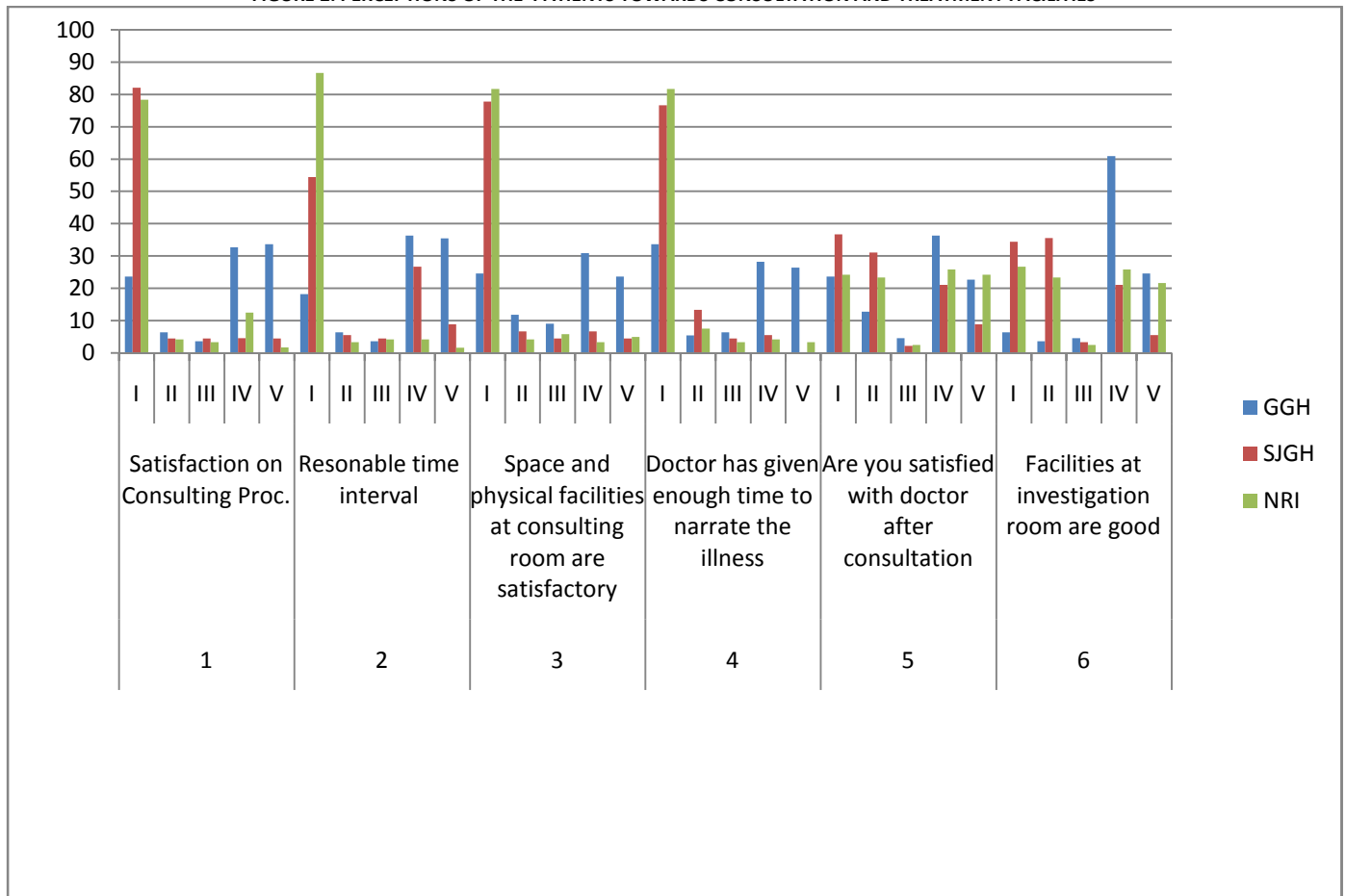
COMPARATIVE STUDY ON PATIENT PERCEPTIONS IN SAMPLE UNITS

FIGURE: 1 PERCEPTIONS OF THE PATIENTS TOWARDS REGISTRATION PROCEDURE



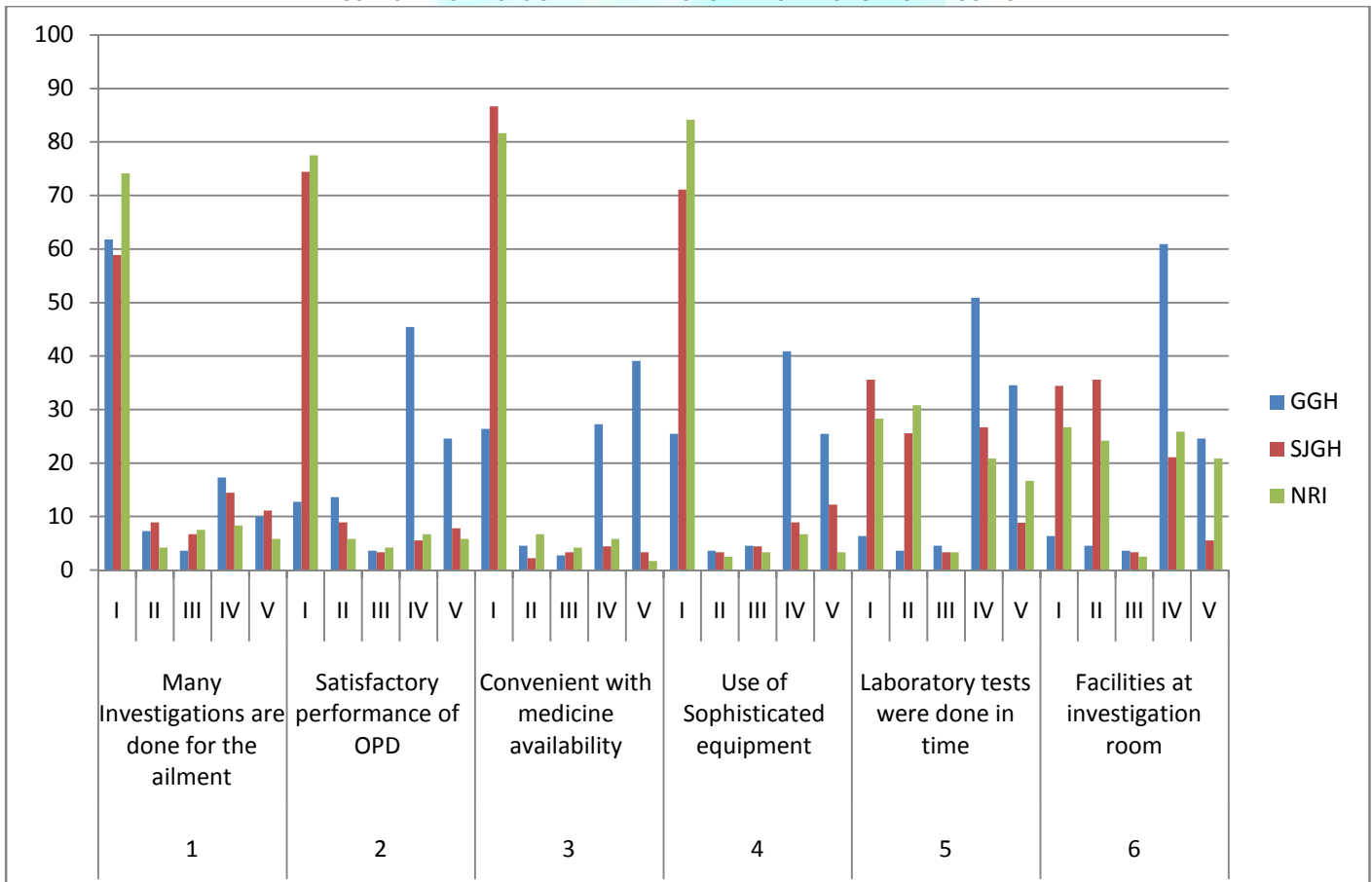
I – Strongly Agree; II – Agree; III – Can't Say; IV – Disagree; V – Strongly Disagree

FIGURE 2: PERCEPTIONS OF THE PATIENTS TOWARDS CONSULTATION AND TREATMENT FACILITIES



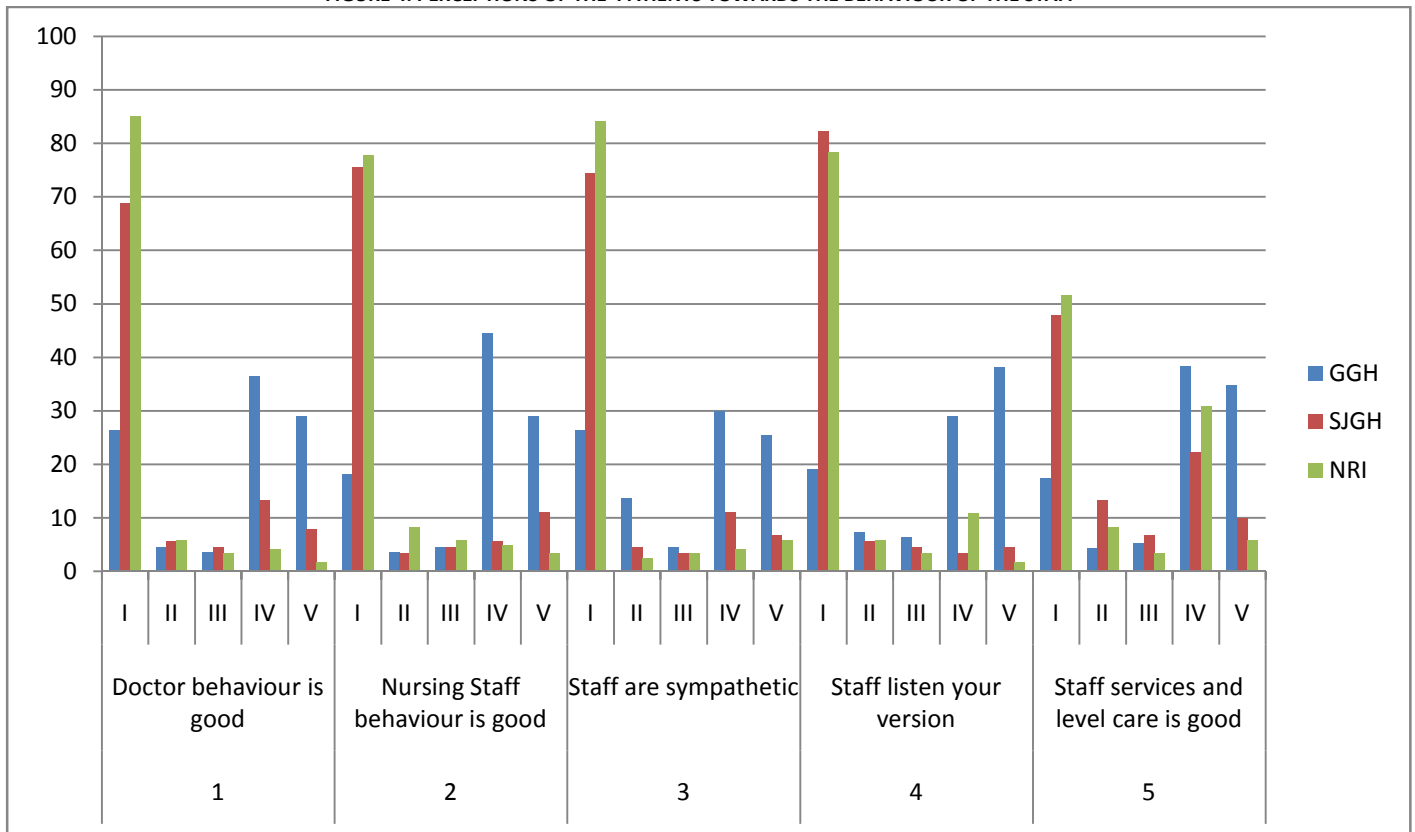
I – Strongly Agree; II – Agree; III – Can't Say; IV – Disagree; V – Strongly Disagree

FIGURE 3: PERCEPTIONS OF THE PATIENTS TOWARDS INVESTIGATION PROCEDURE



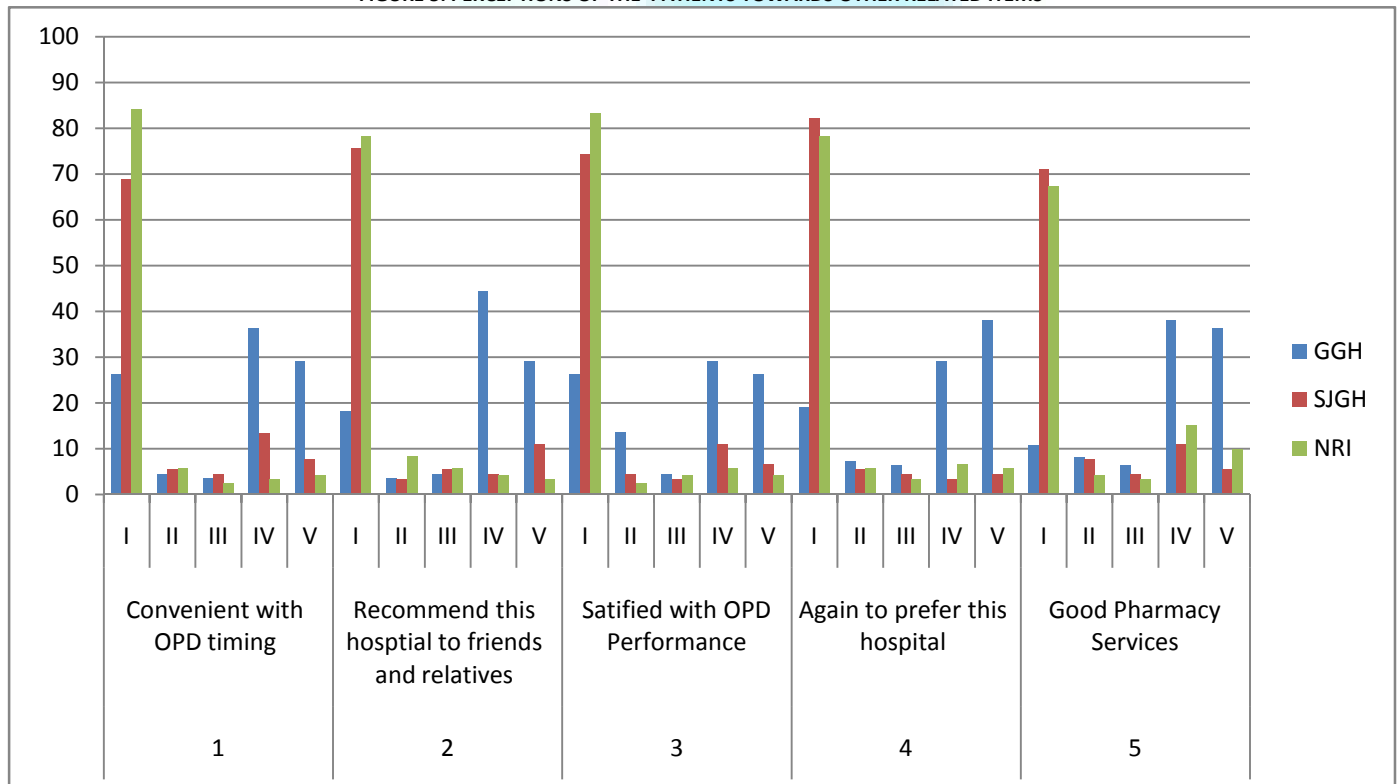
I – Strongly Agree; II – Agree; III – Can't Say; IV – Disagree; V – Strongly Disagree

FIGURE 4: PERCEPTIONS OF THE PATIENTS TOWARDS THE BEHAVIOUR OF THE STAFF



I – Strongly Agree; II – Agree; III – Can’t Say; IV – Disagree; V – Strongly Disagree

FIGURE 5: PERCEPTIONS OF THE PATIENTS TOWARDS OTHER RELATED ITEMS



I – Strongly Agree; II – Agree; III – Can’t Say; IV – Disagree; V – Strongly Disagree

SUGGESTIONS TO IMPROVE THE PATIENT SATISFACTION IN SAMPLE UNITS

In present scenario where the hospital is recognized as a social institute and patient is the only reason for its existence, the hospital must strive for patient oriented services. Healthcare is one of India’s largest sectors, in terms of revenue and employment, and one can well witness the sector to expand rapidly. With the fast growing purchasing power, Indian patients are willing to pay more to avail health care services of international standard. In the era of globalization and heightened competition, it has been observed that delivery of quality service is imperative for Indian healthcare providers to satisfy their indoor as well as outdoor patients. Hence, it is essential to be aware of how the patients and patient parties evaluate the quality of health care service. Such an understanding facilitates hospital administration to enhance quality of service and satisfy patients to a great extent as well.

GENERAL SUGGESTIONS**1. Strengthening of Infrastructure**

Despite the financial crunch, the government has to strengthen the physical facilities at the sub-centers, public health centers and central health centers so that their performance is improved. The incomplete buildings are to be completed, the equipment as per the standard list are to be made available, the vacant posts are to be filled.

2. Keep special eye on Tertiary and Secondary Health Services

The emphasis on consolidation of primary health care, the strengthening of secondary care services and optimisation of tertiary care services are also to be given due place. The sub divisional and district hospitals are the secondary level medical care institutions facing multi-dimensional problems like inadequacy of manpower and required facilities to discharge their responsibilities satisfactorily.

3. Improve the Quality

Hospitals provides a framework within which managers/ professionals can create a quality programme that enhances working life and services to patients, a programme which is appropriate for the complex reality of the modern professional services and appropriate to the beliefs and abilities of the people who use and work in such organizations.

4. Innovate Strategic Decisions

Both the Government and Private hospitals are required to innovate their strategic decisions so that all categories of users get the needed services. Scientific inventions and innovations have paved the ways for qualitative improvement for improving the medical and healthcare services.

5. Rational fee structure

A rational fee strategy which provides an opportunity even to the poorest of the poor to avail the services. Set the structure on the basis of income. This enables hospitals in generating finance for initiating qualitative-cum-quantitative improvements in the medical services.

6. Inculcating Mass awareness

It was found that unconsciousness or unaware causes ailments. The hospitals with the support of professionals can innovate mass awareness among the people it reduces pressure on hospitals.

7. Avoid the Exploitation of Users (Patients)

The first and foremost thing of an hospital is to satisfy the users by making available to them the quality services. Exploit the user (patient) leads to the user (patient) dissatisfaction; it reflects the hospital reputation and fame.

8. Impart the Psychological principles among the staff

Indian hospitals expect a few almost all the hospitals and their personnel hardly find the behavioural dimensions significant. All hospitals give weightage to the behavioural dimensions among the staff.

9. Promotion of Alternative systems and integrations of various systems of medicine

The important resources of traditional and alternative healing systems needs to be encouraged, reasonable standards need to be introduced and it should be integrated with the modern medical system. This would entail enhanced public system support of AYUSH (Ayurveda; Unani; Siddha; Homeopathy) systems with appointment of practitioners, both at primary level and inform of specialized clinics, at various levels in the public health system.

10. Improve the Hospital Community Relationship

The ultimate purpose of the health services is to meet effectively the total health needs of the community. A good hospital would build its services on the knowledge and understanding of the community it is to serve, its success will depend upon the involvement of many groups, both professional and nonprofessional within and outside the hospital.

11. Services based on market forces

Most hospitals established are less subject to market forces for they have a captive population to serve. A solution is to market the services in a right fashion. Hospitals will be catering more and more to the needs of patients in fragments, which will lead to more and more specialised hospitals in place of general hospitals which provided medical, surgical, obstetric and gynaecological, Ear Nose Throat (ENT), paediatrics, etc under on roof.

12. Organise Medical Audit regularly

The purpose of medical audit is to evaluate and decrease the financial burden on the patient. In the recent past, the conditions in the hospitals are worsening, as they are under the control of state Government. There is a need to set up committees to ensure sufficient and effective medical audit.

13. Corporate Social Responsibility (CSR)

The corporate sector should continue to play an active role in building health system to improve the delivery of health services. The corporate sector has a responsibility to serve the economically weaker sections of out society, without comprising on quality of service. Other areas of CSR include social health insurance, telemedicine, and health check up camps in remote areas, through public private partnership. CSR should form part of long term strategy of the corporate sector.

14. Respect the dignity of the patient

It is one of the most basic right and need of the patient. Concern for the care of the human being as a whole needs contribution from everyone working in the hospital. Patient is the most important person to the hospital.

SPECIFIC SUGGESTIONS**1. Minimise Waiting time**

Longer waiting time had a progressively larger negative effect on outpatient satisfaction. The patients waiting time were prolonged and that the friendliness of the nursing staff needs to be improved.

2. Importance of patients' feedback in hospital settings

The Outpatient Department services form an important component of Hospital services and feedback of patients are vital in quality improvement.

3. Improving Inter-personnel relationship

Efforts made to reduce patient overload so that doctors and other staff can give more attention and time to the patients.

4. Impart training

Efforts should be put to see that hospital staff is compassionate and respecting to patients. This can be achieved by training and motivation of the staff.

5. Quality of care

The quality of care can be improved more in aggregate by raising the level of performance of all providers rather than finding a few poor performers and punishing them, and continuously making small changes to improve their individual processes. This approach can be very powerful if embraced over a period of time.

6. Continued supply of essential medicines should be maintained

The medicines have the potential to sustain life and/or prevent further complications and are prescribed for out-patients. The availability of these medicines in hospitals has not posed a serious problem forcing patients to buy these medicines from hospital pharmacy.

7. Amenities like drinking water and clean toilets made available

It is suggested that, the hospitals provide basic amenities like drinking water for not only for the patient and also for their attendees. Maintaining cleanliness in the units, both internally and externally.

8. Patients, in particular the uneducated and the elderly found it difficult to access the departments to which they were referred. They suggested some sign boards and volunteers would ease the situation.

9. Providing regular report regarding the patients' progress without waiting for them to demand

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APPENDIX

APPENDIX-I: HISTORY OF SAMPLE HOSPITALS

Guntur General Hospital (GGH): It was established as a District Head quarters Hospital in 1848 in a rented tiled house over the Madras Trunk Road. It grew in stages, changed locations and in 1954 was upgraded to a Teaching Hospital and named Govt. Gen. Hospital, Guntur occupying an area of 10.85 acres. The bed strength was 12 in 1861 and over the years it has been increased to the present strength of 1177. There are on the whole 24 departments functioning. A diet canteen has been functioning since 1987 for the benefit of both patients & doctors.

St. Joseph General Hospital (SJGH): The St. Joseph's Hospital in Guntur has celebrated centenary of its establishment in 1904 as a small clinic at the same place where the modern hospital stands today. Seven members of the Jesus, Mary and Joseph Missionaries from Holland started the dispensary with one Mohamed as their first patient on March 22. The foundation for the present hospital was laid by Sister Mary Glowry, an Australian in 1924 with three beds for in-patients, to cater the medical needs of the people specially women and children. The 250-bed hospital was one of the first Catholic hospitals in South India. It is a non-profit voluntary organization administered by the "Society of Jesus, Mary Joseph". It has a 15 bedded state-of-the art Emergency Medical Unit with facilities for providing multi-parameter haemodynamic monitoring and total ventilatory support for the critically ill patients.

NRI General Hospital: N.R.I Academy of Sciences is promoted by a small consortium of 32 N.R.I doctors from USA who were all born and brought up in Guntur and Krishna Districts of Andhra Pradesh. They started the Medical College in the year 2003-2004. The College and the Hospital are situated in a sprawling campus and has a total built-up area of 10,00,000 sq. ft comprising of 8 buildings. The entire necessary infrastructure is composed of fully-equipped laboratories, air-conditioned lecture halls attached with a 550 bed Teaching Hospital as per Medical Council of India (MCI) norms. There are approximately ten wards catering to the needs of respective departments including Critical care units (NICU, PICU, and ICU). Special Rooms are available at an affordable cost. Their Causality consists of 26 beds supported by two ambulances and is fully equipped with state of art equipment attached with Emergency operation theatre.

PERFORMANCE EVALUATION OF SOME SELECT EQUITY FUNDS FLOATED BY PRIVATE SECTOR BANKS

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ABSTRACT

The mutual funds from the private sector banks, HDFC and ICICI, two each from each group, Top 200 Growth, Capital Builder, Top 200 and Top 100 schemes of Growth Option are selected for evaluation in the present context. Long standing and steady growth formed the basis of the selection. These funds are statistically evaluated by standard deviation, correlation with market index, and the financial parameters, Sharpe's Index, Treynor Index, Jensen's alpha, Fama's Measure and M^2 . The results indicate the supremacy of HDFC Top 200 fund over the others.

KEYWORDS

Evaluation of mutual funds of the Private Sector Banks, HDFC and ICICI Prudential, Statistical appraisal of Top 200, capital Builder, Top 200 and Top 100 growth schemes.

INTRODUCTION

Mutual fund is defined as "a fund in the form of a trust by a sponsor, to rise money by the trustees through the sale of units to the public for investing in securities under the framework of the regulations". The Indian Mutual Fund Industry emerged as a dominant financial intermediary in Indian capital market during the last couple of years. Small investors can take benefits of stock market growth by investing in equity and debt instruments through MF. The appreciation of investment depends on the performance of fund and stock market. A mutual fund benefits from professional fund managers who can apply their expertise and dedicate time to research investment options. Thus funds play a significant role in financial intermediation development of capital markets and growth of the financial sector as a whole.

Performance evaluation of mutual funds is built on the twin expectations of the investors namely, risk premium and scheme's return over the market return. A preview of the performance of a mutual fund can serve as a guideline and to an extent in the selection of a fund for investment. However, past performance may not be a true representative of the future trend, and a cautious approach may be required.

A study of the available literature indicates that not all of the possible available tools are applied for the evaluation of mutual funds. Some of the research can be seen focused only on particular fund and highlights the advantage and disadvantages of that fund.

The most appropriate and commonly applied tool for assessing the performance of mutual fund scheme is to track the NAV. Future performance is predictable from past performance as funds are bought and sold based on NAV of schemes. Equity schemes are the close substitute for direct investment in capital market. As equity based schemes are comparatively riskier; investors expect return in relation to the risk involved. Hence, a better way to assess the portfolio is to consider return per unit of risk. To measure the risk, two appropriate quantitative risk surrogates that can be used are: standard deviation of rate of return and beta coefficient of the portfolio. Markowitz's portfolio theory paved the way for a new direction to the risk-return analysis of portfolios. The CAPM developed by Sharpe (1964) and John Lintner (1969) laid the foundation stone for the growth of capital market. Treynor (1965) and Jensen (1968) made remarkable contribution by developing models to evaluate portfolios. Fama made a valuable contribution to decompose return into various components. An empirical review of NAV of the selected growth schemes bequeaths a better understanding of the mutual fund schemes performance.

The present work is designed to evaluate the performance of the four equity funds selected, two each from the fund houses, HDFC and ICICI Prudential. The funds selected are HDFC Top 200 (G), HDFC Capital Builder (G), ICICI Prudential Top 200 (G) and ICICI Prudential Top 100 (G). As it is aimed at an exhaustive study of these funds, the period envisaged the past ten years, starting from the financial year 2002 - 03 to the end of the financial year 2011-12.

The sole idea behind selecting these funds being:

It is needless to mention that these funds have a long track record and withstood the acid test of time during various intervals.

DATA COMPILATION AND COMPUTATION OF STATISTICAL EVALUATION PARAMETERS

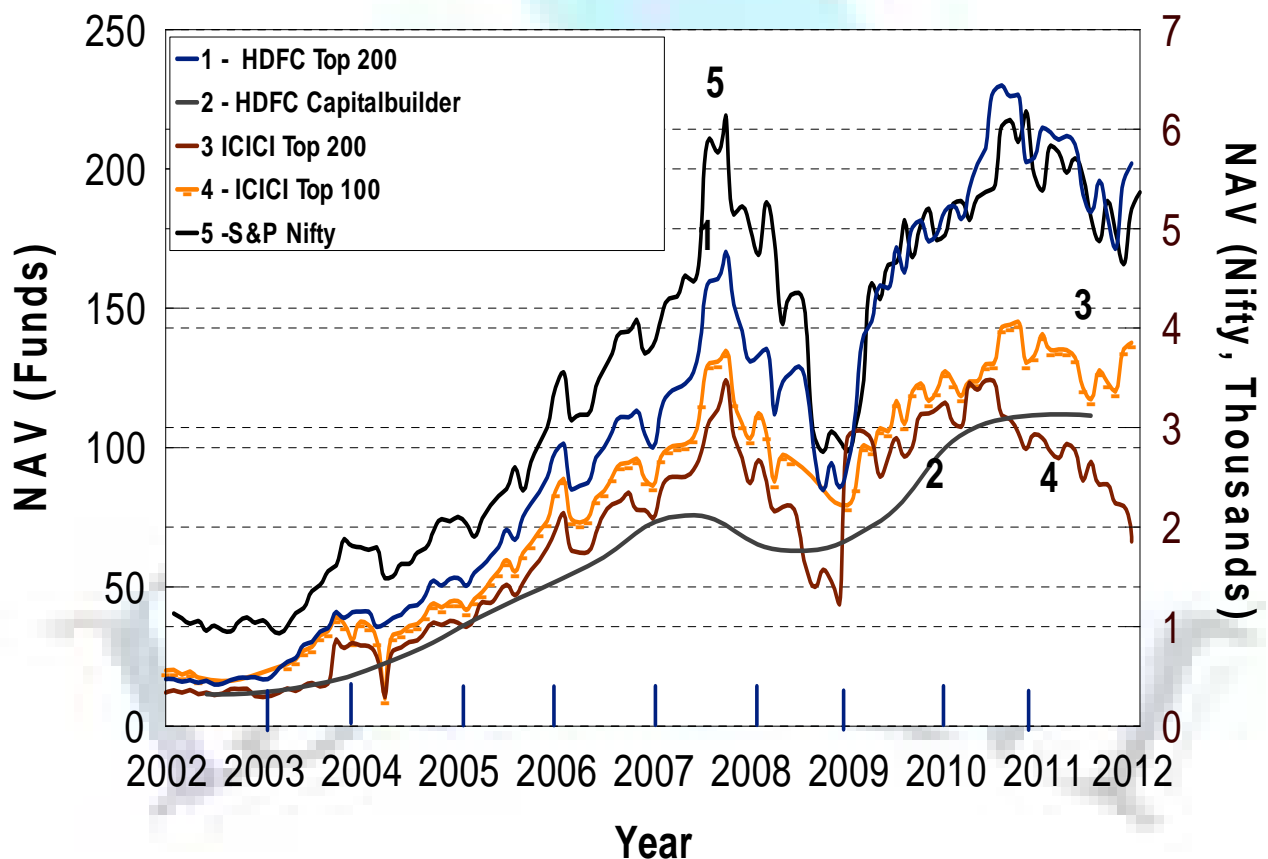
The Equity funds selected for appraisal include:

1. HDFC Top 200 Growth: Designed to generate long term capital appreciation by investing in a portfolio of equities and equity linked instruments drawn from the BSE 200 Index.
2. HDFC Capital Builder Growth: The Investment Objective of the Scheme is to achieve capital appreciation in the long term.
3. ICICI Prudential Top 200 Growth: Aims to generate capital appreciation through investments in equity related securities in core sectors and associated feeder industries
4. ICICI Prudential Top 100 Growth: Seeks to generate capital appreciation by actively investing in equity and equity related securities. For defensive considerations, the Scheme may invest in debt, money market instruments and derivatives

TABLE 1: FUND INFORMATION

| Information | HDFC | | ICICI | |
|---------------------------------|---|---|---|---|
| | Top 200 | Capital Builder | Top 200 | Top 100 |
| Type of scheme | Open Ended | Open Ended | Open Ended | Open Ended |
| Nature of scheme | Equity+ | Growth Scheme | Equity | |
| Launch date | Sep 11, 1996 | January, 1994 | Oct 1, 1994 | Jun 19, 1998 |
| Face value Rs. /Unit | 10 | | 10 | 10 |
| Fund size (Rs. cr.) | 11,381.06 (31/03/12) | 41,333.28 (31/03/12) | 477.00 (31/03/12) | 304.93 (31/03/12) |
| Minimum investment (Rs.) | 5000 | 5000 | 5000 | 5000 |
| Purchase redemptions | Daily | Every Business Day | Daily | Daily |
| NAV Calculations | Daily | Every Business Day. | Daily | Daily |
| NAV (Rs./Unit) as on 31-03-2012 | 185.967 | 106.6710 | 97.79 | 138.93 |
| Entry load | 0%. | Nil | 0%. | NA |
| Exit load | 1% If redeemed between 0 to 1 Year. | 1% If redeemed within 1 year. No Exit Load if redeemed after 1 year | 1% if redeemed between 0 to 1 Year; | 1% if redeemed/ switched out within a period of 15 months. |

FIG. 1: COMPARISON OF THE SELECTED FUNDS



The NAV values of the selected schemes were drawn for the period of study from the respective web sites of the fund managers. The monthly returns were obtained as

$$R_{PN} = \left(\frac{NAV_{Closing} - NAV_{Opening}}{NAV_{Opening}} \right) + 1 \tag{1}$$

The R_{PN} for a financial year are compounded for the annualized return, R_p .

$$R_p = \left(GM_{RP_1, RP_2, \dots, RP_{12}} \right) - 1 \tag{2}$$

Where GM is the geometric mean.

Comparison of the performance of a fund with the market or index performance indicates as to how well or worse the managed portfolio performed vis-a-vis market return vis-à-vis market return. Monthly values of S&P NSE Nifty were drawn from www.nseindia.com for the study period, financial year 2002 to 2012 to compute the market return (R_m) with reference to the funds.

The other parameter required for obtaining the evaluation parameters is the risk free return, R_f . Risk free rate of return is the available rate of return from investing in a risk free asset. The asset with the known terminal value is risk free asset. Government securities and deposits in national Banks fall under this category. Interest rate earned on the savings bank deposit of State bank of India is selected as the risk free rate in the present study.

The rate of return offered by SBI on savings bank deposit is 4% for the financial year 2011-12 and 2002-03 and for the financial years 2003-04 through 2010 it is 3.5% per annum. Average risk free monthly returns are 0.330% and 0.292% respectively.

The selected mutual funds are statistically evaluated for the study period, employing the average values obtained over the study period of Sharpe's Index (S_i), Treynor's Index (T_i), Jensen's Alpha (α_i), Fama's Measure and M^2 .

The models developed on the assumptions of 'The Capital Asset Pricing Model' and tested by Treynor (1965), Sharpe (1966), Jensen (1968) and Fama's Decomposition of Returns was used to evaluate the performance of selected growth schemes. M^2 was employed for the intercorrelation of the evaluation parameters.

Sharpe Index (S_i) : measures the risk premium of the portfolio with reference to the total amount of risk. The index S_i measures the slope of the line emanating from risk-free rate outward the portfolio. The larger the S_i , the better the portfolio has performed. S_i is the reward to variability of the scheme's total risk and is a summary measure of scheme's performance adjusted for risk.

$$S_i = \frac{A_{pt} - R_f}{\sigma_{pt}} \quad (3)$$

Where

S_i = Sharpe Index

R_f = Risk-free rate of return

A_{pt} = Average return on portfolio 't'

σ_{pt} = Risk involved in portfolio 't' returns

Treynor Index (T_i) sums up the risk and return of a portfolio in a single number. The index measures the slope of the line emanating outward from the risk-free rate to the portfolio under consideration. Treynor index is a reward to volatility of the portfolio. The characteristic line relates the market return to a specific portfolio return without any direct adjustment for risk. This line can be fitted through a least square regression involving a single market portfolio.

$$T_i = \frac{AR_p - R_f}{\beta_p} \quad (4)$$

Jensen constructed a measure of absolute performance on a risk-adjusted basis while Sharpe and Treynor models provided measures for ranking the relative performance of various portfolios on a risk-adjusted basis. Equilibrium average return on a portfolio is the benchmark. Equilibrium average return is the return of the market portfolio for a given systematic risk being :

$$EAR_p = R_f + (R_m - R_f) \beta \quad (5)$$

EAR_p is the equilibrium return of the portfolio 'p' indicating superior / inferior performance of the portfolio's alpha (α_i). Jensen's Alpha is the intercept of the CRL. If alpha is positive, the portfolio has performed better and if it is negative, scheme performance is not up to the benchmark. In a well-diversified portfolio, the average value of alpha of all stocks turns out to be zero.

Eugene Fama's Decomposition of Total Returns: Eugene Fama provides for an analytical framework, which enables for a detailed analysis of scheme performance popularly known as Fama's Decomposition of Total Return. The total return on a portfolio constitutes of risk-free return (R_f) and excess return.

The excess return arises from different factors such as risk accepted and stock selection. The excess return can be decomposed into two components, namely risk premium (reward for bearing risk) and for stock selectivity (return from stock selection).

Each portfolio will have both systematic risk and unsystematic risk. Hence risk premium can be decomposed into two components namely, return for bearing systematic risk (market risk) and return for bearing unsystematic risk.

The return for pure (net) selectivity is the additional return obtained by a portfolio manager for his superior stock selection ability over and above the return mandated by the total risk of the portfolio.

Fama's net selectivity (F_p) is

$$F_p = R_p - \left[R_f + \frac{\sigma_p}{\sigma_M} (R_M - R_f) \right] \quad (6)$$

M^2 : The relative measures of performance, the Sharpe or Treynor Index are simple and primarily used to rank the funds. The numerical values of these parameters are not easy to interpret. Modigliani proposed a variant of Sharpe Index named M^2 Measure. Unlike Sharpe Index, M^2 is an absolute measure of return. Like Sharpe Index, this measure uses total volatility as a measure of risk and reflects the proposition that by choosing a portfolio for investing matters in measuring its performance, is total risk, and not just systematic risk. However, its risk adjusted measure of performance has the easy interpretation of a differential return relative to the benchmark index. Performance can be simply be measured by comparing the returns from the market index and that of adjusted portfolio. This performance measure is defined as

$$M^2 = \left[\frac{\sigma_M(R_p) + 1 - \left(\frac{\sigma_M(R_p)}{\sigma_r} \right) \right] - R_M \quad (7)$$

The M^2 is the difference between the two returns. When the capital Allocation Line (CAL) of the portfolio is less steep than CML, M^2 would be negative, signifying below normal performance of the fund manager. When the CAL is steeper than CML, M^2 will be positive, signifying above normal performance of the fund manager.

LIMITATIONS

- Investments decisions taken based on statistical data might not yield desired returns.
- All the caveats attached to mutual funds will apply to the funds selected for this study.
- Banks are free to accept deposits at any interest rates within the ceiling fixed by Reserve Bank of India. Hence there can be possibility in the accuracy of risk free rates.

RESULTS AND CONCLUSIONS

The R_p of the selected funds, corresponding R_m values and their σ values are included in Table.2 and are represented by Fig.1, for comparison and correlation. Standard deviation represents the risk involved in the mutual fund and hence the fund with a low standard deviation is favored. The standard deviation data indicates that the average performance being far more inferior of the HDFC top 200 scheme by a large factor compared to the other schemes under study. The performance of all the funds were to an extent better than the market with only a few rare exceptions. This observation is based on the comparison of R_m and R_p values correlation between the fund and the market was reasonable in the case of HDFC Top 200 and ICICI Prudential Top 100 schemes where as the other two schemes are par below performance wise compared to the market.

TABLE.2. PORTFOLIO RETURN (R_p), MARKET RETURN (R_M), CORRELATION COEFFICIENT $Corr_{(R_p, R_M)}$ AND STANDARD DEVIATION (Σ) OF THE SCHEMES

| YEAR \ FUND | HDFC | | ICICI Prudential | | S&P CNX Nifty |
|---------------------|---------------|--------------------|------------------|---------------|---------------|
| | Top 200(G) | Capital Builder(G) | Top 200(G) | Top 100(G) | |
| | R_p | | | | R_M |
| 2011-12 | -0.0051 | 0.0013 | 0.0364 | -0.0050 | -0.0120 |
| 2010-11 | 1.0073 | -0.1050 | 0.0020 | 0.0014 | 0.0058 |
| 2009-10 | 5.2871 | 0.0154 | -0.0040 | 0.0195 | 0.0047 |
| 2008-09 | -3.6507 | -0.0378 | -0.0033 | -0.0018 | -0.0383 |
| 2007-08 | 2.3347 | 0.0227 | 0.0157 | 0.0063 | 0.0179 |
| 2006-07 | 0.0445 | -0.001 | -0.0777 | 0.0012 | 0.0100 |
| 2005-06 | 4.6386 | -0.0233 | 0.0338 | 0.0387 | 0.0439 |
| 2004-05 | 1.4034 | 0.0122 | 0.0124 | 0.0034 | 0.0116 |
| 2003-04 | 1.1194 | 0.0511 | 0.0125 | 0.0713 | 0.0512 |
| 2002-03 | -1.022 | -0.001 | -0.019 | -0.008 | -0.011 |
| Σ | 2.6052 | 0.04227 | 0.03239 | 0.02471 | 0.02622 |
| $Corr_{(R_p, R_M)}$ | 0.8588 | 0.4102 | 0.1612 | 0.8271 | |

The results of the statistical evaluation parameters are presented in Table.3. Sharpe Rule stipulates that in assessing the comparative merits of the funds a fund with higher S_h is to be chosen. An investor with a different risk performance might choose a different base. Higher the Sharpe Ratio, more attractive the fund becomes. In the present study, it can be seen that HDFC Top 200 is the best performer of the selected lot. Others can be termed far most inferior due the negative values. High Treynor Ratio indicates a more attractive fund. The same order of merit of the schemes can be observed from the Treynor's Ratio comparison.

TABLE 3: STATISTICAL EVALUATION PARAMETERS OF THE SELECTED SCHEMES

| Fund \ Perametar | HDFC | | ICICI Prudential | ICICI Prudential |
|------------------|---------------|--------------------|------------------|------------------|
| | Top 200(G) | Capital Builder(G) | Top 200(G) | Top 100(G) |
| S_t | 2.92 | -3.37 | -2.72 | -3.59 |
| T_f | 0.3682 | -1.2697 | -0.5779 | -0.3739 |
| α_j | 0.3657 | -0.1956 | -0.4917 | -0.5234 |
| F_p | 0.3639 | 0.7607 | 0.3276 | 0.3703 |
| M^2 | 2.9351 | 0.5469 | 0.9130 | 0.2995 |

Only HDFC Top 200 has positive alpha. The inferences are that the other funds with negative alpha have underperformed the bench mark index. A high Fama's Information Ratio indicates a manager's ability to achieve higher returns. The F_p values are suggestive that the HDFC Capital Builder is healthier than the others; the other three schemes are of the same order. M^2 is positive, for all the schemes, signifying above normal performance of the fund manager. Spearman Rank Correlation (Table.4) of the Evaluation parameters was excellent between the evaluation parameters except the HDFC Top 200 Growth fund as expected as the fund's performance was different being far better than the other funds.

TABLE 4: SPEARMAN RANK CORRELATION OF THE EVALUATION PARAMETERS

| Fund \ Perametar | HDFC | | ICICI Prudential | ICICI Prudential |
|------------------|------------|--------------------|------------------|------------------|
| | Top 200(G) | Capital Builder(G) | Top 200(G) | Top 100(G) |
| S_t | 1 | | | |
| T_f | -0.379 | 1 | | |
| α_j | -0.257 | 0.960* | 1 | |
| F_p | -0.491 | 0.909 | 0.966* | 1 |
| M^2 | -0.401 | 0.948* | 0.921* | 0.854* |

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

In a nutshell, it can be concluded that HFC Top 200 followed by HDFC Capital Builder can become a best bet for the investors based on the past performance.

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ANALYSING THE FINANCIAL PERFORMANCE OF IRON AND STEEL INDUSTRY WITH THE HELP OF MARKET VALUE ADDED APPROACH

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ABSTRACT

In the present study an analysis is made on the financial performance of Iron and Steel Industry with the help of Market Value Added Approach and it is found that the performance of select Iron and Steel units in terms of profitability cannot be increased unless the interlinked problems like modernisation, cost reduction, control, taxes etc. are solved. Since Iron and Steel Industry is playing an important role in building the industrial base of the nation and providing infrastructure for the development for the economy, the government of India should play a pivotal role in extending financial support to the Iron and Steel Industry at concessional rates and should take suitable policy measures for its development.

KEYWORDS

financial performance, iron & steel industry.

1. INTRODUCTION

The Indian Steel Industry is today the 8th largest producer of steel in the world. Steel is a highly capital intensive Industry and cyclical in nature. Its growth is intertwined with the growth of the economy at large. The Steel Industry contributes 1.3 percent to India's GDP and accounts for 10 percent in Excise Duty Collections. Indian Steel Industry is with capital investments of over Rs.1,00,000 crores. It provides employment to 2 million people. The Steel Industry plays a vital role in transforming India into an economic super power. Steel provides basic raw materials to the large number of industries such as engineering, machine tools, ship building, railways and other industries.

2. MARKET VALUE ADDED APPROACH

In a nut shell, the Iron and Steel Industry in India plays a pivotal role in the country's prosperity and economic development. The present study is undertaken to study the financial performance of Iron and Steel industry in India by using Market Value Added (MVA) approach. MVA is one of the external indicators which give the utmost satisfaction to the investors. From the investor's point of view, increase of the share prices is always desirable. The most reliable measure of management's long term success in adding value is known as "Market Value Added" (MVA). MVA is the difference between company's current market value as determined by its stock price and economic book value. Economic value of the company can be determined as the amount of capital that share holders have committed to the firm throughout its existence, including earnings that have been retained in the business. MVA is the best external performance indicator as it indicates the market assessment of the effectiveness with which companies' managers have used the scarce resources under their control. Hence, it turns out to be very significant and important to analyse and identify the internal indicators that relate well with Market Value Added (MVA). Market Value Added refers to the value added to the shareholders' wealth by the firm. If MVA is positive, it implies that the firm added value to the shareholders' wealth. If MVA is negative, it indicates that the firm is destroying the shareholders' wealth.

3. METHODOLOGY

There are 227 Sponge Iron units, 650 mini furnace units and 1200 reroller units working in India. Since Sponge Iron units are the base for production of other Iron and Steel units, the present study is focusing on Sponge Iron units only. Out of 227 Sponge Iron units, 54 units are working for the past five years. Therefore, 20 percent of the sample has been chosen for the present study. Following are the 11 select Iron and Steel units in India.

1. Adhunik Metalliks Limited, Kolkata, West Bengal
2. Jai Balaji Sponge Limited, Kolkata, West Bengal
3. Godavari Ispat and Power Limited, Sitara, Chattisgarh
4. Monnet Ispat and Energy Limited, Rajpur, Chattisgarh
5. Vikash Metal and Power Limited, Kolkata, West Bengal
6. Jindal Steel and Power Limited, Hissar, Haryana
7. Orissa Sponge Iron Limited, Bhubaneshwar, Orissa
8. Raipur Alloys and Steel Limited, Nagpur, Maharashtra
9. Tata Sponge Iron Limited, Joda, Orissa
10. Essar Steel Limited, Surat, Gujarat
11. Kanishk Steel Industries Limited, Salem, Tamil Nadu

In the present study an attempt has been made to examine the effect of select variables on MVA. The objective of the study is to know one of the internal measures, which can influence the MVA. Therefore, MVA is taken as a dependent variable and the eight other variables are selected as independent variables. The independent variables chosen to study are:

- a. Return on Net Worth (RONW)
- b. Capital Productivity (CP)
- c. Labour Productivity (LP)
- d. Earnings Per Share (EPS)
- e. Economic Value Added (EVA)
- f. Return on Sales or turnover (ROS)
- g. Return on Total Assets (ROTA)

h. Cash profit

One year period has been taken i.e., from 1-4-2007 to 31-3-2008 for computing the above variables and also for analysis. A brief description of each variable is discussed below.

4. DETERMINATION OF MVA AND OTHER INDEPENDENT VARIABLES

A) MARKET VALUE ADDED (MVA)

MVA is derived by deducting the book value of the firm from its market capitalisation. The book value of the firm is equity share capital plus reserves and surplus, minus any revaluation reserve and miscellaneous expenses. Market value of the firm can be arrived at by dividing Earnings Before Interest and Taxes (EBIT) by overall cost of capital.

$$MVA = \text{Market Value of the firm} - \text{Book Value of the firm}$$

$$\text{Market Value of the firm} = \frac{EBIT}{K_o}$$

Where

EBIT = Earnings Before Interest and Taxes

K_o = Weighted Average Cost of Capital (WACC)

Book value = Equity share capital + Reserves and surplus + Value of Debt of the firm (Revaluation reserves + miscellaneous expenses)

$$\text{Value of Debt} = \frac{I}{K_d}$$

Where

I = Interest

K_d = Cost of Debt

B) RETURN ON NET WORTH (RONW)

It is calculated by dividing the net profit after taxes and preference share dividend by the average net worth.

$$RONW = \frac{PAT - \text{Preference share dividend}}{\text{Average net worth}}$$

Where, average net worth = $\frac{\text{Opening Net Worth} + \text{Closing Net Worth}}{2}$

C) CAPITAL PRODUCTIVITY (CP)

Capital Productivity can be determined by dividing value added by capital. Value added is net sales plus changes in stocks minus raw materials consumed and power and fuel cost. Capital is treated as net fixed assets. This ratio is crucial because it is a reliable indicator of efficient utilisation of assets which is the sine qua non for improving productivity.

$$\text{Capital Productivity} = \frac{\text{Value Added}}{\text{Capital}}$$

D) LABOUR PRODUCTIVITY (LP)

The higher the value of output per unit of rupee spent on wage the higher the labour productivity. This can be done by employing less labour, by reducing per employee cost or by really improving productivity. Thus:

$$\text{Labour Productivity} = \frac{\text{Value added}}{\text{Wage Cost}}$$

E) EARNINGS PER SHARE (EPS)

This is calculated by dividing the net profit after tax and preference share dividend or net profit available to the equity share holders divided by the number of ordinary shares. It indicates the net profit available to the ordinary share holders on a per share basis

$$EPS = \frac{\text{Net Profit (after taxes and preference share dividend)}}{\text{Number of ordinary shares}}$$

$$EPS = \frac{(EBIT - I)(1 - t) - Pd}{N}$$

Where:

EBIT = Earnings Before Interest and Taxes

I = Interest

t = Tax

Pd = Preference share dividend

N = Number of common shares outstanding

F) ECONOMIC VALUE ADDED (EVA)

EVA is just the dollar amount by which, a company's pre interest but after tax net operating income or net operating profit after taxes (NOPAT) exceeds the charge for total capital. Economic Value Added is positively and significantly associated with the firm's value. For the purpose of analysis, EVA is derived as follows

$$EVA = (r - c) \times \text{Invested capital}$$

Where:

$$r = \frac{NOPAT}{\text{Invested capital}}, \quad c = \frac{\text{Cost of capital}}{\text{Invested capital}}$$

For calculation of Weighted Average Cost of Capital (WACC), invested capital is divided into three parts, viz., equity, preference and debt capitals. WACC is the combination of cost of equity, cost of preference and cost of debt i.e., K_o + K_p + K_d.

G) RETURN ON SALES (ROS)

Return on sales is derived by dividing profit before interest and tax (PBIT) by sales.

$$\text{ROS} = \frac{\text{PBIT}}{\text{Sales}}$$

H) RETURN ON TOTAL ASSETS (ROTA)

This gives productivity of all assets taken together. It can be calculated using the following formula:

$$\text{Return on Total Assets} = \frac{\text{PBIT} - \text{Tax Provision}}{\text{Total assets}}$$

I) CASH PROFIT

Cash profit is derived as profit after taxes plus depreciation plus expenses amortized.

The Market value Added (MVA) and the eight other independent variables such as Return on Net Worth (RONW), Capital Productivity (CP), Labour Productivity (LP), Earnings Per Share (EPS), Economic Value Added (EVA), Return On Sales (ROS), Return on Total Assets (ROTA) and Cash profit of 11 sample units are considered.

The Market Value Added (MVA) is positive in the case of Adhunik Metalliks Limited, Godavari Ispat and Power Limited, Jai Balaji Sponge Limited, Monnet Ispat and Energy Limited, Jindal Steel and Power Limited, Raipur Alloys and Steel Limited, Tata Sponge Iron Limited, Essar Steel Limited and Kanishk Steel Limited. Therefore, the performance of these companies in terms of MVA is good. It implies that these companies added value to the shareholders' wealth. In the case of Vikash Metal and power Limited and Orissa Sponge Iron Limited, the MVA is negative. It means that the financial performance of these two units is not satisfactory. In other words, these two Iron and Steel units are destroying the wealth of shareholders.

Regressions are run of MVA on eight variables mentioned above individually to examine the effect of each variable on MVA. The results are shown in Table 1.

TABLE 1: REGRESSION OF MVA ON SELECT INDEPENDENT VARIABLES

| S.No | Variable | R | R ² | +Value |
|------|------------------------|-------|----------------|----------------------|
| 1 | Return On Net Worth | 0.306 | 0.094 | 0.965 ^{NS} |
| 2 | Capital Productivity | 0.419 | 0.176 | 1.387 ^{NS} |
| 3 | Labour Productivity | 0.122 | 0.014 | -0.368 ^{NS} |
| 4 | Earning Per Share | 0.976 | 0.953 | 13.520 [*] |
| 5 | Economic Value Added | 0.049 | 0.002 | 0.149 ^{NS} |
| 6 | Return On Sales | 0.734 | 0.538 | 3.239 ^{**} |
| 7 | Return On Total Assets | 0.423 | 0.179 | 1.40 ^{NS} |
| 8 | Cash Profits | 0.681 | 0.464 | 2.792 ^{**} |

NS : Not Significant

* : Significant at 1% level

** : Significant at 5% level

It can be inferred from the above analysis that three variables out of eight viz., EPS, ROS and Cash Profit are found to have significant impact on MVA. This implies that the MVA of Iron and Steel Industry is not only affected by select independent variables but also influenced by other factors.

5. CONCLUSION

The performance of select Iron and Steel units in terms of profitability cannot be increased unless the interlinked problems like modernisation, cost reduction, control, taxes etc. are solved. Since Iron and Steel Industry is playing an important role in building the industrial base of the nation and providing infrastructure for the development for the economy, the government of India should play a pivotal role in extending financial support to the Iron and Steel Industry at concessional rates and should take suitable policy measures for its development.

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ACHIEVING CUSTOMER LIFETIME VALUE THROUGH CUSTOMER RELATIONSHIP MANAGEMENT

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ABSTRACT

Customer relationship management (CRM) approach has rapidly gained acceptance as an indicator to acquire, grow, and retain the “right customers” to attain customer lifetime value (CLV). The current challenge that most managers face is to achieve connection between marketing CRM and achieving CLV. Specifically, the need is to take all the data that have been collected about customers and integrate it in a manner that they are able to satisfy and maintain a long relationship with them. CRM has gained much importance in the organizational perspective as to maintain a long relationship with the customers is itself challenging, as with the arrival of new technological advancements in the market, the competition in the market increases, there is a change in behavior of a customer whether to switch to or not to. Customers who are selected and maintained on the basis of their lifetime value provide higher profits in future periods. The present paper tries to bring out various CRM practices and tools that have boosted the strategy of achieving CLV. Moreover the study tries to find out the diffusion of CLV and how importance CLV has in the sustenance of an organization.

KEYWORDS

Customer Relationship Management (CRM), Customer Lifetime Value (CLV), customer value, Long-term Relationship, Customer Behavioral Change.

INTRODUCTION

In the new economic era only a few organizations are providing their customers high quality products and service experience. They are attaining, interacting, transacting and retaining the customers through multiple channels and providing them eventual satisfaction. All customers do not have the same value; similarly all organizations cannot adopt similar CRM models, as in some cases, the cost of developing a CRM infrastructure may prove to be greater than the returns involved. Receiving the full value of the customer is increasingly dependent on the effectiveness of your relationships not only with customers themselves, but also with suppliers and partners. Successful companies are those that are not only integrated internally, but are also connected externally to the customers. The present era is in the midst of unstable change observing rapidly changing market conditions, explosive equity markets, reformed value chains and new global competitors, and customers themselves are changing. The concept of customer relationship management (CRM) has taken center stage in the business world for sustainable business advantages. Evidently long-term success requires a great Customer Relationship Management strategy. A technology-enabled CRM strategy to meet Customer-focused objectives involves the vast majority of any organization's activity. No doubt about that Customer Relationship Management (CRM) has become a top priority for companies seeking to gain competitive advantage in achieving CLV in the competitive market.

BACKGROUND AND CONCEPT

The concept of attaining CLV through CRM has gained much importance in the current chase of competition and technological change. (Dwyer, 1989) stated that the use of customer lifetime value as a marketing metric tends to place greater emphasis on customer service and long-term customer satisfaction, rather than on maximizing short-term sales. Referring to (Gronroos, 1997) that recognition of distinct determinants of customer value proposition and appraisal of the importance of determinants identified has to be treated as a basis for customer value delivering process, which determines both company reserves distribution and planning of value creation process for different customer groups. While referring to (Woodruff, 1997) the desired value influence, the customer perceptions about the product in its use condition, as their evaluation of experience is based on the same attributes, their performances and consequences that in order to create and deliver a unique customer value it is insufficient to analyze, what value social or emotional customer gets, it is important to find out what creates value for customer return will create for company. Relationship marketing attempts to involve and integrate customers and suppliers and other infrastructural partners into firms' developmental and marketing activities. Such involvements result in close interactive relationship, (Shani, et al., 1992). Further defined relationship marketing as an integrated effort to identify, maintain and build up a network with individual customers and to continuously strength the network for mutual benefit through interactive, individualized and value added contacts over a long period of time. (Payne and Holt, 2001) analyzed that there could be distinguished these main directions of customer value analysis: customer perceived value, extended product concept and analysis of possibilities of creation and delivering of the best value for customer. The selection and acquisition of customers based on the purely financial CLV become critical to the long-term customer profitability. The CLV as the measure for customer profitability possesses a fundamental role as it serves within the customer analysis as a deciding future, (Ahmad and Buttle, 2002).

As the customer stays with the company his positive word of mouth can bring more customers to the organization, ultimately the value of customer increases for the company and the process will go on and on. (Kumar, et al., 2007) found in their analysis, of a telecommunications firm, that the most loyal customers meaning customers with the highest financial CLV were not its strongest advocates. Customers that they call advocates were, despite having a low CLV, almost as valuable as customers with high (financial) CLV taking referrals into account. This demonstrates that indirect values can offset direct low profitability. Customer value is not one time practice but the sum of earlier performance behavior that can be used to expect future results. It is the expected net profit a customer will contribute to your business over the entire period of time a customer remains there. It also takes into account factors such as customer defection rates and discounted cash flow, which is the current worth of revenue received in future.

Different companies in different industries have different value metrics. Customer value is an expectant phrase, variously referring to a customer life time value (CLTV), potential value or competitive value or wallet share. Many firms have formalized the practice of modeling, allowing them to score a customer based on their relative worth to the company over time. This score is then used in a variety of ways to time communications with that customer (Dyche, 2007). While referring to CRM (Buttle, 2010) further says that the fundamental purpose of focusing CRM effort on retaining the customer for CLV is to ensure that the company must maintain only value-adding activities and relationships. With valuable customers only, it may not be beneficial to maintain relationships with all customers. (Kumar and Rajan, 2009) define the CLV as: “The sum of cumulated cash flows-discounted using the weighted average cost of capital (WACC)-of a customer over his or her entire lifetime with the company.”

(Finberg, et al., 2002) analyzed that consumer behavior determines consumer's intention to accept or reject new information about a company's product. The cognitive dissonance theory states that under normal circumstances, an individual's cognitive system is in behavior inconsistent, which will lead to create tensions and conflicts in the individual's mind, making him/her to change attitude or adjust behaviors. (Damm and Monory, 2011) revered that the CRM approach is one promising attempt to team up with the customer and respond to the change in power by creating a comprehensive marketing philosophy. Accountability for marketing activities has put the focus mainly on financial measures. This has raised doubts if customer profitability is estimated correctly. Investments in customer management are subjected to be profitable. This requires measures, so that resource allocations can be compared and justified. Customer bonding is a new retention strategy and it consists of interpersonal/social and technological/structural bonds. Social bonds are found in interpersonal relationship between customer-supplier dyad. Structural bonds are established when resources are committed to a relationship (Buttle, et al., 2002).

CLV can be achieved by positive retention strategy it can be done by meeting and exceeding customer expectations, finding ways to add value, creating social and structural bonds and customer engagement building process. Successful CRM therefore lies in the ability of an organization to develop a set of fundamental assumptions that seek to value customers as integral part of business and uniquely address customers' problems to achieve satisfaction and retention. In such circumstances, organizations should not put high premium on product complexities and innovations as the key to any competitive strategy but embrace CRM which goes beyond product innovation to develop relationship with customers through regular interactions (Kubi, et al., 2010). The concept of value in scientific literature when analyzing it from customer perspective, commonly is treated as relation between two components benefits and sacrifices (Wang et al., 2004). This relation determines the preferences of customers towards different alternatives. Despite the universality of this definition, it could be maintained, that this point of view reflects the analysis of perceived customer value and its influence on customer buying behavior mainly from transactional perspective, emphasizing importance of unique value for customer when seeking what alternative to choose in initial stage of buying process. The life cycle of customer passes through three stage management process, customer acquisition, customer retention and development.

The purpose of customer retention strategy is to keep a high proportion of valuable customer by reducing customer defections. The customer development strategy aims to increase the value of those customers that are retained to the company (Buttle, 2010). Elementary to understand the value the organization receives is to understand the economics of customer acquisition and retention, a new entrant in the market will be concerned with acquiring customers whereas an established company operating in a mature market will be concerned with retaining customer. Looking for a real value of customer one should look at the projected profit over life time of a customer (Knox, et al., 2009). Customer value can be defined from the perspectives of money, quality, benefit, and social psychology. In this study, customer value is the evaluation of the benefits of a product or a service by customers based on their advance sacrifices and exposit perceived performance. Consumers may cognitively integrate their perceptions of what they get and what they have to give up in order to obtaining goods. However, the sacrifice means more than the money paid for a certain goods (Qian, et al., 2011). (Toriani and Angeloni, 2011) revived that understanding the use of CRM in customer management processes" demonstrated that CRM helps the company to have distinctive services for their customers, providing personalized and interactive relationships that can provide security and credibility in relation to it. To support the development of its organizational activities, the company developed a technological tool that meets its needs.

(Soeini, et al., 2012) found that organizational adjustment can also be effective on implementing of a successful CRM strategy through improving employees' satisfaction indirectly. On the other hand, internal effects of successful implementation of CRM strategy like process modification and customer oriented culture of the organization would increase success quality indicators of CRM, like customer acquisition rate, customer retention rate, customer satisfaction rate and customer loyalty rate and this increase can affect on organization profitability directly through CRM implementation. (Bohari, et al., 2011) stated that the empowered consumer is no longer a vague concept, but a reality is that changing the face of commerce. Thus, the smartest companies try to figuring out on how to build relationship with customer to increase their revenues and in future to spurs growth. The program that will add value to CLV for a company should be like: 1) to know your customer, to know what he wants, 2) customer oriented strategy. 3) Collect resources. 4) Build infrastructure. 5) Approach/attract the customer. 6) Deliver offer to customer. 7) Evaluate the results. 8) Continue or modify the program (Kincaid, 2006). E-CRM has positive effects at the organizational level for their respective products and services, consumer's loyalty, efficiency, internal process, management channels and innovative sufficient account for e-CRM impact. E-CRM system requires all the necessary consumer information that will describe the consumer's daily activities and the leisure activities to the organization. E-CRM is a combination of hardware and software, process, applications and commitment of management activities to develop high quality of customer service, and customer's maintenance. (Usman, et.al., 2012).

DISPERSION OF CUSTOMER RELATIONSHIP MANAGEMENT

The collection and storage of information was limited to the sales and service functions. Companies were losing customers abruptly only few remained within them as there was dissonance in the customer for searching a better company and a better relationship. The increase in awareness and adoption of CRM started in the mid 1990's, there was a need for the corporate to retain the existing customer as it was difficult and costly to acquire a new customer. Initially the CRM approach worked on two activities; 1) sales force automation and 2) customer service and support. But it had its limitations of having a single system without subsets which lacked clarity and consistency. The next approach was CRM with subsystem into one package, having diversity in the relationship approach and more consistency and automation. CRM is now a hot topic for the companies to discuss and more focus and priority is given to it, as it is a relationship based approach involving continuous interaction over time for social construct. CRM passes through many stages like Awareness building-Exploration-Expansion-Commitment-Dissolution. The fundamental to make relationship to companies with the customer is economic. Improving retention rate of customer has a direct impact on achieving customer lifetime value and increase the customer base for companies. CRM implementations are often designed to build closer, more value-laden relationships with customers, it makes sense for managers to be aware of the quality of relationship they have with the customers. Improving retention strategies for customers reduces the marketing costs for a company.

As customer tenure lengthens, better understanding of customer requirement and expectation can be developed. Over the time, as the relationship deepens, trust and commitment grows automatically and the customer life cycle with the company increases. The customer life cycle is the total time that the customer is engaged with the company from the customers' experience and view point. The components constituting the CRM are people, information, process and technology, an integrated approach of all the four components creates a value driven chain for both the company and the customer. CRM is about identifying and rewarding the most loyal customers to increase the value to the organization and to deliver value to the customers. In today's competitive world getting customer is difficult, that becomes very difficult when one talks about loyal customers, who should give value to the company throughout their life cycle with the company. So companies try their best efforts to retain the existing customers and acquire the new ones. CRM should be an integrated one with all the functional departments in an organization. One must have access, control, speed and automation to make all this possible.

From past failures of losing the customers forward thinking companies have recognized their breakdowns, for these CRM is much more than retaining customers. It is a business philosophy that affects the company at large. These companies have articulated their ultimate visions for CRM to communicate them to every aspect of operations. CRM promises to help companies in many of the business processes and accompanying analysis and saving precious time in the bargain. Almost all the corporate big or small work on a customer focused approach and the implementation of CRM can be seen widely now. It is not only CRM now, it is an internet enabled CRM called as e-CRM, having access to worldwide customers. It has service and support, order processing, sales, marketing and corporate social responsibility in it that drives it forward.

As advanced technology of information and communications emerged, internet became the priority of companies, it simplified bidirectional communication problem. It offered better way for companies and customers to exchange information that too in less time. The dot-com has revolutionized the information and communication world, more companies of high end retailing use the websites as an additional man of attracting people into their stores by providing add-on customer service and product related information that brings the customer more closer to the company and adds value to the company in long run competition. Thanks to the data warehousing, where we can store data in a centralized and cross functional database about all the customers. Any time the organization can access the required data in delivering better service to customers and the CRM approach strengthens further to achieve CLV in a more profitable and better way.

CRM AS A TOOL TO ACHIEVE CUSTOMER LIFE TIME VALUE

From the above discussion one can realize that CRM is a building block to achieve any kind of relationship with the customer and add value to the company in the long run. The customer life time value is not only the monetary value but the utilitarian value, social value, emotional value, conditional value etc. both for the customer and for the company. Delivering better value to the customer will add value to CLV of a company as customer satisfaction is both an end state value and a measurement tool for long run success. Organizations should analyze the value chain to take care of business processes, efficiency of resource utilization and cost control in attaining CLV.

Organizations need to find out the value added proposals, its relevance to the business and value delivery networks, this can be accomplished by understanding customer needs, designing value driven strategies, developing value propositions, linking customer knowledge and business strategy, developing new product and services, delivering customer value and measuring and monitoring customer satisfaction and retention. All this can be achieved if an organization is having a well established CRM approach. A successful CRM therefore requires a combination of managerial dedication, cultural change and a combination of resource and technology to achieve the needed outcome.

As firms grip CRM as a competitive capability to meet customer needs, the concept should be capable of holding the key to competitive advantage as research have evidenced the ability of the concept to help organizations to achieve market leadership in any industry. It should rather be viewed as a strategic means and deployed holistically across the broad spectrum of an organization to assure its success. Achievement of business excellence in global market creates preconditions for long-term growth and development of a company through satisfaction of all social segments – customers, partners, employees, owners, state administration, public, etc. Moreover CRM program must be practicable and this requires a wider understanding of the structural and behavioral limits to organizational alignment and most importantly, high performing companies must not excessively be concerned with immediate responses to expressed needs, but seek a practical orientation that directs attention towards latent or implicit demand.

With good utilization of information technology, such as the establishment of a database and the technology of data mining, enterprises should be able to extract valuable information. For the companies that understand CRM concept in that way, such strategy will ensure success in their efforts to improve the relations with the customers, suppliers and other business partners, and even with the competition. The ultimate aim of CRM is to develop potential customers and maintain the relationships with existing customers via the assistance of a variety of forms of information technology in order to create company value.

CHALLENGES

Without clearly stated goals most organizations fail in CRM implementation program. Companies continue to use technology based systems without initial assessment of return on investment (ROI), and acceptability by customers. The real barriers also come from employee attitudes, corporate culture, organization structure, lack of strategic planning for CRM system, lack of quantifiable goals and objectives, lack of inter departmental integration and lack of metrics for program performance. In channel proliferation situation where companies focus on managing their channels are forced to staff each new channel. Clearly this is a costly and inefficient approach. Most of the organizations have the ability to collect information but they don't have the coherent and effective strategy to analyze and process this tremendous amount of data into actionable information.

Communication channel, control and coordination in marketing activities, financial allocation, size and structure of market, technology and change are the other challenges which organizations face in implementing and developing CRM. Besides this there are other factors having direct influence on the CRM implementation and development; these are ignorance of the database power and CRM principle, defective human resource planning, lack of expertise in the field, improper channel management, lack of synergy in the organization etc. As CRM consists of discrete episodes of repeated interaction, which in turn consist of action and response. So each episode is a range of communicative behaviors including speech, actions and body language. Some authorities think it insufficient to define a relationship as an interaction over time. As relationships change over time one can't expect a similar kind of relationship all the time. So organizations face the challenge of changing relationship and attitude of their customers also. The core of CRM idea must be that customer should not be viewed as a set of independent transactions but as a lifetime income stream for the company. As CRM combines many of the traditional marketing techniques that have been used well by themselves such as data base marketing, sales force automation, telemarketing, web personalization and customer service operations, the backbone of all this is communication, lack of communication between everyone and anyone in the CRM chain can lead to incomplete picture of the overall program. The key to success of CRM is that a company understands the needs and requirements of the present but for the foreseeable future.

MANAGERIAL IMPLICATIONS

In the past, many companies did not care about customers and took their customers for granted. Customers often did not find any proper substitution for current suppliers, or many other supplies were just as poor in a quality and services, or the market was growing so fast that the company did not worry about fully satisfying its customers. To meet these challenges, firms over the past few years have been using the facilities of Customer Relationship Management (CRM) - a set of software applications that aim to integrate a firm's sales, marketing, and customer service information. With the help of technology CRM enhances the capability of an organization to accumulate, synthesize, and disseminate quality information in an economic manner from geographically discrete customers. These specialized computing systems control the power of digital technology by automating front office business functions to optimize an organization's customer value exchange. They act as corresponding mental assistants and increase the effectiveness, competence and personalization of customer value delivery, thereby improving customer satisfaction and reducing working costs.

In order to attain the goal of retaining customers, CRM systems help firms to synthesize information from all their contact points or "touch points" including e-mail, call centers, sales and service representatives to support subsequent customer interactions as well as to inform market forecasts, product design, and supply chain management. These systems make available same real time information on each customer to a wide spectrum of people like sales personnel, web managers, call center personnel, resellers, and customer service representatives. Thus, CRM puts organizations at an advantage over the competitors.

Management of the organization must not only be committed to the development of CRM strategy but also ready to invest time, effort, and resources for the implementation of the strategy. CRM cannot prove of significance unless it addresses every customer contact point and every mode of interaction. Therefore, the firms must integrate CRM as widely as possible across their organizations. CRM involves automation of business processes; therefore, functional specialists who are currently in charge of these processes must possess knowledge of technology. To impart such knowledge to these specialists, firms must organize training programmes, workshops and seminars for them. Most organization do not have adequate infrastructure required for successful implementation of CRM strategy. Therefore, firms must develop such infrastructural facilities within their organization that are capable of providing support to enterprise CRM application. The companies must make necessary arrangements within and outside their organizations to ensure a perfect integration between strategy, business processes, and software products towards a common goal which is a key factor in the success of CRM.

CRM strategy accomplishment is based on the most valuable customers; therefore the organization must direct its customer relationships intelligently. Any organization with various departments, such as marketing, sales and service, can gather qualified information that will create a database which is of real value to the company. Setting up a well defined process for data retrieval enables organizations to effectively use the data and a regular policy for customer relations management as well as optimal customer service. Therefore, changing the context of organizational structure deeply to support, CRM that is required right through the marketing, sales and service departments. In other words, CRM is a functional instrument to make customers feel free to perform their own services through several communications channels, and also persuade new customers. Moreover CRM tends to achieve CLV through following measures:

- Organization must be adaptive to market and competitive changes.
- Providing updated information to all customers through accessible channels and enabling easier and more comprehensive customer information capture.
- Quality of service must be raised while one must reduce the cost base and giving priority to growing customer value rather than growing customer volume.
- Implement the effective and customer oriented acquisition and retention programs and offering end to end customer management.
- Emphasis must be given to two way communication with the customers and making CRM as an integrated approach.
- Develop in-depth understanding of customer needs, wants, desires, attitudes and behaviors to deliver a cost effective and efficient service experience.

- Building customized propositions and relationships by using intelligent systems for understanding the customer.
- Successful CRM must not only create value for the organization but it must provide value to the customer also.
- Priority must be given to the matter of what business promises and what it delivers? Organization must know-who are our customers and what do they want from us? Who among them are most profitable? How to retain them?
- Control on the marketing and distribution channels and offering different service to different to segments as the need may be.
- Emphasis must be given to the trust worthy approach towards the customer and use proper channel/media that inspires confidence, control and capability.
- Identification of customer issues and grievances and giving primary priority to resolve them with a strong remedial mechanism.
- Scan the environment and gain as much knowledge about the market and customers and understand the diversity, expectations and profitability.
- Innovate and meet the very needs of clients/customers, so that the customers remain as advocates on the loyalty curve.

CONCLUSION

Over the years marketing have changed from transaction orientation to relationship building and is now seen as the process of defining, developing and delivering and getting value. CRM is an important tool for accomplishing CLV as profit making source for companies. Research has demonstrated that successful companies use CRM initiatives in early stages for relationship building to achieve more market share and more profit making. Customer expectations must be clearly understood for the company to be able to focus on customers, it has to establish close relationship with them and persistently gain their knowledge of the company's products and services. Complaint handling is another important area where companies must be focused, if an organisation does not handle complaints with urgency and respect, customers will see no reason to trust, commit to or communicate with the organisation. This emphasizes the need for adequate and effective problem recovery. It develops deep understanding of the customer needs and wants; this therefore necessitates the need for CRM.

The success of CRM can only be achieved if the entire organisation is behind its implementation. Trust can be obtained by delivering on promises made, which in turn can lead to a successful CLV for the organization. To retain and increase the value of customers for the company, one has to engage them by communicating on a regular basis. If one does not, customers will be less loyal and either discards one for a competitor who communicates with them, or will spend more with the competitors over time. Building mutually beneficial relationship with customers requires that everyone in an organization work together to provide customers value before and after each purchase or experience and is important for the development of long term relationship with our customers. Therefore, the adoption and effective implementation of CRM is a prerequisite for the achievement of customer value and satisfaction is needed to cultivate, nurture, mature and manage customer relationship.

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COMPARATIVE ANALYSIS OF CAPITAL STRUCTURE OF BANKING COMPANIES WITH SPECIAL REFERENCE TO STATE BANK OF INDIA AND ICICI BANK

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ABSTRACT

The purpose of this research was to understand the capital adequacy of SBI and ICICI bank. The capital structure is the mix of equity and debt fund. Capital structure can influence not only the return of a company earnings for its stakeholders, but also helps in determining the financial position of the company whether or not a firm survives will survive in recession or depression. There are two most popular source of fund which a company can get finance owned capital (equity) and borrowings (Debt). An optimal debt equity mix gives a healthy result of the financial wealth for the company. This was the main threshold of the capital structure forecasting and planning. Because of this many industries recognized and reorganized their capital structure. The main aim of present study is to comparatively analyze the capital structure of the banking industry with special reference to SBI and ICICI bank. During the Liberalization, privatization and globalization various banking reforms in India have been taken. After the implementation of Narshimhan committee reports and Basell II norms banks have kept their capital according to the capital adequacy. The research study is descriptive and analytical research which is conducted on the basis of secondary data. The present study is based on the analysis of five years annual reports of SBI and ICICI bank from 2005-06 to 2009-10. The study revealed that both company has the policy using trading on equity. So ICICI bank has more dependence on owned fund and SBI on debt fund. Adopting this policy may be the reason behind its great success in the present situation.

KEYWORDS

Banking reforms, Capitalization, Capital Structure, Debt-equity ratio, Earning Per Share, ICICI bank.

INTRODUCTION

The term capital structure is used to represent the proportionate relationship between debt and equity. Equity includes paid-up capital, share premium and reserves and surplus (retained earnings). The various means of financing represent the financial structure of an enterprise. The financial structure of an enterprise is shown by the left-hand side (liabilities plus equity) of the balance sheet. Traditionally, short-term borrowings are excluded from the list of methods of financing the firm's capital expenditure and therefore, the long-term claims are said to form the capital structure of the enterprise.

The term "capital structure" represents the total long term investment in a business firm. It includes funds raised through ordinary and preference shares, bonds, debentures, terms loans from financial institutions, etc. Any earned revenue and capital surpluses are included. The capital structure is made up of debt and equity securities which comprise a firm's finance of its assets. It is the permanent financing of a firm represented by long-term debt, plus preferred stocks and net worth. The determination of the degree of liquidity of a firm is no simple task. In the long run, liquidity may depend on the profitability of a firm; but whether it survives to achieve long-run profitability depends to some extent on its capital structure. This includes only-term debt and total stockholders investment. It may be defined as one including both short-term and long-term funds.

The capital structure of bank is still relatively under-explored area in the banking literature. There is no clear understanding on how banks choose their capital structure and what factors influence their corporate financing behavior. It is seen that lending of large banks is less subject to changes in cash flow and capital. It is also seen that shifts in deposit supply affect lending at small banks that do not have access to the large internal capital market. The fact that large banks tend to decrease their capital and increase their lending after merger. Due to these relevant aspect that the present study will try to provide indebt knowledge to the concepts.

Capital composition matters to most firms in free markets but there are differences. Companies in non-financial industries need capital mainly to support funding such as to buy property and to build or acquire production facilities and equipment to pursuer new areas of business. While this is also true for banks, their main focus is some what different. By its very nature, banking is an attempt to manage multiple and seemingly opposing weeds Banks provide liquidity on demand to depositors through the current account and extend credit as well as liquidity to their borrowers through lines of credit. Owing to these fundamental roles, banks have always been concerned with solvency and liquidity. Given the central role of market and credit risk in their core business, the success of banks depend on their ability to identify assess, Monitor and mage these risks in sound and sophisticated way. The competitive and regulatory pressures are likely to reinforce the central strategic issue of capital and profitability and cost of equity capital in shaping banking strategy.

In order to assess and manage risks banks must have effective ways of determining the appropriate amount of capital that is necessary to absorb unexpected losses arising from their market, credit and operational risk exposures. The profits that arise from various business activities of the banks need to be evaluated relative to the capital necessary to cover the associated risks. These two major links to capital – risk as a basis to determine capital and the misplacement of profitability against risk-based capital allocations-explain the critical role of capital as a key component in the management of bank portfolio. The capital structure of bank is still relatively under-explored area in the banking literature. There is no clear understanding on how banks choose their capital structure and what factors influence their corporate financing behavior. It is seen that lending of large banks is less subject to changes in cash flow and capital. It is also seen that shifts in deposit supply affect lending at small banks that do not have access to the large internal capital market. The fact that large banks tend to decrease their capital and increase their lending after merger. Due to these relevant aspect that the present study will try to provide indebt knowledge to the concepts.

Companies short and long term debt is considered when analyzing capital structure. A method of analyzing the impact of alternative possible capital structure choices on a firms credit statistics and reported financial results, especially to determine whether the firm will be able to use projected tax shield benefits fully. There are different method of analyzing capital structure of the bank are ratios, trend analysis, common size statements, comparative statements. In this study the analysis of capital structure of state bank of India and ICICI Bank is done through ratios.

OBJECTIVE OF THE STUDY

The objective of the study is to comparatively analyze the capital structure position of state bank of India and ICICI Bank. The above objective has been approached by analyzing the various ratios of the banks which include debt equity ratio, funded debt to capitalization ratio, solvency ratio, interest coverage

ratio, capital gearing ratio, proprietary ratio. Other objectives are to examine the bank policy regarding capital structure and the effect of capital structure on the profitability of the companies in relation of various ratios

The area of the study had remained an unexplained field in India as for as in the depths study was concern; therefore the thesis will bridge the gap as it is useful to all these banks which are associated with the present study. This will also serve as a literature in the field of banking. It will also help the professionals, academicians who have a better understanding of the relevance of capital structure of banks. The study covers the depths knowledge on the role of capital structure in banks which are fast changing fact of the economy.

The importance of capital structure in banking companies become helpful in development of industries, as provision of rupee and foreign currency loans, subscription to share and debentures, underwriting of share and debentures guaranteeing of deferred payments and loans are the important types of financial assistance provided by institutions. Development of entrepreneurship through training and motivation, assistance in project identification feasibility of studies and preparation of project reports, technical and managerial consultancy seed/risk capital assistance etc.

The present study will be helpful for the society in view of various scheme as acceptance of deposits, provide facility of insurance mutual fund management, long-term pension fund and provide consumer loan for various purpose as housing loan, car loan, educational loan etc. and it also provide electronic banking facilities which save the important time of consumer.

RESEARCH METHODOLOGY

In the present research the data is taken from the secondary sources. Research methodology explains and chooses the best (in terms of quality and economy) way of doing it. The information and data for the research can be collected through primary as well as secondary sources i.e. published articles, journals, news papers, reports, books and websites. The profit & loss account and balance sheet of the State Bank of India and ICICI Bank for the last five years i.e. from 31st March 2005 to 31st March 2010 were studied to get the clear picture of the capital structure. The available data between these periods has been carefully analyzed, interpreted and presented by studying the capital structure of State Bank of India and ICICI Bank. Commensurate with the objective of the study, various tools of analysis have been employed in order to arrive at certain conclusions regarding "Comparative analysis of capital structure of state bank of India and ICICI Bank". Tabular analysis, percentage and graphs have been used for analysis of the data.

STATE BANK OF INDIA-PROFILE

The State Bank of India was constituted on 1st July 1955, pursuant to the State Bank of India Act, 1955 (the "SBI Act") for the purpose of creating a state-partnered and state-sponsored bank integrating the former Imperial Bank of India. In 1959, the State Bank of India (Subsidiary Banks) Act was passed, enabling the Bank to take over eight former state associated banks as its subsidiaries.

The Bank is India's largest bank, with approximately 9,000 branches in India and 54 international offices. Its Associate Banks have a domestic network of around 4,600 branches, with strong regional ties. The Bank also has subsidiaries and joint ventures outside India, including Europe, the United States, Canada, Mauritius, Nigeria, Nepal, and Bhutan. The Bank has the largest retail banking customer base in India.

The Bank is engaged in corporate banking for many of India's most significant corporate and institutions, including State-owned enterprises, as well as providing banking services to commercial, agricultural, industrial and retail customers throughout India. The Bank services its most important corporate customers, including certain state-owned enterprises, through its Corporate Banking Group, and its other customers, including other large corporations and State-owned enterprises, small scale industries, agriculture and personal banking customers through its National Banking Group. The National Banking Group also provides financial services to the Government and the state governments, including tax collection and payment services. The Bank is engaged in international banking and has foreign operations in 28 countries with a global network of 54 branches.

The Bank has a presence in diverse segments of the Indian financial sector, including asset management, factoring and commercial services, insurance, credit cards and payment services.

"The Authorized Share Capital of the Company is Rs.25,000,000 (Rupees Twenty Five Crores Only) divided into 25,00,000 (Twenty Five Lakhs) Equity Shares of Rs.100/- each (Rupees One Hundred Only) with powers to the Company acting through its Directors to increase, reduce or modify its capital and to divide all or any of the shares in the capital of the Company, for the time being, classify and reclassify such shares from shares of one class into shares of other class or classes and to attach thereto respectively such preferential, deferred, qualified, or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company, and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, from the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions, for the time being in force in that behalf."

ICICI BANK-PROFILE

ICICI Bank limited is major banking and financial services organization in India. The bank is the second largest bank in India and the largest private sector bank in India by market capitalization. They are publicly held banking company engaged in providing a wide range of banking and financial services including commercial banking and treasury operations. The bank and their subsidiaries offers a wide range of banking and financial services including commercial banking, retail banking, project and corporate finance, working capital finance, insurance, venture capital and private equity, investment banking, broking and treasury products and services. They offer through a variety of delivery channels and through their specialized subsidiaries in the area of investment banking, life and non-life insurance, venture capital and assets management.

The bank has a network of 2035 branches and about 5518 ATMs in India and presence in 18 countries. They have subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong-Kong, Srilanka, Qatar and Dubai International finance centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. Our UK subsidiary has established branches in Belgium and Germany.

The bank equity shares are listed in India on Bombay Stock Exchange and National stock exchange of India Limited and their American Depository Receipts (ADRs) are listed on NYSE. The bank is first Indian banks listed NYSE.

In September 12, 2003 the bank incorporated ICICI bank Canada as a 100 % subsidiary company. In may 2005, the bank acquired the entire paid-up capital of Investitionno-Kreditny Bank , a Russian bank with their registered office in Balabanovo in the Kaluga region and a branch in Moscow. Thus, IKB became a subsidiary of bank with effect from May 19, 2005. In August, 2005, the bank acquired additional 6% equity share capital of Prudential ICICI Assets Management company limited and Prudential ICICI Trust Limited from Prudential Corporation Holdings Limited and thus these two companies became the subsidiaries of the bank. During the year 2006-07 ICICI bank Canada incorporated ICICI health management insurance as a subsidiary company. In April 2007, Sangli bank Limited merged with the bank with effect from April 19, 2007. In 2007 June, the bank entered into an agreement with networking solution provider GTL Limited to lease out their call centers facility at Mahape worth of around Rs 100 crore for a period of 25 years. During the year 2007-08 the bank increased their branches and extension counter from 755 Nos to 1262 Nos including the additional of about 200 branches through the merger of Sangli bank. They increased their ATM network from 3271 ATMs to 3881 ATMs. They launched the mobile banking service enabling a wide range of banking transaction using the mobile phones. During the year 2008-09, bank increased their branches and extensions counter from 1262 Nos to 1419 Nos. They also received license for 580 additional branches from RBI.

The bank is committed to using its effort to adopt technology to achieve efficiency in its business operations. The bank is moving towards centralized database using enhanced technology to credit it "CBS". The CBS will enable on time, real time transaction processing and provide live interface to a multitude of technology delivery channels.

"The Authorized Share Capital of the Company is Rs.1275 Crores but issued capital is Rs.1152.71 crore divided into 115271442 Equity Shares of Rs.100/- each (Rupees One Hundred Only) with powers to the Company acting through its Directors to increase, reduce or modify its capital and to divide all or any of the shares in the capital of the Company, for the time being, classify and reclassify such shares from shares of one class into shares of other class or classes and to

attach thereto respectively such preferential, deferred, qualified, or other special rights, privileges, conditions or restrictions as may be determined by the Company in accordance with the Articles of Association of the Company, and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner and by such persons as may, from the time being, be permitted under the provisions of the Articles of Association of the Company or legislative provisions, for the time being in force in that behalf."

ANALYSIS OF THE STUDY

The finding is achieved after analyzing the following capital structure ratios of State Bank of India (SBI) and ICICI Bank. These ratios are as follows:

- Five years analysis of debt equity ratio
- Five years analysis of funded debt to total capitalization ratio
- Five years analysis of solvency ratio
- Five years analysis of interest coverage ratio
- Five years analysis of capital gearing ratio
- Five years analysis of earning per share

The financial position of the firms can be studied and analyzed in two perspectives i.e., the short term financial position and long term financial position. The long term financial position, its composition and implications have been considered.

The long term source of funds for any firms are comprising of the shareholder's funds and long term resources of funds may consists of the following:

- The Preference share capital.
- The equity share capital.
- The accumulated profit
- The long term debt.

The debt position of the firm indicates the amount of loans and borrowings used in generating profits. If the raised from debts earn more than the cost of these funds, then the surplus ultimately belongs to the equity shareholders. As the debt involves firm's commitment to pay interest over the long run and eventually to repay the principles amount, the financial analyst, the debt lender, the preference shareholders and the management will all pay close attention to the degree of indebtedness and capacity of the firm to serve the debt. The more the debt a firm use, the higher is the profitability that the firm may be unable to fulfill its commitments towards its debt lenders. The position of the debt and its implications can be analyzed in two different ways:

- As degree of indebtedness.
- As the ability to service the debt.

MEASURES OF THE DEGREE OF INDEBTEDNESS

The measures of identifying the degree of indebtedness attempt to establish the relationship of the total liabilities or only long term liabilities with the shareholders funds or total assets of the firm.

ANALYSIS OF DEBT EQUITY RATIO

This ratio indicates the relationship between loan and the net worth of the company, which is known as gearing. If the proportion of the debt to the equity is low, a company is said to be low geared, and vice-versa. A debt equity ratio of 2:1 is norm accepted. The higher the gearing, the more volatile the return to the shareholders. It is calculated to measure the extent to which financing has been used in business. The objective is to provide a security to outsiders on liquidation of the firm. An appropriate mix of the debt and equity improves the value of the firm. Usually in calculating the ratio, the preference share capital is excluded from debt, but if the ratio is to effect of use of fixed interest sources on earnings available to the shareholders then it is included. On other hand, if the ratio is to examine financial solvency, then the preference shares shall form part of capital.

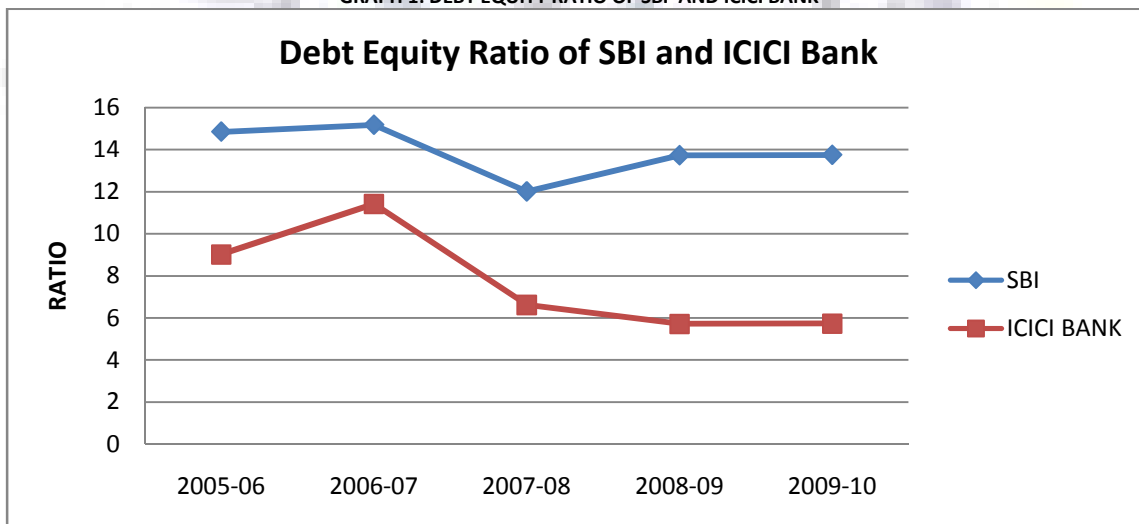
Debt-Equity Ratio= Long Term Debt/ Shareholders funds or Net Worth

{Equation-1}

TABLE- 1 DEBT EQUITY RATIO OF SBI AND ICICI BANK

| YEAR | STATE BANK OF INDIA | | | ICICI BANK | | |
|----------------------|---------------------|-------------------|--------|-----------------|-------------------|-------|
| | Debt Rs. Crores | Equity Rs. Crores | Ratio | Debt Rs. Crores | Equity Rs. Crores | Ratio |
| 2005-06 | 410,687.30 | 27,644.09 | 14.856 | 203,605.08 | 22,555.99 | 9.02 |
| 2006-07 | 475,224.43 | 31,298.56 | 15.184 | 281,766.22 | 24,663.26 | 11.42 |
| 2007-08 | 589,131.35 | 49,032.66 | 12.015 | 310,079.48 | 46,820.21 | 6.62 |
| 2008-09 | 795,786.81 | 57,947.70 | 13.733 | 285,671.51 | 49,883.02 | 5.72 |
| 2009-10 | 907,127.83 | 65,949.20 | 13.755 | 296,280.17 | 51,618.37 | 5.73 |
| Compound Growth Rate | 120.88% | 138.56% | | 45.51% | 128.84% | |

GRAPH 1: DEBT EQUITY RATIO OF SBI AND ICICI BANK



Source: Annual report of SBI and ICICI Bank from 2005-06 to 2009-10

As per the table 1 debt-equity ratio of SBI is 14.856 in the year 2005 -06 in subsequent years it is 15.184 in 2006-07, 12.015 in 2007-08, 13.733 in 2008-09 and in 2009-10 it is 13.755. The analysis clearly show that the ratio is increasing in 2006-07 but it decreases in 2007-08 and increases in 2008-09. On the basis of this trend, it reflects that SBI does not have the stability in their Debt and have the positive relationship between Equity and debt as well. After analyzing, compound growth rate of debt is 120.88% which is less as compare to equity whose compound growth rate is 138.56%. If we look at overall equity and debt ratio initially it increases in 2006-07 but decreases in 2007-08, 2008-09 and constant in 2009-10. Hence, SBI is emphasizing more on owned capital or net worth which is increasing.

Whereas debt-equity ratio of ICICI is 9.02 in the year 2005 -06 in subsequent years it is 11.42 in 2006-07, 12.0156.62 in 2007-08, 5.72 in 2008-09 and in 2009-10 it is 15.73. The analysis clearly shows that the ratio is increasing in 2006-07 but decreases in subsequent years. On the basis of this trend, it reflects that ICICI does not have the stability in their Debt and have the positive relationship between Equity and debt as well. After analyzing, compound growth rate of debt is 45.51% which is less as compare to equity whose compound growth rate is 128.84%. If we look at overall equity and debt ratio initially it increases in 2006-07 but decreases in 2007-08, 2008-09 and constant in 2009-10. Hence, ICICI is also emphasizing more on owned capital or net worth which is increasing.

ANALYSIS OF FUNDED DEBT TO TOTAL CAPITALIZATION RATIO

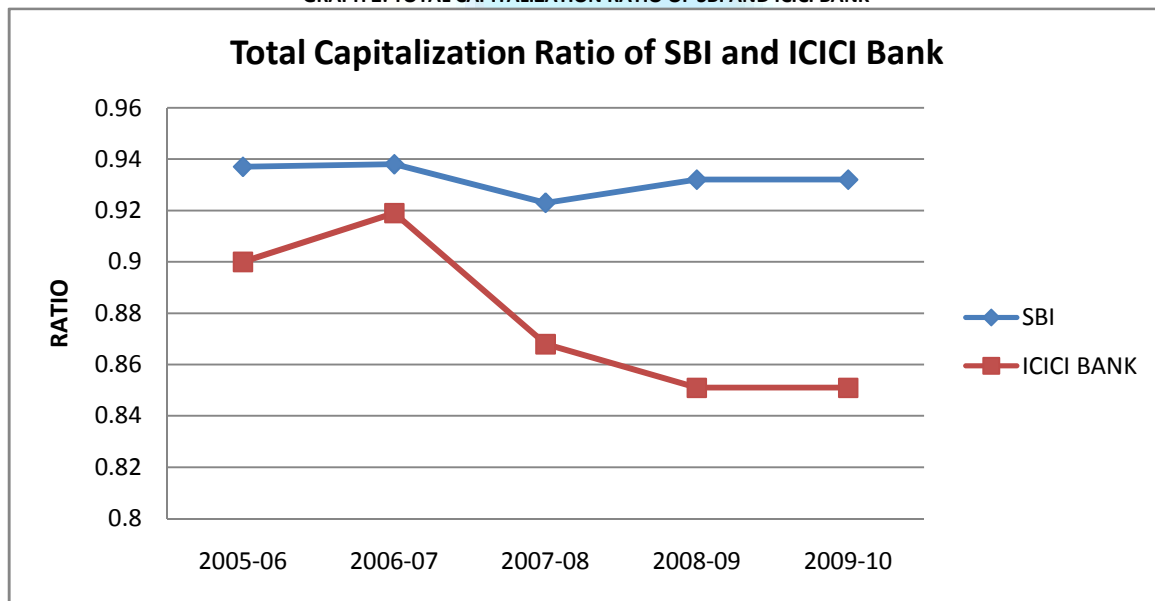
The funded debt to total capitalization ratio establishes the relationship between the long term fund raised from outsiders and total long term funds available from the owners of the business. Funded debt to total capitalization is also one of the important ratios that explain the capital structure position of the company. There is no standard rule for the ratio but normally the smaller the ratio the better it will be

Total capitalization = Total Debt + Equity

TABLE-2 TOTAL CAPITALIZATION RATIO OF SBI AND ICICI BANK

| YEAR | STATE BANK OF INDIA | | | ICICI BANK | | |
|----------------------|------------------------|---------------------------------|-------|------------------------|---------------------------------|-------|
| | Funded Debt Rs. Crores | Total Capitalization Rs. Crores | Ratio | Funded Debt Rs. Crores | Total Capitalization Rs. Crores | Ratio |
| 2005-06 | 410,687.30 | 438,331.39 | 0.937 | 203,605.08 | 226,161.07 | 0.900 |
| 2006-07 | 475,224.43 | 506,522.99 | 0.938 | 281,766.22 | 306,429.48 | 0.919 |
| 2007-08 | 589,131.35 | 638,164.01 | 0.923 | 310,079.48 | 356,899.66 | 0.868 |
| 2008-09 | 795,786.81 | 853734.51 | 0.932 | 285,671.51 | 335,554.53 | 0.851 |
| 2009-10 | 907,127.83 | 973,077.03 | 0.932 | 296,280.17 | 347,898.54 | 0.851 |
| Compound Growth Rate | 120.88% | 120.99% | | 45.51% | 53.82% | |

GRAPH 2: TOTAL CAPITALIZATION RATIO OF SBI AND ICICI BANK



Source: Annual report of State Bank of India and ICICI Bank from 2005-06 to 2009-10

As per the table-2, capitalization ratio is 0.937 in 2005-06, 0.938 in 2006-07, 0.923 in 2007-08, and 0.932 in 2008-09 and 2009-10. It shows that the ratio is more or less stable over the years except in 2007-08 which is good for the company itself. The dependence of SBI on outsider’s long term fund is stable, so high, which is the financial burden on Firm. If analyzing the compound growth rate of funded debt it is 120.88% and the total capitalization is 120.99% which shows funded debt is the more higher than the total capitalization. Hence the firm is more dependent on debt as a source of fund.

Whereas capitalization ratio of ICICI Bank is 0.900 in 2005-06, 0.919 in 2006-07, 0.868 in 2007-08, and 0.851 in 2008-09 and 2009-10. It shows that the ratio is more or less stable over the years except in 2007-08 which is good for the company itself. The dependence of ICICI on outsider’s long term fund is stable, so high, which is the financial burden on Firm. If analyzing the compound growth rate of funded debt it is 45.51% and the total capitalization is 53.82% which shows funded debt is the higher than the total capitalization. Hence the ICICI Bank is more dependent on debt as a source of fund.

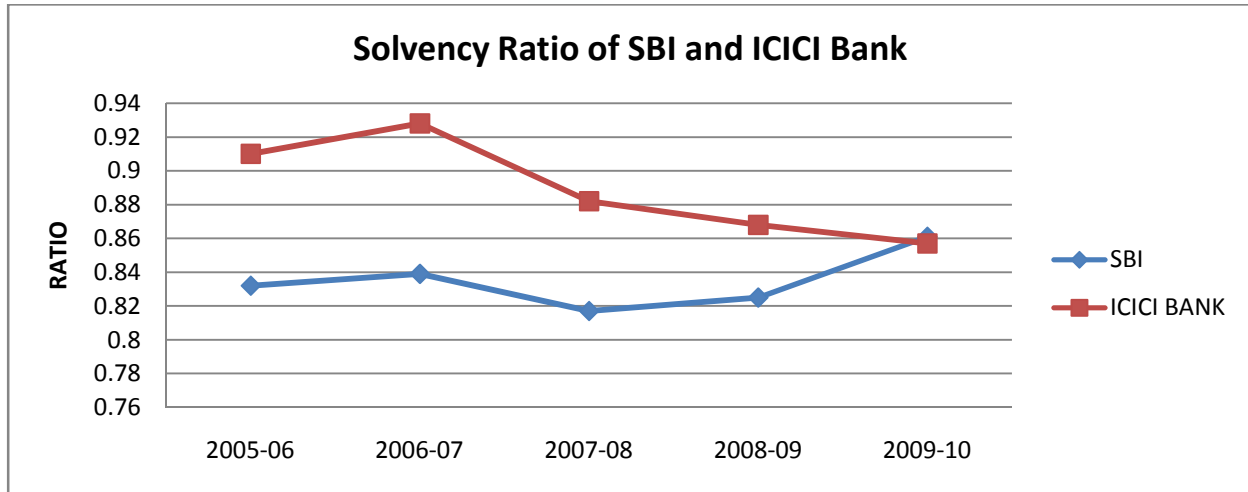
ANALYSIS OF SOLVENCY RATIO

Solvency ratio is a variant of proprietary ratio. It shows the relationship between total liabilities to outsiders to total assets. It provides a measurement of how likely a company will be continue meeting its debt obligations. Acceptable solvency ratios will vary from industry to industry. Generally it is observed that the lower ratio i.e. outsiders liabilities in the total capital of company the better is the long term solvency of the company.

TABLE 3: SOLVENCY RATIO OF SBI AND ICICI BANK

| YEAR | STATE BANK OF INDIA | | | ICICI BANK | | |
|----------------------|---------------------------------|-------------------------|-------|---------------------------------|-------------------------|-------|
| | External Liabilities Rs. Crores | Total Assets Rs. Crores | Ratio | External Liabilities Rs. Crores | Total Assets Rs. Crores | Ratio |
| 2005-06 | 410,687.30 | 493,869.54 | 0.832 | 228,832.96 | 251,388.95 | 0.910 |
| 2006-07 | 475,224.43 | 566,565.24 | 0.839 | 319,994.86 | 344,658.11 | 0.928 |
| 2007-08 | 589,131.35 | 721,526.32 | 0.817 | 352,974.87 | 399,795.07 | 0.882 |
| 2008-09 | 795,786.81 | 964,432.08 | 0.825 | 329,417.94 | 379,300.96 | 0.868 |
| 2009-10 | 907,127.83 | 1,053,413.74 | 0.861 | 311,781.35 | 363,399.71 | 0.857 |
| Compound Growth Rate | 120.88% | 113.29% | | 36.24% | 44.55% | |

GRAPH 3: SOLVENCY RATIO OF SBI AND ICICI BANK



Source: Annual report of State Bank of India and ICICI Bank from 2005-06 to 2009-10

As per the table-3, the solvency ratio of SBI is continuously rising except in 2007-08 in which it decreased to 0.817 from 0.839. In 2009-10, the ratio is 0.861 which is highest during the study. On the other hand, the solvency ratio of ICICI Bank is highly volatile. In 2006-07 in which it increased to 0.928 from 0.910, it decreased to 0.882 in 2007-08 and again increased to 0.868 in 2008-09. In 2006-07, the ratio is 0.928 which is highest during the study. Hence, it clearly shows that both the banks have greater dependence on external sources of finance thereby resorting to the favorable financial device of trading on equity.

ANALYSIS OF INTEREST COVERAGE RATIO

The employment of debt financing by firm should be examined not only in relation to the shareholders funds, but equally important is the consideration of the firm's ability/capacity to service the debt. The ability to service the debt refers to how easily and readily the firm will be able to meet its commitments in respect of contractual interest payment and repayment schedule. The firm's ability to service the fixed liabilities can be measured with the help of coverage ratios. The coverage ratios establish the relationship between fixed claims and the firm's profitability out of which these claims are to be paid. So, this measure tries to relate profitability to the level of debt payments to assess the degree of comfort with which the firm can meet these payments. The interest coverage ratio helps to analyze the firm's ability to service the fixed interest claims.

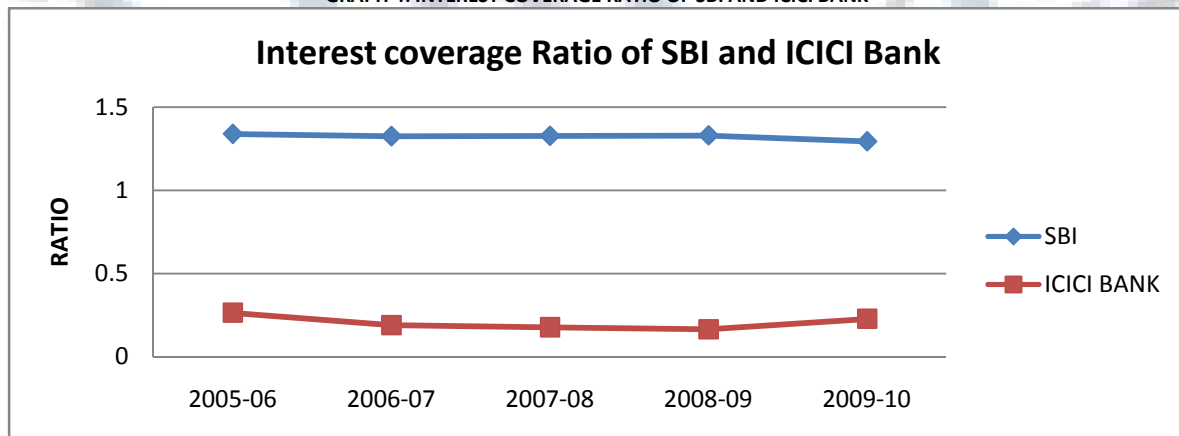
Interest Coverage Ratio = EBIT/Interest

{Equation-2}

TABLE 4: INTEREST COVERAGE RATIO OF SBI AND ICICI BANK

| YEAR | STATE BANK OF INDIA | | | ICICI BANK | | |
|----------------------|---------------------|-----------------------------------|-------|-----------------|-----------------------------------|-------|
| | EBIT Rs. Crores | Fixed Interest Charges Rs. Crores | Ratio | EBIT Rs. Crores | Fixed Interest Charges Rs. Crores | Ratio |
| 2005-06 | 26,996.65 | 20,159.29 | 1.339 | 2540.07 | 9597.45 | 0.264 |
| 2006-07 | 31,061.19 | 23,436.82 | 1.325 | 3110.22 | 16,358.50 | 0.190 |
| 2007-08 | 42,367.98 | 31,929.08 | 1.327 | 4157.73 | 23,484.24 | 0.177 |
| 2008-09 | 57,095.93 | 42,915.29 | 1.330 | 3758.13 | 22,725.93 | 0.165 |
| 2009-10 | 61,248.58 | 47,322.48 | 1.294 | 4024.98 | 17,592.97 | 0.228 |
| Compound Growth Rate | 126.98% | 134.74% | | 58.45% | 83.30% | |

GRAPH 4: INTEREST COVERAGE RATIO OF SBI AND ICICI BANK



Source: Annual report of SBI and ICICI Bank from 2005-06 to 2009-10

As per the table-4, interest coverage ratio of SBI is 1.339 in 2005-06 which reduces to 1.325 in 2006-07, Further it slightly decreases to 1.327 in 2007-08 and it increases to 1.330 in 2008-09, further it decreased to 1.294 in 2009-10. It means firm has no stability in Interest coverage but at last it decreased from 1.339 in 2005-06 to 1.294 in 2009-10.

While interest coverage ratio of ICICI is 0.264 in 2005-06 which reduces to 0.190 in 2006-07, Further it slightly decreases to 0.177 in 2007-08 and it decreases to 0.165 in 2008-09, then after it increase to 0.228 in 2009-10. It means ICICI Bank has stability in Interest coverage from 2005-06 to 2008-09 but at last it increased from 0.264 in 2005-06 to 0.228 in 2009-10. On the whole analysis, trend of SBI is highly volatile while that of ICICI Bank is quite stable. As per the compound growth rate SBI has earnings increased the interest to be paid whereas ICICI Bank has earnings decreased due to the interest paid. This clearly show that SBI having balance earning to be paid to shareholders thereby increasing their returns. While ICICI Bank having balance earning to be paid to shareholders thereby decreasing their returns.

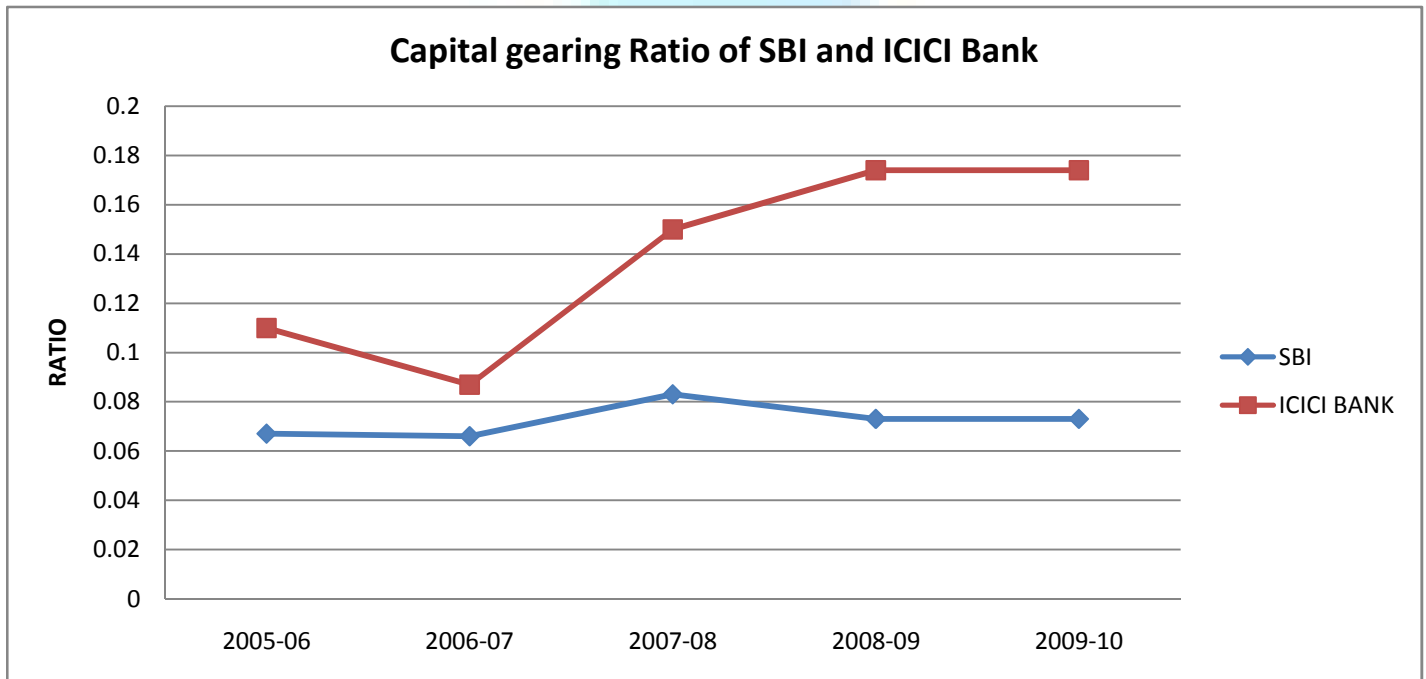
ANALYSIS OF CAPITAL GEARING RATIO

Financial institutions and banks in India also focus on debt –equity ratio in their lending decision. The First two measures of financial leverage are also measures of capital gearing. The First two measures of financial leverage can be expressed either in terms of book value or market value. The market value to financial leverage is theoretically more appropriate because market value reflects the current attitude of investors but it is difficult to get reliable information on market value in practice. The market value of securities fluctuates quite frequently. They are static in nature as they show borrowing position of the company at a point of time these measures thus failed to reflect the level of financial risk which inherent in the position failure of the company to pay interest and repay debt.

TABLE 5: CAPITAL GEARING RATIO OF SBI AND ICICI BANK

| YEAR | STATE BANK OF INDIA | | | ICICI BANK | | |
|----------------------|---------------------|------------------------|-------|-------------------|------------------------|-------|
| | Equity Rs. Crores | Funded Debt Rs. Crores | Ratio | Equity Rs. Crores | Funded Debt Rs. Crores | Ratio |
| 2005-06 | 27,644.09 | 410,687.30 | 0.067 | 22,555.99 | 203,605.08 | 0.110 |
| 2006-07 | 31,298.56 | 475,224.43 | 0.066 | 24,663.26 | 281,766.22 | 0.087 |
| 2007-08 | 49,032.66 | 589,131.35 | 0.083 | 46,820.21 | 310,079.48 | 0.150 |
| 2008-09 | 57,947.70 | 795,786.81 | 0.073 | 49,883.02 | 285,671.51 | 0.174 |
| 2009-10 | 65,949.20 | 907,127.83 | 0.073 | 51,618.37 | 296,280.17 | 0.174 |
| Compound Growth Rate | 138.56% | 120.88% | | 128.84% | 45.51% | |

GRAPH 5: CAPITAL GEARING RATIO OF SBI AND ICICI BANK



Source: Annual report of SBI and ICICI Bank from 2005-06 to 2009-10

As per the table-5, the capital gearing ratio of SBI is 0.067 in 2005-06, 0.066 in 2006-07, 0.083 in 2007-08, 0.073 in 2008-09 and 0.073 in 2009-10. The analysis shows that ratio is decreasing continuously except in 2007-08 which is 0.083. In the year 2007-08, it increased to 0.083 from 0.066. Moreover, the compound growth rate of debt is 120.88% is less than that of equity which is 138.56%. It clearly shows that the firm is low levered. For a firm like SBI being low geared is good. It means firm is taking advantage of it by increasing the return of shareholders. While the capital gearing ratio of ICICI is 0.110 in 2005-06, 0.087 in 2006-07, 0.150 in 2007-08, 0.174 in 2008-09 and 0.174 in 2009-10. The analysis shows that ratio is decreasing in 2007-08 which is 0.087. In the year 2007-08, it increased to 0.150 from 0.087 but consistent in subsequent years. Moreover, the compound growth rate of debt is 45.11% is less than that of equity which is 128.84%. It clearly shows that the firm is low levered. For a firm like ICICI being low geared is good. It means firm is taking advantage of it by increasing the return of shareholders.

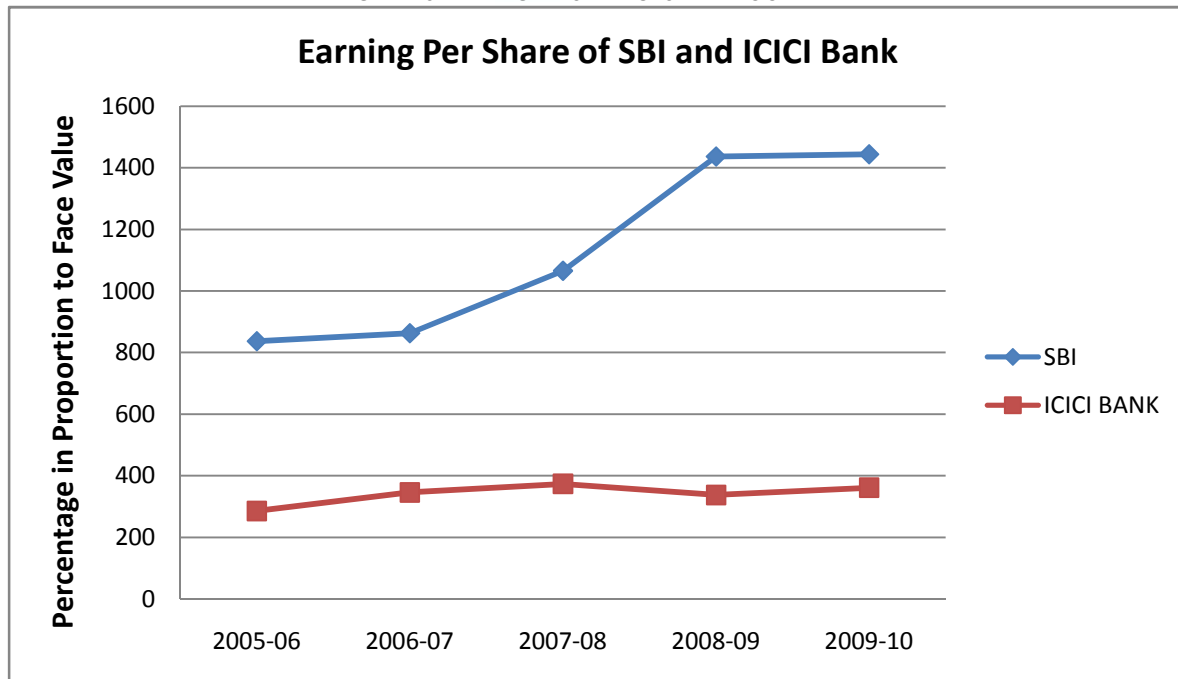
ANALYSIS OF EARNING PER SHARE

The profitability of the shareholders' investment can also be measured in many other ways. One such measure is calculated earning per share. EPS calculations made over years indicate whether or not the form's earning power on per share basis has changed over that period. The EPS of the company should be compared with the industry average and the earning per share of other firms. EPS simply shows the profitability of the firm on a per share basis; it does not reflect how much is paid as dividend and how much is retained in the business. But as a profitability index, it is a valuable and widely used ratio.

TABLE 6: EARNING PER SHARE OF SBI AND ICICI BANK

| YEARS | STATE BANK OF INDIA | | ICICI BANK | |
|---------|----------------------------|--|---------------------------|--|
| | Earning Per Share | Percentage in Proportion to Face Value | Earning Per Share | Percentage in Proportion to Face Value |
| 2005-06 | 83.73 (Face Value Rs. 10) | 837.30 | 28.55 (Face Value Rs. 10) | 285.50 |
| 2006-07 | 86.29 (Face Value Rs. 10) | 862.90 | 34.59 (Face Value Rs. 10) | 345.90 |
| 2007-08 | 106.56 (Face Value Rs. 10) | 1065.60 | 37.37 (Face Value Rs. 10) | 373.70 |
| 2008-09 | 143.67 (Face Value Rs. 10) | 1436.70 | 33.76 (Face Value Rs. 10) | 337.60 |
| 2009-10 | 144.37 (Face Value Rs. 10) | 1443.70 | 36.10 (Face Value Rs. 10) | 361.00 |

GRAPH 6: EARNING PER SHARE OF SBI AND ICICI BANK



Source: Annual report of SBI and ICICI Bank from 2005-06 to 2009-10

The earning per share of SBI is increasing year after year. There is continuous rise in earning per share. Earning per share was 837.33% in 2005-06, 862.90% in 2006-07, 1065.60% in 2007-08, 1436.70% in 2008-09 and 1443.70% in 2009-10. Whereas the earning per share of ICICI Bank is increasing year after year except in 2008-09. There is continuous rise in earning per share. Earning per share was 285.50% in 2005-06, 345.90%, 373.70% in 2007-08, 337.60% in 2008-09 and 361.00% in 2009-10. The overall analysis of the table clearly reflect that EPS of the SBI is nearly 1.5 times in the last two year of the study as compare to first year i.e 2005-06 while EPS of the ICICI Bank is increasing continuously except 2008-09. Both the banks have good earning available to the shareholders, reason being high use of the debt in SBI and high use of the owned fund in ICICI Bank. Increase use of debt and owned fund has reduced the overall cost of capital of SBI and ICICI Bank respectively and improved earnings of shareholders which is very good indicator of sound capital structure.

FINDINGS AND CONCLUSION

After analyzing the various capital structure ratios of State Bank of India and ICICI Bank, it is clear that capital structure consists of Equity and debt funds. Having glimpse over the trend of the shared capital, it is crystal clear that it has increasing trend. It is revealed from the above study the dependence of State Bank of India on outsider fund but the dependence of ICICI Bank on owned fund is increasing continuously. Earnings per share of the firm are also showing an increasing trend. As per the solvency ratio, which is showing an increasing trend in SBI which depicts the favorable device on Trading on Equity whereas in ICICI Bank showing an decreasing but stable. From the above study it can be concluded that SBI is using more debt fund as compared to equity fund which decreases the weighted average cost of capital thereby increasing the return of shareholders while ICICI Bank is using less debt fund as compared to equity fund which increases the weighted average cost of capital thereby increasing the return of shareholders. Hence, the SBI and ICICI Bank is following the successful trading on equity policy and having sound financial position which is the reason of the never ending success of the firm.

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INFORMATION MEMORANDUM

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MANAGING BRAND EXTENSION

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ABSTRACT

The vast majority of brand extensions reportedly fail, suggesting the need for methodologies that will allow for better strategic prediction of categories a brand should extend or license into. The prior literature suggests that brand extensions are likely to be more successful if a brand extends into another category into which its existing brand associations and imagery "fit" better, and that it may help as well if the extending brand is "atypical" (possessing associations and imagery that are broad and abstract rather than tied too closely to the brand's original product category). A methodology is developed, illustrated and validated in this study to estimate brand and category personality structures, using a Bayesian factor model that separates the two by using brand-level and category-level random effects. This methodology leads to measures of a brand's fit and a typicality.

KEYWORDS

Brand, brand extension, brand image

INTRODUCTION

There is no doubt that the practice of brand extension is very popular with some reports suggesting as many as 75 percent of new products are launched with existing brand names on them. This popularity appears to stem from the rather enthusiastic attention that the practice of brand extension is getting in academic journals and trade publications. Brand extension has been hailed as the way to achieve growth in a cost controlled world (Tauber, 1988), the way of capitalizing on brand assets, the way of redefining the nature/direction of a firm's business (Tauber, 1981), the way of gaining economies of scale in advertising (Roberts and McDonald, 1989), the way to introduce new products without advertising (Hastings, 1990), and the way of assisting a new product's success through endowing it with the goodwill which allows it to more easily gain trial and distribution (Aaker, 1990).

To be fair, these accolades are often tempered with the warning not to "stretch" the brand image too far, that is, attempt to use a brand name on an incongruous extension, e.g. Exxon popcorn, Sara Lee dog food, Reebok computers. However, the warning, while in itself very serious, unfortunately also gives a clear impression that it is quite easy to manage brand extension, all it takes is common sense and a little brand image research.

Ries and Trout (1981) place alone as the only outright critics of the practice, arguing that even if the brand name is not used on an incongruous extension any success for the extension will come at the expense of destroying the brand image of the original brand.

The apparent success of some well known brand extension dampens the power of their argument to convince many. Though this is perhaps unfair; the success of these brand extensions is not sufficient evidence to confirm that an existing brand name assists the success of a new product. Those successful brand extensions might have enjoyed even greater success if they had been launched with their own distinctive brand names.

WHAT DO WE REALLY KNOW?

The ability to commercialize new products successfully strikes at the heart of company and national competitiveness. Considering the millions of dollars spent on commercializing new products, and the considerable investments firms have made in their brand names, the thinking manager might be expected to ask where is the research, what does marketing theory say on brand extension?

The answer is that less is known than some would make out and what research results there are turn out to be far less supportive than most would imagine.

Nielsen conducted a large-scale study of 115 new product launches across five USA and UK markets (Peckham, 1981). The study compared the market share gained by products launched under established family or corporate brand names with that gained by products launched with new brand names, and share was measured two years after each brand's launch. The brand extensions performed significantly less well than the products launched with new brand names (see Figure 1)(omitted).

BRAND EXTENSION GIVES LITTLE ADVANTAGE TO A NEW PRODUCT RELEASE

Another study (Sullivan, 1992), compared the survival rates (after six years) of 84 new consumer non-durable products (from firms, nearly all of which, owned established brands) and found no significant difference between the survival rates of the brand extensions and the new brand launches (in both cases 82 percent survived--while this may seem high it should be noted that the sample excluded products with low total advertising expenditures so as to exclude those products which were pulled off the market very early or during market testing).

This evidence suggest that brand extensions gives small advantage to a new product release and is particularly concerning when the inherent disadvantages of brand extension are considered.

SPILLOVER

The continued practice of brand extension exposes a superior variety of brands to the possible spillover of negative publicity. Bad advertising for one brand may spill over to other brands allocation the brand name. Recently, in Australia, Colgate-Palmolive suffered the consequences of having the family unit name on nearly every one of its vast array of brands after a highly publicized extortion attempt involving cyanide contamination.

CANNIBALIZATION

Cannibalization, where a new product gains its sales at the expense of sales of a company's existing product(s) is always a concern in launching a new product. It is easy to follow too far the line that it is better to steal sales from yourself than let a competitor do it. The way of avoiding cannibalization is to ensure that any new product releases are as different as possible from existing brands. Tagging the new product with an existing brand name therefore enhances the likelihood of cannibalization occurring.

Herein lies something of a brand extension "Catch 22"; "stretching" a brand image too far can cause failure, yet if the extension is too similar to the original brand then cannibalism occurs.

BLURRING THE ORIGINAL BRAND'S IMAGE

Since the original brand in many cases is a well-established profit earner and the brand extension is something of an unknown, any potentially negative effects on the original brand should be considered very seriously indeed. One of the strong arguments against the practice of brand extension has been that it weakens the overall core brand image. It has been suggested that Miller Lite's success came at the expense of Miller High Life and that Heinz Ketchup's success came at the expense of Heinz's position in the pickle market (Ries and Trout, 1981). It is certainly true of many industries that a company which gains a reputation as a "jack of all trades" is often easily out competed by specialists.

MOST CONSUMERS ASSOCIATE PRESTIGE WITH RARITY AND FOCUSED PRODUCTION ACTIVITY

Experimental research on subjects' attitudes to various potential brand extension has suggested, rather unsurprisingly, that a brand image which is primarily symbolic rather than functional, can be stretched further to a wider range of products than the brand image which is linked closely with functional product characteristics (Aaker and Keller, 1990; Park et al., 1991). While these brands may appear more extendible in such experimental settings which do not consider the effect on the core brand image, such extension might actually have the greater effect in blurring the brand image of some symbolic brands. This would be true with prestige-oriented brands since most consumers associate prestige with rarity and focussed production activity. Recent times have seen comments that both Gucci and Pierre Cardin have suffered from over-enthusiastic extension.

MANAGERIAL IMPLICATIONS

Considering these inherent disadvantages, brand extension would not be worthwhile to any company in the long run unless it can significantly improve on a product's performance, enough to compensate for these inherent disadvantages. The figures from the two cited studies (Peckham, 1981; Sullivan, 1992) of the success rates of brand extensions versus new brand name products are averages. They do not necessarily refute that in some circumstances success was enhanced by having an existing brand name. It is these circumstances which need to be identified if managers are to know when it is appropriate to use the strategy of brand extension to launch a new product and when it is not.

From the existing research conducted in this area it is possible to form some tentative rules which might improve the success rate of brand extensions.

KEEP PROMOTION AND ADVERTISING SUPPORT AT NORMAL LEVELS

In both of the cited studies (Peckham, 1981; Sullivan, 1992) it was noted that the brand extensions were launched with lower levels of promotional support than the products launched with new brand names. This is probably due to management subscribing to the argument that brand extensions meant savings in promotional costs, a belief which apparently ended up costing the companies market share.

When the results of the Nielsen study (Peckham, 1981) were adjusted for the differences in per point share of advertising expenditure, the differences between the market shares gained for the two groups are negligible. It should be noted though that these results do not suggest that all that is needed is to keep advertising and promotional support at "normal" levels, they only suggest that this should prevent the brand extension from significantly underperforming.

However, this recommendation does reduce one of the supposed advantages of brand extension, namely cheaper launch costs.

AVOID "ME TOO" BRAND EXTENSION

Along with inadequate promotional support, operational difficulties and incorrect positioning/targeting, one of the major reasons for product failure is that the product offers no new benefit to the consumer. While this point would seem to apply equally to products with new brand names as it does to brand extensions there is an extra danger of this occurring with brand extensions. Managers may be tempted to launch "me too" products against their better judgement because they feel the use of the existing brand name will make up for the lack of added benefit.

USE THOSE FUNCTIONAL FEATURES WHICH GAVE THE ORIGINAL BRAND ITS DIFFERENTIAL ADVANTAGE

Commentators have often urged that brand extensions should have common functional features with the original brand. This may be true but it would be incorrect to suppose that having just any functional features in common will justify sharing the brand name.

When purchasing non-durable consumer goods, consumers rely predominantly on intrinsic functional product characteristics to assess perceived quality, rather than extrinsic factors such as brand name. For these sorts of products, the brand name operates mostly as a reminder of the functional features which are present. Brand extension seems most sensible when there is the opportunity to capitalize on both the successful functional feature which gives the original brand its differential advantage, and the brand name which signals that the feature consumers know, and perhaps love, is present in the new product.

If the original brand had, for example, rice in it and the extension had rice in it too then such an extension might be less likely to break the "stretching too far" rule but the brand name would not (probably) be acting to signal the competitive advantage or consumer plus of the original brand. It is where this is possible that the brand name is playing an important role which perhaps justifies using it rather than a new name. An example of an extension where this does happen is Cadbury chocolate biscuits where the Cadbury name correctly informs the consumer that these biscuits are not coated in just any type of chocolate but are coated with chocolate which has that distinctive Cadbury chocolate taste. Diet Coke, Mars Ice Cream Bars and Mars milk drink are all other such examples. The Mars Bar extensions being particularly good in that cannibalization is likely to be at an acceptable level since these extensions are all in quite distinct categories (solid food, cold food and drink, respectively) and yet distinctive functional features (the Mars taste) have been transferred from the original brand to the extensions.

This reasoning is not in contrast to the suggestion that brand names which trigger brand images of more abstract qualities (e.g. fashionable, stylish) might be transferred to a broader range of products (Aaker and Keller, 1990; Park et al., 1991). This may very well be so, but it is in areas where key functional product features are also transferred, and where the brand name plays an important part in signaling this that the brand name will be of greater strategic value to the new product. This is particularly important for products which require consumption to truly assess functional performance.

Put simply, transfer of brand image which is (merely) acceptable to consumers is one thing, but transfer of image which actually assists in the success of the new product is another. This point seems to have been somewhat brushed over by some researchers who have examined brand extension in laboratory experiments to see what sort of image transfer subjects were comfortable with (see, for example, Aaker and Keller, 1990; Park et al., 1991).

USE BRAND EXTENSION FOR PRODUCTS LAUNCHING LATE INTO A CATEGORY RATHER THAN PIONEER PRODUCTS

Research into the effect of the timing of entry into markets shows that late entry brand extensions have better survival rates than early entry brand extensions (Sullivan, 1992). Perhaps this point is already understood by practitioners because the same study showed that brand extensions did tend to be launched later rather than earlier into a category. Of course, a less flattering interpretation is to repeat the earlier observation that brand extension may discourage innovation, hence the majority of brand extension follow other products into a market.

There is, however, strong support for early entry into a market providing a brand with a competitive advantage such that "pioneers" tend to outperform "followers" in gaining market share (Lambkin, 1988). The question then arises, is it better to extend early and gain greater share or to wait and extend later when the chances of survival will be greater? One study of brand extension performance and order-of-entry (Sullivan, 1992) implies that waiting can be advantageous as the use of extension reduces a brand's cost of waiting, because it moderates that loss of market share to earlier entrants.

Unfortunately though, the implication that a late extension performs better than an earlier extension, to the extent that it makes up for any loss due to the pioneering advantage effect, is not exactly an implication of great practical significance since a new product development manager is seldom faced with such a question. Instead, they will usually have a product which has finished its development process and is ready to launch at that particular point in time, either early or late for the category. So the questions which are likely to need answering are:

- (1) If the product is ready to go early into the category, is it best to launch with a new brand name or as an extension? The answer from both studies of brand extension performance (Peckham, 1981; Sullivan, 1992) is emphatically in favor of a new brand name.
- (2) If the product is ready to go early, is it worth waiting till later when an extension is less likely to fail? Possibly, but again, the answer is to use a new brand name and not throw away the pioneering advantage. Brand extension might possibly moderate the loss of share caused by the pioneering advantage effect but it certainly does not make up for it.
- (3) If the product is ready to go late into a category, is it better to use brand extension or a new brand name? Here the answer is fewer clear. The small sample of late entry new brands (N=8) in the order of entry study (Sullivan, 1992) means it does not provide insight into the relative success rates.

The need for further research is clear, but it seems fair to draw the conclusion that if brand extension is going to be used, it is better to use it for late launch products rather than for an early product launch. First, because early market uncertainty results in high failure rates and failure for a brand extension has spillover costs. Second, because ideal positioning strategies are generally not known until the market begins to mature and thus a brand needs to be flexible in manipulating its image. Brand extensions are less flexible since they carry with them the image from the original brand which will be well established.

SUMMARY

Support for widespread use of brand extension does not seem to exist but that is not to say that under some conditions, and under the control of management who understand the potential dangers of the practice, the practice might be strategically appropriate. The inherent disadvantages of brand extension, such as spillover risks, mean it should only be used where it might significantly increase the performance of the new product release.

This article has attempted to put forward some tentative rules for using and managing the marketing strategy of brand extension. Put very simply the trick seems to be to:

- use brand extension only on products which are going into a mature category. If you are in the happy position to be bright to start on a pioneering product then keep maximum positioning flexibility by using a new brand name;
- use brand extension for products which preferably share those features of the original brand which were an important part of the original's differential advantage;
- avoid "me too" product launches and try to think of your brand name the same way you would your advertising, that is, it can do wonders to a product with a true differential advantage but no amount of advertising will help a product which does not offer anything new to the customer;
- give the same amount of advertising and promotional support as you would a new name product, do not expect the existing brand name to automatically give you high awareness.
- Maintaining brand equity is about keeping your bond with the customer. Brand extension may have an important part to play in building and maintaining this equity but it does not seem to be the avenue for cheap product launches. Using brand extension properly seems to be about respecting the things that built your brand in the first place, by making sure any brand extensions are quality product releases which are well supported by marketing effort.

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BEHAVIOURAL ISSUES IN EFFECTIVE IMPLEMENTATION OF CUSTOMER RELATIONSHIP MANAGEMENT**NISHI TRIPATHI****ASSOCIATE PROFESSOR & IN CHARGE****DEPARTMENT OF PSYCHOLOGY****SAM HIGGINBOTTOM INSTITUTE OF AGRICULTURE, TECHNOLOGY & SCIENCES****ALLAHABAD****RICHA SINHA****ASST. PROFESSOR****JOSEPH COLLEGE OF BUSINESS STUDIES****SAM HIGGINBOTTOM INSTITUTE OF AGRICULTURE, TECHNOLOGY & SCIENCES****ALLAHABAD****ABSTRACT**

Customer Relationship Management (CRM) is a process or methodology used to learn more about customers' needs and behaviors in order to develop stronger relationships with them. Marketing practices change as businesses constantly create new ways to reach potential customers and impress the customers they already have. Since marketing is such an integral part of the business structure, many businesses are willing to spend large amounts of money on specific marketing strategies. One of the broadest and most popular marketing strategies is CRM. 'Service' all together tells the customer about the product, the company, the expectations and the reason to trust the company. The effect of service might be positive, or it might be negative depending on the situation but the results have a drastic effect on the business. A satisfied service leads to benefits but a dissatisfactory service leads to mere downfall of the company. The services affect the emotions and feelings of a customer. It creates a personal connection towards the brand or company itself. The paper aims to identify the various behavioral issues that the customers encounter during a service interaction. The various expectations of the customers have been recorded and analyzed for the purpose of the study. A proposed model has also been developed on the basis of the available data. Further the paper also analyzes the behavioural factors as a tool for making an effective implementation of CRM.

KEYWORDS

CRM, behavioural issues.

INTRODUCTION

 No matter what type variety of products and services we provide, it is the customers who rule the business after all. The customers from the base of any organization. It's the responsibility of the business to meet the demanding needs of the customers. Even the competition among the companies focuses on superior customer service in order to gain the profit. The success however lies in customer satisfaction and the way the companies deal with the customers. And the essence of the story lies in the effectiveness of these two missiles i.e. customer satisfaction and employee base, launched by the companies. A successful implementation of these two areas leads to better Customer Relationship Management.

In today's scenario the business organizations should respect the preferences of the customers and thus make their experience a memorable and favorable one, because even if the product is best in quality but in case the service experience of the customer with the company is unsatisfactory, it will lead to loss. CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers. CRM has developed into a major corporate strategy for many organizations.

In order to compete effectively in globalized economy, organizations must be customer-focused. Customer relationship management (CRM) is the way to integrate this approach throughout an organization. Many a time's organizations are likely to believe that it is function of marketing to have the customer relationship management. In reality it is meant for every one in the organization starting from the security person, telephone operator and accounting department. Providing good service and then finding a way to leverage the good will created by quality service a company can tie deeply into a consumers psyche and develop a strong business/client relationship. The foundation of customer goodwill is the existence, promotion, and practice of a sound customer relations policy. Such a policy is a formal promise to customers representing commitment to their satisfaction. A customer should not be forced to run from department to department, or individual to individual to get satisfaction. The policy should spell out specifically how, when, where, and who handles complaints or questions. The organization may want to consider incorporating a commitment to a third party dispute resolution mechanism into customer relations policy.

In the era of information revolution, customer relations, or rather "customer relations management" (CRM) is playing an ever-increasing role. CRM entails compiling information concerning customers' profiles, their previous purchases, their preferences, etc. This is very useful when, for example, a customer requests repairs to his refrigerator, because the service company has all the information, such as make and type of refrigerator, date of purchase, etc. readily available. It makes it easier, both for the customer and for the service company, to arrange for a technician's visit because most of the necessary information is already on file. CRM applications are also useful in gathering information from various business departments and merging them into one file, so that the company representative who takes a customer's call can answer most questions that the customer may have. This avoids the problem of having to transfer customers to other departments. Of course, CRM is a "two-way street," in that it enables companies to use information on a customer's previous purchases to focus their marketing on items of special interest to a particular customer.

While acknowledging the benefits of CRM (a technology which would seem to be mainly applicable to large organizations), it must be recognized that CRM covers only a small percentage of what we refer to as "Customer Relations." Customer relations is a multifaceted domain which ranges from business policies, practices and strategy at the management level, to enthusiasm, eagerness to achieve customer satisfaction, resourcefulness, flexibility, and a positive attitude towards customers on the part of employees and company representatives who are in direct contact with customers or clients. Both management decisions and employee behaviors/interactions should be governed by what is referred to as "organizational culture". It is the perceived internal environment of the organization that has a major influence on how a organization operates, values it espouses, and how it treats its employees. In a company culture that stresses customer satisfaction, strives for excellence, values its employees, and is able to instill in them a sense of mission, or of common purpose, all members of the organization will recognize that their contributions play an important role in the overall success and profitability of the organization of which they are a part.

What seems to be misunderstood by people working for companies is that everyone, from the business owner or manager to the telephone operator or receptionist or the sales associate, plays an important part in how customers view a company. Rude, unfriendly, uncooperative, or inappropriate behavior on the part of company representatives who are in direct contact with customers may translate into loss of business, regardless of the quality of the goods or services the company has to offer. It has been estimated that 68% of business losses are because rude behavior of employees. Furthermore, customers who encounter this type of treatment are likely to tell others about their experience, who in turn, will not be very interested in dealing with that particular company, thereby magnifying the extent of customer loss (actual and potential). In this era of fierce competition, both on a local and a global level, it becomes increasingly important to ensure that a business is "customer-centered." There is an abundance of merchandise available, and there is no shortage of businesses that offer

the same type of goods. It is therefore necessary for companies to try to set themselves apart from their competitors by offering superb customer service. This can be achieved by listening to customers' comments and suggestions; by upper management spending time at the reception desk, at the service counter, or in the store, observing customers' comments and reactions. Anyone associated with a company needs to see him/herself as a company representative who contributes to the company's image.

METHODOLOGY

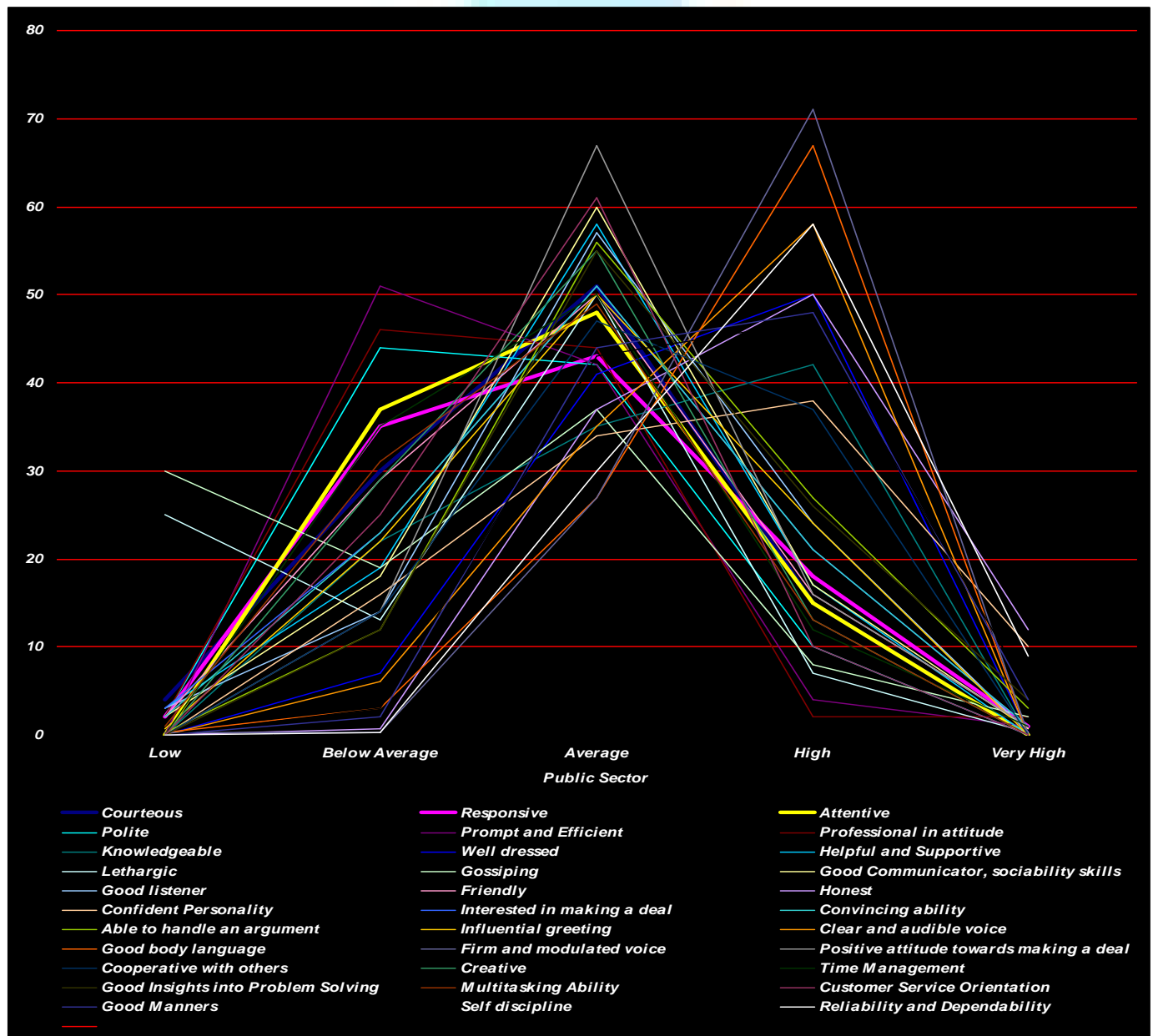
The present study was divided into two phases:

- 1. Pilot study:** The purpose of this phase was to find out the various dimensions of CRM. The study was conducted among 90 customers randomly selected from different private and public services (banks, mobiles service providers and hotel and restaurant service) of Allahabad city. Interview technique was used for data collection using a structured questionnaire, which was developed by the researcher on the basis of existing literature, consisted of both open and closed ended questions. The data obtained from this pilot study was analyzed and the various behavioural dimensions that are most critical to CRM success were identified.
- 2. Main Study:** The results obtained from the pilot study were analyzed and on the basis of the results the questionnaire was modified as per the requirements of the main study. The main study was now conducted over a sample size of 400 respondents. Out of the 400 respondents 300 were individual customers and 100 were the people working in the organizations. Cities undertaken for the main study were Mumbai Delhi Lucknow , Kanpur, Varanasi and Allahabad. Primary data was collected through the questionnaire. Secondary data included sources like journals, magazines, newspapers and internet websites. The interview schedule consisted of both open ended and closed ended questions.

RESULTS AND DISCUSSION

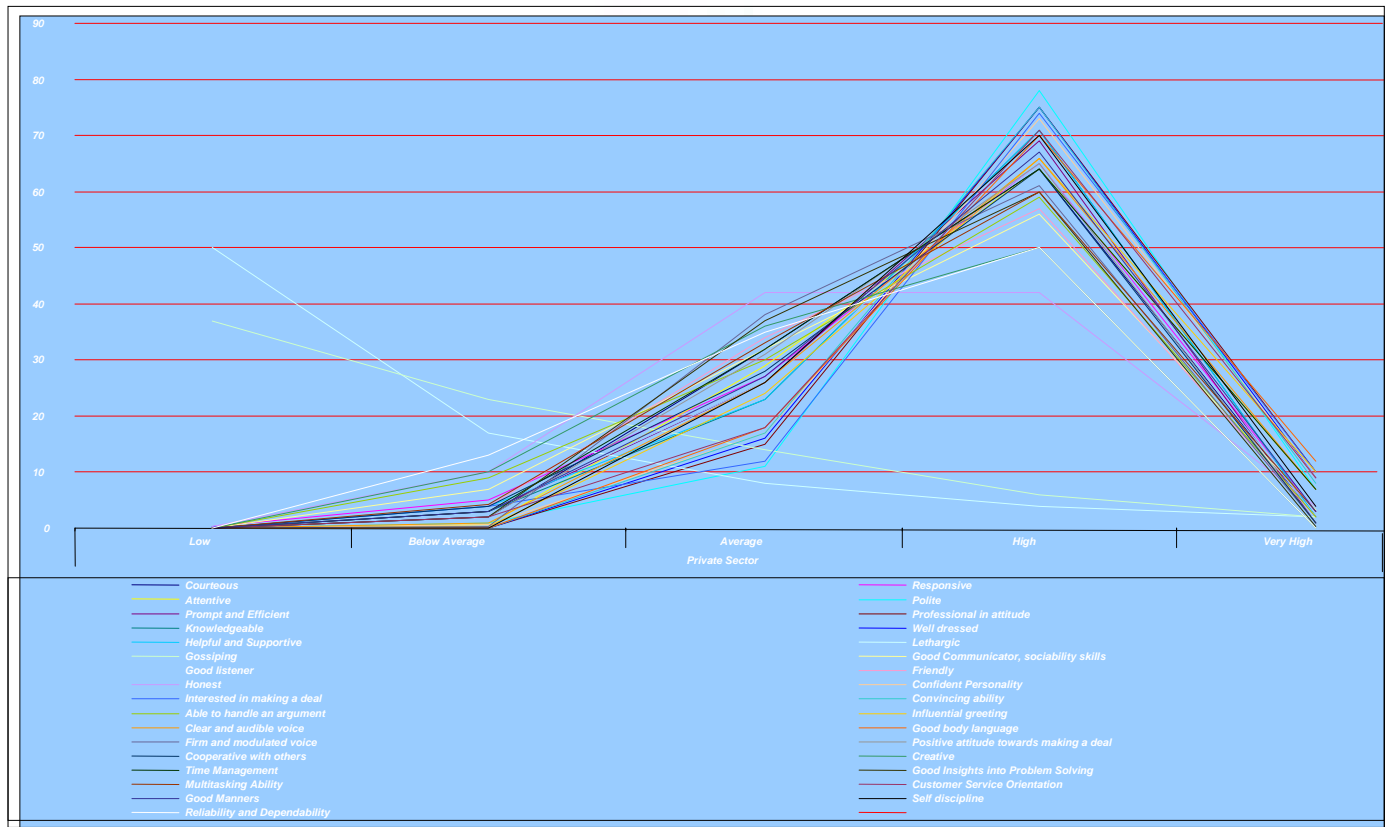
The representatives of service providers play an important role in effective customer relationship management. Business success is dependent on a variety of factors -a realistic business idea, a well thought-out business plan, an appropriate marketing strategy and great customer service are amongst the top ones. While customer service is a part of marketing, it can be segregated as a separate field on its own. Customer service includes all aspects of interaction with a customer and speaks to the organization's image in the mind of a customer. Regular and sustained interaction with a customer ensures that the customer feels connected with the business. If the customers have a good experience they feel that the establishment treated them well. So the next area of pilot study was to study the respondent's interaction process and the behavioral factors of the interaction process was studied. The results obtained were as under:

FIGURE NO.1: CUSTOMERS' EXPECTATIONS OF REPRESENTATIVES BEHAVIOR IN PUBLIC SECTOR



The findings of Figure No. 1 showed that most of the respondents rated the behaviour of the public sector representative's to an average level. The behavioural factors of the public sector representative's that had the highest percentage value as 'Average' rating were Courteous (51%), Responsive (43%), Attentive (48%), Knowledgeable (35%) Helpful and Supportive (58%), Lethargic (50%), Gossiping (37%), good Communicator and Sociability Skills (60%), Good Listener (57%), Friendly (50%), Interested in making a deal (51%), Able to handle an argument (56%), Influential Greeting (50%), Positive attitude towards making a deal (67%), Cooperative with others (47%), Creative (55%), Time Management (50%), Good Insights into problem solving(55%), Multitasking ability (49%) and customer Service Orientation (61%). There were other variables also whose ratings were different. The behavioural aspect of Polite (44%), Prompt and Efficient (51%) and Professional in Attitude (46%) had the highest percentage for 'Below Average'. Regarding the behavioural aspect of Honesty (50%) and Confident personality (38%), the highest percentage was for 'High' rating. Clear and audible voice, Good Body Language and Firm and Modulated voice had a percentage response of 58%, 67% and 71% respectively of 'High' rating. Good manners (48%), Self discipline (47%), Reliability and Dependability (58%) had the highest percentage for 'high' rating.

FIGURE NO 2: CUSTOMERS' EXPECTATIONS OF REPRESENTATIVES BEHAVIOR IN PRIVATE SECTOR



The findings of Figure No. 2 showed that most of the respondents rated the behaviour of the private sector representatives to 'High' category of rating. The behavioural factors of the private sector representative's that had the highest response percentage for 'High' rate were Courteous (64%), Responsive (65%), Attentive (64%), Polite (78%), Prompt and Efficient (69%), Professional in Attitude (75%), Knowledgeable (71%) Helpful and Supportive (71%), Well Dressed (75%), Good Communicator and Sociability Skills (56%), Good Listener (65%), Friendly (57%), Honest (42%), Confident Personality (73%) Interested in making a deal (74%), Convincing ability (75%), Able to handle an argument (59%), Influential Greeting (66%), Clear and Audible voice (66%), Good Body Language (70%), Firm and Modulated Voice (61%), Positive attitude towards making a deal (65%), Cooperative with others (64%), Creative (50%), Time Management (64%), Good Insights into problem solving(60%), Multitasking ability (60%) and customer Service Orientation (71%), Good Manners (67%), Self Discipline (70%) and Reliability and Dependability (50%). The behavioural aspect of Lethargic had a response of 50% for 'Low' category and the behavioural aspect of Gossiping had a response of 37% for 'Low' category.

BEHAVIOUR THAT CUSTOMER EXPECTS FROM EMPLOYEE/REPRESENTATIVE OF A COMPANY

- The study showed the following activities regarding overall behavioural expectations of customers. They have been classified under the following heads:
- Expected Behaviour:** Regarding behaviour, the most prioritized responses of customers expectations that they have from the employees are that employees should give Proper attention, should be quick in response, should provide proper guidance, polite and alert, should be helpful nature and friendly, talk properly with older people and should be a patient listener,
 - Personality:** The responses of personality related factors that customers expect from the employee should be well dressed and be smart.
 - Information and Knowledge:** The customers' expectations responses regarding employees knowledge are that employees should have Proper information regarding the product and service, should have full knowledge about the services/product, should be Intelligent and well informed staff should be available, and solutions to problems should be provided
 - Communication:** The communication related factors as pointed out by customers are that employees should be good in communication, should be simple and easy so that others understand. Employees are expected that should explain again if the person is not able to understand and not make angry faces and should be able to remove of any confusion.
 - Professional attitude:** The factors that customers expect regarding professionalism are that employees should maintain customer database, and be professional in work

BEHAVIOR THAT CUSTOMER DISLIKES IN AN EMPLOYEE OF A COMPANY

- Behaviour:** Regarding behaviour, the most prioritized responses of customers that they dislike in employees are incomplete reply and no proper response, unconcerned dry behavior, no helping tendency, being impolite, and rude behavior, not willing to help if concerned persons are absent, using abusive language, talking to others and making fun of other customers in front of other customers and chewing pan, tobacco at work
- Personality:** The personality related factors that customers are not expected from the employee are his arrogant behavior.

- c) Information and Knowledge: The customers' dislikes employees if they are not good in knowledge, not able to give suggestions to rectify the difficulties, having little knowledge about the product and are ignorant staff.
- d) Communication: The communication related factors that customers dislike in an employee, are not talking or speaking when a customer asks something and saying I don't know, at least tell the person whom I should talk for the matter, telling lies.
- e) Professional attitude that customers' dislike in employees is unnecessary delay in work, sometimes they assure us that the problem will be resolved within 24 hr or 48 hr, but the problem keeps lingering for larger durations. This type of carelessness and non-professional attitude annoys me.

REACTION IF THE REPRESENTATIVE DOES NOT ATTEND THE CUSTOMER FOR SERVICE

The following responses were elicited from the survey regarding the reactions of the customers if the behavioural expectations with respect to employees do not match the actual behaviour or if the problems are not attended properly by the employees, during the interaction:

- Get Angry and irritated
- Tension develops
- Feels like closing the account (ie not utilizing the services any more)
- Start arguing and make a complaint if possible
- Try to stop taking the service and tell others also not to utilize the service of the company.
- If the work is urgent I make repeat visits and advice them to improve the services.
- Feels like beating or giving a slap for not understanding the problem, it might be an emergency for someone.
- I gave up
- I try to resolve it, but if the company does not support then keep quite and managed it on my own.
- I make complaints to the superior or head, by personally meeting them or by e-mail or letter
- I stop taking the services.

The reaction of the customers toward poor service as indicated in the study suggests that it would be very harmful for the company if the services of the employees are not good. Thus a strong work force plays an important role in retaining customers otherwise the customers would not like to be associated with the company and the relations between the customer-company would be hampered.

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CONCLUSION

From the study the behavioural issues were analyzed. The research concluded in finding out the various behavioural dimensions that the organizations may utilize in order to maintain cordial customer relationship. The organizations can effectively implement the behavioral components in order to develop customer relations and thus using customer relationship management as a corporate strategy in order to get success. Thus a trained workforce plays a major role in the implementation of creating and maintaining customer relations by creating the service environment which leads to cordial and long term relationships.

The study highlights the concept of Customer Relationship Management as a corporate strategy and a tool of marketing used by companies in India to share the various factors that affect the behavior of customers with an emphasis on what behavioral factors affect customer relationship. It aims to understand consumer behavior and how this understanding of customers can lead to better cordial relationships between the organization and its present and potential customers. Successful CRM is what successful enterprise is all about. The interesting thing to keep in mind is that the customer keeps changing at an increasingly faster pace and the change is influenced by many factors. So the challenge before the organizations is to keep serving an ever-changing set of customers because even the needs, wants and requirements of the existing ones keep changing. For an organization to effectively practice CRM, it is critical to practice effective CRM techniques.

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STATUTORY DISCLOSURE BY INDIAN LIFE INSURANCE COMPANIES

GAGANDEEP KAUR
LECTURER OF COMMERCE
GOVERNMENT BRIJINDRA COLLEGE
FARIDKOT

RAJINDER KAUR
READER
DEPARTMENT OF COMMERCE
PUNJABI UNIVERSITY
PATIALA

ABSTRACT

Insurance sector is an emerging sector in India as there is a large untapped market in the country. Entry of private and foreign insurance companies has created highly competitive and volatile environment in the insurance market. In such an environment, where private players are trying hard to take more market share in this industry and to protect the interests of policyholders, a transparent system of financial disclosure is very important. Insurance Regulatory Development Authority (IRDA) has issued separate regulations to prepare financial statements of insurance companies. Present study is an attempt to analyze the statutory disclosure practices of life insurance companies in India. Study is based on the annual reports of 17 life insurance companies comprising one public sector company i.e. Life Insurance Corporation(LIC) and sixteen private sector companies. Results of the study show that there is better disclosure in the annual reports of LIC than private sector life insurance companies. Over the period of study, there is improvement in the disclosure scores of both public and private sector life insurance companies.

KEYWORDS

Life insurance, statutory disclosure, policyholders, IRDA.

INTRODUCTION

Insurance sector is an emerging sector in India with large population and untapped market. Prior to liberalization of this sector, Life Insurance Corporation of India (LIC) was the only life insurance company in India. Passing of the Insurance Regulatory and Development Authority (IRDA) Act, 1999 resulted in the entry of private life insurance companies and foreign companies (maximum share of 26 percent). Consequently the number of life insurance companies in the private sector increased to 22 till 2011 and still increasing gradually. With the entry of private companies, there is a tough competition in the insurance industry. To compete with the public company, which is having a long track record of good faith and is still dominating the market in terms of market share, private companies need to disclose all the material information in their annual reports. In such an environment of market instability, companies must ensure transparency in their financial statements to win public trust (Rao, 2004). To protect the interests of policyholders and to ensure accountability and credibility of companies, IRDA has issued separate disclosure norms to be followed by all the insurance companies.

REVIEW OF LITERATURE

Prakash (2004) explained that the accounting function of life insurance companies is quite different from that of other companies and involves a lot of complexities. Financial statements of insurance companies are prepared in conformity with the accounting standards issued by ICAI. As per the IRDA regulations the life insurance companies should have joint auditors and IRDA maintains panel of auditors for the insurance companies. **Wielligh and Den Berg (2005)** evaluated the financial statements of five insurance companies of South Africa in order to assess the comparability in the companies disclosure practices. A checklist was developed to be used as a measuring instrument for items that can be expected to be disclosed in the annual financial statements of South African long term insurers. Findings showed that there was non-comparability in the companies presentations and disclosure practices in different areas. **Singh (2005)** made a comprehensive attempt to compare the financial reporting practices of the public and private sector banking companies in India for the year 1996-97 to 2001-02. Study revealed that most of the public sector and private sector banking companies were disclosing only that information which was statutory in nature and voluntary disclosure was also increasing in these companies. He found that overall corporate governance disclosure was better in case of public sector banking companies as compared to the private sector banking companies. **Riaz Uddin et al. (2006)** examined the disclosure practices of 10 insurance companies and 10 banking companies listed on the Dhaka Stock Exchange (DSE), selected on random basis for the year 2001 and 2004. Findings of the study showed that commercial banks and insurance companies were not complying with all the mandatory requirements in the annual reports. Also they were not disclosing adequate voluntary items in their annual reports. However the reporting practices are becoming more comprehensive overtime because of increasing awareness of corporate governance. Insurance companies lag behind the banks in compliance with disclosure due to lack of proper regulations in this sector. **Hossain (2008)** analyzed the extent of both mandatory and voluntary disclosure by listed banking companies in India. Association between company specific characteristics and total disclosure of the sample companies was also analyzed. Results showed that size, profitability, board composition and market discipline variables were significant and other variables such as age, complexity of business and assets in place were insignificant in explaining the level of disclosure. Indian banks were complying with the rules regarding mandatory disclosure, but they were far behind in disclosing voluntary items. **Singh (2009)** made a comparative analysis of the corporate disclosure behavior of the large and mid cap companies in India over a period of seven years from 1999-00 to 2005-06. Results of his study revealed that corporate disclosure behavior of large companies was better as compared to mid –cap companies. Effect of company attributes on the extent of disclosure was also studied and found that impact of all the seven attributes (total assets, sales, market capital, net profit, age, sectors and listing status) on corporate disclosure was higher in large companies as compared to mid-cap companies. The timeliness analysis done by the researcher reflected that both large and mid-cap companies preferred the month of March to balance their annual accounts and also preferred 12 months period to report their annual accounts. **Sarkar (2011)** analyzed the mandatory and voluntary disclosure practices of public limited companies in India for the year 2009-10. For the purpose of the study published annual reports of 12 companies selected on the basis of 10 BSE Sensex stocks in descending order of their market capitalization as on 31-3-11 were scanned. The author identified 22 items of mandatory disclosure and 32 items of voluntary disclosure. Findings of the study showed that there was 100 percent disclosure for mandatory items but wide diversity in the type and presentation of voluntary disclosure among companies. He suggested a common framework for presentation of information in the annual reports to meet the test of comparability and said that failures should also be reported in the annual reports.

NEED OF THE STUDY

It has been seen while reviewing the literature on disclosure practices that different aspects of disclosure have been studied by various research scholars in India and abroad, but no attempt has so far been made to study the disclosure practices of life insurance companies in India. Insurance sector has vital importance for

economic growth of our country as it provides important financial services and generates funds for infrastructure development. Reporting requirements of insurance companies are different from that of other companies. IRDA has issued separate regulations in 2002, for preparing financial statements of insurance companies. These regulations are known as (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (Anonymous, 2002). According to these regulations accounts of insurance companies are prepared according to the prescribed formats given by the authority. To protect the interests of policyholders and to increase transparency and credibility of companies, there is a need to have an effective regulatory system of disclosure in the annual reports of insurance companies. Therefore the need was felt to study this so far untouched area. The present study "Statutory Disclosure by Indian life insurance companies" is an attempt in this direction.

OBJECTIVES OF THE STUDY

- To study the compliance of IRDA Regulations 2002, by life insurance companies in India.
- To make a comparative study of the statutory disclosure practices of public and private sector life insurance companies.

HYPOTHESES

To compare the statutory disclosure practices of public and private sector life insurance companies following null hypotheses has been formulated.

Ho- There is no significant difference in the disclosure score of an item in the public and Private Sector Company

RESEARCH METHODOLOGY

The sample of the study includes Life Insurance Corporation of India and 16 private life insurance companies. This study is purely based on secondary data. The annual reports of the selected companies were the major source of data collection. To analyze the statutory disclosure practices of life insurance companies an index of 24 items is constructed after scanning the annual reports of selected companies and considering the IRDA Regulations 2002, relating to preparation of financial statements of insurance companies. Extent of disclosure has been measured as item-wise disclosure and company-wise disclosure. Study is conducted for 8 years i.e. from 2002-03 to 2009-10. To measure the extent of disclosure, unweighted disclosure score has been used. If a company is disclosing an item 'score 1' is given and if a company is not disclosing an item 'score 0' is given. Disclosure score has been calculated in percentage by dividing the actual score of an item by its total scores. In order to interpret the data, mean disclosure, standard deviation, and percent change in disclosure score over the year have been calculated separately for both public and private sector companies. To test the hypotheses t-test' has been applied. Company-wise statutory disclosure practices of life insurance companies are calculated in percentage by dividing the actual score of an individual company for a particular year by the total disclosure score of that year and multiplying it with hundred.

RESULTS AND DISCUSSIONS

ITEM-WISE DISCLOSURE

Results shown in Table 1 highlight that there is 100 percent disclosure for 20 items in Life Insurance Corporation. These 20 items are balance sheet, revenue account, profit and loss account, schedules forming part of financial statements, significant accounting policies, notes to accounts, receipts and payments account, auditors report, contingent liabilities, claim settlement and age wise analysis, summary of financial statements of last five years, sector wise details of policies issued, employee benefit plans, allocation of income and expenditure, managerial remuneration, accounting and performance ratios, basis of allocation of investment, commitment in respect of loans and investments, encumbrances on assets, shareholders and policyholders fund. Two items i.e. certificate as per schedule C and premium deficiencies are not disclosed for any of the years by LIC. Results of private life insurance companies reveal that only four items (balance sheet, revenue account, profit and loss account and schedules forming part of financial statement) are having 100 percent disclosure (Table 2). Eight items i.e. receipts and payment account (89.51), auditor's report (87.45), management report (86.22), sector wise details of policies issued (81.87), commitment in respect of loans and investments (83.82), accounting and performance ratios (93.08), encumbrances on assets (87.00) and shareholders and policyholder's funds (93.25) are disclosed by more than 80 percent companies in their annual reports. Only 3.12 percent companies in private sector are showing information relating to premium deficiency in their annual reports. Other items are having moderate disclosure scores.

The highest variation (35.4) is found for two items i.e. management report and performance of social sector schemes for last five years in LIC (Table 1). As these two items have been disclosed by LIC only in the last year of the study. Standard deviation results of private sector companies (Table 2) show that there is greater variation in the disclosure scores of summary of financial statements of last five years (17.75) followed by certificate as per schedule C (15.70) and sector-wise details of policies issued (15.08).

Results of percentage change in the year 2009-10 over 2002-03 depicts that the highest percentage change is for item, summary of financial statements of last five years (337.67). But there is only 9.38 percentage change for items, auditor's report and shareholders and policy holders' fund. There is good disclosure score for both these items in the initial year of the study.

COMPANY-WISE DISCLOSURE

Company-wise disclosure results show that there is the highest mean disclosure (84.37) in case of Life Insurance Corporation of India (Table 3). Among private sector companies the highest disclosure is found (79.26) in case of Future Generali India Life Insurance Co. Ltd., which is a new entrant in the private life sector. Max New York Life Insurance Co. Ltd, which has got the lowest disclosure score, is disclosing only 24 percent items in their annual reports. Other companies having higher disclosure scores are Reliance Life Insurance Co. Ltd. (74.22), Shriram Life Insurance Co. Ltd. (70.67), Sahara India Insurance Co. Ltd. (70.37), Bajaj Allianz Life Insurance Co. Ltd. (65.34), ICICI Prudential life insurance Co. Ltd. (65.00), Bharti AXA life insurance Co. Ltd. (64.44) and HDFC Standard Life Insurance Co. Ltd. (63.61). Two companies which were originally private limited companies but changed their status to public limited in recent years are having very good disclosure scores i.e. ING Vysaya Life Insurance Co. Ltd. (63.89) and Aviva Life Insurance Co. India Ltd. (71.55).

Standard deviation results show that maximum variation is found in the disclosure values of Kotak Mahindra Old Mutual Life Insurance Co. Ltd. (21.92) and the minimum variation is found in Birla Sun Life Insurance Co' Ltd (2.06). Other companies having larger standard deviation values are Bajaj Allianz Life Insurance Co. Ltd. (21.64) and Shriram Life Insurance Co. Ltd. (15.43). Disclosure values of life insurance company in the public sector is comparatively consistent as the value of standard deviation is only 2.95 in case of Life insurance Corporation of India.

There is more than 100 percent growth in disclosure score in the year 2009-10 over the year of its starting operations, in case of Kotak Mahindra Old Mutual Life Insurance Co. Ltd (244.5), Bajaj Allianz Life Insurance Co. Ltd. (183.31) and SBI Life insurance Co. Ltd. (111.1).

COMPARATIVE ANALYSIS OF DISCLOSURE PRACTICES OF PUBLIC AND PRIVATE SECTOR COMPANIES

In order to compare the item-wise results of mandatory disclosure of public and private sector companies, t-values have been shown in Table 2. A bird's eye-view of the table depicts that there is a significant difference in the mean disclosure scores of 17 items out of total 24 items. So, Ho₁ is rejected for 17 items as significant difference is found in the mean disclosure scores of public and private sector life insurance companies for these items. Public sector company, LIC is having better disclosure scores for all the items except two items i.e. management report, and certificate as per schedule C, in which private sector companies are having better mean disclosure scores. As there is insignificant difference in the mean disclosure scores of public and private sector life insurance companies for 3 items Ho₁ has been accepted for these items.

CONCLUSIONS

From the above discussion of disclosure practices of life insurance companies measured in terms of item-wise and company-wise disclosure, following can be concluded:

1. LIC is having better disclosure than private sector companies. There is more variation and higher percentage change over the period of time in the disclosure scores of private sector companies.
2. Company-wise disclosure is also higher in LIC. Among private sector companies 'Future Generali India Life Insurance Co. Ltd., a new entrant is on the top. Higher percent change in disclosure score over the year is in Kotak Mahindra Old Mutual Life Insurance Co. Ltd (244.5).
3. Comparative results of public and private sector companies highlight that there is a significant difference in the mean disclosure scores of majority of the items and there is better disclosure by LIC.

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APPENDIX**TABLE 1: STATUTORY DISCLOSURE OF LIFE INSURANCE CORPORATION OF INDIA (IN PERCENTAGE)**

| S.No. | Description of Item | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | Mean | SD | % change |
|-------|--|---------|---------|---------|---------|---------|---------|---------|---------|-------|------|----------|
| 1 | Balance sheet | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 2 | Revenue account | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 3 | Profit and loss account | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 4 | Schedules forming part of financial statements | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 5 | Significant accounting policies | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 6 | Notes to accounts | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 7 | Receipts and payments account | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 8 | Auditors report | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 9 | Management report | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 12.50 | 35.4 | - |
| 10 | Contingent Liabilities | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 11 | Claim Settlement and Age wise Analysis | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 12 | Summary of Financial Statements of last five years | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 13 | Sector wise Details of Policies Issued | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 14 | Employee Benefit Plans | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 15 | Allocation of Income and Expenditure | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 16 | Managerial Remuneration | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 17 | Accounting and performance Ratios | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 18 | Basis of allocation of investment | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 19 | Certificate as per schedule C | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0. | 0 | 0 |
| 20 | Premium Deficiency | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 21 | Performance of Social Sector Schemes for Last Five years | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 12.50 | 35.4 | 0 |
| 22 | Commitment in Respect of Loans and Investments | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 23 | Encumbrances on Assets | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 24 | Shareholders and Policyholders funds | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |

TABLE 2: STATUTORY DISCLOSURE OF PRIVATE SECTOR LIFE INSURANCE COMPANIES (IN PERCENTAGE)

| S.No | Description of Item | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2009-10 | Mean | SD | % change |
|------|--|---------|---------|---------|---------|---------|---------|---------|-------|-------|----------|
| 1 | Balance sheet | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 2 | Revenue account | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 3 | Profit and loss account | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 4 | Schedules forming part of financial statements | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 0 | 0 |
| 5 | Significant accounting policies | 57.14 | 57.14 | 62.50 | 57.14 | 80.00 | 81.25 | 87.50 | 71.27 | 14.03 | 53.13 |
| 6 | Notes to accounts | 57.14 | 57.14 | 62.50 | 57.14 | 80.00 | 81.25 | 87.50 | 71.27 | 14.03 | 53.13 |
| 7 | Receipts and payments account | 71.43 | 71.43 | 87.50 | 85.71 | 100 | 100 | 100 | 89.51 | 12.61 | 39.99 |
| 8 | Auditors report | 85.71 | 85.71 | 75.00 | 78.57 | 93.33 | 93.75 | 93.75 | 87.45 | 7.50 | 9.38 |
| 9 | Management report | 71.43 | 71.43 | 75.00 | 78.57 | 93.33 | 100 | 100 | 86.22 | 13.32 | 39.99 |
| 10 | Contingent Liabilities | 42.86 | 42.86 | 50.00 | 57.14 | 66.67 | 62.50 | 75.00 | 59.00 | 13.03 | 74.99 |
| 11 | Claim Settlement and Age wise Analysis | 42.86 | 42.86 | 62.50 | 57.14 | 60.00 | 75.00 | 81.25 | 62.08 | 14.49 | 89.57 |
| 12 | Summary of Financial Statements of last five years | 14.28 | 14.28 | 25.00 | 14.28 | 26.67 | 31.25 | 62.50 | 30.56 | 18.98 | 337.67 |
| 13 | Sector wise Details of Policies Issued | 57.14 | 57.14 | 87.50 | 78.57 | 93.33 | 93.75 | 93.75 | 81.87 | 16.13 | 64.07 |
| 14 | Employee Benefit Plans | 42.86 | 42.86 | 37.50 | 50.00 | 60.00 | 68.75 | 75.00 | 55.71 | 14.27 | 74.99 |
| 15 | Allocation of Income and Expenditure | 57.14 | 57.14 | 62.50 | 71.43 | 86.67 | 87.50 | 81.25 | 73.89 | 13.55 | 42.19 |
| 16 | Managerial Remuneration | 57.14 | 57.14 | 62.50 | 64.28 | 80.00 | 81.25 | 81.25 | 70.60 | 11.32 | 42.19 |
| 17 | Accounting and performance Ratios | 71.43 | 85.71 | 87.50 | 100 | 100 | 100 | 100 | 93.08 | 10.65 | 39.99 |
| 18 | Basis of allocation of investment | 57.14 | 71.43 | 75.00 | 85.71 | 80.00 | 87.50 | 87.50 | 78.97 | 10.78 | 53.13 |
| 19 | Certificate as per schedule C | 42.86 | 42.86 | 62.50 | 64.28 | 80.00 | 81.25 | 81.25 | 67.03 | 16.78 | 89.57 |
| 20 | Premium Deficiency | 0 | 0 | 0 | 0 | 0 | 6.25 | 12.50 | 3.125 | 4.72 | - |
| 21 | Performance of Social Sector Schemes for Last Five years | 0 | 0 | 0 | 7.14 | 6.67 | 18.75 | 25.00 | 9.54 | 9.97 | - |
| 22 | Commitment in Respect of Loans and Investments | 57.14 | 85.71 | 100 | 78.57 | 86.67 | 87.50 | 87.50 | 83.82 | 12.27 | 53.13 |
| 23 | Encumbrances on Assets | 57.14 | 85.71 | 100 | 78.57 | 93.33 | 93.75 | 93.75 | 87 | 13.68 | 64.07 |
| 24 | Shareholders and Policyholders funds | 85.71 | 100 | 100 | 85.71 | 93.33 | 93.75 | 93.75 | 93.25 | 5.42 | 9.38 |

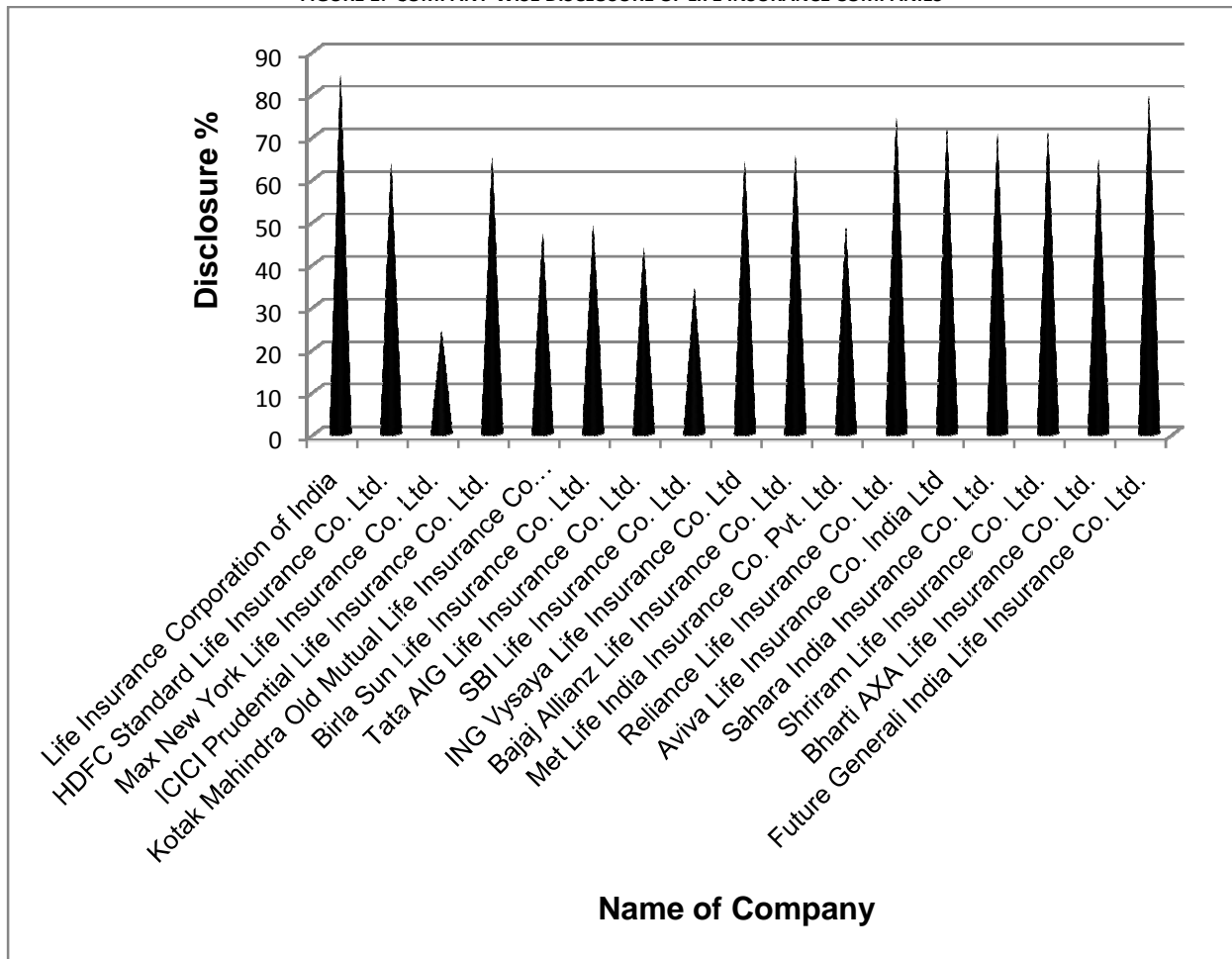
* indicates that these values are significant at 5% level of significance and 14 degrees of freedom having table value of $t = 2.15$

TABLE 3: COMPANY-WISE DISCLOSURE RESULTS (IN PERCENTAGE)

| S No. | Name of Company | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | Mean | SD | % change |
|-----------------------|---|---------|---------|---------|---------|---------|---------|---------|---------|-------|-------|----------|
| Public Sector | | | | | | | | | | | | |
| 1 | Life Insurance Corporation of India | 83.33 | 83.33 | 83.33 | 83.33 | 83.33 | 83.33 | 83.33 | 91.67 | 84.37 | 2.95 | 10.00 |
| Private Sector | | | | | | | | | | | | |
| 2 | HDFC Standard Life Insurance Co. Ltd. | 51.11 | 51.11 | 60.00 | 62.22 | 62.22 | 71.11 | 75.56 | 75.56 | 63.61 | 9.79 | 47.84 |
| 3 | Max New York Life Insurance Co. Ltd. | - | - | - | 22.22 | 24.44 | 24.44 | 24.44 | 24.44 | 24.00 | 0.99 | 9.99 |
| 4 | ICICI Prudential Life Insurance Co. Ltd. | 57.78 | 57.78 | 62.22 | 64.44 | 66.67 | 68.89 | 71.11 | 71.11 | 65.00 | 5.41 | 23.07 |
| 5 | Kotak Mahindra Old Mutual Life Insurance Co. Ltd. | 20.00 | 28.89 | 28.89 | 28.89 | 64.44 | 66.67 | 68.89 | 68.89 | 46.95 | 21.92 | 244.45 |
| 6 | Birla Sun Life Insurance Co. Ltd. | 46.67 | 46.67 | 46.67 | 48.89 | 48.89 | 51.11 | 51.11 | 51.11 | 48.89 | 2.06 | 9.51 |
| 7 | Tata AIG Life Insurance Co. Ltd. | 31.11 | 33.33 | 40.00 | 42.22 | 46.67 | 46.67 | 53.33 | 55.56 | 43.61 | 8.73 | 78.59 |
| 8 | SBI Life Insurance Co. Ltd. | 20.00 | 26.67 | 31.11 | 35.56 | 37.78 | 37.78 | 42.22 | 42.22 | 34.17 | 7.78 | 111.10 |
| 9 | ING Vysaya Life Insurance Co. Ltd. | 53.33 | 60.00 | 60.00 | 64.44 | 64.44 | 77.78 | 64.44 | 66.67 | 63.89 | 7.00 | 25.01 |
| 10 | Bajaj Allianz Life Insurance Co. Ltd. | - | - | - | 26.67 | 73.33 | 75.56 | 75.56 | 75.56 | 65.34 | 21.64 | 183.31 |
| 11 | Met Life India Insurance Co. Pvt. Ltd. | - | - | - | 46.67 | 46.67 | 46.67 | 51.11 | 51.11 | 48.45 | 2.43 | 9.51 |
| 12 | Reliance Life Insurance Co. Ltd. | - | - | - | 66.67 | 66.67 | 71.11 | 82.22 | 84.44 | 74.22 | 8.55 | 26.65 |
| 13 | Aviva Life Insurance Co. India Ltd. | - | - | - | 68.89 | 68.89 | 73.33 | 73.33 | 73.33 | 71.55 | 2.43 | 6.45 |
| 14 | Sahara India Insurance Co. Ltd. | NA | NA | 66.67 | 64.44 | 66.67 | 73.33 | 73.33 | 77.78 | 70.37 | 5.20 | 16.66 |
| 15 | Shriram Life Insurance Co. Ltd. | NA | NA | NA | 44.44 | 71.11 | 75.56 | 77.78 | 84.44 | 70.67 | 15.43 | 90.01 |
| 16 | Bharti AXA Life Insurance Co. Ltd. | NA | NA | NA | NA | 51.11 | 64.44 | 68.89 | 73.33 | 64.44 | 9.60 | 65.21 |
| 17 | Future Generali India Life Insurance Co. Ltd. | NA | NA | NA | NA | NA | 75.56 | 80.00 | 82.22 | 79.26 | 3.39 | 8.81 |

Source: Annual Reports of Bajaj Allianz life insurance co. Ltd., Max New York Life Insurance Co. Ltd., Met Life India Insurance Co. Pvt. Ltd., Reliance Life Insurance Co. Ltd. and Aviva Life Insurance Co. India Ltd. for the year 2002-03 -2004-05 were not made available.

FIGURE 1: COMPANY-WISE DISCLOSURE OF LIFE INSURANCE COMPANIES



PRODUCT LINE STRATEGY ADOPTED BY SMALL SCALE MOTOR AND PUMP INDUSTRY

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ABSTRACT

An important product strategy for firms in mature markets is value-adding modifications to existing products. The developing organization, through in-depth understanding of the customers and the marketplace, introduces a product with a high performance at a low cost. This paper is focused on analysis of product line modification and examined the determinants influencing product line modification to enhance the competitiveness. The study is based on both primary and secondary data. Primary data were collected from a sample survey of 246 small scale motor and pump manufacturers in Coimbatore region of Tamilnadu state. The results show that competition is an important determinant for the product line modification. The study concludes that there is significant relationship between year of establishment, forms of organization and determinants influencing product line modification.

KEYWORDS

Competitiveness, Motor and Pump Industry, Product Line Modification and Small Scale Industry.

INTRODUCTION

Indian pumps have contributed to the nation's economy significantly. Prominent sectors amongst them are agriculture, onshore and offshore production of oil and natural gas, petroleum refining, petrochemicals, mining, ship-building and marine duties, power generation, public water supply and sanitation, domestic and household utilities, process industries producing fertilizers, insecticides, pesticides, drugs and pharmaceuticals, textiles, soaps and detergents, cosmetic and health care products, dairies, vegetable oil and processed and packed food products, breweries, paints, etc. Presently, the gross value of pump's production in India is estimated to be US\$ 450 million (approx. 1.2 million units). The scales of production and corporate structures of manufacturers range from the small scale industries, medium to large scale industries, both in the unorganized sectors and also public sector units. In terms of drive ratings, the range of manufacture extends from fractional horsepower designs to large pumps of drive rating of the order of three MW. The world market for industrial pumps will grow by 19 percent through 2015 and reach \$40 billion. Thirty percent of the total sales will occur in East Asia. Sales in East Asia are projected to rise to \$10.6 billion in the year 2012. Sales of pumps to the power industry in East Asia will account for \$1.2 billion in sales revenue.

The pump industry will continue to undergo deep structural changes. The most important factor in the growth of the pump industry will be the increasing demand for decreasing supplies of uncontaminated water. Remediation of contaminated ground water, desalination of seawater, and other treatment processes will increasingly be needed to make use of this resource. Asia has less available water per capita than other continents and will also have a more rapidly increasing demand for delivery and treatment of that water. Therefore, almost half the investment in pumps for water-related applications will come from Asia. The urbanization of Asia involves the relocation of more than one billion people from the farms to the cities. This will create a huge need for infrastructure including delivery of drinking water and removal and treatment of wastewater. Rapid growth of the pump market in Asia will also be aided by large investments in pulp and paper, chemical, steel, and other basic industries.

FACTORS FOR PUMP AND MOTOR DEVELOPMENT

INDUSTRIAL REVOLUTION: Pump industry had gained momentum by the massive demands of the industrial revolution that built our modern society.

GROWTH AFTER WORLD WAR II: To satisfy the increasing demand that had gone due to war emphasis was on large, multistage electric utility boiler feed water pumps and oil-field injection and pipeline pumps.

ENERGY CRISIS: Energy crisis all over world led to the research and development for developing energy efficient pumps and systems.

ENVIRONMENTAL CHALLENGES: Curbing emissions was the challenging concern. This influence has led to better sealing of pumps and the ultimate product was integral motor pump.

GLOBALISATION: MNC emphasize quality, productivity and faster delivery of the product to meet the global market share. The technical improvements will continue to be necessary to maintain global competitiveness.

STATEMENT OF PROBLEM

International pump community has been viewing the globalization of Indian economy with growing interest. Considering the maturity and initiative on technological aspects, evident in the Indian pump industry, the strategy of importing pumps manufactured abroad for sale in the Indian market does not appear to be workable. Also the ground realities of the poor power supply may often demand modifications. To be competitive, product line needs to be modernized. A company product might be old product and lose out to newer-styled competitors' lines. In rapidly changing product markets, modernization is carried on continuously. Companies plan improvements to encourage customer migration to higher-valued, higher-priced items. A major issue is timing improvements so they do not appear too early or too late. Product-line managers must periodically review the line for dead product that is reducing profits.

REVIEW OF LITERATURE

Competitiveness is a multi-dimensional concept. This is evident, for instance, in the analysis of its nature, types and levels in manufacturing industries and trade by Kathuria (1995), Narayana (1993), National Productivity Council (1999), Siggel (2001), Government of India (2002), Banwet *et al.* (2002) and Gowswami & Dollar (2002). Competitiveness explains the ability of Small-Scale Industries (SSIs) to generate income/output and maintain employment levels in the face of domestic and global competition. Consequently, in the absence of competitiveness, SSIs may face the problem of sickness or closure. Hence, all policy efforts to enhance and strengthen competitiveness will have implications for preventing both sickness and closure of SSIs. Policy literatures on India's SSIs in post-WTO were carried out at a national level of aggregation. The importance has to be given for intra-regional study on determinants of competitiveness in India. This type of studies will have the potential to deliver policy implications to correct for inter-regional imbalances, because they are related to competitiveness of SSIs. The analyses in this paper are intended to enhance and strengthen national and global competitiveness of SSIs by way of modifying existing and adding new products. However, the analysis and results of this paper are of relevance and applicability for other industrial sectors.

OBJECTIVES

1. To examine the products manufactured before and after product line modification.
2. To analyze the determinants influencing modification in the product line.
3. To measure the relationship between year of establishment and determinants influencing product line modification.
4. To measure the relationship between forms of organization and determinants influencing product line modification.

HYPOTHESIS: There is no significant relationship between the year of establishment and determinants influencing product line modification

HYPOTHESIS: There is no significant relationship between the forms of organization and determinants influencing product line modification

METHODOLOGY

The analysis in this paper is based on both primary and secondary data. Primary data were collected through questionnaires from motor and pump manufacturing firms in Coimbatore city, Tamilnadu. For this purpose a sample of 246 units were selected from SIEMA. The secondary data were collected from District Industries Center (DIC), Micro Small and Medium Enterprise Development Institute (MSME-DI), National Small Industries Corporation (NSIC), Coimbatore Small Scale Industries Association (COINDIA) and the Southern India Engineering Manufacturers Association (SIEMA). The collected data were classified and tabulated. The statistical tools used to analyze the study were descriptive and chi-square analysis.

CONCEPTS

PUMPS AND MOTORS

MOTOR

An electric motor is a device which converts electrical energy into mechanical energy. When electrical energy (Power) is applied to a motor, a magnetic field is created by the stator winding and a torque is produced, so as to rotate the rotor. This energy is transferred to the shaft (mechanical energy). The mechanical energy produced can be used for driving a pump. Hence it is termed as the main prime mover.

PUMP

A pumping system consists of a pipe, a mover piping system and a foot valve. The pump is driven by the prime mover. The commonly used movers are the electric motors. A pump works on the principle of centrifugal force. The water is sucked and is thrown outside from the center.

ANALYSIS AND INTERPRETATION

YEAR OF ESTABLISHMENT

Although some pumps were used in 19th century, the real growth of Pump Industry took place in 20th century. Multistage Centrifugal Pumps were developed in 1905. In 1929 innovation was done in the problem of pressure pulsations in large hydraulic turbines and pumps. Dependence of cavitations' erosion on liquid was established in the year 1955. During 1994 innovation was done to find out how far the cavitation can cause profound instabilities in pump and inducer operation. 1990-2000: It is found that sometimes obscure fluid phenomena can produce mechanical instability in rotodynamic pumps. In Coimbatore the first pump was developed in the year 1928. The stimulus for growth came mainly from the emphasis on development of agriculture sector and the strengthening of the industrial sector during the successive 5 year plans. From 1991-1992 to 1995-1996, the pump industry growth was driven mostly by the boom in industries and urbanization due to the liberalization policy.

TABLE 1: YEAR OF ESTABLISHMENT

| Year | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------|-----------|---------|---------------|--------------------|
| Before 1990 | 65 | 26.4 | 26.4 | 26.4 |
| 1991-2000 | 92 | 37.4 | 37.4 | 63.8 |
| After 2000 | 89 | 36.2 | 36.2 | 100.0 |
| Total | 246 | 100.0 | 100.0 | |

Table 1 presents the details of the year of establishment by the respondents under study. 37.4 percent of the respondents have established their concern during the year 1991- 2000, comparatively there was a marginal decrease in the percentage of enterprise started after 2000(36.2%), and the remaining 26.4 percent of the respondents have established their concern before the year 1990.

FORMS OF ORGANISATION

The pump industry consists of medium and small units producing pumps for sectors from agriculture to nuclear power generation. They are in both organized and unorganized sectors. The forms of organization in the motor and pump industry are sole proprietor, partnership firm and company

TABLE 2: FORMS OF ORGANIZATION

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------|-----------|---------|---------------|--------------------|
| Sole proprietor | 118 | 48.0 | 48.0 | 48.0 |
| Partnership firm | 101 | 41.1 | 41.1 | 89.0 |
| Company | 27 | 11.0 | 11.0 | 100.0 |
| Total | 246 | 100.0 | 100.0 | |

Table 2 shows out the forms of organization. 48 percent of the respondents were sole proprietors, 41.1 percent of the respondent's owed partnership firms, 11 percent of them owed Company form of organization.

CAPITAL INVESTMENT

To meet the quality standards and to increase the productivity modern machineries are to be used. Small and medium pump industry had invested capital ranging Rs 1 crores to Rs. 5 crores.

TABLE 3: CAPITAL INVESTMENT

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-----------|---------|---------------|--------------------|
| Less than Rs.2 crores | 105 | 42.7 | 42.7 | 42.7 |
| Rs.2-5 crores | 133 | 54.1 | 54.1 | 96.7 |
| Above Rs 5 crores | 8 | 3.3 | 3.3 | 100.0 |
| Total | 246 | 100.0 | 100.0 | |

Table 3 gives the explanation on the amount of capital invested. 54. 1 percent of the respondents' investment ranges between Rs. 2 crores to 5 crores, 42.7 percent of the respondents have invested less than Rs.2 crores, and a least of 3.3 percent of the respondents have invested above Rs. 5 crores.

PRODUCT MANUFACTURED BEFORE PRODUCT LINE MODIFICATION

Pump manufactures were manufacturing various products to meet the domestic and foreign markets. The range of product manufactured extends from fractional horsepower designs to large pumps of drive rating of the order of three MW. Almost all types of pumps manufactured internationally, are also made in India.

TABLE 4: PRODUCT MANUFACTURED BEFORE PRODUCT LINE MODIFICATION

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------------------|-----------|---------|---------------|--------------------|
| Ordinary belt drive | 60 | 24.4 | 24.4 | 24.4 |
| Centrifugal belt drive | 5 | 2.0 | 2.0 | 26.4 |
| Gland type jet pumps | 24 | 9.8 | 9.8 | 36.2 |
| Jet centrifugal pumps | 23 | 9.3 | 9.3 | 45.5 |
| Open well submersible (Three phase) | 21 | 8.5 | 8.5 | 54.1 |
| Bore well submersible(Three phase) | 18 | 7.3 | 7.3 | 61.4 |
| Air and mono compressor | 10 | 4.1 | 4.1 | 65.4 |
| Bore well submersible(single phase) | 20 | 8.1 | 8.1 | 73.6 |
| open well pumps (single phase) | 65 | 26.4 | 26.4 | 100.0 |
| Total | 246 | 100.0 | 100.0 | |

Table 4 shows the products manufactured before product line modification, 24.4 percent of them were producing ordinary belt drive, 9.8 percent of them were producing gland type jet pumps, 9.3 percent of the respondents were producing jet centrifugal pumps, 7.3 percent of the respondents were producing open well submersible pumps, 7.3 percent of the respondents were producing bore well submersible, 4.1 percent of the respondents were producing air and mono compressor pumps and the remaining respondents were producing other forms of pumps.

PRODUCT MANUFACTURED AFTER PRODUCT LINE MODIFICATION

Most of the world-renowned technologies have been operative in India. Majority of them seem to be European, to name a few, KSB, Sulzer, Weir, SPP, Allweiler, Bornemann, Alstom, Stork, Terromecanica, Godiva, Pleuger, Grundfos, ABS, Flygt, Denver Orion, etc. Amongst them American, Japanese and Australian technologies can be sighted in Wrthington-Dresser, Ingersoll Rand, Goulds, Durco, Ebara, Asia LMI, Warman, etc. Indian technical skills and engineering aptitudes have shown good capabilities of almost immediate absorption of the involved design, manufacturing and quality control specifications and application engineering needs. The Indian craftsmen are often enterprises in reverse engineering at very competitive costs. Amongst the notable achievements of indigenous development and research and development can be cited, the primary coolant pumps and sodium coolant pumps for nuclear power, large 2250 mm delivery-size vertical turbine pumps and concrete volume pumps for cooling water circulation in thermal power generation can also be cited. Pump manufacturers in Coimbatore have altered their product line to sustain in the market and to meet the competitive demand. Certain addition, deletion and up gradation are done in their existing product line.

TABLE 5: PRODUCT MANUFACTURED AFTER PRODUCT LINE MODIFICATION

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------------------|-----------|---------|---------------|--------------------|
| Self priming monoblock | 34 | 13.8 | 13.8 | 13.8 |
| Mini mono block | 57 | 23.2 | 23.2 | 37.0 |
| TEFC jet pumps | 13 | 5.3 | 5.3 | 42.3 |
| Open well submersible(Three phase) | 25 | 10.2 | 10.2 | 52.4 |
| Bore well submersible(Three phase) | 62 | 25.2 | 25.2 | 77.6 |
| Hydraulic ram pumps | 33 | 13.4 | 13.4 | 91.1 |
| Velocity pumps | 22 | 8.9 | 8.9 | 100.0 |
| Total | 246 | 100.0 | 100.0 | |

Table 5 explains the products manufactured after product line modification. 25.2 percent of the respondents were producing bore well pumps, 23.2 percent of the respondents were producing mini mono block pumps, 13.8 percent of the respondents were producing self priming mono block, 22.3 percent of the respondents were producing other forms of pumps, and 5.3 percent of the respondents were producing TEFC jet pumps.

DETERMINANTS INFLUENCING PRODUCT LINE MODIFICATION

Pump industry have changed their product line due to many factors. Some of the factors are reduce the cost, to manufacture the product according to the customers' specifications, to meet the competition, advancement in the technology etc.

TABLE 6: DETERMINANTS INFLUENCING PRODUCT LINE MODIFICATION

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------------------|-----------|---------|---------------|--------------------|
| Cost consideration | 40 | 16.3 | 16.3 | 16.3 |
| Changes in the customers requirement | 51 | 20.7 | 20.7 | 37.0 |
| Competition | 79 | 32.1 | 32.1 | 69.1 |
| Technical advancement | 37 | 15.0 | 15.0 | 84.1 |
| To increase the sales | 25 | 10.2 | 10.2 | 94.3 |
| To sustain in the market | 14 | 5.7 | 5.7 | 100.0 |
| Total | 246 | 100.0 | 100.0 | |

Table 6 presents the details of determinants influencing modification in the product line. 32.1 percent of the respondents have opined that the reason for product line modification was to face competition. 20.7 percent of them have indicated, it was due to changes in customer requirement, 16.3 percent of them have stated it was due to cost considerations, technical advancement was the reason for 15 percent of the respondents. 15.9 percent of the respondents have modified to increase the sales.

HYPOTHESIS: There is no significant relationship between the year of establishment and determinants influencing product line modification

YEAR OF ESTABLISHMENT AND DETERMINANTS INFLUENCING PRODUCT LINE MODIFICATION Entrepreneurs established their enterprise before the year 1990 has changed their product line to reduce their cost. Competition was the main factor for product line change for the manufactures that have started their firm during 1991-2000. Technology was the main criteria for the change for the entrepreneurs who have established after the year 2000.

TABLE 7: YEAR OF ESTABLISHMENT AND DETERMINANTS INFLUENCING PRODUCT LINE MODIFICATION

| | | Determinants influencing product line modification | | | | | | Total |
|-----------------------|-------------|--|--------------------------------------|-------------|-----------------------|-----------------------|--------------------------|-------|
| | | Cost consideration | Changes in the customers requirement | Competition | technical advancement | To increase the sales | To sustain in the market | |
| Year of establishment | Before 1990 | 25 | 17 | 17 | 0 | 0 | 6 | 65 |
| | 1991-2000 | 15 | 15 | 40 | 7 | 9 | 6 | 92 |
| | After 2000 | 0 | 19 | 22 | 30 | 16 | 2 | 89 |
| Total | | 40 | 51 | 79 | 37 | 25 | 14 | 246 |

TABLE 8: CHI-SQUARE TESTS

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square | 91.057 ^a | 10 | .000 |
| Likelihood Ratio | 110.844 | 10 | .000 |
| Linear-by-Linear Association | 32.864 | 1 | .000 |
| N of Valid Cases | 246 | | |

a. 1 cells (5.6%) have expected count less than 5. The minimum expected count is 3.70.

The table 8 shows that (asyp.sig value is <0.05) hypothesis is rejected. There exist no differences between the year of establishment of business and determinants influencing product line modification

HYPOTHESIS: There is no significant relationship between the forms of organization and determinants influencing product line modification

FORMS OF ORGANISATION AND DETERMINANTS INFLUENCING PRODUCT LINE MODIFICATION

Entrepreneurs who have the form of organization as sole proprietor and partnership have gone for modifying their product line due to competition. To meet the customer specification company forms of organization have made the changes in the product line.

TABLE 9: FORMS OF ORGANIZATION AND DETERMINANTS INFLUENCING PRODUCT LINE MODIFICATION

| Forms of organisation | Determinants influencing product line modification | | | | | | Total |
|-----------------------|--|--------------------------------------|-------------|-----------------------|-----------------------|--------------------------|-------|
| | Cost consideration | Changes in the customers requirement | Competition | Technical advancement | To increase the sales | To sustain in the market | |
| Sole proprietor | 25 | 20 | 30 | 17 | 16 | 10 | 118 |
| Partnership firm | 14 | 20 | 43 | 13 | 7 | 4 | 101 |
| Company | 1 | 11 | 6 | 7 | 2 | 0 | 27 |
| Total | 40 | 51 | 79 | 37 | 25 | 14 | 246 |

TABLE 10: CHI-SQUARE TESTS

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square | 25.444 ^a | 10 | .005 |
| Likelihood Ratio | 26.364 | 10 | .003 |
| Linear-by-Linear Association | .640 | 1 | .424 |
| N of Valid Cases | 246 | | |

a. 4 cells (22.2%) have expected count less than 5. The minimum expected count is 1.54.

The table 10 shows that (asyp.sig value is <0.05) hypothesis is rejected. There exist no differences between the nature of business owned by the entrepreneurs and determinants influencing product line modification

DISCUSSION AND CONCLUSION

In the study majority of the pump and motor enterprises established their concern during the year 1991- 2000. During these years there was a boom period which was favorable for the development of industry in Coimbatore. Many ancillary units were also established that paved way for the fast development of motor and pump industry. Majority of respondents have started pump and motor enterprises as sole owners with capital ranging from Rs.2-5 crores during the year 1991-2000. Before modification, open bore well and ordinary belt drive was occupied in their product line. After modification certain type of motor pumps were removed from the product line and certain other were upgraded and introduced in the new form according to the needs of the customers. Entrepreneurs have upgraded or dropped the products from the product line mainly to meet the competition, customer's requirement and also to reduce the cost. Competition is a main factor influencing the modification in the product line for entrepreneurs in sole proprietor and partnership form of organization. Changes in customers requirements is the factor for modification for company form of organization. The study also indicates that there exist significant relationship between year of establishment, forms of organization and determinants influencing product line modification.

International company having a manufacturing base in India can prove strategic, not only for the Indian market but for catering to markets in Africa, Middle East, South East and Far East. Ready availability of skilled, qualified and intelligent, engineering, managerial and technical manpower ought to prove a very confident, strong point for investing in an Indian manufacturing base.

SCOPE OF THE STUDY

In the midst of the recession in the world, the growth of the motor and pump industry has been affected. It is the one of industry which generates direct and indirect employment in India. Further study can be focused in the prospective, productivity, profitability of the motor and pump industry and factors affecting the pump and motor industry's growth.

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FACTORS OF CRM (A STUDY WITH SPECIAL REFERENCE TO BANKS)

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ABSTRACT

The essence of the information technology revolution and, in particular, the World Wide Web (www) is the opportunity to build better relationships with customers than has been previously possible in the offline world. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchase rates and reducing customer acquisition costs. This revolution in Customer Relationship Management (CRM) has been referred to as the new "mantra" of marketing. In service industries, the goal is especially emphasized since a repeat customer is believed to cost merely a fraction of what needs to be spent in servicing a new customer in a service transaction. Indian banking industry has witnessed rapid development in recent past with the initiation of financial sector reforms. Today, banks are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain market place. Banks have realised that managing customer relationship is a very important factor for their success. The factors of CRM are indispensable to identify the predominant nature of CRM elements for the effectiveness of Banker-Customer Relationship. The present study focuses on the crucial CRM factors Viz., Acquisition of Customers, Implementation of CRM, Maintaining CRM through General Policies, and Specific Strategies, Customer Satisfaction and Customer Loyalty. The opinion of the employees of the bank is ascertained through a well framed questionnaire comprising relevant variables of CRM elements. This process actually enumerates all the characteristic features of the variables involved in the study and maintains the consistency of the corresponding variables. Factor Analysis by Principal Component Method is applied on the variables of CRM elements to reduce them into predominant factors. It also creates an output of number of factors extracted and their respective variable loadings.

KEYWORDS

Customer Loyalty, Customer Relationship Management, Customer Satisfaction.

1.1 CUSTOMER RELATIONSHIP MANAGEMENT

The essence of the information technology revolution and, in particular, the World Wide Web (www) is the opportunity to build better relationships with customers than has been previously possible in the offline world. By combining the abilities to respond directly to customer requests and to provide the customer with a highly interactive, customized experience, companies have a greater ability today to establish, nurture, and sustain long-term customer relationships than ever before. The ultimate goal is to transform these relationships into greater profitability by increasing repeat purchase rates and reducing customer acquisition costs. This revolution in Customer Relationship Management (CRM) has been referred to as the new "mantra" of marketing. CRM is a fundamental business of every enterprise and it requires a holistic strategy and process to make it successful. (Jagdish N Sheth 2001)¹

1.2 CUSTOMER RELATIONSHIP MANAGEMENT IN SERVICE INDUSTRY

Relationship building with customers is now accepted as over-riding goal of marketing and of the business as a whole. In service industries, the goal is especially emphasized since a repeat customer is believed to cost merely a fraction of what needs to be spent in servicing a new customer in a service transaction. It is believed that relationships flourish when marketers play by the book, meet customers' core expectations and exceed in respect of other features of their total offering.

Service firms have been the pioneers in adopting CRM practices. (Shainesh and Ramneesh 2001)²

1.3 CUSTOMER RELATIONSHIP MANAGEMENT IN BANKS

Indian banking industry has witnessed rapid development in recent past with the initiation of financial sector reforms. The thrust of financial sector reforms was to improve efficiency, competitiveness and productivity of the financial system. Entry of new generation private sector banks which provided technology aided services like Internet Banking, Mobile Banking and Inter Branch Network has electrified the banking environment in India and has added new dimensions to automation in Indian banking.

CRM is a vital factor to improve the performance of the banks. (Sugnathi 2003)³

2.1. REVIEW OF LITERATURE

The previous research works on the various elements of CRM is analysed besides identifying the research gaps. An attempt has been made to review case studies and the work of individual researchers, magazines, journals, articles pertaining to CRM in Banks. A wide range of academic literature on CRM has been reviewed for the purpose of this study. A range of online databases have been searched to provide a comprehensive listing of journal articles on CRM. Each of these articles was further reviewed and classified. Both foreign and Indian research studies are collected, reviewed and presented.

Monica, Theresa and Wong (2003)⁴ The paper highlights that an evolutionary change in the concept of CRM is required. Three key findings have been made. First, customers should be the major focus, and companies are actually dealing with Customer-Managed Relationships (CMR). Second, it is not just a one-to-one relationship pattern. The linkages with other parties are the cores of the relationships between customers and companies. It should therefore be a one-network-one relationship. Third, a co-creative approach should be used in order to integrate the CRM and CMR concepts to enable customers to participate in corporate strategy formulation and to encourage companies to cooperate with third parties in serving customers. The financial service sector is taken as a major example to illustrate the full concept of CRM and CMR. Managerial implications arising from the implementation of the co-creative approach are explored, which include market share and mind share.

Bhuvan et al (2001)⁵ This paper tries to synergize the concepts of CRM and Knowledge Management (KM) to give an organisation a strategic advantage in design and implementation of a CRM solution. To effectively implement a CRM solution it is very important to identify real knowledge about different types of customers' viz., Most Valued Customers, Most Growable Customers and Below Growable Customers from plethora of internal and external data, figures and surveys. A straightaway technique is to create a data warehouse, thereafter information which is required to effectively implement principles of CRM, could be mined out of this data warehouse. It is essential to build knowledge architecture instead of accumulating the data from different places. KM has the potential to give an organisation a strategic advantage in designing and implementation of CRM solution. The factors of CRM are indispensable to identify the predominant nature of CRM elements for the effectiveness of Banker-Customer Relationship.

Nelson and Chan (2005)⁶ This research seeks to empirically evaluate the influence of the underpinnings of relationship marketing on the perceived quality of bank-customer relationship, and on customer satisfaction in the Malaysian banking sector. A field survey of bank customers in Malaysia was conducted using a questionnaire. The data were factor-analysed to determine the key dimensions of relationship marketing. The resulting dimensions were applied in the

subsequent discriminant analyses conducted to determine which factors discriminate between customers on the basis of perceived bank-customer relationship quality and customer satisfaction. The results show that five key dimensions, namely: competence, communication, conflict handling, trust, and relationship quality discriminate between customers in terms of perceived relationship quality and customer satisfaction. Moreover, overall banker-customer relationship quality discriminates between satisfied customers and those who are not. Findings suggest that banks can create customer satisfaction by exhibiting trustworthy behaviour, showing genuine commitment to service, communicating information to customers efficiently and accurately, delivering services competently, handling potential and manifest conflicts skillfully and improving overall customer relationship quality.

Alexandros et al (2002)⁷ The paper explores the factors of electronic Relationship Marketing (e-RM) in the context of the UK financial services sector, focusing on the emerging phenomenon of e-banking and specifically the adoption of e-RM. Through the use of an interpretative, multi-case research approach, it seeks to reflect senior managers' understanding of e-RM. Preliminary findings indicate a broad acceptance that relationships are becoming increasingly important in terms of encouraging loyalty amongst customers. Nevertheless, managers appear to be uncomfortable with their ability to establish and nurture e-banking relationships. The use of e-RM to create a relationship dialogue is not happening on any significant scale and presents several strategic and tactical difficulties, particularly over channel decisions. Managers seem acutely aware of the utility of electronic media networks to lower costs, but do not know how to best approach e-customers, maintain a customer dialogue, or know whether this is what clients' desire.

Aihie and Az-Eddine (2007)⁸ This paper aims to provide insights on the core components of CRM and the implementation of CRM strategy. A case study of CRM implementation at a large Swedish firm was carried out using open-ended, face-to-face and telephone interview methods to collect data from key informants at both strategic and operative levels. Results show that relationships are not only a tactical weapon, but represent a different and strategic approach to buyer-seller exchange. Findings also show that implementing sustainable CRM strategy requires the endorsement by and commitment from top management, systematic cross-functional communication and mandatory customer loyalty training programmes for all employees.

Margit (2008)⁹ The study seeks to identify basic values and objectives from different bank retailing customers by asking them about their views on topics that deal responsibly with money. Based on their experiences, perceptions and expectations, those values and objectives that are of utmost relevance for them regarding their money life are identified. The study is of a qualitative nature, using a total of 60 surveys with open-ended questions to acquire data that are evaluated by the qualitative rule-based method GABEK® (GANzheitliche BEwältigung von Komplexität), a tool for analysing textual qualitative data. The results show a holistic picture of people's views concerning money and the role of retail banks. Three main topics are identified: banks' and customers' responsibilities; trustworthiness; and support service. These issues are discussed based on the basic values and objectives discovered in the context of customer relations. The study adds to the discussion of CRM. A more detailed analysis of the results will bring additional illuminating information concerning the main topics identified.

3.1. NEED AND IMPORTANCE OF THE STUDY

The present study concentrates on the various factors influencing CRM practices of the Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai. The banks are facing lot of difficulties in acquiring new customers and in retaining the existing customers. As a result of the advancement of banking technology and computerization and networking of bank branches, the customers are becoming more and more dynamic and less loyal in their behaviour. The development of the Internet is further adding to this trend and the whole market has become transparent and customers are in a position to move easily from one bank to another. In such a situation, customer satisfaction is the key to bank marketing, which aims at retention of the old customers and their bringing in new customers. Two strategies are identified for increasing bank's market penetration; the offensive strategy, which focuses on generating new customers, and the defensive strategy which focuses on preserving the current customers. Although these strategies can be successful all customers are not retained as a consequence and organisation's need to identify those customers at risk of leaving in order to reduce defections becomes vital. (Ellie and Malcolm 2000)¹⁰

4.1. STATEMENT OF THE PROBLEM

Banking industry is undergoing tremendous changes; the focus is towards the customer service. The customer is aware of technology and the various service options. Due to these factors, there is heavy competition between banks. Increased competition in the market in the past few years propelled retail banks to focus greatly on maintaining and increasing their customer base while improving customer service quality. In other words CRM has become a major focus for the banks.

Today, banks are facing an aggressive competition and they have to make efforts to survive in a competitive and uncertain market place. Banks have realised that managing customer relationship is a very important factor for their success.

CRM is a strategy that can help banks to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. CRM in the banking sector is of strategic importance. (Evangelia and Michalis 2006)¹¹

The last decade has seen many changes taking place in the structure of banking and also in the way the banking sector has opened up. De-regulation and entry of new players are changing the banking scene. The future belongs to the player who keeps in touch with the time, who moves along with the time and is able to respond to the emerging needs of the customers.

5.1. OBJECTIVES OF THE STUDY

- To recognize the elements of CRM in banks
- To explore the various factors influencing CRM in banks

6.1. RESEARCH METHODOLOGY

6.1.1. RESEARCH DESIGN

The research design is empirical in nature since the study is conducted using both analytical and diagnostic type of research. The major part of the study is based on primary data.

6.1.2. STUDY AREA

The city of Chennai has been chosen for the purpose of study because of the following reasons:

- The city has become the financial hub of the entire country.
- Almost every bank of the country has multiple branches in the city.
- Foreign banks are also interested in establishing their branches in the city.

Hence, it is considered highly appropriate to conduct the study in the city of Chennai.

6.1.3. SOURCES OF DATA

Primary data has been collected from the employees of the Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai.

Secondary data is collected from various published and unpublished sources including Journals, Magazines, Publications, Reports, Books, Dailies, Periodicals, Articles, Research Papers, Websites, Bank Publications, Manuals, and Booklets.

6.1.4. SAMPLING TECHNIQUE

Simple Random Sampling Method is adopted to collect the primary data. The respondents for the purpose of the study are selected systematically.

6.1.5. SAMPLE

The following criterion is adopted to collect responses from the bank employees. At the first instance, the total number of Public Sector, New Private Sector, Old Private Sector and Foreign Banks in the city of Chennai has been taken into consideration to decide about the number of banks for the purpose of study in each category.

Secondly, the banks under each category have been chosen based on maximum number of branches in the city of Chennai as on January 2012.

TABLE 6.1.5.1: SELECTION OF SAMPLE

| Public Sector Banks | New Private Sector Banks | Old Private Sector Banks | Foreign Banks |
|---|--------------------------|--------------------------|----------------------------|
| 1. State Bank of India & its Associates | 1. ICICI Bank | 1. Karur Vysya Bank | 1. Standard Chartered Bank |
| 2. Indian Overseas Bank | 2. HDFC Bank | 2. Federal Bank | 2. CITI Bank |
| 3. Indian Bank | 3. Axis Bank | 3. South Indian Bank | 3. HSBC Bank |
| 4. Canara Bank | | 4. ING Vysya Bank | |
| 5. Bank of Baroda | | | |
| 6. Syndicate Bank | | | |
| 7. Punjab National Bank | | | |
| 8. Central Bank of India | | | |

6.1.6. SAMPLE SIZE

By the above processes totally 18 banks were chosen for the purpose of study. From each of the 18 banks 10 employees were selected as respondents totaling 180.

7.1. RESULTS & DISCUSSIONS

7.1. 1. FACTORS INFLUENCING CRM IN BANKS-EMPLOYEES' VIEWS

The present study focuses on the crucial CRM factors Viz.,

1. Acquisition of Customers
2. Implementation of CRM
3. Maintaining CRM through General Policies
4. Maintaining CRM through Specific Strategies
5. Customer Satisfaction
6. Customer Loyalty

The opinion of the employees of the bank is ascertained through a well framed questionnaire comprising relevant variables of CRM elements. The research scale Likert's Five Point Scale is exploited in this juncture to underpin the opinion of customers in the normally distributed population. The enormous number of variables and its tediousness are essentially reduced through the mathematical concept called Data Reduction Process. This process actually enumerates all the characteristic features of the variables involved in the study and maintains the consistency of the corresponding variables. Factor Analysis by Principal Component Method is applied on the variables of CRM elements to reduce them into predominant factors. The reduction is expressed in the form of KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy and Bartlett's test of Sphericity along with Communalities. It also creates an output of number of factors extracted and their respective variable loadings.

7.1.1.1. FACTORS AFFECTING ACQUISITION OF CUSTOMERS

Acquisition of Customers possesses 16 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.1: FACTOR EXTRACTION-CUSTOMERS ACQUISITION-EMPLOYEES' VIEW

| No. of Variables | KMO | Chi-Square | Eigen Values | % of Variance | Cumulative % |
|------------------|------|------------|--------------|---------------|--------------|
| 16 | .793 | 1198.626 | 3.606 | 22.540 | 22.540 |
| | | | 2.322 | 14.512 | 37.052 |
| | | | 2.104 | 13.149 | 50.202 |
| | | | 1.968 | 12.301 | 62.503 |

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.793 and the Chi-Square value for Bartlett's Test of Sphericity 1198.626 are statistically significant at 5% level. This implies that the 16 variables of customer acquisition are adequate in explaining its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of the banks regarding acquisition of customers. The upper limit of the variance is statistically significant. It is found that the 16 variables are reduced into 4 major factors with eigenvalues 3.606, 2.322, 2.104 and 1.968 which are statistically significant. The 4 major factors also possess significant individual values 22.540 14.512, 13.149 and 12.301 with total cumulative variance 62.503. This clearly indicates the very existence of 4 major factors with their respective variable loadings. From the Rotated Component Matrix it is found that there are four factors to be considered in total for the customer acquisition element.

Acquisition of customers for any bank is definitely based on the following four factors, viz.

1. Optimistic Relationship
2. Business Promotion
3. Customer Convenience
4. Operational Flexibility

7.1.1.2. FACTORS INFLUENCING IMPLEMENTATION OF CRM IN BANKS

Implementation of CRM encompasses of 21 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.2: FACTOR EXTRACTION- IMPLEMENTATION OF CRM-EMPLOYEES' VIEW

| No. of Variables | KMO | Chi-Square | Eigen Values | % of Variance | Cumulative % |
|------------------|------|------------|--------------|---------------|--------------|
| 21 | .873 | 1602.281 | 3.439 | 16.375 | 16.375 |
| | | | 3.171 | 15.102 | 31.477 |
| | | | 2.998 | 14.275 | 45.753 |
| | | | 2.447 | 11.653 | 57.406 |

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.873 and the Chi-Square value for Bartlett's Test of Sphericity 1602.281 are statistically significant at 5% level. This means that the 21 variables relating to implementation of CRM are adequate in illustrating its concept and the sampling distribution is also normal to explain the characteristic features of population of bankers regarding implementation of CRM. The upper limit of the variance is statistically significant. It is found that the 21 variables are reduced into 4 major factors with eigenvalues 3.439, 3.171, 2.998 and 2.447 which are statistically significant. The 4 major factors also possess significant individual values 16.375, 15.102, 14.275 and 11.653 with total cumulative variance 57.406. This clearly indicates the very existence of 4 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are four factors to be considered for implementation of CRM.

In order to implement CRM, it is imperative for the banks to consider the following four factors viz.

1. Campaign Management
2. Customer Interaction Management
3. Customer Need Analysis
4. Contact Management

7.1.1.3. FACTORS AFFECTING MAINTENANCE OF CRM THROUGH GENERAL POLICIES

Maintaining CRM through general policies comprises of 25 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.3: FACTOR EXTRACTION- MAINTAINING CRM THROUGH GENERAL POLICIES-EMPLOYEES' VIEW

| No. of Variables | KMO | Chi-Square | Eigen Values | % of Variance | Cumulative % |
|------------------|------|------------|--------------|---------------|--------------|
| 25 | .843 | 1971.682 | 3.440 | 13.759 | 13.759 |
| | | | 3.436 | 13.743 | 27.502 |
| | | | 2.509 | 10.038 | 37.539 |
| | | | 2.345 | 9.379 | 46.918 |
| | | | 1.971 | 7.884 | 54.802 |
| | | | 1.852 | 7.408 | 62.210 |

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.843 and the Chi-Square value for Bartlett's Test of Sphericity 1971.682 are statistically significant at 5 % level. This means that the 25 variables relating to maintaining CRM through general policies are adequate in demonstrating its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank with regard to maintaining CRM through general policies. The upper limit of the variance is statistically significant. It is found that the 25 variables are reduced into 6 major factors with eigenvalues 3.440, 3.436, 2.509, 2.435, 1.971 and 1.852 which are statistically significant. The 7 major factors also possess significant individual values 13.759, 13.743, 10.038, 9.379, 7.884 and 7.408 with total cumulative variance 62.210. This clearly indicates the very existence of 6 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are six factors to be considered for maintaining CRM through general policies.

From the above analysis it is deduced that the following are the general policies to be adopted by the bank to maintain CRM

1. Customer Profiling
2. Meticulous Mechanism
3. Grievance Redressal
4. Elite Practices
5. Customer Interface
6. Ambience and Amenities

7.1.1.4. FACTORS AFFECTING MAINTENANCE OF CRM THROUGH SPECIFIC STRATEGIES

Maintaining CRM through specific strategies contains 38 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.4: FACTOR EXTRACTION- MAINTAINING CRM THROUGH SPECIFIC STRATEGIES -EMPLOYEES' VIEW

| No. of Variables | KMO | Chi-Square | Eigen Values | % of Variance | Cumulative % |
|------------------|------|------------|--------------|---------------|--------------|
| 38 | .901 | 4239.530 | 6.143 | 16.164 | 16.164 |
| | | | 4.494 | 11.826 | 27.990 |
| | | | 3.688 | 9.705 | 37.696 |
| | | | 3.276 | 8.621 | 46.316 |
| | | | 1.949 | 5.129 | 51.445 |
| | | | 1.881 | 4.950 | 56.395 |
| | | | 1.792 | 4.716 | 61.111 |
| | | | 1.663 | 4.377 | 65.488 |
| | | | 1.531 | 4.029 | 69.517 |

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.901 and the Chi-Square value for Bartlett's Test of Sphericity 4239.530 are statistically significant at 5 % level. This means that the 38 variables relating to maintaining CRM through specific strategies are adequate in representing its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank with regard to maintaining CRM through specific strategies. The upper limit of the variance is statistically significant. It is found that the 38 variables are reduced into 9 major factors with eigenvalues 6.143, 4.494, 3.688, 3.276, 1.949, 1.881, 1.792, 1.663 and 1.531 which are statistically significant. The 9 major factors also possess significant individual values 16.164, 11.826, 9.705, 8.621, 5.129, 4.950, 4.716, 4.377 and 4.029 with total cumulative variance 69.517. This clearly indicates the very existence of 9 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are nine factors to be considered for maintaining CRM through specific strategies.

From the above examination it is very clear that the banks should adopt the following specific strategies to maintain CRM

1. Progressive Workforce
2. Fund Management
3. Personalized Services
4. Precision
5. Customer Segmentation
6. Customer Orientation
7. Experiential Innovation
8. Emotional Involvement
9. Recognition

7.1.1.5. FACTORS INFLUENCING CUSTOMER SATISFACTION

The rationale behind customer satisfaction includes 19 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.5: FACTOR EXTRACTION- CUSTOMER SATISFACTION -EMPLOYEES' VIEW

| No. of Variables | KMO | Chi-Square | Eigen Values | % of Variance | Cumulative % |
|------------------|------|------------|--------------|---------------|--------------|
| 19 | .873 | 1853.335 | 4.347 | 22.879 | 22.879 |
| | | | 3.366 | 17.717 | 40.596 |
| | | | 2.637 | 13.880 | 54.475 |
| | | | 1.861 | 9.795 | 64.270 |

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.873 and the Chi-Square value for Bartlett's Test of Sphericity 1853.335 are statistically significant at 5 % level. This means that the 19 variables linking the rationale behind the customer satisfaction are adequate in representing its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank with regard to the rationale behind the customer satisfaction. The upper limit of the variance is statistically significant. It is found that the 19 variables are reduced into 4 major factors with eigenvalues 4.347, 3.366, 2.637 and 1.86 which are statistically significant. The 4 major factors also possess significant individual values 22.879, 17.717, 13.880, and 9.795 with total cumulative variance 64.270. This clearly indicates the very existence of 4 major factors

with their respective variable loadings. From the Rotated Component matrix it is clear that there are four factors to be considered relating to customer satisfaction.

Customer satisfaction is the outcome of CRM practices followed by the banks. The extent to which the customers are satisfied depends upon the following four factors:

1. Premium Service
2. Quintessence
3. Customer Focussed
4. Concurrence

7.1.1.6. FACTORS INFLUENCING CUSTOMER LOYALTY

The matters concerning customer loyalty takes into account of 12 variables in Likert's Five Point Scale. The application of Principal Component Factor Analysis is presented below:

TABLE 7.1.1.6: FACTOR EXTRACTION- CUSTOMER LOYALTY -EMPLOYEES' VIEW

| No. of Variables | KMO | Chi-Square | Eigen Values | % of Variance | Cumulative % |
|------------------|------|------------|--------------|---------------|--------------|
| 12 | .849 | 908.298 | 3.425 | 28.540 | 28.540 |
| | | | 2.529 | 21.073 | 49.613 |
| | | | 1.688 | 14.067 | 63.679 |

From the above table Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test, it is found that the sampling adequacy value 0.849 and the Chi-Square value for Bartlett's Test of Sphericity 908.298 are statistically significant at 5% level. This means that the 12 variables concerning customer loyalty are adequate in representing its concept and the sampling distribution is also normal to explain the characteristic features of population of employees of bank in connection with customer loyalty. The upper limit of the variance is statistically significant. It is found that the 12 variables are reduced into 3 major factors with eigenvalues 3.425, 2.529, and 1.688 are statistically significant. The 3 major factors also possess significant individual values 28.540, 21.073, and 14.067 with total cumulative variance 63.679. This clearly indicates the very existence of 3 major factors with their respective variable loadings. From the Rotated Component Matrix it is clear that there are four factors to be considered concerning customer loyalty

Customer Loyalty is the ultimatum of CRM operations. Customer loyalty greatly depends on the following factors

1. Positive Banking Climate
2. Confidence Building
3. Customer Delight

8.1. RECOMMENDATIONS

- The factors of acquisition of customers in commercial banks are dependent upon the bankers' positive and optimistic approach towards their customers. There is a possible correlation between employees' commitment to the CRM initiatives and the positive outcomes of a bank's performance. It is very important to identify and secure employees' affective commitment to induce CRM in banks. (Philip et al 2008)¹² The commercial banks keep a close watch on their competitors to promote their banking activities. In addition to that the banks have also formulated a system to predict the growing needs of the customers. Present day bankers serve their customers round the clock. Banks have modified their working hours according to the convenience of their customers. The banks have brought in a revolutionary change in the way in which they operate. The procedures have become very flexible and are simplified to cater to the needs of the customers. A bank which takes into consideration the above four factors will certainly have a competitive edge over the other banks in acquiring and retaining customers.
- Specialized services and facilities offered by the banks reach the customers through efficient campaign management. Regular working hours of the banks are used mainly for routine transactions. Unique facilities of the banks are communicated to the customers by organizing customer fairs, customer days and customer meets. Technology helps the banks in establishing a rapport with the customers. With the help of CRM software and other technological innovation the banks are in constant touch with their customers. The banks collect the relevant information from the customers and at the same time also disburse the relevant information to the customers at the right time. Better interaction with the customers' foster implementation of CRM by the banks in an efficient manner. The installation of customer friendly technology as a means of delivering traditional banking services has become commonplace in recent years as a way of maintaining customer loyalty and increasing market share. Traditional brick and mortar banks are using technology to meet the competitive challenge posed by online banks, as well as a method of reducing the cost of providing services that were once delivered exclusively by bank personnel. (Mathew and George 2003)¹³ The demands of the customers from their respective banks change over a period of time. Hence, it becomes imperative for the banks to collect information from the customers about their spending and investment pattern. Analysis of the information will give an idea to the banker to come to a conclusion about the needs and expectations of the customers. Promotion of fair banking practices become effective through appropriate contact management. The banks contact their customers on a regular basis to inform them about the services and facilities offered. The above factors will definitely help the banks to implement CRM in an efficient and effective manner.
- The knowledge about the customer base is a prerequisite for maintaining better CRM in banks. The banks make it a point to educate their employees about the financial profile of their customers. The employees are also aware of the cost of losing a customer. The entire concept of CRM leans upon customer profiling. If the marketing community is to adopt the prescriptions of the relationship marketing school of thought, more knowledge and understanding of relationships is required. The base of knowledge is growing and there is now greater appreciation of the processes germane to healthy relationships, such as trust, satisfaction and commitment. (Kate Stewart 1998)¹⁴ The banks are very particular about attending each and every customer entering into their premises. Every customer who is walking into the branch is treated with utmost respect and dignity. Banks follow meticulous mechanisms to handle the customers. The banks adopt separate policies to handle the customers when they come in person, or when the customers seek for any clarification over the telephone and when they seek for any report in writing. The banks take all possible measures to serve every customer to his greatest satisfaction. In addition to that, they are also expected to implement proper grievance redressal mechanism. This would sort out the customer issues as and when they arise. Every bank follows certain unique and elite practices to satisfy the customers. Same set of rules and regulations may not be applicable for all types of customers. Sometimes, it becomes necessary for the banks to modify certain rules for certain class of customers. The banks take reasonable steps to collect the complaints and suggestions from the customers. They also keep a track of complaints received and resolved over a particular period of time. This would help the banks in maintaining proper interface with the customers. Ambience and amenities provided in the branch play a vital role in maintaining CRM. Pleasing ambience and better amenities in the bank premises will enable the customers to have a pleasant stay in the bank. In order to maintain CRM through general policies it becomes necessary for the banks to consider the aforesaid factors.
- Customer Contact Employees (CCEs) are the medium through which the banks deliver the facilities and services to their customers. It is very much necessary for the banks to formulate a specific criterion for recruiting CCEs. The efficiency of the employees depend on clear role definition and empowerment. The positive attitude and sense of empathy will make them progressive. The present day bankers do not restrict themselves with the traditional services. They also act as efficient fund managers of their customers. The banks are working towards providing personalised services to their customers. They are inclined towards creating a long lasting impression in the minds of the customers through personal care and attention. The banks are clear and precise while carrying out transactions. The bankers carry out the gamut of activities in such a way that the customers are in a position to thoroughly understand the activities of the banker. The banks can no more deliver their services to all the customers in a uniform pattern. It is high time that the bankers segment their customers according to their life time value and deliver customised services. To effectively implement a CRM solution it is very important to identify real knowledge about different types of customers' viz., Most Valued Customers, Most Growable Customers and Below Growable Customers from plethora of internal and external data, figures, and surveys. (Bhuvan et al 2001)¹⁵ The customer should be kept at the fulcrum

while delivering the services and facilities. The banks have to constantly seek new and better ways to enhance relationship with customers. The entire activities of the banks are oriented more towards the customers. The banks innovate and introduce new products and services and also make necessary changes in their existing ones based on the feedback collected from the customers. To enhance the relationship with their respective customers the banks go an extra mile through exhibiting their emotional involvement towards their customers by greeting them during occasions and by sending personalised letters to them. The progressive employees are rewarded and recognized to motivate them to work more towards enhancing CRM. The aforesaid factors would foster better CRM in banks through adoption of specific strategies.

- The banks strive hard to deliver world class services to their customers. The employees give attention to details and make it a point to deliver error free services. The instructions given by the customers are executed properly by them. Customer satisfaction is pivotal for any type of business. The entire organisation should work towards achieving the same. The vision and mission of the organisation should concentrate on accomplishing customer satisfaction. Marketing literature consistently identifies customer satisfaction as a key antecedent to loyalty and repurchase. Improving customer satisfaction enables firms to build superior human capital on both the employee and the management level. Customer satisfaction may signal that the company has good prospects. (Xueming & Christian 2007)¹⁶ The policies and procedures followed by the banks should necessarily be focussed toward the customers. The banks formulate their policies and procedures after taking the consent from the customers. They also find out the reasons from the customers when they close their accounts. Consideration of the above factors would enhance Customer Satisfaction in banks.
- Customer loyalty will automatically occur in a positive banking climate. The banks take efforts to create a sense of security and pride in the minds of the customers. The banks' initiatives to build confidence in the minds of the customers lean upon their ethical practices and transparent operations. Commitment on the part of the bankers would augment the process of confidence building. Bankers should mine their databases to identify customers in terms of their levels of profitability and longevity and should deliver levels of assertiveness and affiliation appropriate to each customer. Overall, the call is to complement the emphasis on the use of high-tech CRM strategies that generate huge databases with a more high-touch strategy that will indicate to the bankers as to how to interact with each customer. (Kalyani and Aidan (2007)¹⁷ Customer delight is the outcome of customer loyalty. The hand holding activities of the banker would result in customer delight. Customer Loyalty would increase to a greater extent upon the deliberations of the above factors by the banks.

9.1. CONCLUSION

CRM has become an increasingly critical means of developing and maintaining customer loyalty while also helping the business, migrate to low value customer towards greater profitability. Bankers can now manage every single contact with the customer to build lasting relationships and glean information and insights about customer's needs and their buying behaviour to design and develop services, which help create value for the customers as well as the bank. Although customized as well as off the shelf technological solutions are available in the market place, bankers need to do a lot more than just adopt these solutions to implement CRM practices. Those banks developing close customer relationships will grow much more aggressively than their competitors. Successful implementation of CRM requires a strategic approach, which encompasses developing customer-centric processes, selecting and implementing technology solutions, employee empowerment, customer information and knowledge generation capabilities to differentiate them, and the ability to learn from best practices. CRM is not only the technology interest; it is a business strategy to select and manage the most valuable customer relationships.

CRM enables improved business performance at all stages of the customer relationship. Although the CRM environment is challenging to implement, manage, and upgrade, the business benefits are clear. Network and application suites must compliment each other in every area of this environment. In today's competitive scenario characterized by changing customer values, banks are finding it extremely difficult to retain customers to realize long term benefits. With all the information at his command, the customer has become very powerful. The customer demands wide range of value added products. Customer wants value, value for money, time, and effort. Change has become very common and it is the only constant thing. To meet the challenges arising out of stiff competition and technological revolution it becomes necessary to create a special bondage with the customers. This becomes possible mainly through relationship marketing. Though loyalty and relationships are not interchangeable, relationship marketing keeps the link between bank and customers intact and this would at least give a chance to the banks to convert a customer to a loyal one. Hence, the study has given a clear message that the real challenge before the banks is to convert emotions into transactions, and a transaction-based relationship into an emotionally connected and loyal one over a period of time. In this context, the researcher strongly believes that Mahatma Gandhi's observations on "Customer" continue to be relevant in the next millennium and will hold the key for success of any organization.

10.1. SCOPE FOR FURTHER RESEARCH

The present study has made an attempt to study the factors influencing Customer Relationship Management practices followed by the banks in general. With the experience, it is stated that a separate research may be undertaken in the following areas viz.,

1. A study about the Customer Relationship Management practices followed by different types of banks.
2. A study on Customer Relationship Management practices followed by various industries in the financial sector.
3. A study on Customer Relationship Management practices followed by various industries in the service sector.

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IMPACT OF GRIEVANCES AND REDRESSAL OF EMPLOYEES IN TEXTILE MILLS, COIMBATORE

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ABSTRACT

Emergence of grievance is a natural outcome of interaction among people whether in organizational context or any other context. In organizational settings, employees may have some grievances against employers; in the same way the employers may have some grievances against employees, Grievances are a state of dissatisfaction towards some issues related to employment. The main objective of this paper is to study the impact of grievances and redressal of employees in Textile mills, Coimbatore & to find out the factors causing grievances among the employees of the organization. Questionnaire method was used to find out the factors causing the grievances. Thirty six questions were framed and the data was collected from the respondents. Primary data was collected from 75 respondents. The data collected for the study was analyzed by using simple percentage method, chi-square test method and weighted average analysis method. Suggestions were given to prevent the grievances and improve the redressal procedures followed in the Textile mills of Coimbatore.

KEYWORDS

Grievances, redressal, textile mills.

INTRODUCTION

IF emergence of grievance is a natural outcome of interaction among people whether in organizational context or any other context. National commission on Labor of India has defined grievances as follows: "Complaints affecting one or more individual workers in respect of wage payments, overtime, leave, transfer, promotion, seniority, work assignment and other discharges constitute grievances." The causes for the employee grievances under each category are as follows:

- A. Wages and working conditions
- B. Supervision
- C. Management policies and practices
- D. Maladjustment of employee

The main effects of grievances are Frustration, Alienation, Demotivation, Slackness, Low productivity, Increase in wastage and costs, Absenteeism, In discipline, & Labour unrest. The textile industry plays an important role in the country. At present the contribution of the textile industry to GDP is about 4%. Because of the textile industry more than 35 million people get employment and it is the second largest employment provides in India after agriculture of this 29 million people get employed in textile industry and balance 6 million in apparel industry. Because of the rapid growth (get employed in textile industry) in the domestic sector the textile and apparel industry is expanded to provide direct employment to 40 million by the year 2010. The size of the textile and apparel industry is esteemed to be US\$85 billion comprising US\$40 billion in domestic of balance in export by 2010. The contribution of this industry to get gross exports earning is about 17% and it adds less than 2% do the gross impart bill of the country in 2004-2005. The textile industry is the self reliant industry from the production of raw materials to the delivery of final product with considerable value addition at each stage of processing. The industry was relicensed in 1991 and under the current policy number prior gut apparel is necessary to setup textile mills. The per capital cloth availability in the country has increased from 22.87 sq. metres in 1991-92 to 33.51 sq. metres in 2005-2006.

LITERATURE REVIEW

Issues of grievances are normally associated with dissatisfaction among employees which related to working procedure, working facilities (Bean, 1994), confusions on provisions stated in company's policy (Ayadurai, 1996) and the violation of provisions in terms and conditions of employment stated in collective agreement (Salamon, 2000). Employee Grievances: An Application Of The Leader-Member Exchange Model By Kelly L. Cleyman, (Ford Motor Company), Steve M. Jex, (Central Michigan University), Kevin G. Love, (Central Michigan University) Using the Leader-Member Exchange (LMX) model as a guide, this study examined the relationship between the quality of information exchange between an employee and his or her immediate supervisor and the intention to file grievances. One hundred twenty-five unionized automotive employees completed a measure of quality of information exchange and responded to eight vignettes representing hypothetical work situations. Employees rated each vignette in terms of their intention to file a grievance if faced with that situation. It was hypothesized that employees who perceived a high quality information exchange relationship with their supervisors would be less likely to file grievances than employees who perceived a low quality information exchange relationship. When the intent to file measure was aggregated across all vignettes, the hypothesis was supported. When the vignettes were categorized into three different types of grievance situations through a principal components analysis, quality of information exchange was related only to grievance filing over issues pertaining to time at work. Implications of these findings for both employee grievance research and grievance prevention are discussed

SCOPE OF THE STUDY

The study on employee grievances is done at Textile Mills of Coimbatore. The findings of the study could be used to discover the variables causing grievances which have impact on the growth of the organization. Care and effort must be taken to prevent the grievances present in the employees of the organization. Prevention of grievances helps to maintain good industrial relations and also improves the growth of the organization.

OBJECTIVES OF THE STUDY

1. To study the impact of grievances and redressal of employees in Coimbatore Textile Mills.
2. To study the factors causing grievances.
3. To study the redressal procedure followed by the Textile Mills.

4. To know the satisfaction level of employees towards grievances and redressal procedures.
5. To suggest suitable measures to prevent the grievances and to improve the redressal procedures.

RESEARCH METHODOLOGY

The research design used for the study is descriptive research design. In this study work, primary data was collected through the questionnaire from the employees of the organization. The survey was conducted among employees of various departments from five different textile mills in Coimbatore. The sample size is 75 employees, 15 employees from each industry. The sampling technique used is simple random sampling. Both primary and secondary data were used in this study. The data collected for the study was analyzed using simple percentage method, weighted average analysis method and chi-square statistical test. Conclusions were drawn and suggestions were given to prevent the grievances.

ANALYSIS OF EMPLOYEES OPINION TOWARDS GRIEVANCES USING SIMPLE PERCENTAGE METHOD

TABLE NO 1: AGE OF RESPONDENTS

| S.No | Age(in years) | Number of Respondents | Percentage of Respondents |
|------|---------------|-----------------------|---------------------------|
| 1. | Less than 18 | - | - |
| 2. | 19-25 | 1 | 1 |
| 3. | 26-35 | 7 | 9 |
| 4. | 36-50 | 49 | 66 |
| 5. | 51-65 | 18 | 24 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 66% of respondents were between 36-50 years of age. 24% of respondents were between 51-65 years. 9% of respondents were between 26-35 years. 1% of respondents were between 19-25 years. 0% of respondents were less than 18 years.

CHART NO. 1

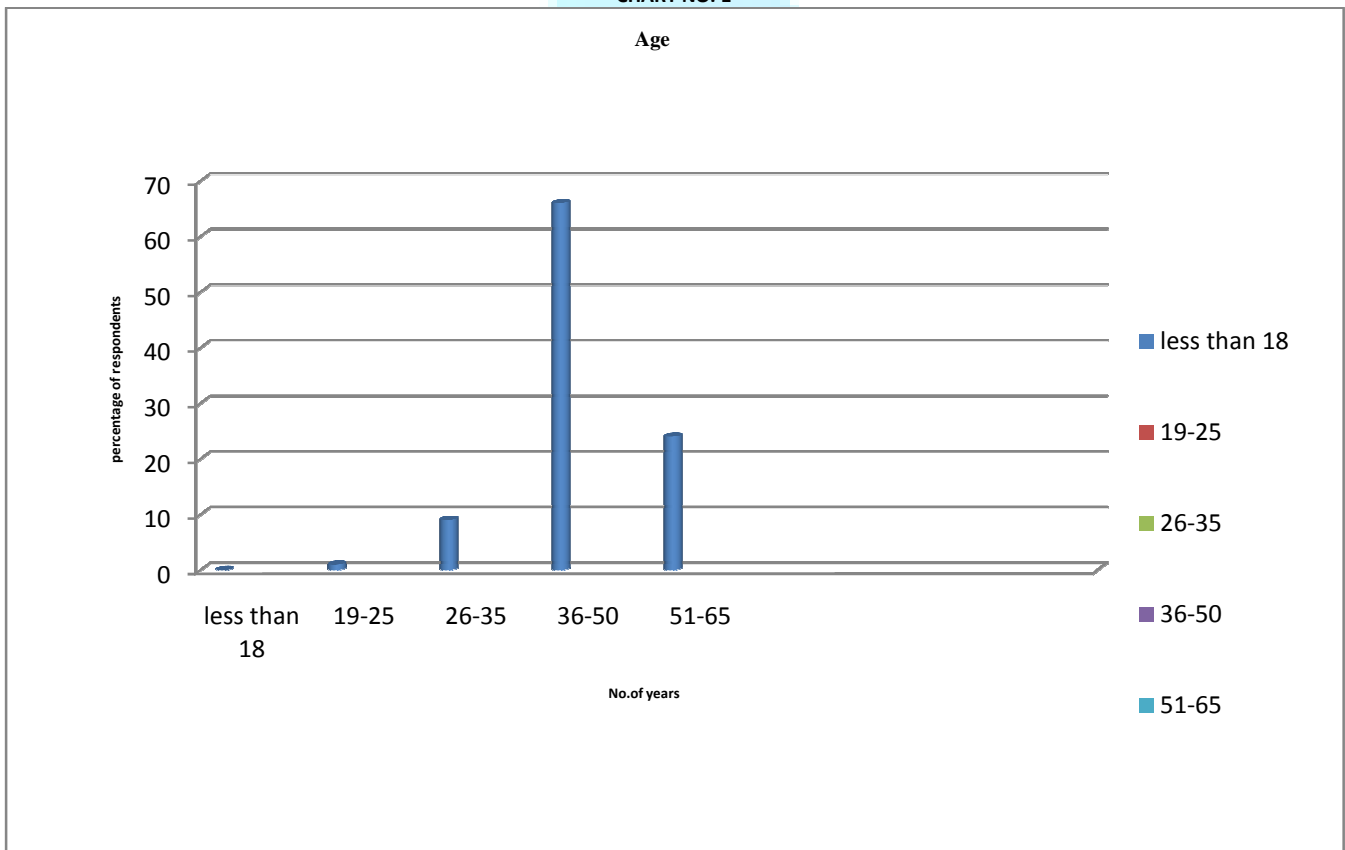


TABLE NO. 2: EDUCATIONAL QUALIFICATION OF RESPONDENTS

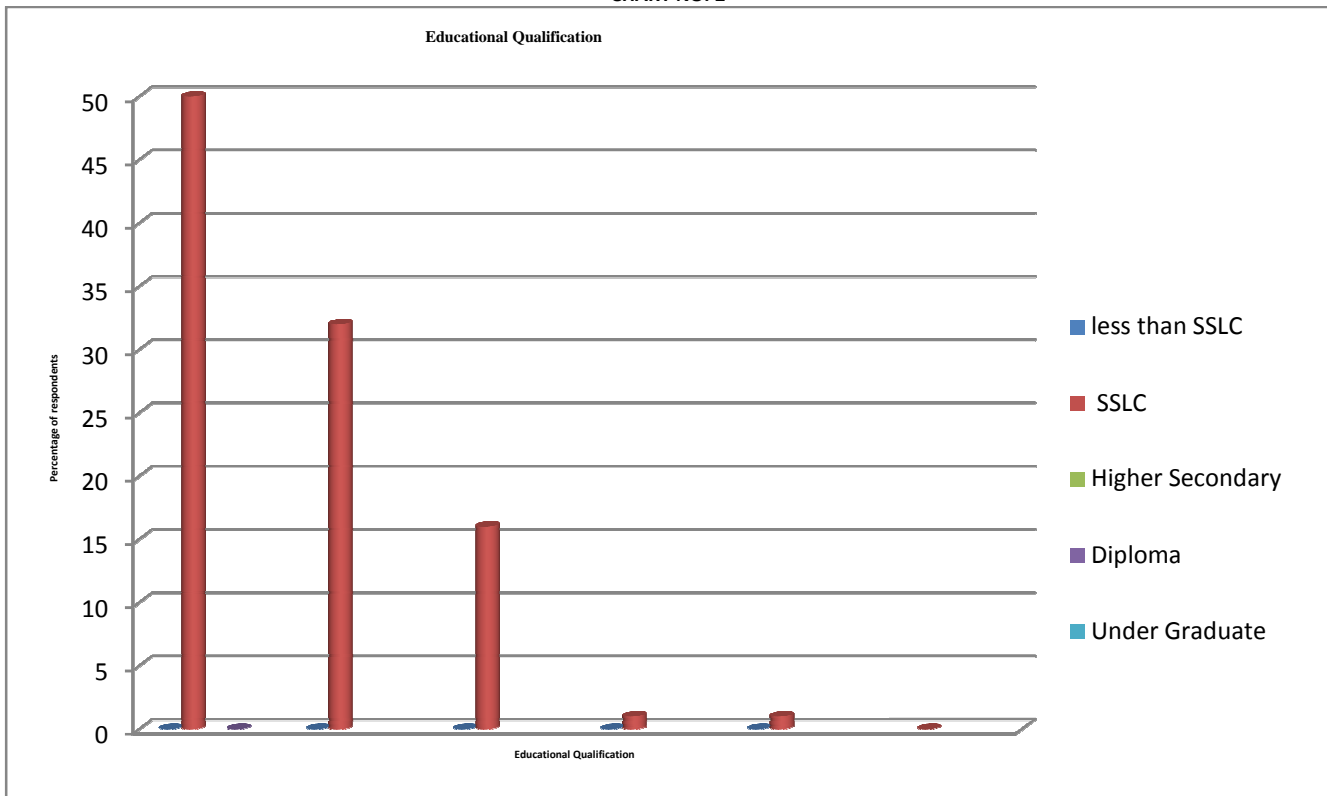
| S.No | Educational Qualification | No. of Respondents | Percentage |
|------|---------------------------|--------------------|------------|
| 1. | Less than SSLC | 37 | 50 |
| 2. | SSLC | 24 | 32 |
| 3. | Higher Secondary | 12 | 16 |
| 4. | Diploma | 1 | 1 |
| 5. | Under Graduate | 1 | 1 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 50% of respondents were less than SSLC educational qualification. 32% of respondents were SSLC. 16% of respondents were Higher Secondary. 1% of respondents were Diploma. 1% of respondents were Under Graduate.

CHART NO. 2



FACTORS INFLUENCE THE GRIEVANCES OF THE EMPLOYEES

TABLE NO. 3: RESPONDENTS OPINION TOWARDS WELFARE MEASURES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 3 | 4 |
| 2. | Agree | 29 | 39 |
| 3. | Neutral | - | - |
| 4. | Disagree | 36 | 48 |
| 5. | Strongly Disagree | 7 | 9 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 48% of respondents were Disagree with the opinion towards the welfare measures. 39% of respondents were Agree. 9% of respondents were Strongly Disagree. 4% of respondents were Strongly Agree 0% of respondents were Neutral.

CHART NO. 3

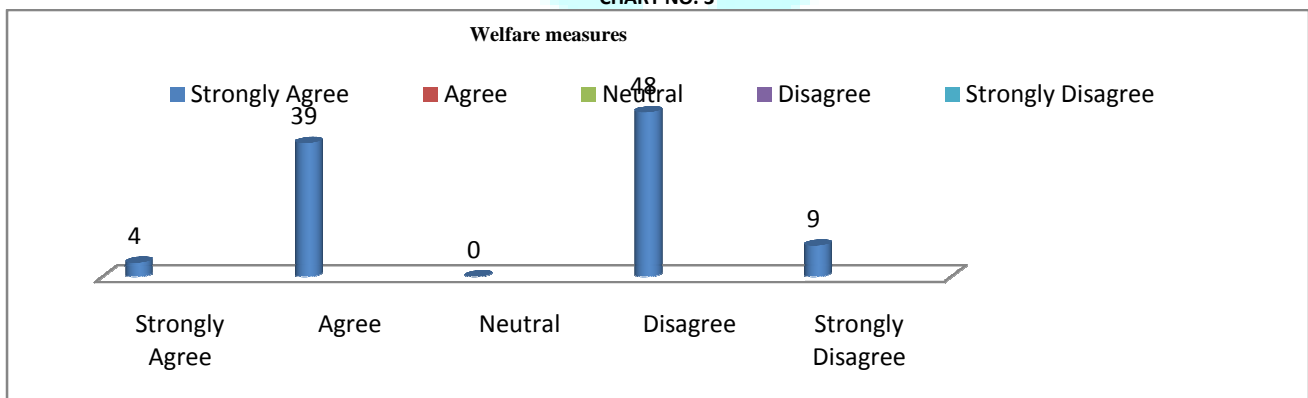


TABLE NO. 4: RESPONDENTS OPINION ON SAFETY MEASURES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 6 | 8 |
| 2. | Agree | 47 | 63 |
| 3. | Neutral | - | - |
| 4. | Disagree | 19 | 25 |
| 5. | Strongly Disagree | 3 | 4 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 63% of respondents were Agree with the opinion towards the safety measures. 25% of respondents were Disagree. 8% of respondents were Strongly Agree. 4% of respondents were Strongly Disagree. 0% of respondents were Neutral.

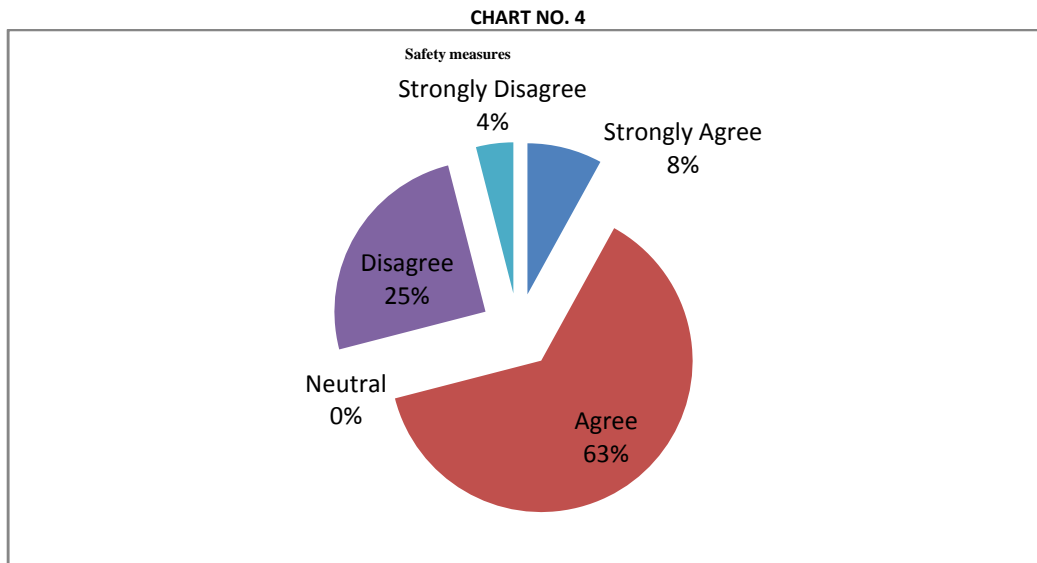


TABLE NO. 5: RESPONDENTS OPINION ON PHYSICAL CONDITIONS

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 2 | 3 |
| 2. | Agree | 7 | 9 |
| 3. | Neutral | - | - |
| 4. | Disagree | 30 | 40 |
| 5. | Strongly Disagree | 36 | 48 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 48% of respondents were Strongly Disagree with the opinion towards the physical conditions. 40% of respondents were Disagree. 9% of respondents were Agree. 3% of respondents were Strongly Agree. 0% of respondents were Neutral.

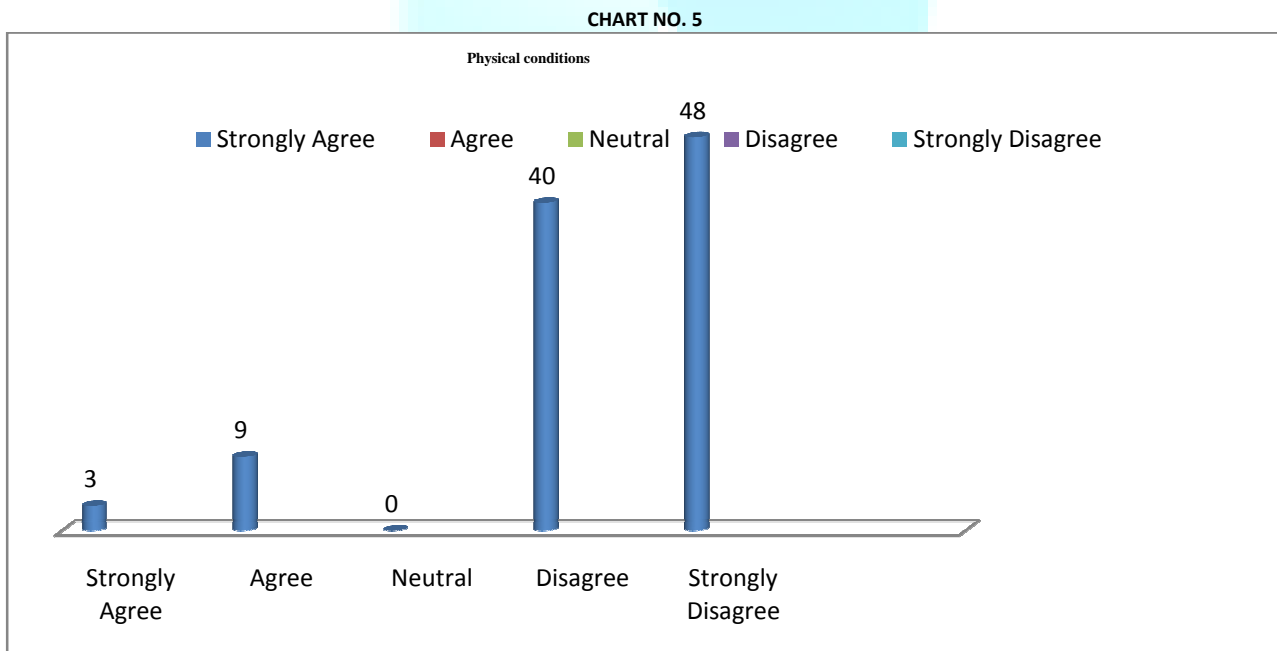


TABLE NO. 6: RESPONDENTS OPINION TOWARDS WAGES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 1 | 1 |
| 2. | Agree | 6 | 8 |
| 3. | Neutral | 1 | 1 |
| 4. | Disagree | 2 | 3 |
| 5. | Strongly Disagree | 65 | 87 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 87% of respondents were Strongly Disagree with the opinion towards wages. 8% of respondents were Agree. 3% of respondents were Disagree.1% of respondents were Strongly Agree. 1% of respondents were Neutral.

CHART NO. 6

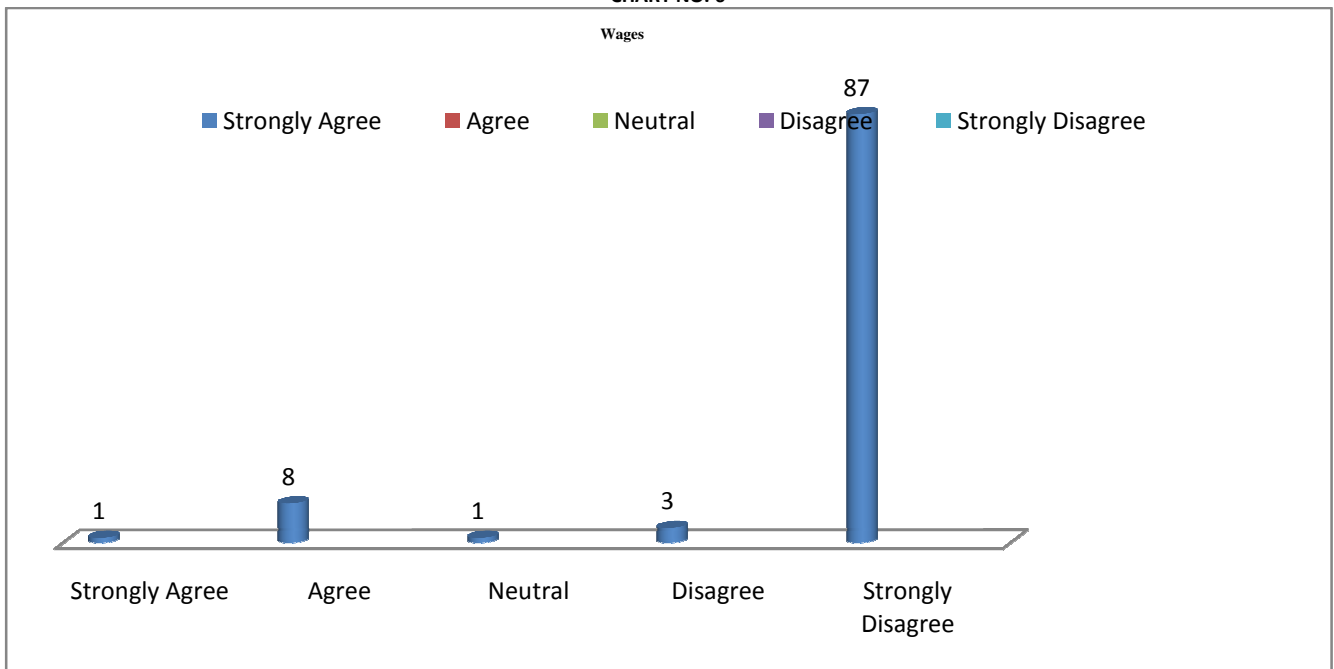


TABLE NO:7 RESPONDENTS OPINION TOWARDS SALARY

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 1 | 1 |
| 2. | Agree | 6 | 8 |
| 3. | Neutral | - | - |
| 4. | Disagree | 1 | 1 |
| 5. | Strongly Disagree | 67 | 90 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 90% of respondents were Strongly Disagree with the opinion towards the salary. 8% of respondents were Agree. 1% of respondents were Strongly Agree.1% of respondents were Disagree. 0% of respondents were Neutral.

CHART NO. 7

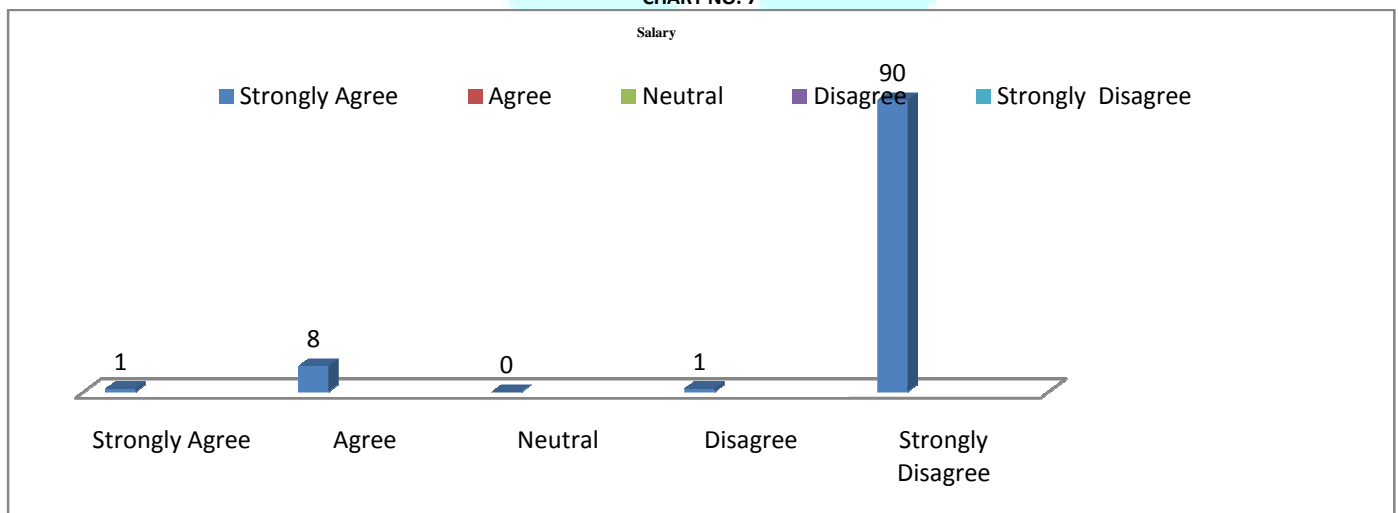


TABLE NO 8. RESPONDENTS OPINION TOWARDS RELATIONSHIP WITH AUTHORITIES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 8 | 11 |
| 2. | Agree | 44 | 59 |
| 3. | Neutral | 5 | 6 |
| 4. | Disagree | 9 | 12 |
| 5. | Strongly Disagree | 9 | 12 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 59% of respondents were Agree with the opinion towards the relationship with authorities. 12% of respondents were Disagree. 12% of respondents were Strongly Disagree. 11% of respondents were Strongly Agree. 6% of respondents were Neutral.

CHART NO. 8

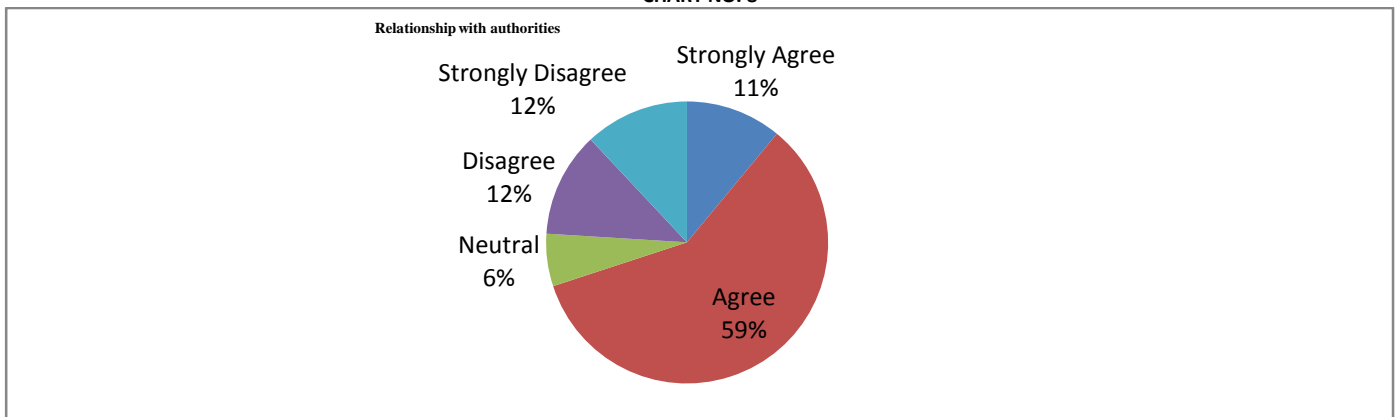


TABLE NO 9. RESPONDENTS OPINION TOWARDS WORK SCHEDULES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 13 | 17 |
| 2. | Agree | 16 | 21 |
| 3. | Neutral | 11 | 15 |
| 4. | Disagree | 13 | 17 |
| 5. | Strongly Disagree | 22 | 30 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 30% of respondents were Strongly Disagree with the opinion towards the work schedules. 21% of respondents were Agree. 17% of respondents were Strongly Agree. 17% of respondents were Disagree. 15% of respondents were Neutral.

CHART NO. 9

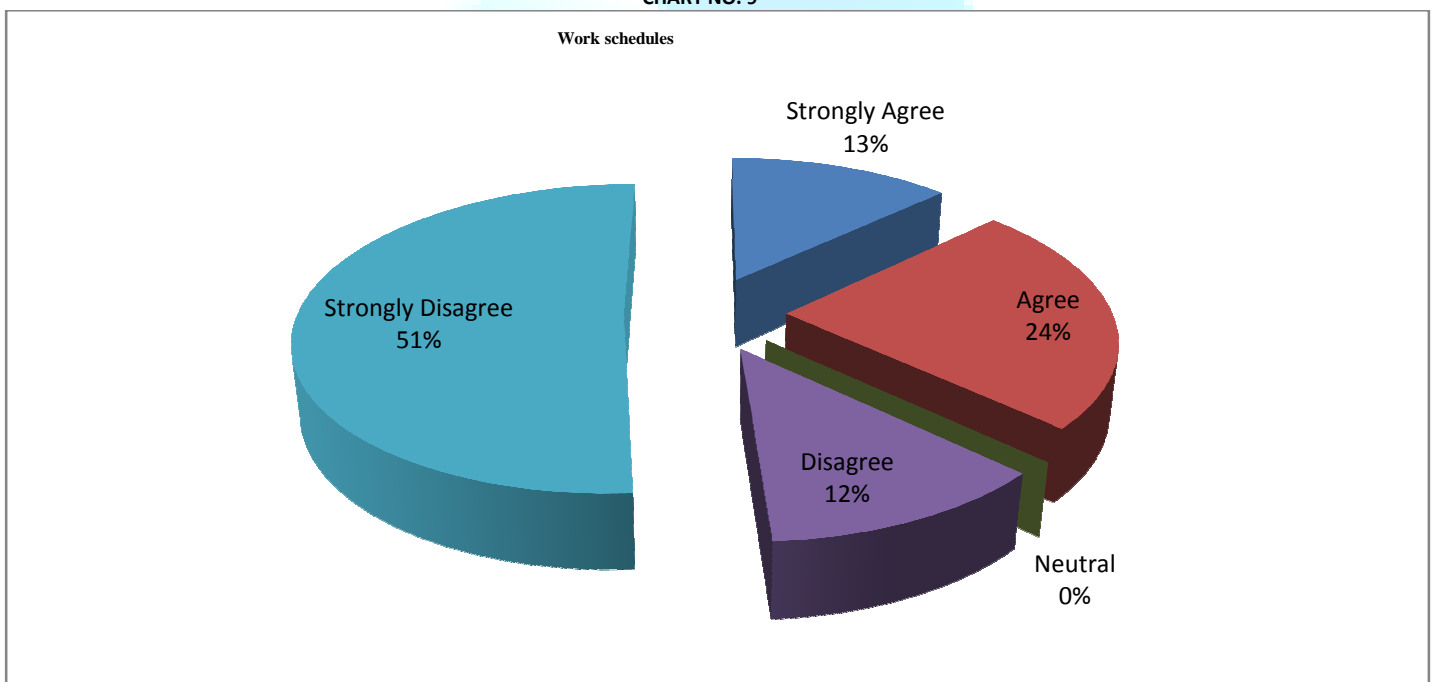


TABLE NO. 10: RESPONDENTS OPINION TOWARDS RULES/REGULATIONS

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 12 | 16 |
| 2. | Agree | 46 | 62 |
| 3. | Neutral | - | - |
| 4. | Disagree | 7 | 9 |
| 5. | Strongly Disagree | 10 | 13 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 62% of respondents were Agree with the opinion towards the rules/regulations. 16% of respondents were Strongly Agree. 13% of respondents were Strongly Disagree. 9% of respondents were Disagree. 0% of respondents were Neutral.

CHART NO. 10

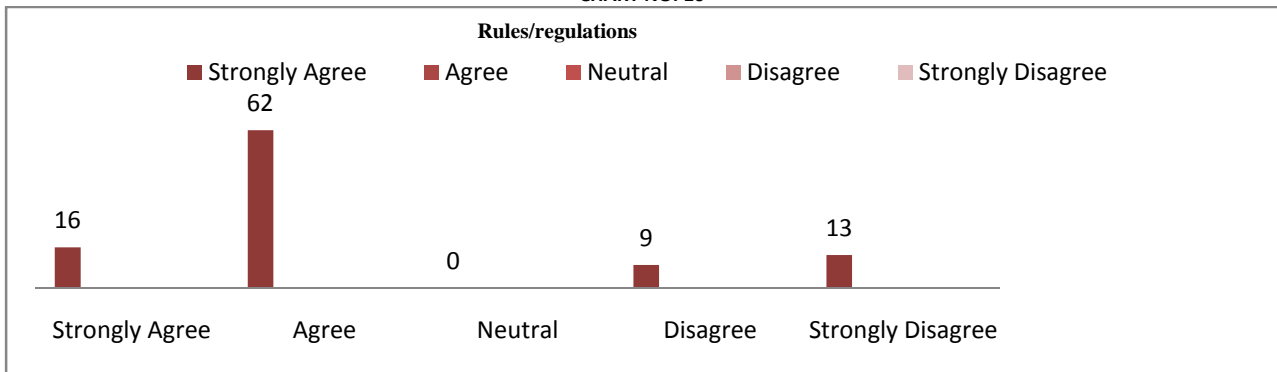


TABLE NO. 11: RESPONDENTS OPINION TOWARDS OTHER FACILITIES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 6 | 8 |
| 2. | Agree | 27 | 36 |
| 3. | Neutral | 3 | 4 |
| 4. | Disagree | 9 | 12 |
| 5. | Strongly Disagree | 30 | 40 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 40% of respondents were Strongly Disagree with the opinion towards other facilities. 36% of respondents were Agree. 12% of respondents were Disagree. 8% of respondents were Strongly Agree. 4% of respondents were Neutral.

CHART NO. 11

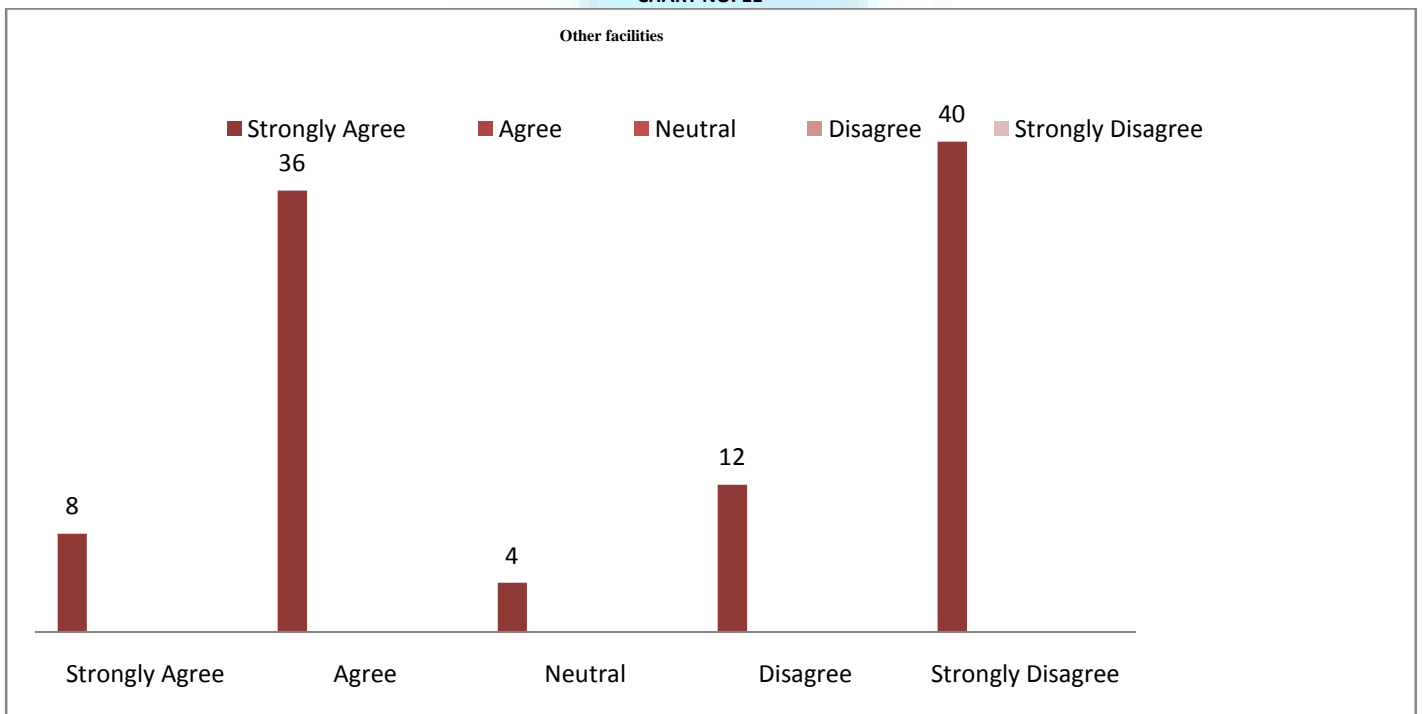


TABLE NO. 12: RESPONDENTS OPINION TOWARDS MEDICAL BENEFITS

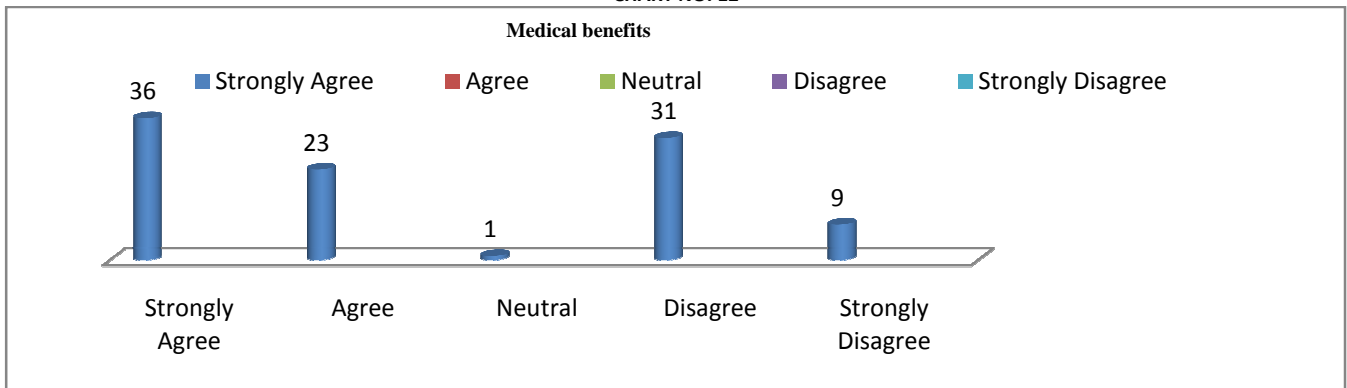
| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 27 | 36 |
| 2. | Agree | 17 | 23 |
| 3. | Neutral | 1 | 1 |
| 4. | Disagree | 23 | 31 |
| 5. | Strongly Disagree | 7 | 9 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 36% of respondents were Strongly Agree with the opinion towards the medical facilities. 31% of respondents were Disagree. 23% of respondents were Agree. 9% of respondents were Strongly Disagree. 1% of respondents were Neutral.

CHART NO. 12



REDRESSAL PROCEDURES FOLLOWED IN YOUR ORGANIZATION:

TABLE NO. 13: RESPONDENTS OPINION TOWARDS WEEKLY/MONTHLY MEETINGS

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 10 | 13 |
| 2. | Agree | 25 | 33 |
| 3. | Neutral | - | - |
| 4. | Disagree | 26 | 35 |
| 5. | Strongly Disagree | 14 | 19 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 35% of respondents were Disagree with the opinion towards the weekly/monthly meetings. 33% of respondents were Agree. 19% of respondents were Strongly Disagree. 13% of respondents were Strongly Agree. 0% of respondents were Neutral.

CHART NO. 13

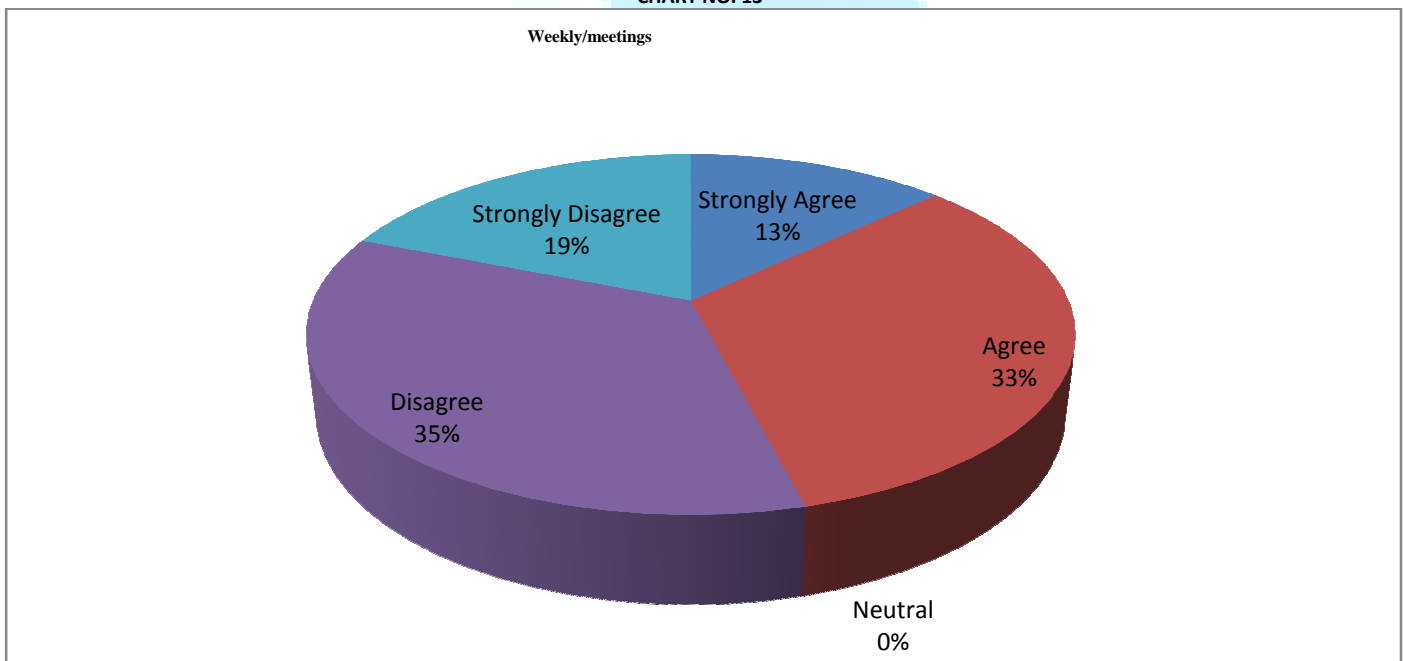


TABLE NO. 14: RESPONDENTS OPINION TOWARDS INFORMAL CHANNELS TO REDRESS YOUR GRIEVANCES

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 7 | 9 |
| 2. | Agree | 21 | 28 |
| 3. | Neutral | 2 | 3 |
| 4. | Disagree | 20 | 27 |
| 5. | Strongly Disagree | 25 | 33 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 33% of respondents were Strongly Disagree with the opinion towards the informal channels to redress your grievances. 28% of respondents were Agree. 27% of respondents were Disagree. 9% of respondents were Strongly Agree. 3% of respondents were Neutral.

CHART NO. 14

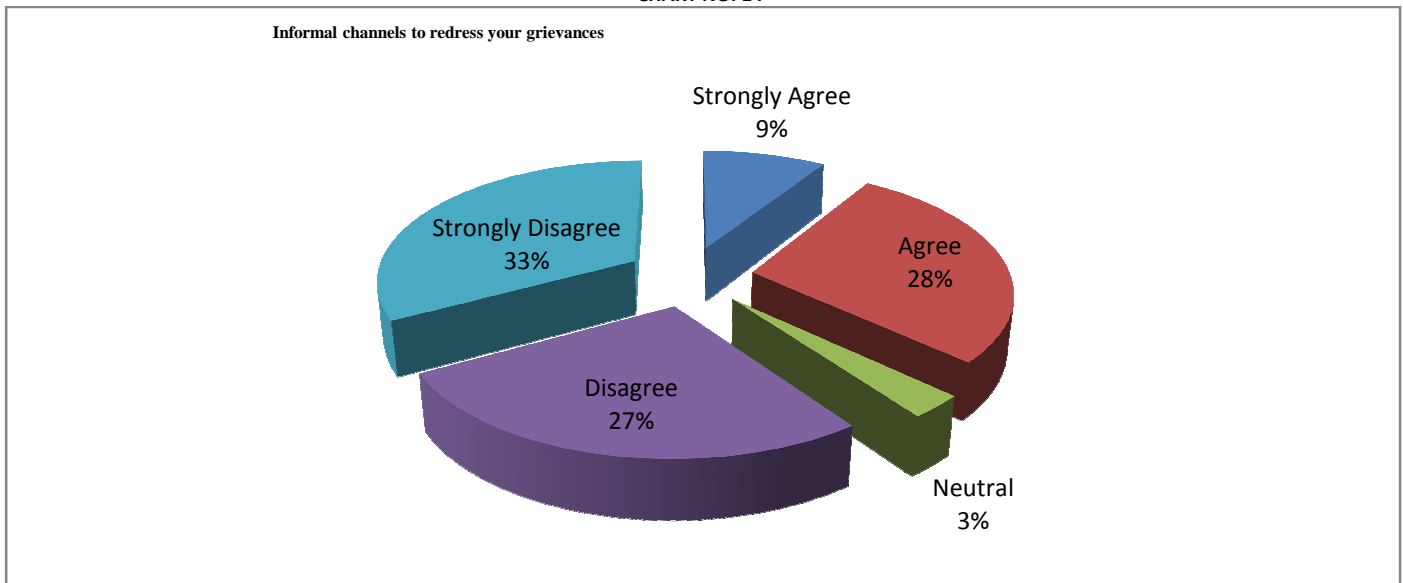


TABLE NO:15 RESPONDENTS OPINION TOWARDS REAL BASIS OF PROBLEM IDENTIFIED

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 25 | 33 |
| 2. | Agree | 44 | 59 |
| 3. | Neutral | - | - |
| 4. | Disagree | 6 | 8 |
| 5. | Strongly Disagree | - | - |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 59% of respondents were Agree with the opinion towards real basis of problem identified.33% of respondents were Strongly Agree.8% of respondents were Disagree.0% of respondents were Strongly Disagree.0% of respondents were Neutral.

CHART NO. 15

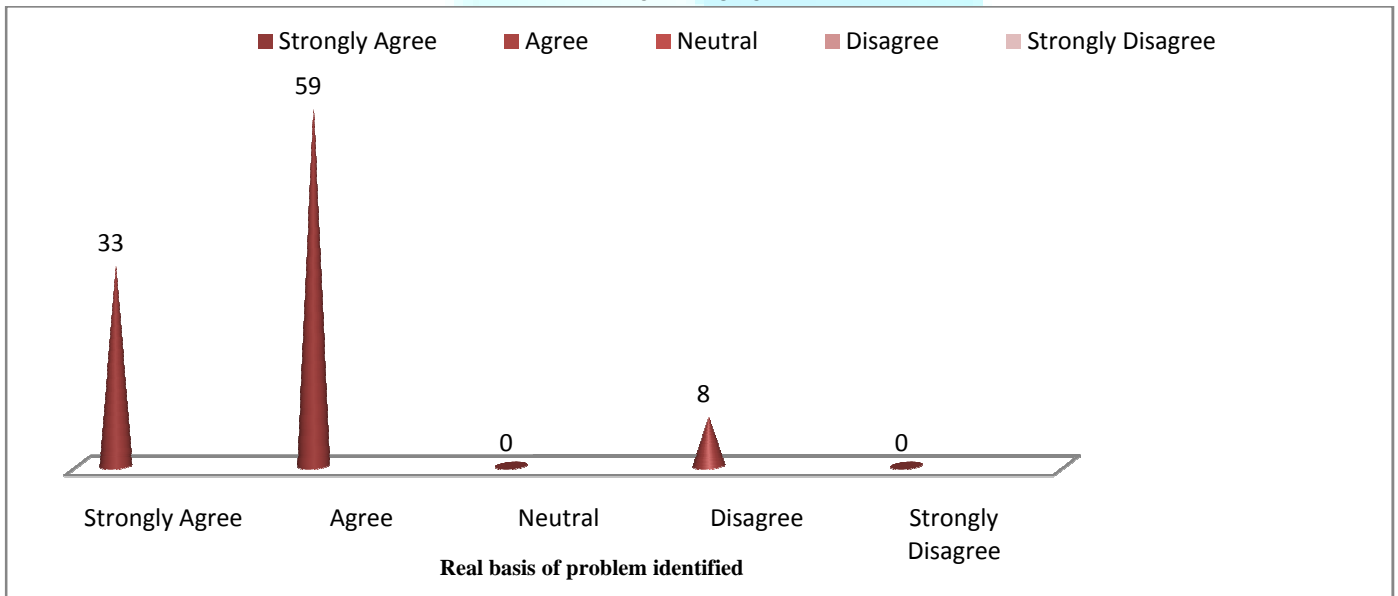


TABLE NO. 16: RESPONDENTS OPINION TOWARDS HIGHER AUTHORITY LISTEN FOR GRIEVANCES IS BEEN PRESENTED

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 12 | 16 |
| 2. | Agree | 35 | 47 |
| 3. | Neutral | 1 | 1 |
| 4. | Disagree | 16 | 21 |
| 5. | Strongly Disagree | 11 | 15 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 47% of respondents were Agree with the opinion towards the higher authority listen for a grievance is been presented.21% of respondents was Disagree.16% of respondents were Strongly Agree. 15% of respondents were Strongly Disagree. 1% of respondents were Neutral.

CHART NO. 16

Higher authority listen for grievances is been presented

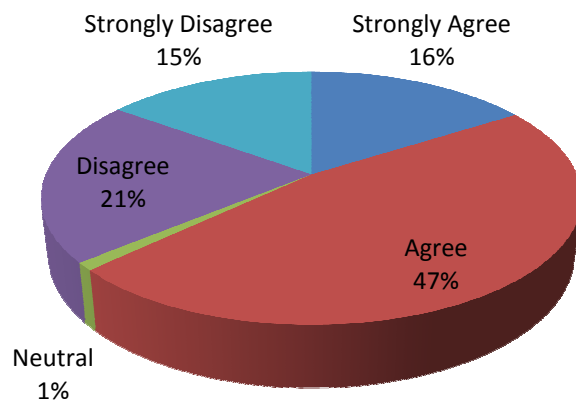


TABLE NO. 17: RESPONDENTS OPINION TOWARDS MECHANISMS IS BEEN FOLLOWED TO RESOLVE THE PROBLEM

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 5 | 7 |
| 2. | Agree | 18 | 24 |
| 3. | Neutral | - | - |
| 4. | Disagree | 24 | 32 |
| 5. | Strongly Disagree | 28 | 37 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 37% of respondents were Strongly Disagree with the opinion towards mechanisms is been followed to resolve the problem. 32% of respondents were Disagree. 24% of respondents were Agree. 7% of respondents were Strongly Agree. 0% of respondents were Neutral.

CHART NO. 17

Resolve the problem

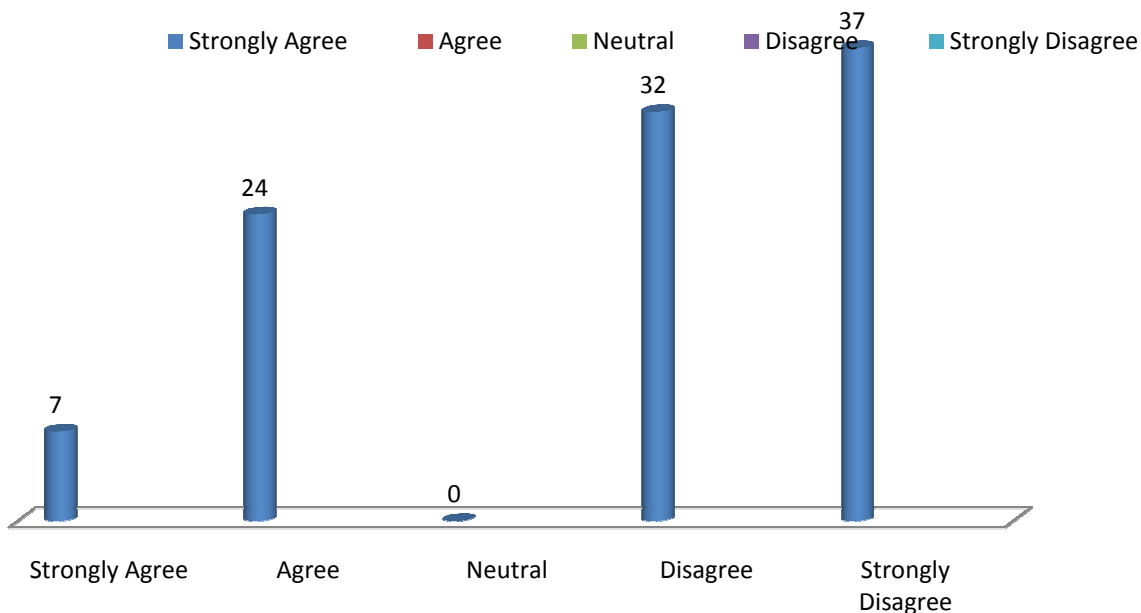


TABLE NO. 18: RESPONDENTS OPINION TOWARDS SUPERVISOR TAKE NECESSARY ACTION TO SOLVE PROBLEM

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 11 | 15 |
| 2. | Agree | 44 | 59 |
| 3. | Neutral | - | - |
| 4. | Disagree | 8 | 10 |
| 5. | Strongly Disagree | 12 | 16 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 59% of respondents were Agree with the opinion towards supervisor take necessary action to solve problem.16% of respondents were Strongly Disagree.15% of respondents were Strongly Agree.10% of respondents were Disagree. 0% of respondents were Neutral.

CHART NO. 18

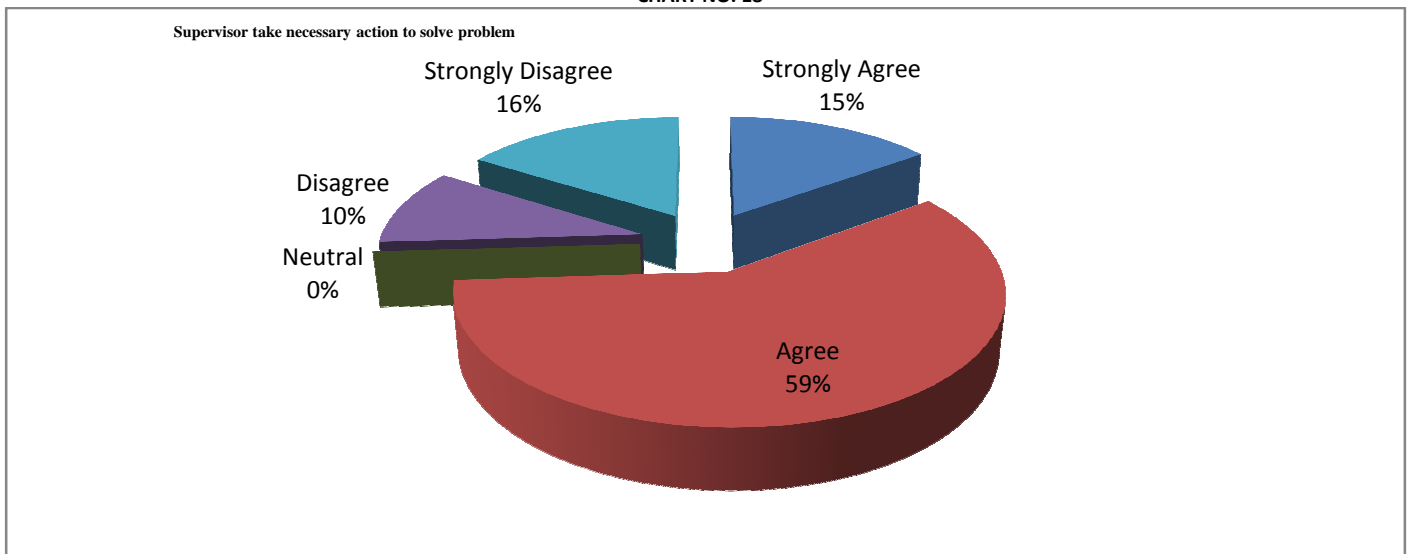


TABLE NO. 19: RESPONDENTS OPINION TOWARDS PROPER RECORDS MAINTAINED

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 9 | 12 |
| 2. | Agree | 13 | 17 |
| 3. | Neutral | 15 | 20 |
| 4. | Disagree | 13 | 17 |
| 5. | Strongly Disagree | 25 | 34 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 34% of respondents were Strongly Disagree with the opinion towards the proper records maintained. 20% of respondents were Neutral. 17% of respondents were Agree. 17% of respondents were Disagree. 12% of respondents were Strongly Agree.

CHART NO. 19

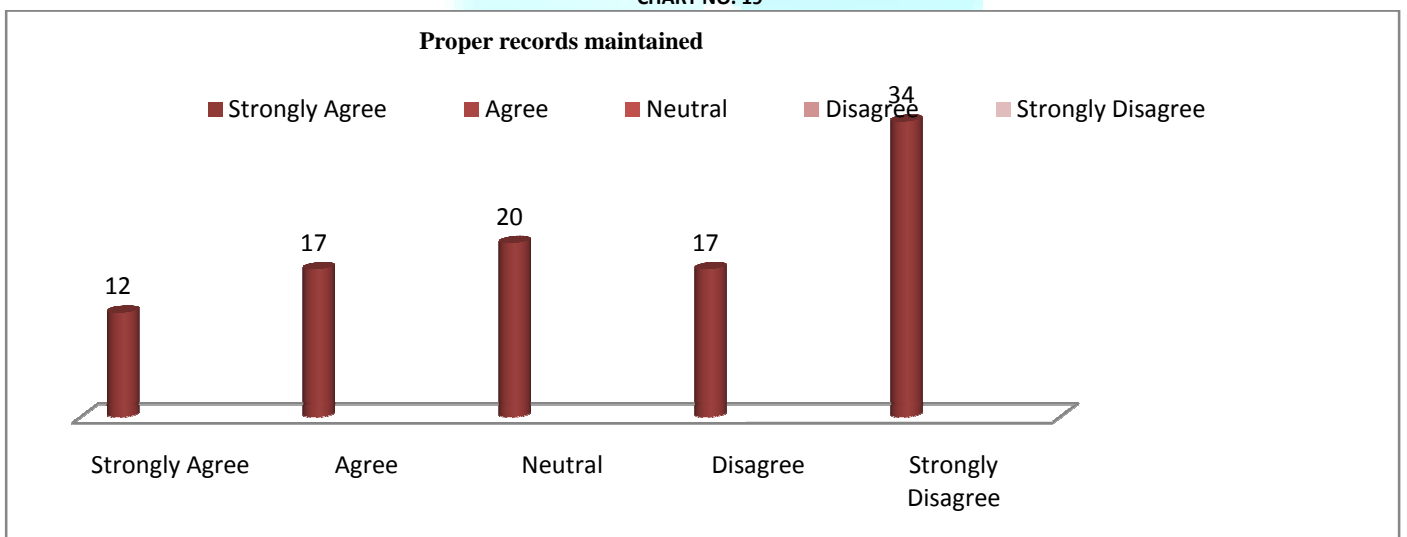


TABLE NO. 20: RESPONDENTS OPINION TOWARDS CONVEYING OF PROCEDURES IS SIMPLE TO UTILIZE

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 9 | 12 |
| 2. | Agree | 22 | 29 |
| 3. | Neutral | 5 | 7 |
| 4. | Disagree | 10 | 13 |
| 5. | Strongly Disagree | 29 | 39 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 39% of respondents were Strongly Disagree with the opinion towards the conveying of procedures is simple to utilize. 29% of respondents were Agree. 13% of respondents were Disagree. 12% of respondents were Strongly Agree. 7% of respondents were Neutral.

CHART NO. 20

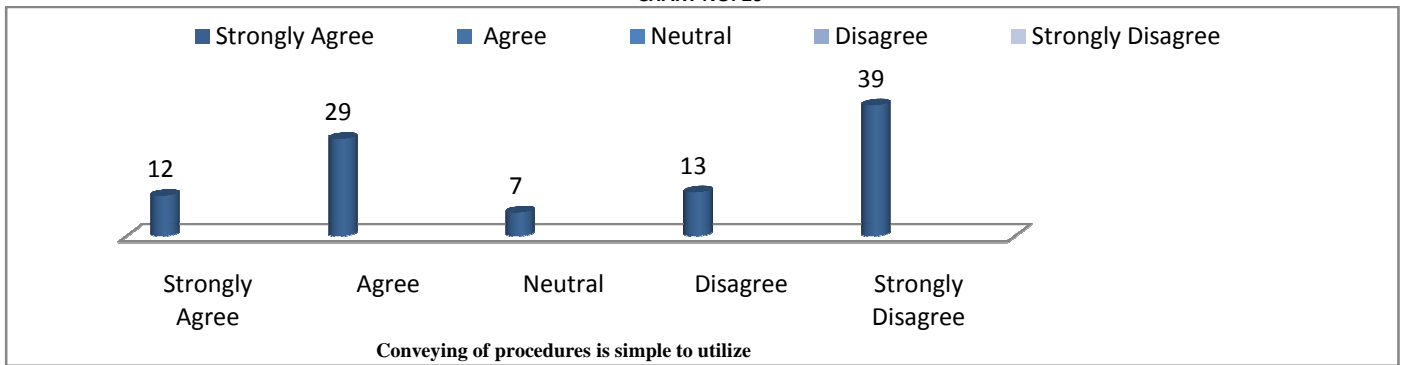


TABLE NO. 21: RESPONDENTS OPINION TOWARDS TEMPORARY RELIEF PROVIDED UNTIL PROPER DECISION IS MADE

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 11 | 15 |
| 2. | Agree | 13 | 17 |
| 3. | Neutral | 1 | 1 |
| 4. | Disagree | 14 | 19 |
| 5. | Strongly Disagree | 36 | 48 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 48% of respondents were Strongly Disagree with the opinion towards the temporary relief provided until proper decision made. 19% of respondents were Disagree. 17% of respondents were Agree. 15% of respondents were Strongly Agree. 1% of respondents were Neutral.

CHART NO. 21

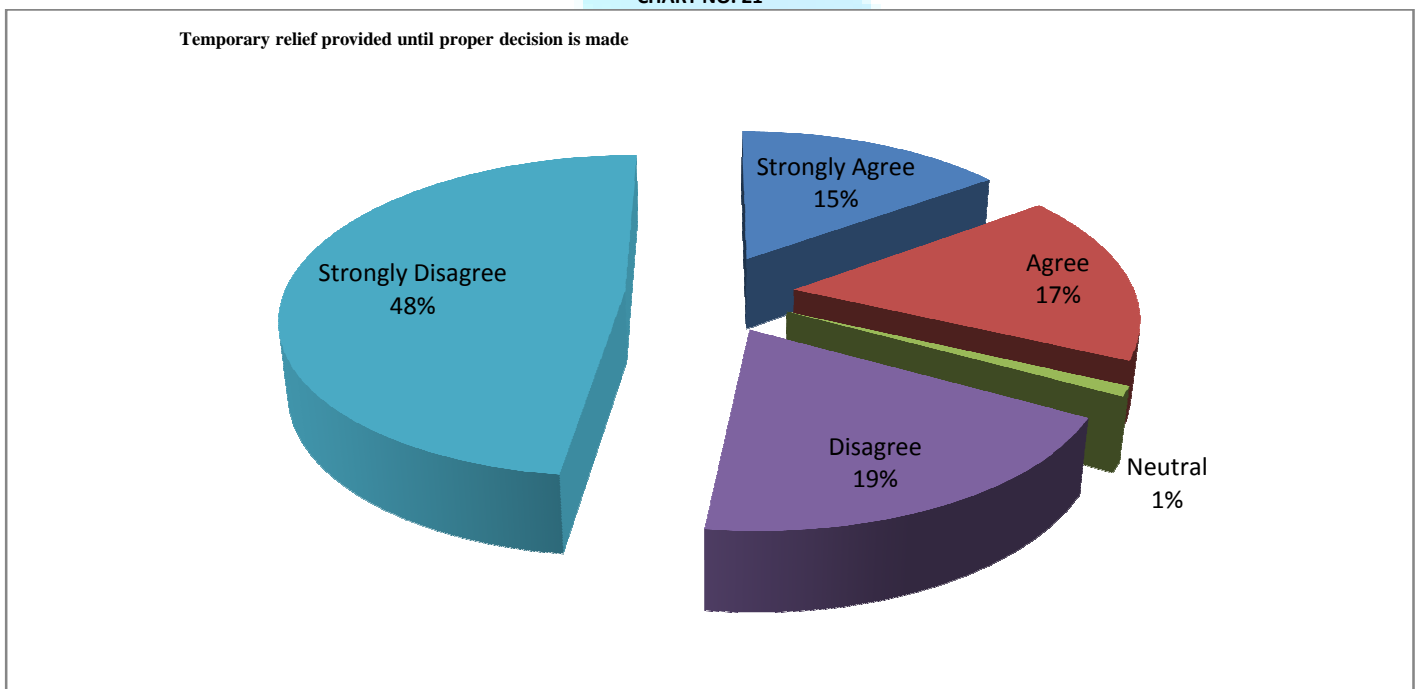


TABLE NO. 22: RESPONDENTS OPINION TOWARDS MEMBERS ACTIVELY ENGAGE IN RESOLVING YOUR PROBLEM

| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 15 | 20 |
| 2. | Agree | 20 | 27 |
| 3. | Neutral | 1 | 1 |
| 4. | Disagree | 16 | 21 |
| 5. | Strongly Disagree | 23 | 31 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 31% of respondents were Strongly Disagree with the opinion towards the members actively engage in resolving your problem. 27% of respondents were Agree. 21% of respondents were Disagree. 20% of respondents were Strongly Agree. 1% of respondents were Neutral.

CHART NO. 22

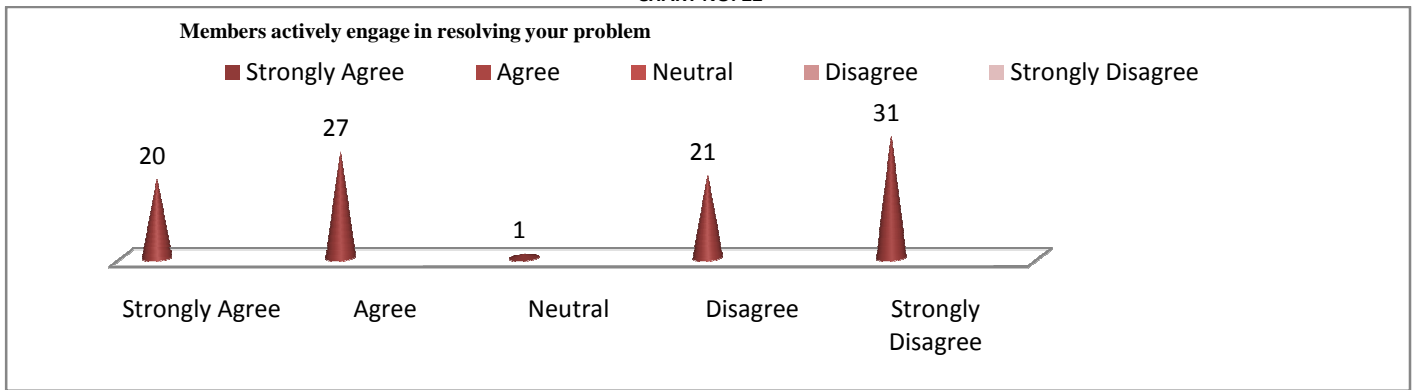


TABLE NO. 23: RESPONDENTS OPINION TOWARDS DISCIPLINARY ACTION TAKEN IN THE ORGANIZATION

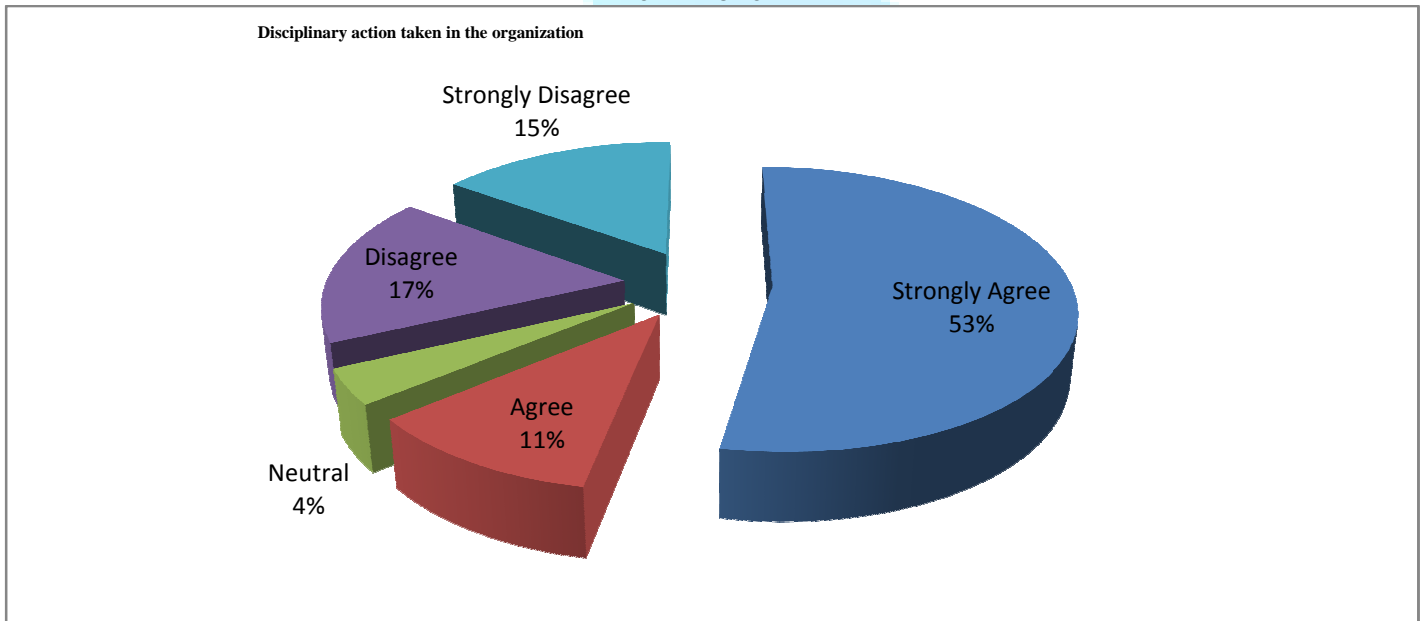
| S.No | Categories | No. of Respondents | Percentage |
|------|-------------------|--------------------|------------|
| 1. | Strongly Agree | 40 | 53 |
| 2. | Agree | 8 | 11 |
| 3. | Neutral | 3 | 4 |
| 4. | Disagree | 13 | 17 |
| 5. | Strongly Disagree | 11 | 15 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 53% of respondents were Strongly Agree with the opinion towards the disciplinary action taken in the organization. 17% of respondents were Disagree. 15% of respondents were Strongly Disagree. 11% of respondents were Agree. 4% of respondents were Neutral.

CHART NO. 23



SATISFACTION OF REDRESSAL PROCEDURES IN YOUR ORGANIZATION

TABLE NO. 24: RESPONDENTS OPINION TOWARDS OPPORTUNITY IS GIVEN BY THE HIGHER OFFICIALS TO REDRESS THE GRIEVANCES

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 27 | 36 |
| 2. | Satisfied | 19 | 25 |
| 3. | Neutral | - | - |
| 4. | Dissatisfied | 17 | 23 |
| 5. | Highly Dissatisfied | 12 | 16 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 36% of respondents were Highly Satisfied with the opinion towards the higher officials to redress the grievances. 25% of respondents were Satisfied. 23% of respondents were Dissatisfied. 16% of respondents were Highly Dissatisfied. 0% of respondents were Neutral.

CHART NO. 24

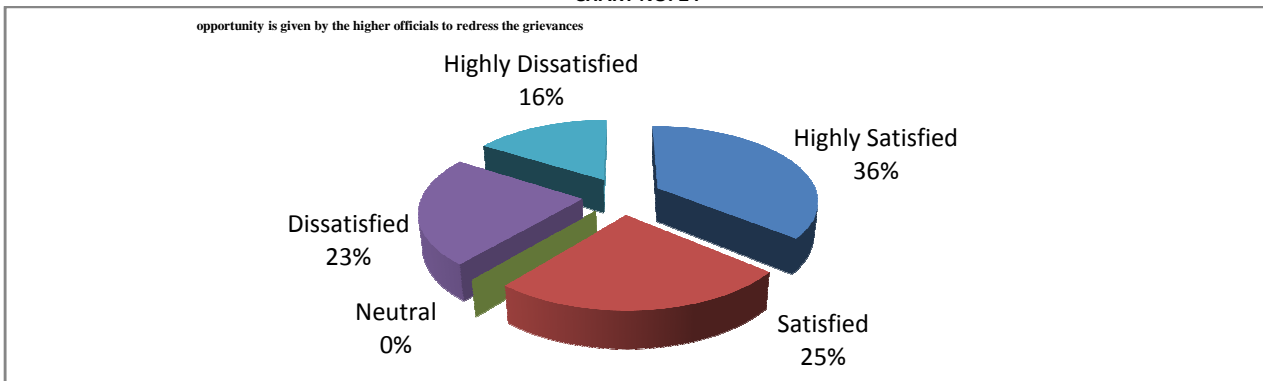


TABLE NO. 25: RESPONDENTS OPINION TOWARDS DECISION MADE ON GRIEVANCES

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 10 | 13 |
| 2. | Satisfied | 27 | 36 |
| 3. | Neutral | - | - |
| 4. | Dissatisfied | 20 | 27 |
| 5. | Highly Dissatisfied | 18 | 24 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 36% of respondents were Satisfied with the opinion towards the decision made on grievances. 27% of respondents were Dissatisfied. 24% of respondents were highly Dissatisfied. 13% of respondents were Highly Satisfied. 0% of respondents were Neutral.

CHART NO. 25

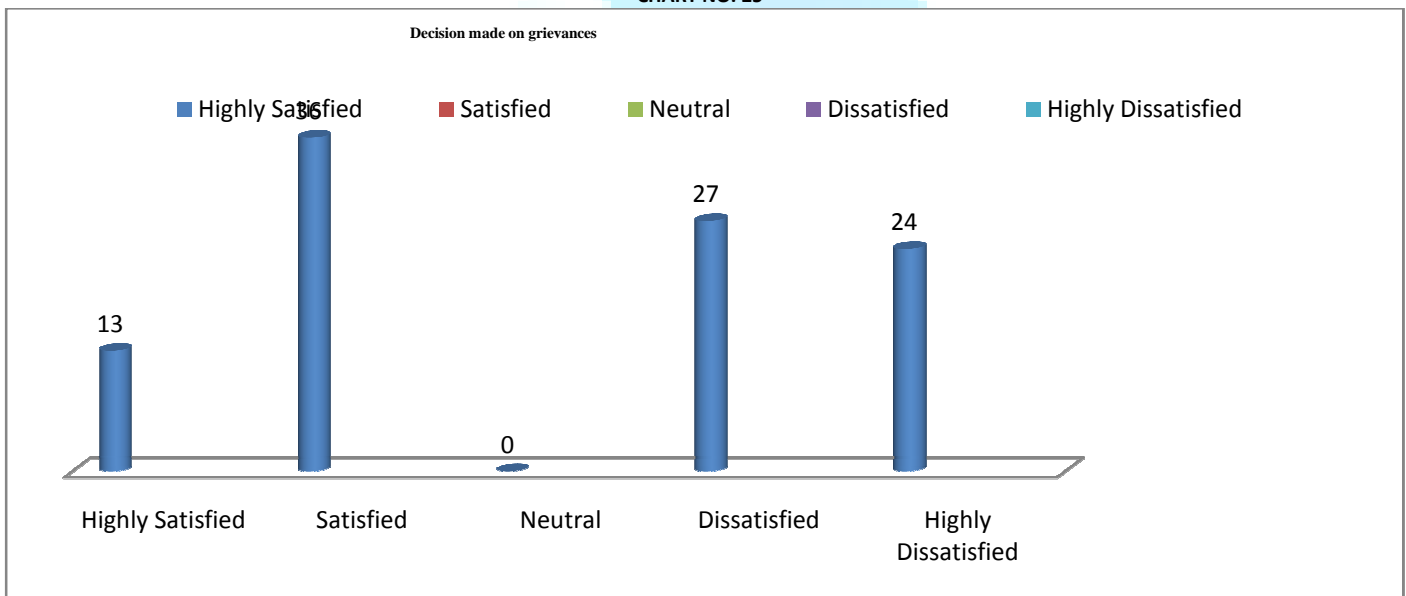


TABLE NO. 26 RESPONDENTS OPINION TOWARDS REGULAR FOLLOW UP IS MADE ON THE GRIEVANCES

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 7 | 9 |
| 2. | Satisfied | 25 | 33 |
| 3. | Neutral | 1 | 1 |
| 4. | Dissatisfied | 11 | 15 |
| 5. | Highly Dissatisfied | 31 | 41 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 41% of respondents were Highly Dissatisfied with the opinion towards the regular follow-up is made on the grievances. 33% of respondents were Satisfied. 15% of respondents were Dissatisfied. 9% of respondents were Highly Satisfied. 1% of respondents were Neutral.

CHART NO. 26

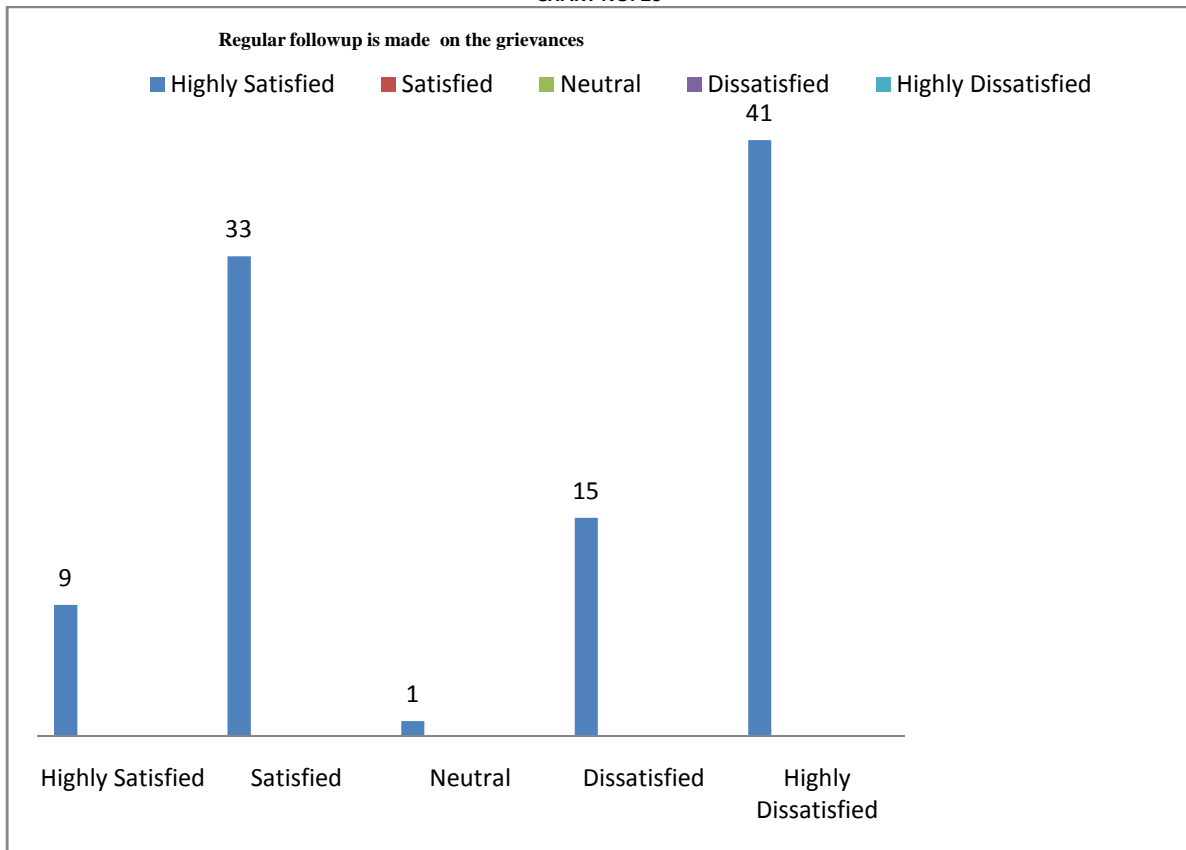


TABLE NO. 27: RESPONDENTS OPINION TOWARDS INTERRELATIONSHIP BETWEEN THE HIGHER AUTHORITY IS FRIENDLY

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 24 | 32 |
| 2. | Satisfied | 32 | 43 |
| 3. | Neutral | 1 | 1 |
| 4. | Dissatisfied | 9 | 12 |
| 5. | Highly Dissatisfied | 9 | 12 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 43 % of respondents were Satisfied with the opinion towards the interrelationship between the higher authority is friendly. 32% of respondents were Highly Satisfied. 12% of respondents were Dissatisfied.12 % of respondents were Highly Dissatisfied. 1% of respondents were Neutral.

CHART NO. 27

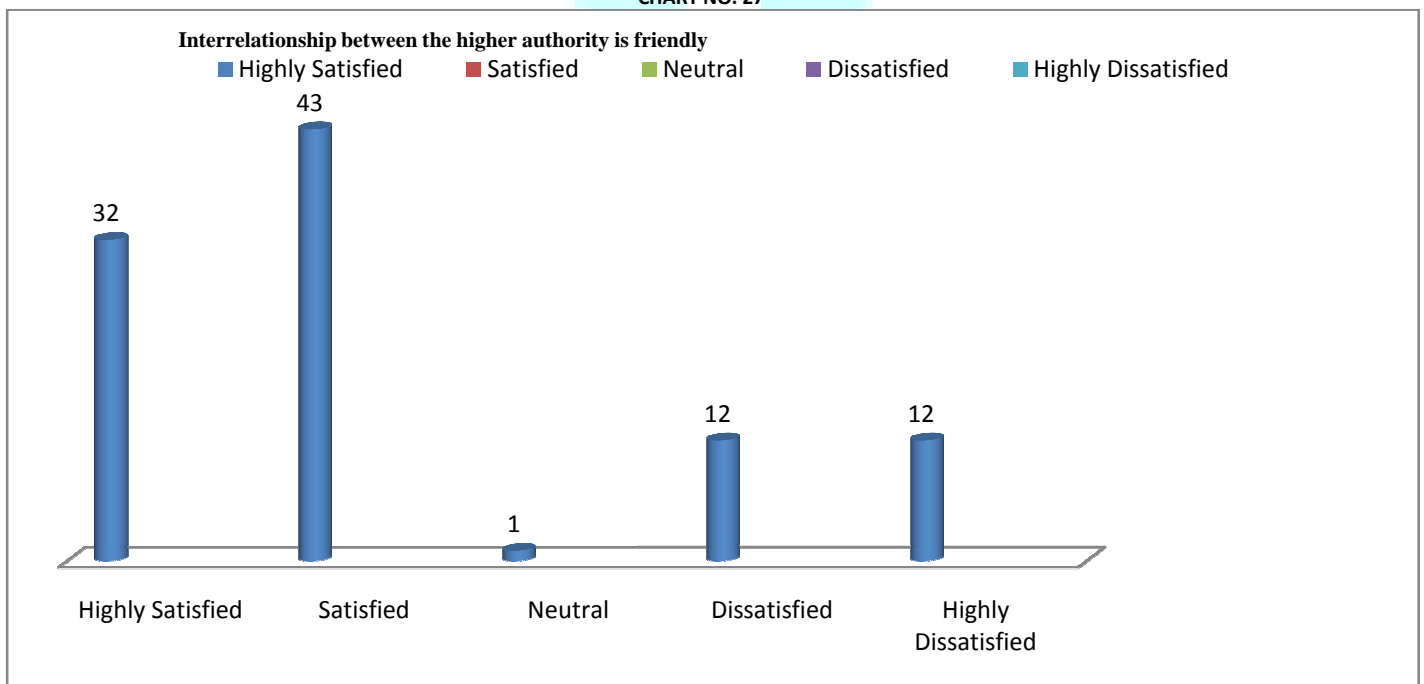


TABLE NO. 28: RESPONDENTS OPINION TOWARDS POSITIVE AND FRIENDLY APPROACH PROVIDED WHILE HANDLING GRIEVANCE

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 29 | 39 |
| 2. | Satisfied | 28 | 37 |
| 3. | Neutral | 3 | 4 |
| 4. | Dissatisfied | 4 | 5 |
| 5. | Highly Dissatisfied | 11 | 15 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 39% of respondents were Highly Satisfied with the opinion towards the positive and friendly approach provided while handling grievance.37% of respondents were Satisfied. 15% of respondents were Highly Dissatisfied.5% of respondents were Dissatisfied.4% of respondents were Neutral.

CHART NO. 28

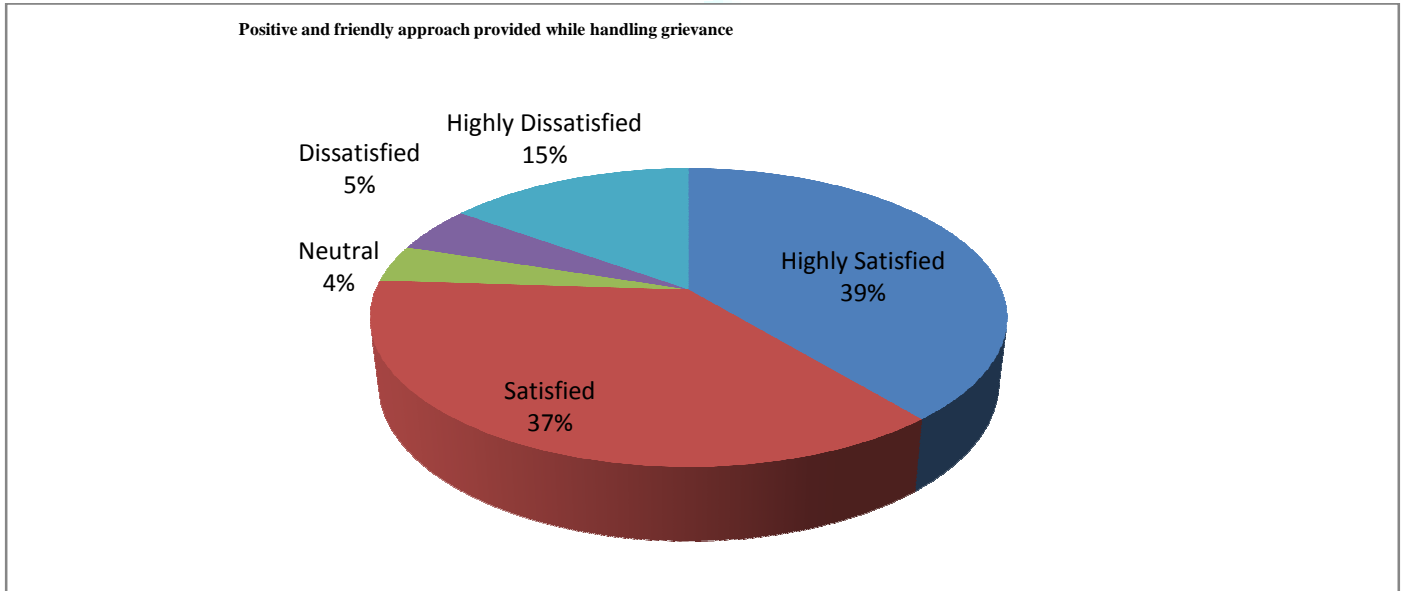


TABLE NO. 29: RESPONDENTS OPINION TOWARDS CONSTANTLY INFORMED ABOUT THE REDRESSAL DECISION TO THE EMPLOYEES

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 9 | 12 |
| 2. | Satisfied | 21 | 28 |
| 3. | Neutral | - | - |
| 4. | Dissatisfied | 25 | 33 |
| 5. | Highly Dissatisfied | 20 | 27 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 33% of respondents were Dissatisfied with the opinion towards the constantly informed about the redressal decision to the employees.28 % of respondents were Satisfied. 27% of respondents were Highly Dissatisfied. 12% of respondents were Highly Satisfied. 0% of respondents were Neutral.

CHART NO. 29

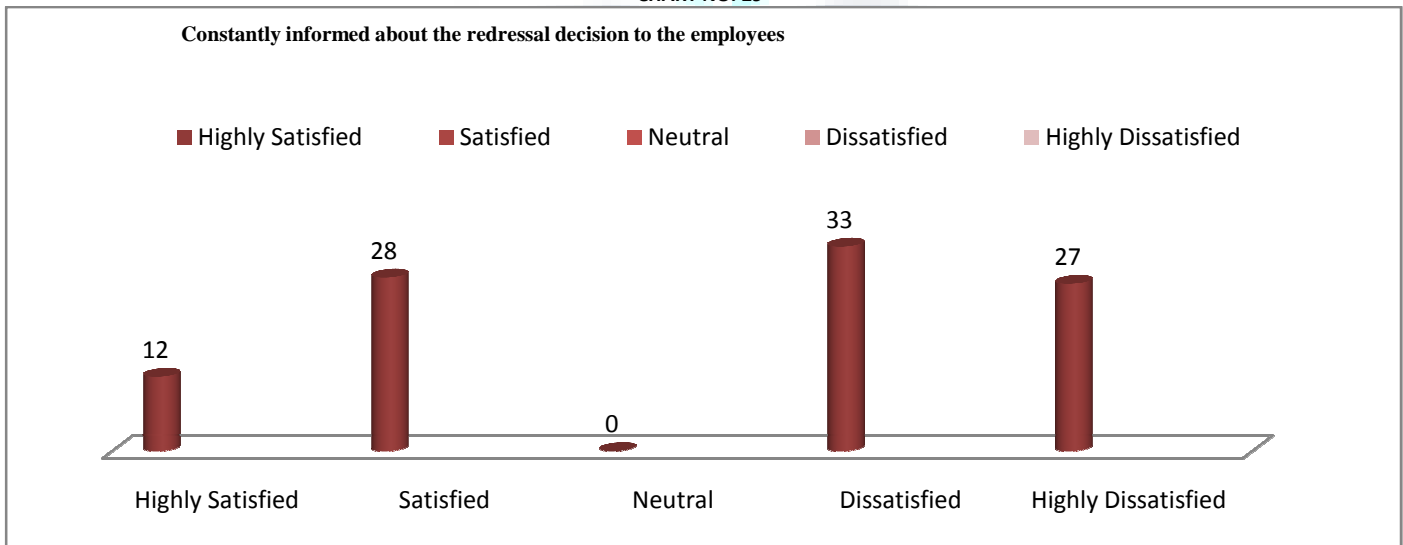


TABLE NO. 30: RESPONDENTS OPINION TOWARDS CO-OPERATION AND CORDIALITY FACILITATED THROUGH MUTUAL DISCUSSION

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 14 | 19 |
| 2. | Satisfied | 22 | 29 |
| 3. | Neutral | - | - |
| 4. | Dissatisfied | 15 | 20 |
| 5. | Highly Dissatisfied | 24 | 32 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 32% of respondents were Highly Dissatisfied with the opinion towards the co-operation and cordiality facilitated through mutual discussion.29% of respondents were Satisfied.20% of respondents were Dissatisfied. 19% of respondents were Highly Satisfied. 0% of respondents were Neutral.

CHART NO. 30

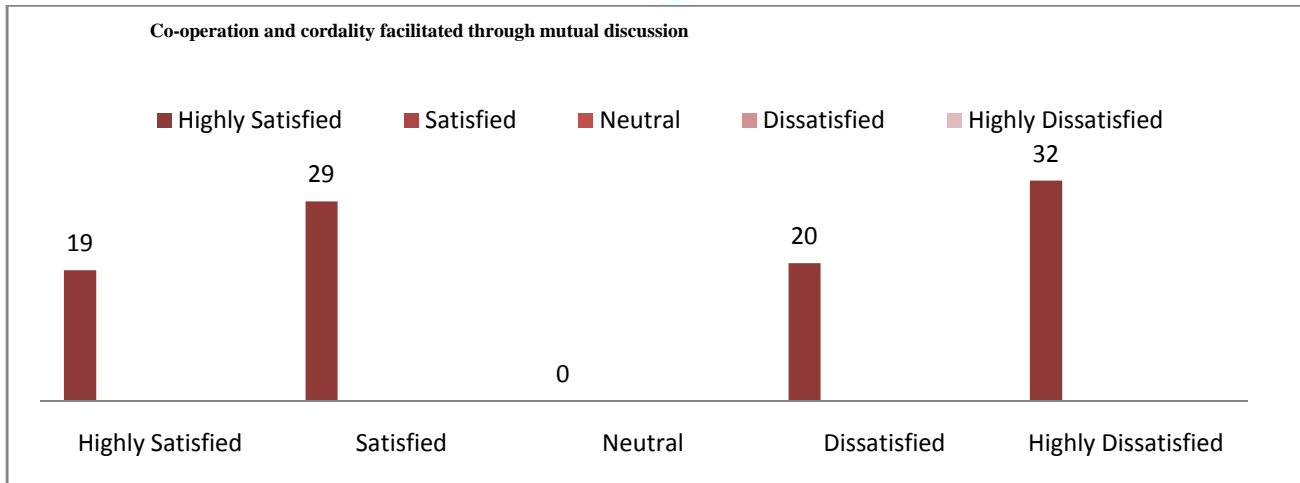


TABLE NO. 31: RESPONDENTS OPINION TOWARDS IMPORTANCE IS GIVEN TO GRIEVANCE OR THE PERSON

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 24 | 32 |
| 2. | Satisfied | 4 | 5 |
| 3. | Neutral | 6 | 8 |
| 4. | Dissatisfied | 7 | 9 |
| 5. | Highly Dissatisfied | 34 | 46 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 46% of respondents were Highly Dissatisfied with the opinion towards the importance is given to grievance or the person. 32% of respondents were Highly Satisfied.9% of respondents were Dissatisfied.8% of respondents were Neutral.5% of respondents were Satisfied.

CHART NO. 31

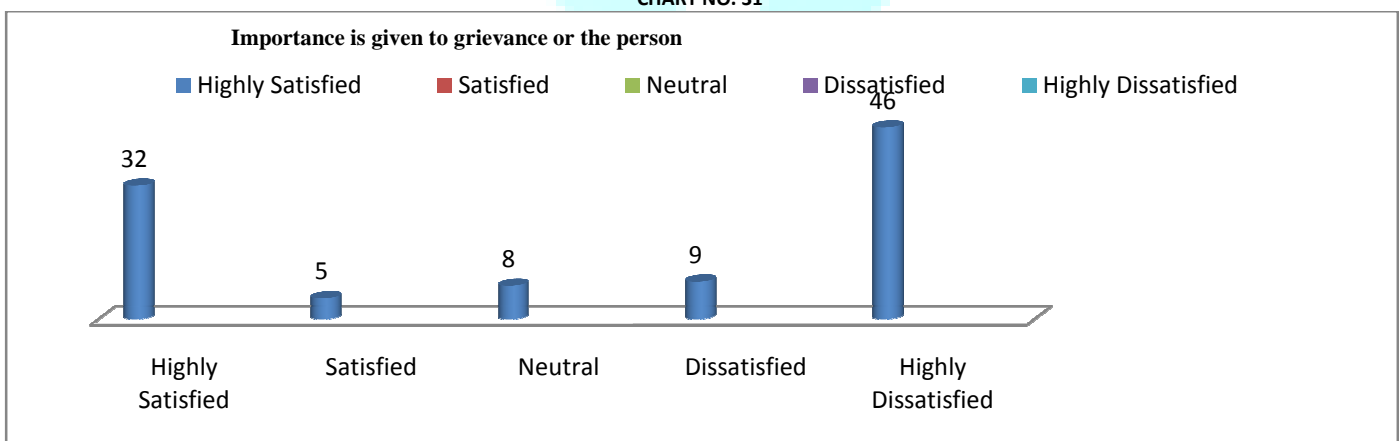


TABLE NO. 32: RESPONDENTS OPINION TOWARDS NECESSARY ACTION IS TAKEN FOR THE REAL PROBLEM

| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 3 | 4 |
| 2. | Satisfied | 15 | 20 |
| 3. | Neutral | 4 | 5 |
| 4. | Dissatisfied | 11 | 15 |
| 5. | Highly Dissatisfied | 42 | 56 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 56% of respondents were Highly Dissatisfied with the opinion towards the necessary action is taken for the real problem.20% of respondents were Satisfied.15% of respondents were Dissatisfied.5% of respondents were Neutral.4% of respondents were Highly Satisfied.

CHART NO. 32

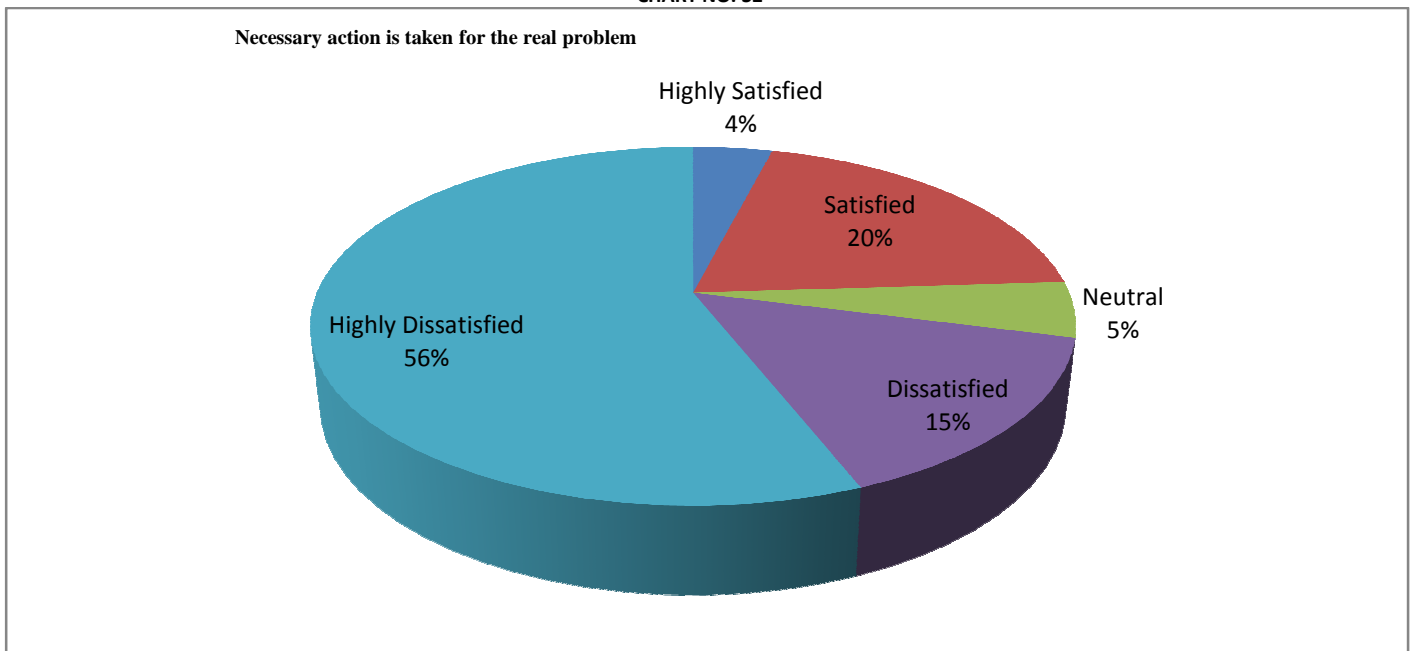


TABLE NO. 33: RESPONDENTS OPINION TOWARDS SPIRIT OF GIVE AND TAKING, SHARING OF WORK IS FOUND

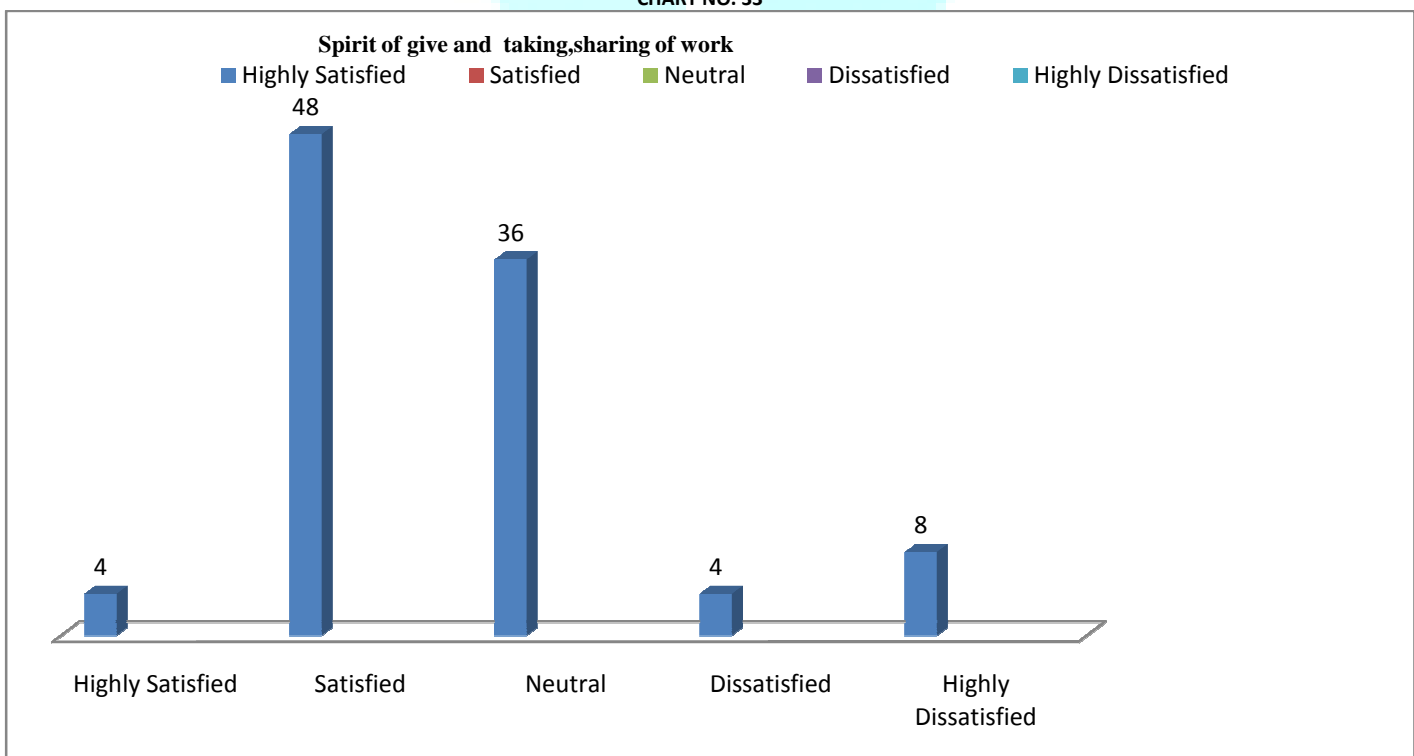
| S.No | Categories | No. of Respondents | Percentage |
|------|---------------------|--------------------|------------|
| 1. | Highly Satisfied | 3 | 4 |
| 2. | Satisfied | 36 | 48 |
| 3. | Neutral | 27 | 36 |
| 4. | Dissatisfied | 3 | 4 |
| 5. | Highly Dissatisfied | 6 | 8 |
| 6. | Total | 75 | 100 |

Source: Primary Data

INTERPRETATION

From the table we found that 48% of respondents were Satisfied with the opinion towards the spirit of give and taking, sharing of work is found.36% of respondents were Neutral.8% of respondents were Highly Dissatisfied. 4% of respondents were Dissatisfied. 4% of respondents were Highly Satisfied.

CHART NO. 33



WEIGHTED AVERAGE AND RANKING ANALYSIS

TABLE NO. 34: RESPONDENTS OPINION TOWARDS THE FACTORS INFLUENCE THE GRIEVANCES OF THE EMPLOYEES BY WEIGHTED AVERAGE AND RANKING ANALYSIS METHOD

| S.No | Factors | Strongly Agree (1) | Agree (2) | Neutral (3) | Disagree (4) | Strongly Disagree (5) | Mean Score | Rank |
|------|-------------------------------|--------------------|-----------|-------------|--------------|-----------------------|------------|------|
| 1. | Welfare measures | 0.04 | 0.77 | 0 | 1.92 | 0.47 | 3.2 | 6 |
| 2. | Safety measures | 0.08 | 1.25 | 0 | 1.01 | 0.2 | 2.54 | 8 |
| 3. | Physical conditions | 0.03 | 0.19 | 0 | 1.6 | 2.4 | 4.22 | 3 |
| 4. | Wages | 0.01 | 0.16 | 0.04 | 0.11 | 4.33 | 4.65 | 2 |
| 5. | Salary | 0.01 | 0.16 | 0 | 0.05 | 4.46 | 4.68 | 1 |
| 6. | Relationship with authorities | 0.11 | 1.17 | 0.2 | 0.48 | 0.6 | 2.56 | 7 |
| 7. | Work schedules | 0.13 | 0.48 | 0 | 0.48 | 2.53 | 3.62 | 4 |
| 8. | Rules/regulations | 0.16 | 1.23 | 0 | 0.37 | 0.67 | 2.43 | 10 |
| 9. | Other facilities | 0.08 | 0.72 | 0.12 | 0.48 | 2 | 3.4 | 5 |
| 10. | Medical benefits | 0.36 | 0.45 | 0.04 | 1.28 | 0.4 | 2.53 | 9 |

Source: Primary Data

INTERPRETATION

The above table shows the weighted average score on rank given by the respondents towards the impact of grievance and redressal procedures of the employees. The salary has scored high and stood at the 1st place. The wages on the 2nd place, Physical conditions on 3rd place, Work schedules on 4th place, Other facilities on 5th place, Welfare measures on 6th place, Relationship with authorities on the 7th place, Safety measures on the 8th place, Medical facilities on 9th place, Rules/regulations on the 10th place.

TABLE NO. 35: RESPONDENTS OPINION TOWARDS THE REDRESSAL PROCEDURES FOLLOWED IN THE ORGANIZATION BY WEIGHTED AVERAGE AND RANKING ANALYSIS METHOD

| S.No | Factors | Strongly Agree (1) | Agree (2) | Neutral (3) | Disagree (4) | Strongly Disagree (5) | Mean Score | Rank |
|------|--|--------------------|-----------|-------------|--------------|-----------------------|------------|------|
| 1. | Weekly/monthly meetings | 0.13 | 0.67 | 0 | 1.39 | 0.93 | 3.12 | 7 |
| 2. | Informal channels to redress your grievance | 0.09 | 0.56 | 0.08 | 1.07 | 1.67 | 3.47 | 3 |
| 3. | Real basis of problem identified | 0.35 | 1.15 | 0 | 0.32 | 0 | 1.82 | 11 |
| 4. | Higher authority listen for grievances is been presented | 0.16 | 0.93 | 0.04 | 0.85 | 0.73 | 2.71 | 8 |
| 5. | Mechanisms is been followed to resolve the problem | 0.67 | 0.48 | 0 | 1.28 | 1.87 | 4.3 | 1 |
| 6. | Supervisor take necessary action to solve problem | 0.15 | 1.17 | 0 | 0.43 | 0.8 | 2.55 | 9 |
| 7. | Proper records maintained | 0.12 | 0.35 | 0.6 | 0.69 | 1.67 | 3.43 | 4 |
| 8. | Conveying of procedures is simple to utilize | 0.12 | 0.59 | 0.2 | 0.53 | 1.93 | 3.37 | 5 |
| 9. | Temporary relief provided until proper decision is made | 0.15 | 0.35 | 0.04 | 0.75 | 2.4 | 3.69 | 2 |
| 10. | Members actively engage in resolving your problem | 0.2 | 0.53 | 0.04 | 0.85 | 1.53 | 3.15 | 6 |
| 11. | Disciplinary action taken in the organization | 0.53 | 0.21 | 0.12 | 0.69 | 0.73 | 2.28 | 10 |

Source: Primary Data

INTERPRETATION

The above table shows the weighted average score on rank given by the respondents towards the impact of grievance and redressal procedures of the employees. Mechanism is been followed to resolve the problem has scored high and stood at the 1st place. Temporary relief provided until proper decision is made on the 2nd place, Informal channels to redress your grievance on 3rd place, Proper records maintained on 4th place, Conveying of procedures is simple to utilize on 5th place, Members actively engage in resolving your problem on 6th place, Weekly/monthly meetings on the 7th place, Higher authority listen for grievances is been presented on the 8th place, Supervisor take necessary action to solve problem on 9th place, Disciplinary action taken in the organization on the 10th place, Real basis of problem identified on the 11th place.

TABLE NO. 36 RESPONDENTS OPINION TOWARDS THE REDRESSAL PROCEDURES SATISFIED BY THE ORGANIZATION TO THE EMPLOYEES BY WEIGHTED AVERAGE AND RANKING ANALYSIS METHOD

| S.No | Factors | Highly Satisfied (1) | Satisfied (2) | Neutral (3) | Dissatisfied (4) | Highly Dissatisfied (5) | Mean Score | Rank |
|------|--|----------------------|---------------|-------------|------------------|-------------------------|------------|------|
| 1. | Opportunity is given by the higher officials to redress the grievances | 0.36 | 0.51 | 0 | 0.91 | 0.8 | 2.58 | 8 |
| 2. | Decision made on grievances | 0.13 | 0.72 | 0 | 1.07 | 1.2 | 3.12 | 5 |
| 3. | Regular follow up is made on the grievances | 0.09 | 0.67 | 0.04 | 0.59 | 2.07 | 3.46 | 2 |
| 4. | Interrelationship between the higher authority is friendly | 0.32 | 0.85 | 0.04 | 0.48 | 0.6 | 2.29 | 9 |
| 5. | Positive and friendly approach provided while handling grievances | 0.39 | 0.75 | 0.12 | 0.21 | 0.73 | 2.2 | 10 |
| 6. | Constantly informed about the redressal decision to the employee | 0.12 | 0.56 | 0 | 1.33 | 1.33 | 3.34 | 3 |
| 7. | Co-operation and cordiality facilitated through mutual discussion | 0.19 | 0.59 | 0 | 0.6 | 1.6 | 2.98 | 6 |
| 8. | Importance given to grievance than the person | 0.32 | 0.11 | 0.24 | 0.37 | 2.27 | 3.31 | 4 |
| 9. | Necessary action is taken for the real problem | 0.04 | 0.4 | 0.16 | 0.59 | 2.8 | 3.99 | 1 |
| 10. | Spirit of give and take, sharing of work is found | 0.04 | 0.96 | 1.08 | 0.16 | 0.4 | 2.64 | 7 |

Source: Primary Data

INTERPRETATION

The above table shows the weighted average score on rank given by the respondents towards the impact of grievance and redressal procedures of the employees. Necessary action is taken for the real problem has scored high and stood at the 1st place. Regular follow up is made on the grievances on the 2nd place, Constantly informed about the redressal decision to the employees on 3rd place, Importance given to grievance than the person on the 4th place, Decision made on grievances on the 5th place, Co-operation and cordiality facilitated through mutual discussion on the 6th place, Spirit of give and take, sharing of work is found on the 7th place, Opportunity is given by the higher officials to redress the grievances on the 8th place, Interrelationship between the higher authority is friendly on the 9th place, Positive and friendly approach provided while handling grievance on the 10th place.

CHI-SQUARE TEST

TABLE NO. 37: TO TEST THE ASSOCIATION BETWEEN THE GENDER AND THE WORK SCHEDULES

| Gender | Work Schedules | | | | | Total |
|--------|----------------|-------|---------|----------|-------------------|-------|
| | Strongly Agree | Agree | Neutral | Disagree | Strongly Disagree | |
| Male | 7 | 9 | 6 | 7 | 11 | 40 |
| Female | 6 | 7 | 5 | 6 | 11 | 35 |
| Total | 13 | 16 | 11 | 13 | 22 | 75 |

Ho: There is association between the gender and the work schedules. The level of significance is taken as 5%.

H1: There is no association between the gender and the work schedules.

The degrees of freedom =9, The table value is 16.919

The calculated value is lesser than the table value therefore the Ho hypothesis is accepted. Hence the conclusion is that there is association between the gender and work schedules.

FINDINGS OF THE STUDY

Majority of the employees feels inadequate salary and wages is the main reason for grievances. Also they feel that their management is not allowing them to participate in the decision making process. Majority of the employees respondents were highly dissatisfied with necessary action is taken for the real problem.

SUGGESTIONS

- The Textile Mills can give attention in providing adequate salary and wages, it can reduce the grievance.
- The employee's participation can be considered during the rules/regulations of the organization framed.
- Further steps to be taken to improve relationship between the employer and employees. It helps to reduce the Grievances.
- There is association between the gender and work schedules. So the work schedules can be allotted based on gender.

CONCLUSION

Grievances lead to dissatisfaction among employees. Proper redressal measures to be taken by the management. They should gather the facts of grievances and quick actions should be taken to solve the grievances. Execution and periodical review is also needed to resolve the problems. Textile mills are highly labour oriented, so solving the grievances and proper redressal will help the textile mills to improve their production.

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A STUDY OF EMPLOYEE COMPETENCY MAPPING STRATEGIES AT SELECT ORGANISATIONS OF BANGALORE

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ABSTRACT

To-day's business is characterized by global operations, transitions, paradigm shifts, pressure of competition, wealth creation, share holder value creation, customer focus, culture and value based products, and context based approach, managing diversity, culture and value driven and what not. The organizational success earlier depended on physical and financial assets, today the success solely rely on the intangible ability and capability that lie in the human capital and manifested in the form of competencies. The methodologies involved in the present study are both Analytical & Survey. The entire research program dwells on the linkage of employee competencies with business strategies and at the same time the linkage outcomes in terms of individual employee performance and organization performance. The major findings are

- It was found that competency is a key behaviour of employees in the sample organizations that enables the superior performance of the organizations as a whole. It is more pronounced in sample information technology and foreign bank.
- Two-third of sample firms achieved competitive edge through developing and sustaining employee competencies in addition to ability to innovate, ability to adopt new technologies and the ability to understand the customers and their needs.

As per the findings of the year 2005, it is concluded that the available private and public information will have only partial influence. Beyond competency based pay, to retain the talents the employees must be provided with learning opportunities, exciting jobs, challenging jobs and scope for growth. Organizations seek advantage through execution. Although many companies share business strategies and, apparently, competency strategies as well. They may be seeking unique advantage through better execution.

KEYWORDS

advantage, Competency, Corporate, employee, Mapping, strategies, Organization.

1.1. INTRODUCTION

To-day's business is characterized by global operations, transitions, paradigm shifts, pressure of competition, wealth creation, share holder value creation, customer focus, culture and value based products, and context based approach, managing diversity, culture and value driven and what not. The organizational success earlier depended on physical and financial assets, today the success solely rely on the intangible ability and capability that lie in the human capital and manifested in the form of competencies. The buzzword in the industry circle is employee competency that is acting as catalyst to stay competitive and attain sustainable competitive advantage of the firm in the face of numerous complexities that day in and day out squeezes and tatters its existence unless the competency is developed and retained. The crux of the organization survival in this knowledge era hinges upon employee competency which lies as seed unless explored, nourished and nurtured, to achieve competitive advantage for the firm.

The most powerful way to prevail in global competition is still invisible to many companies. During the 1980's top executives were judged on their abilities to restructure and delayer their corporations. But during 1990's they were judged on their ability to identify, cultivate and exploit the core competencies that made the growth possible. Given the fact that environments are becoming increasingly dynamics, strategic planning based on static and rational view have lost their relevance and ceased to suffice. In order to create competitive advantage in a changing environment firms are now focusing on building core competence and transferring them to between various business units.

Employee competency is an intangible resource and this is the only resource which can take a company forward and not its physical and financial assets. Global firms after the lapse of considerable time have realized that it is the employee competencies which can guarantee all turbulence, odds and vicissitudes in the business. In the turbulent oceanic current the vessel may be capsized or sink, if the captain and the crew were to be competent they will foresee the future reduce the risks through strategic planning and execution and navigate the vessel to the sea shore, thus the competencies of the captain of the ship and his crew is the trump card for the safe landing of the ship. Similarly the organizations in the complex and ever changing environment are subject to constant change and it is the employee competency which creates and sustains competitive advantage for the firms.

1.2. REVIEW OF LITERATURE

The study for the purpose of gaining in-depth insight into the employee competency mapping in organizations has reviewed global leading articles on the topic. It has also identified research gap and that justified the present research program. Here are the snapshot of the literature review

Smita Nigam, Poonam Pandey, Dhruv Kumar Pandey (2009) in their research paper entitled 'Competence Mapping: An Innovative Management Practice Tool', expounds that employee competency mapping is one such innovative practice that is widely being used by organizations today. Competency mapping is about assessing the value of human capital and its development. Care needs to be taken to ensure the involvement of the entire organization. The need to map and monitor the competence is perceived by most organizations as a tool to add value to their key resource areas as observed by the authors.

Lucian Cernusca, Cristina Dima (2007) in their research essay explained the concept of competency and how competency is linked to performance and one's career development. The authors also look into some models of competency mapping and appraisal tools for performance management. A business might possess extremely capable human resources, but they might not work on the position that suits them. This is where competency mapping and the appraisal tools come to help the HR experts choose who should work on what position.

William J Rothwell and John E Lindholm (2008) addressed employee competency efforts in the USA programmes have evolved from an early focus on distinctions between best-in-class (exemplary) and fully-successful performers to become a link between organizational strategy and organizational and individual performance. Interest in competency-based approaches is growing. Training and development professionals are using competency models to clarify organization-specific competencies to improve human performance and unify individual capabilities with organizational core competencies.

Berghene gouwen (2010) explains the concrete application of a competence-based HRM system in the petro-chemicals industry illustrates the task of linking an organization's core competences to the personal competences of employees by making use of HRM instruments. He ends with a summary of the challenges HRM professionals face in competence-based organizations.

1.3. RESEARCH GAP

The topic employee competency mapping has 52 years of history. Grown from cellular model to gigantic model. The employee competencies are the crux for success of any organization in the present competitive scenario. The 52 years work on the topic will reveal the research gap in the global context and more so in Indian context. The cursory look at the research works on the topic is given below.

Foundations of Competency Modelling: The Work of Robert White and David McClelland

In 1959 Robert White identified a human trait that he called 'competence'. Building on and extending White's work, Harvard psychologist David McClelland (1973) is often called the father of the US-based approach to competency modelling. His 1973 article 'Testing for Competence Rather than for Intelligence' raised questions about the reliability of intelligence tests as a predictor of job success and stated that 'the correlation between intelligence test scores and job success often may be an artifact, the product of their joint association with class status'. McClelland launched the competency modelling movement in the USA by outlining an alternative to the accepted intelligence tests as an approach to predicting 'competence'.

While McClelland's work was focused on applications in the educational sector, greater interest was shown in business and industry. McClelland's thinking provided a cogent argument against assuming that intelligence tests alone are sufficient to evaluate individual performance. It was the elements of accountability and performance inherent in his thinking that stimulated attention outside educational institutions.

McClelland's thinking complemented the work of Flanagan by showing that performance needed to be clearly defined and that success or failure was the result of multiple influences or 'clusters'

McBer and Company

In the 1970s, McBer and Company (associated with McClelland) and the American Management Association (AMA) launched the first large-scale competency programme. Its key research focus centered on answering one question: What competencies do successful managers exhibit that not such successful managers do not exhibit? The AMA study involved over 1,800 managers over a five year period, and it was the first study to define job competency with a specific focus on isolating the characteristics that underpin superior performance by comparing exemplary to fully-successful performers.

The Pioneering Work of Patricia McLagan

Following the joint McBer-AMA competency study, competency programmes began to attract attention as a means of unifying organisational human performance improvement interventions. Patricia McLagan introduced competency models as a focal point for planning, organising, integrating and improving all aspects of human resource management systems,

McLagan's work established a pattern that has inspired much competency modelling work. More recent studies of the field, influenced by McLagan but not using her outputs-driven methodology, have examined human performance improvement roles, competencies and outputs and workplace learning and performance roles, competencies and outputs. McLagan's early work focused on competency models as an integrated approach to conducting a manpower review

1.4. STATEMENT OF THE PROBLEM

Employee competency mapping is about assessing the value of human capital and its development. Care needs to be taken to ensure the involvement of the entire organization. The need to map and monitor the competence is perceived by most organizations as a tool to add value to their key resource areas.

Employee competency mapping is to make a connection between what the company needs and what the employee can perform and eventually detect a gap. One assumption that must be present to uncover this gap is that current status of the competence can be documented. The company also has to define what is needed now and in the future. To map the competence of an organization is not easy.

To cater to this need the research program also discusses comprehensive models for competency mapping. The process of competence mapping should be aimed at providing an integrated tool both at individual and organizational level. From the organization's viewpoint, competence development is always a question of obtaining new competence, developing new competence and phase out old.

A business might possess extremely capable human resources, but they might not work on the position that suits them. This is where competency mapping and the appraisal tools come to help the HR experts choose who should work on what position. Competence mapping is one such innovative practice that is widely being used by organizations today.

Keeping in mind, the complexities involved in the evolution of an innovative business practice, care must be taken for the competency required for the same in terms of organization, process and people. A human mind is a tool that innovates. Therefore for an innovative business practice to flourish effectively an appropriate competency mapping of the workforce is required.

Large organizations, invest much effort on "human capital" and its development. They know that internal competences are able to impress a distinctive feature on the company, and that the knowledge of their human resources represents the primary wealth of the organization. They, therefore, develop and implement tools and methods to manage, transfer and capitalize competence, and to define standards for their evaluation and validation.

Superior organizational performance is unlikely, in the absence of a competent, coordinated, and motivated workforce; and competency management can be an effective methodology for developing such a workforce. It can be convincingly argued that competency management should be the central focus of every business system; yet, it is conspicuously absent in many Indian organizations.

Competencies have attracted much attention in MNCs, and there is growing interest in competencies in all organizations. Competency programmes are evolving into the link between organizational strategy and organizational and individual performance. Interest in using competencies as a foundation for human resource management programmes stems from continued downsizing in organizations, declining profit margins, increasing market volatility in many industries, and growing acceptance of behaviorally-based research.

Renowned HR Guru and philosopher Ulrich has thus gone to some length to show how to link individual and organizational competence. Capabilities according to Ulrich represent the skills, abilities, and expertise within an organization. They describe what an organization is able to do and how it is able to do that. Capabilities are thus associated with groups of individual competencies that collectively turn into organizational competence.

Traditionally, a firm's competitive advantage is developed through perceived uniqueness and derived from financial or economic capability, strategic or marketing capability, and technological capability. Now organizational capability is a critical fourth source of competitive advantage. A first step, then, is to generate employee competencies that provide the organization with the right mix of talent to meet existing and future needs. An alternative to traditional job-based organizational systems is to use information on organizational competencies, of which employees are the focus to develop organizational capabilities that provide competitive advantage.

1.5. OBJECTIVES OF THE STUDY

Among the other objectives, the study embarked upon the following

1. To Identify company specific Competencies in select organization.
2. To know how competencies are Identified, Defined, Assessed, Monitored and Measured in select organizations.
3. To analyze how the Competencies are Linked to Strategies, Business Performance and Results
4. To examine the competency mapping strategies with jobs and attainment of individuals and organization objectives
5. To Analyze the Impact of Competency Mapping in Relation to Individual and Corporate Objectives

1.6. HYPOTHESES

The present study relied on the following conjectures or the tentative statements, which form the hypotheses of the study

- Employee competencies in the organization are essential predictors of outstanding performance.
- Competency cannot be directly observed and hence it has to be inferred from indirect evidence and hence is performance based.
- The strategic objectives of the P-CMM are to improve the capability of the organizations by increasing the capability of their workforce.
- Competency mapping serves as an important and an innovative management tool designed to give competitive advantage to a company in terms of people process and organization.

1.7. METHODOLOGY

The research methodology for the current study involved multiple methods, such as descriptive, analytical, empirical and survey. The details are as follows:

Descriptive: the researcher identified the past and the current employee competency mapping practices adopted by the sample companies. The researcher narrates the facts and figures relating to employee competency mapping strategies, its implementation and the consequences in terms of individual and organizational performance. However, the researcher has no control over the variables affecting employee competency mapping in the sample organization as he is an outsider.

Analytical: the study quantified the qualitative phenomenal concerning employee competency mapping strategies and their implementation for organizational success by using scaling techniques. Further, the competency mapping impact in the sample organization is analyzed, interpreted and appropriate are drawn.

Empirical: the study is empirical in that the researcher literally visited the sample organizations and learnt the employee competency mapping models and at the same time observed the mapping practices and their results. Further to gain in-depth knowledge, the researcher interacted with HR Practitioners who are involved in employee competency mapping at various levels.

Survey: the researcher before identifying the present research problem, thoroughly reviewed literature of the topic and noticed the research gap. Thereafter, by identifying strategic independent and dependent variables constructed questionnaires for the respondents. Subsequently, data have been mustered, analyzed, interpreted and appropriate logical conclusions are arrayed.

1.8. RESULTS AND DISCUSSIONS

The analysis and Interpretation in the below tables:

TABLE -1: NATURE OF COMPETENCIES

| Sl. No. | Statements | CMT (N=5) | | | | | EXE (N=25) | | | | | N-EXE (N=250) | | | | |
|---------|---|-----------|-----------|-----------|---------|--------|------------|----------|---------|---------|--------|---------------|-----------|----------|----------|----------|
| | | SA | A | N | D | SD | SA | A | N | D | SD | SA | A | N | D | SD |
| 1 | A competency is an underlying attribute of a person which enables him/her to deliver superior performance in a given job, role, or a situation. | 2 (40) | 2 (40) | 1 (20) | - | - | 8 32 | 11 44 | 3 12 | 2 8 | 1 4 | 77 31 | 89 36 | 26 10 | 31 12 | 27 11 |
| 2 | Competency consists of clusters of knowledge, attitudes, and skills that influence an individual's ability to perform. | 1 20 | 2 40 | 1 20 | 1 20 | - - | 12 48 | 6 24 | 4 16 | 2 8 | 1 4 | 139 56 | 72 29 | 21 8 | 9 4 | 9 3 |
| 3 | Competencies are generic knowledge, motive, trait, social role, or a skill of a person linked to superior performance of the job. | 2 40 | 2 40 | 1 20 | - - | - - | 9 36 | 8 32 | 3 12 | 3 12 | 2 8 | 111 44 | 98 39 | 19 8 | 10 4 | 12 5 |
| 4 | Competencies are characteristics that outstanding performers do more often in more situations with better results than average performers. | 1 20 | 3 60 | 1 20 | - - | - - | 14 56 | 9 36 | 1 4 | 1 4 | - - | 108 43 | 116 46 | 12 5 | 7 3 | 7 3 |
| 5 | Competency can be thought of as the tools that individual use for successful or exemplary (best-in-class) performance. | 1 20 | 2 40 | 1 20 | 1 20 | - - | 11 44 | 8 32 | 4 16 | 1 4 | 1 4 | 98 39 | 103 41 | 26 10 | 14 6 | 9 4 |

Key
 CMT=Competency Management Team
 SA=Strongly Agree
 EXE= Executives
 A=Agree
 N-EXE= Non-Executives
 N=Neutral
 Figures in the paranthesis are in percentage
 D=Disagree
 SD=Strongly Disagree

ANALYSIS

It has been universally accepted that the individuals' inherent and apparent attributes will decide the superior on-the job performance or otherwise. Competency includes knowledge, attitudes, skills, ability, motive, trait, and the like of an individual. When asked about to indicate as to what constitutes employee competency, the respondent competency management teams, executives and non-executives in the sample organizations, 80 to 85 percent of them conceded to the given statements. A miniscule of respondents in all the three categories either remained neutral or declined to the given statements.

INTERPRETATION

Way back in 1953, American management guru for the first time recognized the concept "competence" later in the year 1973, David McClelland developed the competency management phenomenon. McLagan, Richard Boyatzis, Signe Spencer and David Ulrich remarkably developed the concept employee competency management in the organization for its survival and sustained competitive advantage.

Gone are the days where gigantic plant, superior technology and marketing strategy played central role in organizational success. Today employee competency which is the combination of his or her attributes which will decide his or her performance in the organization and that will have a telling effect to achieve core competencies. Organization devoid of competencies will soon be out of place in the industry. Competency is the essence for individual performance, departmental performance and organizational performance. It is the bounden duty of the organization to identify, nourish and utilize the employee competencies.

TABLE - 2: COMPETENCY MODEL

| Statement | Scale | Response-CMT | |
|--|-------|--------------|------------|
| | | Number | % |
| A competency model is a valid observable and measurable list of the knowledge, skills and attributes demonstrated through behavior that results in outstanding performance in a particular work context. | SA | 02 | 40 |
| | A | 02 | 40 |
| | N | 01 | 20 |
| | D | - | - |
| | SD | - | - |
| Total | | 05 | 100 |

(Source: primary data)

ANALYSIS

The competency management teams in the sample organizations expressed that models on competencies provide valid, observable and measurable list of knowledge, skills, and attributes. These parameters are reflected in the demonstrated behaviour of employees leading to outstanding performance. This view was given by four-fifth of the sample respondent teams (N=5)

INTERPRETATION

Like any other model, competency model provides the causal relationship between knowledge, skills and attributes demonstration of employees on the one hand and the behaviour emanating from such demonstration leading to outstanding work performance by them. The adoption of competency model provides the organization with competency standards against which the actual competencies are measured, indicating the competency gap for various jobs, positions, functions, department and organization as a whole. The model provides directions for the organization to harness various competencies including crucial competencies as indicated by the competency management teams in the sample organizations.

TABLE -3: ALIGNING EMPLOYEE COMPETENCIES WITH BUSINESS STRATEGIES

| Linkage Parameters | Response-executives (N=25) | | | | |
|--|----------------------------|-----------|-----------|-----------|-----------|
| | SA | A | N | D | SD |
| Whether employee competencies in your organization are linked to | | | | | |
| a. Individual goals and objectives | 8 (32) | 7 (28) | 4 (16) | 3 (12) | 3 (12) |
| b. Individual performance | 8 (32) | 8 (32) | 3 (12) | 4 (16) | 2 (8) |
| c. Departmental goals and objectives | 9 (36) | 8 (32) | 3 (12) | 3 (12) | 2 (8) |
| d. Departmental performance | 9 (36) | 9 (36) | 2 (8) | 3 (12) | 2 (8) |
| e. Business unit goals and objectives | 7 (28) | 8 (32) | 3 (12) | 5 (20) | 2 (8) |
| f. Corporate goals and objectives | 8 (32) | 7 (28) | 4 (16) | 3 (12) | 3 (12) |
| g. Business performance | 8 (32) | 8 (32) | 3 (12) | 4 (16) | 2 (8) |
| h. Productivity | 9 (36) | 8 (32) | 2 (8) | 4 (16) | 2 (8) |
| i. Profitability | 10 (40) | 9 (36) | 2 (8) | 2 (8) | 2 (8) |
| j. Diversification | 1 (4) | 1 (4) | 5 (20) | 9 (36) | 9 (36) |
| k. Expansion | 2 (8) | 3 (12) | 5 (20) | 8 (32) | 7 (28) |
| l. Interpersonal relations | 5 (20) | 6 (24) | 5 (20) | 6 (24) | 3 (12) |
| m. Overall corporate growth | 8 (32) | 7 (28) | 4 (16) | 3 (12) | 3 (12) |
| n. Change management | 2 (8) | 3 (12) | 5 (20) | 8 (32) | 7 (28) |

(Source: Primary data)

ANALYSIS

Competencies are forceful trigger and strong determinant for achieving individual and corporate goals and objectives. The respondent executives ranging from 75 to 85 percent agreed that employee competencies are linked to business strategies, performance and results. The linkage produced positive results in the areas of productivity, profitability and overall growth. The results are minimum and moderate on the variables such as diversification, expansion, interpersonal relations and change management from employee competencies linkages with business strategies.

Interpretation

In the sample organizations, it was found that the mere linkage between employee competencies and business strategies is not enough, what is important is quality of linkages between competencies and business strategies to achieve the pre-determined individual and organizational performance. A majority of learning organizations under the study strategically linked competencies with goal achievements.

FINDINGS

The researcher after selecting the research problem through meticulous review of literature and interactions with HR practitioners including the research supervisors collected the data on employee competency mapping in select organizations of Bangalore. The entire research program dwells on the linkage of employee competencies with business strategies and at the same time the linkage outcomes in terms of individual employee performance and organization performance. The major findings are enumerated below.

- From the study it was found that over the last thirty years, competency management evolved and applied at various levels in the sample automobile, software, and electronics firms to a great extent. The extent of competency management prevailing in pharma firm under the study is to moderate extent
- It was found that competency is a key behaviour of employees in the sample organizations that enables the superior performance of the organizations as a whole. It is more pronounced in sample information technology and foreign bank.

- Two-third of sample firms achieved competitive edge through developing and sustaining employee competencies in addition to ability to innovate, ability to adopt new technologies and the ability to understand the customers and their needs.
 - In four-fifth of the sample organizations various employee competencies at different levels of organization structure and across the different levels are treated as "resource-based-view" (RBV). RBV is the concept which indicates the inimitability, uniqueness, and niche attribute possessed by the sample companies.
 - In two-third of the sample organizations the competency models are designed to capture and utilize the employee competencies by position-wise, function-wise, level-wise and organization as a whole. The model provides competency standards for different positions, dictionary of competencies for the organization as a whole and formation of competency community.
 - Eighty percent of the sample organizations achieved level-4 of people capability maturity model stage and twenty percent of the sample firm had reached level-5. Level-4 of the PCMM indicates that organizations aligned individual employee competencies at various levels with business strategies. Level-5 of PCMM indicates the optimum level in which, the organizations continuously focus on improving individual competencies and finding ways to improve workforce motivation and capability to become learning organizations.
 - Competency development in the sample IT, Automobile and Foreign bank improved the capability of workforce at the same time, institutionalized the competency based HR activities and further quantified the competencies through the baseline (Six Sigma)
 - The sample firms evolved competency modeling approaches to individual development either from borrowing from other companies and using as it is or tailoring the borrowed competency model to suit the particular sample firm. In the process two-fifth of the sample firms achieved the uniqueness in the competencies.
 - All the sample firms identifies, defines, assesses, monitors the employee competency models, employee competency mapping and employee competency development.
 - Four-fifth of the sample firm strategically linked employee competencies with productivity, profitability, business unit goals and objectives along with individual goals and objectives.
 - By competency mapping, sample firms identified and described most critical competencies and also determined the extent to which an employee possesses various competencies related to a job.
 - Competency mapping come to help the HR experts in choosing who should work on what position. The HR activities are therefore, competency based recruitment, competency based selections, competency based training and development, and competency based compensation management. The companies shifted job based pay to competency based pay.
 - Competency model is a focal point in the sample organizations for planning, organizing, integrating and improving all aspects of HR systems including recruitment and selection, assessment, coaching, succession planning and career pathing.
 - Mapping of critical competence in the sample organization involves analyzing the future competence of the workforce required, analyzing the gap between current and future competence, analyzing the rate of development of workers, analyzing the future challenges for employees.
- Competency mapping serves the sample organizations as an important and innovative management tool designed to give competitive advantage in terms of people process organizations. It creates strategic and proprietary value of competency models for the sample firms.

SUGGESTIONS

- Beyond competency based pay, to retain the talents the employees must be provided with learning opportunities, exciting jobs, challenging jobs and scope for growth.
- Organizations seek advantage through execution. Although many companies share business strategies and, apparently, competency strategies as well. They may be seeking unique advantage through better execution. This would mean that organizations should select the competencies that best communicate their business strategies, and they count on implementation to achieve an advantage. This would suggest that wherever competencies come from, and regardless of which competencies are deployed, execution is the key.
- Performance-based pay is needed to encourage the application of acquired competencies to generate desired outcomes. Competencies are most likely to serve as a learning platform for performance, it is suggested. Further, companies should pay for competencies that are aligned with their core ideologies.
- The past decade has provided ample evidence that concern for customers is both a challenge and a shortcoming for most companies. Therefore, the sample firms need to match challenges, shortcomings and solutions early and deploy future oriented competencies effectively.
- The balance between technical expertise and strategic competencies is important and needs definition within the organization's context to provide advantage for the sample firms.
- Starting with the business strategy and the role people will play in making the strategy a reality makes clear sense as the foundation for developing competency models and defining competencies.
- The competency-based processes have been institutionalized, the sample firms can begin to integrate different competency-based processes into a multi-disciplinary process that better integrates the work of several workforce competencies.
- Competency- and performance-based pay are necessary partners in linking rewards to business strategy and direction. Performance-based pay is needed to encourage the application of acquired competencies to generate desired outcomes. Competencies will serve as a learning platform for performance.
- The sample firms need to diagnose their situations and determine the match between their challenges and their shortcomings are the common ground in the selection of competencies.
- Uniqueness most probably does not come from what the competencies are called but from how they are defined in terms of which behaviors, skills and knowledge areas are important. The sample companies are suggested to take note of this.
- It is suggested to the sample companies to concentrate on employee competency mapping for the purpose of customer focus, communication, team orientation and technical expertise.
- The "secret sauce" of competencies is to define both "before" and "after" competency circumstances to suggest where people may be and where they need to go to demonstrate competency at a satisfactory level, it is suggested.

CONCLUSIONS

Competency Management encompasses all methods and instruments used in a company to systematically assess current and future competencies required for the work to be performed, as well as to assess available competencies of the HR.

A lot of resources are being spent and consultants are invited to do the job of competency mapping. Increased manpower costs, need for ensuring that competent people man critical positions, the need to be competitive and recognition of the strategic advantages of having good human resources have compelled firms to be more competency driven.

Competency Management improved the conception and realization of the business vision and strategy by providing a crucial link that leads to improved alignment of staffing resources to the mission, vision, strategy, and goals of the organization. Properly implemented, competency management led to improved workforce development, performance, opportunities, motivation, and commitment. Finally, this discipline further supports organizational performance through bundling of resources into capabilities that provide key business value.

Competency Management is seen as the future of management because it enables organizations to succeed in a variety of environments and contexts. It is seen as the most critical business systems component over which the organization has control. The care and feeding of the workforce must be paid attention to, or

else organizations risk losing their key performers and expertise to their competitors. Enabling components and disciplines include stakeholder analysis, requirements development, strategic sourcing, novel organizational forms, innovative IT, and improved compensation schemes.

DIRECTIONS FOR FUTURE STUDY

The topic "Market efficiency and International benchmarks in the securities market" is a fertile ground for young researchers to pursue furthermore. The topics suggested are-

- Strategy of Developing Competency Based Management Systems
- Mapping Competencies for Communication for Development and Social Change
- Competence mapping in education sector
- Knowledge Mapping and Knowledge Sourcing Strategy
- Organization Learning and competency mapping
- Open Innovation Models; Open Service Innovation Models
- Corporate Open Innovation Strategy and competency mapping strategies
- Incorporating a Sustainability Perspective into the Innovation Strategy of competency mapping

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COMPARATIVE STUDY OF ORGANIZATIONAL ROLE STRESS AMONG EMPLOYEES: PUBLIC VS PRIVATE BANKS IN INDIA

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ABSTRACT

In the era of global competition, stress has become one of the most important factors affecting individual efficacy and performance. The instabilities in the present work systems pose a threat to the employees leading to high levels of stress. A Comparative study of Organizational Role Stress (ORS) among public and private sector bank employees is carried out. This study endeavors to highlight various role stressors which are affecting the performance of Banking sector professionals and investigates the differences of ORS among employees of private and public sector banks. The study is conducted on 80 employees – 40 each from Public and Private sector banks. Ten types of Role Stressors are measured using ORS scale and the analysis is done on the basis of Public/Private sector, Length of service, and Job category or level.

KEYWORDS

Organizational Role stress, Banking Sector, Role stressors, Public and Private sector, Length of service, Job category.

INTRODUCTION

In the era of global competition, stress has become one of the most important factors affecting individual efficacy and performance. The instabilities in the present work systems pose a threat to the employees leading to high levels of stress. Stress is related to the role or position that a person occupies in a given job. Coleman (1976) named the modern age as the 'age of anxiety and stress'.

According to Selye (1936) "Stress is a dynamic condition in which an individual is confronted with an opportunity, constraints or demand related to what he/she may desire and for which the outcome is perceived to be both uncertain and important" or Any external event or any internal drive, which threatens to upset the organism's equilibrium, is called stress. Individuals face stress whenever there is lack of fit between the individual and organizational environment. If organizational stress is not managed properly, it affects the human potential and reduces the quality, productivity, health, and morale of the employees.

Stress as a positive force motivate a person towards action and results in new awareness and new perspective and is good and necessary for an individual for achieving excellence in work. Such stress is called eustress. As a negative influence, it results in the feelings of distrust, rejection, anger, and depression, which in turn can lead to health problems such as headaches, upset stomach, rashes, insomnia, ulcers, high blood pressure, heart disease, and stroke and such stress is called distress (Pareek, 2002). Employees play a multiple roles in the organization and the clarity of tasks leads to greater job satisfaction (Ting, 1997). Optimum level of stress is good and essential for performing well in one's job. But once stress exceeds a certain limit it can cause burnout and detrimentally affect work performance. As organizations become more complex, the potential for stress increases. Pfeffer (1998) has emphasized that the key to the long-term success has been and shall remain how organizations manage and keep their employees happy because in the long term, it will be the main pillar behind organizational effectiveness. Cooper (1983) has listed several sources of work stress including job conditions, role stress, interpersonal factors, career development, organizational structure and home-work interface.

REVIEW OF LITERATURE

According to Parkington and Schneider (1979), a causal relationship exists between service orientation discrepancy, role stress, and employee outcomes and positive employee outcomes are significantly related to customers' perception of service quality. Fernandes et al (2008) studied the impact of social support on role stress experienced by the executives of public and private sector banks in Goa. Ten types of role stress were measured using the ORS scale and their study found that enhancing social support lowered the role stress. Baba and Fang (1993) gave a three stage linear model of turnover with role conflict, role ambiguity, and role overload as antecedents and stress as an intervening variable.

Studies revealed that service-oriented jobs, involving a direct interaction with customers, are prone to create relatively greater stress levels for employees. Modekurti and Chattopadhyay(2008) found, stress levels was more overwhelming in the case of women employees due to the greater need among them to strike a balance between their personal and professional lives.

Study conducted by Mohan and Chauhan (1999), revealed that, the managers of Public Sector experienced the maximum Role Erosion and Self Role Conflict, followed by Government and the private sector.

Pestonjee (1983) has identified three important factors of life in which stress originates. These are – job and organizational sector, the social sector and intrapsychic sector. Job and organization sector includes totality of the work environment (task, atmosphere, compensations, policies, etc.)The social sector refers to the socio-cultural context of one's life. It may include religion, caste, language, and other factors. The intrapsychic sector encompasses those things, which are intimate and personal like temperament, values, abilities and health.

Concept of role: Role is a set of obligations generated by the 'significant' others and individual occupying an office. It denotes a set of functions one performs in response to the expectations of the 'significant' others, and one's own expectations from that position or office (Pareek, 1993, p-3). Both organization as well as the individual has their specific goals. Individual is a part of the organization, and while working for achieving his goals, the individuals also help the organization to achieve its goals. During this process there is a continuous interaction between the organizational factors and individual factors.

Organizational Role Stress: stress is an unavoidable result of socio-economic complexity, and to some extent, it is necessary as well. In organizational context, organizations are closely linked with work settings which have numerous systems such as production, finance, marketing, administration as well as macro-organizational sub-systems like inter-organizational system, organizational goals, strategies, climate, culture, structures, management styles and performance. These systems are accountable for the growth of the organization and its role incumbents on the one hand, and society at large on the other. Very often, the human being in the system is reduced to a mere insignificant cog in the wheel of total technological setup/ this tends to generate feelings of powerlessness, meaninglessness and consequent stress. (Pestonjee,1999, p-87).

Pareek (1983) has defined role as any position a person holds in a system (organization) as defined by the expectations of various significant persons, including himself/herself have from that position. The concept of role, and the related concepts of 'role space' and 'role-set' have a built in potential for conflict and stress (Pareek, 1993). There are ten stressors: Inter Role Distance (IRD): stress occurs when the linkages of organizational roles become weak. An individual usually occupies more than one role. There may be conflicts between these roles, Self Role Distance (SRD): when a role provides its occupant with lesser opportunities for using his special strengths. Its efficiency is likely to be lowest, Role Stagnation (RS): This is a situation which appears when an individual who has occupied a role for a long time enters another role in which he/she may feel less secure, Role Ambiguity (RA): When the individual is not clear about the various expectations that people have from his/her role. The conflict that he/she faces is called role ambiguity. Role ambiguity may be in relation to the activities, responsibilities, priorities, norms, or general expectations. Generally role ambiguity may be experienced by persons occupying roles which are newly created in

the organization, role in organizations, which are undergoing change, or process roles (with less clear and concentrate activities), Role Expectation Conflict (REC): when there are conflicting expectations or demands by different role senders (persons having expectations from the role), the role occupant may experience this stress from his/her seniors, subordinates, peers or clients, Role Overload (RO): when the role occupant feels that there are too many expectations from the 'significant' others in his/her role set. He/she experiences role overload. Time limit is the main factor for this stress. It is more likely to occur where the role occupants lack power, where there are large variations in the expected output, and when delegation or assistance cannot procure more time, Role Erosion (RE): A role occupant may feel that the functions, which he/she would like to perform, are being performed by some other role, Resource Inadequacy (RIN): This type of stress is appeared when the resources required by the role occupant for performing the role effectively are not available; these may be information, people, material, finance or facilities, Personal Inadequacy (PI): Feeling of lack of confidence or not prepared to undertake the role effectively. He/she may experience this stress. Persons who are assigned new roles without enough preparation or orientation are likely to experience this type of stress, and Role Isolation (RI): When a role occupant feels that certain roles are psychologically closer to him, while others are at much greater distance. The main criterion of distance is the frequency and ease of interaction. When linkages are strong, the role isolation will be low and in the absence of strong linkages, the role isolation will be high. The gap between the desired and the existing linkages will indicate the amount of role isolation.

Study of stress is a more complex phenomenon. This phenomenon is inseparable to human being. This phenomenon differs from time to time, place to place, organization to organization and more importantly individual to individual. This study has explored this phenomenon in the context of Indian banking Sector.

Public sector organizations are often called strategic organizations. Banking sector has played a strategic role in national development. Its role has been critical in promoting savings, capital formation and providing social security to Indian population. Banking sector has to play greater role in view of population growth, globalization, and possible threats of competition.

Before embarking on exploration of a potentially explosive problem of stress among banking sector professionals, it is pertinent to review the related studies on this phenomenon.

Sharma (1987) conducted a study on managers and supervisors of public and private pharmaceutical organizations. His objective was to establish the role of motivational climate on four psychological variables- job satisfaction, participation, alienation and role stresses. In this study the MAO-C (Pareek, 1989), S-D Inventory (Pestonjee, 1973), ORS Scale (Pareek,1983c), Psychological Participation Index (Singh and Pestonjee, 1978) and Alienation Scale (Dutt and Kureshi, 1976) were experimented on sample of 150 respondents which includes 75 managers and 75 supervisors. The findings of the study indicated that the employees in private sector organizations scored higher and considerably differ from those of public sector organizations on inter role distance, role expectation conflict, role erosion, role isolation, personal inadequacy and resource inadequacy. However, public sector employees scored comparatively higher on role stagnation. The study also revealed that supervisors of public sector organizations scored significantly higher on role stagnation, role ambiguity and resource inadequacy as compared to the managers of public sector organizations. In addition, managers in the public sector scored notably higher than supervisors of public sector on role erosion and role overload.

This study focused on two pharmaceutical companies only. Therefore, still there is a scope of conducting the research on further organizations, or other sectors. Ahmad, Bhardwaj and Narula (1985) carried out a survey to assess stress among executives. A group of 30 executives from each private and public sector were compared on ten dimensions of role stress. Study made known significant differences on three dimensions- which are role isolation, role ambiguity and self-role distance. The study found that the main role stressors among the entire sample were role erosion, resource inadequacy and inter-role distance. Junior and middle level executives scored lower on ORS as compared to executives at top level. The study also revealed that the senior level executives experienced stress due to role expectation conflict whereas middle level executives due to role stagnation and junior level executives are stressed due to role isolation and self-role distance.

Pattanayak and Mishra (1997) conducted a competitive assessment of organizations in old and new public sectors in relation to ORS and Quality of work-life (QWL) as an index of organizational effectiveness. The study addressed ORS scale (Pareek, 1983,c) and quality of work-life scale (Jain, 1991) on 800 respondents both from old and new public sector organizations. The sample included executives and non-executives both from service and manufacturing units. Significant differences were observed between the old and new public sector organizations on all 10 Role stressors.

INDIAN BANKING SECTOR

The banking sector in all over the globe has made significant progress in the last five years – the growth is well reflected through parameters including profitability, annual credit growth, and decline in non-performing assets (NPAs). In the last decade, the sector witnessed many positive developments, as policy makers made several distinguished efforts to improve regulation.

Worth noting is the fact that India's banking sector has been one of the very few ones that have actually been able to maintain resilience without much impacting the growth process. India has the potential to become the third largest banking sector by 2050 after China and US, according to a PricewaterhouseCoopers (PwC) report titled "Banking In 2050". The report states that India has particularly strong long-term growth potential.

The banking sector in India is expected to have another good year, with growth being propelled by factors such as good economic growth, favorable demographics and low penetration, according to a report titled 'Indian banks are likely to ride an economic growth wave', by research firm Standard & Poor's. The country's economy grew by 8.5 per cent in the last fiscal and the government expects the growth impetus to continue this year as well. More than 50 per cent of India's population is under the age of 30 years, which is a major target group for banks. Penetration of banking services in the country remains low.

STATEMENT OF THE PROBLEM

Based on the literature review it has been observed that there are very few studies highlighting the stress and its impact in the Indian banking sector employees i.e. the public and private sector banking professionals. The second research gap identified is the relationship of role stress among bank employees and their length of service in their present organization. The third gap identified is to establish the relationship between role stress and job categories of the bank professionals.

OBJECTIVES OF THE STUDY

This study has three main objectives, which are;

To make an empirical study of organizational role stress among the employees of the private and public sector banks.

To compare the organizational role stress in relation to length of service in the present organization.

To compare the organizational role stress in relation to job categories.

HYPOTHESIS

The null hypotheses set for carrying out the study are as follows.

H01: There is no difference in nature and dynamics of role stress among banking professionals in Public and Private sectors.

H02: There is no difference in nature and dynamics of stress among employees based on length of service.

H03: There is no difference in nature and dynamics of stress among employees based on their job category or level.

RESEARCH METHODOLOGY

Pareek's (1983,a) Organizational Role Stress (ORS) has been used to measure measures respondents' quantum of stress in term of total ORS scores. It also measures intensity of ten role stressors contributing to total ORS score. The ten role stressors are IRD, RS, REC, RE, RO, RI, PI, SRD, RA, and RIN. ORS scale is a five-point Likert type rating scale having the scoring pattern: 0-never or rarely felt that way, 1-occasionally, 2-sometimes, 3-frequently, 4-always.

DATA ANALYSIS & INTERPRETATION**ANALYSIS ON THE BASIS OF SECTOR**

Based on the analysis, the Null Hypothesis H01 is rejected for IRD, RS, REC, RE, RO, RI, PI, SRD, RA, and RIN, which clearly states that for these stressors there is a difference in the nature and dynamics of role stress among banking professionals in Public and Private sectors. (Refer Table 1).

ANALYSIS ON THE BASIS OF LENGTH OF SERVICE

Based on the analysis, the Null Hypothesis H02 is rejected for IRD, RS, REC, RE, RO, RI, PI, SRD, RA, and RIN which gives an idea that there is a difference in nature and dynamics of stress among employees based on length of service. (Refer Table 2)

ANALYSIS ON THE BASIS OF GRADE OR LEVEL

The analysis shows that the Null Hypothesis H03 is rejected for IRD, RS, REC, RE, RO, RI, PI, SRD, RA, and RIN which clearly states that there is a difference in nature and dynamics of stress among employees based on their job category or level. (Refer Table 3)

RESULTS & DISCUSSION

On the basis of Public or Private Sector: High level of stress present among employees in Private sector as compared to the employees in Public sector. The ranking of role stressors in Private and Public sectors according to the stress level these are causing is illustrated in Tables 4 & 5 respectively.

On the basis of length of Service

The employees having their length of service upto seven years are found to be more stressed due to all ten stressors. Employees having working period between 7 years and 15 years are found to have score under almost all the ten types of stress. The stress level of the employees having length of service between 15 years to 30 years is almost same for all the ten types of stressors. The maximum stress level is faced by the employees with length of service upto seven years, and it is due to the stressor named, Inter Role Distance. The minimum level of stress is faced by the employees with length of service between seven 7 and 15 years, and it is due to Role Stagnation.

On the basis of Grade/Level

The highest level of stress is found in case of Team Leaders and they are found to be stressed by all the ten stressors. The Relationship Managers are also having high level of stress. The effect of Inter Role Distance is more on all the employees. The major contributors in stress are IRD, PI, RA and RE. The effect of RO and SRD is lesser as compared to the others. The officers are more stressed due to IRD and RE. The high level managers, like Chief Manager and Branch Managers are found to be least stressed under all the ten stressors.

CONCLUSION

There is noticeable amount of stress among the banking sector employees. The workload and stress level is high in case of private sector employees. The higher level managers are comparatively less stressed than the lower level managers. The employees with less working experience are most stressed. The Relationship Manager is highly stressed due to the responsibilities and duties of maintaining the relations between the employees and the management. There is difference in nature and dynamics of role stress among banking sector professionals in public and private sectors. There is considerable difference in quantum and type of stress among employees on the basis of length of service. There is considerable difference in quantum and type of stress among employees on the basis of their job category or level.

SCOPE FOR FURTHER RESEARCH

Banking sector contributes to the growth and economy of the country therefore it becomes the responsibility of the academicians and researchers to find out the factors that help in the progress of this sector. This Therefore the proposed model can be used for future empirical researches and the identified parameters can be tested for various organizations in different industries.

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TABLES

Table 1: Df=78

| <i>Stressors</i> | <i>Public/Private</i> | <i>N</i> | <i>Mean</i> | <i>t value</i> | <i>P value</i> |
|---------------------------|-----------------------|----------|-------------|----------------|----------------|
| Inter Role Distance | Public | 40 | 4.55 | 7.068 | 0.000 |
| | Private | 40 | 10.30 | | |
| Role Stagnation | Public | 40 | 3.65 | 4.617 | 0.000 |
| | Private | 40 | 6.95 | | |
| Role Expectation Conflict | Public | 40 | 2.88 | 5.140 | 0.000 |
| | Private | 40 | 6.20 | | |
| Role Erosion | Public | 40 | 3.50 | 6.167 | 0.000 |
| | Private | 40 | 7.45 | | |
| Role Overload | Public | 40 | 2.17 | 6.680 | 0.000 |
| | Private | 40 | 6.43 | | |
| Role Isolation | Public | 40 | 2.68 | 3.644 | 0.000 |
| | Private | 40 | 5.23 | | |
| Personal Inadequacy | Public | 40 | 3.40 | 3.727 | 0.000 |
| | Private | 40 | 6.83 | | |
| Self Role Distance | Public | 40 | 2.85 | 3.796 | 0.000 |
| | Private | 40 | 5.08 | | |
| Role Ambiguity | Public | 40 | 2.58 | 6.418 | 0.000 |
| | Private | 40 | 7.13 | | |
| Resource Inadequacy | Public | 40 | 4.20 | 2.516 | 0.014 |
| | Private | 40 | 6.00 | | |

TABLE 2: DF=79

| Stressors | Length of Service | N | Mean | f value | P value |
|---------------------------|------------------------------|----|-------|---------|---------|
| Inter Role Distance | Upto 7 Years | 39 | 10.62 | 17.645 | 0.000 |
| | 7 Years 1 month to 15 Years | 8 | 2.50 | | |
| | 15 Years 1month to 23 Years | 11 | 4.91 | | |
| | 23 Years 1 month to 30 Years | 16 | 5.25 | | |
| | More than 30 Years | 6 | 3.67 | | |
| | Total | 80 | 7.43 | | |
| Role Stagnation | Upto 7 Years | 39 | 7.10 | 9.237 | 0.000 |
| | 7 Years 1 month to 15 Years | 8 | .63 | | |
| | 15 Years 1month to 23 Years | 11 | 4.18 | | |
| | 23 Years 1 month to 30 Years | 16 | 4.44 | | |
| | More than 30 Years | 6 | 4.17 | | |
| | Total | 80 | 5.30 | | |
| Role Expectation Conflict | Upto 7 Years | 39 | 6.33 | 8.261 | 0.000 |
| | 7 Years 1 month to 15 Years | 8 | 1.88 | | |
| | 15 Years 1month to 23 Years | 11 | 3.00 | | |
| | 23 Years 1 month to 30 Years | 16 | 2.63 | | |
| | More than 30 Years | 6 | 4.33 | | |
| | Total | 80 | 4.54 | | |
| Role Erosion | Upto 7 Years | 39 | 7.62 | 13.994 | 0.000 |
| | 7 Years 1 month to 15 Years | 8 | 1.13 | | |
| | 15 Years 1month to 23 Years | 11 | 3.45 | | |
| | 23 Years 1 month to 30 Years | 16 | 4.31 | | |
| | More than 30 Years | 6 | 4.17 | | |
| | Total | 80 | 5.48 | | |
| Role Overload | Upto 7 Years | 39 | 6.49 | 12.091 | 0.000 |
| | 7 Years 1 month to 15 Years | 8 | 1.13 | | |
| | 15 Years 1month to 23 Years | 11 | 1.82 | | |
| | 23 Years 1 month to 30 Years | 16 | 2.50 | | |
| | More than 30 Years | 6 | 3.67 | | |
| | Total | 80 | 4.30 | | |
| Role Isolation | Upto 7 Years | 39 | 5.26 | 4.810 | 0.002 |
| | 7 Years 1 month to 15 Years | 8 | .88 | | |
| | 15 Years 1month to 23 Years | 11 | 2.45 | | |
| | 23 Years 1 month to 30 Years | 16 | 3.06 | | |
| | More than 30 Years | 6 | 4.67 | | |
| | Total | 80 | 3.95 | | |
| Personal Inadequacy | Upto 7 Years | 39 | 7.00 | 5.034 | 0.001 |
| | 7 Years 1 month to 15 Years | 8 | 1.25 | | |
| | 15 Years 1month to 23 Years | 11 | 2.91 | | |
| | 23 Years 1 month to 30 Years | 16 | 4.13 | | |
| | More than 30 Years | 6 | 4.67 | | |
| | Total | 80 | 5.11 | | |
| Self Role Distance | Upto 7 Years | 39 | 5.15 | 4.795 | 0.002 |
| | 7 Years 1 month to 15 Years | 8 | 1.38 | | |
| | 15 Years 1month to 23 Years | 11 | 3.18 | | |
| | 23 Years 1 month to 30 Years | 16 | 3.25 | | |
| | More than 30 Years | 6 | 3.00 | | |
| | Total | 80 | 3.96 | | |
| Role Ambiguity | Upto 7 Years | 39 | 7.18 | 10.989 | 0.000 |
| | 7 Years 1 month to 15 Years | 8 | 2.88 | | |
| | 15 Years 1month to 23 Years | 11 | 2.00 | | |
| | 23 Years 1 month to 30 Years | 16 | 3.50 | | |
| | More than 30 Years | 6 | 1.17 | | |
| | Total | 80 | 4.85 | | |
| Resource Inadequacy | Upto 7 Years | 39 | 6.03 | 4.466 | 0.003 |
| | 7 Years 1 month to 15 Years | 8 | 1.50 | | |
| | 15 Years 1month to 23 Years | 11 | 3.91 | | |
| | 23 Years 1 month to 30 Years | 16 | 5.81 | | |
| | More than 30 Years | 6 | 4.17 | | |
| | Total | 80 | 5.10 | | |

TABLE 3: Df=79

| Stressors | Grade/Level | N | Mean | f value | P value |
|---------------------------|-------------------------------|----|-------|---------|---------|
| Inter Role Distance | Branch Manager, Chief Manager | 9 | 3.56 | 4.334 | 0.000 |
| | Assistant Manager | 18 | 7.06 | | |
| | Relationship Manager | 7 | 10.00 | | |
| | Senior Assistant, Executive | 18 | 8.78 | | |
| | Team Leader | 4 | 12.50 | | |
| | Special Assistant | 9 | 3.89 | | |
| | Senior Officer | 4 | 4.75 | | |
| | Officer | 11 | 9.36 | | |
| | Total | 80 | 7.43 | | |
| Role Stagnation | Branch Manager, Chief Manager | 9 | 2.33 | 5.100 | 0.000 |
| | Assistant Manager | 18 | 4.00 | | |
| | Relationship Manager | 7 | 6.14 | | |
| | Senior Assistant, Executive | 18 | 7.61 | | |
| | Team Leader | 4 | 10.00 | | |
| | Special Assistant | 9 | 3.33 | | |
| | Senior Officer | 4 | 4.75 | | |
| | Officer | 11 | 5.64 | | |
| | Total | 80 | 5.30 | | |
| Role Expectation Conflict | Branch Manager, Chief Manager | 9 | 2.44 | 5.665 | 0.000 |
| | Assistant Manager | 18 | 4.56 | | |
| | Relationship Manager | 7 | 7.29 | | |
| | Senior Assistant, Executive | 18 | 4.94 | | |
| | Team Leader | 4 | 10.50 | | |
| | Special Assistant | 9 | 1.78 | | |
| | Senior Officer | 4 | 4.50 | | |
| | Officer | 11 | 3.91 | | |
| | Total | 80 | 4.54 | | |
| Role Erosion | Branch Manager, Chief Manager | 9 | 2.67 | 6.978 | 0.000 |
| | Assistant Manager | 18 | 4.22 | | |
| | Relationship Manager | 7 | 6.29 | | |
| | Senior Assistant, Executive | 18 | 5.67 | | |
| | Team Leader | 4 | 10.75 | | |
| | Special Assistant | 9 | 4.44 | | |
| | Senior Officer | 4 | 2.75 | | |
| | Officer | 11 | 8.91 | | |
| | Total | 80 | 5.48 | | |
| Role Overload | Branch Manager, Chief Manager | 9 | 2.00 | 2.374 | 0.031 |
| | Assistant Manager | 18 | 3.94 | | |
| | Relationship Manager | 7 | 6.86 | | |
| | Senior Assistant, Executive | 18 | 5.39 | | |
| | Team Leader | 4 | 5.50 | | |
| | Special Assistant | 9 | 1.89 | | |
| | Senior Officer | 4 | 3.50 | | |
| | Officer | 11 | 5.18 | | |
| | Total | 80 | 4.30 | | |
| Role Isolation | Branch Manager, Chief Manager | 9 | 2.11 | 2.650 | 0.017 |
| | Assistant Manager | 18 | 4.11 | | |
| | Relationship Manager | 7 | 4.14 | | |
| | Senior Assistant, Executive | 18 | 4.61 | | |
| | Team Leader | 4 | 9.50 | | |
| | Special Assistant | 9 | 2.89 | | |
| | Senior Officer | 4 | 3.50 | | |
| | Officer | 11 | 3.00 | | |
| | Total | 80 | 3.95 | | |
| Personal Inadequacy | Branch Manager, Chief Manager | 9 | 1.78 | 5.482 | 0.000 |
| | Assistant Manager | 18 | 4.06 | | |
| | Relationship Manager | 7 | 9.43 | | |
| | Senior Assistant, Executive | 18 | 7.17 | | |
| | Team Leader | 4 | 10.75 | | |
| | Special Assistant | 9 | 2.56 | | |
| | Senior Officer | 4 | 5.00 | | |
| | Officer | 11 | 3.55 | | |
| | Total | 80 | 5.11 | | |
| Self Role Distance | Branch Manager, Chief Manager | 9 | 2.33 | 2.550 | 0.021 |
| | Assistant Manager | 18 | 3.33 | | |
| | Relationship Manager | 7 | 6.00 | | |
| | Senior Assistant, Executive | 18 | 4.61 | | |
| | Team Leader | 4 | 5.50 | | |
| | Special Assistant | 9 | 2.67 | | |

| | | | | | |
|---------------------|-------------------------------|----|-------|-------|-------|
| | Senior Officer | 4 | 6.75 | | |
| | Officer | 11 | 3.45 | | |
| | Total | 80 | 3.96 | | |
| Role Ambiguity | Branch Manager, Chief Manager | 9 | 1.67 | 9.021 | 0.000 |
| | Assistant Manager | 18 | 3.44 | | |
| | Relationship Manager | 7 | 6.86 | | |
| | Senior Assistant, Executive | 18 | 6.56 | | |
| | Team Leader | 4 | 13.00 | | |
| | Special Assistant | 9 | 2.44 | | |
| | Senior Officer | 4 | 7.25 | | |
| | Officer | 11 | 3.82 | | |
| | Total | 80 | 4.85 | | |
| Resource Inadequacy | Branch Manager, Chief Manager | 9 | 2.11 | 3.667 | 0.002 |
| | Assistant Manager | 18 | 4.22 | | |
| | Relationship Manager | 7 | 7.86 | | |
| | Senior Assistant, Executive | 18 | 6.72 | | |
| | Team Leader | 4 | 5.50 | | |
| | Special Assistant | 9 | 4.22 | | |
| | Senior Officer | 4 | 7.25 | | |
| | Officer | 11 | 4.36 | | |
| | Total | 80 | 5.10 | | |

TABLE 4

| Stressor | Mean Value | Rank |
|---------------------------|------------|------|
| Inter Role Distance | 10.30 | 1 |
| Role Erosion | 7.45 | 2 |
| Role Ambiguity | 7.13 | 3 |
| Role Stagnation | 6.95 | 4 |
| Personal Inadequacy | 6.83 | 5 |
| Role Overload | 6.43 | 6 |
| Role Expectation Conflict | 6.20 | 7 |
| Resource Inadequacy | 6.00 | 8 |
| Role Isolation | 5.23 | 9 |
| Self Role Distance | 5.08 | 10 |

TABLE 5

| Stressor | Mean Value | Rank |
|---------------------------|------------|------|
| Inter Role Distance | 4.55 | 1 |
| Resource Inadequacy | 4.20 | 2 |
| Role Stagnation | 3.65 | 3 |
| Role Erosion | 3.50 | 4 |
| Personal Inadequacy | 3.40 | 5 |
| Role Expectation Conflict | 2.88 | 6 |
| Self Role Distance | 2.85 | 7 |
| Role Isolation | 2.68 | 8 |
| Role Ambiguity | 2.58 | 9 |
| Role Overload | 2.17 | 10 |

AN EMPIRICAL EXAMINATION OF NONWORK DOMAIN ON EMPLOYEE TURNOVER

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ABSTRACT

The aim of this research is to examine several dimensions of nonwork domains such as nonwork-to-work overrun, work-nonwork conflict, coping strategies, and organizational support for nonwork, and their relationship to employee turnover. Questionnaires were mailed to 150 employees of a Telecom Service organization in Navi Mumbai, India. A total of 120 usable questionnaires were returned: a response rate of 80%. The findings show that nonwork domain variables are significantly related to withdrawal cognitions. A Likert-type scale was used to assess the perception of members on the impact of nonwork domain. The results of this study will be useful to academicians and human resource practitioners who are interested in evaluating quality of work-life and people practices to address the needs of employees who face conflict in managing work responsibilities and family commitments. The paper concludes with proposed directions for future research based on the findings of this study. Employees' lives are holistic, and are comprised of many roles, resulting in complex interactions between their work and nonwork lives.

KEYWORDS

Nonwork, Overrun, Turnover, Work/Nonwork Conflict.

1.0 INTRODUCTION

India's work force has undergone a transformation over the past twenty years. Since the 1990s, growing attention has focused on families in which both partners work, these relationships are called dual-earner marriages. Societal changes such as the number of women entering the workforce and the economic need for two incomes to support a family have impacted the Indian labor force. Married coupled families in which husband and wife both work is accounting for more than 60% of the workforce in urban India. These employees face problems in balancing work responsibilities with home commitment. Literature supports that work-life conflict poses problems to both employees and business. Organizations look to their employees for productivity and efficiency, which is compromised by work-life conflict in the form of absenteeism, decreased employee satisfaction, and poor job performance. Employees look to their employers for employee friendly practices to help alleviate the stress they experience in balancing home and work responsibilities. It serves as a tool for business and industry to accurately assess the needs of their own workforce. From the findings of this study, business strategies can be developed to more effectively allocate financial resources to enhance people practices that are perceived as most supportive by their employees. Broadly speaking, organizational responses to this could include ignoring employees' nonwork lives (separation), active involvement (integration), or creating flexibility and tolerance, thereby enabling employees to manage conflict (respect). This study investigates whether such response types impact differently on employee commitment. The findings suggest that a separation response decreases affective commitment, moderated by greater nonwork involvement or role conflict. A respect response increases affective commitment, moderated by high nonwork involvement, role conflict, "hindrance" coping or lower career commitment. Continuance and normative commitment were not affected. These findings suggest that managers might take a role in employee's nonwork lives by creating flexibility and tolerance at work. However, managers should probably avoid implementing paternalistic approaches that attempt active involvement. The present paper establishes the concept of nonwork practices and explores its impact on organizational commitment. Drawing upon research conducted in a leading integrated telecom player based out of Mumbai/Navi Mumbai-India, the paper examines the degree to which nonwork practices are accepted by Indian employees and their relationship with organizational commitment. Concurrent mixed methodology was adopted in which both qualitative and quantitative data were collected. Factor analysis was carried out to find factors of nonwork practices, and Classification and Regression Trees (CART) was carried out to study relationship between organizational commitment and nonwork practices. The article discusses the findings related to nonwork practices: how these practices are experienced and perceived by Indian employees and what is their impact on the commitment of employees, which would in turn affect the effectiveness of the organization. Consequent to the concentration of industry and job opportunities in select few geographies, the large inflow of talent and skilled resources to the leading metros and tier 1 cities in India, it has posed many challenges on the working class. The current state of the infrastructure in the metros and tier 1 cities in India and the transport system, besides other social support systems are also creating various challenges to balance work and nonwork priorities. While the study has been conducted in the metro of Mumbai/Navi Mumbai, the findings of the study are surely impacted by the challenges faced by the employees living in a city which is fast paced and that never sleeps.

2.0 LITERATURE SURVEY

Conflict between work and nonwork roles has received considerable attention from social scientists during the 1980s and 1990s. This attention can be attributed to the increased labour force participation of women and the heightened role demands on men and women who are part of dual-earner families. Interest in organisation efforts to help employees to manage the work-nonwork interface has been great among personnel and family specialists. Recent surveys, however, indicate that most workers still experience few of the popularized practices such as on-site child care, alternative work arrangements, and workshops on work-family coping (Kirchmeyer 1995, Osterman 1995). Moreover, concern is heard from scholars about the dearth of scientific evidence linking support practices to actual outcomes at work (Gov *et al.* 1990, Kossek and Nichol 1992, Osterman 1995, Thomas and Ganster 1995). Without evidence that employer support for nonwork affects behaviour such as job performance and absenteeism, many employers may remain reluctant to implement relevant practices. The failure of researchers to link employer support for nonwork to outcomes at work may be explained partially by inadequate research models. Frone *et al.* (1992), for example, argued that most research on work nonwork conflict had failed to make distinctions between interference from work and that from nonwork. The former occurs when work demands deplete a person's resources of time, commitment, and energy and thereby reduce his or her ability to enact nonwork roles, whereas the latter occurs when nonwork demands deplete these resources and thereby reduce his or her ability to enact work roles. In instances where the directions of conflict were distinguished, role-specific demands were found to affect them differently, and combining them into one measure would have diluted the effects (Frone *et al.* 1992, 1997, Cohen and Kirchmeyer 1995, Parasuraman *et al.* 1996). Frone *et al.* (1992) also speculated that different strategies for managing the work-nonwork interface may affect the two directions of conflict in unique ways, but no research has tested for that possibility. The findings of Frone and his colleagues (1992) further revealed that models of the work-nonwork interface could be improved by setting a reciprocal relationship between the two directions of conflict. This feature deserves re-testing with other samples of workers and may be important for explaining the effects of inter-role management if such effects show indirectly through one form of conflict to another. In addition, some evidence indicates that work-nonwork conflict influences a narrower range of attitudinal and physiological outcomes than previously thought (Thomas and Ganster 1995) and that the two directions of conflict may have unique outcomes (Frone *et al.* 1992, Parasuraman *et al.* 1996). Such unique outcomes along with inter-role management strategies affecting the directions of conflict differently may establish unique pathways to work outcomes. In this study of Canadian women who are teachers and other school-district employees, the authors examined two strategies for managing the work-nonwork interface. The authors aimed to determine if the ability of the strategies to predict absenteeism and turnover intention could be improved by specifying both a unique pathway for each, and a reciprocal relationship between the two directions of work-nonwork conflict.

RESEARCH MODELS

The generally applied model or general model encompasses variable relationships that are found commonly in conceptualizations of the work- nonwork interface. It follows the accepted practice among researchers of setting work- nonwork conflict as a mediator between both role demands and inter-role management and work outcomes (Kossek and Nichol 1992, Thomas and Ganster 1995, Parasuraman *et al.* 1996). Underlying this model is the assumption that better management of the work- nonwork interface will reduce conflict between the domains. Research evidence of a relationship between such management and conflict in general has ranged from supportive (Warren and Johnson 1995) to non-supportive (GoV *et al.* 1990) as well as providing mixed results (Beutell and Greenhaus 1983). The model does recognize the two directions of conflict to be correlated, a relationship reported consistently (Gutek *et al.* 1991, Cohen and Kirchmeyer 1995, Parasuraman *et al.* 1996), although no direct relationship has been assumed. The general model also incorporates research evidence that role-specific demands are associated with only one direction of conflict. Two measures of role demands, number of children and personal income, were included here. Note that such demographic variables are not prone to common method variance in self-reporting (Crompton and Wagner 1994). Parenting, for example, represents the most demanding nonwork role in terms of time and involvement (Gutek *et al.* 1991, Kirchmeyer 1993). The demands of parenting tend to increase with number of children, and family size has been shown to predict family- role strain (Katz and Piotrkowski 1983) and work-nonwork conflict (Keith and Schafer 1980).

In several studies that explicitly distinguished interference from nonwork and that from work, only the former was associated with number of children, hours spent in family work, and family involvement (Gutek *et al.* 1991, Frone *et al.* 1992, Matsui *et al.* 1995). That disruption mostly from the high-demand roles makes sense intuitively, and thus family size was set here to affect only interference from nonwork. Income was used as an indicator of work demands and set to affect only interference from work. Greater income, particularly within a single organization, suggests a higher-level job requiring more involvement and time commitment (Hughes and Galinsky 1994). The same reactive and proactive aspects could be applied to alternative forms of work withdrawal such as turnover. That is, changing jobs may be both an escape from the discomfort of work- nonwork conflict and an attempt to restructure one's life. The authors also included in the model an outcome that has been associated with work- nonwork conflicts consistently, that is, stress symptoms including tiredness, nervousness, feeling 'blue', and lack of enthusiasm for life (Keith and Schafer 1980, Tiedje *et al.* 1990, Ray and Miller 1994, Thomas and Ganster 1995). In these studies, the two directions of conflict were not measured separately, and disruptions from both work and nonwork were assumed to act as stressors. Given the body of evidence suggesting that role conflict in general leads to health problems (Ganster and Schaubroeck, 1991), in the present model both directions of conflict were set to affect stress symptoms. When the two directions have been distinguished, both have been associated with stress symptoms in some studies (Klitzman *et al.* 1990, Parasuraman *et al.* 1996), whereas in others, only interference from nonwork (Frone *et al.* 1992) or that from work (O'Driscoll *et al.* 1992) revealed relationships.

3.0 CONCEPTUAL FRAMEWORK AND HYPOTHESES

Conceptually, very little work has been done on the effect of nonwork domains on turnover. An early and general perspective on this relationship was offered by Sussman and Cogswell (1971). Their main argument was that there is a direct relationship between supply and demand of workers in any occupational system and the considerations of non-economic factors in job movements.

NONWORK DOMAINS AND TURNOVER: EARLY CONCEPTUALIZATIONS

The greater the demand for workers in any occupational system the greater the consideration given to familial concerns such as work aspirations of spouses, special needs of children, community activities, links with kin, friends, and voluntary associations physical and social environment, and conditions in the work situation. That is, in a market of few options or of practically no jobs, and where survival is paramount, most individuals will go where the work is for the available pay. On the other hand, a worker enjoying great demand for her/his services, one in which he/she has many job options, will input into a decision those non-monetary considerations relevant to her/his social situation and personality. Another way to conceptualize the effect of nonwork domains on turnover is by the side-bet theory (Becker, 1960). Becker argues that over time, certain accruing costs make it more difficult to disengage from a consistent line of activity, namely, and maintaining membership in the organization. The threat of losing these investments, along with a perceived lack of compensating alternatives, commits the person to the organization.

THE NATURE OF THE RELATIONSHIP BETWEEN NONWORK DOMAINS AND TURNOVER

There is a consensus in the literature regarding the way nonwork considerations affect turnover. Steers and Mowday (1981), Price and Mueller (1981), and Mobley (1982) argued that nonwork considerations do not affect turnover directly. They affect the intention to leave or to stay in the organization, and this intention is the variable that has a direct effect on turnover (Stein and O'Connell, 1984). There is, however, a major difference between Price and Mueller (1981) on the one hand and Mobley (1982) and Steers and Mowday (1981) on the other. Price and Mueller expected and influences on Withdrawal Cognitions found a direct relationship of kinship responsibilities, which was their indicator of nonwork domains, on the intention to stay in the organization. Mobley and Steers and Mowday, however, hypothesized that nonwork considerations moderate the relationship between affective responses to the job and intention to stay or leave the organization. However, Lee and Mowday (1987), who examined Steers and Mowday's (1981) model, found no support for an interaction between affective responses and nonwork influences. Their results suggest a direct relationship between affective responses and intention to stay or leave with no effect of nonwork influences.

Recent research on nonwork domains has emphasized the perceptions and reactions of individuals to work/nonwork interface and their effects on the quality of life of the individuals. Important concepts such as work/nonwork conflict (Frone, Russell, & Cooper, 1992; Williams & Alliger, 1994), positive and negative nonwork to work spillover (Crouter, 1984; Kirchmeyer, 1992), coping strategies (Beutell & Greenhaus, 1983; Parasuraman & Hansen, 1987), and organizational support to employee's nonwork needs (Orthner & Pittman, 1986) were not examined as possible determinants of turnover although they were found to be related to attitudes which are turnover antecedents, such as commitment and satisfaction (Kirchmeyer, 1992; Steffy & Jones, 1988). In short, very little research has been performed on the relationship between nonwork domains and turnover. While the influence of nonwork factors on employee turnover remains perhaps one of the richest areas as for future work, few studies have systematically examined this relationship (Mowday *et al.*, 1982; Porter & Steers, 1973). As a result, many aspects of this relationship have not been explored. For example, most of the above research applied a limited definition of nonwork, mainly its family responsibility aspects. Few studies have developed conceptual arguments regarding the process by which different aspects of nonwork domains might be related to turnover. Also, little research has compared the effect of nonwork domains with work variables in their relationship to turnover. This research attempts to explore some of these issues.

RESEARCH HYPOTHESES

Crouter (1984) defined psychological spillover as a transitory phenomenon which includes the ways in which family life affects an individual's energy level, attention span, and mood, which in turn are brought into the work setting by the worker. Kirchmeyer (1992) described how family and other nonwork domains can affect attitudes and behaviors at work. She argued that by active participation in nonwork domains, such as family (e.g., parenting), community (e.g., political parties, charities), and recreation (e.g., social clubs, hobby associations), the employed individual can increase the number of privileges which he or she can enjoy beyond work-related ones, buffer the failures and strains of work, gain contacts and information valuable for work, and develop skills and perspectives useful there. Such resource enrichments involve not only the individual's capacity to meet work demands and his or her value to the employing organization, but also the sense of personal competence. Through such enhancements, nonwork participation could favorably influence attitudes and behaviors toward the organization and the job. This research anticipates that a positive nonwork-to-work overrun will be related to withdrawal cognitions. Of all the proposed antecedents of turnover, those concerning the work experience itself have demonstrated the strongest relationships with turnover (Mowday *et al.*, 1982; Lee & Mowday, 1987).

Hypothesis 1: Low withdrawal behavior will be associated with high positive nonwork to work overrun

Work/nonwork conflict reflects the goodness of fit between work life and nonwork life (Rice *et al.*, 1992). The demands associated with one role constrain the time and psychological resources that individuals can devote to the other. Individuals experiencing high job demands may have limited time and energy for

family tasks. As a result, perceptions that work interferes with family would be high (Williams & Alliger, 1994). Increased work/nonwork conflict might lead employees to look for an alternative work setting which will offer them a better work schedule (e.g., no shiftwork, a shorter workday, no weekends and holiday work), or day-care arrangements that would reduce the nonwork demands and thereby decrease the potential for work/nonwork conflict. Moreover, Frone et al. (1992) argued that individuals are less likely to accept direct responsibility for managing their work roles in a way that does not interfere with their family life. Rather, individuals are more likely to hold their organizations responsible for work/nonwork conflict. This probably causes negative attitudes toward the organization, increasing withdrawal cognitions. Research has supported the notion that work family conflict and pressures can cause employees to quit their jobs. Sussman and Cogswell (1971) offered specific arguments indicating how a certain type of family and life cycle stage can cause differential propensities to move. The relationship between family responsibility and turnover intentions was found to be generally positive (Muchinsky & Tuttle, 1979), indicating that work family conflict and pressures can cause employees to quit their jobs. Porter and Steers (1973) stated that increased family responsibility produces more turnover for women, whereas the results for men are mixed.

Hypothesis 2 : High withdrawal behavior will be associated with high work/nonwork conflict

The two explanations offered for the relationship between importance of nonwork and turnover suggest that individuals who assign high importance to nonwork domains will have weaker withdrawal cognitions. Accordingly, individuals who value their nonwork domains are more willing to cope with increasing extra-organizational role demands by responding to them positively (Kabanoff, 1980; Marks, 1977). Adding new roles may liberate sources of energy for the individual and, rather than having to pay for extensive social involvement, individuals may come away from new social involvements more enriched and vitalized. Many ties may be supportive of the individual and create energy for use in other role performance (Randall, 1988). Such individuals will not perceive the organization as interfering in their extra-organizational role demands and will not develop negative attitudes that might cause them to leave their work setting. Another explanation is based on the side-bet theory mentioned earlier. It states that nonwork domains can be perceived as a side-bet, following Becker's (1960) theory. That is, one might hesitate to leave the workplace so as not to lose any of the quality of one's nonwork life in one's current community. In many cases, leaving a workplace means having to relocate. Individuals who have developed strong ties to their community, friends, family, social clubs will be less inclined to leave their organization if it means leaving their location and their community. Thus, involvement in nonwork domains can be a side-bet that will prevent individuals from leaving in order not to lose or reduce the quality of their extra-organizational life.

4.0 METHODOLOGY

PARTICIPANTS

Questionnaires were mailed to 150 employees of a leading Telecom Service organization in Mumbai/Navi Mumbai, India using stratified random sampling. A total of 120 usable questionnaires were returned: a response rate of 80% of the samples were males. The mean age of the respondents was 32 years and the mean work experience was 8.8 years. 44% of the respondents had 2 children while 22% of the respondents had 1 child and rest had no children or unmarried. The demographic profile of the respondents of the survey are presented in the appendix (Refer Table 10-14).

RELIABILITY

The reliability of the research instrument is estimated by computing the Cronbach's alpha reliability coefficient. The computed alpha coefficient is 0.701 (Refer Table 1).

TABLE 1 - RELIABILITY STATISTICS

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .701 | 30 |

NONWORK DOMAIN VARIABLES

Factor analysis has been performed to identify the key nonwork dimensions that play an important role in predicting employee turnover. Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. Exploratory factor analysis (EFA) has been used to uncover the underlying structure from set of 30 variables obtained by administering the questionnaire. A total of 9 factors have been identified as depicted in Table 2. The component matrix is presented in Table 3. The factors identified are Health (Self & Family), Work related Travel (including sleep deprivation), Societal Pressures and Perception, Career Progression (Includes growth, opportunities for higher study), Spouse's Career, Family (Time spent, children's education), Socializing, Lifestyle, Happiness and Well Being and Gender Bias in case of Females.

TABLE 2 – FACTOR ANALYSIS - VARIANCE

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 4.796 | 15.986 | 15.986 | 4.796 | 15.986 | 15.986 | 3.567 | 11.890 | 11.890 |
| 2 | 3.139 | 10.463 | 26.450 | 3.139 | 10.463 | 26.450 | 2.915 | 9.715 | 21.606 |
| 3 | 2.870 | 9.567 | 36.016 | 2.870 | 9.567 | 36.016 | 2.809 | 9.364 | 30.970 |
| 4 | 1.988 | 6.626 | 42.642 | 1.988 | 6.626 | 42.642 | 2.057 | 6.855 | 37.825 |
| 5 | 1.699 | 5.663 | 48.305 | 1.699 | 5.663 | 48.305 | 1.864 | 6.214 | 44.039 |
| 6 | 1.397 | 4.657 | 52.962 | 1.397 | 4.657 | 52.962 | 1.742 | 5.807 | 49.846 |
| 7 | 1.342 | 4.472 | 57.434 | 1.342 | 4.472 | 57.434 | 1.543 | 5.142 | 54.987 |
| 8 | 1.176 | 3.919 | 61.354 | 1.176 | 3.919 | 61.354 | 1.502 | 5.006 | 59.993 |
| 9 | 1.021 | 3.403 | 64.757 | 1.021 | 3.403 | 64.757 | 1.429 | 4.763 | 64.757 |
| 10 | .995 | 3.316 | 68.073 | | | | | | |
| 11 | .932 | 3.107 | 71.180 | | | | | | |
| 12 | .899 | 2.998 | 74.178 | | | | | | |
| 13 | .805 | 2.682 | 76.860 | | | | | | |
| 14 | .738 | 2.461 | 79.321 | | | | | | |
| 15 | .673 | 2.245 | 81.566 | | | | | | |
| 16 | .569 | 1.897 | 83.463 | | | | | | |
| 17 | .548 | 1.828 | 85.291 | | | | | | |
| 18 | .526 | 1.754 | 87.045 | | | | | | |
| 19 | .495 | 1.652 | 88.696 | | | | | | |
| 20 | .471 | 1.571 | 90.267 | | | | | | |
| 21 | .442 | 1.475 | 91.742 | | | | | | |
| 22 | .400 | 1.333 | 93.074 | | | | | | |
| 23 | .363 | 1.211 | 94.286 | | | | | | |
| 24 | .325 | 1.083 | 95.369 | | | | | | |
| 25 | .316 | 1.052 | 96.420 | | | | | | |
| 26 | .286 | .952 | 97.372 | | | | | | |
| 27 | .241 | .805 | 98.177 | | | | | | |
| 28 | .223 | .745 | 98.922 | | | | | | |
| 29 | .182 | .607 | 99.529 | | | | | | |
| 30 | .141 | .471 | 100.000 | | | | | | |

TABLE 3 – FACTOR ANALYSIS – COMPONENT MATRIX

| | Component | | | | | | | | |
|-----------------------------------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| Travel to Work | .514 | .447 | -.351 | -.199 | -.125 | .122 | .053 | -.119 | .072 |
| Health & Lifestyle | .604 | .400 | -.329 | -.115 | -.146 | .159 | .060 | -.065 | -.047 |
| Sports/Hobbies | .664 | .246 | -.190 | -.240 | -.072 | .200 | -.097 | -.077 | -.053 |
| Sleep Deprivation | .592 | .297 | -.126 | -.199 | -.090 | .235 | .069 | .042 | -.163 |
| Dual Income Household | .452 | .356 | -.156 | -.054 | -.405 | -.222 | .374 | .034 | .102 |
| Higher Studies | .597 | .285 | -.143 | -.273 | -.040 | .057 | -.253 | .033 | -.138 |
| Family Support System | -.129 | .228 | -.226 | -.291 | .338 | -.094 | -.504 | -.072 | .227 |
| Gender Bias | .533 | -.150 | .015 | .170 | .417 | -.107 | -.018 | -.213 | .075 |
| Long Term Career Planning | .583 | -.350 | .136 | -.186 | .204 | -.056 | .173 | .190 | .269 |
| Impact of Spouse's Career | .562 | -.383 | -.002 | .049 | .003 | -.091 | .302 | .034 | .421 |
| Impact of Lifestyle on Career | .495 | -.165 | .339 | .253 | -.249 | .021 | .014 | -.104 | .205 |
| Outstation Families | -.007 | .204 | -.178 | .523 | .330 | -.091 | -.040 | -.199 | -.173 |
| Additional Income Generation | .595 | -.267 | .316 | .207 | .065 | .007 | -.171 | .040 | -.010 |
| Socializing | -.092 | .432 | -.331 | .228 | .360 | .173 | .167 | .195 | -.112 |
| Time with Family | .011 | .658 | .485 | .056 | .084 | -.002 | -.176 | -.069 | .114 |
| Time with Children | .066 | .417 | .617 | -.008 | .121 | -.134 | .136 | -.028 | .063 |
| Family Health | .333 | .164 | .157 | -.228 | .592 | -.060 | .105 | -.008 | -.246 |
| Health | .463 | .287 | -.001 | .539 | .185 | .061 | .080 | -.028 | .040 |
| Societal Perceptions | .431 | -.167 | .421 | .084 | .133 | .233 | -.382 | -.017 | .162 |
| Family Pressures | .520 | -.232 | .322 | .095 | -.075 | .030 | -.374 | .103 | -.142 |
| Happiness & Well Being | -.228 | .620 | .257 | .125 | -.060 | -.029 | -.041 | .047 | .349 |
| Metro Lifestyle | -.088 | -.122 | .166 | -.508 | .409 | .020 | .198 | .317 | -.007 |
| Relocation for Career Enhancement | .042 | .040 | .091 | .577 | .028 | .432 | .139 | .397 | -.192 |
| Children's Academics | .245 | .012 | .389 | -.073 | .114 | -.092 | .353 | .221 | -.102 |
| Social Orientation | -.303 | .305 | -.174 | .090 | -.040 | .192 | -.201 | .530 | .340 |
| Gender | -.018 | -.370 | .284 | -.224 | -.240 | .571 | -.071 | .074 | -.131 |
| Age Group | -.279 | .157 | .491 | -.358 | .188 | .241 | .146 | -.180 | -.004 |
| Marital Status | -.249 | .530 | .582 | -.091 | -.199 | .022 | .027 | .055 | -.019 |
| Exp Band | .123 | .124 | .475 | .058 | -.315 | -.423 | -.080 | -.002 | -.344 |
| Qualification Band | -.310 | -.037 | .156 | .075 | .036 | .512 | .267 | -.567 | .132 |

Extraction Method: Principal Component Analysis.

a. 9 components extracted.

DATA ANALYSIS

The data is analyzed using JMP Version 5.1. JMP is a software for interactive statistical graphics viewing, editing, entering, and manipulating data with a broad range of graphical and statistical methods for data analysis. A Cartesian Regression Tree (CART) analysis is performed to estimate the key nonwork parameters that influence an employee's decision to leave an organization. A total of twenty five nonwork domain variables and five demographic variables were extracted from the questionnaire administered on the respondents. A five point likert scale has been used to record the responses to the questions related to nonwork domains. The summation of these responses represents an index that represents the likelihood of the respondent's tenure within an organization. The index has been denoted as JSI – Job Satisfaction Index. A recursive partition analysis has been performed to isolate the key variables that influence JSI. A total of 7 variables were isolated after 5 splits with r^2 value of 0.732. The factors are pictorially highlighted in Figure 1. The contributions of these factors in determining JSI are presented in table 4. The interrelationship between the factors is presented in table 5.

FIGURE 1 – PRIMARY FACTORS INFLUENCING JSI

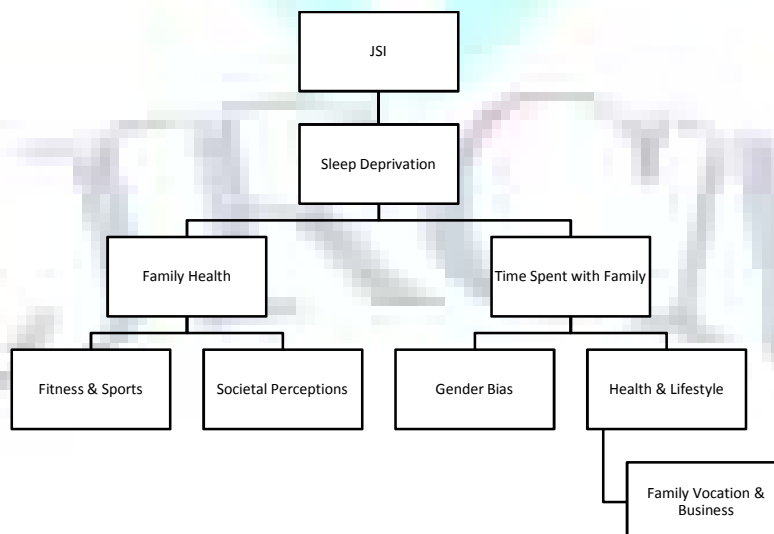


TABLE 4 – JSI PREDICTORS

| Term | N | Splits | SS |
|---|---|------------|----|
| Time & Energy Spent on Travel to Work | 0 | | 0 |
| Neg Impact on Health & Lifestyle | 1 | 1.67646575 | |
| Sports & Fitness | 1 | 0.16443223 | |
| Sleep Deprivation | 1 | 6.88363453 | |
| Interaction with Spouse | 0 | | 0 |
| Higher Studies | 0 | | 0 |
| Family Support System | 0 | | 0 |
| Gender Bias | 1 | 0.68442374 | |
| Family Vocation & Business | 1 | 0.72439018 | |
| Spouse's Career & Compensation | 0 | | 0 |
| Life Style & Spending Pattern | 0 | | 0 |
| Travel to Home Town | 0 | | 0 |
| Additional Income Generation | 0 | | 0 |
| Weekend Socializing | 0 | | 0 |
| Time at Home | 1 | 1.660026 | |
| Time with Children | 0 | | 0 |
| Impact of ill Health of Family Members | 1 | 1.03017146 | |
| Impact on Health due to strenuous Metro Life | 0 | | 0 |
| Negative Societal Perceptions of Employer | 1 | 0.75828248 | |
| Need for Job Change for Higher Income | 0 | | 0 |
| Positive Family Life & Support for Career Aspirations | 0 | | 0 |
| Preference for Metros | 0 | | 0 |
| Impact of Working Away from Home & Family | 0 | | 0 |
| Impact of Childrens Education on Job | 0 | | 0 |
| Positive Social Orientation, Education & Upbringing | 0 | | 0 |

TABLE 5 – CO-RELATIONAL ANALYSIS

| | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q13 | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q24 | Q25 | |
|-----------|----------------|--------------------|----------------|-------------------|-----------------------|----------------|-----------------------|-------------|---------------------------|---------------------------|-------------------------------|------------------------------|-------------|------------------|--------------------|---------------|--------|----------------------|------------------|------------------------|----------------------|--------------------|------|
| | Travel to Work | Health & Lifestyle | Sports/Hobbies | Sleep Deprivation | Dual Income Household | Higher Studies | Family Support System | Gender Bias | Long Term Career Planning | Impact of Spouse's Career | Impact of Lifestyle on Career | Additional Income Generation | Socializing | Time with Family | Time with Children | Family Health | Health | Societal Perceptions | Family Pressures | Happiness & Well Being | Children's Academics | Social Orientation | |
| Travel | | .801 | .505 | .429 | .404 | .382 | | | | | | | | | | | .204 | | | | | | |
| Health | .801 | | .552 | .452 | .458 | .371 | | .179 | | .186 | | | | | | .208 | .279 | | | | | | |
| Career | | | .210 | | 0.128 | .227 | | .430 | | .554 | .290 | .356 | | | | .267 | | .272 | .287 | | .315 | .189 | |
| Spouse | | .186 | .189 | | .220 | | .192 | .342 | .554 | .353 | .363 | | | .296 | | .191 | .220 | .241 | | .353 | | .227 | |
| Lifestyle | | | | .202 | | | .187 | .267 | .290 | | .458 | | .209 | | | .205 | .322 | | | | | | .216 |
| Societal | | | | | | | | .259 | .272 | .220 | .322 | | .229 | | | .276 | | .367 | | | .203 | | |
| Family | | | | | | | .200 | .293 | .287 | .241 | .352 | .469 | | | | | .367 | | | | .182 | | |
| Happiness | | | | | | | .228 | .234 | .315 | .353 | | .199 | .214 | .553 | .322 | | | | .182 | | | | .271 |
| Social | | | | | | | .209 | .210 | | .227 | .216 | .236 | | | | .188 | | | | .271 | | | |

Co-relational analysis was done to identify the major groups in consonance with the 9 factors identified in the factor analysis. The groups as well as the associated questions are presented in the Table 6. **Questions 12, 22 and 23** did not have any significant impact on the identified factors. The questions marked in bold have a negative co-relation with the primary factors.

TABLE 6 – PRIMARY GROUPS

| Group No | Description | Questions | Alpha |
|----------|-------------|--------------------------------------|-------|
| 1 | Travel | 2,3,4,5,6,18 | 0.786 |
| 2 | Health | 1,3,4,5,6,8,10,17,18 | 0.756 |
| 3 | Career | 3,5,6,7,8,10,11,13,14,17,19,20,21,24 | 0.629 |
| 4 | Spouse | 2,3,5,7,8,9,11,13,15,18,19,20,21,25 | 0.657 |
| 5 | Lifestyle | 4,6,7,8,9,11,13,14,18,19,21,25 | 0.6 |
| 6 | Societal | 8,9,10,11,14,18,20,24 | 0.684 |
| 7 | Family | 7,8,9,10,11,13,19,21 | 0.668 |
| 8 | Happiness | 7,8,9,10,13,14,15,16,20,25 | 0.68 |
| 9 | Social | 7,8,10,11,13,17,21 | 0.37 |

KEY FINDINGS

1. Long term career planning has a negative co-relation with family support system, socializing and happiness and well being. This indicates that career oriented individuals spend less time with their families, socialize less and have a low happiness and well being quotient
2. Health and lifestyle of individuals who stay away from their workplace and consequently have a long travel time to work are strongly impacted

3. Individuals (Males) whose spouses pursue careers have a negative co-relation with family support system, time spend with family and hence low happiness and well being quotient
4. Career aspirations impact the health and life style and social life of an individual
5. Negative societal perceptions of an individual's employer affects their social life and standing
6. Happiness and well being has a negative co-relation with long term career planning, spouse's career, additional income generation and gender bias
7. Individuals without a strong family support system have a low happiness and well being quotient
8. Social orientation has a negative co-relation with gender bias, spouse career, individual's lifestyle and career, additional income generation and family. This phenomenon is unique to the Indian sub-continent where many sections of the society still prefer their women folk to manage their homes rather than pursuing a career

PREDICTOR EQUATION

$$If (: Sleep Deprivation < 3, If (: Impact of ill Health of Family Members < 2, 2.3666666666667, If (: Negative Societal Perceptions of Employer < 3, If (: Name (Sports & Fitness) < 3, 2.67714285714286, 2.8366666666667, 3.176), If (: Time at Home < 5, If (: Gender Bias < 3, 3.07542857142857, 3.32), If (: Name (Neg Impact on Health & Lifestyle) < 3, 3.01714285714286, If (: Name (Family Vocation & Business) < 4, 3.48421052631579, 3.912)))$$

One of the primary factors affecting JSI (and consequently an employee's commitment to work) is sleep deprivation. This is primarily due to a high travel time to work, pursuit of careers, need for additional income generation among others. For mean less than 3 the additional factor that emerges is the health of family members. If the mean of family health is between 2 to 2.37 another factor affecting JSI is 'negative societal perception about the individual's employer'. A mean of less than 3 for negative societal perception introduces an additional factor 'time spent at home' into the equation. A mean of less than 5 (for time spent at home) brings gender bias, health and lifestyle and family vocation and business into the JSI predictor equation (Refer Table 7).

TABLE 7 – JSI PREDICTORS - DETAILS

| S.N | Leaf Label | Mean | Count |
|-----|---|------|-------|
| 1 | Sleep Deprivation<3&Impact of ill Health of Family Members<2 | 2.37 | 6 |
| 2 | Sleep Deprivation<3&Impact of ill Health of Family Members>=2&Negative Societal Perceptions of Employer<3&Sports & Fitness<3 | 2.68 | 14 |
| 3 | Sleep Deprivation<3&Impact of ill Health of Family Members>=2&Negative Societal Perceptions of Employer<3&Sports & Fitness>=3 | 2.84 | 12 |
| 4 | Sleep Deprivation<3&Impact of ill Health of Family Members>=2&Negative Societal Perceptions of Employer>=3 | 3.18 | 5 |
| 5 | Sleep Deprivation>=3&Time at Home<5&Gender Bias<3 | 3.08 | 35 |
| 6 | Sleep Deprivation>=3&Time at Home<5&Gender Bias>=3 | 3.32 | 17 |
| 7 | Sleep Deprivation>=3&Time at Home>=5&Neg Impact on Health & Lifestyle<3 | 3.02 | 7 |
| 8 | Sleep Deprivation>=3&Time at Home>=5&Neg Impact on Health & Lifestyle>=3&Family Vocation & Business<4 | 3.48 | 19 |
| 9 | Sleep Deprivation>=3&Time at Home>=5&Neg Impact on Health & Lifestyle>=3&Family Vocation & Business>=4 | 3.91 | 5 |

5.0 HYPOTHESIS TESTING

Hypothesis 1 - Low withdrawal behavior will be associated with high positive nonwork to work overrun

A T- test (since JSI is normal – Figure 2 – Test of Normality included in Appendix) has been done to understand the effects of positive nonwork to work overrun on withdrawal behaviors. The data was analyzed for values of JSI that indicated a positive response to the key nonwork domains. It is observed from the test depicted in table 8 that the value of p<0.05 and hence the hypothesis is retained.

TABLE 8 – T TEST (ASSOCIATION OF LOW WITHDRAWAL COGNITIONS WITH HIGH POSITIVE NONWORK TO WORK OVERRUN)

| Independent Samples Test | | Levene's Test for Equality of Variances | | t-Test for Equality of Means | | | | | | |
|--------------------------|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|-------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| Sleep Deprivation | Equal variances assumed | 1.428 | 0.23 | 7.07 | 118 | 0 | 1.199 | 0.17 | 0.863 | 1.535 |
| | Equal variances not assumed | | | 6.86 | 91.755 | 0 | 1.199 | 0.175 | 0.852 | 1.546 |
| Gender Bias | Equal variances assumed | 1.341 | 0.25 | 3.6 | 118 | 0 | 0.571 | 0.159 | 0.256 | 0.885 |
| | Equal variances not assumed | | | 3.79 | 117.34 | 0 | 0.571 | 0.15 | 0.273 | 0.869 |
| Sports / Hobbies | Equal variances assumed | 24.73 | 0 | 6.65 | 118 | 0 | 1.144 | 0.172 | 0.803 | 1.485 |
| | Equal variances not assumed | | | 6.09 | 71.754 | 0 | 1.144 | 0.188 | 0.77 | 1.519 |
| Health & Lifestyle | Equal variances assumed | 0.96 | 0.33 | 6.7 | 118 | 0 | 1.294 | 0.193 | 0.912 | 1.676 |
| | Equal variances not assumed | | | 6.7 | 103.2 | 0 | 1.294 | 0.193 | 0.911 | 1.677 |
| Time with Family | Equal variances assumed | 3.197 | 0.08 | 2.71 | 118 | 0.008 | 0.481 | 0.178 | 0.129 | 0.833 |
| | Equal variances not assumed | | | 2.56 | 82.218 | 0.012 | 0.481 | 0.188 | 0.107 | 0.856 |
| Family Health | Equal variances assumed | 0.44 | 0.51 | 4.04 | 118 | 0 | 0.727 | 0.18 | 0.37 | 1.084 |
| | Equal variances not assumed | | | 4.12 | 110.55 | 0 | 0.727 | 0.176 | 0.378 | 1.076 |
| Societal Perceptions | Equal variances assumed | 14.11 | 0 | 3.98 | 118 | 0 | 0.756 | 0.19 | 0.38 | 1.133 |
| | Equal variances not assumed | | | 4.23 | 117.95 | 0 | 0.756 | 0.179 | 0.403 | 1.11 |
| Family Pressures | Equal variances assumed | 0.025 | 0.87 | 4.01 | 118 | 0 | 0.847 | 0.211 | 0.429 | 1.266 |
| | Equal variances not assumed | | | 4.03 | 105.3 | 0 | 0.847 | 0.21 | 0.43 | 1.264 |

Hypothesis 2 - High withdrawal behavior will be associated with high work/nonwork conflict

Analysis of variance (ANOVA) has been done to check the association of the primary nonwork domain factors on high withdrawal behaviors. It can be observed from table 9 that $p < 0.05$ which retains the hypothesis.

TABLE 9— ANOVA (ASSOCIATION OF HIGH WITHDRAWAL COGNITIONS WITH HIGH WORK/NONWORK CONFLICT)

| ANOVA | | | | | | |
|----------------------|----------------|----------------|-----|-------------|-------|-------|
| | | Sum of Squares | df | Mean Square | F | Sig. |
| Sleep Deprivation | Between Groups | 80.338 | 39 | 2.06 | 2.763 | 0 |
| | Within Groups | 59.653 | 80 | 0.746 | | |
| | Total | 139.992 | 119 | | | |
| Family Health | Between Groups | 66.779 | 39 | 1.712 | 2.3 | 0.001 |
| | Within Groups | 59.546 | 80 | 0.744 | | |
| | Total | 126.325 | 119 | | | |
| Time with Family | Between Groups | 52.48 | 39 | 1.346 | 1.728 | 0.02 |
| | Within Groups | 62.312 | 80 | 0.779 | | |
| | Total | 114.792 | 119 | | | |
| Sports/Hobbies | Between Groups | 88.803 | 39 | 2.277 | 3.606 | 0 |
| | Within Groups | 50.522 | 80 | 0.632 | | |
| | Total | 139.325 | 119 | | | |
| Gender Bias | Between Groups | 50.887 | 39 | 1.305 | 2.329 | 0.001 |
| | Within Groups | 44.813 | 80 | 0.56 | | |
| | Total | 95.7 | 119 | | | |
| Health & Lifestyle | Between Groups | 90.096 | 39 | 2.31 | 2.152 | 0.002 |
| | Within Groups | 85.895 | 80 | 1.074 | | |
| | Total | 175.992 | 119 | | | |
| Societal Perceptions | Between Groups | 63.758 | 39 | 1.635 | 1.708 | 0.022 |
| | Within Groups | 76.567 | 80 | 0.957 | | |
| | Total | 140.325 | 119 | | | |
| Family Pressures | Between Groups | 90.391 | 39 | 2.318 | 2.229 | 0.001 |
| | Within Groups | 83.201 | 80 | 1.04 | | |
| | Total | 173.592 | 119 | | | |

6.0 FINDINGS**POSITIVE NONWORK-TO-WORK OVERRUN**

Travel to work is an important factor that affects JSI. Employees staying within the vicinity of their work place have a higher happiness and well being quotient since they could spend more time with their families; pursue sports and hobbies, better health and lifestyle.

IMPORTANCE OF NONWORK DOMAINS

Work-life conflict is a construct referring to the general interference that work life tends to have on an employee's personal life. It is a more general form of work-family conflict, which is defined as "a form of inter-role conflict in which the role pressures from the work and family domains are mutually incompatible in some respect" (Greenhaus & Beutell, 1985). Work-life conflict can come in many forms and may represent intrusions of work into family time, leisure activities, or a general inability to mentally leave the work world behind when physically moving from one's workspace to one's home and personal space. It has been established that nonwork domains directly impact employee's commitment to work, productivity and turnover.

This research has been specifically undertaken to explore the unique social fabric, culture and ethos of the Indian work environment and people working in the metros and tier 1 cities. The analysis of the data collected establishes a direct linkage of nonwork domain factors on the work place and identified key factors impacting employees commitment to work. This research validates the earlier findings while unravelling factors unique to the people working in metros and tier 1 cities in the Indian context.

7.0 DISCUSSION

The aim of this paper is to augment the limited research into the influences of nonwork domains on turnover decision. Mobley (1982) argued that as dual career families become more prevalent, as nonwork values become more central, and as more young people attach less importance to a stable and secure career, prediction and understanding of turnover will require inclusion of nonwork variables. This study tests nonwork variables other than those reflecting family responsibilities, the nonwork variables commonly tested so far. Another contribution is testing the relative effect of nonwork and work-related variables. The findings show that nonwork domain variables were significantly related to withdrawal cognitions beyond the effect of work-related variables.

The limitations of this research include the use of cross sectional correlational data, that does not facilitate the listing of causal inferences concerning the various hypothesized relationships. However, the data has been garnered through an administered survey which reduces the effect of bias. Also one can argue that turnover intentions are predicted to a greater extent by the presence of negative job attitudes such as stress or burnout. Therefore, in order to support the case that nonwork variables explain work withdrawal beyond the contribution of work-specific variables, future research could also test negative work attitudes instead of commitment and satisfaction.

WORK-LIFE CONFLICT AND ITS CONSEQUENCES

There are various possible links between nonwork and work domains, along with equally diverse organizational responses. Some of the potential factors are listed below (Edwards and Rothbard, 2000).

- *Spillover-overrun*: Where attitudes or behaviors from one domain generalize "ripplelike" to others (Near *et al*, 1980: 416). Edwards and Rothbard (2000: 180) suggest that this may occur because of similar constructs in the two domains, or where "experiences are transferred intact between domains"
- *Compensation*: When there is an inverse association between work and nonwork effects, individuals may, for example, compensate for need-fulfillment deficiencies at work through choices of leisure and family activities (Staines, 1980). Supplemental compensation involves seeking positive rewards in one domain that are absent from another, while reactive compensation, that is, unpleasant experiences in one domain, drives an individual to seek the opposite in another domain (Edwards & Rothbard, 2000: 181)
- *Segmentation*: Work and family are kept conceptually and effectively separate from each other by individuals or firms
- *Resource drain*: "Transfer of finite personal resources, such as time, attention, and energy, from one domain to another" (Edwards & Rothbard, 2000: 181). This differs from compensation as it is passive and involves only resources, not domain salience or rewards. Demerouti *et al* (2004) show that this can lead

to spiralling negative interactions between work and nonwork roles (see also Bakker, Demerouti & Dollard, 2008; Demerouti *et al*, 2005, for cross-spousal resource drain effects)

- *Congruence*: Apparent similarities between domains might exist, but only because an exogenous variable is acting on both domains in like measure and way, without actual inter-domain interaction. For instance, optimism may lead to satisfaction in all domains
- *Work-family conflict*. Conflict refers to situations in which the demands or role requirements of multiple domains stand in opposition to one another so that one cannot be effectively achieved if others also require attention. More recently, much attention has been focused on *enrichment* as opposed to *depletion* theories on multiple domains (Greenhaus & Powell, 2006; Rothbard, 2001). Depletion refers to negative theories on resource drain and conflict, and suggests conflict between the use of finite resources and its negative consequences. Enrichment or facilitation conversely suggests that positive consequences and interactions between multiple roles may occur, ranging from the expansion of resources, or the buffering of negative effects in one role by others, similar to the good in compensation and positive spill-over (Greenhaus & Powell, 2006)

The consequences of multiple roles may therefore vary. Negative spillover and conflict have been widely studied, and have been found to have negative consequences like absenteeism, lower productivity, health issues and lateness (e.g. Frone, Russel & Cooper, 1992; Hammer, Bauer & Grandey, 2003). The possibility of positive enrichment has also become clearer with empirical research (Greenhaus & Powell, 2006, for a review; Poppleton *et al*, 2008, for recent in-depth qualitative results). Much of the impact of multiple roles will be determined at the individual level by means of constructs like disposition. However, from the managerial perspective, the organization's responses to employees' nonwork lives may also have an impact.

ORGANIZATIONAL RESPONSES TO EMPLOYEE'S NONWORK LIVES

A great deal of research into organizational responses now makes use of boundary theory as an organizing framework (Desrochers & Sargent, 2004; Hall & Richter, 1988; Rothbard, Phillips & Dumas, 2005). *Boundary flexibility* refers to the extent to which the boundary between work and nonwork roles can be moved in terms of considerations like time and location. Employers' responses to employees' nonwork lives fall broadly into these possibilities. Employers might facilitate multiple domain management by making the physical demarcations of work flexible enough to meet individual needs, or by integrating nonwork and work roles and activities to reduce conflict and separation (Kirchmeyer, 1995). Generally, the extent to which the firm crosses boundaries is seen to exist on a continuum ranging from separation (no crossing) to integration (extreme crossing) or, more generally, in-between. Support involves providing employees with the personal resources to fulfill nonwork responsibilities, generally by creating boundary flexibility rather than permeability. Employers who assume that participation in nonwork domains acts as a positive force may perceive their role as enhancing synergies, for example by supporting employee family needs in order to mitigate cross-role stress (Kirchmeyer, 1990).

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APPENDIX

TABLE 10: DEMOGRAPHIC DETAILS

| | N | Minimum | Maximum | Mean | Std. Deviation |
|------------------------|-----|---------|---------|-------|----------------|
| Age | 120 | 23 | 53 | 32.79 | 6.164 |
| Distance to Work (Kms) | 120 | 1 | 180 | 39.50 | 34.891 |
| No. of Children | 120 | 0 | 2 | .89 | .742 |
| Work Exp | 120 | 2 | 29 | 8.84 | 5.568 |
| Valid N (listwise) | 120 | | | | |

TABLE 11: GENDER ANALYSIS

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | F | 25 | 20.8 | 20.8 | 20.8 |
| | M | 95 | 79.2 | 79.2 | 100.0 |
| | Total | 120 | 100.0 | 100.0 | |

TABLE 12: AGE GROUP

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 21-30 | 54 | 45.0 | 45.0 | 45.0 |
| | 31-40 | 51 | 42.5 | 42.5 | 87.5 |
| | 41-50 | 13 | 10.8 | 10.8 | 98.3 |
| | 51-60 | 2 | 1.7 | 1.7 | 100.0 |
| | Total | 120 | 100.0 | 100.0 | |

TABLE 13: MARITAL STATUS

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-----------|-----------|---------|---------------|--------------------|
| Valid | Married | 95 | 79.2 | 79.2 | 79.2 |
| | Unmarried | 25 | 20.8 | 20.8 | 100.0 |
| | Total | 120 | 100.0 | 100.0 | |

TABLE 14: NO. OF CHILDREN

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|-------|-----------|---------|---------------|--------------------|
| Valid | 0 | 40 | 33.3 | 33.3 | 33.3 |
| | 1 | 53 | 44.2 | 44.2 | 77.5 |
| | 2 | 27 | 22.5 | 22.5 | 100.0 |
| | Total | 120 | 100.0 | 100.0 | |

FIGURE 2: TEST OF NORMALITY - JSI

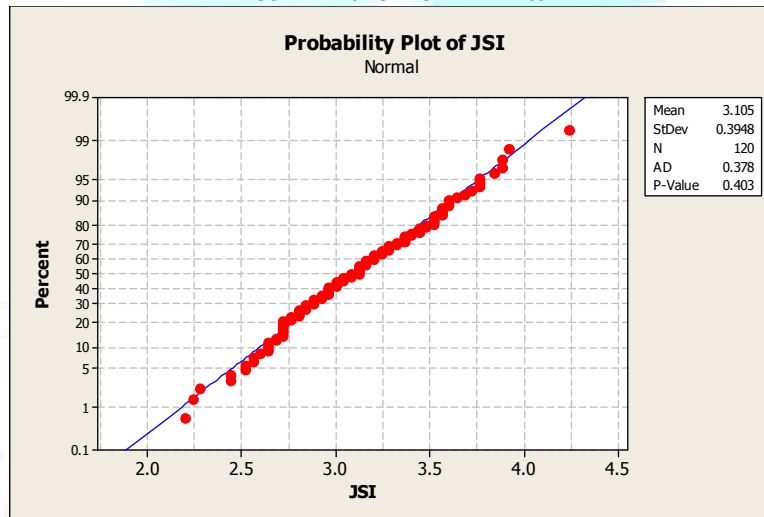


TABLE 15: CORRELATION ANALYSIS

| | | Q1 | Q2 | Q3 | Q4 | Q5 | Q6 | Q7 | Q8 | Q9 | Q10 | Q11 | Q12 | Q13 |
|-----------------------------------|-----------------|----------------|--------------------|------------------|-------------------|-----------------------|----------------|-----------------------|-------------|---------------------------|---------------------------|-------------------------------|---------------------|------------------------------|
| | | Travel to Work | Health & Lifestyle | Sports / Hobbies | Sleep Deprivation | Dual Income Household | Higher Studies | Family Support System | Gender Bias | Long Term Career Planning | Impact of Spouse's Career | Impact of Lifestyle on Career | Outstation Families | Additional Income Generation |
| Travel to Work | Corr. Coeff. | 1.000 | .801** | .505** | .429** | .404** | .382** | .163 | .123 | .056 | .152 | .100 | .044 | -.012 |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 | .000 | .075 | .182 | .544 | .097 | .276 | .636 | .896 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Health & Lifestyle | Corr. Coeff. | .801** | 1.000 | .552** | .452** | .458** | .371** | .065 | .179* | .116 | .186* | .080 | .053 | .121 |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 | .000 | .479 | .050 | .209 | .042 | .386 | .565 | .189 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Sports/Hobbies | Corr. Coeff. | .505** | .552** | 1.000 | .562** | .356** | .568** | .076 | .201* | .210* | .189* | .163 | -.079 | .154 |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 | .000 | .409 | .027 | .021 | .039 | .076 | .391 | .093 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Sleep Deprivation | Corr. Coeff. | .429** | .452** | .562** | 1.000 | .340** | .502** | .013 | .118 | .200* | .167 | .202* | .004 | .197* |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 | .000 | .884 | .198 | .029 | .069 | .027 | .961 | .031 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Dual Income Household | Corr. Coeff. | .404** | .458** | .356** | .340** | 1.000 | .360** | -.100 | .041 | .128 | .220* | .205* | -.039 | .061 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | | .000 | .279 | .655 | .164 | .016 | .025 | .676 | .508 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Higher Studies | Corr. Coeff. | .382** | .371** | .568** | .502** | .360** | 1.000 | .086 | .209* | .227* | .015 | .073 | -.087 | .208* |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | | .348 | .022 | .013 | .870 | .430 | .343 | .023 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Family Support System | Corr. Coeff. | .163 | .065 | .076 | .013 | -.100 | .086 | 1.000 | -.141 | -.189* | -.192* | -.187* | .116 | -.199* |
| | Sig. (2-tailed) | .075 | .479 | .409 | .884 | .279 | .348 | | .125 | .039 | .036 | .041 | .206 | .030 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Gender Bias | Corr. Coeff. | .123 | .179* | .201* | .118 | .041 | .209* | -.141 | 1.000 | .430** | .342** | .267** | .215* | .321** |
| | Sig. (2-tailed) | .182 | .050 | .027 | .198 | .655 | .022 | .125 | | .000 | .000 | .003 | .019 | .000 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Long Term Career Planning | Corr. Coeff. | .056 | .116 | .210* | .200* | .128 | .227* | -.189* | .430** | 1.000 | .554** | .290** | -.134 | .356** |
| | Sig. (2-tailed) | .544 | .209 | .021 | .029 | .164 | .013 | .039 | .000 | | .000 | .001 | .145 | .000 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Impact of Spouse's Career | Corr. Coeff. | .152 | .186* | .189* | .167 | .220* | .015 | -.192* | .342** | .554** | 1.000 | .353** | -.040 | .363** |
| | Sig. (2-tailed) | .097 | .042 | .039 | .069 | .016 | .870 | .036 | .000 | .000 | | .000 | .665 | .000 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Impact of Lifestyle on Career | Corr. Coeff. | .100 | .080 | .163 | .202* | .205* | .073 | -.187* | .267** | .290** | .353** | 1.000 | .024 | .458** |
| | Sig. (2-tailed) | .276 | .386 | .076 | .027 | .025 | .430 | .041 | .003 | .001 | .000 | | .791 | .000 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Outstation Families | Corr. Coeff. | .044 | .053 | -.079 | .004 | -.039 | -.087 | .116 | .215* | -.134 | -.040 | .024 | 1.000 | .013 |
| | Sig. (2-tailed) | .636 | .565 | .391 | .961 | .676 | .343 | .206 | .019 | .145 | .665 | .791 | | .892 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Additional Income Generation | Corr. Coeff. | -.012 | .121 | .154 | .197* | .061 | .208* | -.199* | .321** | .356** | .363** | .458** | .013 | 1.000 |
| | Sig. (2-tailed) | .896 | .189 | .093 | .031 | .508 | .023 | .030 | .000 | .000 | .000 | .000 | .892 | |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Socializing | Corr. Coeff. | .131 | .123 | .055 | .104 | .038 | .076 | .130 | -.014 | -.215* | -.131 | -.209* | .216* | -.179 |
| | Sig. (2-tailed) | .154 | .179 | .551 | .258 | .682 | .412 | .157 | .881 | .018 | .154 | .022 | .018 | .051 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Time with Family | Corr. Coeff. | .125 | .075 | .092 | .118 | .099 | .208* | .129 | -.108 | -.120 | -.296** | .063 | .054 | -.018 |
| | Sig. (2-tailed) | .172 | .418 | .316 | .200 | .283 | .023 | .161 | .242 | .193 | .001 | .495 | .560 | .847 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Time with Children | Corr. Coeff. | .029 | .039 | -.024 | .148 | .085 | -.047 | .001 | -.006 | .001 | -.035 | .097 | .033 | .060 |
| | Sig. (2-tailed) | .750 | .676 | .797 | .107 | .356 | .607 | .988 | .952 | .989 | .701 | .290 | .722 | .512 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Family Health | Corr. Coeff. | .140 | .208* | .197* | .203* | .043 | .205* | .054 | .240** | .267** | .075 | -.018 | .080 | .218* |
| | Sig. (2-tailed) | .128 | .023 | .031 | .026 | .638 | .025 | .555 | .008 | .003 | .415 | .846 | .386 | .017 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Health | Corr. Coeff. | .204* | .279** | .189* | .233* | .145 | .188* | -.082 | .287** | .179* | .191* | .205* | .297** | .285** |
| | Sig. (2-tailed) | .026 | .002 | .038 | .010 | .114 | .040 | .372 | .001 | .051 | .036 | .024 | .001 | .002 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Societal Perceptions | Corr. Coeff. | -.002 | .036 | .130 | .058 | -.153 | .125 | -.044 | .259** | .272** | .220* | .322** | -.173 | .437** |
| | Sig. (2-tailed) | .981 | .700 | .158 | .526 | .096 | .174 | .634 | .004 | .003 | .016 | .000 | .059 | .000 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Family Pressures | Corr. Coeff. | .046 | .158 | .149 | .145 | .049 | .257** | -.200* | .293** | .287** | .241** | .352** | -.065 | .469** |
| | Sig. (2-tailed) | .618 | .085 | .105 | .115 | .593 | .005 | .029 | .001 | .002 | .008 | .000 | .480 | .000 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Happiness & Well Being | Corr. Coeff. | .038 | -.009 | -.135 | -.065 | .125 | .030 | .228* | -.234* | -.315** | -.353** | -.123 | .031 | -.199* |
| | Sig. (2-tailed) | .679 | .925 | .141 | .483 | .173 | .742 | .012 | .010 | .000 | .000 | .181 | .738 | .029 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Metro Lifestyle | Corr. Coeff. | -.065 | -.123 | -.083 | .043 | -.080 | .008 | .155 | -.081 | .169 | .045 | -.062 | -.122 | -.042 |
| | Sig. (2-tailed) | .481 | .180 | .369 | .640 | .382 | .933 | .092 | .380 | .064 | .622 | .499 | .185 | .651 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Relocation for Career Enhancement | Corr. Coeff. | -.093 | .027 | .006 | .036 | -.029 | -.085 | -.185* | .060 | -.053 | -.005 | .096 | .162 | .057 |
| | Sig. (2-tailed) | .314 | .773 | .946 | .700 | .757 | .357 | .043 | .512 | .566 | .956 | .299 | .077 | .539 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Childrens Academics | Corr. Coeff. | .053 | .063 | .076 | .102 | .080 | .079 | -.124 | .093 | .189* | .070 | .149 | -.139 | .231* |
| | Sig. (2-tailed) | .567 | .497 | .412 | .269 | .386 | .390 | .177 | .315 | .038 | .449 | .104 | .130 | .011 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Social Orientation | Corr. Coeff. | .027 | .023 | -.079 | -.077 | -.045 | -.045 | .209* | -.210* | -.174 | -.227* | -.216* | .089 | -.236** |
| | Sig. (2-tailed) | .770 | .804 | .393 | .402 | .624 | .627 | .022 | .021 | .058 | .013 | .018 | .332 | .009 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |

TABLE 15: CONTINUED...

| | | Q14 | Q15 | Q16 | Q17 | Q18 | Q19 | Q20 | Q21 | Q22 | Q23 | Q24 | Q25 |
|-----------------------------------|-----------------|-------------|------------------|--------------------|---------------|---------|----------------------|------------------|------------------------|-----------------|-----------------------------------|---------------------|--------------------|
| | | Socializing | Time with Family | Time with Children | Family Health | Health | Societal Perceptions | Family Pressures | Happiness & Well Being | Metro Lifestyle | Relocation for Career Enhancement | Childrens Academics | Social Orientation |
| Travel to Work | Corr. Coeff. | .131 | .125 | .029 | .140 | .204* | -.002 | .046 | .038 | -.065 | -.093 | .053 | .027 |
| | Sig. (2-tailed) | .154 | .172 | .750 | .128 | .026 | .981 | .618 | .679 | .481 | .314 | .567 | .770 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Health & Lifestyle | Corr. Coeff. | .123 | .075 | .039 | .208* | .279** | .036 | .158 | -.009 | -.123 | .027 | .063 | .023 |
| | Sig. (2-tailed) | .179 | .418 | .676 | .023 | .002 | .700 | .085 | .925 | .180 | .773 | .497 | .804 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Sports/Hobbies | Corr. Coeff. | .055 | .092 | -.024 | .197* | .189* | .130 | .149 | -.135 | -.083 | .006 | .076 | -.079 |
| | Sig. (2-tailed) | .551 | .316 | .797 | .031 | .038 | .158 | .105 | .141 | .369 | .946 | .412 | .393 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Sleep Deprivation | Corr. Coeff. | .104 | .118 | .148 | .203* | .233* | .058 | .145 | -.065 | .043 | .036 | .102 | -.077 |
| | Sig. (2-tailed) | .258 | .200 | .107 | .026 | .010 | .526 | .115 | .483 | .640 | .700 | .269 | .402 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Dual Income Household | Corr. Coeff. | .038 | .099 | .085 | .043 | .145 | -.153 | .049 | .125 | -.080 | -.029 | .080 | -.045 |
| | Sig. (2-tailed) | .682 | .283 | .356 | .638 | .114 | .096 | .593 | .173 | .382 | .757 | .386 | .624 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Higher Studies | Corr. Coeff. | .076 | .208* | -.047 | .205* | .188* | .125 | .257** | .030 | .008 | -.085 | .079 | -.045 |
| | Sig. (2-tailed) | .412 | .023 | .607 | .025 | .040 | .174 | .005 | .742 | .933 | .357 | .390 | .627 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Family Support System | Corr. Coeff. | .130 | .129 | .001 | .054 | -.082 | -.044 | -.200* | .228* | .155 | -.185* | -.124 | .209* |
| | Sig. (2-tailed) | .157 | .161 | .988 | .555 | .372 | .634 | .029 | .012 | .092 | .043 | .177 | .022 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Gender Bias | Corr. Coeff. | -.014 | -.108 | -.006 | .240** | .287** | .259** | .293** | -.234* | -.081 | .060 | .093 | -.210* |
| | Sig. (2-tailed) | .881 | .242 | .952 | .008 | .001 | .004 | .001 | .010 | .380 | .512 | .315 | .021 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Long Term Career Planning | Corr. Coeff. | -.215* | -.120 | .001 | .267** | .179 | .272** | .287** | -.315** | .169 | -.053 | .189* | -.174 |
| | Sig. (2-tailed) | .018 | .193 | .989 | .003 | .051 | .003 | .002 | .000 | .064 | .566 | .038 | .058 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Impact of Spouse's Career | Corr. Coeff. | -.131 | -.296** | -.035 | .075 | .191* | .220* | .241** | -.353** | .045 | -.005 | .070 | -.227* |
| | Sig. (2-tailed) | .154 | .001 | .701 | .415 | .036 | .016 | .008 | .000 | .622 | .956 | .449 | .013 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Impact of Lifestyle on Career | Corr. Coeff. | -.209* | .063 | .097 | -.018 | .205* | .322** | .352** | -.123 | -.062 | .096 | .149 | -.216* |
| | Sig. (2-tailed) | .022 | .495 | .290 | .846 | .024 | .000 | .000 | .181 | .499 | .299 | .104 | .018 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Outstation Families | Corr. Coeff. | .216* | .054 | .033 | .080 | .297** | -.173 | -.065 | .031 | -.122 | .162 | -.139 | .089 |
| | Sig. (2-tailed) | .018 | .560 | .722 | .386 | .001 | .059 | .480 | .738 | .185 | .077 | .130 | .332 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Additional Income Generation | Corr. Coeff. | -.179 | -.018 | .060 | .218* | .285** | .437** | .469** | -.199* | -.042 | .057 | .231* | -.236** |
| | Sig. (2-tailed) | .051 | .847 | .512 | .017 | .002 | .000 | .000 | .029 | .651 | .539 | .011 | .009 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Socializing | Corr. Coeff. | 1.000 | .135 | -.015 | .131 | .185* | -.229* | -.194* | .214* | .084 | .210* | -.086 | .166 |
| | Sig. (2-tailed) | | .141 | .869 | .155 | .043 | .012 | .033 | .019 | .360 | .021 | .350 | .069 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Time with Family | Corr. Coeff. | .135 | 1.000 | .547** | .166 | .198* | .136 | .080 | .553** | -.034 | -.052 | .152 | .168 |
| | Sig. (2-tailed) | .141 | | .000 | .070 | .031 | .139 | .387 | .000 | .713 | .569 | .098 | .067 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Time with Children | Corr. Coeff. | -.015 | .547** | 1.000 | .272** | .135 | .127 | .137 | .322** | .093 | .033 | .237** | -.010 |
| | Sig. (2-tailed) | .869 | .000 | | .003 | .140 | .167 | .136 | .000 | .313 | .718 | .009 | .915 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Family Health | Corr. Coeff. | .131 | .166 | .272** | 1.000 | .171 | .179 | .111 | -.066 | .237** | -.077 | .206* | -.188* |
| | Sig. (2-tailed) | .155 | .070 | .003 | | .061 | .050 | .227 | .473 | .009 | .404 | .024 | .040 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Health | Corr. Coeff. | .185* | .198* | .135 | .171 | 1.000 | .276** | .095 | .064 | -.266** | .312** | .126 | .031 |
| | Sig. (2-tailed) | .043 | .031 | .140 | .061 | | .002 | .302 | .488 | .003 | .001 | .169 | .735 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Societal Perceptions | Corr. Coeff. | -.229* | .136 | .127 | .179 | .276** | 1.000 | .367** | -.079 | -.054 | .119 | .203* | -.158 |
| | Sig. (2-tailed) | .012 | .139 | .167 | .050 | .002 | | .000 | .392 | .555 | .195 | .026 | .085 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Family Pressures | Corr. Coeff. | -.194* | .080 | .137 | .111 | .095 | .367** | 1.000 | -.182* | -.057 | .170 | .042 | -.146 |
| | Sig. (2-tailed) | .033 | .387 | .136 | .227 | .302 | .000 | | .046 | .534 | .063 | .652 | .112 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Happiness & Well Being | Corr. Coeff. | .214* | .553** | .322** | -.066 | .064 | -.079 | -.182* | 1.000 | .020 | .065 | .068 | .271** |
| | Sig. (2-tailed) | .019 | .000 | .000 | .473 | .488 | .392 | .046 | | .831 | .478 | .463 | .003 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Metro Lifestyle | Corr. Coeff. | .084 | -.034 | .093 | .237** | -.266** | -.054 | -.057 | .020 | 1.000 | -.106 | .199* | .014 |
| | Sig. (2-tailed) | .360 | .713 | .313 | .009 | .003 | .555 | .534 | .831 | | .248 | .029 | .883 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Relocation for Career Enhancement | Corr. Coeff. | .210* | -.052 | .033 | -.077 | .312** | .119 | .170 | .065 | -.106 | 1.000 | .119 | .106 |
| | Sig. (2-tailed) | .021 | .569 | .718 | .404 | .001 | .195 | .063 | .478 | .248 | | .194 | .251 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Childrens Academics | Corr. Coeff. | -.086 | .152 | .237** | .206* | .126 | .203* | .042 | .068 | .199* | .119 | 1.000 | -.169 |
| | Sig. (2-tailed) | .350 | .098 | .009 | .024 | .169 | .026 | .652 | .463 | .029 | .194 | | .065 |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Social Orientation | Corr. Coeff. | .166 | .168 | -.010 | -.188* | .031 | -.158 | -.146 | .271** | .014 | .106 | -.169 | 1.000 |
| | Sig. (2-tailed) | .069 | .067 | .915 | .040 | .735 | .085 | .112 | .003 | .883 | .251 | .065 | |
| | N | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |

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Thanking you profoundly

Academically yours

Sd/-

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